

NEXT

KENEDIX

Residential NEXT Investment Corporation

Security code

3278

**Semi-annual Report
for the 14th Period**

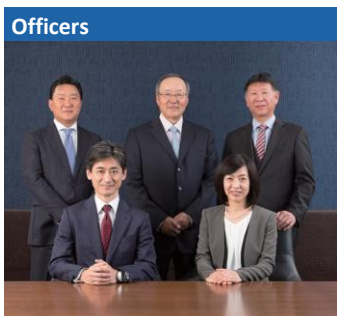
From August 1, 2018 to January 31, 2019



To our unitholders



Executive Director
Keisuke Sato



Officers

(from upper left)
Supervisory Director
Osamu Chiba
Supervisory Director
Soichiro Iwao
Supervisory Director
Satoshi Ogawa
Executive Director
Keisuke Sato
Executive Director
Katsue Okuda

We are pleased to inform you that Kenedix Residential Next Investment Corporation (KDR) successfully closed all accounts for the 14th fiscal period (from August 1, 2018 to January 31, 2019). We would like to thank all of our unitholders and stakeholders for their continued support and cooperation. We hereby report on the asset management overview and results for the 14th Fiscal Period.

For the 14th fiscal period, operating revenue totaled ¥7,823 million, operating income was ¥4,213 million, ordinary income was ¥3,599 million and net income was ¥3,598 million. The distribution to unitholders was ¥4,039 per unit, +0.32% higher than in the previous period.

In the 14th fiscal period, KDR procured funds in August 2018 through public offering for the first time in about three and a half years and acquired 4 rental residential properties and 5 nursing and health facilities, the first of such for a J-REIT, using the funds combined with borrowings. Furthermore, we continued to conduct asset replacement from the previous fiscal period by acquiring 1 healthcare facility in September 2018 and selling 1 rental residential property in January 2019. Our properties realized steady internal growth as shown in the increase in rent of new tenants and tenants subject to renewal compared with the previous amounts for residential facilities through lease management that appropriately captured the market environment, while maintaining the period-end occupancy rate at a high level of 97.7%.

As to our activities in the 14th fiscal period onward, we procured funds in February 2019 through public offering for two consecutive periods and acquired 3 rental residential properties and 1 healthcare facility in Tokyo (also scheduled to acquire 2 healthcare facilities in June 2019), as well as sold 1 rental residential property in Osaka City using the funds combined with borrowings and cash on hand. As a result, as of March 1, 2019, we own assets totaling 141 properties valued at 230.5 billion yen (total acquisition price).

Based on an accurate understanding of social and economic changes, we will pursue with flexibility investment and revenue opportunities that we believe are the most attractive. We will dynamically invest and manage our portfolio by gathering information and making decisions swiftly. By using this approach, we aim to maximize returns for investors.

Executive Director,
Kenedix Residential Next Investment Corporation
Director & COO, Head of Residential REIT Department,
Kenedix Real Estate Fund management, Inc.

Keisuke Sato

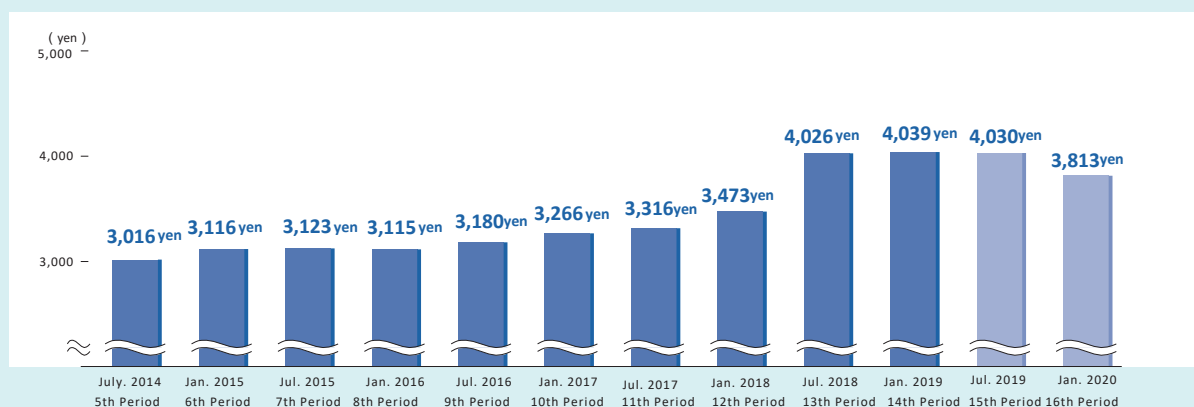
Financial Highlights

Distribution per Unit

14th (Ended January 2019) Actual	4,039 yen
15th (Ending July 2019) Forecast	4,030 yen
16th (Ending January 2020) Forecast	3,813 yen

(Note) Distribution per unit for 15th fiscal period and 16th fiscal period is estimated based on certain assumptions as of March 14, 2019

Trend in DPU



(Note) KDR implemented a two-for-one split of the investment units as of the record date of February 28, 2018 (Effective date on March 1, 2018). Before the period ended January 2018 (12th fiscal period), the figures for the distribution per unit are those taking into account the split of the investment units.

14th Period

Operating Revenues	Operating Income	Ordinary Income	Net Income
7,823 mln yen	4,213 mln yen	3,599 mln yen	3,598 mln yen

13th Period

Operating Revenues	Operating Income	Ordinary Income	Net Income
7,097 mln yen	3,439 mln yen	2,842 mln yen	5,416 mln yen

Trend in Asset Growth

- Total
- Residential
- Healthcare
- Other
- Total number of properties owned

Mar.2018

KDR merged with Japan Senior Living Investment Corporation

14 healthcare facilities (acquisition price: 289 mil yen)

KENEDIX
Residential NEXT Investment Corporation

Aug.2018

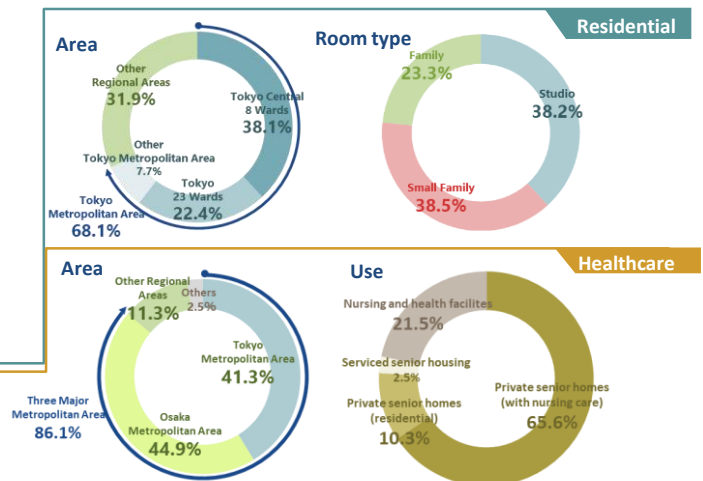
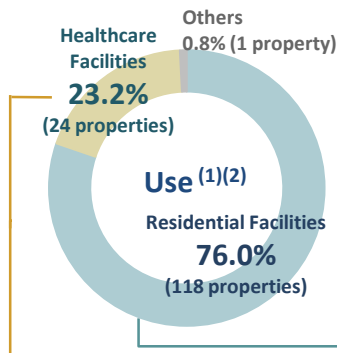
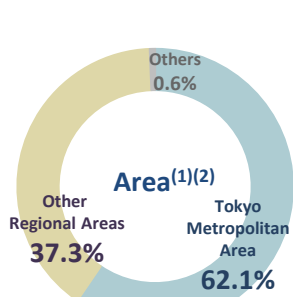
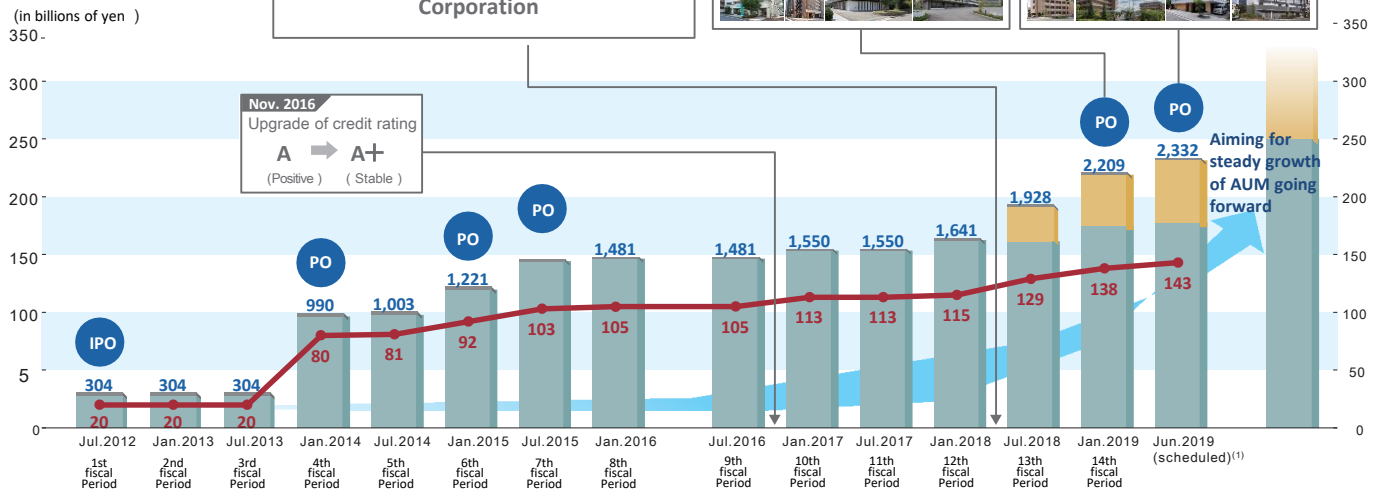
Conducted first public offering after merger

Conducted public offering for the first time in about three and a half years and procured approximately 13 billion yen. Acquired a total of 10 properties (26.2 billion yen) consisting of 4 residential facilities and 6 healthcare facilities (including properties acquired before the public offering)

Feb.2019

Conducted public offerings in two consecutive periods

Procured approximately 6.5 billion yen through public offering with a plan to acquire a total of 7 properties (15.9 billion yen) consisting of 3 residential facilities and 4 healthcare facilities (including properties acquired from September 2018 and up to the public offering)



Note 1: The breakdown of the above portfolio (by areas, use) is calculated based on acquisition price as of June 3, 2019.

Note 2: "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba. "Other Regional Areas" include government-designed municipalities and other regional cities.

Operational Highlight

Conducted public offerings in two consecutive periods, and increased market capitalization and asset size significantly

Conducted public offerings in two consecutive periods in August 2018 and February 2019, and procured a total of approximately 19.6 billion yen of funds. Acquired a total of 17 assets (42.1 billion yen) using the funds combined with borrowings and funds obtained through the issuance of investment corporation bonds.

► Overview of PO

► Growth on asset size

	Previous PO August 2018	Current PO February 2019			After the merger (March 2018)	Public Offerings		Jun.2019 (Scheduled)
			Residential facilities	Healthcare facilities		Acquisition	Sold	
Issue price /Paid-in amount	¥157,047 /¥151,892	¥175,500 /¥169,740	Properties	Asset size	115	7	3	119
Total paid-in amount	Approx. ¥13.09 bln	Approx. ¥6.50 bln	Properties	Asset size	14	10	—	24
Investment units newly issued	86,205 units	38,325 units	Properties	Asset size	129	17	3	143
Investment units outstanding after PO	869,133 units	907,458 units	Total	Asset size	¥193.1 bln	¥42.1 bln	¥2.0 bln	¥233.2 bln
					+approx. ¥40.0 bln (Increase of +20.8%)↑			

Continue strategic asset replacement and implement distribution management utilizing gain on sale and internal reserve

Sold assets in three consecutive periods from the fiscal period ended July 2018 with an aim to improve portfolio quality. Returned gain on sale to unitholders in the form of increased distribution by utilizing part of internal reserve. Continue to conduct asset replacement as long as the current market environment favorable to the sellers of real estate continues.

Properties with unrealized gains(1)

113 of 115 properties owned^(Note)

Total unrealized capital gains and unrealized gain ratio(1)(2)

¥34.0 bln, +19.5%

Factors affecting property sale decisions

- Make decisions using characteristics of individual properties and outlook for future income
- Without limitations involving asset categories

Factors affecting property sale decisions: Declining population, Leasing market, Property age

Policy for use of gains on sales

- Used for unitholder distributions, as a rule
- Some earnings are retained, as long as no taxes are incurred, in order to maintain uniform distributions

Sold in July 2018

KDX Shimmachi Residence

Selling Price ¥1,420 mln
Appraisal Value ¥1,200 mln
NOI Cap Rate 3.7%

Selling price **18%** above the appraised value

Reasons for sale:
• A location with relative weakening of apartment demand
• Rent decreased following this property's acquisition

Rent -6.5% (1H 2012 vs. 2H 2017)

Sold in January 2019

KDX Residence Kotodai

Selling Price ¥730 mln
Appraisal Value ¥567 mln
NOI Cap Rate 3.6%

Selling price **28%** above the appraised value

Reasons for sale:
• The post-depreciation NOI cap rate is below the average return for residential properties

NOI Cap Rate after Depreciation 3.3% (As of Jul. 2018, based on acquisition price)

Sold in February 2019

KDX Residence Shin-Osaka

Selling Price ¥690 mln
Appraisal Value ¥578 mln
NOI Cap Rate 4.4%

Selling price **19%** above the appraised value

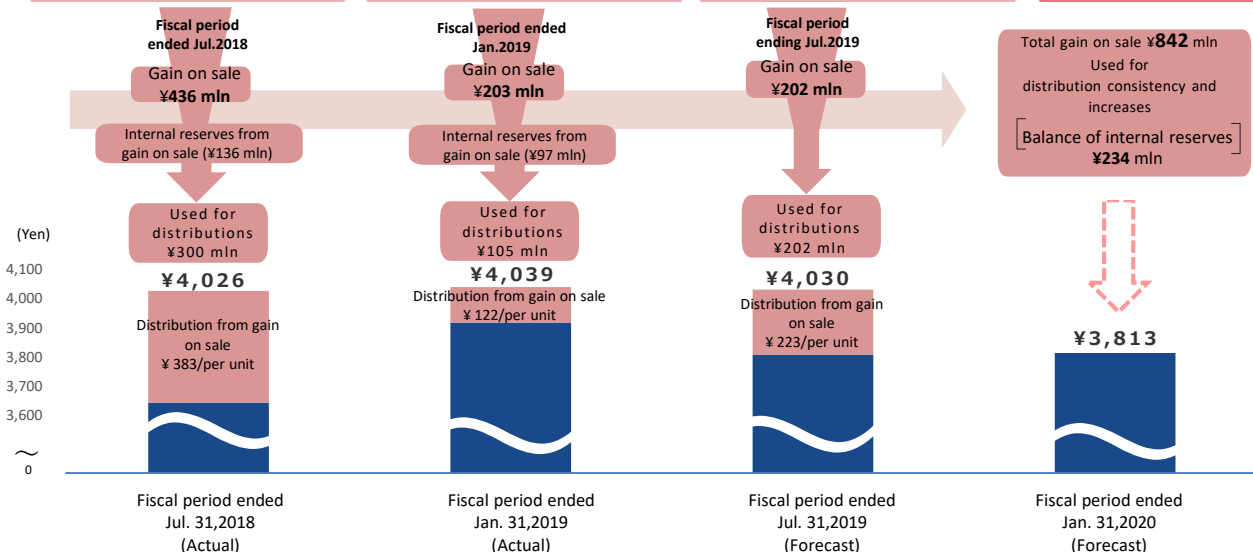
Reasons for sale:
• Rent decreased following this property's acquisition due to intense competition in leasing activities

Rent -5.2% (2H 2012 vs. 1H 2018)

Total of 3 properties

Selling price **21%** above the appraised value

Selling Price ¥2,840 mln
Appraisal Value ¥2,345 mln
NOI Cap Rate 3.8%



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.

External Growth

Overview of (to-be) acquired properties

KDR has seen steady external growth since the listing in 2012 through utilization of the Asset Management Company's own network and sponsor support. Upon property acquisition, KDR selectively invests in properties where solid demand from tenants or users as well as stable revenue can be expected over the long term, based on regional analysis and individual analysis considering characteristics, locations, etc. of properties.

Properties acquired in the 14th fiscal period (After September 2018)

H-21 Plaisant Grand Ota tamagawa

Private senior homes with nursing care

A relatively new property with high scarcity value located in the 23 wards of Tokyo and equipped with enriched equipment

Acquisition Date	Sep.28, 2018
Acquisition price/Appraisal value	¥3,057 mln / ¥3,130 mln
Location	Tamagawa Ota-ku, Tokyo
Access	a-7min. walk from Yaguchinowatashi station on Tokyu Tamagawa line
Site area	1,538.48㎡
Number of Rooms	80 rooms (Private senior homes with nursing care)
Operator	CARE TWENTYONE CORPORATION



Properties acquired in the 15th fiscal period

T-81 KDX Residence Kamikitazawa

Jigurai
Small Family

Small family residence located in a quiet residential district



Acquisition Date	Feb. 1, 2019
Acquisition price/Appraisal value	¥1,360 mln / ¥1,400 mln
Location	Kamikitazawa Setagaya-ku, Tokyo
Access	a-5min. walk from Shimokitazawa station on Keio line (a-8 min. walk from Hachimanyama station)
Site area	728.86㎡
Total leasable area	1,971.07㎡
Leasable number of units	39 units
PM company	Tokyu Housing Lease Corporation

T-82 KDX Residence Kaminoge

Jigurai
Single

Residence for singles located in a very popular residential district



Acquisition Date	Feb. 1, 2019
Acquisition price/Appraisal value	¥1,111 mln / ¥1,200 mln
Location	Noge Setagaya-ku, Tokyo
Access	a-7min. walk from Kaminoge station on tokyu Oimachi line
Site area	592.33
Total leasable area	1,224.87㎡
Leasable number of units	34 units
PM company	ITOCHU Urban Community Corporation

T-83 KDX Residence Higashi-Asakusa

Daily convenience
Single

Residence for singles that evokes a historical image of Tokyo



Acquisition Date	Feb. 21, 2019
Acquisition price/Appraisal value	¥687 mln / ¥727 mln
Location	Higashiasakusa, Taito-ku, Tokyo
Access	a 15-min. walk from Minami-Senju Station on the Tokyo Metro Hibiya line, JR Joban line and Metropolitan Intercity Railway Tsukuba Express
Site area	221.23㎡
Total leasable area	1,013.40㎡
Leasable number of units	36 units
PM company	Tokyu Housing Lease Corporation

H-22 Tsukui Sun-shine Machida

Private senior home with nursing care

A high-quality property located in Machida, a commuter town in Tokyo



Acquisition Date	Mar.1, 2019
Acquisition price/Appraisal value	¥6,934 mln / ¥7,070 mln
Location	Oyamagaoka Machida-shi, Tokyo
Access	Tamasakai station on JR Yokohama line
Site area	10,422.15㎡
Number of Rooms	168 (West Tower) 180 (East Tower)
Operator	TSUKUI CORPORATION

H-23 Serabi Ebisu

Private senior home with nursing care

Located in a quiet residential district and offering excellent access from central Tokyo



Acquisition Date (Scheduled)	Jun. 3, 2019
Acquisition price/Appraisal value	¥1,690 mln / ¥1,700 mln
Location	Mita, Meguro-ku, Tokyo
Access	a-10min. walk from Meguro station on JR Yamanote line
Site area	933.94㎡
Number of Rooms	34 rooms (Private senior homes with nursing care)
Operator	Japan CareLink Co.,Ltd

H-24 Arute ishiyagawa

Private senior home with nursing care

Healthcare facility complex easily accessible from central Osaka as well as Kobe and Sannomiya



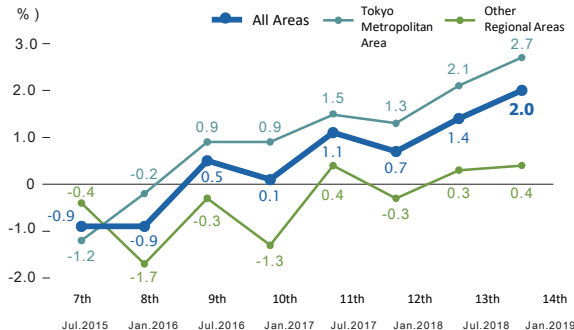
Acquisition Date (Scheduled)	Jun. 3, 2019
Acquisition price/Appraisal value	¥1,061 mln / ¥1,430 mln
Location	Mikage tsuka-machi, Higashi nada-ku, Kobe-shi, Hyogo
Access	a-5min. walk from Ishiyagawa station on Hanshin Main line
Site area	1,303.20㎡
Number of Rooms	54 rooms (Private senior homes with nursing care) 18 rooms (Group home)
Operator	Hakusinkai Medical Corporation

Internal Growth

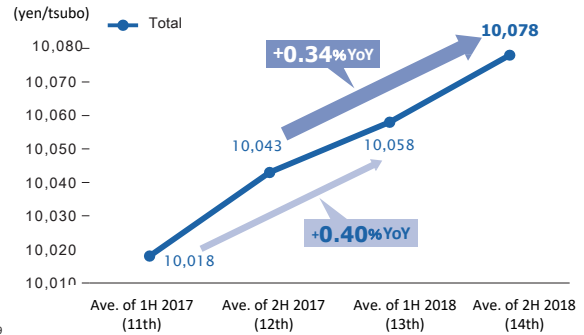
Residential facility with potential for growth and stability through rent increase and maintenance of high occupancy rate

The occupancy rate of rental housing continued to remain high and stable. The occupancy rate at the end of 14th fiscal period was 96.7%, the average occupancy rate for the period was 96.5%. Rent for both new and renewal tenants has continued to increase.

Percentage of Increase/Decline of rent (new tenants)

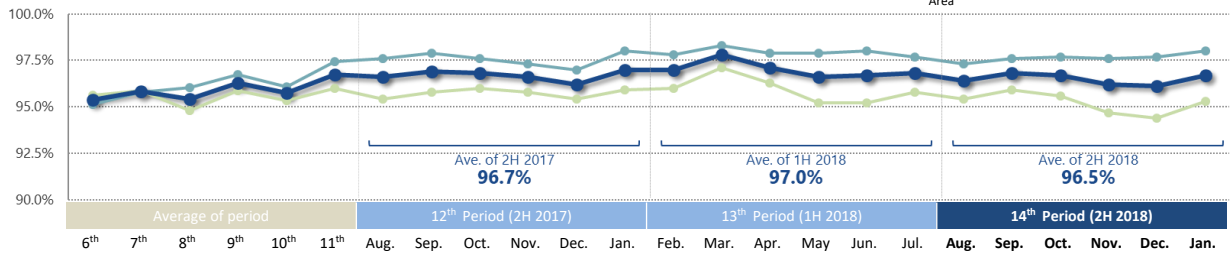


Trends in Rent per Tsubo of Residential Unit⁽¹⁾



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

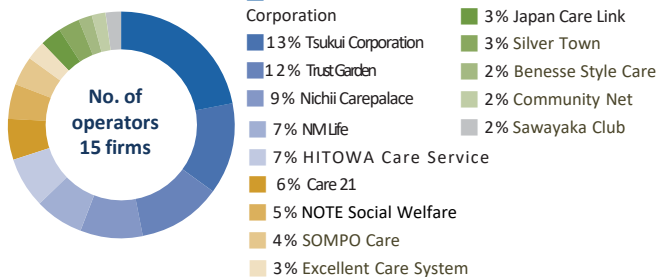
Occupancy Rates by Area⁽¹⁾



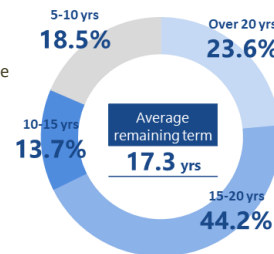
Note 1: Occupancy Rates by Area include those from stores and offices.

Healthcare facility generating stable cash flow over the long term through further diversification

Operators⁽¹⁾



Remaining terms⁽¹⁾⁽²⁾



Note 1: The breakdown is calculated based on acquisition price as of June 3, 2019.

Note 2: 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.

Initiatives to Improve Internal Growth

Joy Stage Hachioji implements value-up renovations in common areas and additional rest room (2016 and 2018). KDR will strengthen the competitiveness of facilities and support operators, leading to increases in rent and extension of lease contracts.

Value-up renovation (Joy Stage Hachioji)

Established rest room to private room



Before



Common area rest room



Before



Rent Up	+2.1%
Returns on Investments ⁽¹⁾	+4.8%

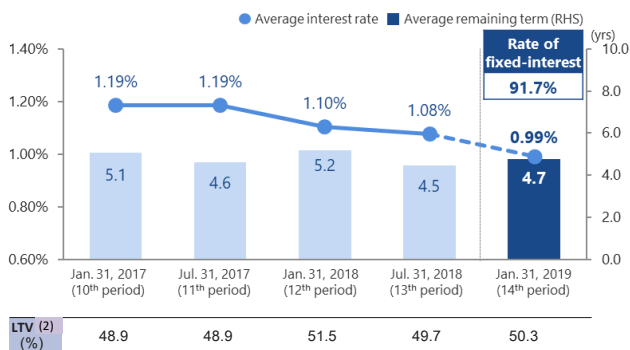
Note 1: "Returns on Investments" = Increase in annual cash flow / Costs of value-up works



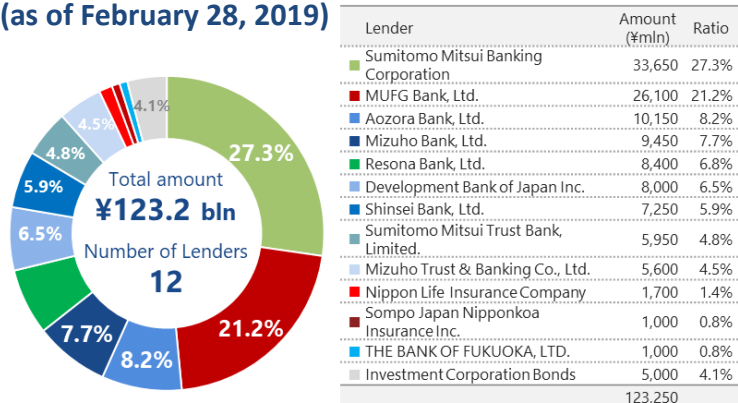
Finance and IR

Under a conservative financial strategy, KDR conducts measures leading to financial stability and cost reduction such as conversion to long-term debt and fixed interest rates and diversification of repayment dates and lenders.

Key Debt Indicators (1)



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



Credit Rating



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.

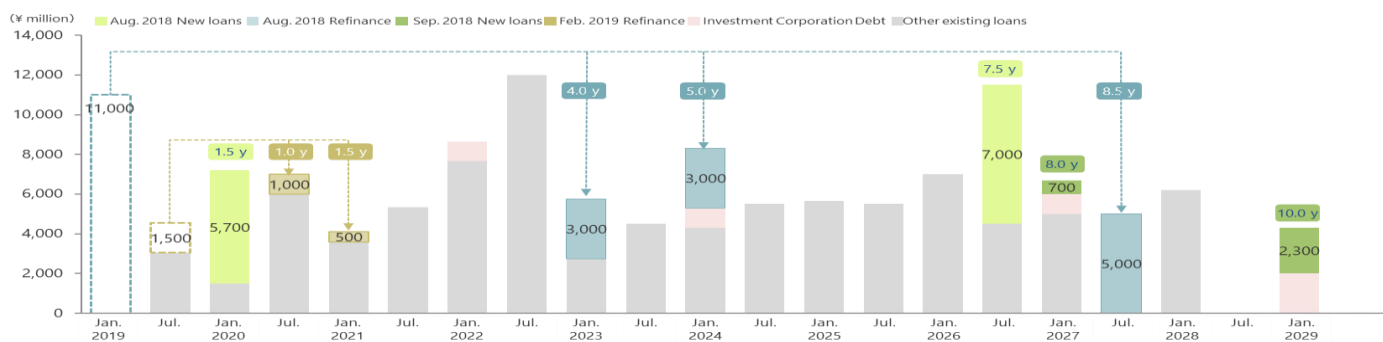
Issuance of the Investment Corporation Bonds

The Investment Corporation Bonds issued in November 2018 for the first time in about two and a half years and Diversification of access to finance has progressed.

4th Series Unsecured Investment Corporation Bonds	Total Amount	Term	Interest rate
	¥1.0 bln	5years	0.410%

5th Series Unsecured Investment Corporation Bonds	Total Amount	Term	Interest rate
	¥1.0. bln	10 yeras	0.850%

Debt maturity schedule



IR for Individual Investor

2018	Date	Event name	Location
	21,22 September	J-Reit Fair 2018	Tokyo
	20, October	SMBC Nikko J-Reit Fair	Tokyo
	20, November	Special seminar for the company related to nursing care and medical facilities	Kyoto
	11, December	Branch office seminar in Nomura Securities	Kagoshima
	12, December	Branch office seminar in Nomura Securities	Nagasaki



Sustainability

Kenedix Residential Next Investment Corporation and Kenedix Real Estate Fund Management, Inc. practice environmental awareness in conducting investment management practice environmental awareness in conducting investment management

Certifications

► GRESB Real Estate Assessment

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



KDR has been awarded a "Green Star" rating in the 2018 GRESB Real Estate Assessment, as its efforts for improving sustainability were evaluated, receiving high evaluation on both "implementation and measurement" and "management and policy".

► DBJ Green Building Certification⁽¹⁾

7 residential properties are certificated.

New certificated properties in Jan. 2019



Serenite Kobe Motomachi



KDX Residence Shukugawa Hills



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.

Ashiya Royal Homes	2017	○○○○
KDX Residence Toyosu	2017	○○○
KDX Residence Hanzomon	2017	○○○
KDX Residence Yotsuya	2017	○○○
KDX Residence Ebisu	2016	○○○

The DBJ Green Building Certification is a certification system established by the Development Bank of Japan Inc. (DBJ) in April 2011, designed to support real estate that demonstrates environmental and social awareness ("Green Buildings").

► 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



Excellent Nishinomiya

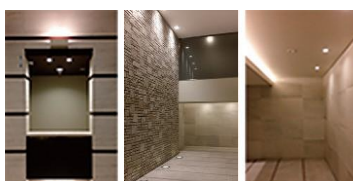
Self-assessment based on Comprehensive Assessment System for Built Environment Efficiency (CASBEE-new construction (simplified version)) was carried out in November 2015 in Nishinomiya City, Hyogo Prefecture, and notification was submitted to Nishinomiya City.

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

Example of environmental initiatives

Installation of LED Lights

KDR replace lighting fixtures in common areas, etc. with LED lights. By doing so, KDR work to reduce the costs for replacing lights as well as electricity charges.



Property	44 props
Expense	¥ 71.1 mln
Annual reduction	¥ 20.7 mln

Installing Secure Lockers

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.



Number of Installation props.

110 props
(rate of installation :94%)

Posters for conservation of energy and water

Putting up posters in common areas to urge tenants to consider the environment through conservation of energy and water



Outlets for recharging electric cars

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



Number of Installation props.

3 props

Remote Surveillance of Road Heating

KDR have installed remote surveillance system for road heating (snow melting equipment) at our three properties located in Sapporo. The installations have results in significant reduction in the fuel costs melting snow.



Example of Social initiatives

Preparation of Disaster Readiness Packs

In preparation for an outbreak of disasters, etc., KDR have prepared disaster readiness packs (containing foodstuff and drinking water, etc. for emergencies) at some of our properties for residing tenants to use in emergencies.



