

Financial Results for the Period Ended January 2019 (14th Fiscal Period)

March 15, 2019

KENEDIX
Residential NEXT Investment Corporation



NEXT

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

Contents

1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

Post-merger Public Offerings and Steady Asset Growth	p. 4
Investment Unit Price and Sustained Growth	p. 5
Consistent Property Acquisitions Using Many Routes and Schemes (Post-merger Acquisitions)	p. 6
Consistent Asset Replacements and Management Skill for Distributions to Unitholders	p. 7
Growth of Distributions per Unit (DPU)	p. 8
Measures for More Growth	p. 9
Increasing Asset Size and Market Capitalization	p. 10

2. Financial Results (Actual Results for 14th Period and Outlook for 15th and 16th Period)

Income Statements for the Period Ended January 2019 (14th Fiscal Period)	p. 13-14
Outlook for the Period Ending July 2019 (15th Fiscal Period) and the Period Ending January 2019 (16th Fiscal Period)	p. 15-16

3. Operational Status ~Residential Facilities~

Portfolio for Residential Assets	p. 18
New Tenant Trend	p. 19
Renewal Tenant Trend	p. 20
Rent per Tsubo of Residential Unit	p. 21
Occupancy Rates	p. 22

4. Operational Status ~Healthcare Facilities~

Healthcare Facility Portfolio	p. 25
Overview of Operators	p. 26
Operational Improvements	p. 27
Operational Status of Healthcare Facilities	p. 28

5. Finance

Finance	p. 31-32
Unitholders	p. 33

6. Sustainability

Initiatives for Sustainability	p. 35
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Appendices

Tenant Demographics Analysis (Residential Facilities)	p. 37
About Seismic Isolation Materials	p. 38
Classification of Senior Living Facilities	p. 39
Senior Housing and Senior Care Facility Operators Ranked by Number of Rooms	p. 40
Status of Lease Agreements (Healthcare Facilities)	p. 41
The Healthcare Facility Real Estate Market in Japan	p. 42
Typical Profit Structure for Senior Living Facilities	p. 43
The Business Climate for Healthcare Facilities in Japan	p. 44
Unitholders' benefit programs	p. 45
Financial Statements	p. 46-47
Support System by Sponsor and Support Companies	p. 48
Summary of Kenedix Group	p. 49
Organization Chart of KFM (KDR)	p. 50
Appraisal Unrealized Capital Gains and NAV per Unit	p. 51
Appraisal Values	p. 52-57
Summary of Portfolio Performance	p. 58
Portfolio Performance in 2H 2018	p. 59-64

1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

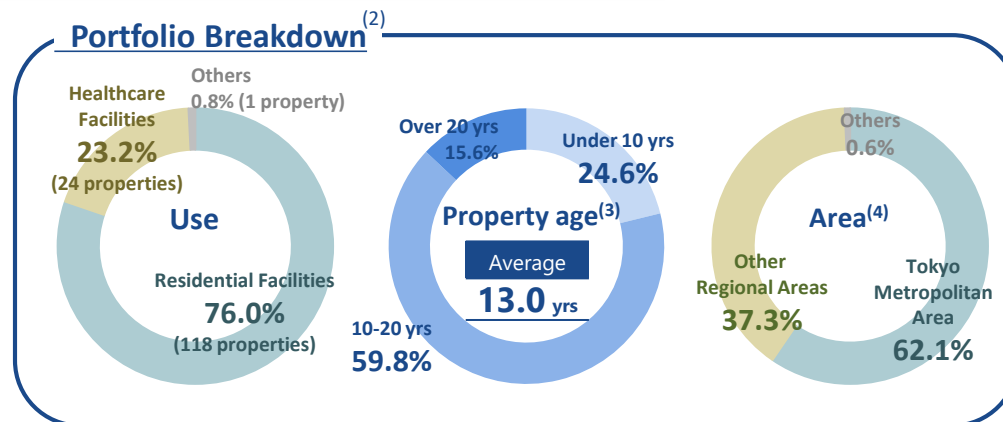
1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

Post-merger Public Offerings and Steady Asset Growth

- Conducting **Public offerings of stock in two consecutive fiscal periods** after the merger
- Improving portfolio quality by acquiring properties in the Tokyo metropolitan area and relatively new properties

Overview of the Public Offerings (PO)

	Previous PO August 2018	Current PO February 2019
Date of resolution for issuance	July 13, 2018	February 4, 2019
Date when the issue price was determined	July 24, 2018	February 13, 2019
Issue price / Paid-in amount	¥157,047 / ¥151,892	¥175,500 / ¥169,740
Total paid-in amount ⁽¹⁾	Approx. ¥13.09 bln	Approx. ¥6.50 bln
Investment units newly issued ⁽¹⁾	86,205 units	38,325 units
Investment units outstanding after PO ⁽¹⁾	869,133 units	907,458 units



After the merger
(March 2018)

Public Offerings	
Acquisitions during the 13th period and through the previous PO	Acquisitions during the 14th period and through the current PO
4	3
¥13.8 bln	¥3.1 bln
6	4
¥12.3 bln	¥12.7 bln
10	7
¥26.2 bln	¥15.9 bln
13.8 years	7.4 years
-	-

After acquisition of assets⁽⁶⁾

Asset Growth

Assets are now about ¥40.0 bln higher than just after the merger (increase of 20.8%)

Residential facilities ⁽⁵⁾	Properties	115	4	3	119
	Asset size	¥164.1 bln	¥13.8 bln	¥3.1 bln	¥179.1 bln
Healthcare facilities	Properties	14	6	4	24
	Asset size	¥28.9 bln	¥12.3 bln	¥12.7 bln	¥54.1 bln
Total	Properties	129	10	7	143
	Asset size	¥193.1 bln	¥26.2 bln	¥15.9 bln	¥233.2 bln
Average property age		13.3 years	13.8 years	7.4 years	13.0 years
LTV		49.9%	-	-	49.6%

Note 1: Include offerings with a third-party allotment.

Note 2: Percentages use prices of properties that include assets to be acquired as of June 3, 2019.

Note 3: "Property age" is calculated by using the period from the completion of each property to January 31, 2019.

Note 4: "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba. "Other Regional Areas" include government-designed municipalities and other large cities.

Note 5: "Properties" and "asset size" of residential facilities include one property which is on land with leasehold interests.

Note 6: One residential facility was sold every fiscal period during the 13th and 15th period.

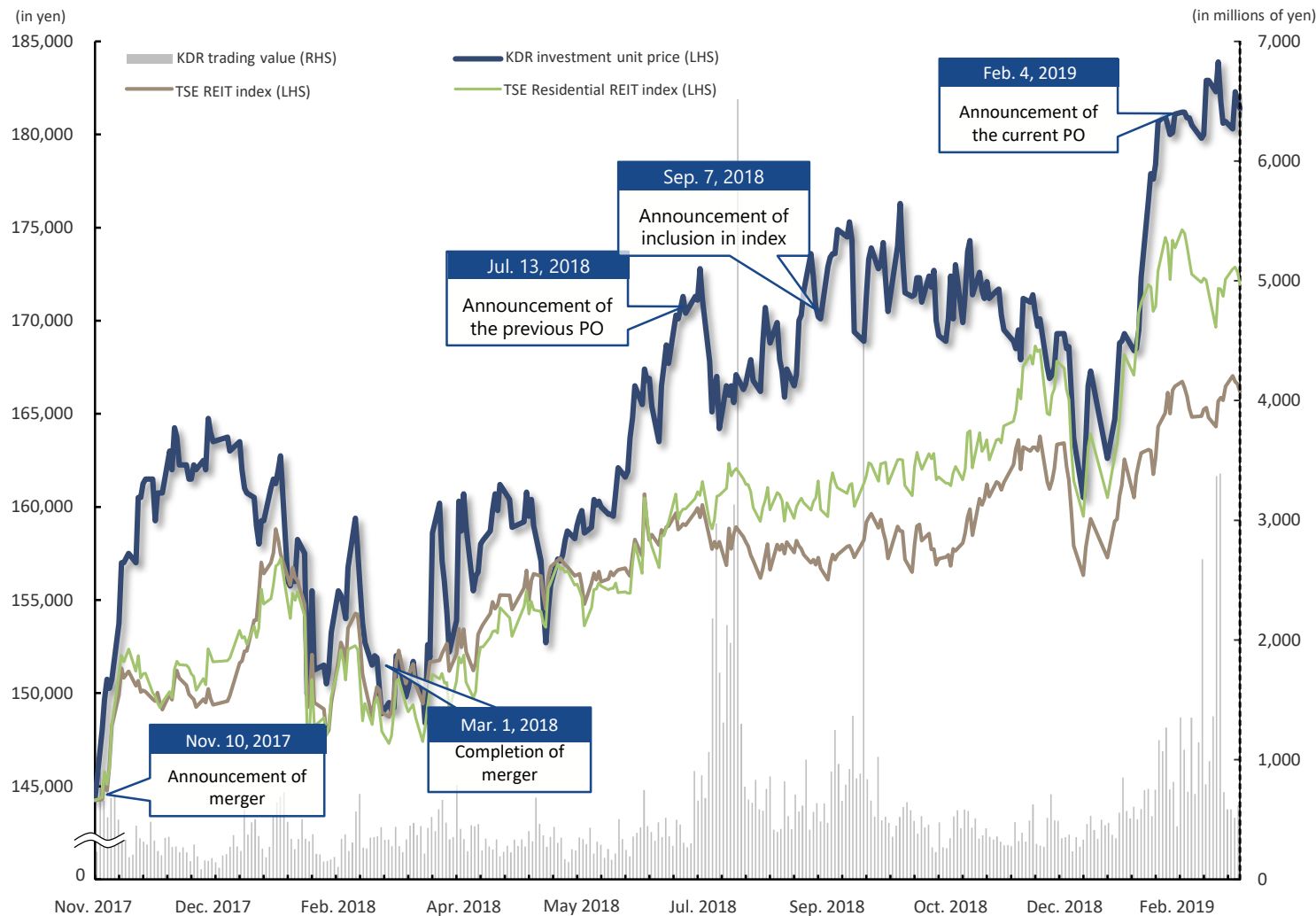
1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

Investment Unit Price and Sustained Growth

- Since the November 2017 merger announcement, the investment unit price has increased consistently due to the stability of rental property performance and growth backed by public offerings
- Included in the **FTSE EPRA/NARIET Global Real Estate Index** in September 2018 because of steady market cap growth

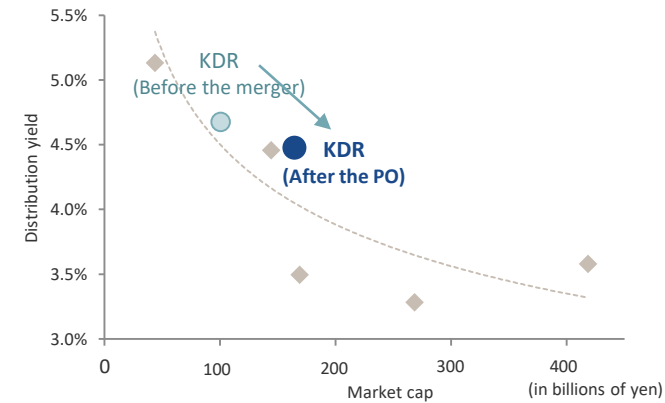
Use asset size and market cap growth for improved external assessments on KDR, lower cost of procuring funds, and a sustained growth spiral

Investment Unit Price (After Announcement of the JSL Merger) ⁽¹⁾

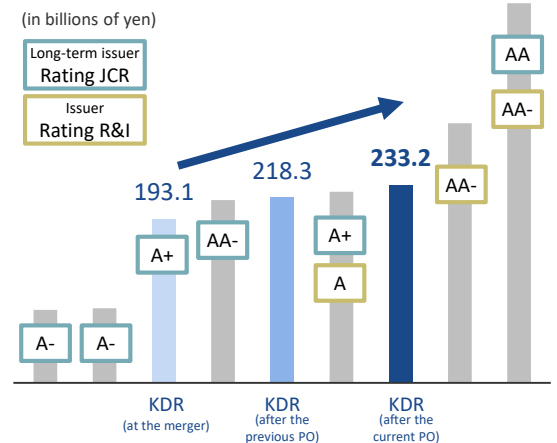


KDR Positioning in Residential REIT⁽²⁾

Market cap and distribution yield



Asset size and rating



Note 1: KDR investment unit price and TSE Residential REIT index are based on the closing price. For the TSE Residential REIT index, an index based on the November 10, 2017 closing prices of this index and KDR investment units is used.
 Note 2: "Asset size", "market cap" and "distribution yield" show figures as of February 28, 2019, based on information disclosed by Nippon Accommodations Fund, Advance Residence Investment Corporation, Kenedix Residential Next 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). As for KDR, the figures before the merger are calculated as of November 10, 2017.

1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

Consistent Property Acquisitions Using Many Routes and Schemes (Post-merger Acquisitions)











- Residential facilities: Acquired at competitive prices properties with good prospects for rent increases, mainly in the Tokyo metropolitan area
- Healthcare facilities : Acquired quality properties as the core of this portfolio while diversifying investments in terms of location, facility category and other characteristics

Number of properties acquired	Total acquisition price	Appraisal NOI cap rate
17	¥42.1 bln	Average 5.0 %

Residential Facilities

	Use of bridge funds (using the asset management company's channels)				Purchases from third parties (using the asset management company's channels)		
							
	KDX Residence Asagaya	KDX Residence Hiyoshi	Serenite Kobe Motomachi	KDX Residence Shukugawa Hills	KDX Residence Kamikitazawa	KDX Residence Kaminoge	KDX Residence Higashi-Asakusa
Location	Suginami-ku, Tokyo	Yokohama-shi, Kanagawa	Kobe-shi, Hyogo	Nishinomiya-shi, Hyogo	Setagaya-ku, Tokyo	Setagaya-ku, Tokyo	Taito-ku, Tokyo
Acquisition date	August 2, 2018	August 2, 2018	August 2, 2018	August 2, 2018	February 1, 2019	February 1, 2019	February 21, 2019
Leasable units	44 units	92 units	138 units	239 units	39 units	34 units	36 units
Acquisition price	¥1.93 bln	¥2.63 bln	¥2.39 bln	¥6.88 bln	¥1.36 bln	¥1.11 bln	¥0.68 bln
Appraisal NOI cap rate ⁽¹⁾	4.6%	5.3%	5.3%	5.2%	4.8%	4.5%	4.8%

Healthcare Facilities

	Sponsor support (relationships with operators)	Use of bridge funds (using relationships with operators)				Purchases from third parties (internal channels)	Sponsor support	Bridge fund (internal channels)	Bridge fund (relationships with operators)	
										
	Excellent Kitano	Anesis Teradacho	Rococo-riha	Orage Suma	Canadian Hill	Anesis Hyogo	Plaisant Grand Ota Tamagawa	Tsukui Sunshine Machida	Serabi Ebisu	Arute Ishiyagawa
Location	Kyoto-shi, Kyoto	Osaka-shi, Osaka	Toyonaka-shi, Osaka	Kobe-shi, Hyogo	Kobe-shi, Hyogo	Kobe-shi, Hyogo	Ota-ku, Tokyo	Machida-shi, Tokyo	Meguro-ku, Tokyo	Kobe-shi, Hyogo
Acquisition date	July 6, 2018	August 2, 2018	August 2, 2018	August 2, 2018	August 2, 2018	August 2, 2018	September 28, 2018	March 1, 2019	June 3, 2019 (scheduled)	June 3, 2019 (scheduled)
Property type	Residential private nursing homes	Nursing and health facilities	Nursing and health facilities	Nursing and health facilities	Nursing and health facilities	Nursing and health facilities	Private senior home with nursing care	Private senior home with nursing care	Private senior home with nursing care	Private senior home with nursing care
Facility scale	41 rooms	45 rooms/150 beds (nursing and health facilities) 100 rooms (nursing homes)	52 rooms/100 beds	100 rooms/100 beds (nursing and health facilities) 35 rooms (serviced senior housing)	40 rooms/115 beds	58 rooms/100 beds	80 rooms	348 rooms	34 rooms	54 rooms (nursing homes) 18 rooms (group homes)
Acquisition price	¥0.73 bln	¥3.49 bln	¥2.10 bln	¥2.81 bln	¥1.83 bln	¥1.42 bln	¥3.05 bln	¥6.93 bln	¥1.69 bln	¥1.06 bln
Appraisal NOI cap rate ⁽¹⁾	5.1%	5.4%	5.4%	5.5%	5.2%	5.4%	4.3%	4.5%	4.2%	7.7%

Note 1: "Appraisal NOI cap rate" is calculated by dividing the appraisal net operating income (NOI) described in the appraisal report obtained when KDR made decisions to acquire a property, by the acquisition price (including scheduled acquisition).

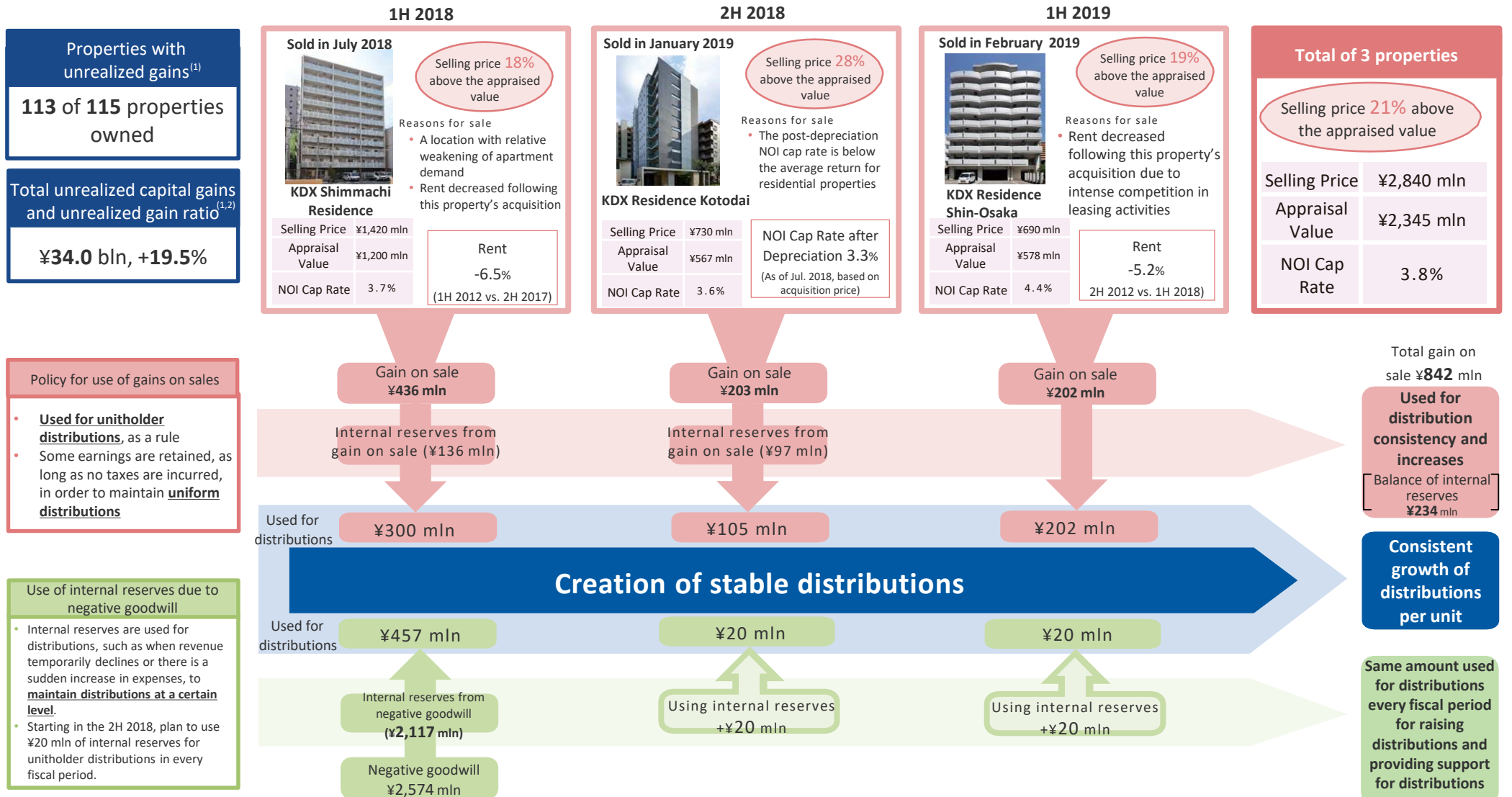
Note 2: Assets acquired after the merger and assets acquired (to be acquired) on the current public offering are described above.

1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

Consistent Asset Replacements and Management Skill for Distributions to Unitholders

Distributions per unit increases and steady growth backed by gains on sales from strategic asset replacements and internal reserves

Management of distributions by using strategic asset replacements and internal reserves



Note 1: Figures are for the residential facility portfolio as of January 31, 2019 but exclude KDX Residence Shin-Osaka, which was sold in February 2019.

Note 2: "Unrealized gain ratio" is calculated by dividing the total unrealized capital gains from the properties shown here as of January 31, 2019 by the total book value of these properties on that date. The ratio is rounded to one decimal place.

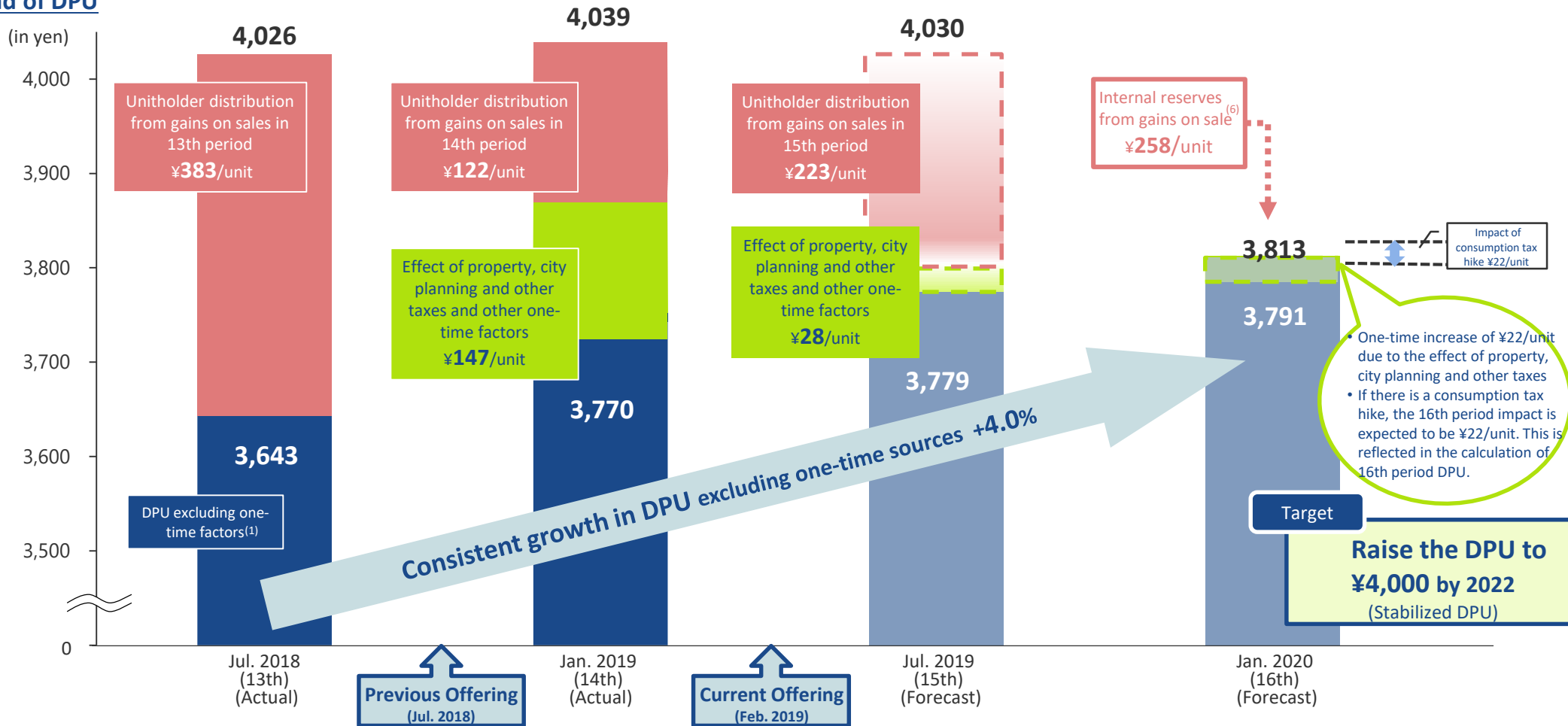
(in millions of yen)	13th	14th	15th	Total/ Remaining
Gains on sale	436	203	202	842
Additions of gains to internal reserves	136	97	0	234

1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

Growth of Distributions per Unit (DPU)

- DPU have increased because of property acquisitions funded by continuous public offerings
- Substantial distributions for three consecutive periods supported by gains on sales of properties, the use of internal reserves from gains on sale for distribution uniformity, and other measures for managing distributions

Trend of DPU



Note 1: "DPU excluding one-time factors" = DPU forecast – Gains from property sales used for distributions (forecast) – The effect of property, city planning and other taxes and other one-time factors). DPU for the 15th fiscal period and afterward are estimates as of the date of this presentation. KDR makes no guarantee that these funds will be distributed to unitholders, same below.

Note 2: "The effect of property, city planning and other taxes and other one-time factors" is a benefit resulting from the delay in the recognition of these taxes as an expense to the fiscal period following the acquisition of a property. This benefit is influenced by fluctuations in asset management fees in each fiscal period caused by changes in total assets and by the purchase of Plaisant Grand Ota Tamagawa during the 14th fiscal period, same below.

Note 3: "Gains on sale" and "additions of gains to internal reserves" for the 15th fiscal periods and their "Total/Remaining" figures are estimates as of the date of this presentation. Actual figures may be different.

Note 4: Figures for the 14th fiscal period are based on the assumption that there will be 869,133 investment units issued at the end of this period.

Note 5: Figures for the 15th fiscal period and afterward are based on the assumption that there will be issuance of new investment units by way of public offering (36,500 units) and third-party allotment with the secondary offering through over-allotment (1,825 units).

Note 6: Internal reserves from gains on sale for the 16th period = The estimated amount of ¥234 mln for additions of gains to internal reserves for the 16th fiscal period / Total number of investment units issued and outstanding (907,458 units) after the issuance of new investment units described in Note 5.



1. Activities during the first post-merger year and continuing activities for sustained growth of unitholders' value

Measures for More Growth

Investment Policy

- KDR is dedicated to earning consistent income and achieving sustained growth by making investments in a broad range of properties where people live and stay.

