

# KENEDIX

Residential NEXT Investment Corporation

証券コード

3278



**KENEDIX Residential NEXT Investment Corporation**

## **Financial Results for the Period Ended January 2021 (18<sup>th</sup> Fiscal Period)**

March 16, 2021



## Disclaimer

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

# Contents

## 1. Operational Highlights and Future Operating Policies

Highlights	p. 4
Portfolio	p. 5
Acquisition of New Properties Through Public Offering	p. 6
Stable Distribution Management Including Strategic Property Sales	p. 7
Growth of Distributions Per Unit – DPU Excluding One-Time Factors –	p. 8
Aiming for Further Growth	p. 9

## 2. Financial Results (Actual Results for 18th Period and Outlook for 19th and 20th Period)

Income Statement for the Period Ended January 2021 (18th Fiscal Period)	p. 11
Outlook for the Period Ending July 2021 (19th Fiscal Period) and the Period Ending January 2022 (20th Fiscal Period)	p. 12

## 3. Operational Status

Occupancy Rates of Residential Facilities	p. 15
Rent Trends of Residential Facilities	p. 16
Operational Status of Residential Facilities (1)	p. 17
Operational Status of Residential Facilities (2)	p. 18
Operational Status of Healthcare Facilities	p. 19

## 4. Finance

Finance	p. 21-22
Unitholders	p. 23

## 5. Sustainability

Sustainability (1) - Initiatives for Environment -	p. 25
Sustainability (2) - Initiatives for Social -	p. 26
Sustainability (3) - Initiatives for Governance -	p. 27

## Appendices

Explanation of Notes	p. 29
Public Offering in Feb. 2021, Market Comments	p. 30
Portfolio Breakdown	p. 31-32
Residential Market Situation in Tokyo 23 wards and major cities in Japan	p. 33-34
Tenant Demographics Analysis (Residential Facilities)	p. 35
About Seismic Isolation Materials	p. 36
The Business Climate for Healthcare Facilities in Japan	p. 37
Classification of Senior Living Facilities	p. 38
Overview of Operators	p. 39
Senior Housing and Senior Care Facility Operators Ranked by Capacities	p. 40
Status of Lease Agreements (Healthcare Facilities)	p. 41
Unitholders' benefit programs	p. 42
Summary of Kenedix Group	p. 43
Organization Chart of KFM (KDR)	p. 44
Support System by Sponsor and Support Companies	p. 45
Appraisal Unrealized Capital Gains and NAV per Unit	p. 46
Financial Statements	p. 47-48
Appraisal Values	p. 49-54
Summary of Portfolio Performance	p. 55
Portfolio Performance in 2H 2020	p. 56-62

# **1. Operational Highlights and Future Operating Policies**

# 1. Operational Highlights and Future Operating Policies

## Highlights

### Portfolio Breakdown (Number of props /Asset size /Investment ratio)<sup>(1)</sup>

**Residential Facilities**  
134props ¥205.2bln 76.4%

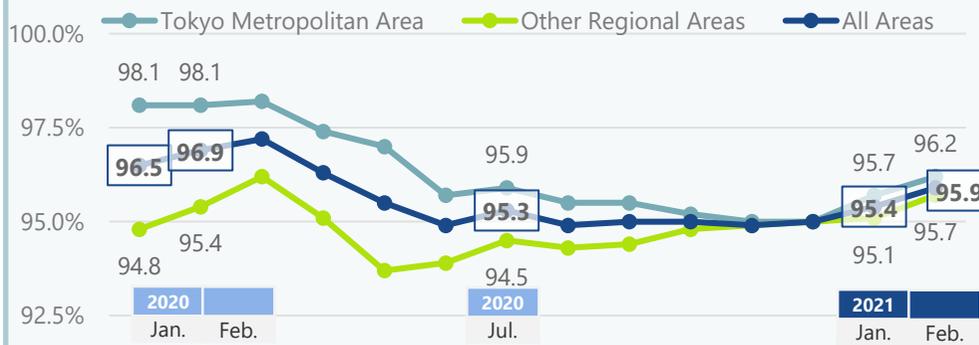
**Accommodations**  
2props ¥4.9bln 1.8%

**Healthcare Facilities**  
26 props ¥58.6bln 21.8%

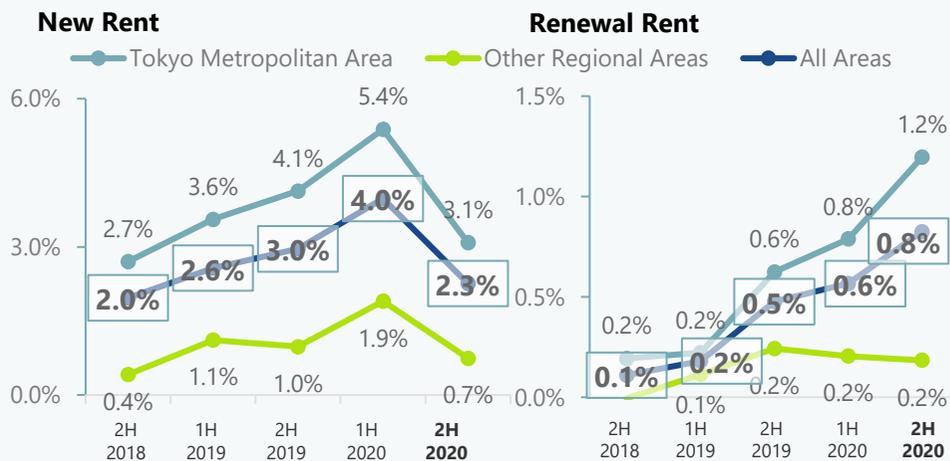
**Entire Portfolio**  
162 props  
¥268.8 bln

### Residential Facilities

#### Occupancy Rates<sup>(2)</sup>

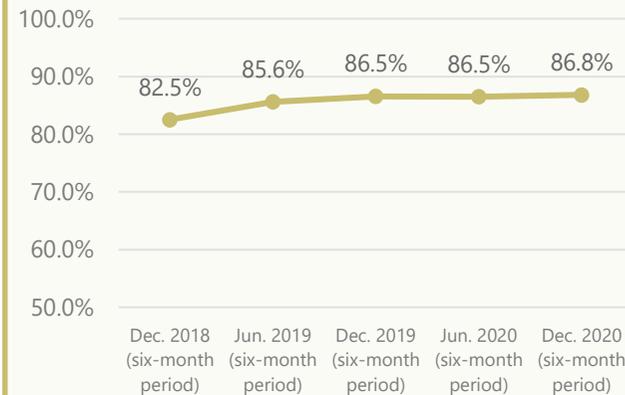


#### Percentage of Increase/Decline of rent



### Healthcare Facilities

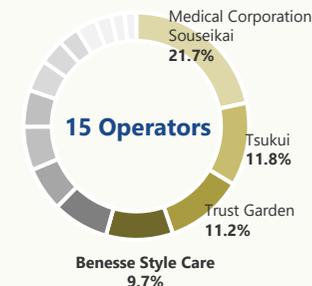
#### Occupancy Rates (Senior Living Facilities)<sup>(3)</sup>



#### Remaining Term of Lease Agreement



#### Diversification of the Operators

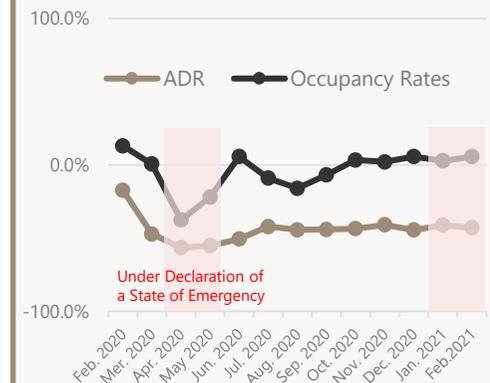


### Accommodations

#### Summary of Lease Agreements

Operator	<b>LiVE MAX Inc.</b>
Type of contract	Ordinary traditional lease contract <b>(100% Fixed rent)</b>
Contract period	20 years from 2018/10/31 (Otsuka) 20 years from 2018/11/30 (Yokohama)
Cancellation/Rent revision	Cancellation is not possible for 10 years from the contract start date / Rent cannot be changed for 5 years

#### Occupancy rate/ADR (year-over-year)<sup>(4)</sup>



Note1 : portfolio including the properties to be acquired KDR has decided to acquire by August 2, 2021 as of the date of this document.

Note2 : the occupancy rates as of the end of September 2020 and thereafter are calculated without the two residential properties ("KDX Residence Hatchobori" and "KDX Residence Nakaitabashi") acquired by KDR as of the end of September 2020.

Note3 : The figures are based on the senior living facilities owned by KDR as of the end of January 2021. However, the data related to "Rihabili-home Granda Mondoyakujin", "Anesis Teradacho", "Orange Suma", "Tsukui Sun-shine Machida", "Arute Ishiyagawa" was excluded from the aggregation.

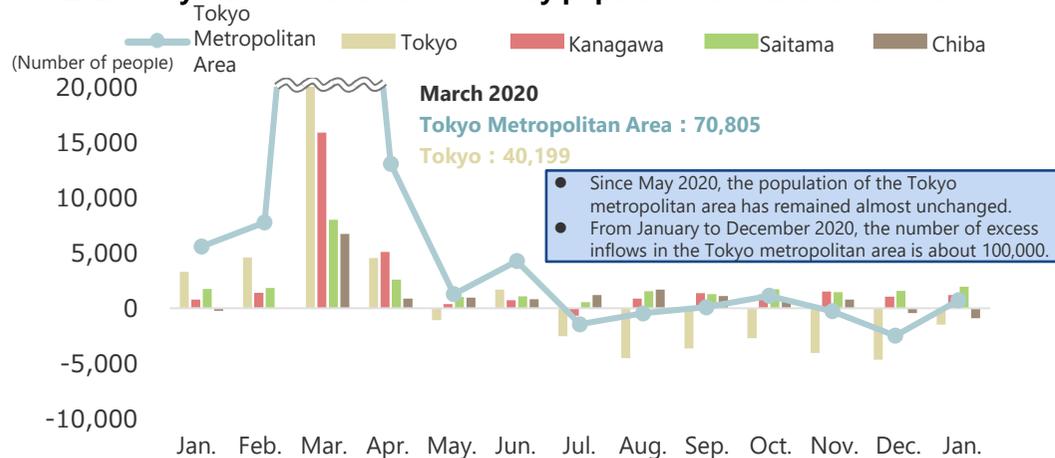
Note4 : The figures in the graph of Occupancy rate/ADR for Accommodations show the ratio of the average of the occupancy rate/ADR for each month of the two properties owned by KDR ("Hotel LiVMAX Tokyo Otsuka Ekimae" and "Hotel LiVMAX Yokohamaeki Nishiguchi") to the average of the occupancy rate/ADR for the same month last year.

# Portfolio

- The population of the Tokyo metropolitan area has largely remained unchanged since May 2020
- The population in suburban areas of central Tokyo has been growing at similar levels to before the COVID-19 crisis

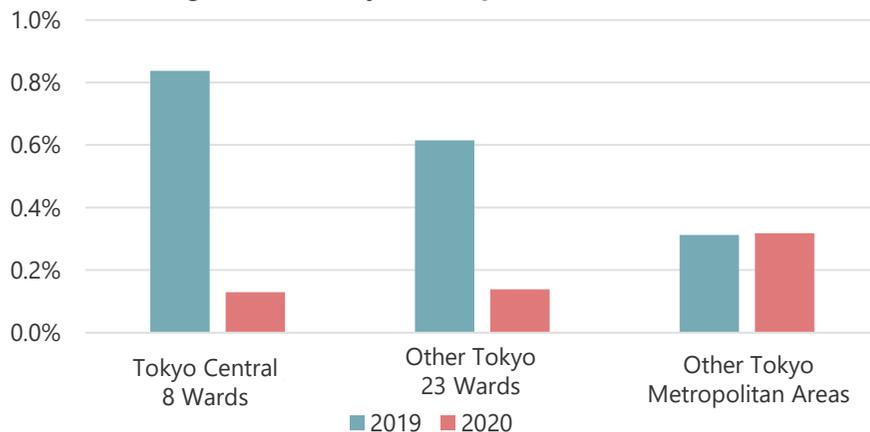
## Vital statistics of the Tokyo metropolitan area

2020 Tokyo metropolitan area monthly population inflow and outflow



Source : Created by the Asset Management Company based on the Statistics Bureau, Ministry of Internal Affairs and Communications "Basic Resident Register Population Migration Report Monthly Report" (January 2020-January 2021)

Ratio of Net Migration to Tokyo Metropolitan Area (1)



Source : Created by the Asset Management Company based on the Statistics Bureau, Ministry of Internal Affairs and Communications "Basic Resident Register Population Migration Report", "Population, Demography and Household based on Basic Resident Register"

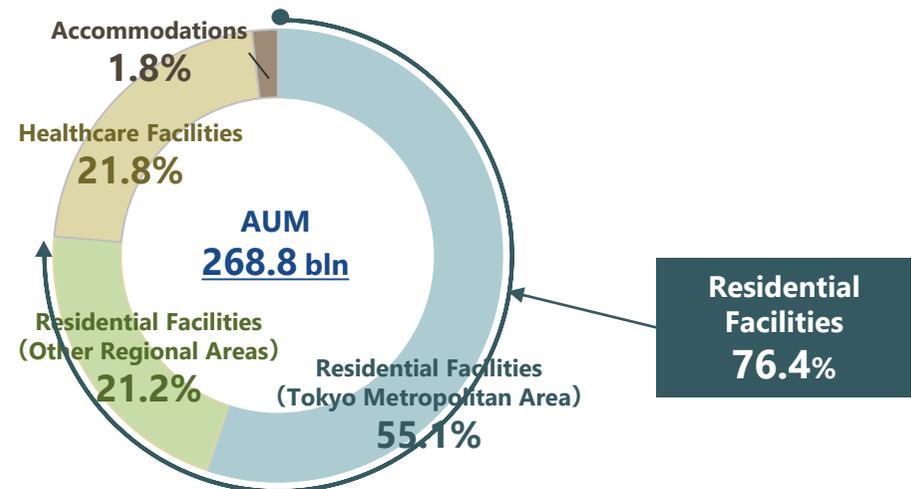
Note1 : calculated by dividing the number of net migration to the area for each year by the population as of the beginning of each period..

Note2 : Ratio based on acquisition prices of portfolio including the properties to be acquired KDR is going to acquire by August 2, 2021 as of the date of this document.

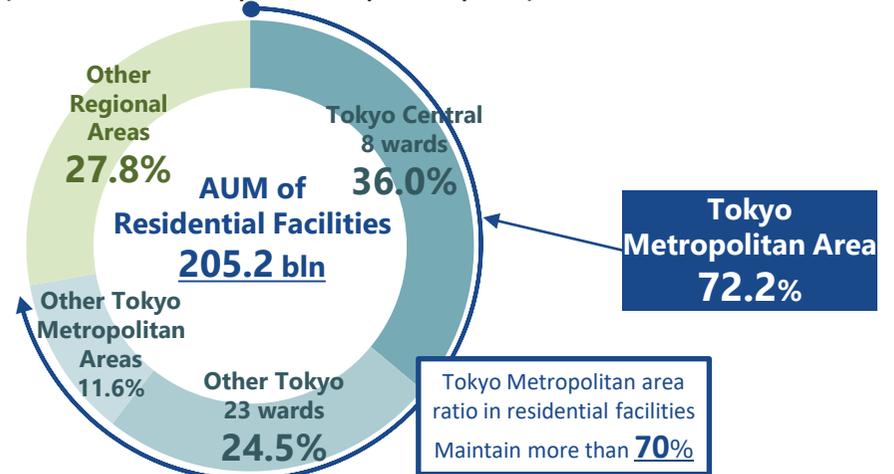
- Continue investing mainly in rental housing in the Tokyo metropolitan area
- Establish a portfolio that captures change to diversified needs from concentration in urban areas

## Portfolio breakdown (After the acquisition of newly acquired assets) (2)

Ratio of Residential Facilities (based on actual and planned acquisition prices)



Location breakdown for Residential Facilities (based on actual and planned acquisition prices)



# Acquisition of New Properties Through Public Offering

- Became the first J-REIT to conduct a domestic public offering on a shortened schedule utilizing WKSJ treatment in February 2021
- New acquisition of residential facilities that are of new construction or capture residential needs in the suburbs of central Tokyo as well as healthcare facilities managed by a major operator through various acquisition channels

## Acquisition of Residential Facilities

Area	Tokyo 23 Wards					Suburbs of the city center			
	2020.9.30	2020.9.30	2021.1.29	2021.5.6	2021.8.2	2020.9.24	2020.11.2	2021.3.1	2021.4.1
Acquisition Date									
Total Acquisition Price (planned)	<div style="display: flex; justify-content: space-between;"> <span>Sponsor related</span> <span>3rd party</span> <span>3rd party</span> <span>Support Company</span> <span>Sponsor related</span> <span>3rd party</span> <span>3rd party</span> <span>3rd party</span> <span>Support Company</span> </div>								
¥14,935 mln	<div style="display: flex; justify-content: space-between;">          </div>								
Average appraisal NOI yield	<div style="display: flex; justify-content: space-between;"> <span>Newly built</span> </div>								
4.6 %	<div style="display: flex; justify-content: space-between;"> <span>KDX Residence Hatchobori (Chuo-ku, Tokyo)</span> <span>KDX Residence Nakaitabashi (Itabashi-ku, Tokyo)</span> <span>KDX Residence Ikebukuro West (Itabashi-ku, Tokyo)</span> <span>KDX Residence Kamata-minami II (Ota-ku, Tokyo)</span> <span>KDX Residence Kamishakujii II (Nerima-ku, Tokyo)</span> <span>KDX Residence Ichikawa (Ichikawa-shi, Chiba)</span> <span>KDX Residence Shonandai (Fujisawa-shi, Kanagawa)</span> <span>KDX Residence Tennocho (Yokohama-shi, Kanagawa)</span> <span>KDX Residence Kawasaki (Kawasaki-shi, Kanagawa)</span> </div>								
Acquisition Price	¥3,000 mln	¥1,736mln	¥2,237 mln	¥780 mln	¥3,087 mln	¥840 mln	¥1,500 mln	¥843 mln	¥910 mln
Appraisal NOI yield	4.7%	4.4%	4.4%	4.3%	4.4%	4.7%	5.1%	4.6%	4.7%
Occupancy Rate (as of February 28,2021)	49.0% (62.4%) <sup>(1)</sup>	87.2% (87.2%) <sup>(1)</sup>	100.0%	Under Construction	60.4% (72.5%) <sup>(1)</sup>	100.0%	98.1%	100.0%	100.0%

## Acquisition of Healthcare Facilities

Operator	Benesse Style Care Co., Ltd.	
Acquisition Date	2021.3.1	2021.6.1
Total Acquisition Price (planned)	<div style="display: flex; justify-content: space-between;"> <span>Sponsor related</span> <span>SMFL</span> </div>	
¥4,429 mln	<div style="display: flex; justify-content: space-between;">   </div>	
Average appraisal NOI yield	<div style="display: flex; justify-content: space-between;"> <span>Newly built</span> </div>	
4.8 %	<div style="display: flex; justify-content: space-between;"> <span>Medical-home Granda Kurakuen (Nishinomiya-shi, Hyogo)</span> <span>Medical-home Granda Kurakuen (Nishinomiya-shi, Hyogo)</span> </div>	
Acquisition Price	¥2,709 mln	¥1,720 mln
Appraisal NOI yield	4.8%	5.0%

## Overview of the Public Offering

**Became the first J-REIT to conduct a domestic public offering on a shortened schedule according to the special treatment for WKSJ in February 2021**

- First initiative since the Financial Services Agency revised its disclosure guidelines on domestic public in August 2014 to shorten the period between the submission of a securities registration statement until it takes effect offerings (elimination of waiting period from the filing date to the effective date on public offering by "Well Known Seasoned Issuer")
- The effort to reduce the risk of investment unit price fluctuations after resolutions for issuance are beneficial for both unitholders and issuers

Date of resolution for issuance	February 15, 2021
Date when the issue price was determined	February 18, 2021
Issue price /Paid-in amount	¥179,985/¥174,170
Total paid-in amount <sup>(2)</sup>	Approx. ¥7.4 bln

two-business-day interval

Note1 : figures show the occupancy rates as of March 31, 2021, taking into account the parcels for which lease agreements have been concluded by February 28, 2021, and the figures in brackets show the occupancy rate as of March 31, 2021, taking into account the parcels scheduled to be leased by tenants who have submitted applications for lease by February 28, 2021.

Note2 : Excludes offerings with a third-party allotment.

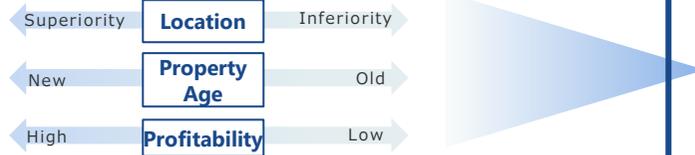
# Stable Distribution Management Including Strategic Property Sales

- Newly sell properties in central Tokyo that have increased in value and have limited room for improved profitability
- Distribution management while utilizing gains on property sales and internal reserves resulting from negative goodwill

## Sale of properties in central Tokyo in response to market trends

### Way of the thinking for property disposition

- Taking into account the individual elements, determined based on the future prospects



## Overview of the sold property

### KDX Residence Sendagaya (Sold in 1H 2021)



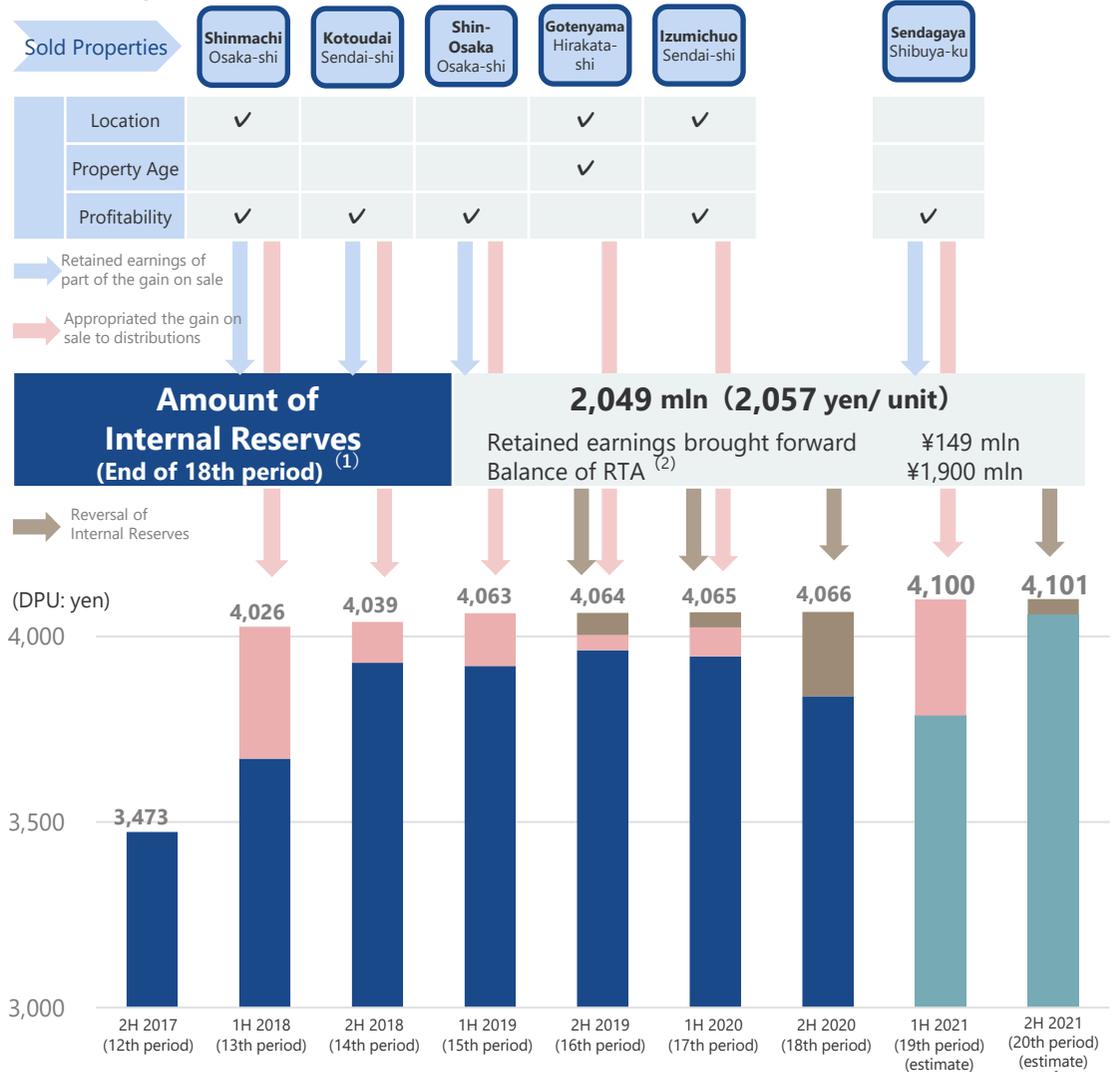
Disposition price exceeds appraisal value by **27.6%**

Disposition Price	¥1,110 mln
Book Value	¥631 mln
Appraisal Value	¥870 mln
Selling NOI yield	2.9 %

#### <Reason for sale>

- The building was about 14 years old at the time of sale, and it is a time when capital investment and repair costs are expected to increase in the future.
- Considering changes in the surrounding environment and rental market of the property, there is limited room for improvement in profitability in the future.
- In a market environment where there is a strong desire to acquire properties, unrealized gain will be actualized and returned to unitholders.

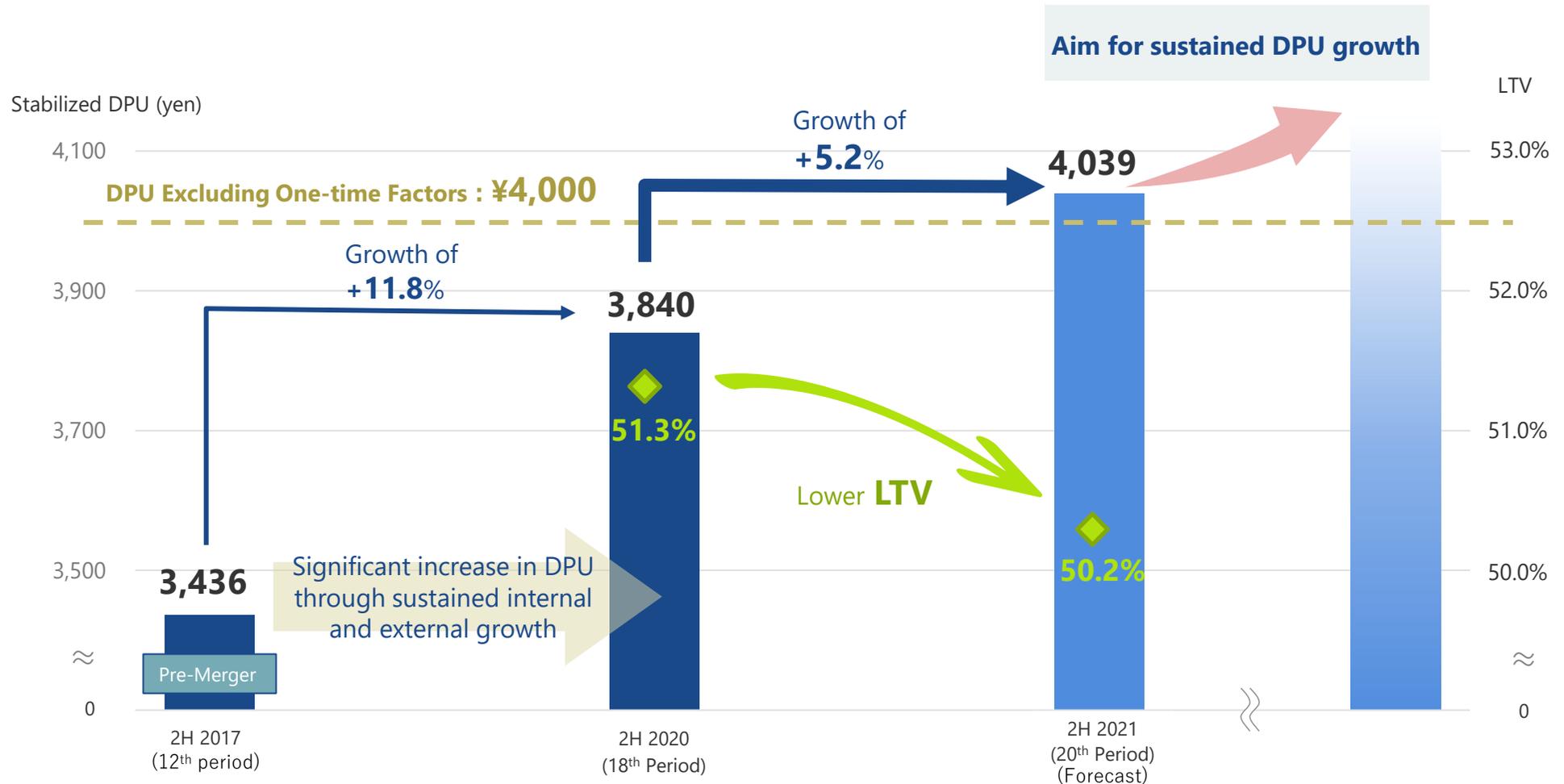
## Distribution management utilizing gain on sale of property and internal reserves



# Growth of Distributions Per Unit – DPU Excluding One-Time Factors –

- Since the merger, DPU excluding one-time factors <sup>(1)</sup> (stabilized level) has grown by approximately 4% annually due to the external growth that has taken place alongside four public offerings and continued internal growth
- The stabilized distribution per unit is expected to exceed 4,000 yen for the fiscal period ending January 31, 2022

## DPU Excluding One-time Factors and Loan to Value (LTV) Ratio <sup>(2)</sup>



# Aiming for Further Growth

- The sponsor's capital and business partnership with the SMFL Group is expected to strengthen KDR's ability to raise funds and acquire properties
- With the aim to increase the asset size by 20 billion yen annually, the stability of the portfolio will be enhanced through continuous growth of asset size and its variation will be improved

