



Financial Results for the Period Ended July 2019 (15th Fiscal Period)

September 13, 2019

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

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1. Activities for further growth of unitholders' value

Review After the Merger and Future Initiatives

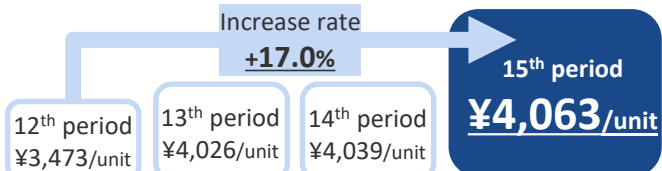


Review after the merger

Each of the following indicators was improved due to the merger and two consecutive public offerings (12th period → 15th period)

Before the merger
2019.7

Growth of Distributions per Unit (DPU)



Growth of unitholders' value

Growth of NAV

NAV per unit
¥153,716
▶ **¥170,844**

Internal Growth

Percentage for rent increase of new tenants in the 15th period
+2.6%

Gain on Sale

Total gain on sale from the 13th to 15th periods
¥842 mil

Increase in Market Capitalization

Market Capitalization
¥109.0 bln ▶ **¥174.7 bln**
Increase rate **+60.2%**

Increase in Asset Size

Asset Size
¥164.1 bln ▶ **¥233.2 bln**
Increase rate **+42.1%**

Improvement of stability

Improvement of Financial Indicator

LTV
51.5% ▶ **49.4%**

Inclusion in the Index

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

Future Initiatives

Growth and management of distributions

- Aim for the early achievement of the stabilized DPU of ¥4,000 through both external and internal growth
- Continue to use gains on sales to increase the DPU
- Use internal reserves to increase the DPU consistently
- Reducing financial costs

Build a Stable Portfolio

- Aim to continue investing approximately ¥20 billion annually, mainly in Tokyo metropolitan area rental housing
- Build portfolio mainly in Tokyo metropolitan area rental housing sector
- Improve the quality of portfolio by continuously replacing assets

Further advances in KDR's positioning in the J-REIT sector

- Aim to increase the credit rating consistently (A+) by improving financial stability
- Aim to attract a broader range of investors through inclusion in more indexes and other measures

Targets

DPU (Stabilized)
¥4,000

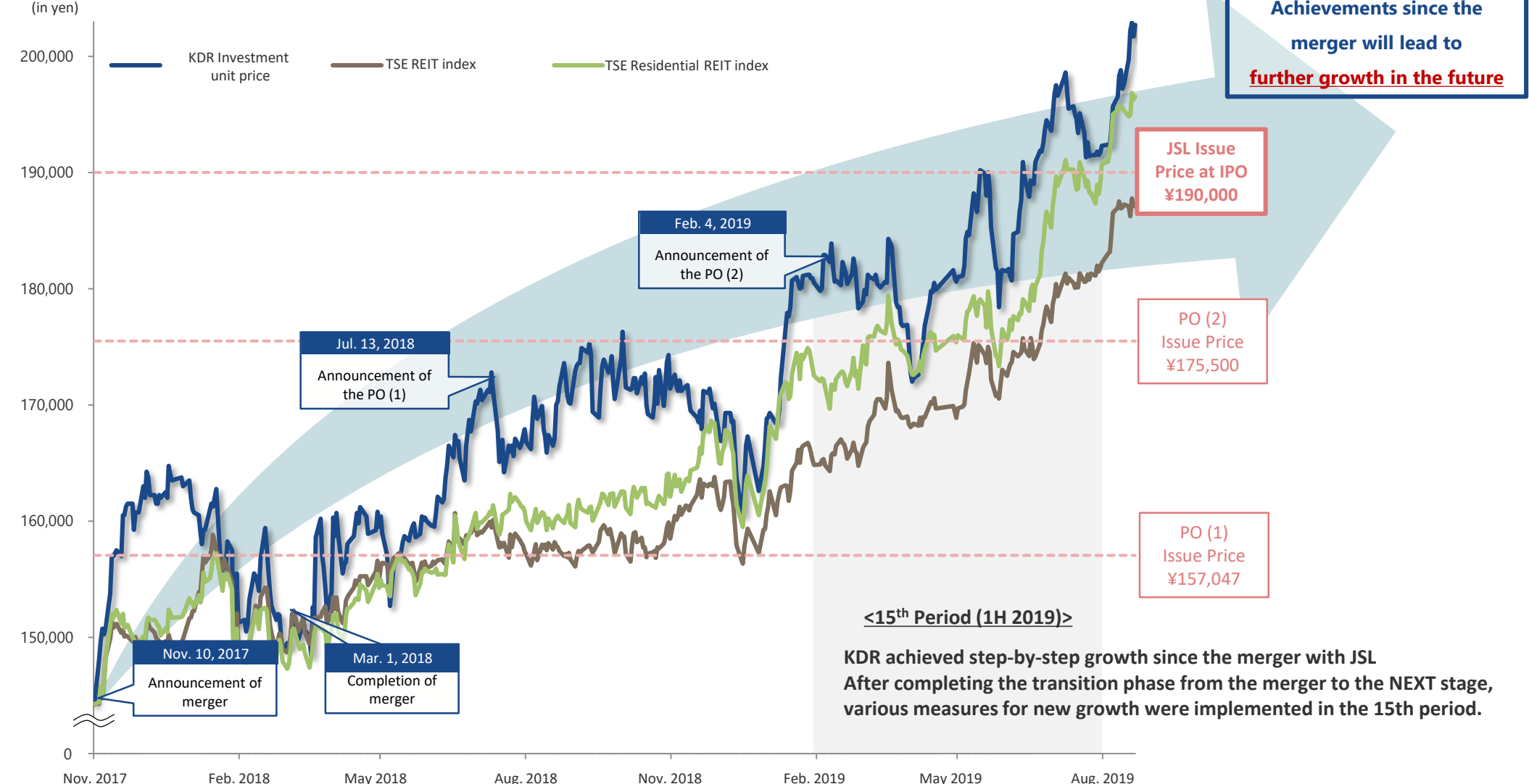
Market Capitalization
¥200 bln

Asset Size
¥300 bln

Investment Unit Price and Sustained Growth

- After the Nov. 2017 merger announcement, the investment unit price has been steadily increasing following the two consecutive public offerings
- During the 15th period, unit price exceeded the **Japan Senior Living Investment Corporation (JSL)**'s issue price of **¥190,000 at IPO**

Investment Unit Price (After Announcement of the JSL Merger)



Note: Tokyo Stock Exchange REIT Index and Tokyo Stock Exchange Residential REIT Index on the announcement date of the JSL merger of November 10, 2017 are indexed as the investment unit price (closing price) of KDR on the same date.

Portfolio Structuring Policy

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

Targets for Portfolio Weighting Based on Use

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

Use	Target Investment Ratio in the Management Guidelines	Current Investment Ratio ⁽¹⁾	Target Investment Ratio When Asset Size Reach ¥300 bln ⁽²⁾
Residential Facilities	At least 60%	76.5%	Approx. 70-75%
Healthcare Facilities	30% or less	22.7%	Approx. 20-25%
Accommodations	20% or less	-	Approx. 0-10%
Other	10% or less	0.7%	Approx. 0-5%

-Policy for Property Sales-

- Aim to continue **strategic asset replacements** to **increase growth of portfolio** without limitations involving asset categories

Continue Strategic Asset Replacements

- Properties that will become less competitive in the future due to property characteristics and local market environment
- For rental housing, the priority for sales is holdings other than properties in major metropolitan areas
- Properties where profitability is expected to decrease, such as buildings where CAPEX is expected to increase in the future

Note 1: Percentages use prices of properties that include assets to be acquired by March 2020, which are already scheduled for as of the date of this presentation.


Note 2: This is a rough estimate for target investment ratio. The actual investment ratio may differ from the above ratio depending on the future market environment and other factors.

1. Activities for further growth of unitholders' value

To-be Acquired Properties and External Growth Pipeline

- Plan to acquire two rental housing properties with strong internal growth in the Tokyo metropolitan area
- Plan to acquire a property in a prime location in a major regional area

Summary of To-be Acquired Properties

	KDX Residence Nishi-Funabashi	KDX Residence Hatagaya	KDX Residence Sendai Station East
			
Location <small>(distance from the station)</small>	Funabashi-shi, Chiba (4 min. walking from Nishi-Funabashi station)	Shibuya-ku, Tokyo (6 min. walking from Hatagaya station)	Sendai-shi, Miyagi (7 min. walking from Sendai station)
Acquisition price	¥975 mln	¥2,500 mln	¥1,340 mln
Appraisal value	¥1,060 mln	¥2,710 mln	¥1,410 mln
Appraisal NOI cap rate ⁽¹⁾	5.0%	4.6%	5.0%
NOI cap rate after depreciation ⁽¹⁾	4.0%	4.1%	3.8%
Scheduled date of acquisition	September 17, 2019	Until February 28, 2020	Until March 12, 2020
Construction completion	January, 2011	January, 2002	February, 2019

External Growth Pipeline

- Aim for continuous external growth through various acquisition routes and methods

Stable Pipeline Backed by Sponsor Support

Sponsor support		From support company	
	Tokyo Metropolitan Area		Tokyo Metropolitan Area Preferential Negotiation Rights
(Tentative name) Hatchobori Project		(Tentative name) Minami Rokugo Project	
Location	Chuo-ku, Tokyo	Location	Ota-ku, Tokyo
Rentable units	About 40 to 50	Rentable units	80
Construction completion (scheduled)	August 2020	Construction completion (scheduled)	February 2020

Asset management company's channels		Sponsor support	
	Preferential Negotiation Rights Fixed Rent		Tokyo Metropolitan Area Fixed Rent
	Tokyo Metropolitan Area Fixed Rent		
Rehabili Home Granda Kobe Kitano		Otsuka Ekimae Hotel	
Location	Kobe-shi, Hyogo	Location	Toshima-ku, Tokyo
No. of rooms	59	Number of rooms	74
Construction completion	February 2016	Construction completion	October 2018
Operator	Benesse Style Care Co.,Ltd.		November 2018
		Yokohama Sta. Nishiguchi Hotel	
		Location	Yokohama-shi, Kanagawa

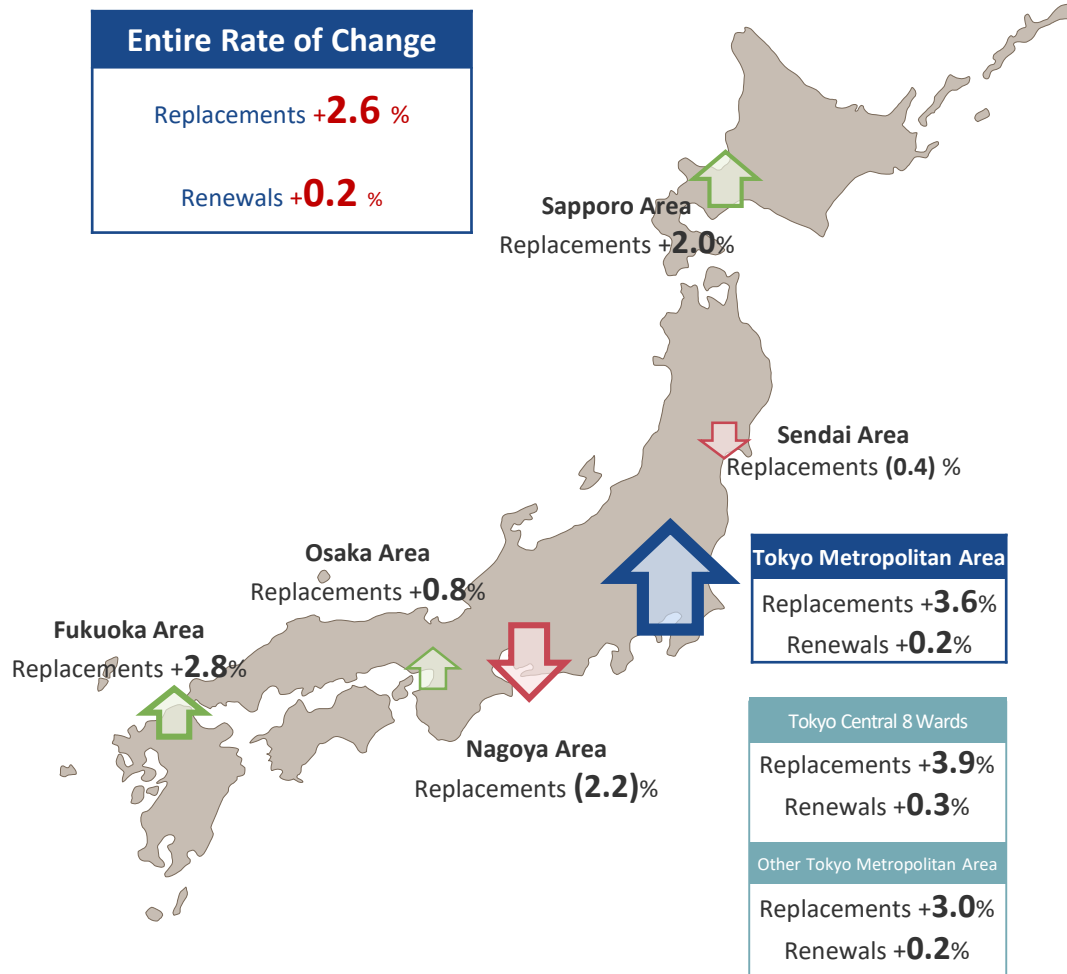
Note 1: "Appraisal NOI cap rate" for to-be acquired properties is the net operating income (NOI) using the direct capitalization method in the appraisal reports divided by the planned acquisition price (before taxes). The "NOI cap rate after depreciation" is the NOI using the direct capitalization method in the appraisal reports minus estimated depreciation based on engineering reports prepared by Kenedix Estate Fund Management, Inc. (KFM) divided by the planned acquisition price (before taxes).

Rent Trends of Residential Facilities

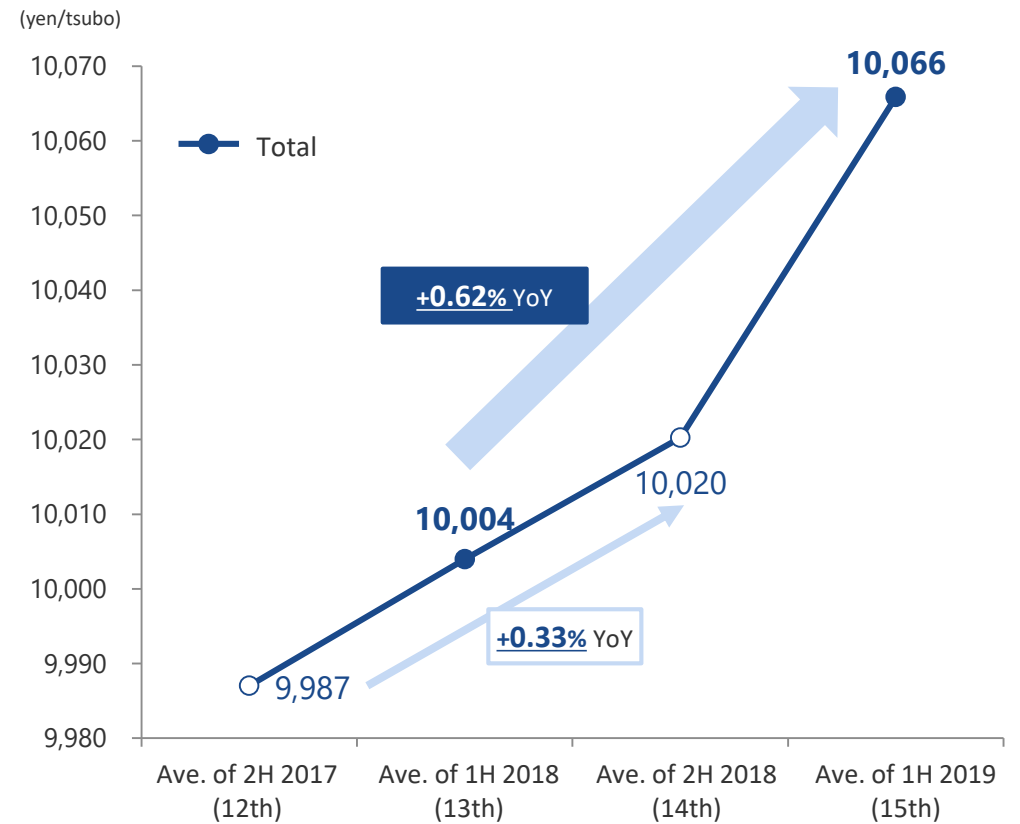
- The rental housing market environment is favorable in the Tokyo metropolitan area
- Current trends in new rent in Nagoya and Sendai are weak

- Increase in new rental income raised rent per tsubo of the entire portfolio
- Rent per tsubo for the entire portfolio was 0.62% higher than one year earlier

Map for Rate of Changes in Rent (Jul. 31, 2019)



Trends in Rent per Tsubo of Residential Unit ⁽¹⁾



Note 1: "Rent per Tsubo of Residential Unit by Area" is calculated for residential units of pass through contract (excluding contract for whole building) of 111 properties operated from August 1, 2017 to July 31, 2019. (1Tsubo = 35.5832 sq. ft.)

Sustainability (1) - Initiatives for Environment -



DBJ Green Building Certification⁽¹⁾

7 residential properties are certificated.

Properties certificated DBJ Green Building

<p>Serenite Kobe Motomachi</p>  <p>New Jan. 2019</p> 		<p>KDX Residence Shukugawa Hills</p>  <p>New Jan. 2019</p> 		
<p>KDX Residence Ebisu</p>  <p>Update Jul. 2019</p> 	<p>KDX Residence Hanzomon</p>  <p>Update Jul. 2019</p> 	<p>KDX Residence Yotsuya</p>  	<p>Ashiya Royal Homes</p>  	<p>KDX Residence Toyosu</p>  

Certification for the healthcare assets. BELS Certification




Plaisant Grand Ota tamagawa

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

CASBEE Certification



Excellent Nishinomiya

Self-assessment based on CASBEE was carried out in November 2015, 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.

GRESB Real Estate Assessment

The Investment Corporation participates in GRESB Real Estate Assessment from 2016 and acquired "Green Star" rating in 2019. (Rating is "2 Stars")



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

Others

Reduction of the amount of Energy used

	Reduction Targets	FY2018 (YoY change)
Energy Consumption	5 year/5% total in intensity	Rate of change -6.4%

The Asset Management Company has set long-term goals concerning reduction of the amount of energy used and promotes initiatives leading to reduction of environmental burden while continuously monitoring its efforts.

Secure Lockers for Deliveries





112 props

Secure lockers for parcels eliminate the need for delivery companies to return to a property when a resident is not home the first time. This reduces transportation CO2 emissions and wasted working time for drivers.

LED Lights in Common Areas⁽²⁾

	Total (after 2015)
Property (props)	46
Expense (mln yen)	78.7
Annual reduction (mln yen)	22.5

Outlets for recharging electric cars




3 props

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

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

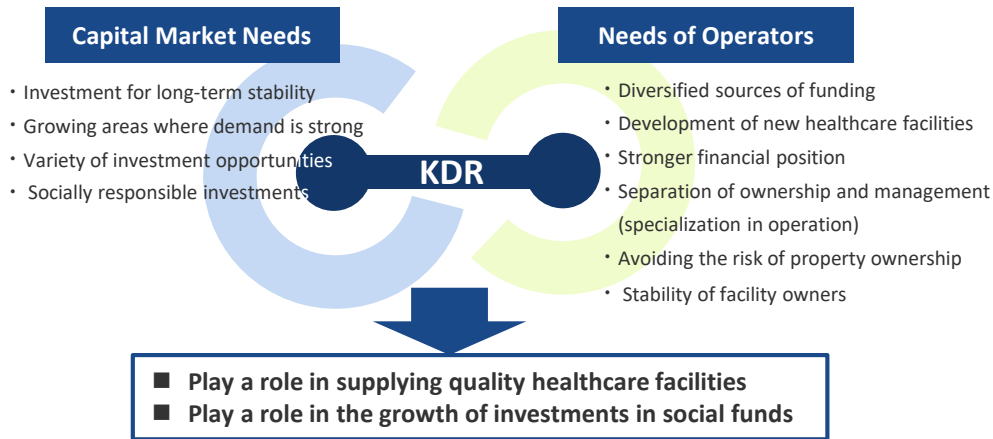
Note 2: "Annual reduction" is calculated based on the presentation materials from construction company as of exchanging construction.

Sustainability (2) - Social and Governance Initiatives -

Significant Social Contribution as an REIT Investing in Healthcare Facilities



In Japan, a super-aging society, the shortage of healthcare facilities are urgent social issues. KDR believes that there is a growing need in society for REITs to purchase and manage healthcare facilities. By continuing to acquire these properties, KDR aims to meet this need. KDR also believes that the growth of ESG investments will create more opportunities for healthcare facilities to attract new investments.



Investments in Childcare Facilities

■ Revision of the Management Guidelines (Sep. 2019)

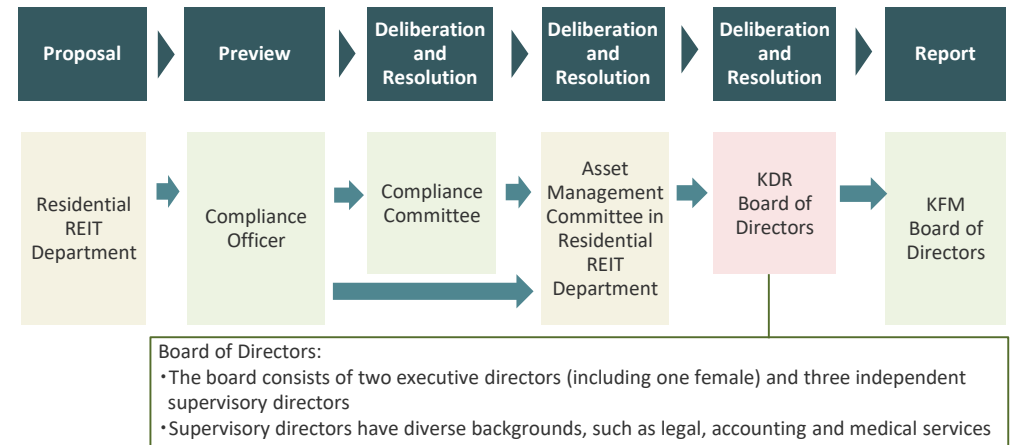
- As Japan is facing issues related to population structure, as part of its response to the declining birthrate and aging population, the need for childcare facilities is expected to continue. KFM believes that childcare facilities are asset classes with good prospects for growth. These properties can generate stable rental income that is reflected in the medium to long-term asset value of these facilities.
- KFM revised its management guidelines to create social value through investments in childcare facilities that meet this need and to increase flexibility for targeting investment opportunities.

Usage	Asset Type Examples
Residential Facilities	Rental housing Serviced apartments, etc.
Healthcare Facilities	Private senior homes, serviced housing for the elderly, Nursing and health facilities, etc.
Accommodation	Hotels, etc.
Other	Land with leasehold interest, <u>Childcare facilities</u> , etc.

Decision-making Process with Transparency & Checks and Balances



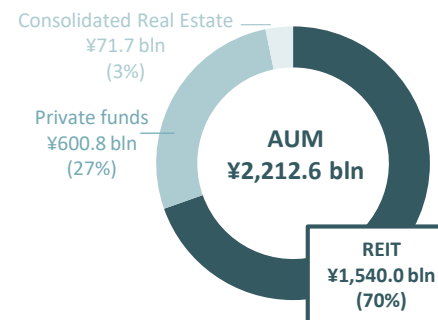
- KFM creates guidelines for the management of KDR's assets. The guidelines set forth basic policies on asset management, including the investment policy, related party transaction rules, the distribution policy and the disclosure policy.
- Based on the management guidelines, KFM creates asset management plans and other plans (ex. medium-term plans, annual business plans). KFM makes decisions about property acquisitions in accordance with the investment policy and related party transaction rules in the management guidelines.
- The following process is used in principle to make decisions about establishing and revising the management guidelines, asset management plan and other items as well as about asset acquisitions and sales.



The Kenedix Group's Commitment to J-REITs

■ Breakdown of AUM

(As of Jun. 30, 2019)



■ Investment in KDR by Kenedix, Inc.

(As of Jul. 31, 2019)

Number of Units owned	Ownership
16,570 units	1.82%

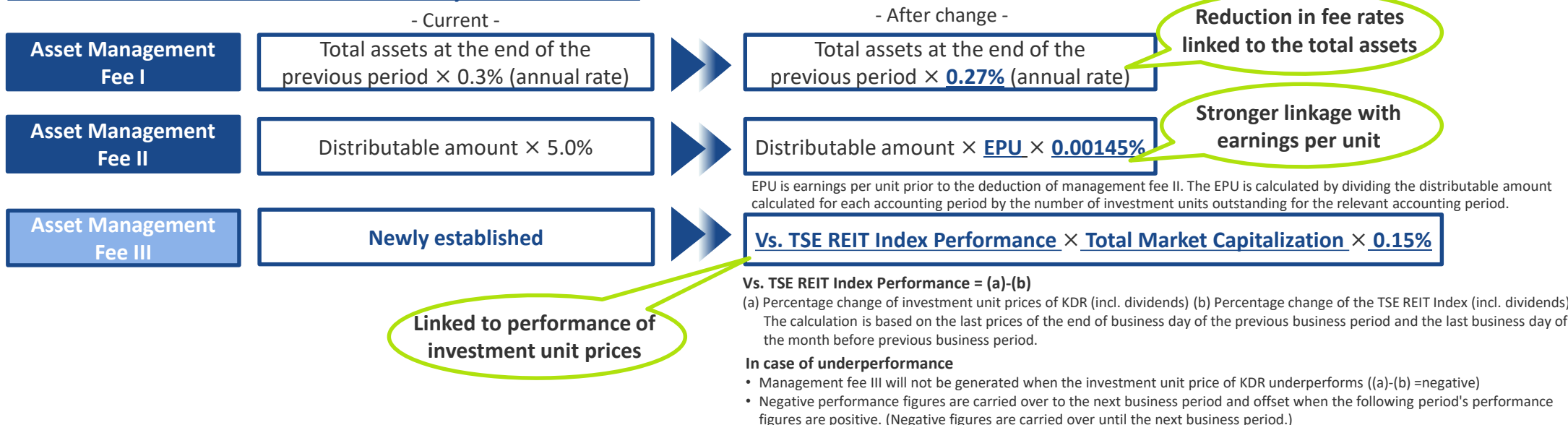
REITs account for a large share of the Kenedix Group's AUM. Stable growth of REIT AUM is a source of revenue for Kenedix, Inc. (the sponsor). These investments are also a business model in which the interests of Kenedix and the REITs are aligned.

Changes to Asset Management Fee Structure

To strengthen the link between fees and unitholder returns

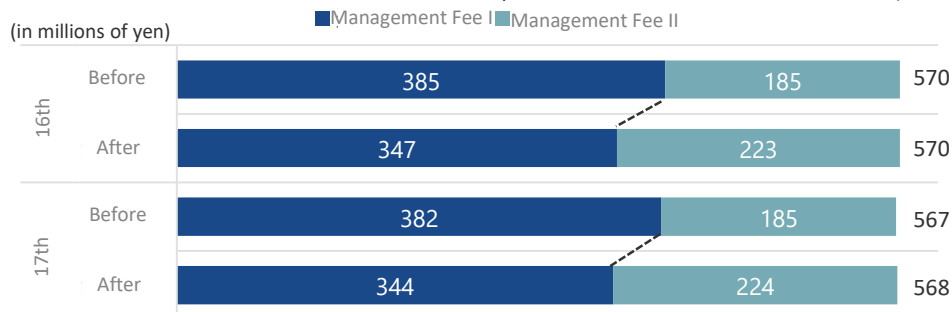
- The fee linked to total assets (AM Fee I) was reduced and earnings per unit is now included in determining the fee based on performance (AM Fee II).
- In addition, we established the fee that is linked to the performance of investment unit prices (Management Fee III) to strengthen incentives for improving unitholders' value.

Outline of Revisions to Fee Rates and Newly Established Fees



Estimates Based on New Rates, etc.

