



**Financial Results for the Period
Ended January 2018
(12th Fiscal Period)**

March 15, 2018



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Revised editions of our annual reports will be posted on our website if there should be major corrections going forward.

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1. The Merger with Japan Senior Living Investment Corporation (JSL) and Policies Going Forward

Overview of the Merger

KDR will evolve into a new investment corporation (Kenedix Residential Next Investment Corporation) pursuing stable revenue and sustained growth through wide-ranging investment spanning the “spaces where people live and stay,” extending from residential facilities to healthcare and accommodation.

Advantage I

Increase in asset size and market capitalization ⁽¹⁾

Increase in asset size

¥164.1 bln ▶ **¥193.1 bln**

Increase in market capitalization

¥100.7 bln ▶ **¥120.4 bln**

Advantage II

Increase in DPU by reduction of redundant costs, etc.

**Period ended January 2018
(12th fiscal period) Actual**

Highest

¥3,473

**Before the unit split ¥6,946
(Period on Period +4.7%)**

**Period ending July 2018
(13th fiscal period) Forecast**

▶ **¥3,570**

(Period on period +2.8%)

**Period ending January 2019
(14th fiscal period) Forecast**

▶ **¥3,640**

(Period on Period +2.0%)

Advantage III

Improve in each financial indicator and acquire negative goodwill ⁽²⁾

LTV

51.5 % ▶ **50.1 %**

NAV per unit

¥153,716 ▶ **¥156,998**

Negative goodwill

¥2.4 bln

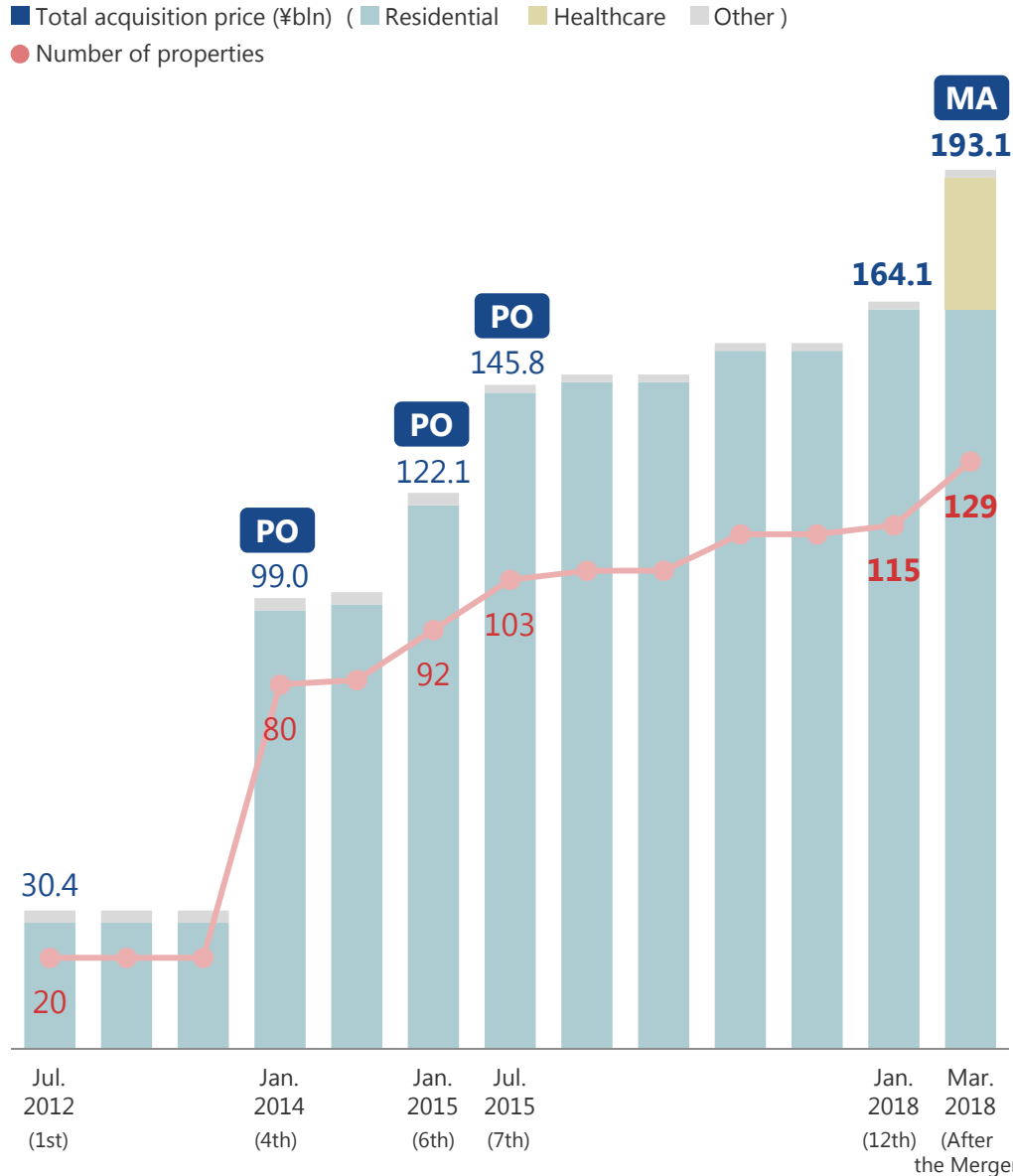
Note 1: “Asset size” and “Market capitalization” are figures as of November 10, 2017 and March 1, 2018.

Note 2: “LTV” and “NAV per unit” are the figures as of January 31, 2018 and the estimated figure as of March 1, 2018. “Negative goodwill” is the estimated figure as of March 15, 2018.

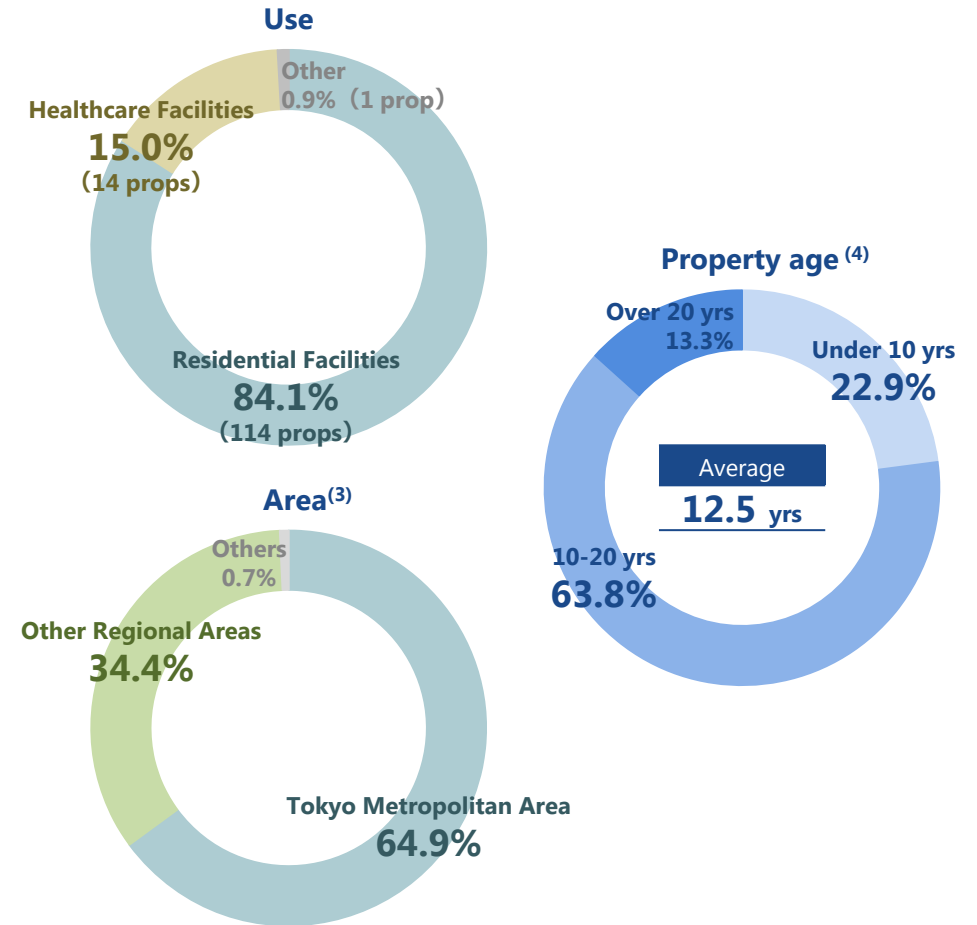
1. The Merger with JSL and Policies Going Forward

Portfolio after the Merger

Total Acquisition Price⁽¹⁾ and Number of Properties



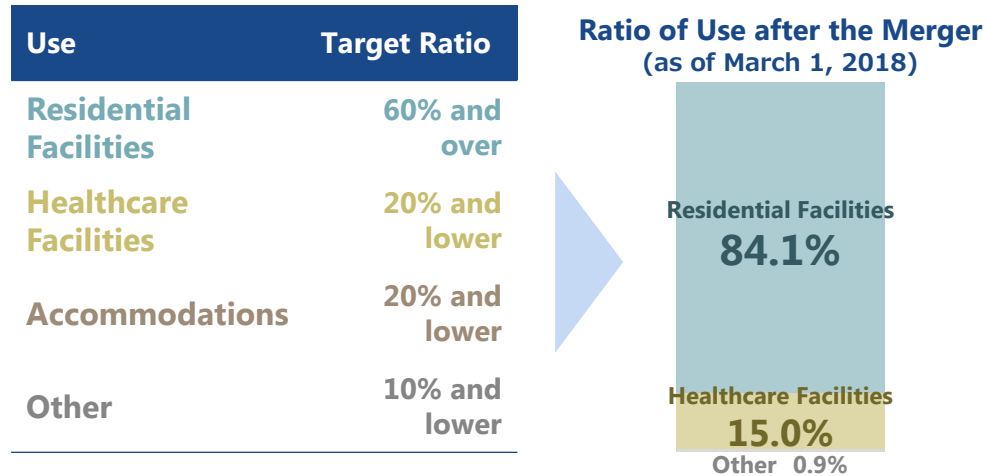
Portfolio Breakdown (as of March 1, 2018)⁽²⁾



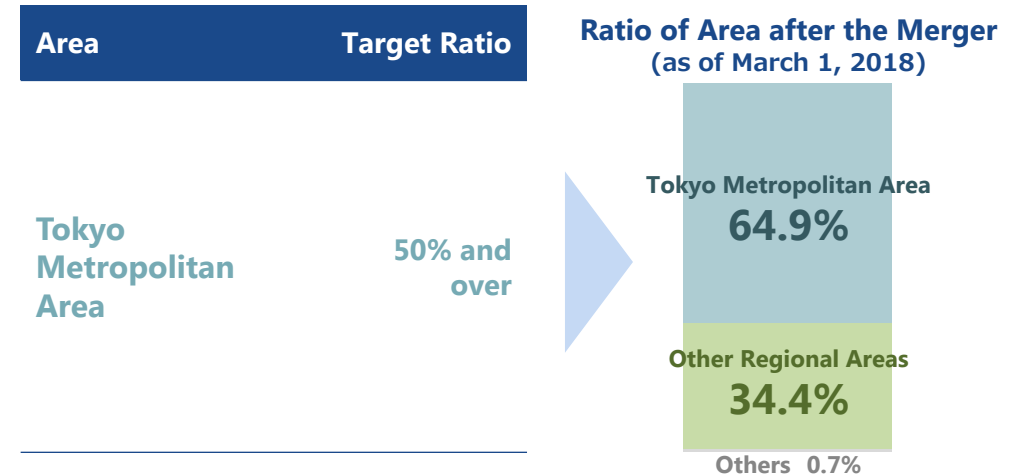
Note 1: "Acquisition Price" refers to the pre-tax price that does not include the expenses spent on the acquisition of properties.
 Note 2: "Portfolio Breakdown" describes the ratio by acquisition price as of March 1, 2018.
 Note 3: "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba.
 "Other Regional Areas" include government-designed municipalities and other regional cities.
 Note 4: "Property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to March 1, 2018.

Investment Policy

Investment Target by Use



Investment Target by Area



Investment Policy

Use	Status of Market	Investment Policy
Residential Facilities	<ul style="list-style-type: none"> • Inflow of population into Tokyo metropolitan area and major cities continues • Favorable leasing market mainly in Tokyo • Decline in cap rate 	<ul style="list-style-type: none"> • Put emphasis on investment in Tokyo metropolitan area • Selective investment in regional cities • Strategic asset reshuffle
Healthcare Facilities	<ul style="list-style-type: none"> • Increasing number of elderly people in three major metropolitan areas and progress of aging society • Increasing number of elderly people who live alone and patients with dementia 	<ul style="list-style-type: none"> • Diversified investment mainly in three metropolitan areas • Property acquisition through ORE strategy ⁽¹⁾ • Use of sponsor and support companies' support
Accommodations	<ul style="list-style-type: none"> • Foreign visitors to Japan continue to increase and spread into regional cities • Concern about over-supply of hotels and the implementation of <i>Minpaku</i> (vacation rentals) • Decline in cap rate 	<ul style="list-style-type: none"> • Selective investment in properties which have steady demand • investment in properties which generated steady income by fixed rent • Making use of sponsor's pipeline

Note 1: About "ORE strategy", please read p.50 "Succession of Investment and Operation Strategy (ORE Strategy) about Healthcare Facilities".

Bridge Funds

Residential Facilities

	G.K. Tropic II			G.K. Tropic I	Pipeline by Bridge Funds ⁽²⁾
					
	KDX Residence Asagaya	KDX Residence Hiyoshi	Serenite Kobe Motomachi	KDX Residence Shukugawa Hills	Total Appraisal Value ¥26.4 bln
Location	Suginami-ku, Tokyo	Yokohama-shi, Kanagawa	Kobe-shi, Hyogo	Nishinomiya-shi, Hyogo	Average Appraisal NOI Cap Rate 5.1 %
Property type	Small family	Family	Studio	Family	
Leasable units	44 units	92 units	138 units	238 units	
Appraisal value ⁽¹⁾	¥2.0 bln	¥2.5 bln	¥2.5 bln	¥7.3 bln	
Appraisal NOI cap rate ⁽¹⁾	4.4%	5.4%	5.0%	4.8%	

Healthcare Facilities

	G.K. KSLF8				
					
	Anesis Teradacho	Rococo-riha	Orage Suma	Canadian Hill	Anesis Hyogo
Location	Osaka-shi, Osaka	Toyonaka-shi, Osaka	Kobe-shi, Hyogo	Kobe-shi, Hyogo	Kobe-shi, Hyogo
Property type	Intermediate nursing homes	Intermediate nursing homes	Intermediate nursing homes	Intermediate nursing homes	Intermediate nursing homes
Leasable units	250 (Fee-based homes for the elderly (with nursing care) :100)	100	135 (Serviced housing for the elderly:35)	115	100
Appraisal value ⁽¹⁾	¥3.6 bln	¥2.1 bln	¥2.8 bln	¥1.8 bln	¥1.4 bln
Appraisal NOI cap rate ⁽¹⁾	5.2%	5.2%	5.5%	5.0%	5.4%

Note 1: "Appraisal value" is described the appraisal value on June 30, 2017 for KDX Residence Shukugawa Hills, on July 1, 2017 for KDX Residence Asagaya, KDX Residence Hiyoshi and Serenite Kobe Motomachi and on March 1, 2018 for healthcare facilities. "Appraisal NOI cap rate"=NOI described in Appraisal Report / Appraisal value

Note 2: Conditions for the purchase of each Bridge Funds are below.

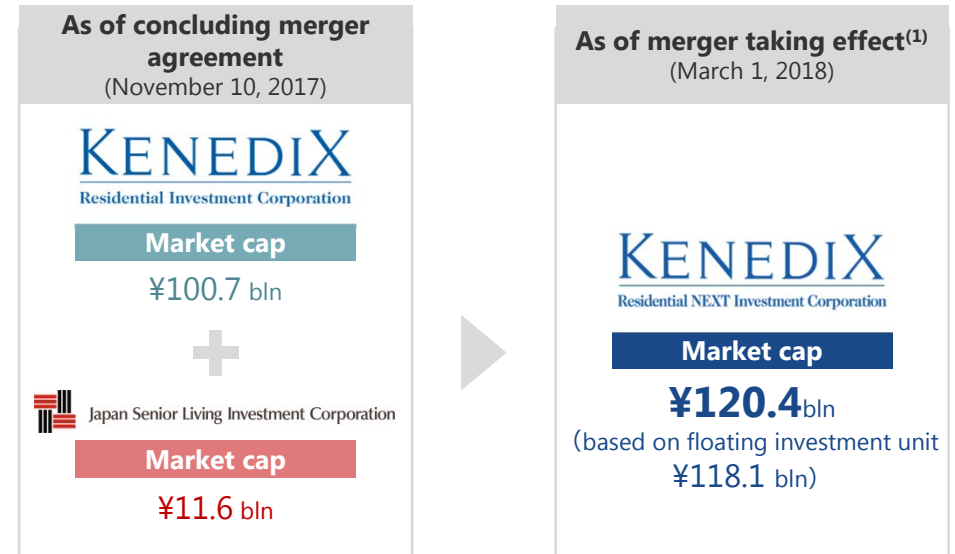
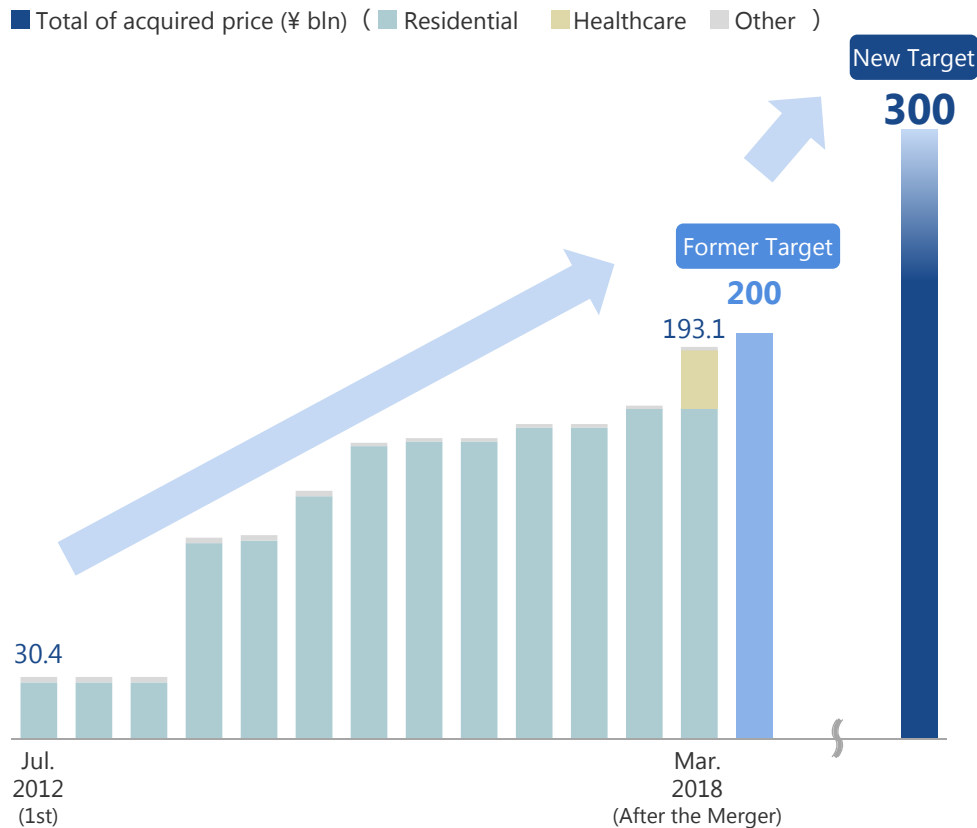
G.K. Tropic I and G.K. Tropic II: i) Date of acquisition is before the end of preferential negotiation term (February 28, 2019). ii) The desired price for purchase is reasonably anticipated to be a price that achieves the target internal rate of return (IRR) of the operator. G.K. KSLF8: i) Date of acquisition is before March 29, 2020. ii) Total of the desired price for purchase is over the lowest purchase price (¥11.65 bln) agreed with the operator.

Increasing Unitholders' Value

Increase in Asset Size



Increase in Market Capitalization



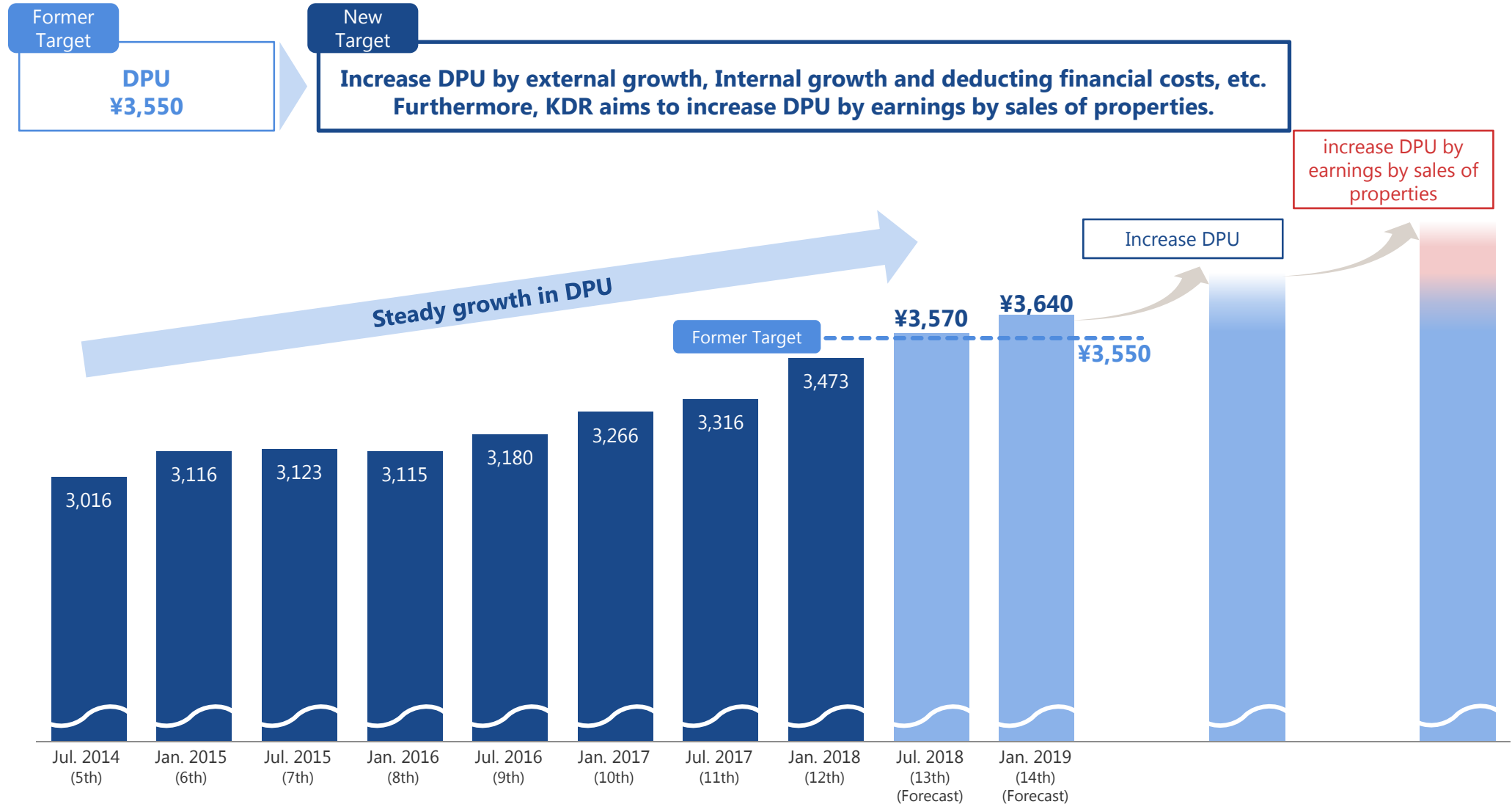
(Reference) FTSE EPRA/NAREIT Global Real Estate Index including standard⁽²⁾
Market cap (based floating investment unit) about ¥127.1 bln

Note 1: Market cap based on floating investment unit is multiplying 768,308 units (total number of investment units issued from Kenedix Residential Next Investment Corporation (782,928 units) minus investment units held by the sponsor (14,620 units)) and ¥153,800 of investment unit price as of March 1, 2018.

Note 2: KFM calculates it based on FTSE's materials and 106.23¥/\$ rate as of March 1, 2018. This including standard is estimated figure by KFM and KDR will not be definitely included this index if its market cap is larger than the standard.

Increasing Unitholders' Value

Maintain and Increase DPU



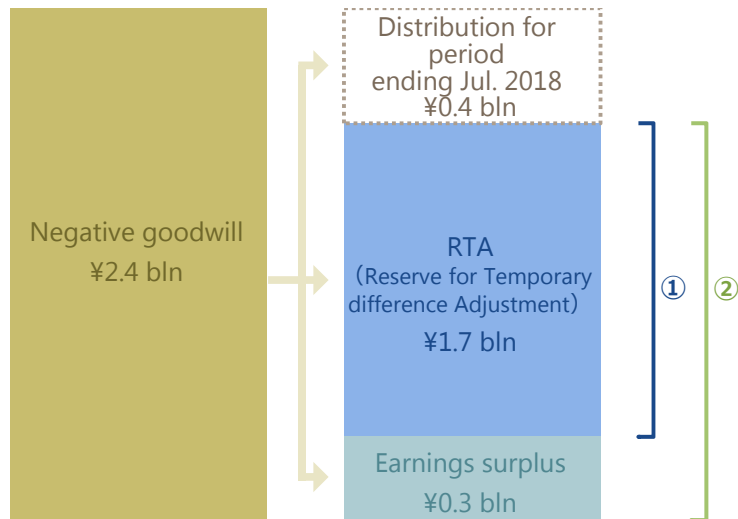
Increasing Unitholders' Value

Making Use of Negative Goodwill

Distribution Policy

Maintain DPU ¥3,640 and over after the fiscal period ending January 2019 by using negative goodwill to maintain DPU

Accumulation and Compensation⁽¹⁾



① Amortized compensation of RTA

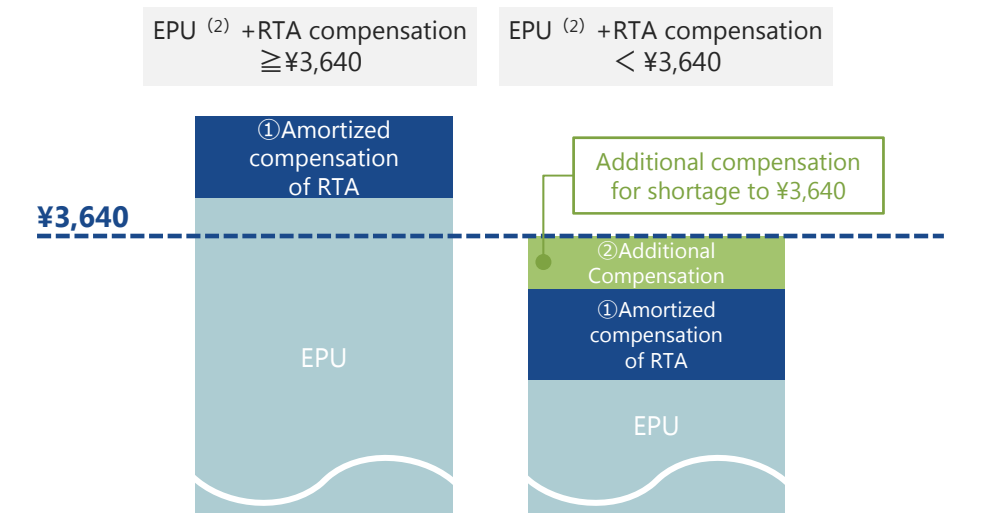
¥17 mln and over is amortized compensation for distribution in every fiscal period after the fiscal period ending Jan. 2019 (DPU increase: ¥21)

② Additional compensation

Reasons

- Maintain DPU ¥3,640
- Avoid taxes by difference between Japanese GAAP and Japanese tax law
- Temporary costs and loss
- Avoid dilution by PO, etc.

Maintain DPU



Note 1: "Negative goodwill" is estimated figure as of March 15, 2018 and it is possible for "Negative goodwill", "Distribution for period ending Jul. 2018", "RTA" and "Earnings surplus" to be changed.

Note 2: Exclude the item which isn't revenue on taxation.

