

KENEDIX

Residential Investment Corporation



Financial Results for the Period Ended July 2017 (11th Fiscal Period)

September 14, 2017

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

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1. Financial Results for the Period Ended July 2017

(1H 2017: 11th Fiscal Period)

Highlights

DPU

Period ended July 2017 (11th fiscal period) Actual

¥6,633

(Period on Period +1.5%)
(Actual vs Forecast +2.5%)

Period ending January 2018 (12th fiscal period) Forecast

Highest

¥6,800

(Period on Period +2.5%)

External Growth

Realization of steady external growth and acquisition of further growth opportunity

Acquired 2 Rental Housings⁽¹⁾

Acquisition Price **¥9.1 bln**

2 Bridge Funds⁽¹⁾ (4 Rental Housings)

Appraisal Price **¥14.4 bln**

Internal Growth

Achievement of the highest operation performance in both occupancy rate and rent

Occupancy Rate in 11th Period **Highest**

Average Occupancy Rate **96.7 %**

Upward of Rent in New Tenants **Highest**

Monthly rent **+¥1.0 mln**

Upward of Rent in Renewal Tenants

Monthly rent **+¥0.1 mln**

Financial Strategy

Stabilization in financial affairs by steady refinancing⁽²⁾

Extended the Length of Loans⁽²⁾

3.8 yrs ⇒ **6.3 yrs**

Lowered the Average Interest Rate⁽²⁾

1.14% ⇒ **0.76 %**

Diversify the Borrowing Institution

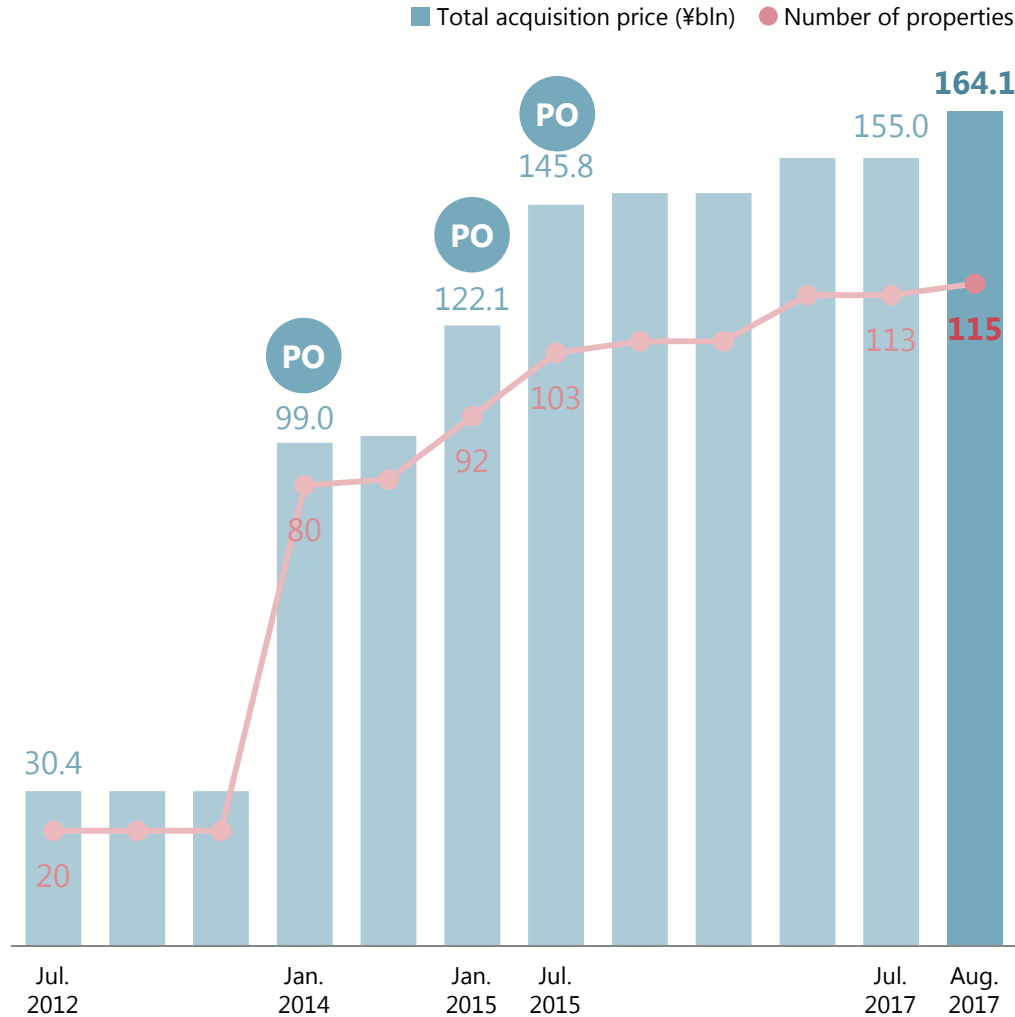
9 ⇒ **11**

Note 1: Sales contracts of 2 rental housings were executed in the period ended July 2017 (11th fiscal period), but completion of the acquisition is in the period ending January 2018 (12th fiscal period). One of contracts for bridge funds is executed in the period ending January 2018 (12th fiscal period).

Note 2: The amount of refinancing is ¥12 bln including ¥11 bln as refinancing in August 2017.

Asset Size

Total Acquisition Price⁽¹⁾ and Number of Properties



	As of the end of July 2017	Acquired in August 2017	As of the end of August 2017
Number of properties	113 props	+2 props	115 props
Rentable units	7,518 units	+370 units	7,888 units
Total acquisition price	¥155.0 bln	+¥9.1 bln	¥164.1 bln
Total appraisal unrealized gain ⁽²⁾	¥26.2 bln	+¥0.1 bln	¥26.4 bln
Appraisal NOI cap rate ⁽³⁾	5.6 %	4.7 %	5.5 %
Average property age ⁽⁴⁾	11.5 yrs	3.9 yrs	11.0 yrs



Note 1: "Acquisition price" refers to the pre-tax price that does not include the expenses spent on the acquisition of properties.

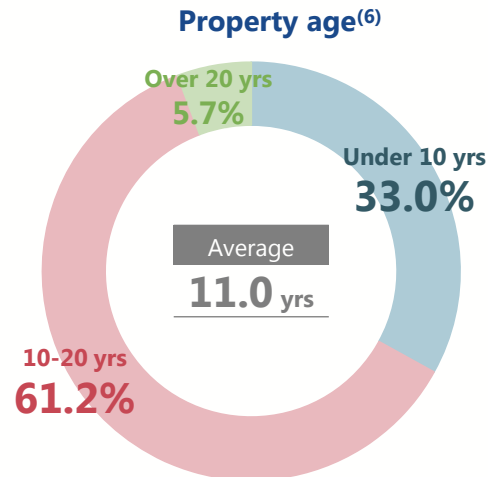
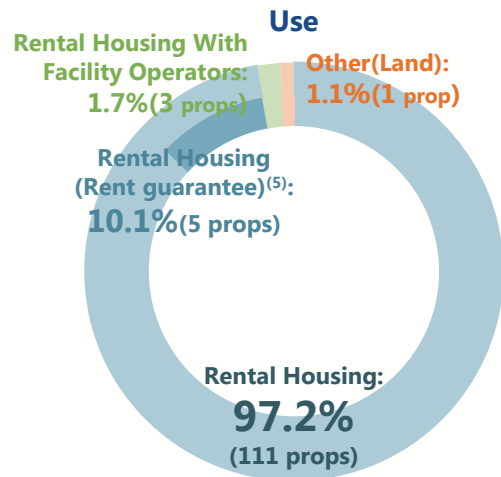
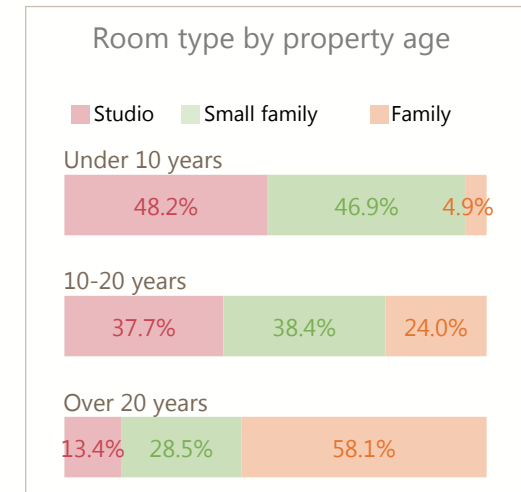
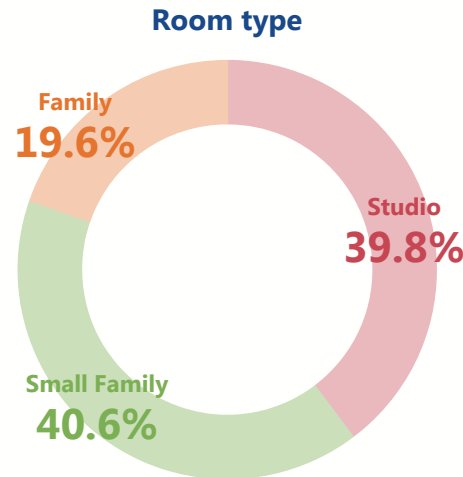
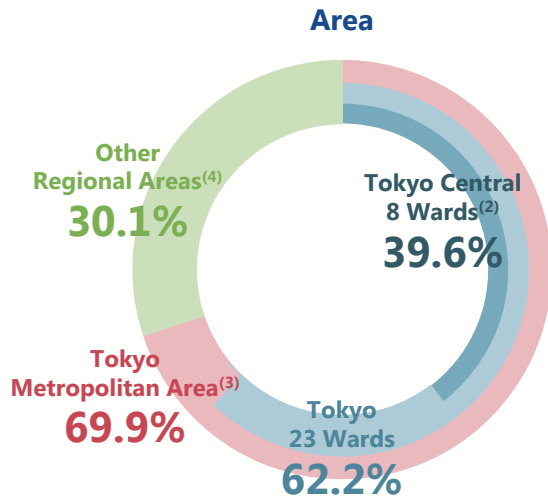
Note 2: "Appraisal unrealized gain" = Appraisal value – Book value, as of July 31, 2017. However, the properties acquired on August 2017 are calculated by the deduction acquisition price from appraisal value at the time of acquisition.

Note 3: "Appraisal NOI cap rate" = NOI described in appraisal report as of July 31, 2017/ Acquisition price. However, the properties acquired on August 2017 are calculated by NOI described in appraisal report at the time of acquisition divided by acquisition price. Furthermore, Cosmo Heim Motosumiyoshi, which is on land with leasehold interest, is excluded from the calculation because it has no appraisal NOI.

Note 4: "Average property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to August 31, 2017.

Portfolio

Portfolio Breakdown (as of August 31, 2017)⁽¹⁾



- Note 1: "Portfolio Breakdown" describes the ratio by acquisition price at the end of the fiscal period.
- Note 2: "Tokyo Central 8 Wards" include Minato-ku, Shibuya-ku, Chuo-ku, Chiyoda-ku, Shinjuku-ku, Meguro-ku, Setagaya-ku and Shinagawa-ku.
- Note 3: "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba.
- Note 4: "Other Regional Areas" include government-designed municipalities and other regional hub cities.
- Note 5: "Rent guarantee" is contract with rent guarantee structure in part of whole residence. Bureau Kagurazaka is scheduled to be changed its contract structure to Pass-through type on February 4, 2018.
- Note 6: "Property age" is calculated by the weighted average by the acquisition price of the periods from completion dates to August 31, 2017.

The Properties Acquired in 2H 2017

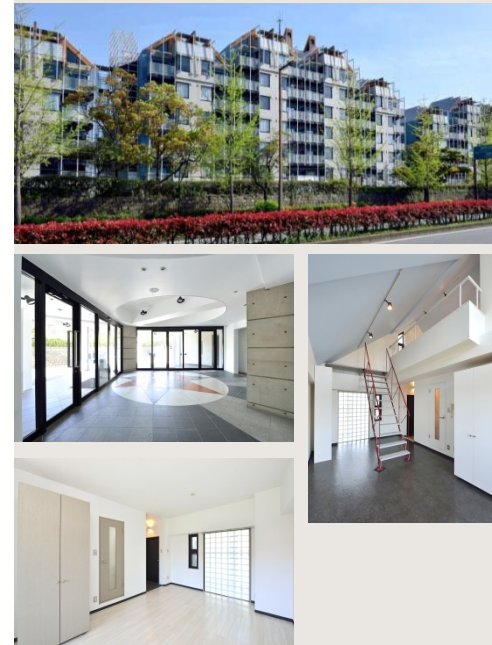
KDX Residence Toyosu

Primary location selection criteria: Convenience
Property type: Studio

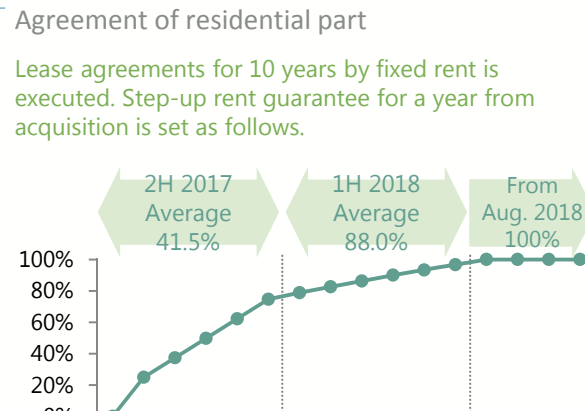


KDX Residence Nishijin

Primary location selection criteria: Jigurai
Property type: Small family



Location	Koto-ku, Tokyo
Leasable units	242 units
Acquisition price	¥7,500 million
Appraisal value ⁽¹⁾	¥7,620 million
Appraisal NOI cap rate ⁽¹⁾	4.5%
Occupancy rate (as of Jul. 2017)	100.0%
Property age	0.2 yrs
Access	8 minutes' walk from Toyosu Station



Location	Fukuoka-shi, Fukuoka
Leasable units	128 units
Acquisition price	¥1,600 million
Appraisal value ⁽¹⁾	¥1,670 million
Appraisal NOI cap rate ⁽¹⁾	5.6%
Occupancy rate (as of Jul. 2017)	95.8%
Property age	21.3 yrs
Access	8 minutes' walk from Nishijin Station

Note 1: "Appraisal value" is described the appraisal value at the time of acquisition of property. "Appraisal NOI cap rate" = NOI described in Appraisal Report / Acquisition Price
The above properties to be newly acquired fall under the category of forward commitment by investment corporations as stipulated in the "Annual Supervisory Policies for Financial Instruments Business Operators" determined by the Financial Services Agency of Japan and thus we have obtained the appraisal report as of the end of 1H 2017. The appraisal value as of the end of 1H 2017 is same as that described above.