Increase in percentages linked to profit-performance to the extent that the total amount of the management fee is not materially affected (Estimated figures are calculated based on the assumptions for the forecasts for the 16th and 17th periods, which may not correspond to the actual amount of fee.)



Calculation of Management Fee III Rate

In light of seasonal fluctuations in the residential market and the cycle of economic activities, the performance evaluation period is substantially one year rather than six months (The figures for the 14th period is estimated numbers calculated based on investment unit prices, etc. at the past., all numbers are not actually applied.)

Business Period for Calculation	14th	X th	X+1 th
Percentage change of investment unit prices of KDR (a)	+10.9%	+9.2%	+10.9%
Percentage change of the TSE REIT Index (b)	+6.9%	+11.1%	+6.9%
Vs. TSE REIT Index Performance (a)-(b)	+4.0%	-1.9%	+4.0%
Rates for calculating fee	4.0%	0%	+2.1%
Business Period for Realizing Fee	15th	X+1 th	X+2 th

Note: The change in AM Fee structure is supposed to take effect by resolution at the unitholders' meeting scheduled on Oct. 30, 2019 and completion of other procedures.

The change is scheduled to be effective from the period ending July 2020 (the 17th Period) or later.

2. Financial Results

(Actual Results for 15th Period and Outlook for 16th and 17th Period)

2. Financial Results (Actual Results for 15th Period and Outlook for 16th and 17th Period)

Income Statement for the Period Ended July 2019 (15th Fiscal Period)

(in millions of yen)	2H 2018		1H 2019		Period on Period		Major Components ⁽¹⁾		Actual vs Forecast		Major Components ⁽¹⁾	
	Actual	Forecast	Actual	Forecast	Change	%	(R) Average occupancy rate: 96.4%	Change	%	(R) Average occupancy rate: 96.6%	Change	%
Rent revenue – real estate	7,085	7,336	7,342		257	3.6%	Increase due to acquisition of new properties +247	6	0.1%			
Other lease business revenue	520	533	590		70	13.5%	(R) Increase mainly due to higher rent at existing properties +22	56	10.7%	(R) Increase in key money and renewal fees, etc. +18		
Gain on sale of real estate property	203	202	203		0	0.1%	(H) Full fiscal-period contribution of Plaisant Grand Ota Tamagawa acquired in 2H 2018 +25	0	0.3%	(R) Insurance payments and other one-time revenue +22		
Dividends received	14	-	-		-14	-100.0%	(R) Decrease due to sale of KDX Residence Kotodai and Shin-Osaka -38	-	-			
Operating revenues	7,823	8,072	8,136		312	4.0%	(R) Increase in key money and renewal fees, etc. +55	63	0.8%			
							(R) Insurance payments and other one-time revenue +21					
Expenses related to rent business (ex. depreciation)	1,451	1,552	1,524		72	5.0%	(R) Increase in leasing-related fees +23	-27	-1.8%	(R) Decrease in leasing-related fees -29		
Depreciation	1,343	1,394	1,391		48	3.6%	Start of recording expenses for property, city planning and other taxes on the properties acquired in 2018 +66	-2	-0.2%			
Other operating Expenses	815	862	861		46	5.7%	Increase due to acquisition of new properties in 1H 2019 +47	-1	-0.1%			
Operating expenses	3,610	3,809	3,777		167	4.6%	Increase in asset management fees mainly due to increased assets +49	-31	-0.8%			
Operating income	4,213	4,263	4,358		145	3.5%		95	2.2%			
Non-operating income	0	0	1		0	250.0%		0	242.7%			
Non-operating expenses	614	619	618		3	0.6%	Decrease in interest expenses mainly due to the difference in the number of applicable days -3	-1	-0.2%			
Ordinary income	3,599	3,643	3,741		142	4.0%	Increase in investment unit issuance costs +6	97	2.7%			
Net income	3,598	3,643	3,741		142	4.0%		97	2.7%			
RTA compensation (accumulation)	20	20	20		-	-		-	-			
Earnings surplus compensation (accumulation)	(108)	(6)	(74)		34	-		-68	-	Maximum retained earnings as long as no taxes are incurred		
Dividends	3,510	3,657	3,687		176	5.0%		29	0.8%			
Distribution per unit (yen) ⁽²⁾	4,039	4,030	4,063		24	0.6%		33	0.8%			
								91	1.4%			
NOI	6,154	6,317	6,408		254	4.1%						

Note 1: (R) is components that are only for residential facilities and (H) is components that are only for healthcare facilities.

Note 2: Distribution per unit is calculated based on the number of investment units issued and outstanding totaled 869,133 as of January 31, 2019 and 907,458 as of July 31.

2. Financial Results (Actual Results for 15th Period and Outlook for 16th and 17th Period)

Outlook for the Period Ending January 2020 (16th Fiscal Period) and the Period Ending July 2020 (17th Fiscal Period) (1/2)

(in millions of yen)	1H 2019	2H 2019	Period on Period		Major Components ⁽¹⁾	1H 2020	Period on Period		Major Components ⁽¹⁾
	Actual	Forecast			Forecast	Forecast			
					(R) Anticipated occupancy rate: 96.0%				(R) Anticipated occupancy rate: 96.2%
Rent revenue – real estate	7,342	7,440	98	1.3%	Full fiscal-year contribution of 6 properties acquired in 1H 2019 +94	7,509	69	0.9%	(R) Increase/decrease due to acquisition of properties /sales of a property +54
Other lease business revenue	590	512	-77	-13.2%	(R) Increase/decrease due to acquisition of Nishifunabashi /sales of a property +13	557	44	8.7%	(R) Increase in revenue from existing properties +15
Gain on sale of real estate property	203	-	-203	-100.0%	(R) Decrease in revenue from existing properties -9	-	-	-	(R) Increase in key money and renewal fees, etc. +45
Dividends received	-	-	-	-	(R) Decrease in key money and renewal fees, etc. -47	-	-	-	
Operating revenues	8,136	7,953	-183	-2.3%	(R) Decrease in insurance payments and other one-time revenue -22	8,067	114	1.4%	(R) Increase in leasing-related fees +31
Expenses related to rent business (ex. depreciation)	1,524	1,484	-40	-2.6%	(R) Decrease in leasing-related fees -23	1,552	67	4.6%	Start of recording expenses for property, city planning and other taxes on the properties acquired in 2019 +22
Depreciation	1,391	1,426	34	2.5%	Decrease in repair expenses -32	1,441	15	1.1%	Increase in repair expenses +17
Other operating expenses	861	898	36	4.2%	Increase due to acquisition of new properties in 1H 2019 and 2H 2019 +24	910	12	1.4%	Increase due to acquisition of new properties in 2H 2019 and 1H 2020 +15
Operating expenses	3,777	3,808	31	0.8%	Increase in consumption tax due to the consumption tax rate hike from 8% to 10% +21	3,904	95	2.5%	Increase in consumption tax due to the consumption tax rate hike from 8% to 10% +13
Operating income	4,358	4,144	-214	-4.9%	Increase in asset management fees mainly due to increased assets +8	4,162	18	0.4%	
Non-operating income	1	0	-0	-70.8%		0	-	0.0%	
Non-operating expenses	618	644	25	4.1%	Increase in interest expenses and borrowing related expenses mainly due to the difference in the number of applicable days and new borrowings +24	658	14	2.2%	
Ordinary income	3,741	3,500	-241	-6.4%		3,504	3	0.1%	Increase in interest expenses and borrowing related expenses mainly due to new borrowings +14
Net income	3,741	3,500	-241	-6.4%		3,504	3	0.1%	
RTA compensation	20	20	-	-		20	-	-	
Earnings surplus compensation (accumulation)	(74)	167	241	-	Reversal of retained earnings (¥167 mln) to partially fund unitholder distributions	164	-3	-	Reversal of retained earnings (¥164 mln) to partially fund unitholder distributions
Dividends	3,687	3,687	0	0.0%		3,688	0	0.0%	
Distribution per unit (yen) ⁽²⁾	4,063	4,064	1	0.0%		4,065	1	0.0%	
NOI	6,408	6,468	60	0.9%		6,515	46	0.7%	

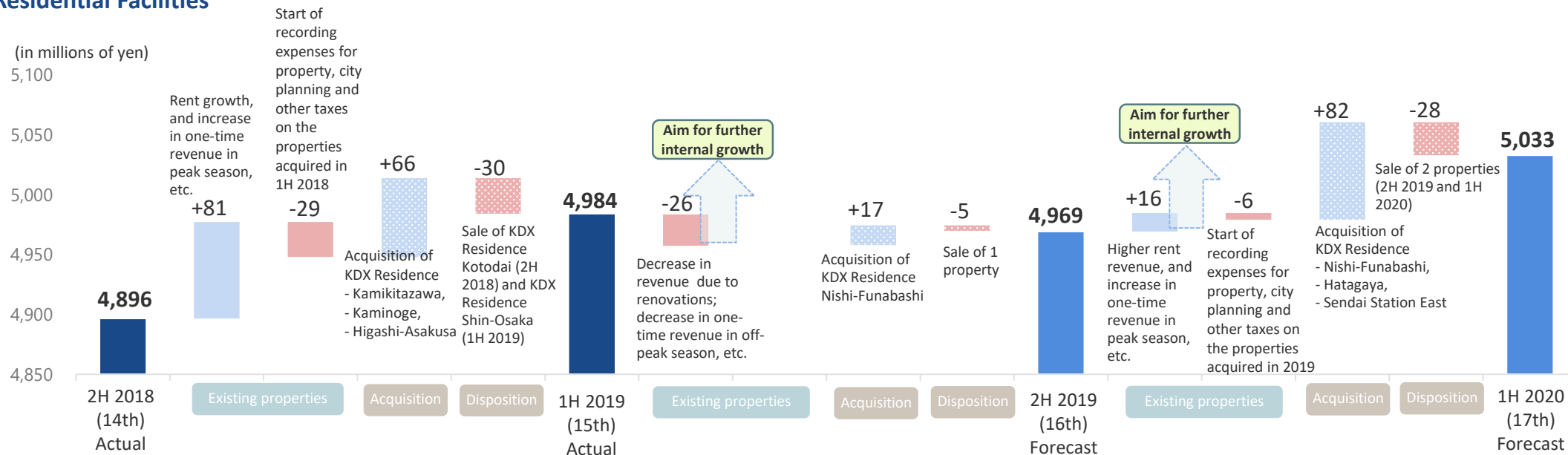
Note 1: (R) is components that are only for residential facilities and (H) is components that are only for healthcare facilities.

Note 2: Distribution per unit is calculated based on the number of investment units totaled 907,458.

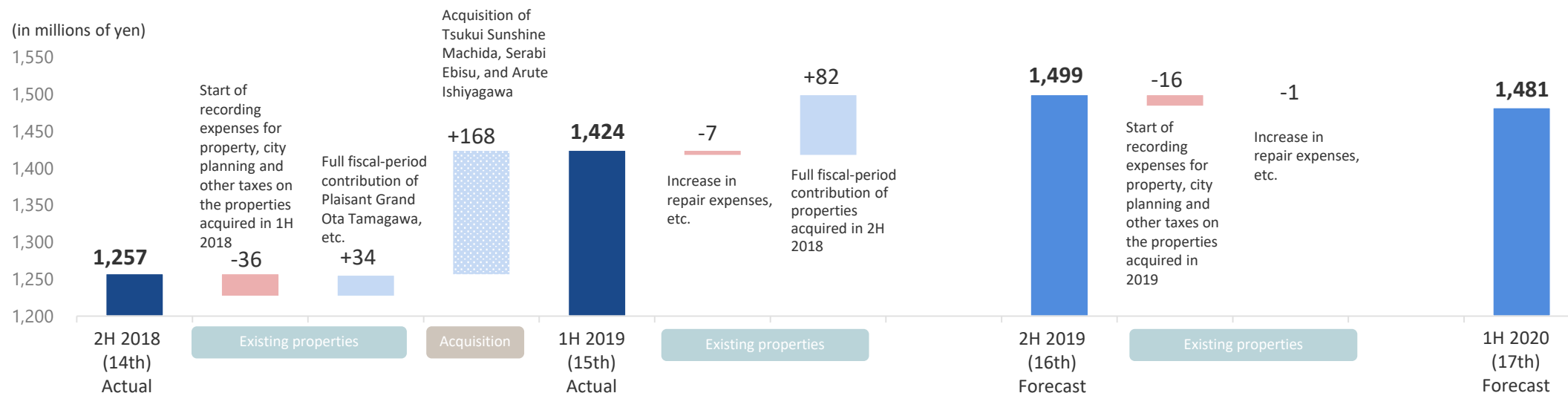
Outlook for the Period Ending January 2020 (16th Fiscal Period) and the Period Ending July 2020 (17th Fiscal Period) (2/2)

Change in NOI for Residential and Healthcare Facilities (Note)

Residential Facilities



Healthcare Facilities

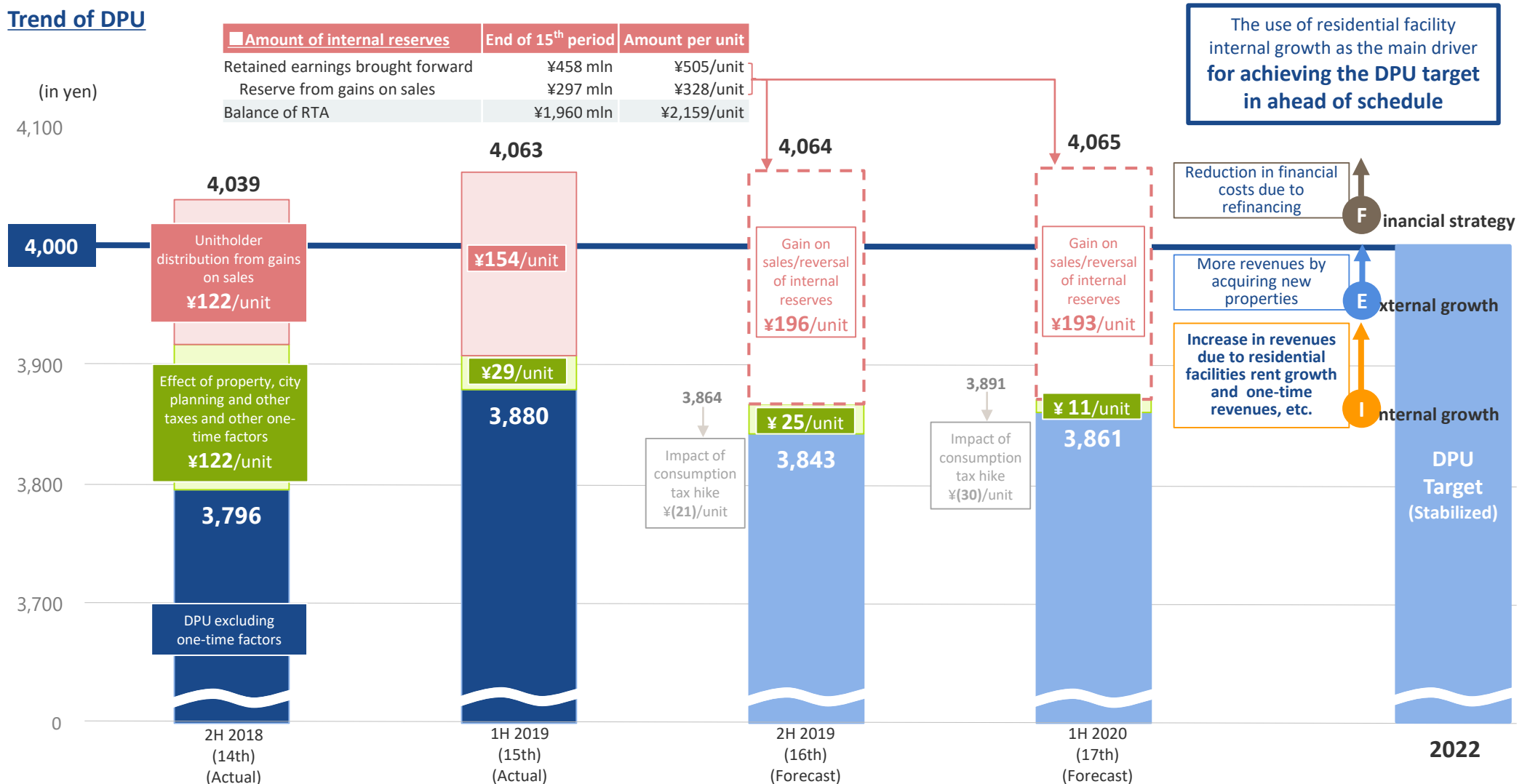


Note: All figures for "Residential Facilities" include "Others" (1 property which is on land with leasehold interests).

Growth of Distributions per Unit (DPU)

- Residential facility internal growth contributes to higher dividends and KDR's overall growth
- Maintain a high level of distributions in and after the 16th period through the constant sales of properties and utilization of internal reserves

Trend of DPU



Note 1: "DPU excluding one-time factors" = DPU forecast – Gains from property sales used for distributions (forecast) – The effect of property, city planning and other taxes and other one-time factors. Those for the 16th fiscal period and afterward are estimates as of the date of this presentation. KDR makes no guarantee that these funds will be distributed to unitholders.

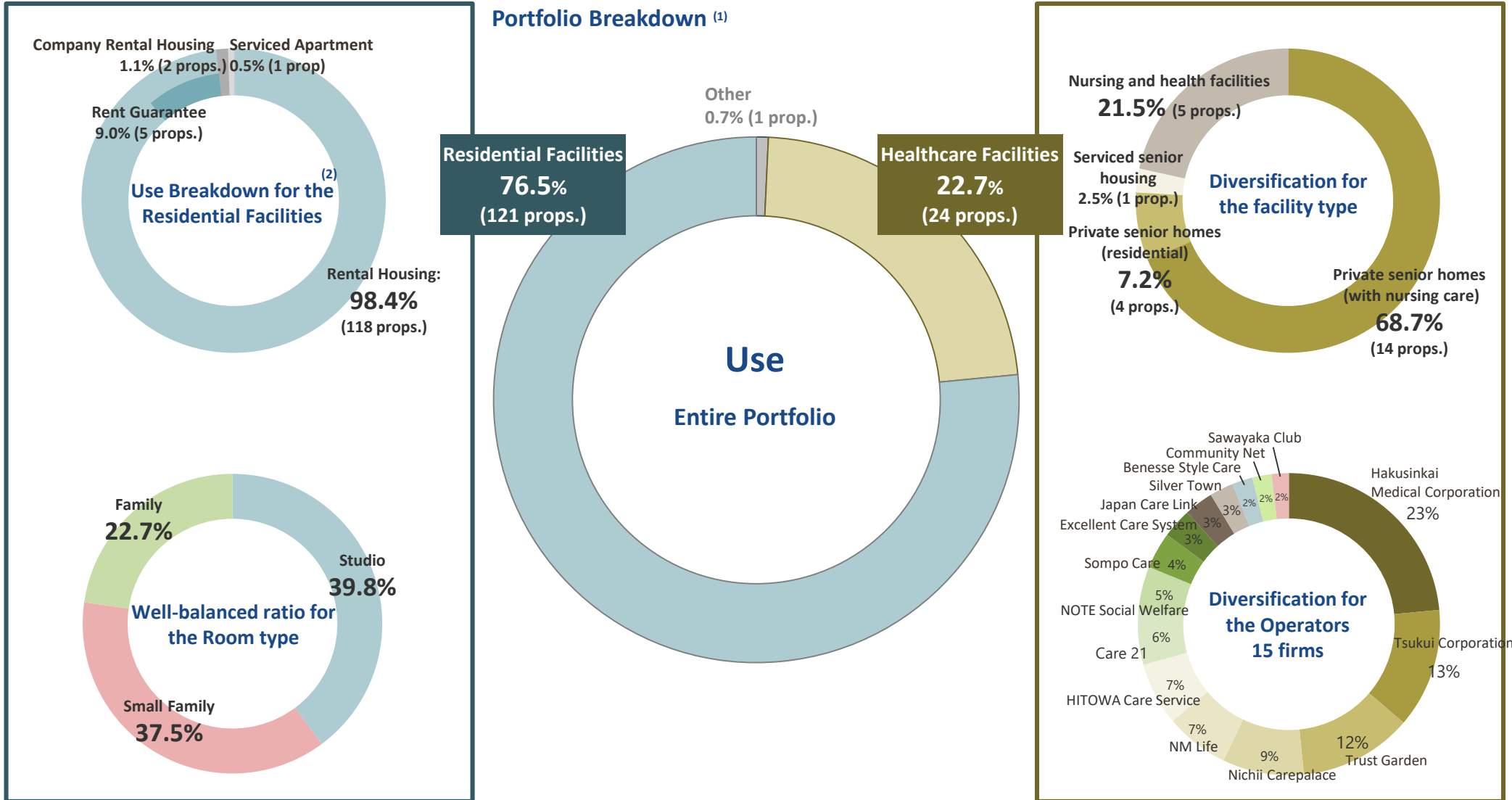
Note 2: The "effect of property, city planning and other taxes and other one-time factors" is a benefit resulting from the delay in the recognition of these taxes as an expense to the fiscal period following the acquisition of a property and fluctuations in asset management fees in each fiscal period caused by changes in total assets.

Note 3: "Reversal of internal reserves" is the estimated amount as of the date of this presentation and the actual amount may differ due to future gains on sales and changes in revenues, etc.

3. Portfolio Overview

Portfolio Breakdown (1)

- Total Asset Size : ¥238.0 bln (146 props.), Residential facilities : ¥183.9 bln (122 props.), Healthcare facilities ¥54.1 bln (24 props.) , and diversified portfolio
- Build a strong portfolio through investments with diversified in Residential facilities, such as locations and housing types, as well as in Healthcare facilities operators

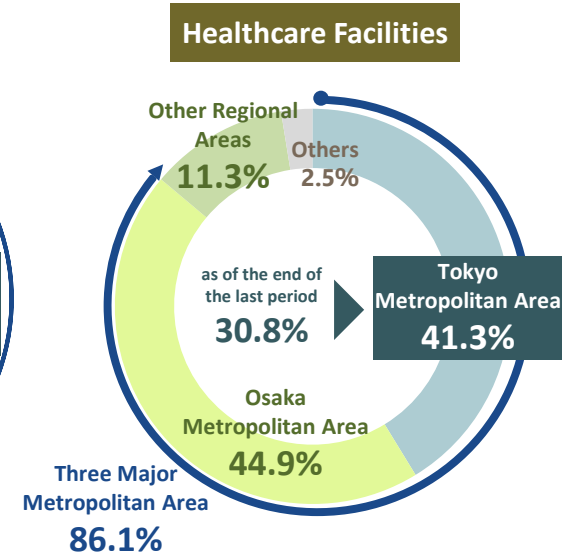
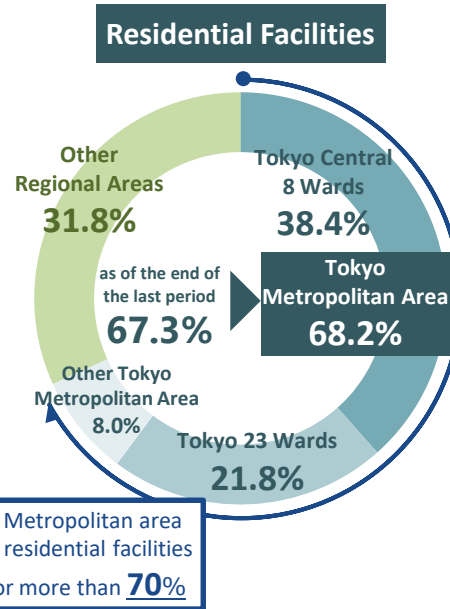
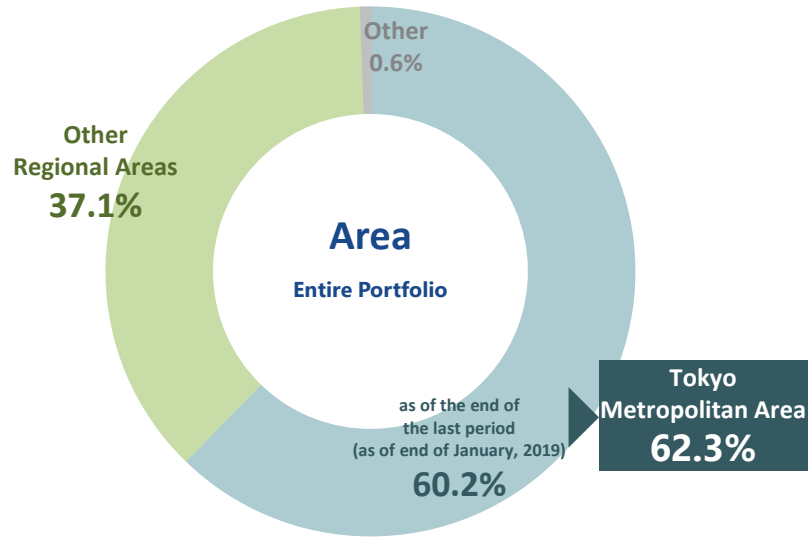


Note 1: Including the ratio of the to-be acquired assets by March 2020, which are already scheduled for as of the date of this material. the same shall apply hereinafter.

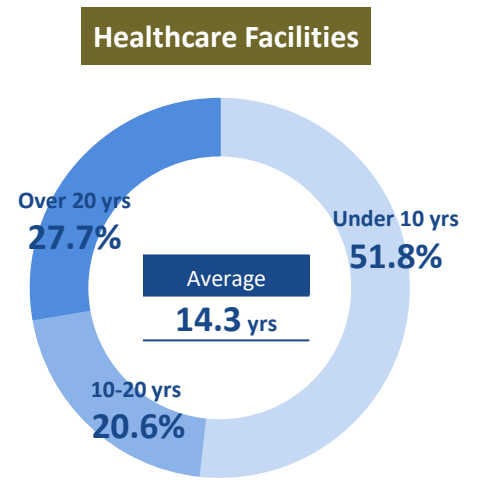
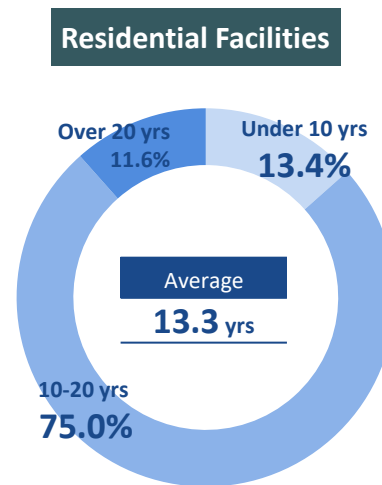
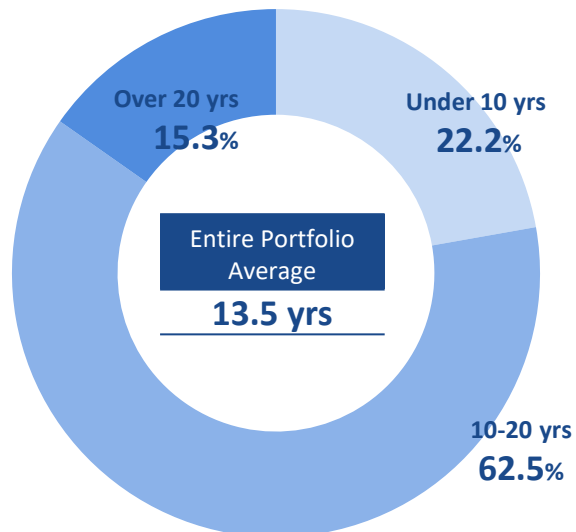
Note 2: "Rent guarantee" is contract with rent guarantee structure in part of whole residence.

