Nov 19, 2019

日本賃貸住宅投資法人
Japan Rental Housing Investments Inc.

Financial Results for the 27th Fiscal Period

8986 | http://www.jrhi.co.jp



Fukuoka・
Tenjin



Osaka・Honmachi



Nagoya・
Marunouchi



Tokyo・Shibuya



Tokyo・Kiyosumi
Shirakawa



Yokohama・
Honmaki



Sapporo

大和リアル・エステート・アセット・マネジメント
Daiwa Real Estate Asset Management

Topics for the 27th Fiscal Period (Ended September 2019)

1. Progress of Middle-Term Targets (refer page 4)

- In medium-term targets (property replacement) newly set in the previous fiscal year, disposed 10 properties and acquired 6 properties (including planned) including 5 newly built properties. Promote portfolio quality improvement.

2. Actual Amount of Rent Change at Tenant Turnover Turned to a Positive Figure

- Actual monthly rent change (change rate) upon tenant turnover
- 25th FP: -JPY 924,000, 26th FP: +JPY 1,103,000, **27th: +JPY 1,248,000**

  (Change rate　25th FP: -0.6%, 26th FP: +1.0%, **27th: +0.9%**)

3. Refinance (refer page 21)

- Refinanced JPY 7.05 billion in June, August, September 2019. Divided repayment dates and extended the borrowing period and reduced interest cost.

(Note)
For some of forecasts in this document described based on assumptions of "Notice Concerning the Management Status and Distribution Forecasts for the Fiscal Year ending September 2020 and the Fiscal Year ending March 2021 after the Merger of JRH and NHI" announced on November 19, 2019 by JRH.

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Section I

Progress of Medium-Term Targets

Progress of Medium-Term Targets (Announced on May 21, 2019)

Medium-Term Targets (Announced on May, 2019)

Improving portfolio quality as a top priority, replacing 10-15% of the total in about 3 years.
But Maintain distribution level and LTV level.

Disposition of Existing Properties

	Property Name	Location	Disposition Date	Constructed	Disposition Price (JPY million)	Appraisal Value ※Note (JPY million)	Difference between Appraisal Value and Disposition Price (JPY million)
1	willDo Ishizuecho	Niigata, Niigata	Apr 25, 2019	Feb, 2007	488	463	25
2	willDo Sasaguchi	Niigata, Niigata		Feb, 2007	279	267	12
3	Ark Heim Niigata	Niigata, Niigata		Nov, 1989	1,032	851	181
4	Johanna Mansion	Maebashi, Gunma		Feb, 1992	428	353	75
5	Joyful Sayama	Sayama, Saitama		Jul, 1991	220	200	20
6	Lumiere Hachioji	Hachioji, Tokyo		Mar, 1986	420	407	13
7	willDo Honchiba	Chiba. Chiba		Oct, 1990	484	428	56
8	Maison Flora	Kobe, Hyogo		Jun, 1990	494	494	0
9	willDo Tenmabashi	Osaka, Osaka		Sep, 2005	345	316	29
10	willDo Sakaisuji honmachi	Osaka, Osaka		Sep, 2006	310	270	40
	Total				4,500	4,049	451

※Appraisal value as of March, 2019

Acquisition of New Properties

	Property Name	Location	Acquisition Price (Including Planned)	Constructed	Acquisition Price (JPY million)	Appraisal Value ※Note (JPY million)	Difference between Appraisal Value and Acquisition Price (JPY million)	Funds for Acquisition
1	Serenite Umeda Reflet	Osaka, Osaka	Aug 1, 2019	Jun, 2019	1,148	1,220	▲71	Own Funds
2	Gran Casa Urayasu	Urayasu, Chiba	Aug 27, 2019	Jul, 2019	886	921	▲34	
3	Gran Casa Kitaurawa	Saitama, Saitama	Aug 30, 2019	Jun, 2019	2,490	2,590	▲100	
4	Gran Casa Chiyoda	Nagoya, Aichi	Sep 27, 2019	Nov, 2007	959	961	▲2	
5	Gran Casa Honkomagome	Bunkyo-ku, Tokyo	Oct 29, 2019	Aug, 2019	1,500	1,540	▲40	
6	(Temporary name) Sengoku 4-chome PJ	Bunkyo-ku, Tokyo	Apr 10, 2020	Dec, 2019 (Planned)	1,480	1,510	▲30	Own Funds (Planned)
	Total				8,463	8,742	▲278	

※Appraisal Value as of September 2019

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Overview of Disposed Assets and Assets (to be) Acquired

Disposed Assets

Property names	willDo Ishizuecho (Niigata City) willDo Sasaguchi (Niigata City) Ark Heim Niigata (Niigata City) Johanna Mansion (Maebashi City) Joyful Sayama (Sayama City) Lumiere Hachioji (Hachioji City) willDo HonChiba (Chiba City) Maison Flora (Kobe City) willDo Temmabashi (Osaka City) willDo SakaisujiHommachi (Osaka City)
Disposition date	April 25, 2019
Disposition price	JPY 4,500 million
Total appraisal value (As of September 30, 2018)	JPY 4,065 million
Total NOI (24th FP + 25th FP)	JPY 272 million
Average NOI yield	6.1%
Average building age (As of April 11, 2019)	24.2 years
Total gain/loss on disposition (Note)	JPY 143 million

Decided on the disposition judging the timing to be optimal taking into account the current booming real estate market

Assets Acquired

Property names	Serenite Umeda Reflet (Osaka city, Osaka)	Gran Casa Honkomagome (Bunkyo, Tokyo)
Appearance		
Acquisition date	August 1, 2019	October 29, 2019
Acquisition price	JPY 1,148 million	JPY 1,500 million
Appraisal value	JPY 1,220 million (As of September 30, 2019)	JPY 1,540 million (As of September 30, 2019)
NOI (assumed)	JPY 52 million	JPY 61 million
NOI yield (assumed)	4.6%	4.1%
Construction date	June, 2019	August. 2019

Decided acquisition with an aim to improve portfolio quality since the properties will be newly constructed and located in the 23 wards of Tokyo and the center of Osaka City.

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Overview of Assets (to be) Acquired

Asset Acquired	
Property name	Gran Casa Urayasu (Urayasu city, Chiba)
	
Acquisition date	August 27, 2019
Acquisition price	JPY 886 million
Appraisal value	JPY 921 million (As of September 30, 2019)
NOI (assumed)	JPY 39 million
NOI yield (assumed)	4.4%
Construction date	July, 2019

Located in the three major metropolitan areas, a new apartment with excellent proximity to central Tokyo, approximately 20-25 minutes to Otemachi Station by the Tokyo Metro Tozai Line

Asset Acquired	
Property name	Gran Casa Kitaurawa (Saitama city, Saitama)
	
Acquisition date	August 30, 2019
Acquisition price	JPY 2,490 million
Appraisal value	JPY 2,590 million (As of September 30, 2019)
NOI (assumed)	JPY 110 million
NOI yield (assumed)	4.4%
Construction date	June, 2019

Located in the three major metropolitan areas, a new condominium with excellent access to central terminal stations, no more than 30 minutes to Ikebukuro Station and approximately 40 minutes to Tokyo Station

Asset Acquired	
Property name	AS Residence Chiyoda (Nagoya city, Aichi)
	
Acquisition date	Sep. 27, 2019
Acquisition price	JPY 959 million
Appraisal value	JPY 961 million (As of September 30, 2019)
NOI (assumed)	JPY 44 million
NOI yield (assumed)	4.7%
Construction date	November, 2007

Located a six-minute walk from Kamimaezu Station on the Nagoya Municipal Subway Meijo Line and Tsurumai Line and in a walking distance of Sakae-ku, a commercial district in Nagoya

Asset to be Acquired	
Property name	(Temporary name) Sengoku 4-chome PJ (Bunkyo, Tokyo)
	
Acquisition date(planned)	April 10, 2020
Acquisition price	JPY 1,480 million
Appraisal value	JPY 1,510 million (As of September 1, 2019)
NOI (assumed)	JPY 59 million
NOI yield (assumed)	4.0%
Construction date	Dec, 2019 (scheduled)

Located in 23 wards of Tokyo, a ten minute ride to Otemachi Station offers excellent access to all the important destinations in central Tokyo

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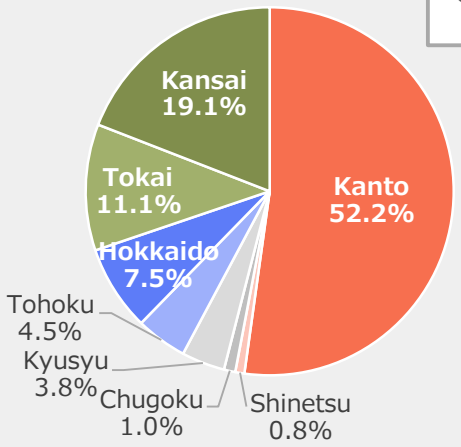
Progress of Medium-Term Targets (Announced on May 21, 2019)

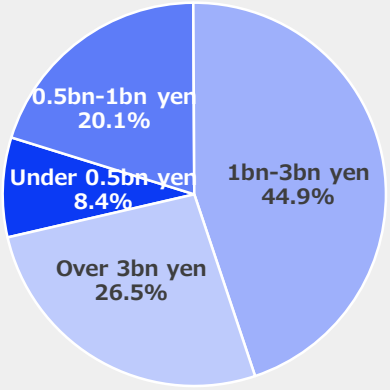
By Area	By Size	By Age

26th FP (March, 2019)

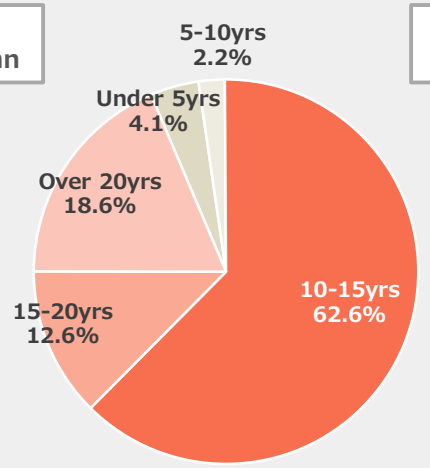
23wards of Tokyo 40.7%



Average JPY 1,139mn



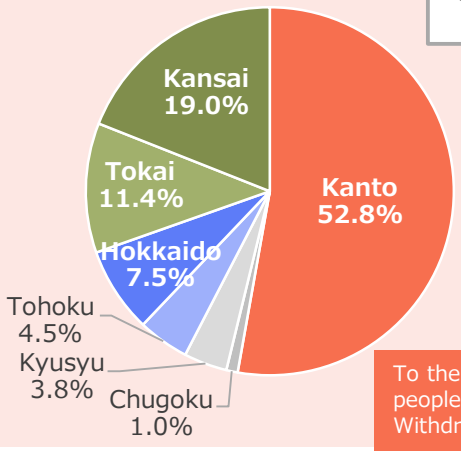
Average 15.2 years



(Note) Each ratio is calculated based on the acquisition price

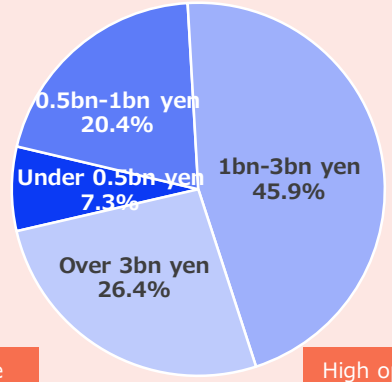
27th FP (September, 2019)

23wards of Tokyo 40.5%



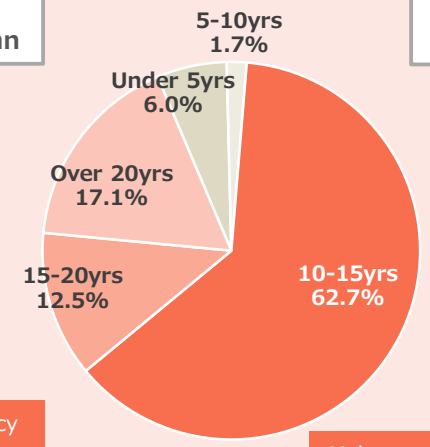
To the urban area where people gather.
Withdrew from "Shinetsu"

Average JPY 1,179mn



High operational efficiency etc.
Scale up.

Average 15.2 years



Make properties rejuvenated.

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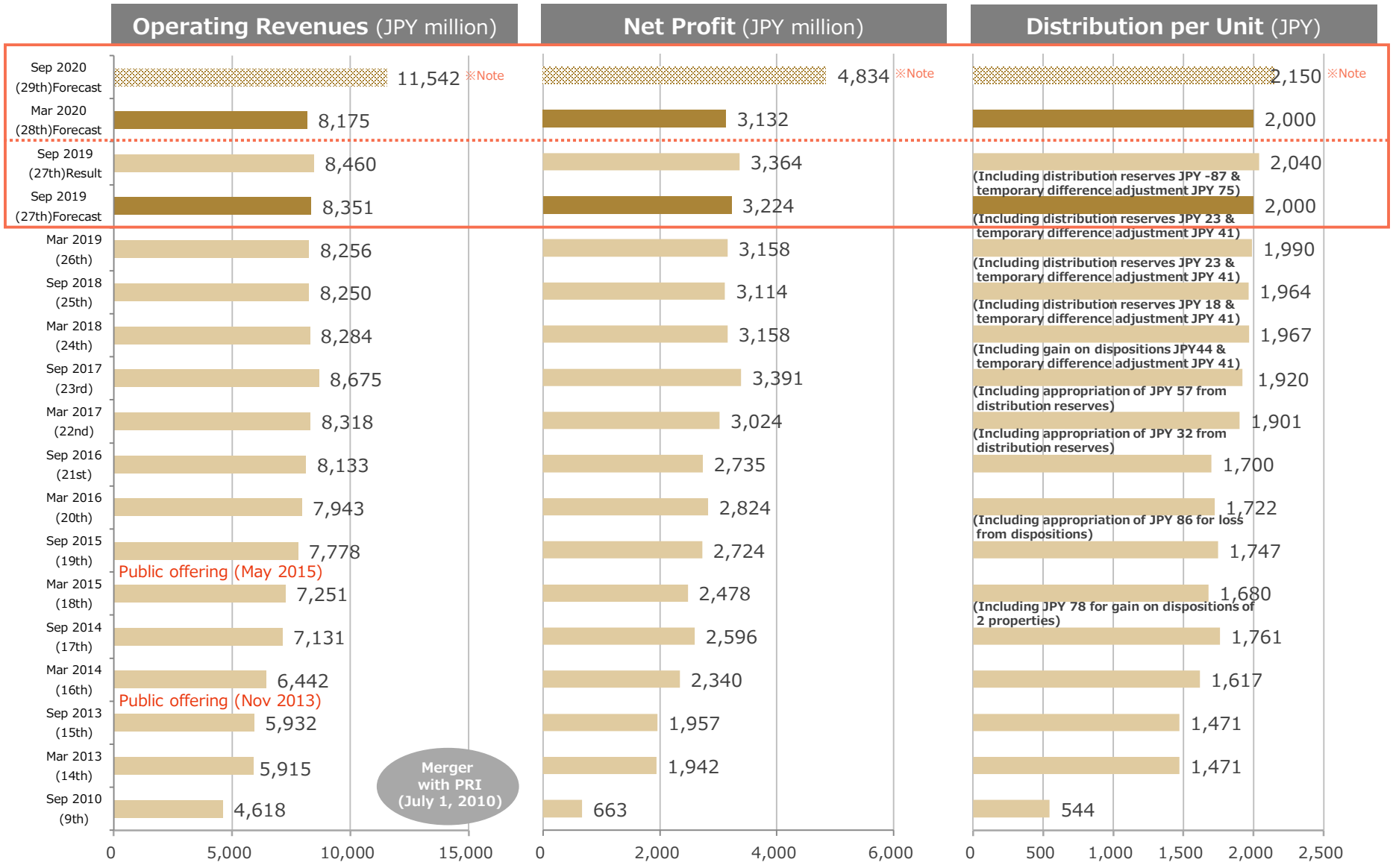
Section II

Financial Results for the 27th (September 2019) Fiscal Period
Forecast for the 28th (March 2020)
and the 29th (September 2020) Fiscal Periods

Key Figures Trend



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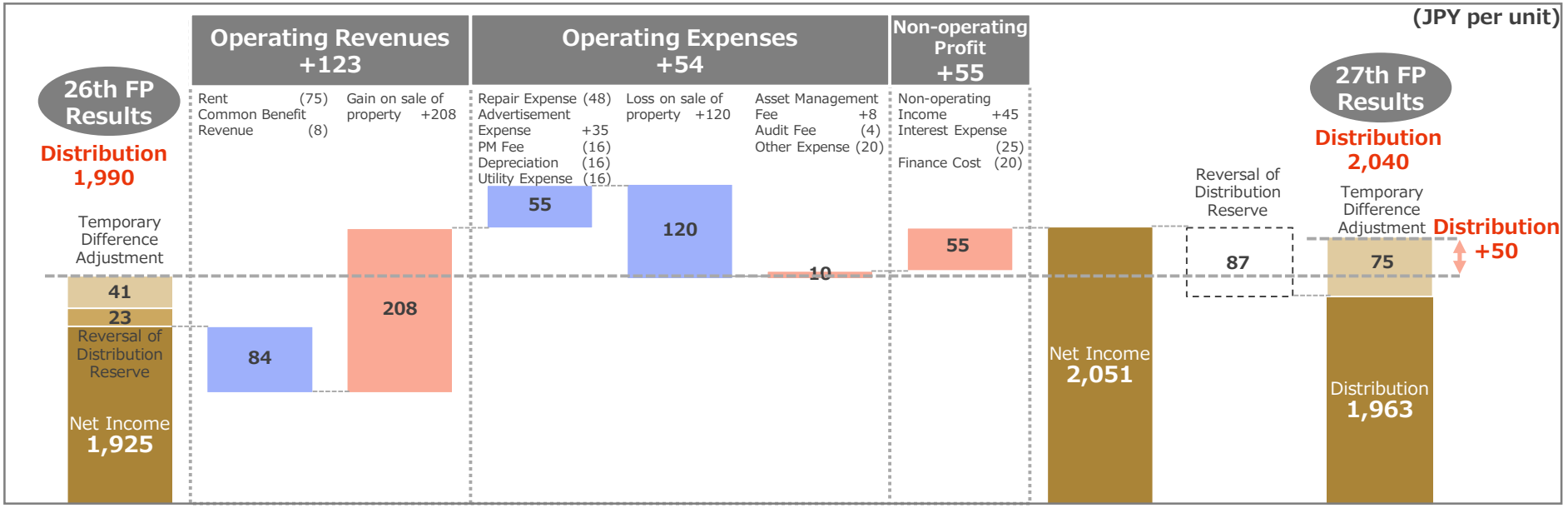
Results for the 26th Fiscal Period vs. the 27th Fiscal Period

(JPY million)

	(1) 26th FP Results	(2) 27th FP Results	Difference (2) - (1)	Key Factors of the Difference
Operating Revenues	8,256	8,460	**+203**	Increase due to gain on sales of properties.
Operating Expenses	4,536	4,625	**+88**	Increase due to loss on sales of properties.
Non-operating Profit	22	68	**+45**	Increase due to an increase in deduction consumption tax with sales of properties.
Non-operating Loss	584	538	**▲45**	Decrease due to better economic conditions attributable to refinancing and interest rate swaps, etc.
Net Income	3,158	3,364	**+206**	
Reversal of Temporary Difference Adjustment / Distribution Reserve	67 38	124 –	**+57** **▲38**	
Total Distribution Amount	3,263	3,345	**+82**	

(JPY per unit)



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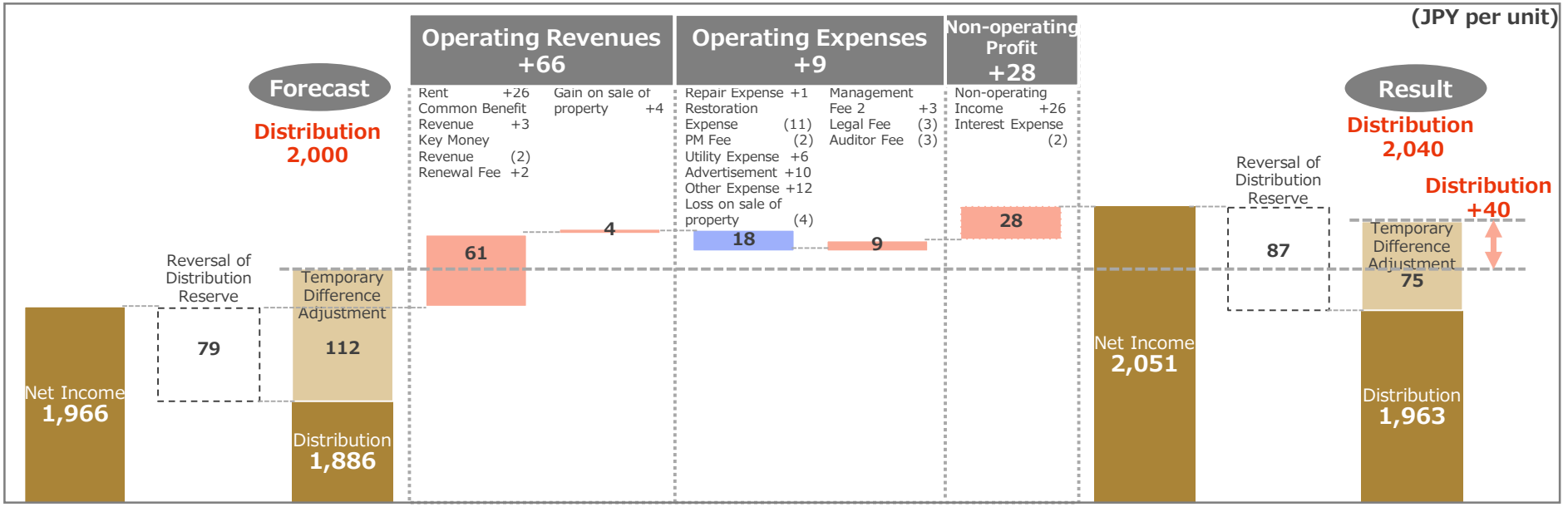
27th Fiscal Period: Initial Forecast vs. Results

(JPY million)

	(1) Forecast (May 21, 2019)	(2) Result	Difference (2) - (1)	Key Factors of the Difference
Operating Revenues	8,351	8,460	**+108**	Increase due to increase of rent with acquisition of properties, and insurance revenue, penalty revenue.
Operating Expenses	4,609	4,625	**+15**	Increase due to an increase in repair expenses and advertisement expenses, etc.
Non-operating Profit	25	68	**+43**	Increase due to an increase in deduction consumption tax with sales of properties.
Non-operating Loss	540	538	**▲2**	Decrease due to better economic conditions attributable to refinancing and interest rate swaps, etc.
Net Income	3,224	3,364	**+139**	
Reversal of Temporary Difference Adjustment / Distribution Reserve	184 –	124 –	**▲60** –	
Total Distribution Amount	3,280	3,345	**+65**	

(JPY per unit)



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Forecast for the 28th (ended March 31, 2020) and the 29th Fiscal Periods (ended September 30, 2020)

(JPY million)

	(1) 27th FP Results	(2) 28th FP Forecast	Difference (2)-(1)	Key Factors of the Difference	29th FP Forecast ※Note	30th FP Forecast ※Note	Remarks
Operating Revenues Average Occupancy Rate Average Rent Per tsubo	8,460 97.9% 8,242	8,175 97.5% 8,258	**(284)**	Rent and Common Benefit Revenue Increase **+90** Other Decrease **(34)** Gain on Sales of Property Decrease **(341)**	11,542	10,104	Expected gain on sale for 29th FP is 812 million yen.
Operating Income	3,834	3,644	**(189)**	**(Operating Expenses Increase 36)** Repair Expense Decrease **(1)** Restoration Expense Increase **+5** PM Fee Decrease **(6)** Depreciation Increase **+30** **(Other Operating Expenses Decrease 130)** Loss on Sales of Property Decrease **(197)** Tax Increase **+60**	4,809	4,907	If positive goodwill is generated, an amortization expense will be recorded as SG&A expense.
Ordinary Income	3,365	3,132	**(232)**	Other Non-operating Income Decrease **(55)** Interest Expense and Finance Cost Decrease **(12)**	4,835	4,259	If negative goodwill is generated, generated gain will be recorded as an extraordinary gain.
Net Income	3,364	3,132	**(232)**	**Net Income per Unit** **27th FP** : JPY 2,051 **28th FP** : JPY 1,909	4,834	4,259	A portion of the gain on sale is planned to be reserved as distribution reserves.
Reversal of Temporary Difference Adjustment / Distribution Reserve	124 –	147 –	**+23** **–**	Reversal of reserve for temporary difference adjustments to realize JPY 2,000 per unit In case of revenue increase due to property acquisition, partial/entire reversal is subject to change	67 –	158 –	Reversal of reserve for temporary difference adjustment will be flexibly utilized. As for Reversal of reserve for temporary difference adjustment, as soon as it's covered by external growth in the pipeline, etc., it will shrink sooner.
Total Distribution Amount	3,345	3,280	**(65)**	—	4,420	4,420	—
Distribution per Unit (JPY)	**2,040**	**2,000**	**(40)**		**2,150**	**2,150**	Varies depending on the occurrence of goodwill. JRH 28th forecast ratio: +7.5%

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Section III

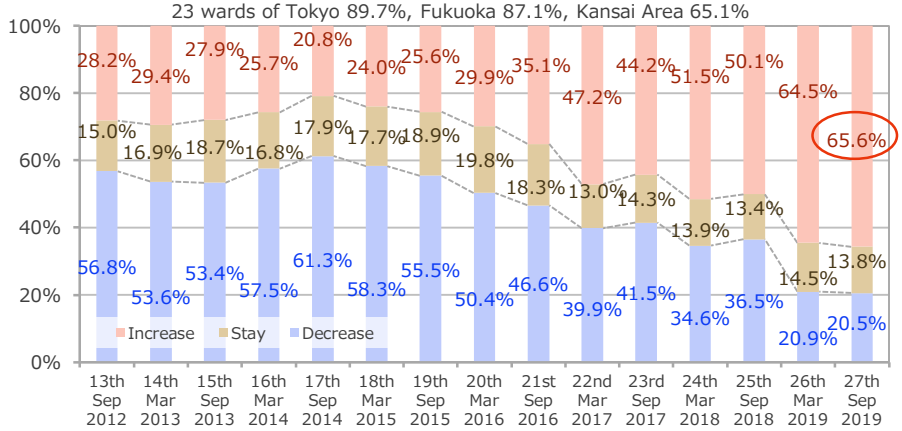
Detailed Information for the 27th Fiscal Period