Bridge Funds

Bridge Funds

	G.K. Tropic I	G.K. Tropic II	Pipeline from Bridge Funds
Date of acquisition	July 28, 2017	August 30, 2017	
Investment amount	¥90 million (approx. 6.0% of total amount of equity investment of the silent partnership)	¥130 million (approx. 7.3% of total amount of equity investment of the silent partnership)	
Preferential negotiation period	February 28, 2019	February 28, 2019	
Conditions for the purchase	<u>The desired price for purchase is reasonably anticipated to be a price that achieves the target internal rate of return (IRR) of the operator.</u>		
Number of property	1 prop	3 props	4 props
Appraisal value	¥7.3 bln	¥7.1 bln	¥14.4 bln

The Properties Operated by Bridge Funds

	 KDX Residence Shukugawa Hills	 KDX Residence Asagaya	 KDX Residence Hiyoshi	 Serenite Kobe Motomachi
Location	Nishinomiya-shi, Hyogo	Suginami-ku, Tokyo	Yokohama-shi, Kanagawa	Kobe-shi, Hyogo
Property type	Family	Small family	Family	Studio
Leasable units	238 units	44 units	92 units	138 units
Appraisal value ⁽¹⁾	¥7.3 bln	¥2.0 bln	¥2.5 bln	¥2.5 bln
Appraisal NOI cap rate ⁽¹⁾	5.2%	4.5%	5.7%	5.3%
Occupancy rate (as of Jul. 2017)	92.5%	97.8%	88.0%	100.0%

Note 1: "Appraisal value" is described the appraisal value at the time of acquisition of silent partnership equity interest. "Appraisal NOI cap rate" = NOI described in Appraisal Report / Acquisition Price in Bridge Funds

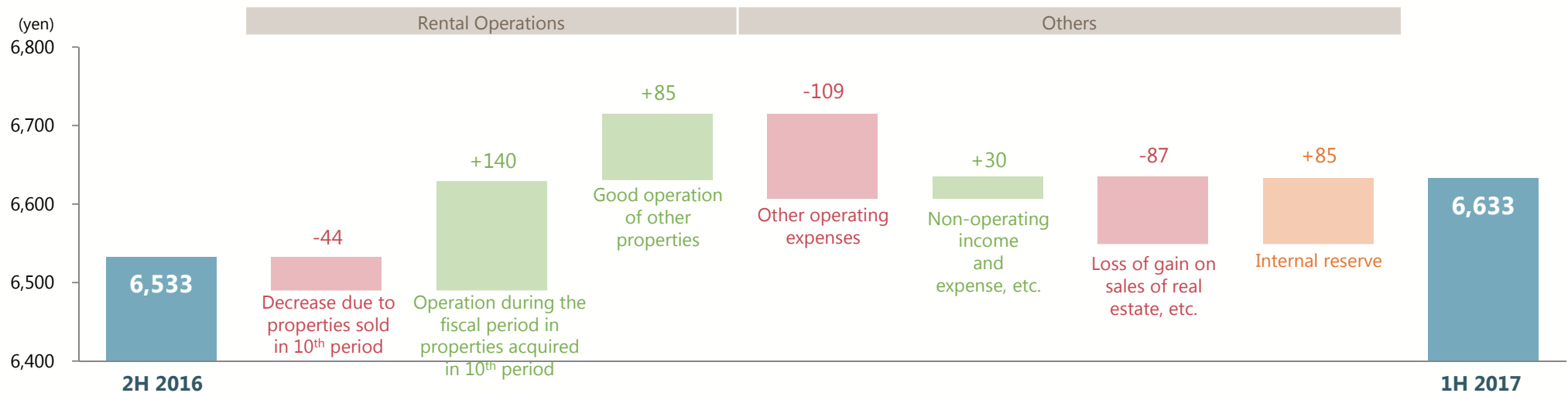
1. Financial Results for the Period Ended July 2017 (1H 2017: 11th Fiscal Period)

Income Statements

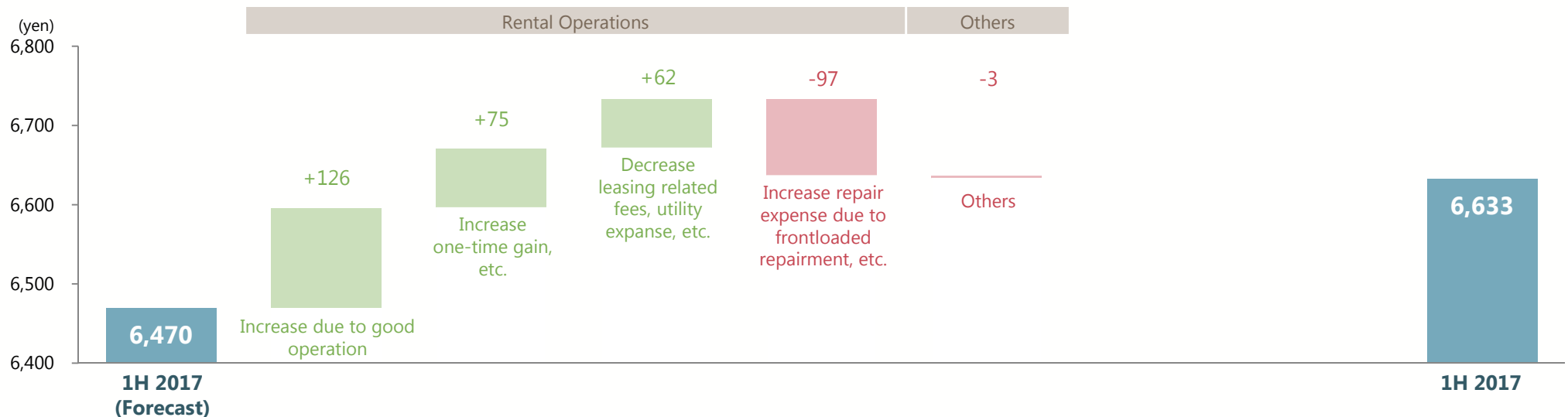
(in millions of yen)	2H 2016		1H 2017		Period on Period		Actual vs Forecast		
	Actual	Forecast	Actual						
Rent revenue -real estate	5,025	5,058	5,102		77	1.5%	43	0.9%	Operation during the fiscal period in properties acquired in 10 th period +76
Other lease business revenue	412	446	472		60	14.6%	26	5.9%	Increase due to good operation (10 th : 95.7%⇒11 th : 96.7%) +29
Gain on sale of real estate property	30	-	-		-30	-100.0%	-	-	Decrease due to properties sold in 10 th period -28
Operating revenues	5,468	5,504	5,574		106	2.0%	70	1.3%	Increase key money and contract renewal fees +43
Expenses related to rent business (ex. Depreciation)	1,172	1,227	1,239		67	5.8%	11	1.0%	Increase due to good operation (Forecast: 95.5%⇒Actual: 96.7%) +44
NOI	4,265	4,276	4,335		69	1.6%	58	1.4%	Increase key money and contract renewal fees +11
Depreciation	878	884	884		6	0.7%	0	-	Increase leasing related fees in peak season +59
Other operating expenses	579	615	617		37	6.6%	1	0.3%	Imposition fixed property tax etc. of properties acquired and sold in 2016 +11
Operating income	2,838	2,776	2,833		-5	-0.2%	56	2.0%	Increase consumption tax payment by decrease taxable sales ratio +18
Non-operating income	0	0	0		0	-	0	-	Increase asset management fees by acquisition of properties, etc. +8
Non-operating expenses	526	518	517		-9	-1.7%	0	-	Increase IR expense etc. by holding the general meeting of unitholders, etc. +7
Ordinary income	2,311	2,259	2,316		4	0.2%	56	2.5%	Completion in deferring organization costs and investment unit issuance costs -4
Net income	2,310	2,258	2,315		5	0.2%	56	2.5%	
Internal reserves	29	-	-		-29	-100.0%	-	-	
Dividends	2,280	2,258	2,315		34	1.5%	56	2.5%	
Distribution per Unit	6,533 yen	6,470 yen	6,633 yen		100 yen	1.5%	163 yen	2.5%	

Distribution Per Unit

DPU Breakdown (Period on Period)



DPU Breakdown (Actual vs Forecast)



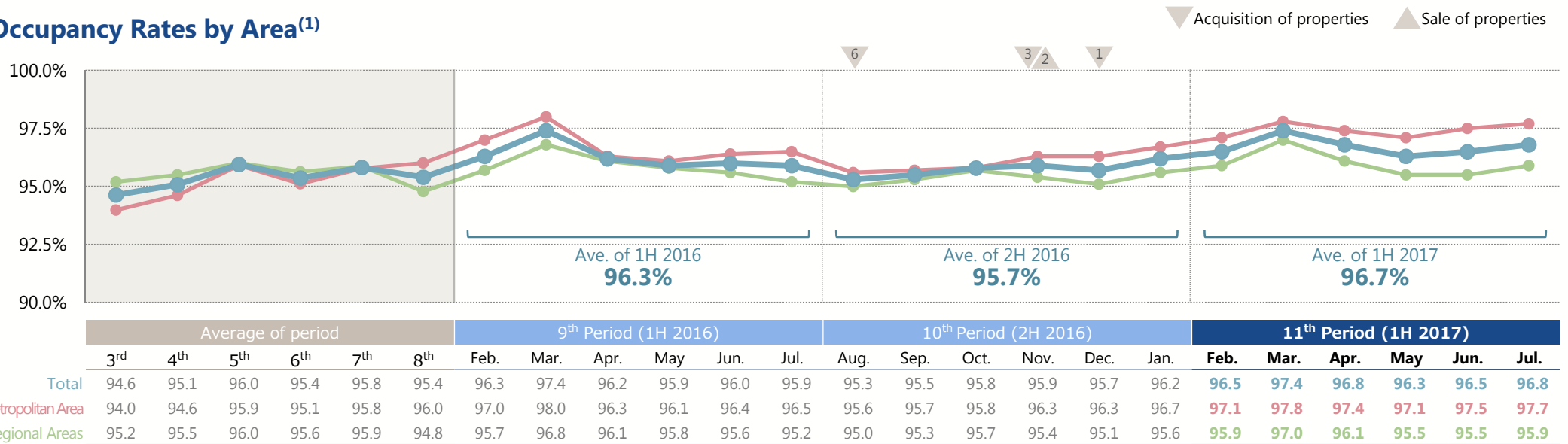
1. Financial Results for the Period Ended July 2017 (1H 2017: 11th Fiscal Period)

Balance Sheets

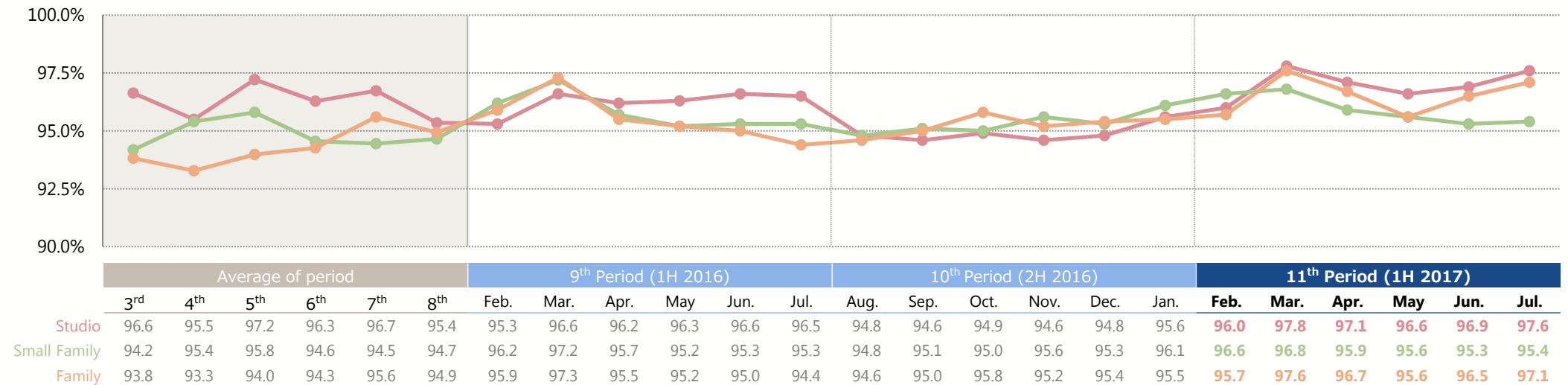
	2H 2016	1H 2017	Period on Period			
(in millions of yen)	Actual	Actual				
Current assets	9,468	10,215	747	7.9%	Increase cash and deposits	+745
Noncurrent assets	157,734	157,054	-680	-0.4%	Decrease book value of building by depreciation	-643
Deferred assets	74	46	-27	-37.4%	Acquisition of silent partnership equity interests	+91
Total assets	167,276	167,316	39	0.0%		
Short-term loans payable and current portion of long-term loans payable	12,000	12,000	-	-		
Long-term loans payable	66,800	66,800	-	-		
Investment corporation bonds	3,000	3,000	-	-		
Interest-bearing liabilities	81,800	81,800	-	-		
Other	2,924	2,957	32	1.1%		
Total liabilities	84,724	84,757	32	0.0%		
Net assets	82,552	82,559	6	0.0%	Internal reserve as of the end of July 2017	84
LTV	48.9%	48.9%	-	-		
NAV	103,999	106,407	2,407	2.3%	Growth in appraisal unrealized capital gains	+2,436
(NAV per Unit)	297,917 yen	304,814 yen	6,897 yen	2.3%		

