

Translation of Japanese Original**FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JULY 31, 2023 (REIT)
(February 1, 2023 to July 31, 2023)**

September 13, 2023

Kenedix Residential Next Investment Corporation (“the Investment Corporation”) is listed on the Tokyo Stock Exchange with the securities code number 3278.

(URL <https://www.kdr-reit.com/en/>)

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Hold a financial brief meeting: No (Cancelled due to preventing the spread of COVID-19 infection.
Presentation video of financial results is scheduled to be webcasted (Japanese only)

1. PERFORMANCE FOR THE FISCAL PERIOD ENDED JULY 31, 2023 (23rd FISCAL PERIOD)**(1) Business Results**

(Amounts are rounded down to the nearest million yen)

(Percentages show period-on-period changes)

Fiscal period ended	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
July 31, 2023	10,083	1.5	5,222	-1.4	4,501	-2.0	4,501	-2.0
January 31, 2023	9,936	5.2	5,294	9.2	4,593	11.4	4,593	11.4

Fiscal period ended	Net Income per Unit	Return on Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	Yen	%	%	%
July 31, 2023	4,205	3.0	1.4	44.6
January 31, 2023	4,361	3.1	1.4	46.2

(2) Distributions

Fiscal period ended	Distributions per Unit (Excluding Excess of Earnings)	Total Distributions (Excluding Excess of Earnings)	Distributions in Excess of Earnings per	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
	Yen	Millions of Yen	Yen	Millions of Yen	%	%
July 31, 2023	4,224	4,521	-	-	100.4	3.0
January 31, 2023	4,257	4,556	-	-	99.2	3.0

(Note 1) Total distributions for the fiscal period ended July 2023 is not the same amount as net income due to adding reversal of reserve for temporary difference adjustments and a part of retained earnings brought forward.

(Note 2) Total distributions for the fiscal period ended January 2023 is not the same amount as net income due to excluding a part of gain on sale of real estate property and other adjustments from net income, and adding reversal of reserve for temporary difference adjustments.

(Note 3) Due to issuance of new investment units in fiscal period ended January 2023, payout ratio for each fiscal period is calculated as follows.
Payout Ratio = Total Distributions (Excluding Excess of Earnings) / Net income × 100

(3) Financial Position

Fiscal period ended	Total Assets	Net Assets	Net assets to Total Assets	Net Asset per Units
	Millions of Yen	Millions of Yen	%	Yen
July 31, 2023	328,219	150,848	46.0	140,923
January 31, 2023	327,014	151,632	46.4	141,655

(4) Cash Flows

Fiscal period ended	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of Yen	Millions of Yen	%	Yen
July 31, 2023	6,133	-4,555	-2,855	24,261
January 31, 2023	7,574	-12,631	5,092	25,539

2. FORECAST OF RESULTS FOR THE FISCAL PERIOD ENDING OCTOBER 31, 2023 (Final Fiscal Period) (August 1, 2023 to October 31, 2023)

(Percentages show period-on-period changes)

[Percentages show period-on-period changes after half-year convention]

Fiscal period ending October 31, 2023	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distributions per Unit Excluding Excess of Earning	Distributions in Excess of Earnings per Unit
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	Yen
Final fiscal period (Note)	4,975	-50.7	2,446	-53.2	2,083	-53.7	2,083	-53.7	2,070	-
		[-1.3]		[-6.3]		[-7.4]		[-7.4]		-

(Reference) Estimated net income per unit (Estimated Net Income / Estimated weighted average number of units)

Fiscal period ending October 31, 2023: 1,946 yenn

(Note 1) Distributions per unit is calculated based on the number of investment units issued and outstanding totaled 1,070,433 as of today.

(Note 2) On June 13, 2023, Kenedix Residential Next Investment Corporation (“KDR”) executed merger agreement (please refer to page 4 “F. The Merger Among KDR, KDO and KRR”) among Kenedix Office Investment Corporation (“KDO”) and Kenedix Retail REIT Corporation (“KRR”). In the case where the Merger comes into effect on November 1, 2023, the final fiscal period of KDR is scheduled to be the three-month period from August 1, 2023, to October 31, 2023 (“deemed fiscal period”).

(Note 3) In lieu of cash distributions (distribution of profit) for the final fiscal period from August 1, 2023 to October 31, 2023, the surviving corporation, KDO (the trade name will be changed to KDX Realty Investment Corporation upon the Merger.), will, within a reasonable period after the effective date of the Merger, make a Payment Upon the Merger to the unitholders listed or recorded on the final unitholders register as of the day immediately prior to the effective date of the Merger (excluding KDO, KDR, KRR and the unitholders of KDR who have demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations), in an amount equivalent to the cash distributions for the above mentioned fiscal period.

(Note 4) The “period-to-period increase (decrease)” shown in parentheses [] is the increase (decrease) compared to the figures for the fiscal period ended July 31, 2023, but that when the figures for the deemed fiscal period are calculated by converting the actual number of days of the deemed fiscal period (92 days) into the business period of the fiscal period ending January 31, 2024 that would have otherwise been scheduled (184 days).

3. OTHERS

(1) Changes in Accounting Policies/Changes in Accounting Estimate/Retrospective Restatement

- (a) Changes concerning accounting policy accompanying amendments to accounting standards: None
- (b) Changes other than (a): None
- (c) Changes in accounting estimate: None
- (d) Retrospective restatement: None

(2) Number of Investment Units Issued and Outstanding (including treasury investment units)

- (a) Number of investment units issued and outstanding at the end of the period (including treasury investment units)
As of July 31, 2023: 1,070,433 units As of January 31, 2023: 1,070,433 units
- (b) Number of treasury investment units at the end of the period
As of July 31, 2023 : 0 units As of January 31, 2023: 0 units

(Note) Please refer to “Notes to Per Unit Information” on page 27 for the number of investment units used as the basis for calculating net income per unit.

* Status of Audit Procedures

As of the time of disclosure of this financial report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act of Japan are incomplete.

* Remarks on appropriate use of forecasts of performance and other special notes

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to KDR and on certain assumptions KDR deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for the Earnings Forecasts of Financial Results for the Final Fiscal Period Ending October 31, 2023” on page 9 for calculation, and our judgment as of September 13, 2023. Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

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1. Status of Asset Management

(1) Status of Asset Management

① Overview of the Fiscal Period ended July 31, 2023

A. Major Operational Results of the Investment Corporation

Kenedix Residential Next Investment Corporation was established on November 15, 2011 under the Act on Investment Trusts and Investment Corporations of Japan (“the Investment Trust Act”). On April 26, 2012, KDR was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange (Securities Code: 3278).

KDR subsequently issued new investment units through three public offerings and by way of third-party allotment to steadily grow its asset size through continuous investment in rental housing, which is its primary investment target.

Moreover, seeking further growth opportunities, KDR conducted an absorption type merger (“the JSL Merger”) with KDR as the surviving corporation and Japan Senior Living Investment Corporation (“JSL”) as the absorbed corporation on March 1, 2018, and changed its name from Kenedix Residential Investment Corporation to Kenedix Residential Next Investment Corporation. (Following the JSL Merger, KDR implemented a 2-for-1 investment unit split with an effective date of March 1, 2018.)

Even after the JSL Merger, KDR procured funds through public offerings on a regular basis and pursue sustainable growth opportunities by investing in rental housing, senior homes, hotels, others. As of the end of the reporting period, KDR owns a total of 182 real estate properties (total acquisition price: 304,232 million yen ^(Note)) consisting of 141 residential properties such as rental housings, 39 healthcare facilities such as private senior homes with nursing care and 2 accommodation facilities such as hotels and the total number of investment units issued and outstanding is 1,070,433 units.

KDR entrusts the asset management to Kenedix Real Estate Fund Management, Inc. (the “Asset Management Company”), a company that was formed with personnel from Kenedix, Inc. (“Kenedix”) and adheres to the core philosophies of Kenedix. The Asset Management Company provides real estate investment management services with flexibility and agility by flexibly pursuing optimal investment opportunities and income opportunities and agilely investing and managing based on swift information gathering and decision-making while accurately grasping real estate-related trends.

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

B. Investment Environment

During the fiscal period under review, the Japanese economy continued to pick up moderately with a recovery in consumption, partly due to the change of COVID-19 to Category V infectious disease, despite rising interest rate due to monetary tightening in Europe and the United States. as well as the rising prices from weakening of Japanese yen.

Residential properties, which are one of the main investment targets of KDR, maintained high occupancy, and the rents have increased in family type and tended to rise in studio type during the fiscal period under review.

With regard to the environment surrounding healthcare facilities, Japan has entered a super-aging society ^(Note) which no other country has ever experienced, with world’s longest average life expectancies for both men and women, and the society’s “aging” with the increase in the ratio of the elderly population against total population and the increase in elderly population itself is expected to continue going forward. In response to such trends, the number of nursing homes such as private senior homes with nursing care and serviced senior housing has been on the rise in recent years. KDO believes that demand for such facilities will continue to increase.

As for the operations of the accommodation facilities, both room occupancy and ADR have recovered to the level before the spread of COVID-19, as the increase in the number of foreign visitors to Japan following the easing of entry restrictions has boosted the demand towards the hotel.

In the real estate investment market, investors continue to eager to invest in real estate, and active transactions are currently taking place. Expected yields on rental housing, which is the main investment target of the Investment Corporation, remain low, and the environment for property acquisitions is expected to remain difficult.

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

C. Operating Results

KDR comprehensively taking into account the composition of the entire portfolio, earnings power in the future, KDR acquired 2 healthcare facilities (total acquisition price: 3,320 million yen).

<Acquired Property>

Property Number	Property Name	Acquisition Price (Millions of Yen)
H-38	Sunny Life Tachikawa	1,850
H-39	Rehabili-home Bon Sejour Minamisenzoku	1,470
Total Acquisition Price		3,320

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As a result of the above, as of the end of the reporting fiscal period ended July 31, 2023, KDR owned a total of 182 properties (total acquisition price: 304,232 million yen), which consist of 141 residential properties (total acquisition price: 222,570 million yen), 39 healthcare facilities (total acquisition price: 76,702 million yen) and 2 accommodation facilities (total acquisition price: 4,960 million yen).

In addition, KDR has concluded a trust beneficiary interest in real estate sales contract associated with the trust beneficiary interest in real estate below (the “Assets to-be acquired”) and decided to acquire on June 13, 2023. This acquisitions are subject to the effectiveness of the Merger as set forth below for information on “F. The Merger Among KDR, KDO and KRR”.

Property Name	Location	Anticipated Acquisition Price (Millions of Yen) (Note 1)	Appraisal Value (Millions of Yen) (Note 2)	Acquisition date (Scheduled)	Seller
River City 21 East Towers II (25% quasi co-ownership interest) (Note 3)	Chuo-ku, Tokyo	9,232	10,775	November 1, 2023	KST5 Co., Ltd.
remm roppongi building (20% quasi co-ownership interest) (Note 3)	Minato-ku, Tokyo	3,960	4,060		G. K. RRB

(Note 1) “Anticipated acquisition price” indicates the purchase price designated in each sale and purchase agreement regarding each property to-be acquired (excluding the acquisition costs, adjustment amount of property tax and city planning tax, consumption tax, and local consumption tax, etc.), rounded down to the nearest million yen. The same shall apply hereafter.

(Note 2) As of May 1, 2023

(Note 3) The trust beneficiary interest in real estate sales contract associated with the Assets to-be acquired fall under the forward commitments, etc. by the Investment Corporation as specified in the Financial Services Agency “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”.

The occupancy rates of properties owned by KDR as of the end of the reporting fiscal period (July 31, 2023) are as follows.

		Occupancy Ratio	
		Previous Fiscal Period (as of January 31, 2023)	Reporting Fiscal Period (as of July 31, 2023)
Residential	Tokyo Metropolitan Area	97.0%	97.5%
	Other Regional Areas	96.7%	96.8%
	Total	96.9%	97.2%
Healthcare Facilities		100.0%	100.0%
Accommodation Facilities		100.0%	100.0%
Total Portfolio		97.9%	98.2%

D. Overview of Financing

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

(Borrowings)

KDR borrowed 1,700 million yen as funds for acquiring properties, and 15,750 million yen as funds for repaying borrowings due during the reporting fiscal period.

As a result, the balance of borrowings was 158,220 million yen, the balance of the interest-bearing debt including the investment corporation bonds was 165,920 million yen at the end of fiscal period ended July 31, 2023, and the average remaining term of interest-bearing debt^(Note 1) was 3.3 years, and the average debt cost^(Note 2) was 0.81%. The long-term debt ratio^(Note 3) was 85.9%, the fixed interest-rate ratio^(Note 4) was 95.0%, and the loan to value ratio (LTV) was 50.6%.

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

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

(Note 3) Long-term debt ratio = (balance of long-term borrowings (excluding long-term borrowings to be repaid within one year) + balance of investment corporation bonds (excluding investment corporation bonds to be repaid within one year)) ÷ (balance of borrowings + balance of investment corporation bonds)
The long-term debt ratio that includes long-term borrowings and investment corporation bonds to be repaid within one year is 98.8%.

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

(Investment Corporation Bonds)

No new investment corporation bonds were issued during the reporting fiscal period. As of the end of the fiscal period ending July 31, 2023, the outstanding balance of investment corporation bonds was 7,700 million yen.

(Credit Rating)

The status of the credit ratings as of the end of the fiscal period ending July 31, 2023.

Credit Rating Agency	Type	Rating
Japan Credit Rating Agency, Ltd.(JCR)	Long-term issuer rating	#AA- (Outlook : Positive) ^(Note)
	Bond rating	#AA- (Outlook : Positive) ^(Note)

(Note)Under the credit monitor as of June 13, 2023.

(Shelf Registration)

KDR filed a shelf registration statement regarding investment corporation bonds (excluding short-term investment corporation bonds) on June 29, 2022 with the following overview.

Planned issuance amount	100,000 million yen
Planned issuance period	From July 7, 2022 to July 6, 2024
Use of proceeds	Funds for acquiring specified assets (having the meaning as set forth in the Act on Investment Trusts and Investment Corporations, Article 2, Paragraph 1); funds for repaying borrowings; funds for redeeming investment corporation bonds (including short-term investment corporation bonds); funds for returning deposits; funds for paying for repairs and maintenance, etc.; operating capital, etc.

E. Overview of Financial Results and Cash Distribution

As a result of these management efforts, KDR reported total operating revenues was 10,083 million yen, operating income was 5,222 million yen, ordinary income was 4,501 million yen and net income was 4,501 million yen for the reporting fiscal period.

In regard to profit distributions for the reporting fiscal period, pursuant to the distribution policy in KDR's articles of incorporation, KDR has decided to apply special provisions of the tax system for investment corporations (Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) ("Act on Special Measures Concerning Taxation"), Article 67-15) and make distributions of 4,521,508,992 yen, which is net income of 4,501,392,677 yen plus a portion of profit carried forward from the previous fiscal year of 116,315 yen and reversal of reserve for temporary difference adjustment of 20,000,000 yen, as profit distribution. In the event that a gain on the sale of real estate, etc. occurs, the necessity of retaining the gain on the sale shall be considered.

F. The Merger Among KDR, KDO and KRR

KDR, KDO and KRR (collectively referred to as "Each REIT") has, at Each REIT's Board of Directors Meeting held on June 13, 2023, resolved to undertake an absorption-type merger, with November 1, 2023 as the effective date, whereby KDO will be the surviving corporation and KDR and KRR will be the dissolving corporations in the merger (the "Merger"), and have also executed a merger agreement (the "Merger Agreement") on the same day. Moreover, the proposals were approved at Each REIT's General Meeting of Unitholders held on August 21 and 22, 2023.

(a) Purpose of the Merger

The Japanese economy is making a moderate recovery as movement restrictions to prevent the spread of COVID-19 infections was removed, and its economic and social activities are being normalized. However, there are uncertain factors in the economic conditions in and outside Japan such as changes in the global affairs, emergence of geopolitical risks and effects of economic sanctions related to these risks as a result of the invasion of Ukraine by Russia, continuous global inflation related to rising commodity prices and fuel costs, increase of the policy interest rates by major countries, and bankruptcies of overseas financial institutions. In such environment, the current real estate investment trust securities market (the "J-REIT market") is unstable and affected by the concern for rising operational costs due to inflation and the fear for the rise in the long-term interest rates due to future changes of the monetary policies by the Bank of Japan. The asset management company of Each REIT, KFM, was established as follows: Kenedix Residential Partners, Inc. established in March 2011 merged with Kenedix Office Partners, Inc. and Kenedix Advisors, Inc. (both established in November 2003) in October 2013 in an absorption-type merger, and changed its corporate name to the current name of the asset management company. Each REIT has received sponsor support from Kenedix, Inc., the parent company of KFM, and its group companies and has achieved operational results. Each REIT has implemented various measures to ensure the acquisition of stable profits and the continued growth of investment assets by leveraging each characteristic. However, the real estate market's evaluations of the mid-sized office buildings, which are KDO's main investment target, have not changed because of their scarcity and liquidity. Thus, the capitalization rate remains low and it remains hard to acquire mid-sized office buildings. Moreover, recently, unit prices of KDO are significantly below NAV per unit due to the concern for the market outlook regarding secondary vacancies and rent decline due to large supplies of large office buildings, and there are limited opportunities for external growth that involve public offering. Therefore, there are issues with ensuring continued future growth. As for KDR, although KDR has conducted public offerings for five consecutive years, there is the possibility that the acquisition competition may escalate and the acquisition opportunities may decrease due to the relatively stable profitability of residential properties, and recently unit price is below NAV per unit. Moreover, KDR's LTV is relatively high in the J-REIT market, and KDR has concerns regarding the increase in costs when interest rates are rising. As for KRR, although KRR has a rich real estate pipeline, it has been increasingly difficult to acquire shopping centers for daily needs since the COVID-19 pandemic. In addition, there are concerns over increase in costs caused by inflation, and there are issues such as limited room for the future internal growth as a whole due to the long-term fixed rents. Moreover, Each REIT is watching the trends of interest levels and price levels such as costs of utilities, which may have an impact on the profitability of their portfolios in the future, and Each REIT recognizes this situation as their common

issues. In such circumstances, Each REIT agreed to start negotiation for merger and carefully deliberated on the issues in order to deal with the issues described above, respond flexibly to environmental changes and attain continued growth. As a result, Each REIT came to the same conclusion that the Merger will contribute to maximize unitholders' value by leading to the continued growth by expanding investment target sectors, improving their presence and stability in the market by increasing the sizes of their assets, and enabling more commitment for sustainability. Therefore, the Merger Agreement was made and entered into by and among Each REIT. Each REIT considers that the Merger has the following rationale:

(i) Sustainable growth driven by expansion of investment universe

The New REIT (defined below) will continue to focus on their main investment target, i.e. mid-sized office buildings, residential properties, healthcare facilities, and shopping centers for daily needs, and it will start to additionally focus on logistics facilities and hotels, in which Each REIT has conducted only limited investments until now, to increase opportunities for acquisitions. In addition, the Merger will enable asset reshuffling among different asset types, disposing of properties with less competitiveness or profitability, allow flexibly to the changes of the external environment surrounding the real estate market, and activate the investments in the investment target sectors that are expected to grow, and thus leading to the improvement of portfolio profitability. As described above, the New REIT aims to attain continued growth beyond the boundary of the strategic management for the existing specialized REIT through a strategic management that ensures a wide range of opportunities for acquisitions and flexibility related to the expansion of the investment target sectors.

(ii) Improvement in the market presence and ability

Through the Merger, the asset size of the investment corporation after the Merger (the "New REIT") will be ranked third in the J-REIT market^(Note 1) and this will significantly improve the presence in the market and liquidity of investment units, and the portfolio is expected to own a total of 350^(Note 2) properties after the Merger. Having the largest expected number of properties in the J-REIT market will enhance diversification and contribute to improve the stability of the portfolio. In addition, a property manager that leverages the advantage of its scale will contribute to increase resilience against the pressure of the rising costs.

(iii) Further commitment to sustainability

Each REIT has recognized sustainability as a significant issue and has taken the initiative in implementing various initiatives. Specifically, KDO has become the first investment corporation in the J-REIT market to participate in GRESB Real Estate Assessment, KDR was the first J-REIT to issue social bonds, and KRR was the first J-REIT to introduce investment unit performance fee. The New REIT plans to integrate and elevate expertise accumulated by Each REIT through the Merger and aims to be a leading company in the sustainability initiatives. Moreover, the New REIT plans to further enforce the sustainability initiatives under the management system with a high degree of specialization and diversity by introducing a new management fee structure that is linked to unitholder value and sustainability metric, improving governance through the enhancement of supervisory officers, and promoting diversity.

(Note 1) The amount of asset size after the Merger is calculated by totaling the asset size of Each REIT. The asset size of KDO is assumed to be the total of acquisition price of the properties in the portfolio as of April 30, 2023, plus the acquisition (scheduled) price reflecting the acquisitions and sales (including one that are scheduled) of the properties from May 1, 2023 to the effective date of the Merger. The asset size of KDR and KRR is considered to be the appraisal values of the properties as of the end of the latest fiscal period (relating to KDR, as of January 31, 2023 (provided, however, that, this includes the acquisitions of Sunny Life Tachikawa and Rehabili-home Bon Sejour Minamisenzoku; relating to KRR, as of March 31, 2023). The asset sizes of the other investment corporations in the J-REIT market are calculated based on the asset sizes including any properties that the other investment corporations announced the acquisition and sale thereof in the J-REIT market as of April 30, 2023 (acquisition (scheduled) price basis). Therefore, it is not guaranteed that the New REIT after the Merger will have the third largest asset size in the J-REIT market as of the effective date of the Merger. In regard to the asset size after the Merger, because it is planned that assets of KDR and KRR will be succeeded at market price based on the purchase method by KDO as the acquiring corporation, the asset size will not be a simple sum of the total (scheduled) acquisition price of KDO and the total appraisal values of KDR and KRR as of the end of the latest accounting period.

(Note 2) The number of properties of the portfolio after the Merger is based on the number of properties of KDO, KDR and KRR as of the date hereof and reflecting the change in the number of the acquisitions and sales of the properties (including ones that are scheduled) by the effective date of the Merger. KDX Chofu Building is treated as one property in the calculation of the number of properties of the portfolio after the Merger though KDO owns its office tower and KRR owns its retail wing respectively as of today. The numbers of the properties of the other investment corporations in the J-REIT market is calculated based on the number of properties including those that the other investment corporations announced acquisition and sale thereof in the J-REIT market as of April 30, 2023. Therefore, it is not guaranteed that the portfolio of the New REIT after the Merger will have the largest number of properties in the J-REIT market as of the effective date of the Merger.

(b) Form of the Merger

KDO will be the surviving corporation under an absorption-type merger and KDR and KRR will be dissolved in the Merger.

(c) Allocation of Investment Units under the Merger

	KDO (Surviving corporation in the absorption-type merger)	The Investment Corporation (Dissolving corporation in the absorption-type merger)	KRR (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1.34	1.68
		(Reference) Before the Investment Unit Split 0.67	(Reference) Before the Investment Unit Split 0.84

(Note 1) The number of new KDO investment units to be issued as a result of the Merger (the number of units taking into account the Investment Unit Split of KDO): 2,446,037

(Note 2) KDO plans to split one investment unit into 2 investment units with October 31, 2023 as the record date for splitting the investment units and November 1, 2023 as the effective date of the split; the allocation ratio shown above and the number of the New Investment units KDO will allocate and deliver are subject to the Investment Unit Split taking effect. If 0.67 KDO investment units are allocated and delivered against 1 KDR investment unit and 0.84 KDO investment units are allocated and delivered against 1 KRR investment unit on the basis of the merger ratio before the Investment Unit Split, there will be many unitholders of KDR and KRR being allocated fractions of less than one KDO investment unit. To make it possible for unitholders of KDR and KRR to continue holding KDO investment units after the Merger, a split of KDO investment units will be carried out before the allocation towards unitholders of KDR and KRR, in the ratio of two KDO investment units to one KDO investment unit for the purpose of delivering to all unitholders of KDR and KRR at least one KDO investment unit, and 1.34 KDO investment unit post- Investment Unit Split will be allocated and delivered for every one KDR investment unit and 1.68 KDO investment unit post- Investment Unit Split will be allocated and delivered every one KRR investment unit.

