FINANCIAL STATEMENTS

8th Fiscal Period

From November 1, 2008 to April 30, 2009

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Report of Independent Auditors

To the Board of Directors and Unitholders of
Kenedix Realty Investment Corporation

We have audited the accompanying balance sheets of Kenedix Realty Investment Corporation as of April 30, 2009 and October 31, 2008, and the related statements of income and retained earnings and changes in unitholders' equity for the six-month periods then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenedix Realty Investment Corporation at April 30, 2009 and October 31, 2008, and the results of its operations for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Nihon LLC

June 10, 2009

BALANCE SHEETS

AS OF APRIL 30, 2009 AND OCTOBER 31, 2008

	In thousands of yen	
	As of April 30, 2009	As of October 31, 2008
ASSETS		
Current assets:		
Cash and bank deposits	¥ 15,608,085	¥ 13,029,801
Rental receivables	260,568	187,278
Consumption tax refundable	—	180,365
Other current assets	73,324	67,696
Total current assets	15,941,977	13,465,141
Property and equipment, at cost:		
Land	153,829,839	155,906,794
Buildings and structures	74,328,940	74,546,241
Machinery and equipment	901,145	905,705
Tools, furniture and fixtures	379,847	382,011
Less-accumulated depreciation	(7,543,943)	(6,230,362)
Net property and equipment	221,895,828	225,510,389
Other assets:		
Ground leasehold	285,350	285,350
Organization costs	10,179	15,269
Corporate bond issuance costs	45,525	51,306
Unit issuance costs	47,368	88,837
Other assets	518,783	232,306
Total assets	**¥ 238,745,010**	**¥ 239,648,598**
LIABILITIES AND UNITHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Trade and other payables	¥ 614,834	¥ 728,711
Short-term debt	19,000,000	24,000,000
Deposits received	68,644	6,411
Rents received in advance	1,173,618	1,238,195
Other current liabilities	416,183	177,809
Total current liabilities	21,273,279	26,151,126
Corporate bonds	12,000,000	12,000,000
Long-term debt	67,750,000	62,750,000
Leasehold and security deposits received	10,306,968	10,643,623
Other liabilities	16,665	16,272
Total liabilities	**¥ 111,346,912**	**¥ 111,561,020**
Unitholders' equity		
Unitholders' capital	¥ 124,973,750	¥ 124,973,750
Units authorized:2,000,000units		
Units issued and outstanding:200,000units		
As of April 30, 2009 and October 31, 2008, respectively		
Retained earnings	2,434,458	3,123,699
Unrealized gain from deferred hedge transactions	(10,110)	(9,872)
Total unitholders' equity	127,398,098	128,087,577
Total liabilities and unitholders' equity	**¥ 238,745,010**	**¥ 239,648,598**

See notes to financial statements

STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE PERIOD FROM MAY 1, 2008 TO OCTOBER 31, 2008, AND THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009

	In thousands of yen	
	From November 1, 2008 to April 30, 2009	From May 1, 2008 to October 31, 2008
Operating Revenues:		
Rental revenues	¥ 8,204,122	¥ 8,156,517
Profit on sale of real estate	—	299,717
Total operating revenues	8,204,122	8,456,234
Operating Expenses:		
Property-related expenses	3,603,207	3,678,720
Loss on sale of real estate	492,463	—
Asset management fees	434,811	442,470
Administrative service and custodian fees	78,432	74,276
Other operating expenses	132,023	116,030
Total operating expenses	4,740,936	4,311,495
Operating income	**¥ 3,463,186**	**¥ 4,144,738**
Non-Operating Expenses:		
Interest expense	¥ 858,419	¥ 803,790
Financing related expense	107,828	145,680
Amortization of organization costs	5,089	5,090
Amortization of unit issuance costs	41,469	41,469
Amortization of corporate bond issuance costs	5,782	5,878
Others, net	9,270	18,425
Income before income taxes	2,435,329	3,124,407
Income taxes	970	793
Net income	2,434,359	3,123,614
Retained earnings at the beginning of period	99	85
Retained earnings at the end of period	**¥ 2,434,458**	**¥ 3,123,699**