2. Financial Results

(Actual Results for 12th Period and Outlook for 13th and 14th Period)

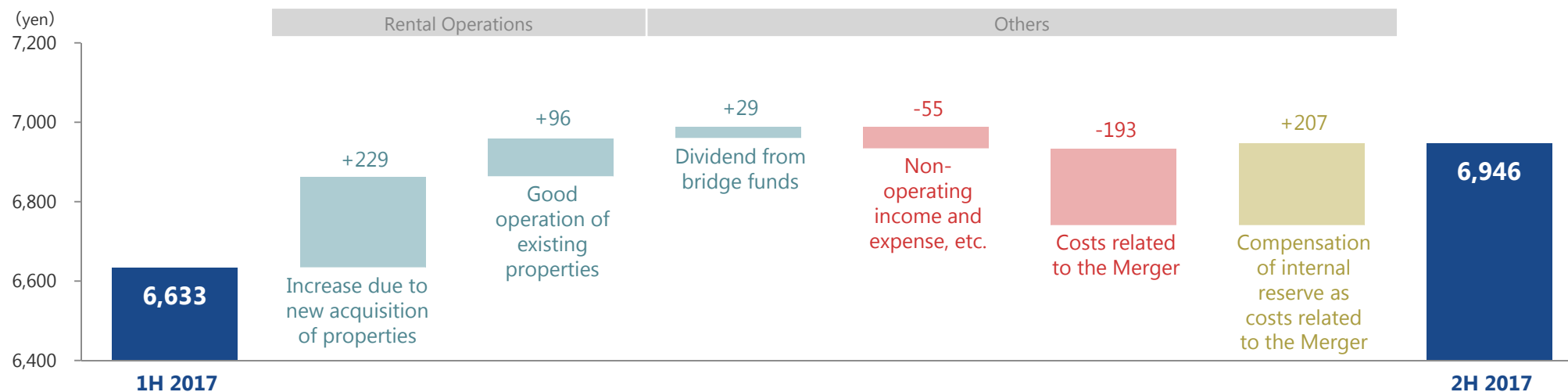
Income Statements for the Period Ended January 2018 (12th Fiscal Period)

(in millions of yen)	1H 2017		2H 2017		Period on Period		Actual vs Forecast			
	Actual	Forecast ⁽¹⁾	Actual							
Rent revenue –real estate	5,102	5,207	5,235	133	2.6%	28	0.5%	Increase due to new acquisition of properties	+124	
Other lease business revenue	472	406	435	-36	-7.8%	28	7.1%	Increase due to good operation of other properties	+8	
dividends received	-	9	10	10	-	1	11.5%	Decrease temporary revenue, etc. in off-peak season	-29	
Operating revenues	5,574	5,623	5,681	106	1.9%	57	1.0%	Increase by higher occupancy rates (Forecast:96.4%⇒Actual:96.7%)	+28	
Expenses related to rent business (ex. Depreciation)	1,239	1,169	1,185	-54	-4.4%	16	1.4%	Increase temporary revenue, etc.	+10	
NOI	4,335	4,445	4,486	150	3.5%	40	0.9%	Decrease leasing related fees, etc. in Off-peak season	-50	
Depreciation	884	922	921	37	4.2%	0	0.0%	Frontloaded repairment	+28	
Other operating expenses	617	691	684	67	10.9%	-7	-1.0%	Costs related to the Merger	+67	
Operating income	2,833	2,840	2,889	56	2.0%	49	1.7%			
Non-operating income	0	0	0	-	-	-	-			
Non-operating expenses	517	537	537	19	3.8%	0	-	Increase debt cost by new borrowings, etc.	+25	
Ordinary income	2,316	2,304	2,353	36	1.6%	48	2.1%	Decrease in deferring amortization of investment unit issuance costs	-6	
Net income	2,315	2,303	2,352	37	1.6%	49	2.1%			
Earnings surplus Compensation	0	70	72	72	-	1	2.3%	Compensation of internal reserve as costs related to the Merger	+72	
Dividends	2,315	2,373	2,424	109	4.7%	50	2.1%			
Distribution per Unit	6,633 yen	6,800 yen	6,946 yen	313 yen	4.7%	146 yen	2.1%			

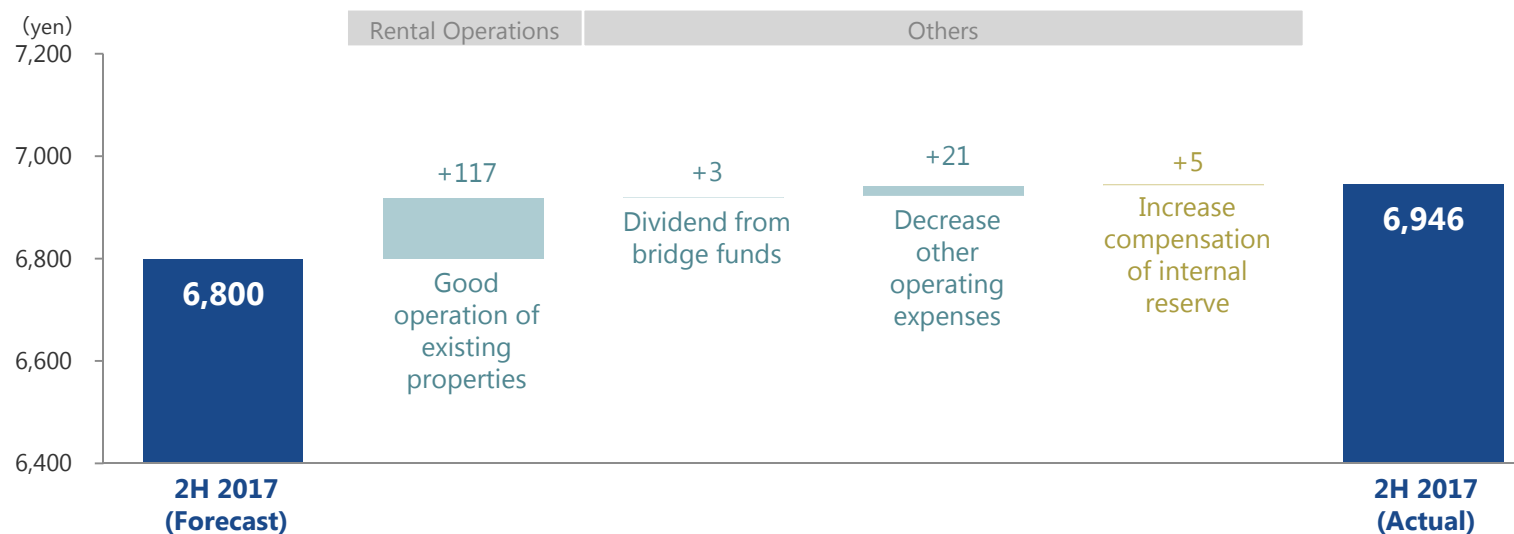
Note 1: Earning forecasts in January 31, 2018 are figures after revision released "Notice Concerning Revisions of Earnings Forecasts for the Fiscal Period Ending January 31, 2018" on November 10, 2017.

DPU in 12th Period

DPU Breakdown (Period on period)



DPU Breakdown (Actual vs Forecast)



Outlook for the Period Ending July 2018 (13th Fiscal Period) 1/2

Rental Income of Real Estate by Use ⁽¹⁾

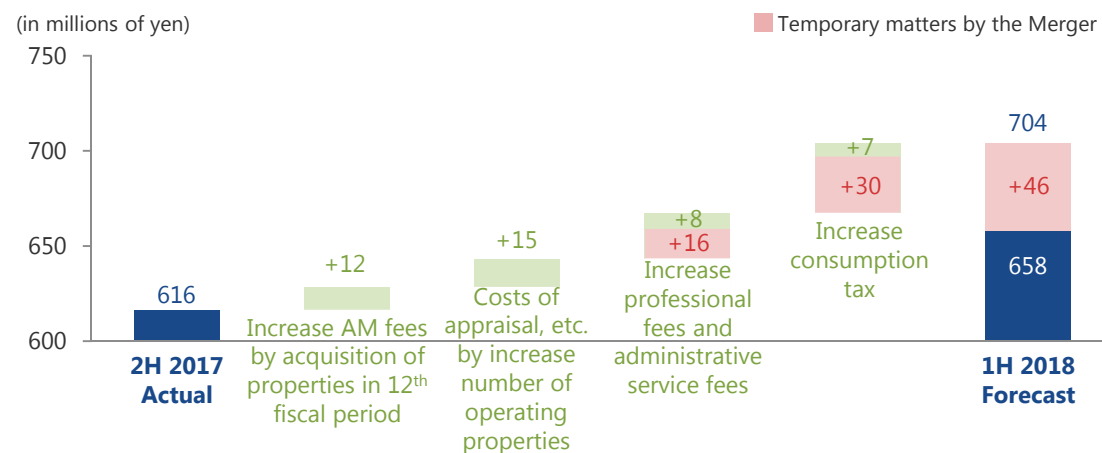
		2H 2017	1H 2018	Period on Period		
(in millions of yen)		Actual	Forecast			
Residential Facilities	Rent revenue –real estate	5,235	5,284	49	0.9%	Increase by step-up rent in KDX Residence Toyosu +78 Decrease due to increase of turnover rate in peak season (Actual in 12 th :96.7%⇒Forecast:96.3%) -30
	Other lease business revenue	435	463	27	6.3%	
	Expenses related to rent business (ex. Depreciation)	1,185	1,275	90	7.6%	Increase temporary revenue, etc. in peak season +26
	NOI	4,486	4,472	-13	-0.3%	Increase leasing related fees, etc. in peak season +62 Imposition fixed property tax, etc. of properties acquired in 12 th Fiscal period +16
	Depreciation	921	927	5	0.6%	
	Rental income of real estate	3,564	3,544	-19	-0.6%	
Healthcare Facilities	Rent revenue –real estate	-	816	816	100.0%	Started operation from March 1, 2018 by the Merger
	Other lease business revenue	-	1	1	100.0%	
	Expenses related to rent business (ex. Depreciation)	-	131	131	100.0%	
	NOI	-	686	686	100.0%	
	Depreciation	-	215	215	100.0%	
Rental income of real estate	-	471	471	100.0%		

Note 1: The figures of "Residential Facilities" include "Other" (Land).

Outlook for the Period Ending July 2018 (13th Fiscal Period) 2/2

	2H 2017	1H 2018	Period on Period	
(in millions of yen)	Actual	Forecast		
Rent revenue –real estate	5,235	6,101	865	16.5%
Other lease business revenue	435	464	29	6.7%
dividends received	10	27	17	173.9%
Operating revenues	5,681	6,593	912	16.1%
Expenses related to rent business (ex. Depreciation)	1,185	1,406	221	18.7%
NOI	4,486	5,158	672	15.0%
Depreciation	921	1,143	221	24.0%
Costs related to the Merger	67	398	331	491.4%
Other operating expenses	616	704	87	14.2%
Operating income	2,889	2,940	50	1.7%
Non-operating income	0	10	10	-
Non-operating expenses	537	557	20	3.8%
Ordinary income	2,353	2,393	40	1.7%
Negative goodwill	-	2,410	2,410	-
Net income	2,352	4,802	2,450	104.2%
RTA compensation (Accumulation)	-	(1,700)		
Earnings surplus Compensation (Accumulation)	72	(307)		
Dividends	2,424	2,795	370	15.3%
Distribution per Unit ⁽¹⁾	3,473 yen	3,570 yen	97 yen	2.8%

Other operating expenses breakdown



Compensation by the succession of interest rate swaps by the Merger	+10
Debt cost of succeeded borrowings, etc. by the Merger	+47
Completion in deferring investment unit issuance costs	-19
Decrease debt cost of existing borrowings by decrease of the operating days	-7

Internal accumulation of part of negative goodwill (¥297 mln) and compensation of succession of interest rate swap by the Merger (¥10 mln)

Note 1: DPU of the period ended January 2018 is considered of the investment unit split.

Outlook for the Period Ending January 2019 (14th Fiscal Period) 1/2

Rental Income of Real Estate by Use ⁽¹⁾

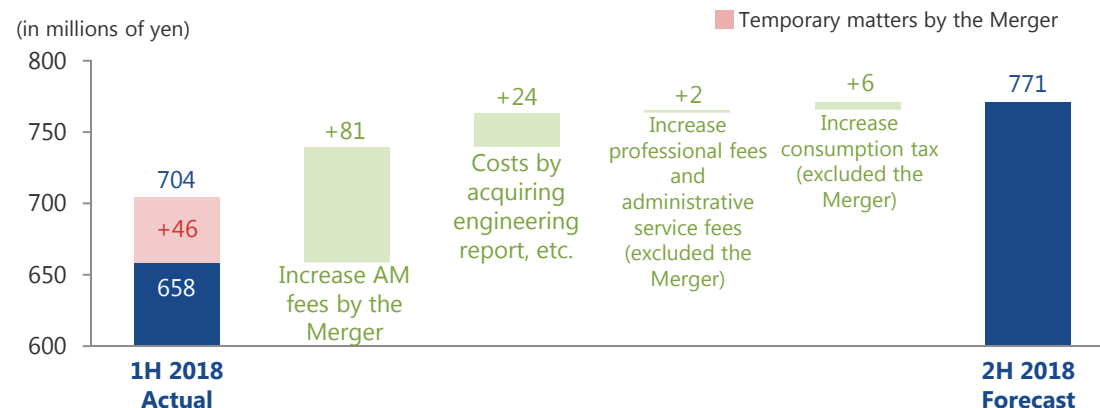
		1H 2018	2H 2018	Period on Period		
(in millions of yen)		Forecast	Forecast			
Residential Facilities	Rent revenue –real estate	5,284	5,323	38	0.7%	Increase by step-up rent in KDX Residence Toyosu going up to long-term level +19
	Other lease business revenue	463	425	-37	-8.1%	Increase in other properties +18
	Expenses related to rent business (ex. Depreciation)	1,275	1,245	-30	-2.4%	Decrease temporary revenue, etc. in off-peak season -30
	NOI	4,472	4,503	31	0.7%	Decrease leasing related fees in off-peak season -31
	Depreciation	927	929	2	0.2%	
	Rental income of real estate	3,544	3,573	29	0.8%	
Healthcare Facilities	Rent revenue –real estate	816	979	163	20.0%	Increase by one month longer operating term +163
	Other lease business revenue	1	0	0	-61.1%	
	Expenses related to rent business (ex. Depreciation)	131	131	0	0.1%	Increase operation costs and land costs, etc. by one month longer operating term +2 Decrease repairment costs -2
	NOI	686	849	162	23.6%	
	Depreciation	215	259	43	20.4%	Increase by one month longer operating term +43
Rental income of real estate	471	589	118	25.1%		

Note 1: The figures of "Residential Facilities" include "Other" (Land).

Outlook for the Period Ending January 2019 (14th Fiscal Period) 2/2

	1H 2018	2H 2018	Period on Period	
(in millions of yen)	Forecast	Forecast		
Rent revenue –real estate	6,101	6,303	202	3.3%
Other lease business revenue	464	426	-38	-8.3%
dividends received	27	8	-18	-68.1%
Operating revenues	6,593	6,738	144	2.2%
Expenses related to rent business (ex. Depreciation)	1,406	1,376	-30	-2.1%
NOI	5,158	5,352	193	3.8%
Depreciation	1,143	1,188	45	4.0%
Costs related to the Merger	398	-	-398	-100%
Other operating expenses	704	771	67	9.6%
Operating income	2,940	3,400	460	15.7%
Non-operating income	10	11	0	5.3%
Non-operating expenses	557	567	10	1.8%
Ordinary income	2,393	2,844	451	18.8%
Negative goodwill	2,410	-	-2,410	-100%
Net income	4,802	2,843	-1,959	-40.8%
RTA compensation (Accumulation)	(1,700)	17		
Earnings surplus Compensation (Accumulation)	(307)	(10)		
Dividends	2,795	2,849	54	2.0%
Distribution per Unit	3,570 yen	3,640 yen	70 yen	2.0%

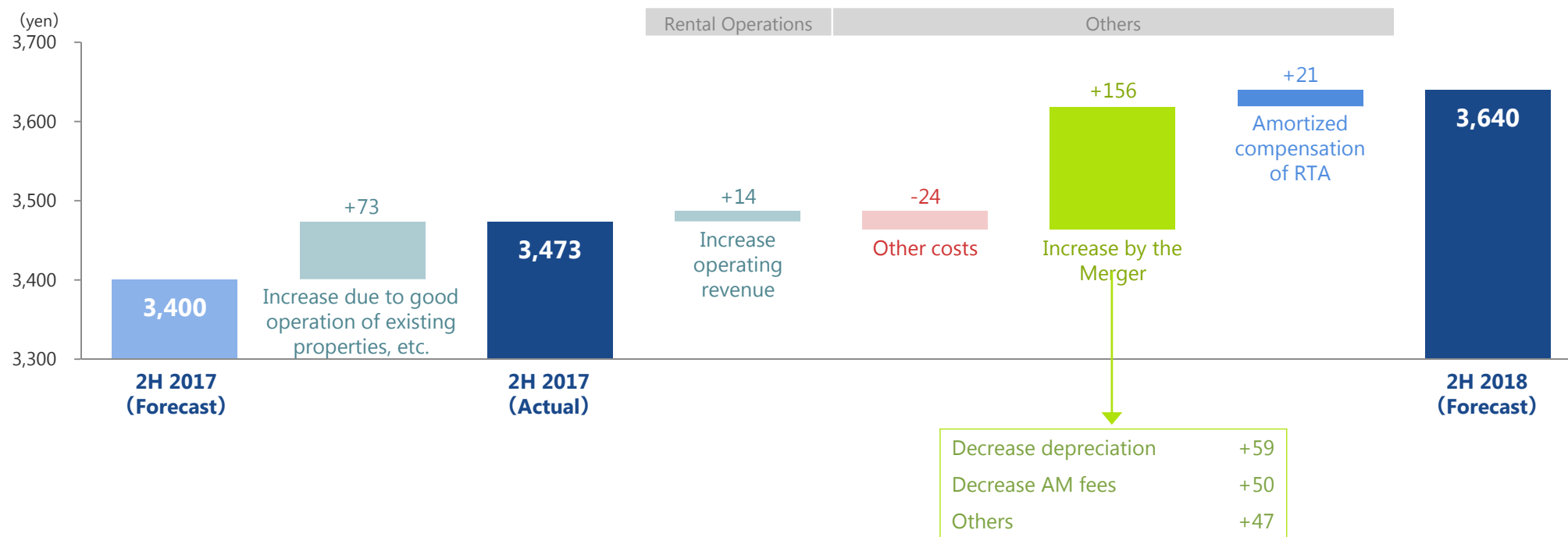
Other operating expenses breakdown



Increase debt cost of succeeded borrowings, etc. by the Merger	+19
Refinancing about existing debt scheduled to be paid in August 2018	-15
Increase debt cost, etc. of existing borrowings by longer operating days	+7

DPU Impact by the Merger

DPU Breakdown (12th Actual vs 14th Forecast)⁽¹⁾

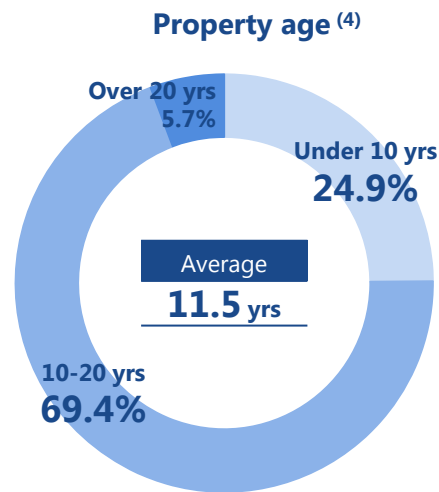
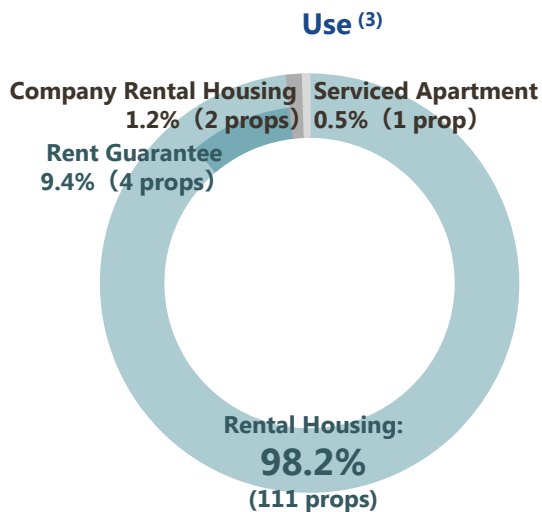
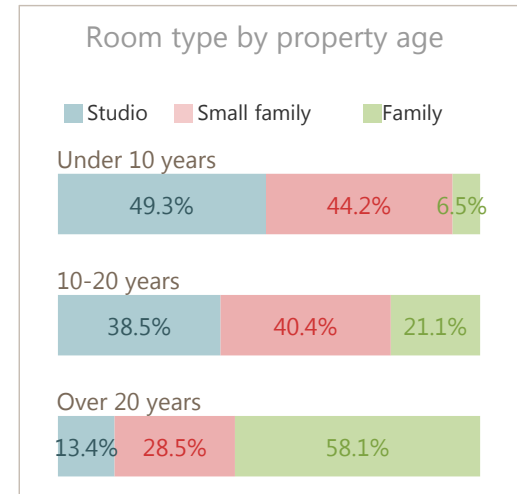
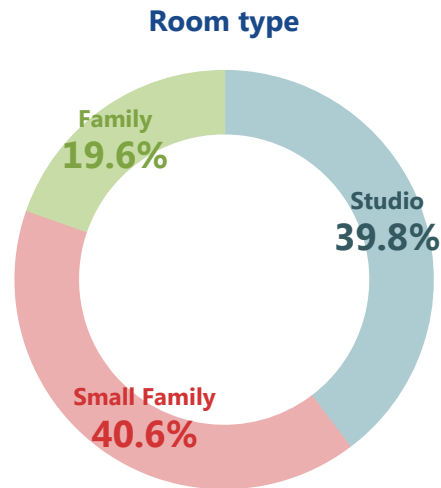
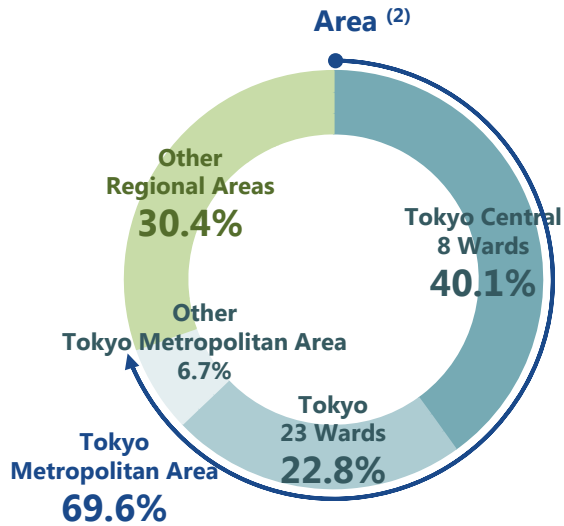


Note 1: DPU of 2H 2017 (Forecast/Actual) is considered split of investment units.

3. Operational Status ~Residential Facilities~

Portfolio

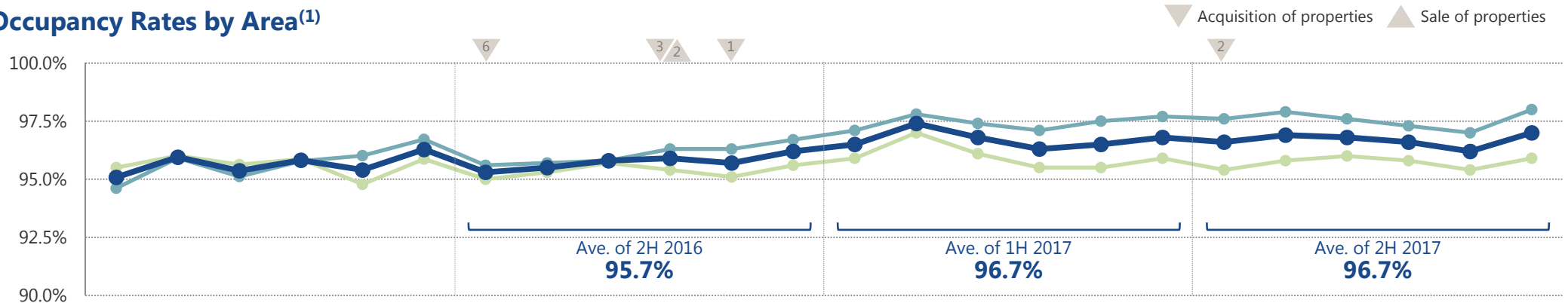
Portfolio Breakdown (as of January 31, 2018) ⁽¹⁾



- Note 1: "Portfolio Breakdown" describes the ratio by acquisition price at the end of the fiscal period.
- Note 2: "Tokyo Central 8 Wards" include Minato-ku, Shibuya-ku, Chuo-ku, Chiyoda-ku, Shinjuku-ku, Meguro-ku, Setagaya-ku and Shinagawa-ku. "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba. "Other Regional Areas" include government-designed municipalities and other regional cities.
- Note 3: "Rent guarantee" is contract with rent guarantee structure in part of whole residence. KDX Residence Kagurazaka Dori was changed its contract structure to Pass-through type on February 5, 2018.
- Note 4: "Property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to January 31, 2018.

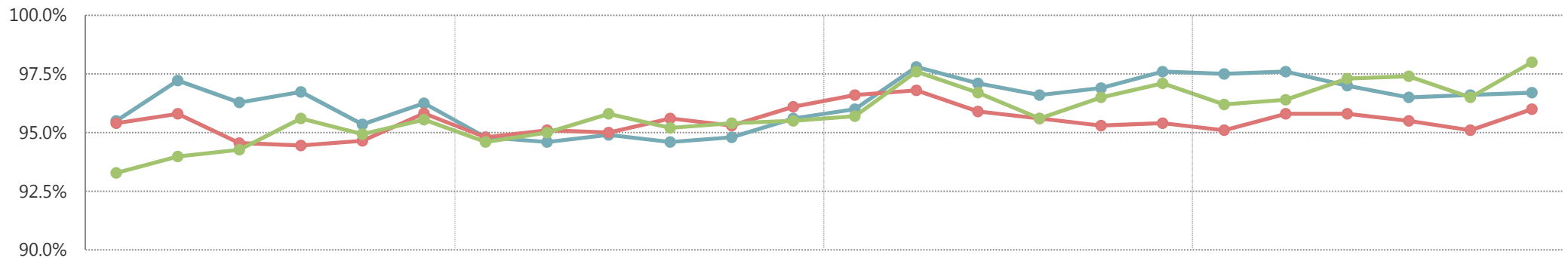
Occupancy Rates

Occupancy Rates by Area⁽¹⁾



	Average of period						10 th Period (2H 2016)						11 th Period (1H 2017)						12 th Period (2H 2017)					
	4 th	5 th	6 th	7 th	8 th	9 th	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Total	95.1	96.0	95.4	95.8	95.4	96.3	95.3	95.5	95.8	95.9	95.7	96.2	96.5	97.4	96.8	96.3	96.5	96.8	96.6	96.9	96.8	96.6	96.2	97.0
Tokyo Metropolitan Area	94.6	95.9	95.1	95.8	96.0	96.7	95.6	95.7	95.8	96.3	96.3	96.7	97.1	97.8	97.4	97.1	97.5	97.7	97.6	97.9	97.6	97.3	97.0	98.0
Other Regional Areas	95.5	96.0	95.6	95.9	94.8	95.9	95.0	95.3	95.7	95.4	95.1	95.6	95.9	97.0	96.1	95.5	95.5	95.9	95.4	95.8	96.0	95.8	95.4	95.9

Occupancy Rates by Room Type⁽¹⁾



	Average of period						10 th Period (2H 2016)						11 th Period (1H 2017)						12 th Period (2H 2017)					
	4 th	5 th	6 th	7 th	8 th	9 th	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Studio	95.5	97.2	96.3	96.7	95.4	96.3	94.8	94.6	94.9	94.6	94.8	95.6	96.0	97.8	97.1	96.6	96.9	97.6	97.5	97.6	97.0	96.5	96.6	96.7
Small Family	95.4	95.8	94.6	94.5	94.7	95.8	94.8	95.1	95.0	95.6	95.3	96.1	96.6	96.8	95.9	95.6	95.3	95.4	95.1	95.8	95.8	95.5	95.1	96.0
Family	93.3	94.0	94.3	95.6	94.9	95.6	94.6	95.0	95.8	95.2	95.4	95.5	95.7	97.6	96.7	95.6	96.5	97.1	96.2	96.4	97.3	97.4	96.5	98.0

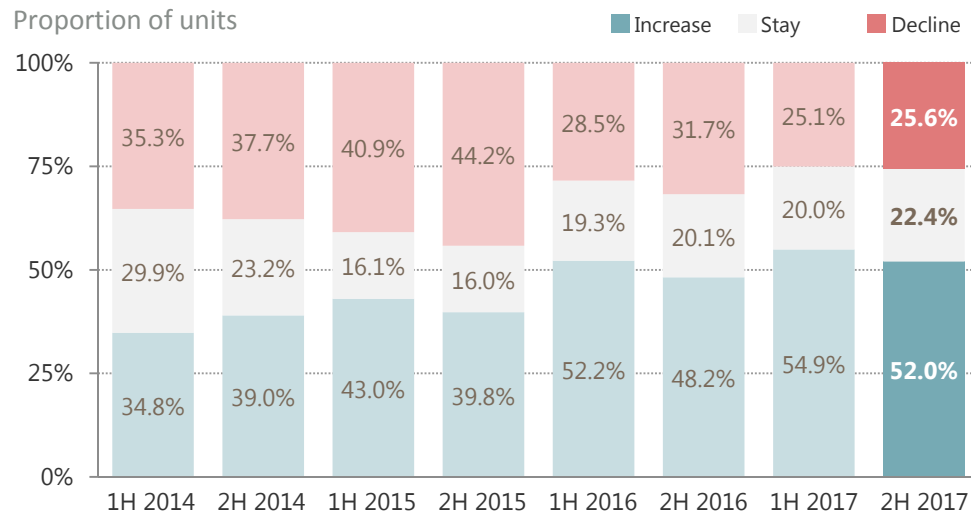
Note 1: Occupancy Rates by Area include those from stores and offices. Occupancy Rates by Room Type are calculated for residential units of pass through contract (excluding contract for whole building).