Rent Trends

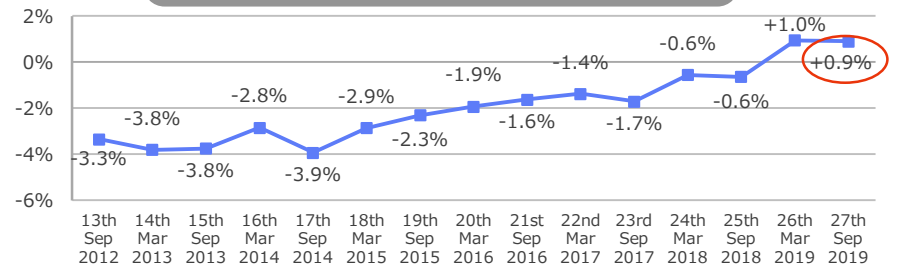
Rent Trends at Tenant Turnover

Rent Changed Units at Tenant Turnover

Top 3 in the increase rate by region (based on the number of cases) :
23 wards of Tokyo 89.7%, Fukuoka 87.1%, Kansai Area 65.1%



Percentage Change at Tenant Turnover



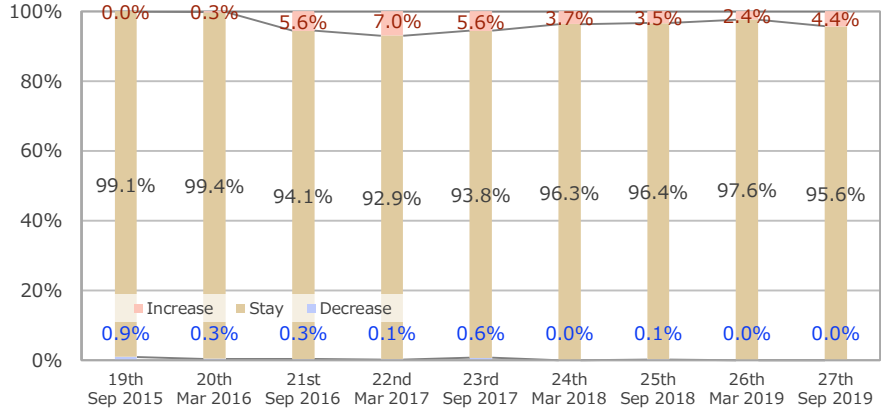
Change in Rent at Tenant Turnover

	# of units	Share	Previous Rent (JPY)	Previous Rent (JPY)	Change (JPY)	Change
Increase	943	65.6%	95,556,547	98,623,116	3,066,569	3.2%
Stay	199	13.8%	17,754,700	17,754,700	-	-
Decrease	295	20.5%	24,528,136	22,710,064	-1,818,072	-7.4%
Total	1,437	100.0%	137,839,383	139,087,880	1,248,497*	0.9%

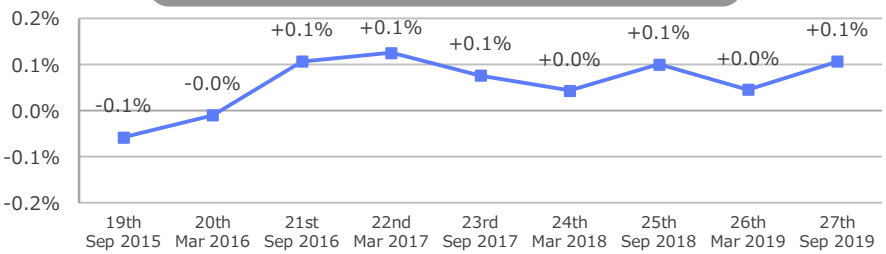
(Note) Calculated by excluding residential units for which prior rents are unknown due to cancellation of the sublease agreement and other factors among the newly acquired 1,510 properties, and rental units with usages other than residential.
*Result in year-ago period (25th FP): JPY -924,459

Rent Trends at Contract Renewal

Rent Changed Units at Contract Renewal



Percentage Change at Contract Renewal



Change in Rent at Contract Renewal

	# of units	Share	Previous Rent (JPY)	Previous Rent (JPY)	Change (JPY)	Change
Increase	109	4.4%	17,047,060	17,324,060	277,000	1.6%
Stay	2,380	95.6%	241,622,920	241,622,920	-	-
Decrease		-	-	-	-	-
Total	2,489	100.0%	258,669,980	258,946,980	277,000	0.1%

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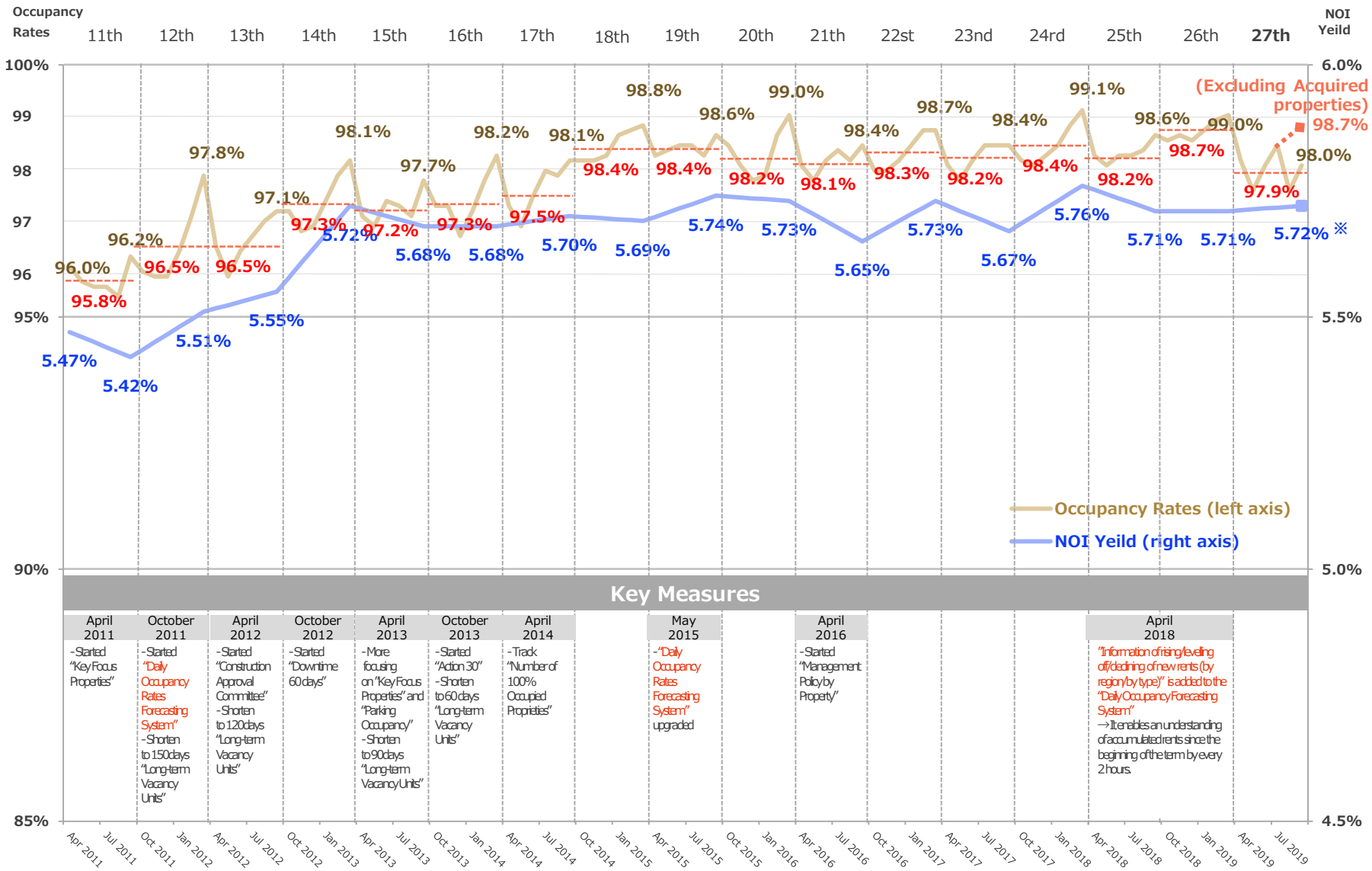
Occupancy and NOI Yield



※(Note) NOI of 10 properties disposed is excluded from NOI result for the 27th FP, and for the 4 properties acquired, NOI result are excluded and the appraisal NOI is added, based on the respective acquisition price calculated.

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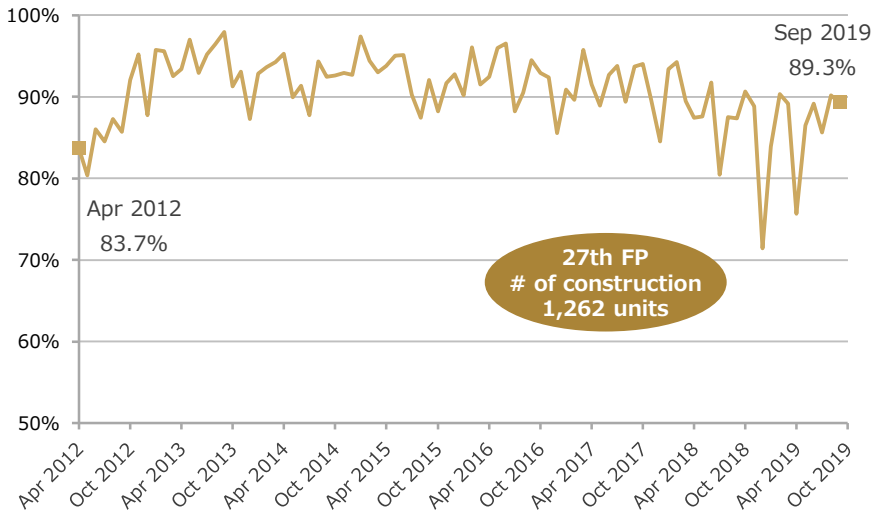
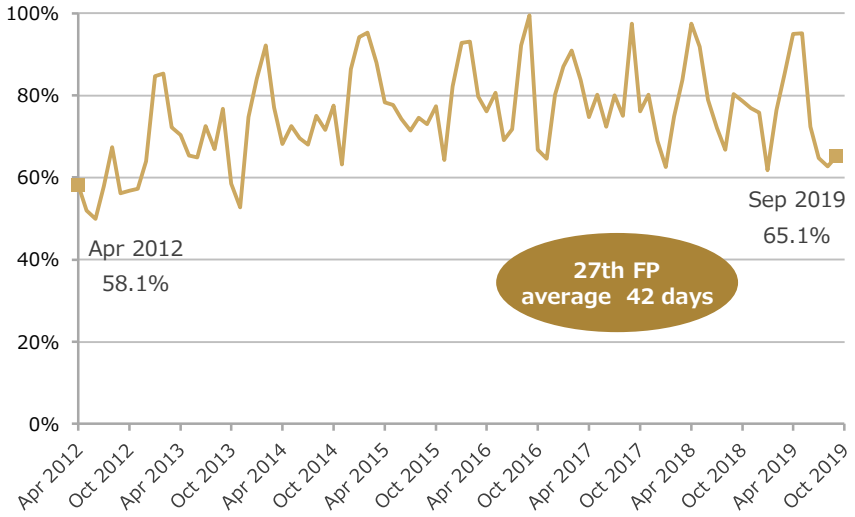
Track Records of Asset Management

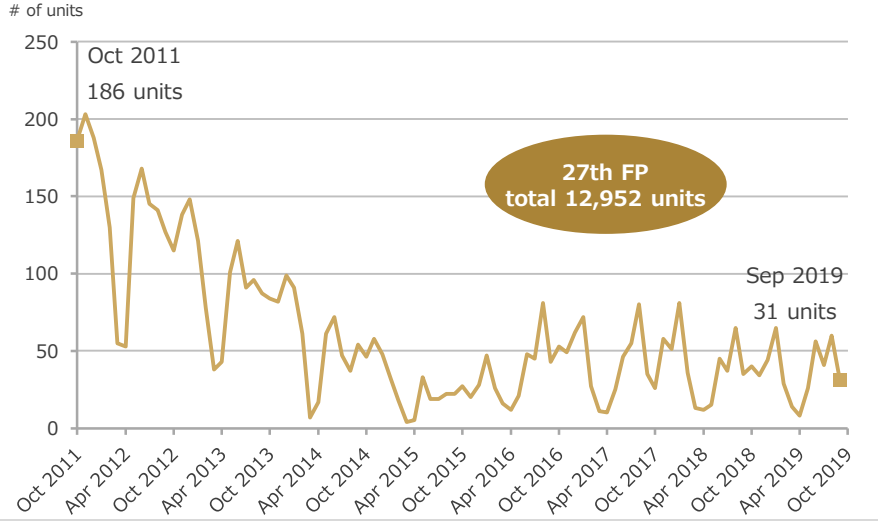
(1) Three-Week Rule - Trends in Achieved Rate



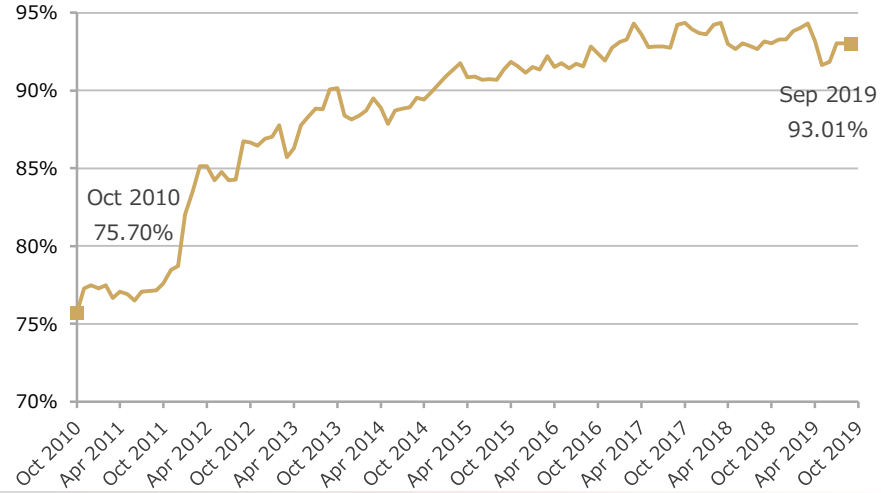
(2) Downtime 60 days – Trends in Achieved Rates



(3) Trends in Long-term Vacancy Units (over 60days)



(Changes in Parking Lot Occupancy Rate)



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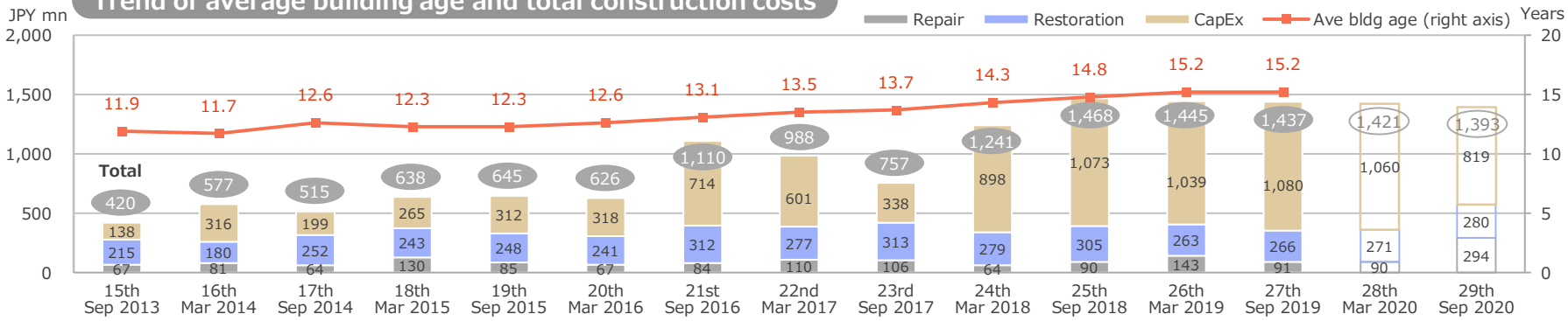
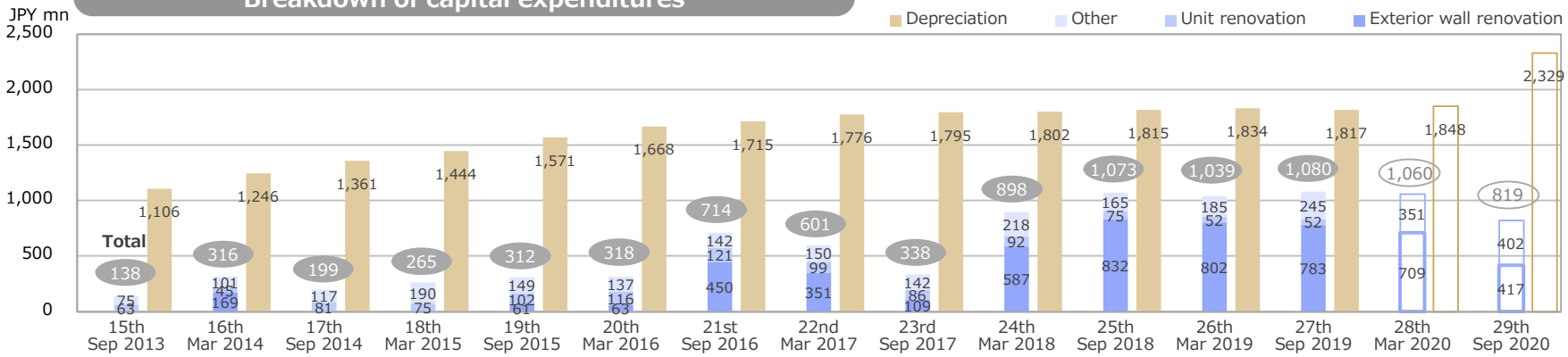
Cost for unit repair/restoration and major exterior wall repair

- In order to maintain/improve property competitiveness, continued to implement value-enhancement work for units/common areas and exterior wall renovation for properties over 10 years old in addition to regular refurbishment for following tenants.
- Placed orders through more transparent bidding process, etc. by utilizing strength of being an independent entity.
- Assumed total operation costs per fiscal period going forward (operating expenses + capital expenditure):
  - Restoration/repair costs (including some exterior wall renovation): Approx. JPY 0.4 billion
  - Capital expenditure (value-enhancement work for units/common areas, large scale exterior repair and renovation): Aim for upper limit of JPY 1.0 billion (Depreciation/fiscal year: Approx. JPY 1.8 billion)

Trend of average building age and total construction costs



Breakdown of capital expenditures



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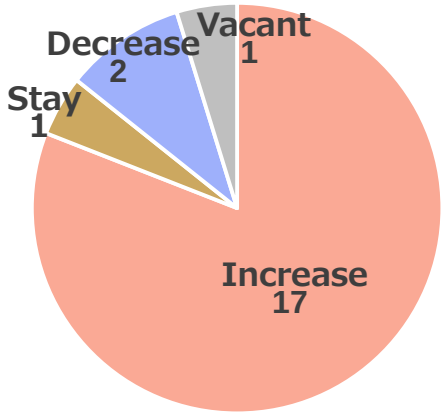
Unit Renovation in the 27th Fiscal Period

Unit Renovation (21 units Total JPY 52 million) (Average JPY 2.5 thousand)

Impact on rents through dwelling unit renovation



※ Breakdown of 2 units with rent decrease
- Rent gap: 2 units

(reason is due to high rent from the previous tenants, and aging of property etc.)

		Rent before Renovation	Rent after Renovation	Change
Increase	17	JPY 2,106 thousand	JPY 2,178 thousand	JPY 72 thousand (+3.4%)
Stay	1			
Decrease	2			
Vacant	1	-		

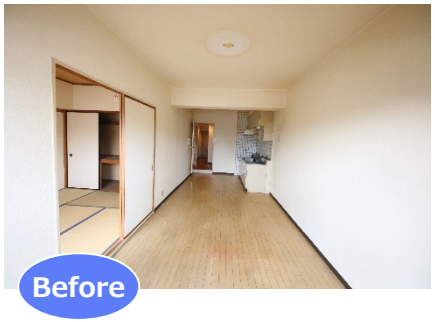
Building age of 21 units with rent increase	
Under 20 years	0
20-25 years	11
Over 30 years	10

(Example) "Gran Casa Daikanmachi" (Nagoya, Aichi) built in 1986

- Family-type residence located at Subway Sakuradori Line Takaoka Station.
- Acquired through merger with PRI (Acquisition price JPY 1.08 bn, occupancy rate 96.8% as end of 27th FP).
- The renovation resulted in a 11% increase in rent.









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Exterior Wall Repair and Renovation in the 27th Fiscal Period

15 Properties JPY 760 million
(spent as capital expenditures except "College Square Waseda, Prospect Machiya" as operating expense of JPY 18 million)



Gran Casa NagayamaKoen Dori

(Sapporo, Hokkaido Built in 2007)
JPY 148 million



Serenite ShinOsaka Nibankan

(Osaka, Osaka Built in 2009)
JPY 71 million



Colonnade Kasuga

(Bunkyo, Tokyo Built in 1991)
JPY 67 million



Gran Casa Sendai Itsutsubashi

(Sendai, Miyagi Built in 2007)
JPY 67 million



Renaissance 21 Hakata

(Fukuoka, Fukuoka Built in 2007)
JPY 59 million



Gran Casa Ryogoku Ichibankan

(Sumida, Tokyo Built in 2006)
JPY 58 million



willDo NishiAkashi

(Akashi, Hyogo Built in 2003)
JPY 50 million



Prospect NihombashiKoamicho

(Chuo, Tokyo Built in 2007)
JPY 48 million

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Exterior Wall Repair and Renovation in the 27th Fiscal Period

15 Properties JPY 760 million
(spent as capital expenditures except "College Square Waseda, Prospect Machiya" as operating expense of JPY 18 million)



Lietocourt Motoakasaka

(Minato, Tokyo Built in 2006)
JPY 39 million



Gran Casa Ryogoku Nibankan

(Sumida, Tokyo Built in 2006)
JPY 37 million



College Square Shinkoiwa

(Katsushika, Tokyo Built in 2007)
JPY 32 million



College Square Kinshicho

(Koto, Tokyo Built in 2006)
JPY 30 million



willDo Tanimachi

(Osaka, Osaka Built in 2007)
JPY 29 million



College Square Waseda

(Shinjuku, Tokyo Built in 2007)
JPY 11 million



Prospect Machiya

(Arakawa, Tokyo Built in 2006)
JPY 6 million

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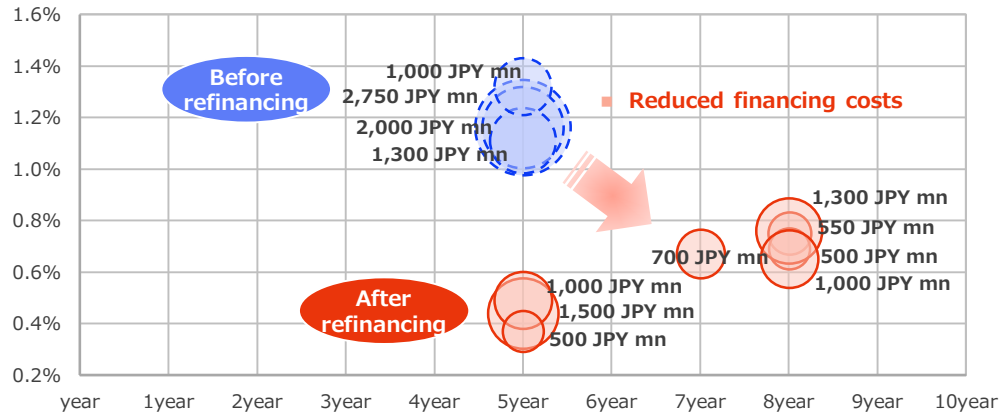
Finance

Refinanced JPY 7.05 bn in June, August, September 2019



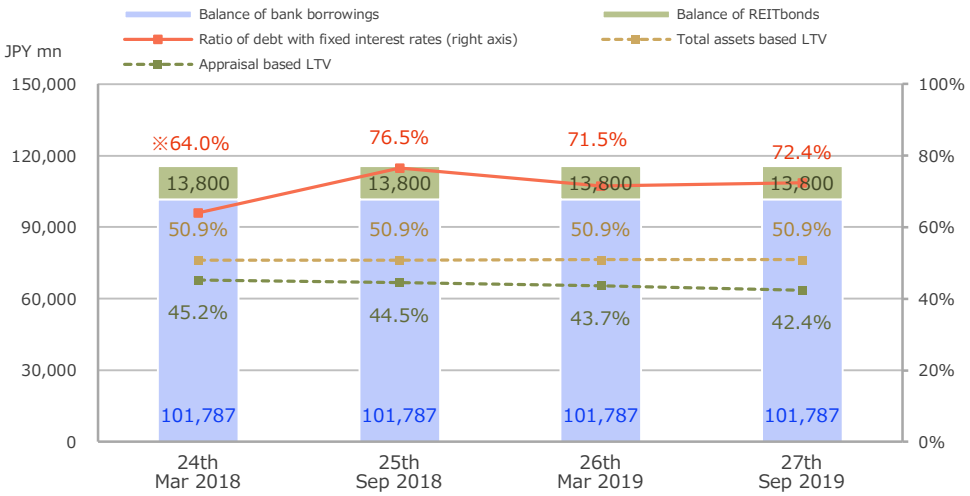
	Principle (JPY mn)	Borrowing Period	All-in Cost
Before	2,750	5.0 years	1.10%(Note1)
	2,000	5.0 years	1.10%(Note1)
	1,300	5.0 years	1.05%(Note1)
	1,000	5.0 years	1.32%
	Total 7,050	Average 5.0 years	Average 1.12%
After	2,750	Average 6.1 years	Static 0.56%
	2,000	Average 5.8 years	Static 0.51%
	1,300	8.0 years	Static 0.76%
	1,000	8.0 years	Static 0.65%
	Total 7,050	Average 6.6 years	Average 0.60%

(Note1) Total cost including 1M Tibor at the end of the 26th FP.

