

**Translation of Japanese Original****FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JULY 31, 2017 (REIT)****(February 1, 2017 to JULY 31, 2017)**

September 13, 2017

Kenedix Residential Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 3278.

(URL <http://www.kdr-reit.com/english>)

Representative: Keisuke Sato, Executive Director

Asset Management Company: Kenedix Real Estate Fund Management, Inc.

Representative: Masahiko Tajima, CEO and President

Inquiries: Shin Yamamoto, General Manager of Planning Department, Residential REIT Division
TEL+81-3-5623-8682

Planned submission of semiannual securities report: October 30, 2017

Planned start of distribution payments: October 16, 2017

Preparing presentation material: Yes

Hold a financial brief meeting: Yes (for analysts and institutional investors)

(Amounts are rounded down to the nearest ¥million)

1. PERFORMANCE FOR THE FISCAL PERIOD ENDED JULY 31, 2017 (11TH FISCAL PERIOD)**(1) Business Results**

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)	
The 11th fiscal period ended July 31, 2017	5,574	(2.0) %	2,833	(-0.2) %	2,316	(0.2) %	2,315	(0.2) %
The 10th fiscal period ended January 31, 2017	5,468	(2.5) %	2,838	(4.2) %	2,311	(5.4) %	2,310	(5.4) %

	Net Income per Unit		Return on Unitholders' Equity [Reference] (annualized)		Ordinary Income to Total Assets [Reference] (annualized)		Ordinary Income to Operating Revenues	
The 11th fiscal period ended July 31, 2017	6,632	Yen	2.8	5.7 %	1.4	2.8 %	41.5	%
The 10th fiscal period ended January 31, 2017	6,617	Yen	2.8	5.6 %	1.4	2.8 %	42.3	%

This is an English-language translation of the key financials in the original Japanese announcement on our Web site released on September 13, 2017. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

(2) Distribution

	Distributions per Unit Excluding Excess of Earnings (Yen)	Total Distribution (Millions of Yen)	Distributions in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings (Millions of Yen)	Payout Ratio	Distribution Ratio to Unitholders' Equity
The 11th fiscal period ended July 31, 2017	6,633	2,315	0	0	% 100.0	% 2.8
The 10th fiscal period ended January 31, 2017	6,533	2,280	0	0	% 98.7	% 2.8

Note Of the 30 million yen in gain on sale of real estate property, the full amount after taxation, about 29 million yen, will be allocated to internal reserves so that the total distributions for the 10th fiscal period are the amounts after considering the allocation, differing from the amount of net income.

(3) Financial Position

	Total Assets (Millions of Yen)	Unitholders' Equity (Millions of Yen)	Unitholders' Equity to Total Assets	Unitholders' Equity per Share of Common Stock (Yen)
As of July 31, 2017	167,316	82,559	% 49.3	236,498
As of January 31, 2017	167,276	82,552	% 49.4	236,478

(4) Cash Flow Position

	Cash Flow from Operating Activities (Millions of Yen)	Cash Flow from Investing Activities (Millions of Yen)	Cash Flow from Financing Activities (Millions of Yen)	Cash and Cash Equivalents at the End of the Period (Millions of Yen)
The 11th fiscal period ended July 31, 2017	3,267	-239	-2,282	10,184
The 10th fiscal period ended January 31, 2017	4,610	-8,653	4,749	9,439

2. FORECAST OF RESULTS FOR THE FISCAL PERIOD ENDING JANUARY 31, 2018 (August 1, 2017 to January 31, 2018)

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen) (%)	Operating Income (Millions of Yen) (%)	Ordinary Income (Millions of Yen) (%)	Net Income (Millions of Yen) (%)	Distribution per Unit Excluding Excess of Earnings (Yen)	Distribution in Excess of Earnings per Unit (Yen)
The 12th fiscal period ending January 31, 2018	5,623 (0.9)	2,911 (2.8)	2,374 (2.5)	2,373 (2.5)	6,800	0

(Reference) Estimated net income per unit for the fiscal period ending January 31, 2018: ¥6,800

Note : Distributions per unit are calculated based on the number of investment units issued and outstanding totaled 349,089 as of today.

This is an English-language translation of the key financials in the original Japanese announcement on our Web site released on September 13, 2017. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

3. OTHER

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

(a) Changes concerning accounting policy accompanying amendments to accounting standards: No

(b) Changes other than (a): No

(c) Changes in accounting estimate: No

(d) Retrospective restatement: No

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

(a) Number of investment units issued and outstanding at the end of the period (including treasury units)

As of January 31, 2017: 349,089 units As of July 31, 2017: 349,089 units

(b) Number of treasury units at the end of the period

As of January 31, 2017: 0 units As of July 31, 2017: 0 units

[Provisional Translation Only]

English translation of the original Japanese document is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

This is an English-language translation of the key financials in the original Japanese announcement on our Web site released on September 13, 2017. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

1. Financial Statements**(1) Balance Sheets**

	(in thousands of yen)	
	10th Fiscal Period	11th Fiscal Period
	(As of January 31, 2017)	(As of July 31, 2017)
Assets		
Current assets		
Cash and deposits	5,679,445	6,405,982
Cash and deposits in trust	3,759,906	3,778,959
Operating accounts receivable	24,790	24,821
Prepaid expenses	3,356	4,831
Deferred tax assets	61	9
Other	503	503
Total current assets	9,468,062	10,215,108
Noncurrent assets		
Property, plant and equipment		
Land	1,798,041	1,798,041
Buildings in trust	65,456,096	65,654,206
Accumulated depreciation	-5,222,324	-6,058,335
Buildings in trust, net	60,233,772	59,595,871
Structures in trust	439,236	444,009
Accumulated depreciation	-86,535	-100,446
Structures in trust, net	352,701	343,563
Machinery and equipment in trust	1,253,773	1,259,827
Accumulated depreciation	-169,872	-197,886
Machinery and equipment in trust, net	1,083,901	1,061,940
Tools, furniture and fixtures in trust	231,646	263,829
Accumulated depreciation	-13,465	-20,241
Tools, furniture and fixtures in trust, net	218,181	243,587
Land in trust	93,118,700	93,118,700
Total property, plant and equipment, net	156,805,298	156,161,704
Investments and other assets		
Investment securities	-	91,579
Lease and guarantee deposits	10,561	10,397
Long-term prepaid expenses	864,092	764,254
Other	54,619	26,626
Total investments and other assets	929,273	892,858
Total noncurrent assets	157,734,571	157,054,563
Deferred assets		
Investment corporation bond issuance costs	28,219	26,340
Investment unit issuance costs	45,830	20,039
Total deferred assets	74,049	46,380
Total assets	167,276,684	167,316,051

	(in thousands of yen)	
	10th Fiscal Period (As of January 31, 2017)	11th Fiscal Period (As of July 31, 2017)
Liabilities		
Current liabilities		
Operating accounts payable	401,777	431,854
Short-term loans payable	1,000,000	1,000,000
Current portion of long-term loans payable	11,000,000	11,000,000
Accounts payable-other	193,691	203,876
Accrued expenses	24,468	24,212
Income taxes payable	1,695	799
Accrued consumption taxes	19,528	6,135
Advances received	753,979	766,964
Deposits received	62,612	50,111
Total current liabilities	<u>13,457,752</u>	<u>13,483,955</u>
Noncurrent liabilities		
Investment corporation bonds	3,000,000	3,000,000
Long-term loans payable	66,800,000	66,800,000
Tenant leasehold and security deposits in trust	1,466,769	1,473,087
Total noncurrent liabilities	<u>71,266,769</u>	<u>71,273,087</u>
Total liabilities	<u>84,724,522</u>	<u>84,757,042</u>
Net assets		
Unitholders' equity		
Unitholders' capital	80,132,379	80,132,379
Surplus		
Unappropriated retained earnings (undisposed loss)	2,365,163	2,400,002
Total surplus	<u>2,365,163</u>	<u>2,400,002</u>
Total unitholders' equity	<u>82,497,542</u>	<u>82,532,381</u>
Valuation and translation adjustments		
Deferred gains or losses on hedges	54,619	26,626
Total valuation and translation adjustments	<u>54,619</u>	<u>26,626</u>
Total net assets	<u>*1 82,552,161</u>	<u>*1 82,559,008</u>
Total liabilities and net assets	<u>167,276,684</u>	<u>167,316,051</u>

(2) Statements of Income and Retained Earnings

	(in thousands of yen)			
	10th Fiscal Period		11th Fiscal Period	
	August 1, 2016 to		February 1, 2017 to	
	January 31, 2017		July 31, 2017	
Operating revenues				
Rent revenue-real estate	*1	5,025,371	*1	5,102,400
Other lease business revenue	*1	412,245	*1	472,418
Gain on sale of real estate property	*2	30,478		-
Total operating revenues		5,468,095		5,574,819
Operating expenses				
Expenses related to rent business	*1	2,050,357	*1	2,124,246
Asset management fees		363,967		371,229
Asset custody fees		10,997		11,363
Administrative service fees		37,513		38,143
Directors' compensation		4,500		4,500
Other operating expenses		162,422		192,121
Total operating expenses		2,629,759		2,741,604
Operating income		2,838,336		2,833,215
Non-operating income				
Interest income		25		12
Dividends and redemption-prescription		174		824
Interest on refund		156		-
Total non-operating income		356		836
Non-operating expenses				
Interest expenses		389,776		385,660
Interest expenses on investment corporation bonds		6,515		7,629
Borrowing expenses		98,682		96,801
Amortization of deferred organization costs		3,053		-
Amortization of investment corporation bond issuance costs		1,878		1,878
Amortization of investment unit issuance costs		26,989		25,790
Total non-operating expenses		526,895		517,760
Ordinary income		2,311,797		2,316,291
Income before income taxes		2,311,797		2,316,291
Income taxes				
Current		1,698		801
Deferred		- 47		51
Total income taxes		1,651		853
Net income		2,310,145		2,315,438
Retained earnings brought forward		55,017		84,564
Unappropriated retained earnings (undisposed loss)		2,365,163		2,400,002

(3) Statements of Changes in Net Assets

10th Fiscal Period August 1, 2016 to January 31, 2017 (in thousands of yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at the beginning of current period	80,132,379	2,275,223	2,275,223	82,407,602	-42,355	-42,355	82,365,247
Changes of items during the period							
Dividends from surplus		-2,220,206	-2,220,206	-2,220,206			-2,220,206
Net income		2,310,145	2,310,145	2,310,145			2,310,145
Net changes of items other than unitholders' equity					96,974	96,974	96,974
Total changes of items during the period	-	89,939	89,939	89,939	96,974	96,974	186,914
Balance at the end of current period	80,132,379	2,365,163	2,365,163	82,497,542	54,619	54,619	82,552,161