Investment Policy for Asset Categories

Use	Investment Policy
Residential Facilities 	<ul style="list-style-type: none"> • Place emphasis on investments in the <u>Tokyo metropolitan area</u> • Selective investments in competitive properties in other regional areas
Healthcare Facilities 	<ul style="list-style-type: none"> • <u>Diversified investments mainly in Japan's three major metropolitan areas</u> • Use of relationships with operators and sponsors' pipelines
Accommodations 	<ul style="list-style-type: none"> • <u>Selective investments in properties where demand is steady</u> • Investments in properties with steady income due to fixed rent

- Aim to continue strategic asset replacements without limitations involving asset categories

- Policy for property sales -
- Make decisions using characteristics of individual properties and outlook for future income

Factors affecting property sale decisions



Targets for Portfolio Weighting Based on Use

- The goal is maintaining and improving portfolio stability and growing consistently while investing primarily in residential facilities.

Use	Current Investment Ratio	Target Investment Ratio for the Management Guideline
Residential Facilities	76.0%	At least 60%
Healthcare Facilities	23.2%	30% or less
Accommodations	-	20% or less
Other	0.8%	10% or less

External Growth Pipeline

- Aim for continuous external growth by using many acquisition routes and schemes
- Assets in the external growth pipeline: 4 properties with a total value of approx. ¥10.0 bln

Stable Pipeline Backed by Sponsor Support

Sponsor support		Preferential Negotiation Rights	
			
(Tentative name) Hatchobori Project		Rehabili Home Granda Kobe Kitano	
Location	Chuo-ku, Tokyo	Location	Kobe-shi, Hyogo
Rentable Units	About 40 to 50	No. of rooms	59
Construction completion (scheduled)	End-March 2020	Construction completion	February 2016
		Operator	Benesse Style Care Co.,Ltd.

Sponsor support			
			
Otsuka Ekimae Hotel		Yokohama Sta. Nishiguchi Hotel	
Location	Toshima-ku, Tokyo	Yokohama-shi, Kanagawa	
Number of rooms	74	123	
Construction completion	October 2018	November 2018	

Increasing Asset Size and Market Capitalization

Increase in Asset Size

Target

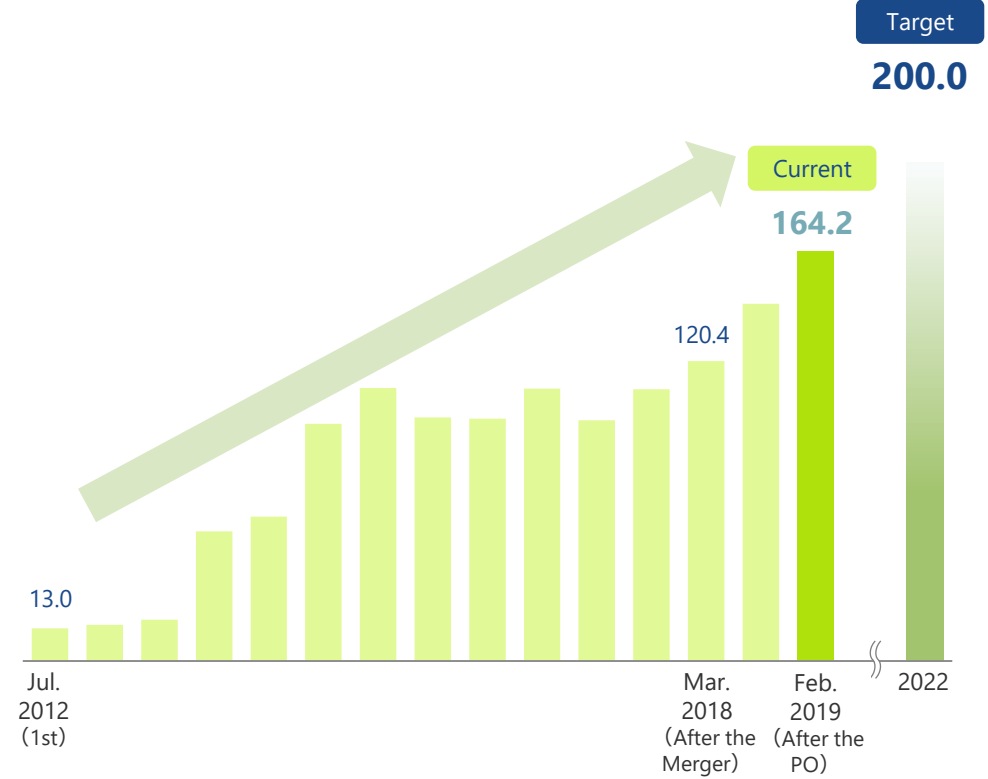
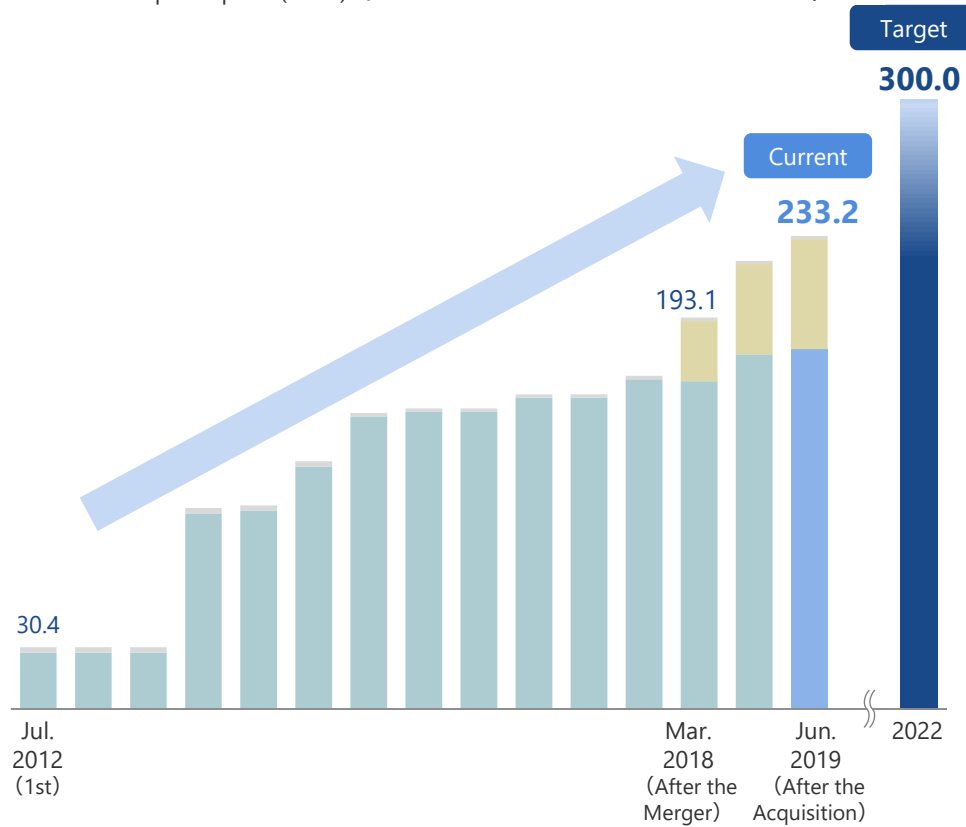
Aim to achieve asset size of ¥ 300 bln by 2022 with selective investment and replacing assets

Increase in Market Capitalization

Target

Aim to achieve market cap of ¥ 200 bln by 2022

■ Total of acquired price (¥ bln) (■ Residential ■ Healthcare ■ Other)



2. Financial Results

(Actual Results for 14th Period and Outlook for 15th and 16th Period)

Income Statements for the Period Ended January 2019 (14th Fiscal Period) 1/2

Rental Income of Real Estate by Use ⁽¹⁾

		Peak season	Off-peak season					
		1H 2018	2H 2018					
(in millions of yen)		Actual	Forecast	Actual	Period on Period	Actual vs Forecast		
Residential Facilities	Rent revenue –real estate	5,332	5,682	5,681	349	6.5%	0	0.0%
	Other lease business revenue	501	502	508	7	1.4%	6	1.3%
	Expenses related to rent business (ex. depreciation)	1,283	1,291	1,293	10	0.8%	2	0.2%
	NOI	4,550	4,894	4,896	346	7.6%	2	0.1%
	Depreciation	926	980	979	52	5.7%	-1	-0.1%
	Rental income of real estate	3,624	3,913	3,917	293	8.1%	3	0.1%
Healthcare Facilities	Rent revenue –real estate	819	1,403	1,403	583	70.9%	0	0.0%
	Other lease business revenue	1	11	11	10	872.7%	0	0.8%
	Expenses related to rent business (ex. depreciation)	126	160	157	31	24.7%	-2	-1.8%
	NOI	694	1,254	1,257	563	81.1%	3	0.2%
	Depreciation	218	364	364	146	67.0%	0	-0.1%
Rental income of real estate	476	890	893	417	87.5%	3	0.4%	
Total	NOI	5,245	6,148	6,154	909	17.3%	5	0.1%
Rental income of real estate	4,100	4,804	4,811	710	17.3%	7	0.1%	

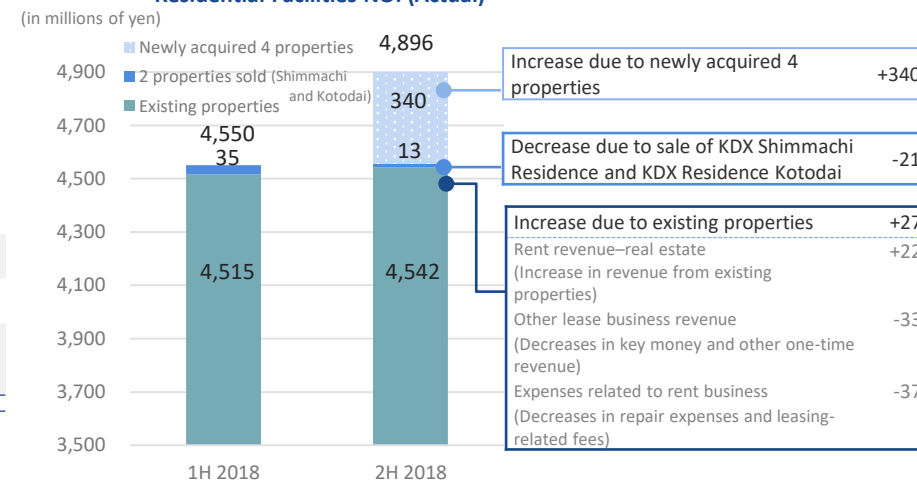
Note 1: All figures for “Residential Facilities” include “Others” (one property which is on land with leasehold interests).

Note 2: “Newly acquired 4 properties” in residential facilities include KDX Residence Asagaya, KDX Residence Hiyoshi, Serenite Kobe Motomachi and KDX Residence Shukugawa Hills that were acquired in August 2018.

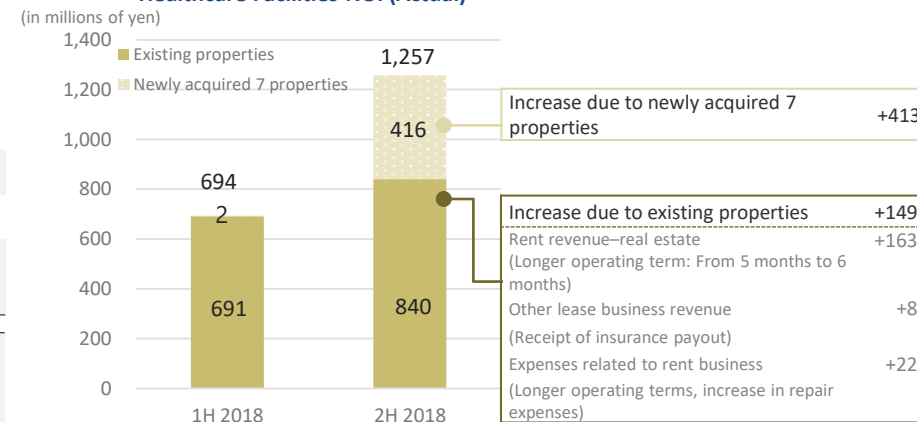
“Newly acquired 7 properties” in healthcare facilities include Excellent Kitano acquired in July 2018, Anesis Teradacho, Rococo-riha, Orage Suma, Canadian Hill, and Anesis Hyogo that were acquired in August 2018, and Plaisant Grand Ota Tamagawa acquired in September 2018.

Major Components ⁽²⁾

Residential Facilities NOI (Actual)



Healthcare Facilities NOI (Actual)



Income Statements for the Period Ended January 2019 (14th Fiscal Period) 2/2

(in millions of yen)	1H 2018		2H 2018		Period on Period		Actual vs Forecast		Major Components
	Actual	Forecast (1)	Actual						
Rent revenue	6,152	7,086	7,085		933	15.2%	0	0.0%	
–real estate									
Other lease business revenue	503	514	520		17	3.5%	6	1.3%	
Gain on sale of real estate property	436	203	203		-233	-53.5%	0	0.0%	1H 2018 Gain on the sale of KDX Shimmachi Residence (+436) 2H 2018 Gain on the sale of KDX Residence Kotodai (+203) -233
Dividends received	5	13	14		9	180.0%	0	5.3%	
Operating revenues	7,097	7,817	7,823		726	10.2%	6	0.1%	
Expenses related to rent business (ex. depreciation)	1,410	1,451	1,451		41	2.9%	0	0.0%	
Depreciation	1,144	1,344	1,343		198	17.4%	-1	-0.1%	
Merger expenses	395	-	-		-395	-100.0%	-	-	
Other operating expenses	707	818	815		108	15.3%	-2	-0.3%	Increase in asset management fees mainly due to increased assets resulting from the JSL merger +99 Obtained the engineering report periodically +15
Operating expenses	3,657	3,614	3,610		-47	-1.3%	-4	-0.1%	
Operating income	3,439	4,202	4,213		773	22.5%	10	0.3%	
Non-operating income	0	0	0		0	-0.5%	0	-2.1%	
Non-operating expenses	597	614	614		16	2.8%	0	-0.1%	Increases in interest expenses and borrowing related expenses mainly due to new borrowings +8 Increase in investment unit issuance costs associated with the capital increase in Aug. 2018 +8
Ordinary income	2,842	3,587	3,599		756	26.6%	11	0.3%	
Gain on bargain purchase	2,574	-	-		-2,574	-100.0%	-	-	
Net income	5,416	3,587	3,598		-1,817	-33.6%	11	0.3%	
RTA compensation (accumulation)	(2,000)	20	20		-	-	-	-	
Earnings surplus compensation (accumulation)	(264)	(104)	(108)		-	-	-	-	Internal accumulation of part of gain on sale (¥97 mln) and compensation of succession of interest rate swap by the JSL merger (¥10 mln) in 2H 2018
Dividends	3,152	3,502	3,510		358	11.4%	7	0.2%	
Distribution per unit (yen)	4,026	4,030	4,039		13	0.3%	9	0.2%	

Note 1: The forecast for 2H 2018 is based on those announced on December 25, 2018.

Outlook for the Period Ending July 2019 (15th Fiscal Period) and the Period Ending January 2020 (16th Fiscal Period) 1/2

Rental Income of Real Estate by Use⁽¹⁾

	Off-peak season		Peak season		Off-peak season			
	2H 2018	1H 2019	2H 2019	Forecast	Actual vs Forecast	Actual vs Forecast	Actual vs Forecast	Actual vs Forecast
(in millions of yen)	Actual	Forecast	Forecast	Forecast	Period on Period	Period on Period	Period on Period	Period on Period
Residential Facilities								
Rent revenue –real estate	5,681	5,734	52	0.9%	5,739	5	0.1%	
Other lease business revenue	508	530	21	4.2%	493	-36	-6.8%	
Expenses related to rent business (ex. depreciation)	1,293	1,358	64	4.9%	1,317	-40	-3.0%	
NOI	4,896	4,906	9	0.2%	4,915	9	0.2%	
Depreciation	979	985	6	0.7%	992	6	0.7%	
Rental income of real estate	3,917	3,920	2	0.1%	3,923	2	0.1%	
Healthcare Facilities								
Rent revenue –real estate	1,403	1,601	198	14.1%	1,691	89	5.6%	
Other lease business revenue	11	3	-8	-68.7%	1	-2	-66.2%	
Expenses related to rent business (ex. depreciation)	157	194	36	23.3%	198	4	2.1%	
NOI	1,257	1,411	153	12.2%	1,494	83	5.9%	
Depreciation	364	408	44	12.2%	433	24	6.1%	
Rental income of real estate	893	1,002	109	12.2%	1,061	58	5.8%	
Total								
NOI	6,154	6,317	163	2.7%	6,410	92	1.5%	
Rental income of real estate	4,811	4,924	113	2.4%	4,986	62	1.3%	

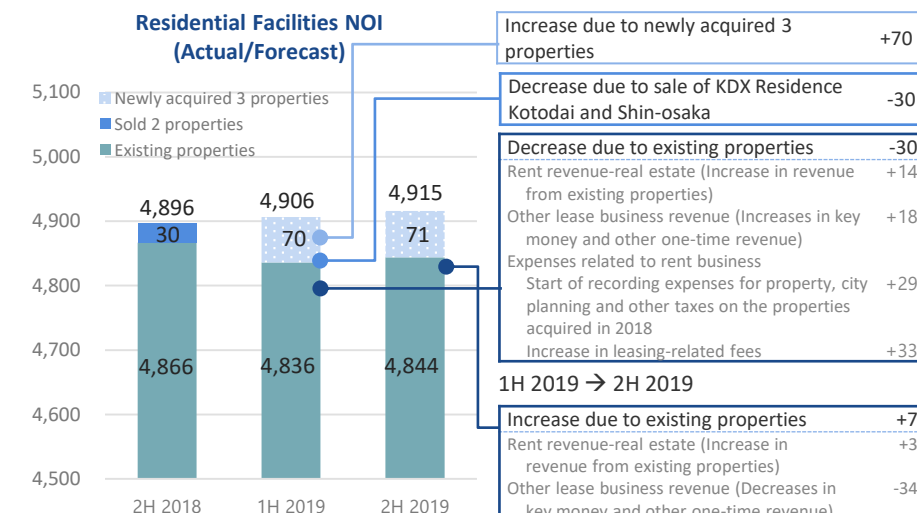
Note 1: All figures for “Residential Facilities” include “Others” (one property which is on land with leasehold interests).

Note 2: “Newly acquired 3 properties” in residential facilities include KDX Residence Kamikitazawa, KDX Residence Kaminoge and KDX Residence Higashi-Asakusa that were acquired in February 2019.

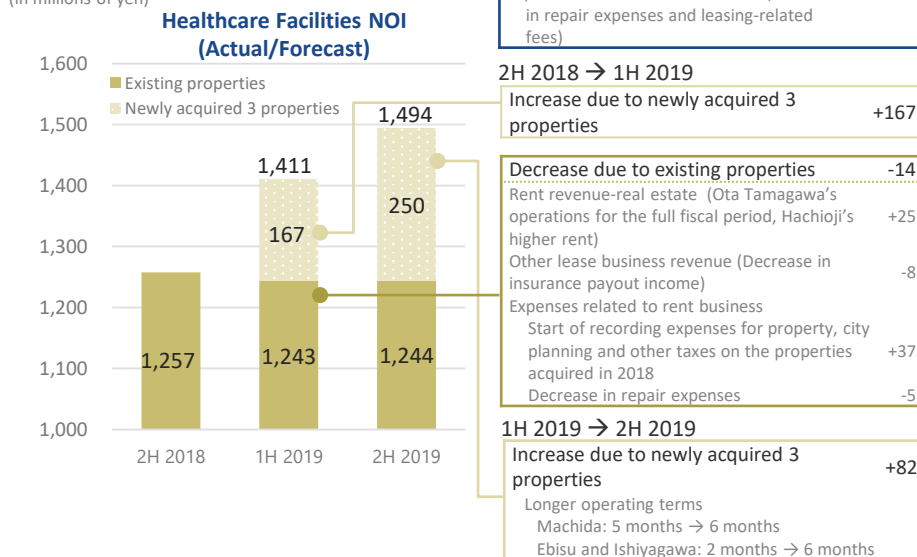
“Newly acquired 3 properties” in healthcare facilities include Tsukui Sunshine Machida acquired in March 2019, and Serabi Ebisu and Arute Ishiyagawa to be acquired in June 2019.

Major Components⁽²⁾

(in millions of yen)



(in millions of yen)



2. Financial Results (Actual Results for 13th Period and Outlook for 14th and 15th Period)

Outlook for the Period Ending July 2019 (15th Fiscal Period) and the Period Ending January 2020 (16th Fiscal Period) 2/2

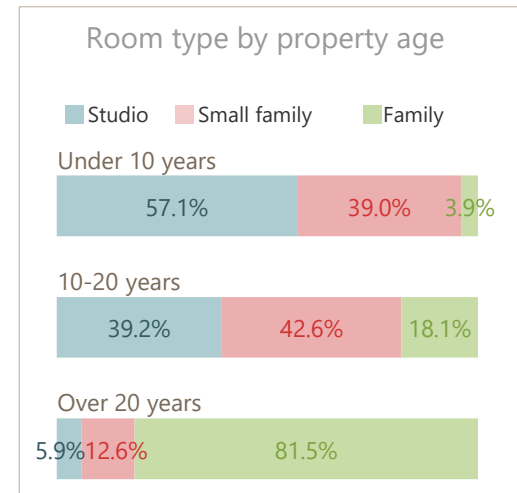
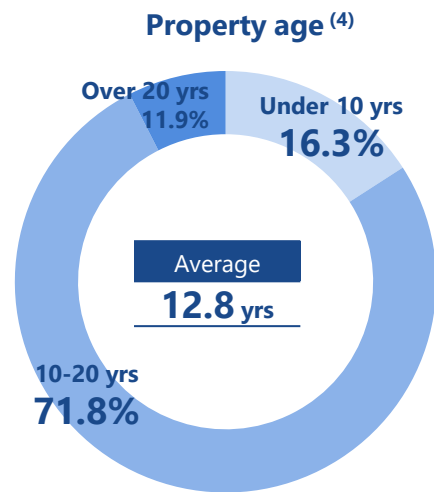
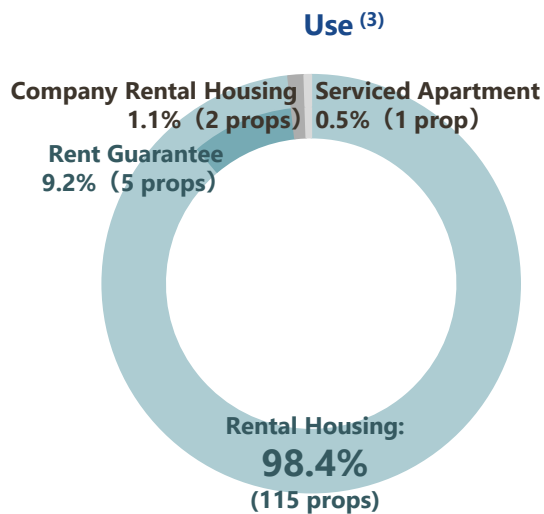
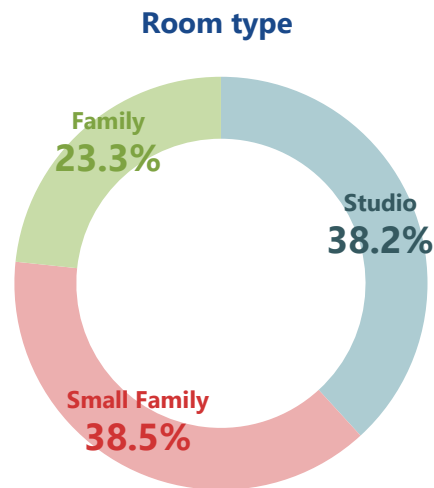
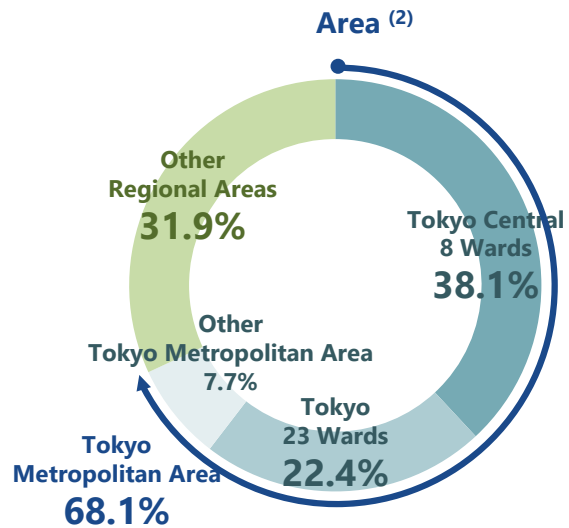
(in millions of yen)	2H 2018	1H 2019	Period on Period		2H 2019	Actual vs Forecast		Major Components
	Actual	Forecast			Forecast			
Rent revenue	7,085	7,336	250	3.5%	7,431	95	1.3%	
–real estate								
Other lease business revenue	520	533	13	2.5%	495	-38	-7.3%	
Gain on sale of real estate property	203	202	0	-0.2%	-	-202	-100.0%	2H 2018 Gain on the sale of KDX Residence Kotodai +203 1H 2019 Gain on the sale of KDX Residence Shin-Osaka +202
Dividends received	14	-	-14	-100.0%	-	-	-	Termination of a bridge fund due to property acquisition -14
Operating revenues	7,823	8,072	249	3.2%	7,926	-146	-1.8%	
Expenses related to rent business (ex. depreciation)	1,451	1,552	100	6.9%	1,516	-36	-2.3%	Increase in asset management fees mainly due to increased assets +42
Depreciation	1,343	1,394	51	3.8%	1,425	31	2.3%	Increase in investment unit issuance costs associated with the capital increase in Feb. 2019 +6
Other operating expenses	815	862	47	5.8%	897	35	4.1%	
Operating expenses	3,610	3,809	199	5.5%	3,839	30	0.8%	
Operating income	4,213	4,263	49	1.2%	4,086	-176	-4.1%	Increase in asset management fees mainly due to increased assets +9 Increase in expensed consumption tax due to the consumption tax rate hike from 8% to 10% +23
Non-operating income	0	0	0	2.1%	0	-	-	
Non-operating expenses	614	619	5	0.8%	640	21	3.4%	
Ordinary income	3,599	3,643	44	1.2%	3,446	-197	-5.4%	Increases in interest expenses and borrowing related expenses mainly due to longer operating terms +19
Net income	3,598	3,643	44	1.2%	3,445	-197	-5.4%	
RTA compensation	20	20			20			
Earnings surplus compensation (accumulation)	(108)	(6)			(4)			In 2H 2018, internal accumulation of part of gain on sale (¥97 mln) and compensation of succession of interest rate swap by the JSL merger (¥10 mln) In 1H 2019 and 2H 2019, internal accumulation of part of compensation of succession of interest rate swap by the JSL merger
Dividends	3,510	3,657	146	4.2%	3,460	-196	-5.4%	
Distribution per unit (yen) (note)	4,039	4,030	-9	-0.2%	3,813	-217	-5.4%	

Note: "Distribution per unit" is calculated based on the number of investment units issued and outstanding totaled 869,133 as of January 31, 2019 and 907,458 as of July 31, 2019 and January 31, 2020.