Trends in major financial indicators of interest-bearing debt

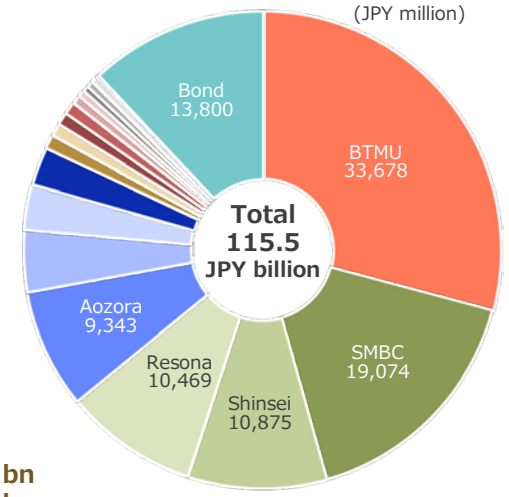
Credit Ratings
『A+』 Stable (JCR)
『A』 Stable (R&I)

Balance of interest bearing debt and Ratio of debt with fixed interest rates・LTV



Breakdown of interest-bearing debt (as of September 30, 2019)

Higashi Nippon	230
Nippon Life Insurance	500
Senshu Ikeda	500
Ashikaga	500
ORIX	500
Kagawa	700
Nouchu	968
Hiroshima	1,000
Hyakugo	1,000
Nomura TB	1,100
Mizuho	3,000
DBJ	3,500
Fukuoka	4,850



Financing Capability to Total Assets Based LTV

53% : Up to JPY 10 bn
55% : Up to JPY 20 bn

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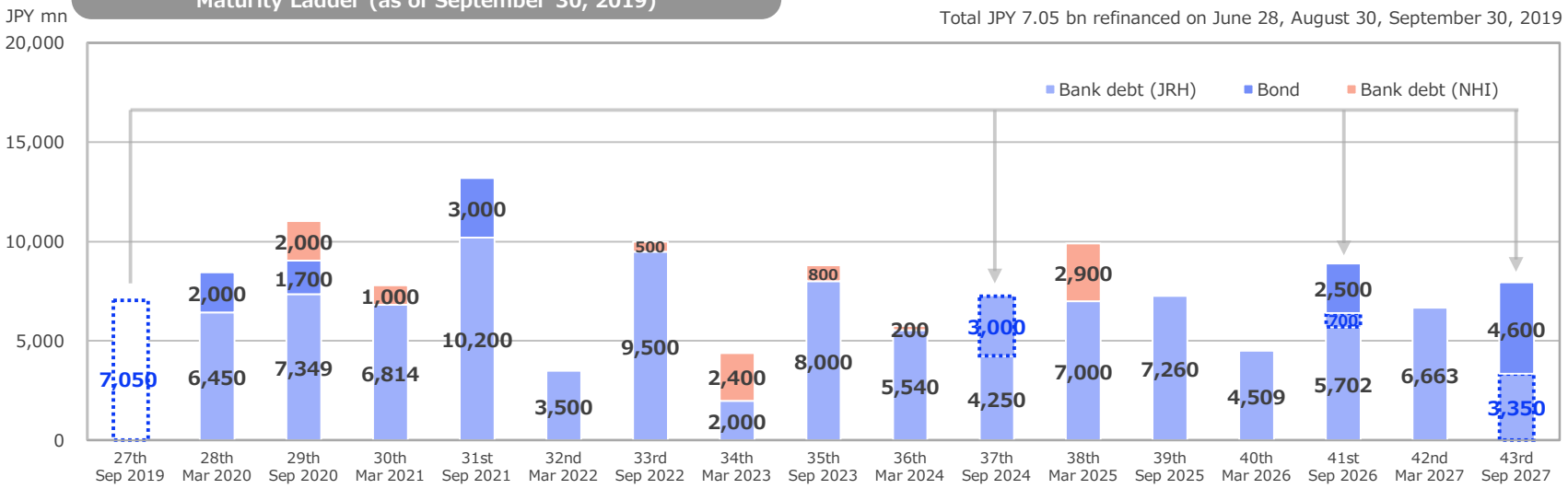
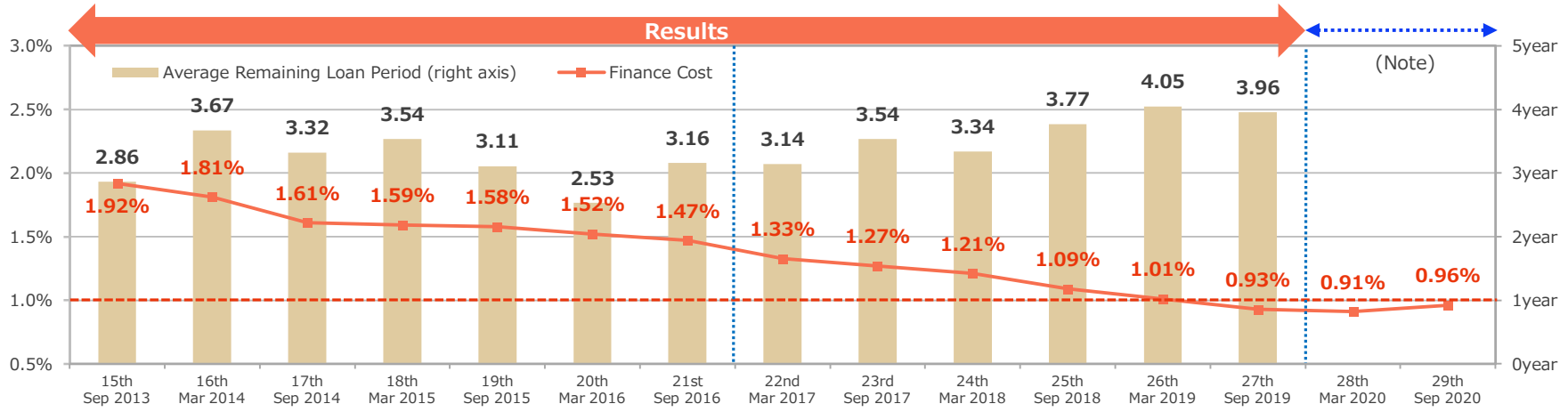
Finance

Maturity Ladder (as of September 30, 2019)



※(Note) Above described based on "Notice Concerning Forecast of Operation for the Fiscal Year ending September 2020 and the Fiscal Year ending March 2021 after the Merger of JRH and NHI" announced on November 19, 2019 by JRH.

All-in Finance Costs and Average Tenor



(Note) Finance costs for the 28th FP and 29th FP are preconditions for earnings forecast announced on November 19, 2019.

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Appraisal (as of September 30, 2019)

Total appraisal value of 192 properties JPY 272.3 bn
(+JPY 5.8 bn from end of 26th FP, value of 188 properties excluding acquired and disposed properties)

Unrealized gain JPY 55.6 bn
(vs. 26th FP +JPY 6.7 bn)

	# of Properties	Appraisal Value 26th FP (JPY mn)	Appraisal Value 27th FP (JPY mn)	Change	Appraisal NOI Cap Rate		
					26th FP	27th FP	Change
Properties held since 26th FP end	188	260,756	266,612	2.2%	4.8%	4.7%	(0.1%)
by Type							
Studio	121	160,652	164,292	2.3%	4.8%	4.7%	(0.1%)
Family	67	100,104	102,320	2.2%	4.8%	4.7%	(0.1%)
by Area							
23 wards of central Tokyo	68	110,803	114,234	3.1%	4.4%	4.3%	(0.1%)
The 3 major metropolitan areas	86	106,337	108,249	1.8%	5.0%	4.9%	(0.1%)
Other major cities	34	43,616	44,129	1.2%	5.4%	5.3%	(0.1%)
Acquired properties in 27th FP	4	-	5,692	-	-	4.3%	-

(Note) 67 properties were appraised by Tanizawa Sōgō Appraisal Co., Ltd., 42 properties were appraised by Daiwa Real Estate Appraisal Co.,Ltd., and 83 properties were appraised by Japan Real Estate Institute.

a. Appraisal Value

- Increased: 164 properties (+JPY 1 mn - +JPY 290 mn)
- Stayed: 18 properties
- Decreased: 6 properties (−JPY 13 mn - −JPY 1 mn)

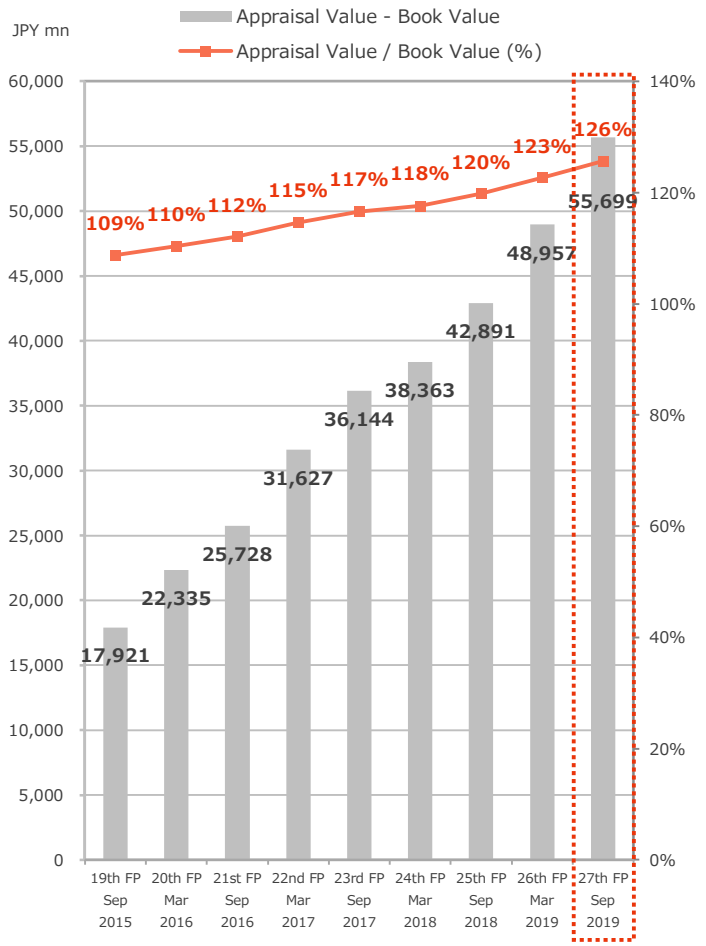
b. Cap Rate

- Decreased: 169 properties (10bps)
- Stayed: 19 properties
- Increased: 0 properties

c. Operations

- Op Income: Increased by 0.11% from the previous period
- Op Expense: Increased by 0.28% from the previous period
- NOI: Increased by 0.06% from the previous period

Trend of Unrealized Gain/Loss



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Sustainability Initiative

■ Adopted ESG policy for moving forward to enhancement of sustainability initiatives and improve a value of JRH in the medium to long term on August 22, 2016

2016	2017	2018	2019
ESG policy (adopted on Aug.22, 2016) (published on JRH's website)	Established "Sustainability Promotion Committee" and various rules & policies	Evaluation result under the 2018 GRESB Assessment	Further initiatives such as 2019 GRESB, etc.

(Progress management with monthly PDCA)

- Switch to LED lighting at common areas
- Introduction of energy conservation, eco-wallpaper, water-saving toilets and shower heads
- Introduction of earthquake-friendly vending machines and electronic breakers and postings concerning energy conservation in buildings
- Measurement and reduction of energy consumption, etc. of individual properties and the entire portfolio
- Preparation for first participation in GRESB* (July 2017)
- DBJ Green Building Certification

- "Green Star" rating which is bestowed only to applicants that earn outstanding evaluations in terms of two operational dimensions subject to "management & policy" and "implementation & measurement".
- "2-Star" rating under the five-grade evaluation system that reflects global ranking based on an applicant's total scores.
- "B" rating under the five-grade GRESB Public Disclosure Level evaluation scheme for JRH's proactive information disclosure practices.

GRESB Real Estate Evaluation

Obtained the highest rating "Green Star" for the second consecutive year.
In "GRESB Rating", the evaluation has been improved from "2Star" to "3Star".

Human resource development

The Investment Corporation's management company has introduced a system that subsidizes acquisition costs for real estate appraisers, real estate securitization masters, real estate related qualifications such as real estate brokers, as well as a wide range of qualifications such as securities analysts and languages.

DBJ Green Building 2018



Serenite Honmachi Grande

Property with high environmental & social awareness
(Property with 268 studio units in Osaka City, Completed in February 2015 Newly acquired in June 2015 Acquisition price: JPY 4.28 billion)

DBJ Green Building 2017



Chijikoukanmae Tower Residence

Property with excellent environmental & social awareness
(Property with 141 family units in Sapporo, Completed in May 2006 Acquired in October 2016 Acquisition price: JPY 4.53 billion

GRESB 2018

GRESB PUBLIC DISCLOSURE 2018

GRESB 2019

*GRESB Real Estate Assessment is an annual benchmark survey for environmental, social and governance ("ESG") considerations in the global real estate sector, which was established in 2009 primarily by major European pension fund groups which led the Principles for Responsible Investment ("PRI"). The GRESB Real Estate Assessment is distinguished by its comprehensive evaluation of sustainability efforts of real estate companies and REITs, etc., and not of individual properties.

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Initiatives for ESG (Governance)

Corporate governance

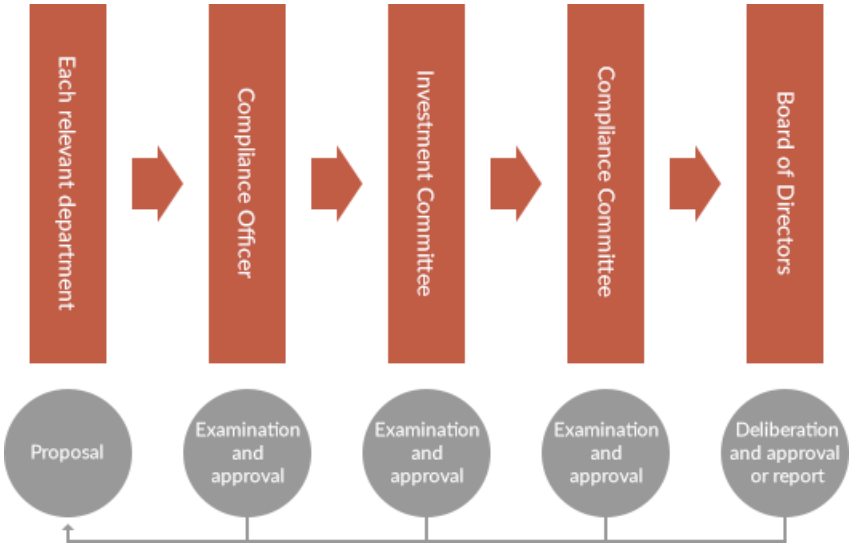
- The Asset Management Company of NHI has established a governance system that gives top priority to compliance, and strives to prevent conflicts of interest, manage risks and comply with laws and regulations.

Compliance system

- The Asset Management Company not only adheres strictly to all laws and regulations, rules, internal regulations and market rules related to its business but also focuses on conducting sincere and fair corporate activities while fully understanding social norms.

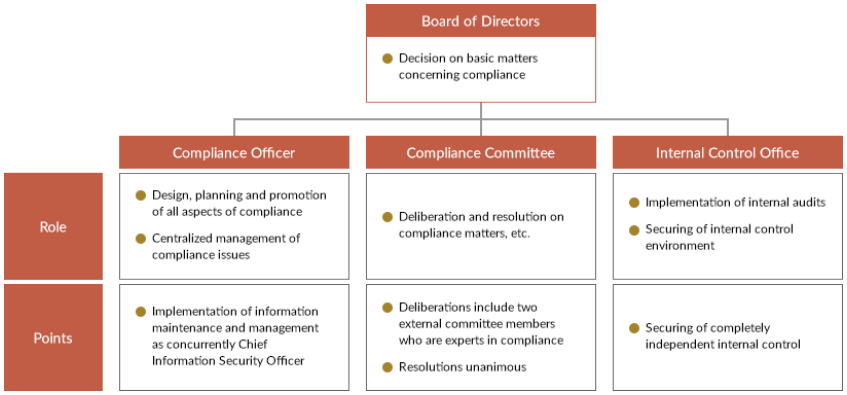
Decision-making flow for transactions with interested parties

The Asset Management Company selects assets to invest in and decides on the acquisition following the investment policy and the rules for preventing conflicts of interest set forth in the management guidelines.
The Asset Management Company has established the Investment Committee and the Compliance Committee as a system to prevent conflict of interest transactions and conducted proper management.
Decision-making process from preparation/submission of proposals on investment management to their approvals is shown below.



Persons having a special interest may not exercise voting rights on matters resolved at the Investment Committee, Compliance Committee or Board of Directors.

Departments responsible for the compliance system



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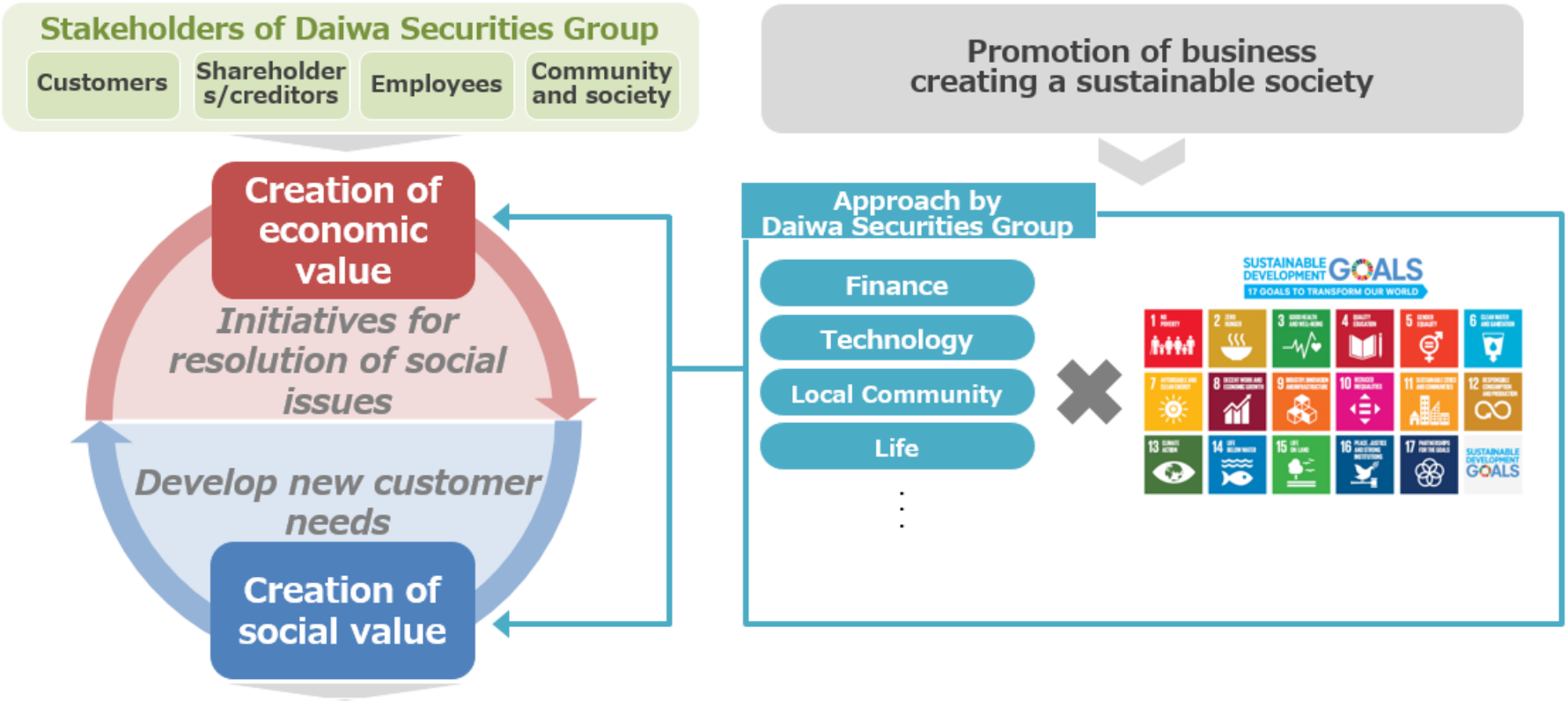
Efforts on ESG | Sustainable Development Goals (SDGs)

■ SDGs as Management Strategy

In the medium-term management plan "Passion for the Best" 2020, Daiwa Securities Group incorporated the viewpoint of shared value creation through achieving SDGs as a foundation of its management strategy.
It is important for companies nowadays to drive the cycle of shared value creation through business activities and create both economic and social value by being engaged in solving social challenges and meeting new needs from customers.
Daiwa Securities Group explicitly declares that it will incorporate achieving SDGs as the foundation of each and every strategy in order to create a virtuous cycle.

Cycle of Shared Value Creation

Initiatives aimed at SDGs (Sustainable Development Goals)



Contribute to the realization of a prosperous society and improvement of people's lives

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Appendices

Portfolio Overview (as of September 30, 2019)

Total: **192** roperties

Total asset: **226.3** bn
(based on the acquisition price)

Total unit: **12,952**


Chijikoukanmae Towrer Residence (Sapporo, Hokkaido)


Granpark Tenjin (Fukuoka, Fukuoka)


Forest Hill SendaiAoba (Sendai, Miyagi)

Studio rental apartment ● Family rental apartment


The Residence Honmoku Yokohama Bayside (Yokohama, Kanagawa)


willDo Kiyosumi (Koto-ku, Tokyo


TK Flats Shibuya (Shibuya-ku, Tokyo)


Gran Casa Minami Aoyama (Minato-ku, Tokyo)


Prospect Glarsa Hiroo (Shibuya-ku, Tokyo)


Storia Jingumae (Shibuya-ku, Tokyo)


Colonnade Kasuga (Bunkyo-ku, Tokyo)


Prospect Shinonomebashi (Koto-ku, Tokyo)


Joyce Court (Ota-ku, Tokyo)


Prospect Kiyosumi-Teien (Koto-ku, Tokyo)


Gran Casa Shinjuku Gyoen (Shinjuku-ku, Tokyo)


Gala Place Shinjuku Gyoen (Shinjuku-ku, Tokyo)


Libest Nishi-chiba (Chiba, Chiba)


Park Terrace Ebisu (Shibuya-ku,Tokyo)


Gran Casa Ginza East (Chuo-ku, Tokyo)


willDo Todoroki (Setagaya-ku, Tokyo)


Serenite Honmachi Grande (Osaka, Osaka)


Gransys Tenmabashi (Osaka, Osaka)


Serenite ShinOsaka Nibankan (Osaka, Osaka)


Serenite Koshien (Nishinomiya, Hyogo)


willDo Hamasaki dori (Kobe, Hyogo)


Lietocourt Marunouchi (Nagoya, Aichi)


Gran Casa Kamimaezu (Nagoya, Aichi)

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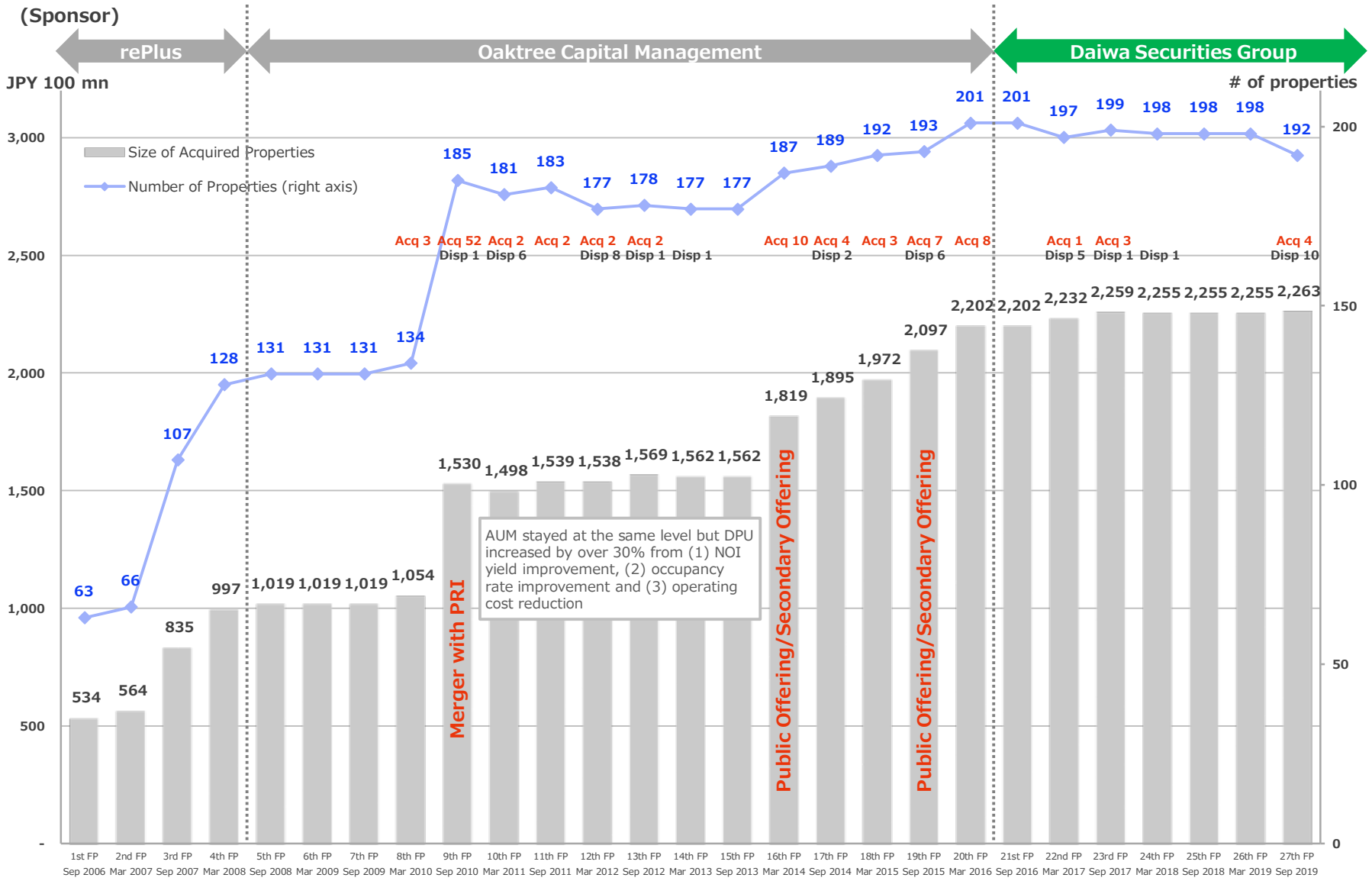
Portfolio Growth (Acquisition Price based)



