COMFORIA RESIDENTIAL REIT

COMFORIA RESIDENTIAL REIT

Semi-Annual Report for the 18th Fiscal Period

From February 1, 2019 to July 31, 2019

COMFORIA RESIDENTIAL REIT, INC
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.

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 18th Fiscal Period (from February 1, 2019 to July 31, 2019). We would like to thank all of our unitholders and stakeholders for their continued support and cooperation.

We hereby report on the asset management overview and results for the 18th Fiscal Period.

During the 18th Fiscal Period, we acquired COMFORIA SHIBUYA WEST and eight other properties between February and April 2019 through a public offering for the sixth consecutive year since listing, as well as borrowings. Furthermore, we acquired COMFORIA TAMA-PLAZA in March 2019 through borrowings and sold COMFORIA KITAHORIE in July 2019 in an effort to improve the quality of our portfolio.

As a result, our portfolio as of the end of the 18th Fiscal Period stood at 126 properties, with a total acquisition price of ¥225.9 billion. The average occupancy rate for the 18th Fiscal Period remained high at 96.9%. The Investment Corporation had ¥8,652 million in operating revenue, ¥3,978 million in operating profit, and ¥3,448 million in profit, all of which exceeded our forecasts, resulting in a distribution per unit (DPU) of ¥5,180.

Furthermore, after the end of the 18th Fiscal Period, we also acquired COMFORIA GINZA EAST NIBANKAN in September 2019 with our own funds, resulting in an asset size of 127 properties with a total acquisition price of ¥228.3 billion (as of September 30, 2019). We intend to continue to make selective investments in high-quality properties mainly in the 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 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	¥ **8,652** million	Number of properties	**126** properties
Operating profit	¥ **3,978** million	Acquisition price	¥ **225.9** billion
Profit	¥ **3,448** million	Appraisal value	¥ **272.4** billion
Distribution per unit (DPU)	¥ **5,180**	Occupancy rate at the 18th Fiscal Period-end	**97.0** %
Total loan to value (LTV)	**50.1** %	Average occupancy rate	**96.9** %

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Sustainable Growth in Asset Size and DPU

During the 18th Fiscal Period, the Investment Corporation implemented public offering for the sixth consecutive year since listing in February 2019 and acquired nine properties with funds procured through the public offering as well as borrowings. Furthermore, it acquired one property and sold one property between March and July 2019 through the Asset Management Company's original information routes. In addition, it acquired one property in September after entering the 19th Fiscal Period.
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, 2019)

Historical asset size

Over around **6.5** years since listing, achieved approximately **3.2**-fold growth

	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)	"End of 17th Fiscal Period" (Ended Jan. 2019)	"End of 18th Fiscal Period" (Ended Jul. 2019)	September 2019	Future strategy
Credit Rating	A+ (Stable)					A+ (Positive)			AA- (Stable)							
Inclusion in Indices									June 2018 FTSE EPRA/NAREIT Global Real Estate Index Series - Asia							
											May 2019 MSCI Japan ESG Select Leaders Index					
Distribution per unit (DPU) (Note 1)	—	¥4,051	¥4,203	¥4,268	¥4,296	¥4,403	¥4,339	¥4,487	¥4,549	¥4,681	¥4,788	¥4,985	¥5,180	¥5,180	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%	96.4%	97.0%	Consistently stable occupancy rate	

(Note 1) 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.
(Note 2) Ratio of Tokyo 23 wards denotes ratio among rental residences.

Selective Investments with Portfolio Quality in Mind

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.

18th Fiscal Period		19th Fiscal Period (up to September 30, 2019)
Acquisition from sponsor group	Acquisition through original route of the Asset Management Company	Acquisition through original route of the Asset Management Company
9 properties	1 property	1 property
¥18,650 million	¥2,220 million	¥2,380 million

Ratio of Acquired Assets by Seller
(As of September 30, 2019)

Property Development by Tokyu Land Corporation (As of September 18, 2019)

There is a pipeline of 24 properties containing 2,411 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)

Sponsor Group's Cyclical Reinvestment Business

In "2017–2020 Medium-Term Management Plan" announced in May 2017, Tokyu Fudosan Holdings Group maintains "expansion of associated assets" as one of the Group's two fundamental policies, following the previous medium-term management plan. As shown in the figure below, Tokyu Fudosan Holdings Group has expanded associated assets by promoting the "cyclical reinvestment business" which seeks to expand the Group's rental business portfolio through the cycle of development, acquisition, ownership, operation, funds collection and reinvestment, to establish a continuous business cycle.

(Source) Compiled by the Asset Management Company from "Integrated Report 2017" by Tokyu Fudosan Holdings Group
(Note) The figure above shows the cases where properties are contributed to REITs, but properties may be sold other than the REITs.

Improving the Portfolio Quality through Promotion of Asset Replacement and Securing Internal Reserves from Gain on Sale

In addition to AUM expansion by leveraging public offerings, expand internal reserves by promoting asset replacement while returning capital gain to unitholders.

External growth in line with current growth strategy
(from 16th FP (Jul. 2018))

	15th FP end ①	PO	Replacement: Acquisitions	Replacement: Dispositions	18th FP end ②	Differential ② – ①
No. of Properties	111	13	6	4	126	15
Asset Size (millions of yen) (Acquisition price basis)	188,536	26,477	13,560	2,629	225,944	37,408
Tokyo 23 Wards Ratio (Rental Residence)	90.4%	92.8%	74.0%	9.4%	91.0%	0.6pt
Avg. Walking Distance (Rental Residence)	4.9min	5.3min	4.6min	4.4min	4.9min	–

Effect of Asset Replacement

¥563 million of the total gain on sale of ¥802 million has been set aside as reserve for reduction entry and the internal reserves secured will be allocated to temporary increases in expenses for future large-scale repair works, etc., thereby stabilizing distribution level

Total gain on sale ¥802 million ▶ Total internal reserves ¥563 million

External Growth Results

During the 18th Fiscal Period, the Investment Corporation acquired nine properties from the sponsor at the time of the public offering and acquired one property through original route of the Asset Management Company in March 2019, and sold one of the properties in July. During the 19th Fiscal Period, the Investment Corporation acquired COMFORIA GINZA EAST NIBANKAN in September. Along with these efforts, the Investment Corporation aimed to improve the quality of its portfolio such as increasing the investment ratio in Tokyo 23 wards.

End of 17th FP	End of 18th FP	September 30, 2019
117 properties	126 properties	127 properties
¥206.0 billion	¥225.9 billion	¥228.3 billion

Properties Acquired in 18th Fiscal Period (Through public offering)

Sponsor developed — Sponsor-developed properties
Warehousing — Warehousing properties by sponsors
Original Route — Acquisition through original route of the Asset Management Company

125 COMFORIA SHIBUYA WEST — Sub-central Tokyo

Sponsor developed

Address	4-4-5 Aobadai, Meguro-ku, Tokyo
Nearest station/ Distance (on foot)	10-minute walk from Shibuya Station on the JR Yamanote Line, Tokyu Toyoko Line, Den-en-toshi Line, and four other lines 6-minute walk from Shinsen Station on the Keio Inokashira Line
Ownership	Ownership
Completion date	October 2015
Rentable units	124 units
Acquisition date	February 1, 2019
Acquisition price	¥5,397 million
Appraisal NOI yield	4.3% (as of October 31, 2018)

123 COMFORIA KINSHICHO DEUX — Sub-central Tokyo

Sponsor developed

Address	2-10-20 Mori, Koto-ku, Tokyo
Nearest station/ Distance (on foot)	5-minute walk from Kinshicho Station on the Tokyo Metro Hanzomon Line and JR Sobu Line 5-minute walk from Sumiyoshi Station on the Tokyo Metro Hanzo-mon Line and Toei Shinjuku Line
Ownership	Ownership
Completion date	May 2016
Rentable units	96 units
Acquisition date	February 1, 2019
Acquisition price	¥2,213 million
Appraisal NOI yield	4.4% (as of October 31, 2018)

124 COMFORIA KAMEIDO SOUTH — Sub-central Tokyo

Sponsor developed

Address	6-25-5 Kameido, Koto-ku, Tokyo
Nearest station/ Distance (on foot)	3-minute walk from Kameido Station on the JR Chuo Sobu Local Line and Tobu Kameido Line
Ownership	Ownership
Completion date	January 2018
Rentable units	57 units
Acquisition date	February 1, 2019
Acquisition price	¥2,050 million
Appraisal NOI yield	4.4% (as of October 31, 2018)

126 COMFORIA HIGASHINIHONBASHI — Central Tokyo

Warehousing

Address	3-6-4 Higashi-Nihonbashi, Chuo-ku, Tokyo
Nearest station/ Distance (on foot)	4-minute walk from Higashi-nihon-bashi Station on the Toei Asakusa Line 2-minute walk from Bakuro-yokoyama Station on the Toei Shinjuku Line
Ownership	Ownership
Completion date	September 2006
Rentable units	45 units
Acquisition date	March 20, 2019
Acquisition price	¥1,194 million
Appraisal NOI yield	4.5% (as of October 31, 2018)

127 COMFORIA ASAKUSAKOMAGATA — Sub-central Tokyo

Warehousing

Address	2-4-7 Komagata, Taito-ku, Tokyo
Nearest station/ Distance (on foot)	2-minute walk from Kuramae Station on the Toei Oedo Line/ Asakusa Line 5-minute walk from Asakusa Station on the Tokyo Metro Ginza Line
Ownership	Ownership
Completion date	August 2006
Rentable units	48 units
Acquisition date	March 20, 2019
Acquisition price	¥1,254 million
Appraisal NOI yield	4.6% (as of October 31, 2018)

128 COMFORIA OOMORIKASHIMA — Sub-central Tokyo

Warehousing

Address	6-20-10 Oi, Shinagawa-ku, Tokyo
Nearest station/ Distance (on foot)	8-minute walk from Omori Station on the JR Keihin-Tohoku Line
Ownership	Ownership
Completion date	May 2007
Rentable units	33 units
Acquisition date	March 20, 2019
Acquisition price	¥864 million
Appraisal NOI yield	4.6% (as of October 31, 2018)

129 COMFORIA OOMORIMACHI — Sub-central Tokyo

Warehousing

Address	4-11-5 Ohmori-nishi, Ota-ku, Tokyo
Nearest station/ Distance (on foot)	9-minute walk from Omorimachi Station on the Keikyu Line
Ownership	Ownership
Completion date	February 2007
Rentable units	45 units
Acquisition date	March 20, 2019
Acquisition price	¥1,096 million
Appraisal NOI yield	4.6% (as of October 31, 2018)

130 COMFORIA KAMIIKEDAI — Sub-central Tokyo

Warehousing

Address	5-7-22 Kamiikedai, Ota-ku, Tokyo
Nearest station/ Distance (on foot)	13-minute walk from Magome Station on the Toei Asakusa Line 13-minute walk from Nagahara Station on the Tokyu Ikegami Line
Ownership	Ownership
Completion date	February 2006
Rentable units	43 units
Acquisition date	March 20, 2019
Acquisition price	¥1,842 million
Appraisal NOI yield	4.8% (as of October 31, 2018)

131 CAMPUS VILLAGE SHIINAMACHI — Sub-central Tokyo

Sponsor developed

Address	3-2-19, Nagasaki, Toshima-ku, Tokyo
Nearest station/ Distance (on foot)	7-minute walk from Higashi-nagasaki Station on the Seibu Ikebukuro Line 9-minute walk from Shiinamachi Station on the Seibu Ikebukuro Line
Ownership	Ownership
Completion date	January 2018
Rentable units	167 units
Acquisition date	April 5, 2019
Acquisition price	¥2,740 million
Appraisal NOI yield	4.5% (as of October 31, 2018)

Acquired in the 18th Fiscal Period

132 COMFORIA TAMA-PLAZA — Tokyo metropolitan area

Original Route

Address	2-12-1 Utsukushigaoka, Aoba-ku, Yokohama-shi, Kanagawa
Nearest station/ Distance (on foot)	7-minute walk from Tama-Plaza Station on the Tokyu Den-en-toshi Line
Ownership	Ownership
Completion date	March 2005
Rentable units	73 units
Acquisition date	March 20, 2019
Acquisition price	¥2,220 million
Appraisal NOI yield	4.5% (as of January 31, 2019)

Asset replacement

Property sold during the 18th FP

79 COMFORIA KITAHORIE — Other major cities

Address	3-12-2 Kitahorie, Nishi-ku, Osaka-shi, Osaka
Sale price	¥1,200 million
Appraisal Value	¥1,050 million
Gain on sale	¥168 million
Rentable units	73 units (among which, 1 is for store)
Completion date	February 2007

Acquired in the 19th Fiscal Period

133 COMFORIA GINZA EAST NIBANKAN — Central Tokyo

Original Route

Address	2-1-8 Minato, Chuo-ku, Tokyo
Nearest station/ Distance (on foot)	4-minute walk from Hatchobori Station on the Tokyo Metro Hibiya Line and JR Keiyo Line 5-minute walk from Shintomicho Station on the Tokyo Metro Yurakucho Line
Ownership	Ownership
Completion date	August 2003
Rentable units	61 units
Acquisition date	September 30, 2019
Acquisition price	¥2,380 million
Appraisal NOI yield	4.3% (as of July 31, 2019)

Investment Ratio by Area

	End of 17th FP	End of 18th FP	After Acquisition of New Property (September 2019)
Central Tokyo	42.0%	38.8%	39.5%
Sub-central Tokyo	47.2%	50.7%	50.2%
Tokyo Metropolitan area	3.6%	4.3%	4.2%
Other major cities	7.3%	6.2%	6.1%
Ratio of Tokyo 23 wards (Rental Residence)	90.9%	91.0%	91.1%

Internal Growth Results

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 Generations and Limited Supply of Rental Residences in Tokyo 23 Wards

While the net migration of younger generations (age 15 to 39 years old) in Tokyo 23 wards is significantly larger than that of other cities, the number of construction starts of rental residences remains at a low level compared to its peak.

Net Migration of Younger Generations (Age 15~39 years old)

(Source) "Basic Resident Register Population Transfer Report" by the Statistics Bureau, Ministry of Internal Affairs and Communications

Construction Starts of Rental Residences in Tokyo 23 Wards

(Source) "Statistics on residence starts" by Policy Bureau, the Ministry of Land, Infrastructure, Transport and Tourism

Occupancy Rates

The average occupancy rate for the 18th Fiscal Period remained high at 96.9%.

Impact of Rent Increases on Tenant Turnover/Lease Renewals

The rate of rent increase in the 18th Fiscal Period on both tenant turnover and lease renewals were continuously on an increasing trend on the back of high occupancy rates.

Tenant Turnover

Lease Renewals

Rent Change Upon Tenant Turnover (Total Portfolio)

The rate of rent change upon tenant turnover for the 18th Fiscal Period marked a record high of + 6.8%.

Rates of Rent Change Upon Tenant Turnover (Total Portfolio)

Work to Change Segmentation of Floors at COMFORIA AKABANEIWABUCHI

Implemented work such as dividing large rooms for lease in an aim to increase revenue and stability.

Property name	COMFORIA AKABANEIWABUCHI (16.4 years old)
Work completion	Jun. 2019
Details of work	**[8-9F]** Divided two rooms with approx. 200 m² into nine units **[1F]** Turned space not intended for lease into unit for lease
Construction cost	¥123 million
Monthly rent (Note)	**[Before]** 2units ¥851,000 **[After]** 10units ¥1,604,000 (+¥752,000)

(Note) Monthly rent includes rent assumed by the Asset Management Company.

Striving to realize sustainable enhancement of real estate value through appropriate management of buildings

Supply and demand environment for rental residences continues to be in tight condition centering on Tokyo 23 wards. Under such circumstances, even aged properties, which competitiveness were believed to be relatively inferior when compared with young properties, are seeing strong increase in rents. COMFORIA AKABANEIWABUCHI mentioned above is the property I'm in charge of. It had spaces originally occupied by a previous owner, and we implemented renovation work to change them into more demanded single/compact-type units in an aim to improve the value further.