Portfolio Breakdown (2)

Portfolio Breakdown ⁽¹⁾



Break down of Property Age ⁽²⁾

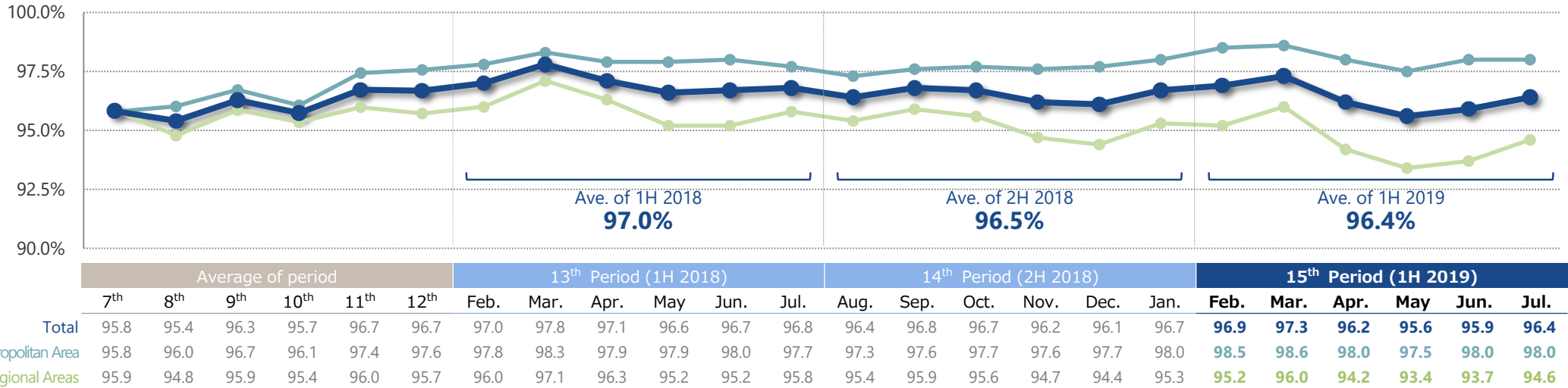


Note 1: "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba. "Other Regional Areas" include government-designed municipalities and other regional cities. "Tokyo Central 8 Wards" include Minato-ku, Shibuya-ku, Chuo-ku, Chiyoda-ku, Shinjuku-ku, Meguro-ku, Setagaya-ku and Shinagawa-ku. "Osaka Metropolitan Area" includes Osaka, Kyoto, Nara, Hyogo and Shiga. "Three Major Metropolitan Area" includes Tokyo Metropolitan Area, Osaka Metropolitan Area and Nagoya Metropolitan Area. "Other Regional Areas" include regional cities excluding the three major metropolitan area.

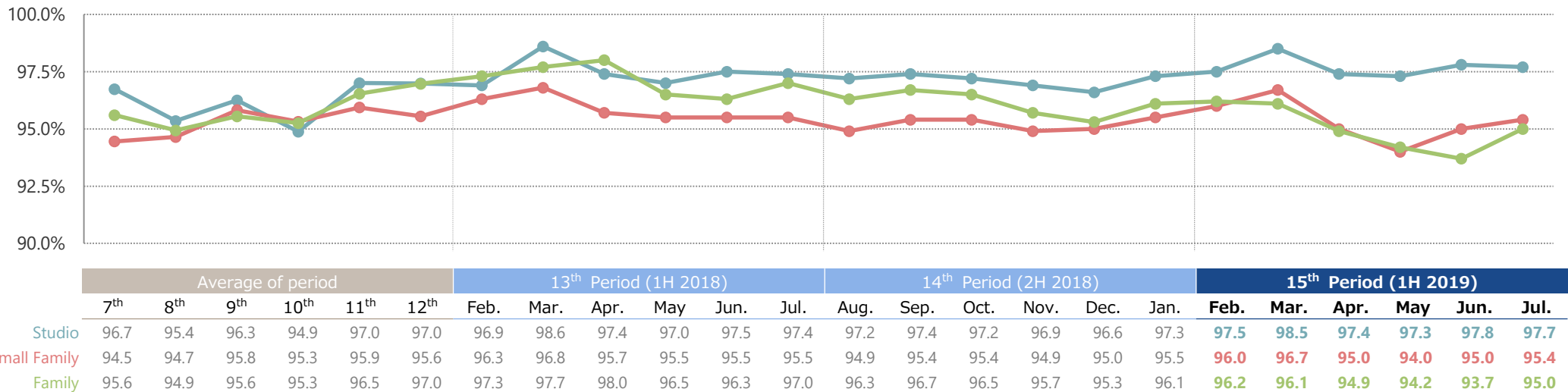
Note 2: "Property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to July 31, 2019.

Occupancy Rates of Residential Facilities

Occupancy Rates by Area⁽¹⁾



Occupancy Rates by Room Type⁽¹⁾

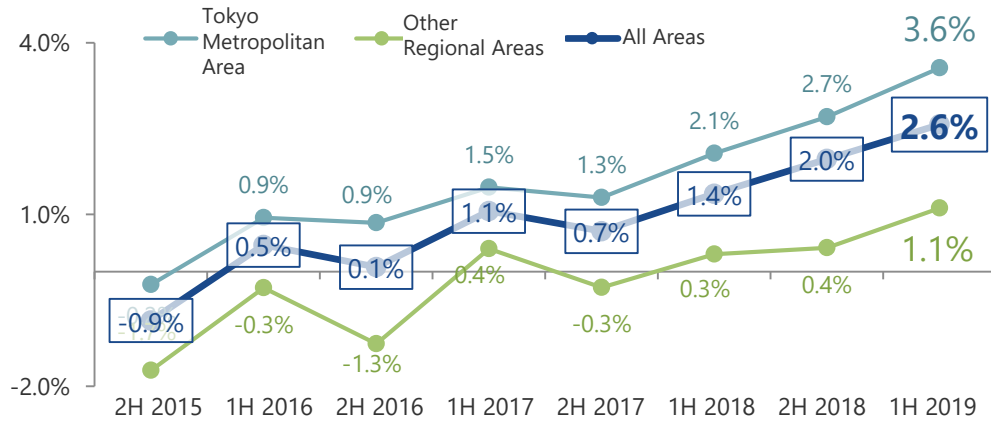


Note 1: Occupancy Rates by Area include those from stores and offices. Occupancy Rates by Room Type are calculated for residential units of pass through contract (excluding contract for whole building).

Operational Status of Residential Facilities (1)

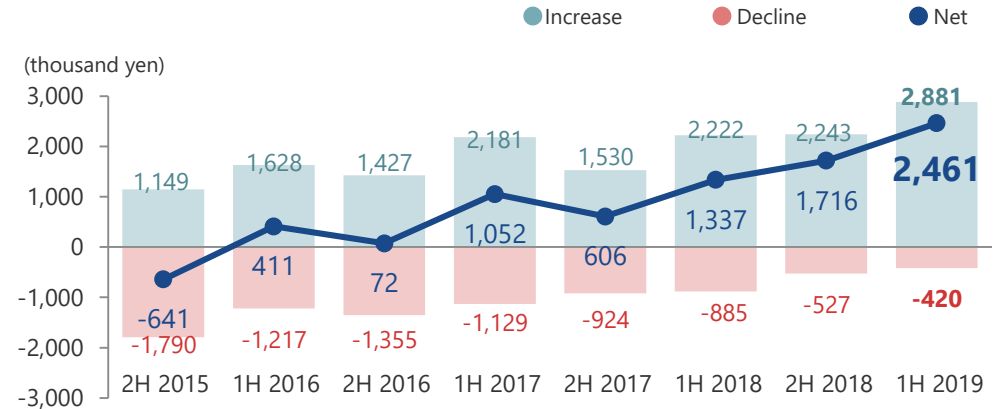
Percentage of Increase/Decline of rent of new tenants (1)

Increase/Decline of monthly rent by area



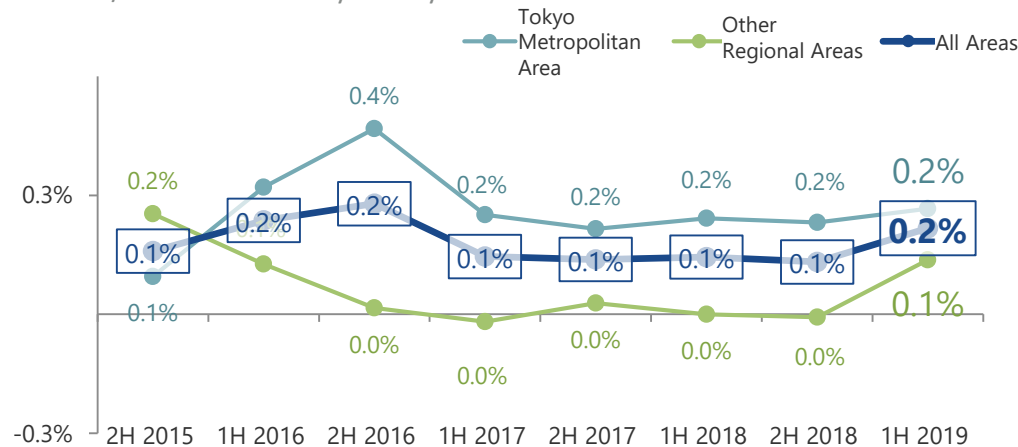
Rent Increase/Decline

Increase/Decline of monthly rent



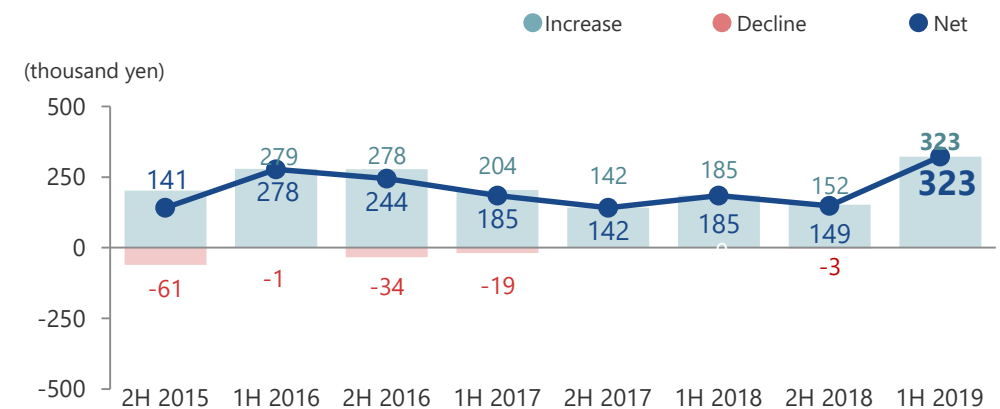
Percentage of Increase/Decline of rent of Renewal tenants (2)

Increase/Decline of monthly rent by area



Rent Increase/Decline

Increase/Decline of monthly rent

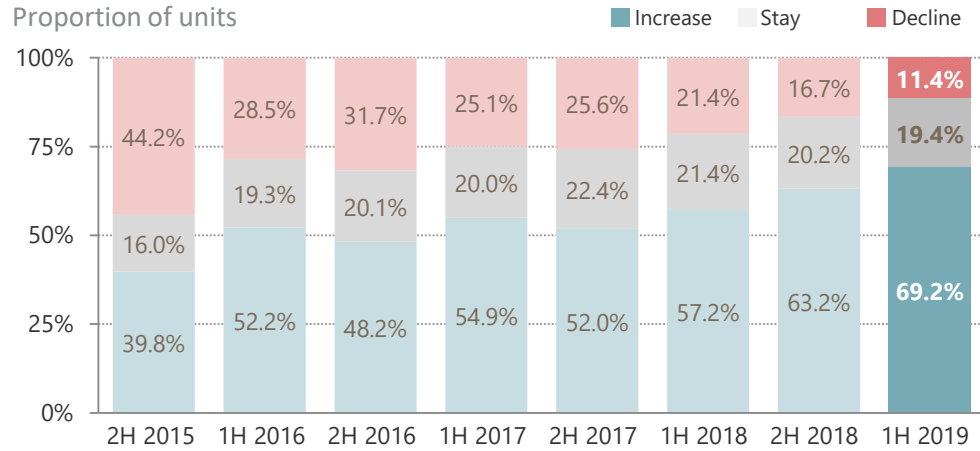


Note 1: "Percentage of Increase/Decline of rent of new tenants" = Total Amount of Increase/Decline of rent of new tenants / Total amount of rent before revisions.

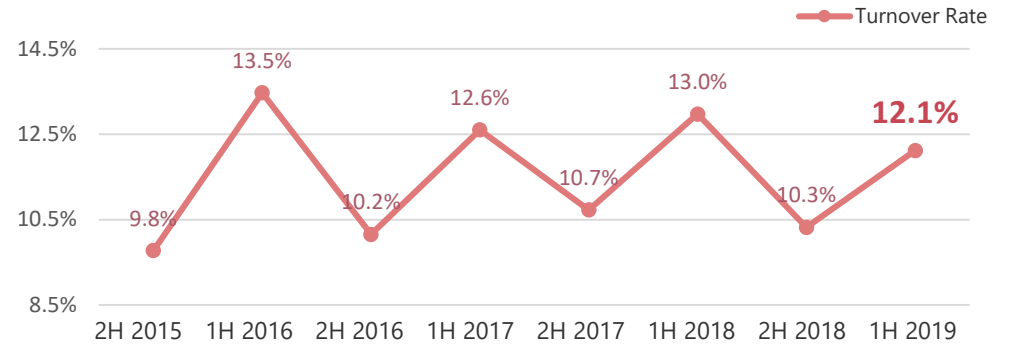
Note 2: "Percentage of Increase/Decline of rent of renewal tenants" = Total Amount of Increase/Decline of rent of renewal tenants / Total amount of rent before revisions.

Operational Status of Residential Facilities (2)

Rent Increase/Decline (units) of new tenants

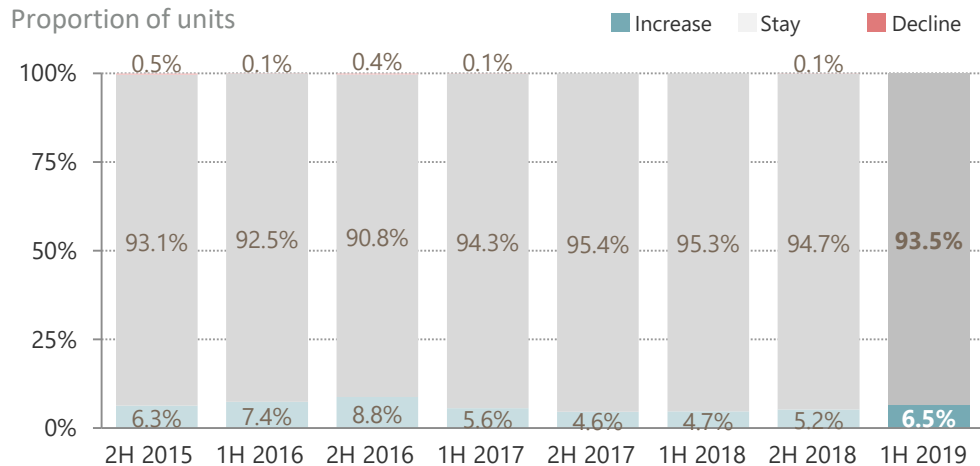


Average Downtime/Turnover Rate⁽¹⁾

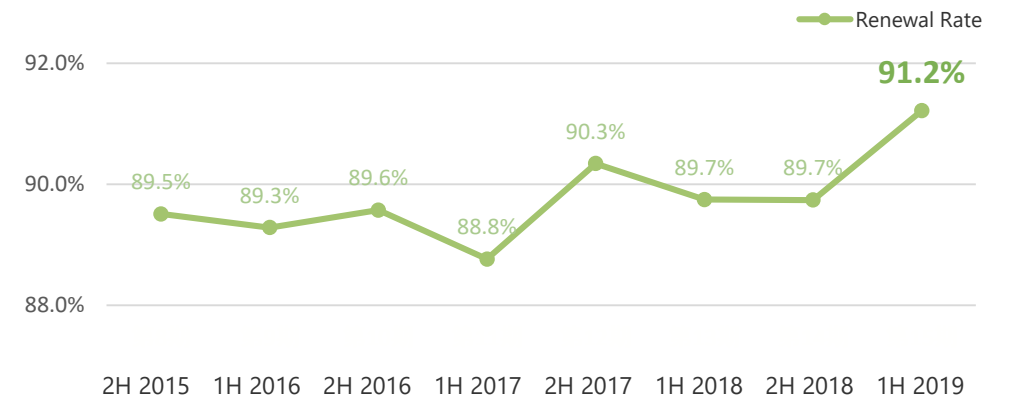


Peak Season	Average downtime						
80 days	64 days	80 days	64 days	69 days	56 days	70 days	65 days

Rent Increase/Decline (units)



Renewal Rate⁽²⁾



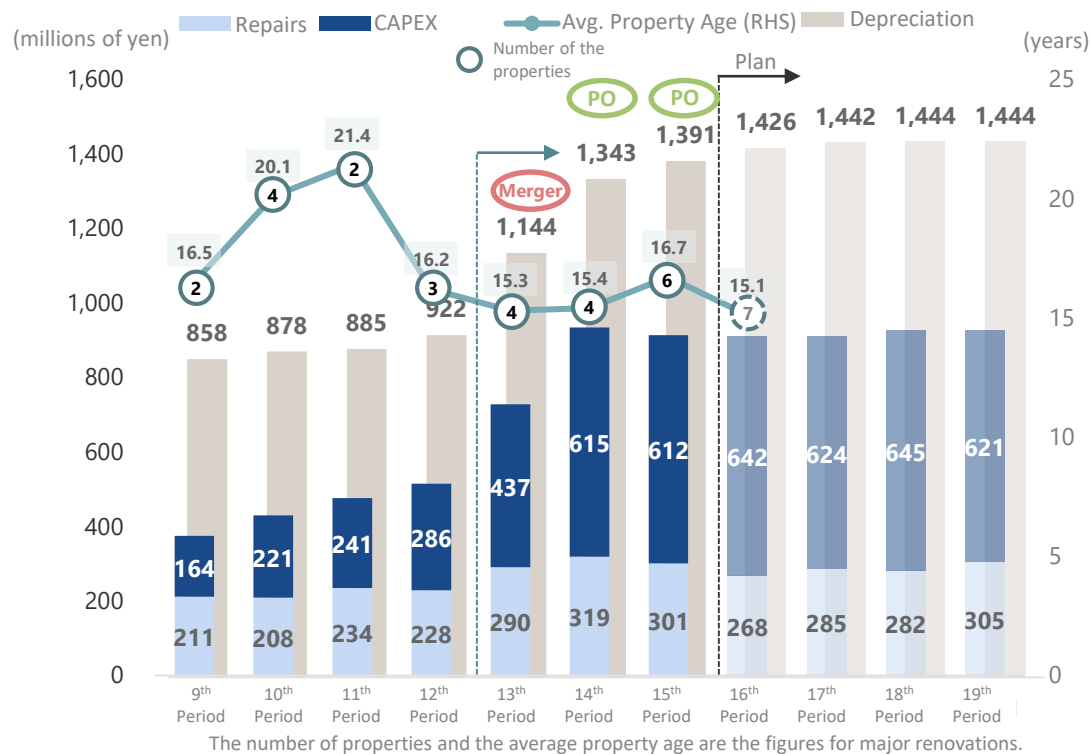
Note 1: "Turnover Rate" = Exiting tenants during the period / Rentable units at the End of Period. These figures are calculated for residential units of pass through contract (excluding contract for whole building).

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

Structured Plan for Major Renovations and Internal Growth

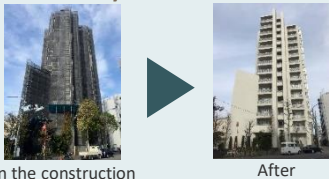
Structured Plan for CAPEX Construction etc.

- CAPEX and repairs are based on a well-structured plan in order to maintain and improve the competitiveness of properties
- Continuous major renovation at properties that have reached a certain age

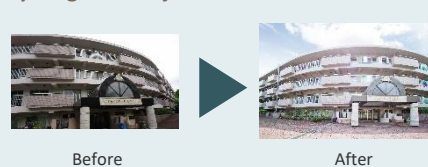


Implement Major Renovation on exterior walls etc. at timely manner for properties those are about 15 to 20 years old

KDX Residence Yotsuya



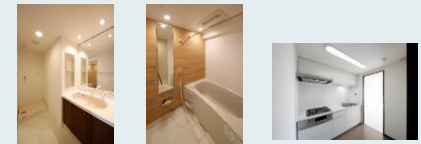
Joy Stage Hachioji



Renovations and Other Measures for Internal Growth

- At some units, renovations and other measures are conducted after a tenant leaves with the goal of achieving a steady improvement in the performance of these buildings

KDX Residence Denen Chofu



Major renovations when a building reaches age 20

Renovations of kitchens, bathrooms and other facilities with the proper timing have made our residential properties more competitive

Renovation Performed	Construction period	Increase rate of Rent for new tenants	Average downtime after renovation
KDX Residence Denen Chofu Renovations of Kitchen and bathroom and other facilities	2H 2018 (14th period)	+6.4%	12 days

Contract Revision for Internal Growth

- Following the termination of a lease agreement, KDR concluded a new fixed-term lease agreement to increase rent.

B-Site Akihabara

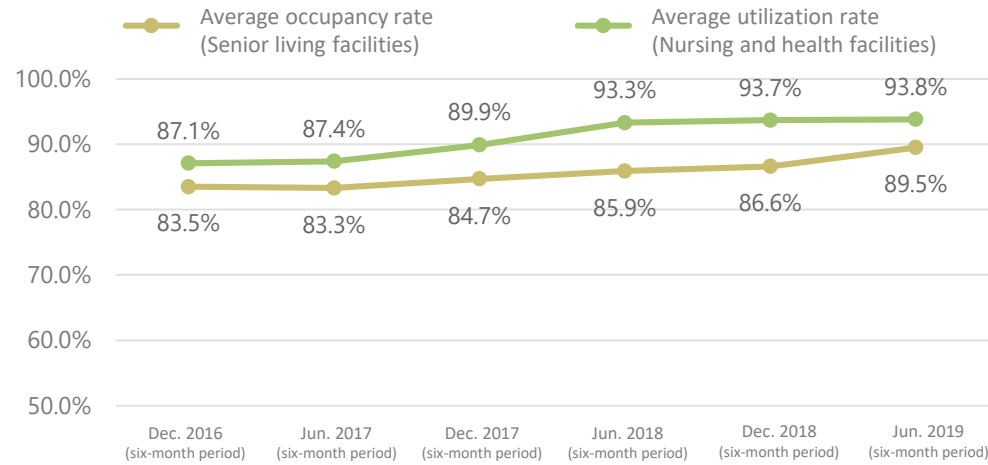


KDR and Space Design agreed on a rent increase to reflect trends in nearby areas of Tokyo and on higher rent during the Tokyo Olympics, when strong demand is expected

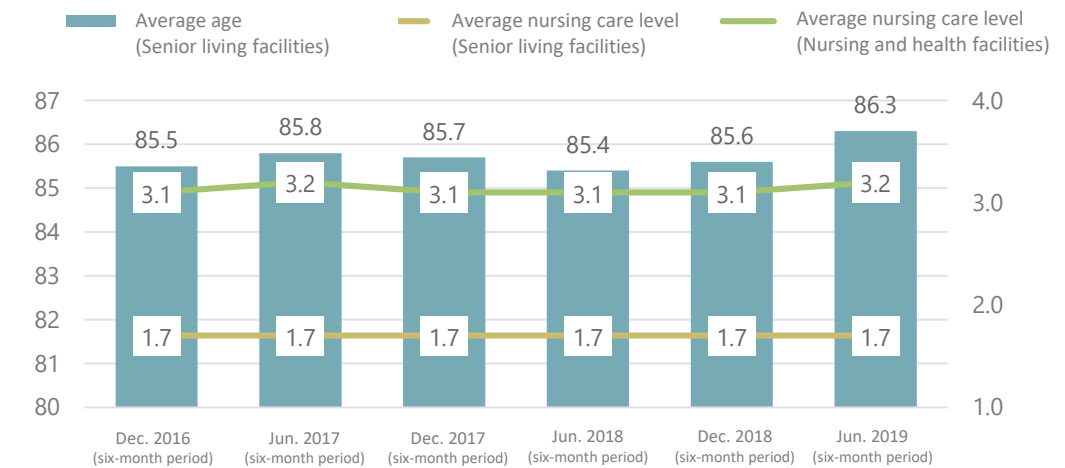
Lessee	Space Design Inc.
Rental Period	February 5, 2020 to February 4, 2022
Rent	4,140,000 yen per month (Rent is about 4% higher than the Current lease agreement) The rent for the nine-month period from March 2020 to November 2020 will be 4,590,000 yen per month.
Contract format	Fixed-term Building Lease Agreement

Operational Status of Healthcare Facilities

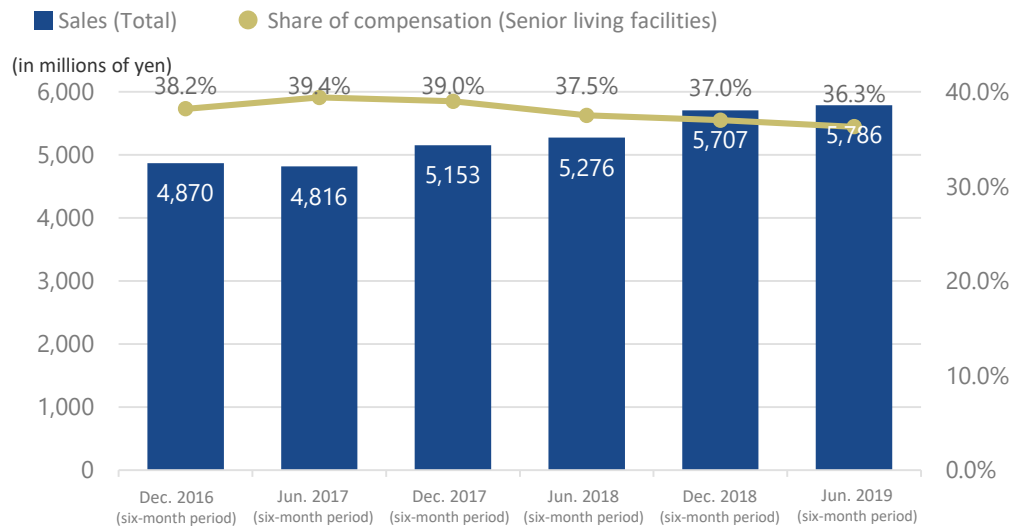
Occupancy Trend (1, 2, 3)



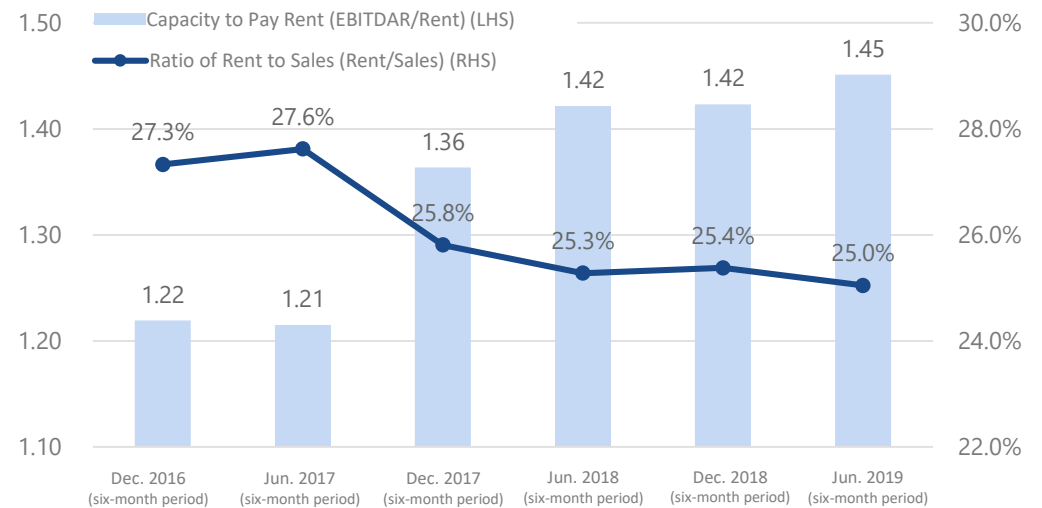
Average Age and Nursing Care Level (1, 2)



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



Capacity to Pay Rent and Ratio of Rent to Sales (1, 2, 5)



Note 1: Figures are based on materials submitted by operators. "Senior living facilities" include private senior home with nursing care, residential private nursing homes, and serviced senior housing held by KDR at the end of the 15th period, excluding "Granda Mondo Yakujiin" "Tsukui Sun-shine Machida"(undisclosed property). "Nursing and health facilities" include nursing and health facilities held by KDR at the end of the 15th period. For "Plaisant Grand Ota tamagawa", "Serabi Ebisu", and "Arute Ishiyagawa", those figures from the time when the operator's approval was obtained are reflected in the calculation.