## Capital and business alliance between SMFL Group and sponsor Kenedix

**The synergistic effects**

- ☐ Strengthening REIT and Private Placement Fund Businesses
- ☐ Supplementation of Creditworthiness and Enhancement of Fund-Raising Capacity
- ☐ Expansion of New Business Domains
- ☐ Strengthening Competitiveness by Sharing Experience, Knowledge, and Know-how through Mutual Exchange of Human Resources
- ☐ Sharing Know-how on SDGs Management

**Ratings of KDX**

Newly Acquired (Feb.2021/Mar.2021)

- AA- (JCR)
- A (R&I)

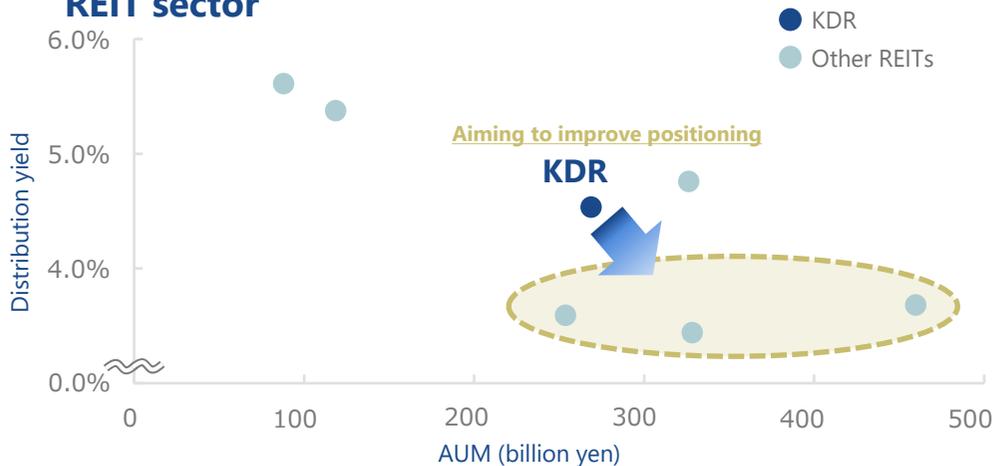
## Status of the Credit rating

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

New

Rating outlook improved from stable to "positive" (January 2021)

## Asset size and distribution yield in the residential REIT sector

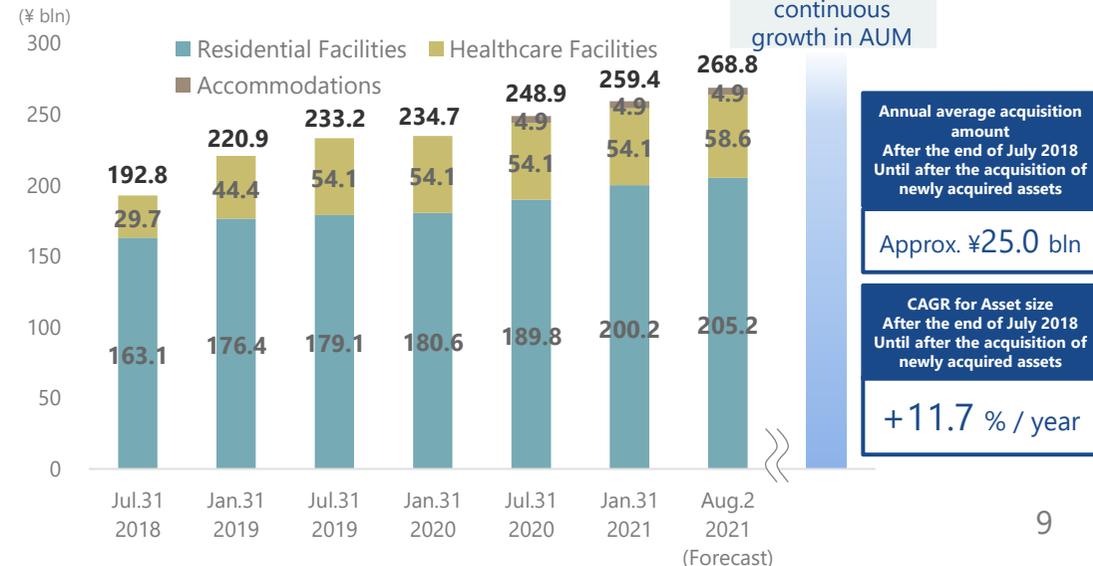


Source: Created by the Asset Management Company based on the published materials of each residential REIT

## Future Growth Pipeline

Residential		Healthcare	
Support Company	Priority negotiation right	SMFL	Priority negotiation right
<b>(Tentative) Umejima PJ</b>		<b>Irize Koberokko</b>	<b>Excellent Hanayashiki Gardenhills</b>
Location	Adachi-ku, Tokyo	Location	Kobe-shi, Hyogo
Number of units	Approx. 90 (planned)	Rooms	53
Completion	Mid Sep. 2021 (planned)	Completion	Feb. 2017
		Operator	HITOWA Care Service Co., Ltd.
			Excellent Care System Co., Ltd.

## Growth in AUM



## **2. Financial Results**

**(Actual Results for 18<sup>th</sup> Period and Outlook for 19<sup>th</sup> and 20<sup>th</sup> Period)**

2. Financial Results (Actual Results for 18<sup>th</sup> Period and Outlook for 19<sup>th</sup> and 20<sup>th</sup> Period)

## Results for the Period Ended January 2021 (18<sup>th</sup> Fiscal Period)

(in millions of yen)	1H 2020		2H 2020		Period on Period		Major Components <sup>(1)</sup>		Actual vs Forecast		Major Components <sup>(1)</sup>	
	Actual	Forecast <sup>(2)</sup>	Actual									
Rent revenue – real estate	7,704	7,837	7,834	130	1.7%	(R) Decrease in rent revenue due to lower occupancy rate at existing properties -43	-2	-0.0%	(R) Increase in key money, restoration charges, penalty charges and others (income related to tenant replacement) +11			
Other lease business revenue	585	537	548	-37	-6.4%	(R) Increase in rent revenue due to properties acquired in 2020 +130	10	2.0%				
Gain on sale of real estate property	84	-	-	-84	-100.0%	(A) Full fiscal-period contribution of properties acquired in 1H 2020 including recovery of a rent reduction in 1H 2020 +45	-	-				
<b>Operating revenues</b>	<b>8,374</b>	<b>8,374</b>	<b>8,382</b>	<b>8</b>	<b>0.1%</b>	(R) Decrease in key money and renewal fees at existing properties -39	<b>8</b>	<b>0.1%</b>				
Expenses related to rent business (ex. depreciation)	1,538	1,521	1,556	18	1.2%	(R) Decrease in repair expense at existing properties -23	35	2.3%	(R) Increase in leasing-related fees +19			
Depreciation	1,467	1,503	1,504	37	2.5%	(R) Increase due to properties acquired in 2020 +33	1	0.1%	(H) Decrease in repair expenses (including restoration expenses) +12			
Other operating Expenses	899	978	977	78	8.7%	(H) Increase in repair expenses +6	-1	-0.1%				
<b>Operating expenses</b>	<b>3,904</b>	<b>4,002</b>	<b>4,038</b>	<b>133</b>	<b>3.4%</b>	Increase due to properties acquired in 2020 +34	<b>35</b>	<b>0.9%</b>				
<b>Operating income</b>	<b>4,469</b>	<b>4,371</b>	<b>4,344</b>	<b>-125</b>	<b>-2.8%</b>	Increase in asset management fees +40	<b>-27</b>	<b>-0.6%</b>				
Non-operating income	1	0	0	-0	-62.6%	Increase in consumption tax due to decrease in taxable sales and increase in taxable expenses +24	0	29.6%				
Non-operating expenses	662	715	712	50	7.6%	Increase in other expenses such as fees for engineering reports +13	-2	-0.4%				
<b>Ordinary income</b>	<b>3,808</b>	<b>3,656</b>	<b>3,632</b>	<b>-176</b>	<b>-4.6%</b>	Increase in interest expenses and borrowing related expenses due to newly debt financings etc. +48	<b>-24</b>	<b>-0.7%</b>				
<b>Net income</b>	<b>3,808</b>	<b>3,656</b>	<b>3,631</b>	<b>-176</b>	<b>-4.6%</b>		<b>-24</b>	<b>-0.7%</b>				
RTA compensation	20	20	20	-	-		-	-				
Earnings surplus compensation (accumulation)	38	191	216	177	456.4%		24	12.8%	Reversal of retained earnings (¥216 mln) to partially fund unitholder distributions			
<b>Dividends</b>	<b>3,866</b>	<b>3,867</b>	<b>3,867</b>	<b>0</b>	<b>0.0%</b>		-	-				
<b>Distribution per unit (yen)</b>	<b>4,065</b>	<b>4,066</b>	<b>4,066</b>	<b>1</b>	<b>0.0%</b>		-	-				
<b>NOI</b>	<b>6,751</b>	<b>6,853</b>	<b>6,825</b>	<b>74</b>	<b>1.1%</b>		<b>-27</b>	<b>-0.4%</b>				

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

Note 2: Figures announced on February 15, 2021

Note 3: Two newly built properties "KDX Residence Hatchobori" and "KDX Residence Nakataitabashi" which KDR acquired in September are excluded from the calculation of the occupancy rate. The same shall apply to the next page.

2. Financial Results (Actual Results for 18<sup>th</sup> Period and Outlook for 19<sup>th</sup> and 20<sup>th</sup> Period)

Outlook for the Period Ending July 2021 (19<sup>th</sup> Fiscal Period) and the Period Ending January 2022 (20<sup>th</sup> Fiscal Period)

(in millions of yen)	2H 2020	1H 2021	Period on Period		Major Components <sup>(1)</sup>	2H 2021	Period on Period		Major Components <sup>(1)</sup>
	Actual	Forecast			Forecast	Forecast			
Rent revenue – real estate	7,834	8,097	262	3.4%	(R) Average occupancy rate in 18 <sup>th</sup> period: 95.0% (R) Anticipated occupancy rate in 19 <sup>th</sup> period: 95.5%	8,419	322	4.0%	(R) Increase in rent revenue due to higher rent and occupancy rate at existing properties +89
Other lease business revenue	548	595	47	8.7%	(R) Increase due to higher occupancy rate at existing properties +63	546	-48	-8.2%	Increase due to properties acquired in 2021 +188
Gain on sale of real estate property	-	435	435	-	Increase in rent revenue due to properties acquired in 2H 2020 and 1H 2021 +265	-	-435	-100.0%	Increase due to elimination of negative impact of COVID-19 +50
<b>Operating revenues</b>	<b>8,382</b>	<b>9,129</b>	<b>746</b>	<b>8.9%</b>	Decrease due to sales of KDXR Sendagaya -19	<b>8,966</b>	<b>-162</b>	<b>-1.8%</b>	(R) Decrease in key money and renewal fees -36
Expenses related to rent business (ex. depreciation)	1,556	1,715	158	10.2%	Assumed decrease in revenue due to the impact of COVID-19 -50	1,637	-78	-4.6%	(R) Decrease in restoration charges -6
Depreciation	1,504	1,545	40	2.7%	(R) Increase in key money and renewal fees +59	1,575	29	1.9%	(R) Decrease in leasing-related fees -39
Other operating Expenses	977	1,022	44	4.6%	(R) Decrease in insurance, compensation and other income -16	1,020	-2	-0.2%	Decrease in repair expenses (including restoration expenses) -52
<b>Operating expenses</b>	<b>4,038</b>	<b>4,282</b>	<b>244</b>	<b>6.1%</b>	(R) Increase in leasing-related fees at existing properties +19	<b>4,232</b>	<b>-50</b>	<b>-1.2%</b>	Increase due to acquisition of properties +24
<b>Operating income</b>	<b>4,344</b>	<b>4,846</b>	<b>501</b>	<b>11.6%</b>	Increase in repair expenses (including restoration expenses) +50	<b>4,734</b>	<b>-111</b>	<b>-2.3%</b>	
Non-operating income	0	0	-0	-22.8%	Increase due to properties acquired in 2H 2020 and 1H 2021 +33	0	-	-	
Non-operating expenses	712	717	5	0.8%	Start of recording expenses for property, city planning and other taxes on the properties acquired in 2020 +39	711	-6	-0.9%	Decrease in investment unit issuance costs due to expiration of amortization period for a part of the costs. -7
<b>Ordinary income</b>	<b>3,632</b>	<b>4,128</b>	<b>496</b>	<b>13.7%</b>	Increase due to acquisition of properties +39	<b>4,023</b>	<b>-105</b>	<b>-2.6%</b>	
<b>Net income</b>	<b>3,631</b>	<b>4,128</b>	<b>496</b>	<b>13.7%</b>	Increase in asset management fees +20	<b>4,022</b>	<b>-105</b>	<b>-2.6%</b>	
RTA compensation	20	20	-	-	Increase in consumption tax due to increase in taxable expenses +17	20	-	-	
Earnings surplus compensation (accumulation)	216	(65)	-281	-130.1%	Increase in investment unit issuance costs associated with public offering +6	41	106	163.3%	Reversal of retained earnings (¥41 mln) to partially fund unitholder distributions
<b>Dividends</b>	<b>3,867</b>	<b>4,083</b>	<b>215</b>	<b>5.6%</b>		<b>4,084</b>	<b>0</b>	<b>0.0%</b>	
<b>Distribution per unit (yen) <sup>(2)</sup></b>	<b>4,066</b>	<b>4,100</b>	<b>34</b>	<b>0.8%</b>		<b>4,101</b>	<b>1</b>	<b>0.0%</b>	
<b>NOI</b>	<b>6,825</b>	<b>6,977</b>	<b>151</b>	<b>2.2%</b>		<b>7,329</b>	<b>351</b>	<b>5.0%</b>	

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

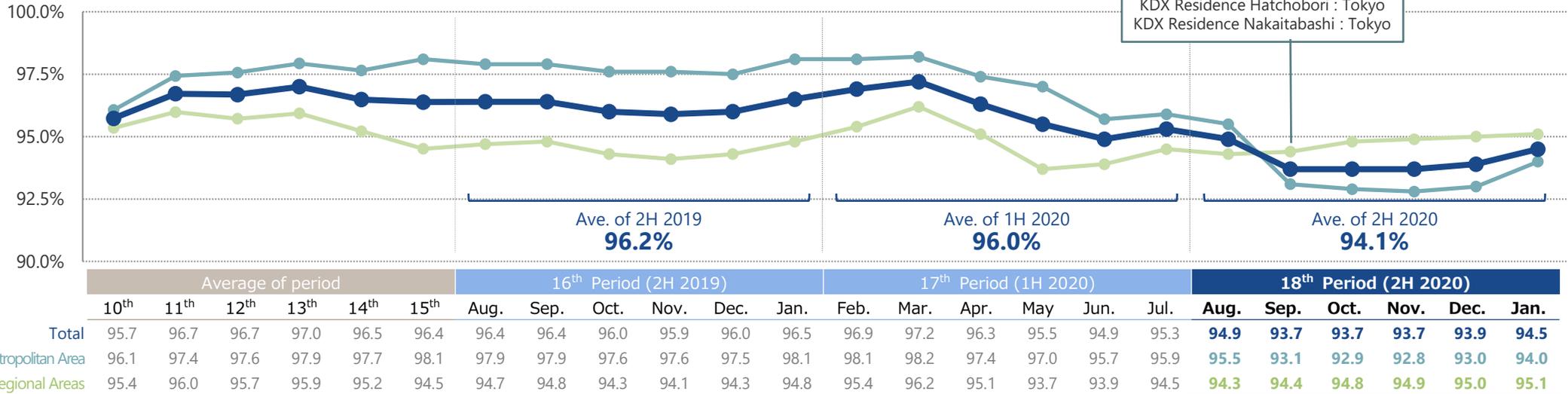
Note 2: "Distribution per unit" for 2H 2020 is calculated based on the number of Investment units issued and outstanding totaled 951,258 and "Distribution per unit" for 1H 2021 and 2H 2021 are calculated based on the number of investment units issued and outstanding totaled 995,883.



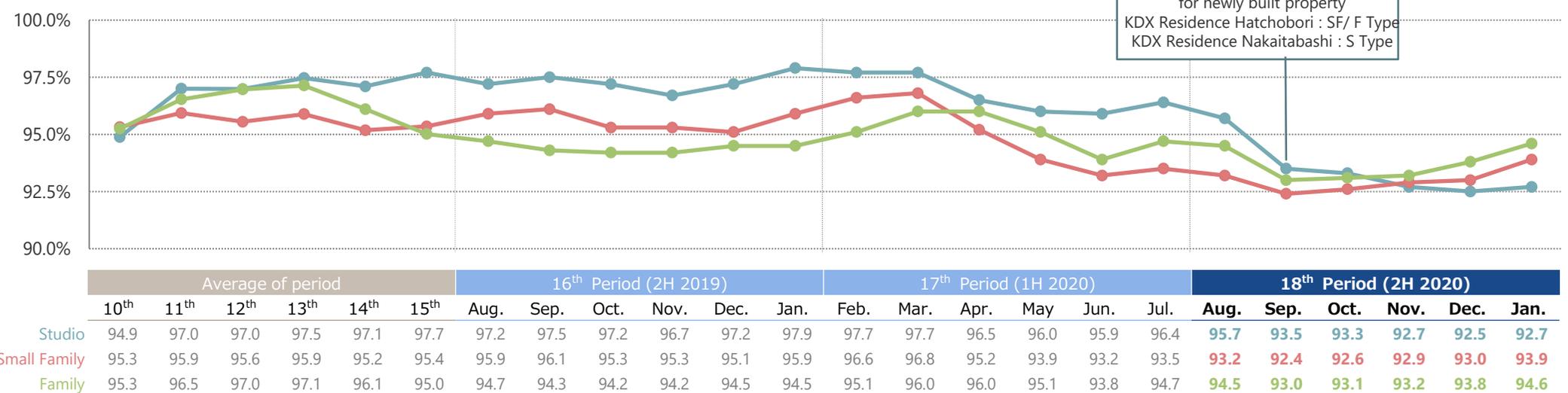
## **3. Operational Status**

# Occupancy Rates of Residential Facilities

## Occupancy Rates by Area<sup>(1)</sup>



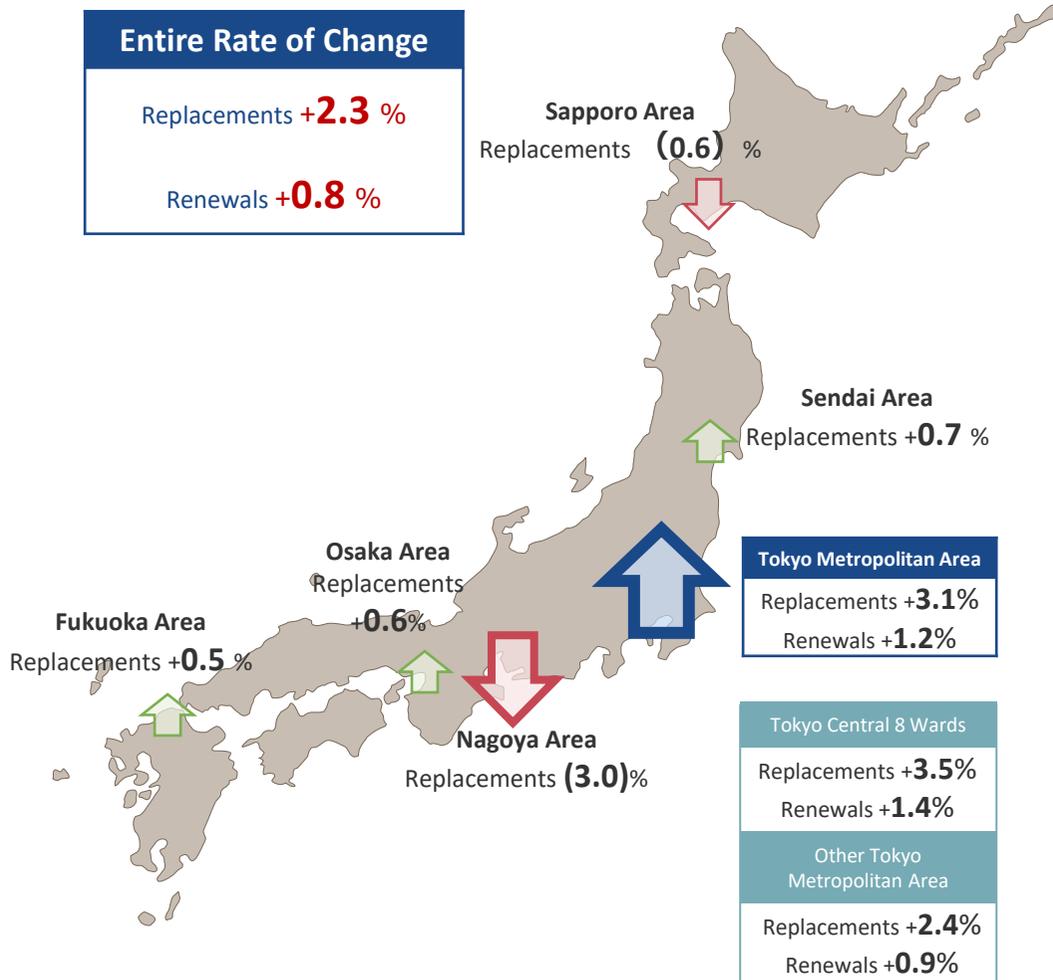
## Occupancy Rates by Room Type<sup>(1)</sup>



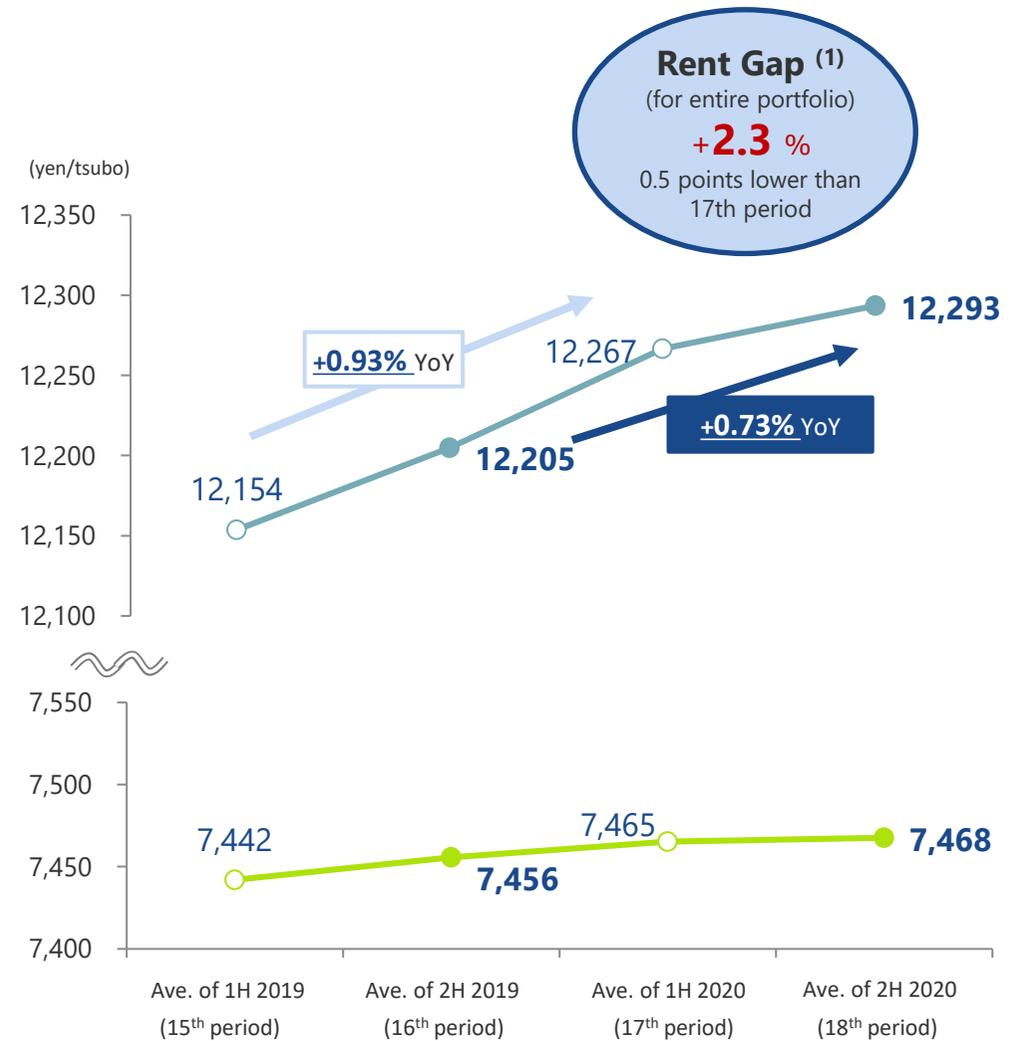
Note 1: Occupancy Rates by Area include those from stores and offices. Occupancy Rates by Room Type are calculated for residential units of pass through contract (excluding contract for whole building).

# Rent Trends of Residential Facilities

Map for Rate of Changes in Rent (January 31, 2021)



Trends in Rent per Tsubo of Residential Unit <sup>(1)</sup>



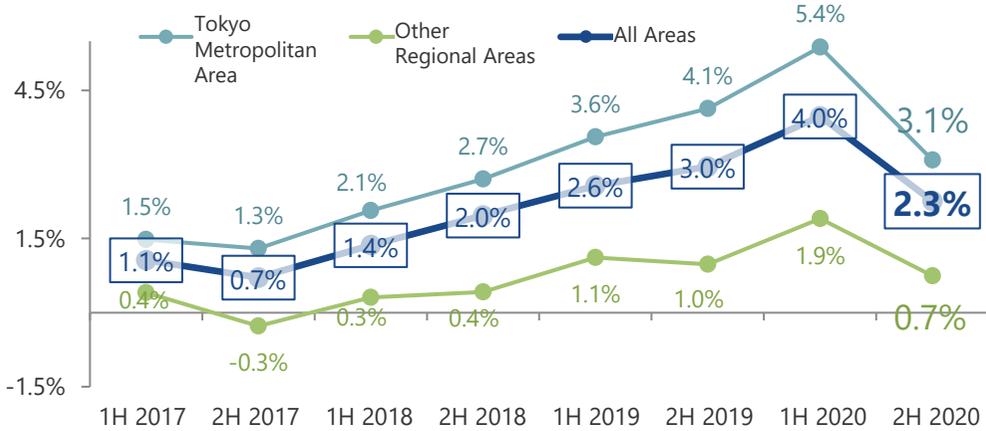
Note 1: "Rent per Tsubo of Residential Unit" is calculated for residential units of pass through contract (excluding contract for whole building) of 116 properties operated from February 1, 2019 to January 31, 2021. (1Tsubo = 35.5832 sq. ft.)

Note 2: "Rent gap" is the difference between the rent of new lease agreements and rent of lease agreements for current tenants as of the end of each fiscal period.