New Tenant Trend

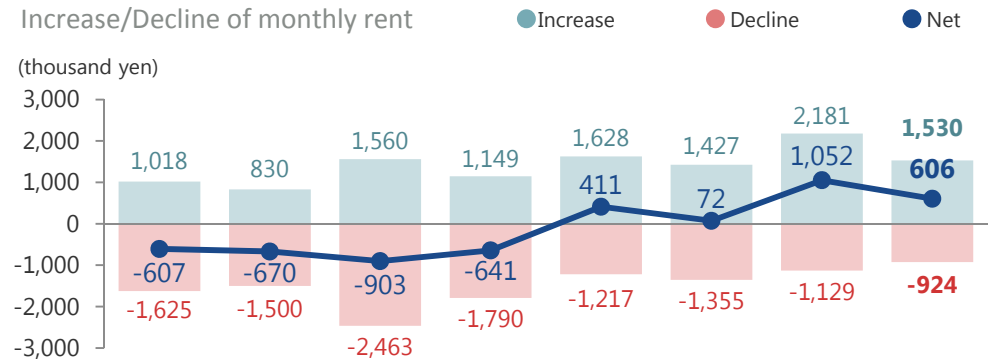
Average Downtime/Turnover Rate⁽¹⁾

Peak season				Off-peak season			
Average downtime				Average downtime			
60 days	67 days	64 days	64 days	81 days	80 days	80 days	69 days
Turnover rate				Turnover rate			
13.7%	13.6%	13.5%	12.6%	10.7%	9.8%	10.2%	10.7%
1H 2014	1H 2015	1H 2016	1H 2017	2H 2014	2H 2015	2H 2016	2H 2017

Rent Increase/Decline (units)



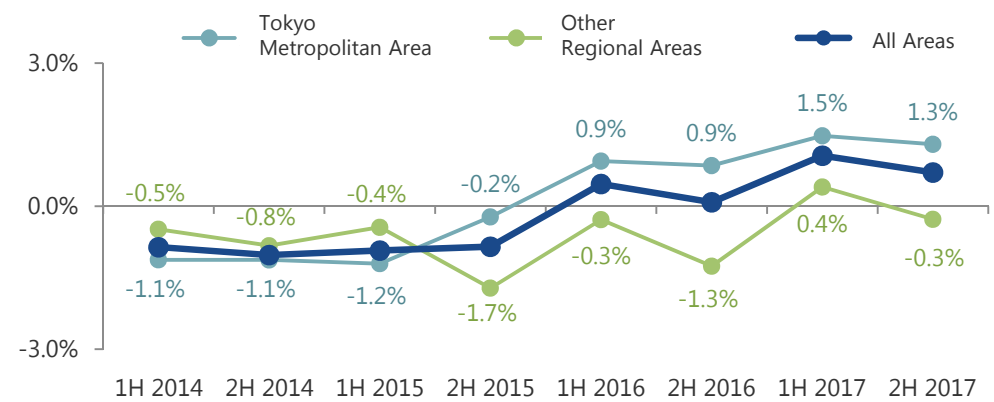
Rent Increase/Decline



Percentage of Increase/Decline of rent of new tenants⁽²⁾

1H 2014	2H 2014	1H 2015	2H 2015	1H 2016	2H 2016	1H 2017	2H 2017
-0.9%	-1.0%	-0.9%	-0.9%	0.5%	0.1%	1.1%	0.7%

Increase/Decline of monthly rent by area



Note 1: "Turnover Rate" = Exiting tenants during the period / Rentable units at the End of Period. These figures are calculated for residential units of pass through contract (excluding contract for whole building).

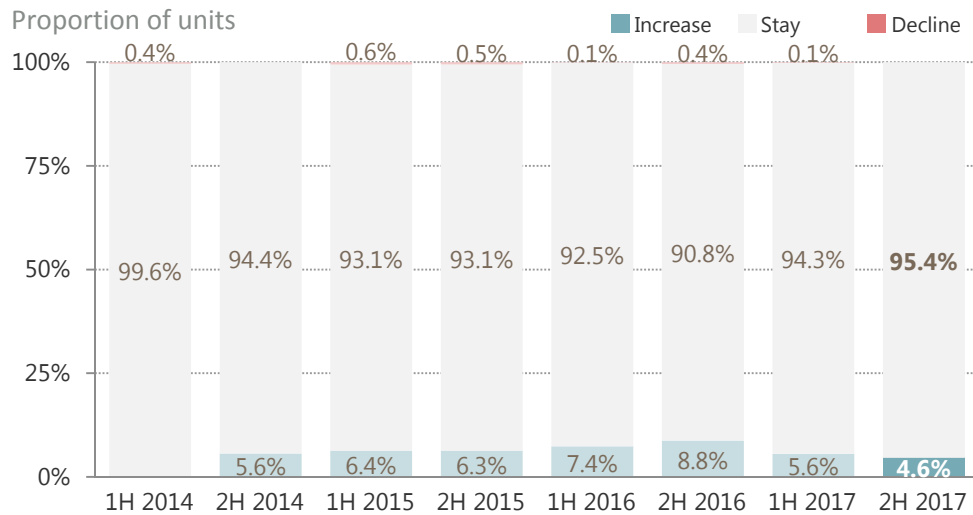
Note 2: "Percentage of Increase/Decline of rent of new tenants" = Total Amount of Increase/Decline of rent of new tenants / Total amount of rent before revisions.

Renewal Tenant Trend

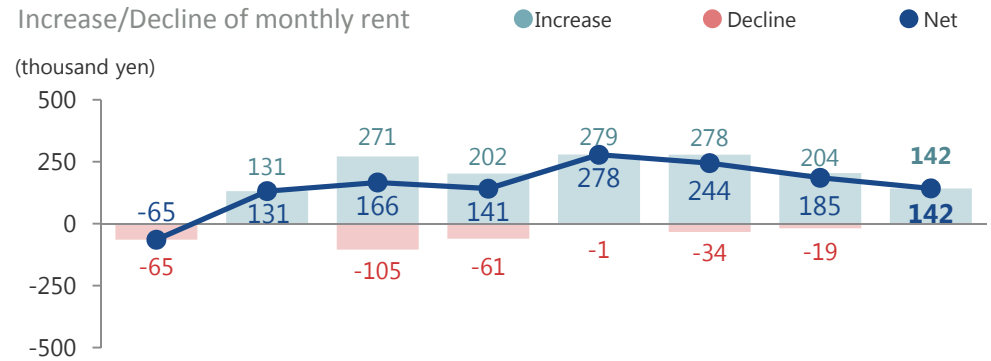
Renewal Rate⁽¹⁾

Peak season				Off-peak season			
Renewal rate				Renewal rate			
89.2%	87.8%	89.3%	88.8%	90.4%	89.5%	89.6%	90.3%
1H 2014	1H 2015	1H 2016	1H 2017	2H 2014	2H 2015	2H 2016	2H 2017

Rent Increase/Decline (units)



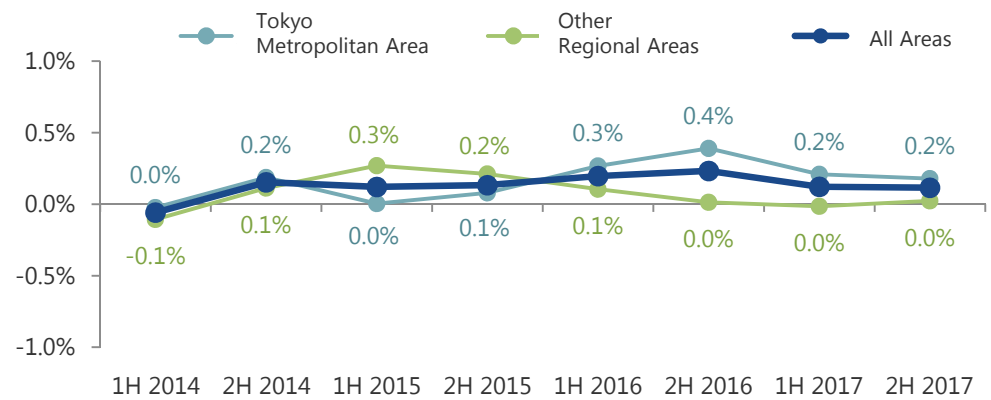
Rent Increase/Decline



Percentage of Increase/Decline of rent of Renewal tenants⁽²⁾

-0.1%	0.2%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%
1H 2014	2H 2014	1H 2015	2H 2015	1H 2016	2H 2016	1H 2017	2H 2017

Increase/Decline of monthly rent by area

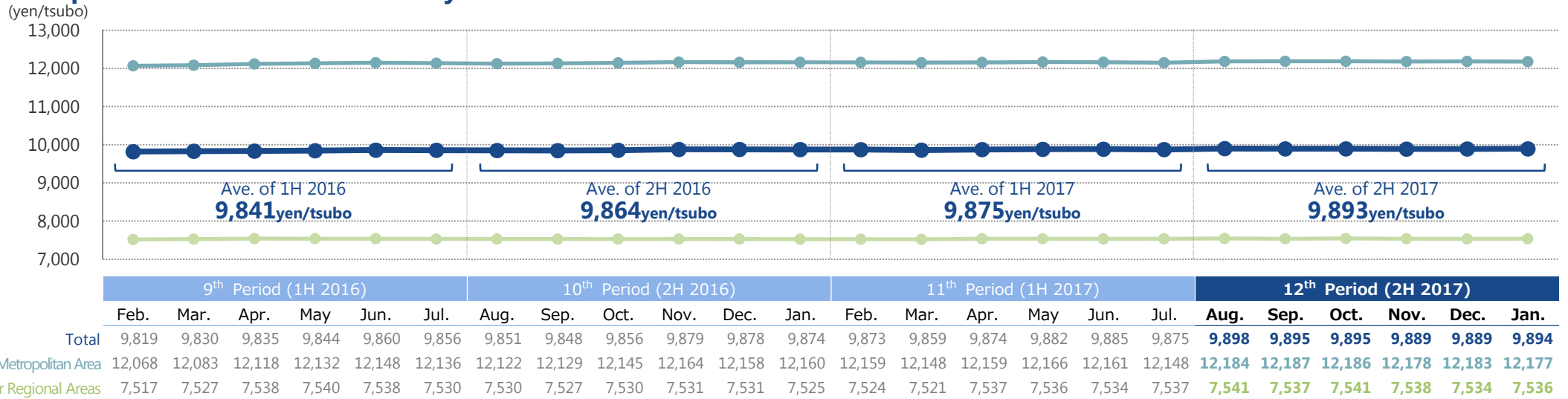


Note 1: "Renewal rate" = Renewal tenants during the period / Ending contracts during the period. These figures are calculated for residential units of pass through contract (excluding contract for whole building).

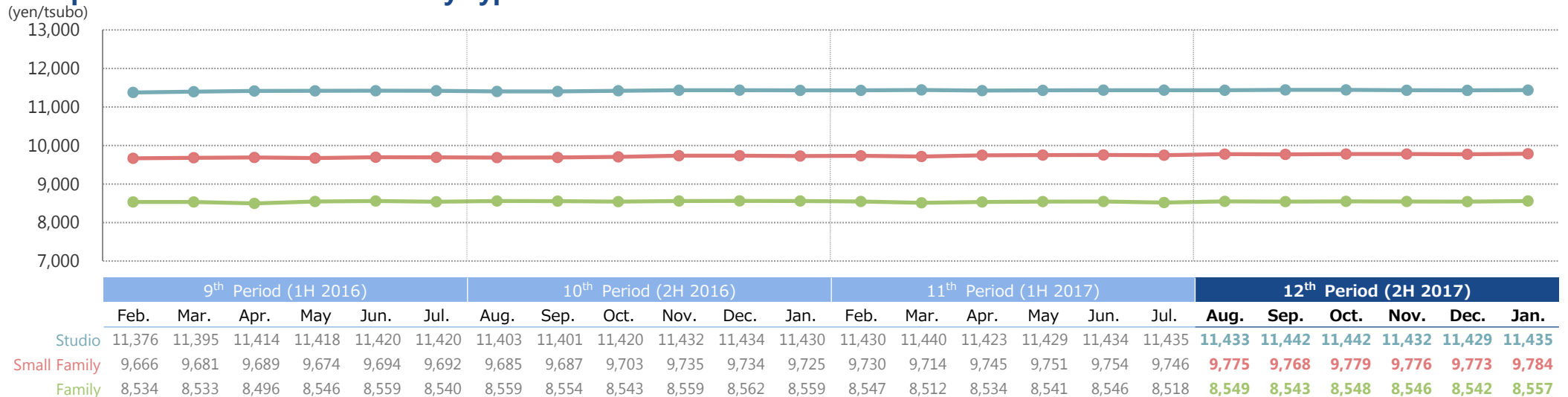
Note 2: "Percentage of Increase/Decline of rent of renewal tenants" = Total Amount of Increase/Decline of rent of renewal tenants / Total amount of rent before revisions.

Rent per Tsubo of Residential Unit

Rent per Tsubo of Residential Unit by Area⁽¹⁾



Rent per Tsubo of Residential Unit by Type⁽¹⁾



Note 1: Rent per Tsubo of Residential Unit by Area and Rent per Tsubo of Residential Unit by Room Type are calculated for residential units of pass through contract (excluding contract for whole building) of 103 properties operated from February 29, 2016 to January 31, 2018. (1 Tsubo = 35.5832 sq. ft.)

Initiatives to Improve the Performance of Properties

Improving Revenue by Switch to the Master Lease Agreement with Pass Through Structure

The contract period of fixed-term lease agreements expired and KDR switched to the master lease agreement with pass through structure in KDX Residence Kagurazaka Dori (Former: Bureau Kagurazaka).

February 2015	Start to operate with ML agreement with fixed rent targeted to switch all rooms for public because there are rooms for public and serviced apartments in the facility			
April 2016	Complete switching all rooms for public			
February 2018	Expired contract period of fixed-term lease agreements and switched to ML agreement with pass through structure			
Increase NOI cap rate by pass through structure	<table border="1"> <tr> <td>4.6% (12th Actual)</td> <td>▶</td> <td>6.1% (13th Forecast)</td> </tr> </table>	4.6% (12 th Actual)	▶	6.1% (13 th Forecast)
4.6% (12 th Actual)	▶	6.1% (13 th Forecast)		

Value-up

Take Value-up around the entrance and change its name to "KDX Residence Kagurazaka Dori"

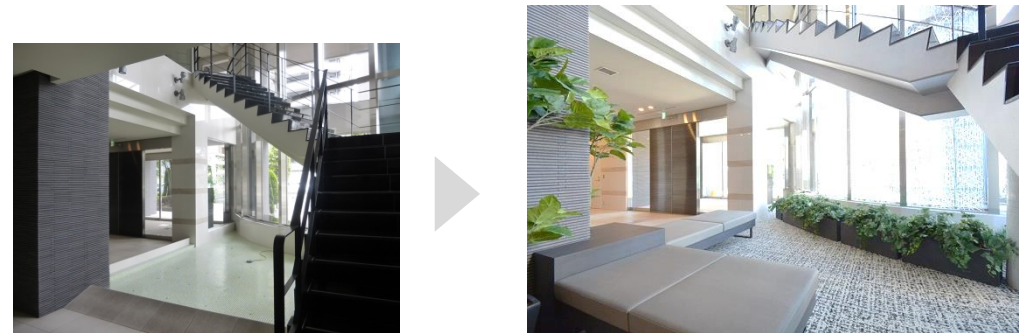


Large Renovations and Value-ups

KDR efforts to maintain and improve property competitiveness through value-ups matched each property's status.

Value-ups in entrance (KDX Residence Togoshi, etc.)

Change non-use water panel in entrance lobby to common space making use of atrium for a better image of the property



Large renovations

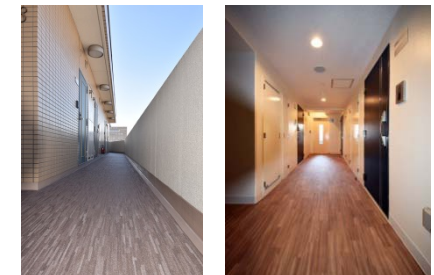
(KDX Residence Nihombashi Hakozaki, Hanzomon and Nishijin)

Waterproofing of rooftop in KDX Residence Nihombashi Hakozaki



Changing long sheet for hallway

(KDX Residence Monzennakacho and Moto-asakusa)



Initiatives for Sustainability

DBJ Green Building Certification⁽¹⁾

Newly acquired certification for KDX Residence Toyosu
5 properties in 114 certificatable properties⁽²⁾ are certified.

KDX Residence Toyosu



January 2018 **New**



DBJ Green Building
2017

Properties with excellent
environmental & social awareness

Properties certificated DBJ Green Building

Ashiya Royal Homes



KDX Residence Hanzomon



KDX Residence Ebisu



KDX Residence Yotsuya



Note 1: "DBJ Green Building Certification" is a system established by Development Bank of Japan in April 2011 to support real estate that meets environmental and social conditions.
Note 2: "114 certificatable properties" are properties operated on January 31, 2018 excluded land.
Note 3: "Annual reduction" is calculated based on the presentation materials from construction company as of exchanging construction.

GRESB Real Estate Assessment

The Investment Corporation participates in GRESB Real Estate Assessment from 2016.



GRESB (Global Real Estate Sustainability Benchmark) is a benchmark to evaluate sustainability performance of private and listed real estate portfolio, etc. from environmental and social perspectives.

Others

LED Lights in Common Areas⁽³⁾

	1H 2015	2H 2015 1H 2016	2H 2016 1H 2017	2H 2017	Total
Property (props)	4	8	14	6	32
Expense (mln yen)	9.3	21.2	22.4	6.3	59.3
Annual reduction (mln yen)	0.9	7.0	7.7	1.6	17.3

Installation of Disaster Prevention Set



107 props

Installation of disaster prevention set to prepare for the time of disasters for tenants

Remote Surveillance of Road Heating



3 props

The installation of remote surveillance systems for road heating at three properties cut the cost of fuel needed to melt snow.

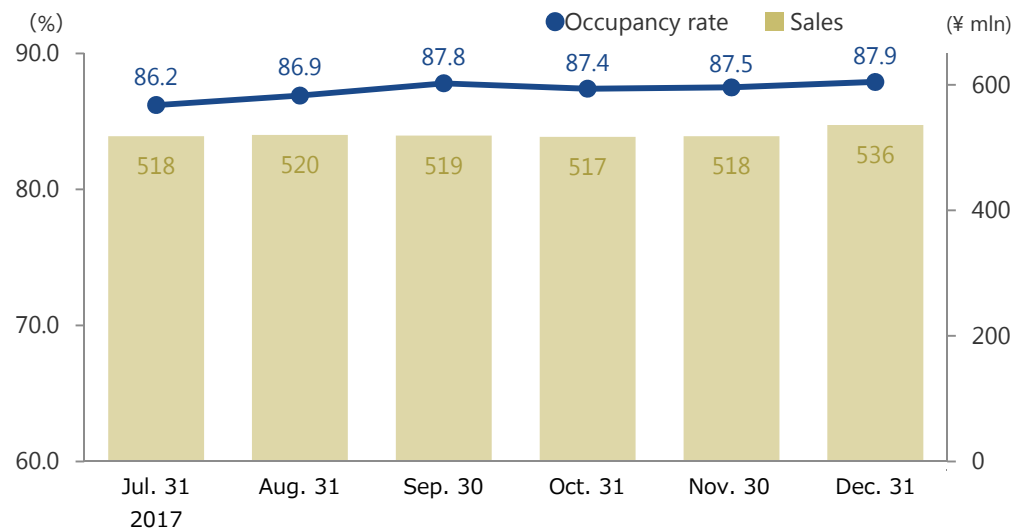
4. Operational Status ~Healthcare Facilities~

Operational Status of Healthcare Facilities

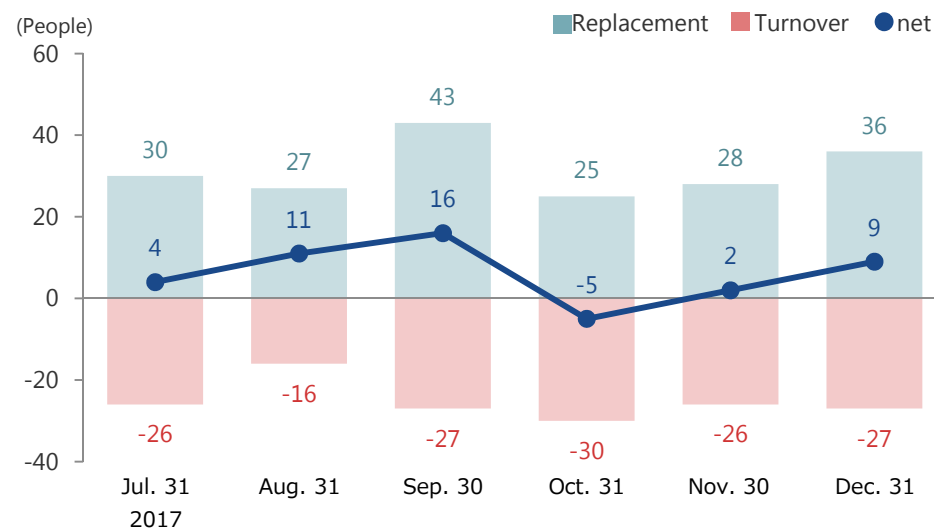
Highlights of Operational Status (from July 2017 to December 2017) ⁽¹⁾

Average of Actual Occupancy Rate ⁽²⁾	Replacement Rate ⁽³⁾	Turnover Rate ⁽³⁾	Average Age ⁽⁴⁾	Average Nursing Care Level ⁽⁴⁾
87.3% (+1.3%)	10.5% (+4.0%)	8.5% (+0.5%)	85.6 yrs (-)	1.7 (-)

Actual Occupancy Rate and Sales ^(1,5)



Status of Replacement and Turnover ⁽¹⁾



Note 1: "Actual Occupancy Rate (based on end-tenants)", "Sales", "Replacement" and "Turnover" are figures based on documents from operators but "Sales" is the total sales of portfolio excluding "Granda Mondo Yakujin".

Note 2: "Average of Actual Occupancy Rate (based on end-tenants)" is average from July 2017 to December 2017 and the figure in brackets is difference the term from January 2017 to June 2017 and the term from July 2017 to December 2017.

Note 3: "Replacement Rate" and "Turnover Rate" are the figures that the total people of "Replacement" or "Turnover" from July 2017 to December 2017 divided by capacity and the figures in brackets is difference the term from January 2017 to June 2017 and the term from July 2017 to December 2017.

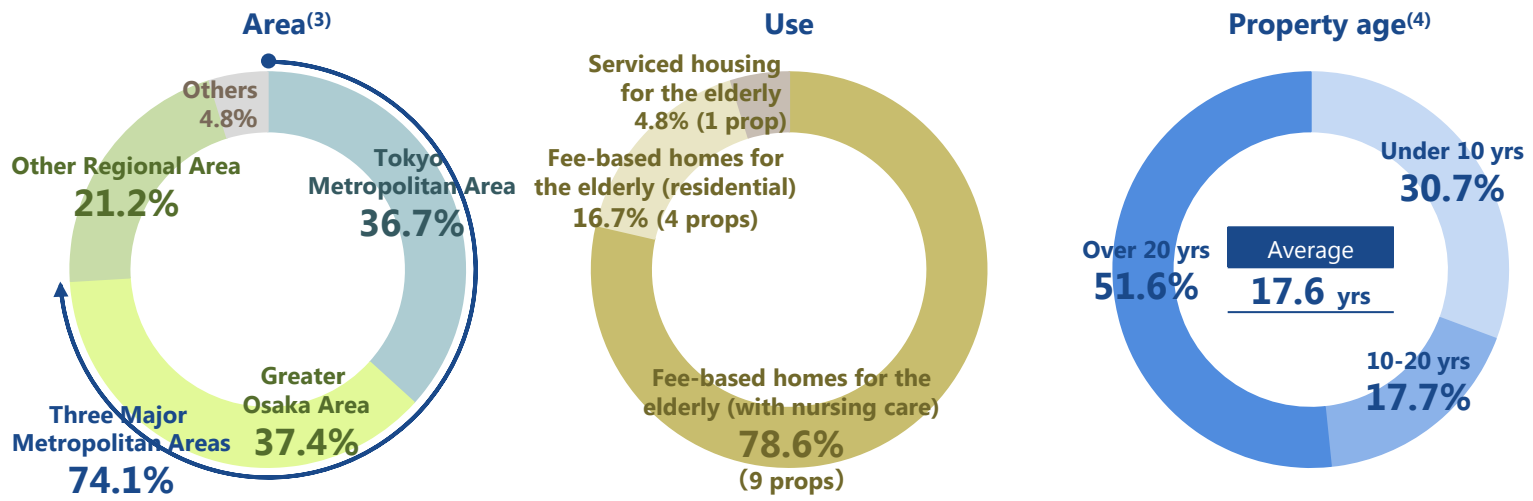
Note 4: "Average Age" and "Average Nursing Care Level" are figures as of December 31, 2017 and the figures in brackets is difference as of June 30, 2017 and as of December 31, 2017. "Average Nursing Care Level" is calculated excluding "Granda Mondo Yakujin".

Note 5: "Actual Occupancy Rate (based on end-tenants)" = Number of residents / number of rooms.

Portfolio Succeeded from JSL

No.	Name	Acquisition Price (¥ mln)	Location	Facility Type	Property Age (yrs)	Rooms (rooms)	Capacity (people)	Leasable Area (m ²)	Actual Occupancy Rate ⁽¹⁾		
									①(Jun. 2017) (%)	②(Dec. 2017) (%)	②-① (%)
H-1	Irise Kamata/Yuseien	1,120	Ota-ku, Tokyo	Fee-based homes for the elderly (with nursing care)	10.7	48	55	2,086.40	93.8	100.0	+6.3
H-2	Nichii Home Nakano Minamidai	1,780	Nakano-ku, Tokyo	Fee-based homes for the elderly (with nursing care)	25.7	83	83	3,339.00	67.5	79.5	+12.0
H-3	Joy Stage Hachioji	3,690	Hachioji-shi, Tokyo	Fee-based homes for the elderly (with nursing care)	22.3	232	263	13,812.27	88.4	90.1	+1.7
H-4	Yuimaru Hijirigaoka	1,120	Tama-shi, Tokyo	Fee-based homes for the elderly (residential)	6.3	70	109	4,385.53	100.0	100.0	-
H-5	Nichii Home Tama Plaza	2,940	Kawasaki-shi, Kanagawa	Fee-based homes for the elderly (with nursing care)	26.0	160	164	8,208.65	75.0	68.1	-6.9
H-6	Ten	2,630	Sapporo-shi, Hokkaido	Fee-based homes for the elderly (with nursing care)	10.5	85	89	6,473.60	89.4	84.7	-4.7
H-7	Irise Nishioka	858	Sapporo-shi, Hokkaido	Fee-based homes for the elderly (residential)	3.8	83	83	3,140.27	86.7	96.4	+9.6
H-8	Alpha Eniwa Sta. Nishiguchi Saikaihatsu Building	1,660	Eniwa-shi, Hokkaido	Fee-based homes for the elderly (residential)	3.1	73	73	5,343.33	76.7	86.3	+9.6
H-9	Sawayaka Sakura Nibankan	989	Akita-shi, Akita	Fee-based homes for the elderly (with nursing care)	6.4	92	92	3,628.51	100.0	100.0	-
H-10	Active Biwa	6,560	Otsu-shi, Shiga	Fee-based homes for the elderly (with nursing care)	30.6	384	445	39,649.84	78.1	79.4	+1.3
H-11	Sompo Care LAVIERE Kobe Tarumi	2,110	Kobe-shi, Hyogo	Fee-based homes for the elderly (with nursing care)	8.0	100	100	4,493.35	88.0	97.0	+9.0
H-12	Granda Mondo Yakujin	1,190	Nishinomiya-shi, Hyogo	Fee-based homes for the elderly (residential)	3.6	62	63	3,287.80	-	-	-
H-13	Excellent Nishinomiya	971	Nishinomiya-shi, Hyogo	Fee-based homes for the elderly (with nursing care)	8.1	67	70	2,685.48	100.0	100.0	-
H-14	Gran Hills Ogawarako	1,380	Kamikita-gun, Aomori	Serviced housing for the elderly	10.9	103	107	4,180.28	100.0	100.0	-
Total/Average		28,998			17.6	1,642	1,796	104,714.31	86.0	87.9	+1.9

Portfolio Breakdown (March 1, 2018)⁽²⁾



Note 1: "Actual Occupancy Rate (based on end-tenants)" = Number of residents / number of rooms. "Actual Occupancy Rate" is based on documents from operators but that of "Granda Mondo Yakujin" isn't disclosed because KDR isn't admitted to disclose from the operator. If "Actual Occupancy Rate" is over 100.0% by calculation, it is written as 100.0%.