3. Operational Status ~Residential Facilities~

Portfolio for Residential Assets

Portfolio Breakdown (as of February 21, 2019) ⁽¹⁾



Note 1: "Portfolio Breakdown" describes the ratio by acquisition price at the as of February 21, 2019.

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.

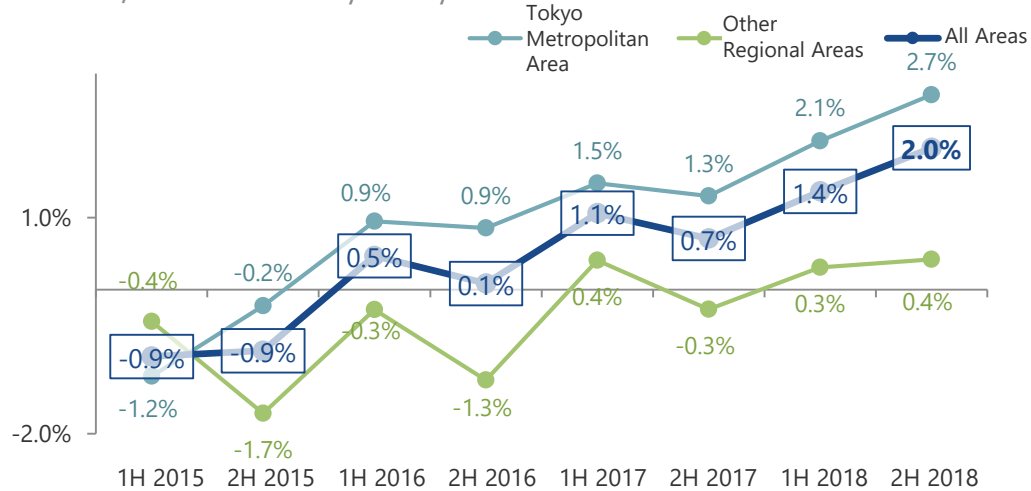
Note 3: "Rent guarantee" is contract with rent guarantee structure in part of whole residence. KDX Residence Kagurazaka Dori was changed its contract structure to Pass-through type on February 5, 2018.

Note 4: "Property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to January 31, 2019.

New Tenant Trend

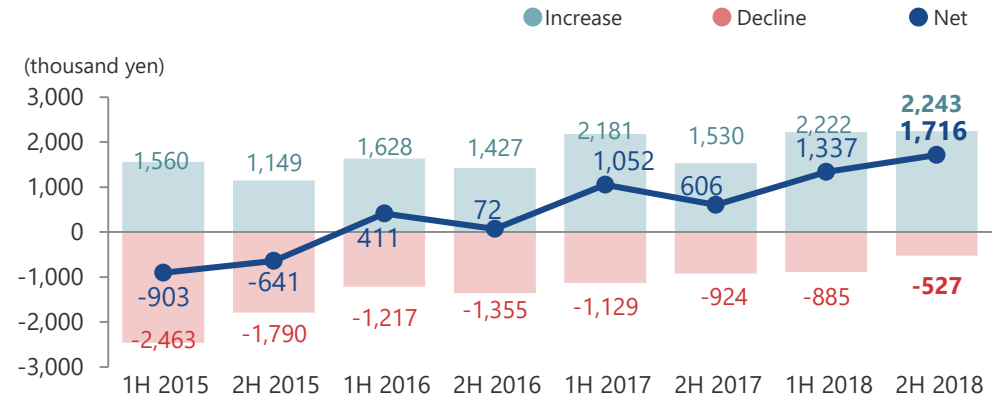
Percentage of Increase/Decline of rent of new tenants (1)

Increase/Decline of monthly rent by area



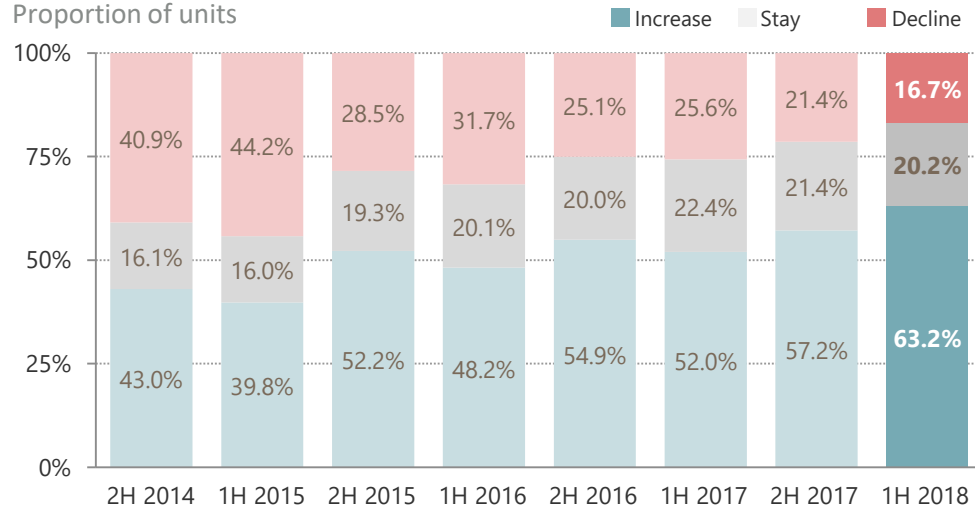
Rent Increase/Decline

Increase/Decline of monthly rent



Rent Increase/Decline (units)

Proportion of units



Average Downtime/Turnover Rate(2)

Peak season				Off-peak season			
Average downtime				Average downtime			
67 days	64 days	64 days	56 days	80 days	80 days	69 days	70 days
Turnover rate				Turnover rate			
13.6%	13.5%	12.6%	13.0%	9.8%	10.2%	10.7%	10.3%
1H 2015	1H 2016	1H 2017	1H 2018	2H 2015	2H 2016	2H 2017	2H 2018

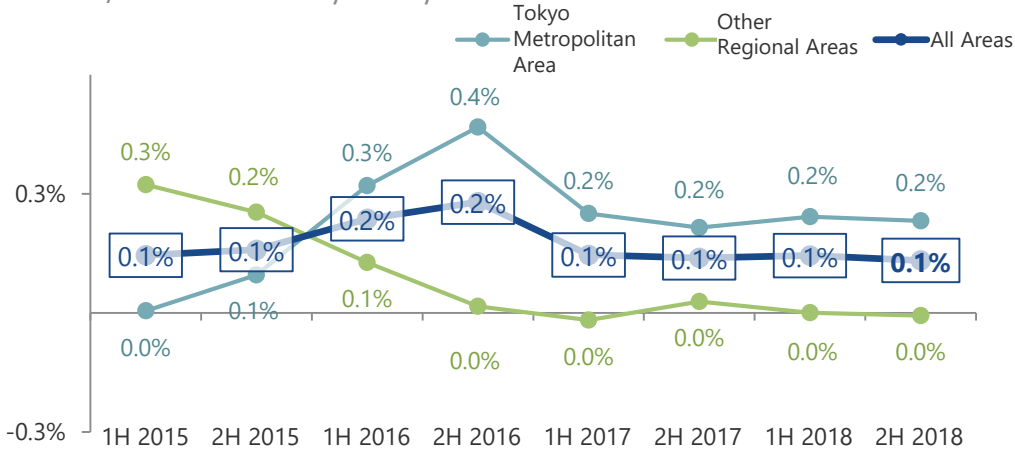
Note 1: "Percentage of Increase/Decline of rent of new tenants" = Total Amount of Increase/Decline of rent of new tenants / Total amount of rent before revisions.

Note 2: "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).

Renewal Tenant Trend

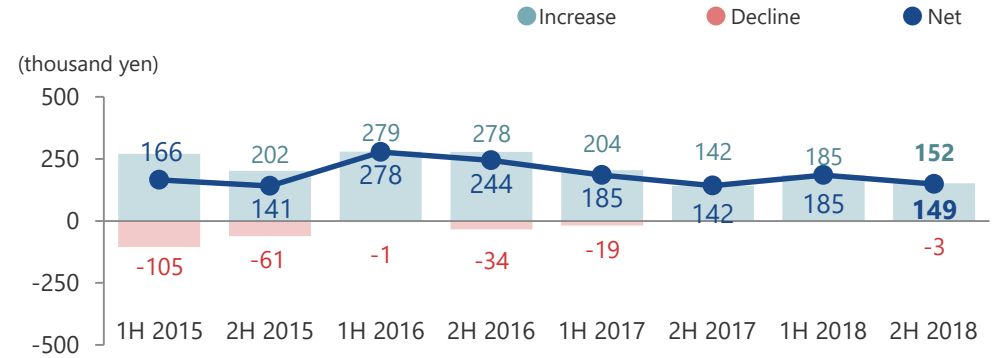
Percentage of Increase/Decline of rent of Renewal tenants (1)

Increase/Decline of monthly rent by area



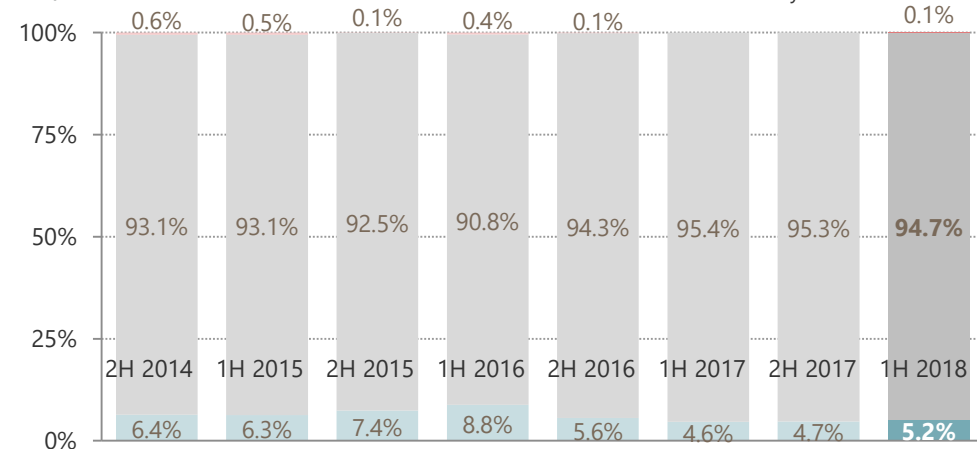
Rent Increase/Decline

Increase/Decline of monthly rent



Rent Increase/Decline (units)

Proportion of units



Renewal Rate(2)

Peak season				Off-peak season			
Renewal rate				Renewal rate			
87.8%	89.3%	88.8%	89.7%	89.5%	89.6%	90.3%	89.7%
1H 2015	1H 2016	1H 2017	1H 2018	2H 2015	2H 2016	2H 2017	2H 2018

Note 1: "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.

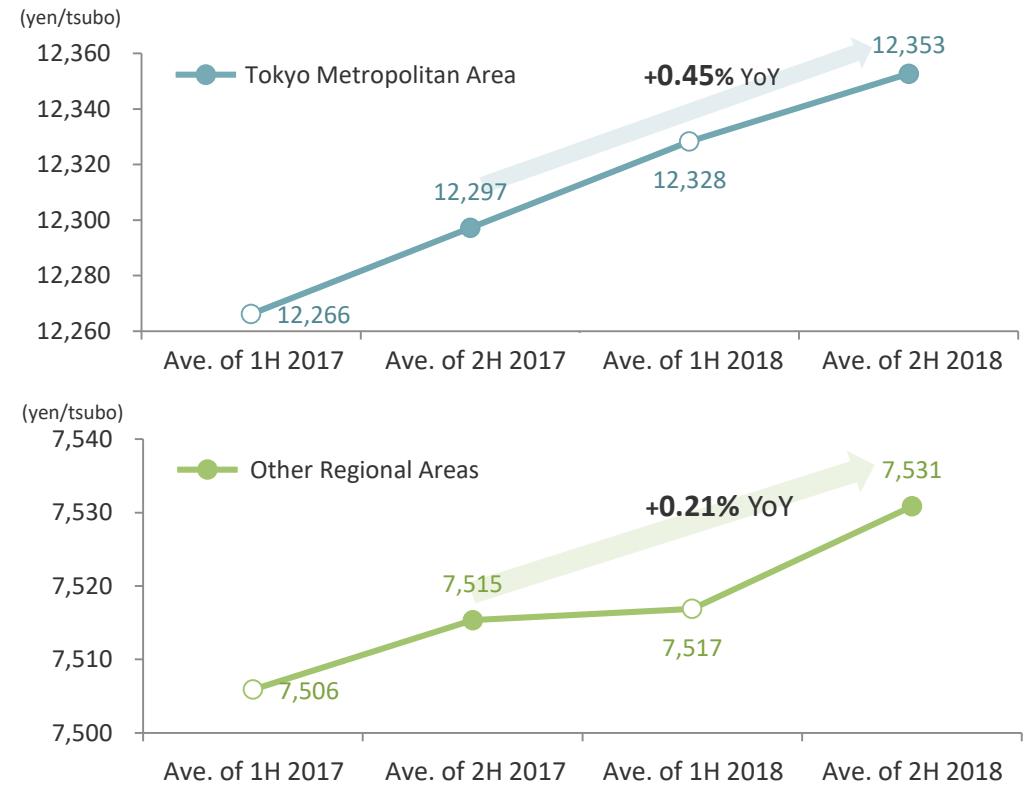
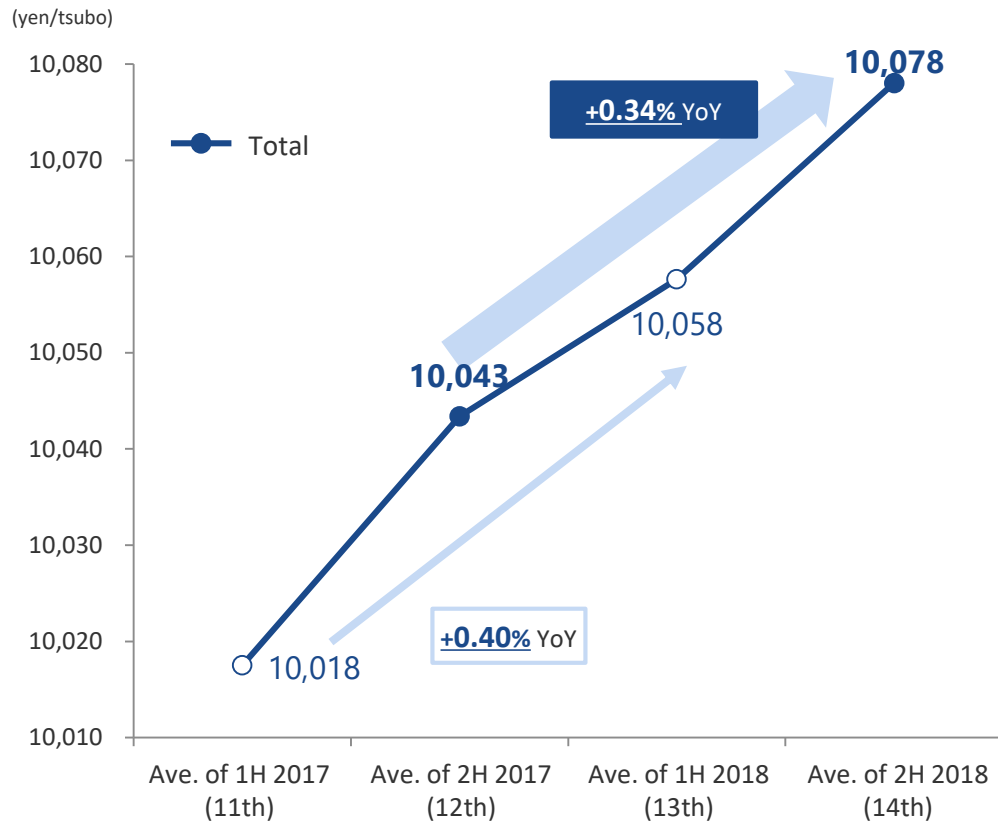
Note 2: "Renewal rate" = Renewal tenants during the period / Ending contracts during the period. These figures are calculated for residential units of pass through contract (excluding contract for whole building).

Rent per Tsubo of Residential Unit

Trends in Rent per Tsubo of Residential Unit ⁽¹⁾

- Increase in new rental income raised rent per tsubo of the entire portfolio.
- Rent per tsubo for the entire portfolio was **0.34% higher** than one year earlier.

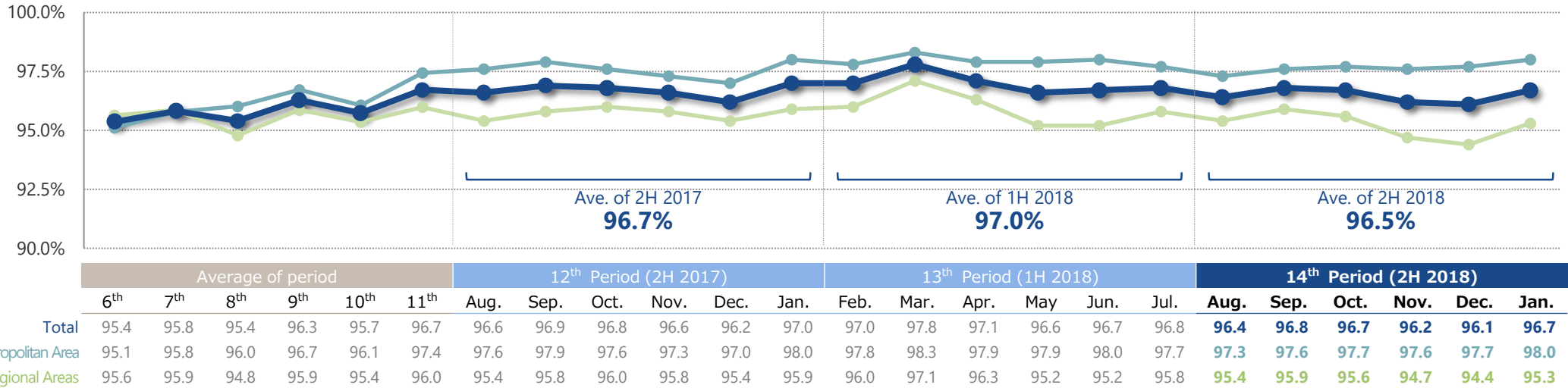
- Rent per tsubo continues to climb steadily, **increasing 0.45% in the Tokyo metropolitan area** and **0.21% in other areas of Japan** compared with one year earlier.



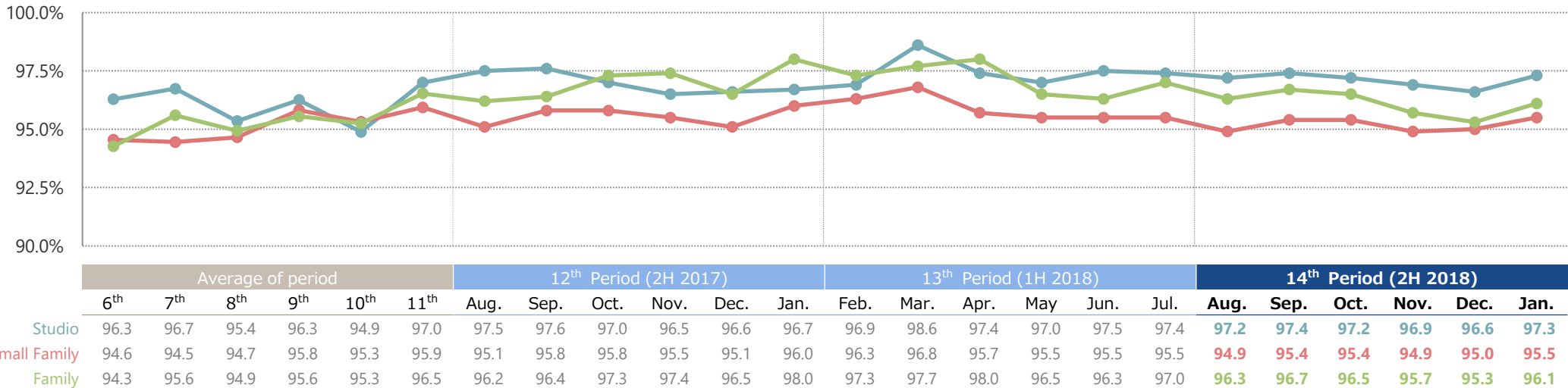
Note 1: "Rent per Tsubo of Residential Unit by Area" and "Rent per Tsubo of Residential Unit by Room Type" are calculated for residential units of pass through contract (excluding contract for whole building) of 111 properties operated from February 28, 2017 to January 31, 2019. (1Tsubo = 35.5832 sq. ft.)

Occupancy Rates

Occupancy Rates by Area⁽¹⁾



Occupancy Rates by Room Type⁽¹⁾



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).

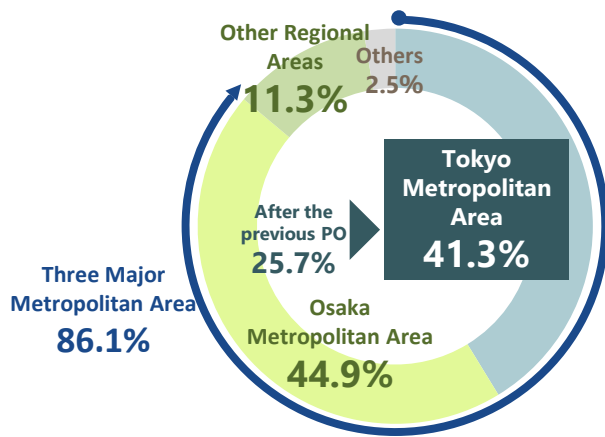
4. Operational Status ~Healthcare Facilities~

Healthcare Facility Portfolio

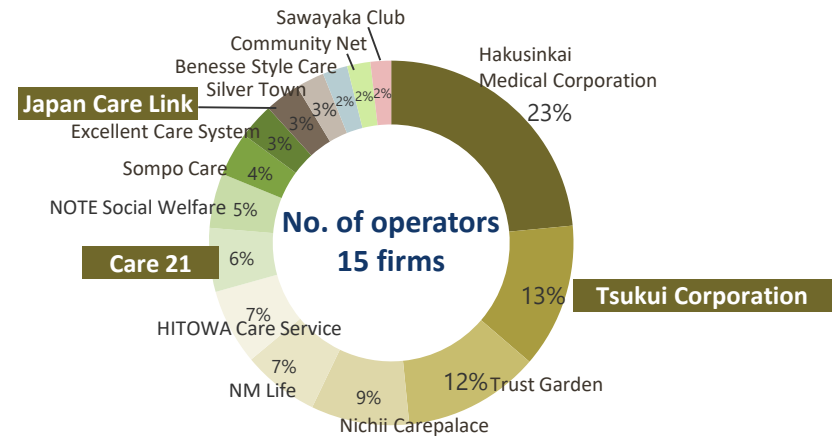
- Most properties (86.1%) are in the three major metropolitan areas of Tokyo, Osaka and Nagoya.
- **Ratio of Tokyo Metropolitan Area rises** due to acquisition of PO this time

- **Progress with diversification of operators** (currently 15)
- 3 new operators who are listed companies or subsidiary of listed company.

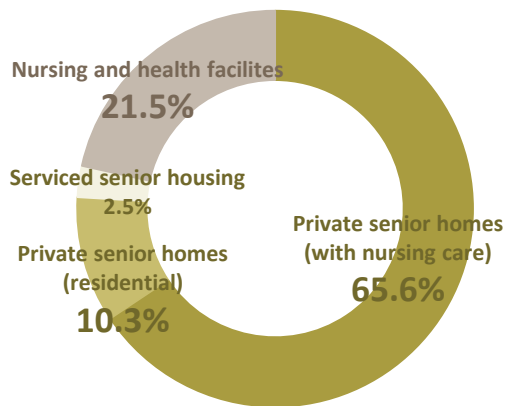
Areas (1, 2)



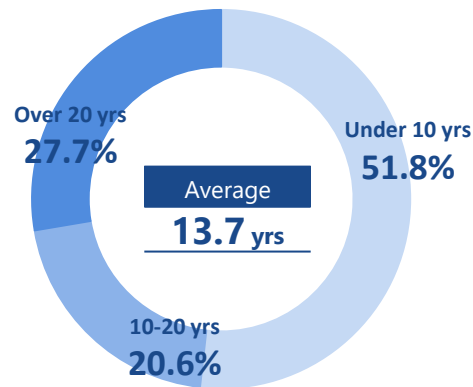
Operators (1)



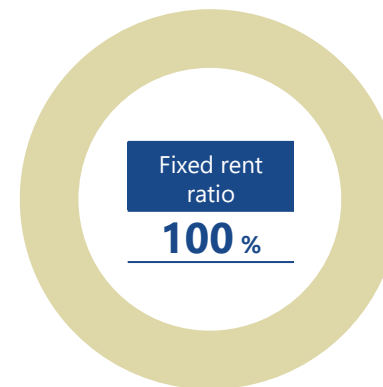
Use (facility type) (1)



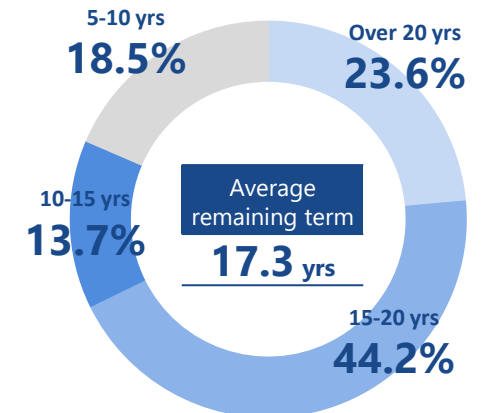
Property age (1, 3)



Ratio of fixed rent



Remaining terms (1, 4)



Note 1: The breakdown of the above portfolio (by areas, use (facility type), property age, operators and remaining terms) is calculated based on acquisition price as of June 3, 2019.
 Note 2: "Tokyo Metropolitan Area" includes principal cities of the Tokyo, Kanagawa, Saitama and Chiba. "Osaka Metropolitan Area" includes Osaka, Kyoto, Nara, Hyogo and Shiga. "Three Major Metropolitan Area" includes Tokyo Metropolitan Area, Osaka Metropolitan Area and Nagoya Metropolitan Area. "Other Regional Areas" include regional cities excluding the three major metropolitan area.
 Note 3: "Property age" is calculated by using the period from the completion of each property to January 31, 2019.
 Note 4: Remaining years to the termination date of lease agreements is calculated based on the period from January 31, 2019 to the date of termination of lease agreements with an operator.