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

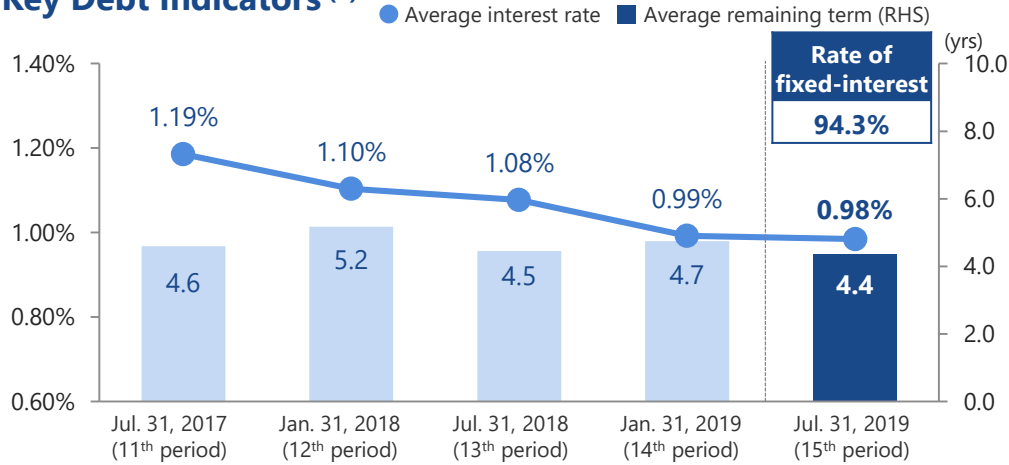
Note 3: "Average occupancy rate" is the simple average of occupancy rate at the end of month for each period. "Average utilization rate" is the total number of users in the fiscal period divided by the total rated capacity.

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

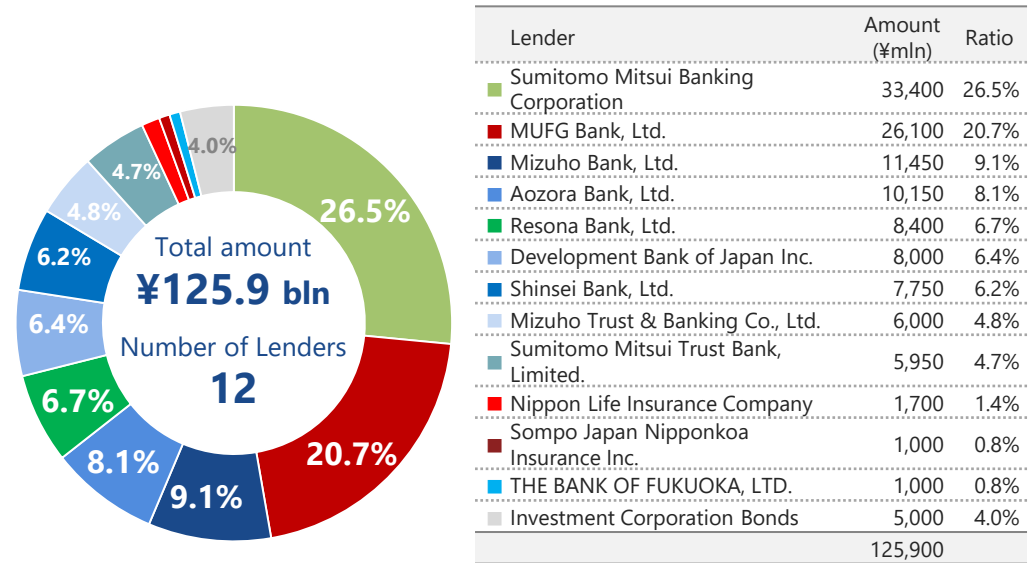
Note 5: "Capacity to pay rent" is EBITDAR (= Operating Income + Depreciation + Rent) divided by the Rent.

4. Finance

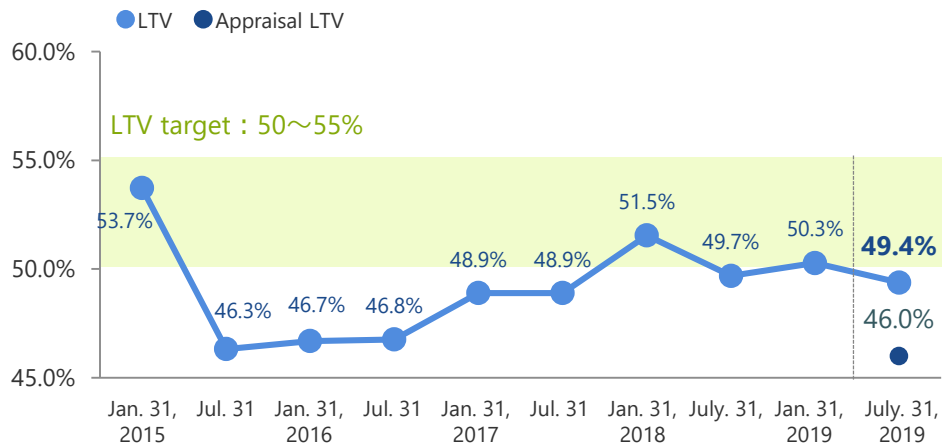
Key Debt Indicators (1)



Status of Interest-bearing Liabilities (as of July 31, 2019)



LTV (based on total assets)(2)



Credit Rating

A+
(Outlook : Stable)
(Japan Credit Rating Agency, Ltd. (JCR))

Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period that took into consideration up-front fee (per year) and the effect of the interest rate swap. "Average remaining term" calculated by weighted average remaining term of interest-bearing liabilities at the end of the period. "Rate of fixed-interest" calculated the percentage of fixed interest rate loans of total amount of loans at the July 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.

Outline of Commitment Line Agreement (as of July 29, 2019)

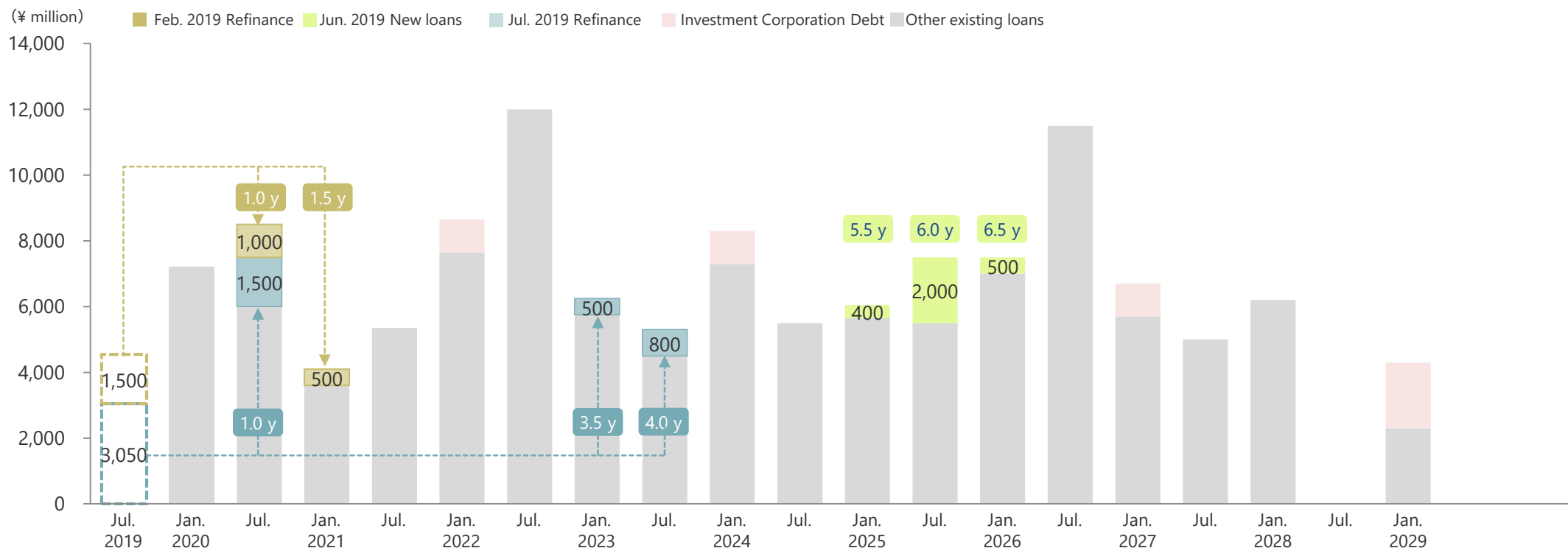
Counterparty	Limit of maximum amount	Contract period
Sumitomo Mitsui Banking Corporation	¥1.5 bln	August 1, 2019 to July 31, 2020
MUFG Bank, Ltd	¥1.5 bln	
Mizuho Bank, Ltd	¥1.5 bln	

To secure flexibility and stability in financing method, **execute new commitment line agreement**

Repayment Terms

Latest New Loans and Refinance

Classification	Amount	Term ⁽¹⁾	Average interest rate ⁽²⁾
Refinance in Feb. 2019	¥1.5 bln	1.2 yrs	0.44%
New Loans in Jun. 2019	¥2.9 bln	6.0 yrs	0.62%
Refinance in Jul. 2019	¥2.8 bln	2.3 yrs	0.40%

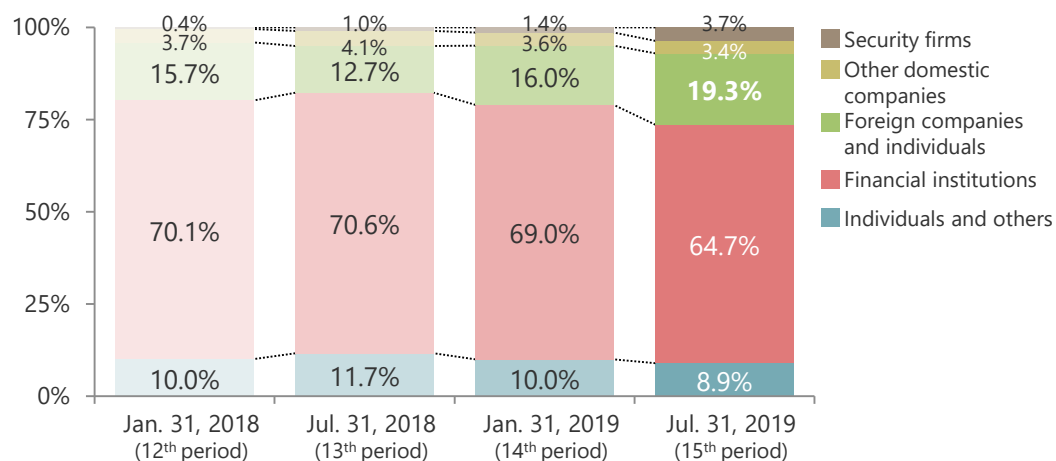


Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period for the each loans.

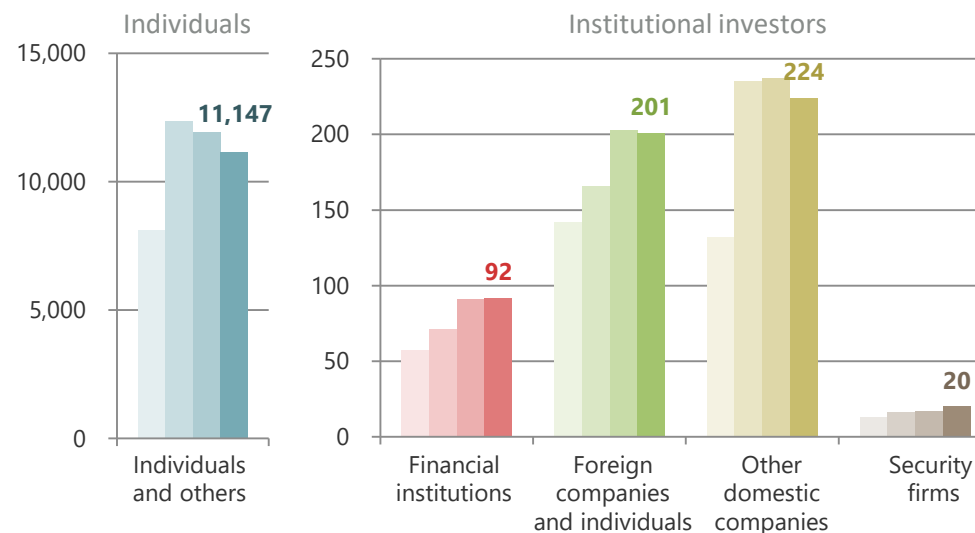
Note 2: "Interest rate" calculated that took into consideration up-front fee (per year) and the effect of the interest rate swap.

Unitholders

Composition of Unitholders (based on number of units)



Number of Unitholders (last 4 fiscal periods)



Major Unitholders (as of July 31, 2019)

Name	Units	Ratio ⁽¹⁾
1 Japan Trustee Services Bank, Ltd. (Trust Acct.)	253,064	27.88%
2 The Master Trust Bank of Japan Ltd. (Trust Acct.)	175,232	19.31%
3 The Nomura Trust Banking Co., Ltd. (Trust Acct.)	37,148	4.09%
4 Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	25,488	2.80%
5 Mitsubishi UFJ Trust and Banking Corporation	17,223	1.89%
6 Kenedix, Inc.	16,570	1.82%
7 BNYM AS AGT/CLTS 10 PERCENT	13,258	1.46%
8 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	12,446	1.37%
9 The Gunma Bank, Ltd.	12,171	1.34%
10 STATE STREET BANK WEST CLIENT-TREATY 505234	11,597	1.27%
Total	574,197	63.27%

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

Adding provisions concerning acquisition of its own investment units (as of September 12, 2019)

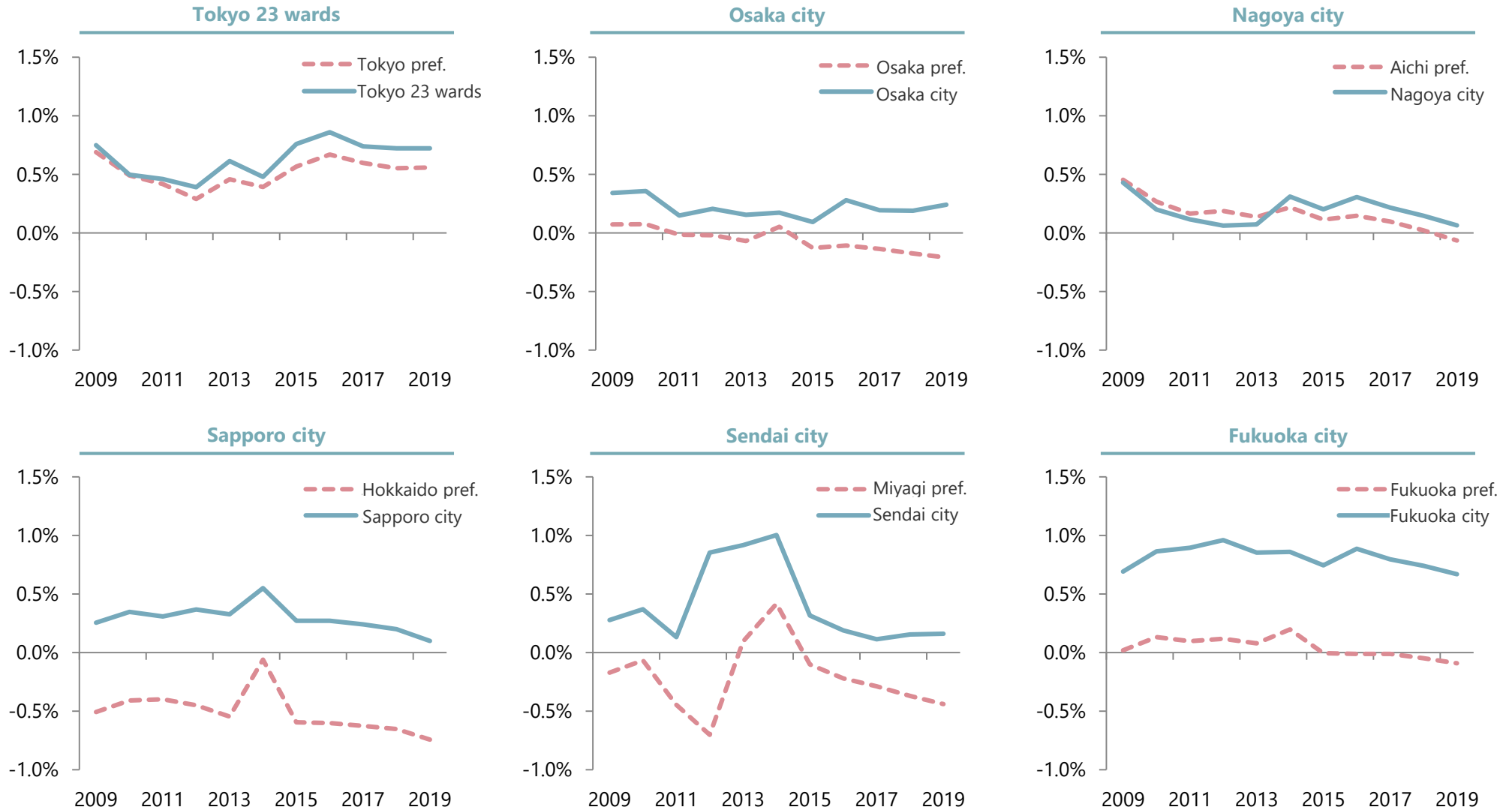
- Provisions concerning acquisition of its investment units by the Investment Corporation was added to the Asset Management company's Management Guidelines, and clarified the policy for flexible management according to the future market situation and a change of the price of the investment units. ⁽²⁾

Capital policy that contributes to improving unitholder value

Note 2: Such provisions are added to the policy on equity finance in the financial policy on management of the Investment Corporation's assets by the Asset Management Company. Such addition does not mean that the Investment Corporation has made any specific decision on acquisition of its own investment units.

Appendices

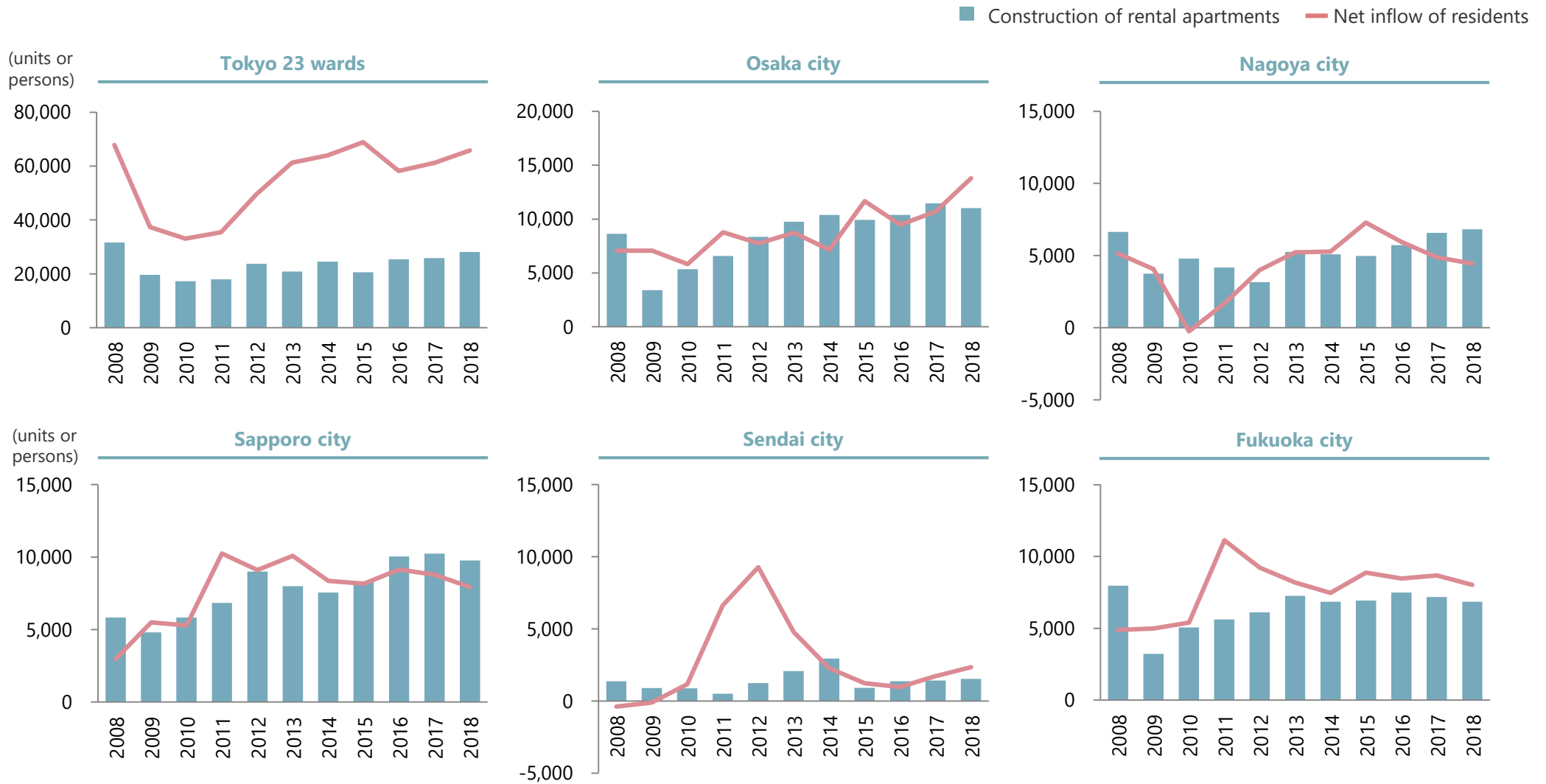
Residents growth rate in Tokyo 23 wards and major cities in Japan(YoY)



Source : Ministry of Internal Affairs and Communications. Report on Population Movement based on the Basic Resident Register.

Note : Residential population growth rate is calculated based on comparison with the previous fiscal year ended March 31. Methods for calculating statistics have been revised in 2006. The foreigners subject to the basic resident registration law have been included in the statistics since 2013, but this analysis indicates the transition related to Japanese only.

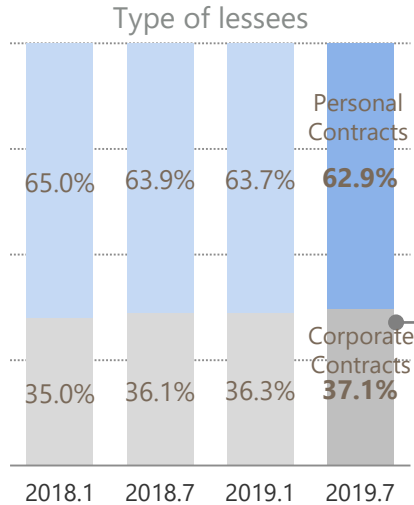
Construction of rental apartments and net inflow of residents into Tokyo 23 wards and major cities in Japan



Source : Ministry of land, Infrastructure, Transport and Tourism. Statistics for the Construction of New Housing. Ministry of Internal Affairs and Communications. Report on Population Movement based on the Basic Resident Register.
 Note : The total number for each year includes concrete, steel, reinforced concrete and steel reinforced concrete buildings. The net inflow of residents is calculated by subtracting the total number of residents moving out of the relevant city from the total number of residents moving into the relevant city.

Tenant Demographics Analysis (Residential Facilities)

Type of Lessees⁽¹⁾

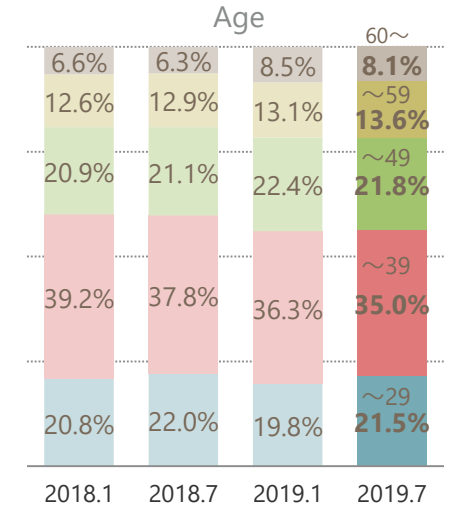
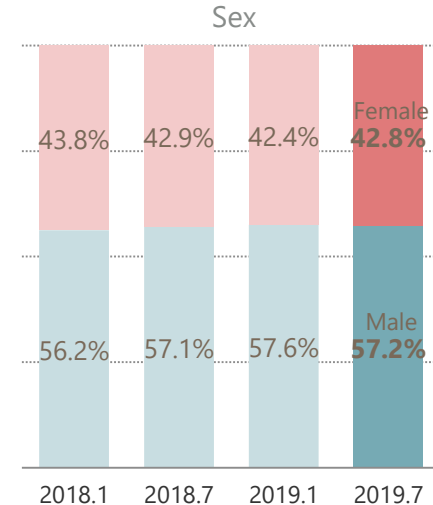


Large corporate contracts in rental housing⁽²⁾

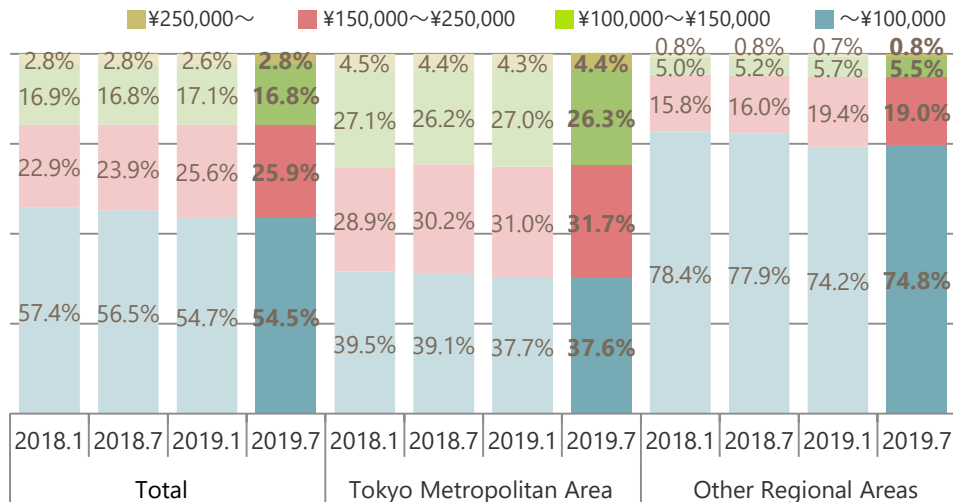
Property Name	Number of Contracts	% in a property
KDX Residence Higashi-Asakusa	21 units	58.3%
KDX Residence Okachimachi	27 units	52.9%
KDX Residence Yoga	18 units	47.4%
KDX Residence Higashi-shinjuku	75 units	41.9%
KDX Residence Moriguchi	7 units	25.0%
KDX Residence Minami-kusatsu	35 units	20.6%

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

Breakdown of Personal Contracts



Breakdown of Rent Range (based on unit)



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

Room Type \ Area	Tokyo Metropolitan Area	Other Regional Areas	Total
Studio	¥95,209 (+100)	¥71,086 (+183)	¥86,988 (+313)
Small Family	¥164,672 (▲247)	¥84,735 (▲310)	¥121,753 (+600)
Family	¥207,742 (+1,468)	¥152,410 (+359)	¥177,583 (+1,212)
Total	¥134,632 (-36)	¥93,249 (-157)	¥115,814 (+302)

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

About Seismic Isolation Materials

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

March, 2015		April, 2015		September, 2015	May, 2019	August, 2019
<p>Toyo Tire announced that its seismic isolation materials do not comply with certification requirements of the Ministry of Land, Infrastructure, Transport and Tourism of Japan (MLIT).</p>	<p>One portfolio building uses Toyo Tire seismic isolation materials, but Toyo Tire stated that these materials complied with the certification requirements.</p>	<p>Toyo Tire announced a new incident involving seismic isolation material fraud.</p>	<p>The MLIT and Toyo Tire measured the seismic isolation properties of the affected KDR owned building and concluded that the building is structurally sound up to a seismic intensity of 6-upper to 7.</p>	<p>KDR, KFM and a trust bank who is the trustee of the building signed a Compensation Agreement with Toyo Tire and Toyo Chemical Industrial Products.</p>	<p>An agreement was reached concerning replacement of the Rubber to respond to the problem and compensation for losses, etc. incurred by the Investment Corporation due to said replacement. Accordingly, the Concerned parties concluded an agreement on replacement of the Seismic Isolation Rubber and an additional compensation agreement.</p>	<p>Replacement construction for Seismic Isolation Rubber was started.</p>
<p>Start of examination to determine if any portfolio buildings use these materials.</p>		<p>Toyo Tire notified KDR that the seismic isolation materials in the portfolio building are included in this newly disclosed incident.</p>				<p>January, 2021 (planned)</p> <p>Replacement construction for Seismic Isolation Rubber will be completed.</p>

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

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

Replacement of the Seismic Isolation/Mitigation Oil Dampers

KDR will continue to hold discussions regarding construction related to the replacement of the Seismic Isolation/Mitigation Oil Dampers and plans to ask KYB to take all actions required for a satisfactory conclusion of this problem.