Occupancy Rates

Occupancy Rates by Area⁽¹⁾



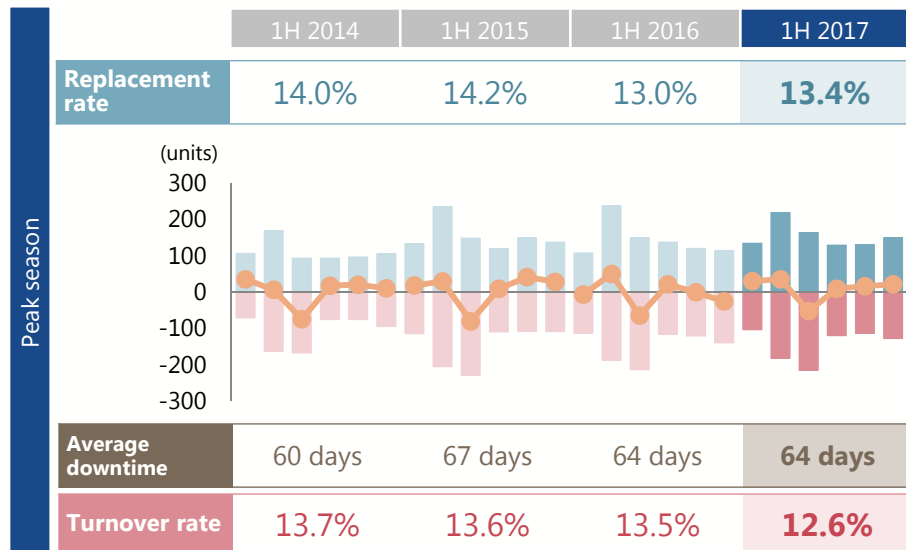
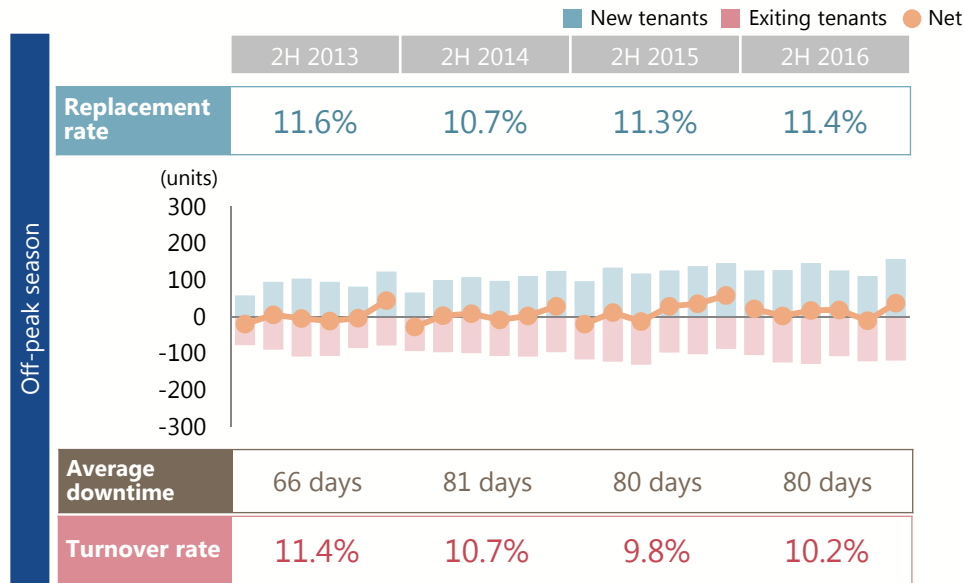
Occupancy Rates by Room Type⁽¹⁾



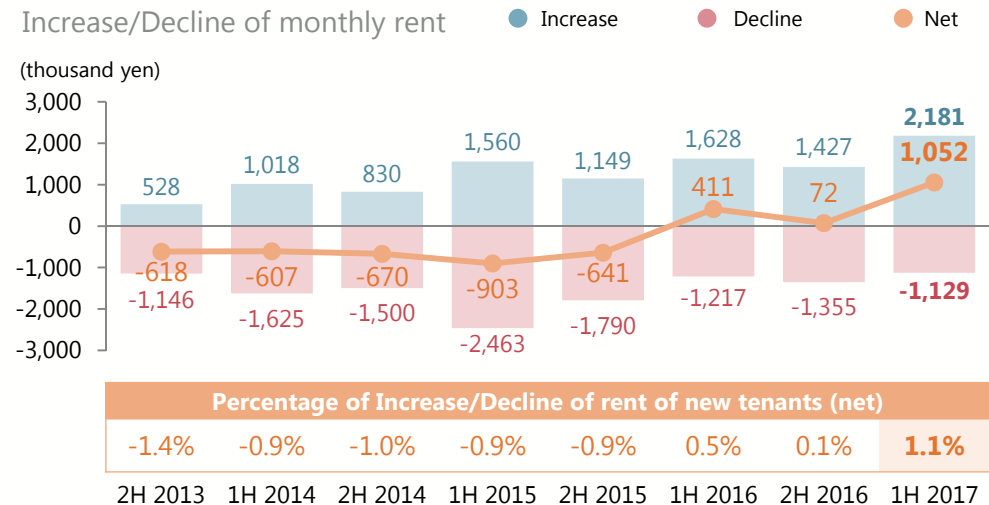
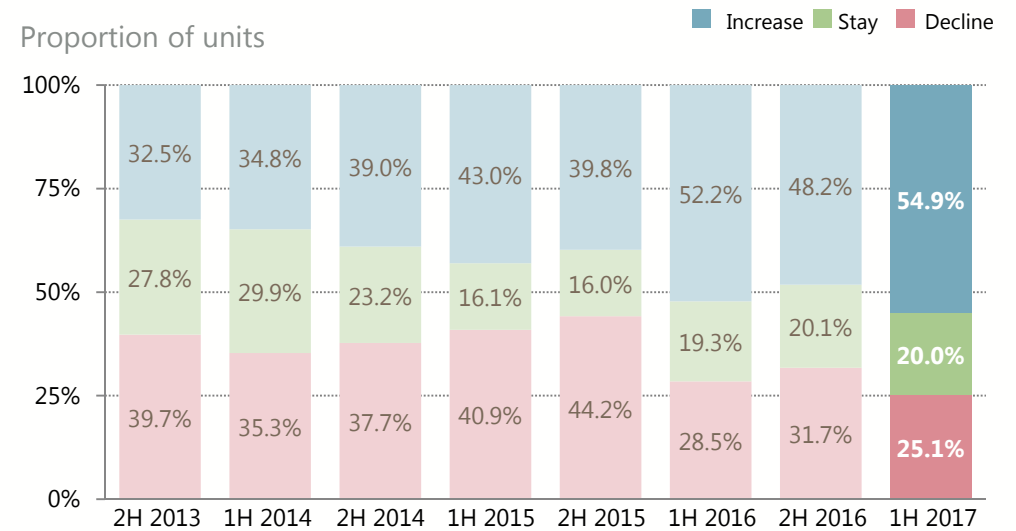
Note 1: Occupancy Rates by Area include those from stores and offices. Occupancy Rates by Room Type are calculated for residential units of pass through contract (excluding contract for whole building).

New Tenant Trend

Replacement/Turnover Rate⁽¹⁾



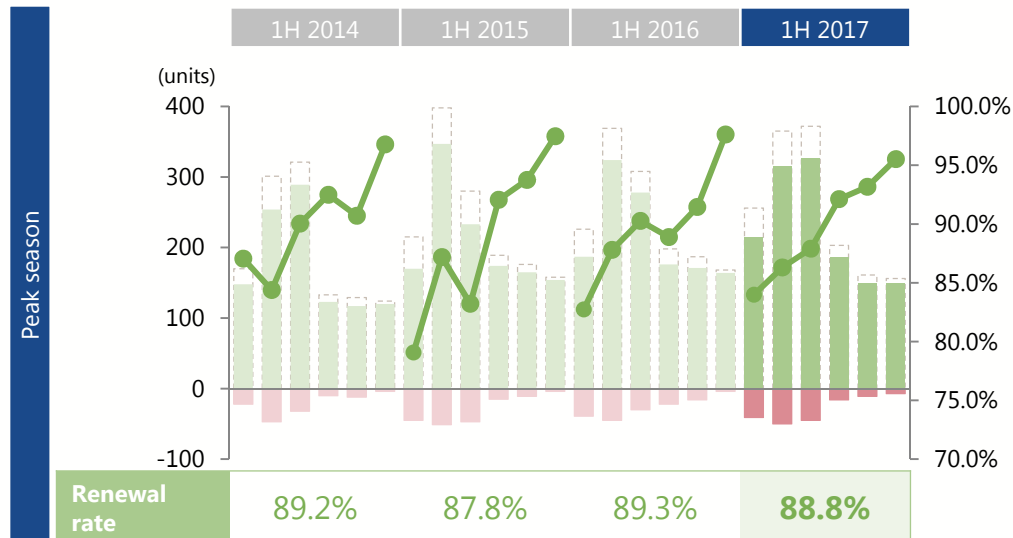
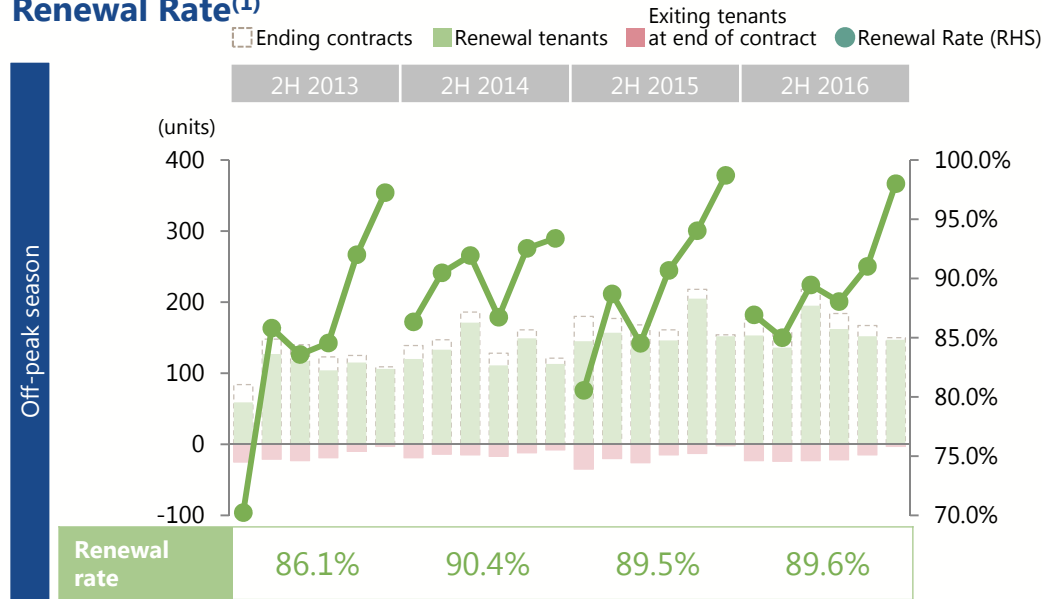
Rent Increase/Decline



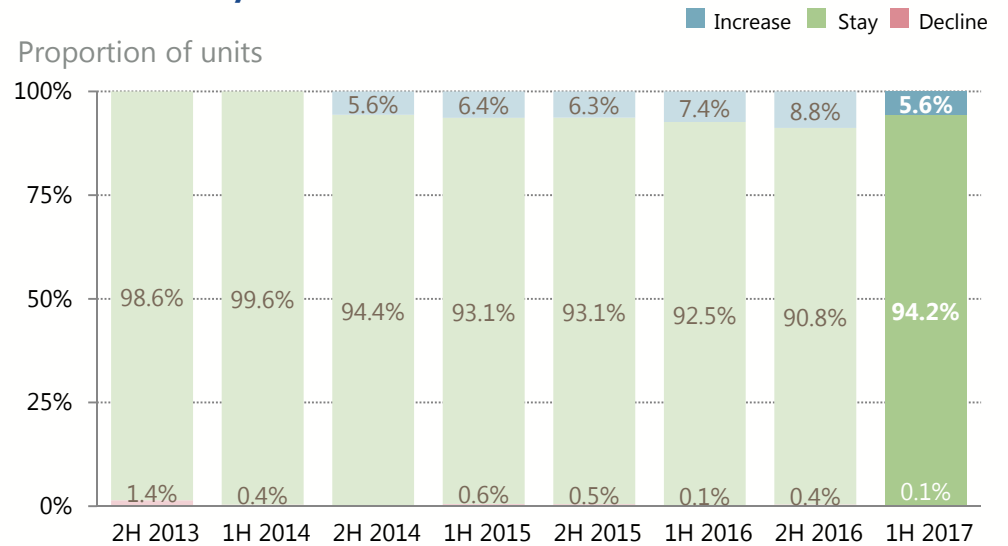
Note 1: "Replacement rate" = New tenants during the period / Rentable units at the End of Period. "Turnover rate" = Exiting tenants during the period / Rentable units at the End of Period. These figures are calculated for residential units of pass through contract (excluding contract for whole building).