I believe that implementing appropriate renovation works based on understanding of the characteristics and rental demand concerning each property leads to sustainable enhancement of the real estate value, and will keep appropriate management of buildings firmly in my mind.

Naoki Shimamura
Sub Manager
Comforia Management Division
Asset Management Department
TLC REIT Management Inc.
Hobby: Visiting old folk houses

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-bearing debt) (%) level to secure funds.

Issued Investment Corporation Bonds

	6th	7th
Issue Date	July 18, 2019	July 18, 2019
Amount	¥1.0 billion	¥1.5 billion
Maturity	5.0 years	15.0 years
Interest rate	0.230% per annum	0.900% per annum

Interest-Bearing Debt

	End of 18th Fiscal Period (ended Jul. 31, 2019)
LTV (Note)	50.1%
Long-term debt ratio	94.1%
Fixed-interest debt ratio	93.6%
Average maturity	4.6 years
Weighted avg. interest rate	0.60%

(Note) Interest-bearing debt balance/total assets

Diversification of Repayment Dates

The expected repayments of debt and investment corporation bonds as of July 31, 2019 are as follows:

Loan Balances

The Investment Corporation's loan balances as of July 31, 2019 are as follows:

Lender	Loan balance (millions of yen)
MUFG Bank, Ltd.	32,325
Sumitomo Mitsui Trust Bank, Limited	18,145
Mizuho Bank, Ltd.	17,710
Development Bank of Japan Inc.	17,710
Sumitomo Mitsui Banking Corporation	8,840
Mizuho Trust & Banking Co., Ltd.	5,825
The Norinchukin Bank	3,325
The Bank of Fukuoka, Ltd.	2,825
Shinkin Central Bank	1,825
Kiraboshi Bank, Ltd.	1,000
Resona Bank, Ltd.	1,000
The 77 Bank, Ltd.	500
The Daishi Bank, Ltd.	500
Taiyo Life Insurance Company	500
Nippon Life Insurance Company	500
Total	112,530

Credit Rating (As of July 31, 2019)

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

Sustainability Initiatives

Inclusion in MSCI Japan ESG Select Leaders Index

MSCI Japan ESG Select Leaders Index

The Investment Corporation was selected as a constituent of the MSCI Japan ESG Select Leaders Index in May 2019. We acquired "A" in MSCI ESG rating (as of June 2019).

Establishment of Sustainability Policies

The Asset Management Company of the Investment Corporation established its Sustainability Policy as its basic approach towards contributing to the development of sustainable society.
From this vast theme, the Asset Management Company has identified key issues as priority (the "Materiality") which are related to our business such as environmental and energy saving measures, coexistence with the local community, and governance. Furthermore, the Asset Management Company strives to contribute to Sustainable Development Goals (SDGs).

Initiatives for Each Materiality and Related Sustainable Development Goals (SDGs)

Environment — Relevant SDG Goals: Goal 7 : Affordable and Clean Energy; Goal 12 : Responsible Consumption and Production

Materiality	Policy	
Reducing environmental impact	① Energy use:	Medium- to long-term target of 1% average annual reduction in energy use intensity.
	② Energy-related CO_2 emissions:	Medium- to long-term target of 1% annual average reduction in greenhouse gas emissions intensity.

Status/Initiatives

Initiatives in improvement in energy efficiency

In conformity to the Act on the Rational Use of Energy (Energy Conservation Law), we set an annual average cutting target of 1% in energy use intensity for the entire portfolio and also for each property in the medium- to long-term.

Switching to LED lights in common areas/Replacing air conditioners in exclusive areas

The Investment Corporation is making progress in reduction of power consumption and environmental impact.

Implementation of LED lighting

Replacement of air conditioners

Green-lease Provisions

From the perspective of environmental friendliness, to reduce environmental load in collaboration with residents, we insert green-lease provisions in lease agreements, which are related to energy use and appropriate disposal of waste.

Initiatives in improving waste management

The Investment Corporation reduces environmental impact at properties through separate disposal of waste in cooperation with the management company. It is also making every effort to improve resident satisfaction by taking measures to reduce odor at garbage collection points.

Monitoring at Sustainability Promotion Council

Environmental Certification

GRESB Real Estate Assessment

The Investment Corporation has participated in the assessment since 2018 and acquired "Green Star," the highest rating, for two consecutive years.

DBJ Green Building Certification

COMFORIA SHINJUKU EASTSIDE TOWER has acquired "5 Stars."

Social

Relevant SDG Goals: Goal 11 : Sustainable Cities and Communities; Goal 12 : Responsible Consumption and Production

Materiality	Policy
Contribution to the region	① Further improvement in disaster prevention functions ② Prompt recovery of assets under management ③ Educational activities on fire and disaster prevention and disaster response ④ Enhanced cooperation with local community
Health and well-being of tenants	Improve tenant satisfaction
Supplier engagement	Aim for smooth property management by utilizing expert know-how of Tokyu Housing Lease, Tokyu Community, and other support agreement counterparties in Tokyu Fudosan Holdings Group. Share information and actively work on environmentally friendly procurement with PM/BM
Human capital development as a group of professionals	Present a qualitative standard of requirements for desirable human resources to encourage each employee to align their development with these values, and conduct resource hiring/development/utilization based on the evaluation system that aims to generate corporate culture that leads to reform and new value creation.

Status/Initiatives

Initiatives to improve tenant satisfaction

Hold tenant participation events (COMFORIA SHINJUKU EASTSIDE TOWER)

Services taking tenant needs into consideration are provided, including an exercising event utilizing rooftop pool and a concert event inviting a popular violinist.

Pool events

Concert event

COMFORIA WELBOX

COMFORIA WELBOX provides a wide range of services to the residents of the Comforia series, including various discounts.

Conduct Tenant satisfaction survey

Every year we carry out a questionnaire survey of the residents of the Comforia series, on the residents' satisfaction and requests. Based on the opinions and requests of residents, we take action with the aim of providing better services.

Initiatives in local communities

Installation of donation-type vending machines

We have installed disaster response vending machines at some of the properties owned by the Investment Corporation. These machines can provide drinks to victims of large-scale disasters.

Disaster provision warehouse and manhole toilets

Established a disaster provision warehouse and manhole toilets for neighboring residents and workers in preparation for a disaster.

Security of the local community

There is a police box contributing to the security of the local community.

Open Space

Used as a walkway for neighboring residents and commuters.

Governance

Relevant SDG Goals: Goal 12 : Responsible Consumption and Production; Goal 16 : Peace, Justice and Strong Institutions

Materiality	Policy
Management framework corresponding to multifaceted social demand towards sustainable society	① Express statement on governance of the investment corporation ② Express statement on investment decision making body and the risk management system for investment ③ Establish framework for promoting implementation of the Sustainability Policy

Status/Initiatives

Decision-making flow in acquisition of assets

The asset management company of the Investment Corporation has built a governance framework that gives first priority to compliance and is pouring its efforts in prevention of conflict of interest, risk management and legal compliance.

Aligning interests between unitholders and the sponsor

In the public offering held in Feb. 2019, the sponsor acquired 5,384 units, which is 10% of the number of issuing units.

Even in terms of capital relationship, the Investment Corporation aims to make a strong relationship with the sponsor and to achieve mutual interests improvement by aligning the interests of the unitholders to that of the sponsor.

Sponsor's investment ratio **8.9**% (as of July 31, 2019)

(Note 1) Deliberation and resolution by the Compliance Committee as well as prior approval by the Investment Corporation's board of directors will be required for acquiring assets, etc. in case of related-party transactions and other necessary cases.

(Note 2) If the candidate acquisition asset is a healthcare facility, advisory from external experts related to healthcare facilities shall be sought. Furthermore, discussions shall be held upon receiving a report on the content of reports, etc. created by external experts related to healthcare facilities and, if necessary, the Investment Committee shall be attended by the concerned external experts as observers and their opinions shall be heard.

Aim for medium- and long-term growth through steady implementation of sustainability initiatives

We are engaged in operations related to ESG investment at the Asset Management Company. Previously, each department was working on sustainability initiatives individually, but a framework to supervise the efforts in a cross-sectoral manner was created in April 2019 within the Environmental Engineering Department.

In recent years, necessity for companies to tackle social issues are the focus based on the perspective that environmental issues due to climate change and workstyle reform might become risk factors for companies to stay in business. With the United Nations adopting Sustainable Development Goals (SDGs), an idea that corporate management that takes Environmental, Social and Governance (ESG) into consideration leads to an improvement of corporate value is starting to spread.

Against such a backdrop, the Asset Management Company established Sustainability Policies, its fundamental policies. At the same time, under the new framework, we worked on identifying Materiality, which means significant medium- to long-term societal issues, based on environmental and other issues that the Investment Corporation has worked on, while preparing a promotion system such as establishment of the Sustainability Promotion Council.

We would like to continue proactive promotion of initiatives concerning sustainability and deepen relationships of trust with each and every stakeholder by disclosing achievements in an appropriate manner, and thus support medium- to long-term growth of the Investment Corporation through our sincere efforts.

TLC REIT Management Inc.

Yoshitaka Kuribayashi
General Manager
Environmental Engineering Department
Hobby: Golf

Naoko Sato
Senior Manager
Environmental Engineering Department
Hobby: Tennis and Japanese calligraphy

Portfolio Map (As of September 30, 2019)

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

Central Tokyo — 45 properties

1 COMFORIA NIHONBASHI NINGYOCHO	31 COMFORIA SHIBAURA BOWHOUSE	71 COMFORIA SASAZUKA	96 COMFORIA AZABU EAST
2 COMFORIA WASEDA	48 COMFORIA SHIROKANETAKANAWA	72 COMFORIA SHINJUKUGYOEN Ⅱ	98 COMFORIA SHINJUKU EASTSIDE TOWER
3 COMFORIA SHIMOOCHIAI	49 COMFORIA NIHONBASHI NINGYOCHO EAST	73 COMFORIA ICHIGAYAYANAGICHO	103 COMFORIA ICHIGAYAYAKUOJI
4 COMFORIA HIGASHINAKANO	50 COMFORIA ATAGO	74 COMFORIA KAGURAZAKA	104 COMFORIA AKIHABARA EAST
14 COMFORIA GINZA EAST	56 COMFORIA KUDAN	80 COMFORIA NIBANCHO	105 COMFORIA MITA TROIS
15 COMFORIA AZABUDAI	57 COMFORIA NIHONBASHI NINGYOCHO NORTH	81 COMFORIA NISHISHINJUKU	113 COMFORIA SHIBAURA
16 COMFORIA SHIBAKOEN	58 COMFORIA SHINKAWA	83 COMFORIA KANDAJINBOCHO	120 COMFORIA SHINJUKU
17 COMFORIA NISHIAZABU	59 COMFORIA AKASAKA	84 COMFORIA NIHONBASHI	126 COMFORIA HIGASHINIHONBASHI
18 COMFORIA MINAMIAOYAMA	60 COMFORIA MITA EAST	85 COMFORIA TAMACHI	133 COMFORIA GINZA EAST NIBANKAN
20 COMFORIA NISHIWASEDA	61 COMFORIA SHIBAURA CANAL	86 COMFORIA AZABUJUBAN	
26 COMFORIA HARAJYUKU	69 COMFORIA KITASANDO	92 COMFORIA SHINJUKUGYOEN Ⅰ	
30 COMFORIA MITA NORTH	70 COMFORIA YOYOGIUEHARA	93 COMFORIA KAGURAZAKA DEUX	

Sub-central Tokyo — 67 properties

5 COMFORIA BUNKYOKASUGA	38 COMFORIA MISYUKU	82 COMFORIA KOMABA	124 COMFORIA KAMEIDO SOUTH
6 COMFORIA ASAKUSAMATSUGAYA	39 COMFORIA GAKUGEIDAIGAKU	87 COMFORIA KINSHICHO	125 COMFORIA SHIBUYA WEST
7 COMFORIA NISHIOI	40 COMFORIA HIGASHINAKANO DEUX	88 COMFORIA MINAMISUNAMACHI	127 COMFORIA ASAKUSAKOMAGATA
8 COMFORIA NAKANO	41 COMFORIA HIGASHIIKEBUKURO WEST	89 COMFORIA HIGASHISHINAGAWA	128 COMFORIA OMORIKASHIMA
9 COMFORIA SHIMOKITAZAWA	43 COMFORIA RYOGOKU DEUX	90 COMFORIA MEGUROYAKUMO	129 COMFORIA OMORIMACHI
10 COMFORIA NISHIKAMATA	44 COMFORIA OMORI DEUX	91 COMFORIA YOGA	130 COMFORIA KAMIIKEDAI
11 COMFORIA OYAMA	45 COMFORIA MACHIYA	94 COMFORIA ITABASHINAKAJUKU	131 CAMPUS VILLAGE SHIINAMACHI
12 COMFORIA KIYOSUMISHIRAKAWA SOUTH	51 COMFORIA ASAKUSABASHI	97 COMFORIA SHINAGAWA EAST	
13 COMFORIA KOMAZAWA	52 COMFORIA RYOGOKU SOUTH	99 COMFORIA OJIMA	
21 COMFORIA KOISHIKAWA	53 COMFORIA TOYOSU	100 COMFORIA OMORI TROIS	
22 COMFORIA SENGOKU	55 COMFORIA SUMIDA-TACHIBANA	106 COMFORIA BUNKYOHAKUSAN	
23 COMFORIA DAIKANYAMAAOBADAI	62 COMFORIA UENOHIROKOJI	107 COMFORIA KAMATA	
27 COMFORIA IKEBUKURO	63 COMFORIA KASUGATOMISAKA	108 COLLEGE COURT HACHIMANYAMA	
29 COMFORIA RYOGOKUISHIWARA	64 COMFORIA HONKOMAGOME	114 COMFORIA UENOIRIYA	
32 COMFORIA ASAKUSABASHI DEUX	65 COMFORIA MORISHITA	115 COMFORIA IKEJIRI	
33 COMFORIA OSHIAGE	66 COMFORIA KIBAKOEN	116 COMFORIA SETAGAYAKAMIUMA	
34 COMFORIA HONJOAZUMABASHI	67 COMFORIA MEGURO CHOJAMARU	118 COMFORIA AKABANEIWABUCHI	
35 COMFORIA KIYOSUMISHIRAKAWA TROIS	68 COMFORIA NISHIMAGOME	119 COMFORIA RYOGOKU TROIS	
36 COMFORIA MONZENNAKACHO	75 COMFORIA HIGASHIIKEBUKURO EAST	121 COLLEGE SQUARE HACHIMANYAMA	
37 COMFORIA HIMONYA	76 COMFORIA HIGASHIIKEBUKURO	123 COMFORIA KINSHICHO DEUX	

Tokyo metropolitan area — 6 properties

46 COMFORIA ICHIKAWAMYODEN	112 COMFORIA GYOTOKU
47 COMFORIA YATSUKA	122 GRANCREER CENTER-MINAMI
77 COMFORIA SHINKOYASU	132 COMFORIA TAMA-PLAZA

Other major cities — 9 properties

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

Total 127 properties

Portfolio Ranking (Top 10 by Acquisition Price)

1 COMFORIA SHINJUKU EASTSIDE TOWER
Acquisition price: ¥13,264 million

2 COMFORIA KAMATA
Acquisition price: ¥5,721 million

3 COMFORIA SHIBUYA WEST
Acquisition price: ¥5,397 million

4 COMFORIA KOMABA
Acquisition price: ¥5,000 million

5 COMFORIA MINAMISUNAMACHI
Acquisition price: ¥4,681 million

6 COMFORIA AKIHABARA EAST
Acquisition price: ¥4,425 million

7 COMFORIA KITASANDO
Acquisition price: ¥4,268 million

8 GRANCREER CENTER-MINAMI
Acquisition price: ¥4,150 million

9 COMFORIA HIGASHIIKEBUKURO WEST
Acquisition price: ¥3,911 million

10 COMFORIA ITABASHINAKAJUKU
Acquisition price: ¥3,794 million

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).