Overview of Operators

Operators of KDR Owned Properties

Operator (Parent company, etc.)	Established	Facilities operated (note)	No. of rooms (note)	Listed/Unlisted	Locations owned by KDR (Property name)
Sompo Care Inc. (Sompo Holdings, Inc.)	May 1997	444	26,203	Consolidated subsidiary of Sompo Holdings, Inc. (TSE 1st section listed)	Sompo Care Lavire Kobe Tarumi
Benesse Style Care Co., Ltd. (Benesse Holdings, Inc.)	September 1995	319	17,218	Consolidated subsidiary of Benesse Holdings, Inc. (TSE 1st section listed)	Granda Mondo Yakujin
HITOWA Care Service Co., Ltd. (HITOWA Holdings Co., Ltd.)	November 2006	114	6,807	Unlisted company	Irise Kamata/Yuseien Irise Nishioka Izarie Eniwa building (Irise Eniwa)
Nichii Carepalace Company (NICHIGAKKAN CO., LTD.)	June 1964	80	5,106	Consolidated subsidiary of NICHIGAKKAN CO., LTD. (TSE 1st section listed)	Nichii Home Nakano Minamidai Nichii Home Tama Plaza
Sawayaka Club Co., Ltd. (Uchiyama Holdings Co., Ltd.)	December 2004	82	4,866	Consolidated subsidiary of UCHIYAMA HOLDINGS Co., Ltd. (TSE 1st section listed)	Sawayaka Sakura Nibankan
Care 21 Corporation	November 1993	107	3,462	<u>TSE JASDAQ listed</u>	Plaisant Grand Ota tamagawa
Tsukui Corporation	June 1969	77	3,195	<u>TSE 1st section listed</u>	Tsukui Sun-shine Machida
Trust Garden Co., Ltd. (Resorttrust, Inc.)	August 2007	16	1,587	Consolidated subsidiary of Resorttrust, Inc. (TSE 1st section listed)	Activa Biwa
Excellent Care System Co., Ltd.	August 2004	28	1,072	Unlisted company	Excellent Nishinomiya Excellent Kitano
NOTE Social Welfare Corporation	June 1983	22	937	Unlisted organization	Ten
Hakusinkai Medical Corporation (Nihon Human Support Co., Ltd.)	November 1999	11	621	Unlisted organization	Anesis Teradacho, Rococo-riha, Orage Suma, Canadian Hill, Anesis Hyogo
Community Net Inc.	June 1998	11	605	Unlisted company	Yuimaru Hijirigaoka
Japan Care Link Co.,Ltd (Solasto Corporation)	November 2000	40	563	<u>Consolidated subsidiary of Solasto Corporation (TSE 1st section listed)</u>	Serabi Ebisu
NM LIFE Co., Ltd. (Iriscare Co., Ltd.)	October 1995	1	232	Unlisted company	Joy Stage Hachioji
Silver Town Ltd. (Iriscare Co., Ltd.)	February 2002	3	178	Unlisted company	Gran Hills Ogawarako

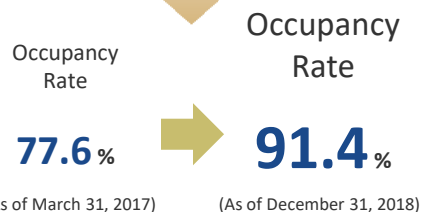
Operational Improvements

Activa Biwa



Change in the operator

- Changed the operator to the Resorttrust Group (April 2017)
- Resulted in stability of business operations and a further increase in occupancy rate



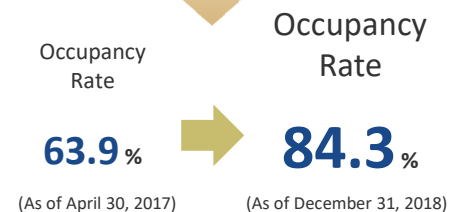
Location	Otsu-shi, Shiga
Facility type	Private senior home with nursing care
Facility scale	384 rooms
Operator	Trust Garden Co., Ltd.

Nichii Home Nakano Minamidai



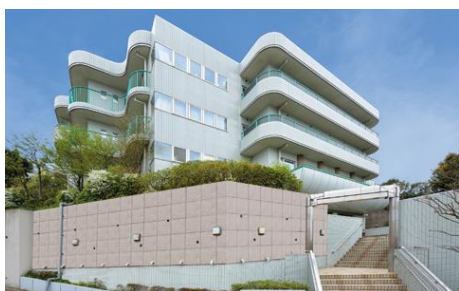
Revision to rent structure

- Revised the rent plan (May 2017)
- Giving tenants a rent structure that matches their needs resulted in higher occupancy rate



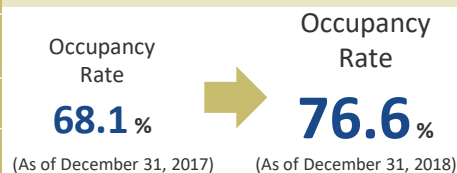
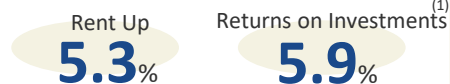
Location	Nakano-ku, Tokyo
Facility type	Private senior home with nursing care
Facility scale	83 rooms
Operator	Nichii Carepalace Company

Nichii Home Tama Plaza



Value-up renovations in common areas

- Renovations to make this building more competitive resulted in higher rent, longer leasing periods and other improvements ⁽¹⁾



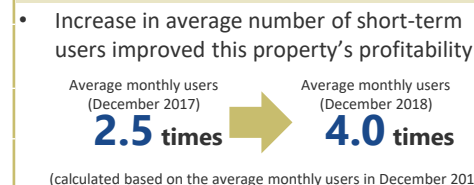
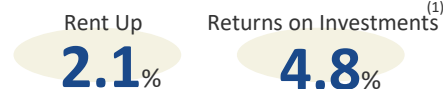
Location	Kawasaki-shi, Kanagawa
Facility type	Private senior home with nursing care
Facility scale	154 rooms
Operator	Nichii Carepalace Company

Joy Stage Hachioji



Value-up renovations in common areas

- Value-up renovations in common areas and additional rest room (2016 and 2018) ⁽¹⁾

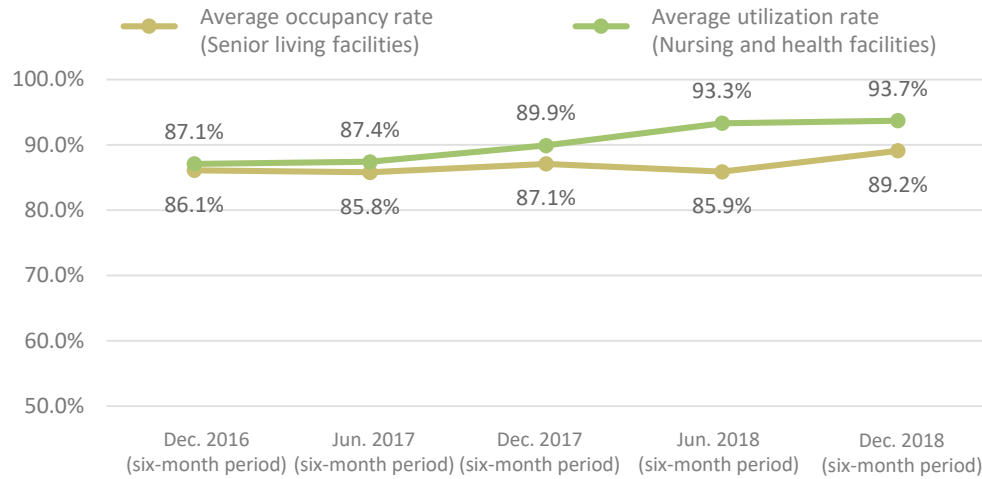


Location	Hachioji-shi, Tokyo
Facility type	Private senior home with nursing care
Facility scale	232 rooms
Operator	NM LIFE Co., Ltd.

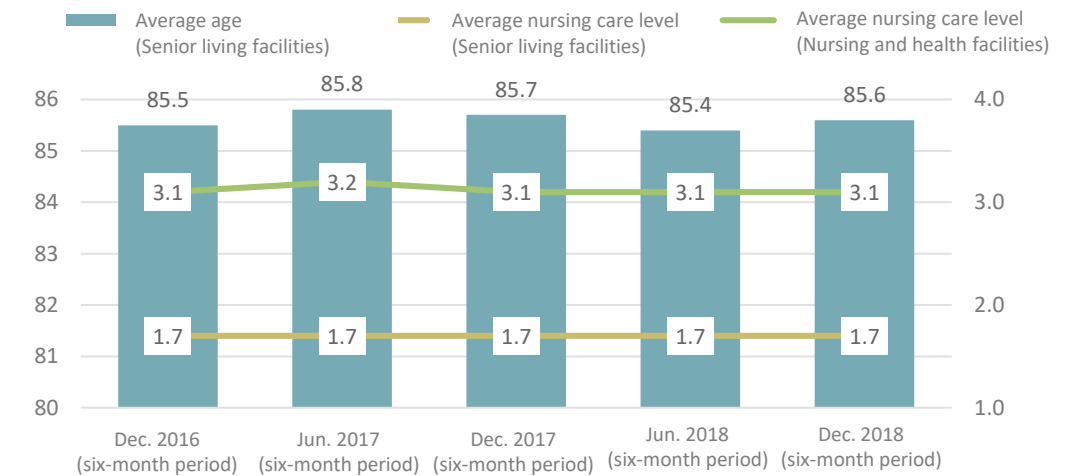
Note 1: "Returns on Investments" = Increase in annual cash flow / Costs of value-up works

Operational Status of Healthcare Facilities

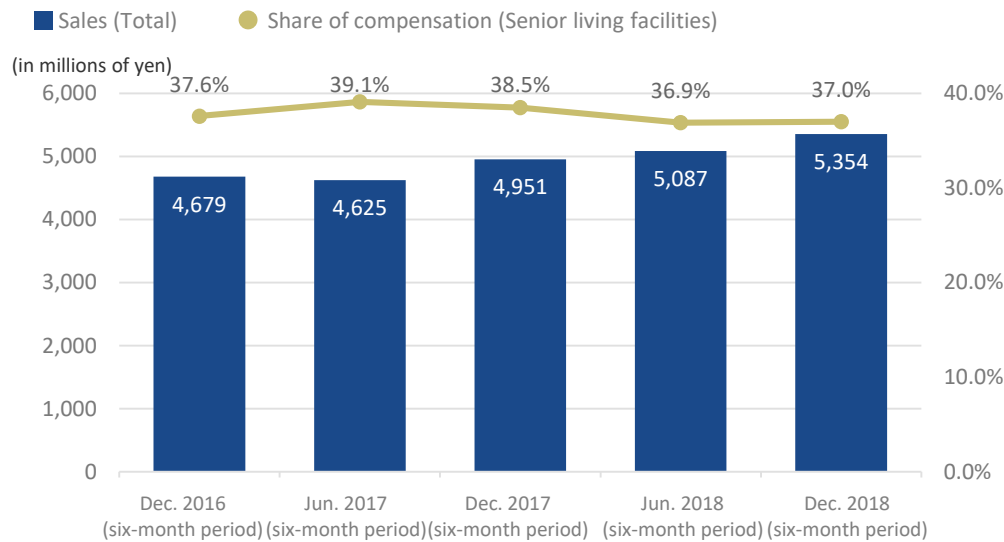
Occupancy Trend (1, 2, 3)



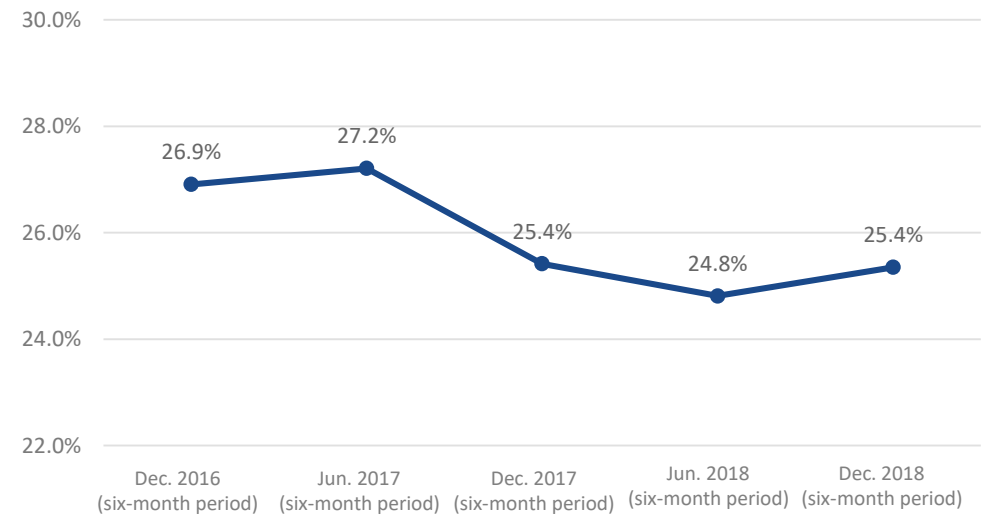
Average Age and Nursing Care Level (1, 2)



Sales and Share of Compensation (1, 2, 4)



Ratio of Rent to Sales (Rent/Total sales) (1, 2)



Note 1: Figures are based on materials submitted by operators. "Senior living facilities" include private senior home with nursing care, residential private nursing homes, and serviced senior housing held by KDR at the end of the 14th period, excluding "Granda Mondo Yakujin" (undisclosed property). "Nursing and health facilities" include nursing and health facilities held by KDR at the end of the 14th period.

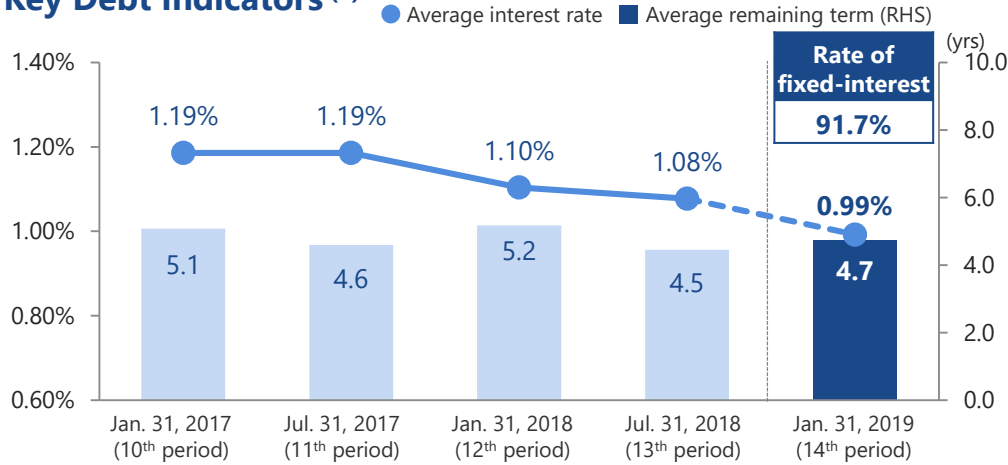
Note 2: "Average occupancy rate," "average utilization rate," "sales," "share of compensation," and "ratio of rent to sales" are calculated using cumulative figures for each six-month period. "Average age" and "average nursing care level" are figures at the end of respective month.

Note 3: "Average occupancy rate" is the simple average of occupancy rate at the end of month for each period. "Average utilization rate" is the total number of users in the fiscal period divided by the total rated capacity.

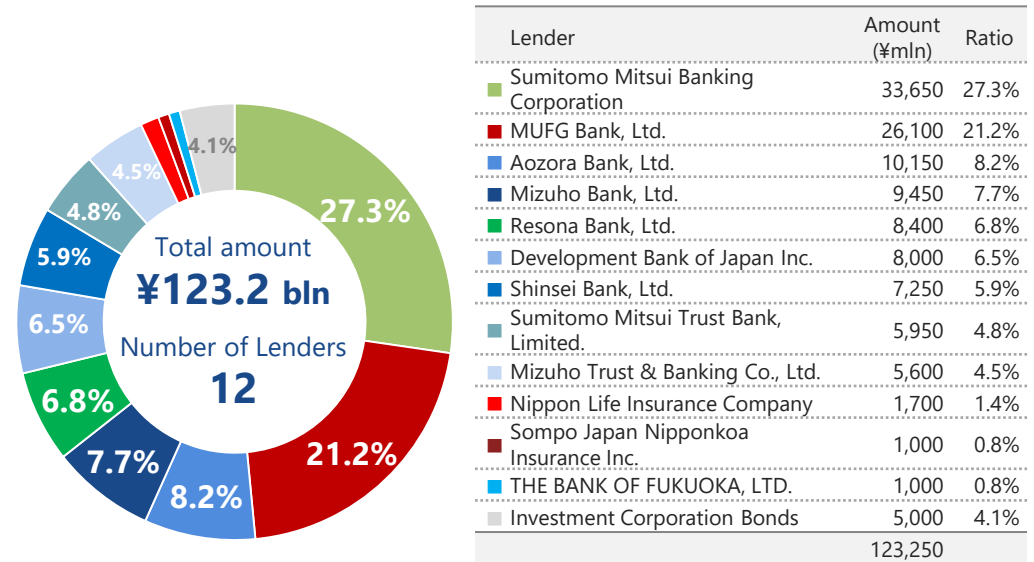
Note 4: "Share of compensation" is the ratio of compensation to sales at senior living facilities.

5. Finance

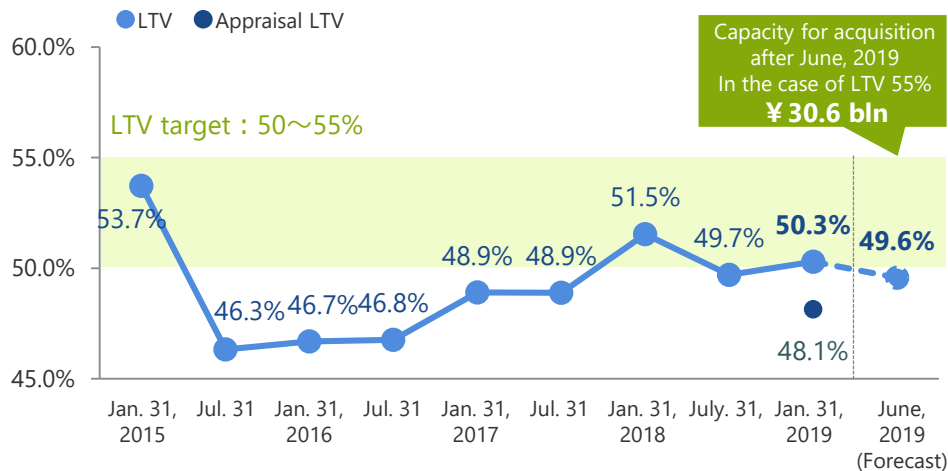
Key Debt Indicators ⁽¹⁾



Status of Interest-bearing Liabilities (as of February 28, 2019)



LTV (based on total assets) ⁽²⁾



Credit Rating

A+

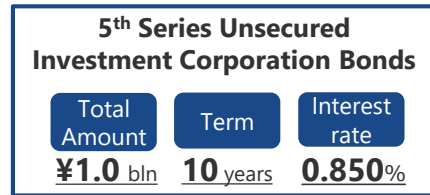
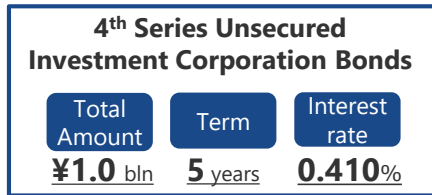
(Japan Credit Rating Agency, Ltd. (JCR))

Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period 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. "Rate of fixed-interest" calculated the percentage of fixed interest rate loans of total amount of loans at the January 31, 2019. The floating loans which are substantially fixed with interest rate swap are included in the fixed-rate.

Note 2: "LTV" = Interest-bearing Liabilities / Total Assets. "Appraisal LTV" = Interest-bearing Liabilities / Total Appraisal Value. "LTV" as of June, 2019 is current forecasts.

Issuance of the Investment Corporation Bonds

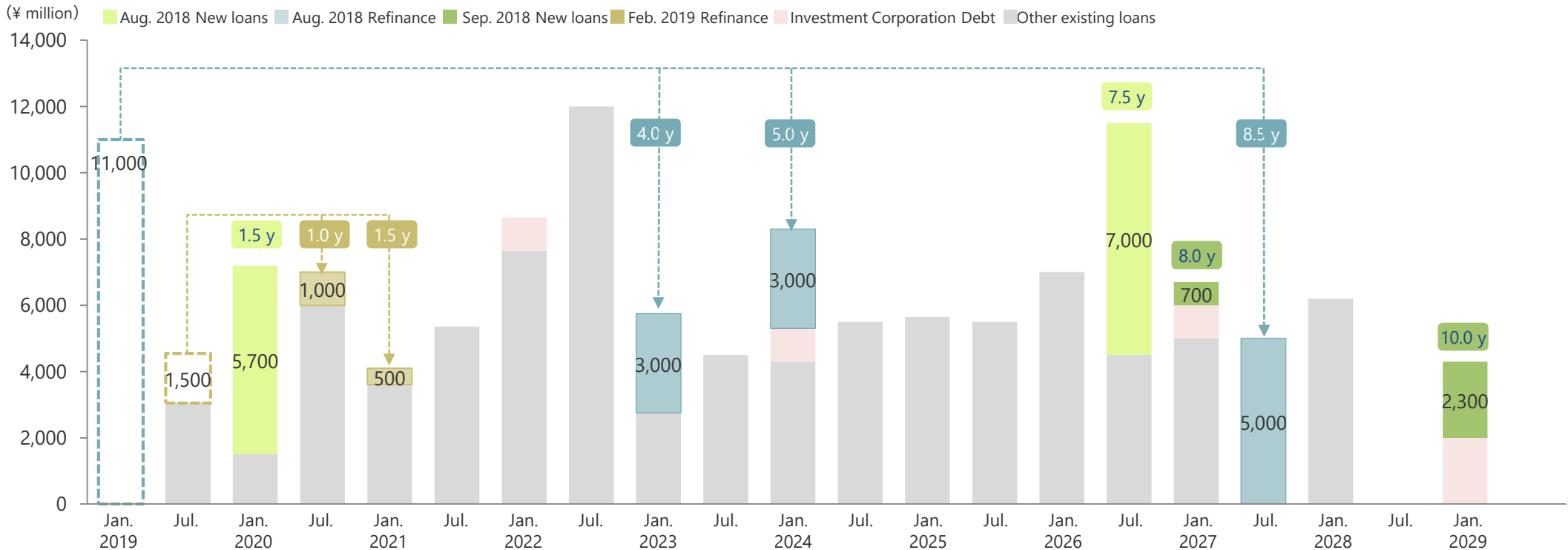
Diversification of access to finance has progressed



Repayment Terms

Latest New Loans and Refinance

Classification	Amount	Term ⁽¹⁾	Average interest rate ⁽²⁾
New Loans in Aug. 2018	¥12.7 bln	4.8 yrs	0.72%
Refinance in Aug. 2018	¥11.0 bln	6.3 yrs	0.86%
New Loans in Sep. 2018	¥3.0 bln	9.5 yrs	1.12%
Refinance in Feb. 2019	¥1.5 bln	1.2 yrs	0.44%

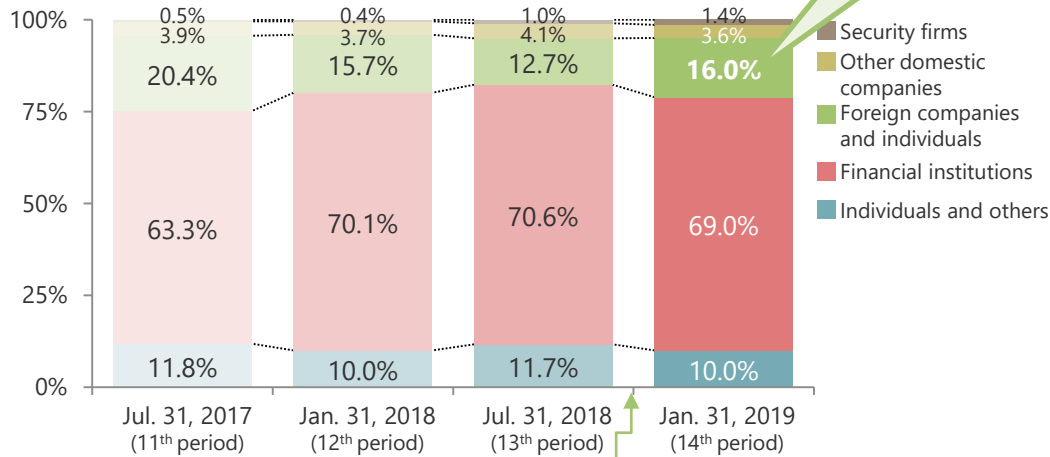


Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period for the each loans.

Note 2: "Interest rate" calculated as of end of August 2018 that took into consideration up-front fee (per year) and the effect of the interest rate swap.

Unitholders

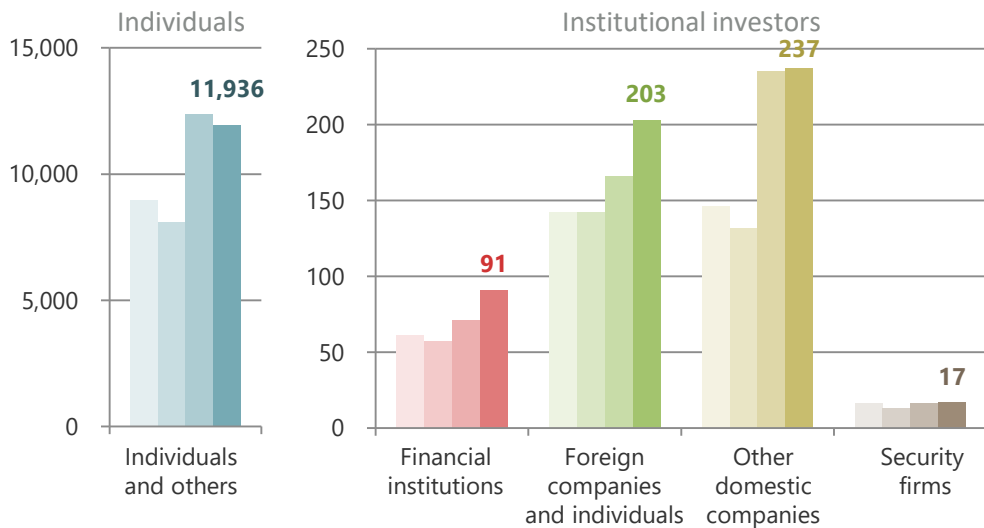
Composition of Unitholders (based on number of units)



Ratio of foreign investors +3.3pt

Inclusion in **FTSE EPRA/NAREIT Global Real Estate Index** from Sep. 2018

Number of Unitholders (last 4 fiscal periods)



Major Unitholders (as of January 31, 2019)

	Name	Units	Ratio ⁽¹⁾
1	Japan Trustee Services Bank, Ltd. (Trust Acct.)	254,892	29.32%
2	The Master Trust Bank of Japan Ltd. (Trust Acct.)	164,974	18.98%
3	The Nomura Trust Banking Co., Ltd. (Trust Acct.)	33,724	3.88%
4	Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	31,596	3.63%
5	Kenedix, Inc.	16,570	1.90%
6	Mizuho Trust & Banking Co., Ltd.	16,454	1.89%
7	Mitsubishi UFJ Trust and Banking Corporation	15,816	1.81%
8	The Gunma Bank, Ltd.	14,000	1.61%
9	STATE STREET BANK WEST CLIENT-TREATY 505234	11,930	1.37%
10	STATE STREET BANK AND TRUST COMPANY 505012	11,350	1.30%
	Total	571,306	65.73%

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

6. Sustainability

Initiatives for Sustainability

DBJ Green Building Certification⁽¹⁾

7 residential properties are certificated.