Installation of SATOYAMA Units

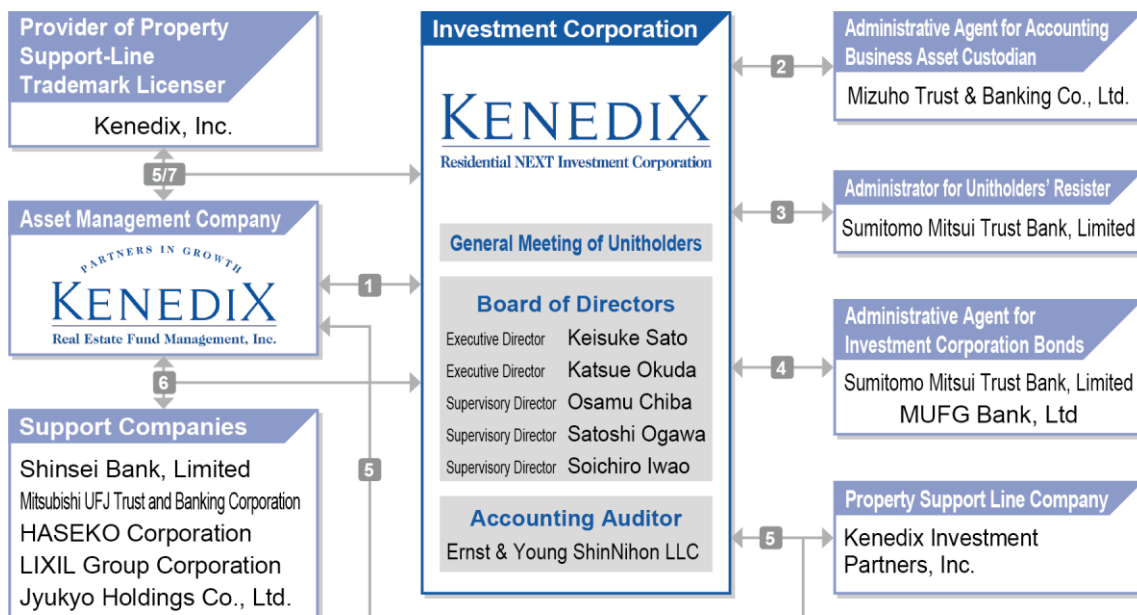
A "SATOYAMA Unit" is a group planting unit of conventional seeds and plants remaining dormant in deserted village forests (called "satoyama"). We have installed the units at the entrance of KDX Residence Okachimachi. Through the installation of the "SATOYAMA Units," we contribute to activities for restoring satoyama, as well as provide a comfortable living environment and help prevent bicycles from being left in no-parking areas.



Information for Unitholders

Structure

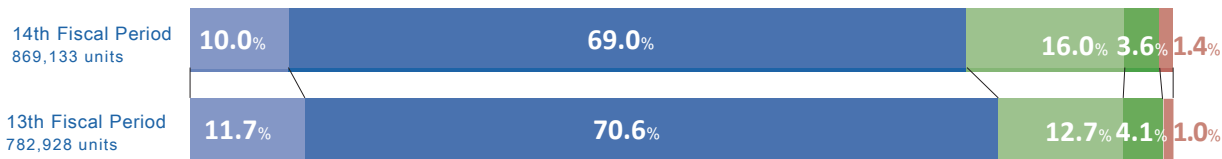
As of January 31, 2019



- 1 Asset Management Agreement 2 Administrative Agency Agreement / Asset Custodian Agreement
- 3 Unitholder Register Administrative Agency Agreement 4 Fiscal Agency Agreement
- 5 Support-Line Memorandum of understanding 6 Support Agreement
- 7 Trademark License Agreement

Trend in Unitholders

■ Individuals and others
 ■ Financial institutions
 ■ Foreign companies and individuals
 ■ Other domestic companies
 ■ Security firms

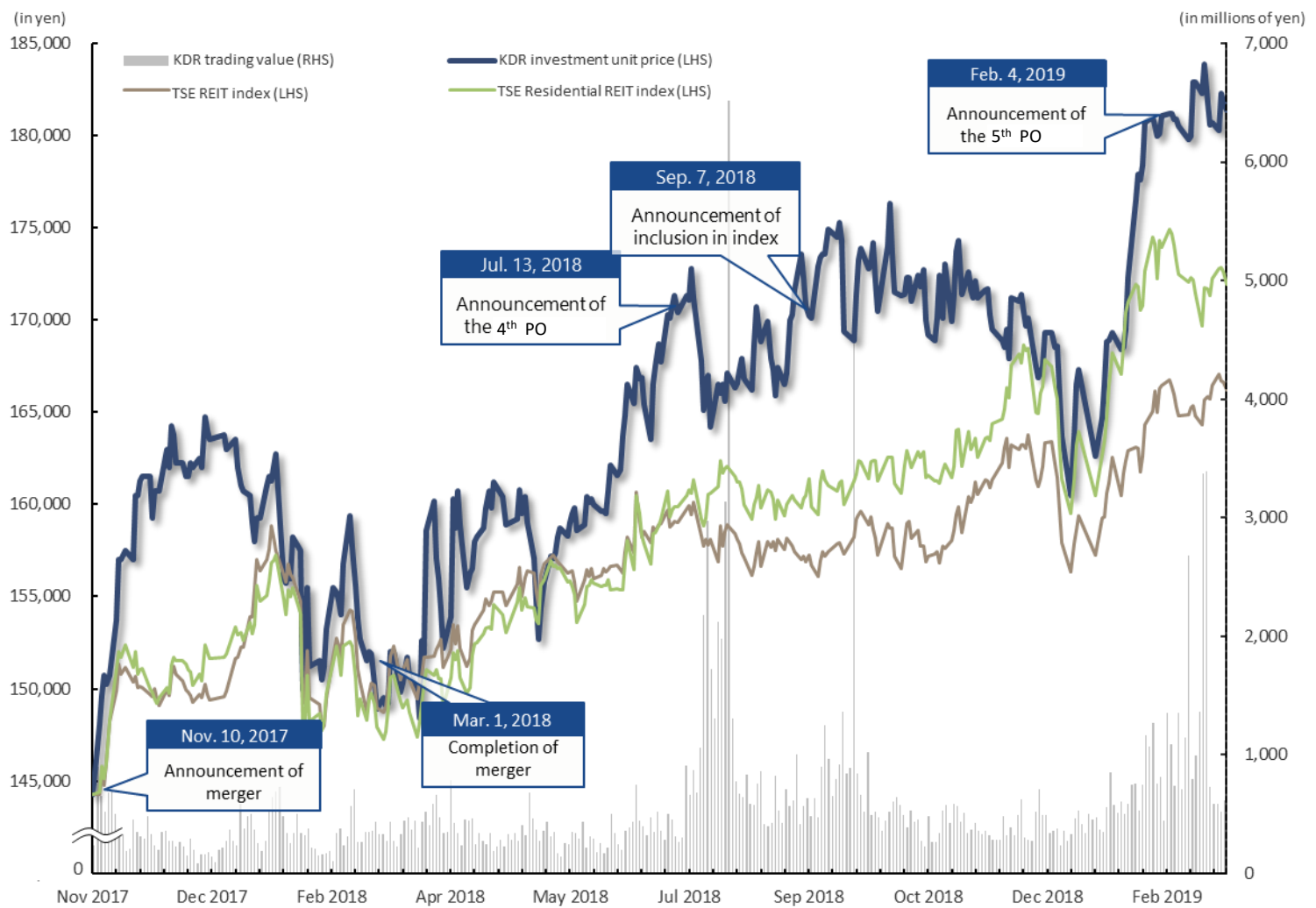


IR Calendar

January	Closing month for the fiscal period ending January	July	Closing month for the fiscal period ending July
February		August	
March	Announcement of financial results for the fiscal period ending January	September	Announcement of financial results for the fiscal period ending July
April	Commencement of distribution payment for the fiscal period ending January	October	Commencement of distribution payment for the fiscal period ending July
May		November	
June		December	

Investment Unit Price

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



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: KDR implemented a two-for-one split of the investment units as of the record date of February 28, 2018 (Effective date on March 1, 2018). The above figures for the unit price before the split are those calculated by dividing the actual unit price by two.

Portfolio List

Use	Area	No.	Name	Location	Completion Date	Type ^(Note 1)	Acquisition Price (mln yen)	Occupancy Rate ^(Note 2) (%)
Residential Facilities	Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	Shibuya-ku, Tokyo	Feb. 10, 2003	Small family	4,700	100.0
		T-3	KDX Odenma Residence	Chuo-ku, Tokyo	Mar. 14, 2007	Small family	1,775	100.0
		T-4	KDX Iwamoto-cho Residence	Chiyoda-ku, Tokyo	Sep. 5, 2007	Small family	822	100.0
		T-5	KDX Bunkyo Sengoku Residence	Bunkyo-ku, Tokyo	Aug. 9, 2005	Studio	1,488	100.0
		T-6	KDX Azumabashi Residence	Sumida-ku, Tokyo	Sep. 26, 2007	Studio	650	95.5
		T-7	KDX Shimura Sakae Residence	Itabashi-ku, Tokyo	Jul. 2, 2007	Family	2,830	98.8
		T-9	Cosmo Heim Motosumiyoshi (Land)	Kawasaki-shi, Kanagawa	—	—	1,750	—
		T-10	KDX Musashi Nakahara Residence	Kawasaki-shi, Kanagawa	Apr. 23, 1991	Family	637	100.0
		T-11	KDX Chiba Chuo Residence	Chiba-shi, Chiba	Feb. 23, 2007	Studio	1,480	97.7
		T-12	KDX Kawaguchi Saiwai-cho Residence	Kawaguchi-shi, Saitama	Feb. 9, 2007	Small family	1,150	95.3
		T-13	KDX Residence Shirokane I	Minato-ku, Tokyo	Feb. 21, 2003	Small family	3,000	96.6
		T-15	KDX Residence Shirokane II	Minato-ku, Tokyo	Nov. 12, 2004	Studio	2,800	100.0
		T-16	KDX Residence Minami-aoyama	Minato-ku, Tokyo	Feb. 26, 2004	Small family	2,230	100.0
		T-17	KDX Residence Minami-azabu	Minato-ku, Tokyo	Oct. 7, 2004	Small family	2,080	97.4
		T-18	KDX Residence Shiba Koen	Minato-ku, Tokyo	Nov. 18, 2005	Small family	1,781	96.6
		T-19	KDX Residence Azabu East	Minato-ku, Tokyo	Jan. 6, 2004	Studio	1,560	100.0
		T-20	KDX Residence Takanawa	Minato-ku, Tokyo	Jul. 19, 2007	Small family	770	100.0
		T-21	KDX Residence Nishihara	Shibuya-ku, Tokyo	Apr. 9, 2004	Small family	1,450	100.0
		T-22	KDX Residence Daikanyama II	Shibuya-ku, Tokyo	Jan. 30, 1997	Family	730	100.0
		T-23	KDX Residence Sendagaya	Shibuya-ku, Tokyo	Jan. 19, 2007	Small family	650	100.0
		T-24	KDX Residence Nihombashi Suitengu	Chuo-ku, Tokyo	Feb. 24, 2005	Family	3,240	100.0
		T-25	KDX Residence Nihombashi Hakozaki	Chuo-ku, Tokyo	Feb. 6, 2004	Studio	1,147	100.0
		T-26	KDX Residence Higashi-shinjuku	Shinjuku-ku, Tokyo	Nov. 21, 2007	Studio	3,270	97.9
		T-27	KDX Residence Yotsuya	Shinjuku-ku, Tokyo	Mar. 1, 2004	Family	2,260	96.9
		T-28	KDX Residence Nishi-shinjuku	Shinjuku-ku, Tokyo	Oct. 7, 2005	Studio	1,000	95.1
		T-29	KDX Residence Kagurazaka	Shinjuku-ku, Tokyo	Jan. 17, 2006	Studio	720	100.0
		T-30	KDX Residence Futako Tamagawa	Setagaya-ku, Tokyo	Feb. 23, 1998	Family	1,250	94.7
		T-31	KDX Residence Komazawa Koen	Setagaya-ku, Tokyo	Feb. 6, 2006	Small family	920	100.0
		T-32	KDX Residence Misyuku	Setagaya-ku, Tokyo	May 18, 2006	Studio	760	90.5
		T-33	KDX Residence Yoga	Setagaya-ku, Tokyo	Dec. 20, 2005	Studio	700	97.5
		T-34	KDX Residence Shimouma	Setagaya-ku, Tokyo	Oct. 13, 2005	Studio	600	100.0
		T-35	Raffine Minami-magome	Ota-ku, Tokyo	Mar. 25, 1992	Studio	1,250	100.0
		T-36	KDX Residence Yukigaya Otsuka	Ota-ku, Tokyo	Jan. 11, 2006	Studio	1,050	98.7
		T-37	KDX Residence Denen Chofu	Ota-ku, Tokyo	Feb. 17, 1997	Family	1,000	97.2
		T-38	KDX Residence Tamagawa	Ota-ku, Tokyo	Feb. 7, 2007	Studio	776	98.2
		T-39	KDX Residence Monzennakacho	Koto-ku, Tokyo	Mar. 31, 2005	Studio	773	100.0
		T-40	KDX Residence Okachimachi	Taito-ku, Tokyo	Dec. 7, 2004	Studio	850	98.1
		T-41	KDX Residence Moto-asakusa	Taito-ku, Tokyo	Jan. 31, 2005	Small family	800	95.9
		T-42	KDX Residence Itabashi Honcho	Itabashi-ku, Tokyo	Aug. 23, 2007	Studio	620	100.0
		T-43	KDX Residence Azusawa	Itabashi-ku, Tokyo	Oct. 6, 2006	Studio	550	100.0
		T-44	KDX Residence Tobu Nerima	Nerima-ku, Tokyo	Feb. 11, 2007	Studio	420	100.0
		T-45	KDX Residence Yokohama Kannai	Yokohama-shi, Kanagawa	Mar. 17, 2003	Studio	800	98.8
		T-46	KDX Residence Miyamaedaira	Kawasaki-shi, Kanagawa	Oct. 16, 1998	Family	999	100.0
		T-47	KDX Residence Machida	Sagamihara-shi, Kanagawa	Jun. 20, 2006	Family	1,800	100.0
		T-48	KDX Residence Kinshicho	Sumida-ku, Tokyo	Mar. 1, 2007	Family	1,350	100.0
		T-49	KDX Residence Nihombashi Hamacho	Chuo-ku, Tokyo	Mar. 3, 2005	Family	996	100.0
		T-50	KDX Residence Nihombashi Ningyocho	Chuo-ku, Tokyo	Aug. 8, 2002	Studio	530	100.0
		T-51	KDX Residence Jiyugaoka	Meguro-ku, Tokyo	Mar. 20, 2006	Small family	1,268	93.6
		T-52	KDX Residence Togoshi	Shinagawa-ku, Tokyo	Nov. 27, 2006	Small family	3,745	99.3
		T-53	KDX Residence Shinagawa Seaside	Shinagawa-ku, Tokyo	Aug. 10, 2006	Studio	2,593	97.1
		T-54	KDX Residence Ojima	Koto-ku, Tokyo	Jul. 23, 2008	Studio	1,857	95.7
		T-55	KDX Residence Oyama	Itabashi-ku, Tokyo	Feb. 13, 2008	Small family	2,679	92.0
		T-56	KDX Residence Hanzomon	Chiyoda-ku, Tokyo	Dec. 18, 2003	Family	4,832	98.8
		T-57	B-Site Akihabara	Chiyoda-ku, Tokyo	Dec. 14, 2005	Studio	850	100.0
		T-58	KDX Residence Kagurazaka Dori ⁽⁴⁾	Shinjuku-ku, Tokyo	Aug. 31, 2006	Studio	1,360	100.0
		T-59	KDX Residence Sendagi	Bunkyo-ku, Tokyo	Mar. 13, 2000	Family	2,200	97.8
		T-60	KDX Residence Seijo	Setagaya-ku, Tokyo	Apr. 10, 2007	Small family	1,400	100.0
		T-61	KDX Residence Akihabara	Taito-ku, Tokyo	Jan. 19, 2008	Small family	1,250	95.2
		T-62	KDX Residence Iriya	Taito-ku, Tokyo	Feb. 14, 2007	Studio	1,062	100.0
		T-63	KDX Residence Tachikawa	Tachikawa-shi, Tokyo	Mar. 12, 2008	Studio	3,026	94.3
		T-64	KDX Residence Tsurumi	Yokohama-shi, Kanagawa	Jul. 31, 1990	Small family	1,050	98.4

Portfolio List

Use	Area	No.	Name	Location	Completion Date	Type (Note 1)	Acquisition Price (min yen)	Occupancy Rate (Note 2) (%)	
Tokyo Metropolitan Area		T-65	KDX Residence Morishita Chitose	Sumida-ku, Tokyo	Jan. 9, 2007	Studio	1,100	96.2	
		T-66	KDX Residence Akasaka	Minato-ku, Tokyo	Dec. 12, 2014	Small family	1,150	96.4	
		T-67	KDX Residence Kanda	Chiyoda-ku, Tokyo	Feb. 6, 2015	Small family	700	96.9	
		T-68	KDX Residence Ebisu	Shibuya-ku, Tokyo	Sep. 15, 2015	Small family	2,845	99.0	
		T-69	KDX Residence Nishi-magome	Ota-ku, Tokyo	Jul. 12, 2016	Studio	1,130	89.1	
		T-70	KDX Residence Nishi-azabu	Minato-ku, Tokyo	Feb. 20, 2008	Small family	1,224	100.0	
		T-71	KDX Residence Azabu Sendaizaka	Minato-ku, Tokyo	Oct. 6, 2006	Studio	792	100.0	
		T-72	KDX Residence Waseda Tsurumaki	Shinjuku-ku, Tokyo	Aug. 6, 2007	Studio	561	100.0	
		T-73	KDX Residence Bunkyo Yushima	Bunkyo-ku, Tokyo	Jan. 23, 2006	Studio	695	100.0	
		T-74	KDX Residence Kamishakujii	Nerima-ku, Tokyo	Jun. 26, 2007	Studio	648	97.8	
		T-75	KDX Residence Shin-otsuka	Toshima-ku, Tokyo	Feb. 5, 2016	Studio	764	100.0	
		T-76	KDX Residence Sakurajosui	Suginami-ku, Tokyo	Sep. 13, 2016	Studio	894	93.0	
		T-77	KDX Residence Ryogoku	Sumida-ku, Tokyo	Feb. 3, 2016	Studio	842	100.0	
		T-78	KDX Residence Toyosu	Koto-ku, Tokyo	Jul. 7, 2017	Studio	7,500	100.0	
		T-79	KDX Residence Asagaya	Suginami-ku, Tokyo	Feb. 29, 2000	Small family	1,930	100.0	
		T-80	KDX Residence Hiyoshi	Yokohama-shi, Kanagawa	Sep. 30, 1996	Family	2,635	93.6	
		T-81	KDX Residence Kamikitazawa	Setagaya-ku, Tokyo	Feb 28, 2002	Small family	1,360	-	
		T-82	KDX Residence Kaminoge	Setagaya-ku, Tokyo	Sep 15, 2016	Studio	1,111	-	
		T-83	KDX Residence Higashi-Asakusa	Taito-ku, Tokyo	Jul 2, 2008	Studio	687	-	
	Residential Facilities / Tokyo Metropolitan Area 80 props						Total / Ave.	122,505	98.0
	Residential Facilities	Other Regional Areas	R-2	KDX Jozenji Dori Residence	Sendai-shi, Miyagi	Jan. 15, 2008	Studio	1,015	97.0
			R-3	KDX Izumi Residence	Nagoya-shi, Aichi	Apr. 7, 2009	Family	1,120	90.0
			R-4	KDX Chihaya Residence	Nagoya-shi, Aichi	Jul. 28, 2009	Small family	1,080	96.2
			R-5	KDX Sakaisuji Hommachi Residence	Osaka-shi, Osaka	Oct. 25, 2007	Small family	2,910	94.4
			R-7	KDX Takarazuka Residence	Takarazuka-shi, Hyogo	Feb. 29, 2008	Family	1,510	100.0
			R-8	KDX Shimizu Residence	Fukuoka-shi, Fukuoka	May 2, 2008	Small family	1,680	96.2
			R-9	KDX Residence Odori Koen	Sapporo-shi, Hokkaido	Jan. 4, 2007	Small family	765	89.7
			R-10	KDX Residence Kikusui Yojo	Sapporo-shi, Hokkaido	Feb. 22, 2007	Small family	830	89.8
R-11			KDX Residence Toyohira Koen	Sapporo-shi, Hokkaido	Feb. 17, 2007	Small family	445	94.0	
R-13			KDX Residence Ichiban-cho	Sendai-shi, Miyagi	Apr. 26, 2007	Small family	530	85.2	
R-14			KDX Residence Kotodai	Sendai-shi, Miyagi	Oct. 7, 2006	Small family	520	97.2	
R-15			KDX Residence Izumi Chuo	Sendai-shi, Miyagi	Mar. 1, 2007	Small family	480	87.7	
R-16			KDX Residence Higashi-sakura I	Nagoya-shi, Aichi	Jan. 21, 2008	Small family	2,350	92.5	
R-17			KDX Residence Higashi-sakura II	Nagoya-shi, Aichi	Mar. 2, 2006	Small family	900	92.3	
R-18			KDX Residence Jingumae	Nagoya-shi, Aichi	Feb. 14, 2007	Small family	840	99.1	
R-19			KDX Residence Nishi-oji	Kyoto-shi, Kyoto	Mar. 12, 2007	Studio	813	96.0	
R-20			KDX Residence Saiin	Kyoto-shi, Kyoto	Jul. 4, 2006	Studio	440	96.2	
R-21		KDX Residence Namba	Osaka-shi, Osaka	Jul. 12, 2006	Studio	1,410	97.4		
R-22		KDX Residence Namba-minami	Osaka-shi, Osaka	Apr. 27, 2007	Studio	1,350	97.7		
R-23		KDX Residence Shin-osaka	Osaka-shi, Osaka	Feb. 17, 2007	Small family	510	98.4		
R-24		KDX Residence Ibaraki I-II	Ibaraki-shi, Osaka	May 27, 1991 Mar. 17, 1993	Family	1,275	100.0		
R-25		KDX Residence Toyonaka-minami	Toyonaka-shi, Osaka	Mar. 5, 2007	Small family	740	100.0		
R-26		KDX Residence Moriguchi	Moriguchi-shi, Osaka	Oct. 26, 2006	Family	551	98.9		
R-27		KDX Residence Sannomiya	Kobe-shi, Hyogo	Jan. 10, 2007	Studio	1,080	86.9		
R-28		Ashiya Royal Homes	Ashiya-shi, Hyogo	Jun. 5, 1991	Family	1,360	100.0		
R-29		KDX Residence Funairi Saiwai-cho	Hiroshima-shi, Hiroshima	Jan. 30, 2007	Studio	588	100.0		
R-30		KDX Residence Tenjin-higashi II	Fukuoka-shi, Fukuoka	May 7, 2007	Small family	680	94.9		
R-32		KDX Residence Nishi Koen	Fukuoka-shi, Fukuoka	Feb. 2, 2006	Family	763	96.2		
R-33		KDX Residence Hirao Josui-machi	Fukuoka-shi, Fukuoka	Oct. 18, 2005	Family	760	100.0		
R-34		Melody Heim Gotenyama	Hirakata-shi, Osaka	Jul. 14, 1989	Family	400	100.0		
R-35		Leopalace Flat Shin-sakae	Nagoya-shi, Aichi	Nov. 15, 2004	Studio	3,500	98.4		
R-36		KDX Residence Konan Yamate	Kobe-shi, Hyogo	Mar. 6, 2008	Small family	973	96.4		
R-37		KDX Residence Hommachi-bashi	Osaka-shi, Osaka	Feb. 28, 2007	Small family	3,201	99.0		
R-38	KDX Residence Minami-kusatsu	Kusatsu-shi, Shiga	Mar. 4, 2008	Studio	1,974	91.6			
R-39	KDX Residence Ohori Harbor View Tower	Fukuoka-shi, Fukuoka	Feb. 17, 2009	Small family	4,606	95.2			
R-40	KDX Residence Minami-sanjo	Sapporo-shi, Hokkaido	Dec. 14, 2010	Small family	915	95.2			
R-41	Serenite Kita-kyuhoji	Osaka-shi, Osaka	Jul. 10, 2015	Studio	1,290	94.2			
R-42	Serenite Nishinomiya Hommachi	Nishinomiya-shi, Hyogo	Feb. 24, 2016	Studio	617	98.1			
R-43	KDX Residence Nishijin	Fukuoka-shi, Fukuoka	Apr. 30, 1996	Small family	1,600	96.6			
R-44	Serenite Kobe Motomachi	Kobe-shi, Hyogo	Feb. 19, 2017	Single	2,390	98.6			
R-45	KDX Residence Shukugawa Hills	Nishinomiya-shi, Hyogo	Aug. 26, 1998	Family	6,884	93.3			
Residential Facilities / Other Regional Areas 39 props						Total / Ave.	56,617	95.3	
Residential Facilities 119 props						Total / Ave.	179,123	96.7	

Portfolio List

Use	No.	Name	Location	Completion Date	Type ⁽⁸⁾	Acquisition Price (mln yen)	Actual Occupancy Rate ⁽³⁾ /Utilization Rate ⁽⁴⁾ _(%)
Healthcare Facilities	H-1	Irise Kamata/Yuseien	Ota-ku, Tokyo	Jun. 8, 2007	Nursing Care	1,120	100.0
	H-2	Nichii Home Nakano-Minamidai	Nakano-ku, Tokyo	Jun. 25, 1992	Nursing Care	1,780	84.3
	H-3	Joy Stage Hachioji	Hachioji-shi, Tokyo	Oct. 31, 1995	Nursing Care	3,690	89.2
	H-4	Yuimaru Hijirigaoka	Tama-shi, Tokyo	Nov. 15, 2011	Residential	1,120	100.0
	H-5	Nichii Home Tama Plaza	Kawasaki-shi, Kanagawa	Mar. 19, 1992	Nursing Care	2,940	76.6
	H-6	Ten	Sapporo-shi, Hokkaido	Sep. 5, 2007	Nursing Care	2,630	96.5
	H-7	Irise Nishioka	Sapporo-shi, Hokkaido	May 9, 2014	Residential	858	92.8
	H-8	Joy Stage Hachioji	Eniwa-shi, Hokkaido	Jan. 28, 2015	Residential	1,660	84.9
	H-9	Sawayaka Sakura Nibankan	Akita-shi, Akita	Sep. 30, 2011	Nursing Care	989	100.0
	H-10	Activa Biwa	Otsu-shi, Shiga	Jul. 15, 1987	Nursing Care	6,560	91.4
	H-11	Sompo Care LAVIERE Kobe Tarumi	Kobe-shi, Hyogo	Mar. 3, 2010	Nursing Care	2,110	95.0
	H-12	Granda Mondo Yakujin	Nishinomiya-shi, Hyogo	Jul. 18, 2014	Residential	1,190	N/A
	H-13	Excellent Nishinomiya	Nishinomiya-shi, Hyogo	Feb. 8, 2010	Nursing Care	971	100.0
	H-14	Gran Hills Ogawarako	Kamikita-gun, Aomori	Mar. 23, 2007	Serviced housing	1,380	100.0
	H-15	Excellent Kitano	Kyoto-shi, Kyoto	Mar.1, 2015	Residential	737	100.0
	H-16	Anesis Teradacho	Osaka-shi, Osaka	Dec. 31, 2010	Nursing and health facility	3,490	96.4
	H-17	Rococo-riha	Toyonaka-shi, Osaka	Apr. 19, 2011	Nursing and health facility	2,100	99.0
	H-18	Orage Suma	Kobe-shi, Hyogo	Sep. 14, 2010	Nursing and health facility	2,810	95.5
	H-19	Canadian Hill	Kobe-shi, Hyogo	Jan. 15, 2002	Nursing and health facility	1,830	92.7
	H-20	Anesis Hyogo	Kobe-shi, Hyogo	Sep. 12, 2005	Nursing and health facility	1,420	97.1
	H-21	Plaisant Grand Ota tamagawa	Ota-ku, Tokyo	Jan 14, 2018	Nursing and health facility	3,057	89.5
	H-22	Tsukui Sun-shine Machida	Machida-shi, Tokyo	Mar 28, 2011	Nursing and health facility	6,934	92.5
Healthcare Facilities 22 props						51,377	91.1/93.5 ⁽⁵⁾
Total 141 props						Total 230,500	

(Note 1) "Type" is the classification of the principal residential unit of the building, the studio type (housing mainly for single households) [The exclusively owned area per residential unit contains at least 18 m², but less than 30m²], the small family type (housing mainly for married-couple households and family households with an infant)[The exclusively owned area per residential unit contains at least 30m², but less than 60m²] or family type (housing mainly for family households of 3 persons or more)[The exclusively owned area per residential unit contains at least 60m² per unit]

(Note 2) "Occupancy Rate" is as of the end of January 2019.

(Note 3) "Actual Occupancy Rate" = Number of residents / number of rooms as of the end of December 2018. "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 by the operator. If "Actual Occupancy Rate" is over 100.0% by calculation, it is written as 100.0%.

(Note 4) "Utilization Rate" = Total number of users / Total number of capacity in a month. "Utilization Rate" is based on documents from operators.

(Note 5) Average Actual Occupancy Rate for "Nursing Care", "Residential" and "Serviced housing" is 91.1%, and Average Utilization Rate for "Nursing and health facility" is 93.5% in the above facility type classification.

(Note 6) T-9 "Cosmo Heim Motosumiyoshi (Land)" is classified as "Other", but in the above list, all figure of "Cosmo Heim Motosumiyoshi (Land)" is classified in residential facility.

(Note 7) The list above shows the assets held as of March 1, 2019. As R-23 "KDX Residence Shin-Osaka" was sold on February 1, 2019, only the Occupancy Rate in the above list takes account of that of R-23 "KDX Residence Shin-Osaka".

(Note 8) If there are multiple facility types, the main facility types are listed.