Overview of the Investment Corporation and Asset Management Company

Overview of the Investment Corporation (As of July 31, 2019)

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: +81-3-6455-3388
Fiscal period-end	January 31 and July 31 of 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

(Note 1) Switched from Heiseikaikeisha Tax Corporation on September 1, 2019.

Overview of the Asset Management Company (As of July 31, 2019)

Trade name	TLC REIT Management Inc.
Representative	Hiroyuki Tohmata, President & CEO
Address	1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo 107-0062, Japan (Note 2)
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

(Note 2) 1-21-1 Dogenzaka, Shibuya-ku, Tokyo from October 7, 2019.

Overview of Organization

Asset Management Report for the 18th Fiscal Period (Semi-Annual Report)

From February 1, 2019 to July 31, 2019

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

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

Overview of Asset Management

1. Performance of the Investment Corporation

Fiscal period		14th Fiscal Period	15th Fiscal Period	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period
Business period		From Feb. 1, 2017 to Jul. 31, 2017	From Aug. 1, 2017 to Jan. 31, 2018	From Feb. 1, 2018 to Jul. 31, 2018	From Aug. 1, 2018 to Jan. 31, 2019	From Feb. 1, 2019 to Jul. 31, 2019
Operating revenue	(millions of yen)	7,276	7,357	8,147	8,128	8,652
[Rent revenue - real estate]	(millions of yen)	[7,276]	[7,357]	[7,771]	[7,869]	[8,484]
Operating expenses	(millions of yen)	4,178	4,188	4,444	4,425	4,673
[Expenses related to rent business]	(millions of yen)	[3,518]	[3,496]	[3,745]	[3,687]	[3,928]
Operating profit	(millions of yen)	3,098	3,168	3,703	3,702	3,978
Ordinary profit	(millions of yen)	2,613	2,680	3,204	3,178	3,453
Profit	(millions of yen)	2,608	2,674	3,191	3,172	3,448
Total assets	(millions of yen)	205,121	206,171	219,211	223,829	246,498
[Period-on-period change]	(%)	[11.5]	[0.5]	[6.3]	[2.1]	[10.1]
Net assets	(millions of yen)	97,258	97,294	103,043	103,289	117,928
[Period-on-period change]	(%)	[14.2]	[0.0]	[5.9]	[0.2]	[14.2]
Unitholders' capital	(millions of yen)	94,557	94,557	99,814	99,814	114,045
Number of investment units issued	(units)	563,694	563,694	586,994	586,994	640,834
Net assets per unit	(yen)	172,537	172,601	175,544	175,964	184,023
Total distributions	(millions of yen)	2,638	2,698	2,926	3,040	3,319
Distribution per unit	(yen)	4,681	4,788	4,985	5,180	5,180
[Earnings distribution per unit]	(yen)	[4,681]	[4,788]	[4,985]	[5,180]	[5,180]
[Distribution in excess of earnings per unit]	(yen)	[－]	[－]	[－]	[－]	[－]
Return on assets (Note 1)	(%)	1.3	1.3	1.5	1.4	1.5
Return on unitholders' equity (Note 2)	(%)	2.9	2.7	3.2	3.1	3.1
Unitholders' equity ratio (Note 3)	(%)	47.4	47.2	47.0	46.1	47.8
[Period-on-period change]	(%)	[1.1]	[-0.2]	[-0.2]	[-0.9]	[1.7]
Interest-bearing debt	(millions of yen)	103,620	104,750	111,730	116,030	123,530
Interest-bearing debt ratio (LTV) (Note 4)	(%)	50.5	50.8	51.0	51.8	50.1
Payout ratio (Note 5)	(%)	101.1	100.9	91.6	95.8	96.2
Number of properties	(properties)	110	111	117	117	126
Total leasable area	(m^2)	303,025.09	304,126.02	318,999.87	336,786.72	358,677.21
Occupancy rate at end of period	(%)	96.1	96.7	96.6	96.4	97.0
Depreciation	(millions of yen)	1,137	1,152	1,200	1,223	1,288
Capital expenditure	(millions of yen)	386	274	281	279	509
NOI (Note 6)	(millions of yen)	4,896	5,013	5,227	5,405	5,843

(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
(Note 7) The Investment Corporation applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (The Accounting Standards Board of Japan Statement No. 28 issued on February 16, 2018) from the beginning of the 17th Fiscal Period, and the reclassified amount due to the change was reflected to the total assets for the 16th Fiscal Period. Furthermore, the application poses no impact on the financial indicators.

2. Asset Management Status for the 18th 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 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 18th Fiscal Period includes 126 properties, acquired for a total of ¥225,944 million.

(2) Investment performance

(i) Investment environment

During the 18th Fiscal Period, the Japanese economy remained on a modest recovery trend amid continued 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 18th Fiscal Period, the Investment Corporation acquired COMFORIA SHIBUYA WEST and two other properties in February 2019, followed by the acquisition of COMFORIA HIGASHINIHONBASH and five other properties in March 2019. In addition, the Investment Corporation acquired CAMPUS VILLAGE SHIINAMACHI in April 2019, while selling COMFORIA KITAHORIE in July 2019. As a result, assets owned by the Investment Corporation as of the end of the 18th Fiscal Period totaled 126 properties with a total acquisition price of ¥225,944 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 18th Fiscal Period, the Investment Corporation undertook additional issuance of investment units (53,840 units) and borrowing of funds (¥19,395 million) for the acquisition of COMFORIA SHIBUYA WEST and eight other properties conducted in February and March 2019 and for the repayment of borrowings (¥14,595 million) made in March 2011 and September 2018. Subsequently, the Investment Corporation borrowed funds (¥2,800 million) in April 2019 for the acquisition of CAMPUS VILLAGE SHIINAMACHI, and issued investment corporation bonds (¥2,500 million) in July 2019 to be appropriated for the repayment funds (¥2,500 million) for borrowings made in March 2019. Consequently, as of the end of the 18th Fiscal Period (July 31, 2019), unitholders' capital was ¥114,045 million, interest-bearing debt was ¥123,530 million, the ratio of interest-bearing debt to total assets (LTV) was 50.1%, the average maturity of interest-bearing debt was 4.6 years, the ratio of long-term debt was 94.1%, and the fixed rate ratio was 93.6%. Moreover, the Investment Corporation executed a Line of Credit Loan Master Agreement (on an uncommitted basis) as of February 7, 2019, 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 18th 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 18th Fiscal Period, the Investment Corporation posted operating revenue of ¥8,652 million, operating profit of ¥3,978 million, ordinary profit of ¥3,453 million, and profit of ¥3,448 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 18th Fiscal Period, the Investment Corporation retained part (¥149 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 (¥20 million) to unappropriated retained earnings. As a result, the distribution per unit (DPU) was ¥5,180 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)
February 1, 2019	Capital increase through public offering	51,270	638,264	13,551	113,366	(Note 17)
February 20, 2019	Capital increase through third-party allotment	2,570	640,834	679	114,045	(Note 18)

(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.
(Note 17) Issued investment units at an issue price of ¥273,146 (subscription price of ¥264,321) per investment unit to fund the acquisition of new properties and repay loans.
(Note 18) Issued investment units with Mizuho Securities Co., Ltd. as alottee at an issue value of ¥264,321 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	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period
Closing month/year	Jul. 2017	Jan. 2018	Jul. 2018	Jan. 2019	Jul. 2019
Highest	¥261,600	¥250,500	¥267,300	¥298,000	¥332,500
Lowest	¥219,400	¥228,100	¥228,000	¥258,000	¥280,100

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 18th Fiscal Period, the Investment Corporation retained part 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 (¥20 million) to unappropriated retained earnings. Based on this policy, the Investment Corporation has decided to distribute the entire amount of unappropriated retained earnings after deducting ¥149 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 18th Fiscal Period was ¥5,180.

Fiscal period	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period
Business period	From Feb. 1, 2017 to Jul. 31, 2017	From Aug. 1, 2017 to Jan. 31, 2018	From Feb. 1, 2018 to Jul. 31, 2018	From Aug. 1, 2018 to Jan. 31, 2019	From Feb. 1, 2019 to Jul. 31, 2019
Unappropriated retained earnings	¥2,608,344 thousand	¥2,674,584 thousand	¥3,191,695 thousand	¥3,172,709 thousand	¥3,448,336 thousand
Retained earnings	¥17 thousand	¥186 thousand	¥285,330 thousand	¥149,557 thousand	¥149,456 thousand
Total distributions	¥2,638,651 thousand	¥2,698,966 thousand	¥2,926,165 thousand	¥3,040,628 thousand	¥3,319,520 thousand
[Distribution per unit (DPU)]	[¥4,681]	[¥4,788]	[¥4,985]	[¥5,180]	[¥5,180]
Of which, total earnings distributions	¥2,638,651 thousand	¥2,698,966 thousand	¥2,926,165 thousand	¥3,040,628 thousand	¥3,319,520 thousand
[Earnings distribution per unit]	[¥4,681]	[¥4,788]	[¥4,985]	[¥5,180]	[¥5,180]
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 10 properties and sold a property during the 18th 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, National Students Information Center Co., Ltd., Tokyu E-Life Design Inc., Ewel Inc. and Tokyu SportsOasis, Inc.,) 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. Moreover, as we believe that endeavors on the issues of environmental and social considerations and reinforced governance, among other matters, should contribute to the progress of a sustainable society, we will aim to achieve growth over a medium to long term by conducting asset management based on such thinking.
In the 19th 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 18th 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 Subsequent Events

Not applicable

(Reference Information)

A. Property Acquisition

The Investment Corporation plans to acquire the following property:

Property name	Type of specified asset	Location	Planned acquisition price (thousands of yen) (Note 1)	Main usage	Planned acquisition date
COMFORIA GINZA EAST NIBANKAN	Property in trust	Chuo-ku, Tokyo	2,380,000	Apartment building	September 30, 2019

(Note 1) The planned 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.
(Note 2) Although the current property name is "GINZA RESIDENCE NIBANKAN", the Investment Corporation plans to change the name to "COMFORIA GINZA EAST NIBANKAN" in about a month after acquiring it.

1. Unitholders' Capital

		14th Fiscal Period	15th Fiscal Period	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period
		As of Jul. 31, 2017	As of Jan. 31, 2018	As of Jul. 31, 2018	As of Jan. 31, 2019	As of Jul. 31, 2019
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)	563,694	563,694	586,994	586,994	640,834
Unitholders' capital	(millions of yen)	94,557	94,557	99,814	99,814	114,045
Number of unitholders	(people)	7,897	7,269	6,847	5,845	5,674

2. Matters concerning Investment Units

Major unitholders as of July 31, 2019 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)	139,383	21.75
The Master Trust Bank of Japan, Ltd. (trust account)	97,646	15.23
Tokyu Land Corporation	57,048	8.90
The Nomura Trust & Banking Co., Ltd. (trust account)	25,218	3.93
Trust & Custody Services Bank, Ltd. (securities trust investment account)	18,774	2.92
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	12,084	1.88
Trust & Custody Services Bank, Ltd. (taxable trust money account)	10,720	1.67
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9,934	1.55
Rakuten General Insurance Co., Ltd.	9,822	1.53
The State Street Bank West Client—Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	9,488	1.48
Total	390,117	60.87

(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 18th 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 conducted in July 2019.

(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 various 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, 2019 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 (Note)
General administration (administrative service)	Mitsubishi UFJ Trust and Banking Corporation
General administration (corporation bond service)	Sumitomo Mitsui Trust Bank, Limited, MUFG Bank, Ltd.

(Note) In accordance with the reorganization of Heiseikaikeisha Tax Corporation, the assignment was succeeded by Reiwakaikeisha Tax Corporation as of September 1, 2019.

Status of Managed Assets of Investment Corporation

1. Composition of Assets of the Investment Corporation

Type of asset	Area	17th Fiscal Period (as of January 31, 2019)		18th Fiscal Period (as of July 31, 2019)	
		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	1,134	0.5	1,131	0.5
	Sub-central Tokyo	4,934	2.2	4,915	2.0
	Other major cities	1,026	0.5	-	-
Properties in trust	Central Tokyo	85,210	38.1	86,144	34.9
	Sub-central Tokyo	91,879	41.0	109,701	44.5
	Tokyo metropolitan area	7,593	3.4	9,911	4.0
	Other major cities	14,193	6.3	14,100	5.7
Subtotal		205,972	92.0	225,905	91.6
Deposits and other assets		17,857	8.0	20,592	8.4
Total assets		223,829	100.0	246,498	100.0

(Note 1) "Total amount owned" indicates 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	13,215	48,267.60	46,136.35	95.6	18.1	Apartment building
COMFORIA KAMATA	5,808	6,027.98	5,924.06	98.3	1.9	Apartment building
COMFORIA SHIBUYA WEST	5,504	4,278.52	4,065.50	95.0	1.6	Apartment building
COMFORIA KOMABA	5,156	5,342.38	5,062.81	94.8	1.7	Apartment building
COMFORIA MINAMISUNAMACHI	4,700	6,141.98	5,895.30	96.0	1.6	Apartment building
COMFORIA AKIHABARA EAST	4,483	4,582.07	4,526.53	98.8	1.4	Apartment building
GRANCREER CENTER-MINAMI	4,274	18,235.67	18,235.67	100.0	1.4	Homes for the elderly
COMFORIA KITASANDO	4,200	4,966.06	4,807.83	96.8	1.6	Residence
COMFORIA ITABASHINAKAJUKU	3,929	6,966.04	6,899.92	99.1	1.5	Apartment building
COMFORIA HIGASHIIKEBUKURO WEST	3,710	6,436.14	6,187.50	96.1	1.9	Apartment building
Total	54,984	111,244.44	107,741.47	96.9	32.6	

3. Statement of Properties Incorporated in the Portfolio

The overview of assets under management of the Investment Corporation as of July 31, 2019 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	2,270	1,517
	COMFORIA WASEDA	147 Bentencho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,600	1,860
	COMFORIA SHIMOOCHIAI	2-7-10 Nakaochiai, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,650	1,092
	COMFORIA HIGASHINAKANO	4-34-2 Kita-Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	724	544
	COMFORIA GINZA EAST	1-3-1 Irifune, Chuo-ku, Tokyo	Beneficial interest in real estate trust	4,280	2,958
	COMFORIA AZABUDAI	3-4-4 Azabudai, Minato-ku, Tokyo	Beneficial interest in real estate trust	830	551
	COMFORIA SHIBAKOEN	2-2-15 Shibakoen, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,900	1,375
	COMFORIA NISHIAZABU	4-1-10 Nishiazabu, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,030	724
	COMFORIA MINAMIAOYAMA	4-1-12 Minami-Aoyama, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,610	1,097
	COMFORIA NISHIWASEDA	1-5-19 Takadanobaba, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,250	1,589
	COMFORIA HARAJYUKU	3-61-3 Sendagaya, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	5,150	3,554
	COMFORIA MITA NORTH	2-7-16 Mita, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,090	855
	COMFORIA SHIBAURA BOWHOUSE	3-13-12 Kaigan, Minato-ku, Tokyo	Beneficial interest in real estate trust	3,560	2,547
	COMFORIA SHIROKANETAKANAWA	5-1-21 Mita, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,740	1,303
	COMFORIA NIHONBASHI NINGYOCHO EAST	3-6-3 Nihonbashi Ningyocho, Chuo-ku, Tokyo	Beneficial interest in real estate trust	2,660	2,060
	COMFORIA ATAGO	3-23-7 Toranomon, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,010	839
	COMFORIA KUDAN	2-6-12 Kudan Minami, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	1,600	1,311
	COMFORIA NIHONBASHI NINGYOCHO NORTH	1-1-6 Nihonbashi Horidomecho, Chuo-ku, Tokyo	Beneficial interest in real estate trust	1,380	1,071
	COMFORIA SHINKAWA	2-15-5 Shinkawa, Chuo-ku, Tokyo	Beneficial interest in real estate trust	2,230	1,788
	COMFORIA AKASAKA	2-17-63 Akasaka, Minato-ku, Tokyo	Beneficial interest in real estate trust	2,790	1,912
	COMFORIA MITA EAST	4-18-1 Shiba, Minato-ku, Tokyo	Beneficial interest in real estate trust	3,960	3,081
	COMFORIA SHIBAURA CANAL	3-1-9 Kaigan, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,910	1,558