See notes to financial statements

STATEMENTS OF CHANGES OF UNITHOLDERS' EQUITY

FOR THE PERIOD FROM MAY 1, 2008 TO OCTOBER 31, 2008 AND THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009

In thousands of yen

	Unitholders' Equity			
	Unitholders' capital	Retained earnings	Unrealized gain from deferred hedge transactions	Total
Balance as of May 1, 2008	**¥ 124,973,750**	**¥ 3,342,285**	**¥ (1,873)**	**¥ 128,314,162**
Changes during the fiscal period				
New unit issuance	—	—	—	—
Payment of dividends	—	(3,342,200)	—	(3,342,200)
Net income	—	3,123,614	—	3,123,614
Interest-rate swap	—	—	(7,998)	(7,998)
Total changes during the fiscal period	—	(218,586)	(7,998)	(226,584)
Balance as of October 31, 2008	**¥ 124,973,750**	**¥ 3,123,699**	**¥ (9,872)**	**¥ 128,087,577**
Changes during the fiscal period				
New unit issuance	—	—	—	—
Payment of dividends	—	(3,123,600)	—	(3,123,600)
Net income	—	2,434,359	—	2,434,359
Interest-rate swap	—	—	(238)	(238)
Total changes during the fiscal period	—	(689,241)	(238)	(689,479)
Balance as of April 30, 2009	**¥ 124,973,750**	**¥ 2,434,458**	**¥ (10,110)**	**¥ 127,398,098**

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM MAY 1, 2008 TO OCTOBER 31, 2008, AND THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Kenedix Realty Investment Corporation ("the Investment Corporation") is a real estate investment corporation whose units are listed on the Tokyo Stock Exchange. The Investment Corporation is engaged in ownership and operation of selected office buildings, residential and retail properties in Japan. The Investment Corporation was incorporated as an investment corporation under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law. Pursuant to this law, the Investment Corporation is externally managed by a registered asset management company, Kenedix REIT Management, Inc. ("the Asset Management Company"), a subsidiary of Kenedix, Inc. ("Kenedix").

On May 6, 2005, the Investment Corporation was originally formed with ¥200 million of initial capital contributions from Kenedix, the Asset Management Company and their executives and employees. On July 20, 2005, the Investment Corporation raised ¥41,869 million of equity capital through an initial public offering of 75,000 investment units and was listed on the J-REIT section of the Tokyo Stock Exchange on the following day.

On August 1, 2005, 29 properties with an aggregate purchase price of ¥61,083 million were acquired with additional debt proceeds of ¥23,000 million and substantial operations of the Investment Corporation were commenced from that date.

On August 16, 2005, the Investment Corporation completed third-party allotment of 3,970 investment units, generating an additional ¥2,216 million. Subsequent to that, the Investment Corporation acquired 2 additional properties in September, 2005. During the period ended April 30, 2006, the Investment Corporation acquired 4 additional properties by utilizing internal cash and bank borrowings.

On May 1, 2006, the Investment Corporation raised ¥42,172 million of equity capital through a public offering of 73,660 investment units and 26 properties with an aggregate purchase price of ¥58,033 million were acquired with additional debt proceeds of ¥16,000 million.

On May 26, 2006, the Investment Corporation completed third-party allotment of 3,970 investment units, generating an additional ¥2,273 million. During the period ended October 31, 2006, the Investment Corporation sold 2 properties and acquired 5 properties.

On March 15, 2007, the Investment Corporation issued corporate bonds. Their total amount is ¥12,000 million and terms are five years and ten years.

On February 1, 2008, the Investment Corporation sold 23 residential properties (initial total acquisition price of ¥30,343 million) to a wholly owned subsidiary of Kenedix and acquired 9 office buildings (total acquisition price of ¥31,980 million) from a wholly owned subsidiary of Kenedix. In addition, the Investment Corporation acquired 5 office buildings (total acquisition price of ¥14,121 million), during the period ended April 30, 2008.