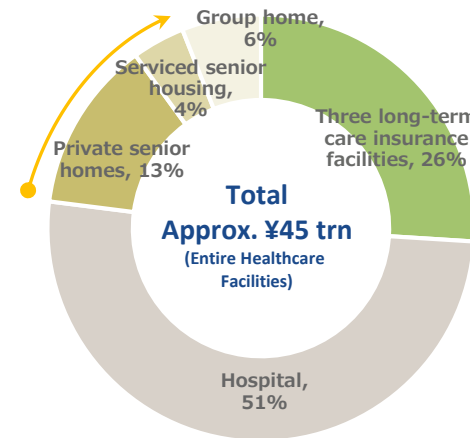
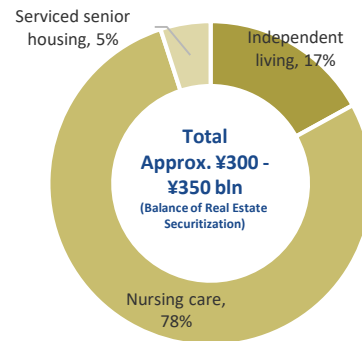
Market expansion and Strong Demand for Healthcare Facilities

- The market size of private senior homes and serviced senior housing has a total value of approx. **¥7.5 trn**. Only about **¥350 bln** of these properties have been securitized (4% to 5% of all properties), leaving an enormous volume of potential growth.
- The ratio of Healthcare Facilities by J-REIT market sector (approx. ¥174.4 bln) is still small, and **there is much room for expansion.**
- Strong demand for Healthcare Facilities is expected in Japanese market for super-aging societies.

Expansion of Healthcare Facility Real Estate Market and Securitization Market in Japan

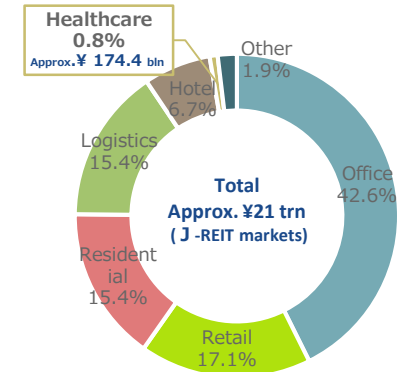
The Real Estate Market for Healthcare Facilities

Securitization of Private Senior Homes and Serviced Senior Housing



Source: KPMG Healthcare Japan (as of June 2016)

Real Estate Owned by J-REITs and Private REITs (May 2019)

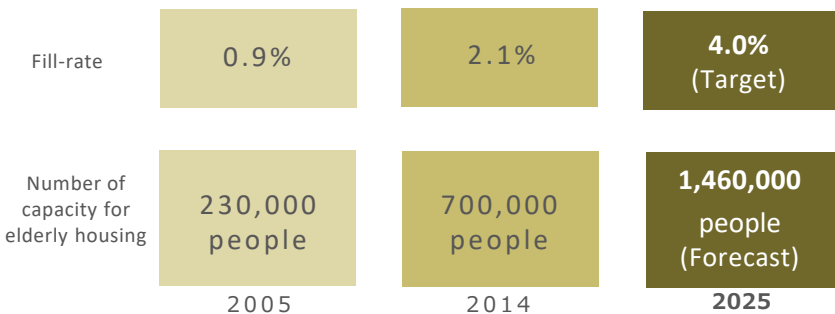


Source: "ARES J REIT Database, etc." The Association for Real Estate Securitization

Promotion of policies for a super-aging society

Target for fill-rate of elderly housing to the elderly population

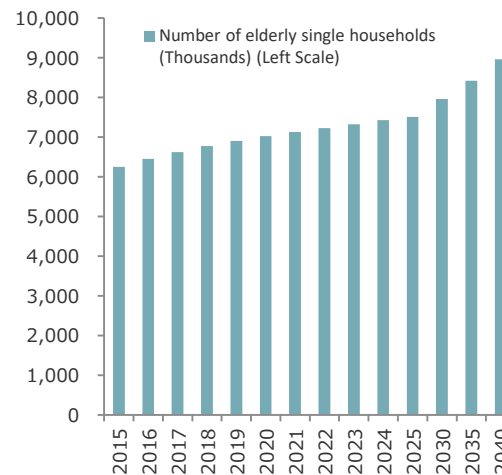
In the Basic Plan for Living (National Plan), the Government has set a target for the rate of sufficiency of elderly housing for the elderly population, and aim to increase the supply volume as a policy.



Source: Ministry of Land, Infrastructure, Transport and Tourism, Basic Plan for Living (National Plan) (Cabinet decision on March 15, 2011), (Cabinet decision on March 18, 2011)
 Statistics Bureau, Ministry of Internal Affairs and Communications, "2015 Population Census" and the National Institute of Population and Social Security Research.
 [Population Projections for Japan (2017)]

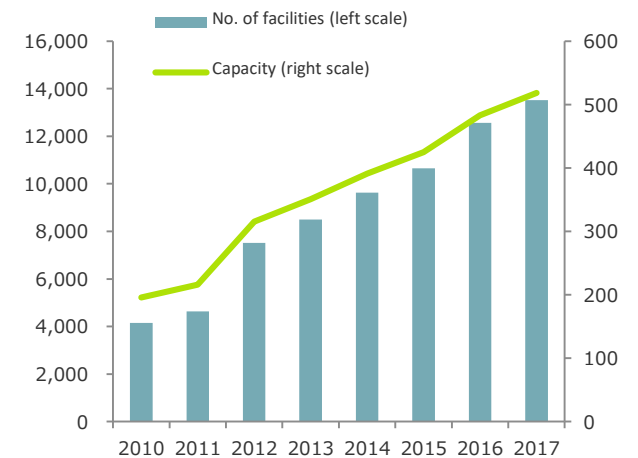
Increase in demand for Healthcare Facilities due to progress in super-aging societies

Trends in the number of single elderly households



Source: National Institute of Population and Social Security Research, "Number of Households in Japan" Future Projections (National Estimate) (January 2018 Estimates)

Trends in the Number of Facilities and capacity in Private senior homes

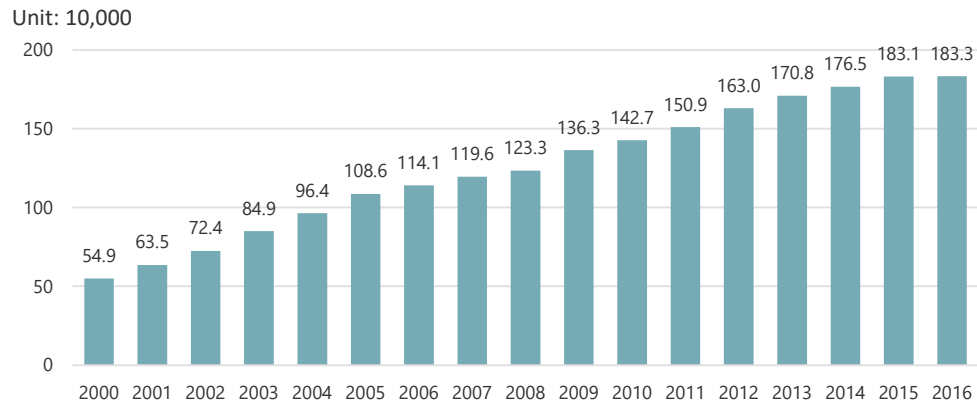


Source: Ministry of Health, Labour and Welfare, "Survey of Social Welfare Facilities, etc."

The Business Climate for Healthcare Facilities in Japan

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

Growth of Japan's Nursing Care Workforce



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

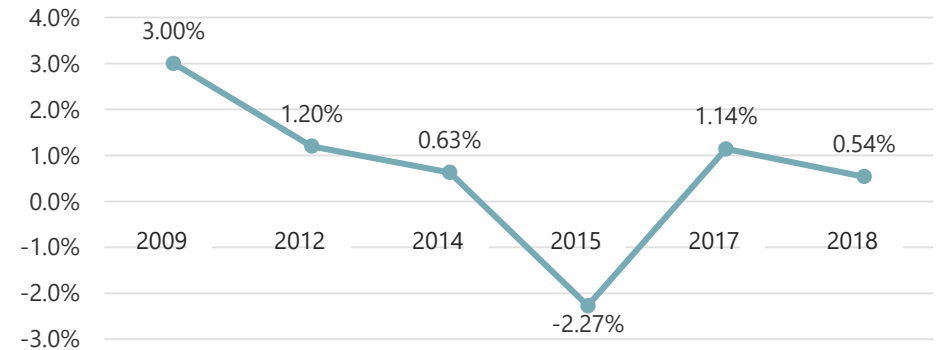
Measures to Recruit Nursing Care Workers

	Significant Measures Implemented	Additional Significant Measures Scheduled to be Implemented
Increase salaries and other benefits	(Actual) Average monthly wage increased by an amount equivalent to ¥57,000 Monthly wage increased by ¥14,000 (FY2017) Monthly wage increased by ¥13,000 (FY2015) Monthly wage increased by ¥6,000 (FY2012) Monthly wage increased by ¥24,000 (FY2009)	◎ Wage increase simultaneously with the hike in the consumption tax rate scheduled for October 2019
Recruit and train many types of people	○ Education loans to students wanting to train as care workers ○ Loans to care workers wanting to return to jobs in the nursing care sector (to prepare for taking up jobs again). (The loan ceiling is doubled in regions where it is difficult to recruit care workers)	◎ Establish an integrated service from induction courses for middle-age and elderly persons with no experience in nursing care to job matching after completion of training courses ◎ Support measures for recruitment at care workers education facilities
Measures to increase retention and raise productivity	○ Promote the use of nursing care robots and ICT ○ Support for establishing childcare facilities in nursing care facilities and offices ○ Reduce the financial burden of taking training seminars for career advancement and support for substitute care workers	◎ Accelerate introduction of nursing care robots and ICT, through support of the introduction of nursing care robots and provision of guidance for improving productivity. ◎ Popularization of the accreditation system and drawing up of guidelines
Make nursing care jobs more appealing	○ Promote the understanding of nursing care work among students, their guardians and career guidance staff	◎ Hands-on learning events to get a better understanding of nursing care service (improve the image of nursing care jobs)
Measures to increase the use of foreign workers	◎ Following the establishment of the "Nursing Care" visa status, provide support for foreign students wanting to obtain Care Worker National Certificate. (Promote student loans for studying nursing care and provide consultation on everyday life issues.)	

Source: Ministry of Health, Labour and Welfare

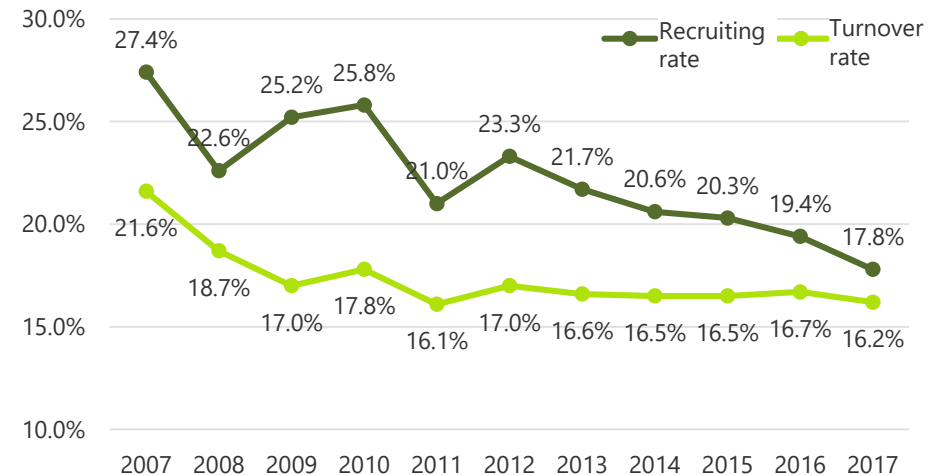
- Revisions to public-sector nursing care payments since 2009 have been generally positive; payments were raised 0.54% in FY2018.
- Recruiting rate and turnover rate for nursing care workforce are downward trend

Revisions to Public-sector Nursing Care Payments



Source: Ministry of Health, Labour and Welfare

Recruiting rate and Turnover rate for Nursing Care Workforce



Source: Survey of Nursing care labor situation 2017, Care Work Foundation

Overview of Operators

Operators of KDR Owned Properties

Operator (Parent company, etc.)	Established	Facilities operated (note)	No. of rooms (note)	Listed/Unlisted	Locations owned by KDR (Property name)
Sompo Care Inc. (Sompo Holdings, Inc.)	May 1997	439	26,080	Consolidated subsidiary of Sompo Holdings, Inc. (TSE 1st section listed)	Sompo Care Lavire Kobe Tarumi
Benesse Style Care Co., Ltd. (Benesse Holdings, Inc.)	September 1995	324	17,520	Consolidated subsidiary of Benesse Holdings, Inc. (TSE 1st section listed)	Granda Mondo Yakujin
HITOWA Care Service Co., Ltd. (HITOWA Holdings Co., Ltd.)	November 2006	116	7,041	Unlisted company	Irise Kamata/Yuseien Irise Nishioka Izarie Eniwa building (Irise Eniwa)
Nichii Carepalace Company (NICHII GAKKAN CO., LTD.)	June 1964	79	5,075	Consolidated subsidiary of NICHII GAKKAN CO., LTD. (TSE 1st section listed)	Nichii Home Nakano Minamidai Nichii Home Tama Plaza
Sawayaka Club Co., Ltd. (Uchiyama Holdings Co., Ltd.)	December 2004	84	4,973	Consolidated subsidiary of UCHIYAMA HOLDINGS Co., Ltd. (TSE 1st section listed)	Sawayaka Sakura Nibankan
Tsukui Corporation	June 1969	87	4,189	TSE 1st section listed	Tsukui Sun-shine Machida
Care 21 Corporation	November 1993	103	3,616	TSE JASDAQ listed	Plaisant Grand Ota tamagawa
Trust Garden Co., Ltd. (Resorttrust, Inc.)	August 2007	17	1,659	Consolidated subsidiary of Resorttrust, Inc. (TSE 1st section listed)	Activa Biwa
NOTE Social Welfare Corporation	June 1983	23	1,117	Unlisted organization	Ten
Excellent Care System Co., Ltd.	August 2004	29	1,099	Unlisted company	Excellent Nishinomiya Excellent Kitano
Community Net Inc.	June 1998	12	622	Unlisted company	Yuimaru Hijirigaoka
Hakusinkai Medical Corporation (Nihon Human Support Co., Ltd.)	November 1999	11	566	Unlisted organization	Anesis Teradacho, Rococo-riha, Orage Suma, Canadian Hill, Anesis Hyogo
Japan Care Link Co., Ltd. (Solasto Corporation)	November 2000	22	466	Consolidated subsidiary of Solasto Corporation (TSE 1st section listed)	Serabi Ebisu
NM LIFE Co., Ltd. (Iriscare Co., Ltd.)	October 1995	1	232	Unlisted company	Joy Stage Hachioji
Silver Town Ltd. (Iriscare Co., Ltd.)	February 2002	3	178	Unlisted company	Gran Hills Ogawarako

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

Senior Housing and Senior Care Facilities

Rank	Company	Major brands	Locations owned by KDR	Total ^(note)	
				Buildings	Rooms
1	Sompo Care	Sompo no ie, Sompo no ie S, Sompo Care Lavire	1	433	25,574
2	Benesse Style Care	Aria, Kurara, Granny & Granda, Madoka, Bonsejour, Kokochi, Li-Re	1	324	17,520
3	NICHIIGAKKAN	Nichii no Kirameki, Nichii no Hohoemi, Nichii Home, Iris Garden	2	428	13,945
4	Gakken Group	Cocofan, Ai no ie, Ensemble, Faminew		413	12,246
5	BestLife	BestLife		174	11,003
6	Kawashima Corporation	Sunny Life, Yawaragien		121	10,339
7	KOYAMA Healthcare Group	(No specific brand)		191	8,332
8	Souseikai Group	Good Time Home		98	7,946
9	HITOWA Care Service	Irise	3	116	7,041
10	Kinoshita Care	Lien Reve, Life commune, Ouen Kazoku		115	6,672
11	VATI	Furusato Home, Anshin Home		146	5,420
12	Uchiyama Holdings	Sawayaka	1	84	4,973
13	Half Century More	SunCity		17	4,911
14	Fuji Amenity Service	Fuji Palace Senior		151	4,753
15	Genkimura Group	Shoyouen		134	4,636
16	TSUKUI	TSUKUI Sunshine, TSUKUI Sun Forest	1	89	4,272
17	SHIP Healthcare Holdings	Green Life, Well House		68	4,195
18	UNIMAT Retirement Community	Soyokaze, Mazeran		160	4,190
19	ALSOK Group	Minna no ie, Sukoyaka, Amica, Katakuri		136	4,097
20	Nakagin Group	Nakagin Life Care		22	3,831
21	Care 21	Plaisant Grand, Plaisant maison, Tanoshii ie	1	112	3,708
36	Excellent Care System	Excellent, Suite, Grand Home	2	60	1,932
39	Nihon Human Support	Human Support	6	33	1,815
46	Resorttrust Group	Trust Garden, Trust Grace	1	19	1,710
69	NOTE Social Welfare Corporation	Yuyujiteki, Gokigen, Happy House	1	26	1,185
133	Community Net	Yuimaru	1	12	634
200	Iriscare	Gran Hills, Joy Stage	2	4	420

Source: Shukan Koreisha Jutaku Shimbun (“Weekly Senior Housing Newspaper”), August 7 and 14, 2019 (Issue 551)

Note: The number of buildings and number of rooms are as of August 31, 2019 and based on information in Shukan Koreisha Jutaku Shimbun, August 7 and 14, 2019 (Issue 551). For corporate groups, the number of buildings and number of rooms are for all private senior homes, memory care group homes and senior care facilities of affiliated companies.

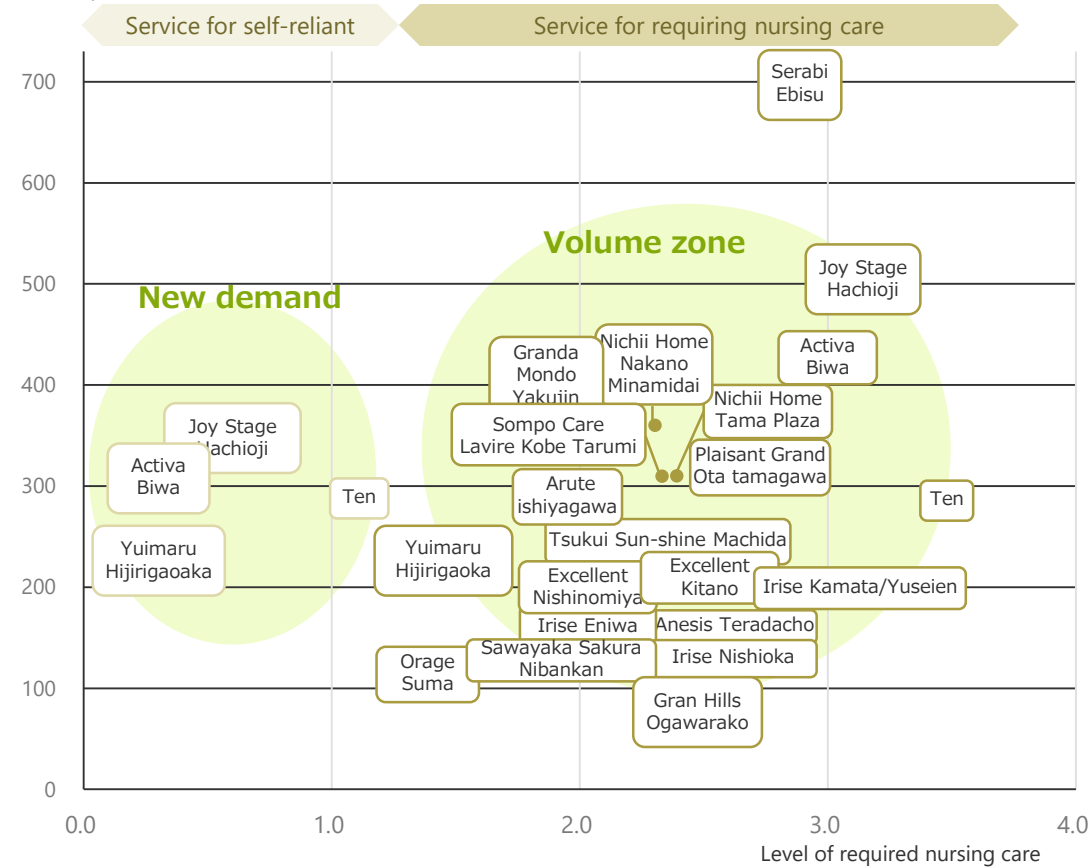
Classification of Senior Living Facilities

Classification of Senior Living Facilities by Type (1)

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

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

Monthly charged fee (thousand yen)



Note 1: The above chart shows, in a simplified manner, the general features of market demand, monthly housing charge, unit size, room amenities and shared amenities assumed by KDR to pertain to the mentioned types of senior living facilities. The monthly housing charge is calculated as follows: “the amount of lump sum received, if any, whether there is or not initial depreciation, divided by the No. of months of the amortization period defined by the tenant agreement” + “the monthly usage charge (including meal charges).”

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

Status of Lease Agreements (Healthcare Facilities)

No.	Name	Operator ^(1,2)	Facility Type	Remaining Term ⁽³⁾ (yrs)	Revision Period	Date of Next Revision
H-1	Irise Kamata/Yuseien	HITOWA Care Service Co., Ltd.	Nursing Care	22.9	Each 5 years	2022/7/1
H-2	Nichii Home Nakano Minamidai	Nichii Carepalace Company	Nursing Care	7.6	Each 3 years	2022/4/1
H-3	Joy Stage Hachioji	NM LIFE Co., Ltd.	Nursing Care	16.5	Not allowed ⁽⁴⁾	-
H-4	Yuimaru Hijirigaoka	Community Net Inc.	Residential	45.3	Not allowed ⁽⁵⁾	-
H-5	Nichii Home Tama Plaza	Nichii Carepalace Company	Nursing Care	13.0	Each 3 years	2027/9/1
H-6	Ten	NOTE Social Welfare Corporation	Nursing Care	18.5	Not allowed ⁽⁵⁾	-
H-7	Irise Nishioka	HITOWA Care Service Co., Ltd.	Residential	24.8	Not allowed ⁽⁴⁾	-
H-8	Izarie Eniwa Building ⁽⁶⁾	HITOWA Care Service Co., Ltd.	Nursing Care ⁽¹⁰⁾	25.6	Not allowed ⁽⁴⁾	-
H-9	Sawayaka Sakura Nibankan	Sawayaka Club Co., Ltd.	Nursing Care	13.6	Not allowed ⁽⁴⁾	-
H-10	Active Biwa	Trust Garden Co., Ltd.	Nursing Care	8.0	Each 3 years	2021/1/29
H-11	Sompo Care LAVIERE Kobe Tarumi	Sompo Care Inc.	Nursing Care	10.8	Not allowed ⁽⁷⁾	-
H-12	Granda Mondo Yakujin	Benesse Style Care Co., Ltd.	Residential	18.0	Not allowed ⁽⁷⁾	-
H-13	Excellent Nishinomiya	Excellent Care System Co., Ltd.	Nursing Care	15.1	Not allowed ⁽⁸⁾	-
H-14	Gran Hills Ogawarako	Silver Town Ltd.	Serviced	10.2	Each 3 years ⁽⁹⁾	2020/11/12
H-15	Excellent Kitano	Excellent Care System Co., Ltd.	Residential	16.0	Not allowed ⁽⁸⁾	-
H-16	Anesis Teradacho	Hakusinkai Medical Corporation	Nursing and health	16.6	Each 5 years	2026/3/29
H-17	Rococo-riha	Hakusinkai Medical Corporation	Nursing and health	16.6	Each 5 years	2026/3/29
H-18	Orage Suma	Hakusinkai Medical Corporation	Nursing and health	16.6	Each 5 years	2026/3/29
H-19	Canadian Hill	Hakusinkai Medical Corporation	Nursing and health	16.6	Each 5 years	2026/3/29
H-20	Anesis Hyogo	Hakusinkai Medical Corporation	Nursing and health	16.6	Each 5 years	2026/3/29
H-21	Plaisant Grand Ota tamagawa	Care 21 Corporation	Nursing Care	18.5	Not allowed ⁽⁷⁾	-
H-22	Tsukui Sun-shine Machida (West) (East)	Tsukui Coroporation	Nursing Care	22.6	Each 5 years	2022/4/1
				24.8	Each 5 years	2020/6/1
H-23	Serabi Ebisu	Japan Care Link Co.,Ltd	Nursing Care	8.0	Each 3 years	2022/5/1
H-24	Arute Ishiyagawa	Hakusinkai Medical Corporation	Nursing Care	29.0	Each 5 years	2027/7/1
Average				16.8		

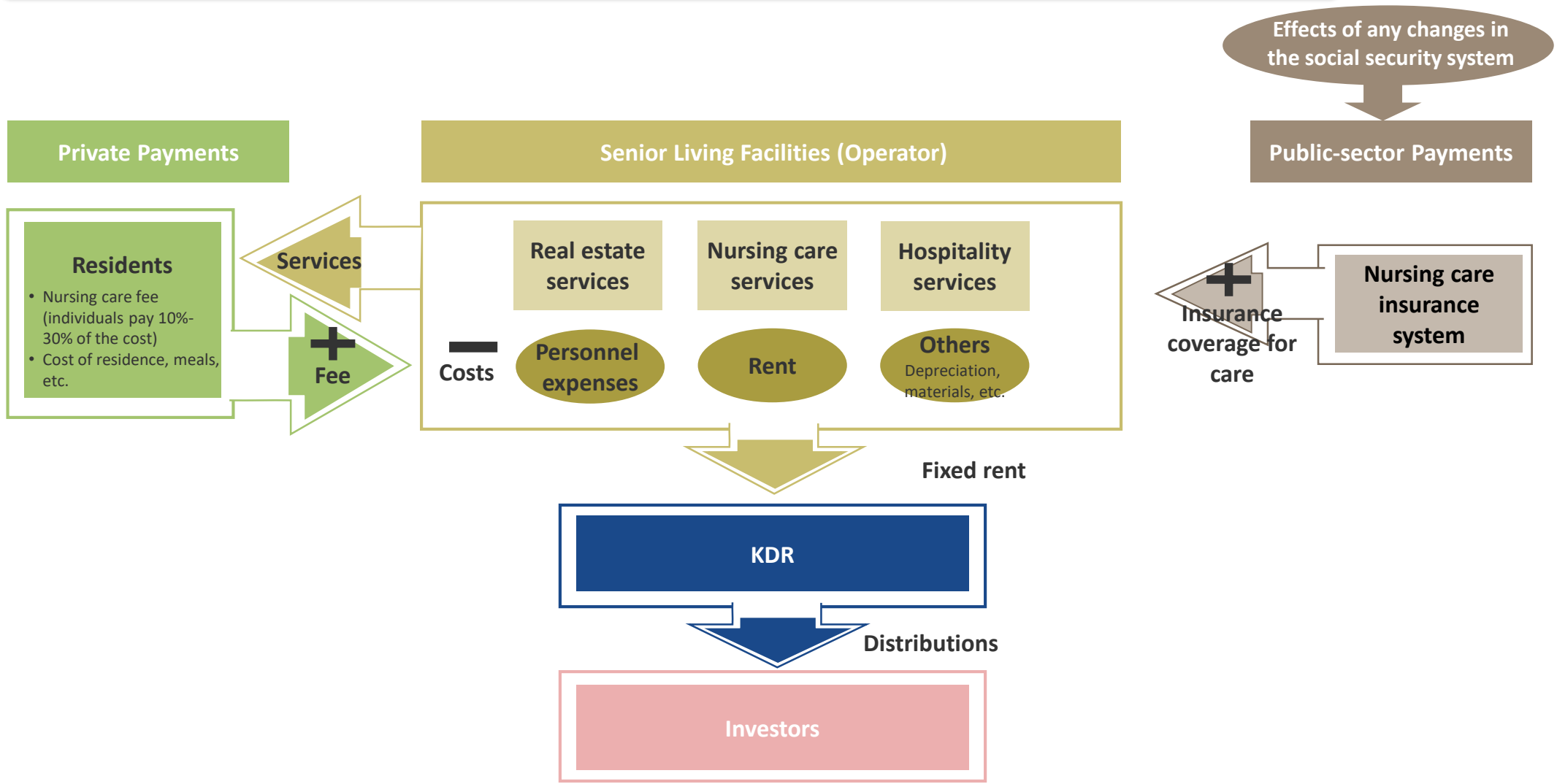
- Note 1: In the case there are multiple tenants in each facility, status is referred based on lease agreements with operators which are main tenants.
 Note 2: Types of lease agreements are all ordinary lease agreements excluding "Gran Hills Ogawarako" "Arute Ishiyagawa". The type of lease agreement of "Gran Hills Ogawarako" "Arute Ishiyagawa" are a fixed-term lease agreement.
 Note 3: "Remaining Term" is calculated from July 31, 2019 to the termination date of agreements with operators.
 Note 4: As a rule, no revision is allowed in term of agreements. Discussion is allowed about increase in rent by inflation and rising interest rates.
 Note 5: As a rule, no revision is allowed in term of agreements. Discussion is allowed by each three years in the case conditions are highly unreasonable because of the changes of economic climate but if the discussion is failed, tenants are needed to pay current rent.
 Note 6: Contents of lease agreements about "Irise Niwa" occupying from 4F to 6F of "Izarie Eniwa Building".
 Note 7: As a rule, no revision is allowed in term of agreements. Discussion is allowed in the case conditions are highly unreasonable because of the changes of economic climate.
 Note 8: As a rule, no revision is allowed in term of agreements. Discussion is allowed by each three years in the case conditions are highly unreasonable because of the changes of economic climate and invested by the lessor to add to the real estate (including repair and extra renovation)
 Note 9: Requests of rent reduction aren't allowed except the case that the facility has defects or is unable to be used.
 Note 10: The facility type was changed from "Private Senior Home (Residential)" to "Private Senior Home (with Nursing Care)" as of Jun. 1, 2019.