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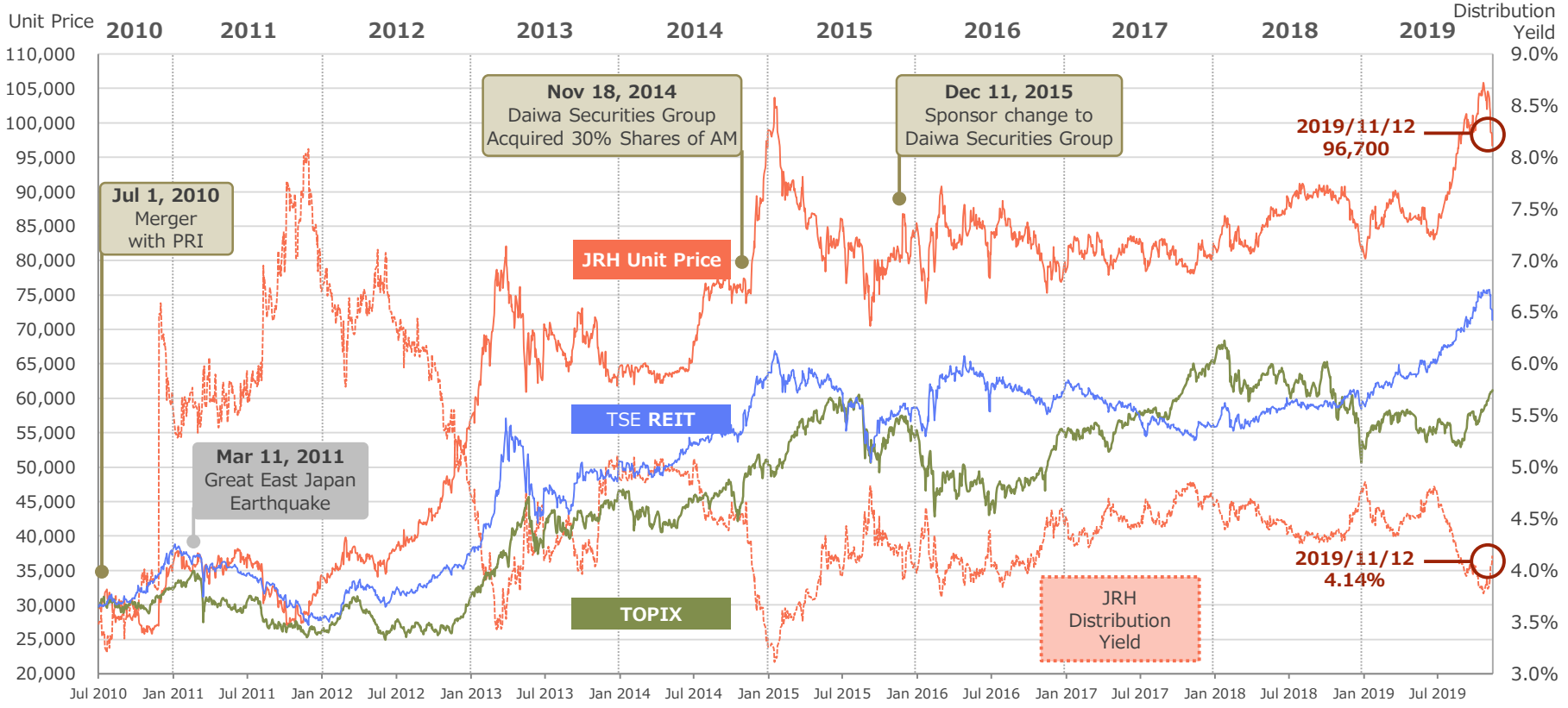
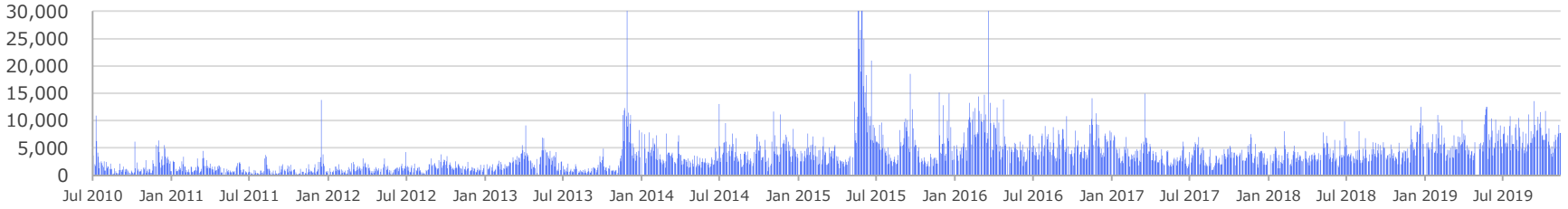
JRH Unit Price/Distribution Yield/Trading Volume



(Note) TOPIX,TSEREIT: Indexed based on JRH's investment unit price as of July 1, 2010

Trading volume (# of units)



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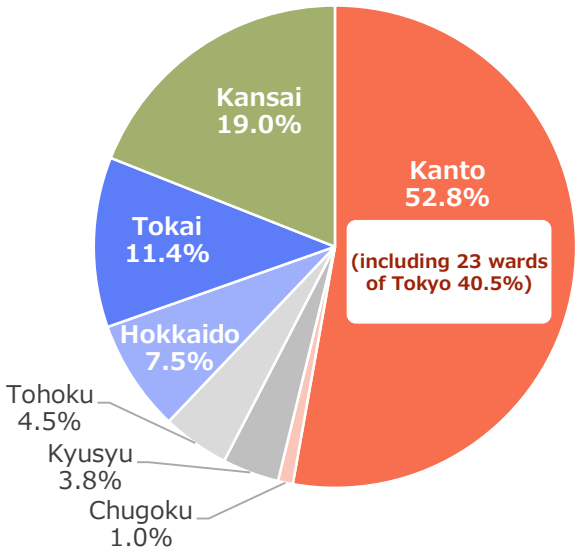
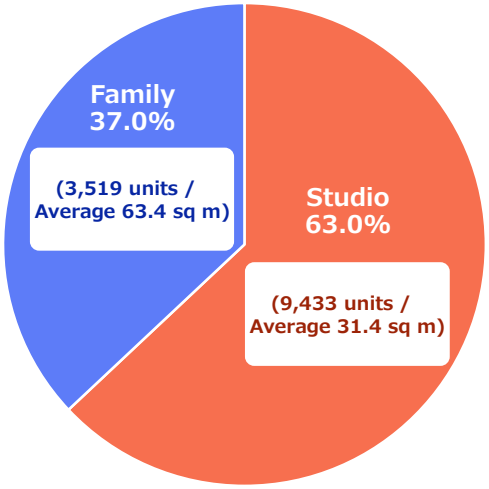
Portfolio (as of September 30, 2019)

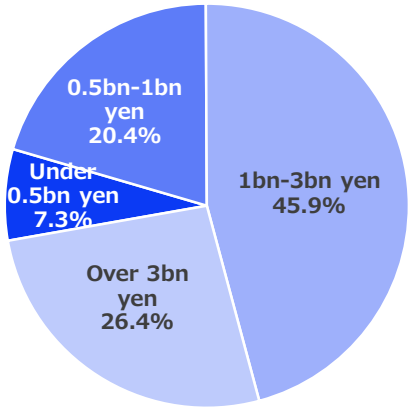
Geographical Allocation



Type



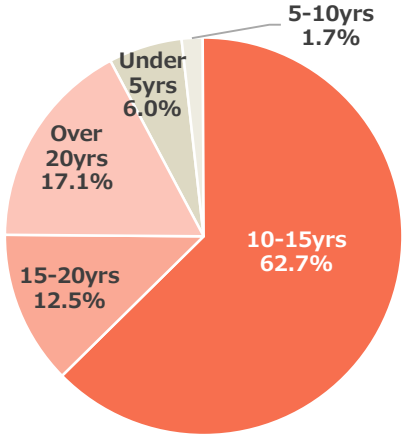
Size



Average size
JPY 1,179 mn

JPY 1 bn or more per property in general for the new acquisitions

Age



Average age
15.2 years

Building age less than 10 years in general for the new acquisitions

(Note) Each percentage is calculated based on the acquisition price (rounded off to one decimal place)

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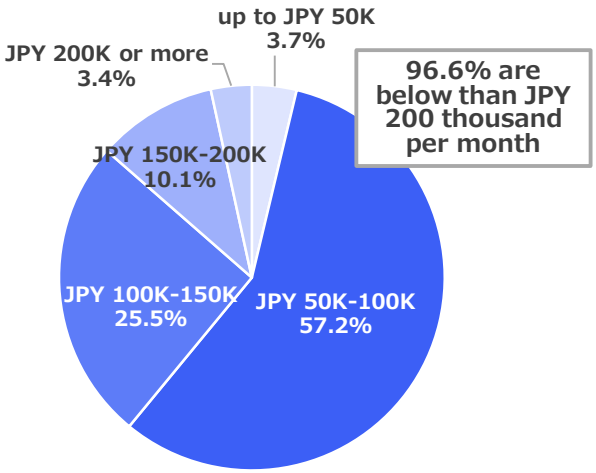
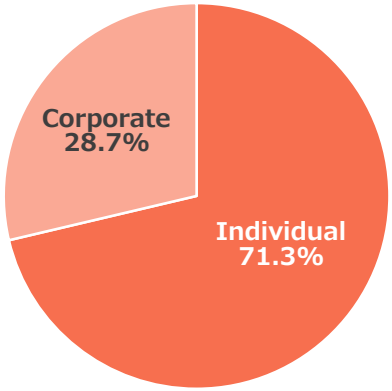
Portfolio (as of September 30, 2019)

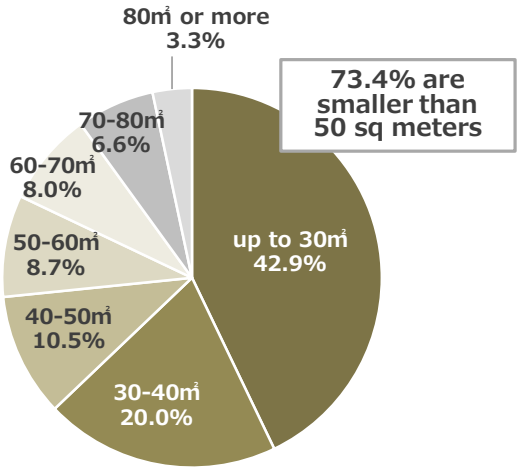
Monthly Rent per Unit (Note1, 2, 4)



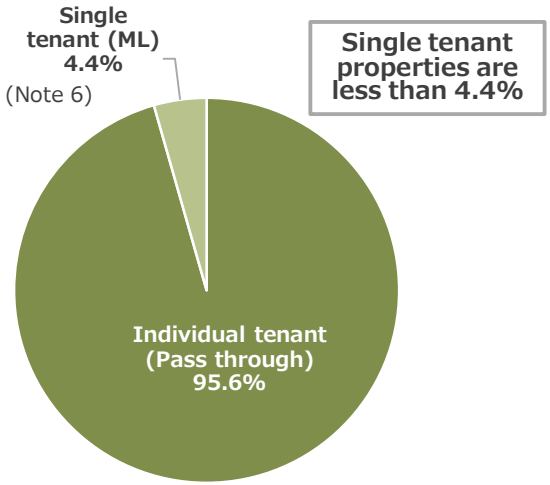
Lessee Type (Note 1, 3, 4)



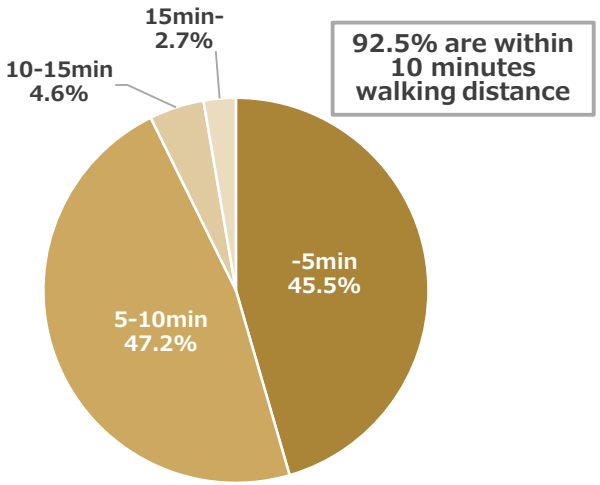
Unit Size (Note 1, 4)



Lease Type (Note 5)



Walking Distance from Stations (Note 5)



(Note1) Calculation excludes subleased properties and non-residential units (i.e. office, retail).

(Note 2) Calculation based on the total amount of monthly rent and common area fee as of September 30 2019.

(Note 3) Calculation excludes the vacant units as of September 30, 2019.

(Note 4) Calculation based on the number of units

(Note 5) Calculation based on the acquisition price.

(Note 6) Out of 4.4% (16 buildings with a total acquisition price of JPY 10 billion), 2.8% is leased by Mainichicomnet Co., Ltd. (10 student apartments in Tokyo with a total acquisition price of JPY 6.3 billion) and the remaining 1.6% is leased by general business companies (6 buildings with a total acquisition price of JPY 3.6 billion). Since leasing an entire building to a single tenant accompanies a risk of having only one tenant, it is our policy not to newly make such investment in principle.

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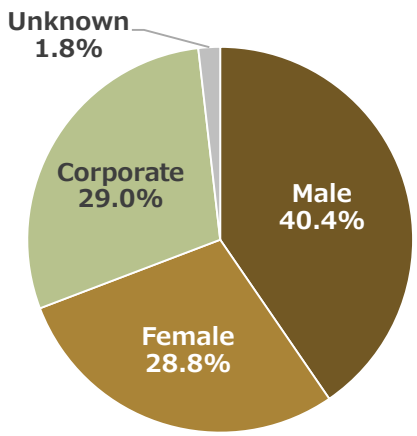
Portfolio Overview (as of September 30, 2019)

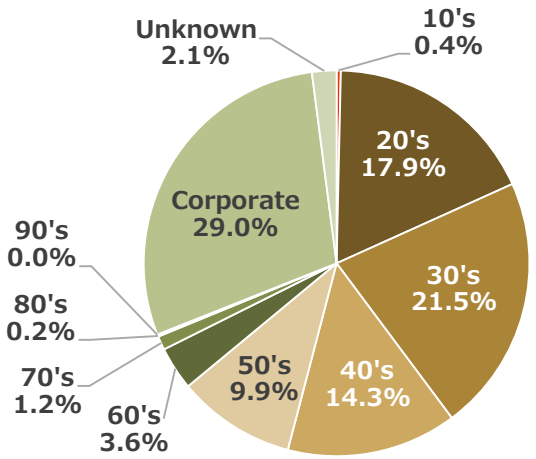
Category of Properties	Number of Properties	Average Acquisition Price (Thousand yen)	Number of Rentable Units	Average Number of Rentable Units per Property	Average Rentable Floor Area per Unit (sq. meter)
Studio	124	1,149,885	9,433	76	31.4
Family	68	1,232,241	3,519	51	63.4
Total (Average)	192	1,179,053	12,952	134	40.1

Category of Properties	Number of Properties	Average Acquisition Price (Thousand yen)	Number of Rentable Units	Average Number of Rentable Units per Property	Average Rentable Floor Area per Unit (sq. meter)
23 wards of Tokyo	68	1,348,641	3,502	51	40.5
The three major metropolitan areas	90	1,074,061	6,158	68	39.6
Other major cities	34	1,117,794	3,292	96	40.4
Total (Average)	192	1,179,053	12,952	134	40.1

Tenant Demographics by Gender



Tenant Demographics by Age



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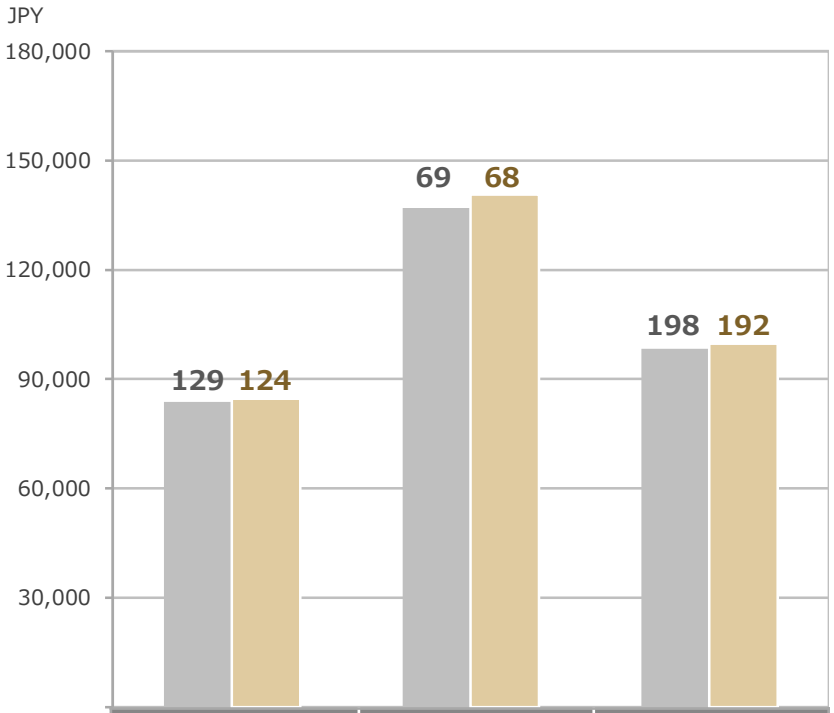
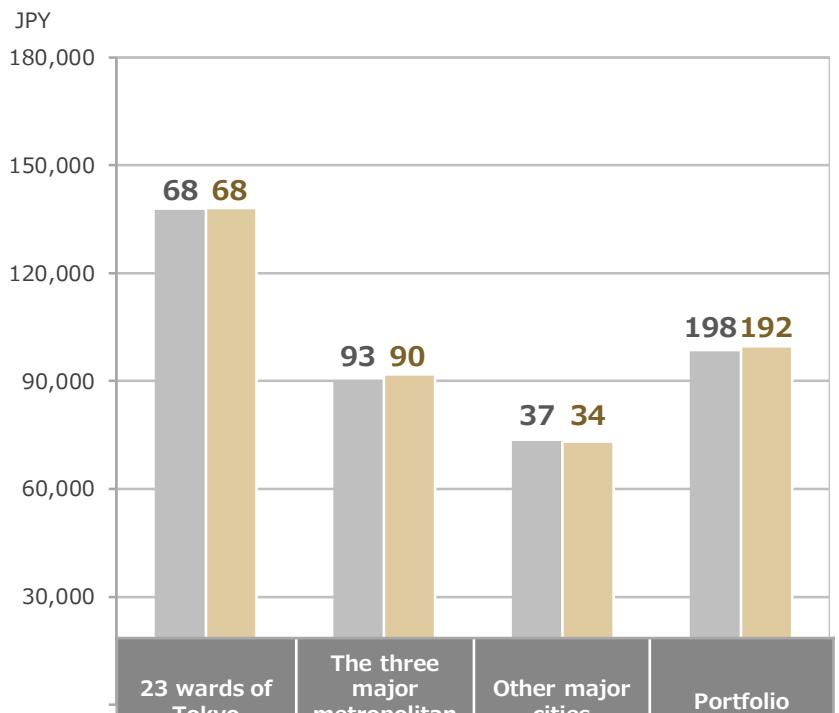
Rent per Unit

By Type



	Studio	Family	Portfolio
26th FP Mar 2019	83,729	136,973	98,338
27th FP Sep 2019	84,681	140,597	99,687

By Area



	23 wards of Tokyo	The three major metropolitan areas	Other major cities	Portfolio
26th FP Mar 2019	137,575	90,112	73,334	98,338
27th FP Sep 2019	138,084	91,774	73,097	99,687

(Note) Average rent per unit calculations: rental revenue (rent + common benefit revenue) / total contracted units

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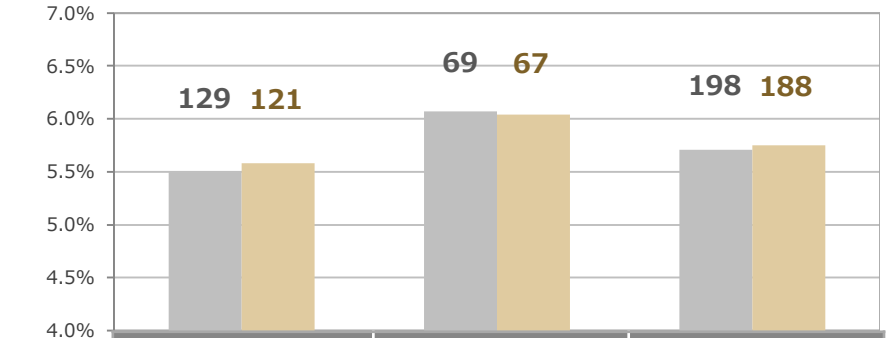
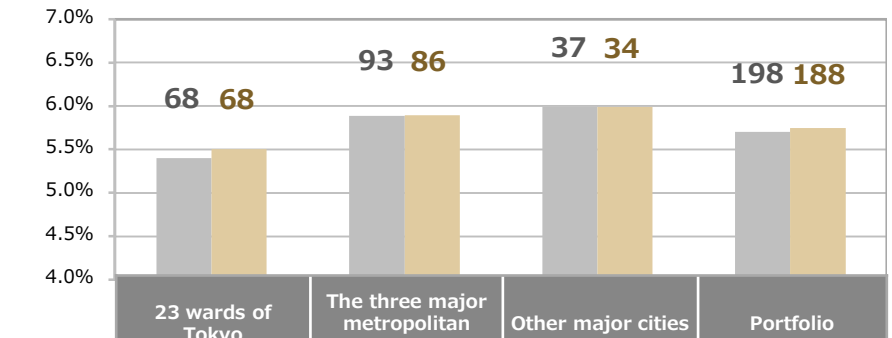
NOI Yield (by Type and Region)

By Type



	Studio	Family	Portfolio
26th FP Mar 2019	5.49%	6.07%	5.71%
27th FP Sep 2019	5.58%	6.04%	5.75%

By Region

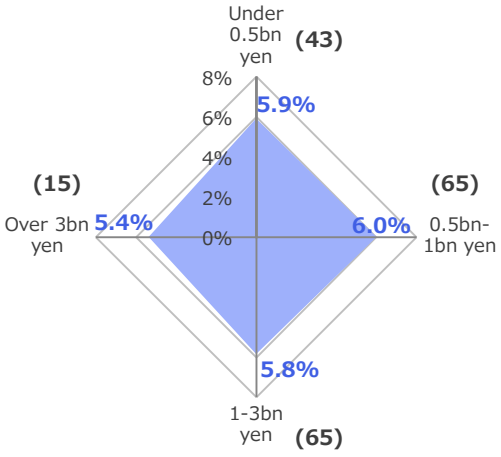


	23 wards of Tokyo	The three major metropolitan areas	Other major cities	Portfolio
26th FP Mar 2019	5.40%	5.88%	5.99%	5.71%
27th FP Sep 2019	5.50%	5.89%	5.99%	5.75%

(Note1) Number of properties: Compared to 198 properties in 26th FP and 188 properties in 27th FP excluding 4 properties acquired during the fiscal year.
(Numbers of properties indicated on top of the bar graphs.)
(Note2) NOI yield: Annual income and expenditure in the rental business / acquisition price of property excluding tax

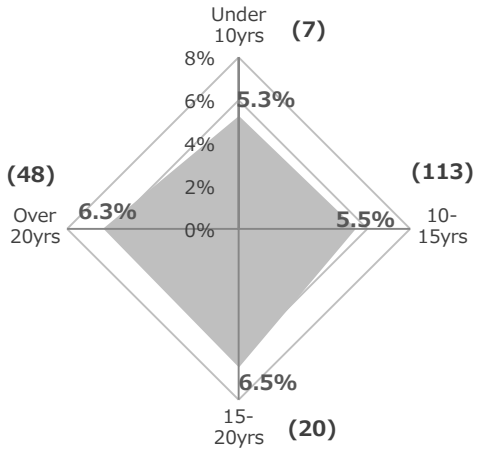
By Size

(# of Properties)



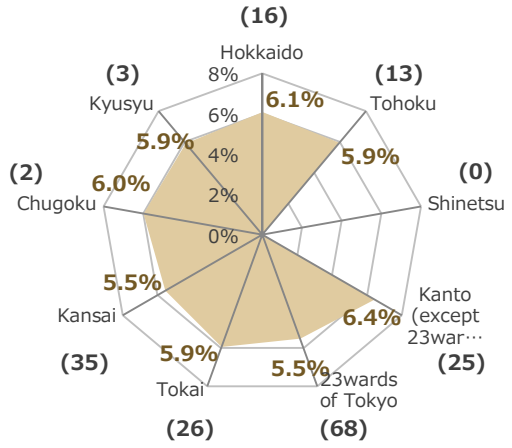
By Building Age

(# of Properties)



By Region

(# of Properties)