Main properties

Residential Facilities

T-78 KDX Residence Toyosu



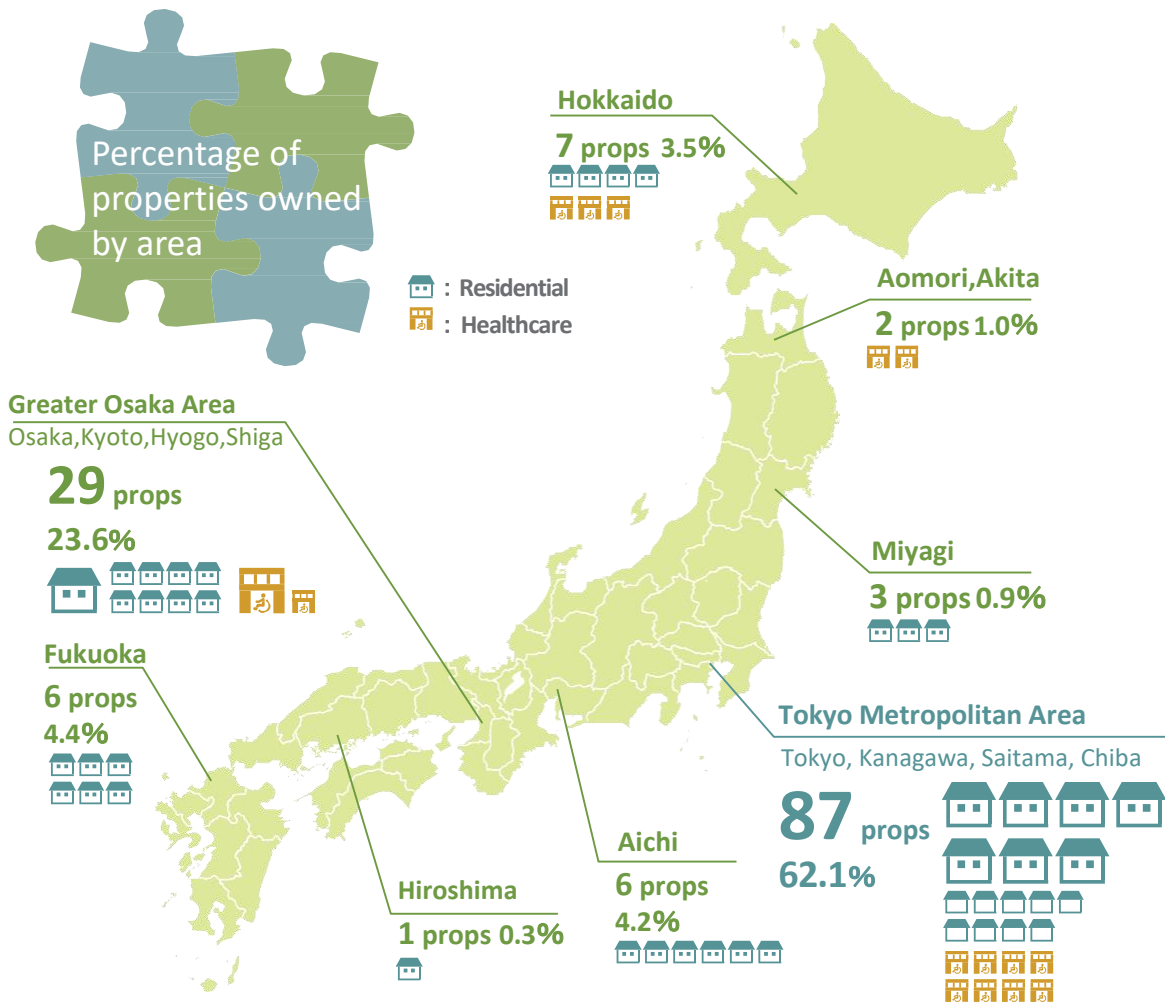
T-68 KDX Residence Ebisu



R-45 KDX Residence Shukugawa Hills



Overview of Portfolio



(Note) As of March 1, 2019

Healthcare

H-22 Tsukui Sun-shine Machida



West Tower



East Tower



Common Room



Dining Room



Room

H-18 Orage Suma

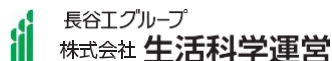


Training Room

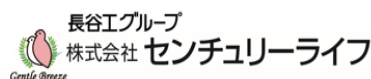


Entrance

Unitholders' benefit programs



Seikatsu Kagaku Un-Ei Co., Ltd.	
Benefits	• Same-day facility site-visit(with lunch) free of charge
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree)
Facilities Available	All of the private senior homes with nursing care operated by Seikatsu Kagaku Un-Ei Co., Ltd. as of January 31,2019.
The Number of Facilities	25
Area	Tokyo, Saitama, Kanagawa,Chiba, Shizuoka, Aichi, Kyoto, Hyogo, Osaka
Contact No.	+81-120-580-731
Homepage	http://www.seikatsu-kagaku.co.jp/



CENTURY LIFE CORPORATION	
Benefits	• Same-day facility site-visit(with lunch) free of charge
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree)
Facilities Available	All of the private senior homes with nursing care operated by Seikatsu Kagaku Un-Ei Co., Ltd. as of January 31,2019.
The Number of Facilities	10
Area	Tokyo, Saitama, Chiba, Kanagawa, Osaka
Contact No.	+81-120-580-731
Homepage	http://www.centurylife.co.jp/



LIXIL SENIOR LIFE COMPANY	
Benefits	<ul style="list-style-type: none"> • « On the condition of advance payment » 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
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree)
Facilities Available	All of the private senior homes with nursing care and apartment for the elderly operated by LIXIL SENIOR LIFE COMPANY as of January 31,2019.
The Number of Facilities	5
Area	Tokyo, Fukuoka
Contact No.	-81-120-1165-97
Homepage	https://www.jsgsl.co.jp/



Sompo Care Inc.	
Benefits	I . Sompo Care LAVIERE • « 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) 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 • 3% discount on monthly rent equivalent (Until the contract ends)
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree) *Excludes those who request information material through agent or request site-visit tour for requested facility, and use in conjunction with other discount system is unavailable.
Facilities Available	I . Sompo Care LAVIERE operated by Sompo Care Inc as of January 31,2019. (Excluding short-term use) II . All of the private senior homes with nursing care for Sompo Care Sompo no ie, Sompo no ie S, Sompo no ie GH, Private senior homes (residential), Serviced senior housing, Group homes operated by Sompo Care Inc. as of January 31,2019. (Excluding the facilities for short-term use, franchise contractor, business partner, the operator other than Sompo care Inc.)
The Number of Facilities	424
Area	Hokkaido, Akita, Miyagi, Saitama, Chiba, Tokyo,Kanagawa, Shizuoka, Aichi, Kyoto, Osaka, Hyogo, Nara, Okayama, Hiroshima, Fukuoka, Kumamoto
Contact No.	+81-120-155-703
Homepage	https://www.sompocare.com/ 【Business hour AM9:00~PM18:00】



HITOWA Care Service Co., Ltd.	
Benefits	<ul style="list-style-type: none"> • Same-day facility site-visit(with lunch) free of charge • Discount on usage charge for two-month equivalent
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree) *Those who use in conjunction with other discount system is unavailable.
Facilities Available	All of the private senior homes with nursing care operated by HITOWA Care Service Co., Ltd as of January 31,2019.
The Number of Facilities	107
Area	Hokkaido, Miyagi, Saitama, Chiba, Tokyo, Kanagawa, Nagano, Hyogo, Okinawa
Contact No.	+81-120-12-2943
Homepage	http://www.irs.jp/



Nichii Carepalace Company

Benefits	<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)
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree)
Facilities Available	All of the private senior homes with nursing care operated by Nichii Carepalace Company as of January 31,2019.
The Number of Facilities	74
Area	Tokyo, Saitama, Chiba, Kanagawa, Shizuoka
Contact No.	+81-120-555-800
Homepage	http://www.nichii-carepalace.co.jp/



Sawayaka Club Corporation

Benefits	<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
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree)
Facilities Available	All of the private senior homes with nursing care operated by Sawayaka Club Corporation as of January 31,2019.
The Number of Facilities	70
Area	Hokkaido, Akita, Tochigi, Saitama, Chiba, Kanagawa, Niigata, Shizuoka, Aichi, Mie, Kyoto, Osaka, Hyogo, Ehime, Wakayama, Fukuoka, Oita
Contact No.	+81-120-958-490
Homepage	http://www.sawayakaclub.jp/



Excellent Care System Co., Ltd.

Benefits	• Same-day facility site-visit(with lunch) free of charge
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree) ※A resident of the requested healthcare facility is ineligible and use in conjunction with other discount system is unavailable.
Facilities Available	All of the private senior homes with nursing care operated by Excellent Care System Co., Ltd. as of January 31,2019.
The Number of Facilities	15
Area	Tokyo, Kanagawa, Kyoto, Hyogo, Tokushima
Contact No.	+81-42-538-1165
Homepage	http://www.excare.co.jp/



ジョイステージ
八王子

NM LIFE Co., Ltd.

Benefits	<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)
Eligible Person	Unitholder and his / her spouses and his / her relatives (up to the second degree)
Facilities Available	Joy Stage Hachioji
The Number of Facilities	1
Area	Tokyo
Contact No.	+81-120-38-0161
Homepage	http://www.joystage.com/

(Note1) A resident of the requested healthcare facility is ineligible .

(Note2) The area and the number of facilities are as of January 31, 2019.

(Note3) There may be restrictions on trial residence due to the operating condition of operators.

(Note 4) In the case of private senior homes with nursing care, those who are not required for nursing care may not be able to use this Unitholder Benefits Program .

(Note 5) It may be necessary to consult with care manager and Medical checkup before trial residence.

Unitholders' benefit programs

Through the utilization of the Unitholder Benefit Program, KDR hope that the unitholders and their families will be able to realize healthy longevity.

General Outline of the Unitholder Benefit Program	
1. Eligible Unitholder	Unitholders stated or recorded on the unitholders' register of the Investment Corporation as of July 31, 2018 will be eligible for the unitholder benefit program.
2 Contents	Unitholders owing more than 1 unit will be entitled to the benefits as described previous page.
3 .Method for the Use of Benefits	Please present Semi-annual Report for the fiscal period ending January 2019 (14th fiscal period) and the paper setting forth the name, address, etc. of the unitholder or dividend receipts, which are enclosed in the Semi-annual Report, to the healthcare facility.
4 .Validity Period	October 31, 2019
Q&A	
About Benefit program	Q At which facilities will I be eligible for benefit programs?
	A Facilities offering programs are shown on the list, but applicable facility types vary depending on each operator. Please call the operator to find out which facilities offer benefit programs.
	Q How can I check the details of benefit programs?
	A Details of benefit programs vary depending on each operator. Moreover, there may be some restrictions to benefit programs due to the operational status of facilities and such. Please call the operator to find out the details of the benefit programs.
How to use	Q What are the procedures required to use the program?
	A Please call and tell the operator that you wish to use the "Unitholder Benefit Program." You will be provided with detailed information on necessary procedures.
	Q What do I need to bring when using the program?
	A Please bring the document enclosed with this Semi-annual Report affixed with your address, name and other information. Some operators or facilities may require additional confirmation documents. Please confirm the details with the relevant operator.
	Q Can I go directly to a facility when I want to see the facility or do a trial residence?
	A If you visit a facility without prior notice, they may not be able to respond to your request depending on the operational status or vacancy status. Please call the operator in advance and receive instructions before a visit.



II. Asset management report

1. Outline of asset management operation

(1) Operating result and financial position

	Fiscal period	Unit	10th	11th	12th	13th	14th
			From Aug. 1, 2016 to Jan. 31, 2017	From Feb. 1, 2017 to Jul. 31, 2017	From Aug. 1, 2017 to Jan. 31, 2018	From Feb. 1, 2018 to Jul. 31, 2018	From Aug. 1, 2018 to Jan. 31, 2019
Operating result	Operating revenues	mil.yen	5,468	5,574	5,681	7,097	7,823
	(Rental revenues)	mil.yen	5,437	5,574	5,671	6,655	7,605
	Operating expenses	mil.yen	2,629	2,741	2,791	3,657	3,610
	(Expenses related to rent business)	mil.yen	2,050	2,124	2,107	2,554	2,794
	Operating income	mil.yen	2,838	2,833	2,889	3,439	4,213
Ordinary income	mil.yen	2,311	2,316	2,353	2,842	3,599	
Net income	mil.yen	2,310	2,315	2,352	5,416	3,598	
Asset	Total asset	mil.yen	167,276	167,316	176,813	213,558	245,103
	(period to period change)	%	(+4.6)	(+0.0)	(+5.7)	(+20.8)	(+14.8)
	Interest-bearing debt	mil.yen	81,800	81,800	91,130	106,130	123,250
	Unitholders' equity	mil.yen	82,552	82,559	82,650	98,745	111,951
	(period to period change)	%	(+0.2)	(+0.0)	(+0.1)	(+19.5)	(+13.4)
Unitholders' capital	mil.yen	80,132	80,132	80,132	80,132	93,226	
Distribution per unit	Total distribution	mil.yen	2,280	2,315	2,424	3,152	3,510
	Dividend payout ratio (Note 2)	%	98.7	100.0	103.1	58.2	97.6
	Number of investment units issued and outstanding	unit	349,089	349,089	349,089	782,928	869,133
	Net income per unit (Note 3,4)	yen	6,617	6,632	3,369		4,143
	Unitholders' equity per unit (Note 3)	yen	236,478	236,498	118,379	126,123	128,807
	Distribution per unit	yen	6,533	6,633	6,946	4,026	4,039
	Profit distribution	yen	6,533	6,633	6,946	4,026	4,039
Distribution in excess of profit	yen	—	—	—	—	—	
Financial indicator	Return on assets (Note 5)	%	1.4	1.4	1.4	1.5	1.6
	Annualized (Note 6)	%	2.8	2.8	2.7	2.9	3.1
	Return on net assets (Note 7)	%	2.8	2.8	2.8	6.0	3.4
	Annualized (Note 6)	%	5.6	5.7	5.6	12.0	6.8
	Net asset ratio	%	49.4	49.3	46.7	46.2	45.7
	(period to period change)	%	(Δ 2.1)	(Δ 0.0)	(Δ 2.6)	(Δ 0.5)	(Δ 0.6)
	Interest-bearing debt ratio on assets (Note 8)	%	48.9	48.9	51.5	49.7	50.3
	FFO (Note 9) (Funds from Operation)	mil.yen	3,189	3,227	3,295	6,126	4,750
	FFO per unit (Note 3,10)	yen	9,137	9,246	4,720	7,824	5,466
	Leasing NOI (Note11) (Net Operating Income)	mil.yen	4,265	4,335	4,486	5,245	6,154
	Annualized NOI yield (Note 6,12)	%	5.5	5.6	5.4	5.5	5.5
	Leasing NCF(Note 13) (Net Cash Flow)	mil.yen	4,044	4,094	4,199	4,808	5,539
	Annualized NCF yield (Note 6,14)	%	5.2	5.3	5.1	5.0	5.0
Reference	Number of properties	properties	113	113	115	129	138
	Leased units (Residential)	unit	7,229	7,285	7,646	7,552	8,017
	Total leasable floor area (Note 15)	m ²	295,364.44	292,324.33	303,608.43	410,556.41	467,606.17
	Occupancy ratio (Note 15)	%	96.2	96.8	97.0	97.6	97.7
	Depreciation expenses	mil.yen	878	884	921	1,144	1,343
	Capital expenditures	mil.yen	220	241	286	436	614

- (Note 1) Figures are rounded down to the nearest unit. Ratios are rounded off to one decimal place
- (Note 2) Dividend payout ratio = Total distribution (excluding Distribution in excess of profit) / Net income × 100
 Net income for 13th fiscal period include negative goodwill of 2,574 million yen.
- (Note 3) The Investment Corporation investment units was split 2-for-1 on the reference date as of February 28, 2018 and the effective date as of March 1, 2018. "Net income per unit", "Unitholders' equity per unit" and "FFO per unit" are calculated subjected for the Investment Corporation investment units to be split on August 1, 2017.
- (Note 4) Net income per unit is calculated by dividing the net income by weighted average of number of investment units
- (Note 5) Return on assets = Net income / {(Total assets at the beginning of period + Total assets at the end of period) / 2} × 100
- (Note 6) Annualized values for the 10th fiscal period are calculated based on a period of 184 days, 181 days for 11th fiscal period, 184 days for 12th fiscal period, 181 days for 13th fiscal period, 184 days for 14th fiscal period.
- (Note 7) Return on net assets = Net income / {(Total net assets at the beginning of period + Total net assets at the end of period) / 2} × 100
- (Note 8) Interest-bearing debt ratio of assets = Interest-bearing debt at the end of period / Total assets at the end of period × 100
- (Note 9) FFO = Net income + Depreciation expenses + Amortization of deferred assets - Gain on sale of real estate property + Loss on sale of real estate property. Net income for 13th fiscal period include negative goodwill of 2,574 million yen.
- (Note 10) FFO per unit = FFO / Number of investment units issued and outstanding (rounded down to unit)
- (Note 11) Leasing NOI = Rental revenues - Expenses related to rent business + Depreciation expenses
- (Note 12) Annualized NOI yield = Annualized NOI / Total acquisition prices of properties × 100
- (Note 13) Leasing NCF = Leasing NOI - Capital expenditures
- (Note 14) Annualized NCF yield = Annualized NCF / Total acquisition prices of properties × 100
- (Note 15) Figure and ratio include for land with leasehold interest.

(2) Outline of asset management operation for the 14th fiscal period

① Outline of the history of the Investment Corporation

Kenedix Residential Next Investment Corporation (the "Investment Corporation") was established on November 15, 2011 under the Act on Investment Trusts and Investment Corporations of Japan ("the Investment Trust Act"). On April 26, 2012, the Investment Corporation was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange (Securities Code: 3278). Afterwards, the Investment Corporation implemented a 2-for-1 investment unit split with March 1, 2018 as the effective date, and also at the same time conducted an absorption type merger ("the Merger") with the Investment Corporation as the surviving corporation and Japan Senior Living Investment Corporation ("JSL") as the absorbed corporation. Most recently, the Investment Corporation issued new investment units through public offering and by way of third-party allotment for the first time in three and a half years and by additional borrowings as well as the raised funds, acquired 11 properties (the total acquisition price (Note 1) is 29,284 million yen) from the merger to the end of 14th fiscal period. As of the end of the 14th fiscal period (January 31, 2019), the number of properties was 138 (total acquisition price: 220,916 million yen (excluding silent partnership equities; the same applies hereinafter)) and the number of investment units issued and outstanding totaled 869,133 units. The Investment Corporation is externally managed by Kenedix Real Estate Fund Management, Inc. (the "Asset Management Company"), a company that was formed with personnel from Kenedix, Inc. and adheres to the core philosophies of Kenedix, Inc. the Asset Management Company provides real estate investment management services with flexibility and agility unique to a J-REIT (Note 2) sponsored by an independent real estate management company by flexibly pursuing optimal investment opportunities and income opportunities and agilely investing and managing based on swift information gathering and decision-making while accurately grasping real estate-related trends.

(Note 1) "Acquisition price" is the sales price of each trust beneficiary interest or real estate indicated in each trust beneficiary interest sales contract and real estate sales contract concerning the owned assets (excluding acquisition costs, adjustment in property tax and city-planning tax, and consumption tax) and is rounded down to the nearest million yen. The appraisal value as of March 1, 2018 is indicated as the acquisition price for assets succeeded by JSL due to the merger. The same applies hereinafter.

(Note 2) "J-REIT" is an investment corporation listed on the real estate investment trust of the Tokyo Stock Exchange.

② Operating Environment

Despite temporary stagnation due to the impact of sequential natural disasters such as large typhoons and the Hokkaido earthquake, the Japanese economy continues its gradual recovery with continuous improvement in

corporate revenue and increase in capital investment as well as strong personal consumption against the backdrop of continuous improvement in employment and income environment. Going forward, the Japanese economy is expected to continue its gradual recovery with the continuation of a positive circulation mechanism from income to expenditure in both corporate and household sectors against the backdrop of an extremely loose financial environment and support due to government expenditure. However, concerns on uncertainties surrounding the U.S.-China trade friction, trends in the EU zone and other global economic factors, as well as volatility in the financial markets, create an environment where caution is required.

In the rental housing market, the occupancy rates and rent levels of the rental apartment buildings in which the Investment Corporation invests remain high. Given that metropolitan areas continue to experience population growth while rental apartment supplies remain low, a favorable supply-demand environment is expected for these areas in the future.

Concerning the environment surrounding healthcare facilities, with one of the longest average life expectancies for both men and women, Japan now has a super-aging society (Note) which no other country has ever experienced, and the “aging,” or the increase in the ratio of the elderly population against total population and the increase in elderly population itself, is expected to continue going forward. As is responding to such trends, the number of senior care facilities such as Private senior homes with nursing care and Serviced senior housing has been on the rise in recent years. The Investment Corporation believes that demand for senior care facilities, including nursing care facilities, will continue to increase.

We continue to see active investment activity in the real estate investment markets on the part of both Japanese and overseas investors.

With The Bank of Japan’s aggressive monetary easing measures in the background, active transaction are expected to continue in real estate market; however, due to the ongoing harsh property acquisition environment, expected yield is likely to remain at a low level.

(Note) “Super-aging society” refers to a society with a population aging rate (ratio of the elderly population aged 65 or over against total population) exceeding 21%, as defined by the World Health Organization and the United Nations.

③ Operating Results

(A) Acquisition and sale of assets

The Investment Corporation comprehensively taking into account the composition of the entire portfolio, earnings power in the future, etc., the Investment Corporation acquired 4 residential properties (total acquisition price: 13,840 million yen), acquired 6 healthcare facilities (total acquisition price: 14,707 million yen) and sold 1 residential property (acquisition price: 520 million yen / sold price: 730 million yen).

< Acquired assets >

Property number	Property name	Acquisition price (million yen) (Note 1)
T-79	KDX Residence Asagaya	1,930
T-80	KDX Residence Hiyoshi	2,635
R-44	Serenite Kobe Motomachi	2,390
R-45	KDX Residence Shukugawa Hills	6,884
Residential	Total	13,840
H-16	Anesis Teradacho	3,490
H-17	Rococo-riha	2,100
H-18	Orange Suma	2,810

H-19	Canadian Hill	1,830
H-20	Anesis Hyogo	1,420
H-21	Plaisant Grand Ota tamagawa (Note 2)	3,057
Healthcare	Total	14,707

< Sold assets >

Property number	Property name	Sold price (million yen) (Note 1)
R-14	KDX Residence Kotodai	730

(Note 1) “Acquisition Price” and “Sold Price” are the sales amount of each trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in each trust beneficiary interest sales contract concerning the acquired assets and sold assets, and are rounded down to the nearest million yen.

(Note 2) The property name was changed from “Tanoshii ie Ota tamagawa” to “Plaisant Grand Ota tamagawa” on January 7, 2019.

As a result of the above, as of the end of the 14th fiscal period, the Investment Corporation owned a total of 138 properties (total acquisition price: 220,916 million yen), which consist of 116 residential properties (acquisition price: 174,724 million yen), 21 healthcare facilities (acquisition price: 44,442 million yen) and 1 other property (land with leasehold interest; acquisition price: 1,750 million yen).

(B) Management of real estate holdings

With respect to residential, The Investment Corporation managed our real estate holdings with the aim of achieving stable and optimal performance by working with a property management company (“PM Company”) that operates and manages properties, which were selected through a multifaceted approach of taking into consideration the region, location and city, rent range, tenant type (corporate or individual) and other various characteristics .

Moreover, the Investment Corporation strove to partner with leading real estate companies with a strong local presence and bolster the PM Company’s efficient leasing activity. We also ensured that soliciting conditions took into consideration the characteristics and occupancy levels of individual properties; carried out efficient advertising efforts utilizing the power of the KDX Residence brand; utilized leasing agents; and implemented flexible sales activities attuned to the characteristics of each of the properties in accordance with plans.

Specific measures that contributed to improvement in revenue at the rental business are as follows: with respect to properties with stable and robust occupancy conditions, we strove to raise rent levels for and obtain key money from new tenants; raise rents when leases were renewed; increase revenue associated with auxiliary facilities; and improve the parking contract rate; and as measures to slash rental business expenses, we reduced utility bills by switching the electricity supplier for common areas; changed the lighting in common areas to LED; and reviewed the contracts for auxiliary facilities, as well as solicitation costs, etc., in order to improve income and expenditures.

Moreover, with the aim of maintaining and/or improving the market competitiveness of our portfolio assets, we undertook planned major renovation work at four properties, updating work in common areas as well as value-increasing work and facility updates in individually-owned areas.

As a specific measure contributing to the maintenance and improvement of revenue at the rental business for healthcare facilities, the Investment Corporation visited facilities to check their operational status including income, expenditures and occupancy rate, and made inquiries to facility managers while also inquiring about business conditions, future management policies, etc. through interviews with operation managers, etc. as part of operator monitoring activities. In addition, the Investment Corporation conducted value enhancement work of the common area as well as changed the contract term through discussions with the operator at Joy Stage Hachioji.

We also continued our green efforts during the 14th fiscal period, introducing LED lighting in common areas. As for residential facilities, 2 properties newly obtained DBJ Green Building Certification, an environmental awareness recognition from an external evaluator during the fiscal year, bringing the total number of properties that have obtained certification to 7 as of the end of the 14th fiscal period (January 31, 2019). As for healthcare facilities, we acquired BELS Certification for Plaisant Grand Ota Tamagawa as an environmental certification from an external evaluator.

As a result, the occupancy rate of residential properties was 96.7% as of the end of the 14th fiscal period (January 31, 2019). During the fiscal period, the average occupancy rate was 96.5%. Furthermore, the average occupancy rate in the 14th fiscal period and the occupancy rate of the end of the 14th fiscal period (January 31, 2019) was 100.0%. Consequently, the occupancy rate of entire portfolio (including land with leasehold interest) was 97.7% as of the end of the 14th fiscal period (January 31, 2019).

(C) Financing

The Investment Corporation procures funds with the aim of medium- to long-term stable earnings and sustained growth of portfolio assets, taking into consideration the balance between financial stability and financing costs.

(Issuance of New Investment Units)

In the 14th fiscal period, the Investment Corporation procured 12,470 million yen of funds by issuing 82,100 new investment units through public offering on August 1, 2018 with the aim of allocation to funds for acquisition of specified assets. In addition, the Investment Corporation procured 623 million yen of funds by issuing 4,105 new investment units through third-party allotment on August 29, 2018 with an aim of procuring funds for acquisition of specified assets and repayment of borrowings in the future.

As a result, unitholders' capital came to 93,226 million yen as of the end of the 14th fiscal period (January 31, 2019).

(Debt Financing)

The Investment Corporation newly borrowed 15,700 million yen as funds for acquisition of new properties as well as 11,000 million yen as funds for repaying borrowings of which repayment was due during the 14th fiscal period. On the other hand, the Investment Corporation conducted partial prepayment of 580 million yen using part of funds procured through the issuance of investment corporation bonds as funds for repayment. As a result of the foregoing, the average remaining term of interest-bearing debt (Note 1) was 4.7 years, and the average interest rate at the end of the 14th fiscal period (Note 2) was 0.99%. The long-term debt ratio (Note 3) came to 90.5%, the fixed interest-rate ratio (Note 4) was 91.7%, and the loan to value ratio (LTV) came to 50.3%.

(Note 1) It is calculated by weighting and averaging the remaining term of each interest-bearing debt according to the balance of each interest-bearing debt and rounded off to decimal place.

(Note 2) The average interest rate of each interest-bearing debt was calculated taking into account the upfront fee (per annum) and interest rate swaps, etc., and the weighted average was calculated in accordance with the balance of each interest-bearing debt.

(Note 3) Long-term debt ratio = (balance of long-term borrowings (excluding long-term borrowings to be repaid within one year) + balance of investment corporation bonds) ÷ (balance of borrowings + balance of investment corporation bonds)
The long-term debt ratio that includes long-term borrowings to be repaid within one year is 98.3%.

(Note 4) The fixed interest-rate ratio = (balance of fixed interest-rate borrowings (including borrowings for which interest rates are substantially fixed through interest rate swap transactions, etc.) + balance of investment corporation bonds) ÷ (balance of borrowings + balance of investment corporation bonds)

(Investment Corporation Bonds)

The Investment Corporation issued the following 2,000 million yen of investment corporation bonds in the 14th fiscal period with the intention of diversifying its fund procurement methods resulting in the outstanding debt balance of 5,000 million yen as of the end of the 14th fiscal period (January 31, 2019). Of the procured amount, 580 million yen was allocated to partial prepayment of borrowings. The remaining amount was reserved and allocated to part of funds for the acquisition of KDX Residence Kamikitazawa acquired on February 1, 2019 after the end of the 14th fiscal period.

Name of investment corporation bonds	Issuance date	Balance as of January 31, 2019 (million yen)	Interest rate (%)	Maturity date	Redemption method	Remarks
Fourth Series Unsecured Investment Corporation Bonds	November 30, 2018	1,000	0.410	November 30, 2023	Full on maturity	(Note)
Fifth Series Unsecured Investment Corporation Bonds	November 30, 2018	1,000	0.850	November 30, 2028		

(Note) Ranking pari passu among the specified investment corporation bonds

(Credit Ratings)

The status of the credit ratings as of the end of the 14th fiscal period (January 31, 2019).

Credit Rating Agency	Type	Rating
Japan Credit Rating Agency, Ltd.(JCR)	Long-term issuer rating	A+ (Outlook : Stable)
	Bond rating	A+

(Shelf Registration)

The Investment Corporation filed a shelf registration statement regarding investment corporation bonds (excluding short-term investment corporation bonds) on June 28, 2018 with the following overview.

Planned issuance amount	100,000 million yen
Planned issuance period	From July 6, 2018 to July 5, 2020
Use of proceeds	Funds for acquiring specified assets (having the meaning as set forth in the Act on Investment Trusts and Investment Corporations, Article 2, Paragraph 1); funds for repaying borrowings; funds for redeeming investment corporation bonds (including short-term investment corporation bonds; funds for returning deposits); funds for paying for repairs and maintenance, etc.; operating capital, etc.

the Investment Corporation issued 1,000 million yen of the Fourth Series Bonds and 1,000 million yen of the Fifth Series Bonds on November 30, 2018 based on the above shelf registration.

④ Over view of Financial Results and Cash Distribution

As a result of these management efforts, the Investment Corporation reported total operating revenues of 7,823 million yen, operating income of 4,213 million yen, ordinary income of 3,599 million yen and net income of 3,598 million yen for the 14th fiscal period.

In regard to profit distributions for the 14th fiscal period, pursuant to the distribution policy in the Investment Corporation's certificate of incorporation, the Investment Corporation has decided to apply special provisions of the tax system for investment corporations (Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) ("Act on Special Measures Concerning Taxation"), Article 67-15) and to distribute 3,510,428,187 yen as profit distribution from unappropriated retained earnings for the 14th fiscal period, which is the amount of the

net income excluding a part of gain on sale of real estate property, etc., plus the reversal of Reserve for temporary difference adjustment.

In the event we have gains from property sales, we will consider whether we need similar internal reserves as long as cash distribution does not fall below the initial projection, taking into consideration such need in accordance with the circumstances.

(3) Changes in unitholders' capital

The changes in unitholders' capital and number of investment units issued and outstanding for last five years are as follows.

Date	Capital transaction	Number of investment units Issued and outstanding		Unitholders' capital (Million yen)		Remark
		Increase	Balance	Increase	Balance	
August 6, 2014	Public offering	36,375	277,997	8,273	56,865	(Note 1)
September 3, 2014	Third-party allotment	1,125	279,122	255	57,121	(Note 2)
February 4, 2015	Public offering	67,900	347,022	22,330	79,452	(Note 3)
March 4, 2015	Third-party allotment	2,067	349,089	679	80,132	(Note 4)
March 1, 2018	Investment unit split	349,089	698,178	—	80,132	(Note 5)
March 1, 2018	Marger	84,750	782,928	—	80,132	(Note 6)
August 1, 2018	Public offering	82,100	865,028	12,470	92,602	(Note 7)
August 29, 2018	Third-party allotment	4,105	869,133	623	93,226	(Note 8)

- (Note 1) New investment units were issued at a price of ¥235,657 per unit (subscription price of ¥227,439 per unit) through a public offering in order to raise funds for acquiring new properties.
- (Note 2) New investment units were issued at a price of ¥227,439 per unit through the third-party allotment in order to raise funds for miscellaneous expenses related to the acquisition of new properties.
- (Note 3) New investment units were issued at a price of ¥340,762 per unit (subscription price of ¥328,879 per unit) through a public offering in order to raise funds for acquiring new properties.
- (Note 4) New investment units were issued at a price of ¥328,879 per unit through the third-party allotment in order to raise funds for future acquisitions of specified assets and repayment of borrowings.
- (Note 5) The Investment Corporation investment units was split 2-for-1 on the reference date as of February 28, 2018 and the effective date as of March 1, 2018.
- (Note 6) In connection with the Merger, the Investment Corporation unit following the Investment Unit Split was allocated to every JSL unit with 84,750 JSL units newly issued on March 1, 2018.
- (Note 7) New investment units were issued at a price of ¥157,047 per unit (subscription price of ¥151,892 per unit) through a public offering in order to raise funds for acquiring new properties.
- (Note 8) New investment units were issued at a price of ¥151,892 per unit through the third-party allotment in order to raise funds for future acquisitions of specified assets and repayment of borrowings.

【Changes in Unit Price at Tokyo Stock Exchange】

The highest and lowest closing prices of the investment units listed on J-REIT section of the Tokyo Stock Exchange for each fiscal period are as follows.

Fiscal period For the fiscal period ended	10th Fiscal period January 31, 2017	11th Fiscal period July 31, 2017	12th Fiscal period January 31, 2018	13th Fiscal period ^(Note) July 31, 2018	14th Fiscal period January 31, 2019
Highest price	319,000	320,500	329,500	172,800	181,000
Lowest price	272,400	263,100	274,800	148,400	160,500

(Note) The Investment Corporation investment units was split 2-for-1 on the reference date as of February 28, 2018 and the effective date as of March 1, 2018. Figures for the 13th fiscal period take into account the investment unit split.

(4) Distributions

The Investment Corporation intends to apply the corporate income taxation special provision (Act on Special Measures Concerning Taxation, Article 67-15) that specifies deduction of an amount equivalent to profit distributions as deductible expenses from an investment corporation's taxable income, and in accordance with the distribution policy set forth in the Investment Corporation's certificate of incorporation, Article 38 (1), has decided to distribute 3,510,428 thousand yen as profit distribution from unappropriated retained earnings for the 14th fiscal period, which is the amount obtained by deducting a portion of gain on sale, etc. from the net income for the 14th fiscal period and adding the reversal of the Reserve for temporary difference adjustment.