# Operational Status of Residential Facilities (1)

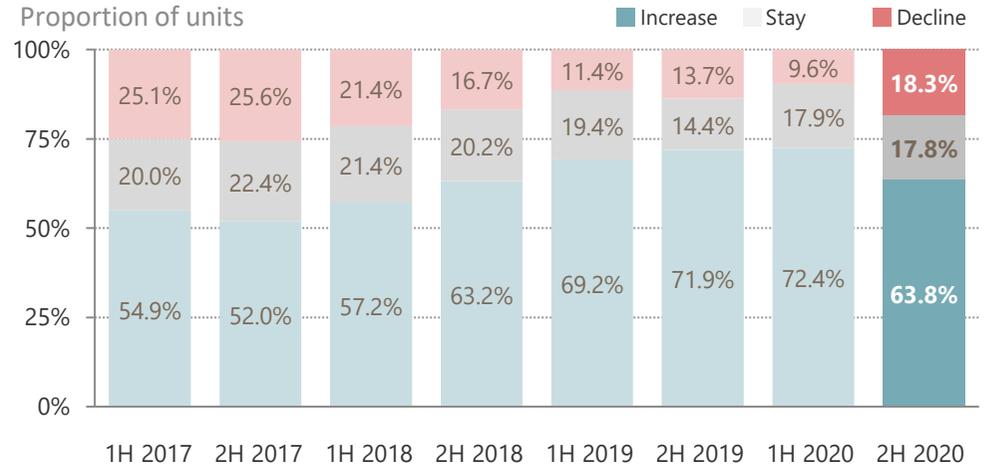
## Percentage of Increase/Decline of rent of new tenants (1)

Increase/Decline of monthly rent by area



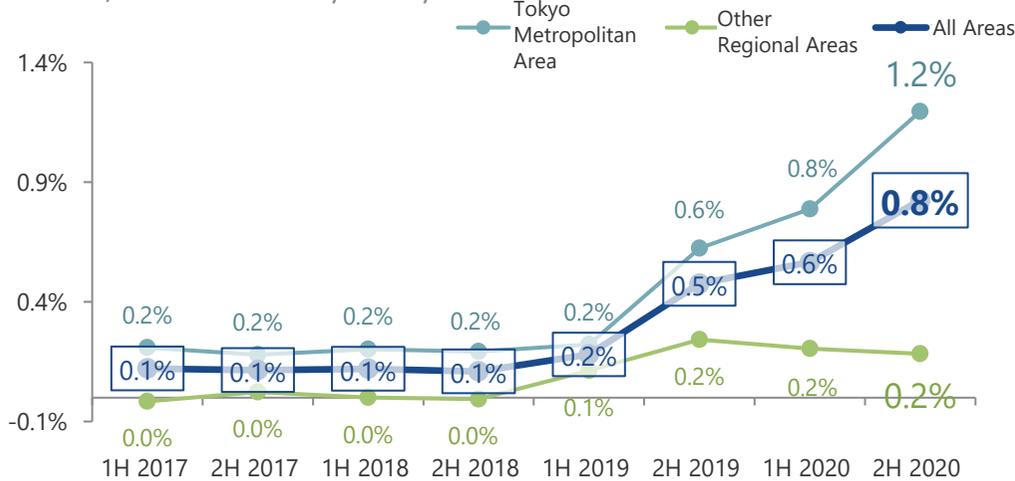
## Rent Increase/Decline (units) of new tenants

Proportion of units



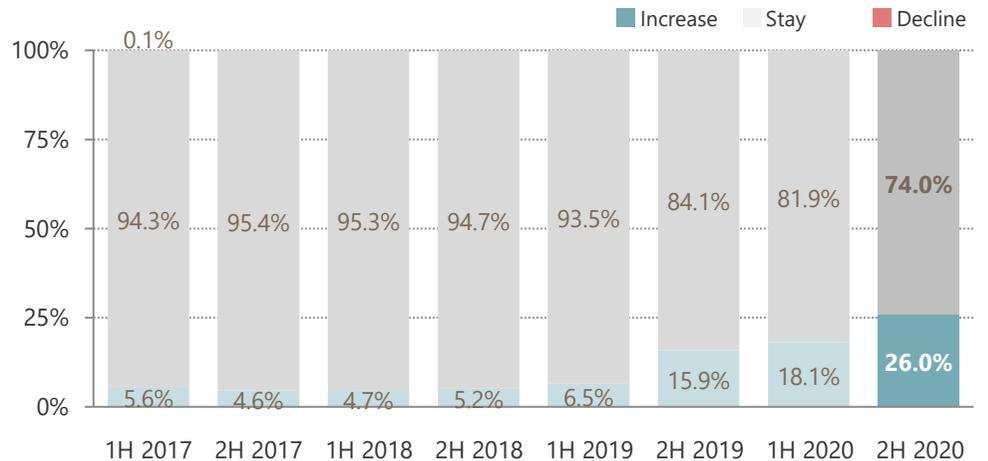
## Percentage of Increase/Decline of rent of Renewal tenants (2)

Increase/Decline of monthly rent by area



## Rent Increase/Decline (units)

Proportion of units



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

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

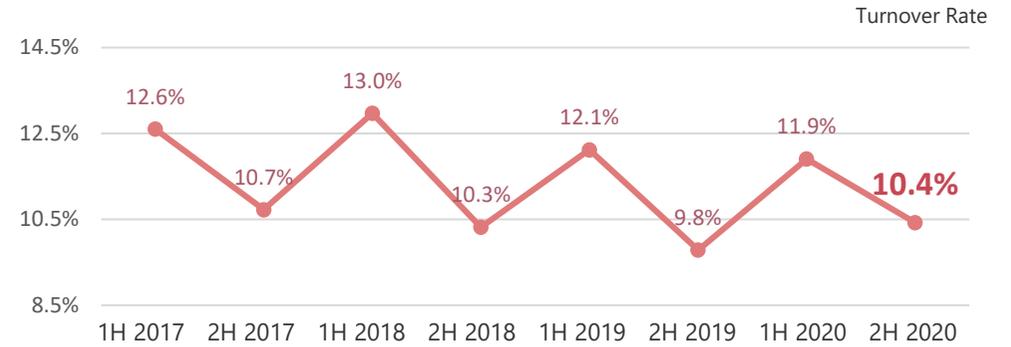
# Operational Status of Residential Facilities (2)

## Rent Increase/Decline of rent of new tenants

Increase/Decline of monthly rent



## Average Downtime/Turnover Rate<sup>(1)</sup>



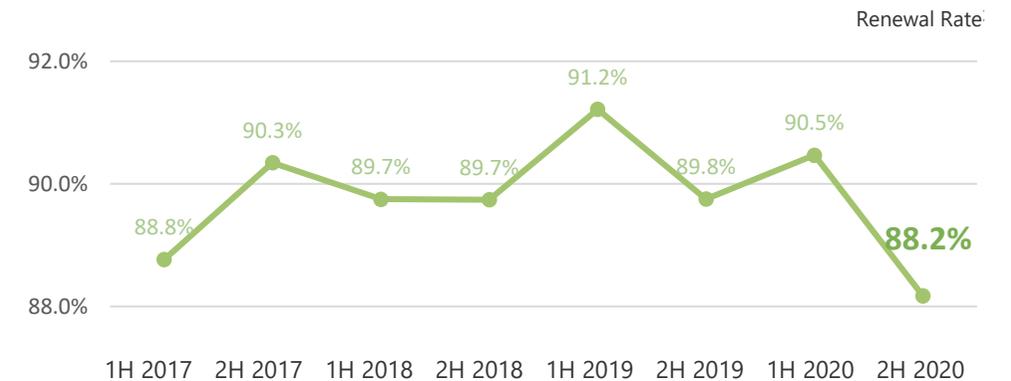
Peak Season		Average downtime					
64 days	69 days	56 days	70 days	65 days	73 days	67 days	<b>89 days</b>

## Rent Increase/Decline of rent of Renewal tenants

Increase/Decline of monthly rent



## Renewal Rate<sup>(2)</sup>



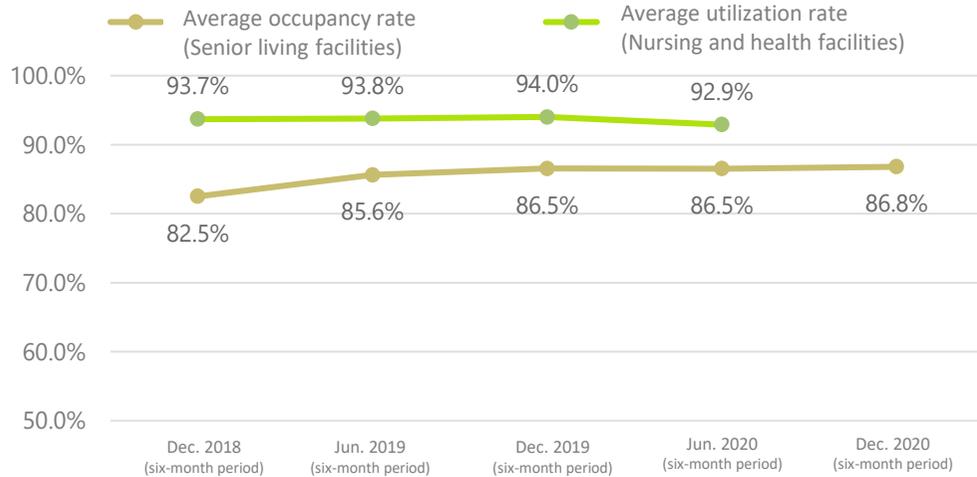
Note 1: "Turnover Rate" = Exiting tenants during the period / Rentable units at the End of Period. These figures are calculated for residential units of pass through contract (excluding contract for whole building).

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

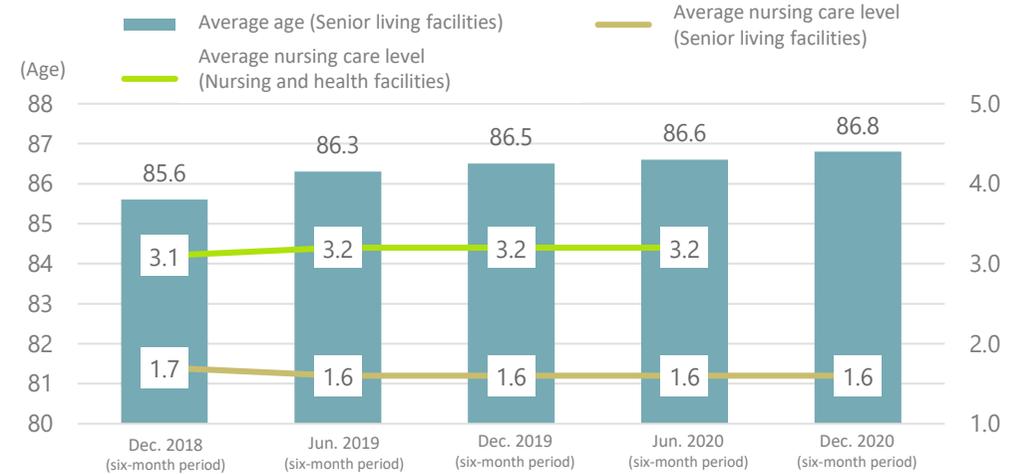
### 3. Operational Status

## Operational Status of Healthcare Facilities

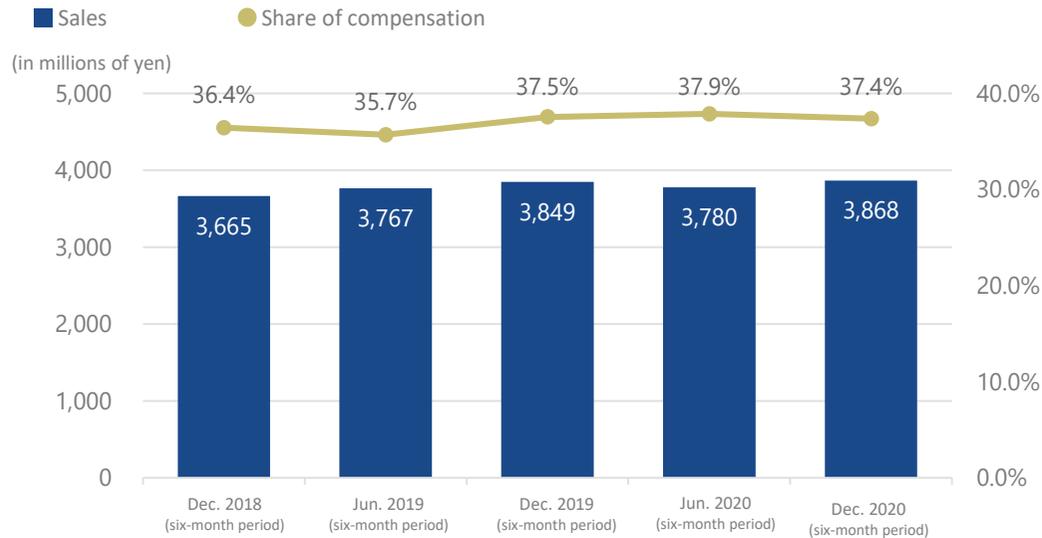
#### Occupancy Trend (1, 2, 3)



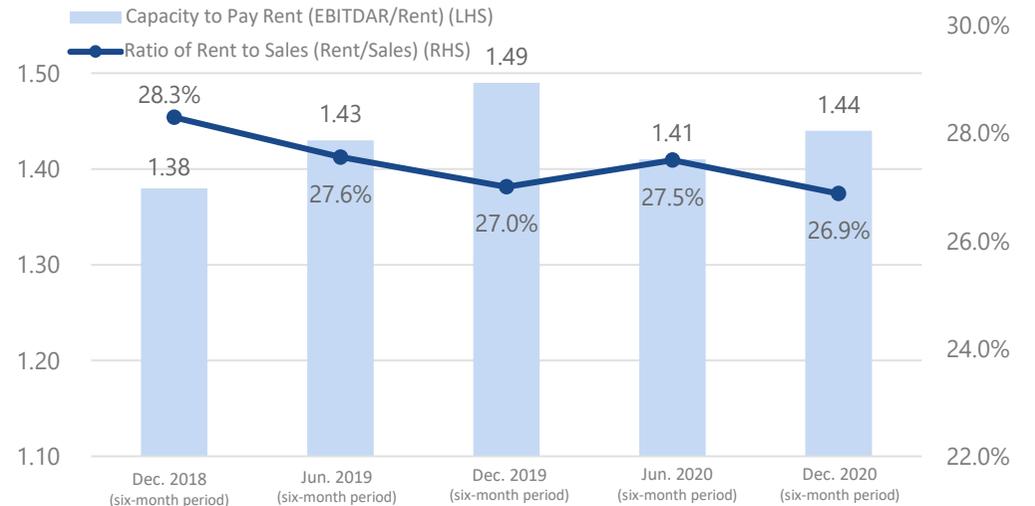
#### Average Age and Nursing Care Level (1, 2)



#### Sales and Share of Compensation (Senior living facilities)(1, 2, 4)



#### Capacity to Pay Rent and Ratio of Rent to Sales (Senior living facilities) (1, 2, 5)



Note 1: Figures are based on materials submitted by operators. "Senior living facilities" include private senior home with nursing care, residential private nursing homes, and serviced senior housing held by KDR at the end of the 18th period, excluding "Rihabili-home Granda Mondo Yakujin" (undisclosed property), "Anesis Teradacho", "Orange Suma", "Tsukui Sun-shine Machida" and "Arute Ishiyagawa". "Serabi Ebisu" is excluded only from "Average age" and "Average nursing care level". "Nursing and health facilities" include nursing and health facilities held by KDR at the end of the 18th period.

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

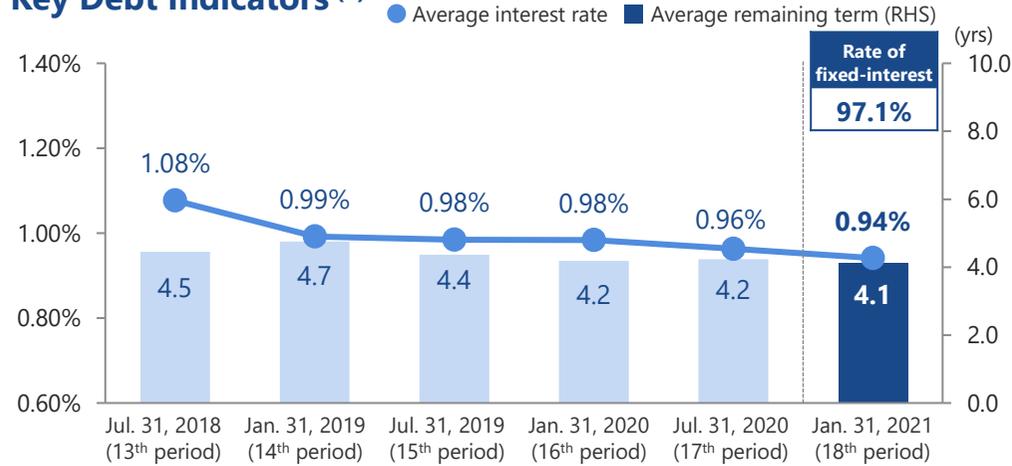
Note 3: "Average occupancy rate" is the number of residents divided by number of capacity and simple average of occupancy rate at the end of month for each period. "Average utilization rate" is the total number of users in the fiscal period divided by the total rated capacity.

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

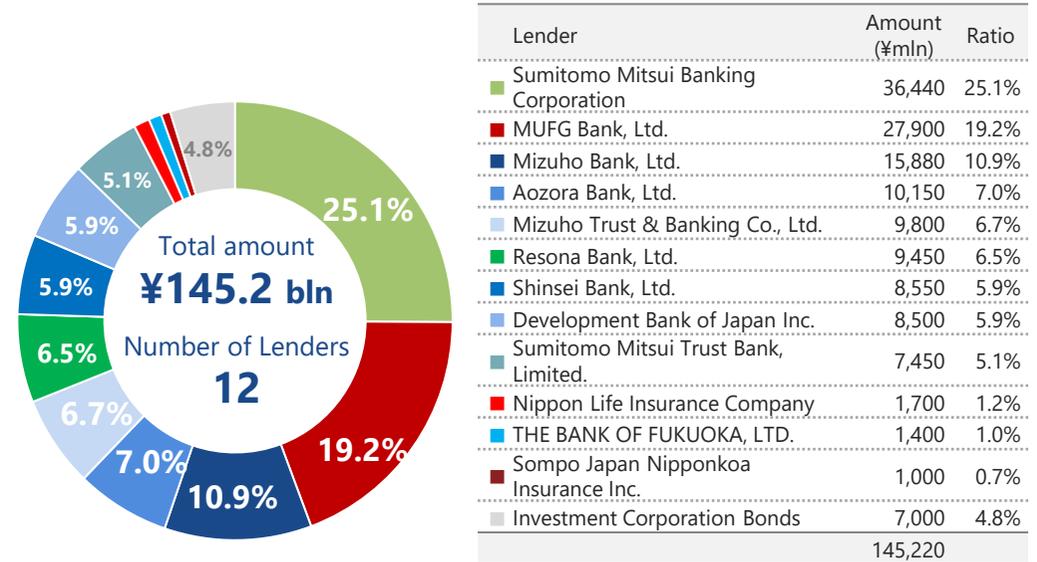
Note 5: "Capacity to pay rent" is EBITDAR (= Operating Income + Depreciation + Rent) divided by the Rent.

## **4. Finance**

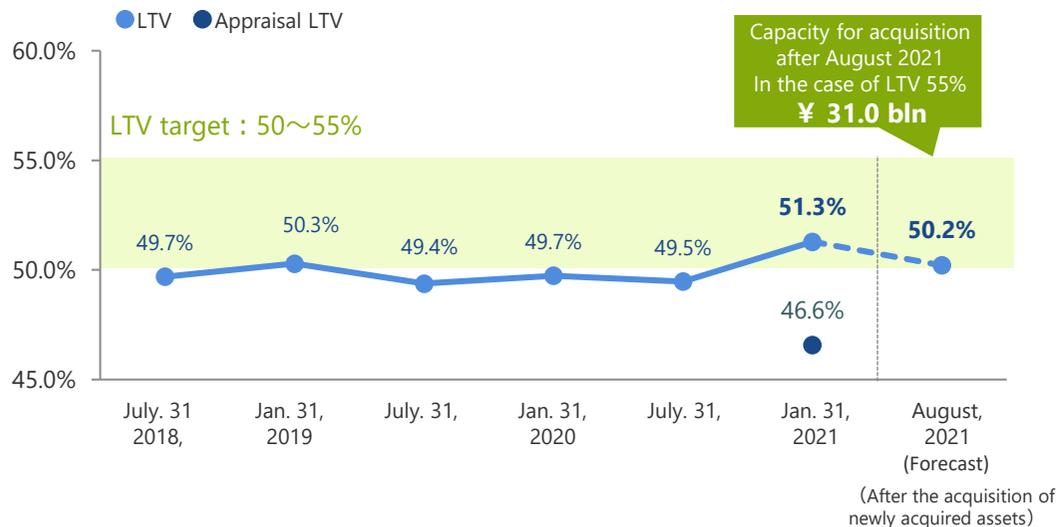
## Key Debt Indicators <sup>(1)</sup>



## Status of Interest-bearing Liabilities (as of Jan 31, 2021)



## LTV (based on total assets)<sup>(2)</sup>



## Credit Rating

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

Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period that took into consideration up-front fee (per year) and the effect of the interest rate swap. "Average remaining term" calculated by weighted average remaining term of interest-bearing liabilities at the end of the period. "Rate of fixed-interest" calculated the percentage of fixed interest rate loans of total amount of loans at the January 31, 2021. The floating loans which are substantially fixed with interest rate swap are included in the fixed-rate.

Note 2: "LTV" = Interest-bearing Liabilities / Total Assets. "Appraisal LTV" = Interest-bearing Liabilities / Total Appraisal Value.

### Outline of Commitment Line Agreement

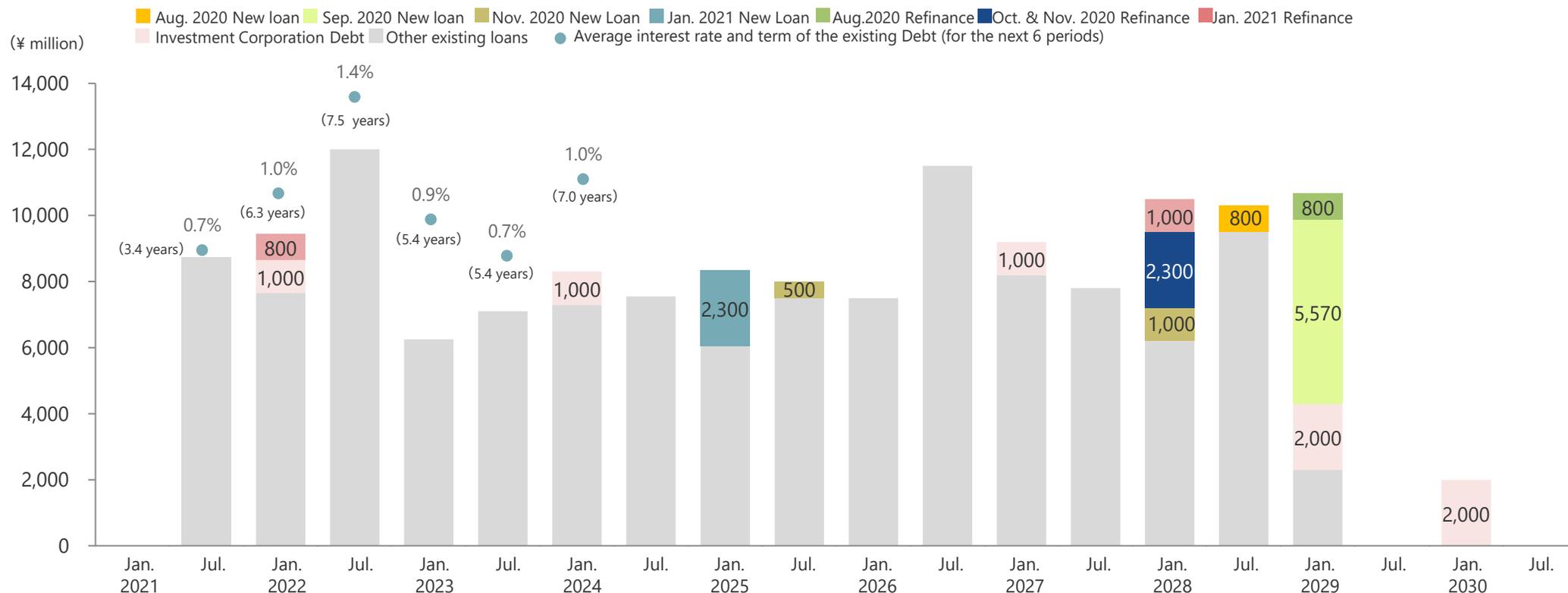
To secure flexibility and stability in financing method, commitment line agreement has been concluded

Counterparty	Limit of maximum amount	Contract period
Sumitomo Mitsui Banking Corporation	¥1.5 bln	August 1, 2020 to July 31, 2021
MUFG Bank, Ltd	¥1.5 bln	
Mizuho Bank, Ltd	¥1.5 bln	

### Latest New Loans and Refinance

Classification	Amount	Term <sup>(1)</sup>	Average interest rate <sup>(2)</sup>
New Loan in Aug. 2020	¥0.8 bln	6.8 yrs	0.72%
New Loan in Sep. 2020	¥5.5 bln		
New Loan in Nov. 2020	¥1.5 bln		
New Loan in Jan. 2021	¥2.3 bln		
Refinance in Aug. 2020	¥0.8 bln	4.8 yrs	0.92%
Refinance in Oct. & Nov. 2020	¥2.3 bln	(Refinance)	(Refinance)
Refinance in Jan. 2021	¥1.8 bln	6.2 yrs	0.73%

### Maturity Ladder

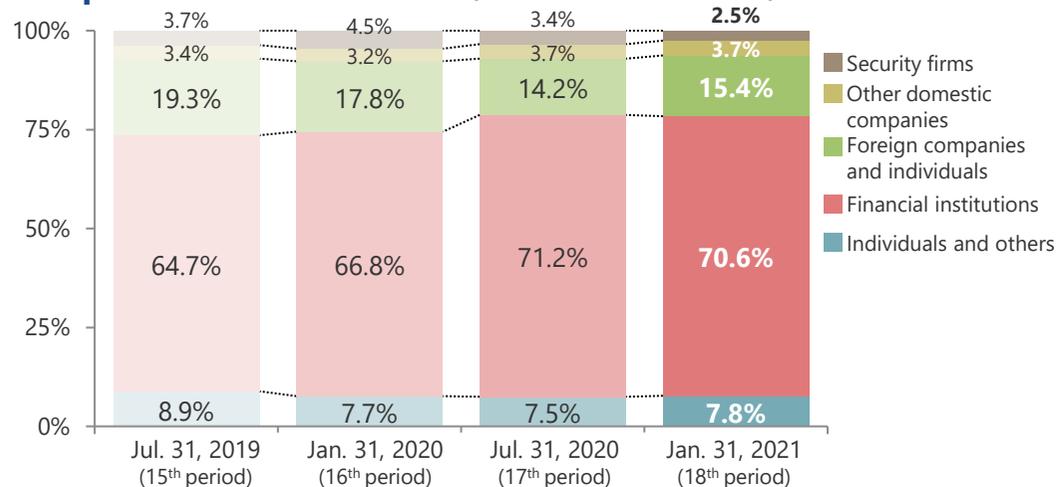


Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period for each loans.

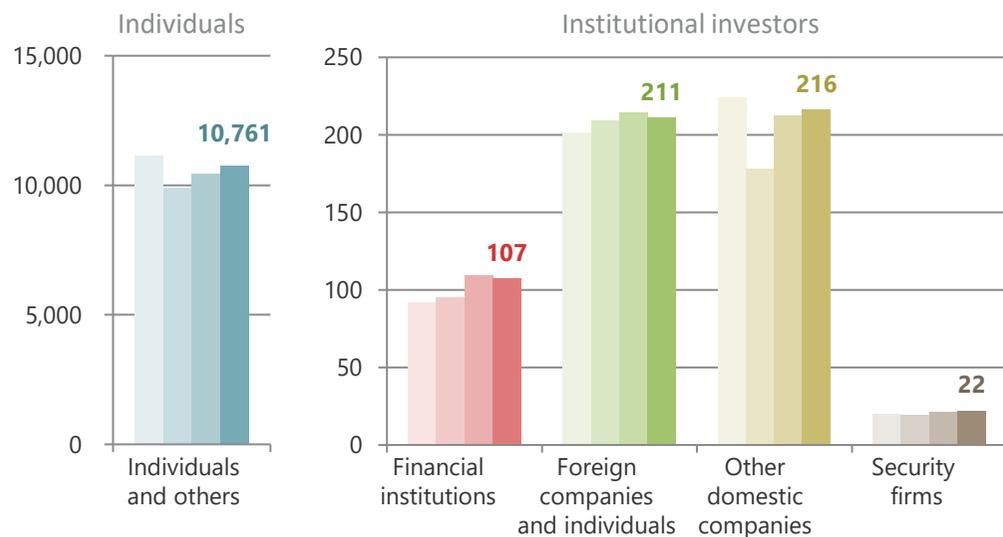
Note 2: "Interest rate" calculated that took into consideration up-front fee (per year) and the effect of the interest rate swap.

# Unitholders

## Composition of Unitholders (based on number of units)



## Number of Unitholders (last 4 fiscal periods)



## Major Unitholders (as of January 31, 2021)

	Name	Units	Ratio <sup>(1)</sup>
1	Custody Bank of Japan, Ltd. (Trust Acct.) <sup>(2)</sup>	255,934	26.90%
2	The Master Trust Bank of Japan Ltd. (Trust Acct.)	202,770	21.31%
3	The Nomura Trust Banking Co., Ltd. (Trust Acct.)	45,972	4.83%
4	Custody Bank of Japan, Ltd. (Securities Investment Trust Acct.) <sup>(2)</sup>	29,751	3.12%
5	Kenedix, Inc.	23,140	2.43%
6	Mitsubishi UFJ Trust and Banking Corporation	18,813	1.97%
7	STATE STREET BANK WEST CLIENT-TREATY 505234	14,470	1.52%
8	The Gunma Bank, Ltd.	13,133	1.38%
9	The Hokkoku Bank, Ltd.	11,746	1.23%
10	Japan Securities Finance Co., Ltd.	11,406	1.19%
	<b>Total</b>	<b>627,135</b>	<b>65.92%</b>

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

Note 2: Japan Trustee Services Bank, Ltd. and Trust and Custody Services Bank, Ltd. merged with their parent company, JTC Holdings, Ltd. on July 27, 2020, and changed their name to Custody Bank of Japan, Ltd. on the same date.

# **5. Sustainability**

# Sustainability (1) - Initiatives for Environment -

## DBJ Green Building Certification<sup>(1)</sup>

12 residential properties are certificated  
 Obtained reassessment for 3 properties in January 2021

 <p>KDX Residence Toyosu</p> <p>DBJ Green Building 2020 </p> <p>Reacquisition Jan. 2021</p> <p>Upgrade</p>	 <p>KDX Residence Yotsuya</p> <p>DBJ Green Building 2020 </p> <p>Reacquisition Jan. 2021</p> <p>Upgrade</p>	 <p>Ashiya Royal Homes</p> <p>DBJ Green Building 2020 </p> <p>Reacquisition Jan. 2021</p>
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 <p>KDX Daikanyama Residence</p> <p>DBJ Green Building 2019 </p>	 <p>KDX Residence Higashi-sakura I</p> <p>DBJ Green Building 2019 </p>	 <p>KDX Residence Ohori Harbor View Tower</p> <p>DBJ Green Building 2019 </p>	 <p>KDX Sakaisuji Hommachi Residence</p> <p>DBJ Green Building 2019 </p>	 <p>KDX Residence Hommachibashi</p> <p>DBJ Green Building 2019 </p>
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 <p>KDX Residence Ebisu</p> <p>DBJ Green Building 2018 </p>	 <p>KDX Residence Hanzomon</p> <p>DBJ Green Building 2018 </p>	 <p>Serenite Kobe Motomachi</p> <p>DBJ Green Building 2018 </p>	 <p>KDX Residence Shukugawa Hills</p> <p>DBJ Green Building 2018 </p>	<p>% of the certified assets in the residential portfolio (area base)</p> <p><b>25.2%</b></p> <p>(as of January 2021)</p>
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## Certification for the healthcare assets. BELS Certification



Plaisant Grand Ota tamagawa



## CASBEE Certification



Excellent Nishinomiya

Self-assessment based on CASBEE was carried out in November 2015, and notification was submitted to Nishinomiya City.

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

Note 2: "Annual reduction" is calculated based on the presentation materials from construction company as of exchanging construction. And it includes reductions in electricity charges paid by lessees (operator) at healthcare facilities.

## GRESB Real Estate Assessment

ESG

The Investment Corporation participates in GRESB Real Estate Assessment acquired "Green Star" rating for three consecutive years and "3 Stars" rating in 2020. (upgraded from "2 Stars" in 2019)



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

## Green Lease

### Ten (Healthcare Facility)



- LED lighting implementation work for energy-saving shall be conducted by the Investment Corporation who is the owner of the facility in January 2020.
- Part of the tenant's benefits of reduction in electricity charges for the lighting equipment and bulb replacement costs resulting from such renovations shall be paid to the Investment Corporation as green lease fees.