Renewal Tenant Trend

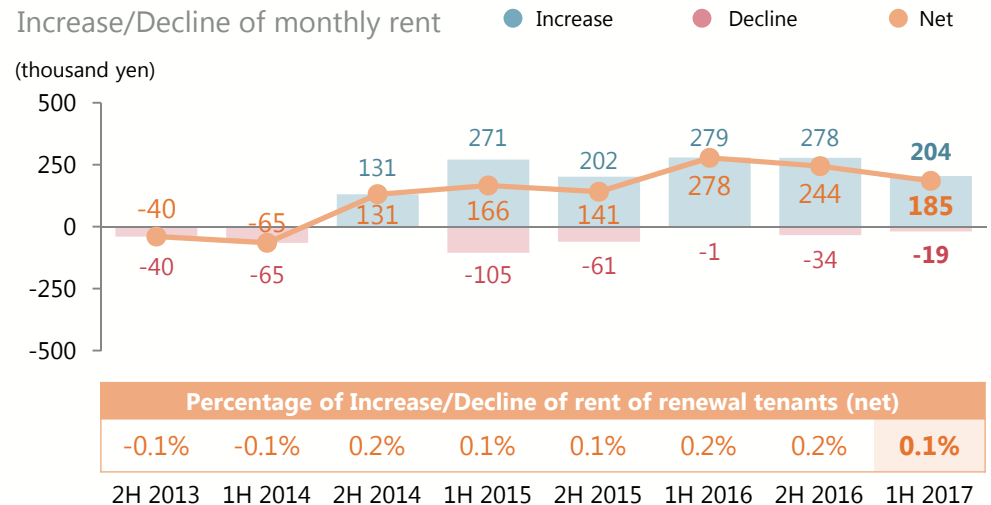
Renewal Rate⁽¹⁾



Rent Increase/Decline



Increase/Decline of monthly rent

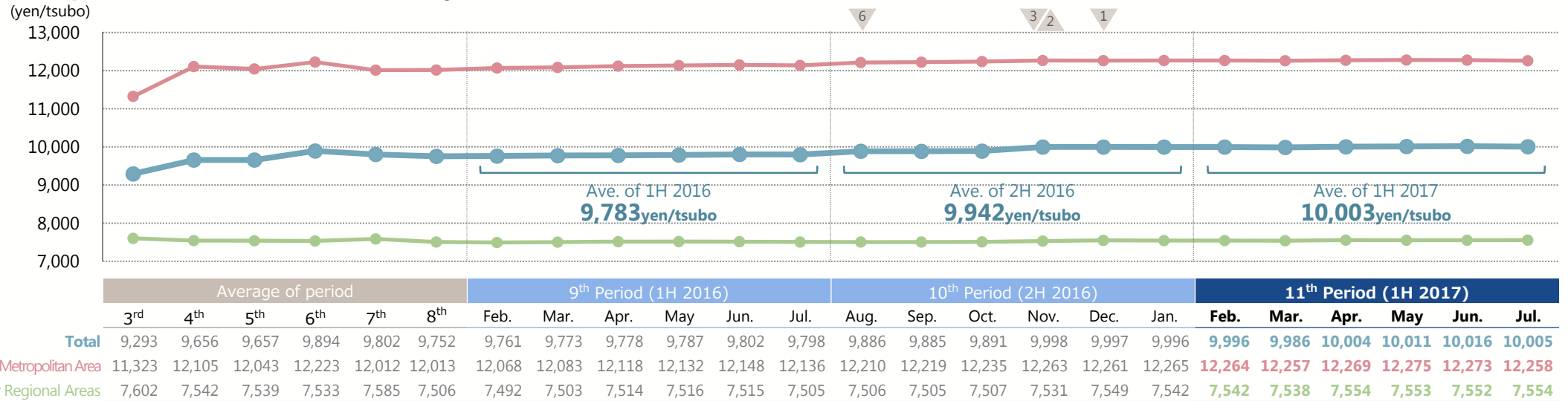


Note 1: "Renewal rate" = Renewal tenants during the period / Ending contracts during the period. These figures are calculated for residential units of pass through contract (excluding contract for whole building).

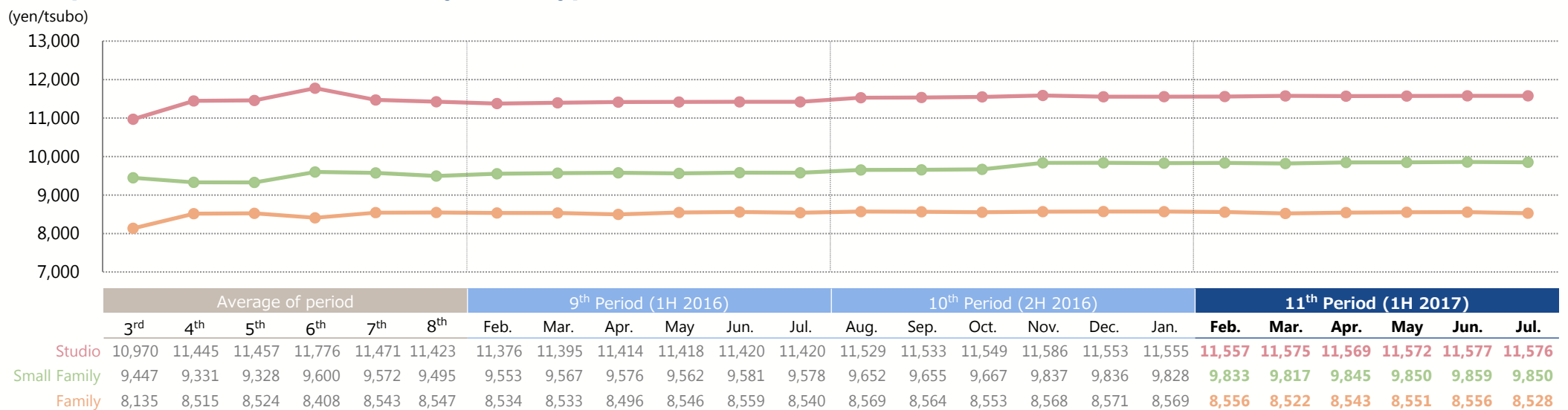
1. Financial Results for the Period Ended July 2017 (1H 2017: 11th Fiscal Period)

Rent per Tsubo of Residential Unit

Rent per Tsubo of Residential Unit by Area⁽¹⁾



Rent per Tsubo of Residential Unit by Room Type⁽¹⁾



Note 1: Rent per Tsubo of Residential Unit by Area and Rent per Tsubo of Residential Unit by Room Type are calculated for residential units of pass through contract. (excluding contract for whole building). (1 Tsubo = 35.5832 sq. ft.)

Initiatives to Improve the Performance of Properties

DBJ Green Building Certification⁽¹⁾

The Investment Corporation has received DBJ Green Building Certification as an evaluation of environmental and social considerations for following 4 properties. The certifications of 2 properties already certificated are upward by continuous effort. The Investment Corporation will continue our efforts for the environment and strive to improve and new acquisition of the certification.

KDX Residence Hanzomon



New acquisition



Properties with excellent environmental & social awareness

Ashiya Royal Homes



KDX Residence Yotsuya



KDX Residence Ebisu



Properties with outstanding environmental & social awareness



Properties with excellent environmental & social awareness



Properties with excellent environmental & social awareness

GRESB Real Estate Assessment⁽²⁾

The Investment Corporation participates in GRESB Real Estate Assessment from 2016.



Note 1: "DBJ Green Building Certification" is a system established by Development Bank of Japan in April 2011 to support real estate that meets environmental and social conditions.
 Note 2: GRESB (Global Real Estate Sustainability Benchmark) is a benchmark to evaluate sustainability performance of private and listed real estate portfolio, etc. from environmental and social perspectives.
 Note 3: "Annual reduction" is calculated based on the presentation materials from construction company as of exchanging construction.

Value-ups

The Investment Corporation efforts to maintain and improve property competitiveness through value-ups matched each property's status. It conducted value-ups for 12 rooms and their average rent increased 6.7% in this period.

KDX Daikanyama Residence

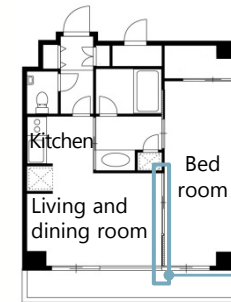
Renovation answering trends



Upward new rent +9.7%

KDX Residence Azabu East

Installation of moving partition



Upward new rent +6.2%

LED Lights in Common Areas⁽³⁾

	1H 2015	2H 2015	1H 2016	2H 2016	1H 2017	Total
Property (props)	4	5	3	5	9	26
Expense (mln yen)	9.3	15.3	5.8	9.5	12.8	52.9
Annual reduction (mln yen)	0.9	5.4	1.6	4.0	3.6	15.7



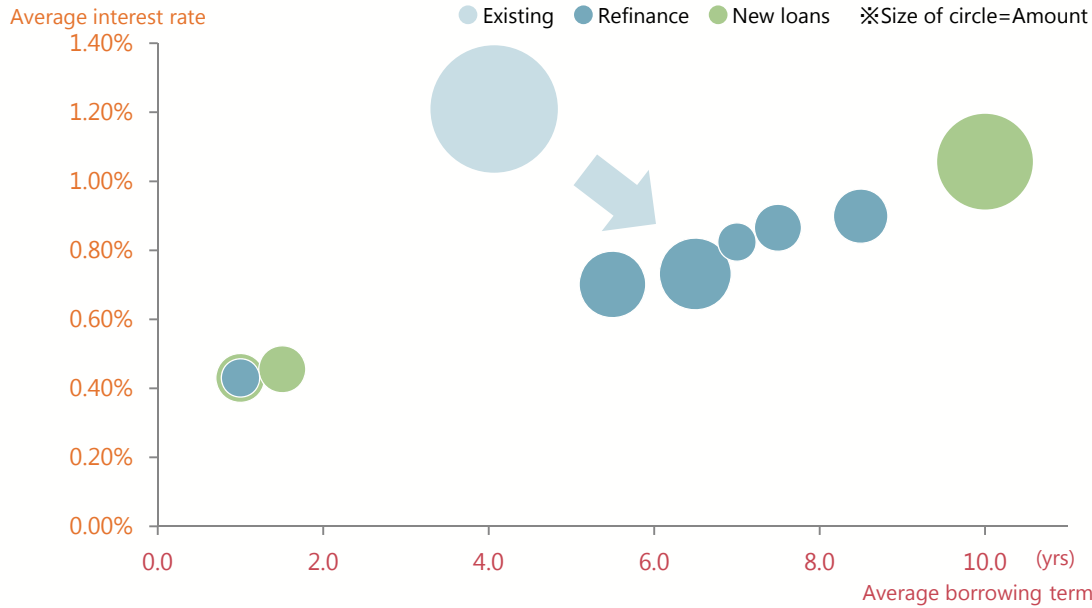
Installation of Digital Signage

The Investment Corporation installed digital signage at entrance of some of its properties. It efforts to improve tenant satisfaction through releasing information of facilities around the property, etc..