Note 2: "Portfolio Breakdown" describes the ratio by acquisition price at March 1, 2018. Acquisition price is the price of succeeding price by KDR and is appraisal value as of March 1, 2018.

Note 3: "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba. "Greater Osaka Area" includes Osaka, Kyoto, Nara, Hyogo and Shiga. "Three Major metropolitan Areas" include "Tokyo Metropolitan Area", "Greater Osaka Area" and "Greater Nagoya Area." "Other Regional Areas" include g other regional cities excluding "Three Major metropolitan Areas".

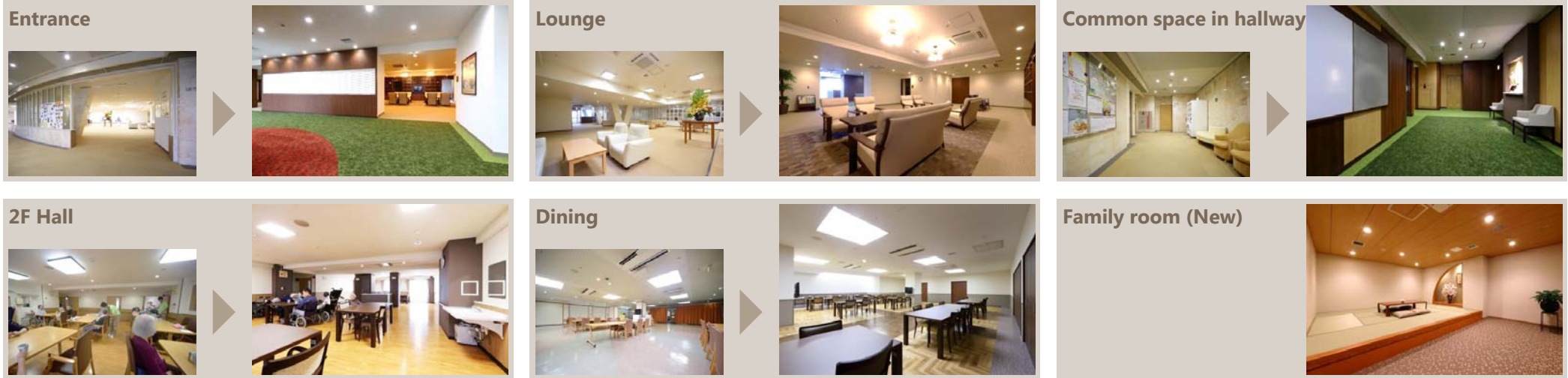
Note 4: "Property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to March 1, 2018.

Initiatives to Improve the Performance of Properties

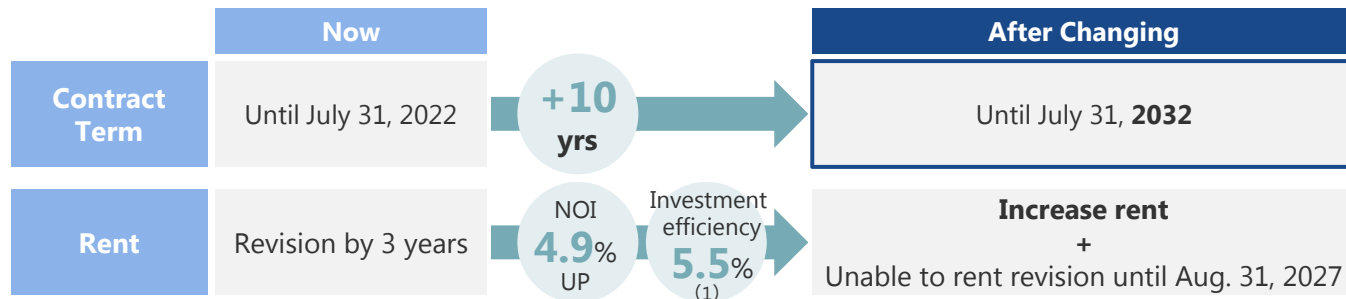
Value-ups

Value-up renovation for strengthen competitiveness of the facilities
 Agreement to length the contract term and increase in rent with the operator

Value-up renovation in common area (Nichii Home Tama Plaza)



Revision of Contract Conditions with Value-up Renovation

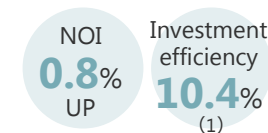


Note 1: "Investment efficiency" = Increase price of annual cash flow / costs of value-ups

Renovation in Car park (Irise Nishioka)

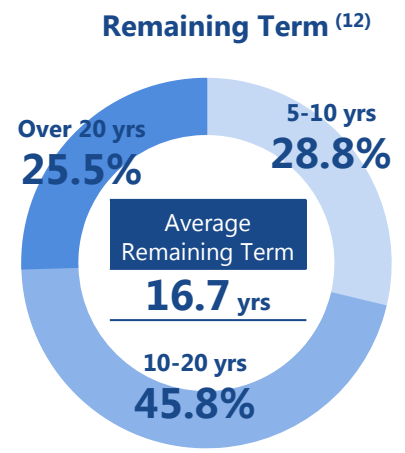
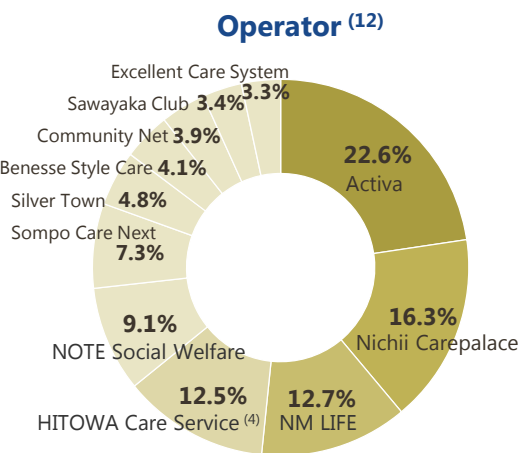
Expansion car park by development part of land for improvement of convenience in the facility

Agreement to increase rent with the operator

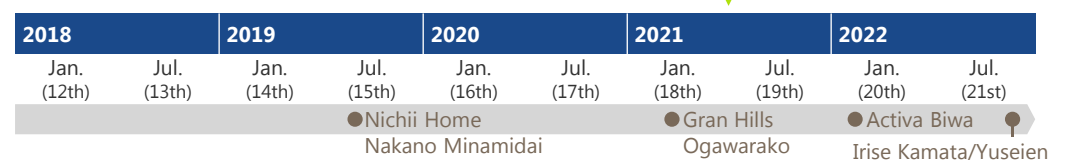


Status of Lease Agreements

No.	Name	Operator ^(1,2)	Facility Type	Effective Date of Agreements	End of Prohibited Cancellation	Termination Date of Agreements	Remaining Term ⁽³⁾ (yrs)	Revision Period	Date of Next Revision
H-1	Irise Kamata/Yuseien	HITOWA Care Service Co., Ltd. ⁽⁴⁾	Nursing Care	2012/7/1	-	2042/6/30	24.3	Each 5 years	2022/7/1
H-2	Nichii Home Nakano Minamidai	Nichii Carepalace Company	Nursing Care	2007/4/1	2027/3/31	2027/3/31	9.1	Each 3 years	2019/4/1
H-3	Joy Stage Hachioji	NM LIFE Co., Ltd.	Nursing Care	2014/7/31	2026/1/31	2036/1/31	17.9	Not allowed ⁽⁵⁾	-
H-4	Yuimaru Hijirigaoka	Community Net Inc.	Residential	2014/12/17	2022/12/16	2064/12/16	46.8	Not allowed ⁽⁶⁾	-
H-5	Nichii Home Tama Plaza	Nichii Carepalace Company	Nursing Care	2002/8/1	2027/8/31	2032/7/31	14.4	Not allowed ⁽⁷⁾	2027/9/1
H-6	Ten	NOTE Social Welfare Corporation	Nursing Care	2007/9/15	2023/2/26	2038/2/26	20.0	Not allowed ⁽⁶⁾	-
H-7	Irise Nishioka	HITOWA Care Service Co., Ltd. ⁽⁴⁾	Residential	2014/6/1	2027/3/31	2044/5/31	26.3	Not allowed ⁽⁵⁾	-
H-8	Alpha Eniwa Sta. Nishiguchi Saikaihatsu Building	HITOWA Care Service Co., Ltd. ⁽⁴⁾	Residential	2015/3/15	2023/3/31	2045/3/31	27.1	Not allowed ⁽⁵⁾	-
H-9	Sawayaka Sakura Nibankan	Sawayaka Club Co., Ltd.	Nursing Care	2013/3/27	2023/3/27	2033/3/27	15.1	Not allowed ⁽⁵⁾	-
H-10	Active Biwa	Activa Co., Ltd.	Nursing Care	2007/8/31	2017/8/31	2027/8/30	9.5	Each 3 years	2021/8/31 ^(注11)
H-11	Sompo Care LAVIERE Kobe Tarumi	Sompo Care Next Inc.	Nursing Care	2010/5/13	2028/5/31	2030/5/31	12.3	Not allowed ⁽⁹⁾	-
H-12	Granda Mondo Yakujin	Benesse Style Care Co., Ltd.	Residential	2014/7/31	2037/7/30	2037/7/30	19.4	Not allowed ⁽⁹⁾	-
H-13	Excellent Nishinomiya	Excellent Care System Co., Ltd.	Nursing Care	2014/10/8	2022/10/7	2034/10/7	16.6	Not allowed ⁽⁶⁾	-
H-14	Gran Hills Ogawarako	Silver Town Ltd.	Serviced	2007/4/27	2024/5/31	2029/10/31	11.7	Each 3 years ⁽¹⁰⁾	2020/11/12
Average							16.7		



Revision Period

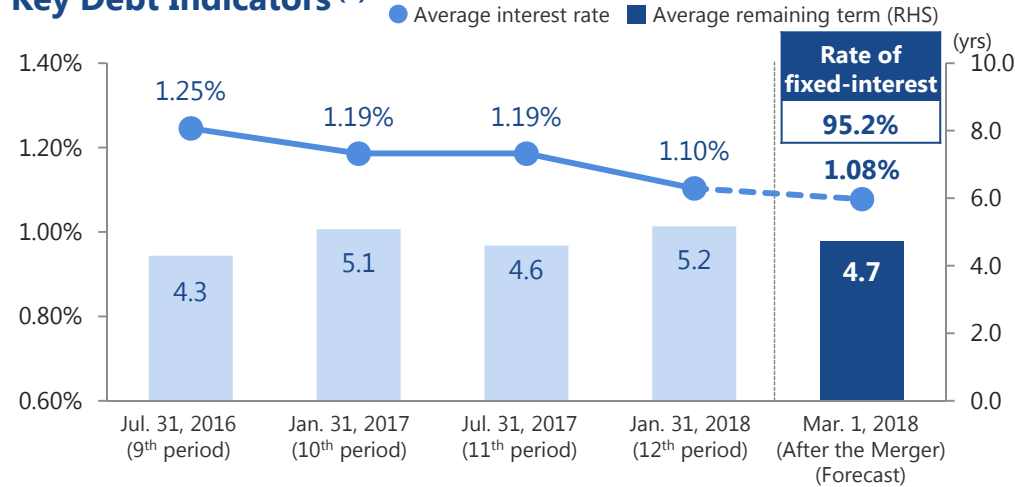


Note 1: In the case there are multiple tenants in each facility, status is referred based on lease agreements with operators which are main tenants.
 Note 2: Types of lease agreements are all ordinary lease agreements excluding "Gran Hills Ogawarako". The type of lease agreement of "Gran Hills Ogawarako" is a fixed-term lease agreement.
 Note 3: "Remaining Term" is calculated from March 1, 2018 to the termination date of agreements with operators.

Note 4: Company name was changed to HITOWA Care Service Co., Ltd as of November 1, 2017.
 Note 5: As a rule, no revision is allowed in term of agreements. Discussion is allowed about increase in rent by inflation and rising interest rates.
 Note 6: As a rule, no revision is allowed in term of agreements. Discussion is allowed by each three years in the case conditions are highly unreasonable because of the changes of economic climate but if the discussion is failed, tenants are needed to pay current rent.
 Note 7: As a rule, no revision is allowed by August 31, 2027.
 Note 8: Contents of lease agreements about "Irise Eniwa" occupying from 4F to 6F of "Alpha Eniwa Sta. Nishiguchi Saikaihatsu Building".
 Note 9: As a rule, no revision is allowed in term of agreements. Discussion is allowed in the case conditions are highly unreasonable because of the changes of economic climate.
 Note 10: Requests of rent reduction aren't allowed except the case that the facility has defects or is unable to be used.
 Note 11: KDR has agreed it with Activa Co., Ltd. that it won't request rent reduction and the revised rent will be at the same or higher than current one on the date of rent revision, August 31, 2018 in the contraction of changing lease agreement on April 1, 2017.
 Note 12: "Operator" and "Remaining Term" are the ratios of the acquisition price on March 1, 2018.

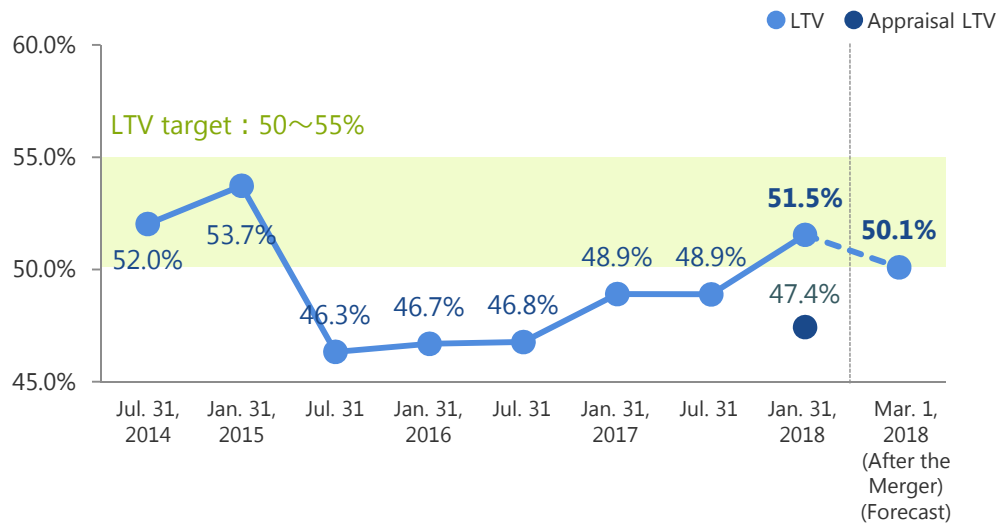
5. Finance

Key Debt Indicators (1)

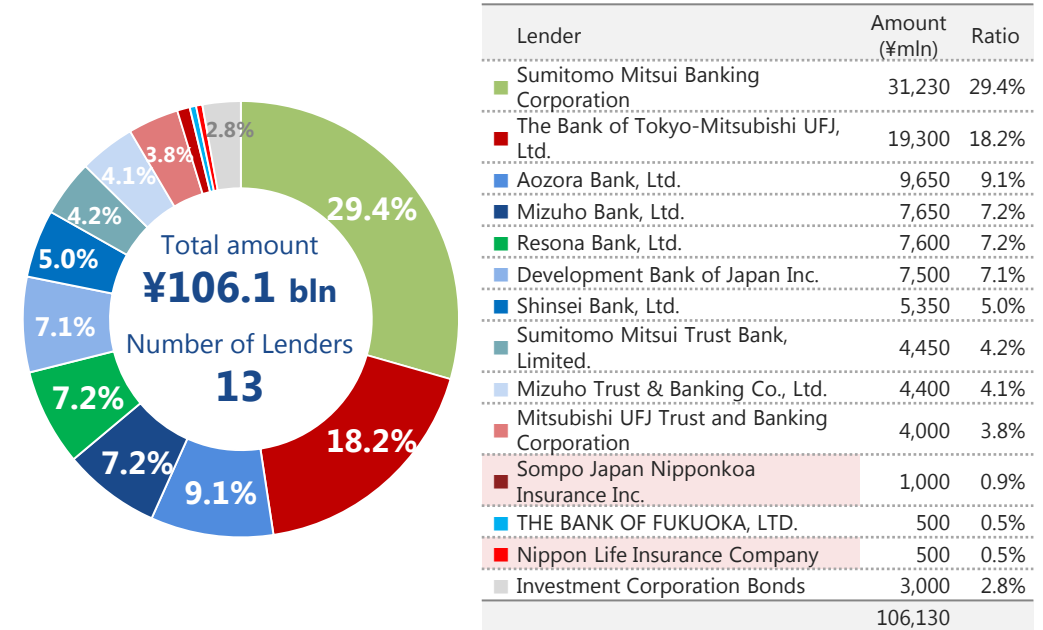


Debt Indicators of Existing Loans from JSL (¥15 bln)	
Average Interest Rate (2)	0.92%
Average Remaining Term	2.4 yrs

LTV (based on total assets)(3)



Status of Interest-bearing Liabilities (as of March 1, 2018)



Credit Rating

A+

(Japan Credit Rating Agency, Ltd. (JCR))

Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period and March 1, 2018 that took into consideration up-front fee (per year) and the effect of the interest rate swap. "Average remaining term" calculated by weighted average remaining term of interest-bearing liabilities at the end of the period and March 1, 2018. "Rate of fixed-interest" calculated the percentage of fixed interest rate loans of total amount of loans at the end of the period. The floating loans which are substantially fixed with interest rate swap are included in the fixed-rate.

Note 2: "Average interest rate" of existing loan from JSL calculated by weighted average interest that took into consideration up-front fee (per year) and the effect of the interest rate swap as of January 31, 2018.

Note 3: "LTV" = Interest-bearing Liabilities / Total Assets. "Appraisal LTV" = Interest-bearing Liabilities / Total Appraisal Value. "LTV" as of end of March 1, 2018 is current forecasts.

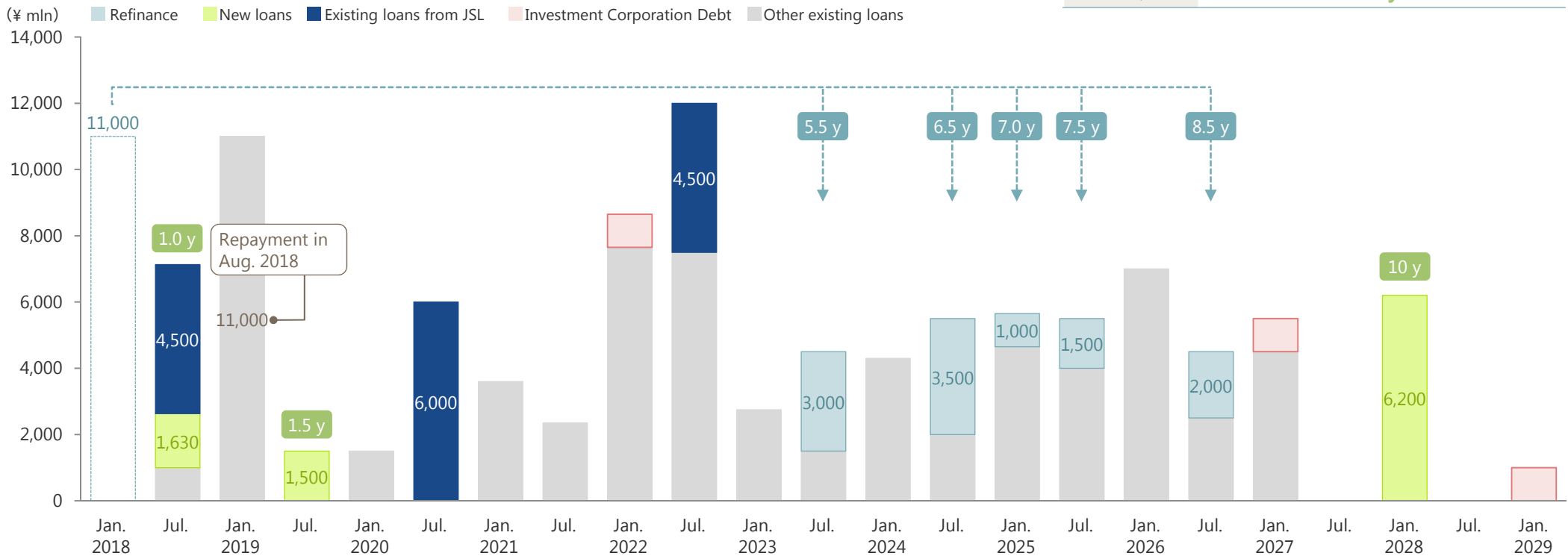
Repayment Terms

Latest New Loans and Refinance (12th)

Classification	Amount	Term	Interest rate ⁽¹⁾
New (Short)	¥1.6 bln	1.0 yr	0.46%
Refinance	¥11.0 bln	6.8 yrs	0.79%
New (Long)	¥7.7 bln	8.3 yrs	0.96%

Initial Loan Condition of Interest-bearing Debt Repayment Date from Now on

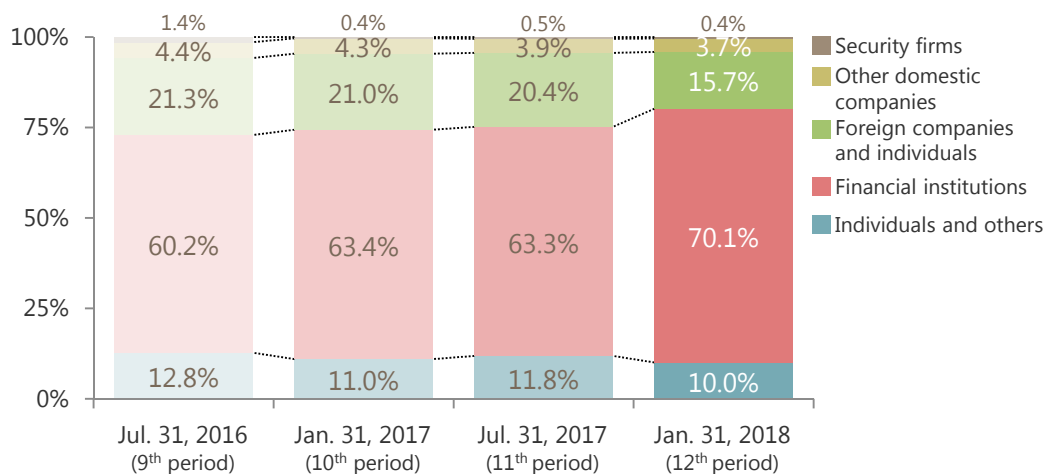
Repayment	Amount	Term	Interest rate ⁽¹⁾
Jul. 31, 2018	¥7.1 bln	2.0 yrs	0.51%
Jan. 31, 2019	¥11.0 bln	5.1 yrs	1.36%
Jul. 31, 2019	¥1.5 bln	1.5 yrs	0.48%
Jan. 31, 2020	¥1.5 bln	5.0 yrs	0.89%
Jul. 31, 2020	¥6.0 bln	5.0 yrs	0.88%



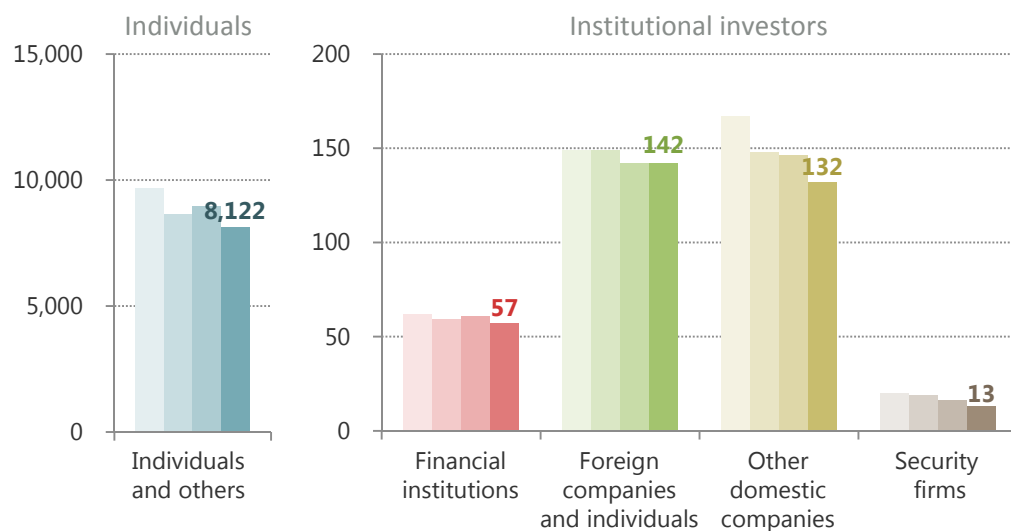
Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period that took into consideration up-front fee (per year) and the effect of the interest rate swap.

Unitholders

Composition of Unitholders (based on number of units)



Number of Unitholders (last 4 fiscal periods)



Major Unitholders (as of January 31, 2018)

	Name	Units	Ratio ⁽¹⁾	Period on Period
1	Japan Trustee Services Bank, Ltd. (Trust Acct.)	108,149	31.0%	-1.0%
2	The Master Trust Bank of Japan Ltd. (Trust Acct.)	65,555	18.8%	10.4%
3	NOMURA BANK (LUXEMBOURG) S.A.	15,211	4.4%	-3.5%
4	Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	14,959	4.3%	-3.5%
5	The Nomura Trust Banking Co., Ltd. (Trust Acct.)	12,885	3.7%	-0.3%
6	Mizuho Trust & Banking Co., Ltd.	8,616	2.5%	0.1%
7	Kenedix, Inc.	7,310	2.1%	-
8	Mitsubishi UFJ Trust and Banking Corporation	7,281	2.1%	0.4%
9	STATE STREET BANK AND TRUST COMPANY 505012	6,046	1.7%	0.1%
10	The Gunma Bank, Ltd.	5,877	1.7%	-
	Total	251,889	72.1%	3.0%

Note 1: Ratio means the percentage for total units owned to total units issued. (Rounded down to the nearest three decimal places)

Division of Investment Units and Unitholders' Equity after the Merger

	as of January 31, 2018 (12 th Period)	as of March 2018 (after Division of Investment Units and the Merger)
Unitholders equity		
Unitholders capital	80,132 million yen	80,132 million yen
Retained earnings	-	13,187 million yen
Total number of investment units authorized	5,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	349,089 units	782,928 units

Appendices

The Properties Acquired

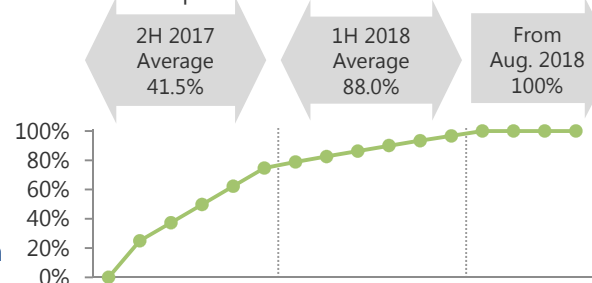
KDX Residence Toyosu

Primary location selection criteria: Convenience
Property type: Studio



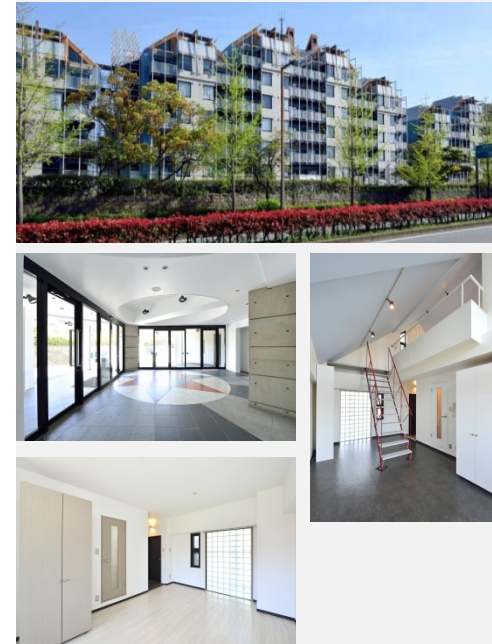
Location	Koto ward, Tokyo
Rentable Units	242 units
Acquisition price	¥7,500 million
Appraisal value ⁽¹⁾	¥7,640 million
Appraisal NOI cap rate ⁽¹⁾	4.4%
Occupancy Rate (as of Jan. 2018)	100.0%
Property age	0.6 yrs
Access	8 minutes' walk from Toyosu Station

Agreement of residential part
Lease agreements for 10 years by fixed rent is executed. Step-up rent guarantee for a year from acquisition is set as follows.