## Others

### LED Lights in Common Areas<sup>(2)</sup>

	Total (after 2015)	
	Property (props)	64
	Expense (mln yen)	124.8
Annual reduction (mln yen)	30.1	

### Bicycle Stations for Rent

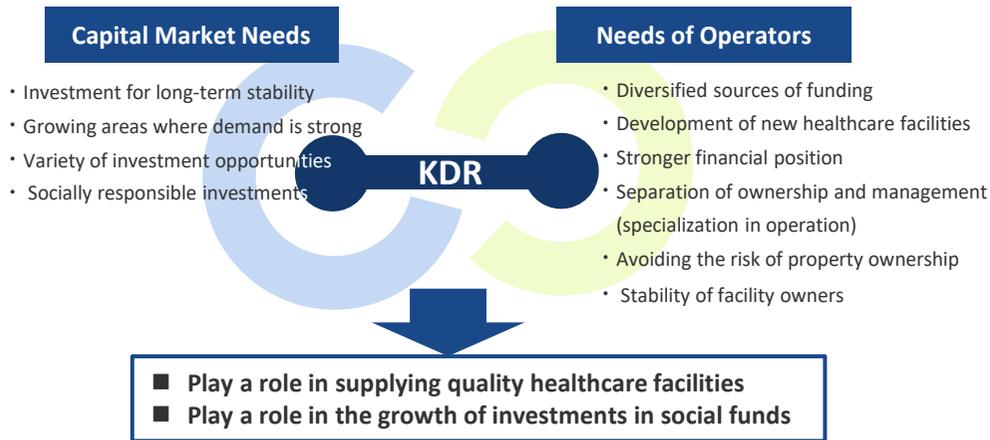
Location  
**8** Residential Properties.  
 A part of the site of the property is provided as a base for electric bicycles for rent for the purpose of reducing the environmental load and servicing residents and surrounding residents.



# Sustainability (2) - Initiatives for Social -

## Significant Social Contribution as an REIT Investing in Healthcare Facilities

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



## Investments in Childcare Facilities

■ Revision of the Management Guidelines (Sep. 2019)

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

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

## Issuance of Social Bonds



- KDR became **the first J-REIT** to issue social bonds
- Received **“Social 1 (F),” the highest rating** of the “JCR Social Finance Framework Assessment”
- 14 investors **have expressed their intention to invest** in the social bonds
- Providing an opportunity for investors who want to make ESG investments has attracted a broader range of investors **and diversified fund procurement channels**

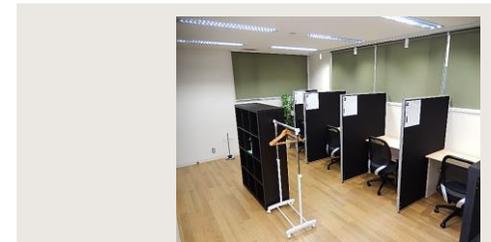
Summary of the Investment Corporation Bonds (Social Bonds)	
(1) Maturity	10 years
(2) Issue size	¥2.0 bln
(3) Yield	0.750%
(4) Month of issue	December 2019
(5) Social finance framework assessment	JCR
(6) Social finance framework rating	Social 1 (F)



## Other Initiatives

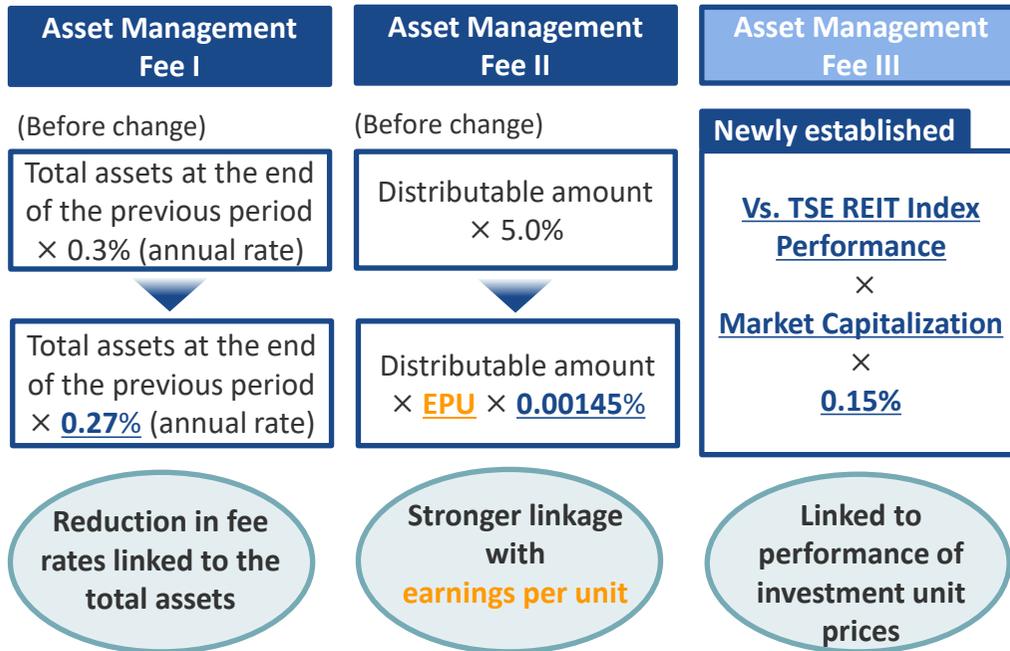
Initiatives for improving tenant’s satisfaction - provided a working space in common area -

At KDX Residence Hommachibashi, we converted a space that had been used as an hourly meeting room into a telecommuting space exclusively for residents. As a free working space equipped with air-conditioning and Internet access, it has been well received by residents who work from home due to the spread of COVID-19, as well as other users.



# Sustainability (3) - Initiatives for Governance -

Asset management fee structure where fees and unitholder returns are strongly linked <sup>(Note)</sup>



## Asset Management Fee III Calculation Method and Amount <sup>(Note)</sup>

### 1) Performance of KDR stock relative to the TSE REIT index (end of July 2020 to end of January 2021)

Increase in KDR stock price including the DPU: -3.7%  
 Increase in TSE REIT index including DPU: +13.3%  
 ⇒ KDR outperformance: -17.0%

### 2) Expected asset management fee III for 1H 2021

¥0

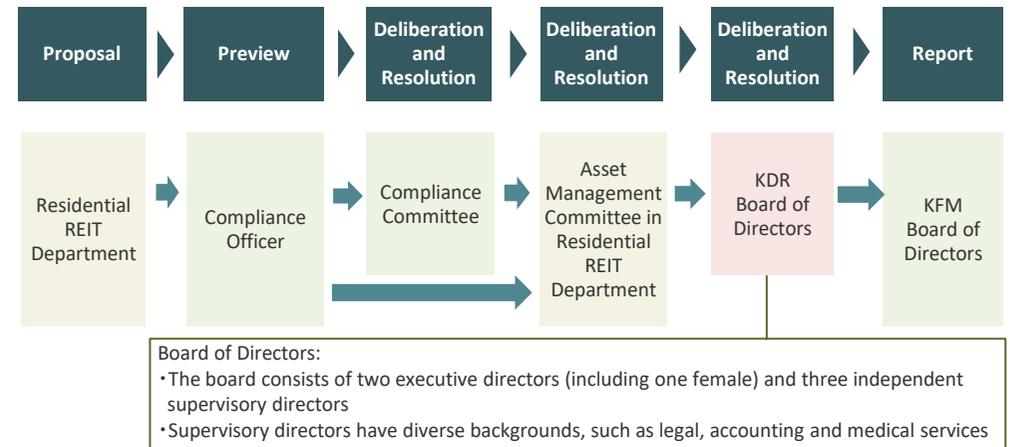
### 3) Negative performance deferred to the next period (The deferral is to only one period.)

-17.0%

## Decision-making Process with Transparency & Checks and Balances

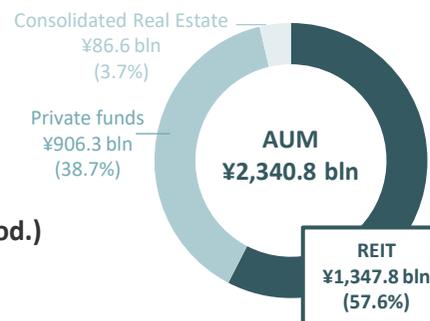


- ❑ KFM creates guidelines for the management of KDR's assets. The guidelines set forth basic policies on asset management, including the investment policy, related party transaction rules, the distribution policy and the disclosure policy.
- ❑ Based on the management guidelines, KFM creates asset management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



## The Kenedix Group's Commitment to J-REITs

### ■ Breakdown of AUM (As of Dec. 31, 2020)



### ■ Investment in KDR by Kenedix, Inc.

The unit holding ratio of Kenedix, inc. is expected to increase to 2.96%.



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

# Appendices

## Explanation of Notes

<Points of consideration for forecast distribution per unit>

- ❑ For the fiscal period ending July 31, 2021 (19th fiscal period) and thereafter, calculations assume that the total units issued as of the end of the fiscal period is 995,883 units.
- ❑ Distribution per unit for the fiscal period ending July 31, 2021 (19th fiscal period) and thereafter are estimates as of the date of this document. Kenedix Residential Next Investment Corporation (KDR) makes no guarantee that these funds will be distributed to unitholders.

P.7

(Note 1)

The internal reserve amount as of the end of the 18th fiscal period is an estimated value as of the date of this document, assuming payments of the total distribution amount for the fiscal period ended January 31, 2021 (18th fiscal period) have been completed. The actual amount may vary due to the financial conditions of KDR and other reasons.

(Note 2)

“RTA” is a reserve for temporary difference adjustment of internal reserves resulting from negative goodwill recorded due to the merger (defined below). The basic policy is to reverse this reserve over a period of not more than 50 years (100 fiscal periods) and the policy is to reverse at least 1% of the initial amount of the RTA balance every fiscal period and allocate this amount to distributions.

P.8

(Note 1)

“DPU excluding one-time factors” = DPU forecast – Gains from property sales (after deducting the increase in Asset Management Fee II attributable to the gain on sale) used for distributions (forecast) – Contribution amounts (forecast) due to the effect of property, city planning and other taxes and other one-time factors (defined below) – Appropriation of reversal of internal reserves (forecast). For points of consideration regarding the forecast distribution per unit, please see “Points of consideration for forecast distribution per unit” above.

(Note2)

The “LTV” ratio is total interest-bearing liabilities (loans and investment corporation bonds) divided by total assets. The estimate of the LTV for the 20th fiscal period was calculated using the following method.

LTV on January 31, 2022 (end of 20th fiscal period): The total of interest-bearing liabilities at the end of the 18th fiscal period (January 31, 2021) and new debt planned for August 2021 (“planned new debt”) divided by the sum of KDR’s total assets at the end of the 18th fiscal period (January 31, 2021), the planned new debt, and the total value of units issued during the public offering in February 2021 and offerings with a third-party allotment in March 2021.

(Note3)

The “effect of property, city planning and other taxes and other one-time factors” refers to a benefit resulting from the delay in the recognition of property taxes, city planning taxes, and other taxes (property and city planning taxes) as an expense to the fiscal period following the acquisition of a property, fluctuations in various fees caused by changes in total assets, fluctuations in Asset Management Fee III linked to the performance of investment unit prices, as well as fluctuations in Asset Management Fee II caused by changes in income due to these factors.

# Public Offering in February 2021, Market Comments

## Kenedix Residential Next <3278>: Completed in five days, demand “greater than expected”

On the 19th, the offering period for the public offering conducted by Kenedix Residential Next Investment Corporation ended. The following is a review of the public offering.

Code 3278

Total number of units to be offered: 42,500 units

Issue price (offer price): ¥179,985

Total amount of issue price (offer price): ¥7,649.36 million

Over-allotment: 2,125 units

Issuance resolution date: February 15

Pricing date: February 18

Discount rate: 2.5%

Payment date: February 25

Bookrunner: SMBC Nikko/Mizuho/Nomura

For the first time ever, a J-REIT used a five-day schedule to conduct a public offering from launch to close. With the issuance of the new investment units, four residential facilities and two senior living facilities were acquired for 10 billion yen, bringing the asset size to 162 properties and 268.8 billion yen. This was the fourth consecutive year with a public offering. The terms were determined during the three business days following the launch and the book was closed at 11 o'clock on the day of. **In essence, the marketing period was two business days. Interviews had been conducted with domestic J-REITs and institutional investors since last year, and regional banks that were concerned about responsiveness were able to confirm timeframes on investment decisions and factors that are likely to cause bottlenecks with investment managers. The bookrunner said that “the best solution was a two-day period.”** As with the most recent SMBC Nikko lead manager deal, the POT method was used, and the offering period was set to a single day. **This was the first instance where the new rule was applied since the regulation on waiting periods for domestic offerings, which had been set at a seven-day interval or more, was relaxed in September 2014, and the bookrunner said this “public offering introduced a variety of innovations.”**

The issuer attempted a new scheme to ensure funding. Due to the impact of COVID-19 on the market, the unit prices of many J-REIT offerings plummeted after their launch last year. The bookrunner’s proposal was accepted, based on the view that the longer the period it took for pricing, the more volatile unit prices would become and the greater the risk that unit prices might decline. According to Kenedix Real Estate Fund Management, Inc., “With a smaller offering size, even a shortened schedule will attract a certain amount of demand.” Some view regional financial institutions as entities that take time to make investment decisions, **so the issuer had prepared for an absence from participation by some due to a shortage of time. In the end, Kenedix Real Estate reported that “Although some displayed reluctance to participate in the public offering, demand was higher than anticipated, and the outcome was by no means inferior to the previous PO (February 2020).”** The investment unit price was lower than the previous PO (public offering price of 208,065 yen), and the sense that this was relatively inexpensive may have contributed to increased demand. The fact that online meetings have become normalized also seemed to have contributed to this favorable outcome.

(Omission)

[Capitaleye·News Nagisa Ikebe]

Source : February 19, 2021 Capital Eye

## Kenedix Residential Next <3278>: Shortened time from launch to finalization of terms

The public offering conducted by Kenedix Residential Next Investment Corporation (3278) ended on the 19th.

The total amount of the offering was 8,031,830,625 yen. Nine residential facilities and two healthcare facilities were newly acquired for approximately 19.364 billion yen, expanding the asset size to 268.8 billion yen. **In addition to shortening the time between the launch and the finalization of the terms to a “two-business-day interval,” the subscription period was limited to only a single day, enabling the quick conclusion of deals.**

According to the lead manager, the roadshow was conducted individually via web and teleconference to approximately 30 companies over the course of two days on the 16th and the 17th. Management calls were also held with around 15 companies. Despite COVID-19, the properties acquired have shown stable growth and were evaluated as reliable.

**This public offering took advantage of the fact that Financial Services Agency revised its corporate disclosure guidelines which eliminated the seven-day waiting period after the submission of securities under certain conditions, shortening the period from launch to finalization of terms to a two-day interval, which normally takes a four-to-five-day interval. Existing investors viewed this favorably as it had the potential to suppress the market impact associated with capital increases.** By leveraging the close relationships established with investors on a day-to-day basis, the J-REIT was able to take advantage of its unique characteristics and stably increase capital without any major surprises. In addition, according to the lead manager, “The number of central and regional investors did not decrease when compared with the previous public offering conducted using the regular method, and in fact, the number of total participants actually increased.” Although this increases the workload for underwriters as they must spend more time arranging roadshows and releasing allocations, it is expected that J-REITs will continue to use this method as it aligns with the global trend to shorten deal periods.

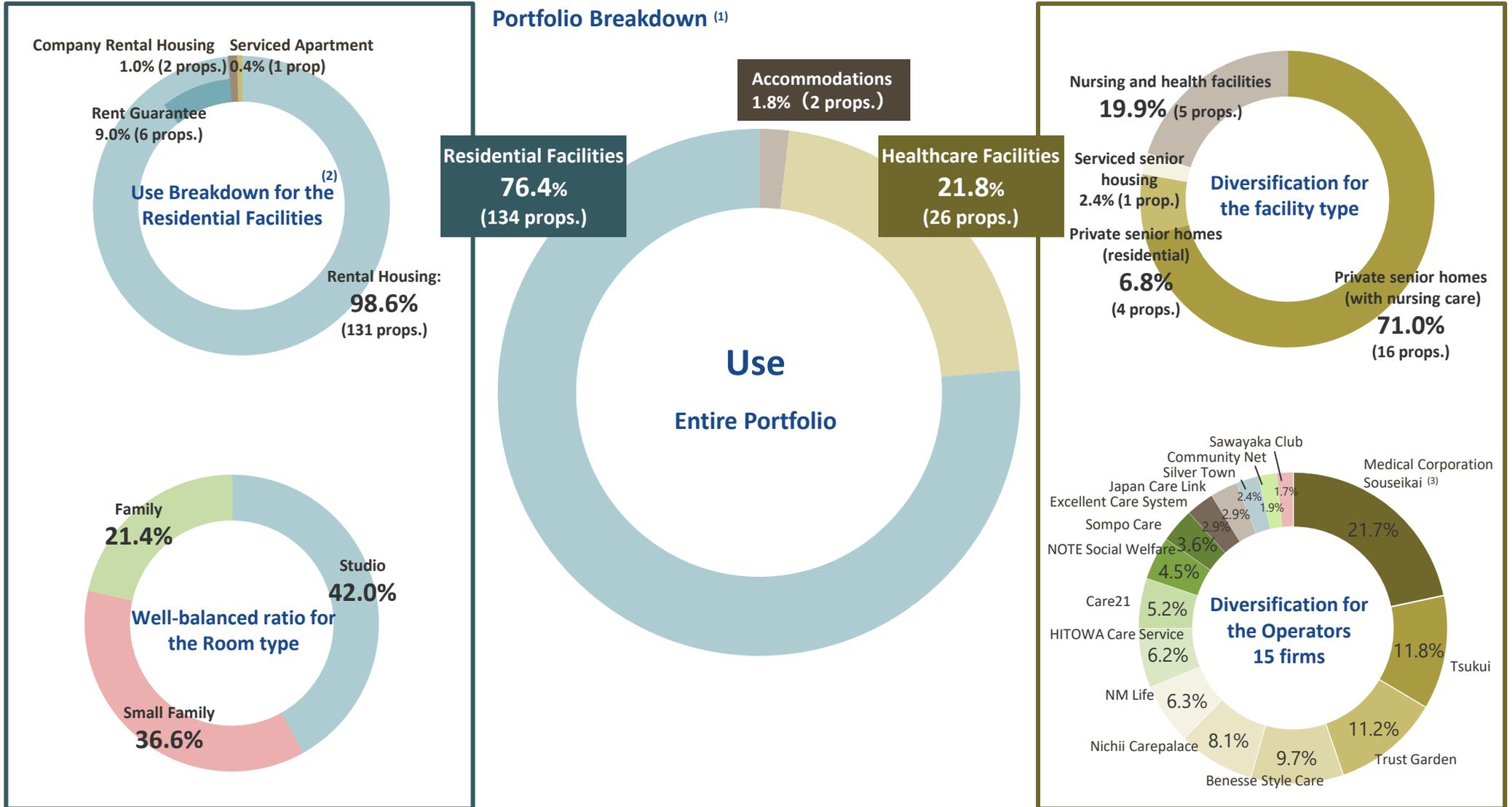
(Omission)

Source : February 19, 2021 DealWatch

# Portfolio Breakdown (1)

■ Total Asset Size : ¥268.8 bln (162 props.), Residential facilities : ¥205.2 bln (134 props.), Healthcare facilities : ¥58.6 bln (26 props.), Accommodations : ¥4.9 bln (2 props.), and build a strong portfolio through investments with diversified portfolio

Portfolio Breakdown (1)



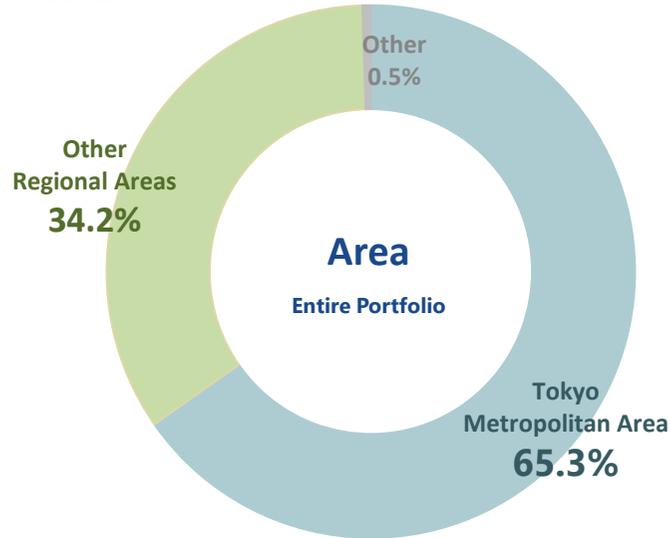
Note 1: Including the ratio of the to-be acquired assets by August 2, 2021, which are already scheduled for as of the date of this material. the same shall apply hereinafter.

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

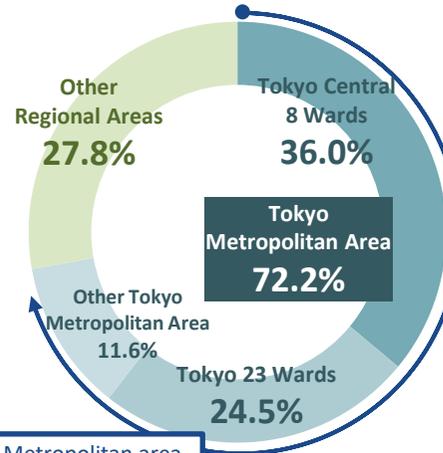
Note 3: As of June 12, 2020, the name has been changed from the Medical Corporation Hakushinkai.

# Portfolio Breakdown (2)

Portfolio Breakdown <sup>(1)</sup>

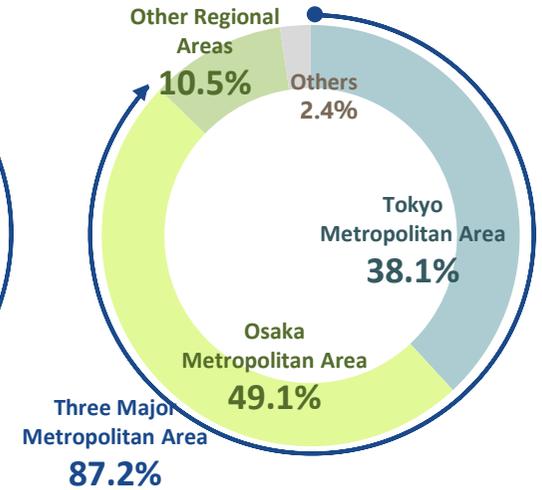


Residential Facilities

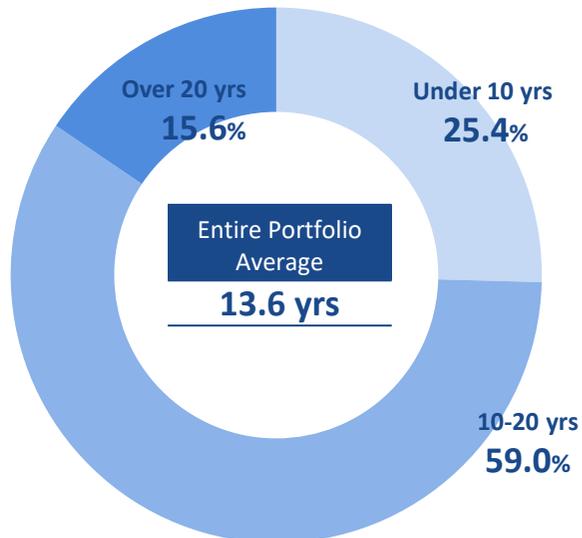


Tokyo Metropolitan area ratio in residential facilities  
Aim for more than **70%**

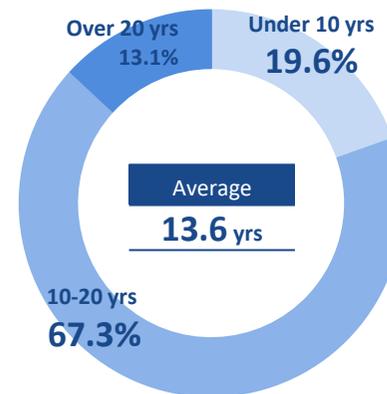
Healthcare Facilities



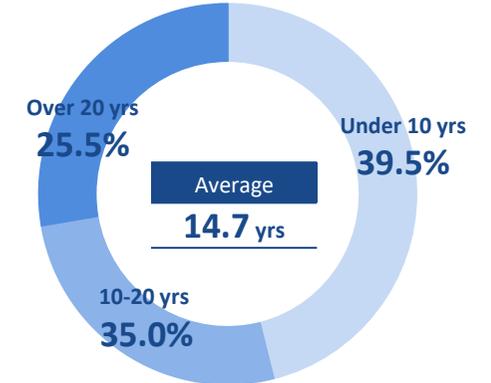
Break down of Property Age <sup>(2)</sup>



Residential Facilities



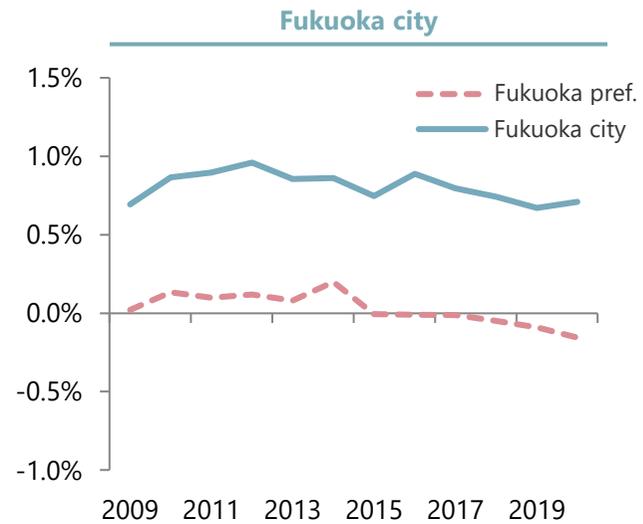
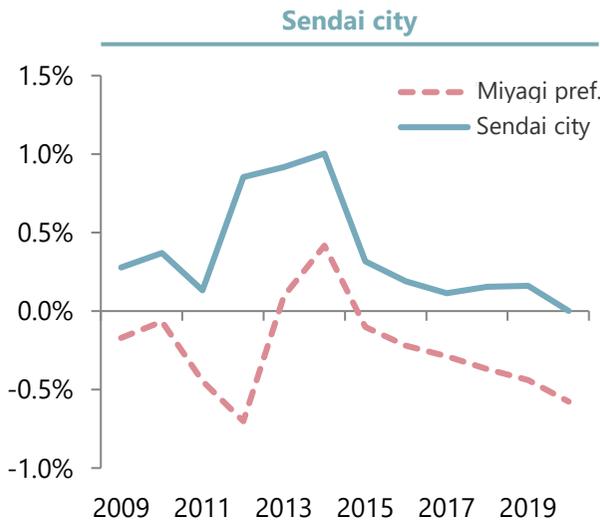
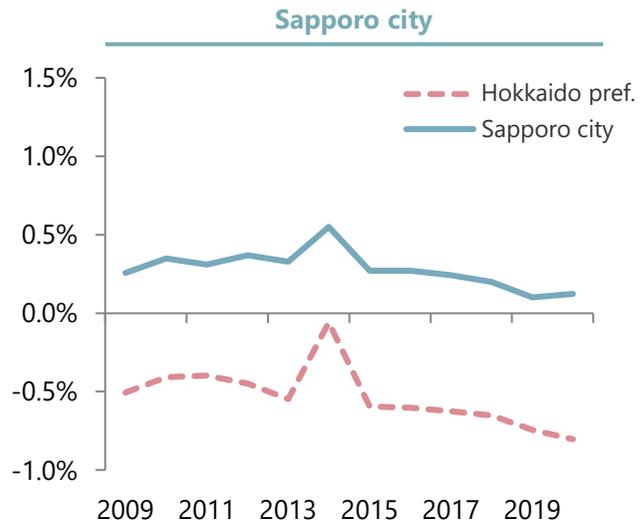
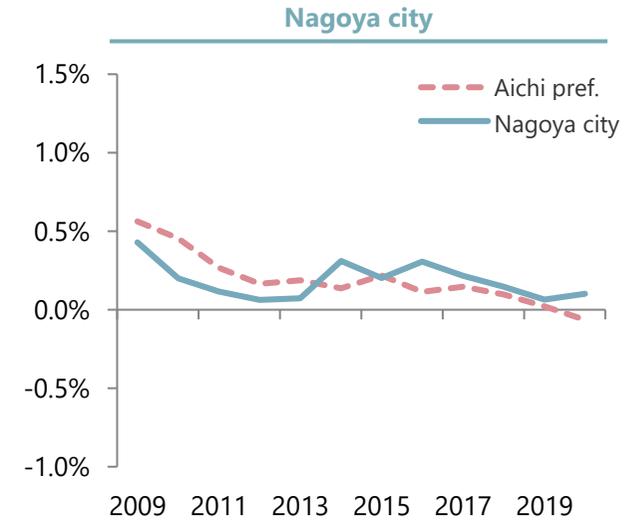
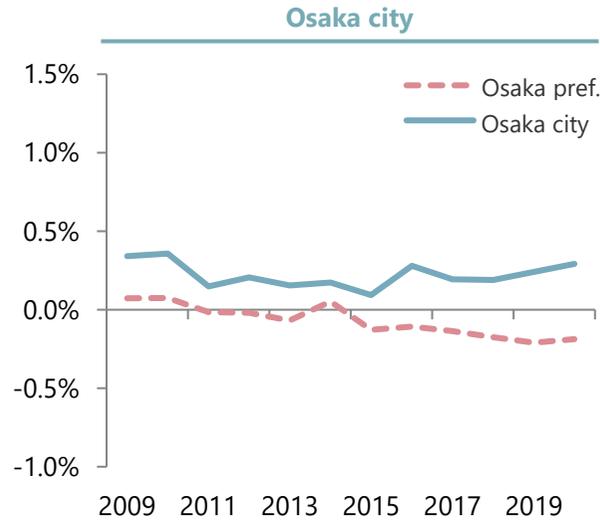
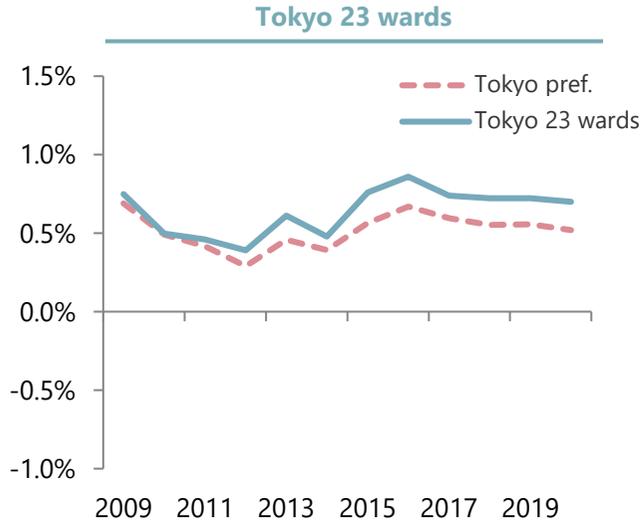
Healthcare Facilities



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

Note 2: "Property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to January 31, 2021.