11th Fiscal Period February 1, 2017 to July 31, 2017 (in thousands of yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at the beginning of current period	80,132,379	2,365,163	2,365,163	82,497,542	54,619	54,619	82,552,161
Changes of items during the period							
Dividends from surplus		-2,280,598	-2,280,598	-2,280,598			-2,280,598
Net income		2,315,438	2,315,438	2,315,438			2,315,438
Net changes of items other than unitholders' equity					-27,992	-27,992	-27,992
Total changes of items during the period	-	34,839	34,839	34,839	-27,992	-27,992	6,847
Balance at the end of current period	80,132,379	2,400,002	2,400,002	82,532,381	26,626	26,626	82,559,008

(4) Distributions

	10th Fiscal Period (From August 1, 2016 to January 31, 2017)	11th Fiscal Period (From February 1, 2017 to July 31, 2017)
I. Retained earnings at the end of period	¥2,365,163,158	¥2,400,002,851
II. Total distributions	¥2,280,598,437	¥2,315,507,337
Distributions per unit	¥6,533	¥6,633
III. Retained earnings brought forward to the next period	¥84,564,721	¥84,495,514
Method of calculating distribution amount	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, internal reserves as of the end of the 9th fiscal period and of the ¥30,478,618 in gain on sale of real estate property, net of tax, reported as unappropriated retained earnings will be allocated to internal reserves, and of the remaining amount, the Investment Corporation has decided that it shall distribute ¥2,280,598,437 which is the maximum integral multiple of 349,089 units issued and outstanding as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 10th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥2,315,507,337, which is the amount of ¥2,315,438,130 in net income and ¥69,207 from retained earnings brought forward, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 11th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>

(5) Statements of Cash Flows

	(in thousands of yen)	
	10th Fiscal Period	11th Fiscal Period
	August 1, 2016 to	February 1, 2017 to
	January 31, 2017	July 31, 2017
Net cash provided by (used in) operating activities		
Income before income taxes	2,311,797	2,316,291
Depreciation and amortization	878,295	884,713
Amortization of deferred organization costs	3,053	-
Amortization of investment corporation bond issuance expenses	1,878	1,878
Amortization of investment unit issuance costs	26,989	25,790
Interest income	-25	-12
Interest expenses	396,291	393,289
Decrease (increase) in operating accounts receivable	20,739	-31
Decrease (increase) in consumption taxes refund receivable	43,758	-
Decrease (increase) in prepaid expenses	2,818	-1,475
Increase (decrease) in operating accounts payable	85,614	-55,535
Increase (decrease) in accounts payable-other	5,710	11,489
Increase (decrease) in accrued consumption taxes	4,974	-13,392
Increase (decrease) in advances received	47,716	12,985
Decrease (increase) in long-term prepaid expenses	-107,633	99,837
Decrease in property and equipment in trust due to sale	1,262,744	-
Other, net	16,460	-13,325
Subtotal	5,001,186	3,662,503
Interest income received	25	12
Interest expenses paid	-392,043	-393,545
Income taxes (paid) refund	1,432	-1,696
Net cash provided by (used in) operating activities	4,610,601	3,267,273
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	-8,755,004	-155,506
Purchase of investment securities	-	-90,000
Proceeds from investment securities	56,494	-
Proceeds from collection of lease and guarantee deposits	-	164
Repayments of tenant leasehold and security deposits in trust	-124,324	-147,418
Proceeds from tenant leasehold and security deposits in trust	169,200	153,736
Net cash provided by (used in) investing activities	-8,653,633	-239,024
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	2,000,000	1,000,000
Decrease in short-term loans payable	-1,000,000	-1,000,000
Increase in long-term loans payable	11,500,000	-
Decrease in long-term loans payable	-8,500,000	-
Proceeds from issuance of investment corporation bond	2,969,902	-
Dividends paid	-2,220,566	-2,282,658
Net cash provided by (used in) financing activities	4,749,336	-2,282,658
Net increase (decrease) in cash and cash equivalents	706,303	745,590
Cash and cash equivalents at the beginning of period	8,733,047	9,439,351
Cash and cash equivalents at the end of period	*1 9,439,351	*1 10,184,942

(6) Notes to the Going Concern

Not applicable

(7) Important Accounting Standards

1. Evaluation standards and evaluation method of assets	<p>Securities</p> <p>Other securities</p> <p>Those with no fair value</p> <p>Cost method through moving-average method</p> <p>Concerning anonymous association equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from anonymous association is adopted.</p>
2. Depreciation of fixed assets	<p>(1) Property, plant and equipment (includes trust assets)</p> <p>The straight-line method is applied.</p> <p>Useful lives of the assets ranging are as follows:</p> <p>Buildings: 2 to 67 years</p> <p>Structures: 3 to 48 years</p> <p>Machinery and equipment: 8 to 30 years</p> <p>Tools, furniture and fixtures: 6 to 30 years</p> <p>(2) Long-term prepaid expenses</p> <p>The straight-line method is applied.</p>
3. Accounting policies for deferred assets	<p>(1) Unit issuance costs</p> <p>Unit issuance costs are amortized over a period of 3 years under the straight-line method.</p> <p>(2) Investment corporation bond issuance costs</p> <p>Bond issuance costs are amortized by applying the straight-line method for the entire redemption period.</p>
4. Accounting standards for revenues and expenses	<p>Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities.</p> <p>When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥7,827 thousand as of January 31, 2017. There were no capitalized property-related taxes as of July 31, 2017.</p>
5. Accounting for hedges	<p>(1) Hedge accounting method</p> <p>The deferred hedge method is applied. However, the special treatment is applied for the interest-rate swap agreements that meet the criteria.</p> <p>(2) Hedging instruments and risks hedged</p> <p>Hedge instruments</p> <p>The Investment Corporation enters into interest-rate swap transactions.</p> <p>Risks hedged</p> <p>Interest rates on debt.</p> <p>(3) Hedging policy</p> <p>The Investment Corporation enters into derivative transactions based on its risk management policies with the objective of hedging risks in accordance with its Articles of Incorporation.</p> <p>(4) Method of evaluating the effectiveness of hedging</p> <p>As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps that meet the requirements for special treatment.</p>
6. The scope of cash and cash equivalents on statements of cash flows	<p>Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.</p>
7. Other significant accounting policies utilized in the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets</p> <p>The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in the Investment Corporation's balance sheets and statements of income.</p> <p>Important line items included in accounting for financial assets and liabilities in the Investment Corporation's balance sheet are as follows:</p> <ol style="list-style-type: none"> 1. Cash and deposits in trust 2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust 3. Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption tax</p> <p>Consumption taxes are separately recorded. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>

(8) Notes to the Financial Statements

(Notes to the Balance Sheets)

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

(in thousands of yen)	
As of January 31, 2017	As of July 31, 2017
50,000	50,000

(Notes to the Statements of Income and Retained Earnings)

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

(in thousands of yen)		
	From August 1, 2016 to January 31, 2017	From February 1, 2017 to July 31, 2017
A. Rental and other operating revenues:		
Rental revenues	4,702,099	4,769,190
Rental revenues from limited proprietary rights of land	43,749	43,750
Common area charges	279,521	289,460
Subtotal	5,025,371	5,102,400
Others:		
Parking space rental revenues	176,046	173,218
Miscellaneous	236,199	299,200
Subtotal	412,245	472,418
Total rental and other operating revenues	5,437,617	5,574,819
B. Property-related expenses:		
Property management fees and facility management fees	364,753	386,322
Utilities	92,098	85,370
Taxes	311,891	324,067
Repairs and maintenance	208,250	234,429
Insurance	8,110	7,984
Trust fees	41,647	41,900
Depreciation	878,295	884,713
Others	145,309	159,458
Total property-related expenses	2,050,357	2,124,246
C. Net operating income (A-B)	3,387,259	3,450,573

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

10th Fiscal Period (From August 1, 2016 to January 31, 2017)

(in thousands of yen)	
KDX Toyohira Sanjo Residence	
Revenue from sale of the investment property	585,000
Costs of the investment property	567,084
Other sales expenses	3,537
Gain on sale of real estate property	14,378
KDX Residence Kamisugi	
Revenue from sale of the investment property	716,000
Costs of the investment property	695,659
Other sales expenses	4,239
Gain on sale of real estate property	16,100

11th Fiscal Period (From February 1, 2017 to July 31, 2017)

Not applicable

(Notes to the Statements of Changes in Net Assets)

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

	From August 1, 2016 to January 31, 2017	From February 1, 2017 to July 31, 2017
Total number of authorized investment units	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	349,089 units	349,089 units

(Notes to the Statements of Cash Flow)

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

(in thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Cash and deposits	5,679,445	6,405,982
Cash and deposits in trust	3,759,906	3,778,959
Cash and cash equivalents	9,439,351	10,184,942

(Notes to the Lease Transactions)

Operating lease transactions (Lessor)

Unearned lease payments

(in thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Due in 1 year	405,664	328,364
Due after 1 year	4,323,415	4,266,213
Total	4,729,080	4,594,578

(Notes to the Financial Instruments)

(A). Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer and interest rate fluctuation risk. Borrowings and investment corporation bonds are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 11 years and 1 month as of July 31, 2017, the end of the 11th fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

(3) Risk management for financial instruments

a. Credit risk

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

b. Market risk

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

c. Liquidity risk

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

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

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

(B). Estimated Fair Value of Financial Instruments

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

As of January 31, 2017

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	5,679,445	5,679,445	-
(2) Cash and deposits in trust	3,759,906	3,759,906	-
Total	9,439,351	9,439,351	-
(1) Short-term loans payable	1,000,000	1,000,000	-
(2) Current portion of long-term loans payable	11,000,000	11,005,140	5,140
(3) Investment corporation bonds	3,000,000	2,961,300	-38,700
(4) Long-term loans payable	66,800,000	66,990,356	190,356
Total	81,800,000	81,956,797	156,797
Derivative transactions	54,619	54,619	-

As of July 31, 2017

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	6,405,982	6,405,982	-
(2) Cash and deposits in trust	3,778,959	3,778,959	-
Total	10,184,942	10,184,942	-
(1) Short-term loans payable	1,000,000	1,000,000	-
(2) Current portion of long-term loans payable	11,000,000	10,956,857	-43,142
(3) Investment corporation bonds	3,000,000	2,967,700	-32,300
(4) Long-term loans payable	66,800,000	66,913,944	113,944
Total	81,800,000	81,838,502	38,502
Derivative transactions	26,626	26,626	-

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

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

(3) Investment corporation bonds

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

Derivative transactions

Please refer to "Notes to the Derivative Transactions".