KDX Residence Nishijin

Primary location selection criteria: Jigurai
Property type: Small family



Location	Fukuoka-shi, Fukuoka
Rentable Units	128 units
Acquisition price	¥1,600 million
Appraisal value ⁽¹⁾	¥1,670 million
Appraisal NOI cap rate ⁽¹⁾	5.6%
Occupancy Rate (As of Jan. 2018)	88.6%
Property age	21.8 yrs
Access	8 minutes' walk from Nishijin Station

Note 1: "Appraisal value" is described the appraisal value as of Jan. 31, 2018. "Appraisal NOI cap rate" = NOI described in Appraisal Report / Acquisition Price

The Properties Operated by Bridge Funds 1/2

KDX Residence Shukugawa Hills

Primary location selection criteria
Property type

- Jigurai
- Family



Shukugawa area, where the property is located, is known as prestigious residential area in Kansai region. The property is located in a quiet residential area adjacent to Kurakuen which is one of seven prestigious residential areas called Nishinomiya Nanaen.

The surrounding area of the property is rich in green and has a good environment for living. A supermarket is next to the property and there are some fashionable grocery stores, shops and restaurants, which are harmonized with the luxury residential area, for that reason, the location is good for life convenience. Due to favorable living environments as a residential area, stable rental demand from families of which householder commutes to Osaka or Kobe is expected, and especially companies' strong needs for corporate housing for intra corporate transferees is also expected.

Location	Nishinomiya-shi, Hyogo	Property age ⁽¹⁾	19.4 yrs
Occupancy rate (as of Jan. 2018)	91.6%	Appraisal value ⁽²⁾	¥7,300 million
Access	10 minutes' walk from Kurakuen Station		

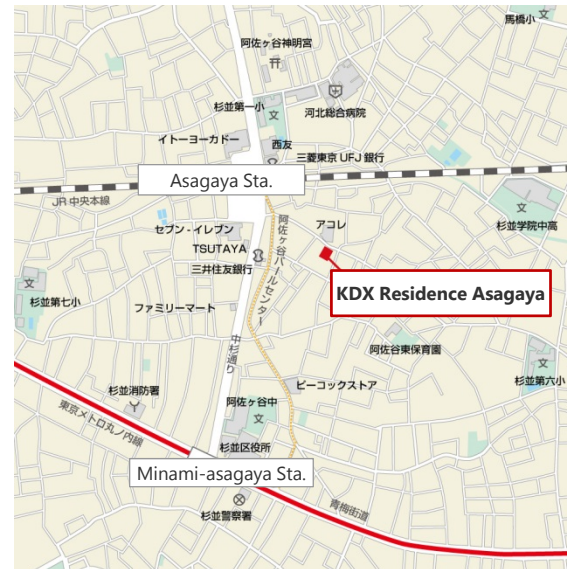
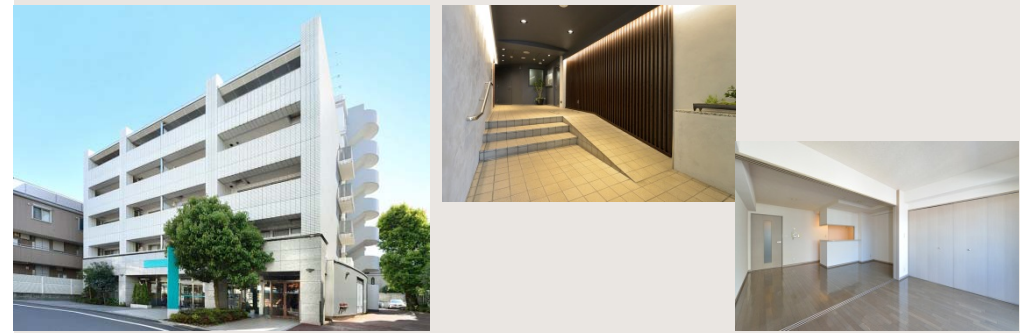
Note 1: "Property age" is calculated from completion dates to January 31, 2018.

Note 2: "Appraisal Value" is described the appraisal value as of June 30, 2017 for KDX Residence Shukugawa Hills, as of July 1, 2017 for KDX Residence Asagaya.

KDX Residence Asagaya

Primary location selection criteria
Property type

- Convenience
- Small family



The property is located in rare area nearby the station on JR Chuo Line where is famous as a residential area. In addition to the accessibility to main terminal stations without transfer, the access to the subway network is good and the property has high traffic convenience.

Furthermore, the property is superior in terms of living convenience because the commercial accumulation is high such as "Asagaya Pearl Center" which is popular shopping street. Due to the bustle and living comfort, the property has a high appeal as rental housing and stable rental demand from single households and couple households in a wide age range is expected.

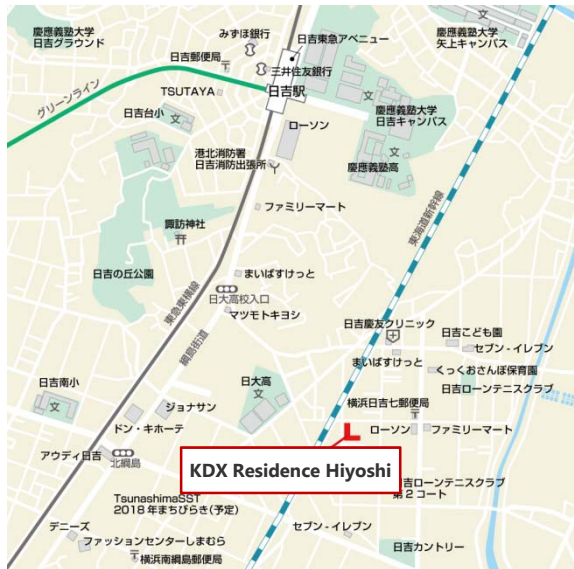
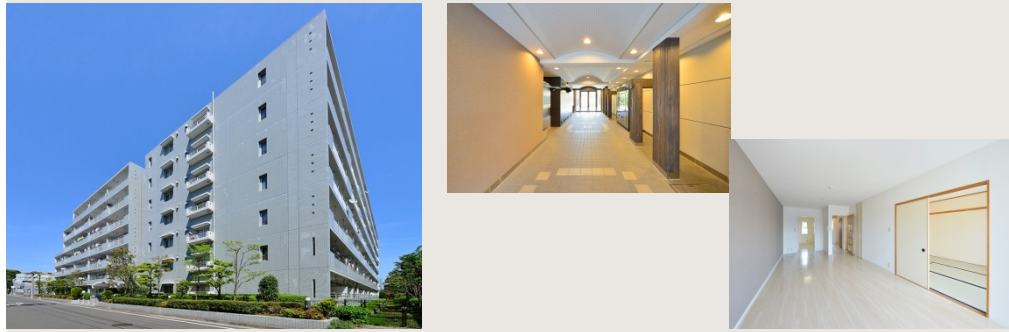
Location	Suginami-ku, Tokyo	Property age ⁽¹⁾	17.9 yrs
Occupancy rate (as of Jan. 2018)	100.0%	Appraisal value ⁽²⁾	¥2,080 million
Access	3 minutes' walk from Asagaya Station		

The Properties Operated by Bridge Funds 2/2

KDX Residence Hiyoshi

Primary location selection criteria
Property type

- Jigurai
- Family



The area started urbanization earlier in the inland area of Yokohama with opening of the current JR Yokohama Line in 1908 and the current Tokyu Toyoko Line in 1926, quiet residential area and one of the distinguished lands in Yokohama.

In the surrounding area, there are 5 redevelopment projects including the next-generation urban smart city "Tsunashima Sustainable SmartTown" which industry, government and academia will jointly develop for town opening in 2018.

Due to traffic convenience, stable rental demand from couple households and family households commuting to the center of Tokyo or Yokohama is expected.

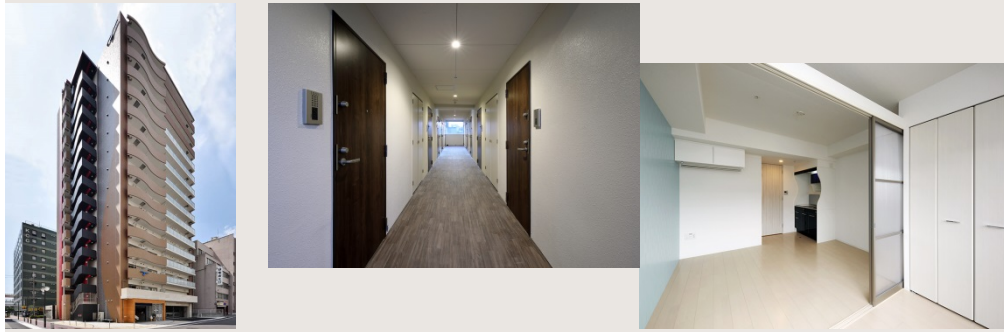
Location	Yoyohama-shi, Kanagawa	Property age ⁽¹⁾	21.3 yrs
Occupancy rate (as of Jan. 2018)	91.7%	Appraisal value ⁽²⁾	¥ 2,560 million
Access	8 minutes' walk from Hiyoshi Station		

Note 1: "Property age" is calculated from completion to January 31, 2018.
Note 2: "Appraisal Value" is described the appraisal value as of July 1, 2017.

Serenite Kobe Motomachi

Primary location selection criteria
Property type

- Jigurai
- Studio



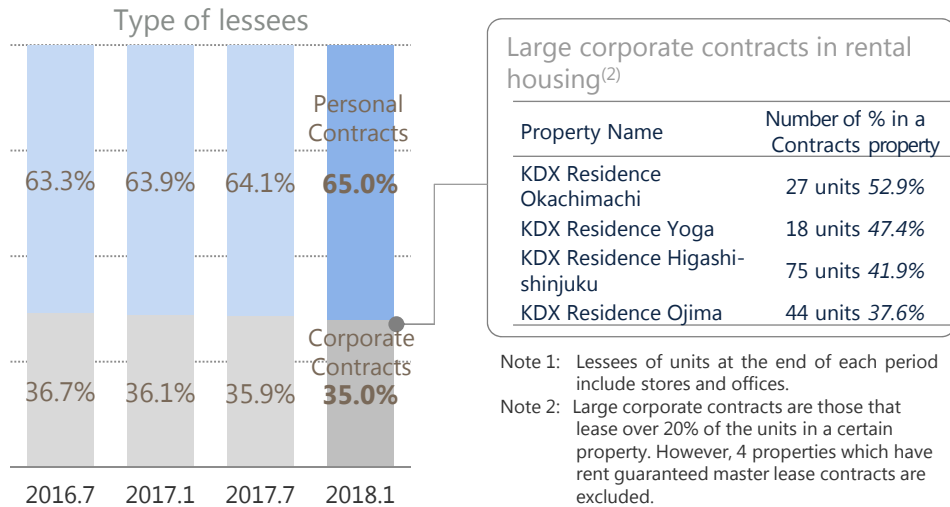
Kobe Motomachi area, which has developed corresponding to the prosperity of "Kobe harbor" opened 150 years ago and has rows of many historic buildings keeping the remnants of the Kobe foreign settlements, is surrounded by the sea and the mountains and one of the distinguished lands in Kobe with living comfort.

"Nanjing Town" which is one of the Japan's three major Chinatowns, "Meriken Park" and "Kobe Harbor Land" are within walking distance. Due to living comfort and environment, stable rental demand from single households commuting to the center of Osaka or Kobe as well as workers around the nearest station is expected.

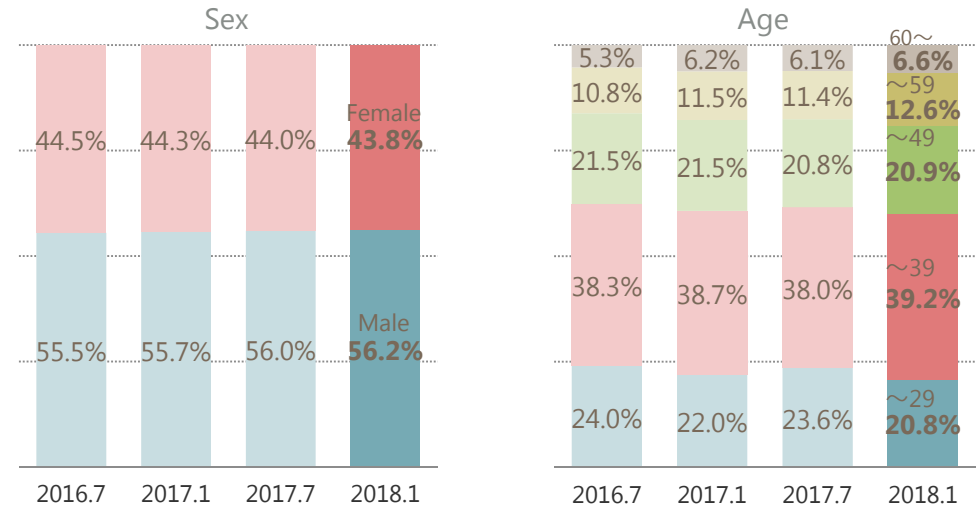
Location	Kobe-shi, Hyogo	Property age ⁽¹⁾	0.9 yrs
Occupancy rate (as of Jan. 2018)	99.2%	Appraisal value ⁽²⁾	¥ 2,540 million
Access	5 minutes' walk from Motomachi Station		

Tenant Demographics Analysis

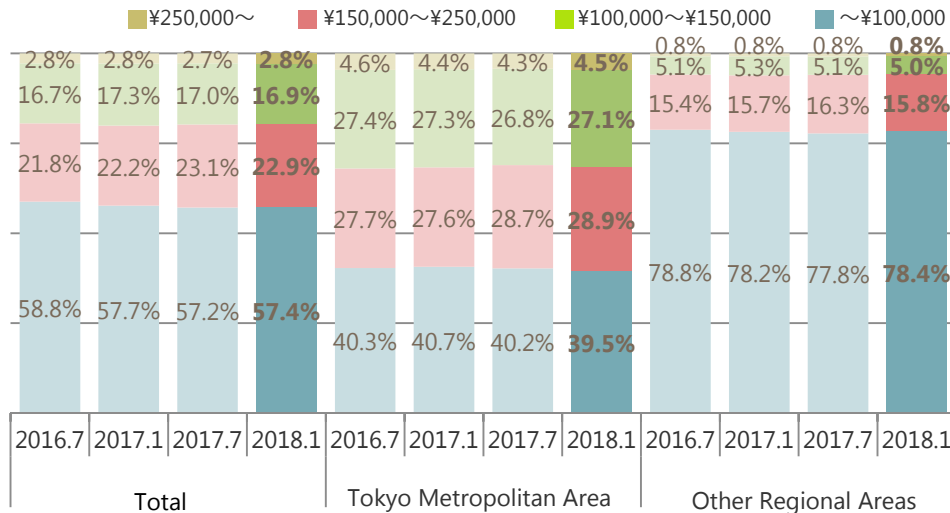
Type of Lessees⁽¹⁾



Breakdown of Personal Contracts



Breakdown of Rent Range (based on unit)



Average Rent per Residential Unit⁽¹⁾ (as of January 31, 2018)

Room Type \ Area	Tokyo Metropolitan Area	Other Regional Areas	Total
Studio	¥93,967 (+312)	¥69,182 (▲136)	¥85,279 (+118)
Small Family	¥164,512 (+564)	¥85,727 (▲1,306)	¥120,108 (▲1,736)
Family	¥215,596 (+1,325)	¥164,905 (+185)	¥191,363 (+1,031)
Total	¥134,209 (+1,086)	¥90,943 (▲902)	¥114,290 (▲224)

Note1: "()" Shows the amount of increase or decrease compared to the previous period.

Sub-MLIT Standard Toyo Tire & Rubber Seismic Isolation Materials

Failure of Toyo Tire & Rubber Seismic Isolation Materials to Meet the Certification Requirements and Subsequent Actions

March 13, 2015 (Fri)	March 16 (Mon)	April 21 (Tue)	April 25 (Sat), 26 (Sun)	April 30 (Thu)	September 30 (Wed)
<p>Toyo Tire announced that its seismic isolation materials do not comply with certification requirements of the Ministry of Land, Infrastructure, Transport and Tourism of Japan (MLIT).</p> <p>Start of examination to determine if any portfolio buildings use these materials.</p>	<p>One portfolio building uses Toyo Tire seismic isolation materials, but Toyo Tire stated that these materials complied with the certification requirements.</p>	<p>Toyo Tire announced a new incident involving seismic isolation material fraud.</p> <p>Toyo Tire notified KDR that the seismic isolation materials in the portfolio building are included in this newly disclosed incident.</p>	<p>KDR visited each tenant in the building to explain the situation.</p>	<p>The MLIT and Toyo Tire measured the seismic isolation properties of the affected KDR owned building and concluded that the building is structurally sound up to a seismic intensity of 6-upper to 7.</p>	<p>KDR, KFM and a trust bank who is the trustee of the building signed a Compensation Agreement with Toyo Tire and Toyo Chemical Industrial Products.</p>

Signing of a Compensation Agreement

KDR, the Asset Management Company and a trust bank who is the trustee of the building signed a Compensation Agreement with Toyo Tire & Rubber Co., and Toyo Chemical Industrial Products regarding compensation for damages due to the use of certain seismic isolation laminated rubber that did not meet the certification criteria in the building. For the time being, an understanding has been reached concerning compensation for damages. However, the contents of the Agreement will not be disclosed because problems may occur during in the implementation of compensation payments.

Replacement of the Substandard Seismic Isolation Laminated Rubber

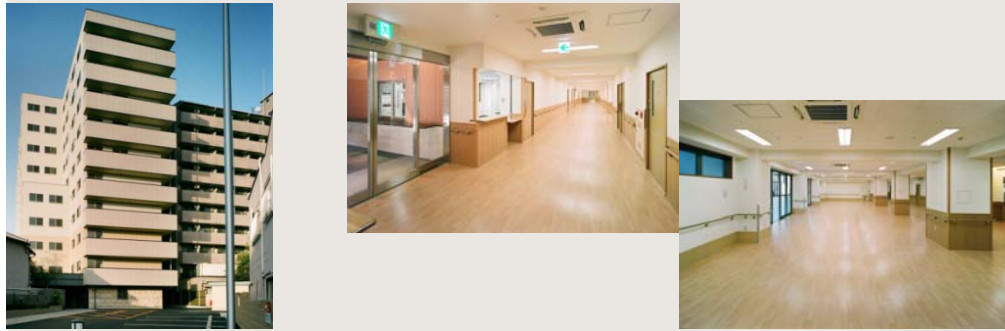
KDR will continue to hold discussions regarding construction related to the replacement of the substandard seismic isolation laminated rubber and plans to ask Toyo Tire and Toyo Chemical Industrial Products to take all actions required for a satisfactory conclusion of this problem.

Toyo tire has resumed the production of the seismic isolation laminated rubber from August 2016. We are holding discussions regarding the replacement, etc. with Toyo Tire continuously.

The Properties Operated by Bridge Funds (JSL) 1/3

Anesis Teradacho

Type **Intermediate Nursing Homes**
Fee-Based Homes for the Elderly (with nursing care)



The property is a large-scale intermediate nursing home with a fee-based home for the elderly (with nursing care). There are small homes and shops around the property. The area is highly convenient because there are shops, etc. and since it is next to National Route 25, which runs along the side of the property. The intermediate nursing home targets people in need of nursing care and has 150 beds (10 private rooms and 35 rooms with capacity for multiple people) on floors 1 through 5. The area of a private room is about 14m² and a room with capacity for multiple people is about 32m². The fee-based home for the elderly (with nursing care) has 100 private rooms on floors 6 through 10 and the area of a private room is about 18m².

Location	Osaka-shi, Osaka	Property age ⁽¹⁾	7.3 yrs
Operator	KouyuKai Medical Corporation	Appraisal value ⁽²⁾	¥3,630 million

Rococo-riha

Type **Intermediate Nursing Homes**



The property is a large-scale intermediate nursing home with a day rehabilitation facility (care prevention). The area is a traditional quiet residential area composed of many detached homes and apartments.

The intermediate nursing home targets people in need of nursing care and has 100 beds (32 private rooms and 20 rooms with capacity for multiple people). The area of a private room is about 14m² and a room with capacity for multiple people is about 23m²-36m².

Location	Toyonaka-shi, Osaka	Property age ⁽¹⁾	6.8 yrs
Operator	KouyuKai Medical Corporation	Appraisal value ⁽²⁾	¥2,180 million

Note 1: "Property age" is calculated from completion dates to January 31, 2018.
 Note 2: "Appraisal value" is described the appraisal value as of March 1, 2018.

The Properties Operated by Bridge Funds (JSL) 2/3

Orage Suma

Type **Intermediate Nursing Homes**
Serviced Housing for the Elderly



The property provides serviced housing for the elderly and is a large-scale intermediate nursing home with a daytime rehabilitation facility (care prevention) located on high ground in Suma new town. The property is located in a residential area with rich greenery and detached homes next to Rokko Mountains, providing a high level of comfort.

The intermediate nursing home targets people in need of nursing care and has 100 private rooms, each with an area of a private about 14m². The serviced housing for the elderly can also be used by independent people and has 35 private rooms with areas of about 18m²-32m².

Location	Kobe, Hyogo	Property age ⁽¹⁾	7.4 yrs
Operator	KouyuKai Medical Corporation	Appraisal value ⁽²⁾	¥2,820 million

Canadian Hill

Type **Intermediate Nursing Homes**



The property, a large-scale intermediate nursing home with a daytime rehabilitation facility, is named after the Canadian Academy, an international school located in the same spot. The area is a residential area with apartments and detached homes and comfortable to live in. It is located at the foot of the Rokko Mountains and provides a view of Osaka Bay from the roof.

The intermediate nursing home targets people in need of nursing care and has 115 beds (15 private rooms and 25 rooms with capacity for four people). The area of a private room is about 11m² and a room with capacity for four people is about 34m².

Location	Kobe-shi, Hyogo	Property age ⁽¹⁾	16.0 yrs
Operator	KouyuKai Medical Corporation	Appraisal value ⁽²⁾	¥1,890 million

Note 1: "Property age" is calculated from completion dates to January 31, 2018.
 Note 2: "Appraisal value" is described the appraisal value as of March 1, 2018.

The Properties Operated by Bridge Funds (JSL) 3/3

Anesis Hyogo

Type **Intermediate Nursing Homes**



The property is a large-scale intermediate nursing home with a daytime rehabilitation facility. The surrounding area is a downtown mix of housing, shops, factories, etc., but there are also residential developments such as apartments and detached houses as well as roads and parks in line with the Hamayama land readjustment project.

The intermediate nursing home targets people in need of nursing care and has 100 beds (44 private rooms and 14 rooms with capacity for four people). The area of a private room is about 11m² and a room with capacity for four people is about 35m².

Location	Kobe-shi, Hyogo	Property age ⁽¹⁾	12.4 yrs
Operator	KouyuKai Healthcare Corporation	Appraisal value ⁽²⁾	¥ 1,420 million

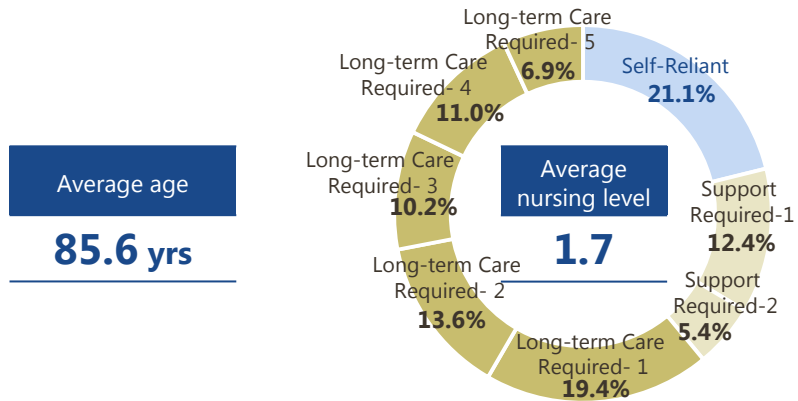
Note 1: "Property age" is calculated from completion dates to January 31, 2018.
 Note 2: "Appraisal value" is described the appraisal value as of March 1, 2018.

Classification of Senior Living Facilities

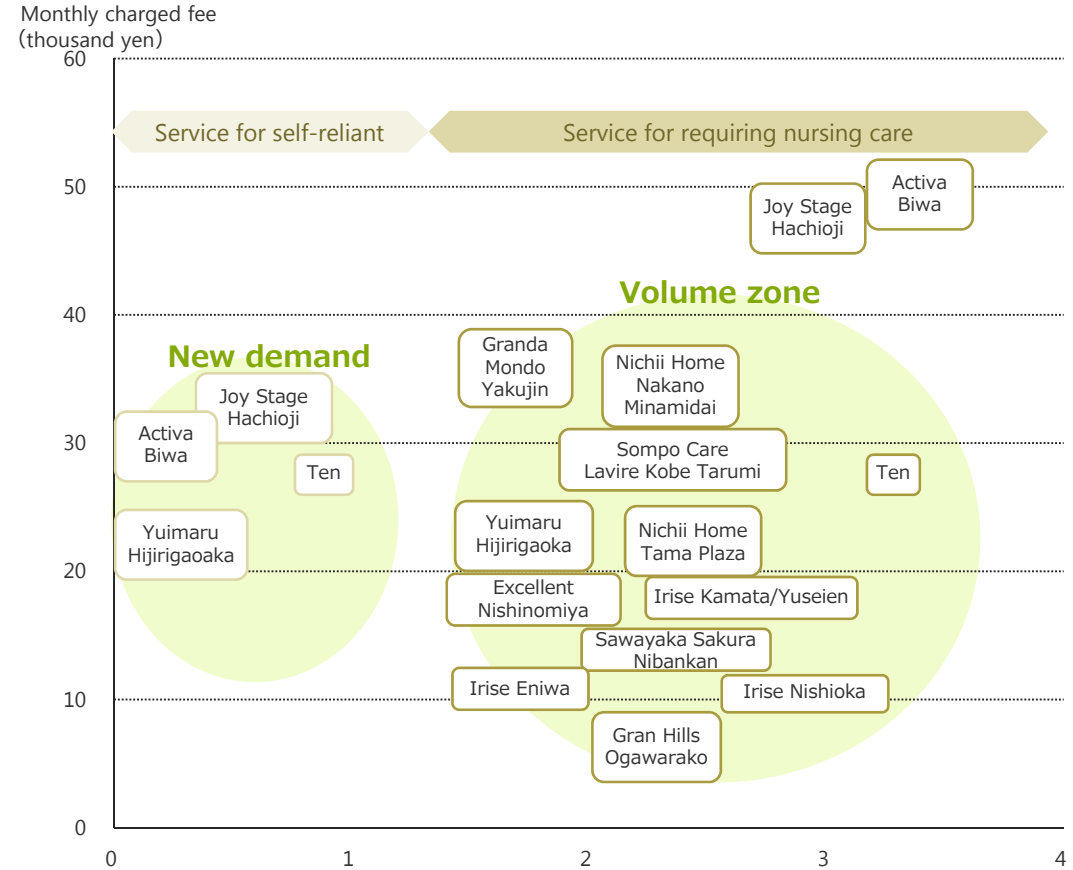
Classification of Senior Living Facilities by Type (1)

	For persons living on their own (self-reliant)		For persons requiring nursing care	
	Mid-price range	High price range	Mid-price range	High price range
Market demand	◎ (Potential demand)	△ (Price)	◎ (Volume zone)	○ (Price)
Monthly housing charge	¥0.1~0.3 million	¥0.3 million ~	¥0.1~0.3 million	¥0.3 million ~
Unit size	25~50m ²	50~100m ²	15~25m ²	18~25m ²
Room amenities	Washroom, bathroom, air conditioner, etc			
	bathroom, kitchen, etc.			
Shared amenities	Dining room, kitchen, lounge, etc.			
	public bathroom, Leisure facilities, etc.		bathroom (for individual, public bath room and mechanical bathroom), helper station, health management room, rehabilitation room, etc.	

Status of End-tenants (3)



Average Required Level of Nursing and Monthly Paid Fee by Facilities (2)



Note 1: The above chart shows, in a simplified manner, the general features of market demand, monthly housing charge, unit size, room amenities and shared amenities assumed by KDR to pertain to the mentioned types of senior living facilities. The monthly housing charge is calculated as follows: "the amount of lump sum received, if any, divided by the No. of months of the amortization period defined by the tenant agreement" + "the monthly usage charge (including meal charges)."

Note 2: This diagram is a simplified analysis of attributes of senior living facilities in the portfolio. The averages of both service for self-reliant and service for requiring nursing care are calculated for Joy Stage Hachioji, Yuimaru Hijirigaoka, Ten, and Active Biwa.