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 KITASANDO	4-5-10 Sendagaya, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	5,020	4,200
	COMFORIA YOYOGIUEHARA	2-31-5 Uehara, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	1,860	1,596
	COMFORIA SASAZUKA	1-59-10 Sasazuka, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	2,320	1,753
	COMFORIA SHINJUKUGYOEN II	1-13-3 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,170	1,760
	COMFORIA ICHIGAYAYANAGICHO	18-2 Ichigaya Yanagicho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,000	1,584
	COMFORIA KAGURAZAKA	26-1 Iwatocho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	905	717
	COMFORIA NIBANCHO	4-8 Nibancho, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	2,040	1,637
	COMFORIA NISHISHINJUKU	1-20-12 Kita-Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,850	1,694
	COMFORIA KANDAJINBOCHO	1-42-2 Kanda Jinbocho, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	1,740	1,482
	COMFORIA NIHONBASHI	1-2-2 Nihonbashi Bakurocho, Chuo-ku, Tokyo	Beneficial interest in real estate trust	2,320	1,950
	COMFORIA TAMACHI	4-5-13 Shibaura, Minato-ku, Tokyo	Beneficial interest in real estate trust	3,860	3,370
	COMFORIA AZABUJUBAN	1-2-15 Mita, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,660	1,467
	COMFORIA SHINJUKUGYOEN I	1-10-4 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,560	1,407
	COMFORIA KAGURAZAKA DEUX	7-3 Iwatocho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,470	1,246
	COMFORIA AZABU EAST	2-29-1 Higashi-Azabu, Minato-ku, Tokyo	Beneficial interest in real estate trust	3,190	1,914
	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	16,200	13,215
	COMFORIA ICHIGAYAYAKUOJI	74-23 Ichigayayakuojimachi, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	993	984
	COMFORIA AKIHABARA EAST	2-9-19 Higashikanda, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	4,950	4,483
	COMFORIA MITA TROIS	3-43-6 Shiba, Minato-ku, Tokyo	Beneficial interest in real estate trust	937	933
	COMFORIA SHIBAURA	2-3-33 Shibaura, Minato-ku, Tokyo	Real estate	1,150	1,131
	COMFORIA SHINJUKU	5-8-20 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,340	2,278
	COMFORIA HIGASHINIHONBASHI	3-6-4 Higashi-Nihonbashi, Chuo-ku, Tokyo	Beneficial interest in real estate trust	1,250	1,265
Subtotal				110,009	87,276

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	2,030	1,369
	COMFORIA ASAKUSAMATSUGAYA	1-11-5 Matsugaya, Taito-ku, Tokyo	Beneficial interest in real estate trust	1,260	828
	COMFORIA NISHIOI	6-6-1 Nishi-Oi, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	1,090	867
	COMFORIA NAKANO	2-40-12 Kamitakada, Nakano-ku, Tokyo	Beneficial interest in real estate trust	1,070	897
	COMFORIA SHIMOKITAZAWA	1-9-14 Hanegi, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	3,490	2,386
	COMFORIA NISHIKAMATA	6-37-3 Nishi-Kamata, Ota-ku, Tokyo	Beneficial interest in real estate trust	2,180	1,438
	COMFORIA OYAMA	4-4 Oyamacho, Itabashi-ku, Tokyo	Beneficial interest in real estate trust	2,460	1,923
	COMFORIA KIYOSUMISHIRAKAWA SOUTH	3-2-13 Miyoshi, Koto-ku, Tokyo	Beneficial interest in real estate trust	972	683
	COMFORIA KOMAZAWA	2-1-5 Komazawa, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,740	1,216
	COMFORIA KOISHIKAWA	2-17-27 Koishikawa, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	689	552
	COMFORIA SENGOKU	4-3-20 Sengoku, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	1,770	1,250
	COMFORIA DAIKANYAMAAOBADAI	2-1-7 Aobadai, Meguro-ku, Tokyo	Beneficial interest in real estate trust	1,400	913
	COMFORIA IKEBUKURO	2-57-1 Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	705	563
	COMFORIA RYOGOKUISHIWARA	1-36-1 Ishiwara, Sumida-ku, Tokyo	Beneficial interest in real estate trust	846	610
	COMFORIA ASAKUSABASHI DEUX	5-24-10 Asakusabashi, Taito-ku, Tokyo	Beneficial interest in real estate trust	1,070	839
	COMFORIA OSHIAGE	4-7-2 Narihira, Sumida-ku, Tokyo	Beneficial interest in real estate trust	872	688
	COMFORIA HONJOAZUMABASHI	2-11-12 Honjo, Sumida-ku, Tokyo	Beneficial interest in real estate trust	960	735
	COMFORIA KIYOSUMISHIRAKAWA TROIS	3-5-14 Shirakawa, Koto-ku, Tokyo	Beneficial interest in real estate trust	1,080	828
	COMFORIA MONZENNAKACHO	16-8 Fuyuki, Koto-ku, Tokyo	Beneficial interest in real estate trust	3,310	2,512
	COMFORIA HIMONYA	2-3-3 Himonya, Meguro-ku, Tokyo	Beneficial interest in real estate trust	1,600	1,171
	COMFORIA MISYUKU	3-23-2 Ikejiri, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	2,480	1,789
	COMFORIA GAKUGEIDAIGAKU	6-46-6 Shimouma, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,600	1,110
	COMFORIA HIGASHINAKANO DEUX	4-2-19 Higashi-Nakano, Nakano-ku, Tokyo	Beneficial interest in real estate trust	1,130	797
	COMFORIA HIGASHIIKEBUKURO WEST	3-22-21 Higashi-Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	5,450	3,710
	COMFORIA RYOGOKU DEUX	1-2-10 Chitose, Sumida-ku, Tokyo	Beneficial interest in real estate trust	1,360	1,004

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 OMORI DEUX	3-4-2 Omorikita, Ota-ku, Tokyo	Beneficial interest in real estate trust	1,450	1,170
	COMFORIA MACHIYA	5-51-7 Arakawa, Arakawa-ku, Tokyo	Beneficial interest in real estate trust	920	587
	COMFORIA ASAKUSABASHI	2-20-10 Yanagibashi, Taito-ku, Tokyo	Beneficial interest in real estate trust	3,540	2,553
	COMFORIA RYOGOKU SOUTH	2-14-8 Chitose, Sumida-ku, Tokyo	Beneficial interest in real estate trust	1,660	1,184
	COMFORIA TOYOSU	1-4-12 Edagawa, Koto-ku, Tokyo	Beneficial interest in real estate trust	3,780	2,951
	COMFORIA SUMIDA-TACHIBANA	5-18-5 Tachibana, Sumida-ku, Tokyo	Beneficial interest in real estate trust	1,010	932
	COMFORIA UENOHIROKOJI	3-17-4 Ueno, Taito-ku, Tokyo	Beneficial interest in real estate trust	1,310	1,076
	COMFORIA KASUGATOMISAKA	1-11-18 Kasuga, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	3,710	2,828
	COMFORIA HONKOMAGOME	2-29-24 Honkomagome, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	1,720	1,298
	COMFORIA MORISHITA	3-6-8 Shin-Ohashi, Koto-ku, Tokyo	Beneficial interest in real estate trust	1,780	1,465
	COMFORIA KIBAKOEN	2-17-7 Kiba, Koto-ku, Tokyo	Beneficial interest in real estate trust	1,150	918
	COMFORIA MEGURO CHOJAMARU	2-6-25 Kami-Osaki, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	2,490	1,960
	COMFORIA NISHIMAGOME	2-35-8 Nishi-Magome, Ota-ku, Tokyo	Beneficial interest in real estate trust	1,080	967
	COMFORIA HIGASHIIKEBUKURO EAST	2-8-1 Higashi-Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	2,460	1,654
	COMFORIA HIGASHIIKEBUKURO	4-3-5 Higashi-Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	1,430	1,134
	COMFORIA KOMABA	4-8-25 Ikejiri, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	5,690	5,156
	COMFORIA KINSHICHO	3-8-6 Taihei, Sumida-ku, Tokyo	Beneficial interest in real estate trust	1,280	1,042
	COMFORIA MINAMISUNAMACHI	4-4-20 Minamisuna, Koto-ku, Tokyo	Beneficial interest in real estate trust	5,040	4,700
	COMFORIA HIGASHISHINAGAWA	3-22-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	1,770	1,533
	COMFORIA MEGUROYAKUMO	1-12-10 Yakumo, Meguro-ku, Tokyo	Beneficial interest in real estate trust	926	847
	COMFORIA YOGA	3-24-3 Yoga, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,150	1,061
	COMFORIA ITABASHINAKAJUKU	62-2 Nakajuku, Itabashi-ku, Tokyo	Beneficial interest in real estate trust	4,430	3,929
	COMFORIA SHINAGAWA EAST	1-20-8 Kitashinagawa, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	1,600	1,488
	COMFORIA OJIMA	4-8-10 Ojima, Koto-ku, Tokyo	Real estate	2,290	2,231
	COMFORIA OMORI TROIS	3-36-7 Omorikita, Ota-ku, Tokyo	Real estate	992	916
	COMFORIA BUNKYO HAKUSAN	1-3-2 Honkomagome, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	1,440	1,442

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 KAMATA	4-21-2 Kamata, Ota-ku, Tokyo	Beneficial interest in real estate trust	6,490	5,808
	COLLEGE COURT HACHIMANYAMA	1-15-1 Kamitakaido, Suginami-ku, Tokyo	Beneficial interest in real estate trust	1,260	1,268
	COMFORIA UENOIRIYA	2-6-8 Ryusen, Taito-ku, Tokyo	Beneficial interest in real estate trust	2,340	2,226
	COMFORIA IKEJIRI	2-31-18 Ikejiri, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,430	1,394
	COMFORIA SETAGAYAKAMIUMA	3-6-11 Kamiuma, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	2,820	2,677
	COMFORIA AKABANEIWABUCHI	26-11 Iwabuchimachi, Kita-ku, Tokyo	Beneficial interest in real estate trust	2,630	2,776
	COMFORIA RYOGOKU TROIS	1-5-15 Kamezawa, Sumida-ku, Tokyo	Real estate	1,700	1,767
	COLLEGE SQUARE HACHIMANYAMA	1-15-2 Kamitakaido, Suginami-ku, Tokyo	Beneficial interest in real estate trust	909	907
	COMFORIA KINSHICHO DEUX	2-10-20 Mori, Koto-ku, Tokyo	Beneficial interest in real estate trust	2,300	2,279
	COMFORIA KAMEIDO SOUTH	6-25-5 Kameido, Koto-ku, Tokyo	Beneficial interest in real estate trust	2,130	2,114
	COMFORIA SHIBUYA WEST	4-4-5 Aobadai, Meguro-ku, Tokyo	Beneficial interest in real estate trust	5,900	5,504
	COMFORIA ASAKUSAKOMAGATA	2-4-7 Komagata, Taito-ku, Tokyo	Beneficial interest in real estate trust	1,320	1,327
	COMFORIA OMORIKASHIMA	6-20-10 Oi, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	883	915
	COMFORIA OMORIMACHI	4-11-5 Omori-nishi, Ota-ku, Tokyo	Beneficial interest in real estate trust	1,140	1,162
	COMFORIA KAMIIKEDAI	5-7-22 Kamiikedai, Ota-ku, Tokyo	Beneficial interest in real estate trust	1,970	1,945
	CAMPUS VILLAGE SHIINAMACHI	3-2-19 Nagasaki, Toshima-ku, Tokyo	Beneficial interest in real estate trust	2,810	2,813
Subtotal				136,744	114,616
Tokyo metropolitan area	COMFORIA ICHIKAWAMYODEN	1-9-10 Shioyaki, Ichikawa-shi, Chiba	Beneficial interest in real estate trust	749	595
	COMFORIA YATSUKA	3-38-3 Sezaki, Soka-shi, Saitama	Beneficial interest in real estate trust	723	606
	COMFORIA SHINKOYASU	2-216-2 Koyasudori, Kanagawa-ku, Yokohama-shi, Kanagawa	Beneficial interest in real estate trust	1,250	1,037
	COMFORIA GYOTOKU	2-1-13 Gyotokuekimae, Ichikawa-shi, Chiba	Beneficial interest in real estate trust	1,040	1,038
	GRANCREER CENTER-MINAMI	40-3 Chigasaki Chuo, Tsuzuki-ku, Yokohama-shi, Kanagawa	Beneficial interest in real estate trust	4,220	4,274
	COMFORIA TAMA-PLAZA	2-12-1 Utsukushigaoka, Aoba-ku, Yokohama-shi, Kanagawa	Beneficial interest in real estate trust	2,270	2,359
Subtotal				10,252	9,911
Other major cities	COMFORIA SHIN-OSAKA	1-21-24 Higashi-Nakajima, Higashi-Yodogawa-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	2,890	2,278
	COMFORIA SHINSAKAE	2-28-18 Shinsakae, Naka-ku, Nagoya-shi, Aichi	Beneficial interest in real estate trust	1,740	1,647
	COMFORIA KITASANJO	2-2-51 Kita-Sanjo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Beneficial interest in real estate trust	1,030	663

Area	Property name	Address	Ownership form	Appraisal value at end of period (millions of yen) (Note 1)	Book value (millions of yen) (Note 2)
Other major cities	COMFORIA SAPPORO SHOKUBUTSUEN	10-1-6 Kitanijo-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Beneficial interest in real estate trust	1,330	1,303
	COMFORIA OGIMACHI	3-7-15 Tenjinbashi, Kita-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,540	1,505
	COMFORIA SHINSAIBASHI EAST	2-6-8 Bakuromachi, Chuo-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	2,030	2,025
	COMFORIA KYOMACHIBORI	1-16-14 Kyomachibori, Nishi-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,690	1,596
	COMFORIA AWAZA	1-5-5 Enokojima, Nishi-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,410	1,318
	COMFORIA KITAHAMA	2-1-14 Imabashi, Chuo-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,820	1,762
Subtotal				15,480	14,100
Total				272,485	225,905

(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 18th Fiscal Period (July 31, 2019) minus accumulated depreciation.