Revision Period



Typical Profit Structure for Senior Living Facilities

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



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

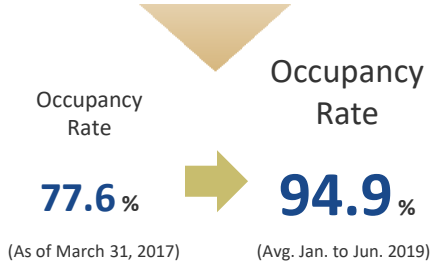
Operational Improvements

Activa Biwa



Change in the operator

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



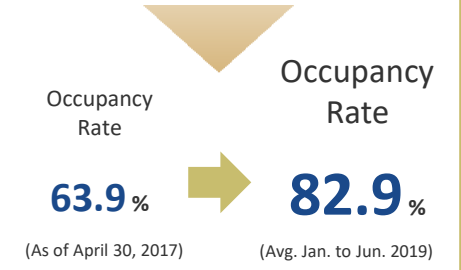
Location	Otsu-shi, Shiga
Facility type	Private senior home with nursing care
Facility scale	384 rooms
Operator	Trust Garden Co., Ltd.

Nichii Home Nakano Minamidai



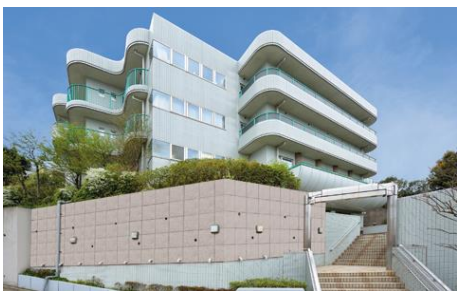
Revision to rent structure

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



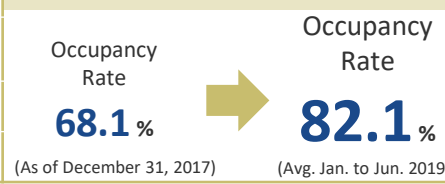
Location	Nakano-ku, Tokyo
Facility type	Private senior home with nursing care
Facility scale	83 rooms
Operator	Nichii Carepalace Company

Nichii Home Tama Plaza



Value-up renovations in common areas

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



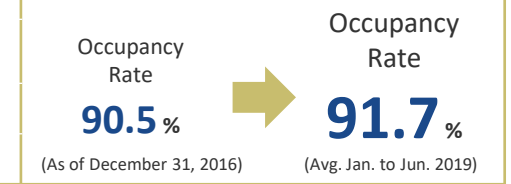
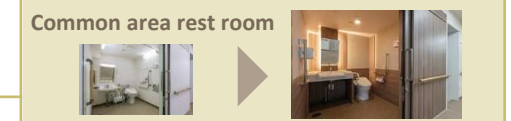
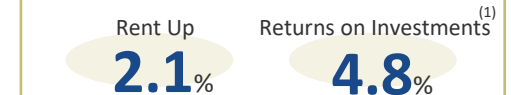
Location	Kawasaki-shi, Kanagawa
Facility type	Private senior home with nursing care
Facility scale	154 rooms
Operator	Nichii Carepalace Company

Joy Stage Hachioji



Value-up renovations in common areas

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














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

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

Unitholders' benefit programs




























Breakdown for the Unitholders' benefits at approx. 774 facilities

<p>Seikatsu Kagaku Un-Ei Co., Ltd.</p> <p> 長谷エグループ 株式会社 生活科学運営</p> <p>25 facilities</p> <p>Tokyo, Saitama, Chiba, Kanagawa, Shizuoka, Aichi, Kyoto, Hyogo, Osaka</p> <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge 	<p>CENTURY LIFE CORPORATION</p> <p> 長谷エグループ 株式会社 センチュリーライフ</p> <p>10 facilities</p> <p>Tokyo, Saitama, Chiba, Kanagawa, Osaka</p> <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge 	<p>LIXIL SENIOR LIFE COMPANY</p> <ul style="list-style-type: none"> «On the condition of lump sum payment»Discount on lump sum payment for resident (¥ 300,000 discount) Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast) Same-day facility site-visit (with lunch) free of charge <p>5 facilities</p> <p>Tokyo, Fukuoka</p>
<p>Sompo Care Inc.</p> <p> Innovation for Wellbeing SOMPOケア</p> <p>I . Sompo Care LAVIERE</p> <ul style="list-style-type: none"> «On the condition of lump sum payment»3% discount from the initial lump sum payment for resident «On the condition of monthly payment»3% discount of the amount equivalent to the rent out of the monthly payment (Until the contract ends) <p>II . Sompo Care Sompo no ie, Sompo no ie S, Sompo no ie GH, Private senior homes (residential), Serviced senior housing, Group homes</p> <ul style="list-style-type: none"> 3% discount of the amount equivalent to the rent out of the monthly payment or of the rent (Until the contract ends) <p>425 facilities</p> <p>Hokkaido, Iwate, , Miyagi, Akita, Saitama, Chiba, Tokyo, Kanagawa, Shizuoka, Aichi, Kyoto, Osaka, Hyogo, Nara, Okayama, Hiroshima, Fukuoka, Kumamoto</p>	<p>HITOWA Care Service Co., Ltd.</p> <p> イリーゼ</p> <p>111 facilities</p> <p>Hokkaido, Miyagi, Saitama, Chiba, Tokyo, Kanagawa, Nagano, Aichi, Hyogo, Okinawa</p> <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge Discount on usage charge for two-month equivalent 	<p>CARE TWENTYONE CORPORATION</p> <p> ケア21</p> <p>38 facilities</p> <p>Tokyo, Saitama, Chiba, Kanagawa, Aichi, Kyoto, Osaka, Hyogo, Hiroshima</p> <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge
<p>Nichii Carepalace Company</p> <p> ニチイ</p> <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge Trial residence free of charge (1-night, 2-day stay, with dinner, lunch and breakfast) <p>74 facilities</p> <p>Tokyo, Saitama, Chiba, Kanagawa, Shizuoka</p>	<p>Excellent Care System Co., Ltd.</p> <p> 株式会社エクセレントケアシステム</p> <p>15 facilities</p> <p>Tokyo, Kanagawa, Kyoto, Hyogo, Tokushima</p> <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge 	<p>NM LIFE Co., Ltd.</p> <p> ジョイステージ八王子</p> <ul style="list-style-type: none"> Discount on one-time payment for resident (¥ 200,000 discount) Trial residence free of charge, up to three times (1-night, 2-day stay, with dinner and breakfast) Same-day facility site-visit(with lunch) free of charge (up to three times) <p>1 facility</p> <p>Tokyo</p>
<p>Sawayaka Club Corporation</p> <p> さわやか倶楽部</p> <ul style="list-style-type: none"> 10% discount on usage charge for first month Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast) Same-day facility site-visit(with lunch) free of charge <p>70 facilities</p> <p>Hokkaido, Akita, Tochigi, Saitama, Chiba, Kanagawa, Niigata, Shizuoka, Aichi, Mie, Kyoto, Osaka, Hyogo, Ehime, Wakayama, Fukuoka, Oita</p>	<p>Excellent Care System Co., Ltd.</p> <p> 株式会社エクセレントケアシステム</p> <p>15 facilities</p> <p>Tokyo, Kanagawa, Kyoto, Hyogo, Tokushima</p> <ul style="list-style-type: none"> Same-day facility site-visit (with lunch) free of charge 	<p>NM LIFE Co., Ltd.</p> <p> ジョイステージ八王子</p> <ul style="list-style-type: none"> Discount on one-time payment for resident (¥ 200,000 discount) Trial residence free of charge, up to three times (1-night, 2-day stay, with dinner and breakfast) Same-day facility site-visit(with lunch) free of charge (up to three times) <p>1 facility</p> <p>Tokyo</p>

(Note 1) The unitholders' benefit programs are applied private nursing homes that are managed by above companies as of July 31, 2019. Other Facilities Available for Century Life Corporation and Hitowa Care Service Co., Ltd. are serviced housing for the elderly operated, Senior Life Company is apartment for the elderly, and Sompo Care Inc. is serviced housing for the elderly, Group homes.

(Note 2) As of September 2, 2019, Trust Garden Co., Ltd. a wholly-owned subsidiary of Resorttrust, Inc. acquired all outstanding shares of Senior Life Company, Inc. owned by LIXIL Corporation, and has succeeded to the management of the 5 private senior homes with nursing care operated by Senior Life Company, Inc.

Support System by Sponsor and Support Companies

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

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

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

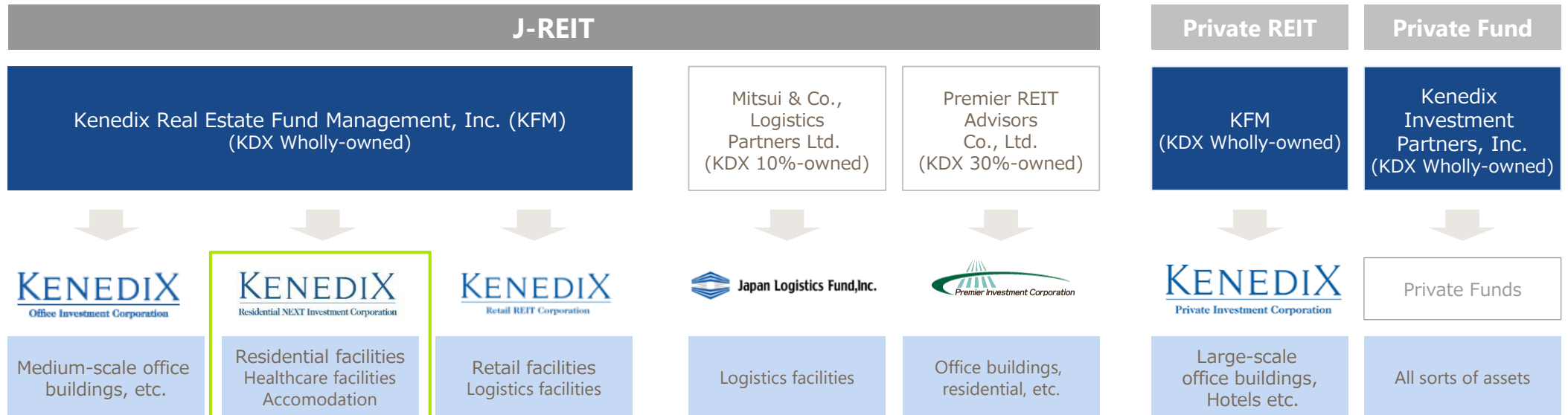
Note 3: "Backup operator" means support to consider to be backup operators for existing operators who are managing facilities which are located on real properties, etc. that KDR possesses or considers to acquire when KDR requests.

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

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

Summary of Kenedix Group

Main Funds Kenedix Group Involves in Operation



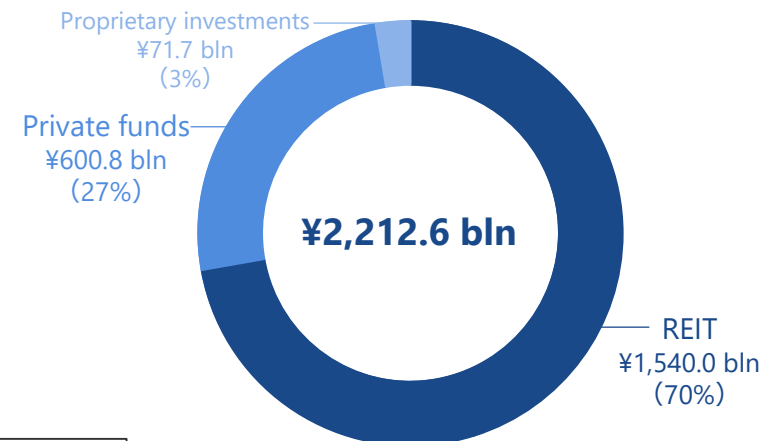
Priority Rights of Consideration for Real Estate Sale Information in Asset Management Company

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

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

Creation of priority rights of consideration for childcare facilities (as of Sep. 12, 2019)

Breakdown of AUM (as of end of June 2019)

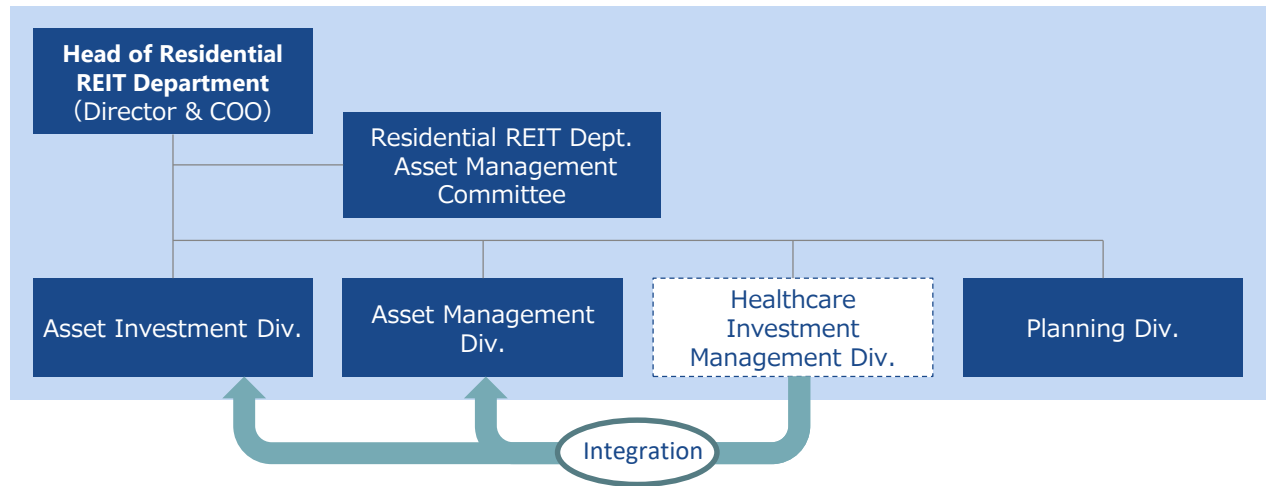
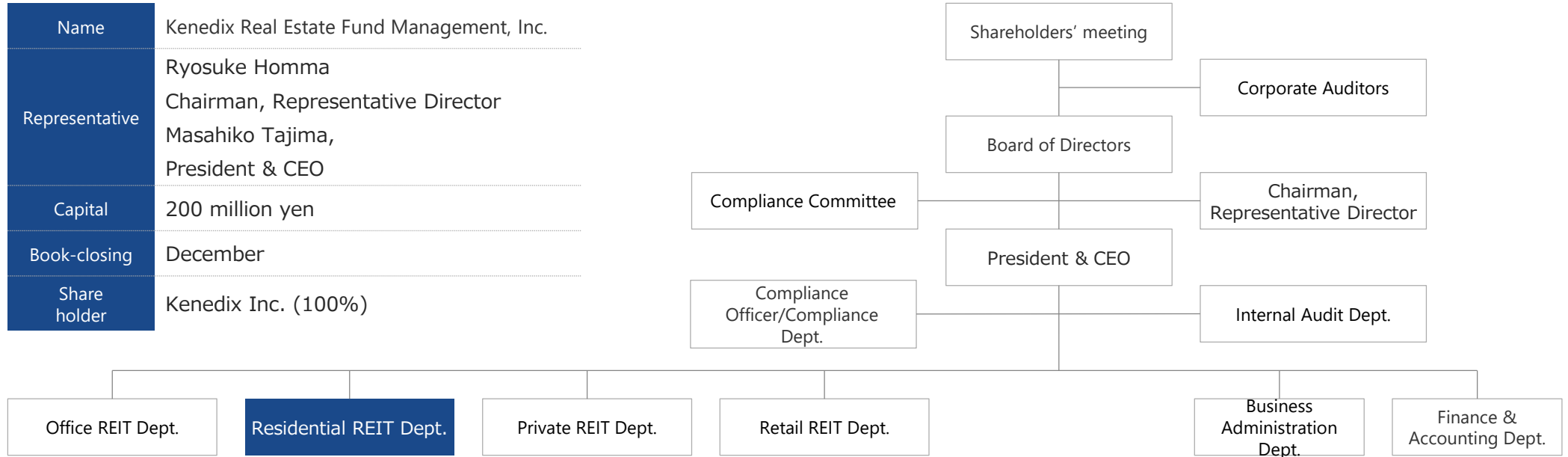


Organization Chart of KFM (KDR)

Overview of Asset Management Company

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

Organizational chart



Organizational change of Residential REIT Department of the Asset Management Company for enhance the management system (as of July 1, 2019)

- At the time of the merger, the Healthcare Investment Management Division, which is in charge of investment and management of healthcare facilities, and the management system of healthcare facilities was succeeded in order to develop the management system of healthcare facilities which requires expertise and to continue the steady management of healthcare facilities without hindrance.
- ↓
- More than 1 year after the commencement of management in conjunction with the merger, the management of healthcare facilities has been growing steadily
 - Aim to enhance the ability to manage healthcare facilities further and management ability of the whole portfolio by integrating the business pertaining to asset management in the Healthcare Investment Management Division into the Asset Management Division

Financial Statements

Balance Sheets

(in thousands of yen)

	14 th fiscal period (as of Jan 31, 2019)	15 th fiscal period (as of Jul 31, 2019)
Assets		
Current assets		
Cash and deposits	12,356,302	10,296,548
Cash and deposits in trust	9,721,629	9,903,118
Operating accounts receivable	26,612	36,005
Prepaid expenses	7,450	12,815
Consumption taxes receivable	338,402	-
Other	6,081	856
Total current assets	¥22,456,477	¥20,249,344
Noncurrent assets		
Property, plant and equipment		
Land	1,798,041	1,798,041
Building in trust	85,953,573	89,530,077
Structures in trust	785,989	881,774
Machinery and equipment in trust	1,140,736	1,115,184
Tools, furniture and fixtures in trust	422,136	457,614
Land in trust	130,189,152	138,484,736
Total property, plant and equipment, net	¥220,289,630	¥232,267,430
Intangible assets		
Land leasehold in trust	1,067,058	1,228,912
Other	6,339	5,563
Total intangible assets	¥1,073,398	¥1,234,475
Investments and other assets		
Investment securities	111,796	2,398
Lease and guarantee deposits	29,097	89,097
Long-term prepaid expenses	1,059,774	1,014,728
Total investments and other assets	¥1,200,668	¥1,106,223
Total noncurrent assets	¥222,563,697	¥234,608,129
Deferred assets		
Investment corporation bond issuance costs	38,570	35,327
Investment unit issuance costs	45,012	72,944
Total deferred assets	¥83,583	¥108,272
Total assets	¥245,103,757	¥254,965,747

(in thousands of yen)

	14 th fiscal period (as of Jan 31, 2019)	15 th fiscal period (as of Jul 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	912,385	772,751
Short-term loans payable	2,050,000	2,500,000
Current portion of long-term loans payable	9,700,000	13,200,000
Accounts payable-other	298,718	305,806
Accrued expenses	27,236	27,560
Income taxes payable	605	605
Accrued consumption taxes	11,413	21,474
Advances received	1,096,282	1,148,654
Deposits received	75,292	58,742
Other	-	10,098
Total current liabilities	¥14,171,933	¥18,045,693
Noncurrent liabilities		
Investment corporation bonds	5,000,000	5,000,000
Long-term loans payable	106,500,000	105,200,000
Tenant leasehold and security deposits in trust	2,682,738	3,099,642
Trust tenants lump sum deposits	4,405,195	4,493,753
Asset retirement obligations	-	67,338
Other	392,732	517,915
Total noncurrent liabilities	¥118,980,667	¥118,378,649
Total liabilities	¥133,152,600	¥136,424,343
Net Assets		
Unitholders' equity		
Unitholders' capital	93,226,228	99,731,514
Surplus		
Investment surplus	13,187,100	13,187,100
Reserve for temporary difference adjustment	2,000,000	1,980,000
Unappropriated retained earnings (undisposed loss)	3,875,050	4,125,881
Total surplus	¥19,062,150	¥19,292,981
Total unitholders' equity	¥112,288,379	¥119,024,495
Valuation and translation adjustments		
Deferred gains or losses on hedges	△337,222	△483,092
Total valuation and translation adjustments	¥△337,222	¥△483,092
Total net assets	¥111,951,157	¥118,541,403
Total liabilities and net assets	¥245,103,757	¥254,965,747

Financial Statements

Statements of Income and Retained Earnings

	(in thousands of yen)	
	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019	15 th fiscal period from: Feb. 1, 2019 to: Jul. 31, 2019
Operating revenues		
Rent revenues-real estate	7,085,174	7,342,246
Other lease business revenue	520,733	590,778
Gain on sales of real estate, etc.	203,178	203,392
Dividend received	14,461	-
Total operating revenues	¥7,823,548	¥8,136,417
Operating expenses		
Expenses related to rent business	2,794,762	2,915,721
Asset management fees	513,065	562,274
Asset custody fees	11,985	13,404
Administrative service fees	41,723	45,950
Directors' compensation	8,100	8,100
Other operating expenses	240,701	231,968
Total operating expenses	¥3,610,337	¥3,777,419
Operating Income	¥4,213,210	¥4,358,998
Non-operating income		
Interest income	45	38
Dividends and redemption-prescription	313	765
Interest on refund	3	463
Total non-operating income	¥362	¥1,268
Non-operating expenses		
Interest expenses	491,744	485,799
Interest expenses on Investment corporation bonds	9,974	13,825
Borrowing expenses	101,223	100,264
Amortization of investment corporation bond issuance costs	2,560	3,243
Amortization of investment unit issuance costs	9,022	15,269
Total non-operating expenses	¥614,525	¥618,402
Ordinary Income	¥3,599,047	¥3,741,863

	(in thousands of yen)	
	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019	15 th fiscal period from: Feb. 1, 2019 to: Jul. 31, 2019
Income before income taxes	¥3,599,047	¥3,741,863
Income taxes-current	605	605
Total income taxes	¥605	¥605
Net Income	¥3,598,442	¥3,741,258
Retained earnings brought forward	276,608	384,622
Unappropriated retained earnings (undisposed loss)	¥3,875,050	¥4,125,881

Distributions

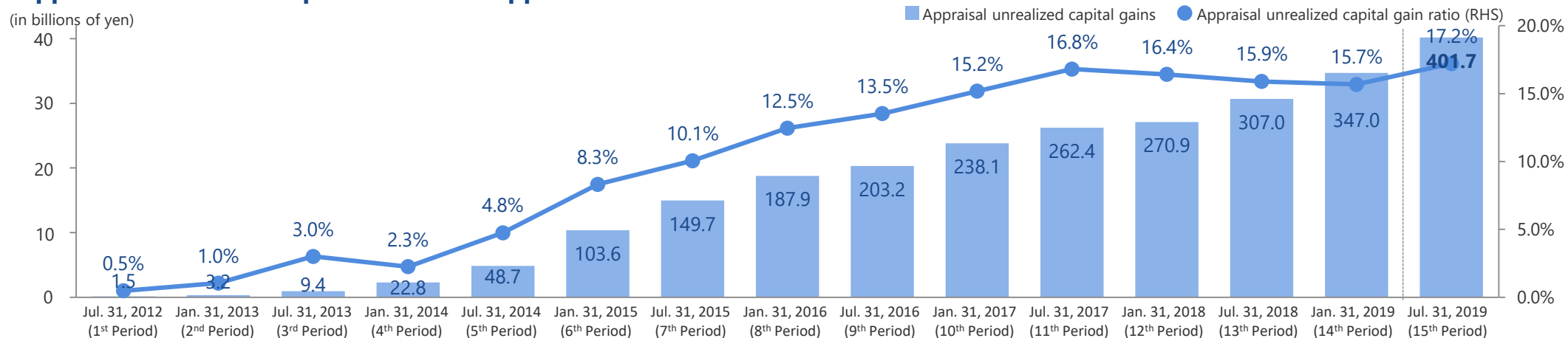
	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019	15 th fiscal period from: Feb. 1, 2019 to: Jul. 31, 2019
	I. Retained earnings at the end of period	3,875,050,769 yen
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	20,000,000 yen	20,000,000 yen
III. Total distributions	3,510,428,187 yen	3,687,001,854 yen
(Distributions per unit)	(4,039 yen)	(4,063 yen)
IV. Retained earnings brought forward to the next period	384,622,582 yen	458,879,674 yen

Statements of Cash Flows

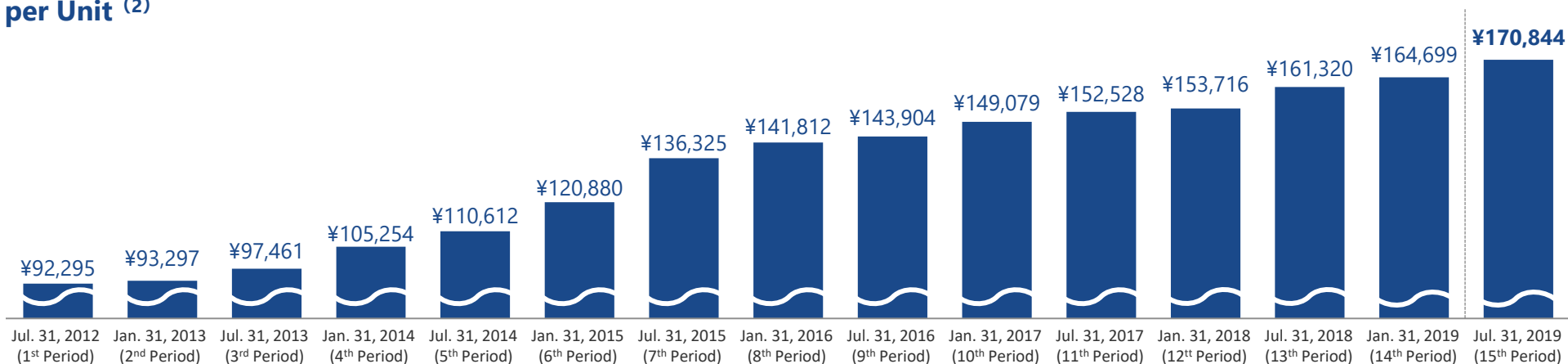
	(in thousands of yen)	
	14 th fiscal period from: Aug. 1, 2018 to: Jan. 31, 2019	15 th fiscal period from: Feb. 1, 2019 to: Jul. 31, 2019
Net cash provided by (used in) operating activities	5,211,979	5,947,236
Net cash provided by (used in) investing activities	△28,903,451	△13,427,488
Net cash provided by (used in) financing activities	26,989,982	5,601,986
Net increase (decrease) in Cash and Cash Equivalents	¥3,298,510	¥△1,878,264
Cash and cash equivalents at the beginning of period	18,779,421	22,077,932
Cash and cash equivalents at the End of Period	¥22,077,932	¥20,199,667

Appraisal Unrealized Capital Gains and NAV per Unit

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



NAV per Unit ⁽²⁾



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

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

Calculation method up until the 11th fiscal period: NAV per unit = (end of period total assets - unappropriated retained earnings + end of period appraisal value - property, plant and equipment)/number of outstanding units

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

Further, considering the 2-for-1 investment unit split on March 1, 2018, NAV per unit from January 31, 2018 (end of 12th fiscal period) onward reflects the split by being prorated by 2. Post-merger NAV per unit is estimated figure calculated as of March 1, 2018 based on certain assumptions.