Note 2: Financial instruments whose fair values are recognized to be extremely difficult to grasp

(in thousands of yen)

Classification	As of January 31, 2017	As of July 31, 2017
Investment securities *	-	91,579

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

Note 3: Redemption schedule for financial assets with maturities

As of January 31, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	5,679,445	-	-	-	-	-
Cash and deposits in trust	3,759,906	-	-	-	-	-
Total	9,439,351	-	-	-	-	-

As of July 31, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	6,405,982	-	-	-	-	-
Cash and deposits in trust	3,778,959	-	-	-	-	-
Total	10,184,942	-	-	-	-	-

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

As of January 31, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	1,000,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	1,000,000	2,000,000
Long-term loans payable	11,000,000	11,000,000	1,500,000	3,600,000	10,000,000	40,700,000
Total	12,000,000	11,000,000	1,500,000	3,600,000	11,000,000	42,700,000

As of July 31, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	1,000,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	1,000,000	2,000,000
Long-term loans payable	11,000,000	11,000,000	1,500,000	5,950,000	15,150,000	33,200,000
Total	12,000,000	11,000,000	1,500,000	5,950,000	16,150,000	35,200,000

(Notes to the Derivative Transactions)

(1) Transactions not subject to hedge accounting

As of January 31, 2017 and as of July 31, 2017: Not applicable

(2) Transactions subject to hedge accounting

As of January 31, 2017

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	9,000,000	9,000,000	54,619	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	57,300,000	46,300,000	*	-
Total			66,300,000	55,300,000	54,619	

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

As of July 31, 2017

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	9,000,000	9,000,000	26,626	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	57,300,000	46,300,000	*	-
Total			66,300,000	55,300,000	26,626	

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

(Notes to the Tax-Effect Accounting)

The significant components of deferred tax assets and liabilities:

(in thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Deferred tax assets:		
Enterprise tax payable	61	9
Subtotal deferred tax assets	61	9
Valuation allowance	-	-
Total deferred tax assets	61	9

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

	From August 1, 2016 to January 31, 2017	From February 1, 2017 to July 31, 2017
Statutory tax rate	33.35%	31.74%
Deductible cash distributions	-32.90	-31.73
Others	-0.38	0.03
Effective tax rate	0.07%	0.04%

(Notes to the Related-Party Transactions)

1. Parent Company, major corporate unitholders and other

10th Fiscal Period (August 1, 2016 to January 31, 2017) and 11th Fiscal Period (February 1, 2017 to July 31, 2017): Not applicable

2. Affiliated companies and other

10th Fiscal Period (August 1, 2016 to January 31, 2017) and 11th Fiscal Period (February 1, 2017 to July 31, 2017): Not applicable

3. Fellow subsidiary companies and other

10th Fiscal Period (August 1, 2016 to January 31, 2017) and 11th Fiscal Period (February 1, 2017 to July 31, 2017): Not applicable

4. Directors, major individual unitholders and other

10th Fiscal Period (August 1, 2016 to January 31, 2017) and 11th Fiscal Period (February 1, 2017 to July 31, 2017): Not applicable

(Notes to the Investment and Rental Properties)

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

(in thousands of yen)

		From August 1, 2016 to January 31, 2017	From February 1, 2017 to July 31, 2017
Book value	Balance at the beginning of period	150,211,821	156,805,298
	Changes during the period	6,593,476	-643,593
	Balance at the end of period	156,805,298	156,161,704
Fair value at the end of period		180,618,000	182,410,000

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

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the 10th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 10 properties totaling ¥8,513,821 thousand, and the principal decrease was the disposition of real estate trust beneficiary interests in 2 properties totaling ¥1,262,744 thousand and depreciation of ¥878,295 thousand, and during the 11th fiscal period, the principal decrease was depreciation of ¥884,713 thousand.

Note 3: The fair value is the appraisal value or the survey value determined by outside appraisers.

Income and loss for real estate rental business in the fiscal periods ended January 31, 2017 and July 31, 2017 for real estate for rental purposes is listed in "Notes to the Statements of Income and Retained Earnings".

(Notes to the Segment Information)

Segment information for the periods from August 1, 2016 to January 31, 2017 and from February 1, 2017 to July 31, 2017 is as follows:

(A) Segment information

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

(B) Related information

(1) Information about each product and service

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

(2) Information about each geographic area

(a) Net sales

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

(b) Property, plant and equipment

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

(3) Information about each major customer

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

(Notes to Per Unit Information)

	From August 1, 2016 to January 31, 2017	From February 1, 2017 to July 31, 2017
Net asset value per unit	¥236,478	¥236,498
Net income per unit	¥6,617	¥6,632

Note 1: The weighted average number of units outstanding of 349,089 was used for the computation of the amount of net income per unit for the periods ended January 31, 2017 and July 31, 2017. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

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

	From August 1, 2016 to January 31, 2017	From February 1, 2017 to July 31, 2017
Net income (in thousands of yen)	2,310,145	2,315,438
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	2,310,145	2,315,438
Weighted average number of units during the period (units)	349,089	349,089

(Notes to Important Subsequent Events)

Not applicable

【Reference】

Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Tokyo Metropolitan Area														
Property No.		T-1	T-3	T-4	T-5	T-6	T-7	T-9	T-10	T-11	T-12	T-13	T-15	T-16	T-17	
Property Name		KDX Daikanyama Residence	KDX Odenma Residence	KDX Iwamotocho Residence	KDX Bunkyo Sengoku Residence	KDX Azumabashi Residence	KDX Shimura Sakaue Residence	Cosmo Heim Motosumiyoshi (Land with leasehold interest)	KDX Musashi Nakahara Residence	KDX Chiba Chuo Residence	KDX Kawaguchi Saiwai-cho Residence	KDX Residence Shirokane I	KDX Residence Shirokane II	KDX Residence Minami-aoyama	KDX Residence Minami-azabu	
Acquisition Date		May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	April 26, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	4,700	1,775	822	1,488	650	2,830	1,750	637	1,480	1,150	3,000	2,800	2,230	2,080	
	Percentage of total portfolio	3.0%	1.1%	0.5%	1.0%	0.4%	1.8%	1.1%	0.4%	1.0%	0.7%	1.9%	1.8%	1.4%	1.3%	
	Net book value (In millions of yen)	4,730	1,739	806	1,474	628	2,735	1,798	639	1,382	1,134	3,026	2,818	2,246	2,086	
	Appraisal value at the end of period (In millions of yen)	5,680	1,990	928	1,710	849	3,250	1,790	712	1,740	1,350	3,430	3,340	2,470	2,530	
	Percentage of total appraisal value	3.1%	1.1%	0.5%	0.9%	0.5%	1.8%	1.0%	0.4%	1.0%	0.7%	1.9%	1.8%	1.4%	1.4%	
Lease Information	Number of leasable residential units	86	54	36	77	41	85	-	35	106	61	50	85	20	62	
	Leasable floor area (m ²)	5,338.99	2,353.23	1,131.24	2,054.10	1,054.83	6,117.48	3,040.11	2,123.46	3,546.91	2,491.66	3,617.32	2,889.66	1,680.79	2,785.42	
	Leased floor area (m ²)	5,281.30	2,264.29	1,028.25	2,054.10	1,005.79	5,907.18	3,040.11	2,062.96	3,371.71	2,389.92	3,517.04	2,766.97	1,610.31	2,581.65	
	Occupancy ratio															
	As of July 31, 2017	98.9%	96.2%	90.9%	100.0%	95.4%	96.6%	-	97.2%	95.1%	95.9%	97.2%	95.8%	95.8%	92.7%	
	As of January 31, 2017	100.0%	96.2%	100.0%	100.0%	97.7%	92.9%	-	97.2%	87.9%	95.2%	100.0%	97.8%	100.0%	100.0%	
	As of July 31, 2016	96.5%	94.5%	96.4%	93.4%	97.7%	97.5%	-	94.3%	97.2%	97.1%	97.5%	97.8%	97.7%	98.6%	
	As of January 31, 2016	99.4%	98.2%	94.4%	100.0%	97.7%	94.2%	-	100.0%	98.8%	97.1%	98.8%	98.1%	94.8%	98.8%	
	As of July 31, 2015	96.6%	96.4%	100.0%	97.7%	100.0%	97.5%	-	100.0%	91.9%	98.2%	100.0%	97.8%	97.7%	96.0%	
	As of January 31, 2015	90.6%	96.4%	100.0%	98.7%	95.5%	97.6%	-	97.2%	88.9%	81.2%	97.3%	97.5%	90.9%	95.2%	
As of July 31, 2014	98.2%	92.2%	96.4%	99.0%	100.0%	96.4%	-	100.0%	90.6%	91.7%	96.1%	96.0%	92.9%	90.2%		
As of January 31, 2014	94.1%	96.4%	100.0%	91.2%	97.7%	97.8%	-	91.3%	94.6%	98.2%	97.1%	98.9%	95.8%	91.1%		
As of July 31, 2013	95.5%	96.3%	97.2%	93.3%	95.4%	95.2%	-	100.0%	96.9%	96.6%	-	-	-	-		
As of January 31, 2013	96.8%	96.2%	100.0%	97.7%	93.1%	93.1%	-	88.5%	96.7%	95.2%	-	-	-	-		
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	
	①Rental and other operating revenues (In thousands of yen)	162,165	57,180	27,466	50,407	24,996	102,742	43,750	26,233	58,333	47,704	110,447	90,603	65,104	70,806	
	Rental revenues	142,500	54,144	26,434	47,878	23,766	90,604	43,750	23,578	53,456	42,522	93,110	83,939	63,507	67,638	
	Other operating revenues	19,664	3,035	1,031	2,528	1,229	12,137	-	2,655	4,877	5,182	17,336	6,664	1,597	3,168	
	②Property-related expenses (In thousands of yen)	34,759	11,787	5,855	10,605	5,433	30,287	1,258	9,012	21,983	15,696	31,800	17,783	10,142	13,037	
	Property management fees	13,403	3,663	2,027	3,161	2,680	8,732	-	3,019	4,705	3,265	6,828	6,975	3,479	4,751	
	Taxes	9,546	2,809	1,239	2,452	1,243	5,549	1,252	1,601	3,788	2,760	8,180	4,573	3,351	3,798	
	Utilities	3,518	464	282	523	230	1,190	-	349	912	702	12,692	1,519	1,230	461	
	Repairs and maintenance	3,789	3,433	1,527	3,109	623	10,578	-	3,076	7,464	6,313	2,672	2,000	1,028	2,694	
	Insurance	168	61	29	55	31	150	-	47	99	65	123	91	46	81	
Trust fees and other expenses	4,332	1,354	748	1,303	624	4,084	6	918	5,013	2,588	1,304	2,623	1,006	1,249		
③NOI (=①-②) (In thousands of yen)	127,405	45,392	21,610	39,802	19,562	72,454	42,491	17,220	36,350	32,007	78,646	72,820	54,962	57,769		
④Depreciation (In thousands of yen)	15,775	10,607	5,235	6,509	4,886	21,421	-	3,573	17,179	7,255	7,626	6,652	3,230	6,829		
⑤Rental operating income (=③-④) (In thousands of yen)	111,630	34,785	16,374	33,292	14,676	51,032	42,491	13,647	19,171	24,752	71,019	66,167	51,731	50,939		
⑥Capital expenditures (In thousands of yen)	4,470	2,832	370	268	-	4,490	-	3,563	992	659	5,524	1,407	-	2,934		
⑦NCF (=⑤-⑥) (In thousands of yen)	122,935	42,560	21,240	39,534	19,562	67,963	42,491	13,657	35,358	31,348	73,122	71,413	54,962	54,834		
Reference	Expense ratio (=⑥/⑤)	21.4%	20.6%	21.3%	21.0%	21.7%	29.5%	2.9%	34.4%	37.7%	32.9%	28.8%	19.6%	15.6%	18.4%	
	Property tax for the year 2017 (In thousands of yen)	17,708	5,619	2,479	4,904	2,486	11,098	2,502	3,199	7,575	5,514	15,257	9,146	6,703	7,597	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