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

Area	Property name	17th Fiscal Period (from August 1, 2018 to January 31, 2019)				18th Fiscal Period (from February 1, 2019 to July 31, 2019)			
		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)	Rent revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)
Central Tokyo	COMFORIA NIHONBASHI NINGYOCHO	1	100.0	59,328	0.8	1	97.5	61,611	0.7
	COMFORIA WASEDA	1	95.3	66,186	0.8	1	96.9	67,124	0.8
	COMFORIA SHIMOOCHIAI	1	100.0	47,129	0.6	1	98.3	49,510	0.6
	COMFORIA HIGASHINAKANO	1	97.6	22,084	0.3	1	97.6	22,093	0.3
	COMFORIA GINZA EAST	1	98.9	117,252	1.5	1	98.2	118,865	1.4
	COMFORIA AZABUDAI	1	94.3	21,959	0.3	1	100.0	22,356	0.3
	COMFORIA SHIBAKOEN	1	96.7	50,259	0.6	1	100.0	51,120	0.6
	COMFORIA NISHIAZABU	1	95.8	27,368	0.3	1	100.0	26,935	0.3
	COMFORIA MINAMIAOYAMA	1	100.0	42,119	0.5	1	96.8	45,355	0.5
	COMFORIA MINAMIAOYAMA DEUX (Note 3)	—	—	5,275	0.1	—	—	—	—
	COMFORIA NISHIWASEDA	1	100.0	62,958	0.8	1	97.2	62,479	0.7
	COMFORIA HARAJYUKU	1	94.7	126,733	1.6	1	100.0	127,935	1.5
	COMFORIA MITA NORTH	1	96.6	29,398	0.4	1	100.0	29,723	0.4
	COMFORIA SHIBAURA BOWHOUSE	1	91.0	96,136	1.2	1	95.8	92,564	1.1
	COMFORIA SHIROKANETAKANAWA	1	94.7	45,285	0.6	1	89.6	45,458	0.5
	COMFORIA NIHONBASHI NINGYOCHO EAST	1	96.8	68,068	0.9	1	98.0	69,005	0.8
	COMFORIA ATAGO	1	95.0	28,402	0.4	1	87.5	28,507	0.3
	COMFORIA KUDAN	1	93.9	40,903	0.5	1	100.0	41,705	0.5
	COMFORIA NIHONBASHI NINGYOCHO NORTH	1	97.2	36,669	0.5	1	100.0	37,684	0.4
	COMFORIA SHINKAWA	1	100.0	60,894	0.8	1	100.0	59,982	0.7
	COMFORIA AKASAKA	1	97.5	61,824	0.8	1	92.5	64,210	0.8
	COMFORIA MITA EAST	1	95.8	103,783	1.3	1	98.6	103,687	1.2
	COMFORIA SHIBAURA CANAL	1	96.8	53,833	0.7	1	97.9	56,838	0.7
	COMFORIA KITASANDO	1	93.8	133,476	1.7	1	96.8	134,069	1.6
	COMFORIA YOYOGIUEHARA	1	93.5	49,865	0.6	1	98.4	51,587	0.6
	COMFORIA SASAZUKA	1	96.0	66,895	0.9	1	97.9	67,546	0.8
	COMFORIA SHINJUKUGYOEN II	1	95.2	55,039	0.7	1	100.0	56,416	0.7
	COMFORIA ICHIGAYAYANAGICHO	1	96.0	52,411	0.7	1	97.1	50,442	0.6
	COMFORIA KAGURAZAKA	1	97.0	23,810	0.3	1	100.0	25,090	0.3
	COMFORIA NIBANCHO	1	90.4	49,540	0.6	1	100.0	49,960	0.6
	COMFORIA NISHISHINJUKU	1	98.5	47,103	0.6	1	97.8	49,708	0.6
	COMFORIA KANDAJINBOCHO	1	100.0	44,597	0.6	1	96.9	45,068	0.5
	COMFORIA NIHONBASHI	1	94.1	64,482	0.8	1	98.5	64,020	0.8
	COMFORIA TAMACHI	1	95.9	101,900	1.3	1	99.2	99,436	1.2
	COMFORIA AZABUJUBAN	1	96.4	43,884	0.6	1	96.4	44,282	0.5
	COMFORIA SHINJUKUGYOEN I	1	98.2	42,927	0.5	1	95.8	42,226	0.5
	COMFORIA KAGURAZAKA DEUX	1	100.0	41,230	0.5	1	94.9	40,710	0.5
	COMFORIA AZABU EAST	1	95.7	74,546	0.9	1	94.4	76,793	0.9
	COMFORIA SHINJUKU EASTSIDE TOWER	1	95.4	1,513,540	19.2	1	95.6	1,537,550	18.1
	COMFORIA ICHIGAYAYAKUOJI	1	100.0	25,129	0.3	1	89.5	25,633	0.3
	COMFORIA AKIHABARA EAST	1	98.1	118,284	1.5	1	98.8	119,738	1.4
	COMFORIA MITA TROIS	1	97.1	24,497	0.3	1	97.1	25,387	0.3
	COMFORIA SHIBAURA	1	97.7	25,810	0.3	1	95.4	27,537	0.3
	COMFORIA SHINJUKU	1	98.6	49,692	0.6	1	97.2	55,108	0.6
	COMFORIA HIGASHINIHONBASHI	—	—	—	—	1	100.0	25,827	0.3
Subtotal		1	96.1	3,922,519	49.8	1	96.9	3,998,897	47.1
Sub-central Tokyo	COMFORIA BUNKYOKASUGA	1	99.0	60,831	0.8	1	98.1	61,232	0.7
	COMFORIA ASAKUSAMATSUGAYA	1	97.9	45,742	0.6	1	95.8	45,559	0.5
	COMFORIA NISHIOI	1	96.6	31,554	0.4	1	94.9	32,247	0.4
	COMFORIA NAKANO	1	95.9	31,822	0.4	1	95.1	32,510	0.4
	COMFORIA SHIMOKITAZAWA	1	95.5	92,926	1.2	1	98.7	95,235	1.1
	COMFORIA NISHIKAMATA	1	97.3	66,031	0.8	1	97.4	67,406	0.8
	COMFORIA OYAMA	1	95.8	78,848	1.0	1	94.3	79,854	0.9
	COMFORIA KIYOSUMISHIRAKAWA SOUTH	1	100.0	27,816	0.4	1	97.8	28,744	0.3

Area	Property name	17th Fiscal Period (from August 1, 2018 to January 31, 2019)				18th Fiscal Period (from February 1, 2019 to July 31, 2019)			
		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)	Rent revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)
Sub-central Tokyo	COMFORIA KOMAZAWA	1	100.0	43,098	0.5	1	95.1	43,793	0.5
	COMFORIA KOISHIKAWA	1	95.1	21,858	0.3	1	95.3	23,141	0.3
	COMFORIA SENGOKU	1	94.3	52,011	0.7	1	98.3	55,356	0.7
	COMFORIA DAIKANYAMAAOBADAI	1	95.0	37,113	0.5	1	91.0	33,599	0.4
	COMFORIA IKEBUKURO	1	100.0	22,185	0.3	1	100.0	21,910	0.3
	COMFORIA RYOGOKUISHIWARA	1	100.0	25,590	0.3	1	100.0	25,599	0.3
	COMFORIA ASAKUSABASHI DEUX	1	95.3	30,399	0.4	1	96.3	30,617	0.4
	COMFORIA OSHIAGE	1	97.4	26,181	0.3	1	100.0	26,807	0.3
	COMFORIA HONJOAZUMABASHI	1	96.5	28,845	0.4	1	98.2	29,051	0.3
	COMFORIA KIYOSUMISHIRAKAWA TROIS	1	90.1	31,491	0.4	1	100.0	31,937	0.4
	COMFORIA MONZENNAKACHO	1	98.6	90,307	1.1	1	98.6	92,911	1.1
	COMFORIA HIMONYA	1	90.1	41,693	0.5	1	91.8	43,763	0.5
	COMFORIA MISYUKU	1	96.5	68,404	0.9	1	95.9	65,893	0.8
	COMFORIA GAKUGEIDAIGAKU	1	97.2	39,834	0.5	1	94.7	41,754	0.5
	COMFORIA HIGASHINAKANO DEUX	1	98.1	30,856	0.4	1	100.0	30,468	0.4
	COMFORIA HIGASHIIKEBUKURO WEST	1	95.2	162,710	2.1	1	96.1	163,229	1.9
	COMFORIA RYOGOKU DEUX	1	98.7	37,334	0.5	1	96.9	37,742	0.4
	COMFORIA OMORI DEUX	1	90.4	39,138	0.5	1	98.6	40,057	0.5
	COMFORIA MACHIYA	1	93.9	26,353	0.3	1	90.9	26,530	0.3
	COMFORIA ASAKUSABASHI	1	97.5	101,431	1.3	1	96.7	101,799	1.2
	COMFORIA RYOGOKU SOUTH	1	100.0	48,728	0.6	1	97.5	49,604	0.6
	COMFORIA TOYOSU	1	97.5	101,920	1.3	1	96.0	102,762	1.2
	COMFORIA SUMIDA-TACHIBANA	1	95.4	32,387	0.4	1	100.0	33,045	0.4
	COMFORIA UENOHIROKOJI	1	91.2	34,752	0.4	1	96.1	34,889	0.4
	COMFORIA KASUGATOMISAKA	1	96.6	91,978	1.2	1	98.2	92,259	1.1
	COMFORIA HONKOMAGOME	1	94.4	46,823	0.6	1	100.0	46,621	0.5
	COMFORIA MORISHITA	1	97.6	49,100	0.6	1	97.5	48,555	0.6
	COMFORIA KIBAKOEN	1	100.0	32,971	0.4	1	98.3	33,258	0.4
	COMFORIA MEGURO CHOJAMARU	1	94.9	72,080	0.9	1	100.0	71,059	0.8
	COMFORIA NISHIMAGOME	1	93.3	32,665	0.4	1	98.1	33,227	0.4
	COMFORIA HIGASHIIKEBUKURO EAST	1	95.4	66,439	0.8	1	95.7	69,213	0.8
	COMFORIA HIGASHIIKEBUKURO	1	94.6	36,458	0.5	1	96.3	38,316	0.5
	COMFORIA KOMABA	1	98.6	134,454	1.7	1	94.8	141,508	1.7
	COMFORIA KINSHICHO	1	100.0	35,254	0.4	1	100.0	35,376	0.4
	COMFORIA MINAMISUNAMACHI	1	95.8	133,343	1.7	1	96.0	136,315	1.6
	COMFORIA HIGASHISHINAGAWA	1	100.0	52,914	0.7	1	100.0	53,166	0.6
	COMFORIA MEGUROYAKUMO	1	91.7	26,498	0.3	1	100.0	26,876	0.3
	COMFORIA YOGA	1	100.0	32,849	0.4	1	92.5	32,220	0.4
	COMFORIA ITABASHINAKAJUKU	1	95.0	121,160	1.5	1	99.1	124,635	1.5
	COMFORIA SHINAGAWA EAST	1	96.4	74,244	0.9	1	95.6	79,628	0.9
	COMFORIA OJIMA	1	94.0	57,881	0.7	1	97.0	60,604	0.7
	COMFORIA OMORI TROIS	1	92.6	25,718	0.3	1	98.0	26,094	0.3
	COMFORIA BUNKYOHAKUSAN	1	96.1	37,565	0.5	1	95.6	37,982	0.4
	COMFORIA KAMATA	1	99.1	155,382	2.0	1	98.3	157,898	1.9
	COLLEGE COURT HACHIMANYAMA	1	100.0	30,222	0.4	1	100.0	30,226	0.4
	COMFORIA UENOIRIYA	1	95.4	64,323	0.8	1	98.5	61,051	0.7
	COMFORIA IKEJIRI	1	85.1	27,318	0.3	1	97.8	33,967	0.4
	COMFORIA SETAGAYAKAMIUMA	1	95.7	73,156	0.9	1	98.9	73,597	0.9

Area	Property name	17th Fiscal Period (from August 1, 2018 to January 31, 2019)				18th Fiscal Period (from February 1, 2019 to July 31, 2019)			
		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)	Rent revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)
Sub-central Tokyo	COMFORIA AKABANEIWABUCHI	1	87.0	60,629	0.8	1	92.7	61,769	0.7
	COMFORIA RYOGOKU TROIS	1	97.3	40,171	0.5	1	93.8	41,166	0.5
	COLLEGE SQUARE HACHIMANYAMA	1	100.0	20,976	0.3	1	100.0	20,976	0.2
	COMFORIA KINSHICHO DEUX	–	–	–	–	1	99.0	62,965	0.7
	COMFORIA KAMEIDO SOUTH	–	–	–	–	1	100.0	57,937	0.7
	COMFORIA SHIBUYA WEST	–	–	–	–	1	95.0	133,080	1.6
	COMFORIA ASAKUSAKOMAGATA	–	–	–	–	1	93.2	26,057	0.3
	COMFORIA OMORIKASHIMA	–	–	–	–	1	94.2	17,601	0.2
	COMFORIA OMORIMACHI	–	–	–	–	1	97.7	24,116	0.3
	COMFORIA KAMIIKEDAI	–	–	–	–	1	95.1	37,638	0.4
	CAMPUS VILLAGE SHIINAMACHI	–	–	–	–	1	100.0	42,771	0.5
Subtotal		2	96.1	3,242,784	41.2	3	97.0	3,698,801	43.6
Tokyo metropolitan area	COMFORIA ICHIKAWAMYODEN	1	97.8	24,855	0.3	1	95.5	25,214	0.3
	COMFORIA YATSUKA	1	98.4	27,033	0.3	1	96.8	28,337	0.3
	COMFORIA SHINKOYASU	1	91.2	37,632	0.5	1	97.7	39,080	0.5
	COMFORIA GYOTOKU	1	96.6	26,782	0.3	1	98.3	28,995	0.3
	GRANCREER CENTER-MINAMI	1	100.0	84,210	1.1	1	100.0	120,300	1.4
	COMFORIA TAMA-PLAZA	–	–	–	–	1	94.8	39,814	0.5
Subtotal		2	98.8	200,512	2.5	2	98.8	281,743	3.3
Other major cities	COMFORIA SHIN-OSAKA	1	97.2	91,624	1.2	1	96.7	91,190	1.1
	COMFORIA SHINSAKAE	1	96.5	58,393	0.7	1	91.0	55,098	0.6
	COMFORIA KITAHORIE (Note 4)	1	97.4	31,504	0.4	–	–	28,402	0.3
	COMFORIA KITASANJO	1	95.5	33,632	0.4	1	100.0	36,549	0.4
	COMFORIA SAPPORO SHOKUBUTSUEN	1	95.2	41,149	0.5	1	88.1	42,080	0.5
	COMFORIA OGIMACHI	1	95.5	43,123	0.5	1	100.0	43,611	0.5
	COMFORIA SHINSAIBASHI EAST	1	95.1	59,943	0.8	1	99.2	61,610	0.7
	COMFORIA KYOMACHIBORI	1	100.0	48,134	0.6	1	97.6	49,495	0.6
	COMFORIA AWAZA	1	97.8	42,453	0.5	1	97.7	42,823	0.5
	COMFORIA KITAHAMA	1	100.0	53,712	0.7	1	97.7	54,058	0.6
Subtotal		1	96.9	503,671	6.4	1	96.1	504,921	6.0
Total		3	96.4	7,869,488	100.0	4	97.0	8,484,363	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, MAINICHICOMNET Co., Ltd., Tokyu Land Corporation and Sigma Japan are the four master lease companies hired by the Investment Corporation for its assets under management; therefore, the sum of the total number of tenants in the 18th Fiscal Period is set as "4," which is the total number of master lease companies. 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 November 15, 2018.

(Note 4) This property was sold to a third party as of July 5, 2019.

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, 2019 are as follows.

Segment	Type	Contract amount (millions of yen) (Note 1)	Over 1 year	Fair value (millions of yen) (Note 2)
Over-the-counter transactions	Receive floating, pay fixed interest-rate swap transactions	54,670	50,970	–
Total		54,670	50,970	–

(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 18th 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 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 TAMA-PLAZA (Yokohama-shi, Kanagawa)	Large-scale repair work	From Jan. 2020 to Jul. 2020	74,900	–	–
COMFORIA NIHONBASHI (Chuo-ku, Tokyo)	Large-scale repair work	From Aug. 2019 to Jan. 2020	65,400	–	–
COMFORIA HONKOMAGOME (Bunkyo-ku, Tokyo)	Large-scale repair work	From Aug. 2019 to Jan. 2020	61,000	–	–
COMFORIA KAMIIKEDAI (Ota-ku, Tokyo)	Large-scale repair work	From Jan. 2020 to Jul. 2020	57,600	–	–
COMFORIA YATSUKA (Soka-shi, Saitama)	Large-scale repair work	From Dec. 2019 to Jun. 2020	57,200	–	–
COMFORIA KOMAZAWA (Setagaya-ku, Tokyo)	Large-scale repair work	From Dec. 2019 to Jun. 2020	52,300	–	–
COMFORIA SHIMOOCHIAI (Shinjuku-ku, Tokyo)	Large-scale repair work	From Aug. 2019 to Jan. 2020	51,000	–	–
COMFORIA OMORI DEUX (Ota-ku, Tokyo)	Large-scale repair work	From Aug. 2019 to Jan. 2020	50,600	–	–

2. Capital Expenditure during the Period

The overview of main construction work corresponding to capital expenditure that took place in the 18th Fiscal Period for the managed assets owned as of the end of the period is as follows. Capital expenditure during the 18th Fiscal Period was ¥509,917 thousand. Together with repair expenses of ¥ 333,441 thousand that were classified as expenses for the 18th Fiscal Period, construction work totaling ¥843,358 thousand was carried out.