As a result, distributions per unit for the 14th fiscal period amounted to 4,039 yen.

Fiscal period		10th From Aug.1, 2016 to Jan.31, 2017	11th From Feb.1, 2017 to Jul.31, 2017	12th From Aug.1, 2017 to Jan.31, 2018	13th From Feb.1, 2018 to Jul.31, 2018	14th From Aug.1, 2018 to Jan.31, 2019
Unappropriated retained earnings	(Thousand yen)	2,365,163	2,400,002	2,437,011	5,428,676	3,875,050
Retained earnings	(Thousand yen)	84,564	84,495	12,239	2,276,608	384,622
Total distribution	(Thousand yen)	2,280,598	2,315,507	2,424,772	3,152,068	3,510,428
(Distribution per unit)	(Yen)	(6,533)	(6,633)	(6,946)	(4,026)	(4,039)
Profit distribution	(Thousand yen)	2,280,598	2,315,507	2,424,772	3,152,068	3,510,428
(Profit distribution per unit)	(Yen)	(6,533)	(6,633)	(6,946)	(4,026)	(4,039)
Unitcapital refunds	(Thousand yen)	—	—	—	—	—
(Unitcapital refunds per unit)	(Yen)	(—)	(—)	(—)	(—)	(—)
Unitcapital refund from retained earnings for temporary difference adjustment	(Thousand yen)	—	—	—	—	—
(Unitcapital refund from retained earnings for temporary difference adjustment per unit)	(Yen)	(—)	(—)	(—)	(—)	(—)
Unitcapital refunds from deduction of unitcapital under tax rules	(Thousand yen)	—	—	—	—	—
(Unitcapital refunds from deduction of unitcapital under tax rules per unit)	(Yen)	(—)	(—)	(—)	(—)	(—)

(5) Management Policy and Issues to be Addressed

Outlook for Asset Management

The Investment Corporation primarily invests in residential facilities mainly such as rental housing, etc., healthcare facilities such as private senior homes with nursing care and accommodation facilities such as hotels, based on the three core strategies: “Consistent External Growth by Making Use of Good Judgment,” “Efficient Profit Management” and “Challenge to New Business Opportunities.”

Going forward, the Investment Corporation will continue to seek maximization of unitholder value by evolving into a REIT capable of adapting to change in social/economical structures and improving its “stability” and “ability to pursue growth,” through diversified investment in “spaces where people live and stay” encompassing residential facilities, healthcare facilities and accommodations.

(A) New property acquisitions

The Investment Corporation will invest primarily in residential, healthcare and accommodation properties “spaces where people live and stay” as its target investments. In making investments, the Investment Corporation will stringently select real estate etc. where stable demand from tenants and users and long-term stable revenue flows can be projected on the basis of an individual analysis of the attributes of a particular

property, as well as regional analysis taking into account location, etc.

In residential facilities, the Investment Corporation focuses on the potential earnings power of land and use “location prestige,” “location convenience” and “whether there is a special market” and other metrics to determine investment opportunities providing rental income with medium- to long-term stability, and invests also in rental residential properties and other residential facilities located mainly in greater Tokyo and in Other Regional Areas (government-designed municipalities and other regional cities. The same applies hereinafter.) by discerning room types where stable rent demand can be expected, in accordance with the locational characteristics after analyzing the attractiveness of the land in detail.

In healthcare facilities and accommodations, the Investment Corporation judges investment opportunity considering scale and characteristic of market, regional financial affairs and status of competitive facilities, etc. and examines investment mainly in three major metropolitan area.

We leverage our “judgment capabilities” that we have developed as real estate investment professionals to select excellent investment opportunities among a broad range of targets, and we believe this enables us to acquire properties at a stable pace.

As a property acquisition channel, we use not only the pipeline from Kenedix, Inc and Kenedix Investment Partners, Inc. pursuant to the Memorandum of Understanding concerning Real Estate Information Provisions dated October 1, 2013 (including the change after the date and calls “Support Line MOU”. This Support Line MOU was used for i) residential facilities, ii and) healthcare facilities and iii) accommodations and Residential REIT department is applied for those having a priority consideration right to responsible for the asset management of the Investment Corporation) but also leverage the Asset Management Company’s own network, including Jyukyo Holdings Co., Ltd., with which a support agreement was executed on June 15, 2017 and Shinsei Bank, Limited, HASEKO Corporation, Mitsubishi UFJ Trust and Banking Corporation and LIXIL Group Corporation, with which a support agreement was executed on November 10, 2017 by the Merger, for flexible property acquisitions.

We also plan to control property acquisition timing in order to acquire properties at an advantageous timing in accordance with the future market and financing climates, and we are considering investment in silent partnership equities and real estate-backed securities (preferred securities, etc.).

(B) Management Strategy for existing assets

As residential facilities, with the goal of securing a rental income with medium- to long-term stability, PM companies and the Asset Management Company work together to formulate leasing strategies in accordance with individual property characteristics, and by closely allying with leading real estate companies experienced in regional rental markets, seek to maintain or improve occupancy rates and rent levels.

The Investment Corporation will also take into account the operation statuses of the properties and movements of competing properties and seek to maintain or improve occupancy rates, raise rent levels at the time of tenant changes, increase rent at the time of lease renewals, receive key money, reduce the time of vacancy, maintain or improve lease renewal rates, and secure parking revenue and other auxiliary revenue and other income opportunities to secure rent income.

The Investment Corporation will further strive to cut down on restoration and other repair and maintenance expenses, review the electricity provider for common areas in connection with the liberalization of the electricity market, cut costs through the use of LED lighting for common areas, and reduce tenant solicitation and other costs.

The Investment Corporation will carry out strategic work to update common areas and enhance the value of leased areas of the properties and continue implementing appropriate, major repairs, as necessary, while it seek to maintain or enhance the market competitiveness of its assets.

As healthcare facilities, the Investment Corporation continues to monitor properly operational status of facilities it owns and business status of operators by information about them and companies from operators, inspection of operating status and interview by visiting them and interview with managements in operating

company, etc.

Considering results of monitoring, the Investment Corporation proposes to improve buildings, facilities and operation and examines changing operators in case important issue occurs in succession of management in operators. The Investment Corporation contracts Back-up operation conclusion with operators and support companies in preparation of changing operators.

The Investment Corporation will manage to make internal growth by deepening relation with operators such as value-ups based on proposal from operators and cooperation for resolving issues in operation.

(C) Financing

The Investment Corporation will continue to pay close attention to changes in interest rates and other developments in the financing environment and will consider various options and choose optimal financing means in order to achieve the optimal balance between financial stability and financing costs, and seek to build an appropriate financial base.

(D) Disclosure of Information

The Investment Corporation's basic policy for disclosure is to engage in proactive investor relations activities to provide a broad range of information to investors and concerned parties and to quickly disclose accurate information to the extent possible. Specifically, we practice appropriate disclosure through the Tokyo Stock Exchange (TDnet registration and press releases) and through our website (<https://www.kdr-reit.com/en>).

(E) Conflicts of interest

The Asset Management Company has established related-party transaction rules of the Residential REIT Department and conducts management based on said rules upon transactions with related parties in the management of assets of the Investment Corporation. The Asset Management Company is also entrusted with management of other REITs of Kenedix group, and which may compete against the Investment Corporation in the acquisition of investment properties. The Asset Management Company has established a department that obtains information for sales of real estate and preferentially considers acquisition thereof. For this reason, the Asset Management Company prepared a rule on "Right of first consideration" based on type and scale of properties and determines the order of consideration within the Asset Management Company in advance, in addition to setting up internal "pipeline meetings" with a compliance officer in attendance, implementing operation in accordance with certain rules. By doing so, the Asset Management Company prevents arbitrary distribution of real estate sales information and thereby prevents conflicts of interest from arising among the investment corporations whose assets it manages, and strives to implement proper measures to address conflicts of interest.

(6) Important Subsequent Events

Issuance of New Investment Units

The Investment Corporation resolved at the Board of Directors' meeting on February 4, 2019 and February 13, 2019 to issue new investment units to apply the funds toward a payment for the acquisition of specified assets.

Payment has been completed on February 20, 2019, and issuance of new investment units by third-party allotment has been completed on March 11, 2019.

As a result, Unitholders' capital came to 99,731,514,403 yen and Number of investment units issued and outstanding came to 907,458 units as of March 11, 2019.

(Issuance of New Investment Units through Public Offering)

Total number of units to be offered	: 36,500 unit
Issue price (offer price)	: 175,500 yen per unit
Total amount issue price (offer price)	: 6,405,750,000 yen
Purchase price (Amount to be paid in)	: 169,740 ye per units
Total amount purchase price (Amount to be paid in)	: 6,195,510,000 yen
Payment date	: February 20, 2019

(Issuance of New Investment Units by Third-Party Allotment)

Total number of units to be issued	: 1,825 units
Issue Price (Paid-in-Value)	: 169,740 yen per unit
Purchase price (Amount to be paid in)	: 309,775,500 yen
Payment date	: March 11, 2019
Allottee	: SMBC Nikko Securities Inc.

(Reference)

① Acquisition of assets

a. The Investment Corporation acquired the following trust beneficiary interest in real estate on February 1, 2019, February 21, 2019 and March 1, 2019.

Date of Acquisition	Property number	Property Name	Location	Previous Owner	Acquisition Price (mil.yen) (Note 2)	Appraisal value (mil.yen) (Note 3)
February 1, 2019	T-81	KDX Residence Kamikitazawa (Note1)	Setagaya-ku, Tokyo	Non-disclosure (Note 4)	1,360	1,400
	T-82	KDX Residence Kaminoge (Note1)	Setagaya-ku, Tokyo	Non-disclosure (Note 4)	1,111	1,200
February 21, 2019	T-83	KDX Residence Higashi-Asakusa (Note1)	Taito-ku, Tokyo	Non-disclosure (Note 4)	687	727
March 1, 2019	H-22	Tsukui Sun-shine Machida	Machida-shi, Tokyo	G.K. KSLF5	6,934	7,070
Total					10,093	10,397

(Note1) The trust beneficiary interest sales contract associated with the assets for T-81 ,T-82 and T-83 fall under the forward commitments, etc. by the Investment Corporation as specified in the Financial Services Agency “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”

(Note2) “Acquisition Price” is the sales amount of each trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in each trust beneficiary interest sales contract concerning the to-be acquired assets and is rounded down to the nearest million yen.

(Note3) “Appraisal Dates” for T-81 and T-82 are December 1, 2018. “Appraisal Date” for T-83 is January 1, 2019. “Appraisal Date” for H-22 is December 1, 2018.

(Note4) Not disclosed according to seller’s intention

b. The Investment Corporation executed trust beneficiary interest sales contract (Note 1) concerning the following trust beneficiary interest in real estate (the “to be acquired assets”) on February 4, 2019.

Date of To-be acquired	Property number	Property Name	Location	Previous Owner	Acquisition Price (scheduled) (mil.yen) (Note 2)	Appraisal value (mil.yen) (Note 3)
June 3, 2019	H-23	Serabi Ebisu	Meguro-ku Tokyo	G.K. Tropic III	1,690	1,700
	H-24	Arute Ishiyagawa	Kobe-shi Hyogo	G.K. Tropic III	1,061	1,430
Total					2,751	3,130

(Note 1) The trust beneficiary interest sales contract (“the sales contract”) associated with the to be acquired assets (“the Property”) fall under the forward commitments, etc. by the Investment Corporation as specified in the Financial Services Agency “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”

In the case a party violates any provisions of the sales contract (including cases in which representations and warranties are not true) and may not achieve the objectives in the sales contract due to such violation, the counterparty may, in principle, cancel the sales contract and require payment of an amount equivalent to 5% of the amount calculated by deducting the amount equivalent to consumption tax and local consumption tax from the transaction price as cancelation penalty. However, the establishment of the obligation of the Investment Corporation to pay the amount due is effective on the condition of completion of the procurement of funds by the Investment Corporation for the purchase and sale of the Property. In case where the Investment Corporation may be unable to procure the funds required for purchase the asset to be acquired by the transaction date, there would be no violation of a contractual obligation by the Investment Corporation and no responsibility to pay damages to the seller. Consequently, we believe that even if the Investment Corporation fails to fulfill the forward commitments, etc., as a consequence of failure to complete the funds, it is unlikely to have a significant impact on the financial condition of the Investment Corporation.

(Note 2) “Acquisition Price” is the sales amount of each trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in each trust beneficiary interest sales contract concerning the to-be acquired assets and is rounded down to the nearest million yen. The same shall apply hereafter.

(Note 3) “Appraisal Date” is December 1, 2018.

② Sales of assets

The Investment Corporation sold the following trust beneficiary interest in real estate on February 1, 2019.

Date of Sale	Property number	Property name	Location	Buyer	Sales Price	Appraisal value (mil.yen)
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					(mil.yen) (Note 1)	(Note 2)
February 1, 2019	R-23	KDX Residence Shin-Osaka	Osaka-shi Osaka	Non- disclosure (Note 3)	690	578

(Note 1) "Sales Price" is excluding sales costs, adjusted amount for property tax and city planning tax or consumption tax, etc.

(Note 2) "Appraisal value" is January 31, 2019

(Note 3) Non-disclosure according to buyer's intention.

2. Overview of the Investment Corporation

(1) Unitholders' Capital

Fiscal period	10th As of January 31, 2017	11th As of July 31, 2017	12th As of January 31, 2018	13th As of July 31, 2018	14th As of 31, January 2019
Total number of authorized investment units (Unit)	5,000,000	5,000,000	5,000,000	10,000,000	10,000,000
Total number of investment units issued and outstanding (Unit)	349,089	349,089	349,089	782,928	869,133
Unitholders' capital (Million yen)	80,132	80,132	80,132	80,132	93,226
Number of unitholders (People)	9,009	9,328	8,466	12,847	12,484

(2) Matters concerning Investment Units

Major unitholders as of January 31, 2019 are as follows.

Name	Address	Number of investment units owned (Units)	Ratio (%) (Note)
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	254,892	29.32
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	164,974	18.98
The Nomura Trust and Banking Co., Ltd.	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	33,724	3.88
Trust & Custody Services Bank, Ltd. (securities investment trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo Harumi Island Toriton Square Office Tower Z	31,596	3.63
Kenedix, Inc.	2-1 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo	16,570	1.90
Mizuho Trust & Banking Co., Ltd.	2-1, Yaesu 1-chome, Chuo-ku, Tokyo	16,454	1.89
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	15,816	1.81
The Gunma Bank, Ltd.	194, Motosojamachi, Maebashi-shi, Gunma	14,000	1.61
STATE STREET BANK WEST CLIENT-TREATY 505234	Shinagawa Intercity Tower A 2-15-1, Kohnan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd.	11,930	1.37
STATE STREET BANK AND TRUST COMPANY 505012	11-1, Nihombashi 3-chome, Chuo-ku, Tokyo Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Business Department	11,350	1.30
Total		571,306	65.73

(Note) Ratio of number of investment units owned to total number of investment units issued is calculated by being rounded down to two decimal places

(3) Matters Concerning Directors and Auditor

① The Executive Directors, Supervisory Directors and the Independent Auditor during the 14th fiscal period are as follows.

Position	Name	Other concurrent title	Total amount of fees paid during the period (thousand yen)
Executive Director	Keisuke Sato	Kenedix Real Estate Fund Management, Inc. Director & COO, Head of Residential REIT Department and Head of Asset Investment Division	1,800
	Katsue Okuda	Ogata Appraisal Corporation, Director Lecturer in Meiji University's Graduate School of Global Business Japan Association of Real Estate Appraisers, Managing director Kudan Ogata Holdings Corporation, Representative director Kudan Urban Appraisal Co., Ltd., Director CERESPO CO.,LTD., Auditor	1,800
Supervisory Director (Note 1)	Osamu Chiba	Akebono Law Office, Attorney Toin Law School, Associate Professor Maruzen Foods Corporation, Outside Auditor Imagica Robot Group Inc. (Note 3) Outside Director	1,500
	Satoshi Ogawa	Ogawa CPA Office, CPA GK Mercury Consulting, Representative Partner Oedo-Onsen Monogatari Co., Ltd, Auditor Ooedo Onsen Monogatari Hotels & Resorts Co., Ltd. Auditor	1,500
	Soichiro Iwao	Keio University's School of Medicine, Resident professor Hungarian Medical Universities, Director Chigasaki Central Clinic, Director Medical Corporate Body Ken-iku kai, Vice President Medical Corporation Kyo sai kai, Director Medical Corporation Jyo ban kai, Director National Federation of Industrial Health Organization, Director	1,500
Independent auditor (Note 2)	Ernst & Young ShinNihon LLC	—	14,200

(Note 1) Supervisory Director may be an officers of corporations other than mentioned above, but there is no interest in relation to the Investment Corporation.

(Note 2) The fee of Independent auditor includes remuneration for Comfort Letter creation work related to issuance of new investment units.

(Note 3) Imagica Robot Holdings Inc. changed it company name to Imagica Robot Group Inc. on October 1, 2018.

② Policy on Decisions to Terminate or not Reappoint the Accounting Auditor

Dismissal of an independent auditor will be made in accordance with the Act on Investment Trusts and Investment Corporations, and a decision not to re-appoint an independent auditor will be considered by comprehensively taking into account the audit quality, compensation and other various circumstances by the board of directors of the Investment Corporation.

(4) Asset Management Company, Custodian and General Administrators

The asset management company, custodian and general administrators as of the end of the 14th fiscal period are as follows.

Classification	Name
Asset manager	Kenedix Real Estate Fund Management, Inc.
Custodian	Mizuho Trust & Banking Co., Ltd.
General administrator (Unitholder registry)	Sumitomo Mitsui Trust Bank, Limited
General administrator (Regarding book keeping)	Mizuho Trust & Banking Co., Ltd.
General administrator (Administration)	Mizuho Trust & Banking Co., Ltd.
General administrator (Regarding investment corporation bonds)	Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd.

3. Status on Investment Properties

(1) Component of Assets

Classification of assets	Use	Area	13th As of July 31, 2018		14th As of January 31, 2019	
			Total amount held (mil.yen) (Note 5)	Composition ratio (%) (Note 6)	Total amount held (mil.yen) (Note 5)	Composition ratio (%) (Note 6)
Trust beneficiary interest in real estate	Residential	Tokyo Metropolitan Area (Note 2)	113,969	53.4	118,403	48.3
		Other Regional Area (Note 3)	47,808	22.4	56,705	23.1
	Healthcare	Tokyo Metropolitan Area (Note 2)	10,593	5.0	13,810	5.6
		Other Regional Area (Note 3)	17,613	8.2	29,291	12.0
		Other (Note 4)	1,364	0.6	1,346	0.5
	Total (Trust beneficiary interest in real estate)			191,350	89.6	219,558
Real estate	Other	Tokyo Metropolitan Area (Note 2)	1,798	0.8	1,798	0.7
Total (Real estate)			1,798	0.8	1,798	0.7
Silent partnership equity interest (Note 1)			512	0.2	111	0.0
Bank deposits and other assets			19,898	9.3	23,635	9.6
Total assets			213,558	100.0	245,103	100.0

(Note 1) Silent partnership equity interest of GK Tropic I, GK Tropic II, GK Tropic III and G.K.KSLF8 in the 13th fiscal period and of GK Tropic III in the 14th fiscal period.

(Note 2) "Tokyo Metropolitan Area" means major cities in Tokyo, Kanagawa, Saitama and Chiba.

(Note 3) "Other regional areas" include government-designed municipalities and other regional cities.

(Note 4) "Other" means cities except Tokyo Metropolitan Area and Other regional areas.

(Note 5) "Total amount held" means carrying amounts on the balance sheet (amounts of Trust beneficiary interests in real property and real property are book values net of depreciation) at the end of fiscal period and rounded off to one dismal place.

(Note 6) "Composition ratio" means the ratio of carrying amounts of each classified assets to total assets on balance sheet and rounded off to one dismal place.

(2) Major Assets Owned

The overview of major assets owned by the Investment Corporation (Top 10 properties in net book value as of January 31, 2019) are as follows.

No.	Name of property	Book value (Million yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy Rate (%) (Note 3)	Ratio of rental revenue to total rental revenue (%) (Note 4)	Major use
T-78	KDX Residence Toyosu	7,761	6,811.38	6,811.38	100.0	2.4	Residence
R-45	KDX Residence Shukugawa Hills	7,215	17,575.39	16,390.89	93.3	2.7	Residence
H-10	Activa Biwa	6,471	39,649.84	39,649.84	100.0	Non-disclosure (Note 5)	Healthcare

T-56	KDX Residence Hanzomon	4,960	4,854.23	4,796.86	98.8	1.7	Residence
T-1	KDX Daikanyama Residence	4,797	5,338.99	5,338.99	100.0	2.1	Residence
R-39	KDX Residence Ohori Harbor View Tower	4,589	11,855.63	10,859.63	91.6	2.3	Residence
T-52	KDX Residence Togoshi	3,759	4,591.76	4,558.58	99.3	1.6	Residence
H-3	Joy Stage Hachioji	3,690	13,812.27	13,812.27	100.0	Non-disclosure (Note 5)	Healthcare
H-16	Anesis Teradacho	3,589	7,856.64	7,856.64	100.0	Non-disclosure (Note 5)	Healthcare
R-35	Leopalace Flat Shin-sakae	3,530	11,589.95	11,589.95	100.0	1.6	Residence
Total		50,365	123,936.08	121,665.03	—	20.8	

(Note 1) “Leasable area” is the floor area of each portfolio asset for which the building is leasable (if a portfolio asset has more than one building, the total floor area of leasable buildings) that is set forth in a lease agreement as of January 31, 2019.

(Note 2) “Leased area” is the floor space set forth in a lease agreement that has been executed with an end tenant and leased as of January 31, 2019.

(Note 3) “Occupancy rate” = “leased area” / “leasable area” × 100

(Note 4) The ratio of rental revenue to total rental revenue = each property’s real estate lease business revenue / total for all properties.

(Note 5) The Investment Corporation has not obtained consent from the tenant to release this information.

(3) Overview of the Portfolio

Detail of Real Estate Portfolio Assets

The overview of assets under management of the Investment Corporation as of January 31, 2019 is as follows.

Use	Area	No.	Name of property	Location	Form of ownership	Book value (Million yen)	Appraisal value at the end of fiscal period (Million yen) (Note 1)
Residential Facilities	Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	7-1,Sarugakucho,Shibuya-ku,Tokyo	TBI	4,797	5,830
		T-3	KDX Odemma Residence	3-10,Nihombashi-Odenmacho,Chuo-ku,Tokyo	TBI	1,717	2,100
		T-4	KDX Iwamoto-cho Residence	16-12,Iwamotocho 2-chome,Chiyoda-ku,Tokyo	TBI	792	977
		T-5	KDX Bunkyo Sengoku Residence	3-2,Honkomagome 6-chome,Bunkyo-ku,Tokyo	TBI	1,456	1,780
		T-6	KDX Azumabashi Residence	9-8,Azumabashi 1-chome,Sumida-ku,Tokyo	TBI	614	896
		T-7	KDX Shimura Sakaue Residence	16-5,Higashi-Sakashia 1-chome,Itabashi-ku,Tokyo	TBI	2,682	3,420
		T-10	KDX Musashi Nakahara Residence	18-22, Shimokodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa	TBI	636	728
		T-11	KDX Chiba Chuo Residence	2-17, Shindencho, Chuo-ku, Chiba-shi, China	TBI	1,333	1,790
		T-12	KDX Kawaguchi Saiwai-cho Residence	14-24, Saiwaicho 2-chome, Kawaguchi-shi, Saitama	TBI	1,115	1,410
		T-13	KDX Residence Shirokane I	7-8, Shirokanedai 4-chome, Minato-ku, Tokyo	TBI	3,084	3,490
		T-15	KDX Residence Shirokane II	7-8, Shirokanedai 4-chome, Minato-ku, Tokyo	TBI	2,860	3,400
		T-16	KDX Residence Minami-aoyama	4-8, Minami-Aoyama 3-chome, Minato-ku, Tokyo	TBI	2,240	2,530
		T-17	KDX Residence Minami-azabu	3-22, Minami-Azabu 2-chome, Minato-ku, Tokyo	TBI	2,077	2,580
		T-18	KDX Residence Shiba Koen	4-16, Shiba 3-chome, Minato-ku, Tokyo	TBI	1,766	2,360
		T-19	KDX Residence Azabu East	25-2, Higashi-Azabu 1-chome, Minato-ku, Tokyo	TBI	1,550	1,910
		T-20	KDX Residence Takanawa	15-7, Takanawa 3-chome, Minato-ku, Tokyo	TBI	764	1,050
		T-21	KDX Residence Nishihara	37-4, Nishihara 1-chome, Shibuya-ku, Tokyo	TBI	1,452	1,870
		T-22	KDX Residence Daikanyama II	11-22, Ebisu Nishi 2-chome, Shibuya-ku, Tokyo	TBI	760	952
		T-23	KDX Residence Sendagaya	38-7, Sendagaya 3-chome, Shibuya-ku, Tokyo	TBI	640	815
		T-24	KDX Residence Nihombashi Suitengu	41-6 Nihombashi Hakozaicho, Chuo-ku, Tokyo	TBI	3,171	3,900
		T-25	KDX Residence Nihombashi Hakozaiki	38-1 Nihombashi Hakozaicho, Chuo-ku, Tokyo	TBI	1,160	1,370
		T-26	KDX Residence Higashi-shinjuku	1-9 Okubo 2-chome, Shinjuku-ku, Tokyo	TBI	3,247	4,090
		T-27	KDX Residence Yotsuya	22-50 Arakicho, Shinjuku-ku, Tokyo	TBI	2,301	2,740
		T-28	KDX Residence Nishi-shinjuku	18-15, Nishi-Shinjuku 7-chome, Shinjuku-ku, Tokyo	TBI	998	1,330
		T-29	KDX Residence Kagurazaka	8-10, Tsukijicho, Shinjuku-ku, Tokyo	TBI	714	924
		T-30	KDX Residence Futako Tamagawa	31-29, Seta 2-chome, Setagaya-ku, Tokyo	TBI	1,278	1,440
		T-31	KDX Residence Komazawa Koen	21-6 Komazawa 5-chome, Setagaya-ku, Tokyo	TBI	906	1,120
		T-32	KDX Residence Mishuku	37-13, Mishuku 2-chome, Setagaya-ku, Tokyo	TBI	754	926

Use	Area	No.	Name of property	Location	Form of ownership	Book value (Million yen)	Appraisal value at the end of fiscal period (Million yen) (Note 1)
		T-33	KDX Residence Yoga	34-21, Seta 5-chome, Setagaya-ku, Tokyo	TBI	697	845
		T-34	KDX Residence Shimouma	21-8, Shimouma 1-chome, Setagaya-ku, Tokyo	TBI	600	765
		T-35	Raffine Minami-magome	24-8, Minami-Magome 5-chome, Ota-ku, Tokyo	TBI	1,244	1,480
		T-36	KDX Residence Yukigaya Otsuka	15-13, Minami-Yukigaya 2-chome, Ota-ku, Tokyo	TBI	1,028	1,340
		T-37	KDX Residence Denenchofu	40-14, Denenchofu Honmachi, Ota-ku, Tokyo	TBI	1,065	1,230
		T-38	KDX Residence Tamagawa	9-17, Tamagawa 1-chome, Ota-ku, Tokyo	TBI	744	921
		T-39	KDX Residence Monzennakacho	6-7, Kiba 3-chome, Koto-ku, Tokyo	TBI	767	995
		T-40	KDX Residence Okachimachi	28-4, Taito 2-chome, Taito-ku, Tokyo	TBI	840	1,040
		T-41	KDX Residence Moto-asakusa	8-10, Motoasakusa 4-chome, Taito-ku, Tokyo	TBI	791	987
		T-42	KDX Residence Itabashi Honcho	13-16, Yamatocho, Itabashi-ku, Tokyo	TBI	603	760
		T-43	KDX Residence Azusawa	7-13, Azusawa 1-chome, Itabashi-ku, Tokyo	TBI	554	652
		T-44	KDX Residence Tobu Nerima	27-9, Kitamachi 1-chome, Nerima-ku, Tokyo	TBI	400	508
		T-45	KDX Residence Yokohama Kannai	5-9, Bandaicho 3-chome, Naka-ku, Yokohama-shi, Kanagawa	TBI	780	981
		T-46	KDX Residence Miyamaedaira	14-3, Miyamaedaira 3-chome, Miyamae-ku, Kawasaki-shi, Kanagawa	TBI	1,003	1,130
		T-47	KDX Residence Machida	13-32, Kamitsurumahoncho, Minami-ku, Sagami-hara-shi, Kanagawa	TBI	1,722	2,030
		T-48	KDX Residence Kinshicho	24-13, Midori 4-chome, Sumida-ku, Tokyo	TBI	1,343	1,670
		T-49	KDX Residence Nihombashi Hamacho	33-4, Nishimbashi-Hamacho 3-chome, Chuo-ku, Tokyo	TBI	1,003	1,220
		T-50	KDX Residence Nihombashi Ningyocho	8-5, Nihombashi-Horidomecho 1-chome, Chuo-ku, Tokyo	TBI	562	666
		T-51	KDX Residence Jiyugaoka	11-27, Yakumo 3-chome, Meguro-ku, Tokyo	TBI	1,323	1,580

Use	Area	No.	Name of property	Location	Form of ownership	Book value (Million yen)	Appraisal value at the end of fiscal period (Million yen) (Note 1)
Residential Facilities	Tokyo Metropolitan Area	T-52	KDX Residence Togoshi	1-1, Togoshi 5-chome, Shinagawa-ku, Tokyo	TBI	3,759	4,730
		T-53	KDX Residence Shinagawa Seaside	6-7, Higashi-Shinagawa 3-chome, Shinagawa-ku, Tokyo	TBI	2,586	3,260
		T-54	KDX Residence Ojima	8-4, Ojima 4-chome, Koto-ku, Tokyo	TBI	1,842	2,260
		T-55	KDX Residence Oyama	8-8, Oyamakanaimachi, Itabashi-ku, Tokyo	TBI	2,652	3,240
		T-56	KDX Residence Hanzomon	12-1, Kojimachi 2-chome, Chiyoda-ku, Tokyo	TBI	4,960	5,560
		T-57	B-Site Akihabara	7, Kanda-Sudacho 1-chome, Chiyoda-ku, Tokyo	TBI	865	985
		T-58	KDX Residence Kagurazaka Dori	120-1, Yaraicho, Shinjuku-ku, Tokyo	TBI	1,384	1,880
		T-59	KDX Residence Sendagi	43-17, Sendagi 3-chome, Bunkyo-ku, Tokyo	TBI	2,361	2,450
		T-60	KDX Residence Seijo	16-25, Seijyo 4-chome, Setagaya-ku, Tokyo	TBI	1,425	1,560
		T-61	KDX Residence Akihabara	13-7, Taito Higashi 2-chome, Taito-ku, Tokyo	TBI	1,255	1,500
		T-62	KDX Residence Iriya	10-7, Iriya 1-chome, Taito-ku, Tokyo	TBI	1,068	1,370
		T-63	KDX Residence Tachikawa	28-29, Akebonocho 2-chome, Tachikawa-shi, Tokyo	TBI	3,015	3,560
		T-64	KDX Residence Tsurumi	10, Mukaicho 1-chome, Tsurumi-ku, Yokohama-shi, Kanagawa	TBI	1,141	1,460
		T-65	KDX Residence Morishita Chitose	5-3, Chitose 1-chome, Sumida-ku, Tokyo	TBI	1,111	1,250
		T-66	KDX Residence Akasaka	13-11, Akasaka 6-chome, Minato-ku, Tokyo	TBI	1,195	1,650
		T-67	KDX Residence Kanda	8-2, Uchikanda 2-chome, Chiyoda-ku, Tokyo	TBI	725	1,090
		T-68	KDX Residence Ebisu	11-16, Ebisu Minami 1-chome, Shibuya-ku, Tokyo	TBI	2,950	4,090
		T-69	KDX Residence Nishi-magome	4-4, Minami-Magome 6-chome, Ota-ku, Tokyo	TBI	1,174	1,230
		T-70	KDX Residence Nishi-azabu	5-10, Nishi-Azabu 3-chome, Minato-ku, Tokyo	TBI	1,243	1,600
		T-71	KDX Residence Azabu Sendaizaka	1-7, Minami-Azabu 3-chome, Minato-ku, Tokyo	TBI	808	1,040
T-72	KDX Residence Waseda Tsurumaki	574-25, Waseda-Tsurumakimachi, Shinjuku-ku, Tokyo	TBI	569	813		
T-73	KDX Residence Bunkyo Yushima	29-2, Yushima 2-chome, Bunkyo-ku, Tokyo	TBI	704	939		
T-74	KDX Residence Kamishakujii	18-5, Kamishakujii 1-chome, Nerima-ku, Tokyo	TBI	659	801		
T-75	KDX Residence Shin-otsuka	44-16, Higashi-Ikebukuro 5-chome, Toshima-ku, Tokyo	TBI	778	968		
T-76	KDX Residence Sakurajosui	26-14, Shimotakaido 1-chome, Suginami-ku, Tokyo	TBI	910	1,130		
T-77	KDX Residence Ryogoku	19-13, Kamesawa 2-chome, Sumida-ku, Tokyo	TBI	859	1,100		
T-78	KDX Residence Toyosu	2-33, Toyosu 1-chome, Koto-ku, Tokyo	TBI	7,761	7,640		
T-79	KDX Residence Asagaya	1-47-24, Asagayaminami, Suginami-ku, Tokyo	TBI	1,968	2,120		