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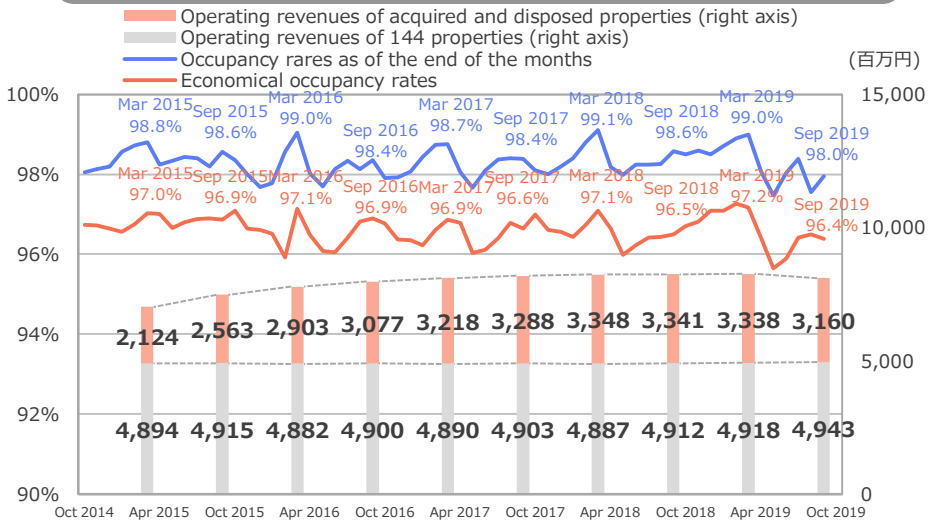
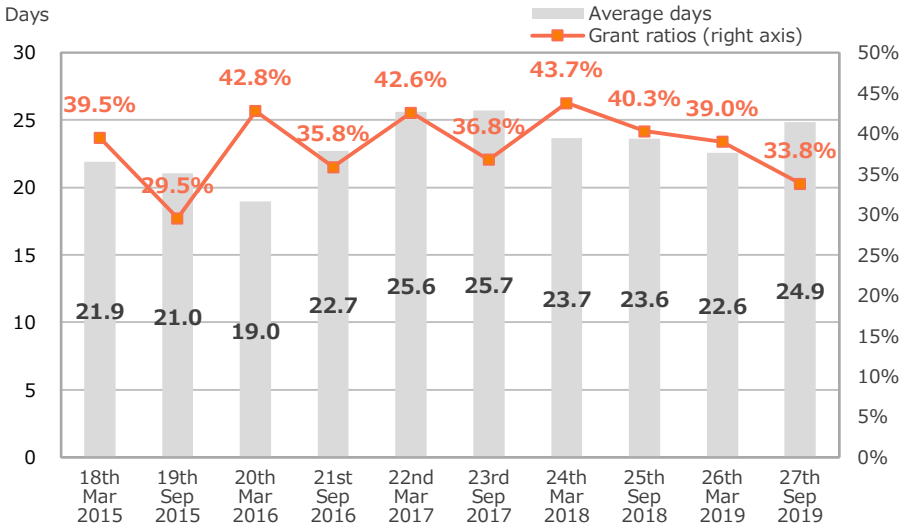
Track Records of Asset Management

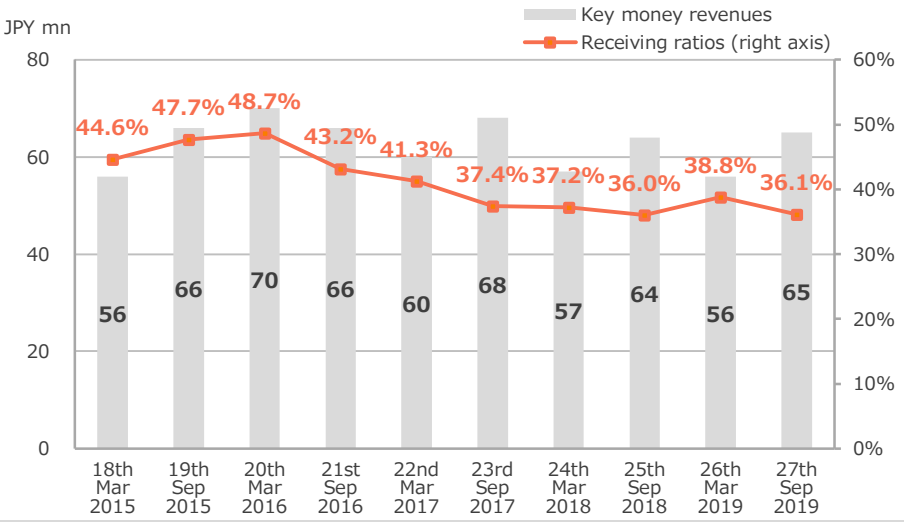
Economical occupancy, Occupancy rates at month end, Operating revenues



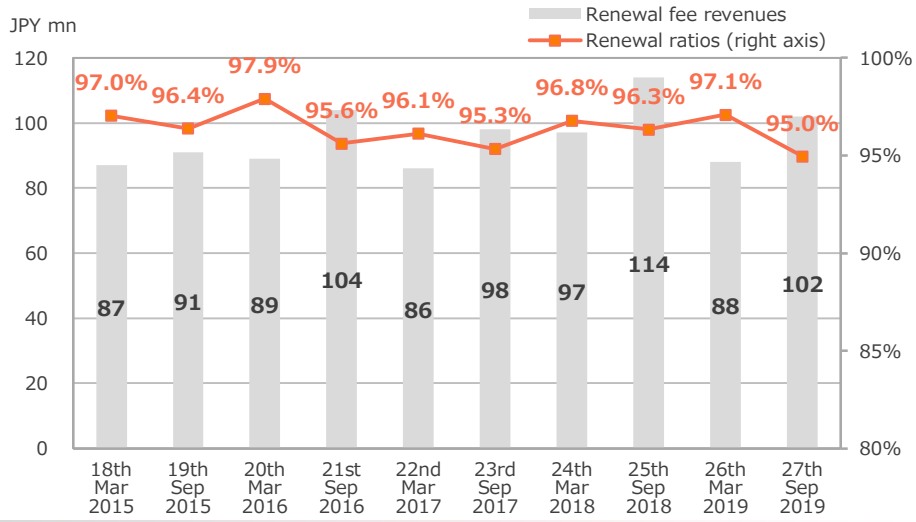
Free-rent average days and grant ratios



Key money revenues and receiving ratios



Renewal fee revenue and renewal ratios



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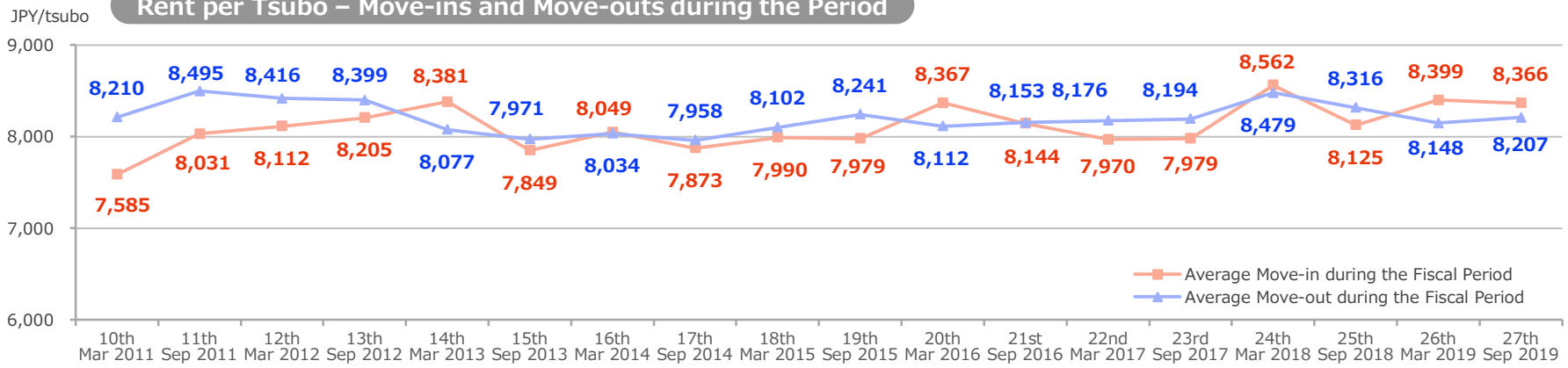
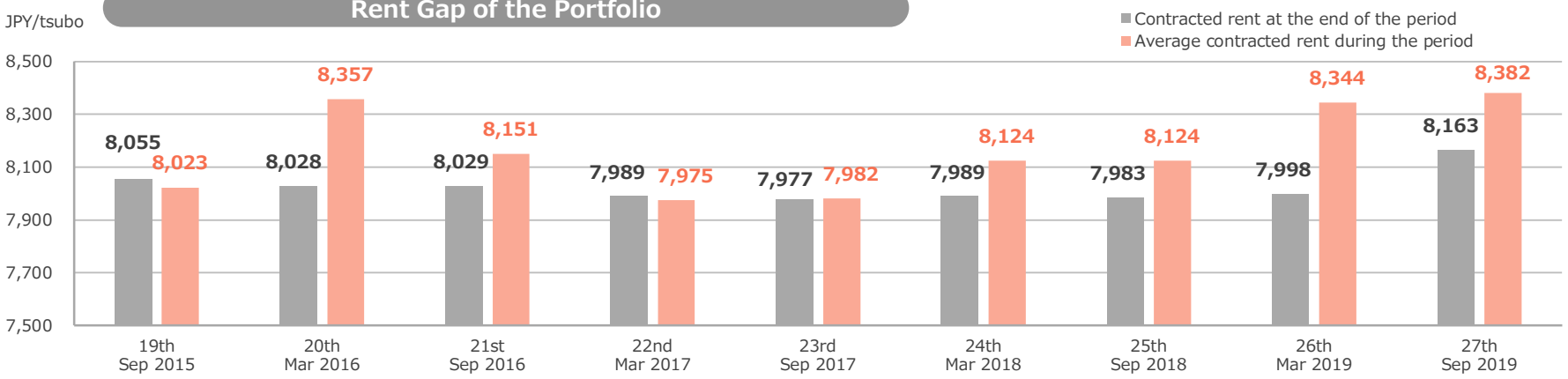
Rent Trend

- Average rent of move-in, 8,366 yen and move-out, 8,207 yen for the fiscal period.
- Average rent per tsubo of new contract rents (1,497 units) came to 8,382 yen, exceeding over the rent of the overall portfolio, 8,163 yen by 219 yen at the current fiscal period-end.
- The above results are mainly contributed by of an increase in rents, 92.3% [288 / 312] of newly contracted rent in 23 wards of Tokyo during the current period.

Rent per Tsubo – Move-ins and Move-outs during the Period



Rent Gap of the Portfolio



(Note) Calculation excludes non-residential units. Contracted rent included only contracted units (11,729 units in 27th FP)as of the each fiscal period end.

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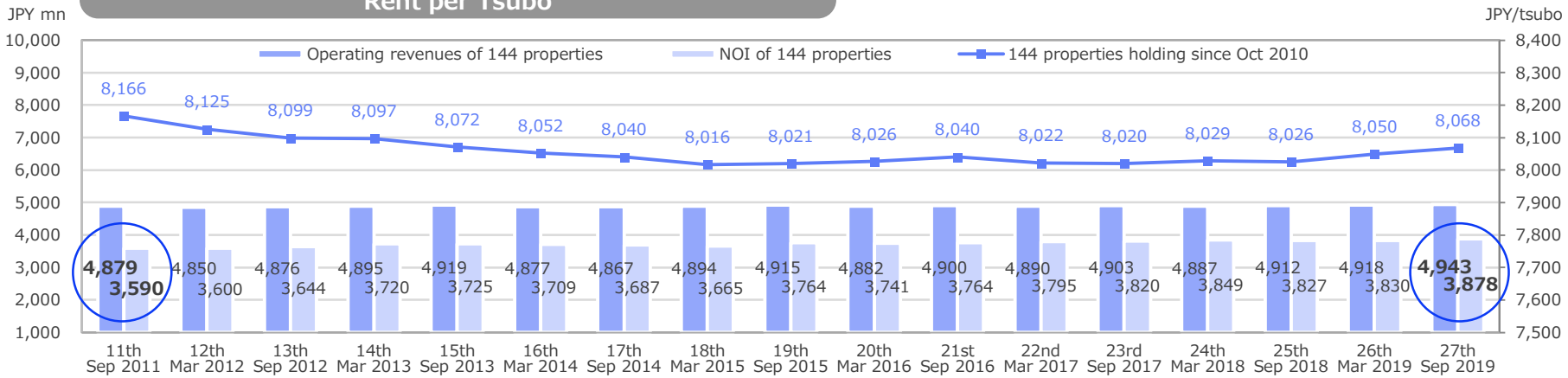
Operating Revenues, NOI and Rent per Tsubo Trends

Trends for 144 properties owned since October 2010 (11th FP–27th FP)

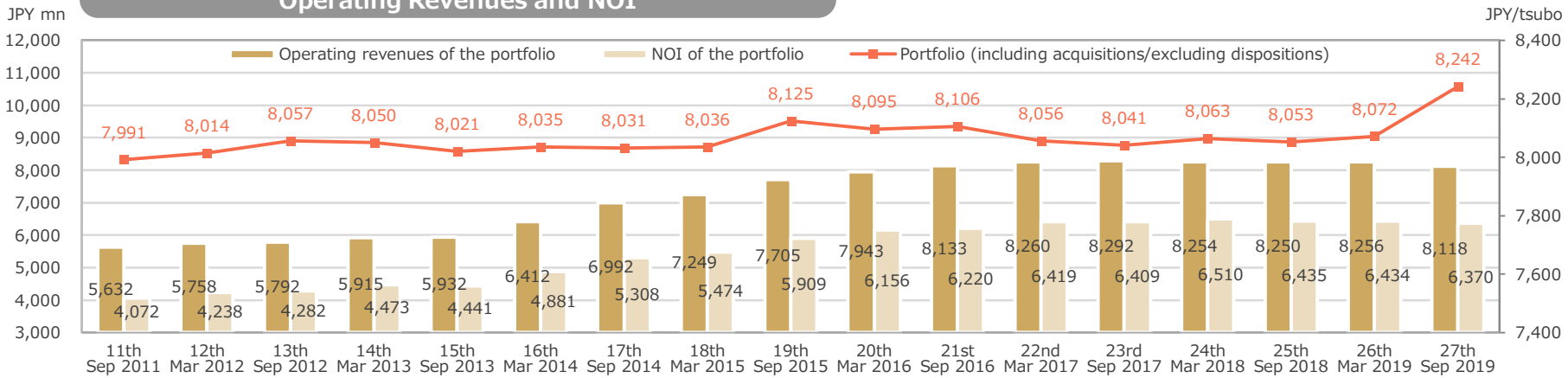
- Operating revenues: Despite the decline of rent per tsubo, remained almost unchanged as a result of improved occupancy rates, shortened downtime, etc.
- NOI: Increased as a result of reduced rental expenses

Rent per Tsubo



(Note) Operating revenues include rent income, common benefit revenue, parking revenue, incidental revenue, and other rental revenues.

Operating Revenues and NOI



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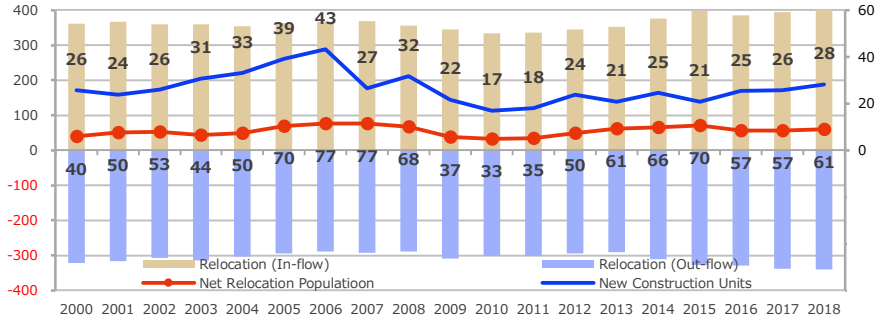
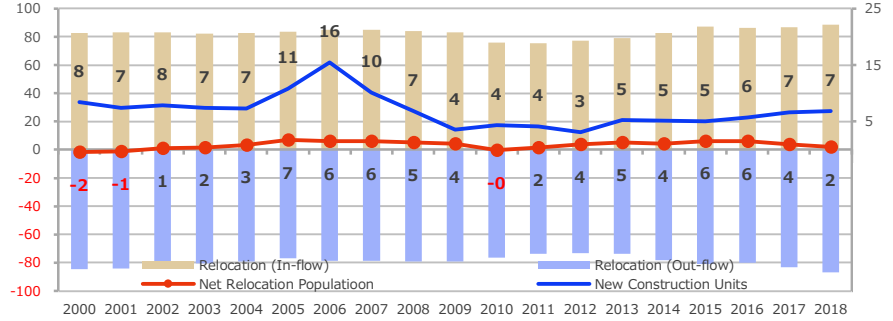
Lease Supply/Demand

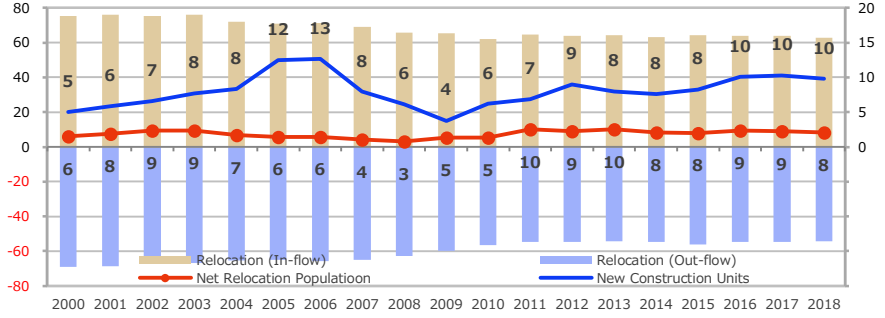
Supply/Demand – Tokyo 23 words



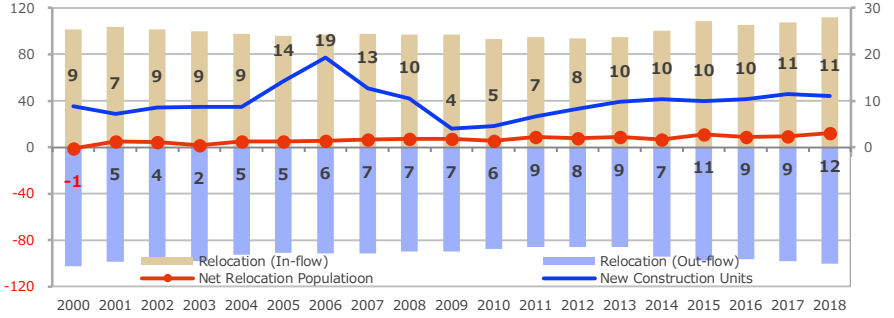
Supply/Demand - Nagoya



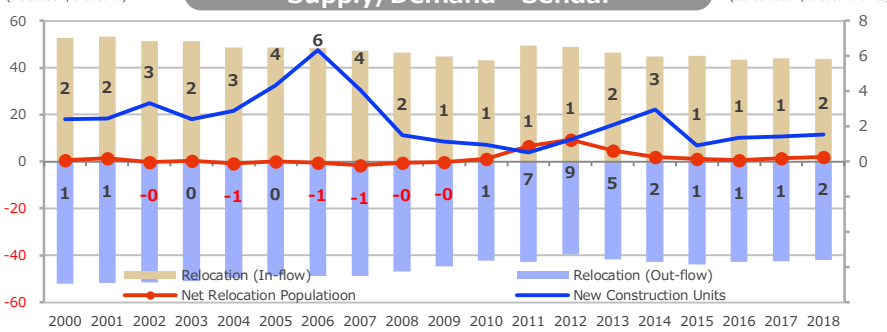
Supply/Demand - Sapporo



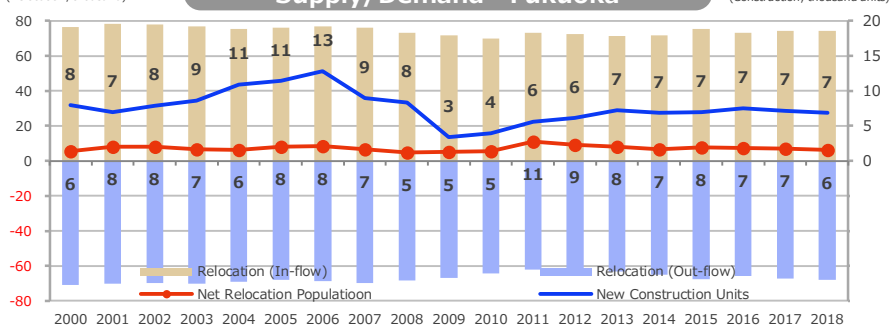
Supply/Demand - Osaka



Supply/Demand - Sendai



Supply/Demand - Fukuoka



(Source) Relocation balance: Population Movement from Basic Resident Register, MIC
Construction work on new rental apartments: Survey on Construction Works by the MLIT (construction of rental units and SRC/RC apartments complexes)

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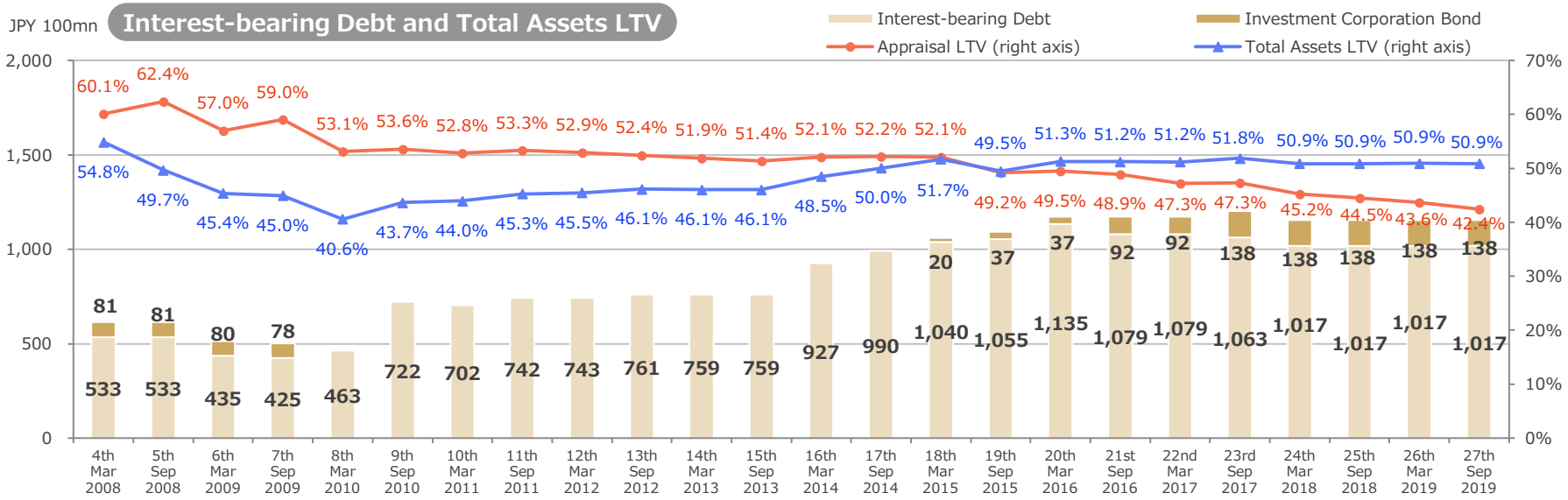
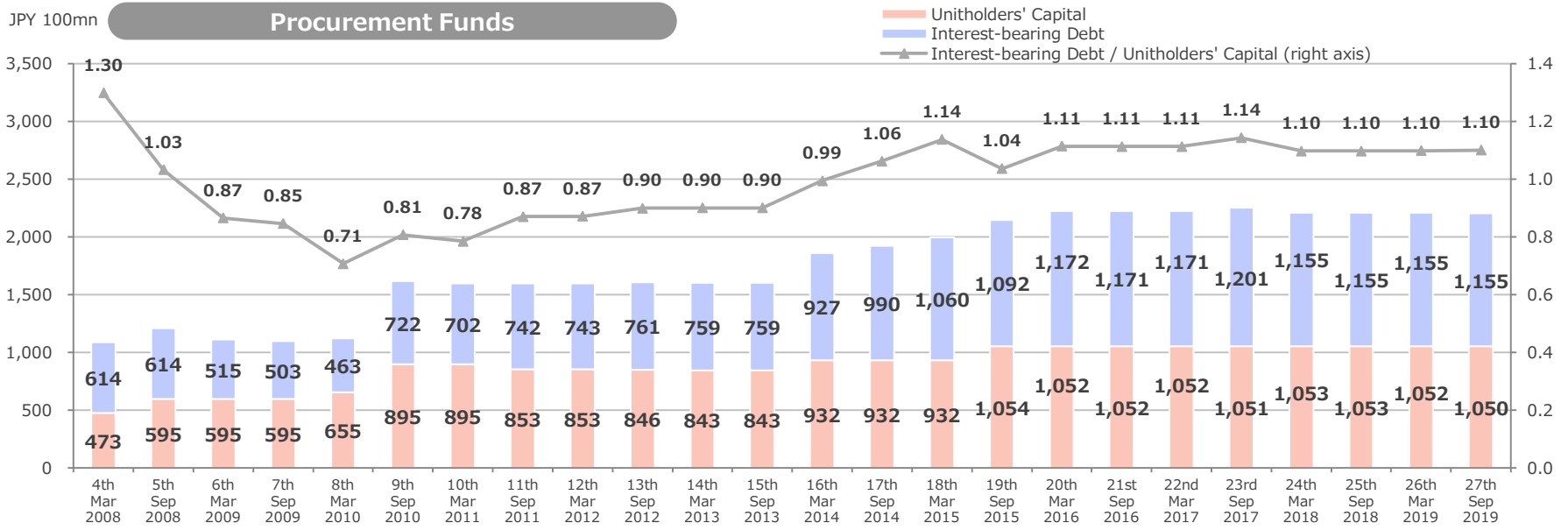
Financial Conditions

Interest-bearing Debt and Total Assets LTV



Procurement Funds



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Outstanding Balance and shares of interest bearing debt by Lender

Lenders	9th FP		26th FP		27th FP		
	September 30, 2010 (Merger with PRI)		March 31, 2019		Refinance	September 30, 2019	
	Balance (JPY mn)	Share	Balance (JPY mn)	Share	Change (JPY mn)	Balance (JPY mn)	Share
MUFG Bank, Ltd.	12,692	17.6%	33,678	29.1%	(Note3) -	33,678	29.1%
Sumitomo Mitsui Banking Corporation	11,278	15.6%	19,074	16.5%	-	19,074	16.5%
Shinsei Bank, Limited	2,689	3.7%	10,875	9.4%	-	10,875	9.4%
Resona Bank, Limited	4,075	5.6%	10,469	9.1%	-	10,469	9.1%
Aozora Bank, Ltd	22,751	31.5%	9,343	8.1%	-	9,343	8.1%
The Bank of Fukuoka, Ltd.	-	-	4,850	4.2%	-	4,850	4.2%
Development Bank of Japan Inc.	-	-	3,500	3.0%	(Note3) -	3,500	3.0%
Mizuho Bank, Ltd.	-	-	3,000	2.6%	-	3,000	2.6%
The Nomura Trust and Banking Co., Ltd.	-	-	1,100	1.0%	(Note3) -	1,100	1.0%
The Hyakugo Bank, Ltd.	-	-	1,000	0.9%	(Note3) -	1,000	0.9%
The Hiroshima Bank, Ltd.	-	-	1,000	0.9%	(Note3) -	1,000	0.9%
The Norinchukin Bank	4,850	6.7%	968	0.8%	-	968	0.8%
The Kagawa Bank, Ltd.	-	-	700	0.6%	(Note3) -	700	0.6%
ORIX Bank Corporation	400	0.6%	500	0.4%	-	500	0.4%
The Ashikaga Bank, Ltd.	-	-	500	0.4%	-	500	0.4%
The Senshu Ikeda Bank, Ltd.	-	-	500	0.4%	(Note3) -	500	0.4%
Nippon Life Insurance	-	-	500	0.4%	-	500	0.4%
THE HIGASHI-NIPPON BANK, LIMITED	-	-	230	0.2%	-	230	0.2%
Total bank borrowings (Note1)	72,225	100.0%	101,787	88.1%	-	101,787	88.1%
Investment corporation bond	-	-	13,800	11.9%	-	13,800	11.9%
Total interest bearing debt	72,225	100.0%	115,587	100.0%	-	115,587	100.0%
Total assets LTV (Note2)	43.7%	-	50.9%	-	-	50.9%	-
Appraisal LTV	53.6%	-	43.6%	-	-	42.4%	-

(Note1) Number of "9th FP Total" includes the balance of the borrowings from 5 financial institutions which is not on the list.