Finance 1/2

Summary of Finance ⁽¹⁾ (July and August 2017)



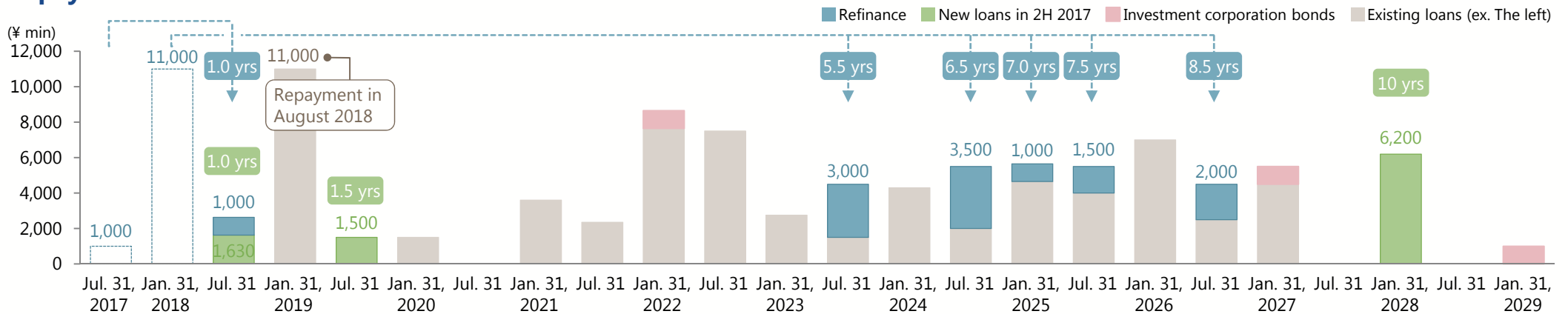
Refinance

Series	Amount	Term	Interest rate	Amount	Term	Interest rate
18-A	¥1.0 bln	1.0 yrs	0.43%	¥1.0 bln	1.0 yrs	0.43%
3-D	¥11.0 bln	4.1 yrs	1.21%	¥11.0 bln	6.8 yrs	0.79%
Total	¥12.0 bln	3.8 yrs	1.14%	¥12.0 bln	6.3 yrs	0.76%

New loans

Loans	Amount	Term	Interest rate
Short	¥1.6 bln	1.0 yrs	0.43%
Long	¥7.7 bln	8.3 yrs	0.95%
Total	¥9.3 bln	7.1 yrs	0.86%

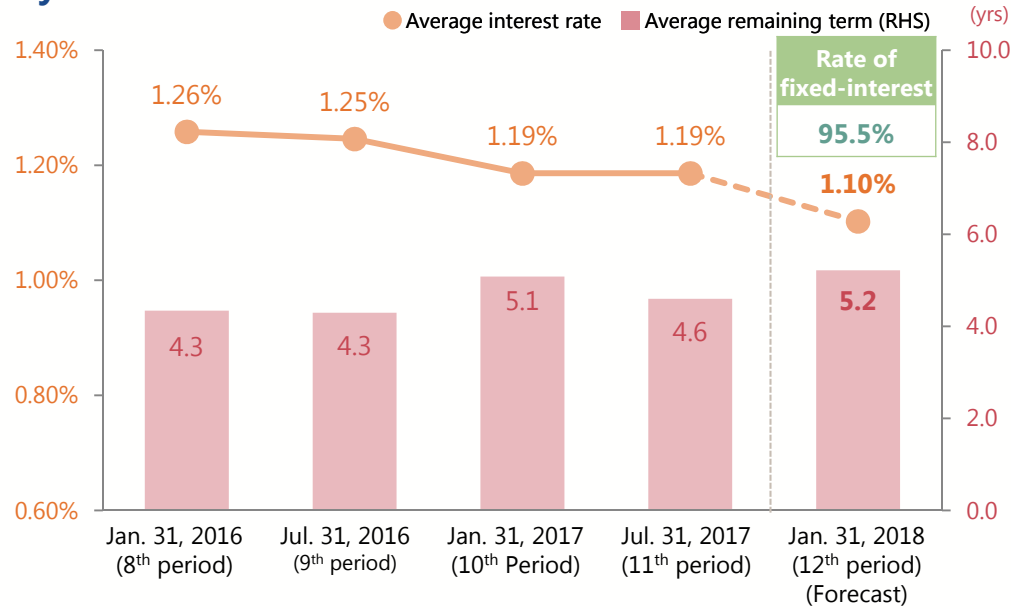
Repayment Terms



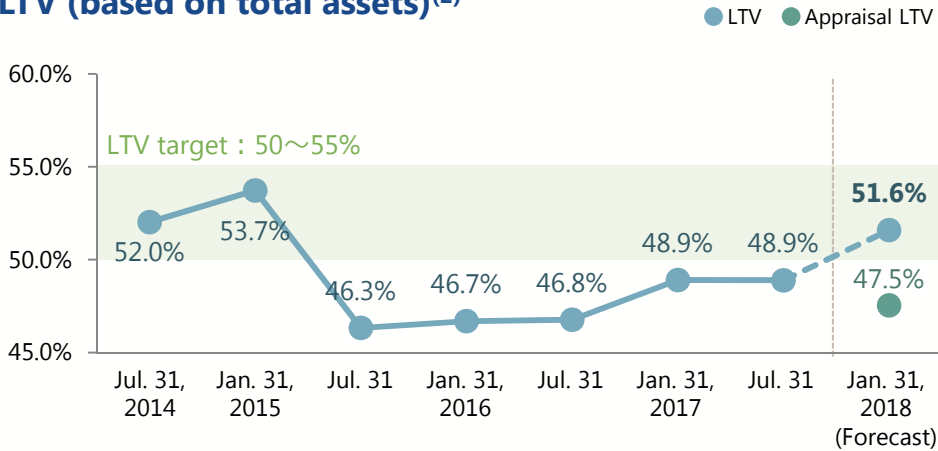
Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period that took into consideration up-front fee (per year) and the effect of the interest rate swap.

Finance 2/2

Key Debt Indicators⁽¹⁾



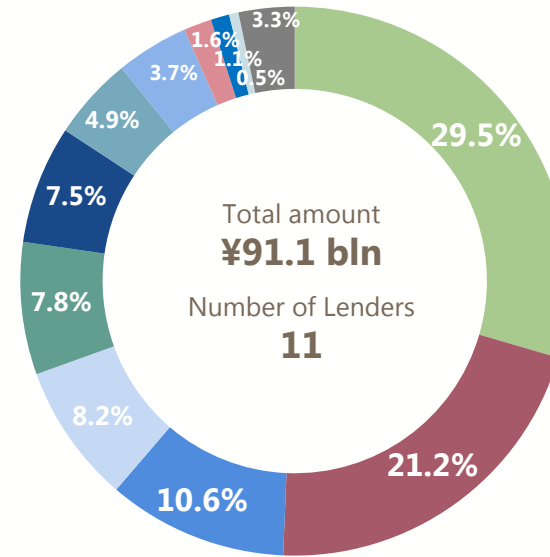
LTV (based on total assets)⁽²⁾



Note 1: "Average interest rate" calculated by weighted average interest rate at the end of the period that took into consideration up-front fee (per year) and the effect of the interest rate swap. "Average remaining term" calculated by weighted average remaining term of interest-bearing liabilities at the end of the period. "Rate of fixed-interest" calculated the percentage of fixed interest rate loans of total amount of loans at the end of the period. The floating loans which are substantially fixed with interest rate swap are included in the fixed-rate. The figures as of end of January 2018 are current forecasts.

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

Status of Interest-bearing Liabilities (as of August 31, 2017)



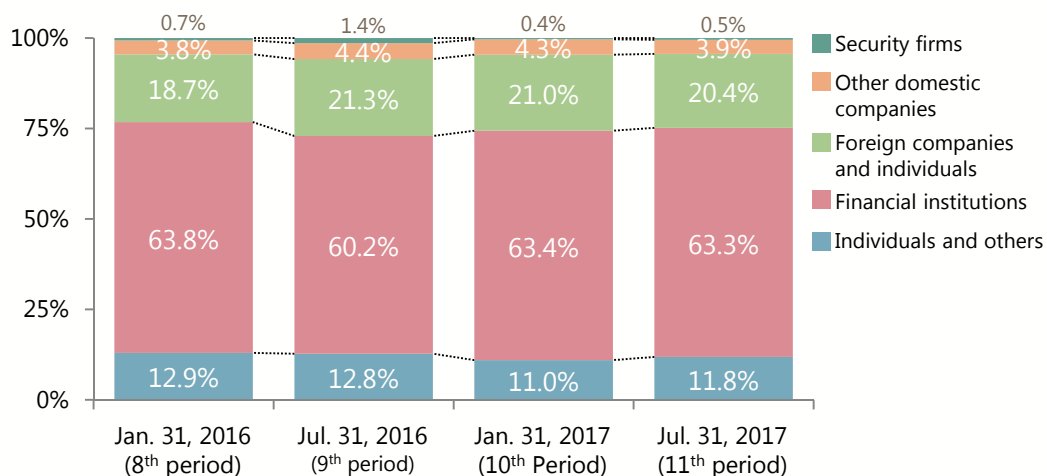
	Amount (¥mln)
Sumitomo Mitsui Banking Corporation	26,880
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,300
Aozora Bank, Ltd.	9,650
Development Bank of Japan Inc.	7,500
Resona Bank, Ltd.	7,100
Mizuho Bank, Ltd.	6,850
Sumitomo Mitsui Trust Bank, Limited.	4,450
Mizuho Trust & Banking Co., Ltd.	3,400
Mitsubishi UFJ Trust and Banking Corporation	1,500
Shinsei Bank, Ltd. (NEW)	1,000
The Bank of Fukuoka, Ltd. (NEW)	500
Investment Corporation Bonds	3,000
Total	91,130

Credit Rating

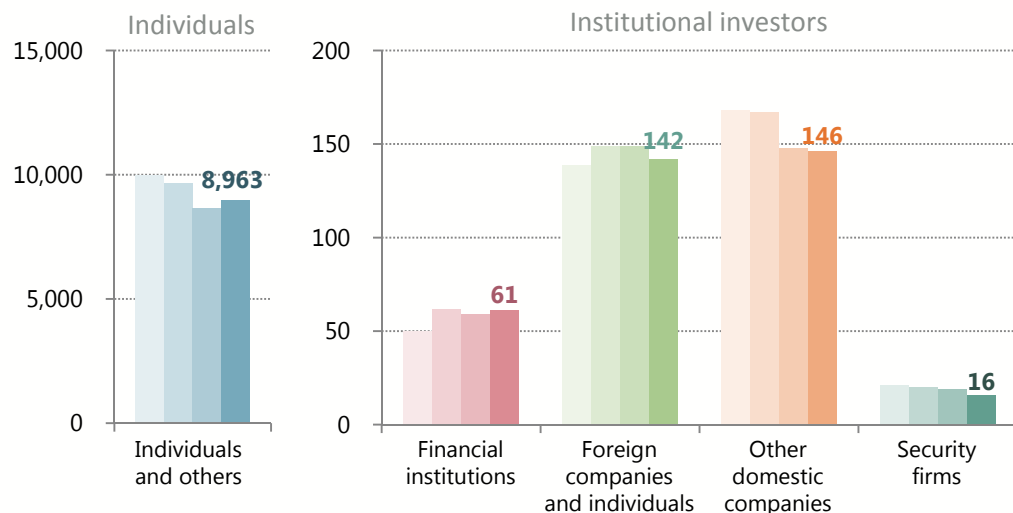
A+
(Japan Credit Rating Agency, Ltd.(JCR))

Unitholders

Composition of Unitholders (based on number of units)



Number of Unitholders (last 4 fiscal periods)



Major Unitholders (as of July 31, 2017)

	Name	Units	Ratio	Period on Period
1	Japan Trustee Services Bank, Ltd. (Trust Acct.)	111,707	32.0%	-0.4%
2	The Master Trust Bank of Japan Ltd. (Trust Acct.)	29,248	8.4%	-1.7%
3	NOMURA BANK (LUXEMBOURG) S.A.	27,528	7.9%	-0.7%
4	Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	27,041	7.7%	-0.1%
5	The Nomura Trust Banking Co., Ltd. (Trust Acct.)	13,937	4.0%	-0.3%
6	Mizuho Trust & Banking Co., Ltd.	8,194	2.3%	0.7%
7	Kenedix, Inc.	7,310	2.1%	-
8	Mitsubishi UFJ Trust and Banking Corporation	5,881	1.7%	0.2%
9	STATE STREET BANK AND TRUST COMPANY 505012	5,556	1.6%	-0.1%
10	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	5,045	1.4%	0.3%
	Total	241,447	69.2%	-2.5%

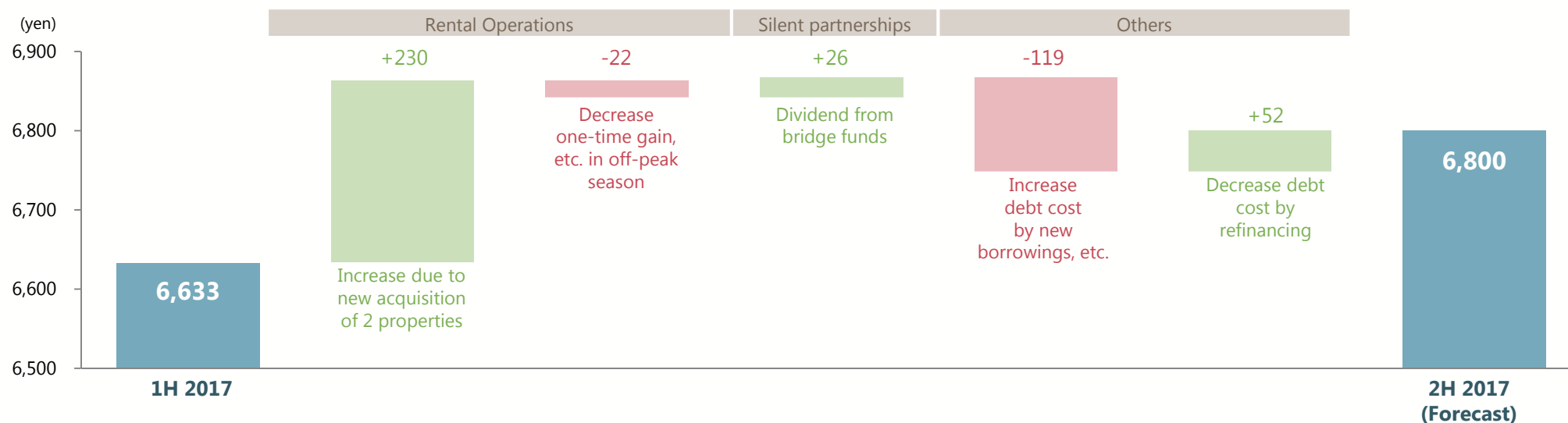
2. Outlook for the Period Ending January 2018 (2H 2017: 12th Fiscal Period)