Use	Area	No.	Name of property	Location	Form of ownership	Book value (Million yen)	Appraisal value at the end of fiscal period (Million yen) (Note 1)
		T-80	KDX Residence Hiyoshi	7-17-35, Hiyoshi, Kohoku-ku, Yokohama-shi, Kanagawa	TBI	2,708	2,720
Other Regional Area		R-2	KDX Jozenjitori Residence	3-25, Kasugamachi, Aoba-ku, Sendai-shi, Miyagi	TBI	946	1,290
		R-3	KDX Izumi Residence	24-28, Izumi 2-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	1,060	1,350
		R-4	KDX Chihaya Residence	49-6, Shinsakae 1-chome, Naka-ku, Nagoya-shi, Aichi	TBI	1,006	1,380
		R-5	KDX Sakaisuji Hommachi Residence	7-15, Kawaracho 1-chome, Chuo-ku, Osaka-shi, Osaka	TBI	2,729	3,330
		R-7	KDX Takarazuka Residence	2-43, Sakaemachi 3-chome, Takarazuka-shi, Hyogo	TBI	1,369	1,870
		R-8	KDX Shimizu Residence	21-27, Shimizu 1-chome, Minami-ku, Fukuoka-shi, Fukuoka	TBI	1,572	2,000
		R-9	KDX Residence Odori Koen	1000-4, Minami 2-jo 40-chome, Chuo-ku, Sapporo-shi, Hokkaido	TBI	730	952
		R-10	KDX Residence Kikusui Yojo	2-35, Kikusui 4-jo 3-chome, Shiroishi-ku, Sapporo-shi, Hokkaido	TBI	794	1,040
		R-11	KDX Residence Toyohira Koen	4-16, Hiragishi 4-jo 3-chome, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	472	547
		R-13	KDX Residence Ichiban-cho	15-42, Ichibancho 1-chome, Aoba-ku, Sendai-shi, Miyagi	TBI	507	693
		R-15	KDX Residence Izumi Chuo	45-2, Ichinazaka-Ishidome, Izumi-ku, Sendai-shi, Miyagi	TBI	460	602
		R-16	KDX Residence Higashi-sakura I	3-22, Higashi-sakura 2-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	2,265	2,520
		R-17	KDX Residence Higashi-sakura II	5-10, Higasi-sakura 1-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	870	1,010
		R-18	KDX Residence Jingumae	4-27, Yokota 2-chome, Atsuta-ku, Nagoya-shi, Aichi	TBI	804	1,010
		R-19	KDX Residence Nishi-oji	40-3, Nishi 7-jo Kakekoshicho, Shimogyo-ku, Kyoto-shi, Kyoto	TBI	785	917
		R-20	KDX Residence Saiin	30-2, Saiintakadacho, Ukyo-ku, Kyoto-shi, Kyoto	TBI	423	512
		R-21	KDX Residence Namba	6-16, Inari 1-chome, Naniwa-ku, Osaka-shi, Osaka	TBI	1,368	1,620
	R-22	KDX Residence Namba-minami	11-9, Shiokusa 3-chome, Naniwa-ku, Osaka-shi, Osaka	TBI	1,292	1,550	
	R-23	KDX Residence Shin-osaka	16-11, Kikawa Higashi 4-chome, Yodogawa-ku, Osaka-shi, Osaka	TBI	482	578	
	R-24	KDX Residence Ibaraki I・II (Note 2)	9-11, 9-12, Takehashicho, Ibaragi-shi, Osaka	TBI	1,296	1,440	

Use	Area	No.	Name of property	Address	Form of ownership	Book value (Million yen)	Appraisal value at the end of fiscal period (Million yen) (Note 1)
Residential Facilities	Other Regional Area	R-25	KDX Residence Toyonaka-minami	7-22, Shonaihigashicho 2-chome, Toyonaka-shi, Osaka	TBI	690	869
		R-26	KDX Residence Moriguchi	12-12, Dainichihigashimachi, Moriguchi-shi, Osaka	TBI	522	662
		R-27	KDX Residence Sannomiya	8-10, Ninomiyacho 4-chome, Chuo-ku, Kobe-shi, Hyogo	TBI	1,084	1,310
		R-28	Ashiya Royal Homes	20-10, Oharacho, Ashiya-shi, Hyogo	TBI	1,462	1,760
		R-29	KDX Residence Funairi Saiwaicho	10-5, Funairisaiwaicho, Naka-ku, Hiroshima-shi, Hiroshima	TBI	558	678
		R-30	KDX Residence Tenjin-higashi II	6-22, Chikukohonmachi, Hakata-ku, Fukuoka-shi, Fukuoka	TBI	652	887
		R-32	KDX Residence Nishi Koen	5-7, Minato 3-chome, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	734	875
		R-33	KDX Residence Hirao Josuimachi	10-17, Hiraogyosuimachi, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	743	903
		R-34	Melody Heim Gotenyama	6-1, Nagisa Nishimachi 1-chome, Hirakata-shi, Osaka	TBI	425	518
		R-35	Leopalace Flat Shin-sakae	5-31, Shinsakae 1-chome, Naka-ku, Nagoya-shi, Aichi	TBI	3,530	4,390
		R-36	KDX Residence Konan Yamate	9-3, Moriminamimachi 1-chome, Higashinada-ku, Kobe-shi, Hyogo	TBI	972	1,120
		R-37	KDX Residence Hommachibashi	2-14, Hommachibashi, Chuo-ku, Osaka-shi, Osaka	TBI	3,175	3,550
		R-38	KDX Residence Minamikusatsu	1-8, Minamikusatsu 1-chome, Kusatsu-shi, Shiga	TBI	1,989	2,370
		R-39	KDX Residence Ohori Harbor View Tower	2-18, Minato 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	4,589	5,220
		R-40	KDX Residence Minami-sanjo	3-2, Minami 3-jo Nishi 8-chome, Chuo-ku, Sapporo-shi, Hokkaido	TBI	931	1,660
		R-41	Serenite Kita-kyuhoji	3-15, Kitakyuhojicho 1-chome, Chuo-ku, Osaka-shi, Osaka	TBI	1,288	1,540
		R-42	Serenite Nishinomiya Hommachi	5-26, Hommachi, Nishinomiya-shi, Hyogo	TBI	647	742
		R-43	KDX Residence Nishijin	24-30, Nishijin 2-chome, Sawara-ku, Fukuoka-shi, Fukuoka	TBI	1,747	1,670
		R-44	Serenite Kobe Motomachi	1-22, Kaigandori 3-chome, Chuo-ku, Kobe-shi, Hyogo	TBI	2,506	2,580
		R-45	KDX Residence Shukugawa Hills	7-1, Hinoikecho, Nishinomiya-shi, Hyogo	TBI	7,215	7,300
Subtotal						175,109	209,339
Healthcare Facilities	Tokyo Metropolitan Area	H-1	Irise Kamata/Yuseien	2-15-21 Kitakojiya, Ota-ku, Tokyo	TBI	1,103	1,120
		H-2	Nichii Home Nakano-Minamidai	3-26-24 Minamidai, Nakano-ku, Tokyo	TBI	1,775	1,780
		H-3	Joy Stage Hachioji	924-2 Yokokawamachi, Hachioji-shi, Tokyo	TBI	3,690	3,740
		H-4	Yuimaru Hijirigaoka(Note 2)	2-22-4 Hijirigaoka, Tama-shi, Tokyo (Building A) 2-20-6 Hijirigaoka, Tama-shi, Tokyo (Building B) 2-21-2 Hijirigaoka, Tama-shi, Tokyo (Building C)	TBI	1,103	1,120
		H-5	Nichii Home Tama Plaza	Nichii Home Tama Plaza	TBI	2,886	2,940
		H-21	Plaisant Grand Ota tamagawa	2-19-4 Tamagawa,Ota-ku, Tokyo	TBI	3,250	3,130

Other Regional Area	H-6	Ten	6-3-1 Tsukisamuchuodori, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	2,603	2,640
	H-7	Irise Nishioka	13-7-10 Nishioka Sanjo, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	843	855
	H-8	Izarie Eniwa Building	2-1 Aioimachi, Eniwa-shi, Hokkaido	TBI	1,626	1,680
	H-9	Sawayaka Sakura Nibankan	1-10-3 Oroshimachi, Akita-shi, Akita	TBI	966	990
	H-10	Activa Biwa(Note 2)	6-16-16 Ogoto, Otsu-shi, Shiga 6-11-8 Ogoto, Otsu-shi, Shiga 6-17-17 Ogoto, Otsu-shi, Shiga	TBI	6,471	6,560
	H-11	Sompo Care LAVIERE Kobe Tarumi	285 Sarukura, Myodanicho, Tarumi-ku, Kobe-shi, Hyogo	TBI	2,089	2,110
	H-12	Granda Mondo Yakujin	10-10 Hayashidacho, Nishinomiya-shi, Hyogo	TBI	1,172	1,190
	H-13	Excellent Nishinomiya	2-4-3 Sumiredai, Nishinomiya-shi, Hyogo	TBI	953	973
	H-15	Excellent Kitano	10 Kitanohigashi, kobaicho, kita-ku, Kyoto-shi, Kyoto	TBI	765	785
	H-16	Anesis Teradacho	1-4-24, Hayashiji, Ikuno-ku, Osaka-shi, Osaka	TBI	3,589	3,630
	H-17	Rococo-riha	6-7 Hozan-cho, Toyonaka-shi, Osaka	TBI	2,112	2,180
	H-18	Orage Suma	3-622-11, Wakakusa-cho, Suma-ku, Kobe-shi, Hyogo	TBI	2,851	2,820
H-19	Canadian Hill	2-3-1 Nagamedai, Nada-ku, Kobe-shi, Hyogo	TBI	1,812	1,870	
H-20	Anesis Hyogo	1-8-21, Yoshida-cho, Hyogo-ku, Kobe-shi, Hyogo	TBI	1,432	1,430	
Others	H-14	Gran Hills Ogawarako	57-2 Tachino Oura-aza, Tohokumachi-Oaza, Kamikita-gun, Aomori	TBI	1,346	1,380
Subtotal					44,448	44,923

Use	Area	No.	Name of property	Address	Form of ownership	Book value (Million yen)	Appraisal value at the end of fiscal period (Million yen) (Note 1)
Other	Tokyo Metropolitan Area	T-9	Cosmo Heim Motosumiyoshi	5-1, Kizukigioncho, Nakahara-ku, Kawasaki-shi, Kanagawa	RP	1,798	1,800
Total						221,356	256,062

(Note1) "Appraisal value at the end of the fiscal period" is the appraisal value in a real property appraisal prepared, pursuant to the asset appraisal techniques and standards in the Investment Corporation's certificate of incorporation and the rules of the Investment Trusts Association, Japan, by Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. or Tanizawa Sogo Appraisal Co., Ltd.

(Note 2) R-24 consists of two buildings and H-4, H-10 consists of three buildings, book value and appraisal value are total amount of each value of the properties.

The overview of the rental business for the Individual Properties owned by the Investment Corporation are as follows.

Use	Area	No.	Name of property	13th (From February 1, 2018 to July 31, 2018)				14th (From August 1, 2018 to January 31, 2019)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Residential	Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	1	100.0	160	2.4	1	100.0	160	2.1
		T-3	KDX Odemma Residence	1	96.1	58	0.9	1	100.0	58	0.8
		T-4	KDX Iwamoto-cho Residence	1	100.0	28	0.4	1	100.0	28	0.4
		T-5	KDX Bunkyo Sengoku Residence	1	97.6	51	0.8	1	100.0	49	0.7
		T-6	KDX Azumabashi Residence	1	90.7	25	0.4	1	95.5	24	0.3
		T-7	KDX Shimura Sakaue Residence	1	95.1	105	1.6	1	98.8	109	1.4
		T-10	KDX Musashi Nakahara Residence	1	94.3	26	0.4	1	100.0	25	0.3
		T-11	KDX Chiba Chuo Residence	1	93.4	61	0.9	1	97.7	60	0.8
		T-12	KDX Kawaguchi Saiwai-cho Residence	1	96.6	47	0.7	1	95.3	47	0.6
		T-13	KDX Residence Shirokane I	1	97.6	113	1.7	1	96.6	111	1.5
		T-15	KDX Residence Shirokane II	1	98.9	92	1.4	1	100.0	92	1.2
		T-16	KDX Residence Minami-aoyama	1	95.8	55	0.8	1	100.0	64	0.8
		T-17	KDX Residence Minami-azabu	1	96.7	70	1.1	1	97.4	72	1.0
		T-18	KDX Residence Shiba Koen	1	98.3	65	1.0	1	96.6	66	0.9
		T-19	KDX Residence Azabu East	1	97.7	56	0.9	1	100.0	56	0.7
		T-20	KDX Residence Takanawa	1	95.6	27	0.4	1	100.0	28	0.4
		T-21	KDX Residence Nishihara	1	97.6	51	0.8	1	100.0	52	0.7
		T-22	KDX Residence Daikanyama II	1	100.0	28	0.4	1	100.0	28	0.4
		T-23	KDX Residence Sendagaya	1	100.0	22	0.3	1	100.0	24	0.3
		T-24	KDX Residence Nihombashi Suitengu	1	100.0	97	1.5	1	100.0	97	1.3
		T-25	KDX Residence Nihombashi Hakozaki	1	100.0	41	0.6	1	100.0	40	0.5
		T-26	KDX Residence Higashi-shinjuku	1	95.0	111	1.7	1	97.9	110	1.4
		T-27	KDX Residence Yotsuya	1	100.0	82	1.2	1	96.9	79	1.1
		T-28	KDX Residence Nishi-shinjuku	1	91.5	35	0.5	1	95.1	34	0.5
		T-29	KDX Residence Kagurazaka	1	100.0	25	0.4	1	100.0	25	0.3
		T-30	KDX Residence Futako Tamagawa	1	100.0	43	0.7	1	94.7	42	0.6
		T-31	KDX Residence Komazawa Koen	1	97.8	29	0.4	1	100.0	28	0.4
		T-32	KDX Residence Mishuku	1	100.0	26	0.4	1	90.5	27	0.4
		T-33	KDX Residence Yoga	1	100.0	25	0.4	1	97.5	23	0.3
		T-34	KDX Residence Shimouma	1	100.0	20	0.3	1	100.0	21	0.3
		T-35	Raffine Minami-magome	1	100.0	42	0.6	1	100.0	41	0.5
		T-36	KDX Residence Yukigaya Otsuka	1	97.3	39	0.6	1	98.7	38	0.5
		T-37	KDX Residence Denenchofu	1	91.7	37	0.6	1	97.2	37	0.5
		T-38	KDX Residence Tamagawa	1	94.5	28	0.4	1	98.2	28	0.4
		T-39	KDX Residence Monzennakacho	1	97.5	28	0.4	1	100.0	27	0.4
T-40	KDX Residence Okachimachi	1	100.0	30	0.5	1	98.1	30	0.4		
T-41	KDX Residence Moto-asakusa	1	98.4	29	0.4	1	95.9	29	0.4		
T-42	KDX Residence Itabashi Honcho	1	100.0	24	0.4	1	100.0	24	0.3		
T-43	KDX Residence Azusawa	1	96.8	19	0.3	1	100.0	20	0.3		
T-44	KDX Residence Tobu Nerima	1	100.0	17	0.3	1	100.0	17	0.2		
T-45	KDX Residence Yokohama Kannai	1	94.2	35	0.5	1	98.8	34	0.5		

Use	Area	No.	Name of property	13th (From February 1, 2018 to July 31, 2018)				14th (From August 1, 2018 to January 31, 2019)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
		T-46	KDX Residence Miyamaedaira	1	94.7	36	0.5	1	100.0	36	0.5
		T-47	KDX Residence Machida	1	100.0	63	1.0	1	100.0	65	0.9
		T-48	KDX Residence Kinshicho	1	96.9	45	0.7	1	100.0	44	0.6
		T-49	KDX Residence Nihombashi Hamacho	1	100.0	30	0.5	1	100.0	30	0.4
		T-50	KDX Residence Nihombashi Ningyocho	1	100.0	19	0.3	1	100.0	19	0.3
		T-51	KDX Residence Jiyugaoka	1	92.8	39	0.6	1	93.6	38	0.5

Area Use	No.	Name of property	13th (From February 1, 2018 to July 31, 2018)				14th (From August 1, 2018 to January 31, 2019)			
			Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)
Tokyo Metropolitan Area	T-52	KDX Residence Togoshi	1	100.0	123	1.9	1	99.3	122	1.6
	T-53	KDX Residence Shinagawa Seaside	1	99.1	86	1.3	1	97.1	85	1.1
	T-54	KDX Residence Ojima	1	95.7	62	0.9	1	95.7	61	0.8
	T-55	KDX Residence Oyama	1	98.1	93	1.4	1	92.0	91	1.2
	T-56	KDX Residence Hanzomon	1	97.3	130	2.0	1	98.8	131	1.7
	T-57	B-Site Akihabara	1	100.0	23	0.4	1	100.0	23	0.3
	T-58	KDX Residence Kagurazaka Dori	1	95.8	52	0.8	1	100.0	51	0.7
	T-59	KDX Residence Sendagi	1	100.0	65	1.0	1	97.8	65	0.9
	T-60	KDX Residence Seijo	1	93.2	41	0.6	1	100.0	39	0.5
	T-61	KDX Residence Akihabara	1	90.9	39	0.6	1	95.2	41	0.5
	T-62	KDX Residence Iriya	1	100.0	38	0.6	1	100.0	39	0.5
	T-63	KDX Residence Tachikawa	1	95.4	99	1.5	1	94.3	97	1.3
	T-64	KDX Residence Tsurumi	1	98.4	53	0.8	1	98.4	52	0.7
	T-65	KDX Residence Morishita Chitose	1	98.7	40	0.6	1	96.2	39	0.5
	T-66	KDX Residence Akasaka	1	100.0	37	0.6	1	96.4	39	0.5
	T-67	KDX Residence Kanda	1	100.0	28	0.4	1	96.9	27	0.4
	T-68	KDX Residence Ebisu	1	100.0	98	1.5	1	99.0	94	1.2
	T-69	KDX Residence Nishi-magome	1	100.0	31	0.5	1	89.1	30	0.4
	T-70	KDX Residence Nishi-azabu	1	96.9	38	0.6	1	100.0	37	0.5
	T-71	KDX Residence Azabu Sendaizaka	1	96.2	26	0.4	1	100.0	26	0.4
	T-72	KDX Residence Waseda Tsurumaki	1	97.6	22	0.3	1	100.0	22	0.3
	T-73	KDX Residence Bunkyo Yushima	1	97.8	24	0.4	1	100.0	24	0.3
	T-74	KDX Residence Kamishakujii	1	97.9	23	0.4	1	97.8	23	0.3
	T-75	KDX Residence Shin-otsuka	1	100.0	22	0.3	1	100.0	22	0.3
	T-76	KDX Residence Sakurajosui	1	100.0	28	0.4	1	93.0	29	0.4
	T-77	KDX Residence Ryogoku	1	100.0	29	0.4	1	100.0	29	0.4
	T-78	KDX Residence Toyosu	1	100.0	159	2.4	1	100.0	180	2.4
	T-79	KDX Residence Asagaya	-	-	-	-	1	100.0	49	0.6
T-80	KDX Residence Hiyoshi	-	-	-	-	1	93.6	73	1.0	
Other Regional Area	R-2	KDX Jozenji Dori Residence	1	97.0	51	0.8	1	97.0	51	0.7
	R-3	KDX Izumi Residence	1	92.1	43	0.7	1	90.0	41	0.5
	R-4	KDX Chihaya Residence	1	95.1	47	0.7	1	96.2	48	0.6
	R-5	KDX Sakaisuji Hommachi Residence	1	98.5	110	1.7	1	94.4	106	1.4
	R-6	KDX Shimmachi Residence (Note4)	-	-	32	0.5	-	-	-	-
	R-7	KDX Takarazuka Residence	1	96.4	58	0.9	1	100.0	59	0.8
	R-8	KDX Shimizu Residence	1	96.7	74	1.1	1	96.2	72	1.0
	R-9	KDX Residence Odori Koen	1	100.0	33	0.5	1	89.7	32	0.4
	R-10	KDX Residence Kikusui Yojo	1	90.3	38	0.6	1	89.8	36	0.5
	R-11	KDX Residence Toyohira Koen	1	95.2	22	0.3	1	94.0	22	0.3
	R-13	KDX Residence Ichiban-cho	1	92.4	26	0.4	1	85.2	24	0.3
	R-14	KDX Residence Kotodai (Note4)	1	88.9	19	0.3	-	-	19	0.3
	R-15	KDX Residence Izumi Chuo	1	95.8	23	0.3	1	97.2	23	0.3

Use	Area	No.	Name of property	13th (From February 1, 2018 to July 31, 2018)				14th (From August 1, 2018 to January 31, 2019)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)
		R-16	KDX Residence Higashi-sakura I	1	90.4	97	1.5	1	87.7	90	1.2
		R-17	KDX Residence Higashi-sakura II	1	89.5	38	0.6	1	92.5	36	0.5
		R-18	KDX Residence Jingumae	1	96.9	39	0.6	1	92.3	38	0.5
		R-19	KDX Residence Nishi-oji	1	100.0	33	0.5	1	99.1	33	0.4
		R-20	KDX Residence Saiin	1	96.1	18	0.3	1	96.0	19	0.3
		R-21	KDX Residence Namba	1	95.5	58	0.9	1	96.2	57	0.8

Use	Area	No.	Name of property	13th (From February 1, 2018 to July 31, 2018)				14th (From August 1, 2018 to January 31, 2019)					
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)		
Residential	Other Regional Area	R-22	KDX Residence Namba-minami	1	97.3	54	0.8	1	97.4	54	0.7		
		R-23	KDX Residence Shin-osaka	1	100.0	21	0.3	1	97.7	21	0.3		
		R-24	KDX Residence Ibaraki I-II	1	100.0	55	0.8	1	98.4	57	0.8		
		R-25	KDX Residence Toyonaka-minami	1	95.8	29	0.4	1	100.0	29	0.4		
		R-26	KDX Residence Moriguchi	1	96.5	24	0.4	1	100.0	24	0.3		
		R-27	KDX Residence Sannomiya	1	98.3	39	0.6	1	98.9	38	0.5		
		R-28	Ashiya Royal Homes	1	100.0	65	1.0	1	86.9	64	0.8		
		R-29	KDX Residence Funairi Saiwai-cho	1	98.4	28	0.4	1	100.0	27	0.4		
		R-30	KDX Residence Tenjin-higashi II	1	95.2	30	0.5	1	100.0	29	0.4		
		R-32	KDX Residence Nishi Koen	1	94.9	30	0.5	1	94.9	30	0.4		
		R-33	KDX Residence Hirao Josui-machi	1	100.0	30	0.5	1	96.2	29	0.4		
		R-34	Melody Heim Gotenyama	1	94.5	21	0.3	1	100.0	22	0.3		
		R-35	Leopalace Flat Shin-sakae	1	100.0	121	1.8	1	100.0	121	1.6		
		R-36	KDX Residence Koman Yamate	1	97.4	31	0.5	1	98.4	32	0.4		
		R-37	KDX Residence Hommachibashi	1	98.9	107	1.6	1	96.4	107	1.4		
		R-38	KDX Residence Minami-kusatsu	1	100.0	101	1.5	1	99.0	100	1.3		
		R-39	KDX Residence Ohori Harbor View Tower	1	90.5	177	2.7	1	91.6	175	2.3		
		R-40	KDX Residence Minami-sanjo	1	92.3	53	0.8	1	95.2	54	0.7		
		R-41	Serenite Kita-kyuhoji	1	98.7	42	0.6	1	94.2	42	0.6		
		R-42	Serenite Nishinomiya Hommachi	1	88.7	22	0.3	1	98.1	21	0.3		
		R-43	KDX Residence Nishijin	1	89.5	54	0.8	1	96.6	56	0.7		
R-44	KDX Residence Hiyoshi	-	-	-	-	1	98.6	73	1.0				
R-45	KDX Residence Shukugawa Hills	-	-	-	-	1	93.3	203	2.7				
Subtotal				113	96.8	5,790	87.0	116	96.7	6,147	80.8		
Healthcare	Tokyo Metropolitan Area	H-1	Irise Kamata/Yuseien	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)		
		H-2	Nichii Home Nakano-Minamidai	1	100.0			1	100.0				
		H-3	Joy Stage Hachioji	1	100.0			1	100.0				
		H-4	Yuimaru Hijirigaoka	1	100.0			1	100.0				
		H-5	Nichii Home Tama Plaza	1	100.0			1	100.0				
	H-21	Plaisant Grand Ota tamagawa	-	-	-	-	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)			
	Other Regional Area	H-6	Ten	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)	1			100.0		
		H-7	Irise Nishioka	1	100.0			1			100.0		
		H-8	Izarie Eniwa Building	1	100.0			1			100.0		
		H-9	Sawayaka Sakura Nibankan	1	100.0			1			100.0		
		H-10	Activa Biwa	1	100.0			1			100.0		
		H-11	Sompo Care LAVIERE Kobe Tarumi	1	100.0			1			100.0		
		H-12	Granda Mondo Yakujin	1	100.0			1			100.0		
		H-13	Excellent Nishinomiya	1	100.0			1			100.0		
		H-15	Excellent Kitano	1	100.0			1			100.0		
		H-16	Anesis Teradacho	-	-			-			-	1	100.0
		H-17	Rococo-riha	-	-			-			-	1	100.0
		H-18	Orage Suma	-	-			-			-	1	100.0

Use	Area	No.	Name of property	13th (From February 1, 2018 to July 31, 2018)				14th (From August 1, 2018 to January 31, 2019)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)
		H-19	Canadian Hill	–	–	–	–	1	100.0		
		H-20	Anesis Hyogo	–	–	–	–	1	100.0		
	Others	H-14	Gran Hills Ogawarako	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)	1	100.0		
Subtotal				15	100.0	820	12.3	21	100.0	1,415	18.6

Use	Area	No.	Name of property	13th (From February 1, 2018 to July 31, 2018)				14th (From August 1, 2018 to January 31, 2019)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Occupancy rate at the end of period (%) (Note 2)
Other	Tokyo Metropolitan Area	T-9	Cosmo Heim Motosumiyoshi (land with leasehold interest)	-	100.0	43	0.7	-	100.0	43	0.6
Total				128	97.6	6,655	100.0	137	97.7	7,605	100.0

(Note1) Regarding residential, in the “number of tenants” column, if a master lease agreement has been executed with a master lease company, 1 is entered as the number of tenants. As of January 31, 2019, master lease agreements had been executed for all investment assets of the Investment Corporation except for one case of ownership of leased land and Raffine Minami-magome; the “total” for the “number of tenants” is the sum of the master lease agreements for the properties (running number); and for the properties with no master lease agreement, the number of end tenants is entered. There are a total of 14 master lease companies.

“Total number of tenants” of the healthcare facility lists the total number of tenants of the master lease contract pertaining to each asset effective as of the end of January 2019.

(Note2) The “occupancy rate” = leased area / leasable area x 100. The “total” for the “occupancy rate” column is the occupancy rate for the portfolio as a whole (excluding land with leasehold interest). The occupancy rate for the portfolio as a whole, excluding land with leasehold interest (area total 3,040.11m²), was 97.6% in the 13th fiscal period and 97.7% in the 14th fiscal period.

(Note3) “Rental and other operating revenues” is the sum of a property’s rental business income for each fiscal period.

(Note4) (R6) KDX Shimmachi Residence sold on July 6, 2018 and (R-14) KDX Residence Kotodai sold on January 24, 2019.

(Note5) The Investment Corporation has not obtained consent from the tenant to release this information.

(Details of investment securities)

Investment securities as of January 31, 2019 are as follows.

Name of assets	Type	Unit	Book value (Million yen)		Assessed value (Million yen) (Note 2)		Gain (Loss) on valuation (Million yen)	Remarks
			Unit value	Value	Unit value	Value		
Equity interests in TK property fund with G.K. Tropic III as operator (Note 1)	Subordinated silent partnership equity interest	-	-	111	-	111	-	-
Total		-	-	111	-	111	-	-

(Note 1) TK property fund owns trust beneficiary interests in real estate for “Serabi Ebisu” and “Arute ishiyagawa”.

(Note 2) Assessed value indicates book value.

(4) Details of specified transaction

The details of specified transaction at the end of 14th fiscal period are as follows.

Classification	Transaction	Contact amount (Million yen)		Fair value (Million yen) (Note 2) (Note 3)
		(Note 1)	Over 1 year	
Over-the-counter transactions	Interest rate swap (Floating-rate to fixed-rate interest)	90,800	89,300	△337
(Floating-rate to fixed-rate interest) interest)		90,800	89,300	△337

(Note 1) The interest rate swap contract amount, etc. is based on the assumed principal.

(Note 2) With respect to those meeting the requirements for special treatment under the accounting standards for financial products, the fair value is not listed.

(Note 3) Appraised at the price presented by the financial institution that is the other party in the transaction.

(5) Other assets

Real estate properties as well as beneficiary interests having real estate properties as major trust assets are all set forth in (3) Details of portfolio assets above. There are not any other specified assets the Investment Corporation owns at the end of 14th fiscal period except for those mentioned in (3) above.

(6) Asset ownership per country or region

There is no relevant information for countries and regions other than Japan.

4. Capital expenditures for property

(1) Planned capital expenditures

The table below shows major capital expenditures for renovations, repairs and other projects that are planned for the 15th fiscal period ending July 31, 2019. These expenditures are for real estate owned by the Investment Corporation and real estate in trusts in which the Investment Corporation owns trust beneficiary rights. These planned projects may include some expenditure that will be recorded as expenses rather than capital expenditures for accounting purposes.

No.	Name of property	Location	Purpose	Scheduled	Planned amount of capital expenditure (Millions of yen)		
					Total	Payment for the period	Total of advanced payment
H-3	Joy Stage Hachioji	Hachioji-shi, Tokyo	Major renewal construction	From February 2019 To July 2019	160	–	–
R-9	KDX Residence Odori Koen	Sapporo-shi, Hokkaido	Major renewal construction	From February To July 2019	60	–	–
T-19	KDX Residence Azabu East	Minato-ku, Tokyo	Major renewal construction	From February 2019 To July 2019	55	–	–
R-45	KDX Residence Shukugawa Hills	Nishinomiya-shi, Hyogo	Major renewal construction (2nd phase)	From February 2019 To July 2019	55	–	–
T-21	KDX Residence Nishihara	Shibuya-ku, Tokyo	Major renewal construction	From February 2019 To July 2019	49	–	–

(2) Capital expenditures during the period

The table below shows major capital expenditures for renovations, repairs and other projects in the 14th fiscal period ended January 2019. The construction cost for the period amounted to 933 million yen, consisting of ¥614 million of capital expenditures and 318 million yen of repair and maintenance expenses.