Property name (location)	Purpose	Period	Construction cost (thousands of yen)
COMFORIA AKABANEIWABUCHI (Kita-ku, Tokyo)	Subdivision work	From Aug. 2018 to Jun. 2019	141,478
COMFORIA SHIBAKOEN (Minato-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jun. 2019	59,644
COMFORIA KUDAN (Chiyoda-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jul. 2019	53,085
COMFORIA BUNKYO HAKUSAN (Bunkyo-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jun. 2019	49,795
COMFORIA NAKANO (Nakano-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jun. 2019	38,700
COMFORIA MINAMIAOYAMA (Minato-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jul. 2019	38,008
COMFORIA KOISHIKAWA (Bunkyo-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jul. 2019	32,242
Other properties, etc.	Replacement of air conditioners, etc.	From Feb. 2019 to Jul. 2019	96,960
Total			509,917

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	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period
	From Feb. 1, 2017 to Jul. 31, 2017	From Aug. 1, 2017 to Jan. 31, 2018	From Feb. 1, 2018 to Jul. 31, 2018	From Aug. 1, 2018 to Jan. 31, 2019	From Feb. 1, 2019 to Jul. 31, 2019
Balance of reserves at the beginning of period	377,947	349,367	328,884	357,243	396,925
Amount of reserves during period	311,155	523,929	508,774	477,118	624,729
Reversal of reserves during period	339,736	544,411	480,415	437,436	623,170
Amount carried forward to next period	349,367	328,884	357,243	396,925	398,483

Status of Expenses and Liabilities

COMFORIA RESIDENTIAL REIT

1. Statement of Expenses Related to Investments

(Thousands of yen)

Item	17th Fiscal Period From Aug. 1, 2018 to Jan. 31, 2019	18th Fiscal Period From Feb. 1, 2019 to Jul. 31, 2019
Asset management fee (Note)	464,589	479,542
Asset custody fee	7,679	7,800
Administrative service fees	25,969	27,302
Directors' compensation	3,600	3,600
Other expenses	236,375	226,567
Total	738,214	744,813

(Note) In addition to the amount stated above, asset management fees came to ¥20,750 thousand and ¥115,450 thousand in the 17th Fiscal Period and 18th Fiscal Period, respectively, related to the acquisition of property were incorporated in the book value of each property and asset management fees came to ¥5,400 thousand and ¥12,000 thousand in the 17th Fiscal Period and 18th Fiscal Period, respectively, related to the sale of property were incurred.

2. Loan Status

The status of loans as of July 31, 2019 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
Long-term loans (Note 1)	Mizuho Bank, Ltd.	Mar. 23, 2011	3,570	-	0.56091	Mar. 23, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		3,570	-					
	MUFG Bank, Ltd.		3,570	-					
	Sumitomo Mitsui Banking Corporation		1,785	-					
	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.	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					
	Mizuho Bank, Ltd.		1,000	1,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000	1,000					
	Sumitomo Mitsui Banking Corporation		500	500					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		670	670					
	Sumitomo Mitsui Trust Bank, Limited		670	670					
	Sumitomo Mitsui Banking Corporation		350	350					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		910	910					
	Sumitomo Mitsui Trust Bank, Limited		910	910					
	Sumitomo Mitsui Banking Corporation		450	450					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		600	600					
	Sumitomo Mitsui Trust Bank, Limited		600	600					
	Sumitomo Mitsui Banking Corporation		300	300					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		620	620					
	Sumitomo Mitsui Trust Bank, Limited		620	620					
	Sumitomo Mitsui Banking Corporation		310	310					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		620	620					
	Sumitomo Mitsui Trust Bank, Limited		620	620					
	Sumitomo Mitsui Banking Corporation		310	310					

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.	Feb. 2, 2016	720	720	0.58430	Mar. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		360	360					
	Mizuho Bank, Ltd.		360	360					
	Sumitomo Mitsui Trust Bank, Limited		360	360					
	Sumitomo Mitsui Banking Corporation		200	200					
	MUFG Bank, Ltd.	Feb. 2, 2016	840	840	0.62460	Aug. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		420	420					
	Mizuho Bank, Ltd.		420	420					
	Sumitomo Mitsui Trust Bank, Limited		420	420					
	Sumitomo Mitsui Banking Corporation		230	230					
	MUFG Bank, Ltd.	Feb. 2, 2016	980	980	0.67745	Feb. 29, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		490	490					
	Mizuho Bank, Ltd.		490	490					
	Sumitomo Mitsui Trust Bank, Limited		490	490					
	Sumitomo Mitsui Banking Corporation		220	220					
	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.		1,570	1,570					
	Kiraboshi Bank, Ltd.		1,000	1,000					
	Sumitomo Mitsui Trust Bank, Limited		785	785					
	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.		2,000	2,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000	1,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		580	580					
	Sumitomo Mitsui Trust Bank, Limited		580	580					
	Sumitomo Mitsui Banking Corporation		290	290					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		900	900					
	Sumitomo Mitsui Trust Bank, Limited		900	900					
	Sumitomo Mitsui Banking Corporation		450	450					
	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					
	The Bank of Fukuoka, Ltd.		1,000	1,000					
	The 77 Bank, Ltd.		500	500					
	The Daishi Bank, Ltd.		500	500					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		580	580					
	Sumitomo Mitsui Trust Bank, Limited		580	580					
	Sumitomo Mitsui Banking Corporation		290	290					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		910	910					
	Sumitomo Mitsui Trust Bank, Limited		910	910					
	Sumitomo Mitsui Banking Corporation		450	450					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.		570	570					
	Sumitomo Mitsui Trust Bank, Limited		570	570					
	Sumitomo Mitsui Banking Corporation		300	300					

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.	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					
	Mizuho Bank, Ltd.		570	570					
	Sumitomo Mitsui Trust Bank, Limited		570	570					
	Sumitomo Mitsui Banking Corporation		300	300					
	Sumitomo Mitsui Trust Bank, Limited	Feb. 2, 2018	100	-	0.26091	Feb. 28, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	Feb. 2, 2018	1,040	1,040	0.65428	Jan. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		520	520					
	Mizuho Bank, Ltd.		520	520					
	Sumitomo Mitsui Trust Bank, Limited		520	520					
	Sumitomo Mitsui Banking Corporation		260	260					
	Shinkin Central Bank	Mar. 30, 2018	1,300	1,300	0.45804	Mar. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank		1,300	1,300					
	The Bank of Fukuoka, Ltd.		1,300	1,300					
	Mizuho Trust & Banking, Co., Ltd.		1,000	1,000					
	MUFG Bank, Ltd.	Mar. 30, 2018	2,700	2,700	0.62188	Mar. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,350	1,350					
	Sumitomo Mitsui Banking Corporation		600	600					
	Nippon Life Insurance Company	Aug. 31, 2018	500	500	0.55126	Jan. 31, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Taiyo Life Insurance Company		500	500					
	Resona Bank, Ltd.	Aug. 31, 2018	1,000	1,000	0.73497	Aug. 31, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	Sep. 25, 2018	700	-	0.26091	Oct. 31, 2019 (Note 4)	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		700	-					
	MUFG Bank, Ltd.		350	-					
	Sumitomo Mitsui Banking Corporation		350	-					
	Mizuho Bank, Ltd.	Sep. 25, 2018	550	550	0.85667	Mar. 31, 2027	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		550	550					
	Development Bank of Japan Inc.		550	550					
	MUFG Bank, Ltd.		275	275					
	Sumitomo Mitsui Banking Corporation		275	275					
	MUFG Bank, Ltd.	Jan. 31, 2019	550	550	0.43105	Jul. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		550	550					
	Sumitomo Mitsui Trust Bank, Limited		550	550					
	Development Bank of Japan Inc.		550	550					
	Sumitomo Mitsui Banking Corporation		300	300					
	MUFG Bank, Ltd.	Jan. 31, 2019	670	670	0.39950	Jan. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		670	670					
	Sumitomo Mitsui Trust Bank, Limited		670	670					
	Sumitomo Mitsui Banking Corporation		320	320					
	Development Bank of Japan Inc.	Jan. 31, 2019	670	670	0.49994	Jan. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	Apr. 5, 2019	-	700	0.54500	Sep. 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		-	700					
	MUFG Bank, Ltd.		-	350					
	Sumitomo Mitsui Banking Corporation		-	350					
	Development Bank of Japan Inc.	Apr. 5, 2019	-	700	0.57826	Sep. 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed

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 (Note)	MUFG Bank, Ltd.	Mar. 25, 2019	-	800	0.19776	Sep. 30, 2020	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	800					
	Sumitomo Mitsui Trust Bank, Limited		-	800					
	Sumitomo Mitsui Banking Corporation		-	400					
	MUFG Bank, Ltd.	Mar. 25, 2019	-	800	0.24276	Mar. 31, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	800					
	Sumitomo Mitsui Trust Bank, Limited		-	800					
	Sumitomo Mitsui Banking Corporation		-	400					
	MUFG Bank, Ltd.	Mar. 25, 2019	-	1,000	0.45215	Sep. 30, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	1,000					
	Sumitomo Mitsui Trust Bank, Limited		-	1,000					
	Sumitomo Mitsui Banking Corporation		-	500					
	MUFG Bank, Ltd.	Mar. 25, 2019	-	970	0.60810	Sep. 30, 2027	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	970					
	Sumitomo Mitsui Trust Bank, Limited		-	970					
	Sumitomo Mitsui Banking Corporation		-	485					
	Mizuho Trust & Banking, Co., Ltd.	Mar. 20, 2019	-	525	0.42850	Mar. 31, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank		-	525					
	The Bank of Fukuoka, Ltd.		-	525					
	Shinkin Central Bank		-	525					
	Mizuho Trust & Banking, Co., Ltd.	Mar. 20, 2019	-	2,300	0.26228	Mar. 31, 2020	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
Total			107,530	112,530					

(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 amount was repaid in full ahead of schedule on March 20, 2019.

3. Investment Corporation Bonds

The status of investment corporation bonds as of July 31, 2019 is as follows.

Issue	Issue date	Balance at the beginning of 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
6th Unsecured Bond (Note 1)	Jul. 18, 2019	-	1,000	0.23000	Jul. 18, 2024	Lump-sum repayment	(Note 2)	Unsecured
7th Unsecured Bond (Note 1)	Jul. 18, 2019	-	1,500	0.90000	Jul. 18, 2034	Lump-sum repayment	(Note 2)	Unsecured
Total		8,500	11,000					

(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

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 KINSHICHO DEUX	Feb. 1, 2019	2,213	—	—	—	—
COMFORIA KAMEIDO SOUTH	Feb. 1, 2019	2,050	—	—	—	—
COMFORIA SHIBUYA WEST	Feb. 1, 2019	5,397	—	—	—	—
COMFORIA HIGASHINIHONBASHI	Mar. 20, 2019	1,194	—	—	—	—
COMFORIA ASAKUSAKOMAGATA	Mar. 20, 2019	1,254	—	—	—	—
COMFORIA OMORIKASHIMA	Mar. 20, 2019	864	—	—	—	—
COMFORIA OMORIMACHI	Mar. 20, 2019	1,096	—	—	—	—
COMFORIA KAMIIKEDAI	Mar. 20, 2019	1,842	—	—	—	—
COMFORIA TAMA-PLAZA	Mar. 20, 2019	2,220	—	—	—	—
CAMPUS VILLAGE SHIINAMACHI	Apr. 5, 2019	2,740	—	—	—	—
COMFORIA KITAHORIE	—	—	Jul. 5, 2019	1,200	1,017	168
Total	—	20,870	—	1,200	1,017	168

(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 KINSHICHO DEUX	Feb. 1, 2019	2,213	2,230	(3)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA KAMEIDO SOUTH	Feb. 1, 2019	2,050	2,090	(2)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA SHIBUYA WEST	Feb. 1, 2019	5,397	5,610	(1)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA HIGASHINIHONBASHI	Mar. 20, 2019	1,194	1,220	(1)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA ASAKUSAKOMAGATA	Mar. 20, 2019	1,254	1,280	(1)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA OMORIKASHIMA	Mar. 20, 2019	864	872	(1)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA OMORIMACHI	Mar. 20, 2019	1,096	1,110	(1)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA KAMIIKEDAI	Mar. 20, 2019	1,842	1,920	(1)	Oct. 31, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA TAMA-PLAZA	Mar. 20, 2019	2,220	2,230	(4)	Jan. 31, 2019
Acquisition	Beneficial interest in real estate trust	CAMPUS VILLAGE SHIINAMACHI	Apr. 5, 2019	2,740	2,750	(1)	Oct. 31, 2018
Sale	Real estate	COMFORIA KITAHORIE	Jul. 5, 2019	1,200	1,050	(4)	Jan. 31, 2019

(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 that were deemed to require a research on prices, etc. pursuant to the provisions of Article 201 of the Investment Trusts Act, except for those shown in the aforementioned "(1) Real estate, etc.", the research was entrusted to Tokyo Kyodo Accounting Office. Between February 1, 2019 and July 31, 2019, there were four interest rate swap transactions that were subject to the research. The Investment Corporation received a research report regarding the counterparty's name, currency type, agreed-upon interest rate, transaction period and other details of the relevant swap transactions.

4. Transactions with Related Parties

(1) Information on transaction

Category	Purchase and sales amount	
	Purchase amount	Sales amount
Total amount	¥ 20,870,000 thousand	¥ 1,200,000 thousand
Breakdown of transactions between related parties		
Tokyu Land Corporation	¥12,400,000 thousand (59.4%)	¥－ thousand (－%)
Godo Kaisha Residence 5	¥6,250,000 thousand (29.9%)	¥－ thousand (－%)
Total	¥18,650,000 thousand (89.4%)	¥－ 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 Asset Management Company 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 18th 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	690,840	Tokyu Housing Lease Corporation	452,416	65.5
		Community One Co., Ltd.	35,252	5.1
		Tokyu Community Corp.	4,418	0.6
Utilities expenses	113,756	Tokyu Community Corp.	55,920	49.2
Marketing-related expenses	165,559	Tokyu Livable, Inc.	782	0.5
Other expenses related to rent business	171,598	Tokyu Sports Oasis, Inc.	10,849	6.3
		Community One Co., Ltd.	918	0.5
Warehousing fees (Note)	203,612	Godo Kaisha Residence 5	203,612	100.0

(Note) "Warehousing fees" represent the amount exclusive of the acquisition price, such as due diligence expenses and brokerage fees, agreed on and determined with Godo Kaisha Residence 5 upon acquiring the relevant properties.

(3) Major payments to other related parties

Tokyu Re·design Corporation ¥54,740 thousand (repair work, etc.)
Community One Co., Ltd. ¥2,095 thousand (repair work, etc.)
Ewel Inc. ¥1,123 thousand (system usage, etc.)
Tokyu Community Corp. ¥688 thousand (repair work, etc.)