【Reference】

Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Tokyo Metropolitan Area														
Property No.		T-18	T-19	T-20	T-21	T-22	T-23	T-24	T-25	T-26	T-27	T-28	T-29	T-30	T-31	
Property Name		KDX Residence Shiba Koen	KDX Residence Azabu East	KDX Residence Takanawa	KDX Residence Nishihara	KDX Residence Daikanyama II	KDX Residence Sendagaya	KDX Residence Nihombashi Suitengu	KDX Residence Nihombashi Hakozaki	KDX Residence Higashi-shinjuku	KDX Residence Yotsuya	KDX Residence Nishi-shinjuku	KDX Residence Kagurazaka	KDX Residence Futako Tamagawa	KDX Residence Komazawa Koen	
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	1,781	1,560	770	1,450	730	650	3,240	1,147	3,270	2,260	1,000	720	1,250	920	
	Percentage of total portfolio	1.1%	1.0%	0.5%	0.9%	0.5%	0.4%	2.1%	0.7%	2.1%	1.5%	0.6%	0.5%	0.8%	0.6%	
	Net book value (In millions of yen)	1,781	1,564	772	1,458	763	648	3,222	1,140	3,261	2,269	1,003	719	1,278	918	
	Appraisal value at the end of period (In millions of yen)	2,220	1,910	956	1,870	928	782	3,860	1,330	3,880	2,580	1,250	870	1,420	1,070	
	Percentage of total appraisal value	1.2%	1.0%	0.5%	1.0%	0.5%	0.4%	2.1%	0.7%	2.1%	1.4%	0.7%	0.5%	0.8%	0.6%	
Lease Information	Number of leasable residential units	64	76	27	39	17	16	79	60	179	42	54	34	38	32	
	Leasable floor area (m ²)	2,507.52	1,849.00	1,034.27	2,310.08	985.10	748.96	5,534.86	1,537.38	4,358.43	3,101.16	1,345.92	890.93	2,339.62	1,020.18	
	Leased floor area (m ²)	2,468.09	1,849.00	1,034.27	2,108.10	985.10	748.96	5,534.86	1,516.87	4,358.43	3,042.46	1,299.67	866.07	2,284.62	1,020.18	
	Occupancy ratio															
	As of July 31, 2017	98.4%	100.0%	100.0%	91.3%	100.0%	100.0%	100.0%	100.0%	98.7%	100.0%	98.1%	96.6%	97.2%	97.6%	100.0%
	As of January 31, 2017	98.4%	97.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.5%	100.0%	100.0%	96.4%	97.2%	94.7%	100.0%
	As of July 31, 2016	93.4%	98.9%	92.5%	95.9%	100.0%	100.0%	100.0%	100.0%	97.3%	97.5%	100.0%	100.0%	100.0%	97.1%	100.0%
	As of January 31, 2016	94.6%	97.7%	100.0%	93.7%	100.0%	100.0%	100.0%	100.0%	98.4%	97.9%	93.7%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2015	93.7%	97.7%	97.4%	97.5%	100.0%	87.6%	100.0%	97.1%	98.0%	100.0%	98.5%	97.2%	92.1%	97.8%	
	As of January 31, 2015	93.3%	100.0%	100.0%	97.9%	100.0%	100.0%	100.0%	91.4%	99.0%	93.9%	98.2%	94.3%	100.0%	100.0%	
As of July 31, 2014	94.0%	94.3%	91.0%	97.6%	90.9%	100.0%	100.0%	95.3%	97.9%	89.1%	96.8%	100.0%	100.0%	100.0%		
As of January 31, 2014	100.0%	94.3%	100.0%	94.8%	100.0%	100.0%	100.0%	91.8%	95.9%	93.9%	95.2%	94.4%	97.0%	97.8%		
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	
	①Rental and other operating revenues (In thousands of yen)	62,574	53,655	26,088	50,974	28,597	22,761	96,550	40,420	108,989	76,838	34,968	24,968	43,398	28,133	
	Rental revenues	59,466	50,887	24,519	46,541	23,511	19,973	93,188	37,651	103,282	70,533	33,158	22,998	38,891	26,354	
	Other operating revenues	3,107	2,768	1,568	4,433	5,085	2,787	3,361	2,769	5,707	6,305	1,810	1,970	4,506	1,778	
	②Property-related expenses (In thousands of yen)	12,962	11,858	6,338	10,296	4,225	6,161	10,098	7,858	17,088	17,131	7,336	5,049	8,235	5,096	
	Property management fees	5,002	4,082	2,413	3,684	1,857	1,835	1,465	3,285	6,379	7,197	3,375	1,950	3,542	2,146	
	Taxes	2,915	2,508	1,471	3,031	1,689	1,132	4,995	1,726	5,481	4,890	1,697	1,018	2,117	1,243	
	Utilities	555	468	353	713	187	293	812	422	1,345	1,088	328	229	365	378	
	Repairs and maintenance	2,620	2,681	682	2,262	44	2,131	1,690	1,186	2,142	2,313	1,379	921	1,355	320	
	Insurance	64	58	28	68	28	26	142	43	124	136	36	25	59	27	
Trust fees and other expenses	1,804	2,058	1,389	535	418	741	991	1,194	1,614	1,504	519	903	795	979		
③NOI (=①-②) (In thousands of yen)	49,611	41,797	19,750	40,678	24,372	16,599	86,451	32,562	91,901	59,707	27,632	19,918	35,162	23,037		
④Depreciation (In thousands of yen)	5,768	6,125	2,759	5,745	1,262	2,804	17,734	6,478	11,552	9,261	3,841	3,319	4,498	4,646		
⑤Rental operating income (=③-④) (In thousands of yen)	43,842	35,671	16,991	34,933	23,109	13,795	68,716	26,084	80,349	50,445	23,790	16,599	30,664	18,390		
⑥Capital expenditures (In thousands of yen)	124	1,918	1,228	3,989	-	-	1,638	369	423	1,711	2,212	-	8,556	268		
⑦NCF (=⑤-⑥) (In thousands of yen)	49,486	39,879	18,521	36,688	24,372	16,599	84,812	32,192	91,477	57,995	25,419	19,918	26,606	22,768		
Reference	Expense ratio (=⑥/①)	20.7%	22.1%	24.3%	20.2%	14.8%	27.1%	10.5%	19.4%	15.7%	22.3%	21.0%	20.2%	19.0%	18.1%	
	Property tax for the year 2017 (In thousands of yen)	5,830	5,016	2,941	6,063	3,378	2,265	9,991	3,452	10,963	9,781	3,395	2,036	4,234	2,487	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