No.	Name of property	Location	Purpose	Term	Capital expenditures (Million yen)
R-45	KDX Residence Shukugawa Hills	Nishinomiya-shi, Hyogo	Major renewal construction (1st phase)	From September 2018 To January 2019	147
T-1	KDX Daikanyama Residence	Shibuya-ku, Tokyo	Major renewal construction	From August 2018 To January 2019	92
T-27	KDX Residence Yotsuya	Shinjuku-ku, Tokyo	Major renewal construction	From August 2018 To January 2019	50
R-27	KDX Residence Sannomiya	Kobe-shi, Hyogo	Major renewal construction	From September 2018 To January 2019	38
H-3	Joy Stage Hachioji	Hachioji-shi, Tokyo	sanitation equipment renewal construction	From December 2018 To January 2019	33
Other					251
Tota					614

(3) Reserved funds for long-term maintenance plan

In accordance with its long-term repair and maintenance plan for each property, the Investment Corporation sets aside, from the cash flow during a fiscal period, repair and maintenance reserves designed to finance payment of future medium- to long-term major repair and maintenance work.

(Million yen)

Term	10th From Aug. 1, 2016 to Jan. 31, 2017	11th From Feb. 1, 2017 to Jul. 31, 2017	12th From Aug. 1, 2017 to Jan. 31, 2018	13th From Feb. 1, 2018 to Jul. 31, 2018	14th From Aug. 1, 2018 to Jan. 31, 2019
Reserve balance at the	1,074	1,161	1,295	1,384	732

beginning of the period					
Amount of reserve during the period	149	151	263	302	101
Reversal of reserves during the period	62	17	174	954	2
Amount carried forward to the next period	1,161	1,295	1,384	732	831

5. Expenditures and liabilities

(1) Details of asset management expenses

(in thousands of yen)

Item	13th From February 1, 2018 to July 31, 2018	14th From August 1, 2018 to January 31, 2019
① Asset management fees (Note 1)	413,158	513,065
② Asset custody fees	11,583	11,985
③ Administrative service fees	41,201	41,723
④ Directors' compensation	7,500	8,100
⑤ Other operating expenses (Note 2)	629,922	240,701
Total	1,103,366	815,575

(Note1) There are other asset management fees in addition to the amount set forth above: asset management fees pertaining to the subordinated silent partnership (13th fiscal period: 1,100 thousand yen) and asset management fees pertaining to property acquisitions (the 13th fiscal period: 7,370 thousand yen and the 14th fiscal period: 285,477 thousand yen) and sold fee pertaining to property sold (the 13th fiscal period: 7,100 thousand yen and the 14th fiscal period: 3,652 thousand yen) that were calculated into the book value of each property.

The fee for the merger (the 13th fiscal period: 292,085 thousand yen) is included in other operating expenses (merger-related expenses).

(Note2) Other operating expenses include merger-related expenses incurred in connection with the Merger (the 13th period 395,984 thousand yen).

(2) Status of Interest-bearing debt

Borrowings on a financial institution basis as of January 31, 2019 are as follows.

Classification	Lender	Drawdown Date	Balance at the beginning of period (mln yen)	Balance at the end of period (mln yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
Short-term loans payable	Sumitomo Mitsui Banking Corporation (Note 6)	July 31, 2018	1,830	1,250	0.412	July 31, 2019	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	Mizuho Bank, Ltd	July 31, 2018	800	800	0.412	July 31, 2019			
	Subtotal			2,630	2,050				
Current portion of long-term borrowings	Sumitomo Mitsui Banking Corporation	August 7, 2013	3,250	–	1.052	August 31, 2018	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	MUFG Bank, Ltd		2,000	–					
	Aozora Bank, Ltd.		1,000	–					
	Resona Bank, Limited		500	–					
	Sumitomo Mitsui Trust Bank, Limited		500	–					
	Mizuho Trust & Banking Co., Ltd.		500	–					
	Mizuho Bank, Ltd.		250	–					
	Development Bank of Japan Inc.(Note 3)	August 7, 2013	3,000	–	1.088	August 31, 2018			
	MUFG Bank, Ltd (Note 5)	November 28, 2014	1,500	1,500	0.689	November 30, 2019			
	Sumitomo Mitsui Banking Corporation	August 22, 2017	1,000	1,000	0.487	February 28, 2019			
	MUFG Bank, Ltd	August 22, 2017	500	500	0.487	February 28, 2019			
	Sumitomo Mitsui Banking Corporation	July 30, 2018	500	500	0.362	July 31, 2019			
	Shinsei Bank, Limited	July 30, 2018	500	500	0.362	July 31, 2019			
	Sumitomo Mitsui Banking Corporation	August 2, 2018	–	1,500	0.437	January 31, 2020			
	MUFG Bank, Ltd		–	1,400					
	Mizuho Bank, Ltd.		–	900					
	Shinsei Bank, Limited		–	500					
	Resona Bank, Ltd.		–	400					
	Sumitomo Mitsui Trust Bank, Limited		–	300					
	Mizuho Trust & Banking Co., Ltd.		–	300					
Aozora Bank, Ltd.	–		200						
The Bank of Fukuoka, Ltd.	–	200							
Subtotal			15,000	9,700					
Long-term borrowings	MUFG Bank, Ltd	January 31, 2014	1,000	1,000	1.109	January 31, 2021	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	January 31, 2014	1,000	1,000	1.221	July 31, 2021			
	Aozora Bank, Ltd.	March 28, 2014	1,350	1,350	1.183	March 31, 2021			
	Sumitomo Mitsui Banking Corporation	April 30, 2014	2,000	2,000	1.267	April 30, 2022			
	Aozora Bank, Ltd.	April 30, 2014	1,500	1,500	1.267	April 30, 2022			
	MUFG Bank, Ltd	April 30, 2014	1,000	1,000	1.267	April 30, 2022			
	Resona Bank, Ltd.	April 30, 2014	1,000	1,000	1.267	April 30, 2022			
	Sumitomo Mitsui Banking Corporation	August 7, 2014	1,100	1,100	0.916	August 7, 2021			
	MUFG Bank, Ltd		1,100	1,100					
	Mizuho Bank, Ltd.		600	600					
Aozora Bank, Ltd.	350		350						

Classification	Lender	Drawdown Date	Balance at the beginning of period (mln yen)	Balance at the end of period (mln yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
	Resona Bank, Ltd.		300	300					
	Mizuho Trust & Banking Co., Ltd.		300	300					
	Development Bank of Japan Inc. (Note 3)	August 7, 2014	1,000	1,000	0.996	August 7, 2021			
	Sumitomo Mitsui Banking Corporation		400	400					
	MUFG Bank, Ltd	August 7, 2014	400	400	1.254	August 7, 2023			
	Mizuho Bank, Ltd.		300	300					
	Resona Bank, Ltd.		200	200					

Classification	Lender	Drawdown Date	Balance at the beginning of period (mln yen)	Balance at the end of period (mln yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	August 7, 2014	200	200	1.254	August 7, 2023	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	Aozora Bank, Ltd.		150	150					
	Development Bank of Japan Inc. (Note 3)	August 7, 2014	500	500	1.320	August 7, 2023			
	Sumitomo Mitsui Banking Corporation	August 29, 2014	600	600	0.945	August 31, 2021			
	MUFG Bank, Ltd	August 29, 2014	600	600	0.945	August 31, 2021			
	Aozora Bank, Ltd.	August 29, 2014	500	500	0.945	August 31, 2021			
	Mizuho Bank, Ltd.	November 14, 2014	950	950	1.083	November 30, 2022			
	Sumitomo Mitsui Banking Corporation	November 28, 2014	2,000	2,000	0.804	November 30, 2020			
	Sumitomo Mitsui Banking Corporation	February 5, 2015	1,200	1,200	0.875	January 31, 2022			
	MUFG Bank, Ltd	February 5, 2015	1,200	1,200	1.105	January 31, 2024			
	Aozora Bank, Ltd.	April 30, 2015	2,000	2,000	0.875	April 30, 2022			
	Resona Bank, Ltd.	April 30, 2015	1,500	1,500	0.987	April 30, 2023			
	MUFG Bank, Ltd	April 30, 2015	2,000	2,000	1.100	April 30, 2024			
	Sumitomo Mitsui Banking Corporation	April 30, 2015	1,000	1,000	1.265	April 30, 2025			
	Shinsei Bank, Limited	July 29, 2015	1,750	1,750	0.729	July 29, 2020			
	Sumitomo Mitsui Banking Corporation		1,750	1,750					
	MUFG Bank, Ltd		1,000	1,000					
	Mizuho Bank, Ltd.		500	500					
	Resona Bank, Ltd.		500	500					
	Mizuho Trust & Banking Co., Ltd.		500	500					
	Shinsei Bank, Limited	July 29, 2015	1,100	1,100	1.115	July 29, 2022			
	Sumitomo Mitsui Banking Corporation		1,100	1,100					
	MUFG Bank, Ltd		1,000	1,000					
	Mizuho Bank, Ltd.		300	300					
	Sompo Japan Nipponkoa Insurance Inc		1,000	1,000					
	Aozora Bank, Ltd.	August 31, 2015	300	300	0.678	August 31, 2020			
	Resona Bank, Ltd.	August 31, 2015	1,100	1,100	0.923	August 31, 2022			
	Mizuho Trust & Banking Co., Ltd.	August 31, 2015	700	700	0.923	August 31, 2022			
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2015	950	950	1.047	August 31, 2023			
	MUFG Bank, Ltd	August 31, 2015	1,700	1,700	1.169	August 31, 2024			
	Mizuho Bank, Ltd.	August 31, 2015	950	950	1.169	August 31, 2024			
	Sumitomo Mitsui Banking Corporation	August 31, 2015	2,000	2,000	1.345	August 31, 2025			
	Development Bank of Japan Inc. (Note 3)	August 31, 2015	1,000	1,000	1.193	August 31, 2024			
	MUFG Bank, Ltd	October 27, 2015	300	300	0.624	October 27, 2020			
	MUFG Bank, Ltd	October 27, 2015	1,000	1,000	1.156	April 27, 2025			
	MUFG Bank, Ltd	April 28, 2016	1,000	1,000	0.819	April 28, 2025			
	Sumitomo Mitsui Banking Corporation	April 28, 2016	2,500	2,500	0.903	April 30, 2026			
	MUFG Bank, Ltd (Note3)	August 1, 2016	1,000	1,000	0.660	July 31, 2025			

Classification	Lender	Drawdown Date	Balance at the beginning of period (mln yen)	Balance at the end of period (mln yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
	Mizuho Bank, Ltd. (Note 3)	August 30, 2016	1,500	1,500	0.816	August 31, 2026			
	Aozora Bank, Ltd.	August 31, 2016	1,000	1,000	0.713	August 31, 2024			
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2016	1,000	1,000	0.797	August 31, 2025			
	Resona Bank, Ltd.	August 31, 2016	500	500	0.797	August 31, 2025			
	MUFG Bank, Ltd (Note 3)	August 31, 2016	2,000	2,000	0.670	August 31, 2025			
	Mizuho Trust & Banking Co., Ltd. (Note 3)	August 31, 2016	500	500	0.751	August 31, 2025			
	Sumitomo Mitsui Banking Corporation	August 31, 2016	3,000	3,000	0.906	August 31, 2026			
	Development Bank of Japan Inc. (Note 3)	November 1, 2016	1,000	1,000	0.773	October 31, 2025			
	Resona Bank, Ltd.	August 22, 2017	1,000	1,000	0.900	August 22, 2027			
	Sumitomo Mitsui Trust Bank, Limited	August 22, 2017	1,000	1,000	0.900	August 22, 2027			
	Shinsei Bank, Limited	August 22, 2017	1,000	1,000	0.900	August 22, 2027			

Classification	Lender	Drawdown Date	Balance at the beginning of period (mln yen)	Balance at the end of period (mln yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
Long-term borrowings	Mizuho Trust & Banking Co., Ltd. (Note 3)	August 22, 2017	1,200	1,200	0.928	August 22, 2027	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	Development Bank of Japan Inc. (Note 3)	August 22, 2017	1,000	1,000	0.928	August 22, 2027			
	Mizuho Bank, Ltd. (Note 3)	August 22, 2017	500	500	0.928	August 22, 2027			
	The Bank of Fukuoka, Ltd. (Note 3)	August 22, 2017	500	500	0.928	August 22, 2027			
	Sumitomo Mitsui Banking Corporation	August 31, 2017	1,500	1,500	0.501	February 28, 2023			
	MUFG Bank, Ltd	August 31, 2017	1,500	1,500	0.501	February 28, 2023			
	Aozora Bank, Ltd.	August 31, 2017	1,500	1,500	0.582	February 29, 2024			
	Sumitomo Mitsui Banking Corporation	August 31, 2017	1,000	1,000	0.582	February 29, 2024			
	MUFG Bank, Ltd	August 31, 2017	1,000	1,000	0.582	February 29, 2024			
	Mizuho Bank, Ltd.	August 31, 2017	500	500	0.624	August 31, 2024			
	Mizuho Trust & Banking Co., Ltd. (Note 3)	August 31, 2017	500	500	0.661	August 31, 2024			
	Sumitomo Mitsui Banking Corporation	August 31, 2017	1,500	1,500	0.665	February 28, 2025			
	Resona Bank, Ltd.	August 31, 2017	1,000	1,000	0.749	February 28, 2026			
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2017	1,000	1,000	0.749	February 28, 2026			
	Sumitomo Mitsui Banking Corporation	July 30, 2018	1,000	1,000	0.409	July 31, 2021			
	Shinsei Bank, Limited	July 30, 2018	1,000	1,000	0.409	July 31, 2021			
	MUFG Bank, Ltd	July 30, 2018	500	500	0.409	July 31, 2021			
	Mizuho Bank, Ltd.	July 30, 2018	500	500	0.409	July 31, 2021			
	Nippon Life Insurance Company (Note 3)	July 30, 2018	500	500	0.900	January 30, 2027			
	Sumitomo Mitsui Banking Corporation	August 2, 2018	-	1,500	0.799	February 2, 2026			
	MUFG Bank, Ltd		-	1,400					
	Mizuho Bank, Ltd.		-	900					
	Development Bank of Japan Inc.		-	500					
	Nippon Life Insurance Company		-	500					
	Resona Bank, Ltd.		-	400					
	Shinsei Bank, Limited		-	400					
	Sumitomo Mitsui Trust Bank, Limited		-	400					
	Mizuho Trust & Banking Co., Ltd.		-	400					
	Aozora Bank, Ltd.		-	300					
	The Bank of Fukuoka, Ltd.		-	300					
	Sumitomo Mitsui Banking Corporation		August 31, 2018	-					
	MUFG Bank, Ltd	August 31, 2018	-	400	0.509	August 31, 2022			
	Development Bank of Japan Inc. (Note 3)	August 31, 2018	-	1,600	0.498	August 31, 2022			
	Sumitomo Mitsui Banking Corporation	August 31, 2018	-	1,200	0.592	August 31, 2023			
	Aozora Bank, Ltd.	August 31, 2018	-	1,000	0.592	August 31, 2023			
	MUFG Bank, Ltd	August 31, 2018	-	800	0.592	August 31, 2023			
	Sumitomo Mitsui Banking Corporation	August 31, 2018	-	1,050	0.914	February 28, 2027			
	Resona Bank, Ltd.	August 31, 2018	-	500	0.914	February 28,			

Classification	Lender	Drawdown Date	Balance at the beginning of period (mln yen)	Balance at the end of period (mln yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
						2027			
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2018	–	500	0.914	February,28, 2027			
	Mizuho Trust & Banking Co., Ltd.	August 31, 2018	–	500	0.914	February 28, 2027			
	Mizuho Bank, Ltd.	August 31, 2018	–	250	0.914	February 28, 2027			
	Development Bank of Japan Inc. (Note 3)	August 31, 2018	–	1,400	0.884	February 28, 2027			
	MUFG Bank, Ltd (Note 3)	August 31, 2018	–	800	0.825	February 28, 2027			
	Nippon Life Insurance Company (Note 3)	September 28, 2018	–	700	0.920	September 30, 2026			
	Shinsei Bank, Limited	September 28, 2018	–	1,000	1.031	September 30, 2028			
	Sumitomo Mitsui Trust Bank, Limited	September 28, 2018	–	800	1.031	September 30, 2028			
	Mizuho Trust & Banking Co., Ltd.	September 28, 2018	–	500	1.031	September 30, 2028			
	Subtotal		85,500	106,500					
	Total		103,130	118,250					

- (Note 1) All debts except for the following Note 3 are borrowing at a floating rate.
- (Note 2) Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal places. Also, with regard to borrowings for which interest rate swap transactions and other derivative transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps and other derivatives are indicated.
- (Note 3) Borrowings is applied at a fixed rate.
- (Note 4) All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.
- (Note 5) Debts included in the classification of current portion of long-term loans payable from the 14th fiscal period and in of long-term loans payable in the 13th fiscal period.
- (Note 6) Partial prepayment of ¥580 million was made on November 30, 2018.

(3) Investment corporation bonds

Outstanding Investment corporation bonds as of January 31, 2019 are as follows.2019

Series	Date of issue	Balance at the beginning of period (mln yen)	Balance at the end of period (mln yen)	Interest rate (%)	Repayment date	Repayment method	Use	Remarks
First Series Unsecured Investment Corporation Bonds	August 30,2016	1,000	1,000	0.200	August 30, 2021	Repayment of principal in full on maturity date	(Note 1)	(Note 2)
Second Series Unsecured Investment Corporation Bonds	August 30,2016	1,000	1,000	0.540	August 28, 2026			
Third Series Unsecured Investment Corporation Bonds	August 30,2016	1,000	1,000	0.800	August 30, 2028			
Fourth Series Unsecured Investment Corporation Bonds	November 30, 2018	—	1,000	0.410	November 30, 2023			
Fifth Series Unsecured Investment Corporation Bonds	November 30, 2018	—	1,000	0.850	November 30, 2028			
Total		3,000	5,000					

(Note 1) Investment corporation bonds were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate and repayment of debts.

(Note 2) Ranking pari passu among the specified investment corporation bonds.

(4) Status of Short-Term Investment Corporation Bonds

Not applicable

(5) Investment Unit warrants

Not applicable

6. Buying and Selling during the Period

(1) Acquisitions and sales of real estate properties and asset-backed securities, etc., infrastructure assets and infrastructure-related assets

Type	No.	Name	Acquisition		Sale			
			Acquisition date	Acquisition price (Million yen) (Note 1)	Sales date	Sales price (Million yen) (Note 1)	Book value (in millions) (Million yen) (Note 2)	Gain and loss (Million yen) (Note 2)
Trust Beneficiary Interest	T-79	KDX Residence Asagaya	August 2, 2018	1,930	—	—	—	—
Trust Beneficiary Interest	T-80	KDX Residence Hiyoshi	August 2, 2018	2,635	—	—	—	—
Trust Beneficiary Interest	R-14	KDX Residence Kotodai	—	—	January 24, 2019	730	500	203

Trust Beneficiary Interest	R-44	Serenite Kobe Motomachi	August 2, 2018	2,390	—	—	—	—
Trust Beneficiary Interest	R-45	KDX Residence Shukugawa Hills	August 2, 2018	6,884	—	—	—	—
Trust Beneficiary Interest	H-16	Anesis Teradacho	August 2, 2018	3,490	—	—	—	—
Trust Beneficiary Interest	H-17	Rococo-riha	August 2, 2018	2,100	—	—	—	—
Trust Beneficiary Interest	H-18	Orage Suma	August 2, 2018	2,810	—	—	—	—
Trust Beneficiary Interest	H-19	Canadian Hill	August 2, 2018	1,830	—	—	—	—
Trust Beneficiary Interest	H-20	Anesis Hyogo	August 2, 2018	1,420	—	—	—	—
Trust Beneficiary Interest	H-21	Plaisant Grand Ota tamagawa	September 28, 2018	3,057	—	—	—	—

(Note 1) The acquisition price and Sale price are the amount identified in the purchase and sale agreement of each trust beneficiary interest (excluding expenses required for the acquisition and taxes, etc.), rounded down to the nearest whole million yen.

(Note 2) Book value and Gain and loss are rounded down to the nearest whole million yen.

(2) Acquisitions and Sale of other assets

Other than the foregoing real estate properties, asset-backed securities, infrastructure assets and other infrastructure-related assets, major assets in general are bank deposits or bank deposits within trust assets.

(3) Appraisals of Specified Assets

① Real estate, etc.

Transaction	Type	No.	Property name	Date of acquisition or sale	Acquisition price or Sale price (Million yen) (Note 1)	Appraisal value (Million yen) (Note 2)	Appraiser	As of Appraisal date
Acquisition	Trust Beneficiary Interest	T-79	KDX Residence Asagaya	August 2, 2018	1,930	2,100	Japan Real Estate Institute	June 1, 2018
Acquisition	Trust Beneficiary Interest	T-80	KDX Residence Hiyoshi	August 2, 2018	2,635	2,710	Japan Real Estate Institute	June 1, 2018
Sale	Trust Beneficiary Interest	R-14	KDX Residence Kotodai	January 24, 2019	730	567	Daiwa Real Estate Appraisal Co., Ltd.	July 31, 2018
Acquisition	Trust Beneficiary Interest	R-44	Serenite Kobe Motomachi	August 2, 2018	2,390	2,550	The Tanizawa Sogo Appraisal Co., Ltd.	June 1, 2018
Acquisition	Trust Beneficiary Interest	R-45	KDX Residence Shukugawa Hills	August 2, 2018	6,884	7,300	Daiwa Real Estate Appraisal Co., Ltd.	June 1, 2018
Acquisition	Trust Beneficiary Interest	H-16	Anesis Teradacho	August 2, 2018	3,490	3,630	Daiwa Real Estate Appraisal Co., Ltd.	June 1, 2018
Acquisition	Trust Beneficiary Interest	H-17	Rococo-riha	August 2, 2018	2,100	2,180	Daiwa Real Estate Appraisal Co., Ltd.	June 1, 2018
Acquisition	Trust Beneficiary Interest	H-18	Orage Suma	August 2, 2018	2,810	2,820	The Tanizawa Sogo Appraisal Co., Ltd.	June 1, 2018
Acquisition	Trust Beneficiary Interest	H-19	Canadian Hill	August 2, 2018	1,830	1,870	The Tanizawa Sogo Appraisal Co., Ltd.	June 1, 2018
Acquisition	Trust Beneficiary Interest	H-20	Anesis Hyogo	August 2, 2018	1,420	1,430	The Tanizawa Sogo Appraisal Co., Ltd.	June 1, 2018
Acquisition	Trust Beneficiary Interest	H-21	Plaisant Grand Ota tamagawa	September 28, 2018	3,057	3,130	Japan Real Estate Institute	September 1, 2018

(Note 1) "Acquisition price" and "Sale price" represent the purchase and Sales amount (excluding acquisition costs and consumption taxes) of each property or beneficiary right of real estate in trust as stated in the Sales and Purchase Agreement.

(Note 2) "Appraisal value" of specific assets above was calculated in accordance with the guideline of "Real Estate Appraisal Standards, Chapter 3, Appraisal of Securitized Real Estate."

② Others

With regard to transactions and contracts entered by the Investment Corporation whose values shall be investigated based on the Act on Investment Trusts and Investment Corporations, Crowe Toyo & Co. performs an investigation of transactions. For the fiscal period from August 1, 2018 to January 31, 2019, the transactions subject to such investigation were thirteen interest rate swap transactions, for which the Investment Corporation received reports from Crowe Toyo & Co. For this purpose, investigation was performed with respect to details of the interest swap contracts, such as the name of counter parties, contract amounts, or the period of transactions.

This survey is not a part of the audit for financial statements, and there is no guarantee of fairness of the price and internal management system.

(4) Transactions with Related-Party

① Transactions

Category	Transaction price (million yen)	
	Acquisition price (Note 2)	Sale price (Note 2)
Total amount	28,547 million yen	730 million yen
Transaction with related-party		
GK KSLF8	11,650 million yen (40.8%)	— (— %)
Total	11,650 million yen (40.8%)	— (— %)

② Amounts of Fees Paid

Category	Total paid fees (A)	Related-Party Transactions		Ratio to total (B) / (A)
		Paid to	Paid amount (B)	
Property management compensation	226 million yen	Space Design, Inc.	0 million yen	0.0%
		CRE, Inc.	0 million yen	0.0%
Rent paid	20 million yen	GK.KRF17	1 million yen	8.0%

(Note 1) A related-party, etc. is defined as a related-party, etc. of the asset management company having executed an asset management entrustment agreement with the Investment Corporation provided in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Article 26, Item 27 of Rules on asset management reports, pertaining to investment trusts and investment corporations of the Investment Trusts Association, Japan.

(Note 2) "Acquisition price" and "Sale price" excluded expenses related to acquisition or sale and taxes and dues.

(Note 3) The amount of payments including expenses for repair work of which orders were placed to related-party, etc. during the 14th fiscal period other than the above paid fees is as follows.

Kenedix Engineering, Inc.

Construction costs recorded as capital expenditure: 11 million yen

Repair costs: 4 million yen

(5) Transactions with asset management company related to Concurrent Operations Carried Out by the Asset Management Company

There is no transaction with the Asset Management Company, KFM, regarding to the Type II Financial Instruments Business, and Building Lots and Buildings Transaction Business. Furthermore, KFM does not concurrently engage in any of Type I Financial Instruments Business, Real Estate Specified Joint Business.

7. Accounting

(1) Assets, liabilities, principal and profit/loss

Please see the Balance Sheet, the Statement of Income and Retained Earnings, the Statement of Unitholders' Equity, Notes and the Calculation pertaining to Distributions below.

(2) Change to calculation of depreciation amount

Not applicable

(3) Change to real estate and other infrastructure assets appraisal method

Not applicable

(4) Disclosure pertaining to investment trust beneficial right securities, etc.

① Acquisitions

Not applicable

② Ownership

Not applicable

(5) Disclosure pertaining to overseas real estate holding corporations

Not applicable

(6) Disclosure pertaining to real estate held by overseas real estate holding corporations

Not applicable

8. Other

① Unitholders general meeting

Not applicable

② Board of directors

Not applicable

(2) Other

Unless otherwise specified, amounts are rounded down and ratios are rounded off.

[Provisional Translation Only]

English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Financial Statements

(14th Fiscal Period: From August 1, 2018 to January 31, 2019)

Independent Auditor's Report

Balance Sheet

Statement of Income and Retained Earnings

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to Financial Statements

Independent Auditor's Report

The Board of Directors
Kenedix Residential Next Investment Corporation

We have audited the accompanying financial statements of Kenedix Residential Next Investment Corporation, which comprise the balance sheet as at January 31, 2019, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenedix Residential Next Investment Corporation as at January 31, 2019, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

April 25, 2019
Tokyo, Japan

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Balance Sheet

As of January 31, 2019

	14th Fiscal Period as of January 31, 2019	13th Fiscal Period as of July 31, 2018
(in thousands of yen)		
ASSETS		
Current assets		
Cash and deposits (Notes 7 and 9)	¥12,356,302	¥10,029,598
Cash and deposits in trust (Notes 7 and 9)	9,721,629	8,749,823
Operating accounts receivable	26,612	29,188
Prepaid expenses	7,450	10,855
Consumption taxes receivable	338,402	-
Other	6,081	11,033
Total current assets	22,456,477	18,830,499
Noncurrent assets		
Property, plant and equipment (Notes 14 and 19)		
Land	1,798,041	1,798,041
Buildings in trust	95,077,289	84,656,776
Accumulated depreciation	(9,123,715)	(7,901,681)
Buildings in trust, net	85,953,573	76,755,095
Structures in trust	947,729	722,432
Accumulated depreciation	(161,739)	(133,503)
Structures in trust, net	785,989	588,929
Machinery and equipment in trust	1,429,327	1,360,078
Accumulated depreciation	(288,590)	(256,856)
Machinery and equipment in trust, net	1,140,736	1,103,222
Tools, furniture and fixtures in trust	473,614	400,899
Accumulated depreciation	(51,478)	(39,156)
Tools, furniture and fixtures in trust, net	422,136	361,742
Land in trust	130,189,152	111,474,267
Total property, plant and equipment, net	220,289,630	192,081,298
Intangible assets		
Leasehold right in trust (Notes 14 and 19)	1,067,058	1,067,058
Other	6,339	7,115
Total intangible assets	1,073,398	1,074,174
Investments and other assets		
Investment securities (Notes 9 and 18)	111,796	512,263
Lease and guarantee deposits	29,097	39,097
Long-term prepaid expenses	1,059,774	916,981
Other (Notes 9 and 10)	-	81,989
Total investments and other assets	1,200,668	1,550,331
Total noncurrent assets	222,563,697	194,705,805
Deferred assets		
Investment corporation bond issuance costs	38,570	22,583
Investment unit issuance costs	45,012	-
Total deferred assets	83,583	22,583
Total assets	¥245,103,757	¥213,558,887

	14th Fiscal Period as of January 31, 2019	13th Fiscal Period as of July 31, 2018
	(in thousands of yen)	
LIABILITIES		
Current liabilities		
Operating accounts payable	¥912,385	¥609,170
Short-term loans payable (Notes 9 and 21)	2,050,000	2,630,000
Current portion of long-term loans payable (Notes 9, 10 and 21)	9,700,000	13,500,000
Accounts payable-other	298,718	284,251
Accrued expenses	27,236	26,489
Income taxes payable	605	605
Accrued consumption taxes	11,413	63,856
Advances received	1,096,282	958,812
Deposits received	75,292	54,159
Other	-	13
Total current liabilities	14,171,933	18,127,358
Noncurrent liabilities		
Investment corporation bonds (Notes 9 and 20)	5,000,000	3,000,000
Long-term loans payable (Notes 9, 10 and 21)	106,500,000	87,000,000
Tenant leasehold and security deposits in trust	2,682,738	2,330,206
Tenant lump sum deposits in trust	4,405,195	4,205,076
Other	392,732	150,601
Total noncurrent liabilities	118,980,667	96,685,885
Total liabilities	133,152,600	114,813,244
NET ASSETS		
Unitholders' equity		
Unitholders' capital	93,226,228	80,132,379
Surplus		
Capital surplus	13,187,100	13,187,100
Voluntary retained earnings		
Reserve for temporary difference adjustments (Note 4)	2,000,000	-
Total voluntary retained earnings	2,000,000	-
Unappropriated retained earnings	3,875,050	5,428,676
Total surplus	19,062,150	18,615,776
Total unitholders' equity	112,288,379	98,748,155
Valuation and translation adjustments		
Deferred gains or losses on hedges (Notes 9 and 10)	(337,222)	(2,512)
Total valuation and translation adjustments	(337,222)	(2,512)
Total net assets (Note 3)	111,951,157	98,745,643
Total liabilities and net assets	¥245,103,757	¥213,558,887

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Statement of Income and Retained Earnings

For the period from August 1, 2018 to January 31, 2019

	14th Fiscal Period from August 1, 2018 to January 31, 2019	13th Fiscal Period from February 1, 2018 to July 31, 2018
(in thousands of yen)		
Operating revenues		
Rent revenue-real estate (Note 5)	¥7,085,174	¥6,152,086
Other lease business revenue (Note 5)	520,733	503,250
Gain on sales of real estate property (Note 5)	203,178	436,817
Dividends income	14,461	5,164
Total operating revenues	7,823,548	7,097,319
Operating expenses		
Expenses related to rent business (Note 5)	2,794,762	2,554,551
Asset management fees	513,065	413,158
Asset custody fees	11,985	11,583
Administrative service fees	41,723	41,201
Directors' compensation	8,100	7,500
Merger expenses	-	395,984
Other operating expenses	240,701	233,938
Total operating expenses	3,610,337	3,657,918
Operating income	4,213,210	3,439,400
Non-operating income		
Interest income	45	15
Dividends and redemption-prescription	313	293
Interest on refund	3	56
Total non-operating income	362	364
Non-operating expenses		
Interest expenses	491,744	441,829
Interest expenses on investment corporation bonds	9,974	7,593
Borrowing expenses	101,223	145,787
Amortization of investment corporation bond issuance costs	2,560	1,878
Amortization of investment unit issuance costs	9,022	421
Other	-	108
Total non-operating expenses	614,525	597,619
Ordinary income	3,599,047	2,842,146
Extraordinary income		
Gain on negative goodwill	-	2,574,896
Total extraordinary income	-	2,574,896
Income before income taxes	3,599,047	5,417,042
Income taxes (Note 11)		
Current	605	605
Total income taxes	605	605
Net income	3,598,442	5,416,437
Retained earnings brought forward	276,608	12,239
Unappropriated retained earnings	¥3,875,050	¥5,428,676