Outlook

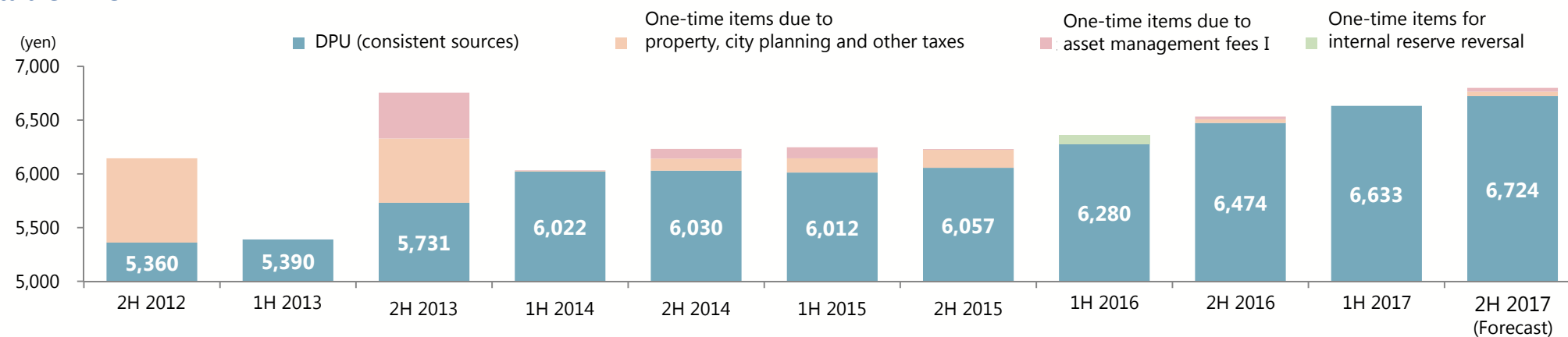
	2H 2016	1H 2017	Period on Period		
(in millions of yen)	Actual	Forecast			
Rent revenue-real estate	5,102	5,207	105	2.1%	Increase due to new acquisition of 2 properties +126
Other lease business revenue	472	406	-65	-13.9%	Decrease in other properties by lower occupancy rates (Actual: 96.7%⇒Forecast: 96.4%) -21
Distribution	-	9	9	-	Decrease key money and contract renewal fees in off-peak season -39
Operating Revenues	5,574	5,623	48	0.9%	Dividend from bridge funds +9
Expenses related to rent business (ex. Depreciation)	1,239	1,169	-70	-5.7%	Decrease leasing related fees in off-peak season -46 Decrease repair expense due to frontloaded repairment to 11 th period -28
NOI	4,335	4,445	110	2.5%	Increase NOI due to new acquisition of 2 properties +114
Depreciation	884	922	37	4.2%	Increase depreciation due to new acquisition of 2 properties +34
Other operating expenses	617	621	3	0.6%	
Operating income	2,833	2,911	77	2.8%	
Non-operating income	0	0	0	-	
Non-operating expenses	517	537	19	3.8%	Increase debt cost by new borrowings, etc. +41 Decrease debt cost by refinancing -18 Completion in deferring amortization of investment unit issuance costs -6
Ordinary Income	2,316	2,374	58	2.5%	
Net Income	2,315	2,373	58	2.5%	
Distribution per Unit	6,633 yen	6,800 yen	167 yen	2.5%	

Distribution Per Unit

DPU Breakdown (Actual vs Forecast)



Stable DPU⁽¹⁾

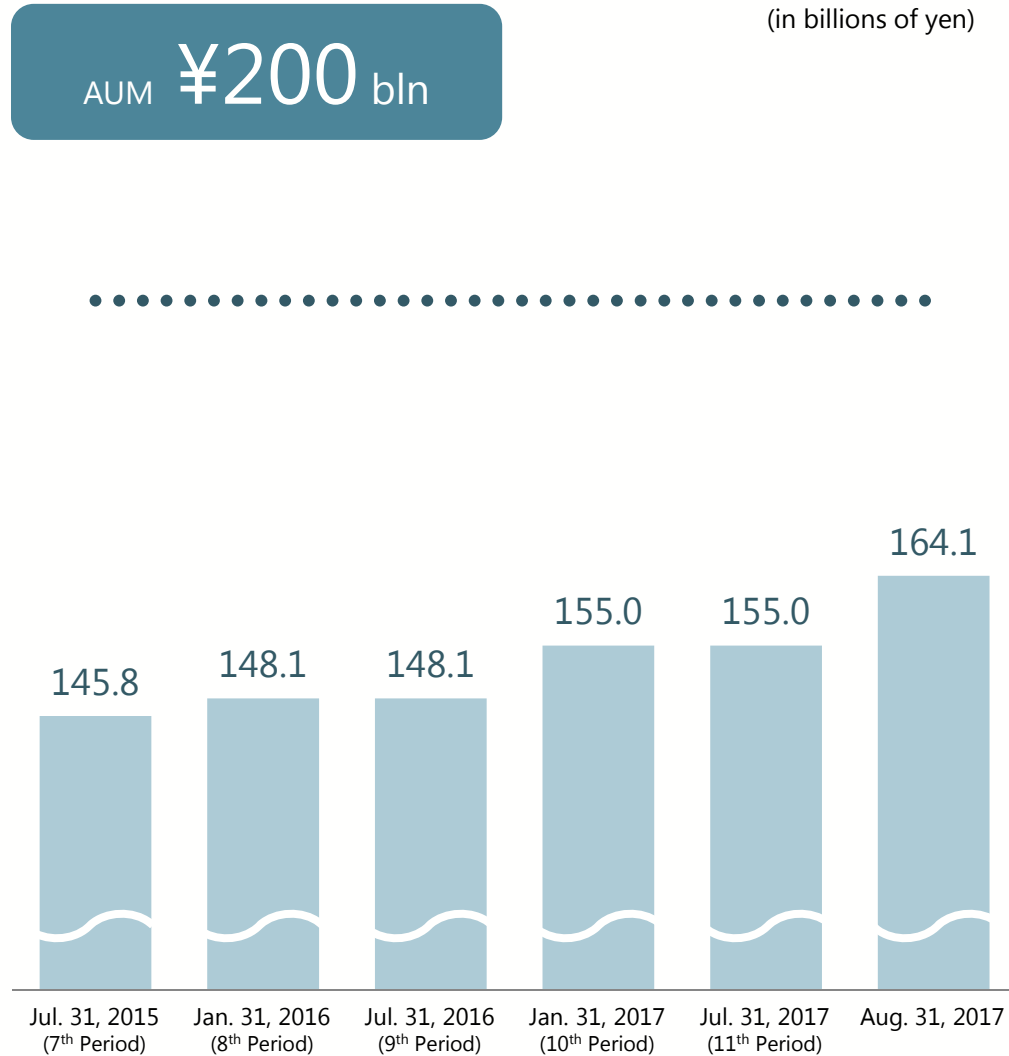


Note 1: Stable DPU is the actual DPU in each period minus one-time items due to property, city planning and other taxes, one-time items due to asset management fees I, and one-time items for internal reserve reversal. For properties acquired during the period from 2H 2012 to 1H 2016, the tax adjustment uses actual taxes paid starting in the period corresponding to one year after each property was acquired. For properties acquired after 2H 2016, this adjustment uses tax payments expected to begin in 2018. For each property, the daily cost of taxes based on the number of days the property has been managed by KDR is calculated. The sum of this daily cost in each period is then divided by the number of investment units issued at the end of that period to obtain the tax adjustment. For the asset management fee I adjustment, the total of the book (acquisition price in 2H 2017 forecast) of properties, which have increased or decreased in each period, is multiplied by an annual rate of 0.3% and then divided by the number of days the properties were managed to obtain a daily figure. This figure is then divided by the number of investment units issued at the end of that period to obtain the adjustment. The one-time items for internal reserve reversal are calculated by dividing the amount of the reversal at the end of 2H 2016 by the number of investment units issued at the end of each period. Stable DPU is an estimate calculated solely for reference as an indicator of the earning power of the portfolio at specific times after excluding the effects of expenses in subsequent fiscal periods resulting from acquisitions of properties and other activities.

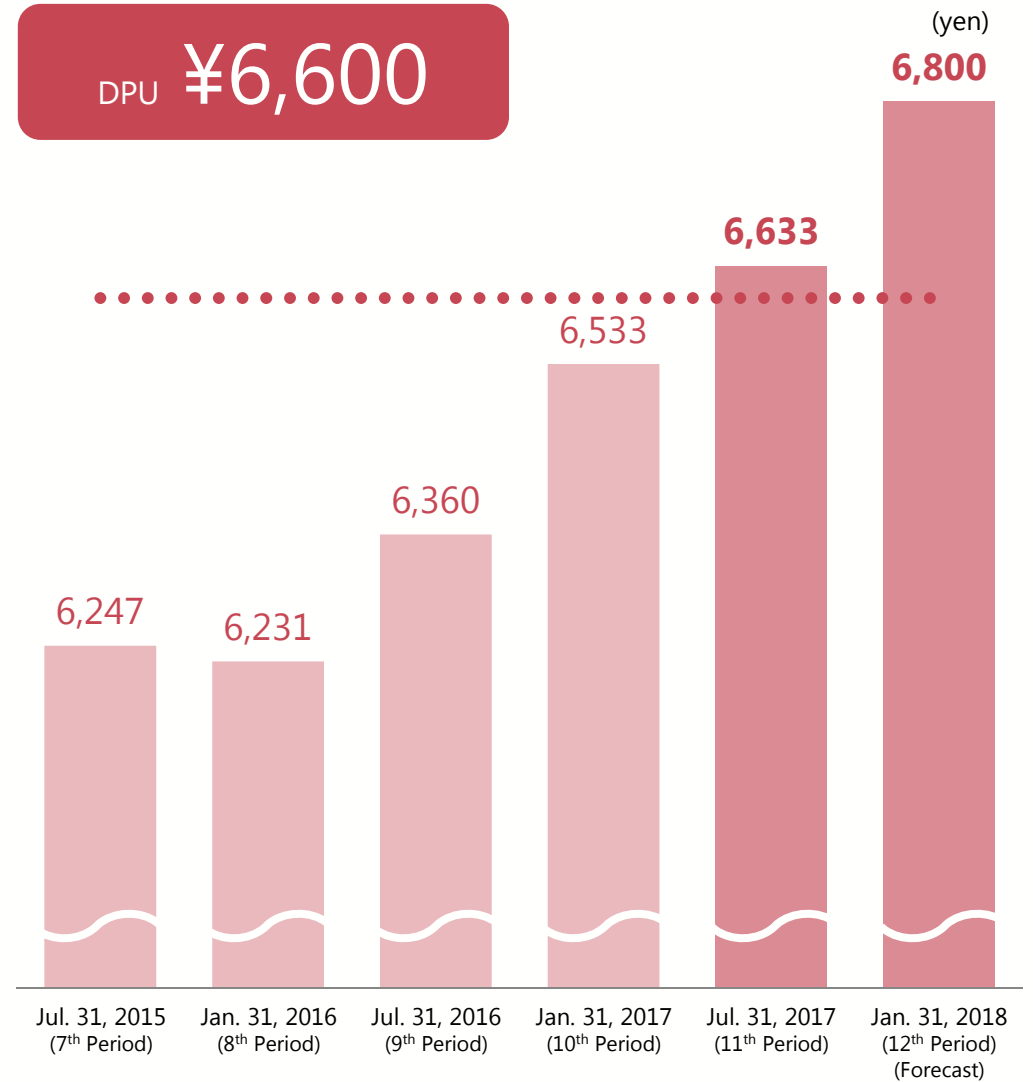
3. Toward Realizing Sustained Expansion in Unitholders' Value

Progress of the Target in 2017

AUM Target



Stable DPU



Target in 2-3 years

AUM

AUM **¥200** bln

Aim to expand asset size for achievement of target

Step for Achievement of Target

- Acquire properties by adding a twist in schemes
- Acquire properties from bridge funds
- Good use sponsor supports

Market Cap

Market Cap **¥120** bln

Newly decide target of Market cap for improving liquidity

Step for Achievement of Target

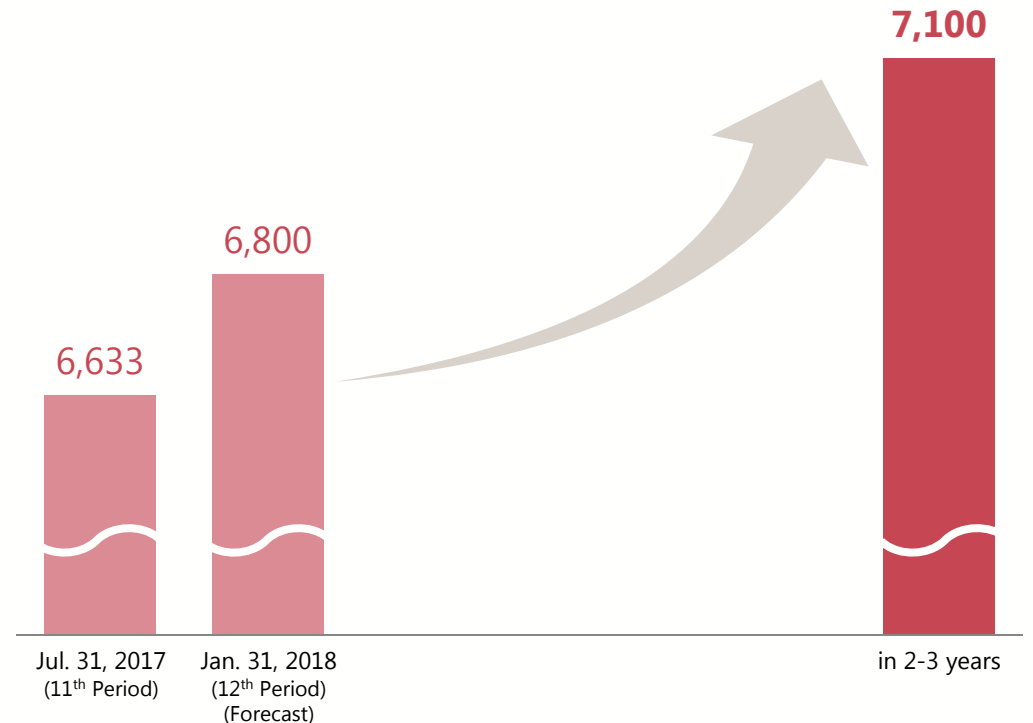
- PO taking into account DPU

Stable DPU

DPU **¥7,100**

(yen)