(d) Distributions of Payment Upon the Merger

In addition to the above mentioned investment units, KDO intends to pay unitholders of KDR and KRR (the unitholders stated or recorded in the final unitholders' registers of KDR and KRR on the day before the effective date of the Merger (excluding Each REIT and unitholders of KDR and KRR who has demanded the purchase of their investment units pursuant to Article 149-3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the "Investment Trusts Act") (excluding those who have withdrawn such demand for purchase) (hereinafter referred to as the "Unitholders Subject to Allocation"))), in lieu of cash distributions (distributions of profits) for the last fiscal period of KDR and KRR which ends the day before the effective date of the Merger, the Payment upon the Merger in the form of cash distributions based on distributable income of KDR and KRR for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from a division of the amount of distributable income of KDR and KRR on the date before the effective date of the Merger by the number of issued investment units of KDR and KRR on that date as reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation. The Payment upon the Merger will be paid within a reasonable period from the effective date of the Merger

(e) Outline of the latest fiscal period of KDO and KDR

Outline of the latest fiscal period of KDO (Apr. 2023)

Business overview : Invest in and manage real estate properties or trust beneficiary interest in real estate defined by the Article 149-3 of the Act on Investment Trusts and Investment Corporations.

Operating Revenue : 17,290 mil yen

Net Income : 7,205 mil yen

Total Assets : 474,274 mil yen

Total liabilities : 243,791 mil yen

Net Assets : 230,482 mil yen

Outline of the latest fiscal period of KRR (Mar. 2023)

Business overview : Invest in and manage real estate properties or trust beneficiary interest in real estate defined by the Article 149-3 of the Act on Investment Trusts and Investment Corporations

Operating Revenue : 9,924 mil yen

Net Income : 3,922 mil yen

Total Assets : 287,569 mil yen

Total liabilities : 145,002 mil yen

Net Assets : 142,566 mil yen

(f) Timing of the Merger

The effective date of the Merger 1 November 2023 (Scheduled)

② Outlook for the Next Fiscal Period

A. Outlook for Asset Management

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

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

Based on the above two principal investment targets, KDR newly added child-care facilities as an investment target on September 12, 2019. As "spaces where people live and stay" they are considered to have close affinity with the residential properties of KDR. In addition, from the perspective of achieving long-term stable rental revenues and steady growth in asset size, we changed the positioning of lodging facilities, which we have come to recognize as having relatively high earnings fluctuation risk due to the deterioration of the operating environment triggered by the spread of the new coronavirus infection, to a secondary investment target in our portfolio construction policy as of October 27, 2021.

(a) Management of Owned Assets

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

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

KDR will respond to requests from some tenants to reduce rents due to the COVID-19 appropriately, taking into account individual circumstances.

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

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

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

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

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

(b) Financing Strategy

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

(c) Important Subsequent Events

As described in “F. The Merger Among KDR, KDO and KRR”, at Each REIT’s Board of Directors Meeting held on June 13, 2023, resolved to undertake the Merger, and on have also executed the Merger Agreement on the same day. Moreover, the proposals were approved at Each REIT’s General Meeting of Unitholders held on August 21 and 22, 2023.

B. Earnings Forecasts

The earnings forecasts for the final fiscal periods ending Oct. 31, 2023 (from August 1, 2023 to October 31, 2023^(Note 1)) is estimated as set forth below.

Final Fiscal period ending October 31, 2023 (from August 1, 2023 to October 31, 2023)

Operating revenues	4,975 million yen
Operating Income	2,446 million yen
Ordinary income	2,083 million yen
Net Income	2,083 million yen
Distributions per unit	2,070 yen
Of the above, distributions in excess of earnings	- yen

Please refer to “Assumptions for the Earnings Forecasts for the Final Fiscal Period Ending October 31, 2023 (from August 1, 2023 to October 31, 2023)” set forth below for information on current assumptions for the forecasts of operating results.

(Note 1) The period covered by the forecasts of earnings forecasts is the three-month final fiscal period from August 1, 2023 to October 31, 2023, the day immediately prior to the effective date of the Merger based on the Merger Agreement executed by KDR, KDO and KRR on June 13, 2023.

(Note 2) After the Merger, in lieu of cash distributions (distribution of profit) to the unitholders of KDR for KDR’s final fiscal period from August 1, 2023 to October 31, 2023, the New REIT will, within a reasonable period after the effective date of the Merger, make a Payment Upon the Merger to the unitholders (the unitholders listed or recorded on the final unitholders register of KDR as of the day immediately prior to the effective date of the Merger (excluding KDO, KDR, KRR and the unitholders who have demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations)), in an amount equivalent to the cash distributions for the above mentioned fiscal period.

Assumptions for the Earnings Forecasts for the Final Fiscal Period Ending October 31, 2023 (from August 1, 2023 to October 31, 2023)

Item	Assumptions
Calculation Period	<ul style="list-style-type: none"> Fiscal period ending October 31, 2023 (from August 1, 2023 to October 31, 2023) (92 days) *Assuming that the Merger will become effective on November 1, 2023.
Property Portfolio	<ul style="list-style-type: none"> It is assumed that there will be no material change from 182 real estate and trust beneficiary interests in real estate held as of today, and up until the end of fiscal period ending October 31, 2023. However, the actual property portfolio may change due to new property acquisition.
Operating Revenues	<ul style="list-style-type: none"> Rental revenues are based on the leasing agreements currently in place and other factors including expectations of market trends, property competitiveness, etc. The average occupancy for the residential properties is expected to be 96.5%, and healthcare facilities and accommodation facilities is expected to be 100.0% for the fiscal period ending October 31, 2023. Operating revenues are based on the assumption that there will be no lessees who rent in arrears or non-payments from tenants.
Operating Expenses	<ul style="list-style-type: none"> Property-related operating expenses other than depreciation are calculated based on historic data, and these expenses reflect seasonal factors fluctuations. Depreciation is calculated based on the straight-line method, and is assumed to be 886 million yen for the fiscal period ending October 31, 2023. Property-related taxes are assumed to be 304 million yen for the fiscal period ending October 31, 2023. Repair expenses are assumed based on the amounts budgeted by the Asset Management Company for each property considered essential. However, actual repair expenses may differ significantly from the forecast amounts due to unforeseen circumstances possibly causing repair expenses to arise. One-time cost relevant to the Merger is assumed to be 65 million yen. KDR amended its Articles of Incorporation (approved at the General Meeting of Unitholders on August 21, 2023) with respect to the calculation method of Asset Management Fee II, which is based on the assumption that the fiscal period is six months, as the final fiscal period prior to the effective date of the Merger will be less than six months.
Non-operating Expenses	<ul style="list-style-type: none"> Amortization of costs relating to the issuance and offering of new investment units are assumed to be 9 million yen for the fiscal period ending October 31, 2023 (It is assumed that the costs relating to the issuance and offering of new investment units will be amortized over thirty six months using the straight-line method.). Interest expenses and other debt-related expenses are assumed to be 351 million yen in the fiscal period ending October 31, 2023.
Interest-bearing debt	<ul style="list-style-type: none"> The balance of KDR's interest-bearing debt as of today is 165,920 million yen, consisting of borrowings of 158,220 million yen and investment corporation bonds of 7,700 million yen. The balance of KDR's interest-bearing debt is assumed to be 165,920 million yen at the end of the fiscal period ending October 31, 2023.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> The total number of investment units issued and outstanding as of today is 1,070,433 units, and it is assumed that there will be no issuance of new investment units, etc., through to the end of the fiscal period ending October 31, 2023.
Payment upon the Merger per Unit	<ul style="list-style-type: none"> Payment Upon the Merger (Payment Upon the Merger per unit) will be paid in lieu of cash distributions for the final fiscal period ending October 31, 2023, and is calculated in accordance with the cash distributions policy set forth in the articles of incorporation of KDR. Payment Upon the Merger per unit may vary due to various factors, including the status of exercise of rights to demand purchase as a result of the Merger, change in asset under management, fluctuation in real estate rent revenue accompanying change in tenants, etc., or the incurrence of unexpected repairs.
Other	<ul style="list-style-type: none"> It is assumed that there will be no revision to the laws and regulations, tax systems, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc., that will impact the above forecast figures. It is assumed that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.

(2) Investment Risks

Investment Risks are revised from the “Investment Risks” in the most recent Securities Report submitted on April 25, 2023.

Risk concerning a series of initiatives for the Merger of KDR

KDR has executed the Merger Agreement with KDO and KRR on June 13, 2023. However, there is no guarantee that the Merger will be realized. Furthermore, the terms and conditions of the Merger may be changed. If the Merger is not realized or the terms and conditions of the Merger are changed, the market price of the Investment Units may be affected. Also, even if the Merger is realized, there is no guarantee that KDR will be able to achieve the objectives contemplated in the Merger and a series of related transactions.

Risk concerning occurrence of positive goodwill and reversal of voluntary reserves or distributions in excess of earnings equivalent to the amount of goodwill amortization

In the Merger, it is assumed that the Accounting Standard for Business Combinations (ASBJ Statement No. 21, as amended on January 16, 2019) will be applied and the Merger will be accounted for by the purchase method, with KDO as the acquiring company and KDR and KRR as the acquired companies, and goodwill (“Positive Goodwill”) may arise from the Merger. If Positive Goodwill arises, it will be amortized over a period of up to 20 years using the straight-line method. Amortization of Positive Goodwill cause a difference between accounting profit and income for tax purpose due to the difference between accounting and tax treatment (“Inconsistency between Accounting and Taxation”), and therefore KDR plans to reduce the incidence of income taxes by distributing the amount equivalent to such amortization through reversal of voluntary reserves (reserves for temporary difference adjustments or reserves for distributions) or other means such as distributions in excess of earnings (distributions equivalent to the increase in reserves for temporary difference adjustments.). However, depending on future handling pertaining to the interpretation and operation of laws, regulations, and other rules on the handling of Positive Goodwill, reserves for temporary difference adjustments and other matters concerning Inconsistency between Accounting and Taxation, unexpected restrictions may be imposed on the activities of KDR or tax burden on KDR may be increased, adversely affecting profits of KDR, the amount of distributions to unitholders.

2. Financial Statements

(1) Balance Sheets

	(in thousands of yen)	
	22nd Fiscal Period (As of January 31, 2023)	23rd Fiscal Period (As of July 31, 2023)
Assets		
Current assets		
Cash and deposits	13,949,810	13,203,144
Cash and deposits in trust	11,589,952	11,057,971
Operating accounts receivable	65,826	52,440
Prepaid expenses	10,953	67,710
Consumption taxes receivable	-	28,477
Other	5,414	4,166
Total current assets	25,621,956	24,413,910
Noncurrent assets		
Property, plant and equipment		
Buildings	447,056	1,322,747
Accumulated depreciation	-5,962	-22,036
Buildings, net	441,093	1,300,710
Structures	10,306	31,606
Accumulated depreciation	-292	-992
Structures, net	10,013	30,613
Tools, furniture and fixtures	10,342	45,429
Accumulated depreciation	-430	-1,683
Tools, furniture and fixtures, net	9,912	43,746
Land	1,804,624	4,397,829
Buildings in trust	125,940,957	127,272,710
Accumulated depreciation	-20,303,778	-21,938,495
Buildings in trust, net	105,637,178	105,334,215
Structures in trust	1,568,935	1,574,202
Accumulated depreciation	-429,359	-469,601
Structures in trust, net	1,139,576	1,104,601
Machinery and equipment in trust	1,600,108	1,659,175
Accumulated depreciation	-552,744	-588,714
Machinery and equipment in trust, net	1,047,363	1,070,460
Tools, furniture and fixtures in trust	1,405,598	1,457,373
Accumulated depreciation	-249,410	-292,713
Tools, furniture and fixtures in trust, net	1,156,188	1,164,659
Land in trust	185,748,052	185,749,321
Total property, plant and equipment, net	296,994,003	300,196,157
Intangible assets		
Leasehold right in trust	1,849,451	1,847,727
Other	129	-
Total intangible assets	1,849,581	1,847,727
Investments and other assets		
Lease and guarantee deposits	89,348	89,228
Long-term prepaid expenses	841,793	780,469
Other	1,507,646	805,103
Total investments and other assets	2,438,787	1,674,801
Total noncurrent assets	301,282,373	303,718,686

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION (3278)

(in thousands of yen)

	22nd Fiscal Period (As of January 31, 2023)	23rd Fiscal Period (As of July 31, 2023)
Deferred assets		
Investment corporation bond issuance costs	40,131	36,162
Investment unit issuance costs	69,733	50,691
Total deferred assets	109,864	86,853
Total assets	327,014,194	328,219,450
Liabilities		
Current liabilities		
Operating accounts payable	674,463	941,154
Short-term loans payable	8,250,000	2,000,000
Current portion of investment corporation bonds	1,000,000	1,000,000
Current portion of long-term loans payable	18,100,000	20,350,000
Accounts payable-other	445,820	443,709
Accrued expenses	59,238	70,593
Income taxes payable	605	605
Accrued consumption taxes	78,103	21,002
Advances received	1,448,324	1,474,720
Deposits received	93,981	82,913
Other	1,008	735
Total current liabilities	30,151,545	26,385,436
Noncurrent liabilities		
Investment corporation bonds	6,700,000	6,700,000
Long-term loans payable	130,170,000	135,870,000
Tenant leasehold and security deposits	140,000	277,440
Tenant leasehold and security deposits in trust	3,826,300	3,815,292
Tenant lump sum deposits in trust	4,325,202	4,227,622
Asset retirement obligations	68,638	68,826
Other	-	26,046
Total noncurrent liabilities	145,230,141	150,985,227
Total liabilities	175,381,687	177,370,664
Net assets		
Unitholders' equity		
Unitholders' capital	130,379,080	130,379,080
Surplus		
Capital surplus	13,187,100	13,187,100
Voluntary retained earnings		
Reserve for temporary difference adjustments	*2 1,840,000	*2 1,820,000
Total voluntary retained earnings	1,840,000	1,820,000
Unappropriated retained earnings (undisposed loss)	4,718,142	4,682,702
Total surplus	19,745,242	19,689,802
Total unitholders' equity	150,124,322	150,068,882
Valuation and translation adjustments		
Deferred gains or losses on hedges	1,508,184	779,904
Total valuation and translation adjustments	1,508,184	779,904
Total net assets	*1 151,632,506	*1 150,848,786
Total liabilities and net assets	327,014,194	328,219,450

(2) Statements of Income and Retained Earnings

(in thousands of yen)

	22nd Fiscal Period August 1, 2022 to January 31, 2023	23rd Fiscal Period February 1, 2023 to July 31, 2023
Operating revenues		
Rent revenue-real estate	*1 9,064,123	*1 9,378,143
Other lease business revenue	*1 567,986	*1 704,871
Gain on sale of real estate property	*2 304,729	-
Total operating revenues	9,936,839	10,083,015
Operating expenses		
Expenses related to rent business	*1 3,517,747	*1 3,717,195
Asset management fees	769,195	756,233
Asset custody fees	16,385	16,513
Administrative service fees	54,012	57,043
Directors' compensation	4,500	4,500
Other operating expenses	280,282	308,840
Total operating expenses	4,642,123	4,860,326
Operating income	5,294,715	5,222,688
Non-operating income		
Interest income	46	46
Gain on forfeiture of unclaimed dividends	100	165
Interest on refund	16	-
Total non-operating income	163	212
Non-operating expenses		
Interest expenses	512,288	523,846
Interest expenses on investment corporation bonds	26,853	26,386
Borrowing expenses	135,305	147,660
Amortization of investment corporation bond issuance costs	3,968	3,968
Amortization of investment unit issuance costs	22,627	19,041
Total non-operating expenses	701,045	720,903
Ordinary income	4,593,834	4,501,997
Income before income taxes	4,593,834	4,501,997
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	4,593,229	4,501,392
Retained earnings brought forward	124,913	181,309
Unappropriated retained earnings (undisposed loss)	4,718,142	4,682,702

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION (3278)

(3) Statements of Changes in Net Assets

22nd Fiscal Period August 1, 2022 to January 31, 2023

(in thousands of yen)

	Unitholders' equity							
	Unitholders' capital	Capital surplus	Surplus			Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity
			Voluntary reserve					
			Reserve for temporary difference adjustments	Total voluntary reserve				
Balance at the beginning of current period	125,564,617	13,187,100	1,860,000	1,860,000	4,393,566	19,440,666	145,005,284	
Changes of items during the period								
Issuance of new investment units	4,814,462						4,814,462	
Reversal of reserve for temporary difference adjustments			-20,000	-20,000	20,000	-	-	
Dividends from surplus					-4,288,653	-4,288,653	-4,288,653	
Net income					4,593,229	4,593,229	4,593,229	
Net changes of items other than unitholders' equity								
Total changes of items during the period	4,814,462	-	-20,000	-20,000	324,575	304,575	5,119,038	
Balance at the end of current period	* 1 130,379,080	13,187,100	1,840,000	1,840,000	4,718,142	19,745,242	150,124,322	

	Valuation and translation adjustments		Total net assets
	Deferred gains and losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	252,885	252,885	145,258,169
Changes of items during the period			
Issuance of new investment units			4,814,462
Reversal of reserve for temporary difference adjustments			-
Dividends from surplus			-4,288,653
Net income			4,593,229
Net changes of items other than unitholders' equity	1,255,298	1,255,298	1,255,298
Total changes of items during the period	1,255,298	1,255,298	6,374,337
Balance at the end of current period	1,508,184	1,508,184	151,632,506

23rd Fiscal Period February 1, 2023 to July 31, 2023

(in thousands of yen)

	Unitholders' equity							
	Unitholders' capital	Capital surplus	Surplus			Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity
			Voluntary reserve					
			Reserve for temporary difference adjustments	Total voluntary reserve				
Balance at the beginning of current period	130,379,080	13,187,100	1,840,000	1,840,000	4,718,142	19,745,242	150,124,322	
Changes of items during the period								
Reversal of reserve for temporary difference adjustments			-20,000	-20,000	20,000	-	-	
Dividends from surplus					-4,556,833	-4,556,833	-4,556,833	
Net income					4,501,392	4,501,392	4,501,392	
Net changes of items other than unitholders' equity								
Total changes of items during the period	-	-	-20,000	-20,000	-35,440	-55,440	-55,440	
Balance at the end of current period	* 1 130,379,080	13,187,100	1,820,000	1,820,000	4,682,702	19,689,802	150,068,882	

	Valuation and translation adjustments		Total net assets
	Deferred gains and losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	1,508,184	1,508,184	151,632,506
Changes of items during the period			
Reversal of reserve for temporary difference adjustments			-
Dividends from surplus			-4,556,833
Net income			4,501,392
Net changes of items other than unitholders' equity	-728,279	-728,279	-728,279
Total changes of items during the period	-728,279	-728,279	-783,720
Balance at the end of current period	779,904	779,904	150,848,786

(4) Distributions

	22nd Fiscal Period (From August 1, 2022 to January 31, 2023)	23rd Fiscal Period (From February 1, 2023 to July 31, 2023)
I. Retained earnings at the end of period	¥4,718,142,642	¥4,682,702,038
II. Reversal of voluntary retained earnings Reversal of reserve for temporary difference adjustments *1	¥20,000,000	¥20,000,000
III. Total distributions Distributions per unit	¥4,556,833,281 ¥4,257	¥4,521,508,992 ¥4,224
IV. Retained earnings brought forward to the next period	¥181,309,361	¥181,193,046
Method of calculating distribution amount	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥4,556,833,281, which is the amount deducted a part of gain on sale of real estate property and other adjustments from net income and added reversal of reserve for temporary difference adjustments, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 22nd fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥4,521,508,992, which is the amount of ¥4,501,392,677 in net income and ¥116,315 from retained earnings brought forward and ¥20,000,000 reversal of reserve for temporary difference adjustments, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 23rd fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>

(5) Statements of Cash Flows

(in thousands of yen)

	22nd Fiscal Period August 1, 2022 to January 31, 2023	23rd Fiscal Period February 1, 2023 to July 31, 2023
Net cash provided by (used in) operating activities		
Income before income taxes	4,593,834	4,501,997
Depreciation and amortization	1,721,959	1,774,301
Amortization of investment corporation bond issuance expenses	3,968	3,968
Amortization of investment unit issuance costs	22,627	19,041
Interest income	-46	-46
Interest expenses	539,142	550,232
Decrease (increase) in operating accounts receivable	-8,767	13,385
Decrease (increase) in consumption taxes refund receivable	9,475	-28,477
Decrease (increase) in prepaid expenses	5,914	-56,757
Increase (decrease) in operating accounts payable	101,379	-122,806
Increase (decrease) in accounts payable-other	59,423	-2,957
Increase (decrease) in accrued consumption taxes	61,977	-57,101
Increase (decrease) in advances received	60,976	26,396
Decrease (increase) in long-term prepaid expenses	98,251	61,324
Decrease in net property, plant and equipment held in trust due to sale	831,329	-
Other, net	10,659	-9,928
Subtotal	8,112,105	6,672,572
Interest income received	46	46
Interest expenses paid	-539,291	-538,898
Income taxes (paid) refund	1,211	-604
Net cash provided by (used in) operating activities	7,574,072	6,133,116
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-2,099,311	-3,524,041
Purchase of property, plant and equipment in trust	-10,676,912	-1,060,873
Proceeds from lease and guarantee deposits	-	120
Proceeds from tenant leasehold and security deposits	140,000	137,440
Repayments of tenant leasehold and security deposits in trust	-146,848	-155,503
Proceeds from tenant leasehold and security deposits in trust	241,166	144,496
Repayments of tenant lump sum deposits in trust	-232,050	-394,903
Proceeds from tenant lump sum deposits in trust	142,468	297,323
Net cash provided by (used in) investing activities	-12,631,488	-4,555,941
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	3,850,000	1,200,000
Repayments of short-term loans payable	-	-7,450,000
Proceeds from long-term loans payable	7,000,000	16,250,000
Repayments of long-term loans payable	-6,250,000	-8,300,000
Proceeds from issuance of investment units	4,781,336	-
Dividends paid	-4,288,507	-4,555,821
Net cash provided by (used in) financing activities	5,092,828	-2,855,821
Net increase (decrease) in cash and cash equivalents	35,412	-1,278,646
Cash and cash equivalents at the beginning of period	25,504,350	25,539,762
Cash and cash equivalents at the end of period	*1 25,539,762	※1 24,261,115

(6) Notes to the Going Concern

Not applicable

(7) Important Accounting Standards

<p>1. Depreciation of fixed assets</p>	<p>(1) Property, plant and equipment (includes trust assets) The straight-line method is applied. Useful lives of the assets ranging are as follows: Buildings: 2 to 69 years Structures: 3 to 65 years Machinery and equipment: 3 to 40 years Tools, furniture and fixtures: 2 to 30 years</p> <p>(2) Intangible assets(includes trust assets) The straight-line method is applied. Land leasehold: Fixed term land leaseholds is amortized over a contractual period under the straight-line method.</p> <p>(3) Long-term prepaid expenses The straight-line method is applied.</p>
<p>2. Accounting policies for deferred assets</p>	<p>(1) Unit issuance costs Unit issuance costs are amortized over a period of 3 years under the straight-line method.</p> <p>(2) Investment corporation bond issuance costs Bond issuance costs are amortized by applying the straight-line method for the entire redemption period.</p>
<p>3. Accounting standards for revenues and expenses</p>	<p>(1) Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities. When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥5,436 thousand and ¥10,836 thousand as of January 31, 2023 and July 31, 2023, respectively.</p> <p>(2) The main content of the performance obligation regarding the revenue from contracts with the customers of the Investment Corporation and the normal point of time when satisfying the said performance obligation (normal point of time when recognizing revenue) are as follows.</p> <p>1. Sale of real estate property For the revenue from sale of real estate, etc., revenue is recorded when the buyer who is a customer gains control of the real estate by performing the obligation of handover stipulated in the contract for real estate sales.</p> <p>2. Utility charge reimbursements For utility charge reimbursement, revenue is recorded in accordance with the supply of electricity, tap water, etc. to the lessee who is a customer based on the lease agreement of real estate, etc. and the content of agreement incidental to it. Of the utility charge reimbursement, for those that are determined to fall under the category of an agent by the Investment Corporation, the net amount obtained by deducting the amount paid to other related parties supplying electricity, gas, etc. from the amount received as the fee of electricity, gas, etc. is recognized as revenue</p>
<p>4. Accounting for hedges</p>	<p>(1) Hedge accounting method The deferred hedge method is applied. However, the special treatment is applied for the interest-rate swap agreements that meet the criteria.</p> <p>(2) Hedging instruments and risks hedged Hedge instruments The Investment Corporation enters into interest-rate swap transactions. Risks hedged Interest rates on debt.</p> <p>(3) Hedging policy The Investment Corporation enters into derivative transactions based on its risk management policies with the objective of hedging risks in accordance with its Articles of Incorporation.</p> <p>(4) Method of evaluating the effectiveness of hedging As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps that meet the requirements for special treatment.</p>
<p>5. The scope of cash and cash equivalents on statements of cash flows</p>	<p>Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.</p>

7. Other significant accounting policies utilized in the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in the Investment Corporation's balance sheets and statements of income. Important line items included in accounting for financial assets and liabilities in the Investment Corporation's balance sheet are as follows:</p> <ol style="list-style-type: none"> 1. Cash and deposits in trust 2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, leasehold right in trust 3. Tenant leasehold and security deposits in trust, tenant lump sum deposits in trust <p>(2) Accounting method for consumption tax Consumption taxes are separately recorded. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>
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(8) Notes to the Financial Statements

(Notes to the Balance Sheets)

* 1. Minimum unitholders' equity pursuant to Article 67-4 of the Law Concerning Investment Trusts and Investment Corporations Law

(in thousands of yen)

As of January 31, 2023	As of July 31, 2023
50,000	50,000

*2. Reserve for temporary difference adjustments

22nd Fiscal Period (As of January 31, 2023)

The following summarizes reserve for temporary difference adjustments.