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Statement of Changes in Net Assets

For the period from August 1, 2018 to January 31, 2019

	Unitholders' equity						
	Surplus						Total unitholders' equity
	Unitholders' capital	Capital surplus	Voluntary retained earnings		Unappropriated retained earnings	Total surplus	
			Reserve for temporary difference adjustments	Total voluntary retained earnings			
(in thousands of yen)							
Balance as of January 31, 2018	¥80,132,379	¥-	¥-	¥-	¥2,437,011	¥2,437,011	¥82,569,390
Changes of items during the period							
Increase by merger		13,187,100				13,187,100	13,187,100
Dividends from surplus					(2,424,772)	(2,424,772)	(2,424,772)
Net income					5,416,437	5,416,437	5,416,437
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	13,187,100	-	-	2,991,665	16,178,765	16,178,765
Balance as of July 31, 2018 (Note 6)	¥80,132,379	¥13,187,100	¥-	¥-	¥5,428,676	¥18,615,776	¥98,748,155
Changes of items during the period							
Issuance of new investment units	13,093,849					-	13,093,849
Provision of reserve for temporary difference adjustments			2,000,000	2,000,000	(2,000,000)	-	-
Dividends from surplus					(3,152,068)	(3,152,068)	(3,152,068)
Net income					3,598,442	3,598,442	3,598,442
Net changes of items other than unitholders' equity							
Total changes of items during the period	13,093,849	-	2,000,000	2,000,000	(1,553,626)	446,373	13,540,223
Balance as of January 31, 2019 (Note 6)	¥93,226,228	¥13,187,100	¥2,000,000	¥2,000,000	¥3,875,050	¥19,062,150	¥112,288,379

	Valuation and translation adjustments		
	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
	(in thousands of yen)		
Balance as of January 31, 2018	¥80,743	¥80,743	¥82,650,134
Changes of items during the period			
Increase by merger			13,187,100
Dividends from surplus			(2,424,772)
Net income			5,416,437
Net changes of items other than unitholders' equity	(83,255)	(83,255)	(83,255)
Total changes of items during the period	(83,255)	(83,255)	16,095,509
Balance as of July 31, 2018 (Note 6)	¥ (2,512)	¥ (2,512)	¥98,745,643
Changes of items during the period			
Issuance of new investment units			13,093,849
Provision of reserve for temporary difference adjustments			-
Dividends from surplus			(3,152,068)
Net income			3,598,442
Net changes of items other than unitholders' equity	(334,709)	(334,709)	(334,709)
Total changes of items during the period	(334,709)	(334,709)	13,205,513
Balance as of January 31, 2019 (Note 6)	¥ (337,222)	¥ (337,222)	¥111,951,157

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Statement of Cash Flows

For the period from August 1, 2018 to January 31, 2019

	14th Fiscal Period from August 1, 2018 to January 31, 2019	13th Fiscal Period from February 1, 2018 to July 31, 2018
(in thousands of yen)		
Net cash provided by (used in) operating activities		
Income before income taxes	¥3,599,047	¥5,417,042
Depreciation and amortization	1,343,939	1,144,883
Gain on negative goodwill	-	(2,574,896)
Amortization of investment corporation bond issuance costs	2,560	1,878
Amortization of investment unit issuance costs	9,022	421
Interest income	(45)	(15)
Interest expenses	501,719	449,423
Decrease (increase) in operating accounts receivable	2,576	(3,782)
Decrease (increase) in consumption taxes refund receivable	(338,402)	9,464
Decrease (increase) in prepaid expenses	3,405	(713)
Increase (decrease) in operating accounts payable	117,776	(28,792)
Increase (decrease) in accounts payable-other	15,829	(102,769)
Increase (decrease) in accrued consumption taxes	(52,443)	62,160
Increase (decrease) in advances received	137,469	15,122
Decrease (increase) in long-term prepaid expenses	(142,793)	(1,198)
Decrease in net property, plant and equipment held in trust due to sale	500,913	953,749
Other, net	19,148	18,303
Subtotal	5,719,725	5,360,283
Interest income received	45	15
Interest expenses paid	(511,560)	(459,405)
Income taxes (paid) refund	3,769	(6,005)
Net cash provided by (used in) operating activities	5,211,979	4,894,888
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(29,866,970)	(1,053,115)
Purchase of intangible assets	-	(7,762)
Purchase of investment securities	(1,832)	(111,529)
Proceeds from investment securities	402,700	12,232
Proceeds from lease and guarantee deposits	10,000	-
Repayments of tenant leasehold and security deposits in trust	(133,676)	(134,277)
Proceeds from tenant leasehold and security deposits in trust	486,208	161,089
Repayments of tenant lump sum deposits in trust	(103,996)	(44,212)
Proceeds from tenant lump sum deposits in trust	304,115	625,414
Net cash provided by (used in) investing activities	(28,903,451)	(552,161)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	-	2,630,000
Decrease in short-term loans payable	(580,000)	(3,630,000)
Proceeds from long-term loans payable	26,700,000	4,500,000
Repayments of long-term loans payable	(11,000,000)	(3,500,000)
Proceeds from issuance of investment corporation bonds	1,981,451	-
Proceeds from issuance of investment units	13,039,815	-
Dividends paid	(3,151,284)	(2,709,508)
Net cash provided by (used in) financing activities	26,989,982	(2,709,508)
Net increase (decrease) in cash and cash equivalents	3,298,510	1,633,218
Cash and cash equivalents at the beginning of period	18,779,421	10,479,684
Increase in cash and cash equivalents resulting from merger	-	6,666,519
Cash and cash equivalents at the end of period (Note 7)	¥22,077,932	¥18,779,421

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Notes to Financial Statements

For the period from August 1, 2018 to January 31, 2019

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Kenedix Residential Next Investment Corporation (“the Investment Corporation”) was established on November 15, 2011 under the Act on Investment Trusts and Investment Corporations of Japan (“the Investment Trust Act”). On April 26, 2012, the Investment Corporation was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange (Securities Code: 3278). The Investment Corporation implemented a 2-for-1 split of its investment units held by unitholders set forth or recorded in the final unitholder registry on February 28, 2018 with March 1, 2018 as the effective date. And also on March 1, 2018, the Investment Corporation conducted an absorption-type merger (“the Merger”) whereby the Investment Corporation was the surviving corporation and Japan Senior Living Investment Corporation (“JSL”) was the dissolving corporation. Subsequently, the Investment Corporation raised funds through the latest public offering and third-party allotment for the first time in approximately three and a half years, and acquired 11 properties (total acquisition price of ¥29,284 million) with the funds of new investment units and new borrowings until the end of the 14th fiscal period. As a result, as of January 31, 2019, the end of the 14th fiscal period, the number of investment units issued and outstanding totaled 869,133 units.

The Investment Corporation is externally managed by Kenedix Real Estate Fund Management, Inc. (“the Asset Management Company”), a company that was formed with personnel from Kenedix, Inc. and adheres to the core philosophies of Kenedix, Inc., that is, to provide management services from the perspective of real estate investors as an independent real estate management company. As the asset manager, the Asset Management Company shall provide flexible and speedy real estate investment and management services based on the strategies of the Investment Corporation: “Flexible pursuit for appropriate investment and profit opportunities with comprehension of the real estate market trends” and “Speedy execution based on expeditious information collection and judgement.”

During the 13th fiscal period, the Investment Corporation succeeded 14 properties through the Merger with total acquisition price of ¥28,998 million based on the appraisal value as of March 1, 2018. The Investment Corporation acquired 1 property (acquisition price of ¥737 million) and sold 1 property (disposition price of ¥1,420 million) other than the Merger. During the 14th fiscal period, the Investment Corporation acquired 4 residential properties (total acquisition price of ¥13,840 million) and 6 healthcare properties (total acquisition price of ¥14,707 million), and sold 1 property (acquisition price of ¥520 million, disposition price of ¥730 million). As the result, the Investment Corporation has a portfolio comprised of 138 properties (total acquisition price of ¥220,916 million) as of January 31, 2019, the end of the 14th fiscal period. The portfolio consists of 116 residential properties (total acquisition price of ¥174,724 million), 21 healthcare properties (total acquisition price of ¥44,442 million) and 1 other property (acquisition price of ¥1,750 million).

The occupancy rates of the overall portfolio including land with leasehold interest were 97.6% and 97.7% as of the end of the 13th and 14th fiscal period, respectively. Furthermore, the average occupancy rates of the properties for residential and healthcare were 96.5% and 100.0% as of the end of 14th fiscal period.

During the 13th and 14th fiscal period, the Investment Corporation made borrowings of ¥7,130 million and ¥11,000 million for the repayment of debt matured. During the 13th fiscal period, the Investment Corporation succeeded ¥15,000 million borrowings from JSL on March 1, 2018 by the Merger. During the 14th fiscal period, the Investment Corporation made new borrowings of ¥15,700 million upon acquiring properties and also issued ¥2,000 million new investment corporation bonds for ¥580 million partial repayment of borrowings and acquiring properties. As a result, balance of borrowings as of the end of the 13th and 14th fiscal period stood at ¥103,130 million and ¥118,250 million, respectively.

Basis of Presentation

The Investment Corporation maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), including provisions set forth in the Investment Trust Act, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited financial statements of the Investment Corporation, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Investment Corporation filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information.

The Investment Corporation fiscal period is a six-month period which ends at the end of January or July. The Investment Corporation does not prepare consolidated financial statements because it has no subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Securities

Other securities without market value are stated using the moving average cost method. Equity investments in an anonymous association are stated, the amount equivalent to the corresponding equity interests including net amount of gain or loss from the anonymous association.

(B) Property and Equipment (including trust assets)

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

	From August 1, 2018 to January 31, 2019	From February 1, 2018 to July 31, 2018
Buildings	2-69 years	2-67 years
Structures	3-57 years	3-52 years
Machinery and equipment	8-35 years	8-34 years
Tools, furniture and fixtures	5-30 years	6-30 years

(C) Intangible Assets

Intangible assets are amortized by the straight-line method.

(D) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized by the straight-line method.

(E) Unit Issuance Costs

Unit issuance costs are amortized over a period of 3 years under the straight-line method.

(F) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized over a maturity period under the straight-line method.

(G) Accounting Treatment of Trust Beneficiary Interests in Real Estate

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

(H) Revenue Recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including parking space rental revenues and other miscellaneous revenues. Rental revenues are generally recognized on an accrual basis over the life of each lease.

(I) Taxes on Property and Equipment

Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is generally reimbursed by the purchaser for these accrued property-related tax liabilities.

When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period

following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥1,215 thousand and ¥50,824 thousand as of July 31, 2018 and January 31, 2019, respectively.

(J) Income Taxes

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

(K) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

(L) Derivative Financial Instruments

The Investment Corporation enters into derivative transactions to hedge risks prescribed in its Articles of Incorporation based on its risk management policies. The Investment Corporation hedges interest rate volatility risk of its interest payments on its borrowings by utilizing interest rate swap and other derivative transactions as hedging instruments.

As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps and other derivatives that meet the requirements for special treatment.

(M) Cash and Cash Equivalents

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

(N) Presentation of Amounts

Amounts of less than one thousand yen are truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan. Unless otherwise noted, amounts are rounded down and ratios are rounded off in the accompanying financial statements. Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

3. NET ASSETS

The Investment Corporation issues only non-par value units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. The Investment Corporation is required to maintain net assets of at least ¥50,000 thousand as required by the Investment Trust Act.

4. RESERVE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

As of January 31, 2019

The following summarizes reserve for temporary difference adjustments.

	Initial amount	Balance at the beginning of the period	Reserve during the period	Reversal during the period	Balance at the end of the period	Reason for reserve and reversal
(in thousands of yen)						
Gain on negative goodwill*	¥2,000,000	¥ -	¥2,000,000	¥ -	¥2,000,000	Reserve of a part of gain on negative goodwill by merger

* The Investment Corporation reserved part of gain on negative goodwill incurred in the 13th fiscal period as reserve for temporary difference adjustments. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period starting from the next fiscal period after the fiscal period, in which the initial amount was reserved.

As of July 31, 2018

Not applicable

5. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES AND GAIN ON SALES OF REAL ESTATE PROPERTY

Rental and other operating revenues and property-related expenses for the periods from August 1, 2018 to January 31, 2019 and from February 1, 2018 to July 31, 2018 consist of the following:

	From August 1, 2018 to January 31, 2019	From February 1, 2018 to July 31, 2018
(in thousands of yen)		
A. Rental and other operating revenues:		
Rental revenues	¥6,711,825	¥5,800,000
Rental revenues from limited proprietary rights of land	43,749	43,750
Common area charges	329,599	308,336
Subtotal	7,085,174	6,152,086
Others:		
Parking space rental revenues	210,398	182,436
Miscellaneous	310,334	320,814
Subtotal	520,733	503,250
Total rental and other operating revenues	¥7,605,908	¥6,655,337
B. Property-related expenses:		
Property management fees and facility management fees	¥408,364	¥402,111
Utilities	97,432	89,714
Taxes	410,483	413,717
Repairs and maintenance	318,838	290,404
Insurance	11,487	10,386
Trust fees	53,141	48,958
Depreciation	1,343,163	1,144,236
Others	151,851	155,022
Total property-related expenses	¥2,794,762	¥2,554,551
C. Net operating income from real estate rental business (A-B)	¥4,811,146	¥4,100,786

Gain on sales of real estate property:

From August 1, 2018 to January 31, 2019

(in thousands of yen)

KDX Residence Kotodai	
Revenue from sale of real estate property	¥730,574
Cost of real estate property	500,913
Other sales expenses	26,481
Gain on sales of real estate property	¥203,178

From February 1, 2018 to July 31, 2018

(in thousands of yen)

KDX Shimmachi Residence	
Revenue from sale of real estate property	¥1,420,000
Cost of real estate property	953,749
Other sales expenses	29,433
Gain on sales of real estate property	¥436,817

6. UNITHOLDERS' EQUITY

Total number of authorized investment units and total number of investment units issued and outstanding are as follows:

	From August 1, 2018 to January 31, 2019	From February 1, 2018 to July 31, 2018
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	869,133 units	782,928 units

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of January 31, 2019 and July 31, 2018:

	As of January 31, 2019	As of July 31, 2018
(in thousands of yen)		
Cash and deposits	¥12,356,302	¥10,029,598
Cash and deposits in trust	9,721,629	8,749,823
Cash and cash equivalents	¥22,077,932	¥18,779,421

Important contents of the non-cash transaction

From August 1, 2018 to January 31, 2019

Not applicable

From February 1, 2018 to July 31, 2018

The summary of assets and liabilities succeeded from Japan Senior Living Investment Corporation by merger in the 13th fiscal period is as follows. The increase amount of capital surplus is ¥13,187,100 thousand as a result of merger.

(in thousands of yen)

Current assets	¥6,674,104
Non-current assets	29,237,279
Total assets	35,911,384
Current liabilities	5,108,546
Non-current liabilities	15,040,841
Total liabilities	¥20,149,388

8. LEASES

The Investment Corporation, as lessor, has entered into leases whereby fixed monthly rents are due in advance with a lease term of generally two years for residential properties. The future minimum rental revenues under existing non-cancelable operating leases as of January 31, 2019 and July 31, 2018 are as follows:

	As of January 31, 2019	As of July 31, 2018
	(in thousands of yen)	
Due in 1 year	¥2,769,825	¥1,942,856
Due after 1 year	18,849,702	12,086,289
Total	¥21,619,527	¥14,029,145

9. FINANCIAL INSTRUMENTS

(A). Overview

(1) Policy for financial instruments

The Investment Corporation procures funds for asset acquisitions, repairs, payment of distributions, repayment of loans, etc. through loans from financial institutions, issuance of investment corporation bonds, issuance of investment units and other means. With regard to the procurement of interest-bearing debts, the Investment Corporation ensures that it can effectively combine stable long-term funds with flexible short-term funds. Management of surplus funds is undertaken through various bank deposits focusing on safety, liquidity and effectiveness. The Investment Corporation uses derivatives for the purpose of hedging its exposure to changes in interest rates and other risks and does not enter into derivative transactions for speculative or trading purposes.

(2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer, risk of fluctuation of value of its property and interest rate fluctuation risk.

Borrowings and investment corporation bonds are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 9 years and 8 months for borrowings and also have a redemption date of a maximum of 9 years and 10 months for investment corporation bonds as of January 31, 2019, the end of the 14th fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

(3) Risk management for financial instruments

a. Credit risk

While bank deposits are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited, such risk is monitored by deposits in non-interest bearing ordinary savings accounts or with financial institutions with credit ratings above a certain level. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer and interest rate fluctuation risk. To manage this credit risk, the Investment Corporation regularly evaluates the results of operations and the financial condition of the issuer, etc. In utilizing derivatives, the Investment Corporation aims to mitigate counterparty risk such as by transacting with financial institutions with favorable ratings.

b. Market risk

While borrowings with floating rates are exposed to interest rate volatility risk, such risk is monitored by adjusting the rate of the balance of borrowings with floating rates against the total borrowings according to the financial environment, interest rate forecasts by continuous monitoring, etc. and by using derivatives, etc. While investment securities, which are equity investments in an anonymous association, are exposed to credit risk of the issuer and property value fluctuation risk, the Investment Corporation periodically reviews the value of the property and financial condition of the issuer with regard to these investment securities. A risk management policy is established with regard to the execution and management of derivatives, and such transactions are entered into based on this policy.

c. Liquidity risk

Though borrowings are subject to liquidity risk, the Investment Corporation reduces such risk by spreading out payment due dates and by diversifying financial institutions. Liquidity risk is also managed by such means as regularly checking the balance of cash reserves.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value.

(B). Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the balance sheet and estimated fair value are shown in the following table.

As of January 31, 2019

	Carrying amount	Estimated fair value	Difference
	(in thousands of yen)		
(1) Cash and deposits	¥12,356,302	¥12,356,302	¥ -
(2) Cash and deposits in trust	9,721,629	9,721,629	-
Subtotal	22,077,932	22,077,932	-
(1) Short-term loans payable	2,050,000	2,050,000	-
(2) Current portion of long-term loans payable	9,700,000	9,702,693	2,693
(3) Investment corporation bonds	5,000,000	4,994,100	(5,900)
(4) Long-term loans payable	106,500,000	106,881,219	381,219
Subtotal	123,250,000	123,628,012	378,012
Derivative transactions*	¥(337,222)	¥(337,222)	¥ -

* Figures indicate net amount of derivative assets/liabilities derived from derivative transactions, with minus representing net liabilities.

As of July 31, 2018

	Carrying amount	Estimated fair value	Difference
	(in thousands of yen)		
(1) Cash and deposits	¥10,029,598	¥10,029,598	¥ -
(2) Cash and deposits in trust	8,749,823	8,749,823	-
Subtotal	18,779,421	18,779,421	-
(1) Short-term loans payable	2,630,000	2,630,000	-
(2) Current portion of long-term loans payable	13,500,000	13,463,182	(36,817)
(3) Investment corporation bonds	3,000,000	2,978,000	(22,000)
(4) Long-term loans payable	87,000,000	87,203,230	203,230
Subtotal	106,130,000	106,274,413	144,413
Derivative transactions*	¥(2,512)	¥(2,512)	¥ -

* Figures indicate net amount of derivative assets/liabilities derived from derivative transactions, with minus representing net liabilities.

Note 1: Methods to determine the estimated fair value of financial instruments and matters related to derivative transactions

Assets

(1) Cash and deposits and (2) Cash and deposits in trust

Since these items are settled in a short period of time, their carrying amount approximates fair value.

Liabilities

(1) Short-term loans payable

Since these items are settled in a short period of time with floating interest rates, their carrying amount approximates fair value.

(2) Current portion of long-term loans payable and (4) Long-term loans payable

Among these items, the fair value of loans payable with fixed interest rates is calculated based on the present value, which is the total amount of principal and interest discounted by the estimated interest rate to be applied in the event that the Investment Corporation conducts new borrowings of the same type. As for the fair value of loans payable with floating interest rates, it is based on the carrying amount since market interest rates are reflected in the short term and the fair value is believed to approximate the carrying amount as the credit standing of the Investment Corporation has not changed significantly since the loans were made. (However, the fair value of long-term loans payable subject to the special treatment for interest-rate swaps is based on the present value of the total of principal and interest, accounted for together with the applicable interest-rate swaps, discounted by the estimated interest rate to be applied in the event that the Investment Corporation conducts new borrowings of the same type.)

(3) Investment corporation bonds

The fair value of investment corporation bonds is based on quoted market prices.

Derivative transactions

Please refer to Note 10 "DERIVATIVE TRANSACTIONS".

Note 2: Financial instruments whose fair values are extremely difficult to recognize

(in thousands of yen)

Classification	As of January 31, 2019	As of July 31, 2018
Investment securities *	111,796	512,263

*Fair values of investment securities are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

Loss on valuation of investment securities of ¥21,981 thousand was recognized in the fiscal period ended July 31, 2018.

Note 3: Redemption schedule for financial assets with maturities

As of January 31, 2019

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(in thousands of yen)						
Cash and deposits	¥12,356,302	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	9,721,629	-	-	-	-	-
Total	¥22,077,932	¥ -	¥ -	¥ -	¥ -	¥ -

As of July 31, 2018

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(in thousands of yen)						
Cash and deposits	¥10,029,598	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	8,749,823	-	-	-	-	-
Total	¥18,779,421	¥ -	¥ -	¥ -	¥ -	¥ -

Note 4: Redemption schedule for loans payable and investment corporation bonds

As of January 31, 2019

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(in thousands of yen)						
Short-term loans payable	¥ 2,050,000	¥ -	¥ -	¥ -	¥ -	¥ -
Investment corporation bonds	-	-	1,000,000	-	1,000,000	3,000,000
Long-term loans payable	9,700,000	9,600,000	13,000,000	17,750,000	11,800,000	54,350,000
Total	¥ 11,750,000	¥ 9,600,000	¥ 14,000,000	¥ 17,750,000	¥ 12,800,000	¥ 57,350,000

As of July 31, 2018

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(in thousands of yen)						
Short-term loans payable	¥ 2,630,000	¥ -	¥ -	¥ -	¥ -	¥ -
Investment corporation bonds	-	-	-	1,000,000	-	2,000,000
Long-term loans payable	13,500,000	7,500,000	8,950,000	19,650,000	7,250,000	43,650,000
Total	¥ 16,130,000	¥ 7,500,000	¥ 8,950,000	¥ 20,650,000	¥ 7,250,000	¥ 45,650,000

10. DERIVATIVE TRANSACTIONS

The contract amount and the fair value of interest-rate swap transactions as of January 31, 2019 are shown in the following table.

(1) Transactions not subject to hedge accounting
Not applicable

(2) Transactions subject to hedge accounting

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
			Total	Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	¥52,500,000	¥52,500,000	¥(337,222)	Based on the amount provided by counterparty financial institutions
Special treatment for interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	38,300,000	36,800,000	*	-
	Total		¥90,800,000	¥89,300,000	¥(337,222)	-

*Interest rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable.

The contract amount and the fair value of interest-rate swap transactions as of July 31, 2018 are shown in the following table.

(1) Transactions not subject to hedge accounting
Not applicable

(2) Transactions subject to hedge accounting

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
			Total	Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	¥43,000,000	¥43,000,000	¥(2,512)	Based on the amount provided by counterparty financial institutions
Special treatment for interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	¥46,300,000	¥38,300,000	*	-
	Total		¥89,300,000	¥81,300,000	¥(2,512)	-

*Interest rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable.

11. INCOME TAXES

The Investment Corporation is subject to corporate income taxes at a regular statutory rate of approximately 32%. However, the Investment Corporation may deduct from its taxable income amounts distributed to its unitholders, provided the requirements under the Special Taxation Measures Law of Japan are met, including a requirement that it currently distributes in excess of 90% of its net income for the fiscal period in order to be able to deduct such amounts. If the Investment Corporation does not satisfy all of the requirements, the entire taxable income of the Investment Corporation will be subject to regular corporate income taxes. Since the Investment Corporation distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥3,510 million and ¥3,152 million for the periods ended January 31, 2019 and July 31, 2018, respectively, the distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rates on the Investment Corporation's income were 0.02% and 0.01% for the periods ended January 31, 2019 and July 31, 2018, respectively. The following table summarizes the significant differences between the statutory tax rate and the effective tax rate:

	From August 1, 2018 to January 31, 2019	From February 1, 2018 to July 31, 2018
Statutory tax rate	31.51%	31.74%
Deductible cash distributions	(30.73)	(16.44)
Gain on negative goodwill	-	(15.09)
Others	(0.76)	(0.20)
Effective tax rate	0.02%	0.01%

The significant components of deferred tax assets and liabilities as of January 31, 2019 and July 31, 2018 are as follows:

	As of January 31, 2019	As of July 31, 2018
	(in thousands of yen)	
Deferred tax assets:		
Valuation difference on assets acquired by merger	¥ 741,176	¥ 762,851
Deferred gains or losses on hedges	106,528	26,694
Loss on valuation of investment securities	-	6,926
Subtotal deferred tax assets	847,704	796,472
Valuation allowance	(847,704)	(796,472)
Total deferred tax assets	¥ -	¥ -
Net deferred tax assets	¥ -	¥ -

12. RELATED-PARTY TRANSACTIONS

1. Parent Company, major corporate unitholders and other

14th Fiscal Period (August 1, 2018 to January 31, 2019) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

2. Affiliated companies and other

14th Fiscal Period (August 1, 2018 to January 31, 2019) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

3. Fellow subsidiary companies and other

14th Fiscal Period (August 1, 2018 to January 31, 2019) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

4. Directors, major individual unitholders and other

14th Fiscal Period (August 1, 2018 to January 31, 2019) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

13. BUSINESS COMBINATION

14th Fiscal Period (August 1, 2018 to January 31, 2019)

Not applicable

13th Fiscal Period (February 1, 2018 to July 31, 2018)

Business Combination through Acquisition

1. Overview of Business Combination

(1) Name and Business Description of Acquiree

Name of acquiree : Japan Senior Living Investment Corporation ("JSL")

Business description : Real estate investment trust

(2) Main Reasons for Business Combination

The Investment Corporation and JSL believe that, as a result of the Merger, they will achieve the benefits of (i) an increase in liquidity resulting from greater asset scale and market capitalization that will enable them to capture more growth opportunities, (ii) greater earnings stability stemming from asset type diversification and enhanced ability to pursue external growth and (iii) improvement in asset management efficiency together with enhanced financial health, and further believe that the potential to reap these benefits constitutes the major significance of the Merger. The Investment Corporation has therefore entered into the merger agreement on November 10, 2017.

(3) Date of Business Combination

March 1, 2018

(4) Legal Framework of Business Combination

An absorption-type merger with the Investment Corporation as the surviving corporation and JSL as the dissolving corporation

(5) Name of the Investment Corporation after Business Combination

Kenedix Residential Next Investment Corporation

(The Investment Corporation changed its name from Kenedix Residential Investment Corporation to Kenedix Residential Next Investment Corporation on March 1, 2018)

(6) Main Reasons for Determining Acquiring Company

It was determined that the Investment Corporation is the acquiring company based on the accounting standards for business combinations and other regulations with comprehensively taking various factors into consideration, such as the size of total assets, net income and other indexes, the ratio of unitholders' voting rights, the members of board of directors and other managerial factors.

2. Operating Period of Acquiree Included in the Statement of Income and Retained Earnings

From March 1, 2018 to July 31, 2018

3. Acquisition Cost of Acquiree and the Breakdown

Acquisition cost

Market value of the Investment Corporation's investment units allotted on the date of business combination

¥13,187,100 thousand

Principal Direct Cost for Acquisition

Merger fees ¥292,085 thousand

4. Exchange Ratio, Method of Calculation and Number of Investment Units Allotted as for the Acquisition

(1) Exchange Ratio of Investment Units

1 unit of the Investment Corporation was allotted 1 unit of JSL through the Merger. The Investment Corporation implemented a 2-for-1 investment unit split with February 28, 2018 as the record date before the Merger.

(2) Method of Calculation

The Investment Corporation appointed SMBC Nikko Securities Inc. as a financial advisor ("FA"), while JSL appointed Nomura Securities Co., Ltd. They requested the FAs to perform a financial analysis of the merger ratio. Each FA calculated the merger ratio based on the valuation method of investment unit market value, discount dividends model, and other valuation, respectively. After careful discussions and negotiations as well as comprehensive considerations of various factors, including the merger ratio performed by the FAs, the Investment Corporation and JSL determined that the above mentioned merger ratio was appropriate.

(3) Number of Investment Units Allotted

84,750 units

5. Treatment of Acquisition Cost

(1) Breakdown of Assets Acquired and Liabilities Assumed on the Date of Business Combination

(In thousand yen)	
Current assets	¥6,674,104
Noncurrent assets	29,237,279
Total assets	35,911,384
Current liabilities	5,108,546
Noncurrent liabilities	15,040,841
Total liabilities	¥20,149,388

(2) Amount and Reason for Negative Goodwill

Amount of Negative Goodwill : ¥2,574,896 thousand

Reason : The Investment Corporation recognized the difference as Negative Goodwill, by the amount that JSL fair value of net assets on the date of business combination exceeded the acquisition cost.

Accounting Treatment : All of the amount was recognized as extraordinary gain in 13th fiscal period.

6. Estimated Impact on the Statement of Income and Retained Earnings for the 13th fiscal period

Calculation Method of Estimated Impact and Assumption:

Japanese GAAP requires the acquiring company to estimate the impact on the statement of income and retained earnings as if the business combination were completed at the beginning of the 13th fiscal period.

Impact on the Statement of Income and Retained Earnings in the 13th Fiscal Period:

Operating revenues	¥162,634 thousand
Ordinary income	¥37,588 thousand
Net income	¥37,419 thousand

14. INVESTMENT AND RENTAL PROPERTIES

The Investment Corporation owns real estate for rental purposes in the Tokyo Metropolitan Area and other regional areas for the purpose of generating rental revenues.

The book value and fair value concerning the above real estate for rental purposes are as follows.

	14th Fiscal Period from August 1, 2018 to January 31, 2019	13th Fiscal Period from February 1, 2018 to July 31, 2018
(in thousands of yen)		
Book value		
Balance at the beginning of period	¥193,148,357	¥165,040,946
Changes during the period	28,208,331	28,107,411
Balance at the end of period	221,356,688	193,148,357
Fair value at the end of period	¥256,174,000	¥223,857,000

Note 1: Book value excludes accumulated depreciation from acquisition costs.

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the 14th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 10 properties totaling ¥29,437,871 thousand, and the principal decrease was the sales of real estate trust beneficiary interests in 1 property totaling ¥500,913 thousand and depreciation of ¥1,343,163 thousand, and the 13th fiscal period, the principal increases were the acquisition of trust beneficiary interests in real estate in 14 properties totaling ¥28,998,000 thousand by merger with Japan Senior Living Investment Corporation and the acquisition of real estate trust beneficiary interests in 1 property totaling ¥770,418 thousand, and the principal decrease was the sales of real estate trust beneficiary interests in 1 property totaling ¥953,749 thousand and depreciation of ¥1,144,236 thousand.

Note 3: The fair value is the appraisal value or the survey value determined by outside appraisers. In addition, the fair value at the end of 14th fiscal period of KDX Residence Shin-osaka, which was sold on February 1, 2019, is based on the sales price (¥690,000 thousand) under the trust beneficiary interest sales contracts entered into on January 18, 2019.