Aim to growth in sustainable DPU by upward DPU target



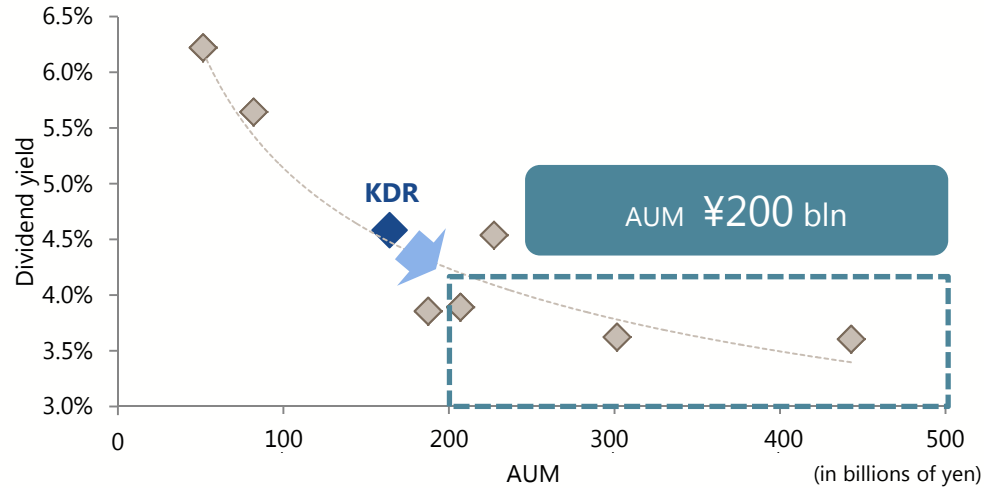
Increase Credit Rating

Inclusion in Global Indices

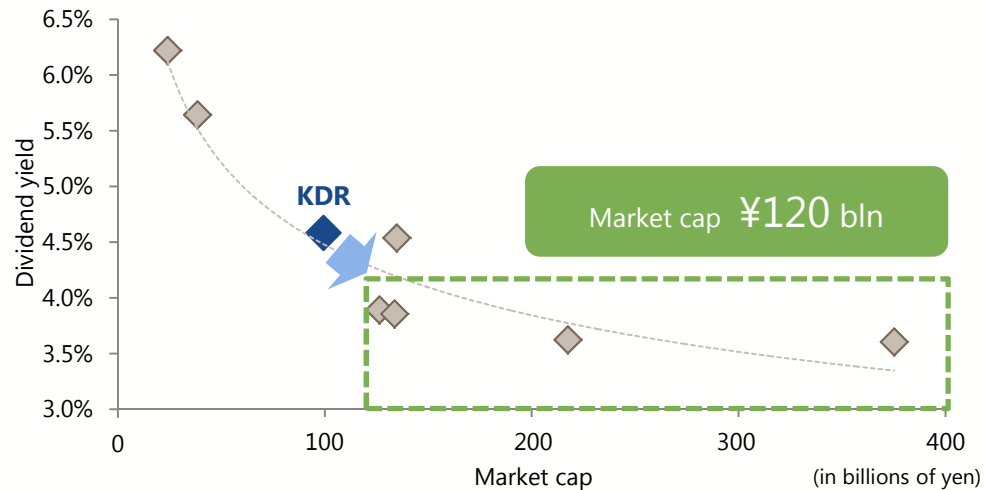
Road Map for Increasing Unitholders' Value

KDR's Position⁽¹⁾

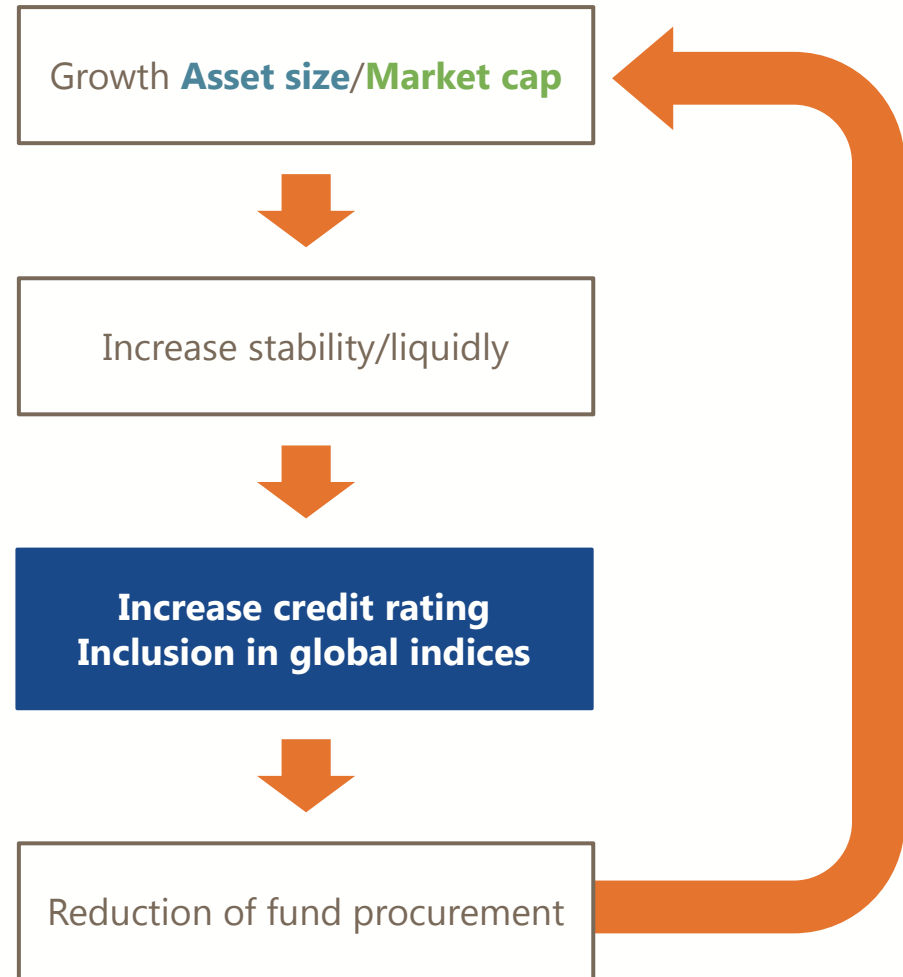
AUM and Dividend Yield



Market Cap and Dividend Yield



Positive Growth Spiral

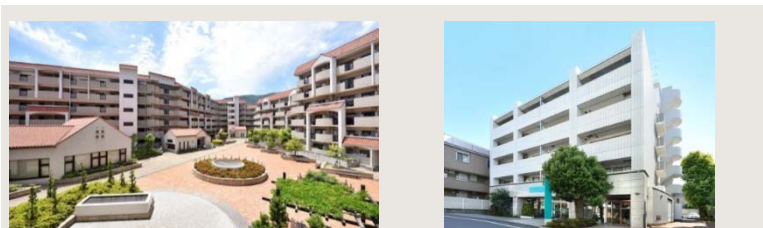


Note 1: The figures of "AUM", "Market cap" and "Dividend yield" are based on information from Nippon Accommodations Fund Inc., Advance Residence Investment Corporation, Kenedix Residential Investment Corporation, Comforia Residential REIT, Inc, Samty Residential Investment Corporation, Sekisui House Residential Investment Corporation, Starts Proceed Investment Corporation and Japan Rental Housing Investments Inc. (in security code order) as of August 25, 2017.

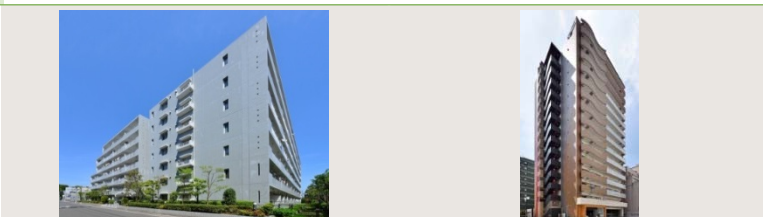
Pipeline (Rental Housing, etc.)

Acquire from Bridge Funds

Properties KDR obtains preferential negotiation rights



Property name	KDX Residence Shukugawa Hills	KDX Residence Asagaya
Location	Nishinomiya-shi, Hyogo	Suginami-ku, Tokyo
Completion	August 1998	February 2000
Leasable units	216 units	44 units
Appraisal value⁽¹⁾	¥7.3 bln	¥2.0 bln
Appraisal NOI cap rate⁽¹⁾	5.2%	4.5%

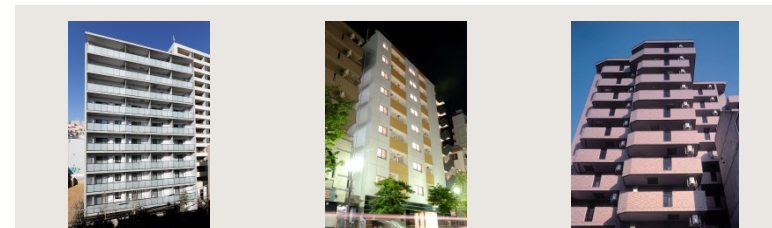


Property name	KDX Residence Hiyoshi	Serenite Kobe Motomachi
Location	Yokohama-shi, Kanagawa	Kobe-shi, Hyogo
Completion	September 1996	February 2017
Leasable units	91 units	137 units
Appraisal value⁽¹⁾	¥2.5 bln	¥2.5 bln
Appraisal NOI cap rate⁽¹⁾	5.7%	5.3%

Bridge Funds Size **¥14.4 bln**
(Total of 4 Rental housings)

Initiative for Serviced Apartment Business of Space Design

Properties Kenedix Group owns



Property name	BUREAU Shibuya	B-SITE Yokohama	B-SITE Nihombashi Ningyocho
Location	Jinnan, Shibuya-ku	Yokohama-shi, Kanagawa	Nihombashi Horidome-cho
Completion	November 2016	June 2007	September 2002
Rentable units	37 units	74 units	74 units

Number of Serviced Apartments Operated by Space Design **11** props

Alliance Agreement with Jukyo Group⁽²⁾



Jukyo Group has group structure covering sales, planning, design, construction and after-sales service. Concerning the rental housing, it has abundant track record such as about 20 development projects per year and about 20 building construction per year.


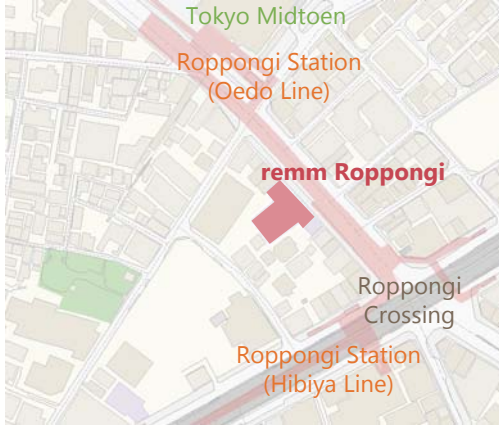
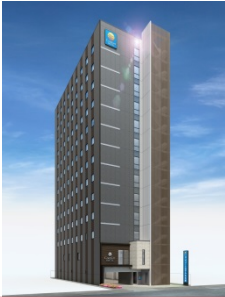


Contract period	June 15, 2017
Support from Jukyo Group	<ul style="list-style-type: none"> • Provide sales information of rental apartments developed by Jukyo • Provide sales information of rental apartments already owned by Jukyo • Provide information of properties to be developed or owned by Jukyo

Note 1: "Appraisal value" is described the appraisal value at the time of acquisition of silent partnership funds. "Appraisal NOI cap rate" = NOI described in Appraisal Report / Acquisition Price in Bridge Funds

Note 2: Jukyo Holdings Co., Ltd collectively with Jukyo Co., Ltd and Jukyo Kensetsu Co., Ltd which are its subsidiaries, are called "Jukyo Group".

Pipeline (Hotel, etc.)