(in thousands of yen)

	Initial amount	Balance at the beginning of the period	Reserve during the period	Reversal during the period	Balance at the end of the period	Reason for reserve and reversal
Gain on negative good will*	2,000,000	1,860,000	-	20,000	1,840,000	Appropriate for distribution

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

23rd Fiscal Period (As of January 31, 2023)

The following summarizes reserve for temporary difference adjustments.

(in thousands of yen)

	Initial amount	Balance at the beginning of the period	Reserve during the period	Reversal during the period	Balance at the end of the period	Reason for reserve and reversal
Gain on negative good will*	2,000,000	1,840,000	-	20,000	1,820,000	Appropriate for distribution

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

3. Commitment line contracts

KDR has commitment line contracts with the banks with which it does business.

	As of January 31, 2023	As of July 31, 2023
Total amount of commitment line contracts	4,500,000	4,500,000
Balance of loans payable outstanding	-	-
Remaining amount	4,500,000	4,500,000

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(Notes to the Statements of Income and Retained Earnings)

* 1. Breakdown of real estate rental business profit and loss

(in thousands of yen)

	From August 1, 2022 to January 31, 2023	From February 1, 2023 to July 31, 2023
A. Rental and other operating revenues:		
Rental revenues	8,667,473	8,972,830
Common area charges	396,649	405,313
Subtotal	9,064,123	9,378,143
Others:		
Parking space rental revenues	218,133	221,908
Miscellaneous	349,853	482,963
Subtotal	567,986	704,871
Total rental and other operating revenues	9,632,109	10,083,015
B. Property-related expenses:		
Property management fees and facility management fees	485,006	529,327
Utilities	142,779	131,876
Taxes	572,380	612,889
Repairs and maintenance	332,342	388,639
Insurance	15,875	16,019
Trust fees	62,198	63,613
Depreciation	1,721,183	1,774,171
Others	185,981	200,656
Total property-related expenses	3,517,747	3,717,195
C. Net operating income (A-B)	6,114,362	6,365,819

*2. Gain and Loss on sale of real estate property

22nd Fiscal Period (August 1, 2022 to January 31, 2023):

(in thousands of yen)

KDX Residence Higashi Sakura II	
Revenue from sale of the investment property	1,180,000
Costs of the investment property	831,329
Other sales expenses	43,940
Gain on sale of real estate property	304,729

23rd Fiscal Period (February 1, 2023 to July 31, 2023): Not applicable

(Notes to the Statements of Changes in Net Assets)

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

	From August 1, 2022 to January 31, 2023	From February 1, 2023 to July 31, 2023
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,070,433 units	1,070,433 units

(Notes to Distributions)

22nd Fiscal Period (August 1, 2022 to January 31, 2023)

*1. Reserve for temporary difference adjustments

The Investment Corporation has reserved ¥2,000,000,000 as reserve for temporary difference adjustments from gain on negative goodwill in the 13th fiscal period. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period applied to distribution starting from the 14th fiscal period distribution. It has been decided that ¥20,000,000 shall be reversed and applied to distribution in the 22nd fiscal period distribution.

23rd Fiscal Period (February 1, 2023 to July 31, 2023)

*1. Reserve for temporary difference adjustments

The Investment Corporation has reserved ¥2,000,000,000 as reserve for temporary difference adjustments from gain on negative goodwill in the 13th fiscal period. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period applied to distribution starting from the 14th fiscal period distribution. It has been decided that ¥20,000,000 shall be reversed and applied to distribution in the 23rd fiscal period distribution.

(Notes to the Statements of Cash Flow)

* 1. Reconciliation of balance sheet items to cash and cash equivalents at end of period in the cash flows statements

	(in thousands of yen)	
	As of January 31, 2023	As of July 31, 2023
Cash and deposits	13,949,810	13,203,144
Cash and deposits in trust	11,589,952	11,057,971
Cash and cash equivalents	25,539,762	24,261,115

(Notes to the Lease Transactions)

Operating lease transactions (Lessee)

Unearned lease payments

	(in thousands of yen)	
	As of January 31, 2023	As of July 31, 2023
Due in 1 year	12,000	12,000
Due after 1 year	509,000	503,000
Total	521,000	515,000

Operating lease transactions (Lessor)

Unearned lease payments

	(in thousands of yen)	
	As of January 31, 2023	As of July 31, 2023
Due in 1 year	4,581,500	4,696,153
Due after 1 year	22,618,705	21,502,417
Total	27,200,205	26,198,570

(Notes to the Financial Instruments)

(A). Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer and interest rate fluctuation risk. Borrowings and investment corporation bonds are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 8 years and 4 months for borrowings and also have a redemption date of a maximum of 7 years and 10 months for investment corporation bonds as of July 31, 2023, the end of the 23rd fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

(3) Risk management for financial instruments

a. Credit risk

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

b. Market risk

While borrowings with floating rates are exposed to interest rate volatility risk, such risk is monitored by adjusting the rate of the balance of borrowings with floating rates against the total borrowings according to the financial environment, interest rate forecasts by continuous monitoring, etc. and by using derivatives, etc. A risk management policy is established with regard to the execution and management of derivatives and such transactions are conducted based on this policy. The Investment Corporation periodically reviews the value of the property and financial condition of the issuer with regard to investment securities.

c. Liquidity risk

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

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

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

(B). Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the balance sheet as of July 31, 2023 and estimated fair value are shown in the following table. Moreover, because "Cash and deposits," "Cash and deposits in trust" and "Short-term loans payable" are settled with cash in the short term, the fair value can be considered as equivalent to the book value. Therefore, the notes for these accounts have been omitted.

As of January 31, 2023

(in thousands of yen)

	Carrying amount	Estimated fair value	Difference
(1) Current portion of investment corporation bonds	1,000,000	999,900	-100
(2) Current portion of long-term loans payable	18,100,000	18,106,039	6,039
(3) Investment corporation bonds	6,700,000	6,530,860	-169,140
(4) Long-term loans payable	130,170,000	129,736,042	-433,957
Total	155,970,000	155,372,842	-597,157
Derivative transactions	1,508,184	1,508,184	-

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

As of July 31, 2023

(in thousands of yen)

	Carrying amount	Estimated fair value	Difference
(1) Current portion of investment corporation bonds	1,000,000	1,000,100	100
(2) Current portion of long-term loans payable	20,350,000	20,343,831	-6,168
(3) Investment corporation bonds	6,700,000	6,572,430	-127,570
(4) Long-term loans payable	135,870,000	135,380,740	-489,259
Total	163,920,000	163,297,102	-622,897
Derivative transactions	779,904	779,904	-

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

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

Liabilities

(1) Current portion of long-term loans payable and (3) Long-term loans payable

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

(2) Investment corporation bonds

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

Derivative transactions

Please refer to “Notes to the Derivative Transactions”.

Note 2: Redemption schedule for loans payable and investment corporation bonds

As of January 31, 2023

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Investment corporation bonds	1,000,000	-	-	1,000,000	-	5,700,000
Long-term loans payable	18,100,000	18,400,000	24,300,000	25,000,000	24,400,000	38,070,000
Total	19,100,000	18,400,000	24,300,000	26,000,000	24,400,000	43,770,000

As of July 31, 2023

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Investment corporation bonds	1,000,000	-	-	1,000,000	-	5,700,000
Long-term loans payable	20,350,000	22,650,000	28,400,000	24,800,000	29,000,000	31,020,000
Total	21,350,000	22,650,000	28,400,000	25,800,000	29,000,000	36,720,000

(Notes on Revenue Recognition)

1. Information on the Breakdown of Revenue from Contracts with Customers

22nd Fiscal Period (August 1, 2022 to January 31, 2023)

(in thousands of yen)

	Revenue from contracts with customers *1	Net sales to external customers
Revenue from sale of real estate, etc.	1,180,000	*2 304,729
Utility charge reimbursement	54,984	54,984
Other	-	9,577,125
Total	1,234,984	9,936,839

*1 The rental revenues, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amount as they are not applied to the Revenue Recognition Accounting Standard. Moreover, the main revenue from contracts with customers are revenue from sale of real estate, etc. and utility charge reimbursement.

*2 As proceeds from sale of real estate property are recorded as gain on sale of real estate property in the statements of income and retained earnings, the amount calculated by deducting the cost of real estate property sales and other sales expenses from proceeds from sale of real estate property is indicated.

23rd Fiscal Period (February 1, 2023 to July 31, 2023)

(in thousands of yen)

	Revenue from contracts with customers *	Net sales to external customers
Revenue from sale of real estate, etc.	-	-
Utility charge reimbursement	66,183	66,183
Other	-	10,016,831
Total	66,183	10,083,015

* The rental revenues, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amount as they are not applied to the Revenue Recognition Accounting Standard. Moreover, the main revenue from contracts with customers are revenue from sale of real estate, etc. and utility charge reimbursement.

2. Information Utilized as the Base for Understanding Revenue from Contracts with Customers

The information is as described in the notes on important accounting standards.

3. Information on Relationship of Fulfillment of Performance Obligations Based on Contracts with Customers with Cashflow Generated from Said Contracts and Amount and Period of Revenue Expected to Be Recognized in the Next Calculation Period or Thereafter from Contracts with Customers Existing at the End of the Current Calculation Period

(1) Balance of contract assets and contract liabilities, etc.

(in thousands of yen)

	22nd Fiscal Period (August 1, 2022 to January 31, 2023)	23rd Fiscal Period (February 1, 2023 to July 31, 2023)
Claims generated from contracts with customers (balance at beginning of fiscal year)	4,864	5,699
Claims generated from contracts with customers (balance at end of fiscal year)	5,699	5,710
Contract assets (balance at beginning of fiscal year)	-	-
Contract assets (balance at end of fiscal year)	-	-
Contract liabilities (balance at beginning of fiscal year)	-	-
Contract liabilities (balance at end of fiscal year)	-	-

(2) Transaction value allocated to remaining performance obligations

Not applicable.

With regard to utility charge reimbursements, as the Investment Corporation has the right to receive from customers an amount directly corresponding to the value for the lessees, or customers, of sections for which performance is complete by the end of the fiscal period, the amount it has the right to claim is recognized as revenue in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

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Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

(Notes to the Derivative Transactions)

(1) Transactions not subject to hedge accounting

As of January 31, 2023 and as of July 31, 2023: Not applicable

(2) Transactions subject to hedge accounting

As of January 31, 2022

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	97,920,000	88,520,000	1,508,184	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	13,950,000	8,650,000	*	-
Total			111,870,000	97,170,000	1,508,184	

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

As of July 31, 2023

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	94,820,000	85,070,000	779,904	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	12,450,000	6,650,000	*	-
Total			107,270,000	91,720,000	779,904	

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

(Notes to the Related-Party Transactions)

1. Parent Company, major corporate unitholders and other

22nd Fiscal Period (August 1, 2022 to January 31, 2023) and 23rd Fiscal Period (February 1, 2023 to July 31, 2023): Not applicable

2. Affiliated companies and other

22nd Fiscal Period (August 1, 2022 to January 31, 2023) and 23rd Fiscal Period (February 1, 2023 to July 31, 2023): Not applicable

3. Fellow subsidiary companies and other

22nd Fiscal Period (August 1, 2022 to January 31, 2023) and 23rd Fiscal Period (February 1, 2023 to July 31, 2023): Not applicable

4. Directors, major individual unitholders and other

22nd Fiscal Period (August 1, 2022 to January 31, 2023) and 23rd Fiscal Period (February 1, 2023 to July 31, 2023): Not applicable

(Notes to the Tax-Effect Accounting)

The significant components of deferred tax assets and liabilities:

	(in thousands of yen)	
	As of January 31, 2023	As of July 31, 2023
Deferred tax assets:		
Valuation difference on other assets acquired by merger	597,846	584,720
Deferred gains or losses on hedges	317	8,425
Asset retirement obligations	21,593	21,652
Amortization of leasehold right in trust	3,979	4,522
Other	20	20
Subtotal deferred tax assets	623,757	619,341
Valuation allowance	-623,757	-619,341
Total deferred tax assets	-	-
Net deferred tax assets	-	-

The significant differences between the statutory tax rate and the effective tax rate:

	From August 1, 2022 to January 31, 2023	From February 1, 2023 to July 31, 2023
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	-31.20%	-31.20%
Others	-0.25%	-0.25%
Effective tax rate	0.01%	0.01%

(Notes to Asset Retirement Obligations)

Asset retirement obligations reported on balance sheets

1. Summary of the asset retirement obligations

KDR has recognized the original state restoration obligations assumed under the general fixed-term land leasehold agreement as the asset retirement obligations in connection with Arute Ishiyagawa on June 3, 2019.

2. Method of calculating asset retirement obligations

Asset retirement obligations are calculated based on a discount rate of 0.54711% after the useful life has been estimated to be 47 years and one month based on the time period from the date of acquisition to the expiration of the agreement.

3. Changes in the amount of applicable asset retirement obligations consisted of the following

	(in thousands of yen)	
	From August 1, 2022 to January 31, 2023	From February 1, 2023 to July 31, 2023
Balance at the beginning of period	68,451	68,638
Accretion adjustment	187	187
Balance at the end of period	68,638	68,826

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(Notes to the Investment and Rental Properties)

The Investment Corporation owns real estate for rental purposes in the Tokyo Metropolitan Area and other regional areas for the purpose of generating rental revenues. The book value and fair value concerning the above real estate for rental purposes are as follows.

(in thousands of yen)

		From August 1, 2022 to January 31, 2023	From February 1, 2023 to July 31, 2023
Book value	Balance at the beginning of period	288,832,748	298,843,455
	Changes during the period	10,010,707	3,200,428
	Balance at the end of period	298,843,455	302,043,884
Fair value at the end of period		391,623,000	397,250,000

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

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the 22nd fiscal period, the principal increase was the acquisition of real estate in 2 properties and real estate trust beneficiary interests in 6 properties totaling ¥11,712,656 thousand, and the principal decrease was the sales of real estate trust beneficiary interests in 1 property totaling ¥831,329 thousand and depreciation of ¥1,720,996 thousand and during the 23rd fiscal period, the principal increase was the acquisition of real estate in 2 properties totaling ¥3,514,140 thousand, and the principal decrease was depreciation of ¥1,773,984 thousand.

Note 3: The fair value at the end of the period is the appraisal value determined by outside appraisers.

Income and loss for real estate rental business in the fiscal periods ended July 31, 2022 and January 31, 2023 for real estate for rental purposes is listed in “Notes to the Statements of Income and Retained Earnings”.

(Notes to the Segment Information)

Segment information for the periods from August 1, 2022 to January 31, 2023 and from February 1, 2023 to July 31, 2023 is as follows:

(A) Segment information

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

(B) Related information

(1) Information about each product and service

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

(2) Information about each geographic area

(a) Net sales

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

(b) Property, plant and equipment

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

(3) Information about each major customer

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

(Notes to Per Unit Information)

	From August 1, 2022 to January 31, 2023	From February 1, 2023 to July 31, 2023
Net asset value per unit	¥141,655	¥140,923
Net income per unit	¥4,361	¥4,205

Note 1: Net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

Note 2: The basis for calculating net income per unit is as follows:

	From August 1, 2022 to January 31, 2023	From February 1, 2023 to July 31, 2023
Net income (in thousands of yen)	4,593,229	4,501,392
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	4,593,229	4,501,392
Weighted average number of units during the period (units)	1,053,166	1,070,433

(Notes to Important Subsequent Events)

The Merger Among KDR, KDO and KRR

KDR, KDO and KRR (collectively referred to as “Each REIT”) has, at Each REIT’s Board of Directors Meeting held on June 13, 2023, resolved to undertake an absorption-type merger, with November 1, 2023 as the effective date, whereby KDO will be the surviving corporation and KDR and KRR will be the dissolving corporations in the merger (the “Merger”), and have also executed a merger agreement (the “Merger Agreement”) on the same day. Moreover, the proposals were approved at Each REIT’s General Meeting of Unitholders held on August 21 and 22, 2023.

(a) Purpose of the Merger

The Japanese economy is making a moderate recovery as movement restrictions to prevent the spread of COVID-19 infections was removed, and its economic and social activities are being normalized. However, there are uncertain factors in the economic conditions in and outside Japan such as changes in the global affairs, emergence of geopolitical risks and effects of economic sanctions related to these risks as a result of the invasion of Ukraine by Russia, continuous global inflation related to rising commodity prices and fuel costs, increase of the policy interest rates by major countries, and bankruptcies of overseas financial institutions. In such environment, the current real estate investment trust securities market (the “J-REIT market”) is unstable and affected by the concern for rising operational costs due to inflation and the fear for the rise in the long-term interest rates due to future changes of the monetary policies by the Bank of Japan. The asset management company of Each REIT, KFM, was established as follows: Kenedix Residential Partners, Inc. established in March 2011 merged with Kenedix Office Partners, Inc. and Kenedix Advisors, Inc. (both established in November 2003) in October 2013 in an absorption-type merger, and changed its corporate name to the current name of the asset management company. Each REIT has received sponsor support from Kenedix, Inc., the parent company of KFM, and its group companies and has achieved operational results. Each REIT has implemented various measures to ensure the acquisition of stable profits and the continued growth of investment assets by leveraging each characteristic. However, the real estate market’s evaluations of the mid-sized office buildings, which are KDO’s main investment target, have not changed because of their scarcity and liquidity. Thus, the capitalization rate remains low and it remains hard to acquire mid-sized office buildings. Moreover, recently, unit prices of KDO are significantly below NAV per unit due to the concern for the market outlook regarding secondary vacancies and rent decline due to large supplies of large office buildings, and there are limited opportunities for external growth that involve public offering. Therefore, there are issues with ensuring continued future growth. As for KDR, although KDR has conducted public offerings for five consecutive years, there is the possibility that the acquisition competition may escalate and the acquisition opportunities may decrease due to the relatively stable profitability of residential properties, and recently unit price is below NAV per unit. Moreover, KDR’s LTV is relatively high in the J-REIT market, and KDR has concerns regarding the increase in costs when interest rates are rising. As for KRR, although KRR has a rich real estate pipeline, it has been increasingly difficult to acquire shopping centers for daily needs since the COVID-19 pandemic. In addition, there are concerns over increase in costs caused by inflation, and there are issues such as limited room for the future internal growth as a whole due to the long-term fixed rents. Moreover, Each REIT is watching the trends of interest levels and price levels such as costs of utilities, which may have an impact on the profitability of their portfolios in the future, and Each REIT recognizes this situation as their common issues. In such circumstances, Each REIT agreed to start negotiation for merger and carefully deliberated on the issues in order to deal with the issues described above, respond flexibly to environmental changes and attain continued growth. As a result, Each REIT came to the same conclusion that the Merger will contribute to maximize unitholders’ value by leading to the continued growth by expanding investment target sectors, improving their presence and stability in the market by increasing the sizes of their assets, and enabling more commitment for sustainability. Therefore, the Merger Agreement was made and entered into by and among Each REIT. Each REIT considers that the Merger has the following rationale:

(i) Sustainable growth driven by expansion of investment universe

The New REIT (defined below) will continue to focus on their main investment target, i.e. mid-sized office buildings, residential properties, healthcare facilities, and shopping centers for daily needs, and it will start to additionally focus on logistics facilities and hotels, in which Each REIT has conducted only limited investments until now, to increase opportunities for acquisitions. In addition, the Merger will enable asset reshuffling among different asset types, disposing of properties with less competitiveness or profitability, allow flexibly to the changes of the external environment surrounding the real estate market, and activate the investments in the investment

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target sectors that are expected to grow, and thus leading to the improvement of portfolio profitability. As described above, the New REIT aims to attain continued growth beyond the boundary of the strategic management for the existing specialized REIT through a strategic management that ensures a wide range of opportunities for acquisitions and flexibility related to the expansion of the investment target sectors.

(ii) Improvement in the market presence and ability

Through the Merger, the asset size of the investment corporation after the Merger (the “New REIT”) will be ranked third in the J-REIT market^(Note 1) and this will significantly improve the presence in the market and liquidity of investment units, and the portfolio is expected to own a total of 350^(Note 2) properties after the Merger. Having the largest expected number of properties in the J-REIT market will enhance diversification and contribute to improve the stability of the portfolio. In addition, a property manager that leverages the advantage of its scale will contribute to increase resilience against the pressure of the rising costs.

(iii) Further commitment to sustainability

Each REIT has recognized sustainability as a significant issue and has taken the initiative in implementing various initiatives. Specifically, KDO has become the first investment corporation in the J-REIT market to participate in GRESB Real Estate Assessment, KDR was the first J-REIT to issue social bonds, and KRR was the first J-REIT to introduce investment unit performance fee. The New REIT plans to integrate and elevate expertise accumulated by Each REIT through the Merger and aims to be a leading company in the sustainability initiatives. Moreover, the New REIT plans to further enforce the sustainability initiatives under the management system with a high degree of specialization and diversity by introducing a new management fee structure that is linked to unitholder value and sustainability metric, improving governance through the enhancement of supervisory officers, and promoting diversity.

(Note 1) The amount of asset size after the Merger is calculated by totaling the asset size of Each REIT. The asset size of KDO is assumed to be the total of acquisition price of the properties in the portfolio as of April 30, 2023, plus the acquisition (scheduled) price reflecting the acquisitions and sales (including one that are scheduled) of the properties from May 1, 2023 to the effective date of the Merger. The asset size of KDR and KRR is considered to be the appraisal values of the properties as of the end of the latest fiscal period (relating to KDR, as of January 31, 2023 (provided, however, that, this includes the acquisitions of Sunny Life Tachikawa and Rehabili-home Bon Sejour Minamisenzoku; relating to KRR, as of March 31, 2023). The asset sizes of the other investment corporations in the J-REIT market are calculated based on the asset sizes including any properties that the other investment corporations announced the acquisition and sale thereof in the J-REIT market as of April 30, 2023 (acquisition (scheduled) price basis). Therefore, it is not guaranteed that the New REIT after the Merger will have the third largest asset size in the J-REIT market as of the effective date of the Merger. In regard to the asset size after the Merger, because it is planned that assets of KDR and KRR will be succeeded at market price based on the purchase method by KDO as the acquiring corporation, the asset size will not be a simple sum of the total (scheduled) acquisition price of KDO and the total appraisal values of KDR and KRR as of the end of the latest accounting period.

(Note 2) The number of properties of the portfolio after the Merger is based on the number of properties of KDO, KDR and KRR as of the date hereof and reflecting the change in the number of the acquisitions and sales of the properties (including ones that are scheduled) by the effective date of the Merger. KDX Chofu Building is treated as one property in the calculation of the number of properties of the portfolio after the Merger though KDO owns its office tower and KRR owns its retail wing respectively as of today. The numbers of the properties of the other investment corporations in the J-REIT market is calculated based on the number of properties including those that the other investment corporations announced acquisition and sale thereof in the J-REIT market as of April 30, 2023. Therefore, it is not guaranteed that the portfolio of the New REIT after the Merger will have the largest number of properties in the J-REIT market as of the effective date of the Merger.

(b) Form of the Merger

KDO will be the surviving corporation under an absorption-type merger and KDR and KRR will be dissolved in the Merger.

(c) Allocation of Investment Units under the Merger

	KDO (Surviving corporation in the absorption-type merger)	The Investment Corporation (Dissolving corporation in the absorption-type merger)	KRR (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1.34 (Reference) Before the Investment Unit Split 0.67	1.68 (Reference) Before the Investment Unit Split 0.84

(Note 1) The number of new KDO investment units to be issued as a result of the Merger (the number of units taking into account the Investment Unit Split of KDO): 2,446,037

(Note 2) KDO plans to split one investment unit into 2 investment units with October 31, 2023 as the record date for splitting the investment units and November 1, 2023 as the effective date of the split; the allocation ratio shown above and the number of the New Investment units KDO will allocate and deliver are subject to the Investment Unit Split taking effect. If 0.67 KDO investment units are allocated and delivered against 1 KDR investment unit and 0.84 KDO investment units are allocated and delivered against 1 KRR investment unit on the basis of the merger ratio before the Investment Unit Split, there will be many unitholders of KDR and KRR being allocated fractions of less than one KDO investment unit. To make it possible for unitholders of KDR and KRR to continue holding KDO investment units after the Merger, a split of KDO investment units will be carried out before the allocation towards unitholders of KDR and KRR, in the ratio of two KDO investment units to one KDO investment unit for the purpose of delivering to all unitholders of KDR and KRR at least one KDO investment unit, and 1.34 KDO investment unit post- Investment Unit Split will be allocated and delivered for every one KDR investment unit and 1.68 KDO investment unit post- Investment Unit Split will be allocated and delivered every one KRR investment unit.