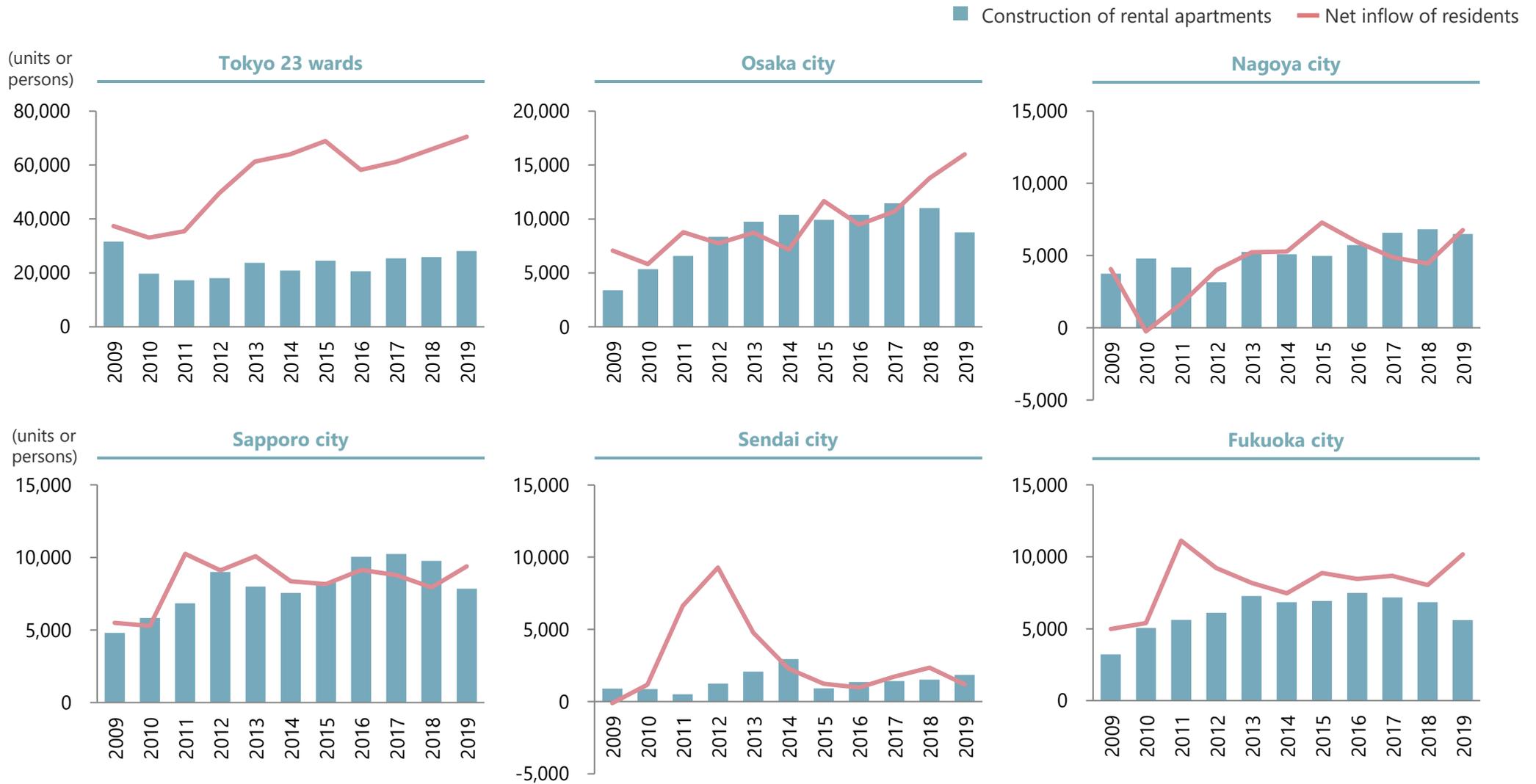
# Residents growth rate in Tokyo 23 wards and major cities in Japan(YoY)



Source : Ministry of Internal Affairs and Communications "Survey on Population, Demography and household based on the Basic Resident Register"

Note : This is a year-on-year comparison of the population as of January 1 of each year (March 31 of each calendar year for 2013 and earlier) in the Basic Resident Ledger Population, Ministry of Internal Affairs and Communications. Methods for calculating statistics have been revised in 2006. The foreigners subject to the basic resident registration law have been included in the statistics since 2013, but this analysis indicates the transition related to Japanese only.

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



Source : Ministry of land, Infrastructure, Transport and Tourism. Statistics for the Construction of New Housing. Ministry of Internal Affairs and Communications. Report on Population Movement based on the Basic Resident Register.

Note : The total number for each year includes concrete, steel, reinforced concrete and steel reinforced concrete buildings. The net inflow of residents is calculated by subtracting the total number of residents moving out of the relevant city from the total number of residents moving into the relevant city.

# Tenant Demographics Analysis (Residential Facilities)

## Type of Lessees<sup>(1)</sup>

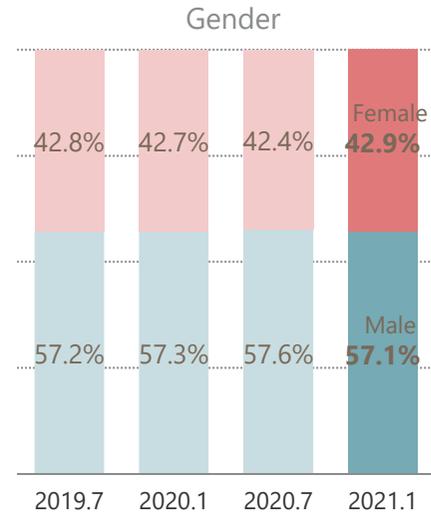


Large corporate contracts in rental housing<sup>(2)</sup>

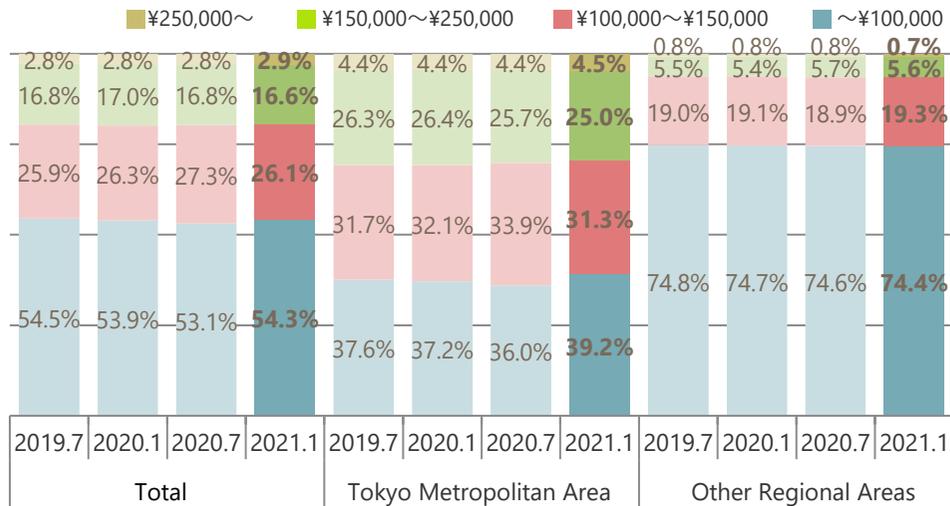
Property Name	Number of Contracts	% in a property
KDX Residence Kamata-minami	69 units	86.3%
KDX Residence Nishi-Funabashi	42 units	73.7%
KDX Residence Higashi-Asakusa	21 units	58.3%
KDX Residence Okachimachi	27 units	52.9%
KDX Residence Yoga	18 units	47.4%
KDX Residence Higashi-shinjuku	75 units	41.9%
KDX Residence Moriguchi	10 units	35.7%
KDX Chiba Chuo Residence	26 units	24.5%
KDX Residence Tachikawa	37 units	21.3%

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

## Breakdown of Personal Contracts



## Breakdown of Rent Range (based on unit)



## Average Rent per Residential Unit<sup>(1)</sup> (as of January 31, 2021)

Room Type \ Area	Tokyo Metropolitan Area	Other Regional Areas	Total
Studio	¥94,384 (▲1,956)	¥72,022 (+201)	¥87,205 (▲720)
Small Family	¥165,349 (+1,730)	¥85,096 (▲114)	¥124,353 (+931)
Family	¥212,513 (+1,666)	¥157,259 (▲497)	¥183,674 (+723)
<b>Total</b>	<b>¥133,109 (▲1,646)</b>	<b>¥93,779 (+64)</b>	<b>¥116,337 (▲379)</b>

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

## About Seismic Isolation Materials

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

March, 2015		April, 2015		September, 2015	May, 2019	August, 2019
<p>Toyo Tire announced that its seismic isolation materials do not comply with certification requirements of the Ministry of Land, Infrastructure, Transport and Tourism of Japan (MLIT).</p>	<p>One portfolio building uses Toyo Tire seismic isolation materials, but Toyo Tire stated that these materials complied with the certification requirements.</p>	<p>Toyo Tire announced a new incident involving seismic isolation material fraud.</p>	<p>The MLIT and Toyo Tire measured the seismic isolation properties of the affected KDR owned building and concluded that the building is structurally sound up to a seismic intensity of 6-upper to 7.</p>	<p>KDR, KFM and a trust bank who is the trustee of the building signed a <b>Compensation Agreement</b> with Toyo Tire and Toyo Chemical Industrial Products.</p>	<p>An agreement was reached concerning replacement of the Rubber to respond to the problem and compensation for losses, etc. incurred by the Investment Corporation due to said replacement. Accordingly, the Concerned parties concluded an agreement on replacement of the Seismic Isolation Rubber and an additional compensation agreement.</p>	<p><b>Replacement construction for Seismic Isolation Rubber was started.</b></p>
<p>Start of examination to determine if any portfolio buildings use these materials.</p>		<p>Toyo Tire notified KDR that the seismic isolation materials in the portfolio building are included in this newly disclosed incident.</p>				<p>December, 2020 (planned)</p>
						<p><b>Replacement construction for Seismic Isolation Rubber was completed.</b></p>

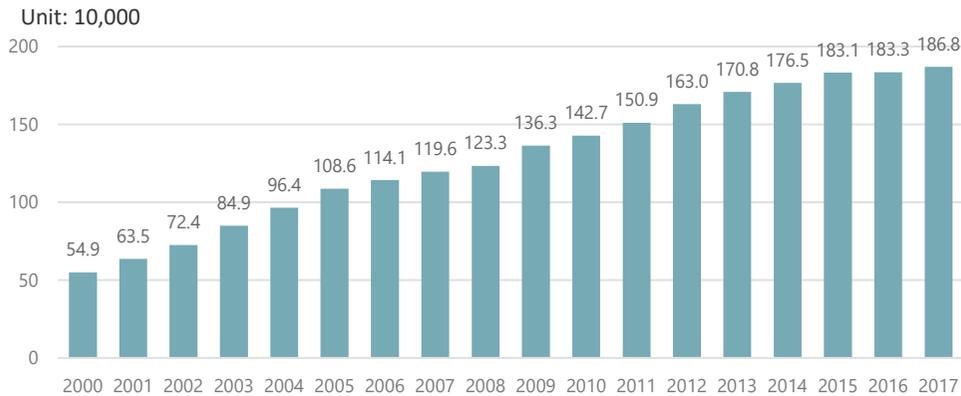
### Seismic Isolation/Mitigation Oil Dampers manufactured by KYB Corporation and Kayaba System Machinery Co., Ltd.

October, 2018		January, 2019		January, 2020	January, 2020	
<p>“Non-compliance with the standards under the certification of the Minister of Land, Infrastructure, Transport and Tourism of the seismic isolation/mitigation oil dampers manufactured by KYB Corporation (“KYB”) and Kayaba System Machinery Co., Ltd. (“KSM”) announced by the Ministry of Land, Infrastructure, Transport and Tourism</p>	<p>One portfolio building uses the seismic isolation oil dampers manufactured by KYB and KSM with product certification number(s) for which the performance inspection data was considered to be falsified. KDR has received a report from KYB and KSM that seismic isolation oil dampers used for the Property meet the performance standards of MLIT, but a part of the seismic isolation oil dampers fail to meet the performance standard based on the contract with the customers.</p>	<p>KYB announced a new incident.</p>	<p>KDR has received a new notification by KYB and KSM that all seismic isolation oil dampers installed in the Property fall into the products for which it is unknown whether falsification was made.</p>	<p>KYB has also reported to KDR that it will promptly replace nonconforming products that fail to meet the performance standards of MLIT and products for which it is unknown whether falsification was made.</p>	<p>An agreement was reached concerning replacement of the Seismic Isolation Oil Dampers to new ones comply with the performance assessment standards certified by the Minister of Land, Infrastructure, Transportation and Tourism. Accordingly, the Concerned parties concluded an agreement on replacement of the Seismic Isolation Oil Dampers.</p>	<p><b>Replacement construction for Seismic Isolation Oil Dampers was started.</b></p>
						<p>August, 2020</p>
						<p><b>Replacement construction for Seismic Isolation Oil Dampers was completed.</b></p>

# The Business Climate for Healthcare Facilities in Japan

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

## Growth of Japan's Nursing Care Workforce



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

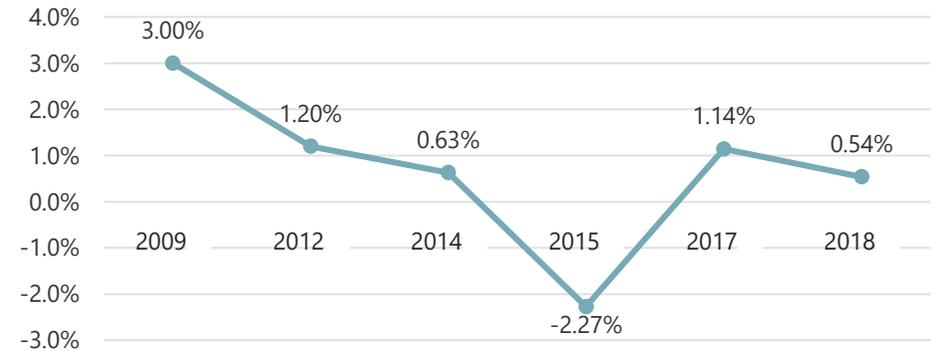
## Measures to Recruit Nursing Care Workers

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

Source: Ministry of Health, Labour and Welfare

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

## Revisions to Public-sector Nursing Care Payments



Source: Ministry of Health, Labour and Welfare

## Recruiting rate and Turnover rate for Nursing Care Workforce



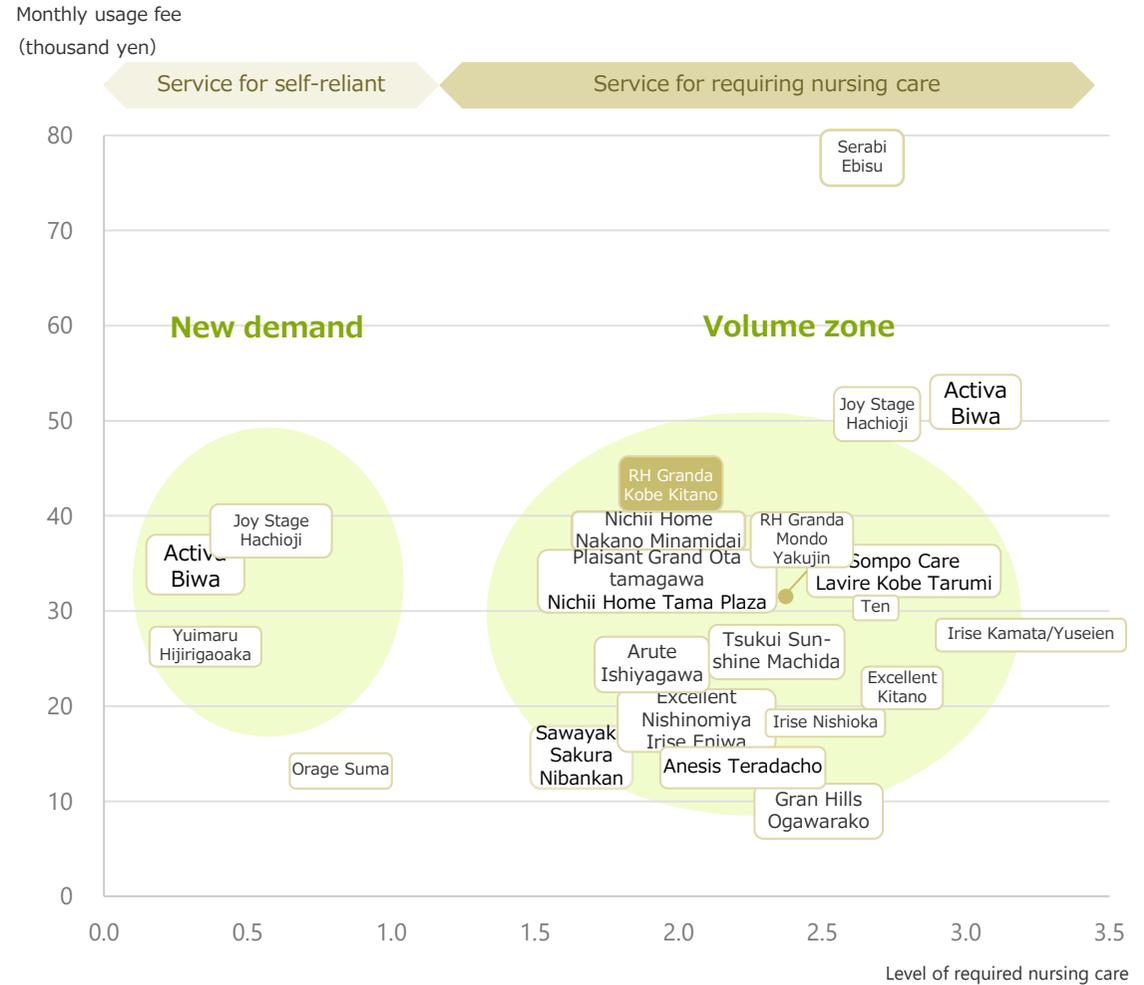
Source: Survey of Nursing care labor situation 2019, Care Work Foundation

# Classification of Senior Living Facilities

## Classification of Senior Living Facilities by Type (1)

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

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



Note 1: The above chart shows, in a simplified manner, the general features of market demand, monthly housing charge, unit size, room amenities and shared amenities assumed by KDR to pertain to the mentioned types of senior living facilities. "The monthly usage fee" indicates the monthly usage fee for single person room for the general public shown in the explanatory documents of important matter(excluding the co-payment of nursing care insurance service, In cases the lump-sum payment is received, added the amount of prorating the lump-sum payment to the anticipated period of residence stipulated in the explanatory documents of important matters, etc.)

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

# Overview of Operators

## Operators of KDR Owned Properties

Operator (Parent company, etc.)	Established	Facilities operated (1)	No. of rooms (1)	Listed/Unlisted	Locations owned by KDR (Property name)
<b>Sompo Care Inc.</b> (Sompo Holdings, Inc.)	May 1997	433	25,608	Consolidated subsidiary of Sompo Holdings, Inc. (TSE 1st section listed)	Sompo Care Lavire Kobe Tarumi
<b>Benesse Style Care Co., Ltd.</b> (Benesse Holdings, Inc.)	September 1995	337	18,282	Consolidated subsidiary of Benesse Holdings, Inc. (TSE 1st section listed)	Rihabili-home Granda Mondo Yakujin Medical-home Granda Kurakuen Rihabili-home Granda Kobe Kitano
<b>HITOWA Care Service Co., Ltd.</b> (HITOWA Holdings Co., Ltd.)	November 2006	116	7,047	Unlisted company	Irise Kamata/Yuseien Irise Nishioka Izarie Eniwa building (Irise Eniwa)
<b>Nichii Carepalace Company</b> (NICHII GAKKAN CO., LTD.)	June 1964	80	5,112	Unlisted company	Nichii Home Nakano Minamidai Nichii Home Tama Plaza
<b>Sawayaka Club Co., Ltd.</b> (Uchiyama Holdings Co., Ltd.)	December 2004	88	5,191	Consolidated subsidiary of UCHIYAMA HOLDINGS Co., Ltd. (TSE 1st section listed)	Sawayaka Sakura Nibankan
<b>Tsukui Holdings Corporation (2)</b>	June 1969	97	4,483	TSE 1st section listed	Tsukui Sun-shine Machida
<b>Care 21 Corporation</b>	November 1993	118	4,017	TSE JASDAQ listed	Plaisant Grand Ota tamagawa
<b>Trust Garden Co., Ltd.</b> (Resorttrust, Inc.)	August 2007	23	2,097	Consolidated subsidiary of Resorttrust, Inc. (TSE 1st section listed)	Activa Biwa
<b>NOTE Social Welfare Corporation</b>	June 1983	24	1,117	Unlisted organization	Ten
<b>Excellent Care System Co., Ltd.</b>	August 2004	34	1,207	Unlisted company	Excellent Nishinomiya Excellent Kitano
<b>Community Net Inc.</b>	June 1998	14	751	Unlisted company	Yuimaru Hijirigaoka
<b>Medical Corporation Souseikai (3)</b>	November 1999	11	630	Unlisted organization	Anesis Teradacho, Rococo-riha, Orage Suma, Canadian Hill, Anesis Hyogo, Arute Ishiyagawa
<b>Japan Care Link Co.,Ltd</b> (Solasto Corporation)	November 2000	22	500	Consolidated subsidiary of Solasto Corporation (TSE 1st section listed)	Serabi Ebisu
<b>NM LIFE Co., Ltd.</b> (Iriscare Co., Ltd.)	October 1995	1	232	Unlisted company	Joy Stage Hachioji
<b>Silver Town Ltd.</b> (Iriscare Co., Ltd.)	February 2002	3	181	Unlisted company	Gran Hills Ogawarako

Note1: Facilities operated and capacity are based on information received from operators and other sources and are current as of December 31, 2020, but as of August 1, 2020 for Sompo care Inc.. All figures for operators are non-consolidated. Private senior homes, Serviced senior housing, Group homes, Special nursing home for the elderly, Nursing and health facilities and Care Homes are counted.

Note2: As of October 1, 2020, the name has been changed from Tsukui Corporation.

Note3: As of June 12, 2020, the name has been changed from the Medical Corporation Hakushinkai.

# Senior Housing and Senior Care Facility Operators Ranked by Capacities

## Senior Housing and Senior Care Facilities

Rank	Company	Major brands	Locations owned by KDR	Total <sup>(note)</sup>	
				Buildings	Capacities
1	<b>Sompo Care</b>	<b>Sompo Care Lavire, Sompo Care Sompo no ie, Sompo no ie S</b>	<b>1</b>	<b>433</b>	<b>25,740</b>
2	<b>Benesse Style Care</b>	<b>Aria, Kurara, Granny &amp; Granda, Madoka, Bonsejour, Kokochi, Li-Re</b>	<b>3</b>	<b>332</b>	<b>18,886</b>
3	<b>NICHIIGAKKAN</b>	<b>Nichii no Kirameki, Nichii no Hohoemi, Nichii Home, Iris Garden</b>	<b>2</b>	<b>432</b>	<b>14,198</b>
4	Gakken Group	Cocofan		421	13,947
5	Kawashima Corporation	Sunny Life, Yawaragien		131	12,056
6	BestLife	BestLife		179	11,616
7	<b>Souseikai Group</b>	<b>Good Time Home, Good Time Club, Good Care, Sonorous Court, Calmecourt</b>	<b>6</b>	<b>157</b>	<b>10,335</b>
8	KOYAMA Healthcare Group	(No specific brand)		194	10,110
9	Aoikai Medical Corporation	Aoi no sono, Aoi no sato		97	8,559
10	Kinoshita Care	Life commune, Lien Reve, Ouen Kazoku		124	7,575
11	Half Century More	SunCity		17	7,108
12	Social Welfare Organization Saiseikai Imperial Gift Foundation	(No specific brand)		106	7,079
13	<b>HITOWA Care Service</b>	<b>Irise</b>	<b>3</b>	<b>116</b>	<b>7,062</b>
14	ALSOK Group	Minna no ie, Homestation Life		185	6,564
15	Fuji Amenity Service	Fuji Palace Senior		174	6,000
16	Tokushukai Group	Tokushuen		77	5,819
17	<b>Uchiyama Holdings</b>	<b>Sawayaka</b>	<b>1</b>	<b>98</b>	<b>5,722</b>
18	VATI	Anshin Home, Furusato Home		146	5,420
19	Seirei Social Welfare Community	Aikoen, Eden no sono		35	5,057
20	UNIMAT Retirement Community	Soyokaze		165	4,556
25	<b>Care 21</b>	<b>Plaisant maison, Plaisant Grand, Tanoshii ie</b>	<b>1</b>	<b>116</b>	<b>3,866</b>
26	<b>Solasto Corporation</b>	<b>Solasto, Nagoyaka, Gracemate</b>	<b>1</b>	<b>125</b>	<b>3,842</b>
28	<b>TSUKUI</b>	<b>TSUKUI, TSUKUI Sunshine</b>	<b>1</b>	<b>77</b>	<b>3,452</b>
37	<b>Resorttrust Group</b>	<b>Trust Garden</b>	<b>1</b>	<b>23</b>	<b>2,599</b>
54	<b>Excellent Care System</b>	<b>Excellent, Suite, Grand Home</b>	<b>2</b>	<b>46</b>	<b>2,005</b>
83	<b>NOTE Social Welfare Corporation</b>	<b>Happyhouse</b>	<b>1</b>	<b>26</b>	<b>1,400</b>
177	<b>Community Net</b>	<b>Yuimaru</b>	<b>1</b>	<b>23</b>	<b>768</b>

Source: Shukan Koreisha Jutaku Shimibun ("Weekly Senior Housing Newspaper"), August 5 and 12, 2020 (Issue 594)

Note: The number of buildings and capacities are based on information in Shukan Koreisha Jutaku Shimibun, August 5 and 12, 2020 (Issue 594). For corporate groups, the number of buildings and number of rooms are for all private senior homes, memory care group homes and senior care facilities of affiliated companies.

5. Sustainability

# Status of Lease Agreements (Healthcare Facilities)

No.	Name	Operator <sup>(1,2)</sup>	Facility Type	Remaining Term <sup>(3)</sup> (yrs)	Revision Period	Date of Next Revision	
H-1	Irise Kamata/Yuseien	HITOWA Care Service Co., Ltd.	Nursing Care	21.4	Each 5 years	2022/7/1	
H-2	Nichii Home Nakano Minamidai	Nichii Carepalace Company	Nursing Care	6.1	Each 3 years	2022/4/1	
H-3	Joy Stage Hachioji	NM LIFE Co., Ltd.	Nursing Care	15.0	Not allowed <sup>(4)</sup>	-	
H-4	Yuimaru Hijirigaoka	Community Net Inc.	Residential	43.8	Not allowed <sup>(5)</sup>	-	
H-5	Nichii Home Tama Plaza	Nichii Carepalace Company	Nursing Care	11.5	Each 3 years	2027/9/1	
H-6	Ten	NOTE Social Welfare Corporation	Nursing Care	17.0	Not allowed <sup>(5)</sup>	-	
H-7	Irise Nishioka	HITOWA Care Service Co., Ltd.	Residential	23.3	Not allowed <sup>(4)</sup>	-	
H-8	Izarie Eniwa Building <sup>(6)</sup>	HITOWA Care Service Co., Ltd.	Nursing Care	24.1	Not allowed <sup>(4)</sup>	-	
H-9	Sawayaka Sakura Nibankan	Sawayaka Club Co., Ltd.	Nursing Care	12.1	Not allowed <sup>(4)</sup>	-	
H-10	Active Biwa	Trust Garden Co., Ltd.	Nursing Care	6.5	Each 3 years	2024/1/29	
H-11	Sompo Care LAVIERE Kobe Tarumi	Sompo Care Inc.	Nursing Care	9.3	Not allowed <sup>(7)</sup>	-	
H-12	Rihabili-home Granda Mondo Yakujin	Benesse Style Care Co., Ltd.	Residential	16.5	Not allowed <sup>(7)</sup>	-	
H-13	Excellent Nishinomiya	Excellent Care System Co., Ltd.	Nursing Care	13.6	Not allowed <sup>(8)</sup>	-	
H-14	Gran Hills Ogawarako	Silver Town Ltd.	Serviced	8.7	Each 3 years <sup>(9)</sup>	2023/11/12	
H-15	Excellent Kitano	Excellent Care System Co., Ltd.	Residential	14.5	Not allowed <sup>(8)</sup>	-	
H-16	Anesis Teradacho	Souseikai Medical Corporation	Nursing and health	15.1	Each 5 years	2026/3/29	
H-17	Rococo-riha	Souseikai Medical Corporation	Nursing and health	15.1	Each 5 years	2026/3/29	
H-18	Orage Suma	Souseikai Medical Corporation	Nursing and health	15.1	Each 5 years	2026/3/29	
H-19	Canadian Hill	Souseikai Medical Corporation	Nursing and health	15.1	Each 5 years	2026/3/29	
H-20	Anesis Hyogo	Souseikai Medical Corporation	Nursing and health	15.1	Each 5 years	2026/3/29	
H-21	Plaisant Grand Ota tamagawa	Care 21 Corporation	Nursing Care	17.0	Not allowed <sup>(7)</sup>	-	
H-22	Tsukui Sun-shine Machida	(West)	Tsukui Holdings Corporation	Nursing Care	21.1	Each 5 years	2022/4/1
		(East)		Nursing Care	23.3	Each 5 years	2025/6/1
H-23	Serabi Ebisu	Japan Care Link Co.,Ltd	Nursing Care	6.5	Each 3 years	2022/5/1	
H-24	Arute Ishiyagawa	Souseikai Medical Corporation	Nursing Care	27.5	Each 5 years	2027/7/1	
H-25	Medical-home Granda Kurakuen	Benesse Style Care Co., Ltd.	Nursing Care	29.8	Not allowed <sup>(7)</sup>	-	
H-26	Rihabili-home Granda Kobe Kitano <sup>(10)</sup>	Benesse Style Care Co., Ltd.	Nursing Care	25.1	Not allowed <sup>(7)</sup>	-	
<b>Average</b>				16.3			

- Note 1: In the case there are multiple tenants in each facility, status is referred based on lease agreements with operators which are main tenants.
- Note 2: Types of lease agreements are all ordinary lease agreements excluding "Gran Hills Ogawarako" "Arute Ishiyagawa". The type of lease agreement of "Gran Hills Ogawarako" "Arute Ishiyagawa" are a fixed-term lease agreement.
- Note 3: "Remaining Term" is calculated from January 31, 2021 to the termination date of agreements with operators.
- Note 4: As a rule, no revision is allowed in term of agreements. Discussion is allowed about increase in rent by inflation and rising interest rates.
- Note 5: As a rule, no revision is allowed in term of agreements. Discussion is allowed by each three years in the case conditions are highly unreasonable because of the changes of economic climate but if the discussion is failed, tenants are needed to pay current rent.
- Note 6: Contents of lease agreements about "Irise Eniwa" occupying from 4F to 6F of "Izarie Eniwa Building".
- Note 7: As a rule, no revision is allowed in term of agreements. Discussion is allowed in the case conditions are highly unreasonable because of the changes of economic climate.
- Note 8: As a rule, no revision is allowed in term of agreements. Discussion is allowed by each three years in the case conditions are highly unreasonable because of the changes of economic climate and invested by the lessor to add to the real estate (including repair and extra renovation)
- Note 9: Requests of rent reduction aren't allowed except the case that the facility has defects or is unable to be used.
- Note 10: KDR is going to acquire the property on June 1, 2021.