(Note2) Total Assets LTV = Interest-bearing Debt / Total Assets x 100

(Note3) Refinancing was carried out on June 28, August 30, and September 30 2019, but all of which are refinancing of the same amount and there is no change.

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Equity Position

Date	Details	Total Investment (JPY)		Total Units in Issue		Note
		Change	Balance	Change	# of Units	
October 7, 2005	Private placement	100,000,000	100,000,000	200	200	
December 13,2005	Third-party allotment	8,900,000,000	9,000,000,000	17,800	18,000	
June 21, 2006	Public offering of new equity	18,748,800,000	27,748,800,000	43,400	61,400	
April 26, 2007	Public offering of new equity	18,595,161,900	46,343,961,900	34,300	95,700	
May 24, 2007	Third-party allotment	963,370,341	47,307,332,241	1,777	97,477	
August 28, 2008	Third-party allotment	12,250,000,000	59,557,332,241	70,000	167,477	
October 2, 2009	Third-party allotment	6,000,119,300	65,557,451,541	65,863	233,340	
June 30, 2010	Third-party allotment	5,000,236,650	70,557,688,191	43,035	276,375	(Note1)
July 1, 2010	Investment unit split	-	70,557,688,191	829,125	1,105,500	(Note2)
July 1, 2010	Merger	-	70,557,688,191	225,300	1,330,800	(Note3)
November 26, 2013	Public offering of new equity	8,148,307,200	78,705,995,391	131,200	1,462,000	
December 18, 2013	Third-party allotment	811,104,360	79,517,099,751	13,060	1,475,060	
May 27, 2015	Public offering of new equity	12,198,615,000	91,715,714,751	165,000	1,640,060	

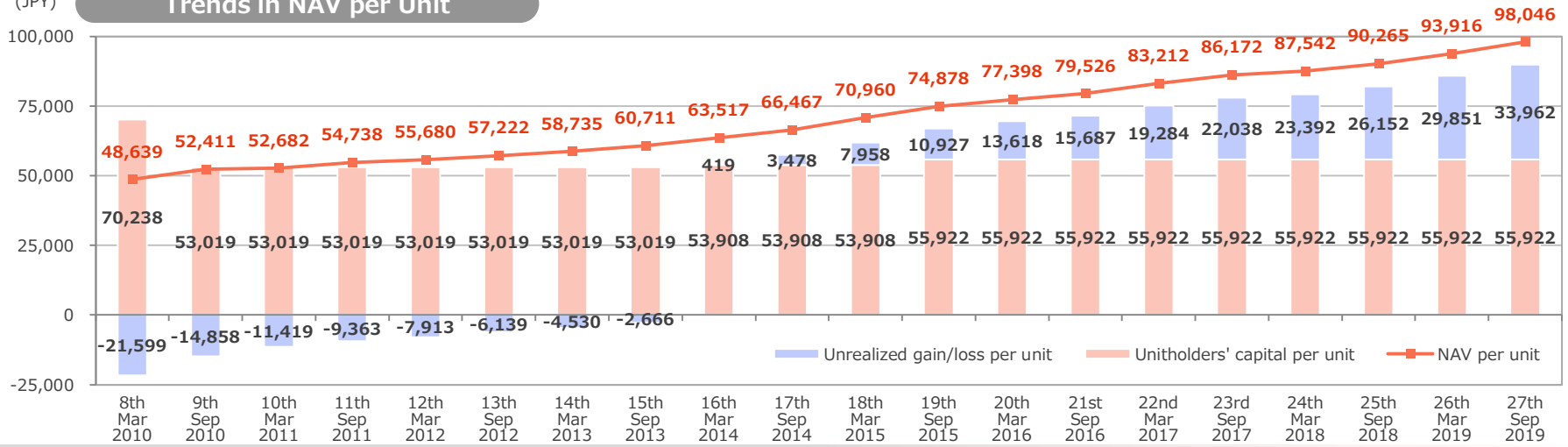
Total Investment	JPY 91,715,714,751
Total Number of Investment Units Authorized	5,000,000 units
Total Number of Investment Units Outstanding	1,640,060 units

(Note1) Third party allotment of new investment units done at an issue price of 116,190 yen per unit with the purpose of repaying a part of the loans that were transferred as part of the merger with PRI

(Note2) Conducted a four-to-one investment unit split

(Note3) The Investment Corporation conducted the absorption-type merger with PRI treated as an extinguished corporation in accordance with article 147 of the Act on Investment Trusts and Investment Corporations

Trends in NAV per Unit



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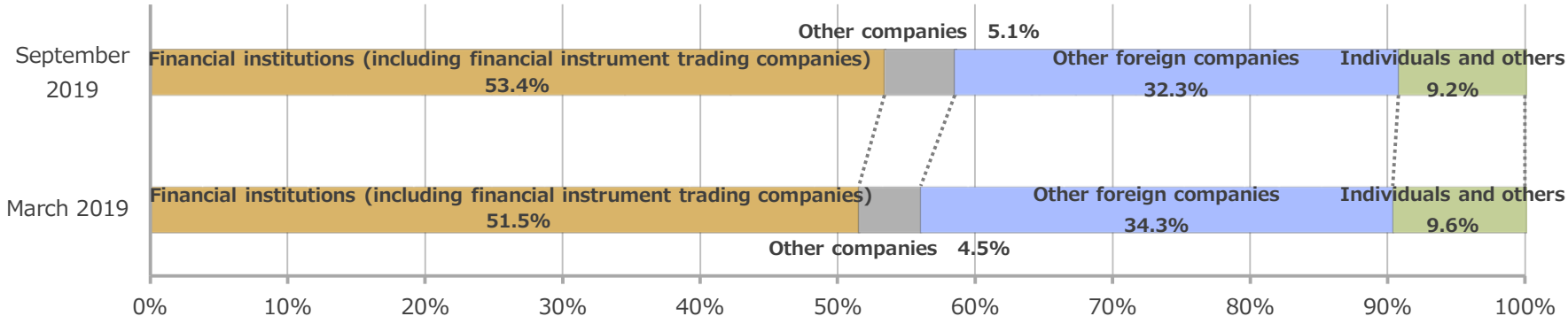
Unitholders as of the 27th Fiscal Period End (as of September 30, 2019)

The Ratio of Investment Units Held



Top Unitholders

Rank	Unitholders (Top 10)	September 2019			Number of Units Held as of March 2019 (Note2)
		Number of Units Held	% of Total Units in Issue (Note 1)	Change	
1	The Master Trust Bank of Japan (Trust account)	267,626	16.3%	-12,899	280,525
2	Japan Trustee Services Bank, Ltd. (Trust account)	225,356	13.7%	-7,285	232,641
3	Nomura Bank (Luxembourg) S.A.	72,022	4.3%	-5,700	77,722
4	Nomura Trust and Banking Company (Trust account)	63,758	3.8%	598	63,160
5	Daiwa Securities Group Inc.	55,014	3.3%	-	55,014
6	Trust & Custody Services Bank (Securities investment trust account)	47,920	2.9%	-10,657	58,577
7	Mitsubishi UFJ Trust and Banking Co., Ltd.	32,646	1.9%	2,200	30,446
8	Aozora Banking Co., Ltd.	26,995	1.6%	18,432	8,563
9	SSBTC CLIENT OMNIBUS ACCOUNT	25,769	1.5%	8,981	16,788
10	STATE STREET BANK AND TRUST COMPANY 505223	24,207	1.4%	-2,777	26,984
Subtotal		841,313	51.2%		

Number of Unitholders by Investor Type

	March 31, 2019	September 30, 2019	Change
Financial Institutions (including financial instrument trading companies)	87	94	7
Other Domestic Companies	191	193	2
Other Foreign Companies	246	275	29
Individuals and Others	16,540	16,715	175
Total	17,064	17,277	213

(Note1) The ratio of investment units held in comparison to the total units in issue is rounded down to the second decimal point.
(Note2) Indicate top 10 unitholders as of the end of September 2019.

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Comparison between the 26th (March 2019) and the 27th (September 2019) Fiscal Period

	26th Fiscal Period	27th Fiscal Period [Changes from Previous Period]
1. Portfolio		
Asset Size	: JPY 225.5 bn	: JPY 226.3 bn [+JPY 0.8 bn]
NOI Yeild	: 5.71%	: 5.72%(Note2) [+0.01P]
Appraisal Value	: JPY 264.8 bn	: **JPY 272.3 bn [+JPY 7.4 bn]**
Unrealized Gain	: JPY 48.9 bn	: **JPY 55.6 bn [+JPY 6.7 bn]**
NAV per unit	: JPY 93,916	: **JPY 98,046 [+JPY 4,130]**
2. Operations		
Number of Properties	: 198	: 192 [-6]
Net Rentable Area	: 532 thousand m^2	: 519 thousand m^2 [-13]
Average Occupancy Rate (September	: 98.7%	: 97.9% [-0.8P]
(March	: 99.0%	: 98.0% [-1.0P]
Average Rent at the end of the Period	: JPY 98,338	: JPY 99,687 [+1,349]
3. Finance		
Loan Balance	: JPY 115.5 bn	: JPY 115.5 bn [-]
Ratio of Long-Term Interest Bearing Debt	: 86.6% (Note1)	: **84.9 %** **[-1.7P]**
Average Loan Period	: 6.53 years	: 6.63 years [+0.1years]
Average Remaining Loan Period	: 4.05 years	: 3.96 years [-0.09years]
Appraisal Value Based LTV	: 43.6%	: **42.4 %** **[-1.2%]**
Total Assets Based LTV	: 50.9%	: 50.9 % [-]
Total Unitholders' Capital	: JPY 91.7 bn	: JPY 91.7 bn [-]
Total Units in Issue	: 1,640,060 units	: 1,640,060 units [-]
Credit Rating	: A+ Stable (JCR) : A Stable (R&I)	: A+ Stable (JCR) : A Stable (R&I)

(Note1) Interest-bearing debt that is due for repayment within one year is excluded from long-term interest bearing debt.
(Note2) NOI of 10 properties disposed is excluded from NOI result for the 27th FP, and for the 4 properties acquired, NOI result are excluded and the appraisal NOI is added, based on the respective acquisition price calculated.
(Note3) Unit; rounded down, %; rounded

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Tracking the Process from Moving-out to Moving-in

192 properties as of the end of September 2019
12,952 units
Occupancy **98.0%**

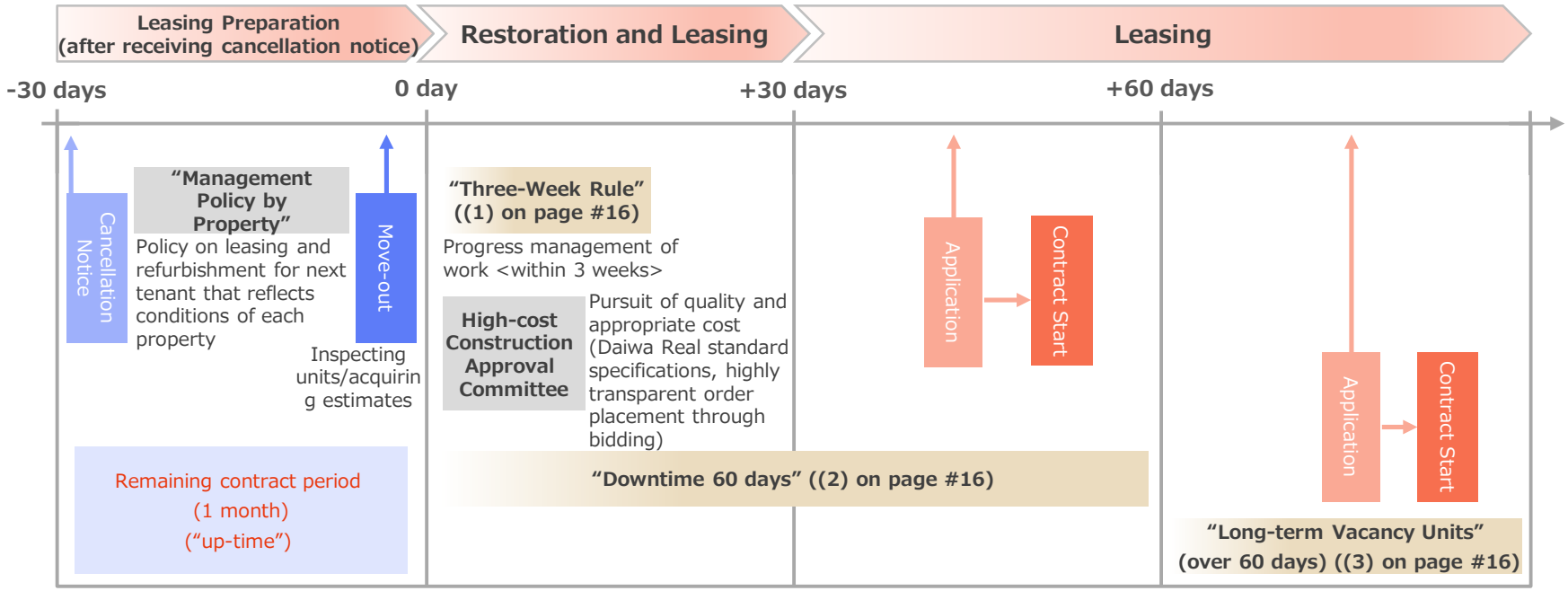
Move-in/out during the 27th FP (6 months)

Move-in → **1,510units** (Compared to the 26th FP +259 units)

Move-out → **1,297units** (Compared to the 26th FP -63 units)

Tracking the real-time process using "Daily Occupancy Forecasting System*"

*Independently developed system which can present monthly occupancy forecast, vacancy information for each property (dwelling units, parking) and trends of new contract rents, updated every two hours.



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Income Statements

(JPY thousand)

	26th Fiscal Period From October 1, 2019 to March 31, 2019	27th Fiscal Period From April 1, 2019 to September 30, 2019
Operating revenues:		
Rental revenues	8,256,931	8,118,544
Gain on sales of properties	-	341,620
Total operating revenues	8,256,931	8,460,165
Operating expenses:		
Rental expenses	3,657,000	3,565,364
Loss on sale of property	-	197,726
Asset management fees	550,800	559,100
Directors' remuneration	6,000	6,000
Asset custody fees	13,491	13,549
Administrative service fees	37,097	37,183
Audit fees	14,500	10,200
Provision for doubtful accounts	1,056	100
Other operating expenses	256,776	236,221
Total operating expenses	4,536,722	4,625,446
Operating Income	3,720,209	3,834,718
Non-operating income:		
Interest income	4	3
Miscellaneous income	22,840	68,399
Total non-operating income	22,844	68,403
Non-operating expenses:		
Interest expenses	417,558	391,924
Finance-related expenses	155,645	135,333
Amortization of bond issuance costs	9,201	9,201
Other non-operating expenses	1,611	1,582
Total non-operating expenses	584,017	538,041
Ordinary income	3,159,035	3,365,080
Income before income taxes	3,159,035	3,365,080
Income taxes – current	605	605
Total income taxes	605	605
Profit	3,158,430	3,364,475
Retained earnings at beginning of period	61	753
Unappropriated retained earnings	3,158,492	3,365,228

(JPY thousand)

26th Fiscal Period From October 1, 2018 to March 31, 2019		27th Fiscal Period From April 1, 2019 to September 30, 2019	
Breakdown of Rental Revenues and Expenses		Breakdown of Rental Revenues and Expenses	
A. Rental revenues:		A. Rental revenues:	
(Rent income)	7,093,617	(Rent income)	6,930,855
(Common service fees)	488,518	(Common service fees)	474,632
(Parking fees)	311,352	(Parking fees)	301,344
(Incidental revenues)	55,031	(Incidental revenues)	51,304
(Other rental revenues)	308,412	(Other rental revenues)	360,408
Total	8,256,931	Total	8,118,544
B. Rental expenses:		B. Rental expenses:	
(Management fees)	431,946	(Management fees)	415,214
(Taxes and public dues)	520,948	(Taxes and public dues)	507,021
(Utilities)	148,971	(Utilities)	132,582
(Repairs) *2	406,633	(Repairs) *2	357,787
(Insurance expenses)	16,559	(Insurance expenses)	14,999
(Advertising expenses)	193,047	(Advertising expenses)	228,749
(Trust fees)	6,875	(Trust fees)	6,875
(Depreciation)	1,834,566	(Depreciation)	1,817,741
(Other rental expenses)	97,451	(Other rental expenses)	84,393
Total	3,657,000	Total	3,565,364
C. Rental income *1 (A – B)	4,599,931	C. Rental income *1 (A – B)	4,553,180

***1 Rental income**

(JPY million)

26th Fiscal Period		27th Fiscal Period	
NOI	6,434	NOI	6,370

***2 Repairs**

(JPY million)

26th Fiscal Period		27th Fiscal Period	
Repair cost	406	Repair cost	357
Capital expenditures	1,039	Capital expenditures	1,080

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Balance Sheets

(JPY thousand)

	26th Fiscal Period (Mar 31, 2019)	27th Fiscal Period (Sep 30, 2019)
Assets:		
Current assets:		
Cash and bank deposits *1	8,828,324	8,194,648
Cash and bank deposits in trust *1	1,011,677	980,693
Rental receivables	230,561	235,958
Prepaid expenses	283,101	302,458
Other current assets	6	1,563
Allowance for doubtful accounts	- 7,513	- 5,440
Total current assets	10,346,157	9,709,882
Fixed assets:		
Property and equipment: *2		
Buildings	101,106,670	99,671,443
Accumulated depreciation	- 22,431,193	- 22,539,303
Buildings, net	78,675,477	77,132,139
Structures	465,737	481,346
Accumulated depreciation	- 223,660	- 232,315
Structures, net	242,077	249,031
Machinery and equipment	462,900	464,952
Accumulated depreciation	- 227,818	- 239,861
Machinery and equipment, net	235,081	225,091
Tools, furniture and fixtures	719,665	737,560
Accumulated depreciation	- 424,137	- 414,557
Tools, furniture and fixtures, net	295,528	323,003
Land	75,429,240	76,981,325
Construction in progress	36,190	185,752
Buildings in trust	39,420,072	40,051,390
Accumulated depreciation	- 4,990,201	- 5,497,428
Buildings in trust, net	34,429,870	34,553,961
Structures in trust	210,709	212,354
Accumulated depreciation	- 75,161	- 82,781
Structures in trust, net	135,548	129,572
Machinery and equipment in trust	69,309	79,656
Accumulated depreciation	- 33,626	- 35,810
Machinery and equipment in trust, net	35,682	43,846
Tools, furniture and fixtures in trust	93,902	114,462
Accumulated depreciation	- 39,947	- 47,455
Tools, furniture and fixtures in trust, net	53,954	67,007
Land in trust	25,768,414	26,353,530
Construction in progress in trust	8,591	6,732
Total property and equipment	215,345,657	216,250,993
Intangible assets:		
Leasehold for land	546,283	546,283
Right of using water facilities	137	111
Trademark rights	207	124
Total intangible assets	546,628	546,519
Investments and other assets:		
Lease deposits	10,743	10,743
Long-term prepaid expenses	482,207	450,495
Reserve fund for repair	150,509	156,778
Total investments and other assets	643,459	618,017
Total fixed assets	216,535,746	217,415,531
Deferred assets:		
Bond issuance costs	71,590	62,388
Total deferred assets	71,590	62,388
Total assets	226,953,493	227,187,801
Liabilities:		
Current liabilities:		
Current liabilities:	487,617	525,444
Current portion of bonds	2,000,000	3,700,000
Current portion of long-term debt *3	13,500,000	13,799,000
Other accounts payable	26,560	28,885
Accrued expenses	425,689	442,971
Income taxes payable	605	605
Consumption taxes payable	14,060	129,505
Rents received in advance	368,711	378,493
Other current liabilities	18,735	14,044
Total current liabilities	16,841,979	19,018,949
Long-term liabilities:		
Bonds	11,800,000	10,100,000
Long-term loans *3	88,287,000	87,988,000
Leasehold and security deposits received *1	1,236,059	1,198,151
Leasehold and security deposits received in trust *1	429,774	423,264
Derivatives liabilities	24,233	12,081
Total long-term liabilities	101,777,068	99,721,497
Total liabilities	118,619,048	118,740,447
Net assets:		
Unitholders' equity:		
Unitholders' capital *4	91,715,714	91,715,714
Surplus:		
Capital surplus	6,682,398	6,682,398
Voluntary reserves		
Distribution reserves	270,945	232,297
Reserve for adjustment of temporary differences	6,531,128	6,463,797
Total discretionary reserves	6,802,074	6,696,094
Retained earnings	3,158,492	3,365,228
Total surplus	16,642,964	16,743,720
Total unitholders' equity	108,358,679	108,459,435
Valuation and translation adjustments		
Deferred gains or losses on hedges	- 24,233	- 12,081
Total valuation and translation adjustments	- 24,233	- 12,081
Total net assets	108,334,445	108,447,354
Total liabilities and net assets	226,953,493	227,187,801

*1 Cash and deposits

	26th Fiscal Period	27th Fiscal Period
Cash and bank deposits	JPY 8,828 mn	JPY 8,194 mn
Cash and bank deposits in trust	JPY 1,011 mn	JPY 980 mn
Total	JPY 9,839 mn	JPY 9,175 mn
Leasehold and security deposits received	JPY 1,236 mn	JPY 1,198 mn
Leasehold and security deposits received in trust	JPY 429 mn	JPY 423 mn
Balance	JPY 8,174 mn	JPY 7,553 mn

*2 Property and equipment

	26th Fiscal Period	27th Fiscal Period
Total acquisition price	JPY 225,564 mn	JPY 226,378 mn

*3 Interest bearing debt

	27th Fiscal Period
Balance of interest bearing debt	JPY 115,587 mn

*4 Unitholders' capital

(1) 10/7/2005 Establishment through private placement	JPY 100 mn
(2) 12/13/2005 Third-party allotment	JPY 8,900 mn
(3) 6/21/2006 IPO	JPY 18,748 mn
(4) 4/26/2007 PO	JPY 18,595 mn
(5) 5/24/2007 Third-party allotment	JPY 963 mn
(6) 8/28/2008 Third-party allotment	JPY 12,250 mn
(7) 10/2/2009 Third-party allotment	JPY 6,000 mn
(8) 6/30/2010 Third-party allotment	JPY 5,000 mn
(9) 11/26/2013 PO	JPY 8,148 mn
(10) 12/18/2013 Third-party allotment	JPY 811 mn
(11) 5/27/2015 PO	JPY 12,198 mn
27th Fiscal Period end	JPY 91,715 mn

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Cash Flow Statements

(JPY thousand)

	26th Fiscal Period From October 1, 2018 to March 31, 2019	27th Fiscal Period From April 1, 2019 to September 30, 2019
Cash flows from operating activities:		
Income before income taxes	3,159,035	3,365,080
Depreciation	1,834,566	1,817,741
Amortization of long-term prepaid expenses	127,530	110,034
Amortization of bond issuance costs	9,201	9,201
Interest income	- 4	- 3
Interest expenses	417,558	391,924
Increase (Decrease) in allowance for doubtful accounts	- 1,013	- 2,073
Decrease (Increase) in rental receivables	- 7,322	- 5,396
Decrease (Increase) in prepaid expenses	- 54,014	- 39,927
Increase (Decrease) in accounts payable	118,378	- 93,542
Increase (Decrease) in other accounts payable	12,395	115,445
Decrease (Increase) in consumption taxes payable	- 1,244	- 4,286
Increase (Decrease) in accrued expenses	- 4,477	13,052
Increase (Decrease) in rents received in advance	2,948	9,781
Decrease from sales of property and equipment	-	4,288,936
Long-term prepaid expenses paid	- 106,930	- 57,752
Other - net	- 5,336	- 16,835
Sub-total	5,501,273	9,901,380
Interest received	4	3
Interest paid	- 411,112	- 398,052
Income taxes paid	- 605	- 398,052
Net cash provided by operating activities	5,089,560	9,502,726

(JPY thousand)

	26th Fiscal Period From October 1, 2018 to March 31, 2019	27th Fiscal Period From April 1, 2019 to September 30, 2019
Cash flows from investing activities:		
Purchase of property and equipment	- 1,162,600	- 5,704,364
Purchase of property and equipment in trust	- 348,605	- 1,155,414
Net increase (decrease) in leasehold and security deposits received	- 22,926	- 37,908
Net increase (decrease) in leasehold and security deposits received in trust	2,156	- 6,510
Repayment of investment securities	10,000	-
Lease deposits	- 10,000	-
Cash used in investing activities	- 1,531,976	- 6,904,197
Cash flows from financing activities:		
Proceeds from long-term loans	14,203,000	7,050,000
Repayment of long-term loans	- 14,203,000	- 7,050,000
Dividends paid	- 3,221,482	- 3,263,187
Net cash provided by (used in) financing activities	- 3,221,482	- 3,263,187
Net increase (decrease) in cash and cash equivalents	336,101	- 664,659
Cash and cash equivalents at beginning of period	9,503,899	9,840,001
Cash and cash equivalents at end of period	9,840,001	9,175,342