Properties certificated DBJ Green Building

Serenite Kobe Motomachi



KDX Residence Shukugawa Hills



Jan. 2019
New Acquisition
(2properties)

KDX Residence Ebisu



DBJ Green Building 2016

KDX Residence Yotsuya



DBJ Green Building 2017

KDX Residence Hanzomon



DBJ Green Building 2017

Ashiya Royal Homes



DBJ Green Building 2017

KDX Residence Toyosu



DBJ Green Building 2017

Certification for the healthcare assets. BELS Certification



Plaisant Grand Ota tamagawa



BELS (Building-Housing Energy-efficiency Labeling System) is the third-party certification system to rate houses and buildings in accordance with duty to make effort to label energy saving performance in the Act on Improving Energy Consumption Performance for Architectural Structures.

CASBEE Certification



Excellent Nishinomiya

Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method for evaluating and rating the environmental performance of buildings and the built environment.

GRESB Real Estate Assessment

The Investment Corporation participates in GRESB Real Estate Assessment from 2016 and acquired "Green Star" rating in 2018. (Rating is "2 Stars")



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⁽²⁾

	1H 2015	2H 2015 1H 2016	2H 2016 1H 2017	2H 2017 1H 2018	2H 2018	Total
Property (props)	4	8	14	11	7	44
Expense (mln yen)	9.3	21.2	22.4	11.0	7	71.1
Annual reduction (mln yen)	0.9	7.0	7.7	3.5	1.4	20.7

Secure Lockers for Deliveries



110 props

Secure lockers for parcels eliminate the need for delivery companies to return to a property when a resident is not home the first time. This reduces transportation CO2 emissions and wasted working time for drivers. Installing these lockers therefore contributes to fighting climate change and supporting economic growth, two of the U.N. sustainable development goals.

Outlets for recharging electric cars



3 props

Parking areas have outlets so that residents can easily recharge electric cars.

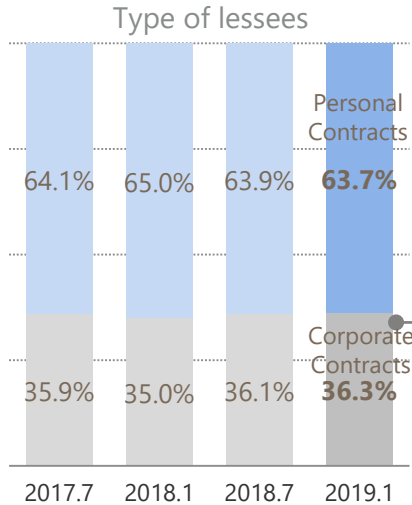
Note 1: "DBJ Green Building Certification" is a system established by Development Bank of Japan in April 2011 to support real estate that meets environmental and social conditions.

Note 2: "Annual reduction" is calculated based on the presentation materials from construction company as of exchanging construction.

Appendices

Tenant Demographics Analysis (Residential Facilities)

Type of Lessees⁽¹⁾

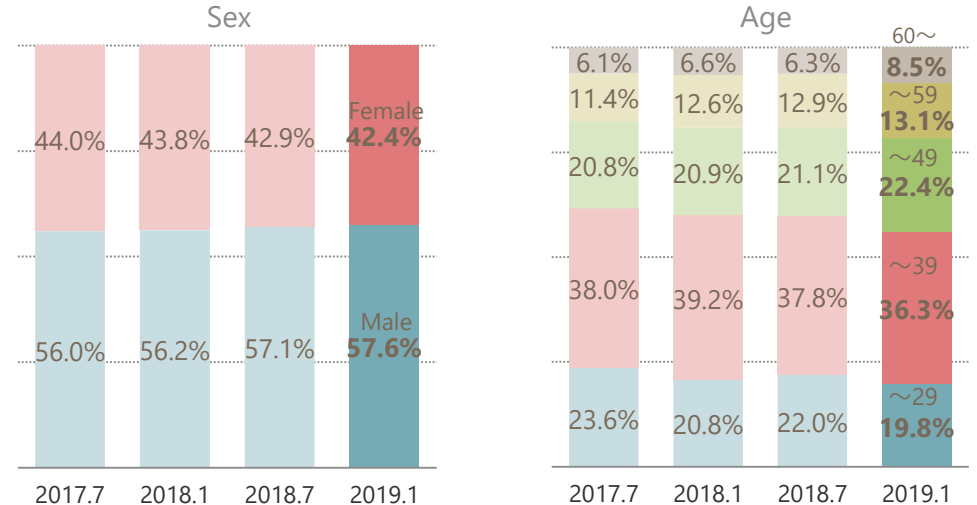


Large corporate contracts in rental housing⁽²⁾

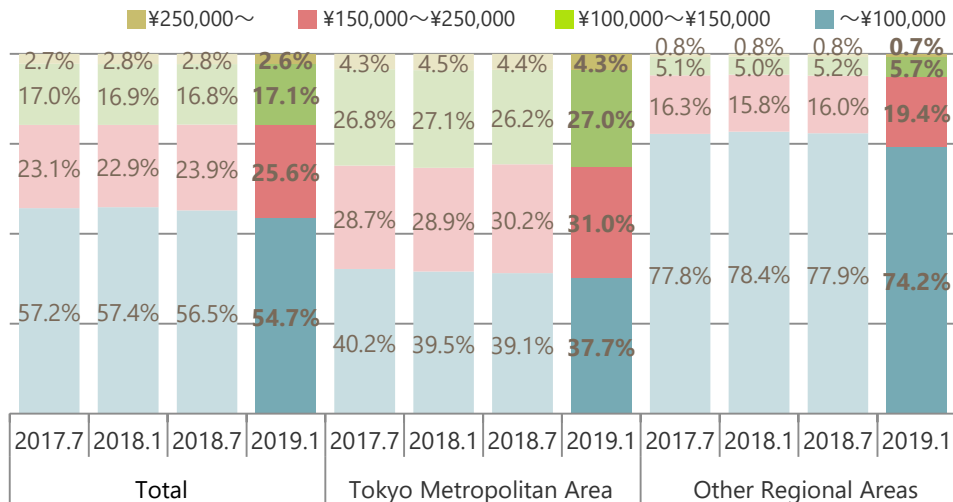
Property Name	Number of Contracts	% in a property
KDX Residence Okachimachi	27 units	52.9%
KDX Residence Yoga	18 units	47.4%
KDX Residence Higashi-shinjuku	75 units	41.9%
KDX Residence Ojima	26 units	22.2%
KDX Residence Moriguchi	7 units	25.0%

Note 1: Lessees of units at the end of each period include stores and offices.
 Note 2: Large corporate contracts are those that lease over 20% of the units in a certain property. However, 4 properties which have rent guaranteed master lease contracts are excluded.

Breakdown of Personal Contracts



Breakdown of Rent Range (based on unit)



Average Rent per Residential Unit⁽¹⁾ (as of January 31, 2019)

Room Type \ Area	Tokyo Metropolitan Area	Other Regional Areas	Total
Studio	¥95,101 (+200)	¥70,903 (+1,480)	¥86,675 (▲66)
Small Family	¥164,919 (▲429)	¥85,045 (▲422)	¥121,153 (+946)
Family	¥206,274 (▲9,888)	¥152,051 (▲13,902)	¥176,371 (▲15,479)
Total	¥134,668 (+804)	¥93,406 (+1,731)	¥115,512 (+580)

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

About Seismic Isolation Materials

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

March, 2015		April, 2015		September, 2015
<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>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>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>Start of examination to determine if any portfolio buildings use these materials.</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, 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>				

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.

Seismic Isolation/Mitigation Oil Dampers manufactured by KYB Corporation and Kayaba System Machinery Co., Ltd.

October, 2018		January, 2019	
<p>“Non-compliance with the standards under the certification of the Minister of Land, Infrastructure, Transport and Tourism of the seismic isolation/mitigation oil dampers manufactured by KYB Corporation (“KYB”) and Kayaba System Machinery Co., Ltd. (“KSM”)” announced by the Ministry of Land, Infrastructure, Transport and Tourism</p>	<p>One portfolio building uses the seismic isolation oil dampers manufactured by KYB and KSM with product certification number(s) for which the performance inspection data was considered to be falsified. KDR has received a report from KYB and KSM that seismic isolation oil dampers used for the Property meet the performance standards of MLIT, but a part of the seismic isolation oil dampers fail to meet the performance standard based on the contract with the customers.</p>	<p>KYB announced a new incident.</p>	<p>KYB has also reported to KDR that it will promptly replace nonconforming products that fail to meet the performance standards of MLIT and products for which it is unknown whether falsification was made.</p>
		<p>KDR has received a new notification by KYB and KSM that all seismic isolation oil dampers installed in the Property fall into the products for which it is unknown whether falsification was made.</p>	

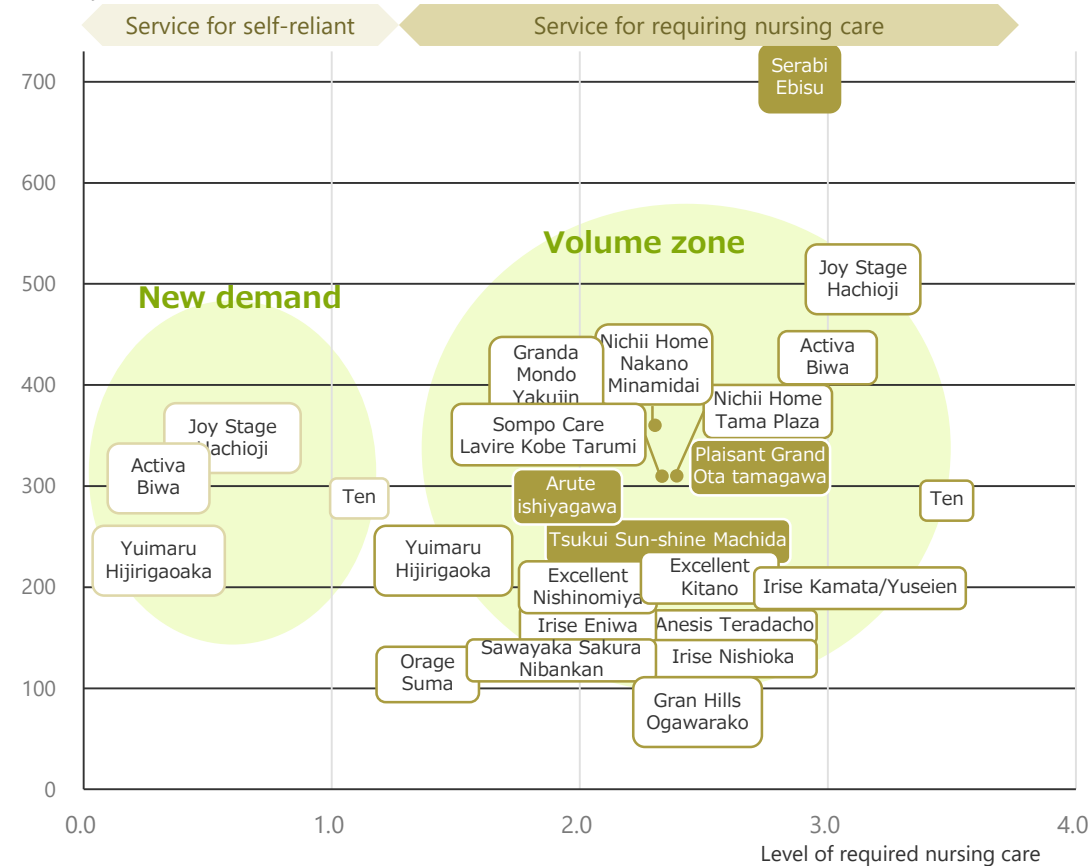
Classification of Senior Living Facilities

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.	

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

Monthly charged fee (thousand yen)



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, whether there is or not initial depreciation, 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.

Senior Housing and Senior Care Facility Operators Ranked by Number of Rooms

Senior Housing and Senior Care Facilities

New Operator

Rank	Company	Major brands	Locations owned by KDR	Total ^(note)	
				Buildings	Rooms
1	Sompo Care	Sompo no ie, Sompo no ie S, Sompo Care Lavire	1	431	25,487
2	Benesse Style Care	Aria, Kurara, Granny & Granda, Madoka, Bonsejour, Kokochi, Li-Re	1	316	17,061
3	NICHIIGAKKAN	Nichii no Kirameki, Nichii no Hohoemi, Nichii Home, Iris Garden	2	427	13,867
4	BestLife	BestLife		172	10,845
5	Kawashima Corporation	Sunny Life, Yawaragien		113	9,520
6	KOYAMA Healthcare Group	(No specific brand)		181	7,955
7	HITOWA Care Service	Irise	3	112	6,686
8	Souseikai Group	Good Time Home		85	6,100
9	Medical Care Service	Ai no ie, Ensemble, Faminew		288	5,982
10	Kinoshita Care	Lien Reve, Life commune, Ouen Kazoku		102	5,909
11	Gakken Cocofump	Cocofump		116	5,792
12	VATI	Furusato Home, Anshin Home		139	5,175
13	Half Century More	SunCity		17	4,911
14	Uchiyama Holdings	Sawayaka	1	81	4,838
15	SHIP Healthcare Holdings	Green Life, Well House		68	4,373
16	ALSOK Group	Minna no ie, Sukoyaka, Amica		139	4,183
17	UNIMAT Retirement Community	Soyokaze		159	4,132
18	Fuji Amenity Service	Fuji Palace Senior		128	3,998
19	TSUKUI	TSUKUI Sunshine, TSUKUI Sun Forest	1	81	3,970
20	Nakagin Group	Nakagin Life Care		21	3,510
21	Care 21	Plaisant Grand, Plaisant maison, Tanoshii ie	1	106	3,414
37	Solasto	Solasto, C'est la vie, Grace Mate	1	81	1,830
40	Excellent Care System	Excellent, Suite, Grand Home	2	54	1,761
43	Nihon Human Support	Human Support	5	30	1,691
46	Resorttrust Group	Trust Garden, Trust Grace	1	15	1,513
78	NOTE Social Welfare Corporation	Yuyujiteki, Gokigen, Happy House	1	23	1,017
144	Community Net	Yuimaru	1	11	556
186	Iriscare	Gran Hills, Joy Stage	2	4	412

Source: Shukan Koreisha Jutaku Shimbun ("Weekly Senior Housing Newspaper"), August 1 and 8, 2018 (Issue 504)

Note: The number of buildings and number of rooms are as of August 31, 2018 and based on information in Shukan Koreisha Jutaku Shimbun, August 1 and 8, 2018 (Issue 504). For corporate groups, the number of buildings and number of rooms are for all private senior homes, memory care group homes and senior care facilities of affiliated companies.

Status of Lease Agreements (Healthcare Facilities)

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.	Nursing Care	2012/7/1	-	2042/6/30	23.4	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	8.2	Each 3 years	2019/4/1
H-3	Joy Stage Hachioji	NM LIFE Co., Ltd.	Nursing Care	2014/7/31	2034/2/28	2036/1/31	17.0	Not allowed ⁽⁵⁾	-
H-4	Yuimaru Hijirigaoka	Community Net Inc.	Residential	2014/12/17	2022/12/16	2064/12/16	45.9	Not allowed ⁽⁶⁾	-
H-5	Nichii Home Tama Plaza	Nichii Carepalace Company	Nursing Care	2002/8/1	2027/8/31	2032/7/31	13.5	Each 3 years	2027/9/1
H-6	Ten	NOTE Social Welfare Corporation	Nursing Care	2007/9/15	2023/2/26	2038/2/26	19.1	Not allowed ⁽⁶⁾	-
H-7	Irise Nishioka	HITOWA Care Service Co., Ltd.	Residential	2014/6/1	2027/3/31	2044/5/31	25.3	Not allowed ⁽⁵⁾	-
H-8	Izarie Eniwa Building ⁽⁷⁾	HITOWA Care Service Co., Ltd.	Residential	2015/3/15	2023/3/31	2045/3/31	26.2	Not allowed ⁽⁵⁾	-
H-9	Sawayaka Sakura Nibankan	Sawayaka Club Co., Ltd.	Nursing Care	2013/3/27	2023/3/27	2033/3/27	14.2	Not allowed ⁽⁵⁾	-
H-10	Active Biwa	Trust Garden Co., Ltd.	Nursing Care	2007/8/29	-	2027/8/28	8.6	Each 3 years	2021/1/29
H-11	Sompo Care LAVIERE Kobe Tarumi	Sompo Care Inc. ⁽⁴⁾	Nursing Care	2010/5/13	2028/5/31	2030/5/31	11.3	Not allowed ⁽⁸⁾	-
H-12	Granda Mondo Yakujin	Benesse Style Care Co., Ltd.	Residential	2014/7/31	2037/7/30	2037/7/30	18.5	Not allowed ⁽⁸⁾	-
H-13	Excellent Nishinomiya	Excellent Care System Co., Ltd.	Nursing Care	2014/10/8	2022/10/7	2034/10/7	15.7	Not allowed ⁽⁹⁾	-
H-14	Gran Hills Ogawarako	Silver Town Ltd.	Serviced	2007/4/27	2024/5/31	2029/10/31	10.8	Each 3 years ⁽¹⁰⁾	2020/11/12
H-15	Excellent Kitano	Excellent Care System Co., Ltd.	Residential	2015/8/21	2023/8/20	2035/8/20	16.6	Not allowed ⁽⁹⁾	-
H-16	Anesis Teradacho	Hakusinkai Medical Corporation	Nursing and health	2016/3/29	2026/3/28	2036/3/28	17.2	Each 5 years	2026/3/29
H-17	Rococo-riha	Hakusinkai Medical Corporation	Nursing and health	2016/3/29	2026/3/28	2036/3/28	17.2	Each 5 years	2026/3/29
H-18	Orage Suma	Hakusinkai Medical Corporation	Nursing and health	2016/3/29	2026/3/28	2036/3/28	17.2	Each 5 years	2026/3/29
H-19	Canadian Hill	Hakusinkai Medical Corporation	Nursing and health	2016/3/29	2026/3/28	2036/3/28	17.2	Each 5 years	2026/3/29
H-20	Anesis Hyogo	Hakusinkai Medical Corporation	Nursing and health	2016/3/29	2026/3/28	2036/3/28	17.2	Each 5 years	2026/3/29
H-21	Plaisant Grand Ota tamagawa	Care 21 Corporation	Nursing Care	2018/1/31	2028/1/30	2038/1/30	19.0	Not allowed ⁽⁸⁾	-
H-22	Tsukui Sun-shine Machida (West) (East)	Tsukui Coroporation	Nursing Care	2011/4/11	-	2042/3/31	23.2	Each 5 years	2022/4/1
				2014/6/1	-	2044/5/31	25.3	Each 5 years	2020/6/1
H-23	Serabi Ebisu	Japan Care Link Co.,Ltd	Nursing Care	2007/9/1	2027/8/31	2027/8/31	8.6	Each 3 years	2022/5/1
H-24	Arute Ishiyagawa	Hakusinkai Medical Corporation	Nursing Care	2017/7/1	2027/7/1	2048/8/31	29.6	Each 5 years	2027/7/1
Average							17.3		

Healthcare Facilities

Revision Period

2019		2020		2021		2022		2023	
Jul. (15th)	Jan. (16th)	Jul. (17th)	Jan. (18th)	Jul. (19th)	Jan. (20th)	Jul. (21st)	Jan. (22nd)	Jul. (21st)	Jan. (22nd)
● Nichii Home Nakano Minamidai								● Irise Kamata/Yuseien	
								● Machida (West)	
								● Serabi Ebisu	
									● Gran Hills Ogawarako
									● Activa Biwa

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" "Arute Ishiyagawa". The type of lease agreement of "Gran Hills Ogawarako" is a fixed-term lease agreement.
 Note 3: "Remaining Term" is calculated from January 31, 2019 to the termination date of agreements with operators.
 Note 4: Company name was changed to Sompo Care Inc. as of July 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: Contents of lease agreements about "Irise Eniwa" occupying from 4F to 6F of "Izarie Eniwa Building".
 Note 8: 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 9: 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 and invested by the lessor to add to the real estate (including repair and extra renovation)
 Note 10: Requests of rent reduction aren't allowed except the case that the facility has defects or is unable to be used.

The Healthcare Facility Real Estate Market in Japan

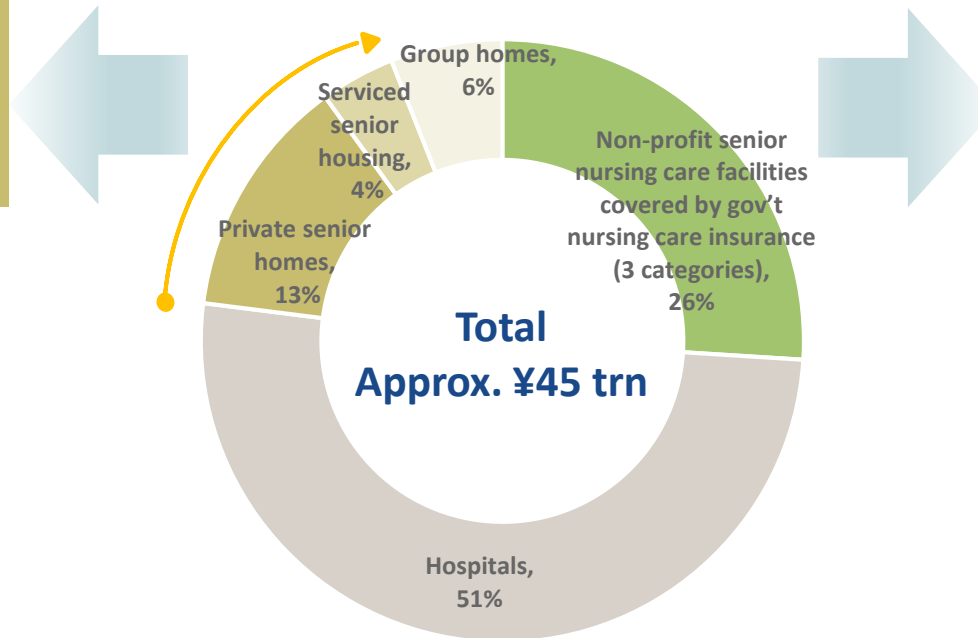
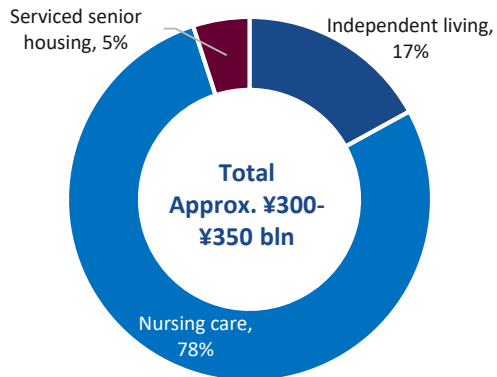
- The value of all healthcare facilities in Japan is **approximately ¥45 trn** (¥22 trn for nursing care facilities and ¥23 trn for hospitals).
- **Approximately ¥350 bln** of private senior homes and serviced senior housing have been securitized.
- KDR used proceeds from the public offering to purchase a nursing and health facility, an asset category that J-REITs normally do not acquire. Adding this asset category increases the potential for growth at KDR.

The Real Estate Market for Healthcare Facilities

Private senior homes and serviced senior housing properties have a total value of approximately ¥7.5 trn.

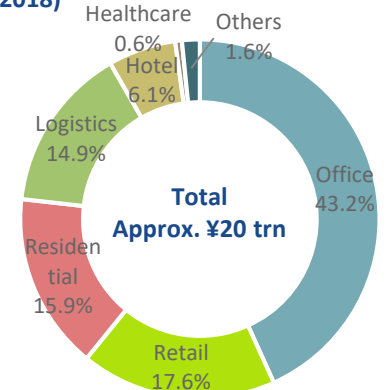
Only about ¥350 bln of these properties have been securitized (4% to 5% of all properties), leaving an enormous volume of potential growth.

Securitization of Private Senior Homes and Serviced Senior Housing



KDR was the first J-REIT to purchase nursing and health facilities that provide rehabilitation services, which is one of the three categories of non-profit senior nursing care facilities covered by gov't nursing care insurance. KDR acquired 5 properties at a cost of about ¥11.6 bln.

(Reference) Real Estate Owned by J-REITs and Private REITs (June 2018)

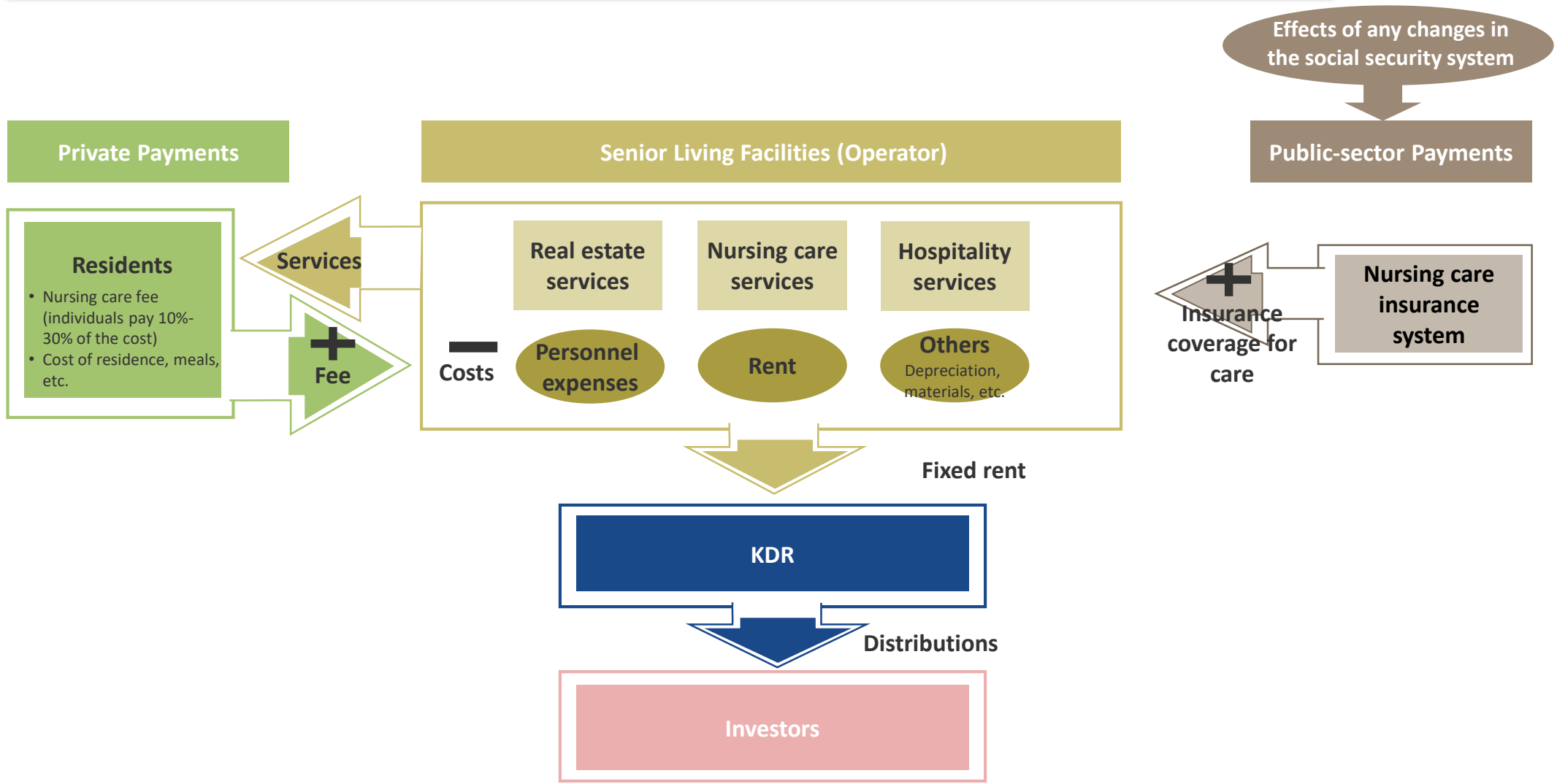


Source: KPMG Healthcare Japan (as of June 2016)

Source: "ARES J-REIT Databook, etc." The Association for Real Estate Securitization

Typical Profit Structure for Senior Living Facilities

- KDR receives **steady fixed rents** from the operators of senior living facilities.
- The performance of senior living facilities is vulnerable to revisions to Japan’s social security system due to their reliance on **public-sector insurance and other coverage**.
- Although changes in the earnings of operators does not directly impact KDR’s performance, monitoring and other activities are used to be vigilant about any potential long-term effects.