(d) Distributions of Payment Upon the Merger

In addition to the above mentioned investment units, KDO intends to pay unitholders of KDR and KRR (the unitholders stated or recorded in the final unitholders’ registers of KDR and KRR on the day before the effective date of the Merger (excluding Each REIT and unitholders of KDR and KRR who has demanded the purchase of their investment units pursuant to Article 149-3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the “Investment Trusts Act”) (excluding those who have withdrawn such demand for purchase) (hereinafter referred to as the “Unitholders Subject to Allocation”))), in lieu of cash distributions (distributions of profits) for the last fiscal period of KDR and KRR which ends the day before the effective date of the Merger, the Payment upon the Merger in the form of cash distributions based on distributable income of KDR and KRR for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from

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a division of the amount of distributable income of KDR and KRR on the date before the effective date of the Merger by the number of issued investment units of KDR and KRR on that date as reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation. The Payment upon the Merger will be paid within a reasonable period from the effective date of the Merger

(e) Outline of the latest fiscal period of KDO and KDR

Outline of the latest fiscal period of KDO (Apr. 2023)

Business overview : Invest in and manage real estate properties or trust beneficiary interest in real estate defined by the Article 149-3 of the Act on Investment Trusts and Investment Corporations.

Operating Revenue : 17,290 mil yen

Net Income : 7,205 mil yen

Total Assets : 474,274 mil yen

Total liabilities : 243,791 mil yen

Net Assets : 230,482 mil yen

Outline of the latest fiscal period of KRR (Mar. 2023)

Business overview : Invest in and manage real estate properties or trust beneficiary interest in real estate defined by the Article 149-3 of the Act on Investment Trusts and Investment Corporations

Operating Revenue : 9,924 mil yen

Net Income : 3,922 mil yen

Total Assets : 287,569 mil yen

Total liabilities : 145,002 mil yen

Net Assets : 142,566 mil yen

(f) Timing of the Merger

The effective date of the Merger 1 November 2023 (Scheduled)

(9) Changes in Unitholders' Capital

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

Date	Capital transaction	Number of investment units Issued and outstanding		Unitholders' capital (Million yen)		Remark
		Increase	Balance	Increase	Balance	
August 1, 2018	Public offering	82,100	865,028	12,470	92,602	(Note 1)
August 29, 2018	Third-party allotment	4,105	869,133	623	93,226	(Note 2)
February 20, 2019	Public offering	36,500	905,633	6,195	99,421	(Note 3)
March 11, 2019	Third-party allotment	1,825	907,458	309	99,731	(Note 4)
February 26, 2020	Public offering	43,800	951,258	8,818	108,550	(Note 5)
February 25, 2021	Public offering	42,500	993,758	7,402	115,952	(Note 6)
March 9, 2021	Third-party allotment	2,125	995,883	370	116,322	(Note 7)
February 24, 2022	Public offering	47,500	1,043,383	8,801	125,124	(Note 8)
March 10, 2022	Third-party allotment	2,375	1,045,758	440	125,564	(Note 9)
December 7, 2022	Public offering	23,500	1,069,258	4,585	130,149	(Note 10)
December 23, 2022	Third-party allotment	1,175	1,070,433	229	130,379	(Note 11)

(Note 1) New investment units were issued at a price of ¥157,047 per unit (subscription price of ¥151,892 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 2) New investment units were issued at a price of ¥151,892 per unit through the third-party allotment in order to raise funds for future acquisitions of specified assets and repayment of borrowings.

(Note 3) New investment units were issued at a price of ¥175,500 per unit (subscription price of ¥169,740 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 4) New investment units were issued at a price of ¥169,740 per unit through the third-party allotment in order to raise funds for future acquisitions of specified assets.

(Note 5) New investment units were issued at a price of ¥208,065 per unit (subscription price of ¥201,342 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 6) New investment units were issued at a price of ¥179,985 per unit (subscription price of ¥174,170 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 7) New investment units were issued at a price of ¥174,170 per unit through the third-party allotment in order to raise funds for acquiring new properties.

(Note 8) New investment units were issued at a price of ¥191,490 per unit (subscription price of ¥185,303 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 9) New investment units were issued at a price of ¥185,303 per unit through the third-party allotment in order to raise funds for acquiring new properties.

(Note 10) New investment units were issued at a price of ¥201,630 per unit (subscription price of ¥195,115 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 11) New investment units were issued at a price of ¥195,115 per unit through the third-party allotment in order to raise funds for acquiring new properties.

3. Reference Information

(1) Information on Price of the Managed Assets

Classification of assets	Use	Area	22nd As of January 31, 2023		23rd As of July 31, 2023	
			Total amount held (Millions of yen) (Note 1)	Composition ratio (%) (Note 2)	Total amount held (Millions of yen) (Note 1)	Composition ratio (%) (Note 2)
Trust beneficiary interest in real estate ^(Note 3)	Residential	Tokyo Metropolitan Area ^(Note 4)	166,731	51.0	166,695	50.8
		Other Regional Areas ^(Note 5)	54,663	16.7	54,660	16.7
	Healthcare	Tokyo Metropolitan Area ^(Note 4)	27,412	8.4	27,293	8.3
		Other Regional Areas ^(Note 5)	41,456	12.7	41,336	12.6
		Other ^(Note 6)	1,268	0.4	1,253	0.4
Accommodation	Tokyo Metropolitan Area ^(Note 4)	5,044	1.5	5,031	1.5	
Total (Trust beneficiary interest in real estate)			296,577	90.7	296,270	90.3
Real estate ^(Note 3)	Healthcare	Tokyo Metropolitan Area ^(Note 4)	2,092	0.6	5,599	1.7
		Other Regional Areas ^(Note 5)	173	0.1	173	0.1
Total (Real estate)			2,265	0.7	5,772	1.8
Bank deposits and other assets			28,170	8.6	26,175	8.0
Total assets			327,014	100.0	328,219	100.0

	22nd As of January 31, 2023		23rd As of July 31, 2023	
	Amount (Millions of yen)	Composition ratio (%) (Note 2)	Amount (Millions of yen)	Composition ratio (%) (Note 2)
Total liabilities ^(Note 7)	175,381	53.6	177,370	54.0
Total net assets ^(Note 7)	151,632	46.4	150,848	46.0
Total assets	327,014	100.0	328,219	100.0

(Note 1) “Total amount held” means carrying amounts on the balance sheet (amounts of Trust beneficiary interests in real property and real property are book values net of depreciation) at the end of fiscal period and rounded off to one dismal place.

(Note 2) “Composition ratio” means the ratio of carrying amounts of each classified assets to total assets on balance sheet and rounded off to one dismal place.

(Note 3) Rehabili-home Granda Mondoyakujin consists of both trust beneficiary interest in real estate and real estate, therefore, they are remarked in each category of use distinctively.

(Note 4) “Tokyo Metropolitan Area” means major cities in Tokyo, Kanagawa, Saitama and Chiba.

(Note 5) “Other regional areas” include government-designed municipalities and other regional cities.

(Note 6) “Other” means cities except Tokyo Metropolitan Area and Other regional areas.

(Note 7) “Total liabilities” and “Total net assets” are those on the balance sheets.

②Overview of the Portfolio

(A) Detail of Real Estate Portfolio Assets

The overview of assets under management of the Investment Corporation as of the end of the 23rd fiscal period.

Use	Area	No.	Property name	Location	Form of ownership (Note 1)	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen) ^(Note 2)	Acquisition price (Millions of yen)	Ratio (%)
Residential properties	Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	7-1, Sarugakuchō, Shibuya-ku, Tokyo	TBI	4,698	7,950	4,700	1.5
		T-3	KDX Odemma Residence	3-10, Nihombashi-Odemmachō, Chuo-ku, Tokyo	TBI	1,643	2,870	1,775	0.6
		T-4	KDX Iwamoto-cho Residence	16-12, Iwamotocho 2-chome, Chiyoda-ku, Tokyo	TBI	753	1,290	822	0.3
		T-5	KDX Bunkyo Sengoku Residence	3-2, Honkomagome 6-chome, Bunkyo-ku, Tokyo	TBI	1,527	2,280	1,488	0.5
		T-6	KDX Azumabashi Residence	9-8, Azumabashi 1-chome, Sumida-ku, Tokyo	TBI	587	1,160	650	0.2
		T-7	KDX Shimura Sakaue Residence	16-5, Higashi-Sakashita 1-chome, Itabashi-ku, Tokyo	TBI	2,672	4,370	2,830	0.9
		T-9	Cosmo Heim Motsumiyoshi	5-1, Kizuki Gioncho, Nakahara-ku, Kawasaki-shi, Kanagawa	TBI	2,247	2,580	2,087	0.7
		T-10	KDX Musashi Nakahara Residence	18-22, Shimokodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa	TBI	647	797	637	0.2
		T-11	KDX Chiba Chuo Residence	2-17, Shindencho, Chuo-ku, Chiba-shi, Chiba	TBI	1,279	1,980	1,480	0.5
		T-12	KDX Kawaguchi Saiwai-cho Residence	14-24, Saiwaicho 2-chome, Kawaguchi-shi, Saitama	TBI	1,157	1,880	1,150	0.4
		T-13	KDX Residence Shirokane I	7-8, Shirokanedai 4-chome, Minato-ku, Tokyo	TBI	3,059	4,490	3,000	1.0
		T-15	KDX Residence Shirokane II	8-7, Shirokanedai 4-chome, Minato-ku, Tokyo	TBI	2,837	4,380	2,800	0.9
		T-16	KDX Residence Minami-aoyama	4-8, Minami-Aoyama 3-chome, Minato-ku, Tokyo	TBI	2,262	2,840	2,230	0.7
		T-17	KDX Residence Minami-azabu	3-22, Minami-Azabu 2-chome, Minato-ku, Tokyo	TBI	2,115	3,400	2,080	0.7
		T-18	KDX Residence Shiba Koen	4-16, Shiba 3-chome, Minato-ku, Tokyo	TBI	1,783	2,840	1,781	0.6
		T-19	KDX Residence Azabu East	25-2, Higashi-Azabu 1-chome, Minato-ku, Tokyo	TBI	1,570	2,540	1,560	0.5
		T-20	KDX Residence Takanawa	15-7, Takanawa 3-chome, Minato-ku, Tokyo	TBI	785	1,370	770	0.3
		T-21	KDX Residence Nishihara	37-4, Nishihara 1-chome, Shibuya-ku, Tokyo	TBI	1,476	2,290	1,450	0.5
		T-22	KDX Residence Daikanyama II	11-22, Ebisu Nishi 2-chome, Shibuya-ku, Tokyo	TBI	792	1,390	730	0.2
		T-24	KDX Residence Nihombashi Suitengu	41-6 Nihombashi Hakozaicho, Chuo-ku, Tokyo	TBI	3,091	4,750	3,240	1.1
		T-25	KDX Residence Nihombashi Hakozaiki	38-1 Nihombashi Hakozaicho, Chuo-ku, Tokyo	TBI	1,113	1,600	1,147	0.4
		T-26	KDX Residence Higashi-shinjuku	1-9 Okubo 2-chome, Shinjuku-ku, Tokyo	TBI	3,164	5,130	3,270	1.1
		T-27	KDX Residence Yotsuya	22-50 Arakicho, Shinjuku-ku, Tokyo	TBI	2,291	3,710	2,260	0.7
T-28	KDX Residence Nishi-shinjuku	18-15, Nishi-Shinjuku 7-chome, Shinjuku-ku, Tokyo	TBI	1,006	1,710	1,000	0.3		
T-29	KDX Residence Kagurazaka	8-10, Tsukijimachi, Shinjuku-ku, Tokyo	TBI	694	1,160	720	0.2		
T-30	KDX Residence Futako Tamagawa	31-29, Seta 2-chome, Setagaya-ku, Tokyo	TBI	1,262	1,820	1,250	0.4		
T-31	KDX Residence Komazawa Koen	21-6 Komazawa 5-chome, Setagaya-ku, Tokyo	TBI	879	1,410	920	0.3		
T-32	KDX Residence Mishuku	37-13, Mishuku 2-chome, Setagaya-ku, Tokyo	TBI	780	1,180	760	0.2		
T-33	KDX Residence Yoga	34-21, Seta 5-chome, Setagaya-ku, Tokyo	TBI	714	1,080	700	0.2		

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Use	Area	No.	Property name	Location	Form of ownership (Note1)	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen) ^(Note 2)	Acquisition price (Millions of yen)	Ratio (%)
Residential properties	Tokyo Metropolitan Area	T-34	KDX Residence Shimouma	21-8, Shimouma 1-chome, Setagaya-ku, Tokyo	TBI	626	930	600	0.2
		T-35	Raffine Minami-magome	24-8, Minami-Magome 5-chome, Ota-ku, Tokyo	TBI	1,226	1,630	1,250	0.4
		T-36	KDX Residence Yukigaya Otsuka	15-13, Minami-Yukigaya 2-chome, Ota-ku, Tokyo	TBI	1,038	1,590	1,050	0.3
		T-37	KDX Residence Denen Chofu	40-14, Denenchofu Honcho, Ota-ku, Tokyo	TBI	1,061	1,450	1,000	0.3
		T-38	KDX Residence Tamagawa	9-17, Tamagawa 1-chome, Ota-ku, Tokyo	TBI	704	1,130	776	0.3
		T-39	KDX Residence Monzennakacho	6-7, Kiba 3-chome, Koto-ku, Tokyo	TBI	772	1,200	773	0.3
		T-40	KDX Residence Okachimachi	28-4, Taito 2-chome, Taito-ku, Tokyo	TBI	852	1,320	850	0.3
		T-41	KDX Residence Moto-asakusa	8-10, Motoasakusa 4-chome, Taito-ku, Tokyo	TBI	793	1,220	800	0.3
		T-42	KDX Residence Itabashi Honcho	13-16, Yamatocho, Itabashi-ku, Tokyo	TBI	575	958	620	0.2
		T-43	KDX Residence Azusawa	7-13, Azusawa 1-chome, Itabashi-ku, Tokyo	TBI	538	781	550	0.2
		T-45	KDX Residence Yokohama Kannai	5-9, Bandaicho 3-chome, Naka-ku, Yokohama-shi, Kanagawa	TBI	746	1,180	800	0.3
		T-46	KDX Residence Miyamaedaira	14-3, Miyamaedaira 3-chome, Miyamae-ku, Kawasaki-shi, Kanagawa	TBI	984	1,360	999	0.3
		T-47	KDX Residence Machida	13-32, Kamitsurumahoncho 3-chome, Minami-ku, Sagami-hara-shi, Kanagawa	TBI	1,680	2,630	1,800	0.6
		T-48	KDX Residence Kinshicho	24-13, Midori 4-chome, Sumida-ku, Tokyo	TBI	1,317	2,150	1,350	0.4
		T-49	KDX Residence Nihombashi Hamacho	33-4, Nishimbashi-Hamacho 3-chome, Chuo-ku, Tokyo	TBI	1,019	1,610	996	0.3
		T-50	KDX Residence Nihombashi Ningyocho	8-5, Nihombashi-Horidomecho 1-chome, Chuo-ku, Tokyo	TBI	552	819	530	0.2
		T-51	KDX Residence Jiyugaoka	11-27, Yakumo 3-chome, Meguro-ku, Tokyo	TBI	1,312	1,950	1,268	0.4
		T-52	KDX Residence Togoshi	1-1, Togoshi 5-chome, Shinagawa-ku, Tokyo	TBI	3,665	5,750	3,745	1.2
		T-53	KDX Residence Shinagawa Seaside	6-7, Higashi-Shinagawa 3-chome, Shinagawa-ku, Tokyo	TBI	2,586	3,700	2,593	0.9
		T-54	KDX Residence Ojima	8-4, Ojima 4-chome, Koto-ku, Tokyo	TBI	1,751	2,910	1,857	0.6
		T-55	KDX Residence Oyama	8-8, Oyamakanaicho, Itabashi-ku, Tokyo	TBI	2,529	3,970	2,679	0.9
		T-56	KDX Residence Hanzomon	12-1, Kojimachi 2-chome, Chiyoda-ku, Tokyo	TBI	4,889	7,090	4,832	1.6
		T-57	KDX Residence Akihabara II)	7, Kanda-Sudacho 1-chome, Chiyoda-ku, Tokyo	TBI	898	1,320	850	0.3
		T-58	KDX Residence Kagurazaka Dori	120-1, Yaraicho, Shinjuku-ku, Tokyo	TBI	1,373	2,710	1,360	0.4
		T-59	KDX Residence Sendagi	43-17, Sendagi 3-chome, Bunkyo-ku, Tokyo	TBI	2,324	3,070	2,200	0.7
		T-60	KDX Residence Seijo	16-25, Seijo 4-chome, Setagaya-ku, Tokyo	TBI	1,438	1,920	1,400	0.5
T-61	KDX Residence Akihabara	13-7, Taito 2-chome, Taito-ku, Tokyo	TBI	1,210	1,950	1,250	0.4		
T-62	KDX Residence Iriya	10-7, Iriya 1-chome, Taito-ku, Tokyo	TBI	1,022	1,670	1,062	0.3		
T-63	KDX Residence Tachikawa	28-29, Akebonocho 2-chome, Tachikawa-shi, Tokyo	TBI	2,931	4,350	3,026	1.0		
T-64	KDX Residence Tsurumi	10, Mukaicho 1-chome, Tsurumi-ku, Yokohama-shi, Kanagawa	TBI	1,137	1,850	1,050	0.3		
T-65	KDX Residence Morishita Chitose	5-3, Chitose 1-chome, Sumida-ku, Tokyo	TBI	1,070	1,520	1,100	0.4		

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Use	Area	No.	Property name	Location	Form of ownership (Note1)	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen) ^(Note 2)	Acquisition price (Millions of yen)	Ratio (%)
Residential properties	Tokyo Metropolitan Area	T-66	KDX Residence Akasaka	13-11, Akasaka 6-chome, Minato-ku, Tokyo	TBI	1,160	2,430	1,150	0.4
		T-67	KDX Residence Kanda	8-2, Uchikanda 2-chome, Chiyoda-ku, Tokyo	TBI	693	1,340	700	0.2
		T-68	KDX Residence Ebisu	11-16, Ebisu Minami 1-chome, Shibuya-ku, Tokyo	TBI	2,852	5,510	2,845	0.9
		T-69	KDX Residence Nishi-magome	4-4, Minami-Magome 6-chome, Ota-ku, Tokyo	TBI	1,131	1,430	1,130	0.4
		T-70	KDX Residence Nishi-azabu	5-10, Nishi-Azabu 3-chome, Minato-ku, Tokyo	TBI	1,222	2,020	1,224	0.4
		T-71	KDX Residence Azabu Sendaizaka	1-7, Minami-Azabu 3-chome, Minato-ku, Tokyo	TBI	797	1,330	792	0.3
		T-72	KDX Residence Waseda Tsurumaki	574-25, Waseda-Tsurumakicho, Shinjuku-ku, Tokyo	TBI	551	967	561	0.2
		T-73	KDX Residence Bunkyo Yushima	29-2, Yushima 2-chome, Bunkyo-ku, Tokyo	TBI	694	1,090	695	0.2
		T-74	KDX Residence Kamishakujii	18-5, Kamishakujii 1-chome, Nerima-ku, Tokyo	TBI	640	938	648	0.2
		T-75	KDX Residence Shin-otsuka	44-16, Higashi-Ikebukuro 5-chome, Toshima-ku, Tokyo	TBI	748	1,220	764	0.3
		T-76	KDX Residence Sakurajosui	26-14, Shimotakaido 1-chome, Suginami-ku, Tokyo	TBI	873	1,340	894	0.3
		T-77	KDX Residence Ryogoku	19-13, Kamezawa 2-chome, Sumida-ku, Tokyo	TBI	820	1,440	842	0.3
		T-78	KDX Residence Toyosu	2-33, Toyosu 1-chome, Koto-ku, Tokyo	TBI	7,509	8,070	7,500	2.5
		T-79	KDX Residence Asagaya	1-47-24, Asagayaminami, Suginami-ku, Tokyo	TBI	1,957	2,570	1,930	0.6
		T-80	KDX Residence Hiyoshi	7-17-35, Hiyoshi, Kohoku-ku, Yokohama-shi, Kanagawa	TBI	2,654	3,040	2,635	0.9
		T-81	KDX Residence Kamikitazawa	4-23-15, Kamikitazawa, Setagaya-ku, Tokyo	TBI	1,397	1,670	1,360	0.4
		T-82	KDX Residence Kaminoge	3-2-11, Noge, Setagaya-ku, Tokyo	TBI	1,119	1,460	1,111	0.4
		T-83	KDX Residence Higashi-Asakusa	1-9-8 Higashi-Asakusa, Taito-ku, Tokyo	TBI	704	857	687	0.2
		T-84	KDX Residence Nishi-Funabashi	413-1 Hongo-cho, Funabashi-shi, Chiba	TBI	996	1,190	975	0.3
		T-85	KDX Residence Hatagaya	2-24-7 Hatagaya Shibuya-ku, Tokyo	TBI	2,622	2,920	2,500	0.8
		T-86	KDX Residence Asagaya II	3-31-5 Asagaya-minami, Suginami-ku, Tokyo	TBI	968	1,110	939	0.3
		T-87	KDX Residence Gakugeidaigaku	2-4-3 Takaban, Meguro-ku, Tokyo	TBI	772	831	750	0.2
		T-88	KDX Residence Kamata-minami	3-9-4 Minami-Rokugo, Ota-ku, Tokyo	TBI	1,942	2,460	1,918	0.6
		T-89	KDX Residence Kichijoji	1-23-20, Kichijoji-Higashicho, Musashino-shi, Tokyo	TBI	646	650	621	0.2
		T-90	KDX Residence Mitaka	4-15-31, Shimorenjaku, Mitaka-shi, Tokyo	TBI	2,654	3,280	2,530	0.8
		T-91	KDX Residence Nakanobu	6-6-1, Nakanobu, Shinagawa-ku, Tokyo	TBI	855	939	830	0.3
		T-92	KDX Residence Ichikawa	2-6-12, Ichikawa, Ichikawa-shi, Chiba	TBI	876	946	840	0.3
		T-93	KDX Residence Hatchobori	1-8-5, Irifune, Chuo-ku, Tokyo	TBI	3,182	3,720	3,000	1.0
		T-94	KDX Residence Nakaitabashi	68-11, Yayoicho, Itabashi-ku, Tokyo	TBI	1,836	2,030	1,736	0.6
T-95	KDX Residence Shonandai	2-9-10, Shonandai, Fujisawa-shi, Kanagawa	TBI	1,550	1,730	1,500	0.5		
T-96	KDX Residence Ikebukuro West	2-6, Nakamarucho, Itabashi-ku, Tokyo	TBI	2,323	2,580	2,237	0.7		
T-97	KDX Residence Tennocho	1-30-2, Tennocho, Hodogaya-ku, Yokohama-shi, Kanagawa	TBI	895	966	843	0.3		