【Reference】

Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Tokyo Metropolitan Area														
Property No.		T-32	T-33	T-34	T-35	T-36	T-37	T-38	T-39	T-40	T-41	T-42	T-43	T-44	T-45	
Property Name		KDX Residence Mishuku	KDX Residence Yoga	KDX Residence Shimouma	Raffine Minami-magome	KDX Residence Yukigaya Otsuka	KDX Residence Denen Chofu	KDX Residence Tamagawa	KDX Residence Monzennakacho	KDX Residence Okachimachi	KDX Residence Moto-asakusa	KDX Residence Itabashi Honcho	KDX Residence Azusawa	KDX Residence Tobu Nerima	KDX Residence Yokohama Kannai	
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	760	700	600	1,250	1,050	1,000	776	773	850	800	620	550	420	800	
	Percentage of total portfolio	0.5%	0.5%	0.4%	0.8%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.3%	0.5%	
	Net book value (In millions of yen)	763	703	606	1,249	1,043	1,059	761	770	850	799	614	563	410	793	
	Appraisal value at the end of period (In millions of yen)	885	832	722	1,460	1,280	1,190	901	937	1,020	968	727	634	496	959	
	Percentage of total appraisal value	0.5%	0.5%	0.4%	0.8%	0.7%	0.7%	0.5%	0.5%	0.6%	0.5%	0.4%	0.3%	0.3%	0.5%	
Lease Information	Number of leasable residential units	39	38	29	56	72	36	52	49	51	44	46	39	37	72	
	Leasable floor area (m ²)	1,103.82	1,012.80	829.05	2,408.56	1,526.98	2,359.44	1,170.40	1,171.41	1,329.79	1,314.91	1,127.58	989.82	931.82	1,602.16	
	Leased floor area (m ²)	1,103.82	1,012.80	802.93	2,408.56	1,526.98	2,359.44	1,148.50	1,171.41	1,329.79	1,294.58	1,106.14	989.82	900.60	1,490.84	
	Occupancy ratio															
	As of July 31, 2017	100.0%	100.0%	96.8%	100.0%	100.0%	100.0%	98.1%	100.0%	100.0%	98.5%	98.1%	100.0%	96.6%	93.1%	
	As of January 31, 2017	94.1%	100.0%	93.7%	100.0%	98.7%	94.4%	98.3%	100.0%	98.0%	92.4%	96.1%	97.9%	94.4%	88.0%	
	As of July 31, 2016	96.0%	100.0%	100.0%	100.0%	95.7%	91.7%	96.5%	93.7%	98.2%	97.4%	94.0%	90.2%	94.9%	90.8%	
	As of January 31, 2016	95.3%	100.0%	96.7%	100.0%	100.0%	97.2%	100.0%	100.0%	100.0%	98.4%	95.8%	100.0%	97.3%	98.8%	
	As of July 31, 2015	97.7%	100.0%	97.0%	100.0%	98.4%	97.2%	96.4%	96.2%	100.0%	92.4%	96.1%	94.1%	100.0%	97.2%	
	As of January 31, 2015	100.0%	100.0%	100.0%	100.0%	100.0%	97.2%	100.0%	97.5%	100.0%	94.3%	93.9%	90.9%	97.8%	89.2%	
As of July 31, 2014	100.0%	100.0%	95.5%	100.0%	97.3%	100.0%	98.2%	95.5%	100.0%	97.5%	97.7%	90.9%	96.6%	90.9%		
As of January 31, 2014	97.7%	97.5%	96.9%	100.0%	95.9%	97.2%	96.5%	84.3%	96.2%	93.3%	96.0%	96.7%	100.0%	92.3%		
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	
	①Rental and other operating revenues (In thousands of yen)	26,180	23,535	20,620	47,312	38,940	37,656	29,276	27,987	32,405	29,964	22,907	19,821	17,808	34,293	
	Rental revenues	25,420	21,588	19,613	47,312	36,896	35,060	26,346	26,010	29,213	28,309	21,613	18,817	16,686	30,968	
	Other operating revenues	760	1,947	1,006	-	2,044	2,596	2,929	1,977	3,191	1,654	1,293	1,003	1,121	3,324	
	②Property-related expenses (In thousands of yen)	5,715	3,755	4,928	3,729	9,444	6,193	7,744	7,401	5,987	6,024	6,448	4,962	6,287	10,223	
	Property management fees	2,199	1,325	2,124	418	2,895	2,858	2,746	3,109	3,012	2,858	2,062	2,376	2,295	4,558	
	Taxes	1,423	1,255	779	2,069	1,925	1,889	1,500	1,274	1,666	1,509	1,229	1,206	1,091	1,654	
	Utilities	212	365	206	-	426	438	355	359	353	370	310	186	176	600	
	Repairs and maintenance	627	317	835	730	2,121	543	1,886	1,466	460	695	1,316	460	1,133	2,055	
	Insurance	31	26	20	51	43	49	38	31	33	38	28	29	26	50	
Trust fees and other expenses	1,220	463	961	460	2,031	414	1,217	1,160	461	552	1,500	703	1,564	1,305		
③NOI (=①-②) (In thousands of yen)	20,465	19,780	15,692	43,582	29,496	31,463	21,531	20,586	26,418	23,939	16,458	14,859	11,520	24,069		
④Depreciation (In thousands of yen)	3,106	2,600	2,239	3,402	5,440	4,110	5,888	3,935	3,768	4,452	4,198	3,353	3,765	5,924		
⑤Rental operating income (=③-④) (In thousands of yen)	17,359	17,180	13,452	40,180	24,056	27,352	15,643	16,650	22,650	19,486	12,260	11,505	7,754	18,144		
⑥Capital expenditures (In thousands of yen)	434	218	589	1,018	242	3,367	128	1,636	-	362	643	-	117	1,627		
⑦NCF (=⑤-⑥) (In thousands of yen)	20,030	19,561	15,102	42,563	29,254	28,095	21,402	18,950	26,418	23,576	15,815	14,859	11,402	22,441		
Reference	Expense ratio (=②/①)	21.8%	16.0%	23.9%	7.9%	24.3%	16.4%	26.5%	26.4%	18.5%	20.1%	28.2%	25.0%	35.3%	29.8%	
	Property tax for the year 2017 (In thousands of yen)	2,846	2,511	1,559	4,139	3,850	3,778	3,001	2,549	3,331	3,018	2,459	2,413	2,183	3,307	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

【Reference】 Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Tokyo Metropolitan Area														
Property No.		T-46	T-47	T-48	T-49	T-50	T-51	T-52	T-53	T-54	T-55	T-56	T-57	T-58	T-59	
Property Name		KDX Residence Miyamaedaira	KDX Residence Machida	KDX Residence Kinshicho	KDX Residence Nihombashi Hamacho	KDX Residence Nihombashi Ningyocho	KDX Residence Jiyugaoka	KDX Residence Togoshi	KDX Residence Shinagawa Seaside	KDX Residence Ojima	KDX Residence Oyama	KDX Residence Hanzomon	B-Site Akihabara	Bureau Kagurazaka	KDX Residence Sendagi	
Acquisition Date		August 7, 2013	August 7, 2013	March 28, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	
Price Information	Acquisition price (In millions of yen)	999	1,800	1,350	996	530	1,268	3,745	2,593	1,857	2,679	4,832	850	1,360	2,200	
	Percentage of total portfolio	0.6%	1.2%	0.9%	0.6%	0.3%	0.8%	2.4%	1.7%	1.2%	1.7%	3.1%	0.5%	0.9%	1.4%	
	Net book value (In millions of yen)	1,003	1,758	1,359	1,011	568	1,330	3,791	2,624	1,872	2,701	4,935	871	1,389	2,380	
	Appraisal value at the end of period (In millions of yen)	1,130	1,990	1,600	1,170	643	1,500	4,500	3,090	2,160	3,120	5,470	942	1,520	2,360	
	Percentage of total appraisal value	0.6%	1.1%	0.9%	0.6%	0.4%	0.8%	2.5%	1.7%	1.2%	1.7%	3.0%	0.5%	0.8%	1.3%	
Lease Information	Number of leasable residential units	40	52	33	28	27	48	144	127	117	145	85	52	70	40	
	Leasable floor area (m ²)	2,448.27	3,832.53	2,024.81	1,756.27	877.14	1,637.00	4,591.76	3,314.75	2,372.67	4,009.07	4,854.23	1,254.50	1,809.84	3,159.89	
	Leased floor area (m ²)	2,448.27	3,671.71	2,024.81	1,756.27	849.10	1,601.81	4,539.05	3,268.61	2,291.70	3,783.68	4,717.85	1,254.50	1,809.84	3,159.89	
	Occupancy ratio															
	As of July 31, 2017	100.0%	95.8%	100.0%	100.0%	96.8%	97.9%	98.9%	98.6%	96.6%	94.4%	97.2%	100.0%	100.0%	100.0%	
	As of January 31, 2017	89.8%	100.0%	96.9%	100.0%	96.8%	98.6%	95.5%	100.0%	97.4%	93.2%	97.0%	100.0%	100.0%	95.0%	
	As of July 31, 2016	95.1%	100.0%	100.0%	100.0%	95.4%	95.1%	95.9%	97.5%	99.1%	95.3%	97.7%	100.0%	100.0%	99.0%	
	As of January 31, 2016	95.3%	95.8%	96.8%	100.0%	100.0%	91.6%	98.4%	100.0%	99.1%	93.5%	98.8%	100.0%	100.0%	100.0%	
	As of July 31, 2015	95.3%	100.0%	96.9%	100.0%	100.0%	87.9%	98.2%	93.4%	98.3%	91.3%	94.6%	100.0%	100.0%	100.0%	
	As of January 31, 2015	90.0%	94.5%	97.3%	100.0%	90.9%	87.7%	97.0%	89.4%	100.0%	91.2%	-	-	-	-	
As of July 31, 2014	92.1%	94.0%	87.4%	-	-	-	-	-	-	-	-	-	-	-		
As of January 31, 2014	95.2%	88.7%	-	-	-	-	-	-	-	-	-	-	-	-		
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	
	①Rental and other operating revenues (In thousands of yen)	37,246	63,684	45,144	29,886	18,874	39,102	121,339	87,034	63,762	92,702	129,473	23,882	39,061	66,072	
	Rental revenues	33,263	56,587	37,934	29,808	17,943	36,689	112,451	80,513	58,802	82,941	117,287	23,882	39,000	59,712	
	Other operating revenues	3,983	7,096	7,209	77	930	2,412	8,888	6,521	4,959	9,760	12,186	-	61	6,359	
	②Property-related expenses (In thousands of yen)	10,274	15,426	9,168	5,332	5,714	9,131	20,635	17,100	13,991	17,534	22,559	4,796	6,858	15,345	
	Property management fees	3,787	4,254	2,934	1,059	1,992	2,902	7,518	5,602	5,567	5,200	7,028	-	1,248	3,449	
	Taxes	2,042	3,537	2,275	1,565	983	1,877	5,527	4,653	2,733	4,805	6,780	1,608	2,376	2,945	
	Utilities	492	749	542	306	219	320	645	781	544	1,031	1,056	-	518	2,649	
	Repairs and maintenance	2,846	5,153	2,265	1,971	1,576	1,584	3,020	3,063	3,017	3,288	4,183	2,791	1,788	4,779	
	Insurance	64	110	72	43	25	41	146	112	75	119	144	37	56	92	
Trust fees and other expenses	1,040	1,621	1,078	385	917	2,406	3,777	2,886	2,052	3,089	3,366	360	871	1,429		
③NOI (=①-②) (In thousands of yen)	26,971	48,257	35,975	24,553	13,159	29,970	100,703	69,934	49,771	75,167	106,914	19,085	32,203	50,726		
④Depreciation (In thousands of yen)	4,751	14,870	6,866	4,101	2,209	4,160	16,934	12,787	11,042	16,562	13,969	2,511	3,642	8,129		
⑤Rental operating income (=③-④) (In thousands of yen)	22,219	33,387	29,108	20,452	10,950	25,810	83,769	57,146	38,728	58,604	92,945	16,573	28,561	42,596		
⑥Capital expenditures (In thousands of yen)	4,942	1,234	529	541	1,460	973	6,625	325	418	2,303	5,142	-	386	64,578		
⑦NCF (=⑤-⑥) (In thousands of yen)	22,029	47,022	35,445	24,012	11,698	28,997	94,078	69,608	49,352	72,864	101,771	19,085	31,817	△13,852		
Reference	Expense ratio (=②/①)	27.6%	24.2%	20.3%	17.8%	30.3%	23.4%	17.0%	19.6%	21.9%	18.9%	17.4%	20.1%	17.6%	23.2%	
	Property tax for the year 2017 (In thousands of yen)	4,083	7,070	4,551	3,130	1,966	3,754	11,054	9,307	5,466	9,610	13,560	3,217	4,752	5,861	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