Note 3: The "Nursing level" represents the ratios, by support/Long-term Care level, of residents against the total no. of residents. The "Average nursing level" represents the "Total of (A x B)'s" divided by C: A="No. of residents by nursing level defined by the disclosure statement"; B="0" for self-reliant, "0.375" for Support Required-1, "1" for Support Required-1, or "1-5" respectively for Long-term Care Required-1 to Long-term Care Required-5; and C="Total no. of residents." The data are based on the disclosure statement or the operator's submitted materials. (excluding Granda Mondo Yakujin)

Overview of Operators




























Operator	Facilities Operated ⁽¹⁾	No. of rooms (capacity; Person) ⁽¹⁾	Overview	Facilities name owned by KDR
Benesse Style Care Co., Ltd.	313	17,599	Operates fee-based homes for the elderly mainly primarily in the Tokyo area and the Kansai area under brands such as Aria, Granny & Granda, Bonsejour, Kurara, Madoka, and Kokochi	•Granda Mondo Yakujin
Sompo Care Next Inc.	117	8,910	Based on its philosophy of “homes are solely for the happiness of tenants,” operates over 100 fee-based homes for the elderly primarily in the Tokyo area, and also in the Kansai, Chubu, and Chugoku regions, under brands such as SOMPO Care Lavire. In addition to the institutional care business (fee-based homes for the elderly), also operates a day-care nursing business, in-home caregiving business, in-home nursing business, and in-home caregiving support business	•Sompo Care Lavire Kobe Tarumi
HITOWA Care Service Co., Ltd. ⁽³⁾ (Old: Hasegawa Care Service Co., Ltd.)	137	7,907	A wholly-owned subsidiary of HITOWA Holdings that, under the philosophy of “generating new value to support living with family and providing inspiration and satisfaction,” engages in the comfortable lifestyle services business, nursing services business, welfare services business, human resource services business, and food services business, amongst others. Operates fee-based homes for the elderly as well as day-care nursing and in-home caregiving services mainly in the Tokyo area under brands such as Irise	•Irise Kamata/Yuseien •Irise Nishioka •Alpha Eniwa Sta. Nishiguchi Saikaihatsu Building
Nichii Carepalace Company	78	5,099	A wholly-owned subsidiary of NICHIIIGAKKAN engaged in the medical, nursing, healthcare, and education businesses. The NICHIIIGAKKAN group operates fee-based homes for the elderly under the Nichii Home and Nichii no Kirameki brands and serviced senior housing and the like under the Iris Garden brand throughout Japan	•Nichii Home Nakano Minamidai •Nichii Home Tama Plaza
Sawayaka Club Co., Ltd.	74	4,408	Founded in December 2004. Under the philosophy of “setting our customers first out of love and preserving their dignity,” engages mainly in the business of operating assisted-living fee-based homes for the elderly. Currently operates an institutional care business (fee-based homes for the elderly) in addition to a day-care nursing business and an in-home caregiving business from Hokkaido to Oita Prefecture and primarily in Fukuoka Prefecture	•Sawayaka Sakura Nibankan
Activa Co., Ltd.	14	1,912	Activa Co., Ltd. operates Activa Biwa as a wholly-owned subsidiary of Resorttrust	•Activa Biwa
NOTE Social Welfare Corporation	43	1,728	Established in May 1983 with the goal of being a local company that supports people in living independently and with dignity and under the philosophy of “providing everyone with the happiness of living an ordinary life.” Takes on the “NOTE regional comprehensive care” structure with, at its core, special elderly nursing homes supporting people of middle to advanced age	•Ten
Excellent Care System T Co., Ltd.	39	1,470	Under three key caregiving principles of “customer interaction, meals, and keeping customers entertained on a daily basis,” operates a comprehensive caregiving business that includes an institutional care business (fee-based homes for the elderly), day-care nursing business, in-home caregiving business, and in-home nursing business in Hyogo Prefecture, Tokushima Prefecture, Kyoto, Tokyo, Kanagawa Prefecture, Aichi Prefecture, and Osaka	•Excellent Nishinomiya
Community Net Inc.	10	1,070	Aims to resolve various issues facing Japan, such as the aging population, depopulation, and the abandoned home problem. Currently engages in business focused primarily on self-reliant elderly housing under the Yuimaru brand in order to achieve “communities where everyone, from children to the elderly, can live together in harmony” throughout Japan	•Yuimaru Hijirigaoka
NM LIFE Co., Ltd.	1	263	Under its “New Make Life” philosophy, provides services with the aim of allowing residents to enjoy active lifestyles. Established on October 5, 1995 through a 50-50 joint venture between a major trading company and a second-tier construction firm, and currently a wholly-owned subsidiary of Iriscare, a company engaged in the operation of medical and care facilities as well as consulting	•Joy Stage Hachioji
Silver Town Ltd.	3	188	Group company of Iriscare, which is engaged in the operation of medical and care facilities as well as consulting. Characterized in that it works with a medical company in the same group to take in a wide-range of users, including those who are highly dependent on medical services	•Gran Hills Ogawarako

Note1: The figures for “facilities operated” and “no. of room (capacity)” are as of Dec.31,2017.(The figure for Benesse Style Care Co., Ltd. is as of Jan 31, 2018) and Activa Co., Ltd. is included the figure for facilities operated by Resorttrust Inc.

Note2: The above information describes the information acquired KDR as it is, it is merely reference information, and the information may be incomplete or inaccurate.

Note3: Hasegawa Care Service Co., Ltd. changed its company name to HITOWA Care Service Co., Ltd. on Nov. 1, 2017.

Support System by Sponsor and Support Companies

		Support for:  Residential facilities			 Healthcare facilities	 Accommodation		
		External growth support			Internal growth support		Finance support	Personnel support or provision of expertise
		Information provision (1)	Development (2)	Warehousing	Renovations, maintenance	Backup operator (3)	Financing means for bridge funds, etc. provided	
Sponsor								
Support Companies								
								
								
								
								 (Note 4)

Note 1: "Information provision" means support to provide, to KDR or KFM under certain conditions, information on sales of third parties' real properties, etc. that Sponsor or individual Support Companies obtain on their own or information on sales of real properties that Sponsor, individual Support Companies or their group companies, etc. possess (with respect to Shinsei Bank and Mitsubishi UFJ Trust and Banking Corporation among other Support Companies, only information on sales of third parties' real properties, etc. that they obtain on their own).

Note 2: "Development" means support to provide cooperation to the extent practically reasonable and under practically reasonable conditions when KDR requests support for new development of investable assets or redevelopment of real properties, etc. that KDR possesses or considers to acquire.

Note 3: "Backup operator" means support to consider to be backup operators for existing operators who are managing facilities which are located on real properties, etc. that KDR possesses or considers to acquire when KDR requests.

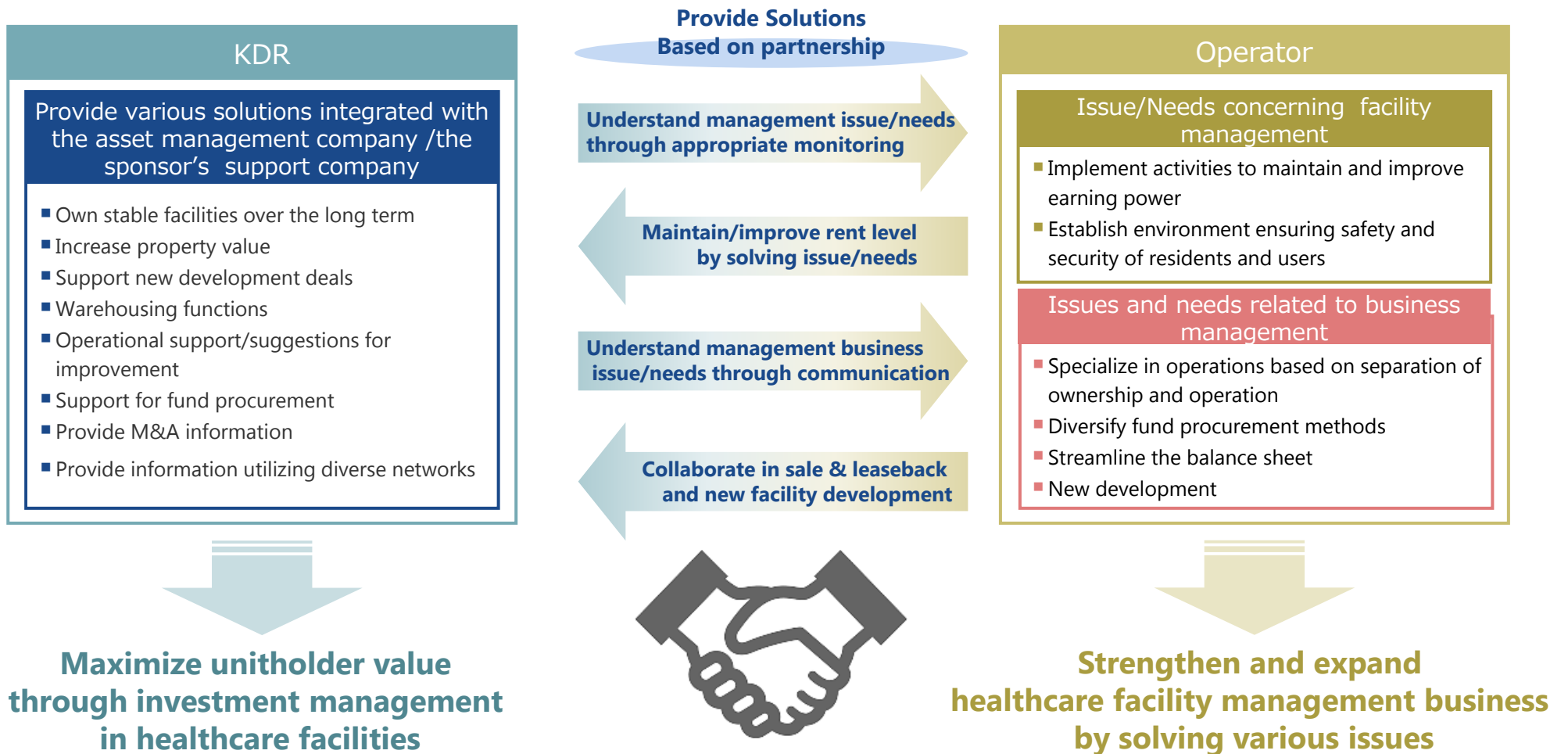
Note 4: This is limited to the provision of expertise, and personnel support is not included.

Note 5: The chart above shows a summary of support set forth in each support agreement executed by and among Sponsor, each of the Support Companies and KDR/KFM or agreeing succession resulting from the merger. Neither the Sponsor nor the individual Support Companies are necessarily contractually obligated to provide the support above, and Sponsor and the individual Support Companies have not guaranteed or promised to provide the support above.

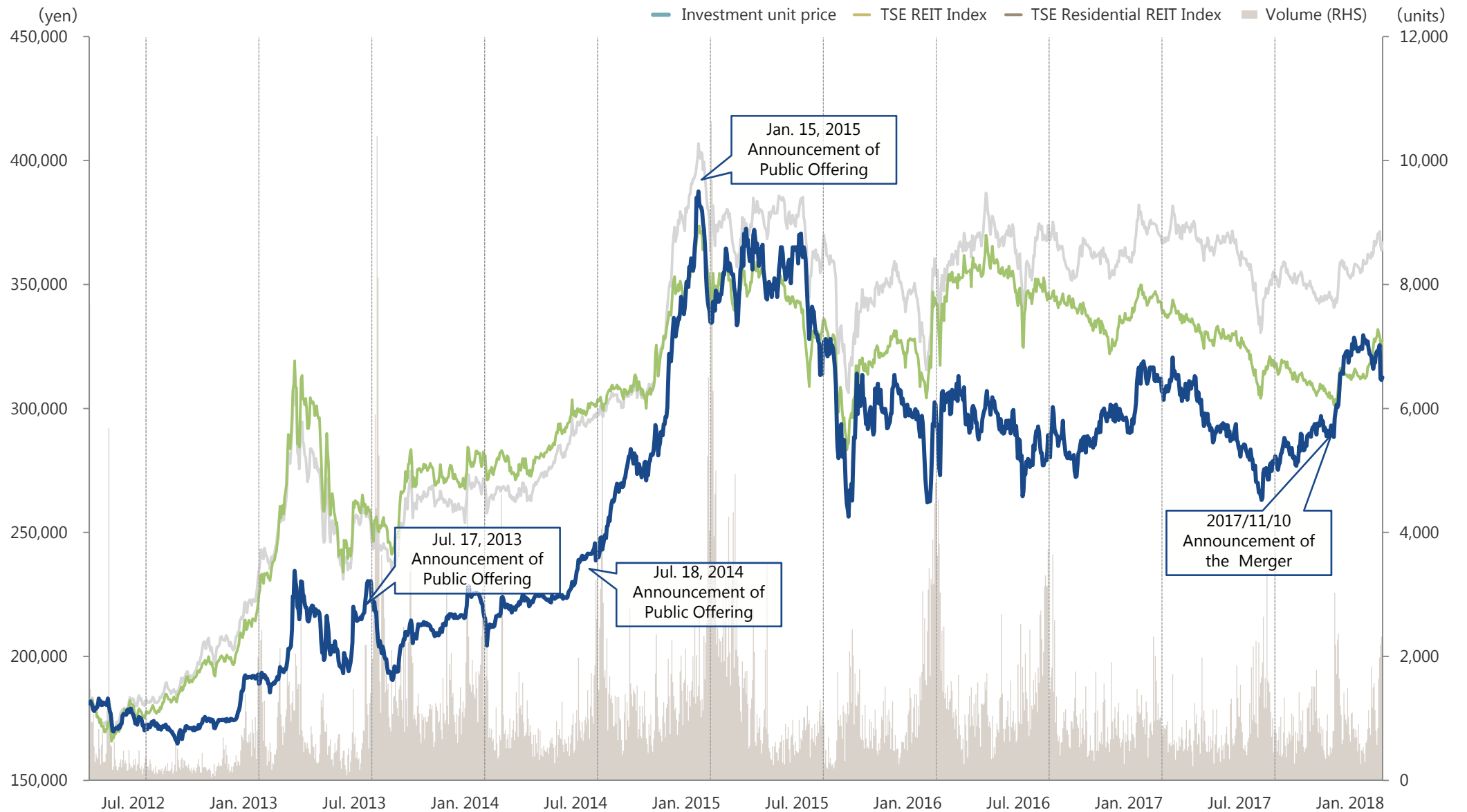
Succession of Investment and Operation Strategy (ORE Strategy) about Healthcare Facilities

ORE (Operator Real Estate) strategy

The ORE strategy promotes mutual understanding between the asset management company and operators of operators' management philosophies as well as status of business operations and facility operation and KDR's investment philosophy and management policies, establishment of a relationship of trust wherein landlords and tenants are treated as **business partners**, and KDR, the asset management company, the sponsor, and support companies acting in unison to provide optimal solutions, thereby aiming to grow together



Investment Unit Price

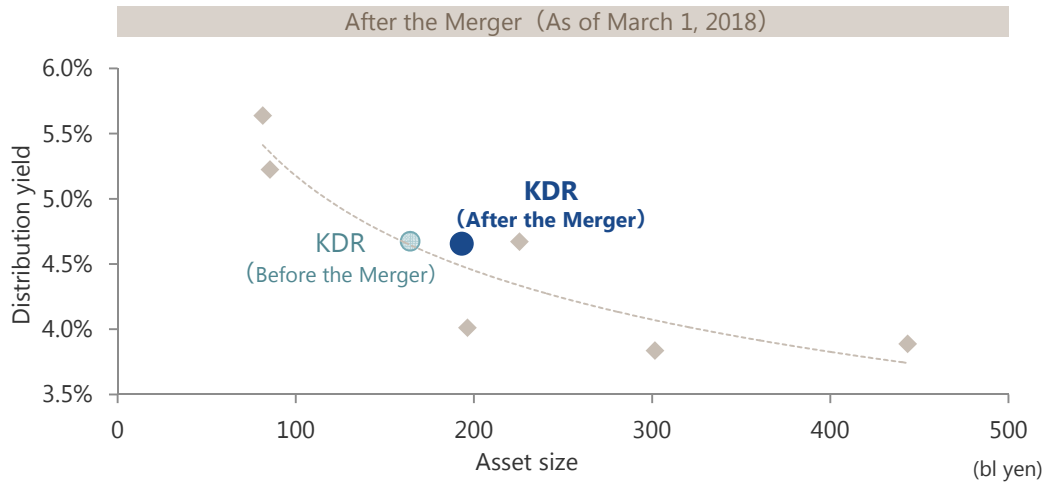


Note1: Tokyo Stock Exchange REIT Index and Tokyo Stock Exchange Residential REIT Index are indexed from the closing price as of April 26, 2012 (964.36 and 1,247.66) which are initial listing date of KDR to the closing price of KDR (¥181,000).

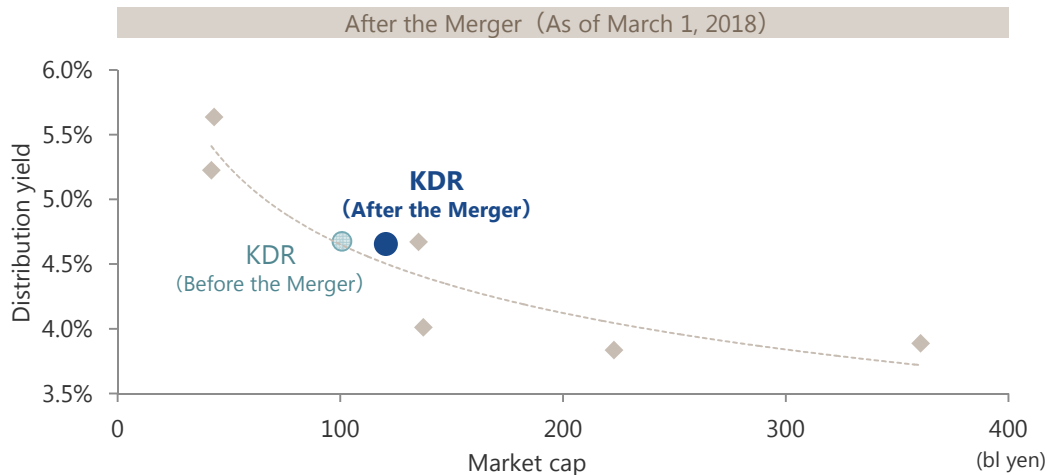
KDR Positioning

KDR positioning in residential REIT (1)

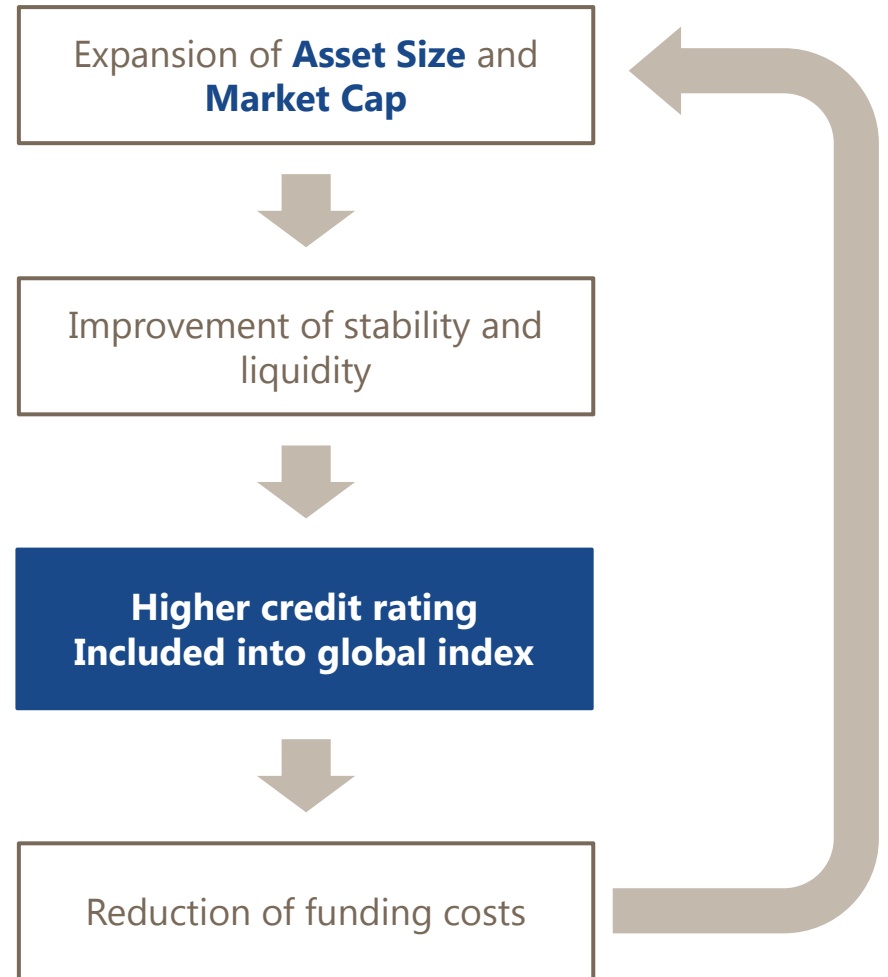
Asset size and distribution yield



Market cap and distribution yield



Positive growth spiral



Note 1: "Asset size", "Distribution yield" and "Market cap" show figures as of March 1, 2018, based on information disclosed by Nippon Accommodations Fund, Advance Residence Investment Corporation, Kenedix Residential Investment Corporation, Comforia Residential Investment Corporation, Samty Residential Investment Corporation, Starts Proceed Investment Corporation and Japan Rental Housing Investments, Inc. (in the order of securities codes). The curve shows a logarithmic trendline. As for KDR, the figures before the Merger are calculated as of November 10, 2017.

Financial Statements

Balance Sheets

	(in thousands of yen)			(in thousands of yen)	
	11 th fiscal period (as of Jul. 31, 2017)	12 th fiscal period (as of Jan 31, 2018)		11 th fiscal period (as of Jul. 31, 2017)	12 th fiscal period (as of Jan 31, 2018)
Assets					
Current assets					
Cash and deposits	6,405,982	6,551,666			
Cash and deposits in trust	3,778,959	3,928,017			
Operating accounts receivable	24,821	24,913			
Prepaid expenses	4,831	3,557			
Deferred tax assets	9	-			
Other	503	11,358			
Total current assets	¥10,215,108	¥10,519,513			
Noncurrent assets					
Property, plant and equipment					
Land	1,798,041	1,798,041			
Building in trust	59,595,871	61,915,815			
Structures in trust	343,563	388,001			
Machinery and equipment in trust	1,061,940	1,090,946			
Tools, furniture and fixtures in trust	243,587	309,425			
Land in trust	93,118,700	99,538,715			
Total property, plant and equipment, net	¥156,161,704	¥165,040,946			
Investments and other assets					
Investment securities	91,579	221,707			
Lease and guarantee deposits	10,397	10,397			
Long-term prepaid expenses	764,254	915,782			
Other	26,626	80,743			
Total investments and other assets	¥892,858	¥1,228,631			
Total noncurrent assets	¥157,054,563	¥166,269,577			
Deferred assets					
Investment corporation bond issuance costs	26,340	24,461			
Investment unit issuance costs	20,039	421			
Total deferred assets	¥46,380	¥24,883			
Total assets	¥167,316,051	¥176,813,974			
Liabilities					
Current liabilities					
Operating accounts payable	431,854	473,021			
Short-term loans payable	1,000,000	2,630,000			
Current portion of long-term loans payable	11,000,000	11,000,000			
Accounts payable-other	203,876	239,241			
Accrued expenses	24,212	26,142			
Income taxes payable	799	604			
Accrued consumption taxes	6,135	-			
Advances received	766,964	779,137			
Deposits received	50,111	53,143			
Total current liabilities	¥13,483,955	¥15,201,290			
Noncurrent liabilities					
Investment corporation bonds	3,000,000	3,000,000			
Long-term loans payable	66,800,000	74,500,000			
Tenant leasehold and security deposits in trust	1,473,087	1,462,549			
Total noncurrent liabilities	¥71,273,087	¥78,962,549			
Total liabilities	¥84,757,042	¥94,163,839			
Net Assets					
Unitholders' equity					
Unitholders' capital	80,132,379	80,132,379			
Surplus					
Unappropriated retained earnings (undisposed loss)	2,400,002	2,437,011			
Total surplus	¥2,400,002	¥2,437,011			
Total unitholders' equity	¥82,532,381	¥82,569,390			
Valuation and translation adjustments					
Deferred gains or losses on hedges	26,626	80,743			
Total valuation and translation adjustments	¥26,626	¥80,743			
Total net assets	¥82,559,008	¥82,650,134			
Total liabilities and net assets	¥167,316,051	¥176,813,974			

Financial Statements

Statements of Income and Retained Earnings

	(in thousands of yen)	
	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017	12 th fiscal period from: Aug. 1, 2017 to: Jan. 31, 2018
Operating revenues		
Rent revenues-real estate	5,102,400	5,235,620
Other lease business revenue	472,418	435,685
Dividend received	-	10,132
Total operating revenues	¥5,574,819	¥5,681,438
Operating expenses		
Expenses related to rent business	2,124,246	2,107,064
Asset management fees	371,229	377,361
Asset custody fees	11,363	11,365
Administrative service fees	38,143	39,023
Directors' compensation	4,500	4,500
Merger-related expenses	-	67,446
Other operating expenses	192,121	184,719
Total operating expenses	¥2,741,604	¥2,791,481
Operating Income	¥2,833,215	¥2,889,956
Non-operating income		
Interest income	12	12
Dividends and redemption-prescription	824	350
Total non-operating income	¥836	¥363
Non-operating expenses		
Interest expenses	385,660	410,074
Interest expenses on Investment corporation bonds	7,629	7,806
Borrowing expenses	96,801	97,811
Amortization of investment corporation bond issuance costs	1,878	1,878
Amortization of investment unit issuance costs	25,790	19,618
Total non-operating expenses	¥517,760	¥537,188
Ordinary Income	¥2,316,291	¥2,353,130

	(in thousands of yen)	
	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017	12 th fiscal period from: Aug. 1, 2017 to: Jan. 31, 2018
Income before income taxes	¥2,316,291	¥2,353,130
Income taxes-current	801	604
Income taxes-deferred	51	9
Total income taxes	¥853	¥614
Net Income	¥2,315,438	¥2,352,516
Retained earnings brought forward	84,564	84,495
Unappropriated retained earnings (undisposed loss)	¥2,400,002	¥2,437,011

Distributions

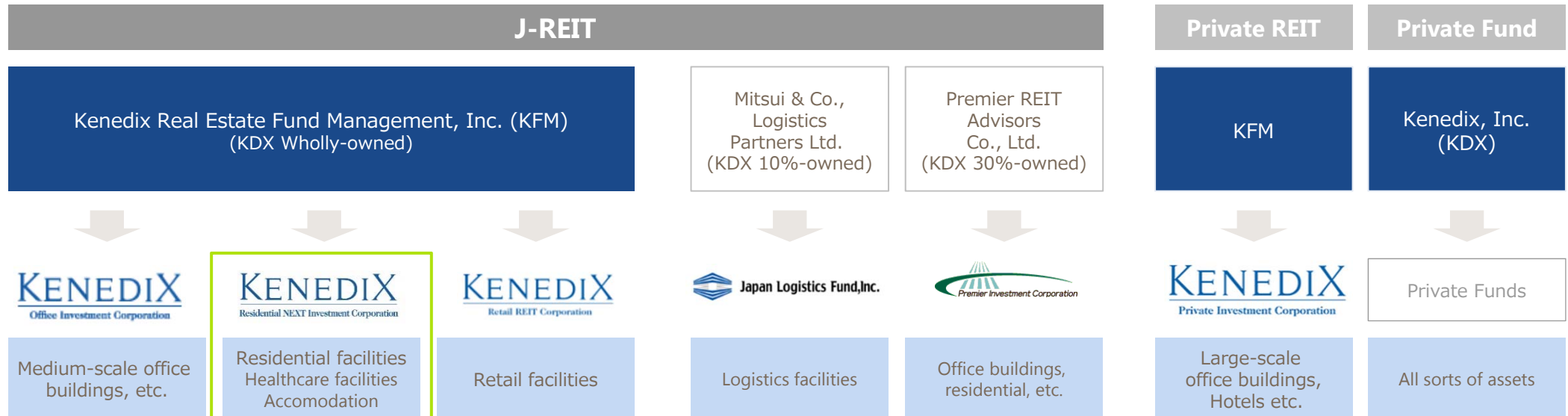
	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017	12 th fiscal period from: Aug. 1, 2017 to: Jan. 31, 2018
I. Retained earnings at the end of period	2,400,002,851 yen	2,437,011,775 yen
II. Total distributions	2,315,507,337 yen	2,424,772,194 yen
(Distributions per unit)	(6,633 yen)	(6,946 yen)
III. Retained earnings brought forward to the next period	84,495,514 yen	12,239,581 yen

Statements of Cash Flows

	(in thousands of yen)	
	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017	12 th fiscal period from: Aug. 1, 2017 to: Jan. 31, 2018
Net cash provided by (used in) operating activities	3,267,273	3,251,371
Net cash provided by (used in) investing activities	△239,024	△9,969,526
Net cash provided by (used in) financing activities	△2,282,658	7,012,897
Net increase (decrease) in Cash and Cash Equivalents	¥745,590	¥294,741
Cash and cash equivalents at the beginning of period	9,439,351	10,184,942
Cash and cash equivalents at the End of Period	¥10,184,942	¥10,479,684

Summary of Kenedix Group

Main Funds Kenedix Group Involves in Operation



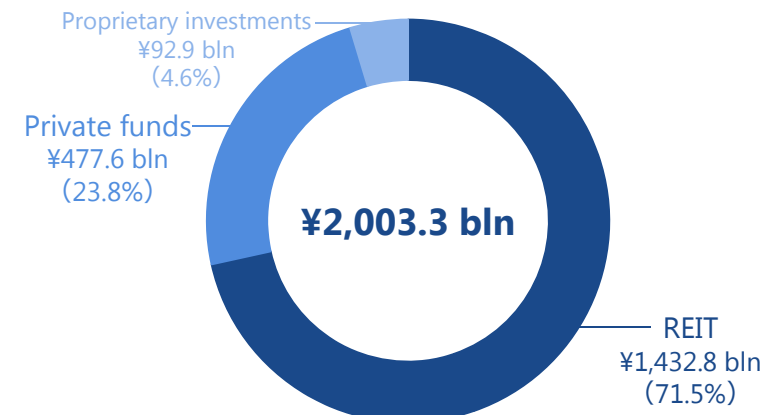
Priority Rights of Consideration for Real Estate Sale Information in Asset Management Company

Property type	Total floor area per investment property (m ²)	Primary	2nd	3rd
Residential	Less than 20,000 ⁽¹⁾	KDR	KPI ⁽²⁾	Private Fund
	Over 20,000 ⁽¹⁾	KPI ⁽²⁾	KDR	Private Fund
Healthcare	All	KDR	Private Fund	-
Accommodation	All	KPI ⁽²⁾	KDR	Private Fund

Note 1: Total floor area per property is for properties in the 23 wards of Tokyo. This figure is less than 30,000 for each of the other regions outside of the 23 wards of Tokyo, and over 30,000 combined.