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Use	Area	No.	Property name	Location	Form of ownership (Note1)	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen) ^(Note 2)	Acquisition price (Millions of yen)	Ratio (%)
Residential properties	Tokyo Metropolitan Area	T-98	KDX Residence Kawasaki	1-1-12, Nakajima Kawasaki-ku., Kawasaki-shi, Kanagawa	TBI	939	1,080	910	0.3
		T-99	KDX Residence Kamata-minami II	3-9-13, Minami-rokugo, Ota-ku, Tokyo	TBI	804	950	780	0.3
		T-100	KDX Residence Kamishakujii II	2-18-5, Kamishakujii 2-chome, Nerima-ku, Tokyo	TBI	3,186	3,570	3,087	1.0
		T-101	KDX Residence Tsudanuma	4-13-35, Maebara-nishi, Funabashi-shi, Chiba	TBI	1,202	1,390	1,150	0.4
		T-102	KDX Residence Yokohama Momijizaka	6-1, Momijigaoka, Nishi-ku Yokohama-shi, Kanagawa	TBI	5,154	5,810	5,000	1.6
		T-103	KDX Residence Umejima	1-25-19, Umejima, Adachi-ku, Tokyo	TBI	2,464	2,950	2,373	0.8
		T-104	KDX Residence Mizonokuchi	3-4-29, Shinsaku, Takatsu-ku, Kawasaki-shi, Kanagawa	TBI	2,927	3,140	2,781	0.9
		T-105	KDX Residence Hachioji Otsuka	628-3, Otsuka, Hachioji-shi, Tokyo	TBI	1,601	1,690	1,490	0.5
		T-106	KDX Residence Tsudanuma II	4-13-25, Maebaranishi, Funabashi-shi, Chiba	TBI	951	1,020	920	0.3
		T-107	KDX Residence Oyamadai	1-16-23, Tamazutsumi, Setagaya-ku, Tokyo	TBI	3,306	3,680	3,205	1.1
	T-108	KDX Residence Asakusa	7-2-10, Asakusa, Taito-ku, Tokyo	TBI	966	1,160	932	0.3	
	R-2	KDX Jozenji Dori Residence	3-25, Kasugamachi, Aoba-ku, Sendai-shi, Miyagi	TBI	860	1,450	1,015	0.3	
	R-3	KDX Izumi Residence	24-28, Izumi 2-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	988	1,650	1,120	0.4	
	R-4	KDX Chihaya Residence	49-6, Shinsakae 1-chome, Naka-ku, Nagoya-shi, Aichi	TBI	929	1,680	1,080	0.4	
	R-5	KDX Sakaisuji Hommachi Residence	7-15, Kawaramachi 1-chome, Chuo-ku, Osaka-shi, Osaka	TBI	2,545	4,130	2,910	1.0	
	R-7	KDX Takarazuka Residence	2-43, Sakaemachi 3-chome, Takarazuka-shi, Hyogo	TBI	1,247	2,230	1,510	0.5	
	R-8	KDX Shimizu Residence	21-27, Shimizu 1-chome, Minami-ku, Fukuoka-shi, Fukuoka	TBI	1,468	2,430	1,680	0.6	
	R-9	KDX Residence Odori Koen	10-1000-4, Minami Nijo, Chuo-ku, Sapporo-shi, Hokkaido	TBI	732	1,150	765	0.3	
	R-10	KDX Residence Kikusui Yojo	2-35, Kikusui 4-jo 3-chome, Shiroishi-ku, Sapporo-shi, Hokkaido	TBI	822	1,180	830	0.3	
	R-11	KDX Residence Toyohira Koen	4-16, Hiragishi 4-jo 3-chome, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	454	651	445	0.1	
	R-13	KDX Residence Ichiban-cho	15-42, Ichibancho 1-chome, Aoba-ku, Sendai-shi, Miyagi	TBI	470	765	530	0.2	
	R-16	KDX Residence Higashi-sakura I	13-22, Higashi-sakura 2-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	2,206	2,680	2,350	0.8	
	R-18	KDX Residence Jingumae	4-27, Yokota 2-chome, Atsuta-ku, Nagoya-shi, Aichi	TBI	792	1,120	840	0.3	
	R-19	KDX Residence Nishi-oji	40-3, Nishi 7-jo Kakegoshicho, Shimogyo-ku, Kyoto-shi, Kyoto	TBI	754	992	813	0.3	
	R-20	KDX Residence Saiin	30-2, Saiintakadacho, Ukyo-ku, Kyoto-shi, Kyoto	TBI	402	556	440	0.1	
	R-21	KDX Residence Namba	6-16, Inari 1-chome, Naniwa-ku, Osaka-shi, Osaka	TBI	1,314	1,940	1,410	0.5	
	R-22	KDX Residence Namba-minami	11-9, Shiokusa 3-chome, Naniwa-ku, Osaka-shi, Osaka	TBI	1,221	1,780	1,350	0.4	
R-24	KDX Residence Ibaraki I・II ^(Note 3)	9-11, 9-12, Takehashicho, Ibaragi-shi, Osaka	TBI	1,297	1,657	1,275	0.4		
R-25	KDX Residence Toyonaka-minami	7-22, Shonaihigashimachi 2-chome, Toyonaka-shi, Osaka	TBI	639	1,070	740	0.2		
R-26	KDX Residence Moriguchi	12-12, Dainichihigashimachi, Moriguchi-shi, Osaka	TBI	481	783	551	0.2		
R-27	KDX Residence Sannomiya	8-10, Ninomiyacho 4-chome, Chuo-ku, Kobe-shi, Hyogo	TBI	1,029	1,410	1,080	0.4		
	Other Regional Areas								

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Use	Area	No.	Property name	Location	Form of ownership (Note1)	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen) ^(Note 2)	Acquisition price (Millions of yen)	Ratio (%)
Residential properties	Other Regional Areas	R-28	Ashiya Royal Homes	20-10, Oharacho, Ashiya-shi, Hyogo	TBI	1,656	2,370	1,360	0.4
		R-29	KDX Residence Funairi Saiwai-cho	10-5, Funairisaiwaicho, Naka-ku, Hiroshima-shi, Hiroshima	TBI	527	827	588	0.2
		R-30	KDX Residence Tenjin-higashi II	6-22, Chikkohomachi, Hakata-ku, Fukuoka-shi, Fukuoka	TBI	622	1,090	680	0.2
		R-32	KDX Residence Nishi Koen	5-7, Minato 3-chome, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	696	1,090	763	0.3
		R-33	KDX Residence Hirao Josui-machi	10-17, Hiraojostuimachi, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	722	1,090	760	0.2
		R-35	Leopalace Flat Shin-sakae	5-31, Shinsakae 1-chome, Naka-ku, Nagoya-shi, Aichi	TBI	3,382	4,730	3,500	1.2
		R-36	KDX Residence Konan Yamate	9-3, Moriminamimachi 1-chome, Higashinada-ku, Kobe-shi, Hyogo	TBI	937	1,350	973	0.3
		R-37	KDX Residence Hommachibashi	2-14, Hommachibashi, Chuo-ku, Osaka-shi, Osaka	TBI	3,024	4,180	3,201	1.1
		R-38	KDX Residence Minami-kusatsu	1-8, Minamikusatsu 1-chome, Kusatsu-shi, Shiga	TBI	1,916	2,640	1,974	0.6
		R-39	KDX Residence Ohori Harbor View Tower	2-18, Minato 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	4,276	5,270	4,606	1.5
		R-40	KDX Residence Minami-sanjo	3-2, Minami 3-jo Nishi 8-chome, Chuo-ku, Sapporo-shi, Hokkaido	TBI	911	1,970	915	0.3
		R-41	Serenite Kita-kyuhoji	3-15, Kitakyuhojimachi 1-chome, Chuo-ku, Osaka-shi, Osaka	TBI	1,199	1,780	1,290	0.4
		R-42	Serenite Nishinomiya Hommachi	5-26, Hommachi, Nishinomiya-shi, Hyogo	TBI	606	783	617	0.2
		R-43	KDX Residence Nishijin	24-30, Nishijin 2-chome, Sawara-ku, Fukuoka-shi, Fukuoka	TBI	1,709	1,850	1,600	0.5
		R-44	Serenite Kobe Motomachi	1-22, Kaigandori 3-chome, Chuo-ku, Kobe-shi, Hyogo	TBI	2,376	2,790	2,390	0.8
		R-45	KDX Residence Shukugawa Hills	7-1, Hinoike-cho, Nishinomiya-shi, Hyogo	TBI	7,248	7,480	6,884	2.3
		R-46	KDX Residence Sendai Station East	2-13 Teppocho-nishi, Miyagino-ku, Sendai-shi, Miyagi	TBI	1,371	1,590	1,340	0.4
		R-47	Serenite Koshien Plie	5-2-6, Naruo-cho, Nishinomiya-shi, Hyogo	TBI	814	865	770	0.3
Subtotal						221,356	309,498	222,570	73.2
Healthcare Facilities	Tokyo Metropolitan Area	H-1	Irise Kamata/Yuseien	2-15-21 Kitakojiya, Ota-ku, Tokyo	TBI	1,049	1,120	1,120	0.4
		H-2	Nichii Home Nakano-Minamidai	3-26-24 Minamidai, Nakano-ku, Tokyo	TBI	1,747	2,110	1,780	0.6
		H-3	Joy Stage Hachioji	924-2 Yokokawamachi, Hachioji-shi, Tokyo	TBI	3,719	4,120	3,690	1.2
		H-4	Yuimaru Hijirigaoka ^(Note 3)	2-22-4 Hijirigaoka, Tama-shi, Tokyo (Building A) 2-20-6 Hijirigaoka, Tama-shi, Tokyo (Building B) 2-21-2 Hijirigaoka, Tama-shi, Tokyo (Building C)	TBI	1,023	1,190	1,120	0.4
		H-5	Nichii Home Tama Plaza	2-23-6, Inukura, Miyamae-ku, Kawasaki-shi, Kanagawa	TBI	2,678	3,170	2,940	1.0
		H-21	Plaisant Grand Ota tamagawa	2-19-4 Tamagawa, Ota-ku, Tokyo	TBI	3,161	3,490	3,057	1.0
		H-22	Tsukui Sun-shine Machida ^(Note3)	1-11-7 Oyamagaoka Machida-shi, Tokyo (West Tower) 1-11-8 Oyamagaoka Machida-shi, Tokyo (East Tower)	TBI	6,905	7,650	6,934	2.3
		H-23	Serabi Ebisu	2-10-20, Mita, Meguro-ku, Tokyo	TBI	1,708	1,740	1,690	0.6
		H-27	SOMPO Care LAVIERE Residence Kawasaki Shimmachi ^(Note 4)	2-3-2, Odasakae, Kawasaki-shi, Kanagawa	TBI	1,517	1,600	1,470	0.5
		H-28	SOMPO care Sompno no ie S Fujimino	1-15-12, Minamidai, Fujimino-shi, Saitama	TBI	1,572	1,630	1,520	0.5

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Use	Area	No.	Property name	Location	Form of ownership (Note 1)	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen) ^(Note 2)	Acquisition price (Millions of yen)	Ratio (%)
Healthcare Facilities	Tokyo Metropolitan Area	H-32	Tsukui Sun-shine Adachi	6-10-3, Hanahata, Adachi, Tokyo	RE	866	915	830	0.3
		H-33	SOMPO Care LAVIERE Ichinoe	4-5-2, Nishi ichinoe, Egogawa, Tokyo	RE	1,229	1,260	1,184	0.4
		H-34	Nichii Home Hachimanyama	1-19-18, Hachimanyama, Setagaya-ku, Tokyo	TBI	2,208	2,420	2,065	0.7
		H-38	Sunny Life Tachikawa	5-79-23, Kamisuna-cho, Tachikawa-shi, Tokyo	RE	1,942	1,960	1,850	0.6
		H-39	Rehabili-home Bon Sejour Minamisenzoku	1-1-8, Minamisenzoku, Ota-ku, Tokyo	RE	1,561	1,590	1,470	0.5
	Other Regional Areas	H-6	Ten	6-3-1 Tsukisamuchuodori, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	2,461	2,660	2,630	0.9
		H-7	Irise Nishioka	13-7-10 Nishioka Sanjo, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	764	893	858	0.3
		H-8	Izarie Eniwa Building	1-8-1 Aioimachi, Eniwa-shi, Hokkaido	TBI	1,465	1,820	1,660	0.5
		H-9	Sawayaka Sakura Nibankan	1-10-3 Oroshimachi, Akita-shi, Akita	TBI	862	1,020	989	0.3
		H-10	Activa Biwa ^(Note 3)	6-16-16 Ogoto, Otsu-shi, Shiga 6-11-8 Ogoto, Otsu-shi, Shiga 6-17-17 Ogoto, Otsu-shi, Shiga	TBI	6,293	6,500	6,560	2.2
		H-11	Sompo Care LAVIERE Kobe Tarumi	285 Sarukura, Myodanicho, Tarumi-ku, Kobe-shi, Hyogo	TBI	1,995	2,240	2,110	0.7
		H-12	Rehabili-home Granda Mondo Yakujin	10-10 Hayashidacho, Nishinomiya-shi, Hyogo	TBI and RE	1,150	1,340	1,253	0.4
		H-13	Excellent Nishinomiya	2-4-3 Sumiredai, Nishinomiya-shi, Hyogo	TBI	878	973	971	0.3
		H-15	Excellent Kitano	10 Kitanohigashi, Kobaicho, Kita-ku, Kyoto-shi, Kyoto	TBI	729	836	737	0.2
		H-16	Anesis Teradacho	1-4-24, Hayashiji, Ikuno-ku, Osaka-shi, Osaka	TBI	3,312	3,690	3,490	1.1
		H-17	Rococo-riha	6-7 Hozan-cho, Toyonaka-shi, Osaka	TBI	1,964	2,200	2,100	0.7
		H-18	Orange Suma	3-622-11, Wakakusa-cho, Suma-ku, Kobe-shi, Hyogo	TBI	2,643	2,820	2,810	0.9
		H-19	Canadian Hill	2-3-1 Nagaminedai, Nada-ku, Kobe-shi, Hyogo	TBI	1,807	1,880	1,830	0.6
		H-20	Anesis Hyogo	1-8-21, Yoshida-cho, Hyogo-ku, Kobe-shi, Hyogo	TBI	1,449	1,440	1,420	0.5
		H-24	Arute Ishiyagawa	1-10-13, Mikage tsuka-machi, Higashi nada-ku, Kobe-shi, Hyogo	TBI	1,044	1,370	1,061	0.3
		H-25	Medical-home Granda Kurakuen	6-6, Okuhata, Nishinomiya-shi, Hyogo	TBI	2,788	3,000	2,709	0.9
		H-26	Rehabili-home Granda Kobe Kitano	4-12-1, Kitano-cho, Chuo-ku, Kobe-shi, Hyogo	TBI	1,769	2,030	1,720	0.6
		H-29	Irise Kobe Rokko	4-6-3, Shinohara Hommachi, Nada-ku, Kobe-shi, Hyogo	TBI	1,247	1,420	1,200	0.4
		H-30	Excellent Hanayashiki Garden Hills	4-1-6, Hanayashiki Shoen, Takarazuka-shi, Hyogo	TBI	1,353	1,470	1,287	0.4
		H-31	Excellent Takarazuka Garden Hills	5-4-1, Hirai, Takarazuka-shi, Hyogo	TBI	2,450	2,610	2,340	0.8
		H-35	Life ship Oasa	4-9, Oasa Ougimachi, Ebetsu-shi, Hokkaido	TBI	1,162	1,210	1,088	0.4
		H-36	Life ship Yunokawa	3-12-15, Yunokawa-cho, Hakodate-shi, Hokkaido	TBI	1,085	1,120	1,020	0.3

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Use	Area	No.	Property name	Location	Form of ownership (Note1)	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen) ^(Note 2)	Acquisition price (Millions of yen)	Ratio (%)
Healthcare Facilities	Others	H-37	Life ship Fukazawa	8-13, Taishimachi, Fukagawa-shi, Hokkaido	TBI	827	895	758	0.2
		H-14	Gran Hills Ogawarako	57-2 Tachino Oura-aza, Tohokumachi-Oaza, Kamikita-gun, Aomori	TBI	1,253	1,380	1,380	0.5
Subtotal						75,656	82,782	76,702	25.2
Accommodation Facilities	Tokyo Metropolitan Area	A-1	Hotel LiVEMAX Tokyo-Otsuka-Ekimae	3-44-12 Minami-Otsuka, Toshima-ku, Tokyo	TBI	2,424	2,370	2,390	0.8
		A-2	Hotel LiVEMAX Yokohamaeki-Nishiguchi	2-10-32 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa	TBI	2,606	2,600	2,570	0.8
Subtotal						5,031	4,970	4,960	1.6
Total						302,043	397,250	304,232	100.0

(Note 1) "TBI" represents trust beneficiary interest in real estate and "RE" represents real estate.

(Note 2) "Appraisal value at the end of the fiscal period" is the appraisal value in a real property appraisal prepared, pursuant to the asset appraisal techniques and standards in KDR's certificate of incorporation and the rules of the Investment Trusts Association, Japan, by Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. or Tanizawa Sogo Appraisal Co., Ltd.

(Note 3) R-24 and H-22 consist of two buildings and H-4, H-10 consist of three buildings, book value and appraisal value are total amount of each value of the properties.

(Note 4) The name of property (H-27) was changed from "Grapes Kawasaki Shinmachi" on April 1, 2023. The same shall apply hereinafter.

The overview of the Assets to-be acquired

Use	Area	Name	Location	Form of ownership	Book value (Millions of yen)	Appraisal value at the end of the fiscal period (Millions of yen)
Residential properties	Tokyo Metropolitan Area	River City 21 East Towers II (25% quasi co-ownership interest)	2-1-2 Tsukuda, Chuo-ku, Tokyo	TBI	10,775	9,232
Accommodation Facilities		remm roppongi building (20% quasi co-ownership interest)	7-14-4, Roppongi, Minato-ku, Tokyo	TBI	4,060	3,960

(B) Overview of Tenants

Use	No.	Property name	Type ^(Note 1,2)	Leasable area(m ²) (Note 3)	Leased area (m ²) (Note 4)	Occupancy (%) (Note 5)	Leasable units (unit) (Note 6)	Leased units (unit) (Note 7)	Number of tenants (Note 8)	Rental operating revenues (Note 9)	
										(Millions of yen)	Share (%)
Residential properties	T-1	KDX Daikanyama Residence	Small family	5,338.99	5,093.87	95.4	86	81	1	168	1.7
	T-3	KDX Odemma Residence	Small family	2,353.23	2,311.21	98.2	54	53	1	60	0.6
	T-4	KDX Iwamoto-cho Residence	Small family	1,131.24	1,059.53	93.7	36	34	1	28	0.3
	T-5	KDX Bunkyo Sengoku Residence	Single	2,054.10	1,959.23	95.4	77	73	1	52	0.5
	T-6	KDX Azumabashi Residence	Single	1,054.83	1,005.79	95.4	41	39	1	30	0.3
	T-7	KDX Shimura Sakaue Residence	Family	6,117.48	6,044.68	98.8	85	84	1	110	1.1
	T-9	Cosmo Heim Motosumiyoshi	Single	4,538.04	4,259.38	93.9	180	165	1	77	0.8
	T-10	KDX Musashi Nakahara Residence	Family	2,123.46	2,123.46	100.0	35	35	1	26	0.3
	T-11	KDX Chiba Chuo Residence	Single	3,546.91	3,438.51	96.9	106	103	1	64	0.6
	T-12	KDX Kawaguchi Saiwai-cho Residence	Small family	2,491.66	2,334.51	93.7	61	57	1	50	0.5
	T-13	KDX Residence Shirokane I	Small family	3,617.32	3,617.32	100.0	50	50	1	121	1.2
	T-15	KDX Residence Shirokane II	Single	2,889.66	2,771.26	95.9	85	82	1	92	0.9
	T-16	KDX Residence Minami-aoyama	Small family	1,680.79	1,648.59	98.1	20	19	1	61	0.6
	T-17	KDX Residence Minami-azabu	Small family	2,785.42	2,703.26	97.1	62	60	1	75	0.7
	T-18	KDX Residence Shiba Koen	Small family	2,507.52	2,380.26	94.9	64	61	1	67	0.7
	T-19	KDX Residence Azabu East	Single	1,849.00	1,806.98	97.7	76	74	1	58	0.6
	T-20	KDX Residence Takanawa	Small family	1,034.27	979.55	94.7	27	25	1	28	0.3
	T-21	KDX Residence Nishihara	Small family	2,310.08	2,251.00	97.4	39	38	1	53	0.5
	T-22	KDX Residence Daikanyama II	Family	985.10	985.10	100.0	17	17	1	31	0.3
	T-24	KDX Residence Nihombashi Suitengu	Family	5,534.86	5,534.86	100.0	79	79	1	107	1.1
	T-25	KDX Residence Nihombashi Hakozaeki	Single	1,537.38	1,496.36	97.3	60	58	1	41	0.4
	T-26	KDX Residence Higashi-shinjuku	Single	4,358.43	4,268.91	97.9	179	176	1	113	1.1
	T-27	KDX Residence Yotsuya	Family	3,101.16	3,042.46	98.1	42	41	1	84	0.8
	T-28	KDX Residence Nishi-shinjuku	Single	1,345.92	1,299.47	96.5	54	52	1	38	0.4
	T-29	KDX Residence Kagurazaka	Single	890.93	865.16	97.1	34	33	1	25	0.3
	T-30	KDX Residence Futako Tamagawa	Family	2,339.62	2,339.62	100.0	38	38	1	45	0.5
	T-31	KDX Residence Komazawa Koen	Small family	1,020.18	997.81	97.8	32	31	1	30	0.3
	T-32	KDX Residence Mishuku	Single	1,103.82	1,103.82	100.0	39	39	1	26	0.3
	T-33	KDX Residence Yoga	Single	1,012.80	1,012.80	100.0	38	38	1	25	0.3
	T-34	KDX Residence Shimouma	Single	829.05	802.93	96.8	29	28	1	20	0.2
	T-35	Raffine Minami-magome	Single	2,408.56	2,408.56	100.0	56	56	1	41	0.4
	T-36	KDX Residence Yukigaya Otsuka	Single	1,526.98	1,506.39	98.7	72	71	1	39	0.4
	T-37	KDX Residence Denenchofu	Family	2,359.44	2,359.44	100.0	36	36	1	40	0.4
	T-38	KDX Residence Tamagawa	Single	1,170.40	1,148.50	98.1	52	51	1	29	0.3
	T-39	KDX Residence Monzennakacho	Single	1,171.41	1,171.41	100.0	49	49	1	28	0.3
	T-40	KDX Residence Okachimachi	Single	1,329.79	1,304.93	98.1	51	50	1	34	0.3
	T-41	KDX Residence Moto-asakusa	Small family	1,314.91	1,282.16	97.5	44	43	1	29	0.3

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Use	No.	Property name	Type ^(Note 1,2)	Leasable area(m ²) (Note 3)	Leased area (m ²) (Note 4)	Occupancy (%) (Note 5)	Leasable units (unit) (Note 6)	Leased units (unit) (Note 7)	Number of tenants (Note8)	Rental operating revenues (Note 9)	
										(Millions of yen)	Share (%)
Residential properties	T-42	KDX Residence Itabashi Honcho	Single	1,127.58	1,127.58	100.0	46	46	1	25	0.3
	T-43	KDX Residence Azusawa	Single	989.82	989.82	100.0	39	39	1	20	0.2
	T-45	KDX Residence Yokohama Kannai	Single	1,602.16	1,535.11	95.8	72	69	1	36	0.4
	T-46	KDX Residence Miyamaedaira	Family	2,448.27	2,394.21	97.8	40	39	1	38	0.4
	T-47	KDX Residence Machida	Family	3,832.53	3,386.31	88.4	52	46	1	70	0.7
	T-48	KDX Residence Kinshicho	Family	2,024.81	2,024.81	100.0	33	33	1	47	0.5
	T-49	KDX Residence Nihombashi Hamacho	Family	1,756.27	1,756.27	100.0	28	28	1	38	0.4
	T-50	KDX Residence Nihombashi Ningyocho	Single	877.14	819.73	93.5	27	25	1	19	0.2
	T-51	KDX Residence Jiyugaoka	Small family	1,637.00	1,600.52	97.8	48	47	1	39	0.4
	T-52	KDX Residence Togoshi	Small family	4,591.76	4,536.97	98.8	144	142	1	125	1.2
	T-53	KDX Residence Shinagawa Seaside	Single	3,314.75	3,072.92	92.7	127	118	1	84	0.8
	T-54	KDX Residence Ojima	Single	2,372.67	2,332.02	98.3	117	115	1	68	0.7
	T-55	KDX Residence Oyama	Small family	4,009.07	3,955.17	98.7	145	143	1	96	1.0
	T-56	KDX Residence Hanzomon	Family	4,854.23	4,854.23	100.0	85	85	1	141	1.4
	T-57	KDX Residence Akihabara II	Single	1,254.50	1,229.82	98.0	52	51	1	31	0.3
	T-58	KDX Residence Kagurazaka Dori	Single	1,809.84	1,750.98	96.7	70	68	1	54	0.5
	T-59	KDX Residence Sendagi	Family	3,159.89	2,997.36	94.9	40	37	1	73	0.7
	T-60	KDX Residence Seijo	Small family	2,198.56	2,198.56	100.0	38	38	1	43	0.4
	T-61	KDX Residence Akihabara	Small family	1,929.61	1,929.61	100.0	32	32	1	43	0.4
	T-62	KDX Residence Iriya	Single	1,899.29	1,899.29	100.0	57	57	1	40	0.4
	T-63	KDX Residence Tachikawa	Single	4,314.87	4,184.73	97.0	174	169	1	103	1.0
	T-64	KDX Residence Tsurumi	Small family	3,499.84	3,442.34	98.4	59	58	1	56	0.6
	T-65	KDX Residence Morishita Chitose	Single	1,614.28	1,593.00	98.7	65	64	1	38	0.4
	T-66	KDX Residence Akasaka	Small family	1,180.71	1,139.24	96.5	28	27	1	43	0.4
	T-67	KDX Residence Kanda	Small family	1,031.09	1,031.09	100.0	30	30	1	30	0.3
	T-68	KDX Residence Ebisu	Small family	2,659.66	2,506.88	94.3	65	61	1	93	0.9
	T-69	KDX Residence Nishi-magome	Single	1,297.27	1,271.91	98.0	47	46	1	32	0.3
	T-70	KDX Residence Nishi-azabu	Small family	1,357.88	1,357.88	100.0	33	33	1	39	0.4
	T-71	KDX Residence Azabu Sendaizaka	Single	878.50	878.50	100.0	30	30	1	27	0.3
	T-72	KDX Residence Waseda Tsurumaki	Single	808.54	808.54	100.0	39	39	1	23	0.2
	T-73	KDX Residence Bunkyo Yushima	Single	939.89	825.92	87.9	38	34	1	25	0.2
	T-74	KDX Residence Kamishakujii	Single	1,032.18	1,032.18	100.0	47	47	1	24	0.2
T-75	KDX Residence Shin-otsuka	Single	872.00	872.00	100.0	40	40	1	30	0.3	
T-76	KDX Residence Sakurajosui	Single	1,227.16	1,201.96	97.9	43	42	1	30	0.3	
T-77	KDX Residence Ryogoku	Single	1,190.53	1,190.53	100.0	36	36	1	30	0.3	
T-78	KDX Residence Toyosu	Single	6,811.38	6,811.38	100.0	242	242	1	182	1.8	
T-79	KDX Residence Asagaya	Small family	1,996.08	1,925.08	96.4	44	42	1	52	0.5	
T-80	KDX Residence Hiyoshi	Family	6,131.93	5,990.19	97.7	92	90	1	82	0.8	