During the period ended October 31, 2008, the Investment Corporation acquired 3 properties by utilizing internal cash and bank borrowings, and sold 2 properties.

During the period ended April 30, 2009, the Investment Corporation sold 2 properties. As of April 30, 2009, the Investment Corporation had total unitholders' capital of ¥124,974 million with 200,000 investment units outstanding. The Investment Corporation owned a portfolio of 67 properties with total acquisition price of ¥218,999 million containing total leasable area of 250,364m^2. The occupancy ratio was 95.7%. The portfolio of 67 properties consists of 58 office buildings, 7 residential properties and 2 central urban retail properties; 57 properties are located in the Tokyo Metropolitan Area and 10 properties are located in Other Regional Areas.

BASIS OF PRESENTATION

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

The accompanying financial statements are basically a translation of the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by the Investment Corporation. In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made from the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. The Investment Corporation's fiscal period is a six-month period which ends at the end of April and October of each year, respectively. The Investment Corporation does not prepare consolidated financial statements because it has no subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) PROPERTY AND EQUIPMENT

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

	From November 1, 2008 to April 30, 2009	From May 1, 2008 to October 31, 2008
Buildings and structures	2-49 years	2-49 years
Machinery and equipment	3-17 years	3-17 years
Tools, furniture and fixtures	3-20years	3-20 years

(B) ORGANIZATION COSTS

Organization costs are amortized over a period of five years, comprised of ten fiscal periods, with an equal amount amortized in each fiscal period.

(C) UNIT ISSUANCE COSTS

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

(D) CORPORATE BOND ISSUANCE COSTS

Corporate bond issuance costs are amortized over a loan period under the straight-line method.

(E) ACCOUNTING TREATMENT OF TRUST BENEFICIARY INTERESTS IN REAL ESTATE

For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan, all assets and liabilities within trust are recorded in the relevant balance sheet and income statement accounts.

(F) REVENUE RECOGNITION

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

(G) TAXES ON PROPERTY AND EQUIPMENT

Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. Under the Japanese tax rule, the seller of the property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities.

When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. In subsequent calendar years, such property-related taxes are charged as operating expenses in the fiscal period in which the installments of such taxes are paid to the relevant tax authorities.

(H) INCOME TAXES

Deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using the statutory tax rates.

(I) DERIVATIVE FINANCIAL INSTRUMENTS

The Investment Corporation utilizes interest-rate swap agreements as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Investment Corporation deferred recognition of gains or losses resulting from changes in fair value of interest-rate swap agreements because its interest-rate swap agreements met the criteria for deferral hedging accounting. But, the Investment Corporation adopted special treatment for interest-swap agreements if its interest-rate swap agreements met the criteria for hedging accounting under this treatment, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(J) ROUNDING OF AMOUNTS PRESENTED

Amounts have been truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan, whereas amounts have been rounded to the nearest million in the accompanying financial statements. Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

3. SCHEDULE OF PROPERTY

	In millions of yen					
	As of April 30, 2009			As of October 31, 2008		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land	¥153,830	–	¥ 153,830	¥155,907	-	¥ 155,907
Buildings and structures	74,329	¥7,133	67,196	74,546	¥5,890	68,656
Machinery and equipment	901	290	611	906	241	665
Tools, furniture and fixtures	380	121	259	382	100	282
Total	**¥ 229,440**	**¥ 7,544**	**¥ 221,896**	**¥ 231,740**	**¥ 6,230**	**¥ 225,510**

4. SHORT-TERM AND LONG-TERM DEBTS

The following summarizes short-term and long term debt outstanding as of April 30, 2009:

(As of April 30, 2009)