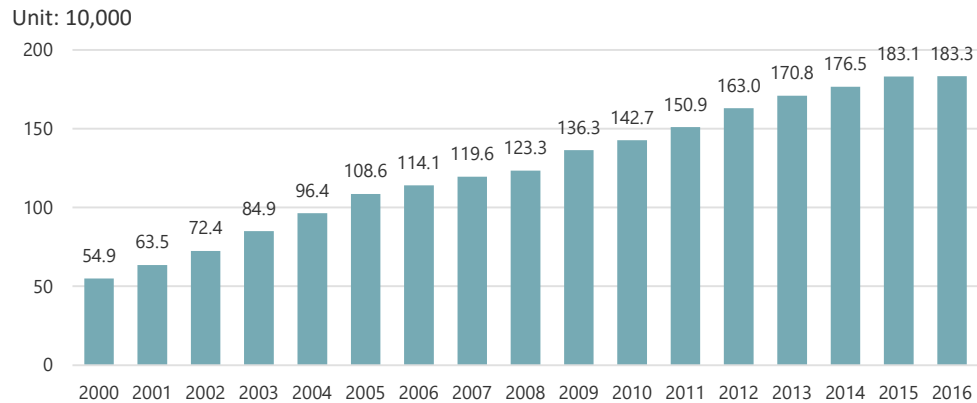


Note: The typical senior living facility profit structure in this diagram is based on analysis performed by KDR.

The Business Climate for Healthcare Facilities in Japan

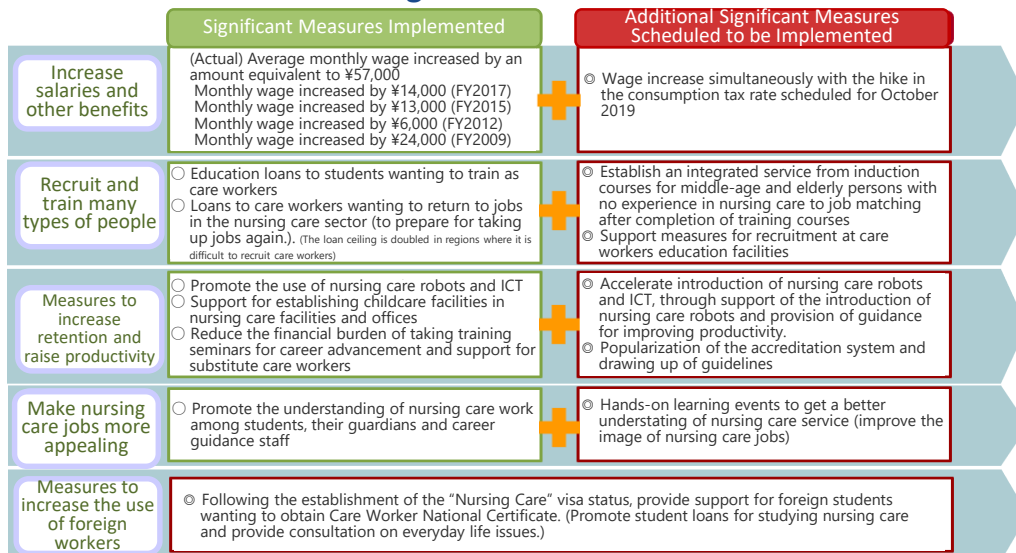
- Since the FY2000 start of the nursing care insurance system, the nursing care workforce in Japan has increased by 1.28 million people (about 3.3 times).
- Recruit and train many types of people, using robots and taking other actions will be being introduced.

Growth of Japan's Nursing Care Workforce



Source: Survey of Institutions and Establishments for Long-term Care, Ministry of Health, Labour and Welfare

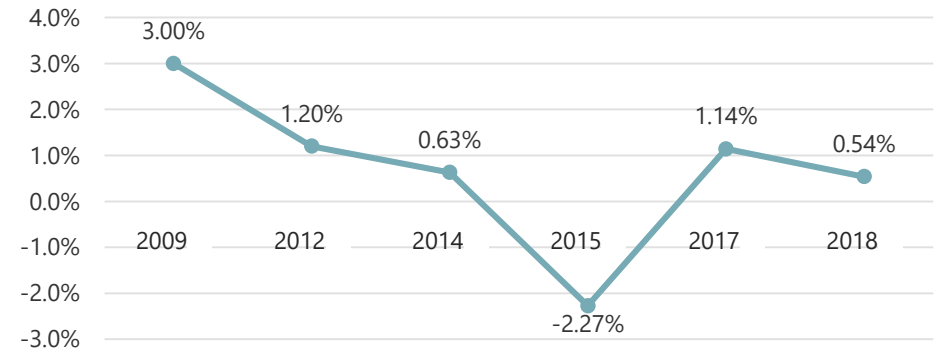
Measures to Recruit Nursing Care Workers



Source: Ministry of Health, Labour and Welfare

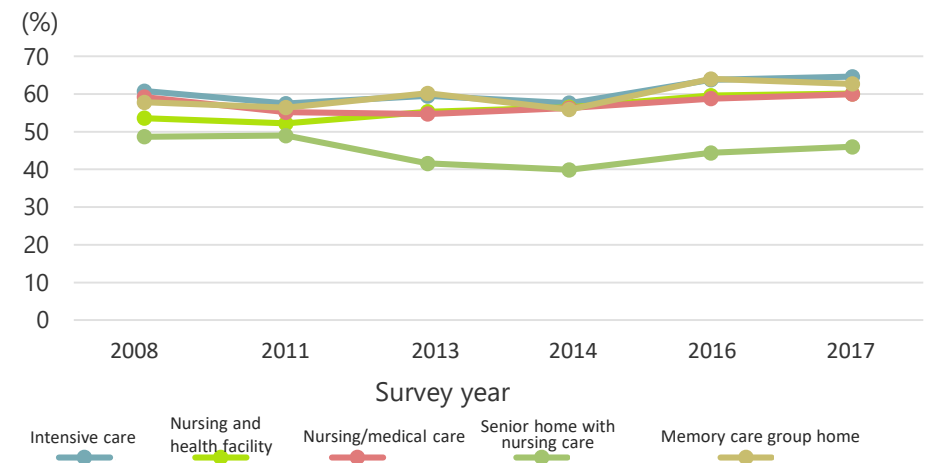
- Revisions to public-sector nursing care payments since 2009 have been generally positive; payments were raised 0.54% in FY2018.
- Measures to increase salaries and other benefits for nursing care personnel

Revisions to Public-sector Nursing Care Payments



Source: Ministry of Health, Labour and Welfare

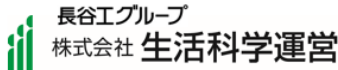
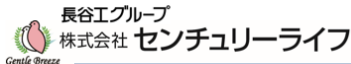







Personnel Expenses as Pct. of Nursing Care Income



Source: Fact-finding Survey on Economic Conditions in Long-term Care, Ministry of Health, Labour and Welfare

Unitholders' benefit programs

Breakdown for the Unitholders' benefits at approx. 730 facilities

<p>Seikatsu Kagaku Un-Ei Co., Ltd.</p>  <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge <p>25 facilities</p> <p>Tokyo, Saitama, Kanagawa, Chiba, Shizuoka, Aichi, Kyoto, Hyogo, Osaka</p>	<p>CENTURY LIFE CORPORATION</p>  <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge <p>10 facilities</p> <p>Tokyo, Saitama, Chiba, Kanagawa, Osaka</p>	<p>LIXIL SENIOR LIFE COMPANY</p>  <p>«On the condition of advance payment»</p> <ul style="list-style-type: none"> Discount on one-time payment for resident (¥ 300,000 discount) Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast) Same-day facility site-visit (with lunch) free of charge <p>5 facilities</p> <p>Tokyo, Fukuoka</p>
<p>Sompo Care Inc.</p>  <p>I . Sompo Care LAVIERE</p> <ul style="list-style-type: none"> « On the condition of advance payment» 3% discount on one-time payment for resident «On the condition of monthly payment» 3% discount on monthly rent equivalent (Until the contract ends) <p>II . Fee-based homes for the elderly with nursing care for Sompo Care Sompo no ie, Sompo no ie S, Sompo no ie GH. Fee-based homes for the elderly (residential). Serviced housing for the elderly, Group homes</p> <ul style="list-style-type: none"> 3% discount on monthly rent equivalent (Until the contract ends) <p>424 facilities</p> <p>Hokkaido, Akita, Miyagi, Saitama, Chiba, Tokyo Kanagawa, Yamanashi, Shizuoka, Aichi, Kyoto, Osaka, Hyogo, Nara, Okayama, Hiroshima, Kagawa, Fukuoka, Kumamoto</p>	<p>HITOWA Care Service Co., Ltd.</p>  <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge Discount on usage charge for two-month equivalent <p>107 facilities</p> <p>Hokkaido, Miyagi, Saitama, Chiba, Tokyo, Kanagawa, Nagano, Hyogo, Okinawa</p>	<p>Excellent Care System Co., Ltd.</p>  <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge <p>15 facilities</p> <p>Tokyo, Kanagawa, Kyoto, Hyogo, Tokushima</p>
<p>Nichii Carepalace Company</p>  <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge Trial residence free of charge (1-night, 2-day stay, with dinner, lunch and breakfast) <p>74 facilities</p> <p>Tokyo, Saitama, Chiba, Kanagawa, Shizuoka</p>	<p>Sawayaka Club Corporation</p>  <ul style="list-style-type: none"> 10% discount on usage charge for first month Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast) Same-day facility site-visit(with lunch) free of charge <p>70 facilities</p> <p>Hokkaido, Akita, Tochigi, Saitama, Chiba, Kanagawa, Niigata, Shizuoka, Aichi, Mie, Kyoto, Osaka, Hyogo, Ehime, Wakayama, Fukuoka, Oita</p>	<p>NM LIFE Co., Ltd.</p>  <ul style="list-style-type: none"> Discount on one-time payment for resident (¥ 200,000 discount) Trial residence free of charge, up to three times (1-night, 2-day stay, with dinner and breakfast) Same-day facility site-visit(with lunch) free of charge (up to three times) <p>1 facility</p> <p>Tokyo</p>

(Note) The unitholders' benefit programs are applied private nursing homes that are managed by above companies as of January 31, 2019. Other Facilities Available for Century Life Corporation and Hitowa Care Service Co., Ltd. are serviced housing for the elderly operated, LIXIL Senior Life Company is apartment for the elderly, and Sompo Care Inc. is serviced housing for the elderly, Group homes.

Financial Statements

Balance Sheets

	(in thousands of yen)			(in thousands of yen)	
	13 th fiscal period (as of Jul 31, 2018)	14 th fiscal period (as of Jan 31, 2019)		13 th fiscal period (as of Jul 31, 2018)	14 th fiscal period (as of Jan 31, 2019)
Assets					
Current assets					
Cash and deposits	10,029,598	12,356,302	Operating accounts payable	609,170	912,385
Cash and deposits in trust	8,749,823	9,721,629	Short-term loans payable	2,630,000	2,050,000
Operating accounts receivable	29,188	26,612	Current portion of long-term loans payable	13,500,000	9,700,000
Prepaid expenses	10,855	7,450	Accounts payable-other	284,251	298,718
Consumption taxes receivable	-	338,402	Accrued expenses	26,489	27,236
Other	11,033	6,081	Income taxes payable	605	605
Total current assets	¥18,830,499	¥22,456,477	Accrued consumption taxes	63,856	11,413
Noncurrent assets					
Property, plant and equipment					
Land	1,798,041	1,798,041	Advances received	958,812	1,096,282
Building in trust	76,755,095	85,953,573	Deposits received	54,159	75,292
Structures in trust	588,929	785,989	Other	13	-
Machinery and equipment in trust	1,103,222	1,140,736	Total current liabilities	¥18,127,358	¥14,171,933
Tools, furniture and fixtures in trust	361,742	422,136	Noncurrent liabilities		
Land in trust	111,474,267	130,189,152	Investment corporation bonds	3,000,000	5,000,000
Total property, plant and equipment, net	¥192,081,298	¥220,289,630	Long-term loans payable	87,000,000	106,500,000
Intangible assets					
Land leasehold in trust	1,067,058	1,067,058	Tenant leasehold and security deposits in trust	2,330,549	2,682,738
Other	7,115	6,339	Trust tenants lump sum deposits	4,205,076	4,405,195
Total intangible assets	¥1,074,174	¥1,073,398	Other	150,601	392,732
Investments and other assets					
Investment securities	512,263	111,796	Total noncurrent liabilities	¥96,685,885	¥118,980,667
Lease and guarantee deposits	39,097	29,097	Total liabilities	¥114,813,244	¥133,152,600
Long-term prepaid expenses	916,981	1,059,774	Net Assets		
Other	81,989	-	Unitholders' equity		
Total investments and other assets	¥1,550,331	¥1,200,668	Unitholders' capital	80,132,379	93,226,228
Total noncurrent assets	¥194,705,805	¥222,563,697	Surplus		
Deferred assets					
Investment corporation bond issuance costs	22,583	38,570	Investment surplus	13,187,100	13,187,100
Investment unit issuance costs	-	45,012	Reserve for temporary difference adjustment	-	2,000,000
Total deferred assets	¥22,583	¥83,583	Unappropriated retained earnings (undisposed loss)	5,428,676	3,875,050
Total assets	¥213,558,887	¥245,103,757	Total surplus	¥18,615,776	¥19,062,150
Liabilities					
Current liabilities					
Net Assets					
Unitholders' equity					
Unitholders' capital					
Surplus					
Investment surplus					
Reserve for temporary difference adjustment					
Unappropriated retained earnings (undisposed loss)					
Total surplus					
Total unitholders' equity					
Valuation and translation adjustments					
Deferred gains or losses on hedges					
Total valuation and translation adjustments					
Total net assets					
Total liabilities and net assets					

Financial Statements

Statements of Income and Retained Earnings

	(in thousands of yen)	
	13 th fiscal period from: Feb. 1, 2018 to: Jul. 31, 2018	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019
Operating revenues		
Rent revenues-real estate	6,152,086	7,085,174
Other lease business revenue	503,250	520,733
Gain on sales of real estate, etc.	436,817	203,178
Dividend received	5,164	14,461
Total operating revenues	¥7,097,319	¥7,823,548
Operating expenses		
Expenses related to rent business	2,554,551	2,794,762
Asset management fees	413,158	513,065
Asset custody fees	11,583	11,985
Administrative service fees	41,201	41,723
Directors' compensation	7,500	8,100
Merger-related expenses	395,984	-
Other operating expenses	233,938	240,701
Total operating expenses	¥3,657,918	¥3,610,337
Operating Income	¥3,439,400	¥4,213,210
Non-operating income		
Interest income	15	45
Dividends and redemption-prescription	293	313
Interest on refund	56	3
Total non-operating income	¥364	¥362
Non-operating expenses		
Interest expenses	441,829	491,744
Interest expenses on Investment corporation bonds	7,593	9,974
Borrowing expenses	145,787	101,223
Amortization of investment corporation bond issuance costs	1,878	2,560
Amortization of investment unit issuance costs	421	9,022
Other	108	-
Total non-operating expenses	¥597,619	¥614,525
Ordinary Income	¥2,842,146	¥3,599,047
Extraordinary Income		
Gain on negative goodwill	2,574,896	-
Total Extraordinary income	¥2,574,896	-

	(in thousands of yen)	
	13 th fiscal period from: Feb. 1, 2018 to: Jul. 31, 2018	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019
Income before income taxes	¥5,417,042	¥3,599,047
Income taxes-current	605	605
Total income taxes	¥605	¥605
Net Income	¥5,416,437	¥3,598,442
Retained earnings brought forward	12,239	276,608
Unappropriated retained earnings (undisposed loss)	¥5,428,676	¥3,875,050




























Distributions

	13 th fiscal period from: Feb. 1, 2018 to: Jul. 31, 2018	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019
I. Retained earnings at the end of period	5,428,676,864 yen	3,875,050,769 yen
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	- yen	20,000,000 yen
III. Total distributions	3,152,068,128 yen	3,510,428,187 yen
(Distributions per unit)	(4,026 yen)	(4,039 yen)
IV. Voluntary reserve		
Provision of reserve for temporary difference	2,000,000,000 yen	- Yen
V. Retained earnings brought forward to the next period	276,608,736 yen	384,622,582 yen

Statements of Cash Flows

	(in thousands of yen)	
	13 th fiscal period from: Feb. 1, 2018 to: Jul. 31, 2018	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019
Net cash provided by (used in) operating activities	4,894,673	5,211,979
Net cash provided by (used in) investing activities	△551,360	△28,903,451
Net cash provided by (used in) financing activities	△2,710,094	26,989,982
Net increase (decrease) in Cash and Cash Equivalents	¥1,633,218	¥3,298,510
Cash and cash equivalents at the beginning of period	10,479,684	18,779,421
Net increase (decrease) in cash and cash equivalents with the Merger	6,666,519	-
Cash and cash equivalents at the End of Period	¥18,779,421	¥22,077,932

Support System by Sponsor and Support Companies

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

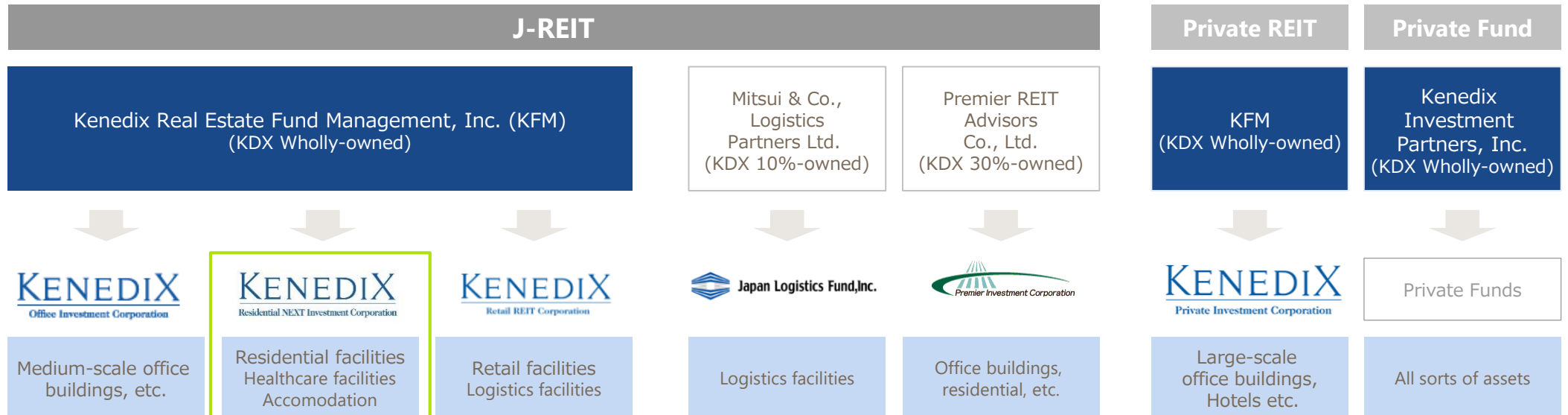
Note 3: "Backup operator" means support to consider to be backup operators for existing operators who are managing facilities which are located on real properties, etc. that KDR possesses or considers to acquire when KDR requests.

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, Kenedix Investment Partners Inc. (KIP), 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, KIP and the individual Support Companies have not guaranteed or promised to provide the support above.

Summary of Kenedix Group

Main Funds Kenedix Group Involves in Operation

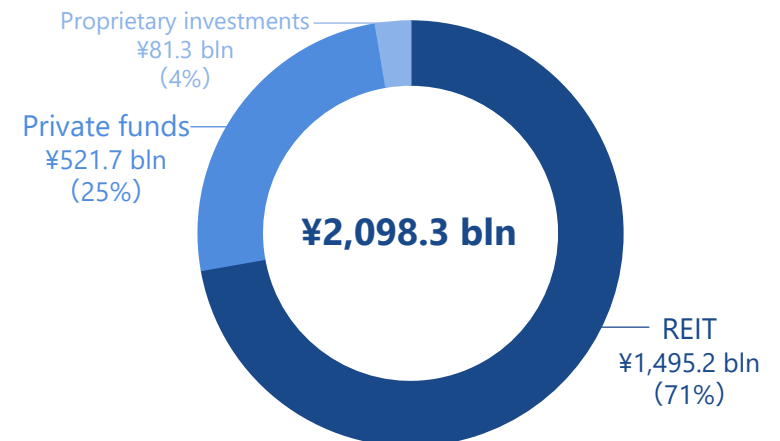


Priority Rights of Consideration for Real Estate Sale Information in Asset Management Company

Property type	Total floor area per investment property (m ²)	Primary	2nd
Residential	All	KDR	KPI ⁽¹⁾
Healthcare	All	KDR	—
Accommodation	All	KPI ⁽¹⁾	KDR

Note 1: "KPI" indicates Kenedix Private Investment Corporation.

Breakdown of AUM (as of end of December 2018)

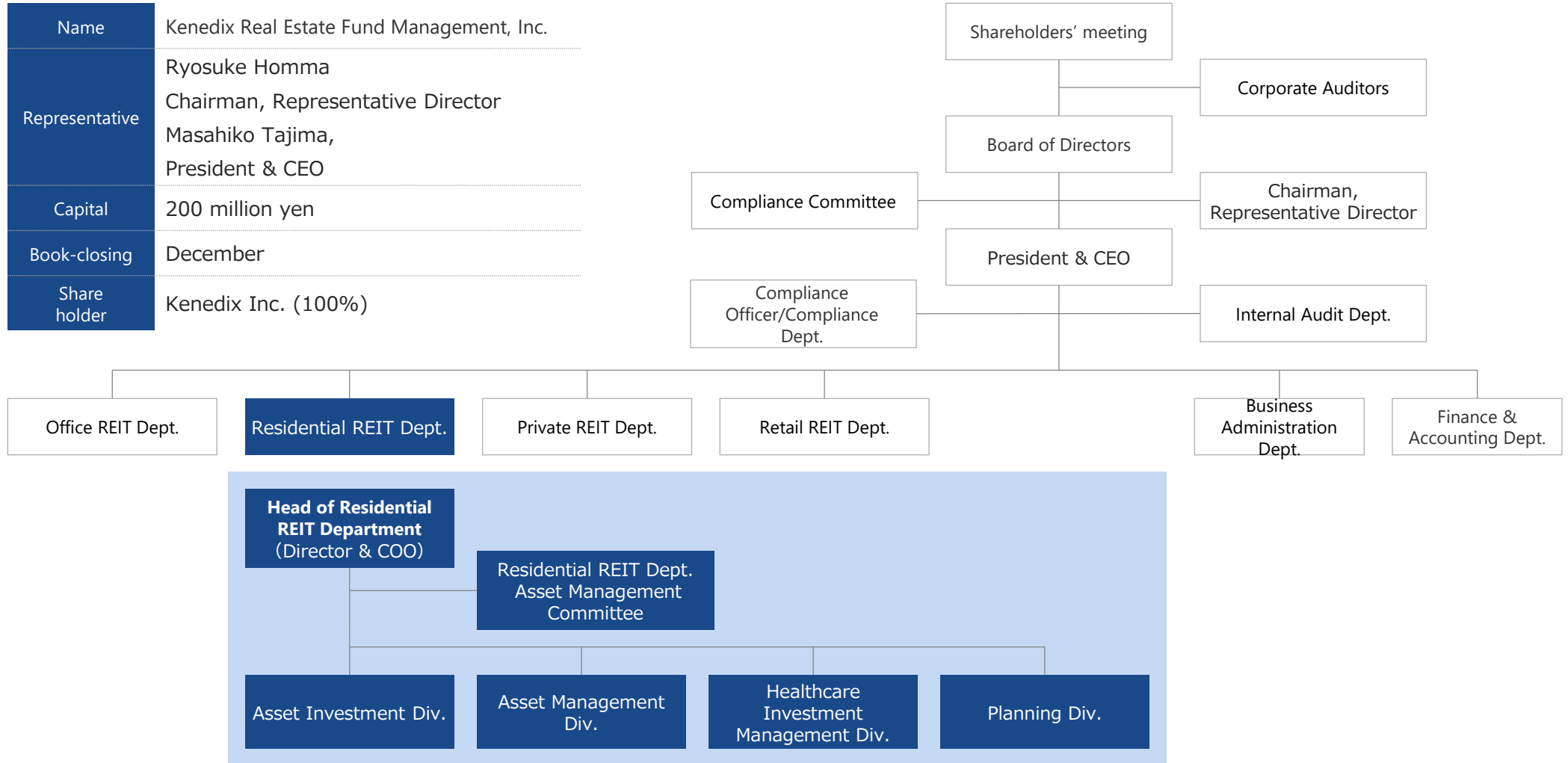


Organization Chart of KFM (KDR)