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List of Properties (as of September 30, 2019)

Studio

Property No.	Property Name	Area	Constructed	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Sep 30, 2019)	(1) Acquisition Price (JPY thousand)	(2) Book Value 27th fiscal period end (JPY thousand)	(3) Appraisal value 26th fiscal period (JPY thousand)	(4) Appraisal value 27th fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
O-1-001	Satella Kita 34jo	Sapporo city, Hokkaido	Sep 1994	181	5,691.72	98.4%	1,133,714	1,005,742	1,240,000	1,270,000	30,000	136,285	264,257	1
O-1-032	willDo Kita 24jo	Sapporo city, Hokkaido	Feb 2006	36	1,279.89	97.2%	316,000	265,928	283,000	286,000	3,000	-30,000	20,071	3
O-1-034	Gran Casa Minami13jo	Sapporo city, Hokkaido	Jan 2006	48	1,836.38	95.8%	463,000	450,228	406,000	406,000	0	-57,000	-44,228	3
O-1-035	Gran Casa Minami9jo	Sapporo city, Hokkaido	Oct 2006	55	2,246.01	94.5%	533,000	521,056	459,000	461,000	2,000	-72,000	-60,056	3
O-1-090	Sky Hills N15	Sapporo city, Hokkaido	Mar 2000	111	3,524.83	96.4%	712,000	758,085	1,000,000	1,020,000	20,000	308,000	261,914	1
O-1-091	Sky Hills Sakaemachi	Chitose city, Hokkaido	Feb 2002	134	5,335.70	100.0%	832,000	867,156	985,000	972,000	-13,000	140,000	104,843	1
O-1-092	Dormy Chitose	Chitose city, Hokkaido	Mar 1999	110	2,239.00	100.0%	476,000	484,910	513,000	521,000	8,000	45,000	36,089	1
O-1-093	Sky Hills Takadai I	Chitose city, Hokkaido	Jan 1992	120	3,748.80	100.0%	448,000	444,327	531,000	522,000	-9,000	74,000	77,672	1
O-1-128	Alpha Tower Sapporo Minami4jo	Sapporo city, Hokkaido	Apr 2009	100	4,413.21	98.7%	1,185,000	1,103,419	1,390,000	1,410,000	20,000	225,000	306,580	3
O-1-132	Cresidence Sapporo Minami4jo	Sapporo city, Hokkaido	Sep 2007	99	3,581.86	100.0%	1,140,000	1,134,568	1,290,000	1,320,000	30,000	180,000	185,431	3
O-1-146	Gran Casa NagayamaKoen Dori	Sapporo city, Hokkaido	Jan 2007	92	3,921.77	95.8%	1,002,000	1,194,752	1,040,000	1,050,000	10,000	48,000	-144,752	3
O-1-151	Gran Casa Minami11jo	Sapporo city, Hokkaido	Apr 2007	72	2,671.28	96.4%	830,000	881,844	881,000	888,000	7,000	58,000	6,155	3
O-2-037	willDo Nishishitadaicho	Morioka city, Iwate	May 2006	76	2,304.00	100.0%	512,000	463,234	584,000	593,000	9,000	81,000	129,765	3
O-2-054	willDo Kamisugi 3chome	Sendai city, Miyagi	Mar 2007	46	1,517.81	100.0%	506,000	456,499	564,000	575,000	11,000	69,000	118,500	2
O-2-065	Grandmaison Shichifuku	Sendai city, Miyagi	Feb 1999	38	1,083.70	92.9%	342,000	327,156	300,000	300,000	0	-42,000	-27,156	2
O-2-094	Living Stage Higashi-Sendai	Sendai city, Miyagi	Jul 1996	52	1,596.53	96.3%	317,200	284,953	362,000	363,000	1,000	45,800	78,046	2
O-2-123	West Park Hasekura	Sendai city, Miyagi	Mar 2007	138	5,150.62	100.0%	1,240,000	1,158,678	1,940,000	1,940,000	0	700,000	781,321	3
O-2-137	Forest Hill SendaiAoba	Sendai city, Miyagi	Mar 2007	252	6,497.06	100.0%	2,750,000	2,772,421	3,020,000	3,020,000	0	270,000	247,578	2
O-2-140	Gran Casa Sendai Itsutsubashi	Sendai city, Miyagi	Nov 2007	120	4,726.20	94.4%	2,100,000	2,129,606	2,220,000	2,250,000	30,000	150,000	120,393	2
O-4-005	willDo Koshigaya	Koshigaya city, Saitama	Apr 2005	49	1,230.28	97.9%	499,333	426,107	575,000	575,000	0	75,666	148,892	1
O-4-008	willDo Kiyosumi	Koto ku, Tokyo	Dec 2005	200	7,497.46	100.0%	5,024,619	4,592,543	6,410,000	6,580,000	170,000	1,555,380	1,987,456	3
O-4-009	Turkey's Denenchofu No.2	Ota ku, Tokyo	Feb 1989	27	462.12	100.0%	281,523	268,929	336,000	343,000	7,000	61,476	74,070	1
O-4-011	willDo Yokohama Minami	Yokohama city, Kanagawa	Feb 2002	21	493.59	100.0%	233,142	197,482	281,000	287,000	6,000	53,857	89,517	1
O-4-012	Site Pia	Sagamihara city, Kanagawa	Oct 1987	86	1,697.50	97.2%	506,142	480,647	456,000	456,000	0	-50,142	-24,647	3
O-4-024	VISTA Supreme	Machida city, Tokyo	Mar 2005	37	892.88	100.0%	563,584	499,261	488,000	498,000	10,000	-65,584	-1,261	3
O-4-025	Joy Oyamadai	Setagaya ku, Tokyo	Jul 1985	21	1,033.40	100.0%	624,265	696,292	646,000	659,000	13,000	34,734	-37,292	3
O-4-031	willDo Otsuka	Toshima ku, Tokyo	Mar 1994	27	1,091.54	100.0%	725,229	725,996	710,000	734,000	24,000	8,770	8,003	3
O-4-038	willDo Niiza	Niiza city, Saitama	Nov 2006	56	1,260.00	98.2%	590,438	546,896	578,000	585,000	7,000	-5,438	38,103	3
O-4-039	Toshin Shoto Mansion	Shibuya ku, Tokyo	Jun 1978	27	1,044.66	100.0%	912,000	963,730	964,000	1,020,000	56,000	108,000	56,269	3
O-4-055	Harmony Kamikitazawa	Setagaya ku, Tokyo	Feb 1993	29	539.48	100.0%	400,000	393,355	350,000	365,000	15,000	-35,000	-28,355	3
O-4-062	willDo Minami Urawa	Saitama city, Saitama	Mar 2007	29	725.62	100.0%	396,000	353,254	435,000	445,000	10,000	49,000	91,745	3
O-4-069	College Square Kitalkebukuro	Itabashi ku, Tokyo	Feb 2006	50	1,065.00	100.0%	727,000	640,062	800,000	820,000	20,000	93,000	179,937	2
O-4-070	College Square TobuNerima	Itabashi ku, Tokyo	Oct 2005	63	1,360.10	100.0%	892,000	812,625	981,000	987,000	6,000	95,000	174,374	2
O-4-071	College Square Akatsuka	Nerima ku, Tokyo	Mar 2006	54	1,110.75	100.0%	734,000	648,071	798,000	840,000	42,000	106,000	191,928	2
O-4-072	College Square Higashikurume	HigashiKurume city, Tokyo	Sep 2007	45	936.72	100.0%	523,000	433,588	610,000	624,000	14,000	101,000	190,411	1
O-4-073	College Square Waseda II	Toshima ku, Tokyo	Jul 2007	14	297.24	100.0%	215,000	193,562	294,000	333,000	39,000	118,000	139,437	2
O-4-074	College Square Myogadani	Bunkyo ku, Tokyo	Mar 2007	68	1,420.77	100.0%	1,060,000	1,013,426	1,330,000	1,390,000	60,000	330,000	376,573	1
O-4-075	College Square Shinkoiwa	Katsushika ku, Tokyo	Mar 2007	54	1,139.10	100.0%	724,000	671,206	785,000	803,000	18,000	79,000	131,793	2
O-4-076	College Square Kiba	Koto ku, Tokyo	Nov 2006	42	897.39	100.0%	639,000	565,469	775,000	775,000	0	136,000	209,530	1
O-4-077	College Square Kinshicho	Koto ku, Tokyo	Mar 2006	31	667.36	100.0%	490,000	460,804	567,000	569,000	2,000	79,000	108,195	1
O-4-078	College Square Waseda	Shinjuku ku, Tokyo	Mar 2007	19	392.03	100.0%	316,000	301,336	366,000	368,000	2,000	52,000	66,663	1
O-4-089	Lexington Square ShinjukuGyoen	Shinjuku ku, Tokyo	Aug 2005	48	1,383.59	100.0%	1,010,000	1,033,863	1,310,000	1,340,000	30,000	330,000	306,136	2
O-4-095	Prospect NihonbashiHoncho	Chuo ku, Tokyo	Nov 2004	50	1,295.76	100.0%	808,000	768,970	1,170,000	1,170,000	0	362,000	401,029	3
O-4-096	Maison de Ville Takanawa Gyoranzaka	Minato ku, Tokyo	Mar 1999	70	1,778.37	97.2%	1,480,000	1,429,472	1,800,000	1,880,000	80,000	400,000	450,527	3
O-4-097	Roppongi Rise House	Minato ku, Tokyo	Mar 2003	34	1,242.23	97.6%	912,000	876,040	1,150,000	1,180,000	30,000	268,000	303,959	3
O-4-098	TK Flats Shibuya	Shibuya ku, Tokyo	Nov 2002	194	6,984.28	99.6%	4,770,000	4,513,717	6,050,000	6,340,000	290,000	1,570,000	1,826,282	3
O-4-099	Maison de Ville NakaMeguro	Meguro ku, Tokyo	Feb 1999	50	1,275.00	98.0%	1,050,000	1,046,324	1,400,000	1,530,000	130,000	480,000	483,675	3
O-4-100	Prospect KALON Minowa	Taito ku, Tokyo	Feb 2007	82	3,075.70	99.0%	1,620,000	1,435,119	2,090,000	2,180,000	90,000	560,000	744,880	3
O-4-101	Prospect Shinonomebashi	Koto ku, Tokyo	Mar 2004	171	4,919.31	98.8%	3,040,000	2,812,890	4,080,000	4,190,000	110,000	1,150,000	1,377,109	3
O-4-102	Prospect Monzennakacho	Koto ku, Tokyo	Jan 2007	62	1,790.56	100.0%	1,080,000	1,008,042	1,430,000	1,470,000	40,000	390,000	461,957	2

(Note) In column of "Appraiser", representation of "1" is for Tanizawa Sōgō Appraisal Co., Ltd., "2" for Daiwa Real Estate Appraisal Co.,Ltd., "3" for Japan Real Estate Institute. Same as below.

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List of Properties (as of September 30, 2019)

Studio

Property No.	Property Name	Area	Constructed	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Sep 30, 2019)	(1) Acquisition Price (JPY thousand)	(2) Book Value 27th fiscal period end (JPY thousand)	(3) Appraisal value 26th fiscal period (JPY thousand)	(4) Appraisal value 27th fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
O-4-103	Prospect Ogikubo	Suginami ku, Tokyo	Feb 2007	40	1,123.59	100.0%	701,000	640,599	925,000	948,000	23,000	247,000	307,400	2
O-4-104	Exceria Ikebukuro West II	Toshima ku, Tokyo	Sep 2006	48	1,379.52	100.0%	852,000	837,043	1,070,000	1,090,000	20,000	238,000	252,956	2
O-4-105	Prospect OmoriKaigan	Ota ku, Tokyo	Feb 2003	89	2,506.04	97.9%	1,480,000	1,428,163	2,030,000	2,080,000	50,000	600,000	651,836	3
O-4-106	Prospect MusashiShinjo	Kawasaki city, Kanagawa	May 2008	85	1,855.03	100.0%	1,050,000	942,907	1,290,000	1,320,000	30,000	270,000	377,092	2
O-4-107	Fragrance Kawasaki	Kawasaki city, Kanagawa	Sep 2003	45	1,065.87	95.5%	548,900	480,597	700,000	726,000	26,000	177,100	245,402	3
O-4-108	Prospect ChuoRinkan	Yamato city, Kanagawa	May 2006	48	1,121.28	100.0%	524,000	440,710	663,000	677,000	14,000	153,000	236,289	2
O-4-120	Gala Place Shinjuku Gyoen	Shinjuku ku, Tokyo	Feb 2007	104	2,837.72	99.2%	2,170,000	2,167,931	3,120,000	3,200,000	80,000	1,030,000	1,032,068	1
O-4-121	Joyce Court	Ota ku, Tokyo	Nov 2002	154	6,268.53	100.0%	3,010,000	3,001,912	4,000,000	4,120,000	120,000	1,110,000	1,118,087	3
O-4-122	Act Forme Asakusa	Taito ku, Tokyo	Oct 2000	46	2,220.17	97.7%	1,216,000	1,173,059	1,880,000	1,950,000	70,000	734,000	776,940	1
O-4-125	Gran Casa Roppongi	Minato ku, Tokyo	Mar 1993	17	1,407.63	93.4%	1,480,808	762,634	926,000	949,000	23,000	-531,808	186,365	2
O-4-126	Gran Casa MinamiAoyama	Minato ku, Tokyo	Oct 2006	21	1,862.73	100.0%	3,750,000	2,306,550	2,170,000	2,220,000	50,000	-1,530,000	-86,550	2
O-4-127	Storia Jingumae	Shibuya ku, Tokyo	Nov 2004	49	2,071.60	100.0%	3,160,000	3,194,627	2,570,000	2,640,000	70,000	-520,000	-554,627	2
O-4-129	Gran Casa Shinjuku Gyoen	Shinjuku ku, Tokyo	Feb 2003	92	3,307.07	100.0%	2,525,000	2,543,543	3,480,000	3,640,000	160,000	1,115,000	1,096,456	1
O-4-133	Lietocourt Yotsuya	Shinjuku ku, Tokyo	Jan 2006	49	2,397.81	98.6%	1,716,800	1,756,439	2,290,000	2,310,000	20,000	593,200	553,560	3
O-4-134	Lietocourt Motoakasaka	Minato ku, Tokyo	Apr 2006	37	1,282.94	97.4%	1,095,700	1,119,991	1,460,000	1,530,000	70,000	434,300	410,008	3
O-4-138	Gran Casa Ginza East	Chuo ku, Tokyo	Feb 2005	53	2,774.19	100.0%	2,000,000	2,106,272	2,300,000	2,370,000	70,000	370,000	263,727	3
O-4-145	Gran Casa Minowa	Taito ku, Tokyo	Sep 2015	28	1,241.22	96.5%	850,000	880,318	919,000	942,000	23,000	92,000	61,681	3
O-4-157	Gran Casa Urayasu	Urayasu city, Chiba	Jul 2019	47	997.74	59.6%	886,041	961,597	-	921,000	-	34,958	-40,597	2
O-5-013	willDo Kanayama masaki	Nagoya city, Aichi	Feb 2006	48	1,192.32	97.9%	490,095	408,522	596,000	606,000	10,000	115,904	197,477	3
O-5-026	Excelsior Sakae	Nagoya city, Aichi	Mar 2002	48	1,486.56	97.9%	641,767	595,368	535,000	545,000	10,000	-96,767	-50,368	3
O-5-027	willDo Hibino	Nagoya city, Aichi	Jan 2006	31	767.25	100.0%	317,603	269,713	305,000	311,000	6,000	-6,603	41,286	3
O-5-040	willDo Chiyoda	Nagoya city, Aichi	Jul 2006	60	1,445.80	98.4%	633,000	526,348	631,000	645,000	14,000	12,000	118,651	2
O-5-041	willDo Taiko dori	Nagoya city, Aichi	Aug 2006	98	3,127.32	98.0%	1,120,000	936,361	1,300,000	1,330,000	30,000	210,000	393,638	1
O-5-042	willDo Kanayama	Nagoya city, Aichi	Sep 2006	36	892.44	100.0%	370,000	313,426	424,000	433,000	9,000	63,000	119,573	2
O-5-043	willDo Kanayama sawashita	Nagoya city, Aichi	Jan 2007	36	970.80	100.0%	375,000	314,968	438,000	447,000	9,000	72,000	132,031	2
O-5-056	willDo Kachigawa	Kasugai city, Aichi	Feb 2007	64	1,548.80	98.4%	503,000	414,724	689,000	704,000	15,000	201,000	289,275	1
O-5-057	Stagea Kogane	Nagoya city, Aichi	Feb 2007	67	1,651.21	100.0%	600,000	506,531	582,000	589,000	7,000	-11,000	82,468	3
O-5-063	willDo Inaei	Nagoya city, Aichi	Mar 2007	92	2,386.74	100.0%	641,000	535,735	648,000	648,000	0	7,000	112,264	2
O-5-066	willDo Higashibetsuin	Nagoya city, Aichi	Jun 2007	66	1,640.76	100.0%	703,000	591,180	739,000	745,000	6,000	42,000	153,819	3
O-5-081	willDo Matsubara	Nagoya city, Aichi	Aug 2007	54	1,344.60	98.1%	549,000	468,967	577,000	585,000	8,000	36,000	116,032	3
O-5-082	willDo Yokkaichi Unomori	Yokkaichi city, Mie	Sep 2007	54	2,160.00	100.0%	529,150	427,140	561,000	563,000	2,000	33,850	135,859	3
O-5-086	willDo Daikancho	Nagoya city, Aichi	Mar 2008	55	1,320.00	100.0%	655,000	563,240	627,000	635,000	8,000	-20,000	71,759	3
O-5-088	willDo Takabata	Nagoya city, Aichi	Mar 2008	54	1,319.22	100.0%	494,115	415,247	516,000	520,000	4,000	25,884	104,752	3
O-5-147	Sakura Hills Riverside WEST	Nagoya city, Aichi	Nov 2007	76	4,502.48	96.6%	1,920,000	1,947,970	2,290,000	2,350,000	60,000	430,000	402,029	1
O-5-148	Sakura Hills Riverside EAST	Nagoya city, Aichi	Nov 2007	47	2,288.65	100.0%	1,030,000	1,045,464	1,230,000	1,250,000	20,000	220,000	204,535	1
O-5-149	Sakura Hills Meieki NORTH	Nagoya city, Aichi	Nov 2007	34	1,685.16	100.0%	750,000	769,028	908,000	931,000	23,000	181,000	161,971	1
O-5-158	Gran Casa Chiyoda	Nagoya city, Aichi	Nov 2007	72	1,796.88	98.6%	959,000	1,005,890	-	961,000	-	2,000	-44,890	1
O-6-014	willDo Ichioka	Osaka city, Osaka	Feb 2006	62	1,682.06	98.4%	722,761	607,102	686,000	694,000	8,000	-28,761	86,897	3
O-6-015	willDo Ebie	Osaka city, Osaka	Feb 2006	28	763.63	96.5%	350,904	324,528	350,000	351,000	1,000	95	26,471	3
O-6-016	willDo ImafukuNishi	Osaka city, Osaka	Oct 2005	29	1,040.41	100.0%	413,857	353,478	400,000	409,000	9,000	-4,857	55,521	1
O-6-046	willDo Tsukamoto	Osaka city, Osaka	Mar 2006	66	1,711.17	100.0%	730,000	622,137	825,000	843,000	18,000	113,000	220,862	1
O-6-049	willDo Tanimachi	Osaka city, Osaka	Jan 2007	54	1,927.80	100.0%	1,040,000	967,622	933,000	960,000	27,000	-80,000	-7,622	3
O-6-050	willDo Namba w II	Osaka city, Osaka	Mar 2006	45	1,146.51	97.8%	486,000	428,863	458,000	467,000	9,000	-19,000	38,136	1
O-6-051	willDo Namba w I	Osaka city, Osaka	Aug 2006	66	1,699.50	98.5%	690,000	590,599	652,000	671,000	19,000	-19,000	80,400	1
O-6-059	willDo Hamasaki dori	Kobe city, Hyogo	Feb 2007	199	5,886.70	99.5%	2,280,000	1,965,318	2,300,000	2,320,000	20,000	40,000	354,681	2
O-6-060	willDo Minamimorimachi	Osaka city, Osaka	Mar 2007	31	1,028.48	100.0%	493,000	442,655	504,000	515,000	11,000	22,000	72,344	1
O-6-064	willDo Matsuyamachi	Osaka city, Osaka	Apr 2007	60	1,865.64	98.5%	810,000	685,831	858,000	906,000	48,000	96,000	220,168	3
O-6-067	willDo ShinOsaka	Osaka city, Osaka	Jun 2007	66	1,713.36	100.0%	861,000	734,656	1,020,000	1,030,000	10,000	169,000	295,343	1
O-6-083	willDo Sannomiya East	Kobe city, Hyogo	Aug 2007	63	1,760.15	98.4%	731,000	593,885	766,000	785,000	19,000	54,000	191,114	3
O-6-085	willDo Kujo	Osaka city, Osaka	Feb 2000	63	1,260.36	100.0%	537,000	510,680	577,000	587,000	10,000	50,000	76,319	3

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List of Properties (as of September 30, 2019)

Studio

Property No.	Property Name	Area	Constructed	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Sep 30, 2019)	(1) Acquisition Price (JPY thousand)	(2) Book Value 27th fiscal period end (JPY thousand)	(3) Appraisal value 26th fiscal period (JPY thousand)	(4) Appraisal value 27th fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
O-6-112	Abreast Sakuragawa	Osaka city, Osaka	Aug 2000	48	1,009.92	100.0%	385,800	341,382	504,000	507,000	3,000	121,200	165,617	3
O-6-113	Prospect Bishoen	Osaka city, Osaka	Oct 2005	26	901.91	96.6%	277,000	249,447	324,000	330,000	6,000	53,000	80,552	3
O-6-114	Prospect Nakanoshima	Osaka city, Osaka	Aug 2006	63	1,615.05	100.0%	734,000	634,083	908,000	910,000	2,000	176,000	275,916	1
O-6-116	Prospect Toyonaka Hattori	Toyonaka city, Osaka	Dec 2005	34	981.12	100.0%	366,000	309,980	423,000	431,000	8,000	65,000	121,019	3
O-6-117	Prospect Shimogamo	Kyoto city, Kyoto	Feb 2006	31	675.21	100.0%	281,000	252,942	301,000	307,000	6,000	26,000	54,057	2
O-6-118	Prospect Kawaramachi Gojo	Kyoto city, Kyoto	Jan 2007	52	1,523.12	100.0%	583,000	518,754	712,000	727,000	15,000	144,000	208,245	2
O-6-119	Gransys Esaka	Suita city, Osaka	Feb 2008	90	2,623.86	98.6%	1,260,000	1,179,833	1,740,000	1,740,000	0	480,000	560,166	1
O-6-131	Serenite Koshien	Nishinomiya city, Hyogo	Feb 2010	197	5,615.79	99.4%	2,550,000	2,417,954	2,840,000	2,900,000	60,000	350,000	482,045	3
O-6-136	Pregio Miyakojima	Osaka city, Osaka	Mar 2009	120	3,313.20	99.2%	1,610,000	1,604,249	1,770,000	1,800,000	30,000	190,000	195,750	3
O-6-139	Serenite ShinOsaka Nibankan	Osaka city, Osaka	Jan 2009	224	6,173.16	98.9%	3,510,000	3,590,591	3,770,000	3,790,000	20,000	280,000	199,408	1
O-6-141	Gran Casa UmedaKita	Osaka city, Osaka	Nov 2007	126	3,451.14	99.2%	2,050,000	2,024,104	2,300,000	2,320,000	20,000	270,000	295,895	1
O-6-142	Serenite Honmachi Grande	Osaka city, Osaka	Feb 2015	268	7,591.92	98.9%	4,286,000	4,216,284	5,380,000	5,540,000	160,000	1,254,000	1,323,715	3
O-6-143	Gransys Tenmabashi	Osaka city, Osaka	May 2007	166	6,749.31	100.0%	4,050,000	4,044,754	4,710,000	4,720,000	10,000	670,000	675,245	3
O-6-144	DayGran Tsurumi	Osaka city, Osaka	Mar 2007	79	2,470.36	100.0%	1,030,000	1,043,560	1,160,000	1,180,000	20,000	150,000	136,439	3
O-6-150	Runai Nippombashi anhelo	Osaka city, Osaka	Feb 2009	113	3,114.19	99.3%	1,400,000	1,426,276	1,670,000	1,730,000	60,000	330,000	303,723	1
O-6-152	HS Umeda EAST	Osaka city, Osaka	Feb 2017	127	3,356.62	99.3%	2,151,000	2,219,942	2,390,000	2,460,000	70,000	309,000	240,057	3
O-6-153	Serenite Umeda EST	Osaka city, Osaka	Feb 2017	58	1,715.35	100.0%	1,057,000	1,096,071	1,160,000	1,190,000	30,000	133,000	93,928	3
O-6-154	Serenite Yuhigaoka EST	Osaka city, Osaka	Feb 2017	56	1,397.20	100.0%	811,500	841,294	889,000	910,000	21,000	98,500	68,705	3
O-6-155	Serenite Umeda Reflet	Osaka city, Osaka	Jun 2019	57	1,656.38	87.0%	1,148,753	1,201,722	-	1,220,000	-	71,246	18,277	1
O-7-068	willDo Okayamaeki Nishiguchi	Okayama city, Okayama	Sep 2007	109	3,794.40	100.0%	1,220,000	978,441	1,370,000	1,390,000	20,000	170,000	411,558	1
O-7-087	willDo Okayamadaiku	Okayama city, Okayama	Mar 2008	98	3,446.94	100.0%	1,040,000	919,620	1,230,000	1,250,000	20,000	210,000	330,379	1
O-9-053	willDo Nakasu	Fukuoka city, Fukuoka	Jan 2007	175	5,759.40	97.6%	2,460,000	2,302,714	2,590,000	2,650,000	60,000	190,000	347,285	3
O-9-130	Renaissance 21 Hakata	Fukuoka city, Fukuoka	Mar 2007	109	4,010.95	100.0%	1,500,000	1,524,092	1,800,000	1,820,000	20,000	320,000	295,907	3
O-9-135	Granpark Tenjin	Fukuoka city, Fukuoka	Feb 2005	341	14,299.21	100.0%	4,698,000	4,497,297	5,970,000	6,100,000	130,000	1,402,000	1,602,702	3
Studio type subtotal				9,433	296,345.31	98.8%	142,585,752	134,577,158	160,652,000	167,394,000	6,742,000	24,808,247	32,816,841	-