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

Not applicable

(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 25, 2019	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, 2019 to May 8, 2020 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)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
Assets		
Current assets		
Cash and deposits	7,981,322	9,806,155
Cash and deposits in trust	7,025,009	7,794,604
Operating accounts receivable	6,860	10,233
Prepaid expenses	365,221	424,435
Other	–	3,007
Total current assets	15,378,413	18,038,436
Non-current assets		
Property, plant and equipment		
Buildings	2,547,500	1,874,351
Accumulated depreciation	(168,808)	(106,596)
Buildings, net	2,378,692	1,767,754
Structures	28,301	22,374
Accumulated depreciation	(4,897)	(3,913)
Structures, net	23,404	18,460
Machinery and equipment	17,687	17,687
Accumulated depreciation	(1,462)	(1,736)
Machinery and equipment, net	16,225	15,951
Tools, furniture and fixtures	3,062	3,062
Accumulated depreciation	(889)	(1,154)
Tools, furniture and fixtures, net	2,172	1,907
Land	4,674,303	4,243,040
Buildings in trust	93,883,874	99,589,884
Accumulated depreciation	(10,571,985)	(11,731,213)
Buildings in trust, net	83,311,888	87,858,670
Structures in trust	1,196,527	1,262,516
Accumulated depreciation	(315,059)	(346,567)
Structures in trust, net	881,467	915,949
Machinery and equipment in trust	1,557,003	1,628,309
Accumulated depreciation	(275,871)	(304,645)
Machinery and equipment in trust, net	1,281,132	1,323,664
Tools, furniture and fixtures in trust	340,254	385,914
Accumulated depreciation	(112,950)	(142,123)
Tools, furniture and fixtures in trust, net	227,303	243,791
Land in trust	111,993,547	128,350,042
Construction in progress in trust	7,277	–
Total property, plant and equipment	204,797,414	224,739,233
Intangible assets		
Leasehold rights in trust	1,174,875	1,166,310
Other	17,667	14,118
Total intangible assets	1,192,543	1,180,428
Investments and other assets		
Lease and guarantee deposits	1,525,188	1,525,188
Long-term prepaid expenses	854,894	902,365
Total investments and other assets	2,380,082	2,427,553
Total non-current assets	208,370,041	228,347,215
Deferred assets		
Investment unit issuance expenses	36,077	50,349
Investment corporation bond issuance costs	45,311	62,308
Total deferred assets	81,388	112,657
Total assets	223,829,843	246,498,308

(Thousands of yen)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	599,318	791,399
Current portion of long-term loans payable	16,045,000	7,350,000
Accounts payable - other	45,882	56,748
Accrued expenses	159,605	176,993
Income taxes payable	5,646	5,954
Accrued consumption taxes	11,521	184
Advances received	1,270,582	1,359,964
Other	–	521
Total current liabilities	18,137,557	9,741,767
Non-current liabilities		
Investment corporation bonds	8,500,000	11,000,000
Long-term loans payable	91,485,000	105,180,000
Tenant leasehold and security deposits	33,900	28,595
Tenant leasehold and security deposits in trust	2,282,280	2,517,824
Asset retirement obligations	96,972	97,576
Other	4,237	3,898
Total non-current liabilities	102,402,390	118,827,895
Total liabilities	120,539,947	128,569,663
Net assets		
Unitholders' equity		
Unitholders' capital	99,814,378	114,045,421
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	302,807	434,888
Total voluntary retained earnings	302,807	434,888
Unappropriated retained earnings (undisposed loss)	3,172,709	3,448,336
Total surplus	3,475,517	3,883,224
Total unitholders' equity	103,289,895	117,928,645
Total net assets	*1 103,289,895	*1 117,928,645
Total liabilities and net assets	223,829,843	246,498,308

2. Statements of Income

(Thousands of yen)

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
Operating revenue		
Lease business revenue	*1 7,594,821	*1 8,140,239
Other lease business revenue	*1 274,666	*1 344,123
Gain on sales of real estate properties	*2 259,090	*2 168,200
Total operating revenue	8,128,578	8,652,563
Operating expenses		
Expenses related to rent business	*1 3,687,607	*1 3,928,753
Asset management fee	464,589	479,542
Directors' compensations	3,600	3,600
Audit fee	13,842	13,842
Asset custody fee	7,679	7,800
Administrative service fees	25,969	27,302
Other operating expenses	222,533	212,725
Total operating expenses	4,425,821	4,673,567
Operating profit	3,702,757	3,978,996
Non-operating income		
Interest income	65	71
Gain on forfeiture of unclaimed dividends	860	688
Total non-operating income	925	759
Non-operating expenses		
Interest expenses	342,563	338,753
Borrowing related expenses	140,735	142,133
Interest expenses on investment corporation bonds	24,290	24,704
Amortization of investment corporation bond issuance costs	4,169	4,377
Amortization of investment unit issuance expenses	13,589	15,823
Total non-operating expenses	525,349	525,793
Ordinary profit	3,178,333	3,453,962
Profit before income taxes	3,178,333	3,453,962
Income taxes - current	5,656	5,965
Income taxes - deferred	(32)	(339)
Total income taxes	5,624	5,626
Profit	3,172,709	3,448,336
Retained earnings brought forward	–	–
Unappropriated retained earnings (undisposed loss)	3,172,709	3,448,336

3. Statements of Changes in Unitholders' Equity

17th Fiscal Period (From August 1, 2018 to January 31, 2019)

(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	99,814,378	37,277	37,277	3,191,695	3,228,972	103,043,351	103,043,351
Changes of items during period							
Reserve for reduction entry		285,330	285,330	(285,330)	–	–	–
Reversal of reserve for reduction entry		(19,800)	(19,800)	19,800	–	–	–
Dividends of surplus				(2,926,165)	(2,926,165)	(2,926,165)	(2,926,165)
Profit				3,172,709	3,172,709	3,172,709	3,172,709
Total changes of items during period	–	265,530	265,530	(18,986)	246,544	246,544	246,544
Balance at end of current period	*1 99,814,378	302,807	302,807	3,172,709	3,475,517	103,289,895	103,289,895

18th Fiscal Period (From February 1, 2019 to July 31, 2019)

(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	99,814,378	302,807	302,807	3,172,709	3,475,517	103,289,895	103,289,895
Changes of items during period							
Issuance of new investment units	14,231,042					14,231,042	14,231,042
Reserve for reduction entry		149,557	149,557	(149,557)	–	–	–
Reversal of reserve for reduction entry		(17,477)	(17,477)	17,477	–	–	–
Dividends of surplus				(3,040,628)	(3,040,628)	(3,040,628)	(3,040,628)
Profit				3,448,336	3,448,336	3,448,336	3,448,336
Total changes of items during period	14,231,042	132,080	132,080	275,626	407,707	14,638,749	14,638,749
Balance at end of current period	*1 114,045,421	434,888	434,888	3,448,336	3,883,224	117,928,645	117,928,645

4. Statements of Cash Distributions

Category	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
I. Unappropriated retained earnings	¥3,172,709,313	¥3,448,336,187
II. Reversal of Voluntary retained earnings		
Reversal of reserve for reduction entry	¥17,477,446	¥20,640,632
III. Distributions	¥3,040,628,920	¥3,319,520,120
[Distribution per unit]	[¥5,180]	[¥5,180]
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	¥149,557,839	¥149,456,699
V. Retained earnings carried forward	¥0	¥0
Method for calculating distributions	The Investment Corporation will make cash distributions up to the amount of accounting profit 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 ¥3,040,628,920 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 profit as outlined in Article 35-2 of the Investment Corporation's Articles of Incorporation.	The Investment Corporation will make cash distributions up to the amount of accounting profit 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 ¥3,319,520,120 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 profit as outlined in Article 35-2 of the Investment Corporation's Articles of Incorporation.

5. Statements of Cash Flows

(Thousands of yen)

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
Cash flows from operating activities		
Profit before income taxes	3,178,333	3,453,962
Depreciation	1,226,501	1,291,815
Borrowing related expenses	140,735	142,133
Amortization of investment corporation bond issuance costs	4,169	4,377
Amortization of investment unit issuance expenses	13,589	15,823
Interest income	(65)	(71)
Gain on forfeiture of unclaimed dividends	(860)	(688)
Interest expenses	366,853	363,458
Decrease (increase) in operating accounts receivable	(563)	(3,373)
Decrease (increase) in prepaid expenses	24,094	(32,276)
Increase (decrease) in accrued consumption taxes	(541)	(11,337)
Increase (decrease) in operating accounts payable	(69,386)	124,501
Increase (decrease) in accounts payable - other	2,114	16,991
Increase (decrease) in accrued expenses	5,077	13,686
Increase (decrease) in advances received	29,178	89,382
Decrease (increase) in long-term prepaid expenses	4,429	5,785
Decrease in property, plant and equipment due to sales	–	1,017,869
Decrease in property, plant and equipment in trust due to sales	255,458	–
Other, net	(2,058)	(2,485)
Subtotal	5,177,061	6,489,556
Interest income received	65	71
Interest expenses paid	(366,788)	(362,978)
Income taxes paid	(8,751)	(5,657)
Net cash provided by (used in) operating activities	4,801,588	6,120,991
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,426)	(167)
Purchase of property, plant and equipment in trust	(4,606,483)	(22,182,459)
Purchase of intangible assets	(9,743)	–
Proceeds from tenant leasehold and security deposits	4,746	7,073
Repayments of tenant leasehold and security deposits	(3,310)	(11,918)
Proceeds from tenant leasehold and security deposits in trust	311,187	463,219
Repayments of tenant leasehold and security deposits in trust	(197,322)	(211,438)
Net cash provided by (used in) investing activities	(4,513,351)	(21,935,690)
Cash flows from financing activities		
Proceeds from long-term loans payable	11,664,923	21,985,917
Repayments of long-term loans payable	(7,500,000)	(17,195,000)
Proceeds from issuance of investment corporation bonds	–	2,479,375
Payments for investment corporation bond issuance costs	(749)	–
Proceeds from issuance of investment units	–	14,190,707
Dividends paid	(2,925,030)	(3,041,285)
Other, net	(9,069)	(10,588)
Net cash provided by (used in) financing activities	1,230,074	18,409,126
Net increase (decrease) in cash and cash equivalents	1,518,310	2,594,428
Cash and cash equivalents at beginning of period	13,488,021	15,006,331
Cash and cash equivalents at end of period	*1 15,006,331	*1 17,600,759

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 applied 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)

17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
50,000	50,000

2. Commitment line agreement

The Investment Corporation has commitment line contracts with three of the banks (as of January 31, 2019) and three of the banks (as of July 31, 2019), respectively.

(Thousands of yen)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
Credit limit	10,500,000	10,500,000
Outstanding debt	-	-
Unused commitment line	10,500,000	10,500,000

<Notes to the Statements of Income>

*1. Breakdown of real estate rental revenues and expenses

(Thousands of yen)

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)		18th Fiscal Period (From February 1, 2019 to July 31, 2019)	
A. Real estate rental revenue				
Lease business revenue				
(Rental revenues and common service charges)	7,444,426		7,984,338	
(Parking revenues)	150,394	7,594,821	155,901	8,140,239
Other lease business revenue				
(Key money and contract renewal fees)	145,265		204,996	
(Other revenues)	129,401	274,666	139,127	344,123
Total real estate rental revenues		7,869,488		8,484,363
B. Real estate rental expenses				
Expenses related to rent business				
(Property management fees and facility management fees)	596,837		690,840	
(Repairs and maintenance)	306,207		333,441	
(Land rent)	706,671		707,019	
(Tax and public dues)	380,884		402,969	
(Insurance)	6,155		6,486	
(Utilities)	115,084		113,756	
(Marketing-related expenses)	146,504		165,559	
(Trust fees)	45,612		47,751	
(Depreciation)	1,223,402		1,288,266	
(Other expenses related to rent business)	160,246		172,661	
Total real estate rental expenses		3,687,607		3,928,753
C. Income from real estate rental business (A - B)		4,181,881		4,555,609

*2. Breakdown of gain on sales of real estate properties

17th Fiscal Period (From August 1, 2018 to January 31, 2019)

(Thousands of yen)

(1) COMFORIA MINAMIAOYAMA DEUX		
Revenue from sales of real estate properties		540,000
Cost of sales of real estate properties	255,458	
Other sales expenses	25,451	280,909
Gain on sales of real estate properties		259,090

18th Fiscal Period (From February 1, 2019 to July 31, 2019)

(Thousands of yen)

(1) COMFORIA KITAHORIE		
Revenue from sales of real estate properties		1,200,000
Cost of sales of real estate properties	1,017,869	
Other sales expenses	13,930	1,031,799
Gain on sales of real estate properties		168,200

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

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
*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	586,994 units	640,834 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)

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
Cash and deposits	7,981,322	9,806,155
Cash and deposits in trust	7,025,009	7,794,604
Cash and cash equivalents	15,006,331	17,600,759

<Notes to lease transactions>

1. Operating lease transactions (Lessee)

Future minimum lease payments under non-cancelable operating lease transactions

(Thousands of yen)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
Due within 1 year	1,381,584	1,382,628
Due after 1 year	79,993,713	79,362,847
Total	81,375,297	80,745,475

2. Operating lease transactions (Lessor)

Future minimum lease payments receivable under non-cancelable operating lease transactions

(Thousands of yen)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
Due within 1 year	603,046	777,463
Due after 1 year	5,904,575	6,046,182
Total	6,507,622	6,823,646

<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, 2019 are as follows.

(Thousands of yen)

	Carrying value (Note 1)	Fair value (Note 1)	Difference
(1) Cash and deposits	7,981,322	7,981,322	—
(2) Cash and deposits in trust	7,025,009	7,025,009	—
(3) Current portion of long-term loans payable	(16,045,000)	(16,050,104)	5,104
(4) Investment corporation bonds	(8,500,000)	(8,618,518)	118,518
(5) Long-term loans payable	(91,485,000)	(92,393,251)	908,251
(6) Derivative transactions	—	—	—

The carrying value of financial instruments on the balance sheet, their fair value and the differences between them as of July 31, 2019 are as follows.

(Thousands of yen)

	Carrying value (Note 1)	Fair value (Note 1)	Difference
(1) Cash and deposits	9,806,155	9,806,155	—
(2) Cash and deposits in trust	7,794,604	7,794,604	—
(3) Current portion of long-term loans payable	(7,350,000)	(7,362,645)	12,645
(4) Investment corporation bonds	(11,000,000)	(11,189,615)	189,615
(5) Long-term loans payable	(105,180,000)	(106,464,244)	1,284,244
(6) 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) Current portion of long-term loans payable and (5) 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.
(4) 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.
(6) 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)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
(1) Tenant leasehold and security deposits	(33,900)	(28,595)
(2) Tenant leasehold and security deposits in trust	(2,282,280)	(2,517,824)

(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)

17th Fiscal Period (As of January 31, 2019)

	Due within 1 year or less
Deposits	7,981,322
Deposits in trust	7,025,009
Total	15,006,331

18th Fiscal Period (As of July 31, 2019)

	Due within 1 year or less
Deposits	9,806,155
Deposits in trust	7,794,604
Total	17,600,759

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

17th Fiscal Period (As of January 31, 2019)

	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	16,045,000	—	—	—	—	—
Long-term loans payable	—	9,200,000	13,725,000	11,560,000	15,920,000	41,080,000
Investment corporation bonds	—	—	3,000,000	1,000,000	1,000,000	3,500,000
Total	16,045,000	9,200,000	16,725,000	12,560,000	16,920,000	44,580,000

18th Fiscal Period (As of July 31, 2019)

	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	7,350,000	—	—	—	—	—
Long-term loans payable	—	13,225,000	16,600,000	15,960,000	12,380,000	47,015,000
Investment corporation bonds	—	3,000,000	1,000,000	—	2,000,000	5,000,000
Total	7,350,000	16,225,000	17,600,000	15,960,000	14,380,000	52,015,000

<Notes to investment securities>
17th Fiscal Period (As of January 31, 2019)
Not applicable
18th Fiscal Period (As of July 31, 2019)
Not applicable

<Notes to derivative transactions>
1. Transactions not subject to hedge accounting
17th Fiscal Period (As of January 31, 2019)
Not applicable
18th Fiscal Period (As of July 31, 2019)
Not applicable

2. Transactions subject to hedge accounting

17th Fiscal Period (As of January 31, 2019)

(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)	43,575,000	43,575,000	(*2)	—
Total			43,575,000	43,575,000	—	—

18th Fiscal Period (As of July 31, 2019)

(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)	54,670,000	50,970,000	(*2)	—
Total			54,670,000	50,970,000	—	—

*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 "(3) Current portion of long-term loans payable" and "(5) Long-term loans payable" in the section entitled "2. Fair value of financial instruments" under the "Notes to financial instruments."