Overview of Asset Management Company

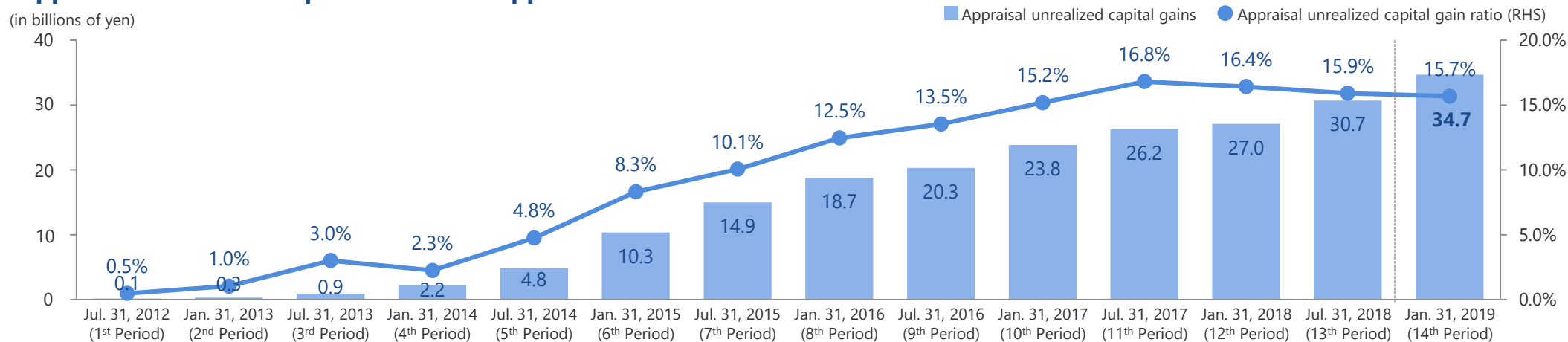
Name	Kenedix Real Estate Fund Management, Inc.
Representative	Ryosuke Homma Chairman, Representative Director Masahiko Tajima, President & CEO
Capital	200 million yen
Book-closing	December
Share holder	Kenedix Inc. (100%)

Organizational chart

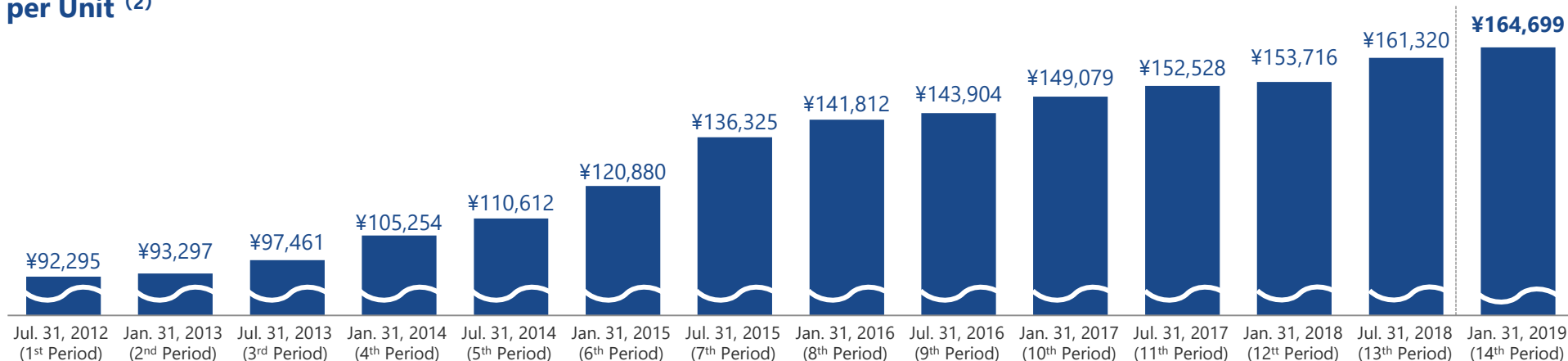


Appraisal Unrealized Capital Gains and NAV per Unit

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 11th 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 12th fiscal period: NAV per unit = (end of period total assets - total distribution amount + end of period appraisal value - property, plant and equipment - land leasehold in trust) /number of outstanding units

Further, considering the 2-for-1 investment unit split on March 1, 2018, NAV per unit from January 31, 2018 (end of 12th 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 13 th Period b	Difference c [b-a]	Previous	End of the 14 th Period	Previous	End of the 14 th Period	Previous	End of the 14 th Period				
T-1	KDX Daikanyama Residence	F	5,680	5,830	150	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	4,700	1,130	4,797	1,032
T-3	KDX Odemma Residence	F	2,040	2,100	60	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,775	325	1,717	382
T-4	KDX Iwamoto-cho Residence	F	950	977	27	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	822	155	792	184
T-5	KDX Bunkyo Sengoku Residence	F	1,740	1,780	40	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,488	292	1,456	323
T-6	KDX Azumabashi Residence	F	873	896	23	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	650	246	615	281
T-7	KDX Shimura Sakaue Residence	F	3,310	3,420	110	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	2,830	590	2,682	737
T-9	Cosmo Heim Motosumiyoshi (land with leasehold interest)	F	1,800	1,800	-	-	-	4.6%	4.5%	4.8%	4.7%	1,750	50	1,798	1
T-10	KDX Musashi Nakahara Residence	F	719	728	9	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	637	91	636	91
T-11	KDX Chiba Chuo Residence	D	1,780	1,790	10	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	1,480	310	1,333	456
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,380	1,410	30	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,150	260	1,116	294
T-13	KDX Residence Shirokane I	F	3,460	3,490	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	3,000	490	3,085	405
T-15	KDX Residence Shirokane II	F	3,400	3,400	-	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	2,800	600	2,860	539
T-16	KDX Residence Minami-aoyama	F	2,470	2,530	60	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	2,230	300	2,241	289
T-17	KDX Residence Minami-azabu	F	2,580	2,580	-	4.0%	4.0%	3.8%	3.8%	4.2%	4.2%	2,080	500	2,077	502
T-18	KDX Residence Shiba Koen	F	2,290	2,360	70	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,781	579	1,767	593
T-19	KDX Residence Azabu East	F	1,910	1,910	-	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,560	350	1,550	359
T-20	KDX Residence Takanawa	F	1,020	1,050	30	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	770	280	765	285
T-21	KDX Residence Nishihara	F	1,870	1,870	-	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,450	420	1,452	417
T-22	KDX Residence Daikanyama II	F	935	952	17	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	730	222	761	191
T-23	KDX Residence Sendagaya	F	805	815	10	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	650	165	640	174
T-24	KDX Residence Nihombashi Suitengu	D	3,870	3,900	30	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	3,240	660	3,171	728
T-25	KDX Residence Nihombashi Hakozaiki	D	1,360	1,370	10	4.1%	4.1%	3.9%	3.9%	4.3%	4.3%	1,147	223	1,161	209
T-26	KDX Residence Higashi-shinjuku	F	3,990	4,090	100	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	3,270	820	3,247	842
T-27	KDX Residence Yotsuya	F	2,650	2,740	90	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,260	480	2,301	438
T-28	KDX Residence Nishi-shinjuku	F	1,290	1,330	40	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,000	330	999	331
T-29	KDX Residence Kagurazaka	F	905	924	19	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	720	204	714	209

Note 1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd., "M" means JLL Morii Valuation & Advisory K.K. 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; July 31, 2018,14th Period; January 31, 2019), 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 14 th Period b	Difference c [b-a]	Previous	End of the 14 th Period	Previous	End of the 14 th Period	Previous	End of the 14 th Period				
T-30	KDX Residence Futako Tamagawa	F	1,440	1,440	-	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,250	190	1,278	161
T-31	KDX Residence Komazawa Koen	F	1,090	1,120	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	920	200	907	213
T-32	KDX Residence Misyuku	F	907	926	19	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	760	166	755	171
T-33	KDX Residence Yoga	F	854	845	-9	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	700	145	698	147
T-34	KDX Residence Shimouma	F	741	765	24	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	600	165	600	164
T-35	Raffine Minami-magome	F	1,450	1,480	30	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,250	230	1,244	235
T-36	KDX Residence Yukigaya Otsuka	F	1,310	1,340	30	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,050	290	1,029	311
T-37	KDX Residence Denen Chofu	D	1,210	1,230	20	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,000	230	1,065	164
T-38	KDX Residence Tamagawa	F	920	921	1	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	776	145	745	176
T-39	KDX Residence Monzennakacho	F	961	995	34	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	773	222	767	227
T-40	KDX Residence Okachimachi	F	1,040	1,040	-	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	850	190	841	199
T-41	KDX Residence Moto-asakusa	F	990	987	-3	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	800	187	792	195
T-42	KDX Residence Itabashi Honcho	F	743	760	17	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	620	140	604	156
T-43	KDX Residence Azusawa	F	637	652	15	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	550	102	555	97
T-44	KDX Residence Tobu Nerima	F	502	508	6	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	420	88	400	107
T-45	KDX Residence Yokohama Kannai	F	979	981	2	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	800	181	781	200
T-46	KDX Residence Miyamaedaira	F	1,130	1,130	-	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	999	131	1,003	126
T-47	KDX Residence Machida	F	2,020	2,030	10	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,800	230	1,723	307
T-48	KDX Residence Kinshicho	F	1,630	1,670	40	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,350	320	1,343	326
T-49	KDX Residence Nihombashi Hamacho	F	1,190	1,220	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	996	224	1,004	216
T-50	KDX Residence Nihombashi Ningyocho	F	643	666	23	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	530	136	563	103
T-51	KDX Residence Jiyugaoka	F	1,540	1,580	40	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,268	312	1,324	256
T-52	KDX Residence Togoshi	F	4,630	4,730	100	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	3,745	985	3,759	970
T-53	KDX Residence Shinagawa Seaside	F	3,170	3,260	90	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,593	667	2,587	673
T-54	KDX Residence Ojima	F	2,210	2,260	50	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,857	403	1,842	417
T-55	KDX Residence Oyama	F	3,190	3,240	50	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	2,679	561	2,652	587

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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 14 th Period b	Difference c [b-a]	Previous	End of the 14 th Period	Previous	End of the 14 th Period	Previous	End of the 14 th Period				
T-56	KDX Residence Hanzomon	F	5,470	5,560	90	4.2%	4.1%	3.9%	3.8%	4.3%	4.2%	4,832	728	4,961	599
T-57	B-Site Akihabara	F	962	985	23	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	850	135	865	119
T-58	KDX Residence Kagurazaka Dori	F	1,750	1,880	130	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,360	520	1,384	495
T-59	KDX Residence Sendagi	F	2,390	2,450	60	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,200	250	2,361	88
T-60	KDX Residence Seijo	F	1,530	1,560	30	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,400	160	1,426	134
T-61	KDX Residence Akihabara	F	1,470	1,500	30	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,250	250	1,255	244
T-62	KDX Residence Iriya	F	1,330	1,370	40	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,062	308	1,068	301
T-63	KDX Residence Tachikawa	F	3,470	3,560	90	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	3,026	533	3,015	544
T-64	KDX Residence Tsurumi	F	1,430	1,460	30	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,050	410	1,141	318
T-65	KDX Residence Morishita Chitose	M	1,230	1,250	20	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,100	150	1,111	138
T-66	KDX Residence Akasaka	F	1,600	1,650	50	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,150	500	1,195	454
T-67	KDX Residence Kanda	F	1,050	1,090	40	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	700	390	726	364
T-68	KDX Residence Ebisu	F	4,000	4,090	90	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	2,845	1,245	2,951	1,139
T-69	KDX Residence Nishi-magome	F	1,200	1,230	30	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,130	100	1,175	55
T-70	KDX Residence Nishi-azabu	F	1,510	1,600	90	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,224	376	1,243	356
T-71	KDX Residence Azabu Sendaizaka	F	975	1,040	65	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	792	247	808	231
T-72	KDX Residence Waseda Tsurumaki	F	791	813	22	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	561	252	569	243
T-73	KDX Residence Bunkyo Yushima	F	915	939	24	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	695	244	705	234
T-74	KDX Residence Kamishakujii	F	786	801	15	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	648	153	660	141
T-75	KDX Residence Shin-otsuka	F	945	968	23	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	764	204	779	189
T-76	KDX Residence Sakurajosui	F	1,110	1,130	20	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	894	236	911	219
T-77	KDX Residence Ryogoku	F	1,080	1,100	20	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	842	258	859	240
T-78	KDX Residence Toyosu	T	7,640	7,640	-	4.1%	4.1%	4.3%	4.3%	4.3%	4.3%	7,500	140	7,762	-121
T-79	KDX Residence Asagaya	F	-	2,120	-	-	4.0%	-	3.8%	-	4.2%	1,930	190	1,969	151
T-80	KDX Residence Hiyoshi	F	-	2,720	-	-	4.7%	-	4.4%	-	4.8%	2,635	84	2,709	11
Subtotal / Average			136,838	144,324	2,646	4.2%	4.1%	4.1%	4.0%	4.5%	4.4%	119,346	24,977	120,202	24,121

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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 14 th Period b	Difference c [b-a]	Previous	End of the 14 th Period	Previous	End of the 14 th Period	Previous	End of the 14 th Period				
R-2	KDX Jozenji Dori Residence	D	1,290	1,290	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,015	275	946	343
R-3	KDX Izumi Residence	F	1,320	1,350	30	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,120	230	1,060	289
R-4	KDX Chihaya Residence	F	1,350	1,380	30	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,080	300	1,007	373
R-5	KDX Sakaisuji Hommachi Residence	F	3,230	3,330	100	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	2,910	420	2,729	600
R-7	KDX Takarazuka Residence	F	1,830	1,870	40	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,510	360	1,369	500
R-8	KDX Shimizu Residence	F	1,960	2,000	40	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,680	320	1,573	427
R-9	KDX Residence Odori Koen	F	931	952	21	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	765	187	730	221
R-10	KDX Residence Kikusui Yojo	F	1,030	1,040	10	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	830	210	794	245
R-11	KDX Residence Toyohira Koen	F	539	547	8	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	445	102	472	74
R-13	KDX Residence Ichiban-cho	D	694	693	-1	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	530	163	508	185
R-15	KDX Residence Izumi Chuo	D	617	602	-15	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	480	122	461	141
R-16	KDX Residence Higashi-sakura I	F	2,740	2,520	-220	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	2,350	170	2,265	254
R-17	KDX Residence Higashi-sakura II	F	1,080	1,010	-70	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	900	110	871	139
R-18	KDX Residence Jingumae	F	1,060	1,010	-50	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	840	170	804	205
R-19	KDX Residence Nishi-oji	D	946	917	-29	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	813	104	785	131
R-20	KDX Residence Saiin	D	509	512	3	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	440	72	424	88
R-21	KDX Residence Namba	F	1,660	1,620	-40	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,410	210	1,369	251
R-22	KDX Residence Namba-minami	F	1,580	1,550	-30	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,350	200	1,293	257
R-23	KDX Residence Shin-osaka	F	578	578	-	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	510	68	482	95
R-24	KDX Residence Ibaraki I・II	F	1,413	1,440	27	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	1,275	165	1,296	143
R-25	KDX Residence Toyonaka-minami	F	853	869	16	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	740	129	690	178
R-26	KDX Residence Moriguchi	F	649	662	13	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	551	111	523	139
R-27	KDX Residence Sannomiya	F	1,300	1,310	10	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,080	230	1,085	225
R-28	Ashiya Royal Homes	F	1,720	1,760	40	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,360	400	1,462	297

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(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 14 th Period b	Difference c [b-a]	Previous	End of the 14 th Period	Previous	End of the 14 th Period	Previous	End of the 14 th Period				
R-29	KDX Residence Funairi Saiwai-cho	F	676	678	2	5.6%	5.5%	5.4%	5.3%	5.8%	5.7%	588	90	559	119
R-30	KDX Residence Tenjin-higashi II	F	875	887	12	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	680	207	652	234
R-32	KDX Residence Nishi Koen	F	858	875	17	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	763	112	734	140
R-33	KDX Residence Hirao Josui-machi	F	886	903	17	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	760	143	744	159
R-34	Melody Heim Gotenyama	F	510	518	8	5.6%	5.5%	5.4%	5.3%	5.8%	5.7%	400	118	425	92
R-35	Leopalace Flat Shin-sakae	M	4,290	4,390	100	4.6%	4.5%	4.5%	4.4%	4.8%	4.7%	3,500	890	3,530	859
R-36	KDX Residence Konan Yamate	F	1,120	1,120	-	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	973	147	972	147
R-37	KDX Residence Hommachibashi	F	3,490	3,550	60	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	3,201	349	3,176	374
R-38	KDX Residence Minami-kusatsu	D	2,340	2,370	30	5.4%	5.4%	5.2%	5.2%	5.6%	5.6%	1,974	395	1,989	380
R-39	KDX Residence Ohori Harbor View Tower	D	5,210	5,220	10	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	4,606	613	4,589	630
R-40	KDX Residence Minami-sanjo	F	1,600	1,660	60	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	915	745	931	728
R-41	Serenite Kita-kyuhoji	M	1,500	1,540	40	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,290	249	1,288	251
R-42	Serenite Nishinomiya Hommachi	T	739	742	3	4.9%	4.8%	5.0%	4.9%	5.1%	5.0%	617	124	648	94
R-43	KDX Residence Nishijin	T	1,670	1,670	-	4.8%	4.7%	4.9%	4.8%	5.0%	4.9%	1,600	70	1,747	-77
R-44	Serenite Kobe Motomachi	T	-	2,580	-	-	4.6%	-	4.7%	-	4.8%	2,390	190	2,507	73
R-45	KDX Residence Shukugawa Hills	D	-	7,300	-	-	4.5%	-	4.3%	-	4.7%	6,885	415	7,216	84
Subtotal / Average			56,643	66,815	292	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	57,127	9,687	56,705	10,109
Residential Facilities total / Average			193,481	211,139	2,938	4.4%	4.3%	4.3%	4.2%	4.6%	4.6%	176,474	34,664	176,907	34,231

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Appraisal Values 6/6

(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 14 th Period b	Difference c [b-a]	Previous	End of the 14 th Period	Previous	End of the 14 th Period	Previous	End of the 14 th Period				
H-1	Irise Kamata/Yuseien	D	1,120	1,120	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	1,120	-	1,104	16
H-2	Nichii Home Nakano-Minamidai	D	1,780	1,780	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,780	-	1,775	4
H-3	Joy Stage Hachioji	T	3,700	3,740	40	5.3%	5.3%	5.2%	5.2%	5.5%	5.5%	3,690	50	3,691	49
H-4	Yuimaru Hijirigaoka	F	1,120	1,120	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,120	-	1,103	16
H-5	Nichii Home Tama Plaza	D	2,940	2,940	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	2,940	-	2,887	53
H-6	Ten	T	2,640	2,640	-	6.1%	6.1%	6.2%	6.2%	6.3%	6.3%	2,630	10	2,603	36
H-7	Irise Nishioka	F	854	855	1	5.3%	5.3%	5.1%	5.1%	5.5%	5.5%	858	-3	844	11
H-8	Izarie Eniwa Building	F	1,670	1,680	10	6.1%	6.1%	5.9%	5.9%	6.3%	6.3%	1,660	20	1,627	53
H-9	Sawayaka Sakura Nibankan	D	990	990	-	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	989	1	966	23
H-10	Activa Biwa	T	6,560	6,560	-	5.7%	5.7%	5.8%	5.8%	5.9%	5.9%	6,560	-	6,471	88
H-11	Sompo Care LAVIERE Kobe Tarumi	T	2,110	2,110	-	4.9%	4.9%	4.9%	4.9%	5.1%	5.1%	2,110	-	2,090	20
H-12	Granda Mondo Yakujin	F	1,190	1,190	-	4.9%	4.9%	4.6%	4.6%	5.1%	5.1%	1,190	-	1,172	17
H-13	Excellent Nishinomiya	T	972	973	1	5.0%	5.0%	5.0%	5.0%	5.2%	5.2%	971	2	954	19
H-14	Gran Hills Ogawarako	T	1,380	1,380	-	7.2%	7.2%	7.1%	7.1%	7.4%	7.4%	1,380	-	1,347	33
H-15	Excellent Kitano	T	783	785	2	4.7%	4.7%	4.7%	4.7%	4.9%	4.9%	737	48	766	19
H-16	Anesis Teradacho	D	-	3,630	-	-	5.0%	-	4.8%	-	5.2%	3,490	140	3,589	40
H-17	Rococo-riha	D	-	2,180	-	-	5.1%	-	4.9%	-	5.3%	2,100	80	2,113	67
H-18	Orange Suma	T	-	2,820	-	-	5.1%	-	5.0%	-	5.3%	2,810	10	2,851	-31
H-19	Canadian Hill	T	-	1,870	-	-	4.7%	-	4.6%	-	4.9%	1,830	40	1,812	57
H-20	Anesis Hyogo	T	-	1,430	-	-	4.8%	-	4.7%	-	5.0%	1,420	10	1,433	-2
H-21	Plaisant Grand Ota tamagawa	F	-	3,130	-	-	4.1%	-	3.9%	-	4.3%	3,057	72	3,251	-120
Subtotal / Average			29,809	44,923	54	5.4%	5.2%	5.4%	5.1%	5.6%	5.4%	44,442	480	44,448	474
Grand total			223,290	256,062								220,916		221,356	34,705

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Summary of Portfolio Performance

Trends in Portfolio Performance

	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)	13 th fiscal period (as of Jul. 31, 2018)	14 th fiscal period (as of Jan. 31, 2019)
Number of Properties	105 props	113 props	113 props	115 props	129 props	138 props
Properties Acquired during the period	0 props	10 props	0 props	2 props	1 props	10 props
Properties Transferred during the period	0 Props	2 Props	0 Props	0 Props	1 Props	1 Props
Total Acquisition Price	148,184 million	155,069 million	155,069 million	164,169 million	192,889 million	220,916 million
Total Book Value	150,211 million	156,805 million	156,161 million	165,040 million	193,148 million	221,356 million
Total Appraisal Value	170,538 million	180,618 million	182,410 million	192,137 million	223,857 million	256,062 million
Rentable Units ⁽¹⁾	7,243 units	7,518 units	7,518 units	7,888 units	7,794 units	8,280 units
Rentable Area ⁽¹⁾	286,310.51 m ²	292,324.33 m ²	292,324.33 m ²	303,608.43 m ²	301,462.41 m ²	329,477.93 m ²
Leasing Business Revenues	5,329 million	5,437 million	5,574 million	5,671 million	6,655 million	7,605 million
Leasing Business Expenses (ex. Depreciation)	1,175 million	1,172 million	1,239 million	1,185 million	1,410 million	1,451 million
NOI (Net Operating Income) ⁽²⁾	4,153 million	4,265 million	4,335 million	4,486 million	5,245 million	6,154 million
NOI Cap Rate (per year)	5.6 %	5.5 %	5.6 %	5.4 %	5.4 %	5.5 %
Capital Expenditure	163 million	220 million	241 million	286 million	436 million	614 million
Depreciation	857 million	878 million	884 million	921 million	1,144 million	1,343 million
Depreciation Rate (per acquisition price, year)	1.2 %	1.1 %	1.2 %	1.1 %	1.2 %	1.2 %
NOI Cap Rate after Depreciation (per year)	4.5 %	4.4 %	4.5 %	4.3 %	4.2 %	4.3 %

Note 1: "Rentable Units" and "Rentable Area" don't include healthcare facilities.

Note 2: NOI=Operating Revenues – Operating Expenses(ex. Depreciation) (Rounded down to the nearest one decimal places)

Portfolio Performance in 2H 2018 1/6

																	(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	4,797,052	5,830,000	SF	86	5,338.99	5,338.99	100.0%	184	160,673	37,049	123,624	16,443	107,180	5.2%	4.5%	
T-3	KDX Odemma Residence	1,775,000	1,717,260	2,100,000	SF	54	2,353.23	2,353.23	100.0%	184	58,358	12,994	45,364	10,809	34,554	5.1%	3.9%	
T-4	KDX Iwamoto-cho Residence	822,000	792,391	977,000	SF	36	1,131.24	1,131.24	100.0%	184	28,022	6,480	21,541	5,268	16,272	5.2%	3.9%	
T-5	KDX Bunkyo Sengoku Residence	1,488,000	1,456,328	1,780,000	S	77	2,054.10	2,054.10	100.0%	184	49,462	12,120	37,342	6,523	30,818	5.0%	4.1%	
T-6	KDX Azumabashi Residence	650,000	614,891	896,000	S	41	1,054.83	1,007.35	95.5%	184	24,274	6,158	18,116	4,907	13,208	5.5%	4.0%	
T-7	KDX Shimura Sakaue Residence	2,830,000	2,682,311	3,420,000	F	85	6,117.48	6,044.68	98.8%	184	109,170	21,564	87,605	21,642	65,963	6.1%	4.6%	
T-9	Cosmo Heim Motosumiyoshi (land)	1,750,000	1,798,041	1,800,000	-	-	-	-	-	184	43,749	1,324	42,425	-	42,425	4.8%	4.8%	
T-10	KDX Musashi Nakahara Residence	637,000	636,324	728,000	F	35	2,123.46	2,123.46	100.0%	184	25,735	5,016	20,718	3,726	16,992	6.5%	5.3%	
T-11	KDX Chiba Chuo Residence	1,480,000	1,333,243	1,790,000	S	106	3,546.91	3,463.71	97.7%	184	60,706	15,866	44,840	17,270	27,569	6.0%	3.7%	
T-12	KDX Kawaguchi Saiwai-cho Residence	1,150,000	1,115,731	1,410,000	SF	61	2,491.66	2,373.61	95.3%	184	47,497	12,776	34,721	7,313	27,408	6.0%	4.7%	
T-13	KDX Residence Shirokane I	3,000,000	3,084,553	3,490,000	SF	50	3,617.32	3,494.57	96.6%	184	111,573	33,604	77,969	8,581	69,387	5.2%	4.6%	
T-15	KDX Residence Shirokane II	2,800,000	2,860,210	3,400,000	S	85	2,889.66	2,889.66	100.0%	184	92,589	16,397	76,192	7,297	68,895	5.4%	4.9%	
T-16	KDX Residence Minami-aoyama	2,230,000	2,240,890	2,530,000	SF	20	1,680.79	1,680.79	100.0%	184	64,064	12,240	51,823	3,265	48,558	4.6%	4.3%	
T-17	KDX Residence Minami-azabu	2,080,000	2,077,396	2,580,000	SF	62	2,785.42	2,713.44	97.4%	184	72,746	13,941	58,804	7,000	51,803	5.6%	4.9%	
T-18	KDX Residence Shiba Koen	1,781,000	1,766,811	2,360,000	SF	64	2,507.52	2,421.63	96.6%	184	66,135	11,895	54,240	5,801	48,438	6.0%	5.4%	
T-19	KDX Residence Azabu East	1,560,000	1,550,101	1,910,000	S	76	1,849.00	1,849.00	100.0%	184	56,455	10,859	45,595	6,195	39,400	5.8%	5.0%	
T-20	KDX Residence Takanawa	770,000	764,520	1,050,000	SF	27	1,034.27	1,034.27	100.0%	184	28,949	6,144	22,805	2,765	20,040	5.9%	5.2%	
T-21	KDX Residence Nishihara	1,450,000	1,452,281	1,870,000	SF	39	2,310.08	2,310.08	100.0%	184	52,320	11,037	41,283	5,927	35,355	5.6%	4.8%	
T-22	KDX Residence Daikanyama II	730,000	760,697	952,000	F	17	985.10	985.10	100.0%	184	28,255	5,074	23,181	1,267	21,913	6.3%	6.0%	
T-23	KDX Residence Sendagaya	650,000	640,229	815,000	SF	16	748.96	748.96	100.0%	184	24,440	4,234	20,206	2,804	17,402	6.2%	5.3%	
T-24	KDX Residence Nihombashi Suitengu	3,240,000	3,171,010	3,900,000	F	79	5,534.86	5,534.86	100.0%	184	97,271	10,525	86,746	17,786	68,959	5.3%	4.2%	
T-25	KDX Residence Nihombashi Hakozaiki	1,147,000	1,160,686	1,370,000	S	60	1,537.38	1,537.38	100.0%	184	40,886	8,301	32,585	6,881	25,704	5.6%	4.4%	
T-26	KDX Residence Higashi-shinjuku	3,270,000	3,247,159	4,090,000	S	179	4,358.43	4,268.82	97.9%	184	110,080	27,300	82,780	11,629	71,150	5.0%	4.3%	
T-27	KDX Residence Yotsuya	2,260,000	2,301,228	2,740,000	F	42	3,101.16	3,006.24	96.9%	184	79,918	29,507	50,410	9,532	40,878	4.4%	3.6%	
T-28	KDX Residence Nishi-shinjuku	1,000,000	998,866	1,330,000	S	54	1,345.92	1,279.90	95.1%	184	34,309	8,716	25,593	3,961	21,631	5.1%	4.3%	
T-29	KDX Residence Kagurazaka	720,000	714,049	924,000	S	34	890.93	890.93	100.0%	184	25,701	5,168	20,533	3,335	17,197	5.7%	4.7%	