【Reference】

Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Tokyo Metropolitan Area													
Property No.		T-60	T-61	T-62	T-63	T-64	T-65	T-66	T-67	T-68	T-69	T-70	T-71	T-72	T-73
Property Name		KDX Residence Seijo	KDX Residence Akihabara	KDX Residence Iriya	KDX Residence Tachikawa	KDX Residence Tsurumi	KDX Residence Morishita Chitose	KDX Residence Akasaka	KDX Residence Kanda	KDX Residence Ebisu	KDX Residence Nishi-magome	KDX Residence Nishi-azabu	KDX Residence Azabu Sendaizaka	KDX Residence Waseda Tsurumaki	KDX Residence Bunkyo Yushima
Acquisition Date		February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	June 1, 2015	September 30, 2015	September 30, 2015	October 30, 2015	August 30, 2016	August 1, 2016	August 1, 2016	August 1, 2016	August 1, 2016
Price Information	Acquisition price (In millions of yen)	1,400	1,250	1,062	3,026	1,050	1,100	1,150	700	2,845	1,130	1,224	792	561	695
	Percentage of total portfolio	0.9%	0.8%	0.7%	2.0%	0.7%	0.7%	0.7%	0.5%	1.8%	0.7%	0.8%	0.5%	0.4%	0.4%
	Net book value (In millions of yen)	1,433	1,272	1,084	3,066	1,128	1,126	1,207	736	2,984	1,189	1,252	810	577	712
	Appraisal value at the end of period (In millions of yen)	1,520	1,430	1,300	3,410	1,380	1,170	1,530	1,020	3,880	1,180	1,440	924	778	890
	Percentage of total appraisal value	0.8%	0.8%	0.7%	1.9%	0.8%	0.6%	0.8%	0.6%	2.1%	0.6%	0.8%	0.5%	0.4%	0.5%
Lease Information	Number of leasable residential units	38	32	57	174	59	65	28	30	65	47	33	30	39	38
	Leasable floor area (m ²)	2,198.56	1,929.61	1,899.29	4,314.87	3,499.84	1,614.28	1,180.71	1,031.09	2,659.66	1,297.27	1,357.88	878.50	808.54	939.89
	Leased floor area (m ²)	2,144.19	1,929.61	1,899.29	4,261.88	3,499.84	1,562.04	1,138.72	1,031.09	2,450.03	1,181.18	1,315.97	825.66	747.23	919.49
	Occupancy ratio														
	As of July 31, 2017	97.5%	100.0%	100.0%	98.8%	100.0%	96.8%	96.4%	100.0%	92.1%	91.1%	96.9%	94.0%	92.4%	97.8%
	As of January 31, 2017	93.8%	100.0%	95.7%	94.9%	98.5%	98.7%	100.0%	100.0%	97.1%	36.2%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2016	100.0%	85.8%	97.1%	92.1%	96.8%	98.7%	93.1%	100.0%	97.3%	-	-	-	-	-
	As of January 31, 2016	88.5%	87.9%	100.0%	95.9%	98.5%	96.8%	100.0%	97.4%	58.3%	-	-	-	-	-
	As of July 31, 2015	89.8%	97.0%	98.6%	96.1%	98.4%	96.2%	-	-	-	-	-	-	-	-
	As of January 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As of July 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	40,440	38,874	39,303	99,407	53,936	38,829	39,959	29,470	92,963	21,667	38,617	26,104	21,492	23,860
	Rental revenues	35,451	36,135	36,538	88,913	46,754	35,862	36,026	25,838	90,185	21,153	36,255	25,052	20,986	22,913
	Other operating revenues	4,988	2,738	2,764	10,493	7,181	2,966	3,932	3,632	2,778	514	2,362	1,052	505	947
	②Property-related expenses (In thousands of yen)	10,332	8,314	8,789	17,689	15,592	9,217	5,578	6,339	11,002	12,633	7,346	6,989	5,336	4,963
	Property management fees	3,122	3,064	3,131	7,243	3,695	2,805	2,682	2,582	3,661	4,278	2,659	2,778	2,067	1,584
	Taxes	2,729	2,088	1,948	4,272	2,506	1,907	1,507	1,652	3,287	1,675	2,530	1,568	1,002	1,179
	Utilities	420	329	320	773	551	522	233	348	879	184	537	281	280	299
	Repairs and maintenance	2,182	1,087	1,803	2,765	6,881	2,197	385	435	889	244	676	1,178	890	622
	Insurance	63	51	51	134	83	44	35	31	81	35	41	27	23	26
Trust fees and other expenses	1,811	1,692	1,533	2,500	1,872	1,740	734	1,289	2,203	6,215	901	1,155	1,070	1,250	
③NOI (=①-②) (In thousands of yen)	30,108	30,559	30,514	81,717	38,344	29,611	34,380	23,130	81,961	9,033	31,270	19,115	16,156	18,897	
④Depreciation (In thousands of yen)	4,551	6,575	6,162	21,052	6,809	5,635	4,195	3,682	11,265	4,885	3,802	2,361	2,964	3,057	
⑤Rental operating income (=③-④) (In thousands of yen)	25,556	23,984	24,352	60,664	31,535	23,975	30,185	19,447	70,696	4,147	27,467	16,753	13,191	15,839	
⑥Capital expenditures (In thousands of yen)	2,612	788	321	-	10,884	1,884	-	-	541	-	1,242	1,656	-	223	
⑦NCF (=⑤-⑥) (In thousands of yen)	27,495	29,771	30,192	81,717	27,460	27,726	34,380	23,130	81,420	9,033	30,028	17,458	16,156	18,673	
Reference	Expense ratio (=②/①)	25.5%	21.4%	22.4%	17.8%	28.9%	23.7%	14.0%	21.5%	11.8%	58.3%	19.0%	26.8%	24.8%	20.8%
	Property tax for the year 2017 (In thousands of yen)	5,459	4,176	3,897	8,545	5,010	3,814	3,014	3,304	6,574	3,351	5,061	3,136	2,005	2,359
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】

Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Tokyo Metropolitan Area				Other Regional Areas									
Property No.		T-74	T-75	T-76	T-77	R-2	R-3	R-4	R-5	R-6	R-7	R-8	R-9	R-10	R-11
Property Name		KDX Residence Kamishakujiji	KDX Residence Shin-otsuka	KDX Residence Sakurajosui	KDX Residence Ryogoku	KDX Jozenji Dori Residence	KDX Izumi Residence	KDX Chibaya Residence	KDX Sakaisuji Hommachi Residence	KDX Shimmachi Residence	KDX Takarazuka Residence	KDX Shimizu Residence	KDX Residence Odori Koen	KDX Residence Kikusui Yojo	KDX Residence Toyohira Koen
Acquisition Date		August 1, 2016	November 1, 2016	November 1, 2016	November 1, 2016	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	648	764	894	842	1,015	1,120	1,080	2,910	1,015	1,510	1,680	765	830	445
	Percentage of total portfolio	0.4%	0.5%	0.6%	0.5%	0.7%	0.7%	0.7%	1.9%	0.7%	1.0%	1.1%	0.5%	0.5%	0.3%
	Net book value (In millions of yen)	666	789	923	872	975	1,082	1,035	2,796	971	1,417	1,613	746	813	437
	Appraisal value at the end of period (In millions of yen)	750	922	1,100	1,050	1,260	1,290	1,350	3,150	1,200	1,780	1,950	899	1,000	529
	Percentage of total appraisal value	0.4%	0.5%	0.6%	0.6%	0.7%	0.7%	0.7%	1.7%	0.7%	1.0%	1.1%	0.5%	0.5%	0.3%
Lease Information	Number of leasable residential units	47	40	43	36	92	40	92	160	94	80	148	78	84	65
	Leasable floor area (m ²)	1,032.18	872.00	1,227.16	1,190.53	3,330.15	2,798.20	2,936.40	6,385.70	2,146.02	4,631.16	6,255.16	2,762.76	3,413.06	2,253.81
	Leased floor area (m ²)	988.17	872.00	1,227.16	1,164.95	3,164.74	2,724.75	2,695.82	6,067.79	2,031.87	4,598.52	5,721.44	2,656.12	3,167.01	2,150.14
	Occupancy ratio														
	As of July 31, 2017	95.7%	100.0%	100.0%	97.9%	95.0%	97.4%	91.8%	95.0%	94.7%	99.3%	91.5%	96.1%	92.8%	95.4%
	As of January 31, 2017	97.8%	100.0%	100.0%	87.2%	93.4%	97.6%	99.2%	94.4%	94.7%	97.1%	96.6%	98.7%	100.0%	96.9%
	As of July 31, 2016	-	-	-	-	95.7%	97.4%	94.8%	88.6%	93.6%	91.4%	97.6%	98.7%	100.0%	98.4%
	As of January 31, 2016	-	-	-	-	98.0%	89.8%	97.3%	91.4%	92.6%	97.1%	98.0%	96.1%	97.9%	93.9%
	As of July 31, 2015	-	-	-	-	100.0%	85.0%	98.9%	97.5%	93.6%	94.3%	94.2%	100.0%	94.3%	97.0%
	As of January 31, 2015	-	-	-	-	98.2%	100.0%	96.4%	93.2%	98.9%	95.7%	92.1%	94.9%	91.9%	95.5%
As of July 31, 2014	-	-	-	-	96.4%	95.0%	100.0%	92.9%	100.0%	90.0%	94.2%	96.1%	100.0%	96.9%	
As of January 31, 2014	-	-	-	-	97.9%	97.6%	95.1%	94.0%	92.6%	97.1%	95.4%	98.7%	99.0%	92.3%	
As of July 31, 2013	-	-	-	-	100.0%	97.6%	98.9%	90.8%	96.8%	100.0%	93.6%	-	-	-	
As of January 31, 2013	-	-	-	-	99.1%	92.1%	100.0%	93.0%	92.8%	92.8%	99.4%	-	-	-	
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	23,037	22,608	34,666	27,160	49,550	42,852	48,037	106,631	37,867	59,899	71,406	33,454	38,516	23,128
	Rental revenues	21,694	22,248	28,009	25,465	44,900	36,456	43,256	98,106	36,207	55,048	63,555	30,987	34,386	21,065
	Other operating revenues	1,342	360	6,657	1,695	4,650	6,396	4,780	8,525	1,660	4,851	7,851	2,466	4,130	2,062
	②Property-related expenses (In thousands of yen)	6,329	1,831	10,732	7,524	12,348	9,279	12,227	25,357	9,605	11,689	17,360	8,927	10,154	9,044
	Property management fees	1,773	240	4,406	3,036	3,380	3,159	4,079	5,924	2,143	3,214	4,030	2,534	3,219	2,556
	Taxes	1,634	1,267	1,508	1,277	3,244	2,410	3,002	7,607	1,898	3,915	5,401	2,627	3,283	2,143
	Utilities	246	-	241	220	863	283	697	1,378	529	630	664	603	1,078	894
	Repairs and maintenance	1,543	-	100	497	2,845	2,093	2,650	3,650	2,310	2,012	5,845	1,244	1,182	1,051
	Insurance	29	23	35	33	79	68	78	194	57	103	151	71	62	54
	Trust fees and other expenses	1,101	299	4,440	2,459	1,935	1,263	1,719	6,600	2,665	1,813	1,266	1,846	1,327	2,343
	③NOI (=①-②) (In thousands of yen)	16,708	20,776	23,934	19,636	37,201	33,572	35,809	81,274	28,262	48,210	54,046	24,527	28,361	14,083
	④Depreciation (In thousands of yen)	3,454	3,433	4,116	4,392	10,350	9,151	10,014	23,737	8,995	16,518	14,188	7,837	7,501	4,385
⑤Rental operating income (=③-④) (In thousands of yen)	13,253	17,343	19,818	15,243	26,851	24,421	25,795	57,537	19,266	31,691	39,857	16,689	20,859	9,698	
⑥Capital expenditures (In thousands of yen)	1,217	-	-	-	-	823	-	1,943	-	508	134	938	281	225	
⑦NCF (=⑤-⑥) (In thousands of yen)	15,491	20,776	23,934	19,636	37,201	32,749	35,809	79,331	28,262	47,702	53,912	23,588	28,079	13,858	
Reference	Expense ratio (=②/①)	27.5%	8.1%	31.0%	27.7%	24.9%	21.7%	25.5%	23.8%	25.4%	19.5%	24.3%	26.7%	26.4%	39.1%
	Property tax for the year 2017 (In thousands of yen)	3,268	2,535	3,016	2,555	6,489	4,819	6,005	15,209	3,794	7,825	10,801	5,255	6,566	4,287
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Other Regional Areas													
Property No.		R-13	R-14	R-15	R-16	R-17	R-18	R-19	R-20	R-21	R-22	R-23	R-24	R-25	R-26
Property Name		KDX Residence Ichiban-cho	KDX Residence Kotodai	KDX Residence Izumi Chuo	KDX Residence Higashi-sakura I	KDX Residence Higashi-sakura II	KDX Residence Jungumae	KDX Residence Nishi-oji	KDX Residence Saiin	KDX Residence Nanba	KDX Residence Namba-minami	KDX Residence Shin-Osaka	KDX Residence Ibaraki I-II	KDX Residence Toyonaka-minami	KDX Residence Moriguchi
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	530	520	480	2,350	900	840	813	440	1,410	1,350	510	1,275	740	551
	Percentage of total portfolio	0.3%	0.3%	0.3%	1.5%	0.6%	0.5%	0.5%	0.3%	0.9%	0.9%	0.3%	0.8%	0.5%	0.4%
	Net book value (In millions of yen)	520	512	473	2,316	887	824	803	434	1,396	1,326	496	1,293	713	537
	Appraisal value at the end of period (In millions of yen)	683	562	611	2,700	1,070	1,040	925	498	1,630	1,560	578	1,387	840	640
	Percentage of total appraisal value	0.4%	0.3%	0.3%	1.5%	0.6%	0.6%	0.5%	0.3%	0.9%	0.9%	0.3%	0.8%	0.5%	0.4%
Lease Information	Number of leasable residential units	45	27	40	187	66	95	76	49	118	131	43	61	70	28
	Leasable floor area (m ²)	1,818.09	1,475.73	2,159.25	6,221.83	2,655.31	2,724.19	2,353.55	1,094.81	3,387.30	3,813.31	1,321.04	4,701.87	2,024.50	1,942.78
	Leased floor area (m ²)	1,733.75	1,422.11	1,921.61	5,888.85	2,536.21	2,616.53	2,257.20	1,094.81	3,387.30	3,714.81	1,200.64	4,701.87	1,936.73	1,866.76
	Occupancy ratio														
	As of July 31, 2017	95.4%	96.4%	89.0%	94.6%	95.5%	96.0%	95.9%	100.0%	100.0%	97.4%	90.9%	100.0%	95.7%	96.1%
	As of January 31, 2017	91.6%	88.9%	97.9%	90.4%	95.5%	92.0%	96.8%	94.1%	97.7%	95.6%	95.4%	93.5%	95.8%	96.1%
	As of July 31, 2016	97.3%	96.2%	92.7%	93.1%	91.0%	97.8%	97.8%	96.2%	96.2%	95.7%	90.9%	95.1%	98.7%	96.2%
	As of January 31, 2016	97.3%	100.0%	94.8%	92.0%	92.5%	97.8%	95.9%	95.7%	100.0%	97.8%	100.0%	98.3%	97.0%	100.0%
	As of July 31, 2015	95.3%	92.5%	92.5%	92.5%	95.5%	98.2%	98.0%	91.8%	96.2%	96.5%	97.7%	95.1%	100.0%	89.6%
	As of January 31, 2015	100.0%	100.0%	92.0%	95.2%	94.0%	96.0%	98.9%	94.2%	96.2%	95.5%	95.4%	95.1%	95.4%	100.0%
As of July 31, 2014	91.9%	88.9%	95.0%	95.2%	97.0%	96.5%	95.0%	98.1%	99.2%	97.8%	97.7%	95.1%	97.1%	100.0%	
As of January 31, 2014	98.0%	96.4%	94.2%	97.9%	100.0%	98.2%	93.3%	95.8%	96.2%	97.2%	93.2%	96.7%	98.5%	96.2%	
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	27,592	20,397	23,232	95,343	40,217	40,124	33,037	18,225	57,040	54,754	21,302	53,549	29,241	24,281
	Rental revenues	24,870	19,031	20,545	86,861	36,428	36,763	30,293	16,064	52,135	51,678	19,003	47,050	27,816	21,065
	Other operating revenues	2,722	1,366	2,686	8,481	3,789	3,361	2,743	2,160	4,904	3,075	2,298	6,499	1,425	3,215
	②Property-related expenses (In thousands of yen)	8,430	5,627	6,129	32,296	10,884	10,981	7,886	6,317	11,847	13,606	6,724	15,066	6,851	6,510
	Property management fees	2,621	2,200	1,611	10,340	3,630	4,423	2,108	1,501	3,272	3,624	1,384	3,188	1,850	1,700
	Taxes	1,844	1,512	1,780	5,889	2,635	2,567	2,154	960	3,170	3,203	1,311	4,549	1,784	1,652
	Utilities	483	464	301	879	420	384	797	1,588	665	369	1,364	408	1,000	1,000
	Repairs and maintenance	2,356	796	1,808	5,894	1,477	2,596	1,368	1,623	1,401	3,215	2,052	3,700	1,043	1,254
	Insurance	42	37	46	151	68	65	59	29	78	90	31	121	49	55
Trust fees and other expenses	1,082	615	580	9,141	2,652	944	1,223	1,404	2,335	2,807	1,576	2,142	1,714	847	
③NOI (=①-②) (In thousands of yen)	19,162	14,769	17,102	63,046	29,333	29,142	25,150	11,908	45,193	41,147	14,577	38,482	22,390	17,771	
④Depreciation (In thousands of yen)	5,013	4,439	4,502	17,779	6,971	7,318	6,340	3,848	9,944	11,781	5,192	7,087	8,155	5,419	
⑤Rental operating income (=③-④) (In thousands of yen)	14,149	10,330	12,599	45,267	22,361	21,824	18,810	8,059	35,248	29,366	9,385	31,395	14,234	12,352	
⑥Capital expenditures (In thousands of yen)	456	370	398	579	417	321	-	-	825	594	-	718	545	264	
⑦NCF (=⑤-⑥) (In thousands of yen)	18,705	14,399	16,704	62,467	28,919	28,821	25,150	11,908	44,367	40,553	14,577	37,764	21,844	17,507	
Reference	Expense ratio (=②/①)	30.6%	27.6%	26.4%	33.9%	27.1%	27.4%	23.9%	34.7%	20.8%	24.9%	31.6%	28.1%	23.4%	26.8%
	Property tax for the year 2017 (In thousands of yen)	3,688	3,024	3,560	11,778	5,269	5,132	4,308	1,921	6,340	6,406	2,622	9,093	3,569	3,302
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Other Regional Areas														
Property No.		R-27	R-28	R-29	R-30	R-32	R-33	R-34	R-35	R-36	R-37	R-38	R-39	R-40	R-41	
Property Name		KDX Residence Sannomiya	Ashiya Royal Homes	KDX Residence Funairi Saiwai-cho	KDX Residence Tenjin-higashi II	KDX Residence Nishi Koen	KDX Residence Hirao Josui-machi	Melody Heim Gotenyama	Leopalace Flat Shin-sakae	KDX Residence Konan Yamate	KDX Residence Hommachibashi	KDX Residence Minami-kusatsu	KDX Residence Ohori Harbor View Tower	KDX Residence Minami-sanjo	Serenite Kita-kyuhoji	
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2014	November 28, 2014	November 14, 2014	December 18, 2014	February 5, 2015	February 5, 2015	September 30, 2015	October 27, 2015	
Price Information	Acquisition price (In millions of yen)	1,080	1,360	588	680	763	760	400	3,500	973	3,201	1,974	4,606	915	1,290	
	Percentage of total portfolio	0.7%	0.9%	0.4%	0.4%	0.5%	0.5%	0.3%	2.3%	0.6%	2.1%	1.3%	3.0%	0.6%	0.8%	
	Net book value (In millions of yen)	1,067	1,464	574	668	751	755	433	3,616	986	3,239	2,041	4,713	963	1,318	
	Appraisal value at the end of period (In millions of yen)	1,290	1,720	662	851	839	862	510	4,170	1,120	3,450	2,290	5,210	1,550	1,440	
	Percentage of total appraisal value	0.7%	0.9%	0.4%	0.5%	0.5%	0.5%	0.3%	2.3%	0.6%	1.9%	1.3%	2.9%	0.8%	0.8%	
Lease Information	Number of leasable residential units	86	21	64	63	36	24	36	274	55	134	170	212	114	85	
	Leasable floor area (m ²)	2,292.72	3,999.01	1,889.53	2,602.53	2,522.16	2,098.68	2,297.24	11,589.95	1,923.22	6,511.88	5,735.96	11,855.63	5,269.39	2,277.14	
	Leased floor area (m ²)	2,216.29	3,798.79	1,889.53	2,561.22	2,298.50	1,922.08	2,239.53	11,589.95	1,830.71	6,359.87	5,449.10	11,026.86	5,184.27	2,219.65	
	Occupancy ratio															
	As of July 31, 2017	96.7%	95.0%	100.0%	98.4%	91.1%	91.6%	97.5%	100.0%	95.2%	97.7%	95.0%	93.0%	98.4%	97.5%	
	As of January 31, 2017	96.7%	100.0%	100.0%	100.0%	82.3%	87.7%	91.8%	100.0%	92.2%	96.3%	98.4%	90.9%	98.3%	97.4%	
	As of July 31, 2016	92.2%	95.7%	100.0%	93.7%	94.5%	92.4%	92.1%	100.0%	98.4%	94.4%	94.7%	93.5%	95.3%	96.9%	
	As of January 31, 2016	92.2%	100.0%	98.5%	98.4%	88.9%	91.9%	94.7%	100.0%	98.4%	95.9%	100.0%	88.1%	97.1%	54.2%	
	As of July 31, 2015	97.8%	96.1%	98.4%	92.1%	97.3%	92.5%	94.9%	100.0%	98.4%	95.8%	93.9%	93.2%	-	-	
	As of January 31, 2015	98.9%	93.0%	96.9%	98.4%	100.0%	91.0%	97.3%	100.0%	96.9%	90.2%	-	-	-	-	
As of July 31, 2014	100.0%	88.7%	96.8%	98.4%	94.9%	95.3%	-	-	-	-	-	-	-	-		
As of January 31, 2014	94.4%	90.7%	95.3%	98.4%	91.3%	96.2%	-	-	-	-	-	-	-	-		
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	
	①Rental and other operating revenues (In thousands of yen)	39,428	65,203	28,088	31,226	30,333	27,292	21,450	121,557	34,058	105,645	99,474	184,906	55,493	42,154	
	Rental revenues	37,177	61,882	24,941	28,784	26,098	24,383	18,551	119,525	32,359	98,989	82,323	147,077	49,725	41,352	
	Other operating revenues	2,250	3,320	3,147	2,442	4,235	2,908	2,899	2,031	1,699	6,656	17,150	37,829	5,768	801	
	②Property-related expenses (In thousands of yen)	9,441	17,933	6,110	6,013	8,948	6,159	4,793	13,768	8,000	23,665	23,191	41,435	13,297	8,527	
	Property management fees	2,488	6,056	1,802	1,725	2,179	1,862	1,221	3,646	2,130	4,202	5,461	11,192	3,492	2,658	
	Taxes	2,563	4,779	1,785	1,930	2,253	2,048	1,360	9,210	1,993	8,259	5,996	13,426	5,284	3,111	
	Utilities	566	1,392	257	470	504	400	1,024	-	315	2,052	4,178	2,354	851	382	
	Repairs and maintenance	2,210	4,551	1,235	1,173	2,007	977	353	85	1,295	3,249	2,282	6,679	2,158	180	
	Insurance	60	116	44	64	59	49	47	280	52	200	166	343	132	56	
Trust fees and other expenses	1,551	1,037	984	649	1,943	821	786	545	2,213	5,700	5,107	7,439	1,378	2,138		
③NOI (=①-②) (In thousands of yen)	29,986	47,269	21,978	25,213	21,385	21,132	16,657	107,789	26,058	81,980	76,282	143,471	42,196	33,626		
④Depreciation (In thousands of yen)	7,724	4,315	5,367	6,207	6,368	4,771	3,004	33,080	4,911	21,963	18,232	42,480	11,201	10,155		
⑤Rental operating income (=③-④) (In thousands of yen)	22,262	42,954	16,611	19,005	15,016	16,361	13,652	74,708	21,146	60,016	58,050	100,991	30,994	23,471		
⑥Capital expenditures (In thousands of yen)	-	46,555	-	911	954	413	-	2,836	-	-	938	5,706	1,279	-		
⑦NCF (=③-⑥) (In thousands of yen)	29,986	714	21,978	24,301	20,430	20,718	16,657	104,953	26,058	81,980	75,344	137,764	40,916	33,626		
Reference	Expense ratio (=②/①)	23.9%	27.5%	21.8%	19.3%	29.5%	22.6%	22.3%	11.3%	23.5%	22.4%	23.3%	22.4%	24.0%	20.2%	
	Property tax for the year 2017 (In thousands of yen)	5,126	9,537	3,569	3,861	4,507	4,096	2,720	18,421	3,986	16,518	11,992	26,853	10,569	6,223	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