## Revision Period

	2022		2023			2024		2025
	Jul. (19th)	Jan. (20th)	Jul. (21st)	Jan. (22nd)	Jul. (23rd)	Jan. (24th)	Jul. (25th)	Jan. (26th)
● Irise Kamata/Yuseien								
● Nichii Home Nakano Minamidai								
● Machida (West)								
● Serabi Ebisu								
● Gran Hills Ogawarako								
● Activa Biwa								

# Unitholders' benefit programs

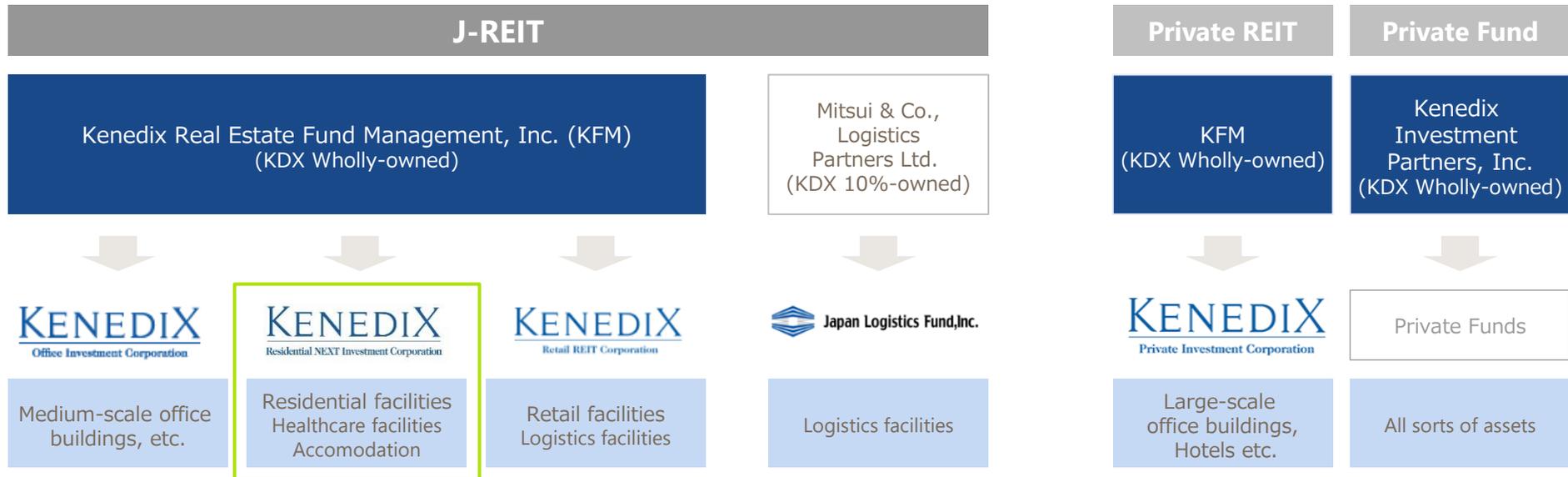
## Breakdown for the Unitholders' benefits at approx. 793 facilities

<p><b>Seikatsu Kagaku Un-Ei Co., Ltd.</b></p> <p> 長谷エグループ 株式会社 生活科学運営</p> <p><b>25 facilities</b></p> <p>Tokyo, Saitama, Chiba, Kanagawa, Shizuoka, Aichi, Kyoto, Hyogo, Osaka</p> <ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>	<p><b>CENTURY LIFE CORPORATION</b></p> <p> 長谷エグループ 株式会社 センチュリーライフ</p> <p><b>10 facilities</b></p> <p>Tokyo, Saitama, Chiba, Kanagawa, Osaka</p> <ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>	<p><b>LIXIL SENIOR LIFE COMPANY</b></p> <ul style="list-style-type: none"> <li>«On the condition of lump sum payment»Discount on lump sum payment for resident ( ¥ 300,000 discount)</li> <li>Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast)</li> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul> <p><b>5 facilities</b></p> <p>Tokyo, Fukuoka</p>
<p><b>Sompo Care Inc.</b></p> <p> Innovation for Wellbeing <b>SOMPOケア</b></p> <p>I . Sompo Care LAVIERE</p> <ul style="list-style-type: none"> <li>«On the condition of lump sum payment»3% discount from the initial lump sum payment for resident</li> <li>«On the condition of monthly payment»3% discount of the amount equivalent to the rent out of the monthly payment (Until the contract ends)</li> </ul> <p>II . Sompo Care Sompo no ie, Sompo no ie S, Sompo no ie GH, Private senior homes (residential), Serviced senior housing, Group homes</p> <ul style="list-style-type: none"> <li>3% discount of the amount equivalent to the rent out of the monthly payment or of the rent (Until the contract ends)</li> </ul> <p><b>433 facilities</b></p> <p>Hokkaido, Iwate, , Miyagi, Akita, Saitama, Chiba, Tokyo, Kanagawa, Shizuoka, Aichi, Kyoto, Osaka, Hyogo, Nara, Okayama, Hiroshima, Fukuoka, Kumamoto</p>	<p><b>HITOWA Care Service Co., Ltd.</b></p> <p> イリーゼ</p> <p><b>112 facilities</b></p> <p>Hokkaido, Miyagi, Saitama, Chiba, Tokyo, Kanagawa, Nagano, Aichi, Shiga, Hyogo, Okinawa</p> <ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> <li>Discount on usage charge for two-month equivalent</li> </ul>	<p><b>CARE TWENTYONE CORPORATION</b></p> <p> ケア21</p> <p><b>44 facilities</b></p> <p>Tokyo, Saitama, Chiba, Kanagawa, Aichi, Kyoto, Osaka, Hyogo, Hiroshima</p> <ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>
<p><b>Nichii Carepalace Company</b></p> <p> ニチイ</p> <ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> <li>Trial residence free of charge (1-night, 2-day stay, with dinner, lunch and breakfast)</li> </ul> <p><b>74 facilities</b></p> <p>Tokyo, Saitama, Chiba, Kanagawa, Shizuoka</p>	<p><b>Sawayaka Club Corporation</b></p> <p> さわやか倶楽部</p> <ul style="list-style-type: none"> <li>10% discount on usage charge for first month</li> <li>Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast)</li> <li>Same-day facility site-visit(with lunch) free of charge</li> </ul> <p><b>74 facilities</b></p> <p>Hokkaido, Akita, Tochigi, Saitama, Chiba, Kanagawa, Niigata, Shizuoka, Aichi, Mie, Kyoto, Osaka, Hyogo, Ehime, Wakayama, Fukuoka, Oita</p>	<p><b>Excellent Care System Co., Ltd.</b></p> <p> 株式会社エクセレントケアシステム</p> <p><b>15 facilities</b></p> <p>Tokyo, Kanagawa, Kyoto, Hyogo, Tokushima</p> <ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>
<p><b>NM LIFE Co., Ltd.</b></p> <p> ジョイステージ八王子</p> <ul style="list-style-type: none"> <li>Discount on one-time payment for resident (¥ 200,000 discount)</li> <li>Trial residence free of charge, up to three times (1-night, 2-day stay, with dinner and breakfast)</li> <li>Same-day facility site-visit(with lunch) free of charge (up to three times)</li> </ul> <p><b>1 facility</b></p> <p>Tokyo</p>	<p><b>Excellent Care System Co., Ltd.</b></p> <p> 株式会社エクセレントケアシステム</p> <p><b>15 facilities</b></p> <p>Tokyo, Kanagawa, Kyoto, Hyogo, Tokushima</p> <ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>	<p><b>NM LIFE Co., Ltd.</b></p> <p> ジョイステージ八王子</p> <ul style="list-style-type: none"> <li>Discount on one-time payment for resident (¥ 200,000 discount)</li> <li>Trial residence free of charge, up to three times (1-night, 2-day stay, with dinner and breakfast)</li> <li>Same-day facility site-visit(with lunch) free of charge (up to three times)</li> </ul> <p><b>1 facility</b></p> <p>Tokyo</p>

(Note 1) The unitholders' benefit programs are applied private nursing homes that are managed by above companies as of January 31, 2021. Other Facilities Available for Century Life Corporation and Hitowa Care Service Co., Ltd. are serviced housing for the elderly operated, Senior Life Company is apartment for the elderly, and Sompo Care Inc. is serviced housing for the elderly, Group homes.

# Summary of Kenedix Group

## Main Funds Kenedix Group Involves in Operation

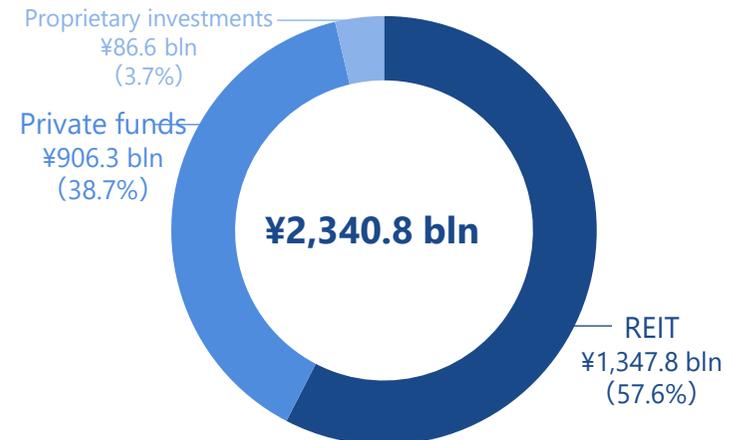


## Priority Rights of Consideration for Real Estate Sale Information in Asset Management Company

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

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

## Breakdown of AUM (as of end of December 2020)

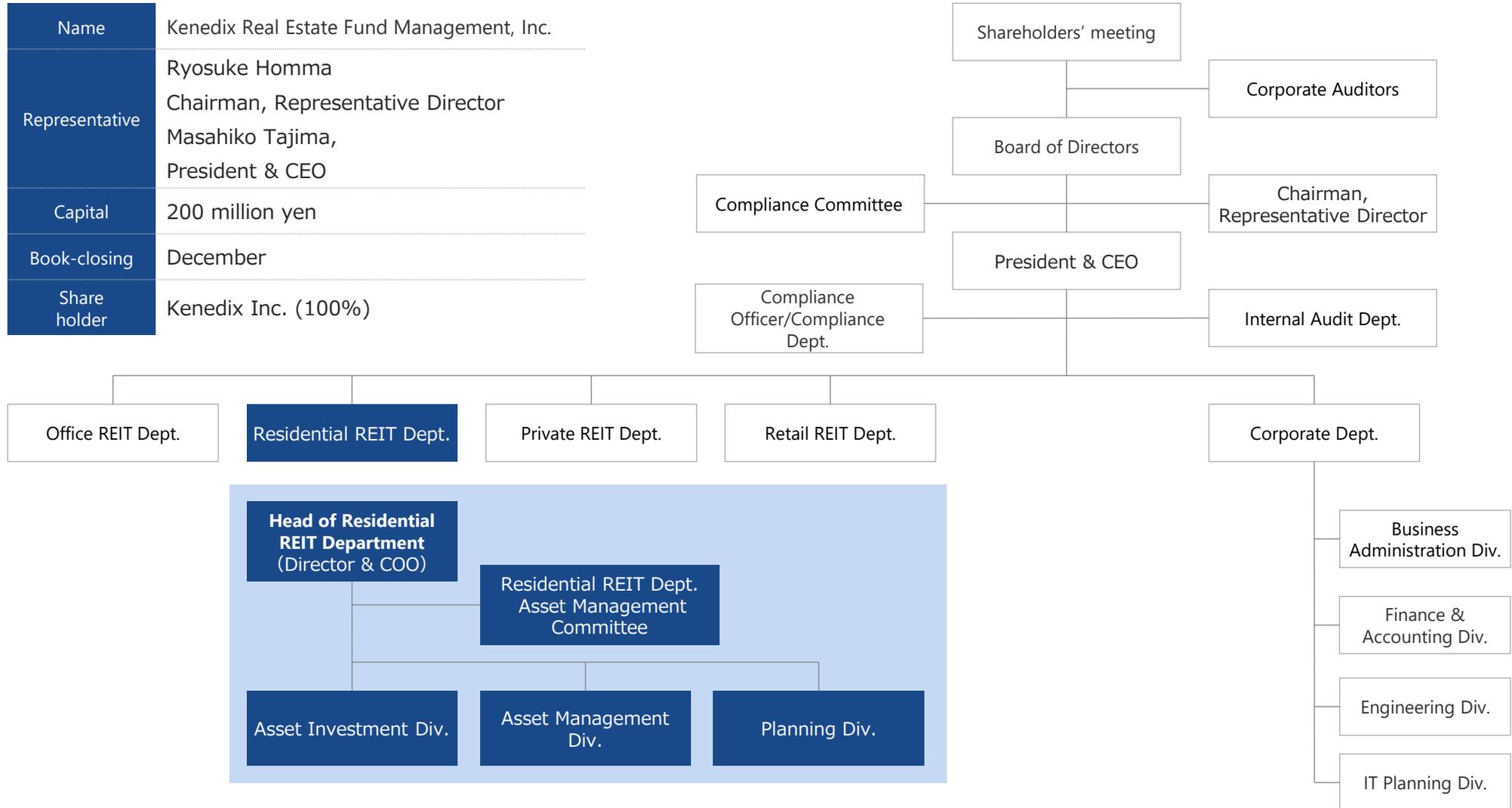


# Organization Chart of KFM (KDR)

## Overview of Asset Management Company

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

## Organizational chart



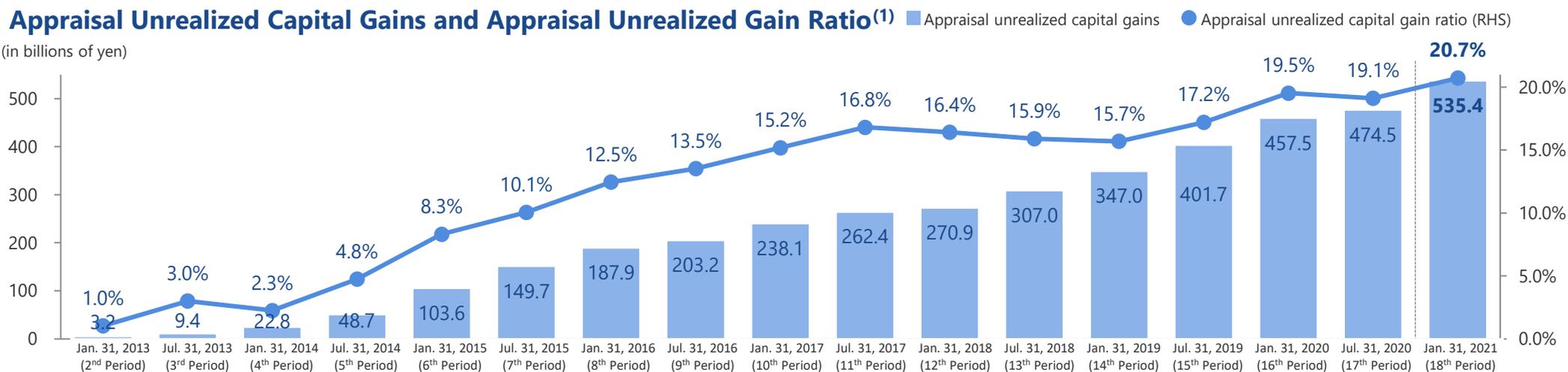
# Support System by Sponsor and Support Companies

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

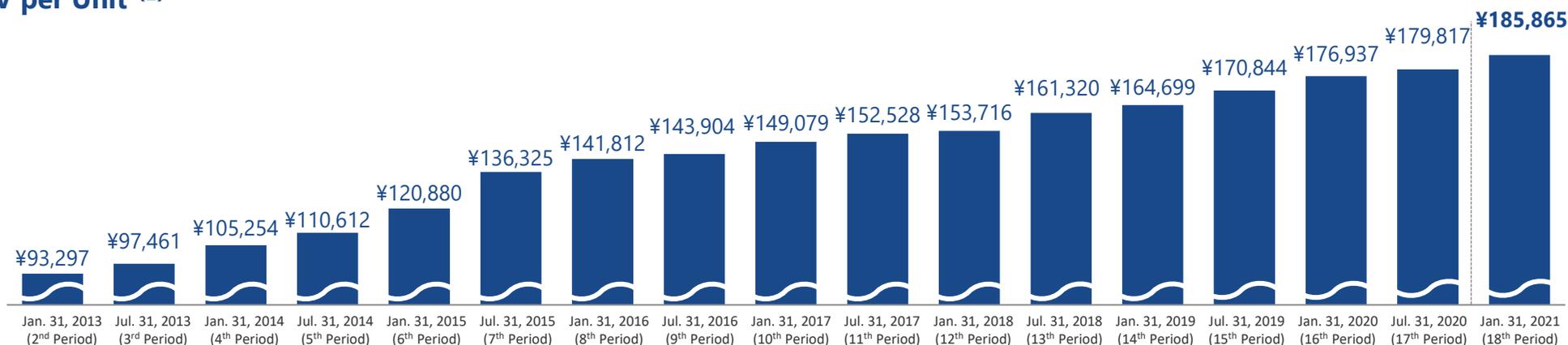
Support for:  Residential facilities  Healthcare facilities  Accommodation

- Note 1: "Information provision" means support to provide, to KDR or KFM under certain conditions, information on sales of third parties' real properties, etc. that Sponsor or individual Support Companies obtain on their own or information on sales of real properties that Sponsor, individual Support Companies or their group companies, etc. possess (with respect to Shinsei Bank and Mitsubishi UFJ Trust and Banking Corporation among other Support Companies, only information on sales of third parties' real properties, etc. that they obtain on their own).
- Note 2: "Development" means support to provide cooperation to the extent practically reasonable and under practically reasonable conditions when KDR requests support for new development of investable assets or redevelopment of real properties, etc. that KDR possesses or considers to acquire.
- Note 3: "Backup operator" means support to consider to be backup operators for existing operators who are managing facilities which are located on real properties, etc. that KDR possesses or considers to acquire when KDR requests.
- Note 4: The chart above shows a summary of support set forth in each support agreement executed by and among Sponsor, Kenedix Investment Partners Inc. (KIP), each of the Support Companies and KDR/KFM or agreeing succession resulting from the merger. Neither the Sponsor nor the individual Support Companies are necessarily contractually obligated to provide the support above, and Sponsor, KIP and the individual Support Companies have not guaranteed or promised to provide the support above.

# Appraisal Unrealized Capital Gains and NAV per Unit



### NAV per Unit<sup>(2)</sup>



Note 1: "Appraisal Unrealized Capital Gains" = Total Appraisal Value at the End of the Period – Total Book Value at the End of the Period. "Appraisal Unrealized Capital Gain Ratio" = Total Appraisal Unrealized Capital Gains at the End of the Period / Total Book Value at the End of the Period.

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

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

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

As the investment units were split in two on March 1, 2018, NAV per unit at the end of January 2018 (end of the 12th fiscal period) and prior periods are prorated by two to reflect the impact of the unit split.

## Financial Statements

## Balance Sheets

(in thousands of yen)

	17 <sup>th</sup> fiscal period (as of Jul 31, 2020)	18 <sup>th</sup> fiscal period (as of Jan 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	13,212,337	12,947,764
Cash and deposits in trust	10,171,729	10,469,429
Operating accounts receivable	31,793	90,961
Prepaid expenses	14,671	9,576
Consumption taxes receivable	35,339	-
Other	9,032	7,224
<b>Total current assets</b>	<b>¥23,474,905</b>	<b>¥23,524,958</b>
Noncurrent assets		
Property, plant and equipment		
Land	1,798,041	172,666
Building in trust	91,669,964	93,740,151
Structures in trust	875,199	890,101
Machinery and equipment in trust	1,081,958	1,073,553
Tools, furniture and fixtures in trust	593,268	676,213
Land in trust	150,985,849	160,714,888
<b>Total property, plant and equipment, net</b>	<b>¥247,004,281</b>	<b>¥257,267,575</b>
Intangible assets		
Land leasehold in trust	1,225,462	1,116,755
Other	4,010	3,234
<b>Total intangible assets</b>	<b>¥1,229,473</b>	<b>¥1,119,989</b>
Investments and other assets		
Lease and guarantee deposits	89,210	89,381
Long-term prepaid expenses	1,014,382	1,056,412
Other	19,719	14,478
<b>Total investments and other assets</b>	<b>¥1,123,311</b>	<b>¥1,160,272</b>
<b>Total noncurrent assets</b>	<b>¥249,357,066</b>	<b>¥259,547,837</b>
Deferred assets		
Investment corporation bond issuance costs	45,185	41,066
Investment unit issuance costs	83,246	58,549
<b>Total deferred assets</b>	<b>¥128,431</b>	<b>¥99,616</b>
<b>Total assets</b>	<b>¥272,960,403</b>	<b>¥283,172,411</b>

(in thousands of yen)

	17 <sup>th</sup> fiscal period (as of Jul 31, 2020)	18 <sup>th</sup> fiscal period (as of Jan 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	626,063	603,335
Short-term loans payable	2,800,000	2,000,000
Current portion of investment corporation bonds	-	1,000,000
Current portion of long-term loans payable	10,850,000	15,200,000
Accounts payable-other	353,107	364,045
Accrued expenses	38,676	49,658
Income taxes payable	605	605
Accrued consumption taxes	10,812	35,929
Advances received	1,179,888	1,147,437
Deposits received	82,406	90,588
Other	1,704	111,402
<b>Total current liabilities</b>	<b>¥15,943,264</b>	<b>¥20,603,002</b>
Noncurrent liabilities		
Investment corporation bonds	7,000,000	6,000,000
Long-term loans payable	114,400,000	121,020,000
Tenant leasehold and security deposits in trust	3,132,139	3,176,031
Trust tenants lump sum deposits	4,485,740	4,618,929
Asset retirement obligations	67,707	67,892
Other	473,947	554,484
<b>Total noncurrent liabilities</b>	<b>¥129,559,535</b>	<b>¥135,437,338</b>
<b>Total liabilities</b>	<b>¥145,502,799</b>	<b>¥156,040,341</b>
<b>Net Assets</b>		
Unitholders' equity		
Unitholders' capital	108,550,294	108,550,294
Surplus		
Investment surplus	13,187,100	13,187,100
Reserve for temporary difference adjustment	1,940,000	1,920,000
Unappropriated retained earnings (undisposed loss)	4,212,398	3,997,276
<b>Total surplus</b>	<b>¥19,339,498</b>	<b>¥19,104,376</b>
<b>Total unitholders' equity</b>	<b>¥127,889,792</b>	<b>¥127,654,670</b>
Valuation and translation adjustments		
Deferred gains or losses on hedges	△432,188	△522,600
<b>Total valuation and translation adjustments</b>	<b>¥△432,188</b>	<b>¥△522,600</b>
<b>Total net assets</b>	<b>¥127,457,603</b>	<b>¥127,132,070</b>
<b>Total liabilities and net assets</b>	<b>¥272,960,403</b>	<b>¥283,172,411</b>

# Financial Statements

## Statements of Income and Retained Earnings

	(in thousands of yen)	
	17 <sup>th</sup> fiscal period from: Feb. 1, 2020 to: Jul. 31, 2020	18 <sup>th</sup> fiscal period from: Aug. 1, 2020 to: Jan. 31, 2021
Operating revenues		
Rent revenues-real estate	7,704,582	7,834,662
Other lease business revenue	585,197	548,002
Gain on sales of real estate, etc.	84,437	-
<b>Total operating revenues</b>	<b>¥8,374,217</b>	<b>¥8,382,664</b>
Operating expenses		
Expenses related to rent business	3,005,600	3,060,925
Asset management fees	604,986	645,144
Asset custody fees	13,908	14,600
Administrative service fees	46,472	48,792
Directors' compensation	8,100	8,100
Other operating expenses	225,746	260,792
<b>Total operating expenses</b>	<b>¥3,904,813</b>	<b>¥4,038,356</b>
<b>Operating Income</b>	<b>¥4,469,404</b>	<b>¥4,344,308</b>
Non-operating income		
Interest income	41	41
Dividends and redemption-prescription	1,240	323
Interest on tax refund	-	114
<b>Total non-operating income</b>	<b>¥1,282</b>	<b>¥479</b>
Non-operating expenses		
Interest expenses	498,083	531,956
Interest expenses on Investment corporation bonds	21,322	21,702
Borrowing expenses	115,280	129,966
Investment corporation bond issuance costs	4,118	4,118
Amortization of investment unit issuance costs	23,245	24,697
<b>Total non-operating expenses</b>	<b>¥662,051</b>	<b>¥712,440</b>
<b>Ordinary Income</b>	<b>¥3,808,635</b>	<b>¥3,632,346</b>

	(in thousands of yen)	
	17 <sup>th</sup> fiscal period from: Feb. 1, 2020 to: Jul. 31, 2020	17 <sup>th</sup> fiscal period from: Feb. 1, 2020 to: Jul. 31, 2020
<b>Income before income taxes</b>	<b>¥3,808,635</b>	<b>¥3,632,346</b>
Income taxes-current	605	605
<b>Total income taxes</b>	<b>¥605</b>	<b>¥605</b>
<b>Net Income</b>	<b>¥3,808,030</b>	<b>¥3,631,741</b>
Retained earnings brought forward	404,367	365,534
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>¥4,212,398</b>	<b>¥3,997,276</b>

## Distributions

	17 <sup>th</sup> fiscal period from: Feb. 1, 2020 to: Jul. 31, 2020	17 <sup>th</sup> fiscal period from: Feb. 1, 2020 to: Jul. 31, 2020
I. Retained earnings at the end of period	4,212,398,326 yen	3,997,276,406 円
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	20,000,000 yen	20,000,000 円
III. Total distributions	3,866,863,770 yen	3,867,815,028 円
(Distributions per unit)	(4,065 yen)	(4,066 円)
IV. Retained earnings brought forward to the next period	365,534,556 yen	149,461,378 円

## Statements of Cash Flows

	(in thousands of yen)	
	17 <sup>th</sup> fiscal period from: Feb. 1, 2020 to: Jul. 31, 2020	17 <sup>th</sup> fiscal period from: Feb. 1, 2020 to: Jul. 31, 2020
Net cash provided by (used in) operating activities	5,565,201	5,336,171
Net cash provided by (used in) investing activities	△15,828,780	△11,605,805
Net cash provided by (used in) financing activities	12,481,735	6,302,761
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>¥2,218,156</b>	<b>¥33,127</b>
Cash and cash equivalents at the beginning of period	21,165,911	23,384,067
<b>Cash and cash equivalents at the End of Period</b>	<b>¥23,384,067</b>	<b>¥23,417,194</b>

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 18 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period				
T-1	KDX Daikanyama Residence	F	6,580	6,800	220	3.7%	3.6%	3.5%	3.4%	3.9%	3.8%	4,700	2,100	4,744	2,055
T-3	KDX Odemma Residence	F	2,290	2,410	120	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	1,775	635	1,681	728
T-4	KDX Iwamoto-cho Residence	F	1,060	1,090	30	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	822	268	772	317
T-5	KDX Bunkyo Sengoku Residence	F	1,920	1,950	30	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	1,488	462	1,443	506
T-6	KDX Azumabashi Residence	F	948	973	25	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	650	323	601	371
T-7	KDX Shimura Sakaue Residence	F	3,600	3,690	90	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,830	860	2,605	1,084
T-9	Cosmo Heim Motosumiyoshi (land with leasehold interest)	F	1,860	2,390	530	-	4.3%	4.4%	4.1%	4.5%	4.5%	2,087	303	2,161	228
T-10	KDX Musashi Nakahara Residence	F	759	778	19	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	637	141	634	143
T-11	KDX Chiba Chuo Residence	D	1,830	1,830	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	1,480	350	1,274	555
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,500	1,530	30	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,150	380	1,173	356
T-13	KDX Residence Shirokane I	F	3,700	3,810	110	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	3,000	810	3,068	741
T-15	KDX Residence Shirokane II	F	3,690	3,790	100	3.7%	3.6%	3.5%	3.4%	3.9%	3.8%	2,800	990	2,846	943
T-16	KDX Residence Minami-aoyama	F	2,580	2,580	-	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	2,230	350	2,262	317
T-17	KDX Residence Minami-azabu	F	2,790	2,860	70	3.7%	3.6%	3.5%	3.4%	3.9%	3.8%	2,080	780	2,127	732
T-18	KDX Residence Shiba Koen	F	2,450	2,510	60	3.7%	3.6%	3.5%	3.4%	3.9%	3.8%	1,781	729	1,794	715
T-19	KDX Residence Azabu East	F	2,120	2,150	30	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	1,560	590	1,575	574
T-20	KDX Residence Takanawa	F	1,090	1,110	20	3.7%	3.6%	3.5%	3.4%	3.9%	3.8%	770	340	789	320
T-21	KDX Residence Nishihara	F	1,940	1,990	50	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,450	540	1,489	500
T-22	KDX Residence Daikanyama II	F	1,030	1,040	10	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	730	310	771	268
T-23	KDX Residence Sendagaya	F	870	870	-	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	650	220	632	237
T-24	KDX Residence Nihombashi Suitengu	D	4,090	4,210	120	4.0%	4.0%	3.8%	4.0%	4.2%	4.2%	3,240	970	3,174	1,035
T-25	KDX Residence Nihombashi Hakozaeki	D	1,460	1,470	10	4.0%	4.0%	3.8%	3.8%	4.2%	4.2%	1,147	323	1,144	325
T-26	KDX Residence Higashi-shinjuku	F	4,230	4,350	120	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	3,270	1,080	3,213	1,136
T-27	KDX Residence Yotsuya	F	2,990	3,080	90	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	2,260	820	2,297	782
T-28	KDX Residence Nishi-shinjuku	F	1,430	1,470	40	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	1,000	470	1,020	449
T-29	KDX Residence Kagurazaka	F	972	1,010	38	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	720	290	704	305
T-30	KDX Residence Futako Tamagawa	F	1,520	1,560	40	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,250	310	1,272	287