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 15 th Period b	Difference c [b-a]	Previous	End of the 15 th Period	Previous	End of the 15 th Period	Previous	End of the 15 th Period				
T-1	KDX Daikanyama Residence	F	5,830	6,200	370	4.0%	3.8%	3.8%	3.6%	4.2%	4.0%	4,700	1,500	4,781	1,418
T-3	KDX Odemma Residence	F	2,100	2,170	70	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,775	395	1,708	461
T-4	KDX Iwamoto-cho Residence	F	977	1,010	33	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	822	188	787	222
T-5	KDX Bunkyo Sengoku Residence	F	1,780	1,810	30	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,488	322	1,450	359
T-6	KDX Azumabashi Residence	F	896	914	18	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	650	264	615	298
T-7	KDX Shimura Sakaue Residence	F	3,420	3,510	90	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,830	680	2,662	846
T-9	Cosmo Heim Motosumiyoshi (land with leasehold interest)	F	1,800	1,840	40	-	-	4.5%	4.4%	4.7%	4.6%	1,750	90	1,798	41
T-10	KDX Musashi Nakahara Residence	F	728	741	13	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	637	104	632	108
T-11	KDX Chiba Chuo Residence	D	1,790	1,830	40	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,480	350	1,316	513
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,410	1,450	40	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,150	300	1,109	340
T-13	KDX Residence Shirokane I	F	3,490	3,590	100	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	3,000	590	3,084	505
T-15	KDX Residence Shirokane II	F	3,400	3,550	150	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	2,800	750	2,854	695
T-16	KDX Residence Minami-aoyama	F	2,530	2,530	-	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	2,230	300	2,238	291
T-17	KDX Residence Minami-azabu	F	2,580	2,720	140	4.0%	3.8%	3.8%	3.6%	4.2%	4.0%	2,080	640	2,072	647
T-18	KDX Residence Shiba Koen	F	2,360	2,370	10	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,781	589	1,761	608
T-19	KDX Residence Azabu East	F	1,910	2,000	90	4.1%	3.9%	3.9%	3.7%	4.3%	4.1%	1,560	440	1,592	407
T-20	KDX Residence Takanawa	F	1,050	1,060	10	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	770	290	761	298
T-21	KDX Residence Nishihara	F	1,870	1,900	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,450	450	1,492	407
T-22	KDX Residence Daikanyama II	F	952	1,000	48	4.2%	4.0%	4.0%	3.8%	4.4%	4.2%	730	270	759	240
T-23	KDX Residence Sendagaya	F	815	844	29	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	650	194	638	205
T-24	KDX Residence Nihombashi Suitengu	D	3,900	4,020	120	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	3,240	780	3,154	865
T-25	KDX Residence Nihombashi Hakozaki	D	1,370	1,430	60	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,147	283	1,156	273
T-26	KDX Residence Higashi-shinjuku	F	4,090	4,090	-	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	3,270	820	3,236	853
T-27	KDX Residence Yotsuya	F	2,740	2,870	130	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	2,260	610	2,297	572
T-28	KDX Residence Nishi-shinjuku	F	1,330	1,330	-	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,000	330	996	333
T-29	KDX Residence Kagurazaka	F	924	930	6	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	720	210	710	219
T-30	KDX Residence Futako Tamagawa	F	1,440	1,480	40	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,250	230	1,276	203

Note 1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd., "M" means JLL Morii Valuation & Advisory K.K. and "T" means The Tanizawa Sogo Appraisal Co., Ltd. Appraisal values are rounded down to the nearest ¥mln. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(Previous; January 31, 2019,15th Period; July 31, 2019), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values. Subtotal and Total of "Cap Rate", "Discount Rate" and "Terminal Cap Rate" are calculated by the weighted average by the appraisal value. For properties for which multiple discount rates are set per fiscal period, the value for the first fiscal period in which a discount rate was applied is shown above.

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 15 th Period b	Difference c [b-a]	Previous	End of the 15 th Period	Previous	End of the 15 th Period	Previous	End of the 15 th Period				
T-31	KDX Residence Komazawa Koen	F	1,120	1,120	-	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	920	200	905	214
T-32	KDX Residence Misyuku	F	926	958	32	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	760	198	752	205
T-33	KDX Residence Yoga	F	845	864	19	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	700	164	695	168
T-34	KDX Residence Shimouma	F	765	765	-	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	600	165	598	166
T-35	Raffine Minami-magome	F	1,480	1,450	30	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,250	200	1,241	208
T-36	KDX Residence Yukigaya Otsuka	F	1,340	1,340	-	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,050	290	1,024	315
T-37	KDX Residence Denen Chofu	D	1,230	1,280	50	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,000	280	1,062	217
T-38	KDX Residence Tamagawa	F	921	942	21	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	776	166	739	202
T-39	KDX Residence Monzennakacho	F	995	1,010	15	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	773	237	766	243
T-40	KDX Residence Okachimachi	F	1,040	1,060	20	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	850	210	870	189
T-41	KDX Residence Moto-asakusa	F	987	1,010	23	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	800	210	788	221
T-42	KDX Residence Itabashi Honcho	F	760	767	7	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	620	147	599	167
T-43	KDX Residence Azusawa	F	652	654	2	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	550	104	551	102
T-44	KDX Residence Tobu Nerima	F	508	522	14	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	420	102	396	125
T-45	KDX Residence Yokohama Kannai	F	981	985	4	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	800	185	776	208
T-46	KDX Residence Miyamaedaira	F	1,130	1,140	10	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	999	141	1,001	138
T-47	KDX Residence Machida	F	2,030	2,080	50	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,800	280	1,709	370
T-48	KDX Residence Kinshicho	F	1,670	1,690	20	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,350	340	1,339	350
T-49	KDX Residence Nihombashi Hamacho	F	1,220	1,250	30	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	996	254	1,001	248
T-50	KDX Residence Nihombashi Ningyocho	F	666	682	16	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	530	152	560	121
T-51	KDX Residence Jiyugaoka	F	1,580	1,620	40	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,268	352	1,319	300
T-52	KDX Residence Togoshi	F	4,730	4,800	70	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	3,745	1,055	3,745	1,054
T-53	KDX Residence Shinagawa Seaside	F	3,260	3,340	80	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	2,593	747	2,575	764
T-54	KDX Residence Ojima	F	2,260	2,370	110	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,857	513	1,833	536
T-55	KDX Residence Oyama	F	3,240	3,310	70	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,679	631	2,638	671
T-56	KDX Residence Hanzomon	F	5,560	5,650	90	4.1%	4.0%	3.8%	3.7%	4.2%	4.1%	4,832	818	4,950	699
T-57	B-Site Akihabara	F	985	1,010	25	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	850	160	862	147

Note 1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd., "M" means JLL Morii Valuation & Advisory K.K. and "T" means The Tanizawa Sogo Appraisal Co., Ltd. Appraisal values are rounded down to the nearest ¥mln. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(Previous; January 31, 2019,15th Period; July 31, 2019), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values. Subtotal and Total of "Cap Rate", "Discount Rate" and "Terminal Cap Rate" are calculated by the weighted average by the appraisal value. For properties for which multiple discount rates are set per fiscal period, the value for the first fiscal period in which a discount rate was applied is shown above.

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference	
			Previous a	End of the 15 th Period b	Difference c [b-a]	Previous	End of the 15 th Period	Previous	End of the 15 th Period	Previous	End of the 15 th Period					d
T-58	KDX Residence Kagurazaka Dori	F	1,880	1,940	60	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	1,360	580	1,380	559	
T-59	KDX Residence Sendagi	F	2,450	2,510	60	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	2,200	310	2,355	154	
T-60	KDX Residence Seijo	F	1,560	1,600	40	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,400	200	1,421	178	
T-61	KDX Residence Akihabara	F	1,500	1,560	60	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,250	310	1,249	310	
T-62	KDX Residence Iriya	F	1,370	1,400	30	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,062	338	1,062	337	
T-63	KDX Residence Tachikawa	F	3,560	3,650	90	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	3,026	623	2,994	655	
T-64	KDX Residence Tsurumi	F	1,460	1,500	40	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,050	450	1,149	350	
T-65	KDX Residence Morishita Chitose	M	1,250	1,300	50	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,100	200	1,106	193	
T-66	KDX Residence Akasaka	F	1,650	1,760	110	3.8%	3.6%	3.6%	3.4%	4.0%	3.8%	1,150	610	1,191	568	
T-67	KDX Residence Kanda	F	1,090	1,110	20	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	700	410	722	387	
T-68	KDX Residence Ebisu	F	4,090	4,320	230	3.8%	3.6%	3.6%	3.4%	4.0%	3.8%	2,845	1,475	2,939	1,380	
T-69	KDX Residence Nishi-magome	F	1,230	1,260	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,130	130	1,170	89	
T-70	KDX Residence Nishi-azabu	F	1,600	1,710	110	3.9%	3.7%	3.7%	3.5%	4.1%	3.9%	1,224	486	1,240	469	
T-71	KDX Residence Azabu Sendaizaka	F	1,040	1,090	50	3.9%	3.7%	3.7%	3.5%	4.1%	3.9%	792	297	806	283	
T-72	KDX Residence Waseda Tsurumaki	F	813	834	21	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	561	273	566	267	
T-73	KDX Residence Bunkyo Yushima	F	939	975	36	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	695	280	702	272	
T-74	KDX Residence Kamishakujii	F	801	820	19	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	648	172	657	162	
T-75	KDX Residence Shin-otsuka	F	968	993	25	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	764	229	775	217	
T-76	KDX Residence Sakurajosui	F	1,130	1,160	30	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	894	266	906	253	
T-77	KDX Residence Ryogoku	F	1,100	1,130	30	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	842	288	855	274	
T-78	KDX Residence Toyosu	T	7,640	7,640	-	4.1%	4.1%	4.3%	4.3%	4.3%	4.3%	7,500	140	7,734	-94	
T-79	KDX Residence Asagaya	F	2,120	2,170	50	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,930	240	1,964	205	
T-80	KDX Residence Hiyoshi	F	2,720	2,730	10	4.7%	4.6%	4.4%	4.3%	4.8%	4.7%	2,635	94	2,699	30	
T-81	KDX Residence Kamikitazawa	F	-	1,410	-	-	4.3%	-	4.0%	-	4.4%	1,360	50	1,395	14	
T-82	KDX Residence Kaminoge	F	-	1,230	-	-	4.0%	-	3.7%	-	4.1%	1,111	119	1,141	88	
T-81	KDX Residence Higashi-Asakusa	F	-	737	-	-	4.1%	-	3.9%	-	4.3%	688	49	709	27	
Subtotal / Average				144,324	151,397	3,696	4.1%	4.0%	4.0%	3.9%	4.4%	4.3%	122,505	28,891	123,148	28,248

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(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 15 th Period b	Difference c [b-a]	Previous	End of the 15 th Period	Previous	End of the 15 th Period	Previous	End of the 15 th Period				
R-2	KDX Jozenji Dori Residence	D	1,290	1,320	30	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,015	305	936	383
R-3	KDX Izumi Residence	F	1,350	1,380	30	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,120	260	1,050	329
R-4	KDX Chihaya Residence	F	1,380	1,400	20	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,080	320	996	403
R-5	KDX Sakaisuji Hommachi Residence	F	3,330	3,420	90	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	2,910	510	2,706	713
R-7	KDX Takarazuka Residence	F	1,870	1,930	60	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,510	420	1,353	576
R-8	KDX Shimizu Residence	F	2,000	2,020	20	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,680	340	1,559	460
R-9	KDX Residence Odori Koen	F	952	968	16	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	765	203	779	188
R-10	KDX Residence Kikusui Yojo	F	1,040	1,020	-20	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	830	190	786	233
R-11	KDX Residence Toyohira Koen	F	547	549	2	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	445	104	467	81
R-13	KDX Residence Ichiban-cho	D	693	706	13	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	530	176	503	202
R-15	KDX Residence Izumi Chuo	D	602	613	11	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	480	133	456	156
R-16	KDX Residence Higashi-sakura I	F	2,520	2,540	20	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	2,350	190	2,248	291
R-17	KDX Residence Higashi-sakura II	F	1,010	1,020	10	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	900	120	863	156
R-18	KDX Residence Jingumae	F	1,010	1,030	20	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	840	190	797	232
R-19	KDX Residence Nishi-oji	D	917	938	21	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	813	125	780	157
R-20	KDX Residence Saiin	D	512	512	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	440	72	419	92
R-21	KDX Residence Namba	F	1,620	1,650	30	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,410	240	1,359	290
R-22	KDX Residence Namba-minami	F	1,550	1,570	20	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,350	220	1,281	288
R-24	KDX Residence Ibaraki I・II	F	1,440	1,424	-16	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,275	149	1,289	134
R-25	KDX Residence Toyonaka-minami	F	869	860	-9	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	740	120	682	177
R-26	KDX Residence Moriguchi	F	662	666	4	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	551	115	518	147
R-27	KDX Residence Sannomiya	F	1,310	1,210	-100	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,080	130	1,079	130
R-28	Ashiya Royal Homes	F	1,760	1,920	160	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,360	560	1,458	461

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(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 15 th Period b	Difference c [b-a]	Previous	End of the 15 th Period	Previous	End of the 15 th Period	Previous	End of the 15 th Period				
R-29	KDX Residence Funairi Saiwai-cho	F	678	703	25	5.5%	5.4%	5.3%	5.2%	5.7%	5.6%	588	115	553	149
R-30	KDX Residence Tenjin-higashi II	F	887	873	-14	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	680	193	646	226
R-32	KDX Residence Nishi Koen	F	875	876	1	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	763	113	728	147
R-33	KDX Residence Hirao Josui-machi	F	903	913	10	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	760	153	738	174
R-34	Melody Heim Gotenyama	F	518	531	13	5.5%	5.4%	5.3%	5.2%	5.7%	5.6%	400	131	423	107
R-35	Leopalace Flat Shin-sakae	M	4,390	4,490	100	4.5%	4.4%	4.4%	4.3%	4.7%	4.6%	3,500	990	3,496	993
R-36	KDX Residence Konan Yamate	F	1,120	1,130	10	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	973	157	969	160
R-37	KDX Residence Hommachibashi	F	3,550	3,620	70	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	3,201	419	3,157	462
R-38	KDX Residence Minami-kusatsu	D	2,370	2,410	40	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	1,974	435	1,987	422
R-39	KDX Residence Ohori Harbor View Tower	D	5,220	5,220	-	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	4,606	613	4,547	672
R-40	KDX Residence Minami-sanjo	F	1,660	1,690	30	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	915	775	919	770
R-41	Serenite Kita-kyuhoji	M	1,540	1,580	40	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,290	289	1,278	301
R-42	Serenite Nishinomiya Hommachi	T	742	744	2	4.8%	4.8%	4.9%	4.9%	5.0%	5.0%	617	126	643	100
R-43	KDX Residence Nishijin	T	1,670	1,690	20	4.7%	4.7%	4.8%	4.8%	4.9%	4.9%	1,600	90	1,747	-57
R-44	Serenite Kobe Motomachi	T	2,580	2,600	20	4.6%	4.6%	4.7%	4.7%	4.8%	4.8%	2,390	210	2,492	107
R-45	KDX Residence Shukugawa Hills	D	7,300	7,300	-	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	6,885	415	7,263	36
Subtotal / Average			66,815	67,036	799	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	56,617	10,418	55,969	11,066
Residential Facilities total / Average			210,561	218,433	4,495	4.3%	4.2%	4.2%	4.1%	4.5%	4.4%	179,123	39,309	179,117	39,315

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(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 15 th Period b	Difference c [b-a]	Previous	End of the 15 th Period	Previous	End of the 15 th Period	Previous	End of the 15 th Period				
H-1	Irise Kamata/Yuseien	D	1,120	1,120	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	1,120	-	1,093	26
H-2	Nichii Home Nakano-Minamidai	D	1,780	1,780	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,780	-	1,772	7
H-3	Joy Stage Hachioji	T	3,740	3,760	20	5.3%	5.2%	5.2%	5.1%	5.5%	5.4%	3,690	70	3,783	-23
H-4	Yuimaru Hijirigaoka	F	1,120	1,120	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,120	-	1,094	25
H-5	Nichii Home Tama Plaza	D	2,940	2,940	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	2,940	-	2,857	82
H-6	Ten	T	2,640	2,660	20	6.1%	6.0%	6.2%	6.1%	6.3%	6.2%	2,630	30	2,576	83
H-7	Irise Nishioka	F	855	857	2	5.3%	5.3%	5.1%	5.1%	5.5%	5.5%	858	-1	834	22
H-8	Izarie Eniwa Building	F	1,680	1,740	60	6.1%	5.9%	5.9%	5.7%	6.3%	6.1%	1,660	80	1,608	131
H-9	Sawayaka Sakura Nibankan	D	990	991	1	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	989	2	954	36
H-10	Activa Biwa	T	6,560	6,560	-	5.7%	5.7%	5.8%	5.8%	5.9%	5.9%	6,560	-	6,429	130
H-11	Sompo Care LAVIERE Kobe Tarumi	T	2,110	2,110	-	4.9%	4.9%	4.9%	4.9%	5.1%	5.1%	2,110	-	2,078	31
H-12	Granda Mondo Yakujin	F	1,190	1,190	-	4.9%	4.9%	4.6%	4.6%	5.1%	5.1%	1,190	-	1,162	27
H-13	Excellent Nishinomiya	T	973	975	2	5.0%	5.0%	5.0%	5.0%	5.2%	5.2%	971	4	944	30
H-14	Gran Hills Ogawarako	T	1,380	1,380	-	7.2%	7.2%	7.1%	7.1%	7.4%	7.4%	1,380	-	1,328	51
H-15	Excellent Kitano	T	785	780	-5	4.7%	4.7%	4.7%	4.7%	4.9%	4.9%	737	43	761	18
H-16	Anesis Teradacho	D	3,630	3,630	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	3,490	140	3,557	72
H-17	Rococo-riha	D	2,180	2,170	-10	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	2,100	70	2,096	73
H-18	Orage Suma	T	2,820	2,810	-10	5.1%	5.2%	5.0%	5.0%	5.3%	5.4%	2,810	-	2,827	-17
H-19	Canadian Hill	T	1,870	1,870	-	4.7%	4.7%	4.6%	4.6%	4.9%	4.9%	1,830	40	1,843	26
H-20	Anesis Hyogo	T	1,430	1,440	10	4.8%	4.8%	4.7%	4.7%	5.0%	5.0%	1,420	20	1,422	17
H-21	Plaisant Grand Ota tamagawa	F	3,130	3,180	50	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	3,057	122	3,241	-61
H-22	Tsukui Sun-shine Machida	F	-	7,070	-	-	4.3%	-	4.1%	-	4.5%	6,934	135	7,187	-117
H-23	Serabi Ebisu	M	-	1,700	-	-	4.0%	-	3.8%	-	4.2%	1,690	10	1,720	-20
H-24	Arute Ishiyagawa	T	-	1,410	-	-	5.4%	-	5.1%	-	5.2%	1,061	349	1,201	208
Subtotal / Average			44,923	55,243	140	5.2%	5.0%	5.1%	4.9%	5.4%	5.2%	54,128	1,114	54,378	864
Grand total			255,484	273,676								233,251		233,496	40,179

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Summary of Portfolio Performance

Trends in Portfolio Performance

	10 th fiscal period (as of Jan. 31, 2017)	11 th fiscal period (as of Jul. 31, 2017)	12 th fiscal period (as of Jan. 31, 2018)	13 th fiscal period (as of Jul. 31, 2018)	14 th fiscal period (as of Jan. 31, 2019)	15 th fiscal period (as of Jul. 31, 2019)
Number of Properties	113 props	113 props	115 props	129 props	138 props	143 props
Properties Acquired during the period	10 props	0 props	2 props	1 props	10 props	6 props
Properties Transferred during the period	2 Props	0 Props	0 Props	1 Props	1 Props	1 Props
Total Acquisition Price	155,069 million	155,069 million	164,169 million	192,889 million	220,916 million	233,251 million
Total Book Value	156,805 million	156,161 million	165,040 million	193,148 million	221,356 million	233,496 million
Total Appraisal Value	180,618 million	182,410 million	192,137 million	223,857 million	256,062 million	273,676 million
Rentable Units ⁽¹⁾	7,518 units	7,518 units	7,888 units	7,794 units	8,280 units	8,346 units
Rentable Area ⁽¹⁾	292,324.33 m ²	292,324.33 m ²	303,608.43 m ²	301,462.41 m ²	329,477.93 m ²	335,406.34 m ²
Leasing Business Revenues	5,437 million	5,574 million	5,671 million	6,655 million	7,605 million	7,933 million
Leasing Business Expenses (ex. Depreciation)	1,172 million	1,239 million	1,185 million	1,410 million	1,451 million	1,524 million
NOI (Net Operating Income) ⁽²⁾	4,265 million	4,335 million	4,486 million	5,245 million	6,154 million	6,408 million
NOI Cap Rate (per year)	5.5 %	5.6 %	5.4 %	5.4 %	5.5 %	5.5 %
Capital Expenditure	220 million	241 million	286 million	436 million	614 million	612 million
Depreciation	878 million	884 million	921 million	1,144 million	1,343 million	1,391 million
Depreciation Rate (per acquisition price, year)	1.1 %	1.2 %	1.1 %	1.2 %	1.2 %	1.2 %
NOI Cap Rate after Depreciation (per year)	4.4 %	4.5 %	4.3 %	4.2 %	4.3 %	4.3 %

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

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

Portfolio Performance in 1H 2019 1/6

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-1	KDX Daikanyama Residence	4,700,000	4,781,395	6,200,000	SF	86	5,338.99	5,271.41	98.7%	181	164,960	29,882	135,078	17,326	117,752	5.8%	5.1%	
T-3	KDX Odemma Residence	1,775,000	1,708,097	2,170,000	SF	54	2,353.23	2,268.67	96.4%	181	58,609	11,783	46,826	10,879	35,947	5.3%	4.1%	
T-4	KDX Iwamoto-cho Residence	822,000	787,260	1,010,000	SF	36	1,131.24	1,108.68	98.0%	181	28,420	5,751	22,668	5,269	17,399	5.6%	4.3%	
T-5	KDX Bunkyo Sengoku Residence	1,488,000	1,450,074	1,810,000	S	77	2,054.10	2,054.10	100.0%	181	50,856	10,730	40,126	6,526	33,599	5.4%	4.6%	
T-6	KDX Azumabashi Residence	650,000	615,608	914,000	S	41	1,054.83	1,007.35	95.5%	181	25,528	5,059	20,468	4,938	15,530	6.4%	4.8%	
T-7	KDX Shimura Sakaue Residence	2,830,000	2,663,587	3,510,000	F	85	6,117.48	6,032.88	98.6%	181	103,501	24,059	79,442	21,687	57,754	5.7%	4.1%	
T-9	Cosmo Heim Motosumiyoshi (land)	1,750,000	1,798,041	1,840,000	-	-	-	-	-	181	43,750	1,354	42,395	-	42,395	4.9%	4.9%	
T-10	KDX Musashi Nakahara Residence	637,000	632,707	741,000	F	35	2,123.46	2,002.50	94.3%	181	27,206	7,295	19,911	3,727	16,183	6.3%	5.1%	
T-11	KDX Chiba Chuo Residence	1,480,000	1,316,389	1,830,000	S	106	3,546.91	3,480.11	98.1%	181	64,066	13,916	50,149	17,281	32,868	6.8%	4.5%	
T-12	KDX Kawaguchi Saiwai-cho Residence	1,150,000	1,109,262	1,450,000	SF	61	2,491.66	2,407.67	96.6%	181	49,317	12,756	36,561	7,344	29,217	6.4%	5.1%	
T-13	KDX Residence Shirokane I	3,000,000	3,084,350	3,590,000	SF	50	3,617.32	3,571.56	98.7%	181	113,143	33,466	79,676	8,656	71,019	5.4%	4.8%	
T-15	KDX Residence Shirokane II	2,800,000	2,854,144	3,550,000	S	85	2,889.66	2,755.49	95.4%	181	91,949	16,274	75,674	7,313	68,361	5.5%	4.9%	
T-16	KDX Residence Minami-aoyama	2,230,000	2,238,772	2,530,000	SF	20	1,680.79	1,680.79	100.0%	181	65,349	10,863	54,485	3,306	51,178	4.9%	4.6%	
T-17	KDX Residence Minami-azabu	2,080,000	2,072,185	2,720,000	SF	62	2,785.42	2,670.76	95.9%	181	73,631	11,988	61,642	7,052	54,590	6.0%	5.3%	
T-18	KDX Residence Shiba Koen	1,781,000	1,761,004	2,370,000	SF	64	2,507.52	2,404.99	95.9%	181	65,707	11,223	54,483	5,806	48,676	6.2%	5.5%	
T-19	KDX Residence Azabu East	1,560,000	1,592,286	2,000,000	S	76	1,849.00	1,806.98	97.7%	181	55,935	12,887	43,047	6,291	36,756	5.6%	4.8%	
T-20	KDX Residence Takanawa	770,000	761,754	1,060,000	SF	27	1,034.27	1,034.27	100.0%	181	27,543	6,199	21,343	2,765	18,577	5.6%	4.9%	
T-21	KDX Residence Nishihara	1,450,000	1,492,755	1,900,000	SF	39	2,310.08	2,310.08	100.0%	181	52,255	14,951	37,303	6,060	31,243	5.2%	4.3%	
T-22	KDX Residence Daikanyama II	730,000	759,422	1,000,000	F	17	985.10	985.10	100.0%	181	28,696	5,226	23,470	1,274	22,195	6.5%	6.1%	
T-23	KDX Residence Sendagaya	650,000	638,001	844,000	SF	16	748.96	702.58	93.8%	181	22,902	5,258	17,643	2,806	14,837	5.5%	4.6%	
T-24	KDX Residence Nihombashi Suitengu	3,240,000	3,154,271	4,020,000	F	79	5,534.86	5,534.86	100.0%	181	97,662	10,803	86,858	17,800	69,057	5.4%	4.3%	
T-25	KDX Residence Nihombashi Hakozaiki	1,147,000	1,156,184	1,430,000	S	60	1,537.38	1,495.47	97.3%	181	41,432	8,872	32,560	6,899	25,660	5.7%	4.5%	
T-26	KDX Residence Higashi-shinjuku	3,270,000	3,236,356	4,090,000	S	179	4,358.43	4,290.27	98.4%	181	111,378	19,226	92,152	11,784	80,367	5.7%	5.0%	
T-27	KDX Residence Yotsuya	2,260,000	2,297,531	2,870,000	F	42	3,101.16	3,042.46	98.1%	181	79,625	19,959	59,665	10,024	49,640	5.3%	4.4%	
T-28	KDX Residence Nishi-shinjuku	1,000,000	996,582	1,330,000	S	54	1,345.92	1,294.19	96.2%	181	35,721	7,821	27,899	4,006	23,893	5.6%	4.8%	
T-29	KDX Residence Kagurazaka	720,000	710,811	930,000	S	34	890.93	841.11	94.4%	181	25,587	5,883	19,704	3,372	16,332	5.5%	4.6%	
T-30	KDX Residence Futako Tamagawa	1,250,000	1,276,225	1,480,000	F	38	2,339.62	2,339.62	100.0%	181	42,861	7,758	35,103	4,733	30,369	5.7%	4.9%	