【Reference】
Earnings Performance for the Individual Properties for the 11th Fiscal Period (February 1, 2017 to July 31, 2017) : 181 days ※As of July 31, 2017

Location		Other Regional Areas	Total of 113 Properties
Property No.		R-42	
Property Name		Serenite Nishinomiya Hommachi	
Acquisition Date		December 1, 2016	
Price Information	Acquisition price (In millions of yen)	617	155,069
	Percentage of total portfolio	0.4%	100.0%
	Net book value (In millions of yen)	661	156,161
	Appraisal value at the end of period (In millions of yen)	739	182,410
	Percentage of total appraisal value	0.4%	100.0%
Lease Information	Number of leasable residential units	51	7,518
	Leasable floor area (m ²)	1,351.68	295,364.44
	Leased floor area (m ²)	1,326.33	286,150.12
	Occupancy ratio		
	As of July 31, 2017	98.1%	96.8%
	As of January 31, 2017	100.0%	96.2%
	As of July 31, 2016	-	95.9%
	As of January 31, 2016	-	96.0%
	As of July 31, 2015	-	96.2%
	As of January 31, 2015	-	95.7%
	As of July 31, 2014	-	95.7%
As of January 31, 2014	-	95.9%	
As of July 31, 2013	-	96.2%	
As of January 31, 2013	-	95.1%	
Profit and Loss Information for the 11th Fiscal Period	Operating periods	181days	181days
	①Rental and other operating revenues (In thousands of yen)	23,581	5,574,819
	Rental revenues	21,692	5,102,400
	Other operating revenues	1,889	472,418
	②Property-related expenses (In thousands of yen)	4,647	1,239,533
	Property management fees	1,383	386,322
	Taxes	1,706	324,067
	Utilities	382	85,370
	Repairs and maintenance	108	234,429
	Insurance	39	7,984
Trust fees and other expenses	1,027	201,358	
③NOI (=①-②) (In thousands of yen)	18,933	4,335,286	
④Depreciation (In thousands of yen)	4,746	884,713	
⑤Rental operating income (=③-④) (In thousands of yen)	14,187	3,450,573	
⑥Capital expenditures (In thousands of yen)	-	241,119	
⑦NCF (=③-⑥) (In thousands of yen)	18,933	4,094,166	
Reference	Expense ratio (=②/①)	19.7%	22.2%
	Property tax for the year 2017 (In thousands of yen)	3,413	645,532
	Assets pledged as collateral	-	-

※ Total : Cost-weighted average operating period (days)

(Reference) Borrowings

Borrowings as of July 31, 2017 are as follows:

(in thousands of yen)

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1) (Note 2)	Payment due date (Note 3)	Use	Remarks
Short-Term Loans Payable	Sumitomo Mitsui Banking Corporation	1,000,000	-	1,000,000	-	0.430%	July 31, 2017	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.430%	July 31, 2018		
	Sub Total	1,000,000	1,000,000	1,000,000	1,000,000				
Current Portion of Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	4,000,000	-	-	4,000,000	0.910%	August 31, 2017	(Note 4)	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500,000	-	-	2,500,000				
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000				
	Resona Bank, Limited	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000				
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	Sub Total	11,000,000	-	-	11,000,000				
Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	3,250,000	-	-	3,250,000	1.052%	August 31, 2018	(Note 4)	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	-	-	2,000,000				
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000				
	Resona Bank, Limited	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000				
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
	Mizuho Bank, Ltd.	250,000	-	-	250,000				
	Development Bank of Japan Inc. (Note 5)	3,000,000	-	-	3,000,000	1.088%	August 31, 2018		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.109%	January 31, 2021		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.221%	July 31, 2021		
	Aozora Bank, Ltd.	1,350,000	-	-	1,350,000	1.183%	March 31, 2021		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.267%	April 30, 2022		
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	1.267%	April 30, 2022		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000	0.916%	August 7, 2021		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,100,000	-	-	1,100,000				
	Mizuho Bank, Ltd.	600,000	-	-	600,000				
	Aozora Bank, Ltd.	350,000	-	-	350,000				
	Resona Bank, Limited	300,000	-	-	300,000				
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000				
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000	1.254%	August 7, 2023		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	400,000	-	-	400,000				
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Limited	200,000	-	-	200,000				
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000				
	Aozora Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc. (Note 5)	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.945%	August 31, 2021		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600,000	-	-	600,000	0.945%	August 31, 2021		
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.945%	August 31, 2021		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.804%	November 30, 2020		
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000	-	-	1,500,000	0.689%	November 30, 2019		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.875%	January 31, 2022		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	Resona Bank, Limited	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	-	-	2,000,000	1.100%	April 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.265%	April 30, 2025		
	Aozora Bank, Ltd.	300,000	-	-	300,000	0.678%	August 31, 2020		
	Resona Bank, Limited	1,100,000	-	-	1,100,000	0.923%	August 31, 2022		
Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000	0.923%	August 31, 2022			
Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024			
Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024			
Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025			
Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	1.193%	August 31, 2024			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300,000	-	-	300,000	0.624%	October 27, 2020			

KENEDIX RESIDENTIAL INVESTMENT CORPORATION (3278)

(in thousands of yen)

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1) (Note 2)	Payment due date (Note 3)	Use	Remarks
Long-Term Loans Payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025	(Note 4)	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 5)	1,000,000	-	-	1,000,000	0.660%	July 31, 2025		
	Mizuho Bank, Ltd. (Note 5)	1,500,000	-	-	1,500,000	0.816%	August 31, 2026		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.797%	August 31, 2025		
	Resona Bank, Limited	500,000	-	-	500,000	0.797%	August 31, 2025		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 5)	2,000,000	-	-	2,000,000	0.670%	August 31, 2025		
	Mizuho Trust & Banking Co., Ltd. (Note 5)	500,000	-	-	500,000	0.751%	August 31, 2025		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.906%	August 31, 2026		
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	0.773%	October 31, 2025		
	Sub Total	66,800,000	-	-	66,800,000				
Total	78,800,000	1,000,000	1,000,000	78,800,000					

Note 1: All debts except for the following Note 5 are borrowing at a floating rate.

Note 2: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap transactions and other derivative transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps and other derivatives are indicated.

Note 3: All the repayment methods of debt financing are lump-sum repayments on the due date.

Note 4: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 5: Borrowings at a fixed rate.