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(in millions of yen)

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			Previous a	End of the 18 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period				
T-31	KDX Residence Komazawa Koen	F	1,170	1,200	30	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	920	280	896	303
T-32	KDX Residence Misyuku	F	985	1,020	35	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	760	260	747	272
T-33	KDX Residence Yoga	F	915	947	32	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	700	247	688	258
T-34	KDX Residence Shimouma	F	787	814	27	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	600	214	593	220
T-35	Raffine Minami-magome	F	1,460	1,480	20	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,250	230	1,238	241
T-36	KDX Residence Yukigaya Otsuka	F	1,370	1,400	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,050	350	1,054	345
T-37	KDX Residence Denen Chofu	D	1,300	1,300	-	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	1,000	300	1,062	237
T-38	KDX Residence Tamagawa	F	977	996	19	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	776	220	723	272
T-39	KDX Residence Monzennakacho	F	1,040	1,050	10	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	773	277	785	264
T-40	KDX Residence Okachimachi	F	1,100	1,130	30	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	850	280	861	268
T-41	KDX Residence Moto-asakusa	F	1,040	1,060	20	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	800	260	808	251
T-42	KDX Residence Itabashi Honcho	F	790	818	28	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	620	198	587	230
T-43	KDX Residence Azusawa	F	666	681	15	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	550	131	543	137
T-44	KDX Residence Tobu Nerima	F	538	552	14	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	420	132	385	166
T-45	KDX Residence Yokohama Kannai	F	1,010	1,030	20	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	800	230	760	269
T-46	KDX Residence Miyamaedaira	F	1,170	1,180	10	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	999	181	999	180
T-47	KDX Residence Machida	F	2,120	2,210	90	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,800	410	1,671	538
T-48	KDX Residence Kinshicho	F	1,700	1,770	70	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,350	420	1,323	446
T-49	KDX Residence Nihombashi Hamacho	F	1,350	1,390	40	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	996	394	1,037	352
T-50	KDX Residence Nihombashi Ningyocho	F	681	710	29	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	530	180	554	155
T-51	KDX Residence Jiyugaoka	F	1,620	1,650	30	3.7%	3.6%	3.5%	3.4%	3.9%	3.8%	1,268	382	1,320	329
T-52	KDX Residence Togoshi	F	4,830	4,980	150	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	3,745	1,235	3,706	1,273
T-53	KDX Residence Shinagawa Seaside	F	3,340	3,370	30	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	2,593	777	2,545	824
T-54	KDX Residence Ojima	F	2,490	2,580	90	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,857	723	1,802	777
T-55	KDX Residence Oyama	F	3,350	3,430	80	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,679	751	2,592	837
T-56	KDX Residence Hanzomon	F	5,800	6,010	210	3.9%	3.8%	3.6%	3.5%	4.0%	3.9%	4,832	1,178	4,930	1,079
T-57	B-Site Akihabara	F	1,050	1,070	20	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	850	220	859	210

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No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 18 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period				
T-58	KDX Residence Kagurazaka Dori	F	2,020	2,150	130	3.6%	3.5%	3.4%	3.3%	3.8%	3.7%	1,360	790	1,369	780
T-59	KDX Residence Sendagi	F	2,550	2,530	-20	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	2,200	330	2,333	196
T-60	KDX Residence Seijo	F	1,710	1,640	-70	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,400	240	1,411	228
T-61	KDX Residence Akihabara	F	1,620	1,640	20	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,250	390	1,233	406
T-62	KDX Residence Iriya	F	1,450	1,450	-	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,062	388	1,047	402
T-63	KDX Residence Tachikawa	F	3,720	3,750	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	3,026	723	2,935	814
T-64	KDX Residence Tsurumi	F	1,540	1,540	-	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,050	490	1,154	385
T-65	KDX Residence Morishita Chitose	M	1,350	1,390	40	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,100	290	1,091	298
T-66	KDX Residence Akasaka	F	1,830	1,940	110	3.5%	3.4%	3.3%	3.2%	3.7%	3.6%	1,150	790	1,179	760
T-67	KDX Residence Kanda	F	1,160	1,200	40	3.7%	3.6%	3.5%	3.4%	3.9%	3.8%	700	500	711	488
T-68	KDX Residence Ebisu	F	4,470	4,630	160	3.5%	3.4%	3.3%	3.2%	3.7%	3.6%	2,845	1,785	2,906	1,723
T-69	KDX Residence Nishi-magome	F	1,310	1,340	30	3.9%	3.8%	3.7%	3.6%	4.1%	4.0%	1,130	210	1,155	184
T-70	KDX Residence Nishi-azabu	F	1,750	1,820	70	3.6%	3.5%	3.4%	3.3%	3.8%	3.7%	1,224	596	1,234	585
T-71	KDX Residence Azabu Sendaizaka	F	1,150	1,190	40	3.6%	3.5%	3.4%	3.3%	3.8%	3.7%	792	397	799	390
T-72	KDX Residence Waseda Tsurumaki	F	871	897	26	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	561	336	557	339
T-73	KDX Residence Bunkyo Yushima	F	986	1,000	14	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	695	305	693	306
T-74	KDX Residence Kamishakujii	F	838	859	21	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	648	211	649	209
T-75	KDX Residence Shin-otsuka	F	1,020	1,120	100	3.9%	4.0%	3.7%	3.8%	4.1%	4.2%	764	356	765	354
T-76	KDX Residence Sakurajosui	F	1,200	1,230	30	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	894	336	894	335
T-77	KDX Residence Ryogoku	F	1,200	1,260	60	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	842	418	841	418
T-78	KDX Residence Toyosu	T	7,790	7,820	30	4.0%	3.9%	4.2%	4.1%	4.2%	4.1%	7,500	320	7,650	169
T-79	KDX Residence Asagaya	F	2,230	2,280	50	3.8%	3.7%	3.6%	3.5%	4.0%	3.9%	1,930	350	1,961	318
T-80	KDX Residence Hiyoshi	F	2,740	2,750	10	4.5%	4.4%	4.2%	4.1%	4.6%	4.5%	2,635	114	2,685	64
T-81	KDX Residence Kamikitazawa	F	1,420	1,450	30	4.3%	4.2%	4.0%	3.9%	4.4%	4.3%	1,360	90	1,397	52
T-82	KDX Residence Kaminoge	F	1,260	1,290	30	3.9%	3.8%	3.6%	3.5%	4.0%	3.9%	1,111	179	1,133	156
T-83	KDX Residence Higashi-Asakusa	F	749	767	18	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	687	79	703	63
T-84	KDX Residence Nishi-Funabashi	F	1,050	1,050	-	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	975	74	1,015	34

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# Appraisal Values 4/6

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference	
			Previous a	End of the 18 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period					d
T-85	KDX Residence Hatagaya	F	2,730	2,730	-	4.0%	4.0%	3.7%	3.7%	4.1%	4.1%	2,500	230	2,635	94	
T-86	KDX Residence Asagaya II	F	983	1,000	17	4.2%	4.1%	3.9%	3.8%	4.3%	4.2%	939	60	974	25	
T-87	KDX Residence Gakugeidaigaku	T	828	828	-	3.8%	3.8%	3.9%	3.9%	4.0%	4.0%	750	78	769	58	
T-88	KDX Residence Kamata-minami	F	2,100	2,150	50	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,918	231	1,975	174	
T-89	KDX Residence Kichijoji	T	650	650	-	4.1%	4.1%	4.2%	4.2%	4.3%	4.3%	621	29	657	-7	
T-90	KDX Residence Mitaka	F	2,810	2,870	60	4.2%	4.0%	3.9%	3.8%	4.3%	4.2%	2,530	340	2,696	173	
T-91	KDX Residence Nakanobu	T	-	901	-	-	4.0%	-	4.1%	-	4.2%	830	71	850	50	
T-92	KDX Residence Ichikawa	D	-	908	-	-	4.1%	-	3.9%	-	4.3%	840	68	882	25	
T-93	KDX Residence Hatchobori	T	-	3,530	-	-	3.8%	-	3.9%	-	4.0%	3,000	530	3,231	298	
T-94	KDX Residence Nakaitabashi	F	-	1,850	-	-	3.9%	-	3.7%	-	4.1%	1,736	113	1,856	-6	
T-95	KDX Residence Shonandai	D	-	1,610	-	-	4.4%	-	4.2%	-	4.6%	1,500	110	1,572	37	
T-96	KDX Residence Ikebukuro West	D	-	2,450	-	-	3.8%	-	3.6%	-	4.0%	2,237	212	2,340	109	
<b>Subtotal / Average</b>				167,033	182,589	4,307	3.9%	3.9%	3.8%	3.7%	4.1%	4.1%	143,220	39,368	144,311	38,277
Other Regional Areas	R-2	KDX Jozenji Dori Residence	D	1,340	1,340	-	4.9%	4.9%	4.7%	4.7%	5.1%	5.1%	1,015	325	906	433
	R-3	KDX Izumi Residence	F	1,420	1,460	40	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,120	340	1,026	433
	R-4	KDX Chihaya Residence	F	1,430	1,460	30	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,080	380	970	489
	R-5	KDX Sakaisuji Hommachi Residence	F	3,570	3,600	30	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	2,910	690	2,657	942
	R-7	KDX Takarazuka Residence	F	1,970	2,000	30	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,510	490	1,309	690
	R-8	KDX Shimizu Residence	F	2,030	2,100	70	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,680	420	1,518	581
	R-9	KDX Residence Odori Koen	F	998	1,020	22	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	765	255	758	261
	R-10	KDX Residence Kikusui Yojo	F	1,050	1,060	10	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	830	230	844	215
	R-11	KDX Residence Toyohira Koen	F	560	595	35	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	445	150	452	142
	R-13	KDX Residence Ichiban-cho	D	721	722	1	4.9%	4.9%	4.7%	4.7%	5.1%	5.1%	530	192	488	233
	R-16	KDX Residence Higashi-sakura I	F	2,530	2,610	80	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,350	260	2,205	404
R-17	KDX Residence Higashi-sakura II	F	1,040	1,070	30	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	900	170	845	224	
R-18	KDX Residence Jingumae	F	1,040	1,040	-	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	840	200	781	258	
R-19	KDX Residence Nishi-oji	D	939	940	1	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	813	127	762	177	

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(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 18 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period				
R-20	KDX Residence Saiin	D	513	513	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	440	73	408	104
R-21	KDX Residence Namba	F	1,700	1,710	10	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,410	300	1,337	372
R-22	KDX Residence Namba-minami	F	1,600	1,630	30	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,350	280	1,252	377
R-24	KDX Residence Ibaraki I・II	F	1,439	1,439	-	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	1,275	164	1,274	164
R-25	KDX Residence Toyonaka-minami	F	877	902	25	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	740	162	661	240
R-26	KDX Residence Moriguchi	F	681	689	8	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	551	138	501	187
R-27	KDX Residence Sannomiya	F	1,230	1,240	10	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,080	160	1,055	184
R-28	Ashiya Royal Homes	F	1,940	1,980	40	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	1,360	620	1,472	507
R-29	KDX Residence Funairi Saiwai-cho	F	716	729	13	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	588	141	538	190
R-30	KDX Residence Tenjin-higashi II	F	895	921	26	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	680	241	632	288
R-32	KDX Residence Nishi Koen	F	895	907	12	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	763	144	713	193
R-33	KDX Residence Hirao Josui-machi	F	933	951	18	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	760	191	728	222
R-35	Leopalace Flat Shin-sakae	M	4,590	4,580	-10	4.3%	4.2%	4.2%	4.1%	4.5%	4.4%	3,500	1,080	3,399	1,180
R-36	KDX Residence Konan Yamate	F	1,160	1,140	-20	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	973	167	956	183
R-37	KDX Residence Hommachibashi	F	3,700	3,680	-20	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	3,201	479	3,106	573
R-38	KDX Residence Minami-kusatsu	D	2,450	2,450	-	5.3%	5.3%	5.1%	5.1%	5.5%	5.5%	1,974	475	1,943	506
R-39	KDX Residence Ohori Harbor View Tower	D	5,220	5,170	-50	4.6%	4.6%	4.4%	4.4%	4.8%	4.8%	4,606	563	4,430	739
R-40	KDX Residence Minami-sanjo	F	1,700	1,770	70	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	915	855	888	881
R-41	Serenite Kita-kyuhoji	M	1,670	1,710	40	4.0%	3.9%	3.8%	3.7%	4.2%	4.1%	1,290	419	1,247	462
R-42	Serenite Nishinomiya Hommachi	T	748	754	6	4.7%	4.6%	4.8%	4.7%	4.9%	4.8%	617	136	628	125
R-43	KDX Residence Nishijin	T	1,730	1,750	20	4.6%	4.5%	4.7%	4.6%	4.8%	4.7%	1,600	150	1,733	16
R-44	Serenite Kobe Motomachi	T	2,600	2,620	20	4.5%	4.4%	4.6%	4.5%	4.7%	4.6%	2,390	230	2,448	171
R-45	KDX Residence Shukugawa Hills	D	7,320	7,330	10	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	6,884	445	7,265	64
R-46	KDX Residence Sendai Station East	F	1,410	1,420	10	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,340	80	1,410	9
<b>Subtotal / Average</b>			<b>68,355</b>	<b>69,002</b>	<b>647</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.3%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>57,077</b>	<b>11,924</b>	<b>55,561</b>	<b>13,440</b>
<b>Residential Facilities total / Average</b>			<b>235,388</b>	<b>251,591</b>	<b>4,954</b>	<b>4.1%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>200,298</b>	<b>51,292</b>	<b>199,872</b>	<b>51,718</b>

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(in millions of yen)															
No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 18 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period	Previous	End of the 18 <sup>th</sup> Period				
H-1	Irise Kamata/Yuseien	D	1,120	1,120	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	1,120	-	1,060	59
H-2	Nichii Home Nakano-Minamidai	D	1,780	1,770	-10	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,780	-10	1,761	8
H-3	Joy Stage Hachioji	T	3,760	3,760	-	5.2%	5.2%	5.1%	5.1%	5.4%	5.4%	3,690	70	3,749	10
H-4	Yuimaru Hijirigaoka	F	1,120	1,120	-	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,120	-	1,068	51
H-5	Nichii Home Tama Plaza	D	2,940	2,980	40	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	2,940	40	2,809	170
H-6	Ten	T	2,670	2,660	-10	6.0%	6.0%	6.1%	6.1%	6.2%	6.2%	2,630	30	2,576	83
H-7	Irise Nishioka	F	859	858	-1	5.3%	5.3%	5.1%	5.1%	5.5%	5.5%	858	-	807	50
H-8	Izarie Eniwa Building	F	1,740	1,740	-	5.9%	5.9%	5.7%	5.7%	6.1%	6.1%	1,660	80	1,553	186
H-9	Sawayaka Sakura Nibankan	D	993	992	-1	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	989	3	922	69
H-10	Activa Biwa	T	6,590	6,570	-20	5.7%	5.7%	5.8%	5.8%	5.9%	5.9%	6,560	10	6,283	286
H-11	Sompo Care LAVIERE Kobe Tarumi	T	2,110	2,110	-	4.9%	4.9%	4.9%	4.9%	5.1%	5.1%	2,110	-	2,049	60
H-12	Rihabili-home Granda Mondo Yakujin	F	1,190	1,260	70	4.9%	4.9%	4.6%	4.6%	5.1%	5.1%	1,253	7	1,198	61
H-13	Excellent Nishinomiya	T	976	975	-1	5.0%	5.0%	5.0%	5.0%	5.2%	5.2%	971	4	918	56
H-14	Gran Hills Ogawarako	T	1,380	1,380	-	7.2%	7.2%	7.1%	7.1%	7.4%	7.4%	1,380	-	1,277	102
H-15	Excellent Kitano	T	782	780	-2	4.7%	4.7%	4.7%	4.7%	4.9%	4.9%	737	43	751	28
H-16	Anesis Teradacho	D	3,640	3,630	-10	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	3,490	140	3,465	164
H-17	Rococo-riha	D	2,170	2,170	-	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	2,100	70	2,046	123
H-18	Orange Suma	T	2,830	2,810	-20	5.2%	5.2%	5.0%	5.0%	5.4%	5.4%	2,810	-	2,758	51
H-19	Canadian Hill	T	1,870	1,860	-10	4.7%	4.7%	4.6%	4.6%	4.9%	4.9%	1,830	30	1,822	37
H-20	Anesis Hyogo	T	1,440	1,440	-	4.8%	4.8%	4.7%	4.7%	5.0%	5.0%	1,420	20	1,391	48
H-21	Plaisant Grand Ota tamagawa	F	3,190	3,190	-	4.0%	4.0%	3.8%	3.8%	4.2%	4.2%	3,057	132	3,211	-21
H-22	Tsukui Sun-shine Machida	F	7,070	7,090	20	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	6,934	155	7,073	16
H-23	Serabi Ebisu	M	1,700	1,700	-	4.0%	4.0%	3.8%	3.8%	4.2%	4.2%	1,690	10	1,713	-13
H-24	Arute Ishiyagawa	T	1,390	1,380	-10	5.4%	5.4%	5.1%	5.1%	5.2%	5.2%	1,061	319	1,141	238
<b>Subtotal / Average</b>			<b>55,310</b>	<b>55,345</b>	<b>35</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>5.2%</b>	<b>5.2%</b>	<b>54,191</b>	<b>1,153</b>	<b>53,413</b>	<b>1,931</b>
Accommodation	A-1 HOTEL LIVEMAX Tokyo-Otsuka-Ekimae	T	2,380	2,380	-	4.1%	4.1%	4.0%	4.0%	4.3%	4.3%	2,390	-10	2,454	-74
	A-2 HOTEL LIVEMAX Yokohamaeki-Nishiguchi	T	2,610	2,610	-	4.1%	4.1%	4.0%	4.0%	4.3%	4.3%	2,570	40	2,643	-33
	<b>Subtotal / Average</b>		<b>4,990</b>	<b>4,990</b>	<b>-</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.3%</b>	<b>4.3%</b>	<b>4,960</b>	<b>30</b>	<b>5,098</b>	<b>-108</b>
<b>Grand total</b>			<b>295,688</b>	<b>311,926</b>								<b>259,449</b>		<b>258,384</b>	<b>53,541</b>

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# Summary of Portfolio Performance

## Trends in Portfolio Performance

	13 <sup>th</sup> fiscal period (as of Jul. 31, 2018)	14 <sup>th</sup> fiscal period (as of Jan. 31, 2019)	15 <sup>th</sup> fiscal period (as of Jul. 31, 2019)	16 <sup>th</sup> fiscal period (as of Jan. 31, 2020)	17 <sup>th</sup> fiscal period (as of Jul. 31, 2020)	18 <sup>th</sup> fiscal period (as of Jan. 31, 2021)
Number of Properties	129 props	138 props	143 props	144 props	151 props	157 props
Properties Acquired during the period	1 props	10 props	6 props	2 props	8 props	6 Props <sup>(3)</sup>
Properties Transferred during the period	1 Props	0 Props				
Total Acquisition Price	192,889 million	220,916 million	233,251 million	234,766 million	248,905 million	259,449 million
Total Book Value	193,148 million	221,356 million	233,496 million	234,307 million	248,229 million	258,384 million
Total Appraisal Value	223,857 million	256,062 million	273,676 million	280,059 million	295,688 million	311,926 million
Rentable Units <sup>(1)</sup>	7,794 units	8,280 units	8,346 units	8,399 units	8,709 units	9,285 units
Rentable Area <sup>(1)</sup>	301,462.41 m <sup>2</sup>	329,477.93 m <sup>2</sup>	335,406.34 m <sup>2</sup>	335,344.55 m <sup>2</sup>	344,419.86 m <sup>2</sup>	357,570.50 m <sup>2</sup>
Leasing Business Revenues	6,655 million	7,605 million	7,933 million	8,027 million	8,289 million	8,382 million
Leasing Business Expenses (ex. Depreciation)	1,410 million	1,451 million	1,524 million	1,482 million	1,538 million	1,556 million
NOI (Net Operating Income) <sup>(2)</sup>	5,245 million	6,154 million	6,408 million	6,545 million	6,551 million	6,825 million
NOI Cap Rate (per year)	5.4 %	5.5 %	5.5 %	5.5 %	5.5 %	5.4 % <sup>(4)</sup>
Capital Expenditure	436 million	614 million	612 million	656 million	515 million	478 million
Depreciation	1,144 million	1,343 million	1,391 million	1,428 million	1,467 million	1,504 million
Depreciation Rate (per acquisition price, year)	1.2 %	1.2 %	1.2 %	1.2 %	1.2 %	1.2 % <sup>(4)</sup>
NOI Cap Rate after Depreciation (per year)	4.2 %	4.3 %	4.3 %	4.3 %	4.3 %	4.2 % <sup>(4)</sup>

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

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

Note 3: Cases in which a part of the property was additionally acquired are not included.

Note 4: Properties acquired during the 18<sup>th</sup> fiscal period are excluded from the calculation.

# Portfolio Performance in 2H 2020 1/7

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-1	KDX Daikanyama Residence	4,700,000	4,744,260	6,800,000	SF	86	5,338.99	4,782.41	89.6%	184	156,113	28,304	127,808	17,603	110,205	5.4%	4.7%	
T-3	KDX Odemma Residence	1,775,000	1,681,085	2,410,000	SF	54	2,353.23	2,225.59	94.6%	184	57,015	11,339	45,675	11,017	34,658	5.1%	3.9%	
T-4	KDX Iwamoto-cho Residence	822,000	772,050	1,090,000	SF	36	1,131.24	1,077.40	95.2%	184	26,327	6,326	20,000	5,287	14,713	4.8%	3.6%	
T-5	KDX Bunkyo Sengoku Residence	1,488,000	1,443,145	1,950,000	S	77	2,054.10	1,930.95	94.0%	184	52,228	9,007	43,220	6,600	36,619	5.8%	4.9%	
T-6	KDX Azumabashi Residence	650,000	601,960	973,000	S	41	1,054.83	1,007.35	95.5%	184	25,796	5,237	20,559	5,024	15,535	6.3%	4.7%	
T-7	KDX Shimura Sakaue Residence	2,830,000	2,605,751	3,690,000	F	85	6,117.48	6,052.85	98.9%	184	106,535	17,366	89,169	21,838	67,330	6.3%	4.7%	
T-9	Cosmo Heim Motosumiyoshi (land)	2,087,000	2,161,669	2,390,000	S	180	4,538.04	4,390.37	96.7%	184	58,114	8,377	49,737	2,911	46,826	4.7%	4.5%	
T-10	KDX Musashi Nakahara Residence	637,000	634,001	778,000	F	35	2,123.46	2,123.46	100.0%	184	27,638	6,061	21,577	2,826	18,751	6.7%	5.8%	
T-11	KDX Chiba Chuo Residence	1,480,000	1,274,269	1,830,000	S	106	3,546.91	3,379.31	95.3%	184	62,646	12,618	50,028	17,499	32,529	6.7%	4.4%	
T-12	KDX Kawaguchi Saiwai-cho Residence	1,150,000	1,173,930	1,530,000	SF	61	2,491.66	2,406.67	96.6%	184	49,436	10,106	39,330	8,160	31,170	6.8%	5.4%	
T-13	KDX Residence Shirokane I	3,000,000	3,068,997	3,810,000	SF	50	3,617.32	3,483.35	96.3%	184	109,486	32,316	77,169	9,038	68,131	5.1%	4.5%	
T-15	KDX Residence Shirokane II	2,800,000	2,846,179	3,790,000	S	85	2,889.66	2,835.76	98.1%	184	93,656	15,669	77,986	7,445	70,540	5.5%	5.0%	
T-16	KDX Residence Minami-aoyama	2,230,000	2,262,188	2,580,000	SF	20	1,680.79	1,571.60	93.5%	184	61,653	10,886	50,766	3,701	47,064	4.5%	4.2%	
T-17	KDX Residence Minami-azabu	2,080,000	2,127,588	2,860,000	SF	62	2,785.42	2,740.81	98.4%	184	74,029	13,157	60,871	7,843	53,028	5.8%	5.1%	
T-18	KDX Residence Shiba Koen	1,781,000	1,794,766	2,510,000	SF	64	2,507.52	2,219.11	88.5%	184	64,553	11,951	52,601	6,301	46,300	5.9%	5.2%	
T-19	KDX Residence Azabu East	1,560,000	1,575,576	2,150,000	S	76	1,849.00	1,743.94	94.3%	184	54,232	13,183	41,048	4,286	36,761	5.2%	4.7%	
T-20	KDX Residence Takanawa	770,000	789,062	1,110,000	SF	27	1,034.27	1,034.27	100.0%	184	26,520	7,464	19,055	3,161	15,893	4.9%	4.1%	
T-21	KDX Residence Nishihara	1,450,000	1,489,308	1,990,000	SF	39	2,310.08	2,176.38	94.2%	184	51,401	10,369	41,032	6,763	34,269	5.6%	4.7%	
T-22	KDX Residence Daikanyama II	730,000	771,905	1,040,000	F	17	985.10	940.30	95.5%	184	25,319	8,668	16,650	1,420	15,230	4.5%	4.1%	
T-23	KDX Residence Sendagaya	650,000	632,463	870,000	SF	16	748.96	748.96	100.0%	184	24,115	5,689	18,425	2,868	15,557	5.6%	4.7%	
T-24	KDX Residence Nihombashi Suitengu	3,240,000	3,174,716	4,210,000	F	79	5,534.86	5,534.86	100.0%	184	104,461	12,873	91,588	18,543	73,044	5.6%	4.5%	
T-25	KDX Residence Nihombashi Hakozaiki	1,147,000	1,144,119	1,470,000	S	60	1,537.38	1,380.22	89.8%	184	39,050	8,190	30,860	7,083	23,776	5.3%	4.1%	
T-26	KDX Residence Higashi-shinjuku	3,270,000	3,213,725	4,350,000	S	179	4,358.43	4,227.54	97.0%	184	110,805	21,568	89,237	11,901	77,336	5.4%	4.7%	
T-27	KDX Residence Yotsuya	2,260,000	2,297,221	3,080,000	F	42	3,101.16	2,915.72	94.0%	184	78,822	15,290	63,531	7,690	55,841	5.6%	4.9%	
T-28	KDX Residence Nishi-shinjuku	1,000,000	1,020,641	1,470,000	S	54	1,345.92	1,296.46	96.3%	184	35,602	9,033	26,569	4,182	22,386	5.3%	4.4%	
T-29	KDX Residence Kagurazaka	720,000	704,230	1,010,000	S	34	890.93	839.39	94.2%	184	24,780	4,363	20,417	3,399	17,017	5.6%	4.7%	
T-30	KDX Residence Futako Tamagawa	1,250,000	1,272,351	1,560,000	F	38	2,339.62	2,339.62	100.0%	184	43,134	9,006	34,128	4,969	29,158	5.4%	4.6%	

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

Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m<sup>2</sup> and less than 30m<sup>2</sup> and more than 20 rentable units per property], Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m<sup>2</sup> and less than 60m<sup>2</sup> and more than 15 rentable units per property], Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m<sup>2</sup> and more than 5 rentable units per property]