<Notes to retirement benefits>

17th Fiscal Period (As of January 31, 2019)

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

18th Fiscal Period (As of July 31, 2019)

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)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
Deferred tax assets		
Nondeductible enterprise tax payable	424	453
Amortization of leasehold rights	17,781	20,745
Asset retirement obligations	33,552	33,761
Subtotal of deferred tax assets	51,759	54,960
Valuation allowance	(51,334)	(54,507)
Total deferred tax assets	424	453
Deferred tax liabilities		
Property, plant and equipment corresponding to asset retirement obligations	(4,662)	(4,351)
Total deferred tax liabilities	(4,662)	(4,351)
Deferred tax assets (liabilities), net	(4,237)	(3,898)

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

(%)

	17th Fiscal Period (As of January 31, 2019)	18th Fiscal Period (As of July 31, 2019)
Statutory tax rate	34.60	34.60
(Adjustments)		
Deductible cash distributions	(33.10)	(33.25)
Provision of reserve for reduction entry	(1.63)	(1.50)
Other	0.31	0.31
Effective tax rate	0.18	0.16

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

17th Fiscal Period (As of January 31, 2019)

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

18th Fiscal Period (As of July 31, 2019)

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

17th Fiscal Period (As of January 31, 2019)

Not applicable

18th Fiscal Period (As of July 31, 2019)

Not applicable

2. Affiliated companies and other

17th Fiscal Period (As of January 31, 2019)

Not applicable

18th Fiscal Period (As of July 31, 2019)

Not applicable

3. Fellow subsidiary companies and other

17th Fiscal Period (As of January 31, 2019)

Not applicable

18th Fiscal Period (As of July 31, 2019)

Not applicable

4. Directors, major individual unitholders and other

17th Fiscal Period (As of January 31, 2019)

Not applicable

18th Fiscal Period (As of July 31, 2019)

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)

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
Balance at beginning of period	96,372	96,972
Increase due to purchase of property, plant and equipment	—	—
Adjustment due to passage of time	600	604
Balance at end of period	96,972	97,576

<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)

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
Book value		
Balance at beginning of period	202,842,355	205,972,290
Changes during period	3,129,935	19,933,252
Balance at end of period	205,972,290	225,905,543
Fair value at end of period	244,989,000	272,485,000

(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 17th Fiscal Period, the principal increase consisted of the acquisition of a property (GRANCREER CENTER-MINAMI.; ¥4,313,592 thousand) during the 17th Fiscal Period, while the principal decrease consisted of the disposition of a property (COMFORIA MINAMIAOYAMA DEUX: ¥255,458 thousand) during the 17th Fiscal Period and depreciation of ¥1,222,802 thousand. During the 18th Fiscal Period, the principal increase consisted of the acquisition of 10 properties (COMFORIA SHIBUYA WEST and other 9 properties; ¥21,735,797 thousand) during the 18th Fiscal Period, while the principal decrease consisted of the disposition of a property (COMFORIA KITAHORIE: ¥1,017,869 thousand) during the 18th Fiscal Period and depreciation of ¥1,287,661 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 17th Fiscal Period (From August 1, 2018 to January 31, 2019) and 18th Fiscal Period (From February 1, 2019 to July 31, 2019) 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)

17th Fiscal Period (From August 1, 2018 to January 31, 2019)

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 account for 10% or more of operating revenues on the Statements of Income.

18th Fiscal Period (From February 1, 2019 to July 31, 2019)

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 account for 10% or more of operating revenues on the Statements of Income.

<Notes to per unit information>

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
Net assets per unit	¥175,964	¥184,023
Profit per unit	¥5,405	¥5,383

(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:

	17th Fiscal Period (From August 1, 2018 to January 31, 2019)	18th Fiscal Period (From February 1, 2019 to July 31, 2019)
Profit (thousands of yen)	3,172,709	3,448,336
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	3,172,709	3,448,336
Average number of investment units for the period (units)	586,994	640,564

<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, 2019 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	54,670,000	50,970,000	—
Total		54,670,000	50,970,000	—

(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	2,547,500	600	673,750	1,874,351	106,596	28,991	1,767,754	(Note)
	Structures	28,301	—	5,927	22,374	3,913	884	18,460	(Note)
	Machinery and equipment	17,687	—	—	17,687	1,736	274	15,951	
	Tools, furniture and fixtures	3,062	—	—	3,062	1,154	265	1,907	
	Land	4,674,303	—	431,262	4,243,040	—	—	4,243,040	(Note)
	Buildings in trust	93,883,874	5,706,009	—	99,589,884	11,731,213	1,159,227	87,858,670	(Note)
	Structures in trust	1,196,527	65,988	—	1,262,516	346,567	31,507	915,949	(Note)
	Machinery and equipment in trust	1,557,003	71,306	—	1,628,309	304,645	28,774	1,323,664	(Note)
	Tools, furniture and fixtures in trust	340,254	45,660	—	385,914	142,123	29,172	243,791	
	Land in trust	111,993,547	16,356,495	—	128,350,042	—	—	128,350,042	(Note)
	Construction in progress in trust	7,277	—	7,277	—	—	—	—	
	Total	216,249,339	22,246,061	1,118,217	237,377,183	12,637,950	1,279,096	224,739,233	
Intangible assets	Leasehold rights in trust	1,226,269	—	—	1,226,269	59,958	8,565	1,166,310	
	Other	35,496	—	—	35,496	21,378	3,549	14,118	
	Total	1,261,765	—	—	1,261,765	81,337	12,115	1,180,428	

(Note) Increases and decreases during the 18th Fiscal Period are due primarily to the acquisition and sale of rental residences. The details are as follows.

(Thousands of yen)

Property name	Increase during period	Decrease during period
COMFORIA KINSHICHO DEUX	2,287,362	—
COMFORIA KAMEIDO SOUTH	2,122,215	—
COMFORIA SHIBUYA WEST	5,516,173	—
COMFORIA HIGASHINIHONBASHI	1,266,295	—
COMFORIA ASAKUSAKOMAGATA	1,330,165	—
COMFORIA OMORIKASHIMA	916,300	—
COMFORIA OMORIMACHI	1,165,895	—
COMFORIA KAMIIKEDAI	1,949,832	—
CAMPUS VILLAGE SHIINAMACHI	2,819,493	—
COMFORIA TAMA-PLAZA	2,362,061	—
COMFORIA KITAHORIE	—	1,017,869

(iv) Supplementary schedule of other specified assets
Not applicable

(iv) 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
The Investment Corporation 6th unsecured bonds (Note 1)	Jul. 18, 2019	—	1,000,000	—	1,000,000	0.23000	Jul. 18, 2024	Lump-sum repayment	(Note 2)	Unsecured
The Investment Corporation 7th unsecured bonds (Note 1)	Jul. 18, 2019	—	1,500,000	—	1,500,000	0.90000	Jul. 18, 2034	Lump-sum repayment	(Note 2)	Unsecured
Total		8,500,000	2,500,000	—	11,000,000					

(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	—	2,000,000	5,000,000

(vi) Supplementary schedule of borrowings

Information on the Investment Corporation's borrowings as of July 31, 2019 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
Long-term loans payable (Note 1)	Mizuho Bank, Ltd.	3,570,000	-	3,570,000	-	0.56091	March 23, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,570,000	-	3,570,000	-					
	MUFG Bank, Ltd.	3,570,000	-	3,570,000	-					
	Sumitomo Mitsui Banking Corporation	1,785,000	-	1,785,000	-					
	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.	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					
	Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000					
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	670,000	-	-	670,000					
	Sumitomo Mitsui Trust Bank, Limited	670,000	-	-	670,000					
	Sumitomo Mitsui Banking Corporation	350,000	-	-	350,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	910,000	-	-	910,000					
	Sumitomo Mitsui Trust Bank, Limited	910,000	-	-	910,000					
	Sumitomo Mitsui Banking Corporation	450,000	-	-	450,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	600,000	-	-	600,000					
	Sumitomo Mitsui Trust Bank, Limited	600,000	-	-	600,000					
	Sumitomo Mitsui Banking Corporation	300,000	-	-	300,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	620,000	-	-	620,000					
	Sumitomo Mitsui Trust Bank, Limited	620,000	-	-	620,000					
	Sumitomo Mitsui Banking Corporation	310,000	-	-	310,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	620,000	-	-	620,000					
	Sumitomo Mitsui Trust Bank, Limited	620,000	-	-	620,000					
	Sumitomo Mitsui Banking Corporation	310,000	-	-	310,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	360,000	-	-	360,000					
	Sumitomo Mitsui Trust Bank, Limited	360,000	-	-	360,000					
	Sumitomo Mitsui Banking Corporation	200,000	-	-	200,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	420,000	-	-	420,000					
	Sumitomo Mitsui Trust Bank, Limited	420,000	-	-	420,000					
	Sumitomo Mitsui Banking Corporation	230,000	-	-	230,000					

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.	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					
	Mizuho Bank, Ltd.	490,000	-	-	490,000					
	Sumitomo Mitsui Trust Bank, Limited	490,000	-	-	490,000					
	Sumitomo Mitsui Banking Corporation	220,000	-	-	220,000					
	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.	1,570,000	-	-	1,570,000					
	Kiraboshi Bank, Ltd.	1,000,000	-	-	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited	785,000	-	-	785,000					
	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.	2,000,000	-	-	2,000,000					
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	580,000	-	-	580,000					
	Sumitomo Mitsui Trust Bank, Limited	580,000	-	-	580,000					
	Sumitomo Mitsui Banking Corporation	290,000	-	-	290,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	900,000	-	-	900,000					
	Sumitomo Mitsui Trust Bank, Limited	900,000	-	-	900,000					
	Sumitomo Mitsui Banking Corporation	450,000	-	-	450,000					
	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					
	The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000					
	The 77 Bank, Ltd.	500,000	-	-	500,000					
	The Daishi Bank, Ltd.	500,000	-	-	500,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	580,000	-	-	580,000					
	Sumitomo Mitsui Trust Bank, Limited	580,000	-	-	580,000					
	Sumitomo Mitsui Banking Corporation	290,000	-	-	290,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	910,000	-	-	910,000					
	Sumitomo Mitsui Trust Bank, Limited	910,000	-	-	910,000					
	Sumitomo Mitsui Banking Corporation	450,000	-	-	450,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	570,000	-	-	570,000					
	Sumitomo Mitsui Trust Bank, Limited	570,000	-	-	570,000					
	Sumitomo Mitsui Banking Corporation	300,000	-	-	300,000					
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	570,000	-	-	570,000					
	Sumitomo Mitsui Trust Bank, Limited	570,000	-	-	570,000					
	Sumitomo Mitsui Banking Corporation	300,000	-	-	300,000					
	Sumitomo Mitsui Trust Bank, Limited	100,000	-	100,000	-	0.26091	February 28, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	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					
	Mizuho Bank, Ltd.	520,000	-	-	520,000					
	Sumitomo Mitsui Trust Bank, Limited	520,000	-	-	520,000					
	Sumitomo Mitsui Banking Corporation	260,000	-	-	260,000					

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)	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					
	The Bank of Fukuoka, Ltd.	1,300,000	-	-	1,300,000					
	Mizuho Trust & Banking Co., Ltd.	1,000,000	-	-	1,000,000					
	MUFG Bank, Ltd.	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					
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000					
	Nippon Life Insurance Company	500,000	-	-	500,000	0.55126	January 31, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Taiyo Life Insurance Company	500,000	-	-	500,000					
	Resona Bank, Limited	1,000,000	-	-	1,000,000	0.73497	August 31, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	700,000	-	700,000	-	0.26091	October 31, 2019 (Note 4)	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	700,000	-	700,000	-					
	MUFG Bank, Ltd.	350,000	-	350,000	-					
	Sumitomo Mitsui Banking Corporation	350,000	-	350,000	-					
	Mizuho Bank, Ltd.	550,000	-	-	550,000	0.85667	March 31, 2027	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	550,000	-	-	550,000					
	Development Bank of Japan Inc.	550,000	-	-	550,000					
	MUFG Bank, Ltd.	275,000	-	-	275,000					
	Sumitomo Mitsui Banking Corporation	275,000	-	-	275,000					
	MUFG Bank, Ltd.	550,000	-	-	550,000	0.43105	July 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	550,000	-	-	550,000					
	Sumitomo Mitsui Trust Bank, Limited	550,000	-	-	550,000					
	Development Bank of Japan Inc.	550,000	-	-	550,000					
	Sumitomo Mitsui Banking Corporation	300,000	-	-	300,000					
	MUFG Bank, Ltd.	670,000	-	-	670,000	0.39950	January 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	670,000	-	-	670,000					
	Sumitomo Mitsui Trust Bank, Limited	670,000	-	-	670,000					
	Sumitomo Mitsui Banking Corporation	320,000	-	-	320,000					
	Development Bank of Japan Inc.	670,000	-	-	670,000	0.49994	January 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	830,000	830,000	-	0.26202	March 31, 2020 (Note 5)	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	-	830,000	830,000	-					
	MUFG Bank, Ltd.	-	420,000	420,000	-					
	Sumitomo Mitsui Banking Corporation	-	420,000	420,000	-					
	Mizuho Bank, Ltd.	-	700,000	-	700,000	0.54500	September 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	-	700,000	-	700,000					
	MUFG Bank, Ltd.	-	350,000	-	350,000					
	Sumitomo Mitsui Banking Corporation	-	350,000	-	350,000					
	Development Bank of Japan Inc.	-	700,000	-	700,000	0.57826	September 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	-	800,000	-	800,000	0.19776	September 30, 2020	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	800,000	-	800,000					
	Sumitomo Mitsui Trust Bank, Limited	-	800,000	-	800,000					
	Sumitomo Mitsui Banking Corporation	-	400,000	-	400,000					
	MUFG Bank, Ltd.	-	800,000	-	800,000	0.24276	March 31, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	800,000	-	800,000					
	Sumitomo Mitsui Trust Bank, Limited	-	800,000	-	800,000					
	Sumitomo Mitsui Banking Corporation	-	400,000	-	400,000					
	MUFG Bank, Ltd.	-	1,000,000	-	1,000,000	0.45215	September 30, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	1,000,000	-	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000					
	Sumitomo Mitsui Banking Corporation	-	500,000	-	500,000					
Long-term loans payable (Note 1)	MUFG Bank, Ltd.	-	970,000	-	970,000	0.60810	September 30, 2027	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	970,000	-	970,000					
	Sumitomo Mitsui Trust Bank, Limited	-	970,000	-	970,000					
	Sumitomo Mitsui Banking Corporation	-	485,000	-	485,000					
	Mizuho Trust & Banking Co., Ltd.	-	525,000	-	525,000	0.42850	March 31, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank	-	525,000	-	525,000					
	The Bank of Fukuoka, Ltd.	-	525,000	-	525,000					
	Shinkin Central Bank	-	525,000	-	525,000					
	Mizuho Trust & Banking Co., Ltd.	-	2,300,000	-	2,300,000	0.26228	March 31, 2020	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Subtotal	107,530,000	22,195,000	17,195,000	112,530,000	-	-	-	-	-
Total		107,530,000	22,195,000	17,195,000	112,530,000					

(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 amount was repaid in full ahead of schedule on March 20, 2019.
(Note 5) The amount was repaid in full ahead of schedule on July 26, 2019.
(Note 6) 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
7,350,000	13,225,000	16,600,000	15,960,000	12,380,000	47,015,000

Building a better working world

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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, 2019, 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, 2019, 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, 2019
Tokyo, Japan

A member firm of Ernst & Young Global Limited