Note 2: "KPI" indicates Kenedix Private Investment Corporation.

Breakdown of AUM (as of end of December 2017)

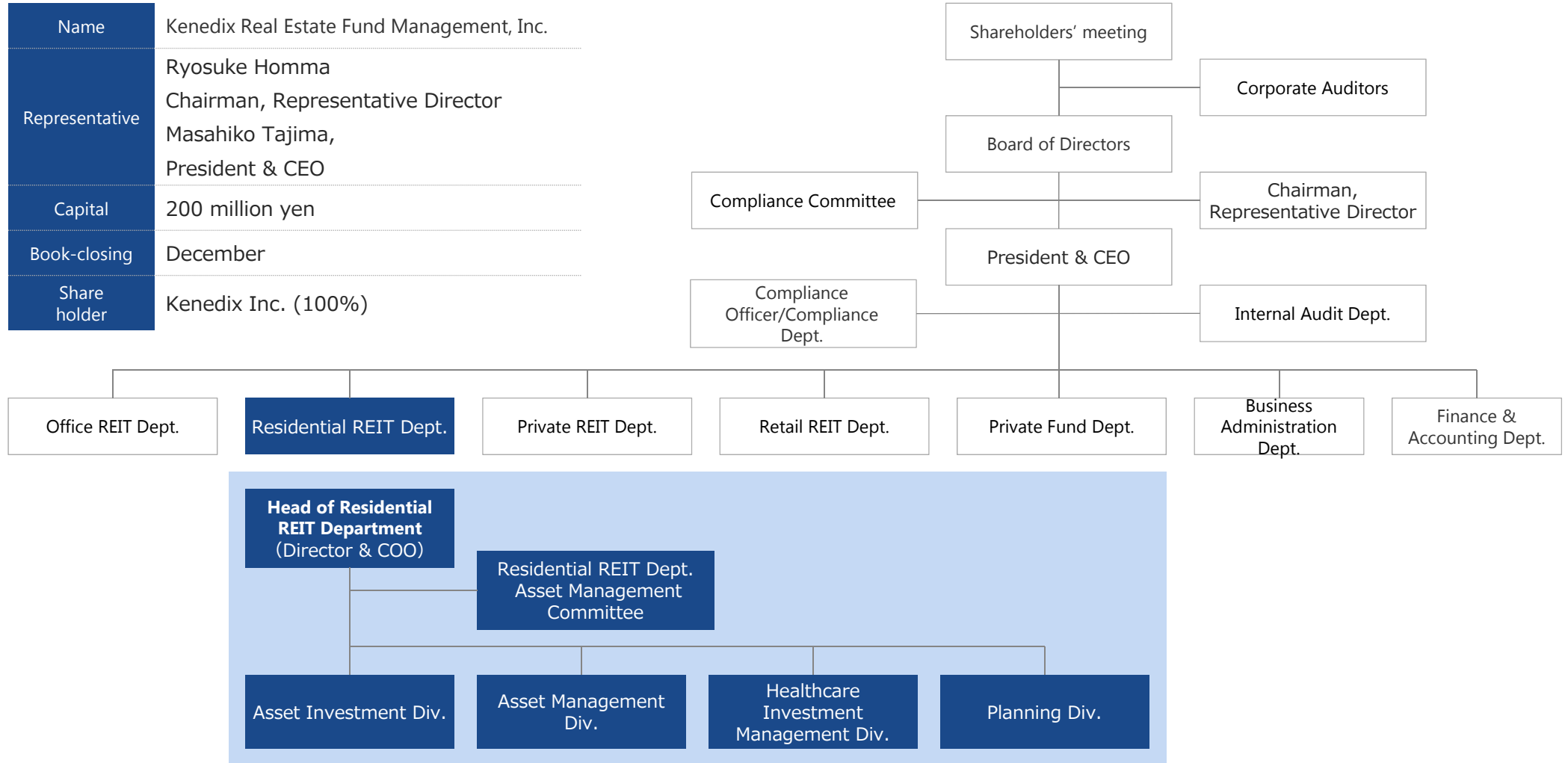


Organization Chart of KFM (KDR)

Overview of Asset Management Company

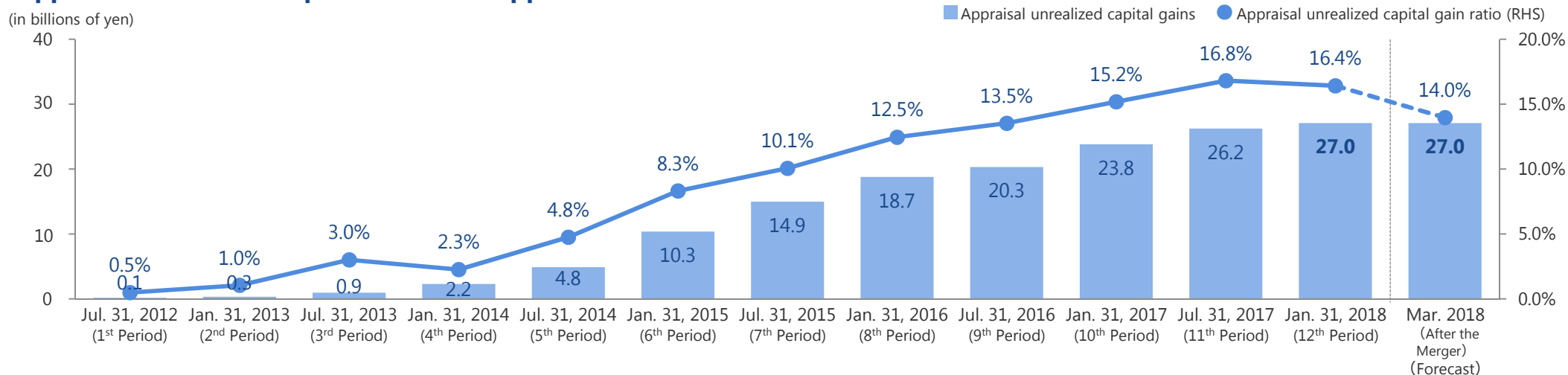
Name	Kenedix Real Estate Fund Management, Inc.
Representative	Ryosuke Homma Chairman, Representative Director Masahiko Tajima, President & CEO
Capital	200 million yen
Book-closing	December
Share holder	Kenedix Inc. (100%)

Organizational chart

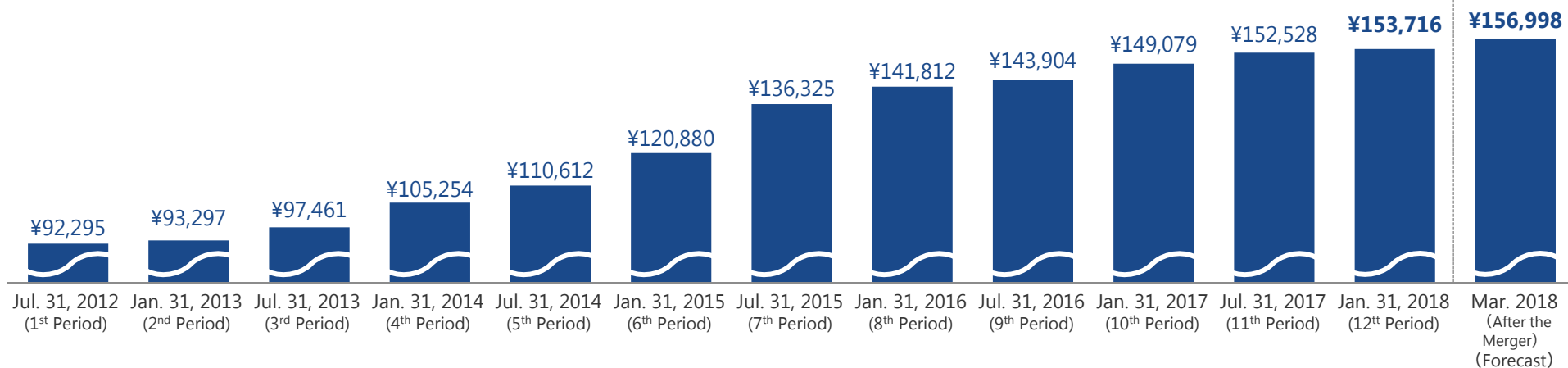


Appraisal Unrealized Capital Gains and NAV per Unit

Appraisal Unrealized Capital Gains and Appraisal Unrealized Gain Ratio⁽¹⁾



NAV per Unit (2)



Note 1: "Appraisal Unrealized Capital Gains" = Total Appraisal Value at the End of the Period - Total Book Value at the End of the Period (Appraisal Value for Healthcare facilities after the merger). "Appraisal Unrealized Capital Gain Ratio" = Total Appraisal Unrealized Capital Gains at the End of the Period / Total . After the merger of "Appraisal Unrealized Capital Gains" and "Appraisal Unrealized Gain Ratio" are estimated figure calculated under premise assumptions as of March 1, 2018.

note2: "NAV per unit" has been changed as follows, including for past figures

Calculation method up until the previous fiscal period: NAV per unit = (end of period total assets - unappropriated retained earnings + end of period appraisal value - property, plant and equipment)/number of outstanding units

Calculation method from the current fiscal period: NAV per unit = (end of period total assets - total distribution amount + end of period appraisal value - property, plant and equipment)/number of outstanding units

Further, considering the 2-for-1 investment unit split on March 1, 2018, NAV per unit from July 31, 2017 (end of 11th fiscal period) onward reflects the split by being prorated by 2. Post-merger NAV per unit is estimated figure calculated as of March 1, 2018 based on certain assumptions.

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 12 th Period b	Difference c [b-a]	Previous	End of the 12 th Period	Previous	End of the 12 th Period	Previous	End of the 12 th Period				
T-1	KDX Daikanyama Residence	F	5,680	5,680	-	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	4,700	980	4,721	958
T-3	KDX Odemma Residence	F	1,990	1,990	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	1,775	215	1,731	258
T-4	KDX Iwamoto-cho Residence	F	928	928	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	822	106	800	127
T-5	KDX Bunkyo Sengoku Residence	F	1,710	1,710	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	1,488	222	1,468	241
T-6	KDX Azumabashi Residence	F	849	849	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	650	199	624	224
T-7	KDX Shimura Sakaue Residence	F	3,250	3,250	-	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	2,830	420	2,718	531
T-9	Cosmo Heim Motosumiyoshi (land with leasehold interest)	F	1,790	1,790	-	-	-	4.7%	4.7%	4.9%	4.9%	1,750	40	1,798	-8
T-10	KDX Musashi Nakahara Residence	F	712	713	1	4.9%	4.9%	4.7%	4.7%	5.1%	5.1%	637	76	637	75
T-11	KDX Chiba Chuo Residence	D	1,740	1,750	10	4.9%	4.9%	4.7%	4.7%	5.1%	5.1%	1,480	270	1,367	382
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,350	1,350	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	1,150	200	1,128	221
T-13	KDX Residence Shirokane I	F	3,430	3,430	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	3,000	430	3,019	410
T-15	KDX Residence Shirokane II	F	3,340	3,340	-	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	2,800	540	2,812	527
T-16	KDX Residence Minami-aoyama	F	2,470	2,470	-	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	2,230	240	2,244	225
T-17	KDX Residence Minami-azabu	F	2,530	2,530	-	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	2,080	450	2,082	447
T-18	KDX Residence Shiba Koen	F	2,220	2,220	-	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	1,781	439	1,776	443
T-19	KDX Residence Azabu East	F	1,910	1,910	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	1,560	350	1,559	350
T-20	KDX Residence Takanawa	F	956	987	31	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	770	217	770	216
T-21	KDX Residence Nishihara	F	1,870	1,870	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	1,450	420	1,456	413
T-22	KDX Residence Daikanyama II	F	928	928	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	730	198	762	165
T-23	KDX Residence Sendagaya	F	782	788	6	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	650	138	645	142
T-24	KDX Residence Nihombashi Suitengu	D	3,860	3,870	10	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	3,240	630	3,205	664
T-25	KDX Residence Nihombashi Hakozaki	D	1,330	1,330	-	4.1%	4.2%	3.9%	4.0%	4.3%	4.4%	1,147	183	1,174	155
T-26	KDX Residence Higashi-shinjuku	F	3,880	3,890	10	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	3,270	620	3,250	639
T-27	KDX Residence Yotsuya	F	2,580	2,590	10	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	2,260	330	2,261	328
T-28	KDX Residence Nishi-shinjuku	F	1,250	1,250	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	1,000	250	1,003	246
T-29	KDX Residence Kagurazaka	F	870	870	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	720	150	716	153

Note 1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd., "M" means Morii Appraisal & Investment Consulting Inc. and "T" means The Tanizawa Sogo Appraisal Co., Ltd. Appraisal values are rounded down to the nearest ¥mln. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(Previous; [T-1~78 and R-1~42; July 31, 2017, R-43; June 1,2017] ,12th Period; January 31, 2018), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values. Subtotal and Total of "Cap Rate", "Discount Rate" and "Terminal Cap Rate" are calculated by the weighted average by the appraisal value. For properties for which multiple discount rates are set per fiscal period, the value for the first fiscal period in which a discount rate was applied is shown above.

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 12 th Period b	Difference c [b-a]	Previous	End of the 12 th Period	Previous	End of the 12 th Period	Previous	End of the 12 th Period				
T-30	KDX Residence Futako Tamagawa	F	1,420	1,420	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,250	170	1,276	143
T-31	KDX Residence Komazawa Koen	F	1,070	1,070	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	920	150	915	154
T-32	KDX Residence Misyuku	F	885	888	3	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	760	128	760	127
T-33	KDX Residence Yoga	F	832	835	3	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	700	135	700	134
T-34	KDX Residence Shimouma	F	722	727	5	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	600	127	604	122
T-35	Raffine Minami-magome	F	1,460	1,450	-10	4.9%	4.9%	4.7%	4.7%	5.1%	5.1%	1,250	200	1,247	202
T-36	KDX Residence Yukigaya Otsuka	F	1,280	1,280	-	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	1,050	230	1,039	240
T-37	KDX Residence Denen Chofu	D	1,190	1,190	-	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	1,000	190	1,055	134
T-38	KDX Residence Tamagawa	F	901	901	-	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	776	125	755	145
T-39	KDX Residence Monzennakacho	F	937	938	1	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	773	165	770	167
T-40	KDX Residence Okachimachi	F	1,020	1,020	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	850	170	846	173
T-41	KDX Residence Moto-asakusa	F	968	968	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	800	168	799	168
T-42	KDX Residence Itabashi Honcho	F	727	727	-	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	620	107	610	116
T-43	KDX Residence Azusawa	F	634	635	1	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	550	85	560	74
T-44	KDX Residence Tobu Nerima	F	496	496	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	420	76	407	88
T-45	KDX Residence Yokohama Kannai	F	959	960	1	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	800	160	787	172
T-46	KDX Residence Miyamaedaira	F	1,130	1,130	-	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	999	131	999	130
T-47	KDX Residence Machida	F	1,990	1,990	-	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	1,800	190	1,745	244
T-48	KDX Residence Kinshicho	F	1,600	1,600	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	1,350	250	1,354	245
T-49	KDX Residence Nihombashi Hamacho	F	1,170	1,170	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	996	174	1,008	161
T-50	KDX Residence Nihombashi Ningyocho	F	643	643	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	530	113	566	76
T-51	KDX Residence Jiyugaoka	F	1,500	1,500	-	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	1,268	232	1,327	172
T-52	KDX Residence Togoshi	F	4,500	4,520	20	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	3,745	775	3,782	737
T-53	KDX Residence Shinagawa Seaside	F	3,090	3,100	10	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	2,593	507	2,612	487
T-54	KDX Residence Ojima	F	2,160	2,160	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,857	303	1,861	298
T-55	KDX Residence Oyama	F	3,120	3,120	-	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	2,679	441	2,684	435

Note 1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd., "M" means Morii Appraisal & Investment Consulting Inc. and "T" means The Tanizawa Sogo Appraisal Co., Ltd. Appraisal values are rounded down to the nearest ¥mln. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(Previous; [T-1~78 and R-1~42; July 31, 2017, R-43; June 1,2017] ,12th Period; January 31, 2018), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values. Subtotal and Total of "Cap Rate", "Discount Rate" and "Terminal Cap Rate" are calculated by the weighted average by the appraisal value. For properties for which multiple discount rates are set per fiscal period, the value for the first fiscal period in which a discount rate was applied is shown above.

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 12 th Period B	Difference c [b-a]	Previous	End of the 12 th Period	Previous	End of the 12 th Period	Previous	End of the 12 th Period				
T-56	KDX Residence Hanzomon	F	5,470	5,470	-	4.2%	4.2%	3.9%	3.9%	4.3%	4.3%	4,832	638	4,982	487
T-57	B-Site Akihabara	F	942	941	-1	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	850	91	869	71
T-58	KDX Residence Kagurazaka Dori ⁽²⁾	F	1,520	1,620	100	4.2%	4.0%	4.0%	3.8%	4.3%	4.2%	1,360	260	1,389	230
T-59	KDX Residence Sendagi	F	2,360	2,360	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	2,200	160	2,377	-17
T-60	KDX Residence Seijo	F	1,520	1,520	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	1,400	120	1,431	88
T-61	KDX Residence Akihabara	F	1,430	1,430	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	1,250	180	1,266	163
T-62	KDX Residence Iriya	F	1,300	1,300	-	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	1,062	238	1,079	220
T-63	KDX Residence Tachikawa	F	3,410	3,410	-	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	3,026	383	3,045	364
T-64	KDX Residence Tsurumi	F	1,380	1,380	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	1,050	330	1,129	250
T-65	KDX Residence Morishita Chitose	M	1,170	1,200	30	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,100	100	1,121	78
T-66	KDX Residence Akasaka	F	1,530	1,530	-	4.0%	4.0%	3.8%	3.8%	4.2%	4.2%	1,150	380	1,203	326
T-67	KDX Residence Kanda	F	1,020	1,020	-	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	700	320	733	286
T-68	KDX Residence Ebisu	F	3,880	3,880	-	4.0%	4.0%	3.8%	3.8%	4.2%	4.2%	2,845	1,035	2,972	907
T-69	KDX Residence Nishi-magome	F	1,180	1,180	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	1,130	50	1,184	-4
T-70	KDX Residence Nishi-azabu	F	1,440	1,450	10	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	1,224	226	1,248	201
T-71	KDX Residence Azabu Sendaizaka	F	924	929	5	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	792	136	810	118
T-72	KDX Residence Waseda Tsurumaki	F	778	778	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	561	217	574	203
T-73	KDX Residence Bunkyo Yushima	F	890	892	2	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	695	197	710	181
T-74	KDX Residence Kamishakujii	F	750	750	-	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	648	102	665	84
T-75	KDX Residence Shin-otsuka	F	922	922	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	764	158	785	136
T-76	KDX Residence Sakurajosui	F	1,100	1,100	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	894	206	919	180
T-77	KDX Residence Ryogoku	F	1,050	1,050	-	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	842	208	868	181
T-78	KDX Residence Toyosu	T	7,620	7,640	20	4.2%	4.2%	4.3%	4.4%	4.4%	4.4%	7,500	140	7,818	-178
Subtotal / Average			134,195	134,473	278	4.3%	4.3%	4.2%	4.2%	4.6%	4.6%	114,781	19,691	116,007	18,465

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Note 2: "Bureau Kagurazaka" was changed into "KDX Residence Kagurazaka Dori" on February 5, 2018.

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 12 th Period b	Difference c [b-a]	Previous	End of the 12 th Period	Previous	End of the 12 th Period	Previous	End of the 12 th Period				
R-2	KDX JozenjiDori Residence	D	1,260	1,270	10	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	1,015	255	965	304
R-3	KDX Izumi Residence	F	1,290	1,300	10	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	1,120	180	1,074	225
R-4	KDX Chihaya Residence	F	1,350	1,350	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	1,080	270	1,025	324
R-5	KDX Sakaisuji Hommachi Residence	F	3,150	3,150	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	2,910	240	2,773	376
R-6	KDX Shimmachi Residence	F	1,200	1,200	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	1,015	185	962	237
R-7	KDX Takarazuka Residence	F	1,780	1,780	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	1,510	270	1,401	378
R-8	KDX Shimizu Residence	F	1,950	1,950	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,680	270	1,599	350
R-9	KDX Residence Odori Koen	F	899	901	2	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	765	136	741	159
R-10	KDX Residence Kikusui Yojo	F	1,000	1,000	-	5.3%	5.3%	5.1%	5.1%	5.5%	5.5%	830	170	807	192
R-11	KDX Residence Toyohira Koen	F	529	529	-	5.4%	5.4%	5.2%	5.2%	5.6%	5.6%	445	84	434	94
R-13	KDX Residence Ichiban-cho	D	683	683	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	530	153	515	167
R-14	KDX Residence Kotodai	D	562	562	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	520	42	508	53
R-15	KDX Residence Izumi Chuo	D	611	611	-	5.2%	5.2%	5.0%	5.0%	5.4%	5.4%	480	131	469	141
R-16	KDX Residence Higashi-sakura I	F	2,700	2,700	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	2,350	350	2,299	400
R-17	KDX Residence Higashi-sakura II	F	1,070	1,070	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	900	170	884	185
R-18	KDX Residence Jingumae	F	1,040	1,040	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	840	200	817	222
R-19	KDX Residence Nishi-oji	D	925	925	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	813	112	797	127
R-20	KDX Residence Saiin	D	498	498	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	440	58	430	67
R-21	KDX Residence Namba	F	1,630	1,630	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,410	220	1,388	241
R-22	KDX Residence Namba-minami	F	1,560	1,560	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,350	210	1,314	245
R-23	KDX Residence Shin-osaka	F	578	578	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	510	68	491	86
R-24	KDX Residence Ibaraki I・II	F	1,387	1,387	-	5.2%	5.2%	5.0%	5.0%	5.4%	5.4%	1,275	112	1,287	99
R-25	KDX Residence Toyonaka-minami	F	840	840	-	5.2%	5.2%	5.0%	5.0%	5.4%	5.4%	740	100	706	133
R-26	KDX Residence Moriguchi	F	640	640	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	551	89	532	107
R-27	KDX Residence Sannomiya	F	1,290	1,290	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	1,080	210	1,059	230
R-28	Ashiya Royal Homes	F	1,720	1,720	-	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	1,360	360	1,462	257

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(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference	
			Previous a	End of the 12 th Period b	Difference c [b-a]	Previous	End of the 12 th Period	Previous	End of the 12 th Period	Previous	End of the 12 th Period					d
R-29	KDX Residence Funairi Saiwai-cho	F	662	664	2	5.7%	5.7%	5.5%	5.5%	5.9%	5.9%	588	76	569	94	
R-30	KDX Residence Tenjin-higashi II	F	851	851	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	680	171	664	186	
R-32	KDX Residence Nishi Koen	F	839	839	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	763	76	745	93	
R-33	KDX Residence Hirao Josui-machi	F	862	867	5	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	760	107	751	115	
R-34	Melody Heim Gotenyama	F	510	510	-	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	400	110	430	79	
R-35	Leopalace Flat Shin-sakae	M	4,170	4,260	90	4.8%	4.7%	4.7%	4.6%	5.0%	4.9%	3,500	760	3,592	667	
R-36	KDX Residence Konan Yamate	F	1,120	1,120	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	973	147	981	138	
R-37	KDX Residence Hommachibashi	F	3,450	3,450	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	3,201	249	3,218	231	
R-38	KDX Residence Minami-kusatsu	D	2,290	2,290	-	5.5%	5.5%	5.3%	5.3%	5.7%	5.7%	1,974	315	2,024	265	
R-39	KDX Residence Ohori Harbor View Tower	D	5,210	5,210	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	4,606	603	4,671	538	
R-40	KDX Residence Minami-sanjo	F	1,550	1,560	10	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	915	645	952	607	
R-41	Serenite Kita-kyuhoji	M	1,440	1,470	30	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,290	179	1,308	161	
R-42	Serenite Nishinomiya Hommachi	T	739	739	-	5.0%	5.0%	5.1%	5.1%	5.2%	5.2%	617	121	657	81	
R-43	KDX Residence Nishijin	T	1,670	1,670	-	4.9%	4.9%	5.0%	5.0%	5.1%	5.1%	1,600	70	1,712	-42	
Subtotal / Average				57,505	57,664	159	4.9%	4.9%	4.7%	4.7%	5.1%	5.1%	49,387	8,276	49,033	8,630
Total / Average				191,700	192,137	437	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	164,169	27,967	165,040	27,096

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Appraisal Values (JSL)

(in millions of yen)

No.	Property Name	Appraisal Value					Cap Rate		Discount Rate		Terminal Cap Rate	
		Before the Merger	After the Merger		Difference	Before the Merger	As of the Merger	Before the Merger	As of the Merger	Before the Merger	As of the Merger	
		Appraiser	Aug. 2017	Appraiser		Mar. 2018	c [b-a]					
			a		b							
H-1	Irise Kamata/Yuseien	F	1,190	D	1,120	-70	4.5%	4.7%	4.3%	4.5%	4.7%	4.9%
H-2	Nichii Home Nakano-Minamidai	F	2,020	D	1,780	-240	4.2%	4.4%	4.0%	4.2%	4.4%	4.6%
H-3	Joy Stage Hachioji	F	3,890	T	3,690	-200	5.2%	5.3%	5.0%	5.2%	5.4%	5.5%
H-4	Yuimaru Hijirigaoka	T	1,330	F	1,120	-210	4.6%	5.0%	4.6%	4.8%	4.8%	5.2%
H-5	Nichii Home Tama Plaza	F	2,810	D	2,940	130	4.9%	5.1%	4.7%	4.9%	5.1%	5.3%
H-6	Ten	F	2,600	T	2,630	30	6.2%	6.1%	6.0%	6.2%	6.4%	6.3%
H-7	Irise Nishioka	T	890	F	858	-32	5.0%	5.3%	5.0%	5.1%	5.2%	5.5%
H-8	Joy Stage Hachioji	T	1,790	F	1,660	-130	5.1%	6.1%	5.1%	5.9%	5.3%	6.3%
H-9	Sawayaka Sakura Nibankan	F	1,030	D	989	-41	5.5%	5.6%	5.3%	5.4%	5.7%	5.8%
H-10	Activa Biwa	F	7,310	T	6,560	-750	5.4%	5.7%	5.2%	5.8%	5.6%	5.9%
H-11	Sompo Care LAVIERE Kobe Tarumi	F	2,060	T	2,110	50	5.0%	4.9%	4.8%	4.9%	5.2%	5.1%
H-12	Granda Mondo Yakujin	T	1,240	F	1,190	-50	4.7%	4.9%	4.7%	4.6%	4.9%	5.1%
H-13	Excellent Nishinomiya	F	932	T	971	39	5.2%	5.0%	5.0%	5.0%	5.4%	5.2%
H-14	Gran Hills Ogawarako	F	1,430	T	1,380	-50	6.9%	7.2%	6.7%	7.1%	7.1%	7.4%
Subtotal / Average			30,522		28,998	-1,524	5.2%	5.4%	5.1%	5.4%	5.4%	5.6%

Note 1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd., "M" means Morii Appraisal & Investment Consulting Inc. and "T" means The Tanizawa Sogo Appraisal Co., Ltd. Appraisal values are rounded down to the nearest ¥mln. Contents of the real estate appraisal are opinions and judgements at the time of evaluation (Before the Merger: August 31, 2017, As of the Merger: March 1, 2018) and do not guarantee the validity, accuracy and the possibility of sales at appraisal values. Subtotal and Total of "Cap Rate", "Discount Rate" and "Terminal Cap Rate" are calculated by the weighted average by the appraisal value. For properties for which multiple discount rates are set per fiscal period, the value for the first fiscal period in which a discount rate was applied is shown above.