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Use	No.	Property name	Type ^(Note 1,2)	Leasable area(m ²) (Note 3)	Leased area (m ²) (Note 4)	Occupancy (%) (Note 5)	Leasable units (unit) (Note 6)	Leased units (unit) (Note 7)	Number of tenants (Note 8)	Rental operating revenues (Note 9)	
										(Millions of yen)	Share (%)
Residential properties	T-81	KDX Residence Kamikitazawa	Small family	1,971.07	1,971.07	100.0	39	39	1	40	0.4
	T-82	KDX Residence Kaminoge	Single	1,224.87	1,224.87	100.0	34	34	1	26	0.3
	T-83	KDX Residence Higashi-Asakusa	Single	1,013.40	1,013.40	100.0	36	36	1	21	0.2
	T-84	KDX Residence Nishi-Funabashi	Single	1,277.78	1,251.42	97.9	57	56	1	31	0.3
	T-85	KDX Residence Hatagaya	Single	2,659.50	2,505.15	94.2	87	82	1	65	0.6
	T-86	KDX Residence Asagaya II	Small family	957.67	868.86	90.7	32	29	1	23	0.2
	T-87	KDX Residence Gakugeidaigaku	Small family	820.01	782.51	95.4	23	22	1	19	0.2
	T-88	KDX Residence Kamata-minami	Single	2,203.87	2,203.87	100.0	80	80	1	50	0.5
	T-89	KDX Residence Kichijoji	Small family	665.39	665.39	100.0	21	21	1	15	0.2
	T-90	KDX Residence Mitaka	Small family	2,631.45	2,478.07	94.2	51	48	1	69	0.7
	T-91	KDX Residence Nakanobu	Single	845.78	825.18	97.6	32	31	1	23	0.2
	T-92	KDX Residence Ichikawa	Single	1,015.39	993.78	97.9	47	46	1	23	0.2
	T-93	KDX Residence Hatchobori	Family	2,821.15	2,751.36	97.5	46	45	1	85	0.9
	T-94	KDX Residence Nakaitabashi	Single	1,972.49	1,922.13	97.4	78	76	1	46	0.5
	T-95	KDX Residence Shonandai	Single	2,723.20	2,592.00	95.2	104	99	1	49	0.5
	T-96	KDX Residence Ikebukuro West	Single	2,274.70	2,274.70	100.0	89	89	1	56	0.6
	T-97	KDX Residence Tennocho	Single	1,185.08	1,185.08	100.0	29	29	1	23	0.2
	T-98	KDX Residence Kawasaki	Single	1,179.11	1,179.11	100.0	57	57	1	26	0.3
	T-99	KDX Residence Kamata-minami II	Single	881.96	881.96	100.0	34	34	1	23	0.2
	T-100	KDX Residence Kamishakujii II	Small family	3,988.06	3,781.92	94.8	114	108	1	87	0.9
	T-101	KDX Residence Tsudanuma ^(Note 3)	Single	2,477.01	2,477.01	100.0	99	99	1	32	0.3
	T-102	KDX Residence Yokohama Momijizaka	Family	4,795.16	4,488.60	93.6	75	70	1	133	1.3
	T-103	KDX Residence Umejima	Small family	3,265.57	3,197.05	97.9	90	88	1	65	0.7
	T-104	KDX Residence Mizonokuchi	Single	4,103.23	4,077.11	99.4	98	97	1	76	0.8
	T-105	KDX Residence Hachioji Otsuka	Single	2,914.23	2,914.23	100.0	110	110	1	37	0.4
	T-106	KDX Residence Tsudanuma II	Small family	1,647.07	1,647.07	100.0	51	51	1	25	0.2
	T-107	KDX Residence Oyamadai	Family	2,993.65	2,872.01	95.9	46	44	1	67	0.7
	T-108	KDX Residence Asakusa	Single	907.20	806.40	88.9	27	24	1	22	0.2
	R-2	KDX Jozenji Dori Residence	Single	3,330.15	3,144.67	94.4	92	87	1	53	0.5
	R-3	KDX Izumi Residence	Family	2,798.20	2,518.38	90.0	40	36	1	44	0.4
	R-4	KDX Chihaya Residence	Small family	2,936.40	2,912.08	99.2	92	91	1	47	0.5
	R-5	KDX Sakaisuji Hommachi Residence	Small family	6,385.70	6,089.46	95.4	160	152	1	109	1.1
	R-7	KDX Takarazuka Residence	Family	4,631.16	4,631.16	100.0	80	80	1	60	0.6
R-8	KDX Shimizu Residence	Small family	6,255.16	6,129.71	98.0	148	145	1	78	0.8	
R-9	KDX Residence Odori Koen	Small family	2,762.76	2,584.52	93.5	78	73	1	34	0.3	
R-10	KDX Residence Kikusui Yojo	Small family	3,413.06	3,342.31	97.9	84	82	1	40	0.4	
R-11	KDX Residence Toyohira Koen	Small family	2,253.81	2,185.37	97.0	65	63	1	23	0.2	
R-13	KDX Residence Ichiban-cho	Small family	1,818.09	1,785.40	98.2	45	44	1	28	0.3	

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Use	No.	Property name	Type ^(Note 1,2)	Leasable area(m ²) (Note 3)	Leased area (m ²) (Note 4)	Occupancy (%) (Note 5)	Leasable units (unit) (Note 6)	Leased units (unit) (Note 7)	Number of tenants (Note 8)	Rental operating revenues (Note 9)	
										(Millions of yen)	Share (%)
Residential properties	R-16	KDX Residence Higashi-sakura I	Small family	6,221.83	5,522.86	88.8	187	166	1	85	0.9
	R-18	KDX Residence Jingumae	Small family	2,724.19	2,650.84	97.3	95	92	1	39	0.4
	R-19	KDX Residence Nishi-oji	Single	2,353.55	2,304.81	97.9	76	74	1	34	0.3
	R-20	KDX Residence Saiin	Single	1,094.81	1,049.92	95.9	49	47	1	18	0.2
	R-21	KDX Residence Namba	Single	3,387.30	3,335.99	98.5	118	116	1	57	0.6
	R-22	KDX Residence Namba-minami	Single	3,813.31	3,736.27	98.0	131	128	1	55	0.5
	R-24	KDX Residence Ibaraki I・II ^(Note 4)	Family	4,701.87	4,701.87	100.0	61	61	1	55	0.5
	R-25	KDX Residence Toyonaka-minami	Small family	2,024.50	1,991.82	98.4	70	69	1	30	0.3
	R-26	KDX Residence Moriguchi	Family	1,942.78	1,942.78	100.0	28	28	1	25	0.3
	R-27	KDX Residence Sannomiya	Single	2,292.72	2,292.72	100.0	86	86	1	40	0.4
	R-28	Ashiya Royal Homes	Family	4,044.46	3,589.74	88.8	22	19	1	63	0.6
	R-29	KDX Residence Funairi Saiwai-cho	Single	1,889.53	1,889.53	100.0	64	64	1	28	0.3
	R-30	KDX Residence Tenjin-higashi II	Small family	2,602.53	2,437.29	93.7	63	59	1	31	0.3
	R-32	KDX Residence Nishi Koen	Family	2,522.16	2,522.16	100.0	36	36	1	32	0.3
	R-33	KDX Residence Hirao Josui-machi	Family	2,098.68	2,098.68	100.0	24	24	1	29	0.3
	R-35	Leopalace Flat Shin-sakae	Single	11,589.95	11,589.95	100.0	274	274	1	121	1.2
	R-36	KDX Residence Konan Yamate	Small family	1,923.22	1,863.48	96.9	55	53	1	32	0.3
	R-37	KDX Residence Hommachibashi	Small family	6,511.88	6,339.71	97.4	134	130	1	108	1.1
	R-38	KDX Residence Minami-kusatsu	Single	5,735.96	5,539.96	96.6	170	164	1	108	1.1
	R-39	KDX Residence Ohori Harbor View Tower	Small family	11,855.63	11,430.11	96.4	212	204	1	185	1.8
	R-40	KDX Residence Minami-sanjo	Small family	5,269.39	5,235.42	99.4	114	113	1	58	0.6
	R-41	Serenite Kita-kyuhoji	Single	2,277.14	2,167.46	95.2	85	81	1	43	0.4
	R-42	Serenite Nishinomiya Hommachi	Single	1,351.68	1,326.33	98.1	51	50	1	24	0.2
	R-43	KDX Residence Nishijin	Small family	4,472.72	4,234.78	94.7	128	121	1	58	0.6
	R-44	Serenite Kobe Motomachi	Single	3,787.85	3,542.29	93.5	138	129	1	79	0.8
	R-45	KDX Residence Shukugawa Hills	Family	17,575.39	17,084.80	97.2	239	233	1	222	2.2
	R-46	KDX Residence Sendai Station East	Single	2,254.34	2,228.73	98.9	88	87	1	41	0.4
R-47	Serenite Koshien Plie	Small family	1,438.36	1,438.36	100.0	49	49	1	26	0.3	
Subtotal				385,055.55	374,416.75	97.2	10,046	9,761	141	7,685	76.2
Healthcare Facilities	H-1	Irise Kamata/Yuseien	Fee-based nursing	2,086.40	2,086.40	100.0	—	—	1	Not disclosed (Note 10)	Not disclosed (Note 10)
	H-2	Nichii Home Nakano-Minamidai	Fee-based nursing	3,339.00	3,339.00	100.0	—	—	1		
	H-3	Joy Stage Hachioji	Fee-based nursing	13,812.27	13,812.27	100.0	—	—	1		
	H-4	Yuimaru Hijirigaoka	Fee-based residential	4,385.53	4,385.53	100.0	—	—	1		
	H-5	Nichii Home Tama Plaza	Fee-based nursing	8,208.65	8,208.65	100.0	—	—	1		
	H-6	Ten	Fee-based nursing	6,473.60	6,473.60	100.0	—	—	1		
	H-7	Irise Nishioka	Fee-based residential	3,140.27	3,140.27	100.0	—	—	1		
	H-8	Izarie Eniwa Building	Fee-based nursing	5,343.39	5,343.39	100.0	—	—	1		
	H-9	Sawayaka Sakura Nibankan	Fee-based nursing	3,628.51	3,628.51	100.0	—	—	1	Not disclosed (Note 10)	Not disclosed (Note 10)

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Use	No.	Property name	Type ^(Note 1,2)	Leasable area(m ²) (Note 3)	Leased area (m ²) (Note 4)	Occupancy (%) (Note 5)	Leasable units (unit) (Note 6)	Leased units (unit) (Note 7)	Number of tenants (Note8)	Rental operating revenues (Note 9)				
										(Millions of yen)	Share (%)			
Healthcare Facilities	H-10	Activa Biwa ^(Note 4)	Fee-based nursing	39,649.84	39,649.84	100.0	—	—	1	2,280	22.6			
	H-11	Sompo Care LAVIERE Kobe Tarumi	Fee-based nursing	4,493.35	4,493.35	100.0	—	—	1					
	H-12	Rehabili-home Granda Mondo Yakujin	Fee-based residential	3,287.80	3,287.80	100.0	—	—	1					
	H-13	Excellent Nishinomiya	Fee-based nursing	2,685.48	2,685.48	100.0	—	—	1					
	H-14	Gran Hills Ogawarako	Serviced housing	4,180.28	4,180.28	100.0	—	—	1					
	H-15	Excellent Kitano	Fee-based residential	1,339.58	1,339.58	100.0	—	—	1					
	H-16	Anesis Teradacho	Fee-based nursing	7,856.64	7,856.64	100.0	—	—	1					
	H-17	Rococo-riha	Fee-based nursing	3,860.29	3,860.29	100.0	—	—	1					
	H-18	Orage Suma	Fee-based nursing	5,995.74	5,995.74	100.0	—	—	1					
	H-19	Canadian Hill	Fee-based nursing	3,731.26	3,731.26	100.0	—	—	1					
	H-20	Anesis Hyogo	Fee-based nursing	4,415.16	4,415.16	100.0	—	—	1					
	H-21	Plaisant Grand Ota tamagawa	Fee-based nursing	3,175.15	3,175.15	100.0	—	—	1					
	H-22	Tsukui Sun-shine Machida ^(Note4)	Fee-based nursing	15,553.33	15,553.33	100.0	—	—	1					
	H-23	Serabi Ebisu	Fee-based nursing	1,557.73	1,557.73	100.0	—	—	1					
	H-24	Arute Ishiyagawa	Fee-based nursing	3,444.81	3,444.81	100.0	—	—	1					
	H-25	Medical-home Granda Kurakuen	Fee-based nursing	3,900.59	3,900.59	100.0	—	—	1					
	H-26	Rehabili-home Granda Kobe Kitano	Fee-based nursing	2,725.53	2,725.53	100.0	—	—	1					
	H-27	SOMPO Care LAVIERE Residence Kawasaki Shimmachi	Serviced housing	3,455.79	3,455.79	100.0	—	—	1					
	H-28	SOMPO care Sompo no ie S Fujimino	Serviced housing	3,693.83	3,693.83	100.0	—	—	1					
	H-29	Irise Kobe Rokko	Fee-based nursing	2,278.43	2,278.43	100.0	—	—	1					
	H-30	Excellent Hanayashiki Garden Hills	Fee-based nursing	3,469.84	3,469.84	100.0	—	—	1					
	H-31	Excellent Takarazuka Garden Hills	Fee-based nursing	5,414.02	5,414.02	100.0	—	—	1					
	H-32	Tsukui Sun-shine Adachi	Fee-based nursing	2,204.45	2,204.45	100.0	—	—	1					
	H-33	SOMPO Care LAVIERE Ichinoe	Fee-based nursing	2,306.95	2,306.95	100.0	—	—	1					
	H-34	Nichii Home Hachimanyama	Fee-based nursing	2,739.47	2,739.47	100.0	—	—	1					
	H-35	Life ship Oasa	Serviced housing	3,406.41	3,406.41	100.0	—	—	1					
	H-36	Life ship Yunokawa	Serviced housing	3,413.76	3,413.76	100.0	—	—	1					
	H-37	Life ship Fukagawa	Serviced housing	3,397.74	3,397.74	100.0	—	—	1					
	H-38	Sunny Life Tachikawa	Fee-based nursing	3,485.36	3,485.36	100.0	—	—	1					
	H-39	Rehabili-home Bon Sejour Minamisenzoku	Fee-based nursing	1,979.78	1,979.78	100.0	—	—	1					
	Subtotal				203,516.01	203,516.01	100.0	—	—			39		
	Accommodation Facilities	A-1	Hotel LIVEMAX Tokyo-Otsuka-Ekimae	—	1,660.21	1,660.21	100.0	—	—			1	Not disclosed (Note 10)	Not disclosed (Note 10)
		A-2	Hotel LIVEMAX Yokohamaeki- Nishiguchi	—	1,997.18	1,997.18	100.0	—	—			1		
		Subtotal				3,657.39	3,657.39	100.0	—			—		
	Total				592,228.95	581,590.15	98.2	10,046	9,761			182	10,083	100.0

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(Note 1) “Type” is the classification of the principal residential unit of the building, the studio type, the small family type or family type as described below.

Studio type (housing mainly for single households)	Small family type (housing mainly for married-couple households and family households with an infant)	Family type (housing mainly for family households of 3 person or more)
The exclusively owned area per residential unit contains at least 18m ² , but less than 30m ² and at least 20 residential units per property.	The exclusively owned area per residential unit contains at least 30m ² , but less than 60m ² and at least 15 residential units per property.	The exclusively owned area per residential unit contains at least 60m ² per unit and at least 5 residential units per property.

(Note 2) “Category” is according to the below classification:

Paid Nursing Home	Residential Type Paid Nursing Home	Serviced Housing for the Elderly	Geriatric Health Services Facilities
Paid nursing homes for the elderly that fall under the prefectural government’s designation of “Daily Life Long-Term Care Admitted to a Specified Facility” for long-term insurance.	Nursing homes for the elderly that neither fall under the prefectural government’s designation of “Daily Life Long-Term Care Admitted to a Specified Facility” for long-term insurance nor care homes.	Rental housing or paid nursing homes registered in prefectures that meet criteria of housing conditions (floor area, equipment, and structure), services for residents, and contracts with residents prescribed in Act on Securement of Stable Supply of Elderly Persons’ Housing.	Facilities approved by prefectures aiming to provide medical treatment, nursing care and functional training under medical supervision, other necessary medical services, and everyday care for those who require nursing care based on the facility’s service plan.

(Note 3) “Total leasable area” is the floor area described in the lease agreements that is leasable at the asset (in case the asset contains more than one building, the sum of the leasable floor area of such buildings) as of July 31, 2023.

(Note 4) “Leased area” indicates the total leased area based on the lease agreements for each property as of July 31, 2023.

(Note 5) The “occupancy rate” = leased area / leasable area x 100. The “total” for the “occupancy rate” column is the occupancy rate for the portfolio as a whole.

(Note 6) “Leasable unit” indicates the number of units described in the lease agreements that is leasable at the property (including retail shops) as of July 31, 2023.

(Note 7) “Leased units” indicates the total leased units based (including retail shops) on the lease agreements for each property as of July 31, 2023.

(Note 8) Regarding residential, in the “number of tenants” column, if a master lease agreement has been executed with a master lease company, 1 is entered as the number of tenants. As of July 31, 2023, master lease agreements had been executed for all investment assets of KDR except for Raffine Minami-magome; the “total” for the “number of tenants” is the sum of the master lease agreements for the properties (running number); and for the properties with no master lease agreement, the number of end tenants is entered. For reference, the total number of master lease companies is 11. “Total number of tenants” of the healthcare facility and accommodation facility lists the total number of tenants of the master lease contract pertaining to each asset effective as of July 31, 2023. For properties with no master lease agreement, the number of direct contractors (tenants) by the trustee or KDR is indicated. As of July 31, 2023, no master lease contracts have been signed in H-27 SOMPO Care LAVIERE Residence Kawasaki Shimmachi, H-28 SOMPO care Sompno ie S Fujimino, H-32 Tsukui Sun-shine Adachi, H-33 SOMPO Care. LAVIERE Ichinoe, H-38 Sunny Life Tachikawa and H-39 Rehabili-home Bon Sejour Minamiszoku.) Furthermore, the said master lease agreement is so-called pass through lease agreement, and as of July 31, 2023, the leased area under the said master lease agreement with the tenant is 186,389.79m² and the security deposit and guarantee is 0 yen.

(Note 9) “Rental and other operating revenues” is the sum of a property’s rental business income for each fiscal period.

(Note 10) KDR has not obtained consent from the tenant to release this information.

(C) Overview of Appraisal Reports

No.	Property name	Appraisal ^(Note 1)						
		Appraisal	Appraisal value (Millions of yen)	Direct capitalization method		DCF method		
				Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)
T-1	KDX Daikanyama Residence	F	7,950	8,040	3.1	7,850	2.9	3.2
T-3	KDX Odemma Residence	F	2,870	2,900	3.2	2,840	3.0	3.3
T-4	KDX Iwamoto-cho Residence	F	1,290	1,300	3.2	1,270	3.0	3.3
T-5	KDX Bunkyo Sengoku Residence	F	2,280	2,300	3.2	2,250	3.0	3.3
T-6	KDX Azumabashi Residence	F	1,160	1,170	3.3	1,140	3.1	3.4
T-7	KDX Shimura Sakaue Residence	F	4,370	4,410	3.6	4,330	3.4	3.7
T-9	Cosmo Heim Motosumiyoshi	F	2,580	2,600	3.9	2,560	3.7	4.0
T-10	KDX Musashi Nakahara Residence	F	797	802	4.0	791	3.8	4.1
T-11	KDX Chiba Chuo Residence	D	1,980	1,990	4.4	1,970	4.2	4.6
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,880	1,890	3.8	1,860	3.6	3.9
T-13	KDX Residence Shirokane I	F	4,490	4,540	3.2	4,440	3.0	3.3
T-15	KDX Residence Shirokane II	F	4,380	4,430	3.1	4,320	2.9	3.2
T-16	KDX Residence Minami-aoyama	F	2,840	2,870	3.2	2,800	3.0	3.3
T-17	KDX Residence Minami-azabu	F	3,400	3,430	3.1	3,360	2.9	3.2
T-18	KDX Residence Shiba Koen	F	2,840	2,860	3.1	2,810	2.9	3.2
T-19	KDX Residence Azabu East	F	2,540	2,560	3.2	2,510	3.0	3.3
T-20	KDX Residence Takanawa	F	1,370	1,380	3.1	1,350	2.9	3.2
T-21	KDX Residence Nishihara	F	2,290	2,310	3.3	2,270	3.1	3.4
T-22	KDX Residence Daikanyama II	F	1,390	1,410	3.3	1,370	3.1	3.4
T-24	KDX Residence Nihombashi Suitengu	D	4,750	4,850	3.6	4,710	3.6	3.8
T-25	KDX Residence Nihombashi Hakozaeki	D	1,600	1,630	3.6	1,590	3.4	3.8
T-26	KDX Residence Higashi-shinjuku	F	5,130	5,180	3.2	5,070	3.0	3.3
T-27	KDX Residence Yotsuya	F	3,710	3,740	3.3	3,670	3.1	3.4
T-28	KDX Residence Nishi-shinjuku	F	1,710	1,730	3.2	1,690	3.0	3.3
T-29	KDX Residence Kagurazaka	F	1,160	1,170	3.2	1,150	3.0	3.3
T-30	KDX Residence Futako Tamagawa	F	1,820	1,840	3.4	1,800	3.2	3.5
T-31	KDX Residence Komazawa Koen	F	1,410	1,420	3.2	1,390	3.0	3.3
T-32	KDX Residence Mishuku	F	1,180	1,190	3.2	1,160	3.0	3.3
T-33	KDX Residence Yoga	F	1,080	1,090	3.3	1,070	3.1	3.4
T-34	KDX Residence Shimouma	F	930	940	3.3	919	3.1	3.4
T-35	Raffine Minami-magome	F	1,630	1,640	4.2	1,620	4.0	4.3
T-36	KDX Residence Yukigaya Otsuka	F	1,590	1,600	3.5	1,570	3.3	3.6
T-37	KDX Residence Denenchofu	D	1,450	1,470	3.9	1,440	3.7	4.1
T-38	KDX Residence Tamagawa	F	1,130	1,140	3.6	1,120	3.4	3.7
T-39	KDX Residence Monzennakacho	F	1,200	1,210	3.3	1,180	3.1	3.4
T-40	KDX Residence Okachimachi	F	1,320	1,330	3.4	1,310	3.2	3.5
T-41	KDX Residence Moto-asakusa	F	1,220	1,230	3.4	1,210	3.2	3.5
T-42	KDX Residence Itabashi Honcho	F	958	965	3.6	951	3.4	3.7
T-43	KDX Residence Azusawa	F	781	787	3.6	775	3.4	3.7
T-45	KDX Residence Yokohama Kannai	F	1,180	1,180	3.8	1,170	3.6	3.9
T-46	KDX Residence Miyamaedaira	F	1,360	1,370	3.7	1,350	3.5	3.8
T-47	KDX Residence Machida	F	2,630	2,650	3.5	2,610	3.3	3.6
T-48	KDX Residence Kinshicho	F	2,150	2,170	3.3	2,130	3.1	3.4
T-49	KDX Residence Nihombashi Hamacho	F	1,610	1,620	3.3	1,600	3.1	3.4
T-50	KDX Residence Nihombashi Ningyocho	F	819	827	3.4	811	3.2	3.5
T-51	KDX Residence Jiyugaoka	F	1,950	1,970	3.1	1,920	2.9	3.2
T-52	KDX Residence Togoshi	F	5,750	5,810	3.3	5,690	3.1	3.4
T-53	KDX Residence Shinagawa Seaside	F	3,700	3,730	3.3	3,660	3.1	3.4
T-54	KDX Residence Ojima	F	2,910	2,940	3.4	2,880	3.2	3.5