# Portfolio Performance in 2H 2020 2/7

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-31	KDX Residence Komazawa Koen	920,000	896,939	1,200,000	SF	32	1,020.18	997.81	97.8%	184	28,531	5,536	22,995	4,805	18,190	5.0%	3.9%	
T-32	KDX Residence Misyuku	760,000	747,465	1,020,000	S	39	1,103.82	1,052.49	95.3%	184	26,025	7,468	18,557	3,198	15,358	4.8%	4.0%	
T-33	KDX Residence Yoga	700,000	688,457	947,000	S	38	1,012.80	987.48	97.5%	184	24,520	3,710	20,810	2,672	18,138	5.9%	5.1%	
T-34	KDX Residence Shimouma	600,000	593,330	814,000	S	29	829.05	829.05	100.0%	184	21,282	5,501	15,781	2,308	13,472	5.2%	4.5%	
T-35	Raffine Minami-magome	1,250,000	1,238,515	1,480,000	S	56	2,408.56	2,408.56	100.0%	184	41,292	3,799	37,492	3,527	33,965	5.9%	5.4%	
T-36	KDX Residence Yukigaya Otsuka	1,050,000	1,054,271	1,400,000	S	72	1,526.98	1,444.30	94.6%	184	39,250	8,446	30,804	5,919	24,885	5.8%	4.7%	
T-37	KDX Residence Denen Chofu	1,000,000	1,062,066	1,300,000	F	36	2,359.44	2,293.90	97.2%	184	38,293	6,734	31,559	4,653	26,906	6.3%	5.3%	
T-38	KDX Residence Tamagawa	776,000	723,539	996,000	S	52	1,170.40	1,129.20	96.5%	184	28,153	6,136	22,017	5,959	16,058	5.6%	4.1%	
T-39	KDX Residence Monzennakacho	773,000	785,986	1,050,000	S	49	1,171.41	1,053.95	90.0%	184	27,800	5,758	22,041	4,401	17,640	5.7%	4.5%	
T-40	KDX Residence Okachimachi	850,000	861,955	1,130,000	S	51	1,329.79	1,329.79	100.0%	184	30,315	4,680	25,634	4,163	21,471	6.0%	5.0%	
T-41	KDX Residence Moto-asakusa	800,000	808,130	1,060,000	SF	44	1,314.91	1,248.69	95.0%	184	30,015	5,555	24,459	4,836	19,622	6.1%	4.9%	
T-42	KDX Residence Itabashi Honcho	620,000	587,104	818,000	S	46	1,127.58	1,127.58	100.0%	184	23,687	5,665	18,021	4,246	13,774	5.8%	4.4%	
T-43	KDX Residence Azusawa	550,000	543,532	681,000	S	39	989.82	968.70	97.9%	184	20,093	5,460	14,633	3,424	11,208	5.3%	4.0%	
T-44	KDX Residence Tobu Nerima	420,000	385,796	552,000	S	37	931.82	908.49	97.5%	184	17,524	5,146	12,377	3,799	8,578	5.8%	4.1%	
T-45	KDX Residence Yokohama Kannai	800,000	760,576	1,030,000	S	72	1,602.16	1,470.00	91.8%	184	32,966	12,166	20,799	6,104	14,695	5.2%	3.6%	
T-46	KDX Residence Miyamaedaira	999,000	999,516	1,180,000	F	40	2,448.27	2,336.70	95.4%	184	37,487	6,919	30,567	5,231	25,335	6.1%	5.0%	
T-47	KDX Residence Machida	1,800,000	1,671,964	2,210,000	F	52	3,832.53	3,757.36	98.0%	184	63,508	14,719	48,789	15,197	33,592	5.4%	3.7%	
T-48	KDX Residence Kinshicho	1,350,000	1,323,520	1,770,000	F	33	2,024.81	1,970.95	97.3%	184	45,708	8,631	37,076	7,107	29,968	5.4%	4.4%	
T-49	KDX Residence Nihombashi Hamacho	996,000	1,037,283	1,390,000	F	28	1,756.27	1,756.27	100.0%	184	35,780	6,070	29,709	4,719	24,989	5.9%	5.0%	
T-50	KDX Residence Nihombashi Ningyocho	530,000	554,537	710,000	S	27	877.14	837.09	95.4%	184	19,968	4,416	15,551	2,251	13,299	5.8%	5.0%	
T-51	KDX Residence Jiyugaoka	1,268,000	1,320,565	1,650,000	SF	48	1,637.00	1,579.23	96.5%	184	39,534	10,108	29,426	4,416	25,010	4.6%	3.9%	
T-52	KDX Residence Togoshi	3,745,000	3,706,190	4,980,000	SF	144	4,591.76	4,359.70	94.9%	184	122,355	21,405	100,950	17,742	83,207	5.3%	4.4%	
T-53	KDX Residence Shinagawa Seaside	2,593,000	2,545,098	3,370,000	S	127	3,314.75	2,964.82	89.4%	184	79,828	19,630	60,198	12,986	47,211	4.6%	3.6%	
T-54	KDX Residence Ojima	1,857,000	1,802,082	2,580,000	S	117	2,372.67	2,109.24	88.9%	184	64,818	13,851	50,966	11,183	39,783	5.4%	4.2%	
T-55	KDX Residence Oyama	2,679,000	2,592,864	3,430,000	SF	145	4,009.07	3,877.64	96.7%	184	92,205	17,088	75,117	16,721	58,395	5.6%	4.3%	
T-56	KDX Residence Hanzomon	4,832,000	4,930,120	6,010,000	F	85	4,854.23	4,746.87	97.8%	184	135,728	19,208	116,520	15,187	101,332	4.8%	4.2%	
T-57	B-Site Akihabara	850,000	859,086	1,070,000	S	52	1,254.50	1,254.50	100.0%	184	26,640	2,991	23,648	2,673	20,975	5.5%	4.9%	

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# Portfolio Performance in 2H 2020 3/7

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-58	KDX Residence Kagurazaka Dori	1,360,000	1,369,907	2,150,000	S	70	1,809.84	1,673.41	92.5%	184	50,279	9,640	40,638	3,721	36,917	5.9%	5.4%	
T-59	KDX Residence Sendagi	2,200,000	2,333,374	2,530,000	F	40	3,159.89	3,159.89	100.0%	184	66,279	10,569	55,709	8,920	46,789	5.0%	4.2%	
T-60	KDX Residence Seijo	1,400,000	1,411,224	1,640,000	SF	38	2,198.56	2,079.44	94.6%	184	42,233	8,691	33,541	4,729	28,812	4.8%	4.1%	
T-61	KDX Residence Akihabara	1,250,000	1,233,335	1,640,000	SF	32	1,929.61	1,754.30	90.9%	184	43,065	7,644	35,421	6,667	28,754	5.6%	4.6%	
T-62	KDX Residence Iriya	1,062,000	1,047,276	1,450,000	S	57	1,899.29	1,795.06	94.5%	184	39,442	8,622	30,819	6,243	24,576	5.8%	4.6%	
T-63	KDX Residence Tachikawa	3,026,200	2,935,990	3,750,000	S	174	4,314.87	3,943.12	91.4%	184	96,172	17,105	79,066	21,354	57,712	5.2%	3.8%	
T-64	KDX Residence Tsurumi	1,050,000	1,154,482	1,540,000	SF	59	3,499.84	3,499.84	100.0%	184	55,265	9,627	45,637	6,494	39,143	8.6%	7.4%	
T-65	KDX Residence Morishita Chitose	1,100,000	1,091,200	1,390,000	S	65	1,614.28	1,593.17	98.7%	184	39,192	6,707	32,485	5,756	26,728	5.9%	4.8%	
T-66	KDX Residence Akasaka	1,150,000	1,179,041	1,940,000	SF	28	1,180.71	1,180.71	100.0%	184	34,655	9,900	24,755	4,203	20,551	4.3%	3.5%	
T-67	KDX Residence Kanda	700,000	711,302	1,200,000	SF	30	1,031.09	979.37	95.0%	184	29,738	5,227	24,510	3,686	20,824	6.9%	5.9%	
T-68	KDX Residence Ebisu	2,845,000	2,906,626	4,630,000	SF	65	2,659.66	2,403.87	90.4%	184	88,232	15,671	72,560	11,275	61,285	5.1%	4.3%	
T-69	KDX Residence Nishi-magome	1,130,000	1,155,347	1,340,000	S	47	1,297.27	1,206.24	93.0%	184	31,716	5,019	26,696	4,885	21,810	4.7%	3.8%	
T-70	KDX Residence Nishi-azabu	1,224,000	1,234,643	1,820,000	SF	33	1,357.88	1,168.28	86.0%	184	39,028	10,084	28,943	4,411	24,532	4.7%	4.0%	
T-71	KDX Residence Azabu Sendaizaka	792,300	799,687	1,190,000	S	30	878.50	766.72	87.3%	184	26,586	6,658	19,927	2,929	16,998	5.0%	4.3%	
T-72	KDX Residence Waseda Tsurumaki	561,000	557,380	897,000	S	39	808.54	808.54	100.0%	184	22,275	5,659	16,616	2,981	13,634	5.9%	4.8%	
T-73	KDX Residence Bunkyo Yushima	695,000	693,573	1,000,000	S	38	939.89	939.89	100.0%	184	24,741	4,570	20,170	3,172	16,997	5.8%	4.9%	
T-74	KDX Residence Kamishakujii	648,000	649,680	859,000	S	47	1,032.18	965.47	93.5%	184	23,789	6,064	17,725	4,070	13,654	5.4%	4.2%	
T-75	KDX Residence Shin-otsuka	764,000	765,230	1,120,000	S	40	872.00	872.00	100.0%	184	22,608	1,779	20,828	3,433	17,395	5.4%	4.5%	
T-76	KDX Residence Sakurajosui	894,000	894,323	1,230,000	S	43	1,227.16	1,083.71	88.3%	184	27,298	7,208	20,089	4,116	15,973	4.5%	3.5%	
T-77	KDX Residence Ryogoku	842,000	841,852	1,260,000	S	36	1,190.53	1,088.37	91.4%	184	29,498	5,626	23,871	4,392	19,479	5.6%	4.6%	
T-78	KDX Residence Toyosu	7,500,000	7,650,255	7,820,000	S	242	6,811.38	6,811.38	100.0%	184	180,967	15,999	164,967	28,302	136,664	4.4%	3.6%	
T-79	KDX Residence Asagaya	1,930,000	1,961,204	2,280,000	SF	44	1,996.08	1,996.08	100.0%	184	50,927	8,720	42,206	4,334	37,872	4.3%	3.9%	
T-80	KDX Residence Hiyoshi	2,635,300	2,685,008	2,750,000	F	92	6,131.93	6,072.83	99.0%	184	80,037	11,995	68,041	10,590	57,451	5.1%	4.3%	
T-81	KDX Residence Kamikitazawa	1,360,000	1,397,617	1,450,000	SF	39	1,971.07	1,920.34	97.4%	184	37,485	7,360	30,125	2,806	27,318	4.4%	4.0%	
T-82	KDX Residence Kaminoge	1,111,000	1,133,055	1,290,000	S	34	1,224.87	1,224.87	100.0%	184	26,224	3,822	22,401	2,721	19,680	4.0%	3.5%	
T-83	KDX Residence Higashi-Asakusa	687,730	703,157	767,000	S	36	1,013.40	1,013.40	100.0%	184	20,343	4,186	16,157	2,454	13,702	4.7%	4.0%	
T-84	KDX Residence Nishi-Funabashi	975,350	1,015,668	1,050,000	S	57	1,277.78	1,277.78	100.0%	184	28,169	5,011	23,157	4,715	18,441	4.7%	3.8%	

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# Portfolio Performance in 2H 2020 4/7

(in thousands of yen)

No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-85	KDX Residence Hatagaya	2,500,000	2,635,097	2,730,000	S	87	2,659.50	2,544.75	95.7%	184	61,657	7,104	54,552	6,456	48,096	4.3%	3.8%	
T-86	KDX Residence Asagaya II	939,400	974,407	1,000,000	SF	32	957.67	867.85	90.6%	184	22,719	3,183	19,535	2,353	17,182	4.1%	3.6%	
T-87	KDX Residence Gakugeidaigaku	750,000	769,730	828,000	SF	23	820.01	646.04	78.8%	184	15,699	2,895	12,803	1,908	10,895	3.4%	2.9%	
T-88	KDX Residence Kamata-minami	1,918,300	1,975,256	2,150,000	S	80	2,203.87	2,203.87	100.0%	184	50,422	4,144	46,277	6,509	39,768	4.8%	4.1%	
T-89	KDX Residence Kichijoji	621,000	657,198	650,000	SF	21	665.39	581.55	87.4%	184	12,075	2,893	9,181	2,211	6,970	2.9%	2.2%	
T-90	KDX Residence Mitaka	2,530,000	2,696,313	2,870,000	SF	51	2,631.45	1,936.51	73.6%	184	42,101	10,193	31,908	8,434	23,473	2.5%	1.8%	
T-91	KDX Residence Nakanobu	830,000	850,473	901,000	S	32	845.78	804.95	95.2%	182	19,782	5,077	14,704	2,136	12,568	3.6%	3.0%	
T-92	KDX Residence Ichikawa	840,000	882,337	908,000	S	47	1,015.39	972.45	95.8%	130	15,623	3,397	12,226	2,218	10,007	4.1%	3.3%	
T-93	KDX Residence Hatchobori	3,000,000	3,231,742	3,530,000	F	46	2,821.15	1,106.39	39.2%	124	8,582	8,282	299	8,185	-7,885	0.0%	-0.8%	
T-94	KDX Residence Nakaitabashi	1,736,432	1,856,102	1,850,000	S	78	1,972.49	127.42	6.5%	124	1,185	3,954	-2,769	5,121	-7,890	-0.5%	-1.3%	
T-95	KDX Residence Shonandai	1,500,000	1,572,813	1,610,000	S	104	2,723.20	2,563.12	94.1%	91	22,120	3,456	18,663	3,685	14,978	5.0%	4.0%	
T-96	KDX Residence Ikebukuro West	2,237,796	2,340,901	2,450,000	S	89	2,274.70	2,274.70	100.0%	3	0	76	-76	1,312	-1,389	-0.4%	-7.6%	
<b>Subtotal / Average</b>		<b>143,220,808</b>	<b>144,311,491</b>	<b>182,589,000</b>		<b>5,538</b>	<b>200,056.78</b>	<b>188,112.69</b>	<b>94.0%</b>		<b>4,365,019</b>	<b>835,076</b>	<b>3,529,943</b>	<b>612,714</b>	<b>2,917,228</b>	<b>5.2%<sup>(2)</sup></b>	<b>3.9%<sup>(2)</sup></b>	
Other Regional Areas	R-2	KDX JozenjiDori Residence	1,015,000	906,226	1,340,000	S	92	3,330.15	3,194.79	95.9%	184	50,030	10,752	39,278	10,452	28,825	7.7%	5.6%
	R-3	KDX Izumi Residence	1,120,000	1,026,175	1,460,000	F	40	2,798.20	2,658.29	95.0%	184	42,456	8,039	34,416	9,293	25,123	6.1%	4.4%
	R-4	KDX Chihaya Residence	1,080,000	970,962	1,460,000	SF	92	2,936.40	2,789.72	95.0%	184	46,465	11,180	35,285	10,119	25,165	6.5%	4.6%
	R-5	KDX Sakaisuji Hommachi Residence	2,910,000	2,657,132	3,600,000	SF	160	6,385.70	5,830.68	91.3%	184	106,217	25,911	80,306	24,256	56,049	5.5%	3.8%
	R-7	KDX Takarazuka Residence	1,510,000	1,309,171	2,000,000	F	80	4,631.16	4,631.16	100.0%	184	60,408	11,546	48,861	16,666	32,195	6.4%	4.2%
	R-8	KDX Shimizu Residence	1,680,000	1,518,580	2,100,000	SF	148	6,255.16	5,996.74	95.9%	184	74,403	17,444	56,958	14,274	42,684	6.7%	5.0%
	R-9	KDX Residence Odori Koen	765,000	758,376	1,020,000	SF	78	2,762.76	2,549.10	92.3%	184	33,649	8,083	25,565	8,579	16,986	6.6%	4.4%
	R-10	KDX Residence Kikusui Yojo	830,000	844,526	1,060,000	SF	84	3,413.06	3,342.76	97.9%	184	34,143	18,388	15,755	8,326	7,428	3.8%	1.8%
	R-11	KDX Residence Toyohira Koen	445,000	452,946	595,000	SF	65	2,253.81	2,114.69	93.8%	184	22,948	6,821	16,126	4,865	11,261	7.2%	5.0%
	R-13	KDX Residence Ichiban-cho	530,000	488,177	722,000	SF	45	1,818.09	1,703.41	93.7%	184	26,620	7,222	19,398	5,107	14,291	7.3%	5.3%
	R-16	KDX Residence Higashi-sakura I	2,350,000	2,205,031	2,610,000	SF	187	6,221.83	5,689.11	91.4%	184	87,853	31,792	56,061	18,053	38,008	4.7%	3.2%
	R-17	KDX Residence Higashi-sakura II	900,000	845,939	1,070,000	SF	66	2,655.31	2,655.31	100.0%	184	37,925	10,796	27,128	7,093	20,034	6.0%	4.4%
	R-18	KDX Residence Jingumae	840,000	781,575	1,040,000	SF	95	2,724.19	2,577.49	94.6%	184	39,834	10,587	29,246	7,482	21,764	6.9%	5.1%
R-19	KDX Residence Nishi-oji	813,000	762,270	940,000	S	76	2,353.55	2,280.69	96.9%	184	33,677	6,184	27,493	6,386	21,107	6.7%	5.2%	

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

Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m<sup>2</sup> and less than 30m<sup>2</sup> and more than 20 rentable units per property], Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m<sup>2</sup> and less than 60m<sup>2</sup> and more than 15 rentable units per property], Family (F): (intended primarily for households of three or more families) [ footprint of equal or more than 60m<sup>2</sup> and more than 5 rentable units per property]

Note2: Properties acquired during the 18<sup>th</sup> fiscal period (T-91~T-96) are excluded from the calculation.

# Portfolio Performance in 2H 2020 5/7

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
R-20	KDX Residence Saiin	440,000	408,163	513,000	S	49	1,094.81	1,071.52	97.9%	184	18,466	5,003	13,463	3,861	9,601	6.1%	4.3%	
R-21	KDX Residence Namba	1,410,000	1,337,210	1,710,000	S	118	3,387.30	3,284.83	97.0%	184	56,239	10,523	45,715	10,145	35,569	6.4%	5.0%	
R-22	KDX Residence Namba-minami	1,350,000	1,252,395	1,630,000	S	131	3,813.31	3,534.09	92.7%	184	55,765	10,523	45,241	11,911	33,329	6.6%	4.9%	
R-24	KDX Residence Ibaraki I-II	1,275,000	1,274,300	1,439,000	F	61	4,701.87	4,625.13	98.4%	184	54,238	10,784	43,454	6,280	37,174	6.8%	5.8%	
R-25	KDX Residence Toyonaka-minami	740,000	661,512	902,000	SF	70	2,024.50	1,991.82	98.4%	184	29,971	6,320	23,650	8,318	15,332	6.3%	4.1%	
R-26	KDX Residence Moriguchi	551,000	501,940	689,000	F	28	1,942.78	1,875.45	96.5%	184	24,540	6,454	18,086	5,476	12,609	6.5%	4.5%	
R-27	KDX Residence Sannomiya	1,080,000	1,055,653	1,240,000	S	86	2,292.72	2,179.03	95.0%	184	38,463	11,080	27,382	8,164	19,217	5.0%	3.5%	
R-28	Ashiya Royal Homes	1,360,000	1,472,148	1,980,000	F	21	3,999.01	3,323.68	83.1%	184	62,300	17,612	44,688	4,784	39,903	6.5%	5.8%	
R-29	KDX Residence Funairi Saiwai-cho	588,000	538,051	729,000	S	64	1,889.53	1,830.25	96.9%	184	28,163	6,372	21,791	5,392	16,398	7.4%	5.5%	
R-30	KDX Residence Tenjin-higashi II	680,000	632,067	921,000	SF	63	2,602.53	2,519.91	96.8%	184	32,239	9,551	22,688	6,319	16,368	6.6%	4.8%	
R-32	KDX Residence Nishi Koen	763,000	713,667	907,000	F	36	2,522.16	2,381.10	94.4%	184	31,283	9,098	22,185	6,449	15,735	5.8%	4.1%	
R-33	KDX Residence Hirao Josui-machi	760,000	728,428	951,000	F	24	2,098.68	2,000.67	95.3%	184	28,556	6,780	21,776	4,858	16,918	5.7%	4.4%	
R-35	Leopalace Flat Shin-sakae	3,500,000	3,399,220	4,580,000	S	274	11,589.95	11,589.95	100.0%	184	121,557	13,828	107,728	33,336	74,392	6.1%	4.2%	
R-36	KDX Residence Konan Yamate	973,000	956,005	1,140,000	SF	55	1,923.22	1,893.35	98.4%	184	33,103	5,932	27,171	4,967	22,204	5.5%	4.5%	
R-37	KDX Residence Hommachibashi	3,201,000	3,106,392	3,680,000	SF	134	6,511.88	6,240.51	95.8%	184	105,348	29,510	75,837	22,242	53,594	4.7%	3.3%	
R-38	KDX Residence Minami-kusatsu	1,974,666	1,943,263	2,450,000	S	170	5,735.96	5,477.24	95.5%	184	100,480	27,449	73,031	18,620	54,410	7.3%	5.5%	
R-39	KDX Residence Ohori Harbor View Tower	4,606,296	4,430,399	5,170,000	SF	212	11,855.63	10,201.72	86.0%	184	174,407	42,581	131,826	42,751	89,075	5.7%	3.8%	
R-40	KDX Residence Minami-sanjo	915,000	888,568	1,770,000	SF	114	5,269.39	4,999.71	94.9%	184	53,809	14,397	39,412	11,284	28,128	8.5%	6.1%	
R-41	Serenite Kita-kyuhoji	1,290,740	1,247,795	1,710,000	S	85	2,277.14	2,159.61	94.8%	184	41,928	9,947	31,981	10,156	21,824	4.9%	3.4%	
R-42	Serenite Nishinomiya Hommachi	617,048	628,921	754,000	S	51	1,351.68	1,326.37	98.1%	184	23,625	5,692	17,933	4,758	13,175	5.8%	4.2%	
R-43	KDX Residence Nishijin	1,600,000	1,733,045	1,750,000	SF	128	4,472.72	4,254.44	95.1%	184	58,646	15,405	43,240	7,823	35,417	5.4%	4.4%	
R-44	Serenite Kobe Motomachi	2,390,000	2,448,310	2,620,000	S	138	3,787.85	3,752.40	99.1%	184	75,376	15,346	60,029	14,601	45,428	5.0%	3.8%	
R-45	KDX Residence Shukugawa Hills	6,884,800	7,265,856	7,330,000	F	239	17,575.39	17,217.34	98.0%	184	213,987	47,331	166,656	32,208	134,447	4.8%	3.9%	
R-46	KDX Residence Sendai Station East	1,340,000	1,410,750	1,420,000	S	88	2,254.34	2,023.85	89.8%	184	39,915	5,092	34,823	7,839	26,983	5.2%	4.0%	
<b>Subtotal / Average</b>		<b>57,077,551</b>	<b>55,561,161</b>	<b>69,002,000</b>		<b>3,747</b>	<b>157,513.72</b>	<b>149,767.91</b>	<b>95.1%</b>		<b>2,199,053</b>	<b>527,372</b>	<b>1,671,680</b>	<b>443,512</b>	<b>1,228,167</b>	<b>5.8%</b>	<b>4.3%</b>	
<b>Residential facilities total / Average</b>		<b>200,298,359</b>	<b>199,872,653</b>	<b>251,591,000</b>		<b>9,285</b>	<b>357,570.50</b>	<b>337,880.60</b>	<b>94.5%</b>		<b>6,564,072</b>	<b>1,362,449</b>	<b>5,201,623</b>	<b>1,056,227</b>	<b>4,145,396</b>	<b>5.4%<sup>(2)</sup></b>	<b>4.3%<sup>(2)</sup></b>	

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

Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m<sup>2</sup> and less than 30m<sup>2</sup> and more than 20 rentable units per property], Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m<sup>2</sup> and less than 60m<sup>2</sup> and more than 15 rentable units per property], Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m<sup>2</sup> and more than 5 rentable units per property]

Note 2: Properties acquired during the 18<sup>th</sup> fiscal period (T-91~T-96) are excluded from the calculation

# Portfolio Performance in 2H 2020 6/7

(in thousands of yen)																
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Facility Type <sup>(1)</sup>	Rentable Area (m <sup>2</sup> )	Rentable Units (unit)	Capacity (people)	Occupancy Rate	Actual Occupancy Rate <sup>(2)</sup> Utilization Rate <sup>(3)</sup> 2020.12	Operating Days (days)	NOI a	Depreciation b	Leasing Business Income c [a-b]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)
H-1	Irise Kamata/Yuseien	1,120,000	1,060,602	1,120,000	Nursing care	2,086.40	48	55	100.0%	90.9%	184	27,945	11,760	16,185	4.9%	2.9%
H-2	Nichii Home Nakano-Minamidai	1,780,000	1,761,618	1,770,000	Nursing care	3,339.00	83	83	100.0%	85.5%	184	44,841	4,421	40,419	5.0%	4.5%
H-3	Joy Stage Hachioji	3,690,000	3,749,808	3,760,000	Nursing care	13,812.27	232	263	100.0%	83.3%	184	109,490	30,878	78,612	5.9%	4.2%
H-4	Yuimaru Hijirigaoka	1,120,000	1,068,099	1,120,000	Residential	4,385.53	70	109	100.0%	67.0%	184	30,259	9,078	21,180	5.4%	3.8%
H-5	Nichii Home Tama Plaza	2,940,000	2,809,532	2,980,000	Nursing care	8,208.65	154	158	100.0%	78.5%	184	79,109	31,285	47,823	5.3%	3.2%
H-6	Ten	2,630,000	2,576,727	2,660,000	Nursing care	6,473.60	85	89	100.0%	88.8%	184	83,833	29,109	54,723	6.3%	4.1%
H-7	Irise Nishioka	858,000	807,207	858,000	Residential	3,140.27	83	83	100.0%	96.4%	184	22,354	9,189	13,165	5.2%	3.0%
H-8	Izarie Eniwa Building	1,660,000	1,553,743	1,740,000	Nursing care	5,343.33	73	73	100.0%	100.0%	184	52,116	18,263	33,853	6.2%	4.0%
H-9	Sawayaka Sakura Nibankan	989,000	922,165	992,000	Nursing care	3,628.51	92	92	100.0%	100.0%	184	29,376	12,364	17,012	5.9%	3.4%
H-10	Activa Biwa	6,560,000	6,283,749	6,570,000	Nursing care	39,649.84	384	445	100.0%	83.6%	184	221,963	62,379	159,583	6.7%	4.8%
H-11	Sompo Care LAVIERE Kobe Tarumi	2,110,000	2,049,750	2,110,000	Nursing care	4,493.35	100	100	100.0%	89.0%	184	52,854	11,888	40,965	5.0%	3.9%
H-12	Rihabili-home Granda Mondo Yakujin	1,253,000	1,198,453	1,260,000	Residential	3,287.80	62	63	96.2%	Not disclosed	184	32,101	9,993	22,107	5.1%	3.5%
H-13	Excellent Nishinomiya	971,000	918,228	975,000	Nursing care	2,685.48	67	70	100.0%	100.0%	184	24,766	9,586	15,179	5.1%	3.1%
H-14	Gran Hills Ogawarako	1,380,000	1,277,431	1,380,000	Serviced housing	4,180.28	103	107	100.0%	95.3%	184	52,705	18,097	34,608	7.6%	5.0%
H-15	Excellent Kitano	737,000	751,006	780,000	Residential	1,339.58	41	41	100.0%	97.6%	184	18,416	4,209	14,207	5.0%	3.8%
H-16	Anesis Teradacho	3,490,000	3,465,535	3,630,000	Nursing & health (with Nursing care)	7,856.64	45 100	150 100	100.0%	92.5% 98.0%	184	96,723	31,985	64,737	5.5%	3.7%
H-17	Rococo-riha	2,100,000	2,046,985	2,170,000	Nursing & health	3,860.29	52	100	100.0%	97.4%	184	57,293	16,598	40,695	5.4%	3.8%
H-18	Orage Suma	2,810,000	2,758,438	2,810,000	Nursing & health (with Serviced housing)	5,995.74	100 35	100 40	100.0%	92.2% 85.0%	184	79,030	23,868	55,161	5.6%	3.9%
H-19	Canadian Hill	1,830,000	1,822,677	1,860,000	Nursing & health	3,731.26	40	115	100.0%	85.2%	184	48,572	7,921	40,650	5.3%	4.4%
H-20	Anesis Hyogo	1,420,000	1,391,764	1,440,000	Nursing & health	4,415.16	58	100	100.0%	97.1%	184	39,195	10,478	28,717	5.5%	4.0%
H-21	Plaisant Grand Ota tamagawa	3,057,630	3,211,224	3,190,000	Nursing care	3,175.15	80	80	100.0%	86.3%	184	65,737	9,932	55,805	4.3%	3.6%
H-22	Tsukui Sun-shine Machida	6,934,600	7,073,047	7,090,000	Nursing care	15,553.33	348	348	100.0%	95.7%	184	159,265	38,260	121,004	4.6%	3.5%
H-23	Serabi Ebisu	1,690,000	1,713,560	1,700,000	Nursing care	1,557.73	34	34	100.0%	85.3%	184	35,814	2,919	32,894	4.2%	3.9%
H-24	Arute Ishiyagawa	1,061,000	1,141,827	1,380,000	Nursing care (with Group Home)	3,444.81	54 18	64 18	100.0%	93.8% 94.4%	184	41,197	20,014	21,183	7.7%	4.0%
<b>Subtotal / Average</b>		<b>54,191,230</b>	<b>53,413,188</b>	<b>55,345,000</b>		<b>155,644.00</b>	<b>2,641</b>	<b>3,080</b>	<b>99.9%</b>	<b>88.7% / 92.6%</b> <sup>(4)</sup>		<b>1,504,966</b>	<b>434,487</b>	<b>1,070,479</b>	<b>5.5%</b>	<b>3.9%</b>

Healthcare facilities

Note 1: About "Facility Type", "Nursing care" shows Private Senior homes for the elderly (with nursing care), "Residential" shows Private Senior homes for the elderly (residential) and "Serviced housing" shows Serviced housing for the elderly.  
 Note 2: "Actual Occupancy Rate (based on end-tenants)" = The number of residents / the number of Capacity. "Actual Occupancy Rate" is based on documents from operators but that of "Rihabili-home Granda Mondo Yakujin" isn't disclosed because KDR isn't admitted to disclose from the operator. If "Actual Occupancy Rate" is over 100.0% by calculation, it is written as 100.0%.  
 Note 3: "Utilization Rate" = Total amount of users / Extended number of capacity in August 2020. "Utilization Rate" is based on documents from operators.  
 Note 4: Average Actual Occupancy Rate is 88.7%, and Average Utilization Rate is 92.6% in the above facility type classification.

# Portfolio Performance in 2H 2020 7/7

(in thousands of yen)

	No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate	Operating Days (days)	NOI a	Depreciation b	Leasing Business Income c [a-b]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)
Accommodation	A-1	HOTEL LiVEMAX Tokyo-Otsuka-Ekimae	2,390,000	2,454,757	2,380,000	1,660.21	1,660.21	100.0%	184	56,181	6,020	50,161	4.7%	4.2%
	A-2	HOTEL LiVEMAX Yokohamaeki-Nishiguchi	2,570,000	2,643,730	2,610,000	1,997.18	1,997.18	100.0%	184	63,149	7,447	55,701	4.9%	4.3%
	<b>Subtotal / Average</b>		4,960,000	5,098,488	4,990,000	3,657.39	3,657.39	100.0%		119,330	13,468	105,862	4.8%	4.2%
<b>Grand total / Average</b>			259,449,589	258,384,330	311,926,000	516,871.89	497,057.12	96.2%		6,825,921	1,504,182	5,321,738	5.4% <sup>(1)</sup>	4.2% <sup>(1)</sup>

Note 1: Properties acquired during the 18<sup>th</sup> fiscal period (T-91~T-96) are excluded from the calculation