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Portfolio Performance in 1H 2019 2/6

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-31	KDX Residence Komazawa Koen	920,000	905,115	1,120,000	SF	32	1,020.18	987.68	96.8%	181	28,984	5,533	23,451	4,685	18,765	5.1%	4.1%	
T-32	KDX Residence Misyuku	760,000	752,319	958,000	S	39	1,103.82	1,103.82	100.0%	181	25,741	6,780	18,961	3,127	15,833	5.0%	4.2%	
T-33	KDX Residence Yoga	700,000	695,458	864,000	S	38	1,012.80	1,012.80	100.0%	181	24,079	4,199	19,879	2,653	17,226	5.7%	5.0%	
T-34	KDX Residence Shimouma	600,000	598,537	765,000	S	29	829.05	829.05	100.0%	181	21,209	4,645	16,563	2,258	14,305	5.6%	4.8%	
T-35	Raffine Minami-magome	1,250,000	1,241,276	1,450,000	S	56	2,408.56	2,408.56	100.0%	181	41,292	3,169	38,122	3,375	34,747	6.2%	5.6%	
T-36	KDX Residence Yukigaya Otsuka	1,050,000	1,024,350	1,340,000	S	72	1,526.98	1,464.01	95.9%	181	39,538	8,610	30,927	5,469	25,458	5.9%	4.9%	
T-37	KDX Residence Denen Chofu	1,000,000	1,062,322	1,280,000	F	36	2,359.44	2,359.44	100.0%	181	38,418	5,819	32,599	4,417	28,182	6.6%	5.7%	
T-38	KDX Residence Tamagawa	776,000	739,034	942,000	S	52	1,170.40	1,149.94	98.3%	181	29,806	6,602	23,204	5,909	17,294	6.0%	4.5%	
T-39	KDX Residence Monzennakacho	773,000	766,093	1,010,000	S	49	1,171.41	1,171.41	100.0%	181	29,005	7,857	21,147	4,089	17,058	5.5%	4.5%	
T-40	KDX Residence Okachimachi	850,000	870,701	1,060,000	S	51	1,329.79	1,329.79	100.0%	181	32,983	8,516	24,466	3,842	20,624	5.8%	4.9%	
T-41	KDX Residence Moto-asakusa	800,000	788,555	1,010,000	SF	44	1,314.91	1,314.91	100.0%	181	30,691	5,843	24,848	4,537	20,311	6.3%	5.1%	
T-42	KDX Residence Itabashi Honcho	620,000	599,440	767,000	S	46	1,127.58	1,127.58	100.0%	181	24,246	5,451	18,794	4,238	14,556	6.1%	4.7%	
T-43	KDX Residence Azusawa	550,000	551,697	654,000	S	39	989.82	958.14	96.8%	181	20,546	4,795	15,750	3,371	12,379	5.8%	4.5%	
T-44	KDX Residence Tobu Nerima	420,000	396,367	522,000	S	37	931.82	931.82	100.0%	181	18,663	4,506	14,157	3,782	10,374	6.8%	5.0%	
T-45	KDX Residence Yokohama Kannai	800,000	776,641	985,000	S	72	1,602.16	1,561.41	97.5%	181	35,517	8,655	26,862	6,049	20,812	6.8%	5.2%	
T-46	KDX Residence Miyamaedaira	999,000	1,001,354	1,140,000	F	40	2,448.27	2,337.54	95.5%	181	37,338	7,509	29,828	4,912	24,916	6.0%	5.0%	
T-47	KDX Residence Machida	1,800,000	1,709,588	2,080,000	F	52	3,832.53	3,832.53	100.0%	181	65,141	14,901	50,239	15,039	35,200	5.6%	3.9%	
T-48	KDX Residence Kinshicho	1,350,000	1,339,150	1,690,000	F	33	2,024.81	1,896.33	93.7%	181	44,100	8,125	35,974	6,960	29,014	5.4%	4.3%	
T-49	KDX Residence Nihombashi Hamacho	996,000	1,001,248	1,250,000	F	28	1,756.27	1,756.27	100.0%	181	30,540	4,136	26,403	4,195	22,207	5.3%	4.5%	
T-50	KDX Residence Nihombashi Ningyocho	530,000	560,751	682,000	S	27	877.14	877.14	100.0%	181	20,000	3,608	16,391	2,243	14,147	6.2%	5.4%	
T-51	KDX Residence Jiyugaoka	1,268,000	1,319,800	1,620,000	SF	48	1,637.00	1,637.00	100.0%	181	41,375	7,239	34,135	4,245	29,890	5.4%	4.8%	
T-52	KDX Residence Togoshi	3,745,000	3,745,258	4,800,000	SF	144	4,591.76	4,497.84	98.0%	181	122,275	20,677	101,597	17,299	84,298	5.5%	4.5%	
T-53	KDX Residence Shinagawa Seaside	2,593,000	2,575,662	3,340,000	S	127	3,314.75	3,259.00	98.3%	181	87,512	17,938	69,574	12,806	56,767	5.4%	4.4%	
T-54	KDX Residence Ojima	1,857,000	1,833,745	2,370,000	S	117	2,372.67	2,311.74	97.4%	181	64,304	15,068	49,236	11,115	38,120	5.3%	4.1%	
T-55	KDX Residence Oyama	2,679,000	2,638,743	3,310,000	SF	145	4,009.07	3,890.40	97.0%	181	94,215	18,434	75,780	16,608	59,171	5.7%	4.5%	
T-56	KDX Residence Hanzomon	4,832,000	4,950,518	5,650,000	F	85	4,854.23	4,770.77	98.3%	181	135,357	19,922	115,434	14,785	100,648	4.8%	4.2%	
T-57	B-Site Akihabara	850,000	862,681	1,010,000	S	52	1,254.50	1,254.50	100.0%	181	23,882	3,293	20,588	2,535	18,053	4.9%	4.3%	

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Portfolio Performance in 1H 2019 3/6

															(in thousands of yen)			
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-58	KDX Residence Kagurazaka Dori	1,360,000	1,380,424	1,940,000	S	70	1,809.84	1,784.37	98.6%	181	53,316	12,133	41,182	3,716	37,466	6.1%	5.6%	
T-59	KDX Residence Sendagi	2,200,000	2,355,270	2,510,000	F	40	3,159.89	3,005.85	95.1%	181	66,336	12,153	54,182	8,815	45,366	5.0%	4.2%	
T-60	KDX Residence Seijo	1,400,000	1,421,317	1,600,000	SF	38	2,198.56	2,100.63	95.5%	181	42,556	7,769	34,786	4,671	30,115	5.0%	4.3%	
T-61	KDX Residence Akihabara	1,250,000	1,249,354	1,560,000	SF	32	1,929.61	1,755.82	91.0%	181	41,056	7,604	33,452	6,622	26,829	5.4%	4.3%	
T-62	KDX Residence Iriya	1,062,000	1,062,668	1,400,000	S	57	1,899.29	1,899.29	100.0%	181	40,160	7,433	32,727	6,205	26,521	6.2%	5.0%	
T-63	KDX Residence Tachikawa	3,026,200	2,994,209	3,650,000	S	174	4,314.87	4,288.37	99.4%	181	101,348	17,967	83,380	21,257	62,122	5.6%	4.1%	
T-64	KDX Residence Tsurumi	1,050,000	1,149,432	1,500,000	SF	59	3,499.84	3,442.34	98.4%	181	53,371	12,027	41,343	7,234	34,108	7.9%	6.6%	
T-65	KDX Residence Morishita Chitose	1,100,000	1,106,231	1,300,000	S	65	1,614.28	1,583.32	98.1%	181	39,299	7,329	31,970	5,703	26,267	5.9%	4.8%	
T-66	KDX Residence Akasaka	1,150,000	1,191,057	1,760,000	SF	28	1,180.71	1,180.71	100.0%	181	40,417	5,138	35,279	4,195	31,083	6.2%	5.5%	
T-67	KDX Residence Kanda	700,000	722,019	1,110,000	SF	30	1,031.09	1,031.09	100.0%	181	29,930	5,536	24,394	3,682	20,711	7.0%	6.0%	
T-68	KDX Residence Ebisu	2,845,000	2,939,271	4,320,000	SF	65	2,659.66	2,588.22	97.3%	181	94,712	10,753	83,959	11,269	72,690	6.0%	5.2%	
T-69	KDX Residence Nishi-magome	1,130,000	1,170,005	1,260,000	S	47	1,297.27	1,272.06	98.1%	181	33,739	7,646	26,093	4,885	21,208	4.7%	3.8%	
T-70	KDX Residence Nishi-azabu	1,224,000	1,240,709	1,710,000	SF	33	1,357.88	1,281.12	94.3%	181	40,538	8,102	32,435	4,109	28,326	5.3%	4.7%	
T-71	KDX Residence Azabu Sendaizaka	792,300	806,158	1,090,000	S	30	878.50	878.50	100.0%	181	27,752	5,927	21,824	2,788	19,036	5.6%	4.8%	
T-72	KDX Residence Waseda Tsurumaki	561,000	566,070	834,000	S	39	808.54	788.88	97.6%	181	21,899	5,449	16,450	2,974	13,475	5.9%	4.8%	
T-73	KDX Residence Bunkyo Yushima	695,000	702,743	975,000	S	38	939.89	939.89	100.0%	181	25,046	5,822	19,223	3,129	16,093	5.6%	4.7%	
T-74	KDX Residence Kamishakujii	648,000	657,712	820,000	S	47	1,032.18	1,008.11	97.7%	181	24,625	6,251	18,374	3,738	14,635	5.7%	4.6%	
T-75	KDX Residence Shin-otsuka	764,000	775,530	993,000	S	40	872.00	872.00	100.0%	181	22,608	1,854	20,753	3,433	17,319	5.5%	4.6%	
T-76	KDX Residence Sakurajosui	894,000	906,671	1,160,000	S	43	1,227.16	1,176.76	95.9%	181	29,996	8,002	21,993	4,116	17,877	5.0%	4.0%	
T-77	KDX Residence Ryogoku	842,000	855,030	1,130,000	S	36	1,190.53	1,190.53	100.0%	181	29,691	4,766	24,925	4,392	20,532	6.0%	4.9%	
T-78	KDX Residence Toyosu	7,500,000	7,734,366	7,640,000	S	242	6,811.38	6,811.38	100.0%	181	181,058	16,337	164,721	28,285	136,435	4.4%	3.7%	
T-79	KDX Residence Asagaya	1,930,000	1,964,865	2,170,000	SF	44	1,996.08	1,952.84	97.8%	181	49,108	6,644	42,464	4,168	38,296	4.4%	4.0%	
T-80	KDX Residence Hiyoshi	2,635,300	2,699,741	2,730,000	F	92	6,131.93	5,960.46	97.2%	181	77,800	12,690	65,110	10,329	54,780	5.0%	4.2%	
T-81	KDX Residence Kamikitazawa	1,360,000	1,395,223	1,410,000	SF	39	1,971.07	1,819.62	92.3%	181	34,703	7,941	26,761	2,594	24,166	4.0%	3.6%	
T-82	KDX Residence Kaminoge	1,111,000	1,141,094	1,230,000	S	34	1,224.87	1,224.87	100.0%	181	26,206	2,135	24,071	2,717	21,353	4.4%	3.9%	
T-83	KDX Residence Higashi-Asakusa	687,730	709,880	737,000	S	36	1,013.40	975.03	96.2%	161	18,914	3,245	15,669	2,446	13,223	5.2%	4.4%	
Subtotal / Average		122,505,530	123,148,541	151,397,000		4,611	172,650.36	169,237.43	98.0%		4,100,565	771,764	3,328,801	546,978	2,781,822	5.5%	4.6%	

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Portfolio Performance in 1H 2019 4/6

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
R-2	KDX JozenjiDori Residence	1,015,000	936,641	1,320,000	S	92	3,330.15	2,905.10	87.2%	181	49,736	12,040	37,696	10,417	27,278	7.5%	5.4%	
R-3	KDX Izumi Residence	1,120,000	1,050,958	1,380,000	F	40	2,798.20	2,798.20	100.0%	181	43,130	9,185	33,944	9,245	24,698	6.1%	4.4%	
R-4	KDX Chihaya Residence	1,080,000	996,756	1,400,000	SF	92	2,936.40	2,750.82	93.7%	181	48,072	10,619	37,452	10,057	27,394	7.0%	5.1%	
R-5	KDX Sakaisuji Hommachi Residence	2,910,000	2,706,478	3,420,000	SF	160	6,385.70	6,130.42	96.0%	181	107,710	27,337	80,373	23,905	56,467	5.6%	3.9%	
R-7	KDX Takarazuka Residence	1,510,000	1,353,843	1,930,000	F	80	4,631.16	4,365.44	94.3%	181	58,665	11,915	46,749	16,576	30,172	6.2%	4.0%	
R-8	KDX Shimizu Residence	1,680,000	1,559,548	2,020,000	SF	148	6,255.16	5,843.57	93.4%	181	71,832	19,166	52,666	14,237	38,429	6.3%	4.6%	
R-9	KDX Residence Odori Koen	765,000	779,136	968,000	SF	78	2,762.76	2,584.14	93.5%	181	31,774	14,349	17,425	8,043	9,381	4.6%	2.5%	
R-10	KDX Residence Kikusui Yojo	830,000	786,731	1,020,000	SF	84	3,413.06	3,341.86	97.9%	181	39,506	10,346	29,160	7,555	21,604	7.1%	5.2%	
R-11	KDX Residence Toyohira Koen	445,000	467,209	549,000	SF	65	2,253.81	2,114.76	93.8%	181	23,507	7,750	15,757	4,859	10,897	7.1%	4.9%	
R-13	KDX Residence Ichiban-cho	530,000	503,383	706,000	SF	45	1,818.09	1,601.33	88.1%	181	25,648	7,974	17,674	5,083	12,590	6.7%	4.8%	
R-14	KDX Residence Kotodai	480,000	456,198	613,000	SF	40	2,159.25	2,047.88	94.8%	181	23,065	6,688	16,377	4,509	11,867	6.9%	5.0%	
R-15	KDX Residence Izumi Chuo	2,350,000	2,248,386	2,540,000	SF	187	6,221.83	5,989.08	96.3%	181	91,858	32,918	58,939	17,818	41,121	5.1%	3.5%	
R-16	KDX Residence Higashi-sakura I	900,000	863,964	1,020,000	SF	66	2,655.31	2,496.61	94.0%	181	37,912	13,834	24,078	7,021	17,056	5.4%	3.8%	
R-17	KDX Residence Higashi-sakura II	840,000	797,432	1,030,000	SF	95	2,724.19	2,614.53	96.0%	181	39,734	10,588	29,146	7,357	21,788	7.0%	5.2%	
R-18	KDX Residence Jingumae	813,000	780,510	938,000	S	76	2,353.55	2,302.55	97.8%	181	34,424	7,411	27,012	6,365	20,647	6.7%	5.1%	
R-19	KDX Residence Nishi-oji	440,000	419,747	512,000	S	49	1,094.81	1,048.23	95.7%	181	18,873	5,399	13,474	3,861	9,612	6.2%	4.4%	
R-20	KDX Residence Saiin	1,410,000	1,359,311	1,650,000	S	118	3,387.30	3,310.57	97.7%	181	56,119	11,323	44,795	9,990	34,805	6.4%	5.0%	
R-21	KDX Residence Namba	1,350,000	1,281,299	1,570,000	S	131	3,813.31	3,711.07	97.3%	181	54,892	11,545	43,346	11,819	31,526	6.5%	4.7%	
R-22	KDX Residence Namba-minami	-	-	-	-	-	-	-	-	-	19	279	-259	-	-259	-	-	
R-24	KDX Residence Ibaraki I・II	1,275,000	1,289,374	1,424,000	F	61	4,701.87	4,625.13	98.4%	181	54,297	13,012	41,285	6,682	34,602	6.5%	5.5%	
R-25	KDX Residence Toyonaka-minami	740,000	682,585	860,000	SF	70	2,024.50	1,934.41	95.6%	181	29,855	6,488	23,366	8,175	15,191	6.4%	4.1%	
R-26	KDX Residence Moriguchi	551,000	518,256	666,000	F	28	1,942.78	1,882.27	96.9%	181	23,169	6,145	17,023	5,459	11,564	6.2%	4.2%	
R-27	KDX Residence Sannomiya	1,080,000	1,079,292	1,210,000	S	86	2,292.72	2,242.19	97.8%	181	39,525	10,497	29,027	8,120	20,907	5.4%	3.9%	
R-28	Ashiya Royal Homes	1,360,000	1,458,021	1,920,000	F	21	3,999.01	3,504.86	87.6%	181	65,775	15,764	50,011	4,891	45,119	7.4%	6.7%	

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

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

Portfolio Performance in 1H 2019 5/6

(in thousands of yen)																		
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
Other Regional Areas	R-29	KDX Residence Funairi Saiwai-cho	588,000	553,409	703,000	S	64	1,889.53	1,712.01	90.6%	181	27,230	5,774	21,455	5,378	16,077	7.4%	5.5%
	R-30	KDX Residence Tenjin-higashi II	680,000	646,844	873,000	SF	63	2,602.53	2,561.22	98.4%	181	31,116	7,694	23,421	6,253	17,167	6.9%	5.1%
	R-32	KDX Residence Nishi Koen	763,000	728,721	876,000	F	36	2,522.16	2,303.08	91.3%	181	31,044	10,015	21,029	6,401	14,627	5.6%	3.9%
	R-33	KDX Residence Hirao Josui-machi	760,000	738,781	913,000	F	24	2,098.68	1,939.08	92.4%	181	28,341	4,868	23,472	4,809	18,662	6.2%	5.0%
	R-34	Melody Heim Gotenyama	400,000	423,082	531,000	F	36	2,297.24	2,297.24	100.0%	181	22,126	5,462	16,663	2,271	14,392	8.4%	7.3%
	R-35	Leopalace Flat Shin-sakae	3,500,000	3,496,847	4,490,000	S	274	11,589.95	11,589.95	100.0%	181	121,557	15,033	106,523	33,321	73,202	6.1%	4.2%
	R-36	KDX Residence Konan Yamate	973,000	969,112	1,130,000	SF	55	1,923.22	1,923.22	100.0%	181	32,229	7,204	25,025	4,921	20,104	5.2%	4.2%
	R-37	KDX Residence Hommachibashi	3,201,000	3,157,760	3,620,000	SF	134	6,511.88	6,285.09	96.5%	181	107,699	24,347	83,351	22,035	61,316	5.3%	3.9%
	R-38	KDX Residence Minami-kusatsu	1,974,666	1,987,934	2,410,000	S	170	5,735.96	5,735.96	100.0%	181	104,357	29,408	74,949	18,323	56,625	7.7%	5.8%
	R-39	KDX Residence Ohori Harbor View Tower	4,606,296	4,547,881	5,220,000	SF	212	11,855.63	9,106.54	76.8%	181	189,098	41,139	147,959	42,600	105,358	6.5%	4.6%
	R-40	KDX Residence Minami-sanjo	915,000	919,749	1,690,000	SF	114	5,269.39	5,269.39	100.0%	181	55,623	17,666	37,957	11,257	26,700	8.4%	5.9%
	R-41	Serenite Kita-kyuhoji	1,290,740	1,278,265	1,580,000	S	85	2,277.14	2,277.14	100.0%	181	43,356	11,337	32,018	10,156	21,861	5.0%	3.4%
	R-42	Serenite Nishinomiya Hommachi	617,048	643,196	744,000	S	51	1,351.68	1,351.68	100.0%	181	23,691	5,458	18,233	4,756	13,476	6.0%	4.4%
	R-43	KDX Residence Nishijin	1,600,000	1,747,020	1,690,000	SF	128	4,472.72	4,331.38	96.8%	181	57,987	23,727	34,259	7,553	26,706	4.3%	3.4%
	R-44	Serenite Kobe Motomachi	2,390,000	2,492,115	2,600,000	S	138	3,787.85	3,680.96	97.2%	181	76,283	15,466	60,817	14,601	46,215	5.1%	3.9%
	R-45	KDX Residence Shukugawa Hills	6,884,800	7,263,622	7,300,000	F	239	17,575.39	16,504.36	93.9%	181	206,067	64,357	141,709	30,313	111,395	4.2%	3.3%
	Subtotal / Average		56,617,551	55,969,416	67,036,000		3,735	159,715.87	151,013.32	94.6%		2,226,921	571,546	1,655,374	437,015	1,218,359	5.8%	4.3%
Residential facilities total / Average		179,123,081	179,117,957	218,433,000		8,346	332,366.23	320,250.75	96.4%		6,327,486	1,343,311	4,984,175	989,993	4,000,181	5.6%	4.5%	

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

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

Portfolio Performance in 1H 2019 6/6

(in thousands of yen)

No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Facility Type ⁽¹⁾	Rentable Area (m ²)	Rentable Units (unit)	Capacity (people)	Occupancy Rate	Actual Occupancy Rate ⁽²⁾ Utilization Rate ⁽³⁾ 2019.6	Operating Days (days)	NOI a	Depreciation b	Leasing Business Income c [a-b]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)
H-1	Irise Kamata/Yuseien	1,120,000	1,093,292	1,120,000	Nursing care	2,086.40	48	55	100.0%	97.9%	181	27,769	11,696	16,072	5.0%	2.9%
H-2	Nichii Home Nakano-Minamidai	1,780,000	1,772,702	1,780,000	Nursing care	3,339.00	83	83	100.0%	79.5%	181	44,846	4,371	40,475	5.1%	4.6%
H-3	Joy Stage Hachioji	3,690,000	3,783,647	3,760,000	Nursing care	13,812.27	232	263	100.0%	94.8%	181	98,576	28,772	69,803	5.4%	3.8%
H-4	Yuimaru Hijirigaoka	1,120,000	1,094,644	1,120,000	Residential	4,385.53	70	109	100.0%	100.0%	181	30,301	9,048	21,252	5.5%	3.8%
H-5	Nichii Home Tama Plaza	2,940,000	2,857,527	2,940,000	Nursing care	8,208.65	154	158	100.0%	84.4%	181	81,200	30,556	50,643	5.6%	3.5%
H-6	Ten	2,630,000	2,576,563	2,660,000	Nursing care	6,473.60	85	89	100.0%	94.1%	181	83,385	28,051	55,333	6.4%	4.2%
H-7	Irise Nishioka	858,000	834,775	857,000	Residential	3,140.27	83	83	100.0%	89.2%	181	23,342	9,189	14,153	5.5%	3.3%
H-8	Izarie Eniwa Building	1,660,000	1,608,533	1,740,000	Nursing care	5,343.33	73	73	100.0%	86.3%	181	51,437	18,263	33,173	6.2%	4.0%
H-9	Sawayaka Sakura Nibankan	989,000	954,187	991,000	Nursing care	3,628.51	92	92	100.0%	100.0%	181	28,549	12,286	16,262	5.8%	3.3%
H-10	Activa Biwa	6,560,000	6,429,113	6,560,000	Nursing care	39,649.84	384	445	100.0%	96.9%	181	223,334	61,714	161,619	6.9%	5.0%
H-11	Sompo Care LAVIERE Kobe Tarumi	2,110,000	2,078,021	2,110,000	Nursing care	4,493.35	100	100	100.0%	98.0%	181	52,999	11,826	41,173	5.1%	3.9%
H-12	Granda Mondo Yakujin	1,190,000	1,162,169	1,190,000	Residential	3,287.80	62	63	100.0%	(Undisclosed)	181	31,486	9,982	21,503	5.3%	3.6%
H-13	Excellent Nishinomiya	971,000	944,010	975,000	Nursing care	2,685.48	67	70	100.0%	97.0%	181	24,916	9,525	15,390	5.2%	3.2%
H-14	Gran Hills Ogawarako	1,380,000	1,328,783	1,380,000	Serviced housing	4,180.28	103	107	100.0%	100.0%	181	51,341	18,076	33,264	7.5%	4.9%
H-15	Excellent Kitano	737,000	761,959	780,000	Residential	1,339.58	41	41	100.0%	100.0%	181	18,354	4,157	14,197	5.0%	3.9%
H-16	Anesis Teradacho	3,490,000	3,557,533	3,630,000	Nursing & health (with Nursing care)	7,856.64	45 100	150 100	100.0%	97.0% 98.0%	181	97,129	31,911	65,217	5.6%	3.8%
H-17	Rococo-riha	2,100,000	2,096,208	2,170,000	Nursing & health	3,860.29	52	100	100.0%	97.9%	181	57,331	16,586	40,745	5.5%	3.9%
H-18	Orange Suma	2,810,000	2,827,605	2,810,000	Nursing & health (with Serviced housing)	5,995.74	100 35	100 40	100.0%	86.9% 97.1%	181	79,039	23,822	55,217	5.7%	4.0%
H-19	Canadian Hill	1,830,000	1,843,722	1,870,000	Nursing & health	3,731.26	40	115	100.0%	93.7%	181	46,799	7,572	39,226	5.2%	4.3%
H-20	Anesis Hyogo	1,420,000	1,422,484	1,440,000	Nursing & health	4,415.16	58	100	100.0%	92.8%	181	37,902	10,431	27,470	5.4%	3.9%
H-21	Plaisant Grand Ota tamagawa	3,057,630	3,241,021	3,180,000	Nursing care	3,175.15	80	80	100.0%	81.3%	181	65,618	9,932	55,686	4.3%	3.7%
H-22	Tsukui Sun-shine Machida	6,934,600	7,187,829	7,070,000	Nursing care	15,553.33	348	348	100.0%	(Undisclosed)	153	142,469	31,883	110,586	4.9%	3.8%
H-23	Serabi Ebisu	1,690,000	1,720,732	1,700,000	Nursing care	1,557.73	34	34	100.0%	85.3%	59	12,169	967	11,202	4.5%	4.1%
H-24	Arute Ishiyagawa	1,061,000	1,201,313	1,410,000	Nursing care (with Group Home)	3,444.81	54 18	64 18	100.0%	100.0% 100.0%	59	14,118	6,670	7,447	8.2%	4.3%
Subtotal / Average		54,128,230	54,378,385	55,243,000		155,644.00	2,641	3,080	100.0%	94.0% / 94.0% ⁽⁴⁾		1,424,419	407,298	1,017,121	5.6%	4.0%
Grand total / Average		233,251,311	233,496,342	273,676,000		488,010.23						6,408,595	1,391,292	5,017,303	5.6%	4.4%

Note 1: About "Facility Type", "Nursing care" shows Private Senior homes for the elderly (with nursing care), "Residential" shows Private Senior homes for the elderly (residential) and "Serviced housing" shows Serviced housing for the elderly.

Note 2: "Actual Occupancy Rate (based on end-tenants)" = Number of residents / number of rooms. "Actual Occupancy Rate" is based on documents from operators but that of "Granda Mondo Yakujin" / "Tsukui Sun-shine Machida" aren't disclosed because KDR isn't admitted to disclose from the operator. If "Actual Occupancy Rate" is over 100.0% by calculation, it is written as 100.0%.

Note 3: "Utilization Rate" = Total amount of users / Extended number of capacity in a month. "Utilization Rate" is based on documents from operators.

Note 4: Average Actual Occupancy Rate is 94.0%, and Average Utilization Rate is 94.0% in the above facility type classification.