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No.	Property name	Appraisal (Note 1)						
		Appraisal	Appraisal value (Millions of yen)	Direct capitalization method		DCF method		
				Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)
T-55	KDX Residence Oyama	F	3,970	4,000	3.6	3,930	3.4	3.7
T-56	KDX Residence Hanzomon	F	7,090	7,170	3.2	7,000	3.0	3.3
T-57	KDX Residence Akihabara II	F	1,320	1,330	3.2	1,300	3.0	3.3
T-58	KDX Residence Kagurazaka Dori	F	2,710	2,740	3.0	2,670	2.8	3.1
T-59	KDX Residence Sendagi	F	3,070	3,100	3.3	3,040	3.1	3.4
T-60	KDX Residence Seijo	F	1,920	1,940	3.3	1,900	3.1	3.4
T-61	KDX Residence Akihabara	F	1,950	1,970	3.3	1,930	3.1	3.4
T-62	KDX Residence Iriya	F	1,670	1,680	3.5	1,650	3.3	3.6
T-63	KDX Residence Tachikawa	F	4,350	4,390	3.5	4,300	3.3	3.6
T-64	KDX Residence Tsurumi	F	1,850	1,860	4.1	1,840	3.9	4.2
T-65	KDX Residence Morishita Chitose	M	1,520	1,550	3.5	1,490	3.3	3.7
T-66	KDX Residence Akasaka	F	2,430	2,460	2.9	2,390	2.7	3.0
T-67	KDX Residence Kanda	F	1,340	1,350	3.1	1,330	2.9	3.2
T-68	KDX Residence Ebisu	F	5,510	5,580	2.9	5,430	2.7	3.0
T-69	KDX Residence Nishi-magome	F	1,430	1,440	3.3	1,410	3.1	3.4
T-70	KDX Residence Nishi-azabu	F	2,020	2,040	3.0	1,990	2.8	3.1
T-71	KDX Residence Azabu Sendaizaka	F	1,330	1,340	3.0	1,310	2.8	3.1
T-72	KDX Residence Waseda Tsurumaki	F	967	977	3.2	956	3.0	3.3
T-73	KDX Residence Bunkyo Yushima	F	1,090	1,100	3.2	1,080	3.0	3.3
T-74	KDX Residence Kamishakujii	F	938	945	3.6	930	3.4	3.7
T-75	KDX Residence Shin-otsuka	F	1,220	1,230	3.6	1,200	3.4	3.7
T-76	KDX Residence Sakurajosui	F	1,340	1,350	3.2	1,330	3.0	3.3
T-77	KDX Residence Ryogoku	F	1,440	1,450	3.2	1,420	3.0	3.3
T-78	KDX Residence Toyosu	T	8,070	8,170	3.5	8,020	(1-4years) 3.7 (5year-) 3.6	3.7
T-79	KDX Residence Asagaya	F	2,570	2,600	3.2	2,540	3.0	3.3
T-80	KDX Residence Hiyoshi	F	3,040	3,060	3.7	3,010	3.5	3.8
T-81	KDX Residence Kamikitazawa	F	1,670	1,680	3.6	1,650	3.4	3.7
T-82	KDX Residence Kaminoge	F	1,460	1,480	3.2	1,430	3.0	3.3
T-83	KDX Residence Higashi-Asakusa	F	857	865	3.4	849	3.2	3.5
T-84	KDX Residence Nishi-Funabashi	F	1,190	1,190	3.9	1,180	3.7	4.0
T-85	KDX Residence Hatagaya	F	2,920	2,950	3.4	2,880	3.2	3.5
T-86	KDX Residence Asagaya II	F	1,110	1,120	3.5	1,090	3.3	3.6
T-87	KDX Residence Gakugeidaigaku	T	831	856	3.4	820	3.5	3.6
T-88	KDX Residence Kamata-minami	F	2,460	2,480	3.4	2,430	3.2	3.5
T-89	KDX Residence Kichijoji	T	650	663	3.8	645	3.9	4.0
T-90	KDX Residence Mitaka	F	3,280	3,310	3.5	3,250	3.3	3.6
T-91	KDX Residence Nakanobu	T	939	956	3.6	931	3.7	3.8
T-92	KDX Residence Ichikawa	D	946	966	3.7	938	3.5	3.9
T-93	KDX Residence Hatchobori	T	3,720	3,790	3.3	3,690	3.4	3.5
T-94	KDX Residence Nakaitabashi	F	2,030	2,040	3.4	2,010	3.2	3.5
T-95	KDX Residence Shonandai	D	1,730	1,760	4.0	1,710	3.8	4.2
T-96	KDX Residence Ikebukuro West	D	2,580	2,650	3.4	2,550	3.2	3.6
T-97	KDX Residence Tennocho	D	966	990	3.7	956	3.5	3.9
T-98	KDX Residence Kawasaki	D	1,080	1,100	3.7	1,070	3.3	3.9
T-99	KDX Residence Kamata-minami II	F	950	962	3.4	938	3.2	3.5
T-100	KDX Residence Kamishakujii II	T	3,570	3,630	3.6	3,540	3.7	3.8
T-101	KDX Residence Tsudanuma	D	1,390	1,420	4.2	1,370	3.9	4.3
T-102	KDX Residence Yokohama Momijizaka	F	5,810	5,850	3.5	5,770	3.3	3.6
T-103	KDX Residence Umejima	F	2,950	2,970	3.5	2,920	3.3	3.6

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No.	Property name	Appraisal (Note 1)						
		Appraisal	Appraisal value (Millions of yen)	Direct capitalization method		DCF method		
				Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)
T-104	KDX Residence Mizonokuchi	D	3,140	3,220	3.7	3,110	3.5	3.9
T-105	KDX Residence Hachioji Otsuka	D	1,690	1,730	4.0	1,670	3.8	4.2
T-106	KDX Residence Tsudanuma II	D	1,020	1,040	4.0	1,010	3.8	4.2
T-107	KDX Residence Oyamadai	F	3,680	3,720	3.5	3,630	3.3	3.6
T-108	KDX Residence Asakusa	F	1,160	1,170	3.3	1,150	3.1	3.4
R-2	KDX Jozenji Dori Residence	D	1,450	1,460	4.6	1,440	4.4	4.8
R-3	KDX Izumi Residence	F	1,650	1,660	3.8	1,640	3.6	3.9
R-4	KDX Chihaya Residence	F	1,680	1,690	3.9	1,670	3.7	4.0
R-5	KDX Sakaisuji Hommachi Residence	F	4,130	4,160	3.6	4,090	3.4	3.7
R-7	KDX Takarazuka Residence	F	2,230	2,240	3.7	2,210	3.5	3.8
R-8	KDX Shimizu Residence	F	2,430	2,440	3.9	2,410	3.7	4.0
R-9	KDX Residence Odori Koen	F	1,150	1,150	4.1	1,140	3.9	4.2
R-10	KDX Residence Kikusui Yojo	F	1,180	1,180	4.3	1,170	4.1	4.4
R-11	KDX Residence Toyohira Koen	F	651	653	4.4	649	4.2	4.5
R-13	KDX Residence Ichiban-cho	D	765	770	4.6	763	4.4	4.8
R-16	KDX Residence Higashi-sakura I	F	2,680	2,700	3.8	2,660	3.6	3.9
R-18	KDX Residence Jingumae	F	1,120	1,120	4.1	1,110	3.9	4.2
R-19	KDX Residence Nishi-oji	D	992	1,000	4.3	988	4.1	4.5
R-20	KDX Residence Saiin	D	556	562	4.3	553	4.1	4.5
R-21	KDX Residence Namba	F	1,940	1,950	3.9	1,920	3.7	4.0
R-22	KDX Residence Namba-minami	F	1,780	1,790	4.0	1,770	3.8	4.1
R-24	KDX Residence Ibaraki I・II (Note 2)	F	1,657	1,660	4.2	1,644	4.0	4.3
R-25	KDX Residence Toyonaka-minami	F	1,070	1,080	4.1	1,060	3.9	4.2
R-26	KDX Residence Moriguchi	F	783	786	4.0	779	3.8	4.1
R-27	KDX Residence Sannomiya	F	1,410	1,420	3.6	1,400	3.4	3.7
R-28	Ashiya Royal Homes	F	2,370	2,390	3.6	2,350	3.4	3.7
R-29	KDX Residence Funairi Saiwai-cho	F	827	830	4.7	824	4.5	4.8
R-30	KDX Residence Tenjin-higashi II	F	1,090	1,090	3.9	1,080	3.7	4.0
R-32	KDX Residence Nishi Koen	F	1,090	1,100	3.9	1,080	3.7	4.0
R-33	KDX Residence Hirao Josui-machi	F	1,090	1,090	3.7	1,080	3.5	3.8
R-35	Leopalace Flat Shin-sakae	M	4,730	4,790	3.9	4,660	3.8	4.1
R-36	KDX Residence Konan Yamate	F	1,350	1,360	3.6	1,340	3.4	3.7
R-37	KDX Residence Hommachi-bashi	F	4,180	4,200	3.6	4,150	3.4	3.7
R-38	KDX Residence Minami-kusatsu	D	2,640	2,650	5.0	2,630	4.8	5.2
R-39	KDX Residence Ohori Harbor View Tower	D	5,270	5,310	4.3	5,250	4.1	4.5
R-40	KDX Residence Minami-sanjo	F	1,970	1,980	4.1	1,960	3.9	4.2
R-41	Serenite Kita-kyuhoji	M	1,780	1,810	3.6	1,740	3.4	3.8
R-42	Serenite Nishinomiya Hommachi	T	783	792	4.3	779	4.4	4.5
R-43	KDX Residence Nishijin	T	1,850	1,880	4.1	1,840	4.2	4.3
R-44	Serenite Kobe Motomachi	T	2,790	2,830	4.0	2,770	4.1	4.2
R-45	KDX Residence Shukugawa Hills	D	7,480	7,550	4.0	7,450	3.8	4.2
R-46	KDX Residence Sendai Station East	F	1,590	1,600	4.0	1,580	3.8	4.1
R-47	Serenite Koshien Plie	T	865	867	4.2	864	4.3	4.4
H-1	Irise Kamata/Yuseien	D	1,120	1,150	4.3	1,110	4.1	4.5
H-2	Nichii Home Nakano-Minamidai	D	2,110	2,150	4.0	2,090	3.8	4.2
H-3	Joy Stage Hachioji	T	4,120	4,150	4.9	4,100	(1-10years) 4.8 (11year-) 5.0	5.1
H-4	Yuimaru Hijirigaoka	F	1,190	1,190	4.6	1,190	4.4	4.7
H-5	Nichii Home Tama Plaza	D	3,170	3,200	4.8	3,150	4.6	5.0
H-6	Ten	T	2,660	2,690	6.0	2,650	6.1	6.2

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No.	Property name	Appraisal (Note 1)						
		Appraisal	Appraisal value (Millions of yen)	Direct capitalization method		DCF method		
				Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)
H-7	Irise Nishioka	F	893	896	4.9	890	4.7	5.0
H-8	Izarie Eniwa Building	F	1,820	1,820	5.3	1,810	5.1	5.4
H-9	Sawayaka Sakura Nibankan	D	1,020	1,030	5.3	1,020	5.1	5.5
H-10	Activa Biwa	T	6,500	6,470	5.7	6,510	5.8	5.9
H-11	Sompo Care LAVIERE Kobe Tarumi	T	2,240	2,270	4.6	2,230	(1-7years) 4.6 (8year-) 4.7	4.8
H-12	Rehabili-home Granda Mondo Yakujin	F	1,340	1,350	4.2	1,320	3.9	4.3
H-13	Excellent Nishinomiya	T	973	979	4.7	971	(1-10years) 4.7 (11year-) 4.8	4.9
H-14	Gran Hills Ogawarako	T	1,380	1,380	7.0	1,380	(First year) 6.9 (2-years) 7.0 (7year-) 7.1	7.2
H-15	Excellent Kitano	T	836	845	4.4	832	(1-10year) 4.4 (11year-) 4.5	4.6
H-16	Anesis Teradacho	D	3,690	3,750	4.9	3,670	4.7	5.1
H-17	Rococo-riha	D	2,200	2,230	5.0	2,190	4.8	5.2
H-18	Orage Suma	T	2,820	2,840	5.2	2,810	(1-3years) 5.0 (4-10years) 5.1 (11year-) 5.2	5.4
H-19	Canadian Hill	T	1,880	1,900	4.7	1,870	(1-3years) 4.6 (4-10years) 4.7 (11year-) 4.8	4.9
H-20	Anesis Hyogo	T	1,440	1,450	4.8	1,430	(1-3years) 4.7 (4-10years) 4.8 (11year-) 4.9	5.0
H-21	Plaisant Grand Ota tamagawa	F	3,490	3,520	3.7	3,450	3.5	3.8
H-22	Tsukui Sun-shine Machida (Note3)	F	7,650	7,700	4.0	7,590	3.8	4.1
H-23	Serabi Ebisu	M	1,740	1,770	3.9	1,700	3.7	4.1
H-24	Arute Ishiyagawa	T	1,370	1,460	5.4	1,370	(1-3years) 5.1 (4-10years) 5.2 (11year-) 5.2	5.2
H-25	Medical-home Granda Kurakuen	T	3,000	3,040	4.3	2,980	(1-10years) 4.3 (11year-) 4.4	4.5
H-26	Rehabili-home Granda Kobe Kitano	F	2,030	2,040	4.1	2,010	3.9	4.2
H-27	Grapes Kawasaki Shimmachi	D	1,600	1,640	3.8	1,580	3.6	4.0
H-28	SOMPO care Sompo no ie S Fujimino	D	1,630	1,660	4.0	1,610	3.8	4.2
H-29	Irise Kobe Rokko	T	1,420	1,430	4.4	1,410	(1-3years) 4.3 (4-6years) 4.4 (7year-) 4.5	4.6
H-30	Excellent Hanayashiki Garden Hills	T	1,470	1,480	4.4	1,460	(1-10years) 4.4 (11year-) 4.5	4.6
H-31	Excellent Takarazuka Garden Hills	T	2,610	2,620	4.3	2,600	(1-10years) 4.3 (11year) 4.4	4.5
H-32	Tsukui Sun-shine Adachi	D	915	932	3.7	908	3.5	3.9
H-33	SOMPO Care LAVIERE Ichinoe	F	1,260	1,260	3.7	1,250	3.5	3.8
H-34	Nichii Home Hachimanyama	F	2,420	2,420	3.7	2,410	3.5	3.8
H-35	Life ship Oasa	D	1,210	1,220	5.2	1,210	5.0	5.4
H-36	Life ship Yunokawa	D	1,120	1,130	5.3	1,110	5.1	5.5
H-37	Life ship Fukagawa	D	895	902	5.6	892	5.4	5.8
H-38	Sunny Life Tachikawa	F	1,960	1,970	4.0	1,940	3.8	4.1

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No.	Property name	Appraisal (Note 1)						
		Appraisal	Appraisal value (Millions of yen)	Direct capitalization method		DCF method		
				Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)
H-39	Rehabili-home Bon Sejour Minamiszozoku	F	1,590	1,600	3.5	1,570	3.3	3.6
A-1	Hotel LiVEMAX Tokyo-Otsuka-Ekimae	T	2,370	2,420	4.1	2,350	(1-5years) 4.1 (6year-) 4.2	4.3
A-2	Hotel LiVEMAX Yokohamaeki-Nishiguchi	T	2,600	2,640	4.1	2,580	(1-5years) 4.1 (6year-) 4.2	4.3
Total		-	397,250	401,175	-	393,586	-	-

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- (Note 1) Values under “Appraisal Report” are from the appraisal reports prepared based on the Investment Trusts Act, the Act on Real Estate Appraisal (Act No. 152 of 1963, as amended) and the Japanese Real Estate Appraisal Standards by Japan Real Estate Institute (“F”), Daiwa Real Estate Appraisal Co., Ltd. (“D”), JLL Morii Valuation & Advisory K.K. (“M”), or Tanizawa Sogo Appraisal Co., Ltd. (“T”) after conducting appraisals for each asset. Appraisal Value and Value Indicated by Income Approach are rounded down to the nearest million yen. Note that the appraisal reports constitute the judgment and opinion of the appraiser as of the appraisal date (July 31, 2023) and do not guarantee the validity and accuracy of their contents or possible transactions at the appraisal values.
- (Note 2) The property is comprised of two buildings, and the Appraisal Value and Value Indicated by Income Approach are calculated as the sum of the two buildings. Direct Capitalization Rate, Discount Rate, and Terminal Cap Rate are based on values for KDX Residence Ibaraki I. Please refer to the following values for KDX Residence Ibaraki II.
Direct Capitalization Rate 4.2%, Discount Rate 4.0%, Terminal Cap Rate 4.3%
- (Note 3) The property is comprised of two buildings, and the Appraisal Value and Value Indicated by Income Approach are calculated as the sum of the two buildings. Direct Capitalization Rate, Discount Rate, and Terminal Cap Rate are based on values for Tsukui Sun-shine Machida (West Tower). Please refer to the following values for Tsukui Sun-shine Machida (East Tower).
Direct Capitalization Rate 4.0%, Discount Rate 3.8%, Terminal Cap Rate 4.1%

(D) Overview of Building Condition Investigation Reports

No.	Property name	Building Condition Investigation Reports ^(Note 1)			PML Report
		Investigation company	Repair, maintenance and renovation expenses (Thousands of yen) ^(Note 2)	Investigation performed in	PML value (%) ^(Note 3)
T-1	KDX Daikanyama Residence	D	161,561	July 2022	6.7
T-3	KDX Odemma Residence	D	79,292	July 2022	5.5
T-4	KDX Iwamoto-cho Residence	D	44,282	July 2022	5.5
T-5	KDX Bunkyo Sengoku Residence	D	66,797	July 2022	4.1
T-6	KDX Azumabashi Residence	T	37,507	July 2022	4.9
T-7	KDX Shimura Sakaue Residence	D	144,255	July 2022	7.0
T-9	Cosmo Heim Motosumiyoshi	D	158,319	Oct. 2020	7.2
T-10	KDX Musashi Nakahara Residence	T	82,385	July 2022	6.7
T-11	KDX Chiba Chuo Residence	T	63,026	July 2022	5.3
T-12	KDX Kawaguchi Saiwai-cho Residence	T	56,291	July 2022	5.8
T-13	KDX Residence Shirokane I	H	144,930	Jan. 2019	3.4
T-15	KDX Residence Shirokane II	H	135,390	Jan. 2019	3.4
T-16	KDX Residence Minami-aoyama	H	69,510	July 2019	5.7
T-17	KDX Residence Minami-azabu	H	114,450	Jan. 2019	6.1
T-18	KDX Residence Shiba Koen	H	121,760	July 2019	4.4
T-19	KDX Residence Azabu East	T	75,109	Jan. 2019	6.6
T-20	KDX Residence Takanawa	T	30,480	July 2019	6.6
T-21	KDX Residence Nishihara	H	95,040	Jan. 2019	7.0
T-22	KDX Residence Daikanyama II	D	41,075	Jan. 2019	3.9
T-24	KDX Residence Nihombashi Suitengu	D	112,545	July 2019	6.1
T-25	KDX Residence Nihombashi Hakozaki	D	54,041	July 2019	5.1
T-26	KDX Residence Higashi-shinjuku	H	213,090	July 2019	4.0
T-27	KDX Residence Yotsuya	T	42,028	July 2019	3.8
T-28	KDX Residence Nishi-shinjuku	T	44,651	July 2019	7.4
T-29	KDX Residence Kagurazaka	T	24,867	July 2019	5.9
T-30	KDX Residence Futako Tamagawa	T	105,060	Jan. 2019	4.8
T-31	KDX Residence Komazawa Koen	T	31,147	July 2019	7.5
T-32	KDX Residence Mishuku	H	48,010	Jan. 2019	5.3
T-33	KDX Residence Yoga	D	45,699	Jan. 2019	8.0
T-34	KDX Residence Shimouma	T	23,645	July 2019	5.6
T-35	Raffine Minami-magome	H	104,990	July 2019	5.4
T-36	KDX Residence Yukigaya Otsuka	D	58,973	July 2019	8.1
T-37	KDX Residence Denenchofu	D	51,194	Jan. 2019	5.6
T-38	KDX Residence Tamagawa	T	42,135	Jan. 2019	6.9
T-39	KDX Residence Monzennakacho	D	48,300	July 2019	8.1
T-40	KDX Residence Okachimachi	D	49,678	Jan. 2019	5.7
T-41	KDX Residence Moto-asakusa	H	69,210	Jan. 2019	6.1
T-42	KDX Residence Itabashi Honcho	T	22,453	July 2019	4.8
T-43	KDX Residence Azusawa	T	27,622	July 2019	7.0
T-45	KDX Residence Yokohama Kannai	H	84,910	Jan. 2019	7.1
T-46	KDX Residence Miyamaedaira	T	92,813	Jan. 2019	5.6
T-47	KDX Residence Machida	D	87,851	Jan. 2019	3.6
T-48	KDX Residence Kinshicho	T	61,515	Jan. 2020	6.0
T-49	KDX Residence Nihombashi Hamacho	D	40,215	Jan. 2020	6.1
T-50	KDX Residence Nihombashi Ningyocho	H	39,060	Jan. 2020	5.5
T-51	KDX Residence Jiyugaoka	H	61,550	Jan. 2020	5.6
T-52	KDX Residence Togoshi	T	147,641	Jan. 2020	3.8
T-53	KDX Residence Shinagawa Seaside	T	124,589	Jan. 2020	5.4
T-54	KDX Residence Ojima	T	71,084	Jan. 2020	6.1