Summary of Portfolio Performance

Trends in Portfolio Performance

	7 th fiscal period (as of Jul. 31, 2015)	8 th fiscal period (as of Jan. 31, 2016)	9 th fiscal period (as of Jul. 31, 2016)	10 th fiscal period (as of Jan. 31, 2017)	11 th fiscal period (as of Jul. 31, 2017)	12 th fiscal period (as of Jan. 31, 2018)
Number of Properties	103 props	105 props	105 props	113 props	113 props	115 props
Properties Acquired during the period	12 props	5 props	0 props	10 props	0 props	2 props
Properties Transferred during the period	1 Props	3 Props	0 Props	2 Props	0 Props	0 Props
Total Acquisition Price	145,873 million	148,184 million	148,184 million	155,069 million	155,069 million	164,169 million
Total Book Value	148,872 million	150,906 million	150,211 million	156,805 million	156,161 million	165,040 million
Total Appraisal Value	163,849 million	169,702 million	170,538 million	180,618 million	182,410 million	192,137 million
Rentable Units	7,080 units	7,243 units	7,243 units	7,518 units	7,518 units	7,888 units
Rentable Area	280,436.94 m ²	286,310.51 m ²	286,310.51 m ²	292,324.33 m ²	292,324.33 m ²	303,608.43 m ²
Leasing Business Revenues	5,170 million	5,208 million	5,329 million	5,437 million	5,574 million	5,671 million
Leasing Business Expenses (ex. Depreciation)	1,125 million	1,084 million	1,175 million	1,172 million	1,239 million	1,185 million
NOI (Net Operating Income) ⁽¹⁾	4,044 million	4,124 million	4,153 million	4,265 million	4,335 million	4,486 million
NOI Cap Rate (per year)	5.6 %	5.6 %	5.6 %	5.5 %	5.6 %	5.4 %
Capital Expenditure	146 million	167 million	163 million	220 million	241 million	286 million
Depreciation	827 million	852 million	857 million	878 million	884 million	921 million
Depreciation Rate (per acquisition price, year)	1.1 %	1.1 %	1.2 %	1.1 %	1.2 %	1.1 %
NOI Cap Rate after Depreciation (per year)	4.5 %	4.4 %	4.5 %	4.4 %	4.5 %	4.3 %
Occupancy Rates (average during the period)	95.8 %	95.4 %	96.3 %	95.7 %	96.7 %	96.7 %
Occupancy Rates (at the end of the period)	96.2 %	96.0 %	95.9 %	96.2 %	96.8 %	97.0 %
Rent per Tsubo (average during the period)	9,802 per tsubo	9,752 per tsubo	9,783 per tsubo	9,942 per tsubo	10,003 per tsubo	9,965 per tsubo
Rent per Tsubo (at the end of the period)	9,824 per tsubo	9,760 per tsubo	9,798 per tsubo	9,996 per tsubo	10,005 per tsubo	9,969 per tsubo
Replacement Rate ⁽²⁾	14.2 %	11.3 %	13.0 %	11.4 %	13.4 %	10.6 %
Turnover Rate ⁽³⁾	13.6 %	9.8 %	13.5 %	10.2 %	12.6 %	10.7 %
Renewal Rate (average during the period) ⁽⁴⁾	87.8 %	89.5 %	89.3 %	89.6 %	88.8 %	90.3 %
Average Occupancy Period ⁽⁵⁾	1,090 days	1,066 days	1,140 days	1,157 days	1,207 days	1,202 days
Average Downtime ⁽⁶⁾	67 days	80 days	64 days	80 days	64 days	69 days

Note 1: NOI=Operating Revenues – Operating Expenses(ex. Depreciation) (Rounded down to the nearest one decimal places)

Note 2: Replacement=New tenants during the operating period / Rentable Units

Note 3: Turnover=Exiting tenants during the operating period / Rentable Units

Note 4: Renewal Rate=Renewal tenants during the operating period / Ending contracts during the operating period

Note 5: Average Occupancy Period is based on exiting tenants during the operating period

Note 6: Average Downtime is based on new tenants during the operating period

Portfolio Performance in 2H 2017 1/5

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-1	KDX Daikanyama Residence	4,700,000	4,721,258	5,680,000	SF	86	5,338.99	5,244.35	98.2%	184	159,975	25,476	134,498	15,857	118,641	5.7%	5.0%	
T-3	KDX Odemma Residence	1,775,000	1,731,059	1,990,000	SF	54	2,353.23	2,353.23	100.0%	184	57,810	12,083	45,726	10,666	35,059	5.1%	3.9%	
T-4	KDX Iwamoto-cho Residence	822,000	800,973	928,000	SF	36	1,131.24	1,108.68	98.0%	184	27,540	7,198	20,341	5,241	15,100	4.9%	3.6%	
T-5	KDX Bunkyo Sengoku Residence	1,488,000	1,468,860	1,710,000	S	77	2,054.10	2,054.10	100.0%	184	50,874	12,195	38,679	6,513	32,166	5.2%	4.3%	
T-6	KDX Azumabashi Residence	650,000	624,003	849,000	S	41	1,054.83	1,054.83	100.0%	184	25,340	4,529	20,811	4,899	15,912	6.4%	4.9%	
T-7	KDX Shimura Sakaue Residence	2,830,000	2,718,544	3,250,000	F	85	6,117.48	6,117.48	100.0%	184	103,181	19,927	83,253	21,485	61,768	5.8%	4.3%	
T-9	Cosmo Heim Motosumiyoshi (land)	1,750,000	1,798,041	1,790,000	-	-	-	-	-	184	43,749	1,256	42,493	0	42,493	4.8%	4.8%	
T-10	KDX Musashi Nakahara Residence	637,000	637,893	713,000	F	35	2,123.46	2,002.46	94.3%	184	24,830	6,559	18,271	3,604	14,666	5.7%	4.6%	
T-11	KDX Chiba Chuo Residence	1,480,000	1,367,236	1,750,000	S	106	3,546.91	3,388.11	95.5%	184	60,539	14,605	45,934	17,226	28,707	6.2%	3.8%	
T-12	KDX Kawaguchi Saiwai-cho Residence	1,150,000	1,128,250	1,350,000	SF	61	2,491.66	2,449.77	98.3%	184	48,148	9,971	38,177	7,261	30,915	6.6%	5.3%	
T-13	KDX Residence Shirokane I	3,000,000	3,019,567	3,430,000	SF	50	3,617.32	3,575.44	98.8%	184	108,351	31,864	76,486	7,703	68,782	5.1%	4.5%	
T-15	KDX Residence Shirokane II	2,800,000	2,812,225	3,340,000	S	85	2,889.66	2,854.89	98.8%	184	90,659	16,907	73,751	6,673	67,077	5.2%	4.8%	
T-16	KDX Residence Minami-aoyama	2,230,000	2,244,386	2,470,000	SF	20	1,680.79	1,190.11	70.8%	184	51,269	10,771	40,497	3,241	37,256	3.6%	3.3%	
T-17	KDX Residence Minami-azabu	2,080,000	2,082,865	2,530,000	SF	62	2,785.42	2,730.82	98.0%	184	73,715	13,698	60,016	6,865	53,151	5.7%	5.1%	
T-18	KDX Residence Shiba Koen	1,781,000	1,776,543	2,220,000	SF	64	2,507.52	2,443.72	97.5%	184	63,622	10,464	53,158	5,777	47,380	5.9%	5.3%	
T-19	KDX Residence Azabu East	1,560,000	1,559,740	1,910,000	S	76	1,849.00	1,827.99	98.9%	184	55,810	10,447	45,363	6,152	39,210	5.8%	5.0%	
T-20	KDX Residence Takanawa	770,000	770,051	987,000	SF	27	1,034.27	1,007.18	97.4%	184	26,659	7,181	19,477	2,765	16,711	5.0%	4.3%	
T-21	KDX Residence Nishihara	1,450,000	1,456,237	1,870,000	SF	39	2,310.08	2,310.08	100.0%	184	48,661	12,158	36,502	5,805	30,697	5.0%	4.2%	
T-22	KDX Residence Daikanyama II	730,000	762,484	928,000	F	17	985.10	985.10	100.0%	184	27,891	6,490	21,400	1,262	20,137	5.8%	5.5%	
T-23	KDX Residence Sendagaya	650,000	645,838	788,000	SF	16	748.96	748.96	100.0%	184	21,990	5,167	16,822	2,804	14,018	5.1%	4.3%	
T-24	KDX Residence Nihombashi Suitengu	3,240,000	3,205,061	3,870,000	F	79	5,534.86	5,534.86	100.0%	184	97,101	10,460	86,641	17,764	68,876	5.3%	4.2%	
T-25	KDX Residence Nihombashi Hakozaki	1,147,000	1,174,448	1,330,000	S	60	1,537.38	1,516.87	98.7%	184	40,126	11,020	29,105	6,547	22,558	5.0%	3.9%	
T-26	KDX Residence Higashi-shinjuku	3,270,000	3,250,543	3,890,000	S	179	4,358.43	4,218.00	96.8%	184	110,561	20,331	90,229	11,563	78,666	5.5%	4.8%	
T-27	KDX Residence Yotsuya	2,260,000	2,261,479	2,590,000	F	42	3,101.16	3,101.16	100.0%	184	78,944	16,786	62,158	9,293	52,864	5.5%	4.6%	
T-28	KDX Residence Nishi-shinjuku	1,000,000	1,003,253	1,250,000	S	54	1,345.92	1,318.50	98.0%	184	34,369	7,670	26,699	3,877	22,821	5.3%	4.5%	
T-29	KDX Residence Kagurazaka	720,000	716,043	870,000	S	34	890.93	865.97	97.2%	184	24,498	4,602	19,896	3,320	16,576	5.5%	4.6%	

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Portfolio Performance in 2H 2017 2/5

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-30	KDX Residence Futako Tamagawa	1,250,000	1,276,891	1,420,000	F	38	2,339.62	2,339.62	100.0%	184	43,154	7,991	35,163	4,555	30,607	5.6%	4.9%	
T-31	KDX Residence Komazawa Koen	920,000	915,121	1,070,000	SF	32	1,020.18	974.47	95.5%	184	28,664	6,438	22,225	4,654	17,570	4.8%	3.8%	
T-32	KDX Residence Misyuku	760,000	760,411	888,000	S	39	1,103.82	1,078.33	97.7%	184	26,531	5,793	20,737	3,112	17,625	5.4%	4.6%	
T-33	KDX Residence Yoga	700,000	700,802	835,000	S	38	1,012.80	911.52	90.0%	184	23,700	5,026	18,674	2,607	16,066	5.3%	4.6%	
T-34	KDX Residence Shimouma	600,000	604,240	727,000	S	29	829.05	829.05	100.0%	184	20,578	5,875	14,703	2,250	12,453	4.9%	4.1%	
T-35	Raffine Minami-magome	1,250,000	1,247,076	1,450,000	S	56	2,408.56	2,408.56	100.0%	184	46,452	3,091	43,360	3,315	40,045	6.9%	6.4%	
T-36	KDX Residence Yukigaya Otsuka	1,050,000	1,039,031	1,280,000	S	72	1,526.98	1,506.42	98.7%	184	39,188	9,252	29,935	5,445	24,490	5.7%	4.6%	
T-37	KDX Residence Denen Chofu	1,000,000	1,055,092	1,190,000	F	36	2,359.44	2,359.44	100.0%	184	38,747	5,557	33,190	4,115	29,074	6.6%	5.8%	
T-38	KDX Residence Tamagawa	776,000	755,912	901,000	S	52	1,170.40	1,148.50	98.1%	184	28,573	5,462	23,111	5,892	17,219	5.9%	4.4%	
T-39	KDX Residence Monzennakacho	773,000	770,744	938,000	S	49	1,171.41	1,123.47	95.9%	184	27,651	8,034	19,616	3,971	15,644	5.0%	4.0%	
T-40	KDX Residence Okachimachi	850,000	846,892	1,020,000	S	51	1,329.79	1,329.79	100.0%	184	29,932	4,768	25,164	3,768	21,396	5.9%	5.0%	
T-41	KDX Residence Moto-asakusa	800,000	799,207	968,000	SF	44	1,314.91	1,261.28	95.9%	184	29,478	7,686	21,791	4,473	17,318	5.4%	4.3%	
T-42	KDX Residence Itabashi Honcho	620,000	610,491	727,000	S	46	1,127.58	1,083.40	96.1%	184	23,241	5,107	18,134	4,209	13,924	5.8%	4.5%	
T-43	KDX Residence Azusawa	550,000	560,496	635,000	S	39	989.82	989.82	100.0%	184	20,458	5,599	14,859	3,353	11,506	5.4%	4.1%	
T-44	KDX Residence Tobu Nerima	420,000	407,214	496,000	S	37	931.82	931.82	100.0%	184	17,299	4,156	13,142	3,770	9,371	6.2%	4.4%	
T-45	KDX Residence Yokohama Kannai	800,000	787,570	960,000	S	72	1,602.16	1,554.11	97.0%	184	34,871	9,277	25,593	5,945	19,648	6.3%	4.9%	
T-46	KDX Residence Miyamaedaira	999,000	999,800	1,130,000	F	40	2,448.27	2,387.52	97.5%	184	36,269	9,074	27,194	4,708	22,485	5.4%	4.5%	
T-47	KDX Residence Machida	1,800,000	1,745,279	1,990,000	F	52	3,832.53	3,832.53	100.0%	184	58,756	15,792	42,963	14,894	28,068	4.7%	3.1%	
T-48	KDX Residence Kinshicho	1,350,000	1,354,922	1,600,000	F	33	2,024.81	2,024.81	100.0%	184	43,874	8,721	35,153	6,907	28,245	5.2%	4.2%	
T-49	KDX Residence Nihombashi Hamacho	996,000	1,008,604	1,170,000	F	28	1,756.27	1,756.27	100.0%	184	30,200	5,012	25,187	4,119	21,068	5.0%	4.2%	
T-50	KDX Residence Nihombashi Ningyocho	530,000	566,600	643,000	S	27	877.14	877.14	100.0%	184	18,875	4,212	14,663	2,225	12,438	5.5%	4.7%	
T-51	KDX Residence Jiyugaoka	1,268,000	1,327,831	1,500,000	SF	48	1,637.00	1,599.23	97.7%	184	39,176	7,849	31,327	4,182	27,144	4.9%	4.2%	
T-52	KDX Residence Togoshi	3,745,000	3,782,966	4,520,000	SF	144	4,591.76	4,441.03	96.7%	184	119,543	22,570	96,973	17,032	79,940	5.1%	4.2%	
T-53	KDX Residence Shinagawa Seaside	2,593,000	2,612,131	3,100,000	S	127	3,314.75	3,217.69	97.1%	184	86,087	16,054	70,032	12,789	57,243	5.4%	4.4%	
T-54	KDX Residence Ojima	1,857,000	1,861,433	2,160,000	S	117	2,372.67	2,372.67	100.0%	184	63,293	14,709	48,583	11,049	37,534	5.2%	4.0%	
T-55	KDX Residence Oyama	2,679,000	2,684,971	3,120,000	SF	145	4,009.07	3,820.02	95.3%	184	90,645	15,285	75,359	16,586	58,772	5.6%	4.4%	

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Portfolio Performance in 2H 2017 3/5

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-56	KDX Residence Hanzomon	4,832,000	4,982,285	5,470,000	F	85	4,854.23	4,854.23	100.0%	184	130,077	25,554	104,523	14,215	90,307	4.3%	3.7%	
T-57	B-Site Akihabara	850,000	869,501	941,000	S	52	1,254.50	1,254.50	100.0%	184	23,882	2,898	20,983	2,513	18,470	4.9%	4.3%	
T-58	KDX Residence Kagurazaka Dori ⁽²⁾	1,360,000	1,389,961	1,620,000	S	70	1,809.84	1,809.84	100.0%	184	39,000	7,787	31,212	3,659	27,552	4.6%	4.0%	
T-59	KDX Residence Sendagi	2,200,000	2,377,478	2,360,000	F	40	3,159.89	3,159.89	100.0%	184	64,419	12,636	51,782	8,726	43,056	4.7%	3.9%	
T-60	KDX Residence Seijo	1,400,000	1,431,110	1,520,000	SF	38	2,198.56	2,144.19	97.5%	184	40,279	8,825	31,454	4,595	26,858	4.5%	3.8%	
T-61	KDX Residence Akihabara	1,250,000	1,266,345	1,430,000	SF	32	1,929.61	1,871.70	97.0%	184	39,287	6,895	32,392	6,591	25,800	5.1%	4.1%	
T-62	KDX Residence Iriya	1,062,000	1,079,572	1,300,000	S	57	1,899.29	1,872.15	98.6%	184	38,859	7,277	31,581	6,175	25,406	5.9%	4.7%	
T-63	KDX Residence Tachikawa	3,026,200	3,045,942	3,410,000	S	174	4,314.87	3,996.56	92.6%	184	98,675	15,629	83,046	21,053	61,992	5.4%	4.1%	
T-64	KDX Residence Tsurumi	1,050,000	1,129,419	1,380,000	SF	59	3,499.84	3,499.84	100.0%	184	52,126	9,981	42,145	6,975	35,169	8.0%	6.6%	
T-65	KDX Residence Morishita Chitose	1,100,000	1,121,729	1,200,000	S	65	1,614.28	1,572.06	97.4%	184	38,221	9,938	28,283	5,665	22,618	5.1%	4.1%	
T-66	KDX Residence Akasaka	1,150,000	1,203,643	1,530,000	SF	28	1,180.71	1,140.44	96.6%	184	37,031	4,069	32,962	4,195	28,767	5.7%	5.0%	
T-67	KDX Residence Kanda	700,000	733,067	1,020,000	SF	30	1,031.09	1,031.09	100.0%	184	27,160	4,831	22,329	3,682	18,646	6.3%	5.3%	
T-68	KDX Residence Ebisu	2,845,000	2,972,924	3,880,000	SF	65	2,659.66	2,659.66	100.0%	184	96,735	13,213	83,522	11,268	72,254	5.8%	5.0%	
T-69	KDX Residence Nishi-magome	1,130,000	1,184,662	1,180,000	S	47	1,297.27	1,246.79	96.1%	184	30,995	5,451	25,543	4,885	20,658	4.5%	3.6%	
T-70	KDX Residence Nishi-azabu	1,224,000	1,248,857	1,450,000	SF	33	1,357.88	1,321.80	97.3%	184	38,828	7,452	31,376	3,848	27,527	5.1%	4.5%	
T-71	KDX Residence Azabu Sendaizaka	792,300	810,185	929,000	S	30	878.50	878.50	100.0%	184	25,935	8,799	17,135	2,521	14,614	4.3%	3.7%	
T-72	KDX Residence Waseda Tsurumaki	561,000	574,994	778,000	S	39	808.54	808.54	100.0%	184	21,147	6,722	14,424	2,968	11,456	5.1%	4.1%	
T-73	KDX Residence Bunkyo Yushima	695,000	710,851	892,000	S	38	939.89	939.89	100.0%	184	25,038	4,349	20,688	3,111	17,576	5.9%	5.0%	
T-74	KDX Residence Kamishakujii	648,000	665,462	750,000	S	47	1,032.18	967.77	93.8%	184	23,201	6,125	17,076	3,523	13,552	5.2%	4.1%	
T-75	KDX Residence Shin-otsuka	764,000	785,830	922,000	S	40	872.00	872.00	100.0%	184	22,608	1,803	20,804	3,433	17,371	5.4%	4.5%	
T-76	KDX Residence Sakurajosui	894,000	919,020	1,100,000	S	43	1,227.16	1,048.80	85.5%	184	27,441	5,702	21,738	4,116	17,622	4.8%	3.9%	
T-77	KDX Residence Ryogoku	842,000	868,208	1,050,000	S	36	1,190.53	1,111.66	93.4%	184	27,796	4,796	22,999	4,392	18,606	5.4%	4.4%	
T-78	KDX Residence Toyosu	7,500,000	7,818,097	7,640,000	S	242	6,811.38	6,811.38	100.0%	163	79,320	4,948	74,372	28,252	46,120	2.2%	1.4%	
Subtotal / Average		114,781,500	116,007,784	134,473,000		4,366	160,313.01	157,034.45	98.0%	182.6	3,669,539	713,917	2,955,621	514,485	2,441,136	5.1%	4.3%	

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Note 2: "Bureau Kagurazaka" was changed into "KDX Residence Kagurazaka Dori" on February 5, 2018.

Portfolio Performance in 2H 2017 4/5

																(in thousands of yen)		
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
R-2	KDX JozenjiDori Residence	1,015,000	965,112	1,270,000	S	92	3,330.15	3,096.47	93.0%	184	48,735	11,940	36,795	10,350	26,444	7.2%	5.2%	
R-3	KDX Izumi Residence	1,120,000	1,074,940	1,300,000	F	40	2,798.20	2,651.30	94.8%	184	42,417	10,797	31,619	9,164	22,455	5.6%	4.0%	
R-4	KDX Chihaya Residence	1,080,000	1,025,309	1,350,000	SF	92	2,936.40	2,823.78	96.2%	184	48,038	10,487	37,550	10,014	27,536	6.9%	5.1%	
R-5	KDX Sakaisuji Hommachi Residence	2,910,000	2,773,523	3,150,000	SF	160	6,385.70	6,194.90	97.0%	184	107,651	22,814	84,836	23,761	61,075	5.8%	4.2%	
R-6	KDX Shimmachi Residence	1,015,000	962,529	1,200,000	S	94	2,146.02	2,077.53	96.8%	184	37,295	11,251	26,043	8,995	17,048	5.1%	3.3%	
R-7	KDX Takarazuka Residence	1,510,000	1,401,780	1,780,000	F	80	4,631.16	4,631.16	100.0%	184	58,399	9,173	49,226	16,534	32,692	6.5%	4.3%	
R-8	KDX Shimizu Residence	1,680,000	1,599,346	1,950,000	SF	148	6,255.16	5,996.30	95.9%	184	70,579	17,102	53,476	14,202	39,274	6.3%	4.6%	
R-9	KDX Residence Odori Koen	765,000	741,580	901,000	SF	78	2,762.76	2,692.30	97.4%	184	33,686	8,329	25,356	7,869	17,487	6.6%	4.5%	
R-10	KDX Residence Kikusui Yojo	830,000	807,609	1,000,000	SF	84	3,413.06	3,222.67	94.4%	184	37,066	10,102	26,964	7,515	19,448	6.4%	4.6%	
R-11	KDX Residence Toyohira Koen	445,000	434,396	529,000	SF	65	2,253.81	2,007.66	89.1%	184	21,557	8,510	13,046	4,397	8,649	5.8%	3.9%	
R-13	KDX Residence Ichiban-cho	530,000	515,614	683,000	SF	45	1,818.09	1,768.79	97.3%	184	26,557	7,097	19,460	5,020	14,439	7.3%	5.4%	
R-14	KDX Residence Kotodai	520,000	508,149	562,000	SF	27	1,475.73	1,475.73	100.0%	184	20,647	5,188	15,459	4,448	11,010	5.9%	4.2%	
R-15	KDX Residence Izumi Chuo	480,000	469,483	611,000	SF	40	2,159.25	2,029.65	94.0%	184	22,524	5,387	17,137	4,505	12,632	7.1%	5.2%	
R-16	KDX Residence Higashi-sakura I	2,350,000	2,299,213	2,700,000	SF	187	6,221.83	5,789.34	93.0%	184	97,370	30,062	67,307	17,785	49,522	5.7%	4.2%	
R-17	KDX Residence Higashi-sakura II	900,000	884,913	1,070,000	SF	66	2,655.31	2,536.31	95.5%	184	38,560	12,983	25,577	6,991	18,585	5.6%	4.1%	
R-18	KDX Residence Jingumae	840,000	817,338	1,040,000	SF	95	2,724.19	2,489.15	91.4%	184	38,711	12,499	26,212	7,321	18,890	6.2%	4.5%	
R-19	KDX Residence Nishi-oji	813,000	797,545	925,000	S	76	2,353.55	2,283.76	97.0%	184	32,412	7,914	24,497	6,340	18,156	6.0%	4.4%	
R-20	KDX Residence Saiin	440,000	430,552	498,000	S	49	1,094.81	1,072.39	98.0%	184	18,141	4,236	13,904	3,848	10,056	6.3%	4.5%	
R-21	KDX Residence Namba	1,410,000	1,388,312	1,630,000	S	118	3,387.30	3,284.38	97.0%	184	56,446	14,979	41,466	9,965	31,501	5.8%	4.4%	
R-22	KDX Residence Namba-minami	1,350,000	1,314,524	1,560,000	S	131	3,813.31	3,696.27	96.9%	184	56,076	11,548	44,528	11,786	32,741	6.5%	4.8%	
R-23	KDX Residence Shin-osaka	510,000	491,618	578,000	SF	43	1,321.04	1,290.94	97.7%	184	20,183	6,533	13,649	5,192	8,457	5.3%	3.3%	
R-24	KDX Residence Ibaraki I-II	1,275,000	1,287,952	1,387,000	F	61	4,701.87	4,548.39	96.7%	184	53,727	10,676	43,050	6,314	36,736	6.7%	5.7%	
R-25	KDX Residence Toyonaka-minami	740,000	706,177	840,000	SF	70	2,024.50	1,935.59	95.6%	184	28,976	6,123	22,852	8,164	14,688	6.1%	3.9%	
R-26	KDX Residence Moriguchi	551,000	532,122	640,000	F	28	1,942.78	1,942.78	100.0%	184	24,143	5,774	18,369	5,422	12,946	6.6%	4.7%	
R-27	KDX Residence Sannomiya	1,080,000	1,059,652	1,290,000	S	86	2,292.72	2,292.72	100.0%	184	40,065	9,982	30,083	7,724	22,358	5.5%	4.1%	
R-28	Ashiya Royal Homes	1,360,000	1,462,974	1,720,000	F	21	3,999.01	3,999.01	100.0%	184	66,564	17,573	48,990	4,738	44,252	7.1%	6.5%	

Note 1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)

Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m² and less than 30m² and more than 20 rentable units per property], Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m² and less than 60m² and more than 15 rentable units per property], Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m² and more than 5 rentable units per property]

Portfolio Performance in 2H 2017 5/5

(in thousands of yen)																		
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
Other Regional Areas	R-29	KDX Residence Funairi Saiwai-cho	588,000	569,004	664,000	S	64	1,889.53	1,859.68	98.4%	184	27,011	6,456	20,554	5,369	15,185	6.9%	5.1%
	R-30	KDX Residence Tenjin-higashi II	680,000	664,492	851,000	SF	63	2,602.53	2,478.60	95.2%	184	30,178	7,376	22,801	6,223	16,578	6.7%	4.8%
	R-32	KDX Residence Nishi Koen	763,000	745,643	839,000	F	36	2,522.16	2,300.38	91.2%	184	30,493	6,993	23,499	6,370	17,129	6.1%	4.5%
	R-33	KDX Residence Hirao Josui-machi	760,000	751,636	867,000	F	24	2,098.68	2,008.16	95.7%	184	28,963	8,069	20,894	4,779	16,115	5.5%	4.2%
	R-34	Melody Heim Gotenyama	400,000	430,504	510,000	F	36	2,297.24	2,297.24	100.0%	184	21,695	5,414	16,281	3,004	13,276	8.1%	6.6%
	R-35	Leopalace Flat Shin-sakae	3,500,000	3,592,255	4,260,000	S	274	11,589.95	11,589.95	100.0%	184	121,557	15,228	106,328	33,178	73,150	6.0%	4.1%
	R-36	KDX Residence Konan Yamate	973,000	981,892	1,120,000	SF	55	1,923.22	1,844.12	95.9%	184	33,104	7,900	25,203	4,911	20,292	5.1%	4.1%
	R-37	KDX Residence Hommachibashi	3,201,000	3,218,476	3,450,000	SF	134	6,511.88	6,361.03	97.7%	184	109,334	18,576	90,758	21,966	68,791	5.6%	4.3%
	R-38	KDX Residence Minami-kusatsu	1,974,666	2,024,554	2,290,000	S	170	5,735.96	5,452.32	95.1%	184	98,944	23,244	75,699	18,250	57,449	7.6%	5.8%
	R-39	KDX Residence Ohori Harbor View Tower	4,606,296	4,671,742	5,210,000	SF	212	11,855.63	10,854.69	91.6%	184	180,391	40,344	140,047	42,536	97,510	6.0%	4.2%
	R-40	KDX Residence Minami-sanjo	915,000	952,184	1,560,000	SF	114	5,269.39	5,024.59	95.4%	184	53,669	13,544	40,125	11,228	28,897	8.7%	6.3%
	R-41	Serenite Kita-kyuhoji	1,290,740	1,308,512	1,470,000	S	85	2,277.14	2,194.73	96.4%	184	41,356	9,334	32,022	10,155	21,866	4.9%	3.4%
	R-42	Serenite Nishinomiya Hommachi	617,048	657,252	739,000	S	51	1,351.68	1,326.37	98.1%	184	23,317	4,714	18,602	4,746	13,856	6.0%	4.5%
	R-43	KDX Residence Nishijin	1,600,000	1,712,735	1,670,000	SF	128	4,472.72	3,964.64	88.6%	184	55,209	15,015	40,193	6,277	33,916	5.0%	4.2%
Subtotal / Average		49,387,750	49,033,161	57,664,000		3,522	143,295.72	137,385.77	95.9%	184.0	2,001,766	471,287	1,530,478	407,373	1,123,104	6.1%	4.5%	
Total / Average		164,169,250	165,040,946	192,137,000		7,888	303,608.43	294,420.22	97.0%	183.0	5,671,305	1,185,205	4,486,099	921,858	3,564,241	5.4%	4.3%	

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