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List of Properties (as of September 30, 2019)

Family

Property No.	Property Name	Area	Constructed	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Sep 30, 2019)	(1) Acquisition Price (JPY thousand)	(2) Book Value 27th fiscal period end (JPY thousand)	(3) Appraisal value 26th fiscal period (JPY thousand)	(4) Appraisal value 27th fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
F-1-041	Palais d'or Maruyama	Sapporo city, Hokkaido	Nov 1989	64	4,637.08	98.4%	559,000	597,564	1,020,000	1,030,000	10,000	471,000	432,435	1
F-1-069	Gran Casa Urasando	Sapporo city, Hokkaido	Feb 2006	78	4,537.83	95.3%	1,510,000	1,614,670	1,810,000	1,840,000	30,000	330,000	225,329	1
F-1-070	Gran Casa Kita3jo	Sapporo city, Hokkaido	Jan 2012	84	4,346.56	100.0%	1,265,880	1,331,188	1,510,000	1,540,000	30,000	274,120	208,811	3
F-1-075	Chijikoukanmae Tower Residence	Sapporo city, Hokkaido	May 2006	141	11,705.28	94.3%	4,530,000	4,633,640	4,910,000	4,950,000	40,000	420,000	316,359	3
F-2-001	Royal Garden Shinrin Koen	Sendai city, Miyagi	Aug 1989	29	2,051.07	96.8%	396,190	358,059	280,000	280,000	0	-116,190	-78,059	2
F-2-002	Green Park Komatsujima	Sendai city, Miyagi	Oct 1990	46	3,027.17	100.0%	550,523	485,571	421,000	421,000	0	-129,523	-64,571	2
F-2-003	Dia Palace Izumizaki	Sendai city, Miyagi	Jul 1989	37	2,060.77	88.7%	355,095	357,838	316,000	316,000	0	-39,095	-41,838	2
F-2-004	willDo Takasago	Sendai city, Miyagi	Jun 2005	32	1,623.68	100.0%	364,904	355,219	389,000	396,000	7,000	31,095	40,780	3
F-2-042	Living Stage MinamiSendai	Sendai city, Miyagi	Apr 1995	27	1,330.83	92.9%	159,500	146,203	235,000	222,000	-13,000	62,500	75,796	2
F-2-043	Takasagoseki Nibankan	Sendai city, Miyagi	Feb 1995	42	3,302.96	94.2%	558,000	549,048	757,000	757,000	0	199,000	207,951	3
F-4-006	Iruma Ekimae Building	Iruma city, Saitama	Mar 1986	68	4,359.31	97.1%	1,517,000	1,561,106	1,740,000	1,730,000	-10,000	213,000	168,893	1
F-4-007	Iruma Ekimae Building No.II	Iruma city, Saitama	Mar 1988	53	3,592.48	100.0%	687,666	761,532	659,000	648,000	-11,000	-39,666	-113,532	1
F-4-008	Sereno Omiya	Saitama city, Saitama	Nov 1997	102	6,710.68	99.0%	1,554,523	1,663,689	1,920,000	1,950,000	30,000	395,476	286,310	1
F-4-009	Suzuran-kan	Saitama city, Saitama	Mar 2000	20	1,160.80	100.0%	441,190	395,978	569,000	611,000	42,000	169,809	215,021	1
F-4-010	Bonheur Tokiwa	Saitama city, Saitama	Feb 1988	29	1,951.89	96.9%	752,904	728,147	775,000	787,000	12,000	34,095	58,852	3
F-4-011	Profit Link Takenotsuka	Adachi ku, Tokyo	Feb 1990	46	2,431.33	100.0%	636,333	629,195	707,000	730,000	23,000	93,666	100,804	1
F-4-013	Dream Heights	Itabashi ku, Tokyo	Oct 1985	19	1,100.31	100.0%	358,666	383,776	456,000	466,000	10,000	107,333	82,223	1
F-4-014	Green Hills Asukayama	Kita ku, Tokyo	Feb 1992	28	1,477.38	100.0%	587,238	567,311	713,000	728,000	15,000	140,761	160,688	1
F-4-015	Oji Heights	Kita ku, Tokyo	Nov 1991	20	986.52	100.0%	347,857	349,010	470,000	481,000	11,000	133,142	131,989	1
F-4-016	Sakagami Royal Heights No. II	Arakawa ku, Tokyo	Oct 1990	28	1,173.65	100.0%	360,714	347,553	472,000	482,000	10,000	121,285	134,446	1
F-4-017	willDo Todoroki	Setagaya ku, Tokyo	Oct 1996	26	2,422.06	100.0%	1,764,809	1,778,813	1,760,000	1,810,000	50,000	45,190	31,186	3
F-4-018	Chez Moi Sakuragaoka	Tama city, Tokyo	Mar 1989	31	1,911.36	97.6%	609,904	617,622	633,000	634,000	1,000	24,095	16,377	1
F-4-019	Libest NishiChiba	Chiba city, Chiba	Feb 1999	140	11,060.14	98.6%	2,152,476	1,940,732	2,620,000	2,620,000	0	467,523	679,267	1
F-4-020	Corinne Tsudanuma	Narashino city, Chiba	Mar 1989	20	1,435.80	90.0%	352,761	382,667	347,000	348,000	1,000	-4,761	-34,667	3
F-4-022	Chigasaki Daikan Plaza	Chigasaki city, Kanagawa	Sep 1987	34	1,838.43	97.1%	453,571	458,334	484,000	483,000	-1,000	29,428	24,665	1
F-4-028	Winbell Chorus Hiratsuka No.13	Hiratsuka city, Kanagawa	Dec 1990	33	1,533.82	100.0%	477,587	458,666	353,000	358,000	5,000	-119,587	-100,666	3
F-4-029	Libest Higashi Nakayama	Funabashi city, Chiba	Feb 2000	76	6,011.80	100.0%	1,371,314	1,214,794	1,740,000	1,740,000	0	368,685	525,205	1
F-4-031	MGA Kanamachi	Katsushika ku, Tokyo	Sep 1990	26	1,522.89	96.6%	484,000	488,385	429,000	440,000	11,000	-44,000	-48,385	3
F-4-035	Greenhills Roka	Setagaya ku, Tokyo	Mar 1988	22	1,199.95	100.0%	662,000	699,291	747,000	756,000	9,000	94,000	56,708	1
F-4-036	Lofty Hirai	Edogawa ku, Tokyo	May 1989	19	919.31	95.3%	324,000	313,772	359,000	363,000	4,000	39,000	49,227	1
F-4-038	Colonnade Kasuga	Bunkyo ku, Tokyo	Jul 1991	46	4,344.72	100.0%	3,115,277	3,248,426	2,620,000	2,720,000	100,000	-395,277	-528,426	2
F-4-039	The Palms Yoyogi Uehara Cosmo Terrace	Shibuya ku, Tokyo	Nov 2004	30	1,804.69	100.0%	1,250,000	1,270,653	1,530,000	1,590,000	60,000	340,000	319,346	2
F-4-040	Sun Terrace Yoyogi Uehara	Shibuya ku, Tokyo	Feb 1999	21	1,763.33	100.0%	1,180,000	1,214,833	1,560,000	1,590,000	30,000	410,000	375,166	2
F-4-044	Prospect NihombashiKoamicho	Chuo ku, Tokyo	Mar 2007	37	1,364.02	97.2%	840,000	777,654	1,230,000	1,250,000	20,000	410,000	472,345	1
F-4-045	Park Terrace Ebisu	Shibuya ku, Tokyo	Oct 2000	51	2,755.28	100.0%	2,060,000	2,024,245	3,030,000	3,130,000	100,000	1,070,000	1,105,754	1
F-4-046	Prospect Dogenzaka	Shibuya ku, Tokyo	Feb 2005	47	2,081.54	100.0%	1,590,000	1,576,554	2,130,000	2,230,000	100,000	640,000	653,445	3
F-4-047	Prospect Glarsa Hiroo	Shibuya ku, Tokyo	Nov 2005	112	3,861.29	98.5%	3,560,000	3,256,388	4,560,000	4,810,000	250,000	1,250,000	1,553,611	3
F-4-048	Prospect Hatsudai	Shibuya ku, Tokyo	Feb 2006	22	817.43	100.0%	518,000	495,492	679,000	700,000	21,000	182,000	204,507	2
F-4-049	Prospect NishiSugamo	Kita ku, Tokyo	Jun 2006	42	2,063.60	100.0%	1,110,000	1,071,481	1,370,000	1,420,000	50,000	310,000	348,518	3
F-4-050	Prospect Machiya	Arakawa ku, Tokyo	Aug 2006	21	1,177.71	95.3%	484,000	406,610	598,000	610,000	12,000	126,000	203,389	3
F-4-051	Prospect KiyosumiTeien	Koto ku, Tokyo	Feb 2002	77	5,601.46	100.0%	2,630,000	2,485,072	3,470,000	3,560,000	90,000	930,000	1,074,927	3
F-4-052	Prospect Morishita	Koto ku, Tokyo	Jan 2006	45	2,399.23	97.6%	1,260,000	1,154,054	1,670,000	1,710,000	40,000	450,000	555,945	2
F-4-053	Prospect OnshiKoen	Koto ku, Tokyo	Feb 2005	61	2,073.21	100.0%	1,110,000	962,457	1,730,000	1,770,000	40,000	660,000	807,542	1
F-4-054	BELNOS 34	Katsushika ku, Tokyo	May 1991	100	5,328.66	100.0%	1,700,000	1,815,225	2,740,000	2,790,000	50,000	1,090,000	974,774	1
F-4-055	SK Residence	Toshima ku, Tokyo	Feb 1990	30	1,624.73	100.0%	805,000	785,416	1,050,000	1,080,000	30,000	275,000	294,583	3
F-4-056	Angel Heim NishiRokugo No.2	Ota ku, Tokyo	May 1997	40	2,776.64	97.3%	1,012,000	957,167	1,380,000	1,390,000	10,000	378,000	432,832	3
F-4-057	Deim Hashimoto	Sagamihara city, Kanagawa	Aug 1987	92	3,134.24	98.0%	748,000	734,774	994,000	1,030,000	36,000	282,000	295,225	2
F-4-058	Prospect Kawasaki	Kawasaki city, Kanagawa	Aug 2006	52	3,404.96	97.9%	1,520,000	1,346,863	2,350,000	2,380,000	30,000	860,000	1,033,136	1
F-4-059	Prospect UrawaTokiwa	Saitama city, Saitama	Feb 1993	30	2,263.20	100.0%	717,000	705,403	981,000	1,000,000	19,000	283,000	294,596	1
F-4-064	Glana Ueno	Taito ku, Tokyo	Aug 2005	36	2,147.40	100.0%	1,100,000	1,081,175	1,600,000	1,640,000	40,000	540,000	558,824	3

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List of Properties (as of September 30, 2019)

Family

Property No.	Property Name	Area	Constructed	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Sep 30, 2019)	(1) Acquisition Price (JPY thousand)	(2) Book Value 27th fiscal period end (JPY thousand)	(3) Appraisal value 26th fiscal period (JPY thousand)	(4) Appraisal value 27th fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
F-4-065	The Residence Honmoku Yokohama Bayside	Yokohama city, Kanagawa	Feb 2008	159	13,584.07	98.8%	5,550,000	5,202,002	6,950,000	7,110,000	160,000	1,560,000	1,907,997	3
F-4-066	Lietocourt Asakusabashi	Taito ku, Tokyo	May 2005	49	2,632.94	100.0%	1,615,800	1,621,321	2,140,000	2,230,000	90,000	614,200	608,678	3
F-4-071	Gran Casa ShinKoiwa	Katsushika ku, Tokyo	Feb 2006	36	2,467.92	100.0%	1,510,000	1,570,240	1,600,000	1,630,000	30,000	120,000	59,759	2
F-4-072	Gran Casa Ryogoku Ichibankan	Sumida ku, Tokyo	Feb 2006	33	2,136.53	100.0%	1,420,000	1,488,474	1,460,000	1,460,000	0	40,000	-28,474	2
F-4-073	Gran Casa Ryogoku Nibankan	Sumida ku, Tokyo	Jun 2006	18	1,131.90	100.0%	770,000	815,692	811,000	813,000	2,000	43,000	-2,692	2
F-4-076	Gran Casa Kitaurawa	Saitama city, Saitama	Jun 2019	53	3,850.96	13.3%	2,490,000	2,611,305	-	2,590,000	-	100,000	-21,305	3
F-5-023	willDo Temmacho	Nagoya city, Aichi	Mar 2006	40	2,185.20	100.0%	627,785	552,129	789,000	804,000	15,000	176,215	251,870	3
F-5-032	Stellato City Sakurayama	Nagoya city, Aichi	Jul 2006	26	1,914.07	100.0%	735,000	636,247	832,000	850,000	18,000	115,000	213,752	1
F-5-037	willDo Kurokawa	Nagoya city, Aichi	Feb 2006	26	1,933.37	100.0%	677,000	543,996	658,000	669,000	11,000	-8,000	125,003	1
F-5-060	Gran Casa Daikancho	Nagoya city, Aichi	Mar 1986	96	5,962.18	96.8%	1,082,000	1,151,416	1,570,000	1,610,000	40,000	528,000	458,583	1
F-5-061	Gran Casa Gokiso	Nagoya city, Aichi	Feb 1991	78	5,195.21	100.0%	932,500	952,833	1,460,000	1,500,000	40,000	567,500	547,166	1
F-5-067	Lietocourt Marunouchi	Nagoya city, Aichi	Sep 2005	120	9,350.67	100.0%	3,756,800	3,625,625	5,180,000	5,300,000	120,000	1,543,200	1,674,374	1
F-5-068	Gran Casa Kamimaezu	Nagoya city, Aichi	Jun 2006	70	5,365.64	92.6%	2,050,000	1,960,733	2,700,000	2,750,000	50,000	700,000	789,266	1
F-5-074	Sakura Hills Fujimi	Nagoya city, Aichi	Jun 2007	119	6,769.82	97.2%	2,750,000	2,758,859	3,290,000	3,360,000	70,000	610,000	601,140	1
F-6-026	willDo NishiAkashi	Akashi city, Hyogo	Mar 2003	64	4,703.40	98.4%	635,666	573,659	842,000	858,000	16,000	222,333	284,340	3
F-6-033	La Vita Nippombashi	Osaka city, Osaka	Sep 2006	69	4,647.08	100.0%	1,860,000	1,601,099	1,980,000	2,060,000	80,000	200,000	458,900	1
F-6-062	Crown Heim NishiTanabe	Osaka city, Osaka	Jan 2004	22	1,536.03	100.0%	405,000	387,036	489,000	519,000	30,000	114,000	131,963	3
F-6-063	Prospect Katsura	Kyoto city, Kyoto	Mar 1996	29	1,796.59	100.0%	470,000	435,730	480,000	480,000	0	10,000	44,269	2
Family type Subtotal				3,519	223,374.06	96.8%	83,792,443	82,027,745	100,104,000	104,910,000	4,806,000	21,117,556	22,882,254	-
Total				12,952	519,719.37	98.0%	226,378,196	216,604,903	260,756,000	272,304,000	11,548,000	45,925,803	55,699,096	-

F-4-065 The Residence Honmoku Yokohama Bayside



A 159-unit family-type condominium developed as a condo-for-sale, completed in 2008
Newly acquired in November 2013 for JPY 5.55 billion

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Overview of Asset Management Company

Company Overview

(As of October 1, 2019)

Company Name	Daiwa Real Estate Asset Management Co., Ltd.
Address	6-2-1 Ginza, Chuo-ku, Tokyo
Established	October 21, 2004
Paid-in Capital	200 million yen
Representative Director	Toshio Fukushima
Board of Directors	9 Executive directors: 5 Executive auditors: 1 Non-executive directors: 1 Non-executive auditors: 2
No. of Employees	113 (excluding dispatched employees)
Registered Financial Instruments Firm	Registration No. 355 (Financial Instruments), Director-General, Kanto Local Finance Bureau (Kinsho)
Building Lots and Buildings Transaction Business License	License No. (3)-83920, Governor of Tokyo
Discretionary Agent for Real Estate Transaction Approval	License No. 34, Minister of Land, Infrastructure, Transport and Tourism
Association Membership	Member of The Investment Trusts Association, Japan Member of Japan Investment Advisers Association Member of Type II Financial Instruments Firms Association

Directors

(As of October 1, 2019)

Chairman and Director	Akira Yamanouchi
President and Representative Director	Toshio Fukushima
Vice President and Representative Director	Yoshiki Nishigaki
Director	Hajime Imbe
Director	Yuji Shinotsuka
Director (non-executive)	Keiichi Ishikawa
Auditor	Tamaki Shibayama
Auditor (non-executive)	Sachiko Hanaoka
Auditor (non-executive)	Shinji Kiso

REITs which Entrust Asset Management to the Asset Management Company

(As of October 1, 2019)

Daiwa Office Investment Corporation	Listed REIT focusing on office buildings Asset size: approximately 461. 0 billion yen (59 properties)
Japan Rental Housing Investment Corporation	Listed REIT focusing on residential properties Asset size: approximately 226.3 billion yen (192 properties)
Nippon Healthcare Investment Corporation	Japan's first listed REIT focusing on healthcare facilities Asset size: approximately 19.7 billion yen (23 properties)
Daiwa Residential Private Investment Corporation	Unlisted REIT focusing on residential properties Asset size: approximately 121.8 billion yen (81 properties)
Daiwa Hotel Private Investment Corporation	Private REIT focusing on hotels Asset size: approximately 40.7 billion yen (10 properties)

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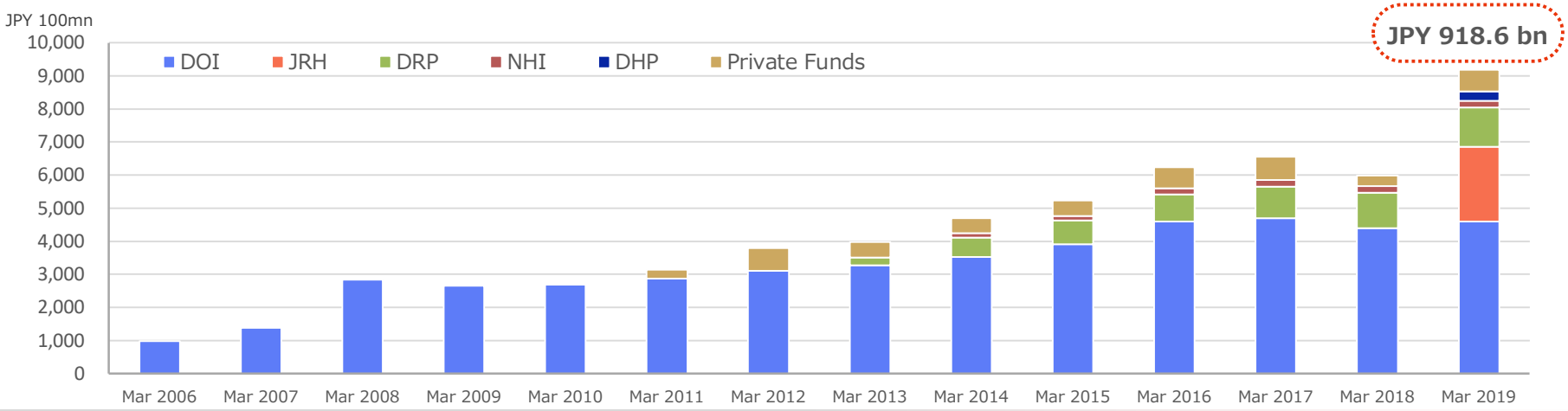
History and Entrusted assets of Daiwa Real Estate Asset Management Co., Ltd.

History

October 2004	Established (Company name at the time of establishment was “K.K. da Vinci Select”)
October 2005	Started operation of **Daiwa Office Investment Corporation (DOI)**
September 2007	Registered as Financial Instrument Business Operator (“Investment Management Business”)
July 2009	Daiwa Securities Group Inc. acquired 100% of issued stocks Corporate name changed to Daiwa Real Estate Asset Management Co. Ltd.
March 2010	Change of registration related to the type of Financial Instrument Business Operator (Add “Investment Advisory and Agency Business”)
May 2012	Change of registration related to the business of Financial Instrument Business Operator (“Investment Management Business”) (Add business under the discretionary investment contract)
May 2012	Change of registration related to the type of Financial Instrument Business Operator (Add “Type II Financial Instruments Business”)
March 2013	Started operation of **Daiwa Residential Private Investment Corporation (DRP)**
March 2014	Started operation of **Nippon Healthcare Investment Corporation (NHI)**
June 2018	Started operation of **Daiwa Hotel Private Investment Corporation (DHP)**
October 2018	Started operation of **Japan Rental Housing Investment Corporation (JRH)** along with the merger with Mi-Casa Asset Management Inc.

Entrusted assets

Trend of entrusted assets



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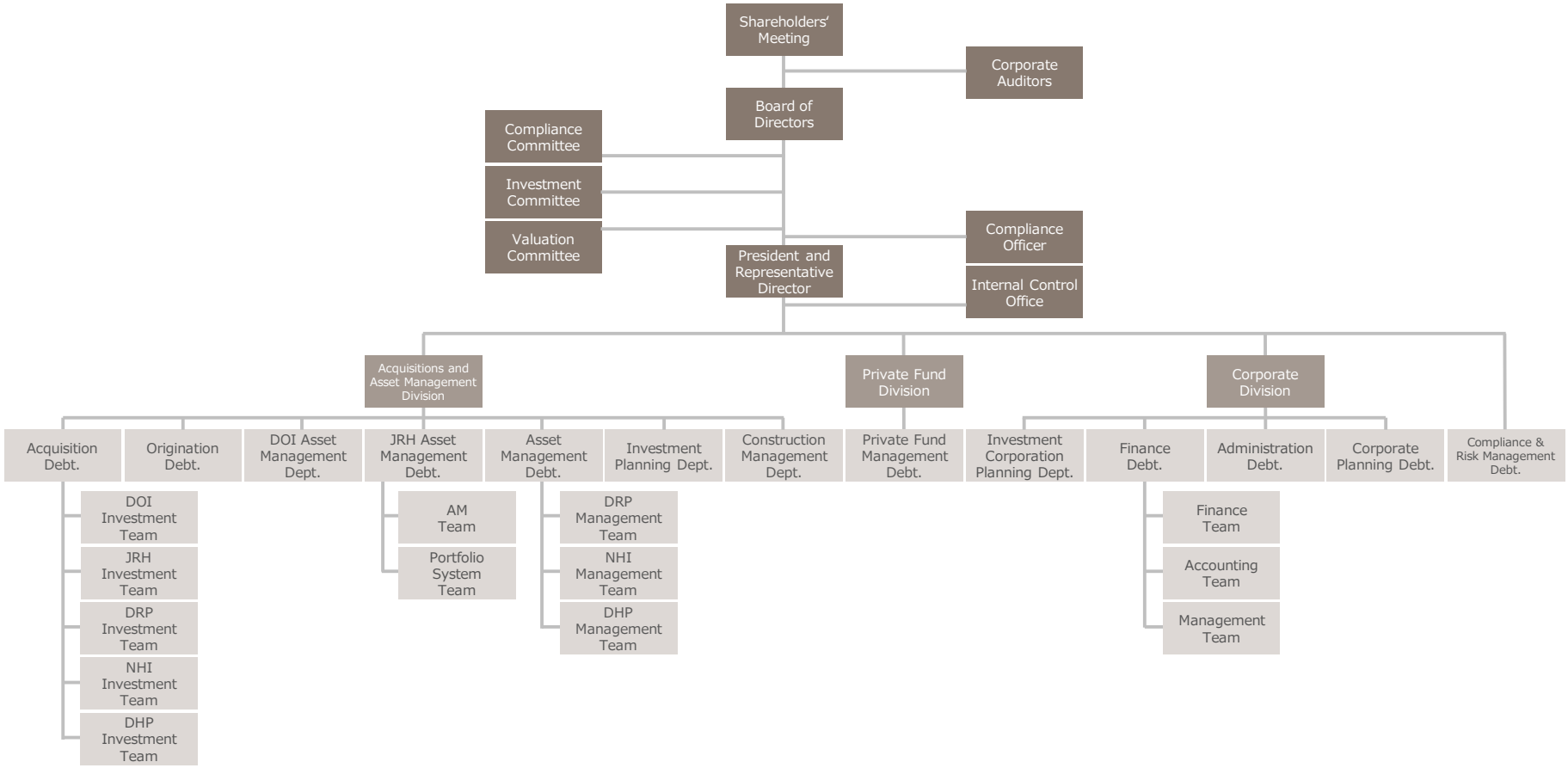
Overview of New Merged Company

as of October 1, 2019



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Merger of Asset Manager (Measure to prevent conflicts of interest)

New Merged Company's Rotation Rule concerning Acquisition of Rental Residential Properties



When completion year in western calendar is an **odd** number	When completion year in western calendar is an **even** number
Order of priority **First priority** : JRH **Second priority** : DRP **Third priority** : Other Funds, etc.	**Order of priority** **First priority** : DRP **Second priority** : JRH **Third priority** : Other Funds, etc.

However, the Rotation Rule shall not apply to the following cases, etc.

① If either JRH, DRP or the Other Funds, etc. is designated by the seller or other related parties as a preferred party to discuss the acquisition.

② If either JRH, DRP or the Other Funds, etc. already holds the relevant right or interest due to co-ownership, sectional ownership of a building, quasi co-ownership of a beneficiary interest, etc.

③ If there are special reasons such as JRH, DRP or the Other Funds, etc. already owning the adjacent property.

* Regarding projects that are yet to be completed as of the beginning of considerations, the scheduled year of completion that is deemed rational at the point of consideration shall be used.

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