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No.	Property name	Building Condition Investigation Reports ^(Note 1)			PML Report
		Investigation company	Repair, maintenance and renovation expenses (Thousands of yen) ^(Note 2)	Investigation performed in	PML value (%) ^(Note 3)
T-55	KDX Residence Oyama	T	108,080	Jan. 2020	3.0
T-56	KDX Residence Hanzomon	T	69,770	Jan. 2021	4.5
T-57	KDX Residence Akihabara II	D	44,883	July 2020	4.3
T-58	KDX Residence Kagurazaka Dori	T	59,797	Jan. 2021	2.7
T-59	KDX Residence Sendagi	H	122,600	Jan. 2021	5.1
T-60	KDX Residence Seijo	H	87,430	Jan. 2021	5.9
T-61	KDX Residence Akihabara	T	39,420	Jan. 2021	7.1
T-62	KDX Residence Iriya	T	45,896	Jan. 2021	5.3
T-63	KDX Residence Tachikawa	T	93,918	Jan. 2021	2.6
T-64	KDX Residence Tsurumi	T	127,158	Jan. 2021	8.6
T-65	KDX Residence Morishita Chitose	D	58,434	July 2021	6.0
T-66	KDX Residence Akasaka	T	17,850	July 2021	5.6
T-67	KDX Residence Kanda	T	20,116	July 2021	3.8
T-68	KDX Residence Ebisu	T	35,839	July 2021	7.0
T-69	KDX Residence Nishi-magome	D	26,380	Jan. 2022	3.6
T-70	KDX Residence Nishi-azabu	T	46,893	Jan. 2022	4.3
T-71	KDX Residence Azabu Sendaizaka	T	36,926	Jan. 2022	5.9
T-72	KDX Residence Waseda Tsurumaki	D	40,120	Jan. 2022	5.0
T-73	KDX Residence Bunkyo Yushima	D	44,613	Jan. 2022	4.8
T-74	KDX Residence Kamishakujii	T	33,660	Jan. 2022	5.7
T-75	KDX Residence Shin-otsuka	T	18,352	Jan. 2022	4.9
T-76	KDX Residence Sakurajosui	D	25,482	Jan. 2022	7.1
T-77	KDX Residence Ryogoku	D	24,851	Jan. 2022	4.8
T-78	KDX Residence Toyosu	D	126,882	July 2022	5.5
T-79	KDX Residence Asagaya	D	81,220	July 2023	6.7
T-80	KDX Residence Hiyoshi	D	191,182	July 2023	7.8
T-81	KDX Residence Kamikitazawa	H	70,950	Dec. 2018	5.8
T-82	KDX Residence Kaminoge	D	12,422	Dec. 2018	6.8
T-83	KDX Residence Higashi-Asakusa	D	28,986	Dec. 2018	5.2
T-84	KDX Residence Nishi-Funabashi	D	28,787	Sept. 2019	6.1
T-85	KDX Residence Hatagaya	D	85,843	Sept. 2019	4.1
T-86	KDX Residence Asagaya II	D	23,871	Sept. 2019	6.2
T-87	KDX Residence Gakugeidaigaku	D	24,342	Dec. 2019	5.4
T-88	KDX Residence Kamata-minami	D	18,708	Feb. 2020	6.0
T-89	KDX Residence Kichijoji	D	7,148	Mar. 2020	5.1
T-90	KDX Residence Mitaka	D	22,152	June 2020	5.8
T-91	KDX Residence Nakanobu	D	25,367	Dec. 2019	6.9
T-92	KDX Residence Ichikawa	D	22,374	Aug. 2020	9.0
T-93	KDX Residence Hatchobori	D	26,328	Sept. 2020	4.9
T-94	KDX Residence Nakaitabashi	D	15,974	Aug. 2020	6.6
T-95	KDX Residence Shonandai	D	83,477	Oct. 2020	6.5
T-96	KDX Residence Ikebukuro West	D	16,906	Jan. 2021	4.4
T-97	KDX Residence Tennocho	D	6,247	Jan. 2021	7.1
T-98	KDX Residence Kawasaki	D	9,687	Jan. 2021	6.8
T-99	KDX Residence Kamata-minami II	D	8,337	Apr. 2021	5.8
T-100	KDX Residence Kamishakujii II	D	30,934	Jan. 2021	7.8
T-101	KDX Residence Tsudanuma	D	62,850	Oct. 2021	5.5
T-102	KDX Residence Yokohama Momijizaka	D	51,189	Oct. 2021	8.0
T-103	KDX Residence Umejima	D	27,019	Jan. 2022	8.4
T-104	KDX Residence Mizonokuchi	D	31,872	Jan. 2022	8.9
T-105	KDX Residence Hachioji Otsuka	D	24,651	May 2022	5.5

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No.	Property name	Building Condition Investigation Reports ^(Note 1)			PML Report
		Investigation company	Repair, maintenance and renovation expenses (Thousands of yen) ^(Note 2)	Investigation performed in	PML value (%) ^(Note 3)
T-106	KDX Residence Tsudanuma II	D	28,678	Apr. 2022	8.4
T-107	KDX Residence Oyamadaï	D	24,181	Nov. 2022	7.6
T-108	KDX Residence Asakusa	D	8,986	Nov. 2022	5.8
R-2	KDX Jozenji Dori Residence	D	124,091	July 2022	0.5
R-3	KDX Izumi Residence	T	58,447	July 2022	3.1
R-4	KDX Chihaya Residence	T	80,322	July 2022	2.4
R-5	KDX Sakaisuji Hommachi Residence	T	189,433	July 2022	1.5
R-7	KDX Takarazuka Residence	T	135,222	July 2022	0.8
R-8	KDX Shimizu Residence	D	202,492	July 2022	0.8
R-9	KDX Residence Odori Koen	D	54,573	July 2019	0.1
R-10	KDX Residence Kikusui Yojo	D	76,194	July 2019	0.4
R-11	KDX Residence Toyohira Koen	D	50,020	July 2019	0.3
R-13	KDX Residence Ichiban-cho	D	42,526	Jan. 2019	1.2
R-16	KDX Residence Higashi-sakura I	H	230,750	Jan. 2019	0.3
R-18	KDX Residence Jingumae	H	105,470	Jan. 2019	3.5
R-19	KDX Residence Nishi-oji	D	65,443	Jan. 2019	0.5
R-20	KDX Residence Saiin	D	39,114	Jan. 2019	0.7
R-21	KDX Residence Namba	H	129,270	Jan. 2019	2.7
R-22	KDX Residence Namba-minami	H	138,500	Jan. 2019	5.0
R-24	KDX Residence Ibaraki I・II ^(Note 4)	H	191,230	July 2019	2.9
R-25	KDX Residence Toyonaka-minami	T	52,941	July 2019	2.2
R-26	KDX Residence Moriguchi	T	49,710	July 2019	4.4
R-27	KDX Residence Sannomiya	H	119,100	July 2019	0.7
R-28	Ashiya Royal Homes	H	124,210	July 2019	1.4
R-29	KDX Residence Funairi Saiwai-cho	T	47,878	Jan. 2019	1.6
R-30	KDX Residence Tenjin-higashi II	D	68,091	July 2019	0.3
R-32	KDX Residence Nishi Koen	D	61,039	July 2019	0.8
R-33	KDX Residence Hirao Josui-machi	D	40,168	July 2019	0.6
R-35	Leopalace Flat Shin-sakae	T	217,404	Jan. 2021	1.2
R-36	KDX Residence Konan Yamate	T	44,255	Jan. 2021	2.3
R-37	KDX Residence Hommachi bashi	T	143,799	Jan. 2021	1.4
R-38	KDX Residence Minami-kusatsu	D	157,421	Jan. 2021	0.4
R-39	KDX Residence Ohori Harbor View Tower	T	196,158	Jan. 2021	Below 0.1
R-40	KDX Residence Minami-sanjo	T	96,951	July 2021	0.2
R-41	Serenite Kita-kyuhoji	T	38,269	July 2021	1.2
R-42	Serenite Nishinomiya Hommachi	T	24,013	Jan. 2022	2.1
R-43	KDX Residence Nishijin	D	104,620	July 2022	1.0
R-44	Serenite Kobe Motomachi	D	73,003	July 2023	0.5
R-45	KDX Residence Shukugawa Hills	D	491,569	July 2023	1.0
R-46	KDX Residence Sendai Station East	D	13,056	Sept. 2019	0.3
R-47	Serenite Koshien Plie	D	16,652	Jan. 2022	2.8
H-1	Irise Kamata/Yuseien	T	95,186	July 2021	10.2
H-2	Nichii Home Nakano-Minamidai	T	48,688	July 2021	6.9
H-3	Joy Stage Hachioji	TK	155,210	June 2021	5.2
H-4	Yuimaru Hijirigaoka ^(Note 4)	E	82,510	July 2021	6.3
H-5	Nichii Home Tama Plaza	H	123,600	Apr. 2021	7.8
H-6	Ten	TK	74,510	Aug. 2022	1.6
H-7	Irise Nishioka	E	50,620	July 2021	0.6
H-8	Izarie Eniwa Building	TK	58,660	July 2021	2.8
H-9	Sawayaka Sakura Nibankan	TK	54,340	July 2021	2.8
H-10	Activa Biwa ^(Note 4)	E	372,840	July 2021	2.7

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No.	Property name	Building Condition Investigation Reports ^(Note 1)			PML Report
		Investigation company	Repair, maintenance and renovation expenses (Thousands of yen) ^(Note 2)	Investigation performed in	PML value (%) ^(Note 3)
H-11	Sompo Care LAVIERE Kobe Tarumi	TK	94,160	Aug. 2022	1.5
H-12	Rehabili-home Granda Mondo Yakujin	T	70,512	Aug. 2022	2.0
H-13	Excellent Nishinomiya	T	68,618	July 2021	1.9
H-14	Gran Hills Ogawarako	TK	106,560	June 2021	2.5
H-15	Excellent Kitano	D	15,236	July 2023	2.1
H-16	Anesis Teradacho	E	193,700	July 2023	2.3
H-17	Rococo-riha	E	72,620	July 2023	2.0
H-18	Orage Suma	E	156,830	July 2023	1.9
H-19	Canadian Hill	E	206,740	July 2023	1.3
H-20	Anesis Hyogo	E	97,910	July 2023	2.2
H-21	Plaisant Grand Ota tamagawa	E	39,667	Sept. 2018	7.4
H-22	Tsukui Sun-shine Machida ^(Note4)	E	166,720	East: Dec. 2018 West: Jan. 2019	7.6
H-23	Serabi Ebisu	H	44,670	Dec. 2018	6.3
H-24	Arute Ishiyagawa	E	71,230	Dec. 2018	3.0
H-25	Medical-home Granda Kurakuen	D	20,346	Jan. 2021	2.0
H-26	Rehabili-home Granda Kobe Kitano	D	45,021	Jan. 2021	2.8
H-27	Grapes Kawasaki Shimmachi	D	32,551	Oct. 2021	10.5
H-28	SOMPO care Sompo no ie S Fujimino	D	32,009	Oct. 2021	6.2
H-29	Irise Kobe Rokko	D	7,136	Feb. 2022	1.8
H-30	Excellent Hanayashiki Garden Hills	D	39,475	Feb. 2022	1.3
H-31	Excellent Takarazuka Garden Hills	D	29,623	Feb. 2022	2.4
H-32	Tsukui Sun-shine Adachi	D	35,360	June 2022	7.0
H-33	SOMPO Care LAVIERE Ichinoe	D	49,174	Sept. 2022	9.8
H-34	Nichii Home Hachimanyama	D	-	Nov. 2022	6.5
H-35	Life ship Oasa	D	46,995	Oct. 2022	1.0
H-36	Life ship Yunokawa	D	49,861	Oct. 2022	1.2
H-37	Life ship Fukagawa	D	51,638	Oct. 2022	0.5
H-38	Sunny Life Tachikawa	D	27,362	Feb. 2023	6.2
H-39	Rehabili-home Bon Sejour Minamisenzoku	D	46,392	Mar. 2023	6.2
A-1	Hotel LiVEMAX Tokyo-Otsuka-Ekimae	D	11,707	Jan. 2020	5.5
A-2	Hotel LiVEMAX Yokohamaeki-Nishiguchi	D	20,583	Jan. 2020	6.6
Total		—	13,368,017	—	2.5

(Note 1) Engineering Report represents the summary appraisal report of the portfolio prepared by HI International Consultant Co., Ltd. (“H”), Tokio Marine dR Co., Ltd. (“T”), Daiwa Real Estate Appraisal Co., Ltd. (“D”), ERI Solution Co., Ltd. (“E”), or Tokyo Bldg-Tech Center Co., Ltd. (“TK”) after conducting an investigation of building deterioration conditions, planning of short-term and long-term repair and maintenance, an investigation of building code compliance, an environmental assessment with respect to hazardous substances, and soil environment surveys. Note that the engineering reports constitute the judgment and opinion of the appraiser as of the certain point in time and do not guarantee the validity and accuracy of their contents.

(Note 2) Repair and maintenance expenses represents the sum of the estimated amount of repair and maintenance expenses required for 12 years from the base date set in the engineering report. These estimates are as of the date of the engineering report and are not as of the date of this document. In addition, inflation and consumption tax are not taken into account in calculating future repair and maintenance expenses.

(Note 3) Total PML value is the portfolio PML value of 182 properties that the Investment Corporation owns as of July 31, 2023 based on the Portfolio PML Evaluation Report dated August 2023, created by Sompo Risk Management Inc.

(Note 4) The properties are comprised of two or three buildings, thus the repair and maintenance expenses are calculated as the sum of the two or three buildings.

(2) Capital Expenditures on the Managed Assets

①Planned Capital Expenditures

The table below shows major capital expenditures for renovations, repairs and other projects that are planned for the 24th fiscal period ending October 31, 2023. These expenditures are for real estate owned by KDR and real estate in trusts in which KDR owns trust beneficiary rights. These planned projects may include some expenditure that will be recorded as expenses rather than capital expenditures for accounting purposes.

No.	Name of property	Location	Purpose	Scheduled	Planned amount of capital expenditure (Millions of yen)		
					Total	Payment for the period	Total of advanced payment
R-8	KDX Shimizu Residence	Fukuoka-shi Fukuoka	Major renewal construction	From August 2023 to October 2023	80	—	—
T-31	KDX Residence Komazawa Koen	Setagaya-ku Tokyo	Major renewal construction	From August 2023 to October 2023	36	—	—
H-1	Irise Kamata/Yuseien	Ota-ku Tokyo	Common area HVAC renewal construction	From August 2023 to October 2023	25	—	—
T-30	KDX Residence Futako Tamagawa	Setagaya-ku Tokyo	(Outside) Mecanical parking gate parts renewal	From August 2023 to October 2023	20	—	—

②Capital Expenditures During the 23rd Fiscal Period

The table below shows major capital expenditures for renovations, repairs and other projects in the 23rd fiscal period ended July 2023. The construction cost for the period amounted to 1,834 million yen, consisting of 1,446 million yen of capital expenditures and 388 million yen of repair and maintenance expenses.

No.	Name of property	Location	Purpose	Term	Capital expenditures (Millions of yen)
T-7	KDX Shimura Sakaue Residence	Itabashi-ku Tokyo	Major renewal construction	From February 2023 to July 2023	110
T-9	Cosmo Heim Motosumiyoshi	Kawasaki-shi Kanagawa	Major renewal construction	From October 2022 to February 2023	98
H-10	Activa Biwa	Otsu-shi Shiga	Major renewal construction	From February 2023 to July 2023	94
H-20	Anesis Hyogo	Kobe-shi Hyogo	Common area HVAC renewal construction	From April 2023 to May 2023	75
R-38	KDX Residence Minami-kusatsu others ^(Note)	Kusatsu-shi Shiga	Intercom facilities exchange construction	From February 2023 to July 2023	58
R-16	KDX Residence Higashi-sakura I	Nagoya-shi Aichi	Electric water heater replacement construction	From April 2023 to July 2023	44
H-20	Anesis Hyogo	Kobe-shi Hyogo	Hot water supply replacement construction	From March 2023 to July 2023	16
R-18	KDX Residence Jingumae	Nagoya-shi Aichi	Hot water supply replacement construction	From April 2023 to July 2023	16
R-18	KDX Residence Jingumae	Nagoya-shi Aichi	Common area construction	From May 2023 to July 2023	10
T-73	KDX Residence Bunkyo Yushima	Bunkyo-ku Tokyo	Elevator equipment replacement construction	From February 2023 to June 2023	7
Others					912
Total portfolio					1,446

(Note) Includes properties with number of R-22, R-25 and R-29.

③ Reserved Funds for Long-term Maintenance Plan

In accordance with its long-term repair and maintenance plan for each property, KDR sets aside, from the cash flow during the 23rd fiscal period, repair and maintenance reserves designed to finance payment of future medium- to long-term major repair and maintenance work.

(Millions of yen)

Term	19th From Feb. 1, 2021 to Jul. 31, 2021	20th From Aug. 1, 2021 to Jan. 31, 2022	21st Feb. 1, 2022 to Jul. 31, 2022	22nd From Aug. 1, 2022 to Jan. 31, 2023	23rd From Feb. 1, 2023 to Jul. 31, 2023
Reserve balance at the beginning of the period	982	1,015	1,036	1,052	1,067
Amount of reserve during the period	37	50	20	36	15
Reversal of reserves during the period	4	29	3	22	1
Amount carried forward to the next period	1,015	1,036	1,052	1,067	1,081

(3) Information Concerning Major Tenants

① Major tenant

There is no end tenant and sub-lease-type master lease company ^(Note) (referred collectively as “end tenant”) whose lease area represents more than 10% of the total lease area of the portfolio as of July 31, 2023.

(Note) “Sub-lease-type master lease company” refers to a master lease company that has entered into a master lease agreement to pay a fixed rent to a lessor regardless of the rent under the lease agreement with the end tenant.

② Top end-tenants in terms of rent

The following summarizes top five end-tenants as of July 31, 2023.

Name of end-tenants	Property name	Leased area (㎡)	Ratio(%) (Note 1)	Annual rent (Thousands of yen) ^(Note 2)	Security deposit (Thousands of yen) ^(Note 2)	Scheduled lease term maturity
Souseikai Medical Corporation	Anesis Teradacho	29,303.90	5.0	Not disclosed	Not disclosed	Mar. 28, 2036
	Rococo-riha					Mar. 28, 2036
	Orage Suma					Mar. 28, 2036
	Canadian Hill					Mar. 28, 2036
	Anesis Hyogo					Mar. 28, 2036
	Arute Ishiyagawa					Aug. 31, 2048
HIMEDIC Inc.	Activa Biwa	39,649.84	6.8	Not disclosed	Not disclosed	Aug. 28, 2027
RELOCATION JAPAN. LIMITED.	KDX Daikanyama Residence, 91 other properties	11,024.83	1.9			-
S-FIT PARTNERS CO., LTD	KDX Residence Yukigaya Otsuka, 6 other properties	8,207.06	1.4			-
TSUKUI CORPORATION	Tsukui Sun-shine Machida	17,757.78	3.1			Not disclosed
	Tsukui Sun-shine Adachi			Jan. 31, 2046		

(Note 1) “Ratio” is the ratio of leased area of the end-tenant to total leasable area of the portfolio as of July 31, 2023, and rounded to the nearest tenth.

(Note 2) We have not obtained consent from the tenant to release this information.

③ Top end-tenants in terms of leased area

The following summarizes top five end-tenants as of July 31, 2023.

Name of end-tenants	Property name	Leased area (m ²)	Ratio (%) (Note 1)	Annual rent (Thousands of yen) ^(Note 2)	Security deposit (Thousands of yen) ^(Note 2)	Scheduled lease term maturity
HIMEDIC Inc.	Activa Biwa	39,649.84	6.8	Not disclosed	Not disclosed	Aug. 28, 2027
Souseikai Medical Corporation	Anesis Teradacho	29,303.90	5.0			Mar. 28, 2036
	Rococo-riha					Mar. 28, 2036
	Orage Suma					Mar. 28, 2036
	Canadian Hill					Mar. 28, 2036
	Anesis Hyogo					Mar. 28, 2036
	Arute Ishiyagawa					Aug. 31, 2048
TSUKUI CORPORATION	Tsukui Sun-shine Machida	17,757.78	3.1			Mar. 31, 2042 (west) May 31, 2044 (east)
	Tsukui Sun-shine Adachi					Jan. 31, 2046
Nichii Carepalace Company	Nichii Home Nakano Minamidai	14,287.12	2.5			Mar. 31, 20327
	Nichii Home Tama Plaza					Jul. 31, 2032
	Nichii Home Hachimanyama					Mar. 31, 2048
Sompo Care Inc.	Sompo Care LAVIERE Kobe Tarumi	14,013.49	2.4			May 31, 2030
	Sompo Care LAVIERE Residence Kawasaki Shinmachi					Dec. 31, 2037
	SOMPO care Sompo no ie S Fujimino					Dec. 31, 2037
	SOMPO Care LAVIERE Ichinoe			Sept. 30, 2039		
	KDX Residence Toyohira Koen			-		
	KDX Residence Shinagawa Seaside			-		

(Note 1) "Ratio" is the ratio of leased area of the end-tenant to total leasable area of the portfolio as of July 31, 2023, and rounded to the nearest tenth.

(Note 2) We have not obtained consent from the tenant to release this information.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION (3278)

(Note 3) The following summarizes the pass through type master lease company where leased area represents 10% or more of the total portfolio as of

January 31, 2023.

Name of end-tenants	Type of business	No.	Property name	Leased area (㎡)	Annual rent (Thousands of yen) (※1)	Security deposit (Thousands of yen) (※2)	Scheduled lease term maturity(※3)
HASEKO LIVENET, Inc.	Real estate management	T-9	Cosmo Heim Motsumiyoshi	4,259.38	124,146	27,025	Nov. 1, 2023
		T-12	KDX Kawaguchi Saiwai-cho Residence	2,334.51	91,692	10,057	Jan. 31, 2024
		T-22	KDX Residence Daikanyama II	985.10	54,168	7,705	Aug. 6, 2024
		T-26	KDX Residence Higashi-shinjuku	4,268.91	211,326	19,153	Aug. 6, 2025
		T-29	KDX Residence Kagurazaka	865.16	46,195	5,285	Aug. 6, 2025
		T-33	KDX Residence Yoga	1,012.80	44,520	6,441	Aug. 6, 2025
		T-36	KDX Residence Yukigaya Otsuka	1,506.39	75,840	7,980	Aug. 6, 2025
		T-38	KDX Residence Tamagawa	1,148.50	53,652	5,806	Aug. 6, 2025
		T-42	KDX Residence Itabashi Honcho	1,127.58	49,296	5,077	Aug. 6, 2024
		T-47	KDX Residence Machida	3,386.31	113,820	16,906	Aug. 6, 2024
		T-54	KDX Residence Ojima	2,332.02	122,340	10,483	Aug. 6, 2024
		T-55	KDX Residence Oyama	3,955.17	176,628	20,349	Aug. 6, 2024
		T-59	KDX Residence Sendagi	2,997.36	125,902	31,162	Feb. 4, 2024
		T-62	KDX Residence Iriya	1,899.29	77,568	7,983	2024年2月4日
		T-63	KDX Residence Tachikawa	4,184.73	184,356	17,835	Feb. 4, 2024
		T-85	KDX Residence Hatagaya	2,505.15	114,900	13,872	Feb. 26, 2024
		T-88	KDX Residence Kamata-minami	2,203.87	100,058	8,829	Mar. 1, 2024
		T-90	KDX Residence Mitaka	2,478.07	130,598	9,668	June 29, 2024
		T-99	KDX Residence Kamata-minami II	881.96	41,136	3,517	May 5, 2024
		R-2	KDX Jozenji Dori Residence	3,144.67	91,632	5,521	Oct. 31, 2023
		R-7	KDX Takarazuka Residence	4,631.16	114,744	8,946	Apr. 30, 2024
		R-8	KDX Shimizu Residence	6,129.71	136,344	7,394	Jan. 31, 2024
		R-13	KDX Residence Ichiban-cho	1,785.40	52,584	5,520	Oct. 31, 2023
		R-19	KDX Residence Nishi-oji	2,304.81	65,271	4,091	Aug. 6, 2024
		R-20	KDX Residence Saiin	1,049.92	34,068	1,264	Aug. 6, 2024
		R-21	KDX Residence Namba	3,335.99	107,635	6,285	Aug. 6, 2024
		R-22	KDX Residence Namba-minami	3,736.27	110,032	7,152	Aug. 6, 2024
		R-24	KDX Residence Ibaraki I・II	4,701.87	105,649	9,503	Aug. 6, 2024
		R-25	KDX Residence Toyonaka-minami	1,991.82	58,476	3,139	Aug. 6, 2024
		R-26	KDX Residence Moriguchi	1,942.78	46,062	2,422	Aug. 6, 2024
		R-28	Ashiya Royal Homes	3,589.74	123,252	24,131	Aug. 6, 2024
		R-30	KDX Residence Tenjin-higashi II	2,437.29	56,364	4,887	Aug. 6, 2024
		R-32	KDX Residence Nishi Koen	2,522.16	58,500	4,038	Aug. 6, 2024
		R-33	KDX Residence Hirao Josui-machi	2,098.68	54,804	4,176	Aug. 6, 2024
		R-39	KDX Residence Ohori Harbor View Tower	11,430.11	331,249	7,254	Feb. 4, 2024
		R-43	KDX Residence Nishijin	4,234.78	97,320	1,304	July 31, 2024
		R-44	Serenite Kobe Motomachi	3,542.29	142,356	10,976	Aug. 1, 2024
		R-45	KDX Residence Shukugawa Hills	17,084.80	411,544	73,295	Aug. 1, 2024
		R-46	KDX Residence Sendai Station East	2,228.73	78,312	6,395	Feb. 26, 2024
		R-47	Serenite Koshien Plie	1,438.36	51,424	531	Mar. 31, 2024

(※1) “Annual rent” is calculated as the 12 times the total of, rounded down to the nearest thousand yen, common area fees (including the amount equivalent to parking fee when a lease agreement includes it in a rent) indicated in the lease agreements, etc. concluded between the master lease companies, the Investment Corporation, or trustee and the end tenants as of the end of the 23rd fiscal period (July 31, 2023).

(※2) “Security deposit” represents leasehold and security deposits etc. (if there is a portion that does not need to be refunded, the amount after deducting that portion) indicated in the lease agreements, etc. concluded between the master lease companies, the Investment Corporation, or trustee and the end tenants as of the end of July 31, 2023, and rounded down to the nearest thousand yen.

(※3) With regard to the method of contract renewal, unless either a trustee or a lessee expresses its intention in writing to another party no later than three months prior to the expiration date of the lease period, the lease period shall be renewed for one year, and the same shall apply thereafter.