Classification	Drawdown date	Repayment date	Weighted-average interest rate	Balance (In millions of yen)
Short-term debt	October 31, 2008	October 30, 2009	1.16%	¥ 1,500
	October 31, 2008	October 31, 2009	1.52%	1,000
	November 4, 2008	November 2, 2009	1.16%	1,000
	December 8, 2008	December 8, 2009	1.52%	500
	January 13, 2009	January 13, 2010	1.38%	1,000
	February 27, 2009	February 26, 2010	1.12%	500
	April 30, 2009	October 30, 2009	1.91%	2,500
	April 30, 2009	April 30, 2010	1.91%	2,000
Current portion of long-term debt	October 31, 2007	October 31, 2009	1.34%	2,000
	April 25, 2008	October 25, 2009	1.56%	1,000
	April 25, 2008	October 25, 2009	1.46%	1,500
	April 2, 2007	April 2, 2010	1.57%	2,000
	July 31, 2008	January 31, 2010	1.68%	2,500
Subtotal				**¥ 19,000**
Long-term debt	August 1, 2005	July 31 ,2010	1.29%	¥ 9,500
	May 1, 2006	April 30, 2011	2.20%	2,500
	May 1, 2006	April 30, 2016	2.73%	5,000
	July 14, 2006	July 13, 2011	2.15%	1,000
	September 1, 2006	August 31, 2013	2.12%	3,000
	December 1, 2006	November 30, 2011	1.96%	2,500
	April 2, 2007	April 2, 2012	1.88%	2,000
	April 17, 2007	April 16, 2011	1.65%	1,500
	January 10, 2008	January 10, 2012	1.50%	2,500
	February 29, 2008	February 28, 2011	1.37%	2,000
	February 29, 2008	August 31, 2011	1.43%	1,500
	March 31, 2008	September 30, 2011	1.61%	3,000
	March 31, 2008	September 30, 2011	1.56%	2,000
	May 1, 2008	November 1, 2011	1.91%	1,000
	June 30, 2008	February 28, 2011	1.99%	1,000
	June 30, 2008	June 30, 2012	2.15%	1,500
	June 30, 2008	December 28, 2012	2.26%	3,000
	July 15, 2008	March 31, 2011	1.87%	2,000
	July 31, 2008	January 31, 2011	1.87%	3,500
	July 31, 2008	July 31, 2011	1.99%	3,500
	September 1, 2008	September 1, 2011	1.78%	1,000
	September 22, 2008	March 22, 2011	1.71%	1,250
	September 30, 2008	March 31, 2011	1.82%	2,000
	October 31, 2008	October 31, 2010	1.57%	500
	February 27, 2009	February 29, 2012	2.07%	500
	February 27, 2009	August 31, 2012	2.04%	1,000
	April 30, 2009	April 28, 2011	2.23%	1,500
	April 30, 2009	April 28, 2011	2.23%	1,000

(As of April 30, 2009)

Classification	Drawdown date	Repayment date	Weighted-average interest rate	Balance (In millions of yen)
Long-term debt	April 30, 2009	October 31, 2011	2.51%	3,500
	April 30, 2009	April 27, 2012	2.51%	2,000
Subtotal				**¥ 67,750**
Corporate bonds	March 15, 2007	March 15, 2012	1.74%	¥ 9,000
	March 15, 2007	March 15, 2017	2.37%	3,000
Subtotal				**¥ 12,000**
Total				**¥ 98,750**

5. LINE OF CREDIT

The Investment Corporation established credit commitment lines with two lenders. The total available borrowings under the commitment line agreements are ¥5 billion yen. The Investment Corporation had an outstanding balance of ¥5 billion yen as of April 30, 2009 and therefore fully utilized the maximum amount of the commitment lines.

The commitment period with The Bank of Tokyo-Mitsubishi UFJ, Ltd. under the ¥2.5 billion commitment line agreement has already expired and it matures March 31, 2011 in accordance with the memorandum of understanding executed on September 26, 2008.

The commitment period with Citibank Japan, Ltd. under the ¥2.5 billion commitment line agreement has expired and the maturity date has already passed without any renewal.