Income and loss in the fiscal periods ended January 31, 2019 and July 31, 2018 for real estate for rental purposes is listed in Note 5 "BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES AND GAIN ON SALES OF REAL ESTATE PROPERTY".

15. SEGMENT AND RELATED INFORMATION

Segment and related information for the period ended from August 1, 2018 to January 31, 2019 and from February 1, 2018 to July 31, 2018 is as follows:

(A) Segment information

Disclosure is omitted because the real estate leasing business is the Investment Corporation's sole business and it has no reportable segment subject to disclosure.

(B) Related information

(1) Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category account for over 90% of the operating revenue on the statement of income and retained earnings.

(2) Information about each geographic area

(a) Net sales

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenue on the statement of income and retained earnings.

(b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about each major customer

Disclosure is omitted because net sales to a single external customer account for less than 10% of the operating revenue on the statement of income and retained earnings.

16. PER UNIT INFORMATION

	From August 1, 2018 to January 31, 2019	From February 1, 2018 to July 31, 2018
Net asset value per unit	¥128,807	¥126,123
Net income per unit	¥4,143	¥7,036
Weighted average number of units (units)	868,508	769,818

The weighted average number of units outstanding of 868,508 and 769,818 were used for the computation of the amount of net income per unit as of January 31, 2019 and July 31, 2018, respectively.

Net income per unit after adjusting for residual units is not included because there were no residual investment units.

The basis for calculating net income per unit is as follows:

	From August 1, 2018 to January 31, 2019	From February 1, 2018 to July 31, 2018
Net income (in thousands of yen)	¥3,598,442	¥5,416,437
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	¥3,598,442	¥5,416,437
Weighted average number of units during the period (units)	868,508	769,818

17. SIGNIFICANT SUBSEQUENT EVENTS

Issuance of New Investment Units

On February 4, 2019 and February 13, 2019, the Board of Directors of the Investment Corporation resolved to issue new investment units as the funds for acquiring specified assets and other use. Payments for the issuance of new investment units through public offering and through third-party allotment have been completed on February 20, 2019 and March 11, 2019, respectively.

As a result of the issuance of new investment units, the Investment Corporation has total unitholders' capital of ¥99,731,514,403 with 907,458 units outstanding as of March 11, 2019.

(Issuance of New Investment Units through Public Offering)

Issuance of new investment units	: 36,500 units
Issue price (Offer price)	: ¥175,500 per unit
Aggregate issue price (Total offer price)	: ¥6,405,750,000
Issue amount (Paid-in value)	: ¥169,740 per unit
Total issue amount (Aggregate paid-in value)	: ¥6,195,510,000
Payment date	: February 20, 2019

(Issuance of New Investment Units through Third-Party Allotment)

Issuance of new investment units	: 1,825 units
Issue amount (Paid-in value)	: ¥169,740 per unit
Total issue amount (Aggregate paid-in value)	: ¥309,775,500
Payment date	: March 11, 2019
Allottee	: SMBC Nikko Securities Inc.

18. SECURITIES PORTFOLIO

Securities portfolio consists of the following as of January 31, 2019:

- (1) Stock Not applicable
- (2) Securities other than shares

(in thousands of yen)

Type	Name	Face value total	Book value	Accrued interest	Prepaid accrued interest	Assessed value (Note 2)	Gain (Loss) on valuation	Remarks
Subordinated Silent Partnership Equity Interests	Equity interests in TK property fund with G.K. Tropic III as operator (Note 1)	-	111,796	-	-	111,796	-	
Total		-	111,796	-	-	111,796	-	

Note 1: TK property fund owns trust beneficiary interests in real estate for "Serabi Ebisu" and "Arute Ishiyagawa." Furthermore, the Investment Corporation will acquire real estate beneficiary interests in trust for the above two mentioned properties on June 3, 2019 based on the trust beneficiary interest sales contracts executed on February 4, 2019.

Note 2: The assessed value is stated at the book value.

Securities portfolio consists of the following as of July 31, 2018:

- (1) Stock Not applicable
- (2) Securities other than shares

(in thousands of yen)

Type	Name	Face value total	Book value	Accrued interest	Prepaid accrued interest	Assessed value (Note 1)	Gain (Loss) on valuation	Remarks
Subordinated Silent Partnership Equity Interests	Equity interests in TK property fund with G.K. Tropic I as operator (Note 2)	-	78,767	-	-	78,767	-	
Subordinated Silent Partnership Equity Interests	Equity interests in TK property fund with G.K. Tropic II as operator (Note 3)	-	122,142	-	-	122,142	-	
Silent Partnership Equity Interests	Equity interests in TK property fund with G.K. KSLF8 as operator (Note 4)	-	198,346	-	-	198,346	-	
Subordinated Silent Partnership Equity Interests	Equity interests in TK property fund with G.K. Tropic III as operator (Note 5)	-	113,006	-	-	113,006	-	
Total		-	512,263	-	-	512,263	-	

Note 1: The assessed value is stated at the book value. Loss on valuation of investment securities of ¥10,831 thousand and ¥11,150 thousand was recognized in the fiscal period ended July 31, 2018 regarding equity interests in TK property fund with G.K. Tropic I as operator and equity interests in TK property fund with G.K. Tropic II as operator, respectively.

Note 2: TK property fund owned trust beneficiary interests in real estate for "KDX Residence Shukugawa Hills" as of July 31, 2018, the end of the 13th fiscal period. Furthermore, the Investment Corporation acquired real estate beneficiary interests in trust for the abovementioned properties on August 2, 2018.

Note 3: TK property fund owned trust beneficiary interests in real estate for "KDX Residence Asagaya," "KDX Residence Hiyoshi" and "Serenite Kobe Motomachi" as of July 31, 2018, the end of the 13th fiscal period. Furthermore, the Investment Corporation acquired real estate beneficiary interests in trust for the three abovementioned properties on August 2, 2018.

Note 4: Equity interests in TK property fund with G.K. KSLF8 as operator were succeeded from JSL by the Merger.

TK property fund owned trust beneficiary interests in real estate for "Canadian Hill," "Anesis Hyogo," "Orange Suma," "Rococo-riha" and "Anesis Teradacho" as of July 31, 2018, the end of the 13th fiscal period. Furthermore, the Investment Corporation acquired real estate beneficiary interests in trust for the five abovementioned properties on August 2, 2018.

Note 5: TK property fund owns trust beneficiary interests in real estate for "Serabi Ebisu" and "Arute Ishiyagawa."

19. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment consist of the following as of January 31, 2019:

Type of asset	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Depreciation		Net balance at end of the period	Remarks
					Accumulated depreciation	Depreciation for the period		
					(in thousands of yen)			
Land	¥1,798,041	¥ -	¥ -	¥1,798,041	¥ -	¥ -	¥1,798,041	
Sub total	1,798,041	-	-	1,798,041	-	-	1,798,041	
Buildings in trust	84,656,776	10,780,795	360,282	95,077,289	9,123,715	1,269,324	85,953,573	Notes 1 and 2
Structures in trust	722,432	227,133	1,836	947,729	161,739	28,801	785,989	
Machinery and equipment in trust	1,360,078	72,927	3,678	1,429,327	288,590	32,624	1,140,736	
Tools, furniture and fixtures in trust	400,899	75,137	2,421	473,614	51,478	12,412	422,136	
Land in trust	111,474,267	18,896,415	181,530	130,189,152	-	-	130,189,152	Notes 1 and 2
Sub total	198,614,454	30,052,408	549,749	228,117,113	9,625,524	1,343,163	218,491,588	
Total	200,412,495	30,052,408	549,749	229,915,155	9,625,524	1,343,163	220,289,630	
Intangible assets								
Leasehold right in trust	1,067,058	-	-	1,067,058	-	-	1,067,058	
Other	7,762	-	-	7,762	1,423	776	6,339	
Total	¥1,074,821	¥ -	¥ -	¥1,074,821	¥1,423	¥776	¥1,073,398	

Note 1: The amount of increase during the period is primarily attributable to the acquisition of the real estate properties and capital expenditures.

Note 2: The amount of decrease during the period is primarily attributable to the sales of the real estate property.

Property, plant and equipment consist of the following as of July 31, 2018:

Type of asset	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Depreciation		Net balance at end of the period	Remarks
					Accumulated depreciation	Depreciation for the period		
					(in thousands of yen)			
Land	¥1,798,041	¥ -	¥ -	¥1,798,041	¥ -	¥ -	¥1,798,041	
Sub total	1,798,041	-	-	1,798,041	-	-	1,798,041	
Buildings in trust	68,843,600	16,408,296	595,119	84,656,776	7,901,681	1,084,310	76,755,095	Notes 1 and 2
Structures in trust	502,925	222,790	3,283	722,432	133,503	19,963	588,929	
Machinery and equipment in trust	1,317,786	42,291	-	1,360,078	256,856	30,015	1,103,222	
Tools, furniture and fixtures in trust	338,646	62,359	106	400,899	39,156	9,946	361,742	
Land in trust	99,538,715	12,402,600	467,048	111,474,267	-	-	111,474,267	Notes 1 and 2
Sub total	170,541,674	29,138,338	1,065,558	198,614,454	8,331,197	1,144,236	190,283,257	
Total	172,339,715	29,138,338	1,065,558	200,412,495	8,331,197	1,144,236	192,081,298	
Intangible assets								
Leasehold right in trust	-	1,067,058	-	1,067,058	-	-	1,067,058	
Other	-	7,762	-	7,762	646	646	7,115	
Total	¥ -	¥1,074,821	¥ -	¥1,074,821	¥ 646	¥ 646	¥1,074,174	

Note 1: The amount of increase during the period is primarily attributable to merger, the acquisition of the real estate property and capital expenditures.

Note 2: The amount of decrease during the period is primarily attributable to the sales of the real estate property.

20. INVESTMENT CORPORATION BONDS

Outstanding Investment corporation bonds as of January 31, 2019 are as follows.

Series	Date of issue	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate	Repayment date	Use	Remarks
(in thousands of yen)								
First series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.200%	August 30, 2021		
Second series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.540%	August 28, 2026		
Third series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.800%	August 30, 2028	(Note2)	Unsecured
Fourth series of unsecured investment corporation bonds (Note 1)	November 30, 2018	-	-	1,000,000	0.410%	November 30, 2023		
Fifth series of unsecured investment corporation bonds (Note 1)	November 30, 2018	-	-	1,000,000	0.850%	November 30, 2028		
Total		3,000,000	-	5,000,000				

Note 1: Ranking pari passu among the specified investment corporation bonds.

Note 2: Investment corporation bonds were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate and repayment of debts.

Note 3: Annual repayments of investment corporation bonds scheduled for the next five years after the balance sheet date are as follows.

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
(in thousands of yen)					
Investment corporation bonds	-	-	1,000,000	-	1,000,000

Outstanding Investment corporation bonds as of July 31, 2018 are as follows.

Series	Date of issue	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate	Repayment date	Use	Remarks
(in thousands of yen)								
First series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.200%	August 30, 2021		
Second series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.540%	August 28, 2026	(Note2)	Unsecured
Third series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.800%	August 30, 2028		
Total		3,000,000	-	3,000,000				

Note 1: Ranking pari passu among the specified investment corporation bonds.

Note 2: Investment corporation bonds were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate and repayment of debts.

Note 3: Annual repayments of investment corporation bonds scheduled for the next five years after the balance sheet date are as follows.

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
(in thousands of yen)					
Investment corporation bonds	-	-	-	1,000,000	-

21. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt and long-term debt consist of the following as of January 31, 2019

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks					
										(in thousands of yen)				
Short-term loans payable	Sumitomo Mitsui Banking Corporation (Note 8)	¥1,830,000	¥ -	¥580,000	¥1,250,000	0.412%	July 31, 2019	(Note 6)	Unsecured/ Unguaranteed					
	Mizuho Bank, Ltd.	800,000	-	-	800,000	0.412%	July 31, 2019							
	Sub total	2,630,000	-	580,000	2,050,000									
Current portion of long-term loans payable	Sumitomo Mitsui Banking Corporation	3,250,000	-	3,250,000	-	1.052%	August 31, 2018	(Note 6)	Unsecured/ Unguaranteed					
	MUFG Bank, Ltd.	2,000,000	-	2,000,000	-									
	Aozora Bank, Ltd.	1,000,000	-	1,000,000	-									
	Resona Bank, Limited.	500,000	-	500,000	-									
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	500,000	-									
	Mizuho Trust & Banking Co., Ltd.	500,000	-	500,000	-									
	Mizuho Bank, Ltd.	250,000	-	250,000	-									
	Development Bank of Japan Inc.	3,000,000	-	3,000,000	-					1.088% (Note 5)	August 31, 2018			
	MUFG Bank, Ltd. (Note 2)	1,500,000	-	-	1,500,000					0.689%	November 30, 2019			
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000					0.487%	February 28, 2019			
	MUFG Bank, Ltd.	500,000	-	-	500,000					0.487%	February 28, 2019			
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000					0.362%	July 31, 2019			
	Shinsei Bank, Limited	500,000	-	-	500,000					0.362%	July 31, 2019			
	Sumitomo Mitsui Banking Corporation	-	1,500,000	-	1,500,000					0.437%	January 31, 2020			
	MUFG Bank, Ltd.	-	1,400,000	-	1,400,000									
	Mizuho Bank, Ltd.	-	900,000	-	900,000									
	Shinsei Bank, Limited	-	500,000	-	500,000									
	Resona Bank, Limited.	-	400,000	-	400,000									
	Sumitomo Mitsui Trust Bank, Limited	-	300,000	-	300,000									
	Mizuho Trust & Banking Co., Ltd.	-	300,000	-	300,000									
	Aozora Bank, Ltd.	-	200,000	-	200,000									
	The Bank of Fukuoka, Ltd.	-	200,000	-	200,000									
	Sub total	15,000,000	5,700,000	11,000,000	9,700,000									
	Long-term loans payable	MUFG Bank, Ltd.	1,000,000	-	-					1,000,000	1.109%	January 31, 2021	(Note 6)	Unsecured/ Unguaranteed
		Sumitomo Mitsui Banking Corporation	1,000,000	-	-					1,000,000	1.221%	July 31, 2021		
		Aozora Bank, Ltd.	1,350,000	-	-					1,350,000	1.183%	March 31, 2021		
		Sumitomo Mitsui Banking Corporation	2,000,000	-	-					2,000,000	1.267%	April 30, 2022		
Aozora Bank, Ltd.		1,500,000	-	-	1,500,000	1.267%	April 30, 2022							
MUFG Bank, Ltd.		1,000,000	-	-	1,000,000	1.267%	April 30, 2022							
Resona Bank, Limited.		1,000,000	-	-	1,000,000	1.267%	April 30, 2022							
Sumitomo Mitsui Banking Corporation		1,100,000	-	-	1,100,000	0.916%	August 7, 2021							
MUFG Bank, Ltd.		1,100,000	-	-	1,100,000									
Mizuho Bank, Ltd.		600,000	-	-	600,000									
Aozora Bank, Ltd.		350,000	-	-	350,000									
Resona Bank, Limited.		300,000	-	-	300,000									
Mizuho Trust & Banking Co., Ltd.		300,000	-	-	300,000									
Development Bank of Japan Inc.		1,000,000	-	-	1,000,000			0.996% (Note 5)	August 7, 2021					
Sumitomo Mitsui Banking Corporation		400,000	-	-	400,000									
MUFG Bank, Ltd.		400,000	-	-	400,000									
Mizuho Bank, Ltd.		300,000	-	-	300,000									
Resona Bank, Limited.		200,000	-	-	200,000	1.254%	August 7, 2023							
Mizuho Trust & Banking Co., Ltd.		200,000	-	-	200,000									
Aozora Bank, Ltd.		150,000	-	-	150,000									
Development Bank of Japan Inc.	500,000	-	-	500,000	1.320% (Note 5)	August 7, 2023								

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
		(in thousands of yen)							
Long-term loans payable	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.945%	August 31, 2021		
	MUFG Bank, Ltd.	600,000	-	-	600,000	0.945%	August 31, 2021		
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.945%	August 31, 2021		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.804%	November 30, 2020		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.875%	January 31, 2022		
	MUFG Bank, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	Resona Bank, Limited.	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	1.100%	April 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.265%	April 30, 2025		
	Shinsei Bank, Limited	1,750,000	-	-	1,750,000				
	Sumitomo Mitsui Banking Corporation	1,750,000	-	-	1,750,000				
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.729%	July 29, 2020		
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	Resona Bank, Limited.	500,000	-	-	500,000				
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
	Shinsei Bank, Limited	1,100,000	-	-	1,100,000				
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000				
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.115%	July 29, 2022		
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Sompo Japan Nipponkoa Insurance Inc.	1,000,000	-	-	1,000,000				
	Aozora Bank, Ltd.	300,000	-	-	300,000	0.678%	August 31, 2020		
	Resona Bank, Limited.	1,100,000	-	-	1,100,000	0.923%	August 31, 2022		
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000	0.923%	August 31, 2022		
	Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023	(Note 6)	Unsecured/ Unguaranteed
	MUFG Bank, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	1.193% (Note 5)	August 31, 2024		
	MUFG Bank, Ltd.	300,000	-	-	300,000	0.624%	October 27, 2020		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.660% (Note 5)	July 31, 2025		
	Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000	0.816% (Note 5)	August 31, 2026		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.797%	August 31, 2025		
	Resona Bank, Limited.	500,000	-	-	500,000	0.797%	August 31, 2025		
	MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	0.670% (Note 5)	August 31, 2025		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.751% (Note 5)	August 31, 2025			
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.906%	August 31, 2026			
Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.773% (Note 5)	October 31, 2025			
Resona Bank, Limited.	1,000,000	-	-	1,000,000	0.900%	August 22, 2027			
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027			
Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027			
Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	0.928% (Note 5)	August 22, 2027			
Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.928% (Note 5)	August 22, 2027			

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
(in thousands of yen)									
Long-term loans payable	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027		
	The Bank of Fukuoka, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.501%	February 28, 2023		
	MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.501%	February 28, 2023		
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	0.582%	February 29, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.624%	August 31, 2024		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.661% (Note 5)	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.665%	February 28, 2025		
	Resona Bank, Limited.	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.409%	July 31, 2021		
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.409%	July 31, 2021		
	MUFG Bank, Ltd.	500,000	-	-	500,000	0.409%	July 31, 2021		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.409%	July 31, 2021		
	Nippon Life Insurance Company	500,000	-	-	500,000	0.900% (Note 5)	January 30, 2027		
	Sumitomo Mitsui Banking Corporation	-	1,500,000	-	1,500,000				
	MUFG Bank, Ltd.	-	1,400,000	-	1,400,000				
	Mizuho Bank, Ltd.	-	900,000	-	900,000				
	Development Bank of Japan Inc.	-	500,000	-	500,000				
	Nippon Life Insurance Company	-	500,000	-	500,000				
	Resona Bank, Limited.	-	400,000	-	400,000	0.799%	February 2, 2026	(Note 6)	Unsecured/Unsecured
	Shinsei Bank, Limited	-	400,000	-	400,000				
	Sumitomo Mitsui Trust Bank, Limited	-	400,000	-	400,000				
	Mizuho Trust & Banking Co., Ltd.	-	400,000	-	400,000				
	Aozora Bank, Ltd.	-	300,000	-	300,000				
	The Bank of Fukuoka, Ltd.	-	300,000	-	300,000				
	Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.509%	August 31, 2022		
	MUFG Bank, Ltd.	-	400,000	-	400,000	0.509%	August 31, 2022		
	Development Bank of Japan Inc.	-	1,600,000	-	1,600,000	0.498% (Note 5)	August 31, 2022		
	Sumitomo Mitsui Banking Corporation	-	1,200,000	-	1,200,000	0.592%	August 31, 2023		
	Aozora Bank, Ltd.	-	1,000,000	-	1,000,000	0.592%	August 31, 2023		
	MUFG Bank, Ltd.	-	800,000	-	800,000	0.592%	August 31, 2023		
	Sumitomo Mitsui Banking Corporation	-	1,050,000	-	1,050,000	0.914%	February 28, 2027		
	Resona Bank, Limited.	-	500,000	-	500,000	0.914%	February 28, 2027		
	Sumitomo Mitsui Trust Bank, Limited	-	500,000	-	500,000	0.914%	February 28, 2027		
	Mizuho Trust & Banking Co., Ltd.	-	500,000	-	500,000	0.914%	February 28, 2027		
	Mizuho Bank, Ltd.	-	250,000	-	250,000	0.914%	February 28, 2027		
	Development Bank of Japan Inc.	-	1,400,000	-	1,400,000	0.884% (Note 5)	February 28, 2027		
MUFG Bank, Ltd.	-	800,000	-	800,000	0.825% (Note 5)	February 28, 2027			
Nippon Life Insurance Company	-	700,000	-	700,000	0.920% (Note 5)	September 30, 2026			
Shinsei Bank, Limited	-	1,000,000	-	1,000,000	1.031%	September 30, 2028			
Sumitomo Mitsui Trust Bank, Limited	-	800,000	-	800,000	1.031%	September 30, 2028			
Mizuho Trust & Banking Co., Ltd.	-	500,000	-	500,000	1.031%	September 30, 2028			
Sub total		85,500,000	21,000,000	-	106,500,000				
Total		¥103,130,000	¥26,700,000	¥11,580,000	¥118,250,000				

Note 1: Annual repayments of long-term loans payable (except for current portion of long-term loans payable) scheduled for the next five years after the balance sheet date are as follows:

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years (in thousands of yen)	Due after 4 years through 5 years	Due after 5 years
Long-term loans payable	¥ 9,600,000	¥13,000,000	¥17,750,000	¥11,800,000	¥54,350,000

Note 2: Borrowings listed in the current portion of long-term loans payable were listed in long-term loans payable in the previous fiscal period.

Note 3: All debts except for the following Note 5 are borrowing at a floating rate.

Note 4: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap transactions and other derivative transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps and other derivatives are indicated.

Note 5: Borrowings is applied at a fixed rate.

Note 6: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 7: All the repayment methods of debt financing are lump-sum repayments on the due date.

Note 8: Partial prepayment of 580,000 thousand yen was made on November 30, 2018.

Short-term debt and long-term debt consist of the following as of July 31, 2018

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks	
		(in thousands of yen)								
Short-term loans payable	Sumitomo Mitsui Banking Corporation	¥1,000,000	¥ -	¥1,000,000	¥ -	0.455%	July 31, 2018			
	Shinsei Bank, Limited (Note 8)	-	500,000	500,000	-	0.354%	July 30, 2018			
	Sumitomo Mitsui Banking Corporation (Note 8)	-	500,000	500,000	-	0.354%	July 30, 2018	(Note 6)	Unsecured/ Unguaranteed	
	Sumitomo Mitsui Banking Corporation	830,000	-	830,000	-	0.455%	July 31, 2018			
	Mizuho Bank, Ltd.	800,000	-	800,000	-	0.455%	July 31, 2018			
	Sumitomo Mitsui Banking Corporation	-	1,830,000	-	1,830,000	0.404%	July 31, 2019			
	Mizuho Bank, Ltd.	-	800,000	-	800,000	0.404%	July 31, 2019			
	Sub total	2,630,000	3,630,000	3,630,000	2,630,000					
	Current portion of long-term loans payable	Sumitomo Mitsui Banking Corporation	3,250,000	-	-	3,250,000				
		MUFG Bank, Ltd.	2,000,000	-	-	2,000,000				
Aozora Bank, Ltd.		1,000,000	-	-	1,000,000					
Resona Bank, Limited.		500,000	-	-	500,000	1.052%	August 31, 2018			
Sumitomo Mitsui Trust Bank, Limited		500,000	-	-	500,000					
Mizuho Trust & Banking Co., Ltd.		500,000	-	-	500,000					
Mizuho Bank, Ltd.		250,000	-	-	250,000					
Development Bank of Japan Inc.		3,000,000	-	-	3,000,000	1.088% (Note 5)	August 31, 2018			
Shinsei Bank, Limited (Note 8)		-	1,000,000	1,000,000	-					
Sumitomo Mitsui Banking Corporation (Note 8)		-	1,000,000	1,000,000	-			(Note 6)	Unsecured/ Unguaranteed	
MUFG Bank, Ltd. (Note 8)		-	500,000	500,000	-	0.435%	July 30, 2018			
Mizuho Bank, Ltd. (Note 8)		-	500,000	500,000	-					
Nippon Life Insurance Company (Note 8)		-	500,000	500,000	-					
Sumitomo Mitsui Banking Corporation (Note 2)		1,000,000	-	-	1,000,000	0.480%	February 28, 2019			
MUFG Bank, Ltd. (Note 2)		500,000	-	-	500,000	0.480%	February 28, 2019			
Sumitomo Mitsui Banking Corporation		-	500,000	-	500,000	0.354%	July 31, 2019			
Shinsei Bank, Limited		-	500,000	-	500,000	0.354%	July 31, 2019			
Sub total	12,500,000	4,500,000	3,500,000	13,500,000						
Long-term loans payable	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.109%	January 31, 2021			
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.221%	July 31, 2021			
	Aozora Bank, Ltd.	1,350,000	-	-	1,350,000	1.183%	March 31, 2021			
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.267%	April 30, 2022			
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	1.267%	April 30, 2022			
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.267%	April 30, 2022			
	Resona Bank, Limited.	1,000,000	-	-	1,000,000	1.267%	April 30, 2022			
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000					
	MUFG Bank, Ltd.	1,100,000	-	-	1,100,000			(Note 6)	Unsecured/ Unguaranteed	
	Mizuho Bank, Ltd.	600,000	-	-	600,000	0.916%	August 7, 2021			
	Aozora Bank, Ltd.	350,000	-	-	350,000					
	Resona Bank, Limited.	300,000	-	-	300,000					
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000					
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.996% (Note 5)	August 7, 2021			
Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000						
MUFG Bank, Ltd.	400,000	-	-	400,000	1.254%	August 7, 2023				
Mizuho Bank, Ltd.	300,000	-	-	300,000						
Resona Bank, Limited.	200,000	-	-	200,000						

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
(in thousands of yen)									
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000	1.254%	August 7, 2023		
	Aozora Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000	1.320% (Note 5)	August 7, 2023		
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.945%	August 31, 2021		
	MUFG Bank, Ltd.	600,000	-	-	600,000	0.945%	August 31, 2021		
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.945%	August 31, 2021		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.804%	November 30, 2020		
	MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.689%	November 30, 2019		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.875%	January 31, 2022		
	MUFG Bank, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	Resona Bank, Limited.	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	1.100%	April 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.265%	April 30, 2025		
	Shinsei Bank, Limited (Note 8)	-	1,750,000	-	1,750,000				
	Sumitomo Mitsui Banking Corporation (Note 8)	-	1,750,000	-	1,750,000				
	MUFG Bank, Ltd. (Note 8)	-	1,000,000	-	1,000,000				
	Mizuho Bank, Ltd. (Note 8)	-	500,000	-	500,000	0.729%	July 29, 2020		
	Resona Bank, Limited. (Note 8)	-	500,000	-	500,000				
Long-term loans payable	Mizuho Trust & Banking Co., Ltd. (Note 8)	-	500,000	-	500,000			(Note 6)	Unsecured/Unguaranteed
	Shinsei Bank, Limited (Note 8)	-	1,100,000	-	1,100,000				
	Sumitomo Mitsui Banking Corporation (Note 8)	-	1,100,000	-	1,100,000				
	MUFG Bank, Ltd. (Note 8)	-	1,000,000	-	1,000,000	1.115%	July 29, 2022		
	Mizuho Bank, Ltd. (Note 8)	-	300,000	-	300,000				
	Sompo Japan Nipponkoa Insurance Inc. (Note 8)	-	1,000,000	-	1,000,000				
	Aozora Bank, Ltd.	300,000	-	-	300,000	0.678%	August 31, 2020		
	Resona Bank, Limited.	1,100,000	-	-	1,100,000	0.923%	August 31, 2022		
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000	0.923%	August 31, 2022		
	Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023		
	MUFG Bank, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	1.193% (Note 5)	August 31, 2024		
	MUFG Bank, Ltd.	300,000	-	-	300,000	0.624%	October 27, 2020		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.660% (Note 5)	July 31, 2025		
	Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000	0.816% (Note 5)	August 31, 2026		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.797%	August 31, 2025		

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
Lender	(in thousands of yen)							
Resona Bank, Limited.	500,000	-	-	500,000	0.797%	August 31, 2025		
MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	0.670% (Note 5)	August 31, 2025		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.751% (Note 5)	August 31, 2025		
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.906%	August 31, 2026		
Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.773% (Note 5)	October 31, 2025		
Resona Bank, Limited.	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	0.928% (Note 5)	August 22, 2027		
Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.928% (Note 5)	August 22, 2027		
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027		
The Bank of Fukuoka, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027		
Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.501%	February 28, 2023	(Note 6)	Unsecured/ Unguaranteed
MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.501%	February 28, 2023		
Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	0.582%	February 29, 2024		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.624%	August 31, 2024		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.661% (Note 5)	August 31, 2024		
Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.665%	February 28, 2025		
Resona Bank, Limited.	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.409%	July 31, 2021		
Shinsei Bank, Limited	-	1,000,000	-	1,000,000	0.409%	July 31, 2021		
MUFG Bank, Ltd.	-	500,000	-	500,000	0.409%	July 31, 2021		
Mizuho Bank, Ltd.	-	500,000	-	500,000	0.409%	July 31, 2021		
Nippon Life Insurance Company	-	500,000	-	500,000	0.900% (Note 5)	January 30, 2027		
Sub total	73,000,000	14,000,000	-	87,000,000				
Total	¥88,130,000	¥22,130,000	¥7,130,000	¥103,130,000				

Note 1: Annual repayments of long-term loans payable (except for current portion of long-term loans payable) scheduled for the next five years after the balance sheet date are as follows:

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term loans payable	¥7,500,000	¥8,950,000	¥19,650,000	¥7,250,000	¥43,650,000

Note 2: Borrowings listed in the current portion of long-term loans payable were listed in long-term loans payable in the previous fiscal period.

Note 3: All debts except for the following Note 5 are borrowing at a floating rate.

Note 4: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap transactions and other derivative transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps and other derivatives are indicated.

Note 5: Borrowings is applied at a fixed rate.

Note 6: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 7: All the repayment methods of debt financing are lump-sum repayments on the due date.

Note 8: Borrowings succeeded from JSL due to the Merger on March 1, 2018.

22. DISTRIBUTIONS

	14th Fiscal Period (From August 1, 2018 to January 31, 2019)	13th Fiscal Period (From February 1, 2018 to July 31, 2018)
I. Retained earnings at the end of period	¥3,875,050,769	¥5,428,676,864
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments (Note 1)	¥20,000,000	¥-
III. Total distributions	¥3,510,428,187	¥3,152,068,128
Distributions per unit	¥4,039	¥4,026
IV. Voluntary retained earnings		
Provision of reserve for temporary difference adjustments (Note 1)	¥-	¥2,000,000,000
V. Retained earnings brought forward to the next period	¥384,622,582	¥276,608,736
Method of calculating distribution amount	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥3,510,428,187, which is the amount deducting a part of gain on sale of real estate property and other adjustments from net income and added reversal of reserve for temporary difference adjustments, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 14th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥3,152,068,128, which is the amount deducting a part of gain on negative goodwill, a part of gain on sale of real estate property and other adjustments from net income, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 13th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>

Note 1: Reserve for temporary difference adjustments

14th Fiscal Period (August 1, 2018 to January 31, 2019)

The Investment Corporation has reserved ¥2,000,000,000 as reserve for temporary difference adjustments from gain on negative goodwill in the 13th fiscal period. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period applied to distribution starting from the 14th fiscal period distribution. It has been decided that ¥20,000,000 shall be reversed and applied to distribution in the 14th fiscal period distribution.

13th Fiscal Period (February 1, 2018 to July 31, 2018)

The Investment Corporation has reserved ¥2,000,000,000 as reserve for temporary difference adjustments from gain on negative goodwill in the 13th fiscal period. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period applied to distribution starting from the 14th fiscal period distribution.