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 2018 2/6

																	(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	1,278,448	1,440,000	F	38	2,339.62	2,215.20	94.7%	184	42,911	9,280	33,630	4,658	28,971	5.3%	4.6%	
T-31	KDX Residence Komazawa Koen	920,000	906,851	1,120,000	SF	32	1,020.18	1,020.18	100.0%	184	28,324	5,063	23,260	4,670	18,589	5.0%	4.0%	
T-32	KDX Residence Misyuku	760,000	754,979	926,000	S	39	1,103.82	998.52	90.5%	184	27,082	6,527	20,554	3,115	17,439	5.4%	4.6%	
T-33	KDX Residence Yoga	700,000	697,791	845,000	S	38	1,012.80	987.48	97.5%	184	23,523	6,192	17,330	2,635	14,694	4.9%	4.2%	
T-34	KDX Residence Shimouma	600,000	600,037	765,000	S	29	829.05	829.05	100.0%	184	21,313	5,340	15,972	2,255	13,717	5.3%	4.5%	
T-35	Raffine Minami-magome	1,250,000	1,244,053	1,480,000	S	56	2,408.56	2,408.56	100.0%	184	41,292	3,032	38,259	3,363	34,896	6.1%	5.5%	
T-36	KDX Residence Yukigaya Otsuka	1,050,000	1,028,725	1,340,000	S	72	1,526.98	1,506.50	98.7%	184	38,311	9,637	28,674	5,460	23,213	5.4%	4.4%	
T-37	KDX Residence Denen Chofu	1,000,000	1,065,495	1,230,000	F	36	2,359.44	2,293.90	97.2%	184	37,078	8,350	28,728	4,365	24,362	5.7%	4.8%	
T-38	KDX Residence Tamagawa	776,000	744,522	921,000	S	52	1,170.40	1,149.80	98.2%	184	28,507	7,451	21,056	5,898	15,157	5.4%	3.9%	
T-39	KDX Residence Monzennakacho	773,000	767,021	995,000	S	49	1,171.41	1,171.41	100.0%	184	27,348	4,790	22,557	4,038	18,518	5.8%	4.8%	
T-40	KDX Residence Okachimachi	850,000	840,703	1,040,000	S	51	1,329.79	1,304.93	98.1%	184	30,100	6,089	24,010	3,790	20,220	5.6%	4.7%	
T-41	KDX Residence Moto-asakusa	800,000	791,542	987,000	SF	44	1,314.91	1,260.84	95.9%	184	29,895	6,234	23,661	4,524	19,136	5.9%	4.7%	
T-42	KDX Residence Itabashi Honcho	620,000	603,545	760,000	S	46	1,127.58	1,127.58	100.0%	184	24,212	5,318	18,893	4,218	14,675	6.0%	4.7%	
T-43	KDX Residence Azusawa	550,000	554,565	652,000	S	39	989.82	989.82	100.0%	184	20,018	5,500	14,517	3,366	11,151	5.2%	4.0%	
T-44	KDX Residence Tobu Nerima	420,000	400,150	508,000	S	37	931.82	931.82	100.0%	184	17,578	5,570	12,007	3,778	8,228	5.7%	3.9%	
T-45	KDX Residence Yokohama Kannai	800,000	780,683	981,000	S	72	1,602.16	1,582.32	98.8%	184	34,897	8,915	25,982	6,031	19,951	6.4%	4.9%	
T-46	KDX Residence Miyamaedaira	999,000	1,003,014	1,130,000	F	40	2,448.27	2,448.27	100.0%	184	36,628	9,076	27,552	4,851	22,700	5.5%	4.5%	
T-47	KDX Residence Machida	1,800,000	1,722,672	2,030,000	F	52	3,832.53	3,832.53	100.0%	184	65,092	13,810	51,281	15,009	36,272	5.7%	4.0%	
T-48	KDX Residence Kinshicho	1,350,000	1,343,150	1,670,000	F	33	2,024.81	2,024.81	100.0%	184	44,662	11,390	33,272	6,929	26,342	4.9%	3.9%	
T-49	KDX Residence Nihombashi Hamacho	996,000	1,003,912	1,220,000	F	28	1,756.27	1,756.27	100.0%	184	30,509	4,176	26,332	4,176	22,156	5.2%	4.4%	
T-50	KDX Residence Nihombashi Ningyocho	530,000	562,995	666,000	S	27	877.14	877.14	100.0%	184	19,907	5,784	14,122	2,242	11,880	5.3%	4.4%	
T-51	KDX Residence Jiyugaoka	1,268,000	1,323,835	1,580,000	SF	48	1,637.00	1,532.44	93.6%	184	38,527	8,089	30,437	4,233	26,203	4.8%	4.1%	
T-52	KDX Residence Togoshi	3,745,000	3,759,371	4,730,000	SF	144	4,591.76	4,558.58	99.3%	184	122,168	18,203	103,965	17,232	86,733	5.5%	4.6%	
T-53	KDX Residence Shinagawa Seaside	2,593,000	2,586,902	3,260,000	S	127	3,314.75	3,218.99	97.1%	184	85,282	19,300	65,982	12,793	53,189	5.0%	4.1%	
T-54	KDX Residence Ojima	1,857,000	1,842,476	2,260,000	S	117	2,372.67	2,271.22	95.7%	184	61,912	15,946	45,965	11,076	34,888	4.9%	3.7%	
T-55	KDX Residence Oyama	2,679,000	2,652,467	3,240,000	SF	145	4,009.07	3,687.15	92.0%	184	91,654	16,651	75,003	16,599	58,403	5.6%	4.3%	

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 2018 3/6

(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	4,960,615	5,560,000	F	85	4,854.23	4,796.86	98.8%	184	131,051	19,131	111,919	14,727	97,192	4.6%	4.0%
T-57	B-Site Akihabara	850,000	865,216	985,000	S	52	1,254.50	1,254.50	100.0%	184	23,938	4,646	19,291	2,533	16,757	4.5%	3.9%
T-58	KDX Residence Kagurazaka Dori	1,360,000	1,384,141	1,880,000	S	70	1,809.84	1,809.84	100.0%	184	51,933	9,984	41,948	3,709	38,239	6.1%	5.6%
T-59	KDX Residence Sendagi	2,200,000	2,361,096	2,450,000	F	40	3,159.89	3,089.82	97.8%	184	65,717	11,853	53,863	8,790	45,073	4.9%	4.1%
T-60	KDX Residence Seijo	1,400,000	1,425,570	1,560,000	SF	38	2,198.56	2,198.56	100.0%	184	39,979	8,204	31,774	4,665	27,109	4.5%	3.8%
T-61	KDX Residence Akihabara	1,250,000	1,255,108	1,500,000	SF	32	1,929.61	1,837.92	95.2%	184	41,000	13,734	27,265	6,611	20,654	4.3%	3.3%
T-62	KDX Residence Iriya	1,062,000	1,068,257	1,370,000	S	57	1,899.29	1,899.29	100.0%	184	39,596	7,302	32,293	6,199	26,094	6.0%	4.9%
T-63	KDX Residence Tachikawa	3,026,200	3,015,467	3,560,000	S	174	4,314.87	4,069.04	94.3%	184	97,114	16,080	81,034	21,251	59,783	5.3%	3.9%
T-64	KDX Residence Tsurumi	1,050,000	1,141,425	1,460,000	SF	59	3,499.84	3,442.34	98.4%	184	52,823	9,980	42,843	7,084	35,758	8.1%	6.8%
T-65	KDX Residence Morishita Chitose	1,100,000	1,111,284	1,250,000	S	65	1,614.28	1,552.36	96.2%	184	39,113	9,081	30,031	5,694	24,337	5.4%	4.4%
T-66	KDX Residence Akasaka	1,150,000	1,195,252	1,650,000	SF	28	1,180.71	1,138.74	96.4%	184	39,050	5,369	33,681	4,195	29,485	5.8%	5.1%
T-67	KDX Residence Kanda	700,000	725,701	1,090,000	SF	30	1,031.09	999.53	96.9%	184	27,670	6,682	20,988	3,682	17,305	5.9%	4.9%
T-68	KDX Residence Ebisu	2,845,000	2,950,540	4,090,000	SF	65	2,659.66	2,632.62	99.0%	184	94,368	10,911	83,456	11,269	72,187	5.8%	5.0%
T-69	KDX Residence Nishi-magome	1,130,000	1,174,891	1,230,000	S	47	1,297.27	1,155.99	89.1%	184	30,479	7,387	23,091	4,885	18,205	4.1%	3.2%
T-70	KDX Residence Nishi-azabu	1,224,000	1,243,484	1,600,000	SF	33	1,357.88	1,357.88	100.0%	184	37,768	12,462	25,305	3,981	21,324	4.1%	3.5%
T-71	KDX Residence Azabu Sendaizaka	792,300	808,063	1,040,000	S	30	878.50	878.50	100.0%	184	26,796	7,129	19,666	2,706	16,959	4.9%	4.2%
T-72	KDX Residence Waseda Tsurumaki	561,000	569,045	813,000	S	39	808.54	808.54	100.0%	184	22,018	5,353	16,664	2,974	13,689	5.9%	4.8%
T-73	KDX Residence Bunkyo Yushima	695,000	704,750	939,000	S	38	939.89	939.89	100.0%	184	24,682	5,116	19,566	3,121	16,445	5.6%	4.7%
T-74	KDX Residence Kamishakujii	648,000	659,517	801,000	S	47	1,032.18	1,009.63	97.8%	184	23,419	6,448	16,970	3,622	13,348	5.2%	4.1%
T-75	KDX Residence Shin-otsuka	764,000	778,963	968,000	S	40	872.00	872.00	100.0%	184	22,608	1,772	20,835	3,433	17,401	5.4%	4.5%
T-76	KDX Residence Sakurajosui	894,000	910,787	1,130,000	S	43	1,227.16	1,141.12	93.0%	184	29,824	4,698	25,126	4,116	21,009	5.6%	4.7%
T-77	KDX Residence Ryogoku	842,000	859,423	1,100,000	S	36	1,190.53	1,190.53	100.0%	184	29,473	4,488	24,984	4,392	20,591	5.9%	4.9%
T-78	KDX Residence Toyosu	7,500,000	7,761,880	7,640,000	S	242	6,811.38	6,811.38	100.0%	184	180,581	17,000	163,581	28,253	135,328	4.3%	3.6%
T-79	KDX Residence Asagaya	1,930,000	1,968,685	2,120,000	SF	44	1,996.08	1,996.08	100.0%	183	49,037	3,886	45,150	4,162	40,988	4.7%	4.2%
T-80	KDX Residence Hiyoshi	2,635,300	2,708,654	2,720,000	F	92	6,131.93	5,740.26	93.6%	183	73,855	6,286	67,568	10,304	57,263	5.1%	4.3%
Subtotal / Average		119,346,800	120,202,014	144,324,000		4,502	168,441.02	165,144.53	98.0%		3,955,995	787,020	3,168,974	535,626	2,633,347	5.3%	4.4%

Note 1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)
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Portfolio Performance in 2H 2018 4/6

																	(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	946,265	1,290,000	S	92	3,330.15	3,231.46	97.0%	184	51,506	14,880	36,626	10,382	26,243	7.2%	5.1%	
R-3	KDX Izumi Residence	1,120,000	1,060,204	1,350,000	F	40	2,798.20	2,518.38	90.0%	184	41,163	9,892	31,271	9,200	22,070	5.5%	3.9%	
R-4	KDX Chihaya Residence	1,080,000	1,006,814	1,380,000	SF	92	2,936.40	2,823.78	96.2%	184	48,768	12,465	36,302	10,041	26,261	6.7%	4.8%	
R-5	KDX Sakaisuji Hommachi Residence	2,910,000	2,729,280	3,330,000	SF	160	6,385.70	6,027.99	94.4%	184	106,394	29,461	76,932	23,869	53,063	5.2%	3.6%	
R-7	KDX Takarazuka Residence	1,510,000	1,369,095	1,870,000	F	80	4,631.16	4,631.16	100.0%	184	59,054	10,480	48,573	16,548	32,025	6.4%	4.2%	
R-8	KDX Shimizu Residence	1,680,000	1,572,624	2,000,000	SF	148	6,255.16	6,015.58	96.2%	184	72,543	13,321	59,222	14,227	44,995	7.0%	5.3%	
R-9	KDX Residence Odori Koen	765,000	730,188	952,000	SF	78	2,762.76	2,477.50	89.7%	184	32,706	8,184	24,522	7,940	16,582	6.4%	4.3%	
R-10	KDX Residence Kikusui Yojo	830,000	794,286	1,040,000	SF	84	3,413.06	3,064.72	89.8%	184	36,952	11,405	25,547	7,554	17,992	6.1%	4.3%	
R-11	KDX Residence Toyohira Koen	445,000	472,069	547,000	SF	65	2,253.81	2,117.90	94.0%	184	22,530	7,326	15,204	4,859	10,344	6.8%	4.6%	
R-13	KDX Residence Ichiban-cho	530,000	507,869	693,000	SF	45	1,818.09	1,548.80	85.2%	184	24,927	8,012	16,914	5,054	11,860	6.3%	4.4%	
R-14	KDX Residence Kotodai	-	-	-	-	-	-	-	-	176	19,056	5,489	13,566	4,470	9,096	5.4%	3.6%	
R-15	KDX Residence Izumi Chuo	480,000	460,707	602,000	SF	40	2,159.25	2,099.02	97.2%	184	23,497	6,358	17,139	4,508	12,630	7.1%	5.2%	
R-16	KDX Residence Higashi-sakura I	2,350,000	2,265,103	2,520,000	SF	187	6,221.83	5,456.60	87.7%	184	90,616	26,053	64,562	17,811	46,750	5.4%	3.9%	
R-17	KDX Residence Higashi-sakura II	900,000	870,985	1,010,000	SF	66	2,655.31	2,456.91	92.5%	184	36,248	10,285	25,963	7,021	18,941	5.7%	4.2%	
R-18	KDX Residence Jingumae	840,000	804,149	1,010,000	SF	95	2,724.19	2,513.60	92.3%	184	38,416	9,039	29,377	7,335	22,041	6.9%	5.2%	
R-19	KDX Residence Nishi-oji	813,000	785,079	917,000	S	76	2,353.55	2,333.42	99.1%	184	33,877	7,088	26,788	6,344	20,444	6.5%	5.0%	
R-20	KDX Residence Saiin	440,000	423,609	512,000	S	49	1,094.81	1,051.18	96.0%	184	19,219	5,160	14,059	3,861	10,198	6.3%	4.6%	
R-21	KDX Residence Namba	1,410,000	1,368,977	1,620,000	S	118	3,387.30	3,259.40	96.2%	184	57,563	10,079	47,484	9,981	37,503	6.7%	5.3%	
R-22	KDX Residence Namba-minami	1,350,000	1,292,698	1,550,000	S	131	3,813.31	3,712.51	97.4%	184	54,731	12,906	41,825	11,796	30,029	6.1%	4.4%	
R-23	KDX Residence Shin-osaka	510,000	482,312	578,000	SF	43	1,321.04	1,290.94	97.7%	184	21,766	5,124	16,641	5,212	11,429	6.5%	4.4%	
R-24	KDX Residence Ibaraki I-II	1,275,000	1,296,056	1,440,000	F	61	4,701.87	4,625.13	98.4%	184	57,942	15,617	42,324	6,656	35,668	6.6%	5.5%	
R-25	KDX Residence Toyonaka-minami	740,000	690,345	869,000	SF	70	2,024.50	2,024.50	100.0%	184	29,897	5,431	24,465	8,172	16,293	6.6%	4.4%	
R-26	KDX Residence Moriguchi	551,000	522,798	662,000	F	28	1,942.78	1,942.78	100.0%	184	24,312	5,282	19,029	5,449	13,580	6.9%	4.9%	
R-27	KDX Residence Sannomiya	1,080,000	1,084,528	1,310,000	S	86	2,292.72	2,267.46	98.9%	184	38,399	12,768	25,630	7,787	17,843	4.7%	3.3%	
R-28	Ashiya Royal Homes	1,360,000	1,462,078	1,760,000	F	21	3,999.01	3,475.03	86.9%	184	64,528	20,303	44,225	4,847	39,377	6.5%	5.7%	

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 2018 5/6

(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-29	KDX Residence Funairi Saiwai-cho	588,000	558,788	678,000	S	64	1,889.53	1,889.53	100.0%	184	27,326	5,522	21,803	5,377	16,426	7.4%	5.5%
R-30	KDX Residence Tenjin-higashi II	680,000	652,447	887,000	SF	63	2,602.53	2,602.53	100.0%	184	29,913	6,778	23,135	6,241	16,893	6.7%	4.9%
R-32	KDX Residence Nishi Koen	763,000	734,132	875,000	F	36	2,522.16	2,392.76	94.9%	184	30,399	5,552	24,847	6,389	18,457	6.5%	4.8%
R-33	KDX Residence Hirao Josui-machi	760,000	743,591	903,000	F	24	2,098.68	2,017.93	96.2%	184	29,450	5,738	23,711	4,808	18,903	6.2%	4.9%
R-34	Melody Heim Gotenyama	400,000	425,230	518,000	F	36	2,297.24	2,297.24	100.0%	184	22,290	5,890	16,400	2,269	14,131	8.1%	7.0%
R-35	Leopalace Flat Shin-sakae	3,500,000	3,530,169	4,390,000	S	274	11,589.95	11,589.95	100.0%	184	121,557	13,677	107,880	33,318	74,561	6.1%	4.2%
R-36	KDX Residence Konan Yamate	973,000	972,325	1,120,000	SF	55	1,923.22	1,893.35	98.4%	184	32,351	7,198	25,153	4,915	20,237	5.1%	4.1%
R-37	KDX Residence Hommachibashi	3,201,000	3,175,693	3,550,000	SF	134	6,511.88	6,274.65	96.4%	184	107,546	19,087	88,459	21,987	66,471	5.5%	4.1%
R-38	KDX Residence Minami-kusatsu	1,974,666	1,989,229	2,370,000	S	170	5,735.96	5,679.96	99.0%	184	100,031	26,183	73,847	18,264	55,582	7.4%	5.6%
R-39	KDX Residence Ohori Harbor View Tower	4,606,296	4,589,283	5,220,000	SF	212	11,855.63	10,859.63	91.6%	184	175,759	35,335	140,424	42,581	97,842	6.0%	4.2%
R-40	KDX Residence Minami-sanjo	915,000	931,007	1,660,000	SF	114	5,269.39	5,016.78	95.2%	184	54,488	13,565	40,922	11,247	29,675	8.9%	6.4%
R-41	Serenite Kita-kyuhoji	1,290,740	1,288,422	1,540,000	S	85	2,277.14	2,145.68	94.2%	184	42,276	8,618	33,658	10,155	23,502	5.2%	3.6%
R-42	Serenite Nishinomiya Hommachi	617,048	647,759	742,000	S	51	1,351.68	1,326.37	98.1%	184	21,917	6,730	15,186	4,746	10,440	4.9%	3.4%
R-43	KDX Residence Nishijin	1,600,000	1,747,159	1,670,000	SF	128	4,472.72	4,318.84	96.6%	184	56,059	15,691	40,368	7,453	32,915	5.0%	4.1%
R-44	Serenite Kobe Motomachi	2,390,000	2,506,716	2,580,000	S	138	3,787.85	3,735.29	98.6%	183	73,637	7,193	66,444	14,601	51,842	5.5%	4.3%
R-45	KDX Residence Shukugawa Hills	6,884,800	7,215,745	7,300,000	F	239	17,575.39	16,390.89	93.3%	183	203,133	41,791	161,341	28,138	133,203	4.7%	3.9%
Subtotal / Average		57,127,551	56,705,831	66,815,000		3,778	161,036.91	153,397.13	95.3%		2,234,763	506,975	1,727,787	443,432	1,284,355	6.0%	4.4%
Residential facilities total / Average		176,474,351	176,907,845	211,139,000		8,280	329,477.93	318,541.66	96.7%		6,190,758	1,293,996	4,896,762	979,059	3,917,702	5.5%	4.4%

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 2018 6/6

(in thousands of yen)																
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Facility Type ⁽¹⁾	Rentable Area (m ²)	Rentable Units (unit)	Capacity (people)	Occupancy Rate	Actual Occupancy Rate ⁽²⁾ Utilization Rate ⁽³⁾ 2018.12	Operating Days (days)	NOI a	Depreciation b	Leasing Business Income c [a-b]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)
H-1	Irise Kamata/Yuseien	1,120,000	1,103,787	1,120,000	Nursing care	2,086.40	48	55	100.0%	100.0%	184	27,639	11,675	15,963	4.9%	2.8%
H-2	Nichii Home Nakano-Minamidai	1,780,000	1,775,459	1,780,000	Nursing care	3,339.00	83	83	100.0%	84.3%	184	37,735	4,315	33,419	4.2%	3.7%
H-3	Joy Stage Hachioji	3,690,000	3,690,529	3,740,000	Nursing care	13,812.27	232	263	100.0%	89.2%	184	101,525	27,675	73,850	5.5%	4.0%
H-4	Yuimaru Hijirigaoka	1,120,000	1,103,425	1,120,000	Residential	4,385.53	70	109	100.0%	100.0%	184	30,265	9,040	21,224	5.4%	3.8%
H-5	Nichii Home Tama Plaza	2,940,000	2,886,620	2,940,000	Nursing care	8,208.65	154	158	100.0%	76.6%	184	81,138	30,528	50,610	5.5%	3.4%
H-6	Ten	2,630,000	2,603,170	2,640,000	Nursing care	6,473.60	85	89	100.0%	96.5%	184	83,613	27,927	55,686	6.3%	4.2%
H-7	Irise Nishioka	858,000	843,964	855,000	Residential	3,140.27	83	83	100.0%	92.8%	184	23,193	9,180	14,012	5.4%	3.2%
H-8	Izarie Eniwa Building	1,660,000	1,626,797	1,680,000	Residential	5,343.33	73	73	100.0%	84.9%	184	51,777	18,259	33,518	6.2%	4.0%
H-9	Sawayaka Sakura Nibankan	989,000	966,474	990,000	Nursing care	3,628.51	92	92	100.0%	100.0%	184	29,002	12,286	16,716	5.8%	3.4%
H-10	Activa Biwa	6,560,000	6,471,085	6,560,000	Nursing care	39,649.84	384	445	100.0%	91.4%	184	219,956	61,430	158,526	6.7%	4.8%
H-11	Sompo Care LAVIERE Kobe Tarumi	2,110,000	2,089,586	2,110,000	Nursing care	4,493.35	100	100	100.0%	95.0%	184	51,813	11,820	39,993	4.9%	3.8%
H-12	Granda Mondo Yakujin	1,190,000	1,172,151	1,190,000	Residential	3,287.80	62	63	100.0%	非開示	184	31,968	9,972	21,995	5.3%	3.7%
H-13	Excellent Nishinomiya	971,000	953,536	973,000	Nursing care	2,685.48	67	70	100.0%	100.0%	184	22,508	9,525	12,983	4.6%	2.7%
H-14	Gran Hills Ogawarako	1,380,000	1,346,859	1,380,000	Serviced housing	4,180.28	103	107	100.0%	100.0%	184	48,693	18,076	30,617	7.0%	4.4%
H-15	Excellent Kitano	737,000	765,576	785,000	Residential	1,339.58	41	41	100.0%	100.0%	184	19,806	4,150	15,655	5.3%	4.2%
H-16	Anesis Teradacho	3,490,000	3,589,445	3,630,000	Nursing & health (with Nursing care)	7,856.64	45 100	150 100	100.0%	96.4% 99.0%	183	104,120	31,911	72,209	6.0%	4.1%
H-17	Rococo-riha	2,100,000	2,112,794	2,180,000	Nursing & health	3,860.29	52	100	100.0%	95.5%	183	61,950	16,586	45,364	5.9%	4.3%
H-18	Orage Suma	2,810,000	2,851,427	2,820,000	Nursing & health (with Serviced housing)	5,995.74	100 35	100 40	100.0%	92.7% 97.1%	183	84,584	23,822	60,761	6.0%	4.3%
H-19	Canadian Hill	1,830,000	1,812,279	1,870,000	Nursing & health	3,731.26	40	115	100.0%	89.5%	183	53,839	7,208	46,630	5.9%	5.1%
H-20	Anesis Hyogo	1,420,000	1,432,916	1,430,000	Nursing & health	4,415.16	58	100	100.0%	92.5%	183	44,655	10,431	34,223	6.3%	4.8%
H-21	Plaisant Grand Ota tamagawa	3,057,630	3,250,954	3,130,000	Nursing care	3,175.15	80	80	100.0%	63.8%	126	47,758	8,276	39,481	4.5%	3.7%
Subtotal / Average		44,442,630	44,448,843	44,923,000		135,088.13	2,187	2,616	100.0%	91.1% / 93.5%⁽⁴⁾		1,257,547	364,103	893,443	5.7%	4.1%
Grand total / Average		220,916,981	221,356,688	256,062,000		464,566.06						6,154,310	1,343,163	4,811,146	5.5%	4.3%

Note 1: About "Facility Type", "Nursing care" shows Fee-based homes for the elderly (with nursing care), "Residential" shows Fee-based homes for the elderly (residential) and "Serviced housing" shows Serviced housing for the elderly.
 Note 2: "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 3: "Utilization Rate" = Total amount of users / Extended number of capacity in a month. "Utilization Rate" is based on documents from operators.
 Note 4: Average Actual Occupancy Rate is 91.1%, and Average Utilization Rate is 93.5% in the above facility type classification.