6. ASSETS PLEDGED AS COLLATERAL AND SECURED LOANS PAYABLE

(As of April 30, 2009)

Assets pledged as collateral	In thousands of yen
Cash and bank deposits	¥4,821,046
Land	¥105,959,738
Buildings and structures	¥49,913,721
Machinery and equipment	¥548,396
Tools, furniture and fixtures	¥138,626
Other assets	¥1,383
Total	**¥161,382,910**
Secured loans payable	
Short-term loans debt	¥19,000,000
Long-term loans debt	¥67,750,000
Total	**¥86,750,000**

7. PER UNIT INFORMATION

The net asset value per unit as of April 30, 2009 and October 31, 2008 was ¥636,990 and ¥640,437. Net income per unit as of April 30, 2009 and October 31, 2008 was ¥12,171 and ¥15,618.

The number of units outstanding at end of period of 200,000 was used for the computation of the amount of net asset value per unit as of April 30, 2009 and October 31, 2008.

The weighted average number of units outstanding of 200,000 was used for the computation of the amount of net income per unit as of April 30, 2009 and October 31, 2008.

8. INCOME TAXES

The Investment Corporation is subject to corporate income taxes at a regular statutory rate of approximately 40%. However, the Investment Corporation may deduct from its taxable income amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measure Law of Japan. Under this law, the Investment Corporation must meet a number of tax requirements, including a requirement it currently distribute in excess of 90% of its net income for the fiscal period in order to be able to deduct such amounts. If the Investment Corporation does not satisfy all of the requirements, the entire taxable income of the Investment Corporation will be subject to regular corporate income taxes. Since the Investment Corporation distributed approximately 100% of its distributable income in the form of cash distributions totaling ¥2,434 million and ¥3,124 million for the periods ended April 30, 2009 and October 31, 2008. Such distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rate on the Investment Corporation's income was 0.04% and 0.03% for the periods ended April 30, 2009 and October 31, 2008. The following summarizes the significant difference between the statutory tax rate and the effective tax rate:

	From November 1, 2008 to April 30, 2009	From May 1, 2008 to October 31, 2008
Statutory tax rate	39.33%	39.39%
Deductible cash distributions	(39.31%)	(39.38%)
Other	0.02%	0.02%
Effective tax rate	0.04%	0.03%

9. UNITHOLDERS' EQUITY

The Investment Corporation issues only non-par value units in accordance with the Investment Trust Law. The entire amount of the issue price of new units is designated as stated capital. The Investment Corporation is required to maintain net assets of at least ¥50 million as required by the Investment Trust Law.

10. RELATED-PARTY TRANSACTIONS

TRANSACTIONS WITH KENEDIX REIT MANAGEMENT, INC.

Kenedix REIT Management, Inc., subsidiary of Kenedix, provides the Investment Corporation with property management services and related services. For these services, the Investment Corporation pays Kenedix REIT Management, Inc. property management fees in accordance with the terms of its Property Management Agreements. For these services, The Investment Corporation paid ¥324 million to Kenedix REIT Management, Inc.

11. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES AND PROPERTY-RELATED EXPENSES

Rental and other operating revenues and property-related expenses for the periods from November 1, 2008 to April 30, 2009 and from May 1, 2008 to October 31, 2008 consist of the following:

	In thousands of yen	
	From November 1, 2008 to April 30, 2009	From May 1, 2008 to October 31, 2008
Rental and other operating revenues:		
Rental revenues	¥ 5,985,836	¥ 5,847,510
Common area charges	1,246,786	1,263,583
Subtotal	7,232,622	7,111,093
Others:		

Parking space rental revenues	241,962	250,006
Utility charge reimbursement	559,130	668,719
Miscellaneous	170,408	126,700
Subtotal	971,500	1,045,424
Total rental and other operating revenues	**¥ 8,204,122**	**¥ 8,156,517**

Property management fees and facility management fees	¥ 799,004	¥ 792,077
Depreciation	1,429,329	1,445,267
Utilities	578,389	611,722
Taxes	494,867	406,439
Insurance	16,533	17,035
Repairs and maintenance	138,371	188,401
Trust fees	45,274	46,904
Others	101,440	163,023
Loss on retirement of fixed assets	—	7,853
Total property-related expenses	**¥ 3,603,207**	**¥ 3,678,720**
Profit on sale of real estate:		
Revenue from sale of investment properties		¥ 5,578,810
Cost of investment properties	—	5,100,280
Other sales expenses		178,813
Profit on sale of real estate		**¥ 299,717**

Loss on sale of real estate		
Revenue from sale of investment properties	¥ 2,670,000	
Cost of investment properties	3,108,892	—
Other sales expenses	53,571	
Loss on sale of real estate	**¥ 492,463**	

12. LEASES

The Investment Corporation, as lessor, has entered into leases whose fixed monthly rents are due in advance with lease term of generally two years for office buildings and residential properties and with lease term ranging from two to ten years for retail properties. The future minimum rental revenues under existing non-cancelable operating leases as of April 30, 2009 and October 31, 2008 are as follows:

	In thousands of yen	
	As of April 30, 2009	As of October 31, 2008
Due within one year	¥ 1,314,069	¥ 1,493,056
Due after one year	7,930,499	8,487,580
Total	**¥ 9,244,568**	**¥ 9,980,637**

13. DERIVATIVES AND HEDGE ACCOUNTING

The Investment Corporation has entered into interest-rate swap agreements with several Japanese financial institutions to hedge its variable rate long-term debt obligations. The Investment Corporation utilizes interest-rate swap agreements, which are derivative financial instruments, only for the purpose of mitigating future risks of fluctuations of interest rates, but does not enter into such transactions for speculative or trading purposes. The Investment Corporation entered into such derivative transactions to hedge risk in accordance with its Articles of Incorporation and the established risk management policies of the Asset Management Company.

The following summarizes the notional principal amounts and the estimated unrealized loss from interest rate swap contracts as of April 30, 2009:

The estimated unrealized loss does not include the interest rate swap contracts that met the criteria for the special treatment.

(As of April 30, 2009)

Type	Notional amount	Unrealized loss
Interest-rate swap: **Fixed rate payable and floating rate receivable**	¥29,500 million	¥(17 million)

14. PROPERTY INFORMATION

Details of the property portfolio as of April 30, 2009 were as follows:

Type	Office Buildings		Residential Properties		Central Urban Retail Properties
Location	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area
Number of properties	49	9	6	1	2

Property information (In millions of yen)					
Acquisition price	¥165,246	¥28,665	¥10,909	¥1,800	¥12,380
Percentage of total acquisition costs	75.45%	13.09%	4.98%	0.82%	5.65%
Net book value	168,354	28,581	10,751	1,877	12,620
Appraisal value at year end	166,451	25,844	9,768	1,510	12,880
Percentage of total appraisal value	76.90%	11.94%	4.51%	0.70%	5.95%

Financial results for the period ended April 30, 2009 (In thousands of yen)					
Rental and other operating revenues	¥ 6,134,879	¥ 1,269,712	¥ 348,922	¥ 91,072	¥ 359,536
Rental revenues	5,430,893	1,080,028	316,503	80,092	325,106
Other revenues	703,986	189,685	32,420	10,980	34,430

Type	Office Buildings		Residential Properties		Central Urban Retail Properties
Location	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area
Property-related expenses	1,555,055	433,303	66,108	47,248	72,166
Property management fees	561,043	175,068	30,917	7,927	24,049
Taxes	343,707	107,240	16,030	8,516	19,373
Utilities	446,068	105,311	4,173	2,202	20,635
Repairs and maintenance	95,432	21,650	6,288	13,626	1,375
Insurance	10,038	4,808	858	496	333
Trust fees and other expenses	98,766	19,226	7,842	14,481	6,401
NOI (Net Operating Income)	4,579,825	836,410	282,814	43,824	287,370
Depreciation expenses	964,821	281,524	94,405	22,652	65,926
Operating income from property leasing activities	3,615,003	554,886	188,409	21,172	221,445
Capital expenditures	838,487	45,629	578	838	6,440
NCF (Net Cash Flow)	3,741,337	790,781	282,237	42,986	280,930

A breakdown of property-type as of April 30, 2009 was as follows:

Class of assets	Property type	Area	Balance at the end of period (In millions of yen)	Percentage of total assets
Property and equipment	Office Buildings	Tokyo Metropolitan Area	¥168,354	70.5%
		Other Regional Areas	28,581	12.0%
	Subtotal		196,935	82.5%
	Residential Properties	Tokyo Metropolitan Area	10,751	4.5%
		Other Regional Areas	1,877	0.8%
	Subtotal		12,627	5.3%
	Central Urban Retail Properties	Tokyo Metropolitan Area	12,620	5.3%
	Total		¥222,183	93.1%
Bank deposits and other assets			¥ 16,562	6.9%
Total assets			238,745	100.0%
Total liabilities			111,347	46.6%
Net assets			¥127,398	53.4%

STATEMENTS OF CASH FLOWS (Unaudited)

FOR THE PERIOD FROM MAY 1, 2008 TO OCTOBER 31, 2008 AND THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009

	In thousands of yen	
	From November 1, 2008 to April 30, 2009	From November 1, 2007 to April 30, 2008
Cash Flows from Operating Activities:		
Income before income taxes	¥ 2,435,329	¥ 3,124,407
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	1,571,996	1,535,995
Interest expense	858,419	803,790
Interest expense	–	7,853
Changes in assets and liabilities:		
Rental receivables	(73,290)	(28,275)
Consumption tax refundable	180,365	(180,365)
Accrued consumption tax	252,054	(179,988)
Trade and other payables	(114,984)	(66,480)
Rents received in advance	(64,577)	65,520
Property and equipment due to sale	3,108,890	5,100,280
Others, net	(320,267)	(151,165)
Subtotal	7,833,935	10,031,573
Cash payments of interest expense	(872,143)	(751,791)
Cash payments of income taxes	(605)	(769)
Net cash provided by operating activities	**6,961,187**	**9,279,013**
Cash Flow from Investing Activities:		
Purchases of property and equipment	(923,618)	(15,579,837)
Proceeds from leasehold and security deposits received	441,191	1,147,506
Payments of leasehold and security deposits received	(777,846)	(680,726)
Payments of time deposits	(1,390,000)	–
Payments of restricted bank deposits	(563)	(574,468)
Proceeds from restricted bank deposits	820,124	1,299,219
Others, net	(1,178)	11,100
Net cash used in investing activities	**(1,831,890)**	**(14,377,206)**
Cash Flows from Financing Activities:		
Proceeds from short-term debt	12,000,000	5,500,000
Payment of short-term debt	(7,000,000)	(6,250,000)
Proceeds from long-term debt	9,500,000	22,750,000
Payment of long-term debt	(14,500,000)	(13,000,000)
Payment of dividends	(3,121,451)	(3,340,016)
Net cash (used in) provided by financing activities	**(3,121,451)**	**5,659,984**
Net change in cash and cash equivalents	2,007,846	561,791
Cash and cash equivalents at the beginning of period	11,703,649	11,141,858
Cash and cash equivalents at the end of period	**¥ 13,711,495**	**¥ 11,703,649**

See related notes

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Unaudited)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.

CASH AND CASH EQUIVALENTS (Unaudited)

Cash and cash equivalents consisted of the following as of April 30, 2009 and October 31, 2008:

	In thousands of yen	
	As of April 30, 2009	As of October 31, 2008
Cash and bank deposits	¥ 15,608,085	¥ 13,029,801
Restricted bank deposits held in trust (Note 1)	(506,590)	(1,326,152)
More than 3 months fixed deposits (Note 2)	(1,390,000)	–
Cash and cash equivalents	¥ 13,711,495	¥ 11,703,649

Notes: 1. Restricted bank deposits held in trust are retained for repayment of tenant leasehold and security deposits
2. More than 3 months fixed deposits are fixed deposits which have deposit terms of more than 3 months