Operation of Hotels by Kenedix "the Sponsor"

	Property name	remm Roppongi				
	Location	Roppongi, Minato-ku				
	Completion	February 2017				
	Units	400 units				
	Location	Naka-ku, Nagoya	Chuo-ku, Sapporo	Ginza, Chuo-ku		
	Completion	January 2018	May 2018	March 2019		
	Units	175 units	151 units	121 units		

Hotel Development Fund Project Size Approx. **¥50** bln (total of 6 projects)

⇒ Search and invest more properties

Target of Investment Ratio by Property Type (based on acquisition price)(The underlines indicate the changes)

Usage		Target Investment Ratio	
Classification	Rental Housing	Rental Housing where a majority of the leasable area is for residential use	80~100%
	Rental Housing with Facility Operators	Serviced apartments, elderly-care housing, company rental housing, student dormitories and apartments, short-term apartments, etc. where a majority of the leasable area is for residential use	0~20%
	<u>Accommodation (Hotel, etc.)</u>	<u>Accommodation where a majority of the leasable area is for accommodation use, existing core tenants with stable lease agreements occupy and equipment of western-style structure and facilities (including incidental facilities) is installed</u>	<u>0~20%</u>
	Other	Land with leasehold interests on which buildings stipulated above exist and others	0~20%

※With respect to investment in "Accommodation (Hotel, etc.)", KDR mainly focus on properties with fixed rent.

Appendices

The Properties Operate by Bridge Funds 1/2

KDX Residence Shukugawa Hills

Primary location selection criteria
Property type

- Jigurai
- Family



Shukugawa area, where the property is located, is known as prestigious residential area in Kansai region. The property is located in a quiet residential area adjacent to Kurakuen which is one of seven prestigious residential areas called Nishinomiya Nanaen.

The surrounding area of the property is rich in green and has a good environment for living. A supermarket is next to the property and there are some fashionable grocery stores, shops and restaurants, which are harmonized with the luxury residential area, for that reason, the location is good for life convenience. Due to favorable living environments as a residential area, stable rental demand from families of which householder commutes to Osaka or Kobe is expected, and especially companies' strong needs for corporate housing for intra corporate transferees is also expected.

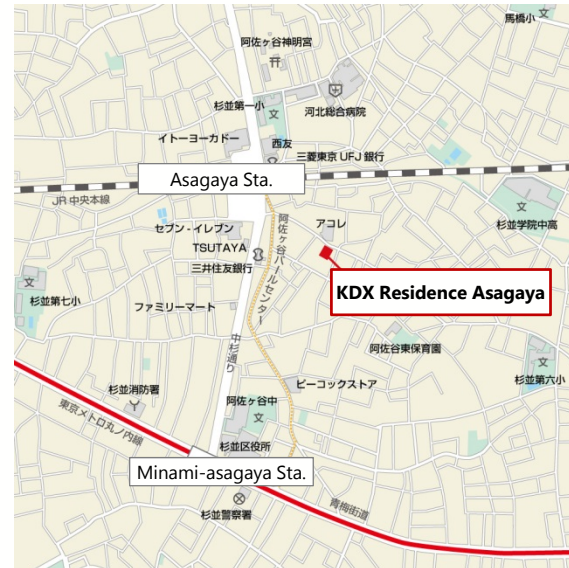
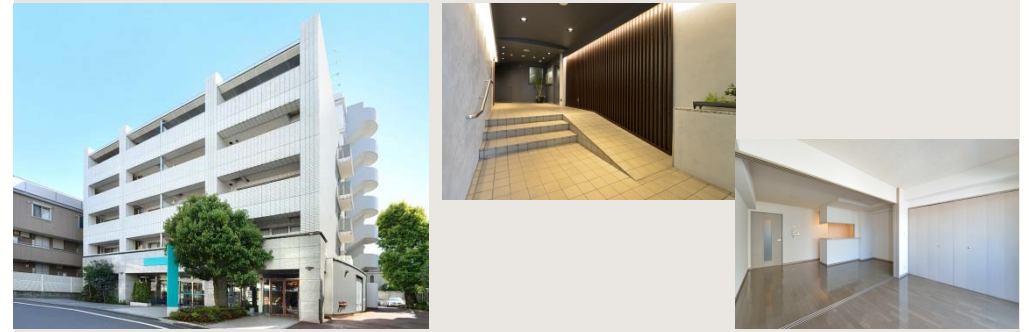
Location	Nishinomiya-shi, Hyogo	Property age ⁽¹⁾	19.0 yrs
Occupancy rate (as of Jul. 2017)	92.5%	Appraisal value ⁽²⁾	¥7,300 million
Access	10 minutes' walk from Kurakuen Station		

Note 1: "Property age" is calculated from completion dates to August 31, 2017.
Note 2: "Appraisal value" is described the appraisal value at the time of acquisition of silent partnership funds.

KDX Residence Asagaya

Primary location selection criteria
Property type

- Convenience
- Small family



The property is located in rare area nearby the station on JR Chuo Line where is famous as a residential area. In addition to the accessibility to main terminal stations without transfer, the access to the subway network is good and the property has high traffic convenience.

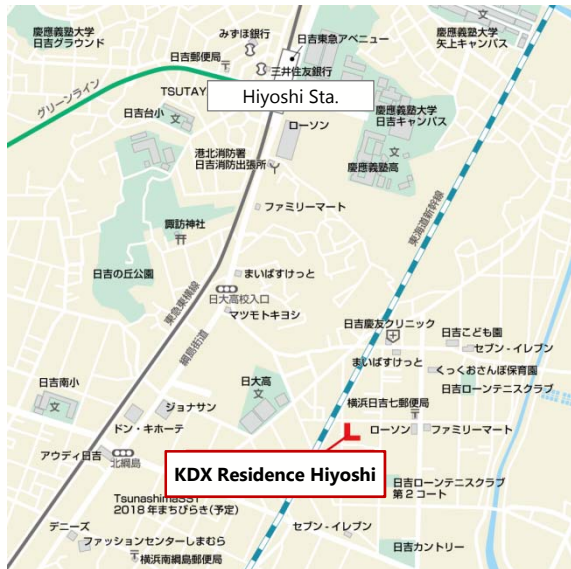
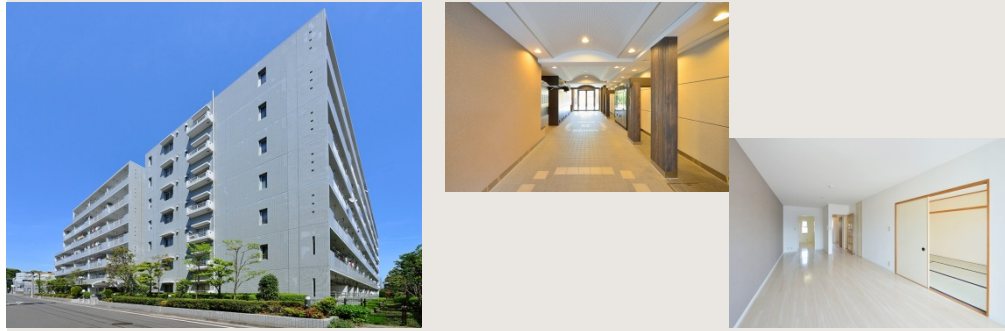
Furthermore, the property is superior in terms of living convenience because the commercial accumulation is high such as "Asagaya Pearl Center" which is popular shopping street. Due to the bustle and living comfort, the property has a high appeal as rental housing and stable rental demand from single households and couple households in a wide age range is expected.

Location	Suginami-ku, Tokyo	Property age ⁽¹⁾	17.5 yrs
Occupancy rate (as of Jul. 2017)	97.8%	Appraisal value ⁽²⁾	¥2,080 million
Access	3 minutes' walk from Asagaya Station		

The Properties Operate by Bridge Funds 2/2

KDX Residence Hiyoshi

Primary location selection criteria **Jigurai**
 Property type **Family**



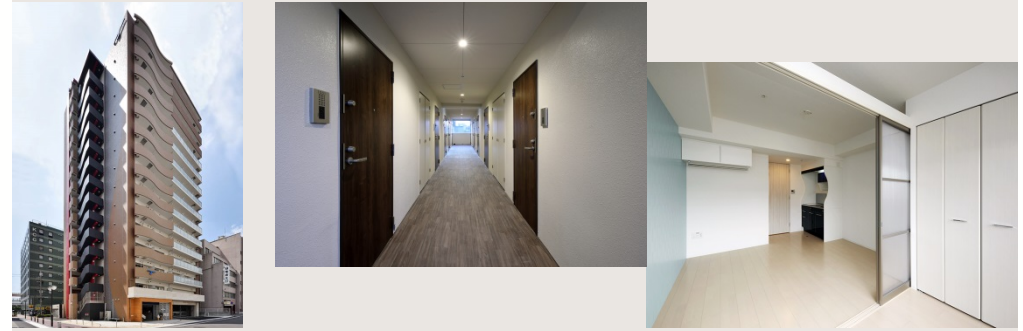
"Hiyoshi" is a quiet residential area and one of the distinguished lands in Yokohama started urbanization earlier in the inland area of Yokohama with opening of the current JR Yokohama Line in 1908 and the current Tokyu Toyoko Line in 1926.

In the surrounding area, there are 5 redevelopment projects including the next-generation urban smart city "Tsunashima Sustainable Smart Town" which industry, government and academia will jointly develop for town opening in 2018. Due to traffic convenience, stable rental demand from couple households and family households commuting to the center of Tokyo or Yokohama is expected.

Location	Yokohama-shi, Kanagawa	Property age ⁽¹⁾	20.9 yrs
Occupancy rate (as of Jul. 2017)	88.0%	Appraisal value ⁽²⁾	¥2,560 million
Access	15 minutes' walk from Hiyoshi Station		

Serenite Kobe Motomachi

Primary location selection criteria **Jigurai**
 Property type **Studio**



Kobe Motomachi area, which has developed corresponding to the prosperity of "Kobe harbor" opened 150 years ago and has rows of many historic buildings keeping the remnants of the Kobe foreign settlements, is surrounded by the sea and the mountains and one of the distinguished lands in Kobe with living comfort.

In the surrounding area, living convenience facilities such as "Kobe Motomachi Shopping Street". Also, "Nanjing Town" which is one of the Japan's three major Chinatowns, "Meriken Park" and "Kobe Harbor Land" are within walking distance. Due to living comfort and environment, stable rental demand from single households commuting to the center of Osaka or Kobe as well as workers around the nearest station is expected.

Location	Kobe-shi, Hyogo	Property age ⁽¹⁾	0.5 yrs
Occupancy rate (as of Jul. 2017)	100.0%	Appraisal value ⁽²⁾	¥2,540 million
Access	5 minutes' walk from Motomachi Station		

Note 1: "Property age" is calculated from completion dates to August 31, 2017.
 Note 2: "Appraisal value" is described the appraisal value at the time of acquisition of silent partnership funds.

Sub-MLIT Standard Toyo Tire & Rubber Seismic Isolation Materials

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

March 13, 2015 (Fri)	March 16 (Mon)	April 21 (Tue)	April 25 (Sat), 26 (Sun)	April 30 (Thu)	September 30 (Wed)
<p>Toyo Tire announced that its seismic isolation materials do not comply with certification requirements of the Ministry of Land, Infrastructure, Transport and Tourism of Japan (MLIT).</p> <p>Start of examination to determine if any portfolio buildings use these materials.</p>	<p>One portfolio building uses Toyo Tire seismic isolation materials, but Toyo Tire stated that these materials complied with the certification requirements.</p>	<p>Toyo Tire announced a new incident involving seismic isolation material fraud.</p> <p>Toyo Tire notified KDR that the seismic isolation materials in the portfolio building are included in this newly disclosed incident.</p>	<p>KDR visited each tenant in the building to explain the situation.</p>	<p>The MLIT and Toyo Tire measured the seismic isolation properties of the affected KDR owned building and concluded that the building is structurally sound up to a seismic intensity of 6-upper to 7.</p>	<p>KDR, KFM and a trust bank who is the trustee of the building signed a Compensation Agreement with Toyo Tire and Toyo Chemical Industrial Products.</p>

Signing of a Compensation Agreement

KDR, the Asset Management Company and a trust bank who is the trustee of the building signed a Compensation Agreement with Toyo Tire & Rubber Co., and Toyo Chemical Industrial Products regarding compensation for damages due to the use of certain seismic isolation laminated rubber that did not meet the certification criteria in the building. For the time being, an understanding has been reached concerning compensation for damages. However, the contents of the Agreement will not be disclosed because problems may occur during in the implementation of compensation payments.

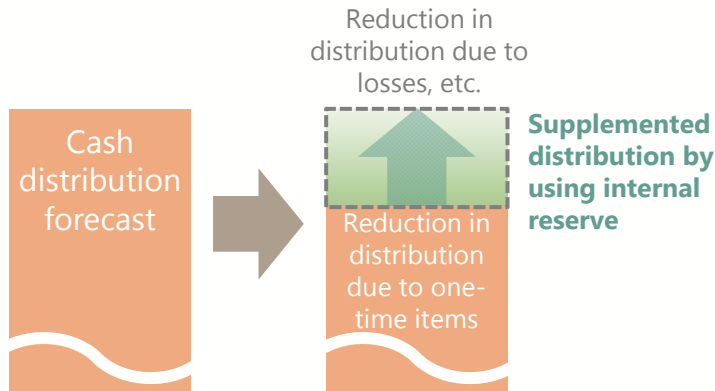
Replacement of the Substandard Seismic Isolation Laminated Rubber

KDR will continue to hold discussions regarding construction related to the replacement of the substandard seismic isolation laminated rubber and plans to ask Toyo Tire and Toyo Chemical Industrial Products to take all actions required for a satisfactory conclusion of this problem.

Toyo tire has resumed the production of the seismic isolation laminated rubber from August 2016. We are holding discussions regarding the replacement, etc. with Toyo Tire continuously.

Internal Reserve

Purposes and Use of Internal Reserve

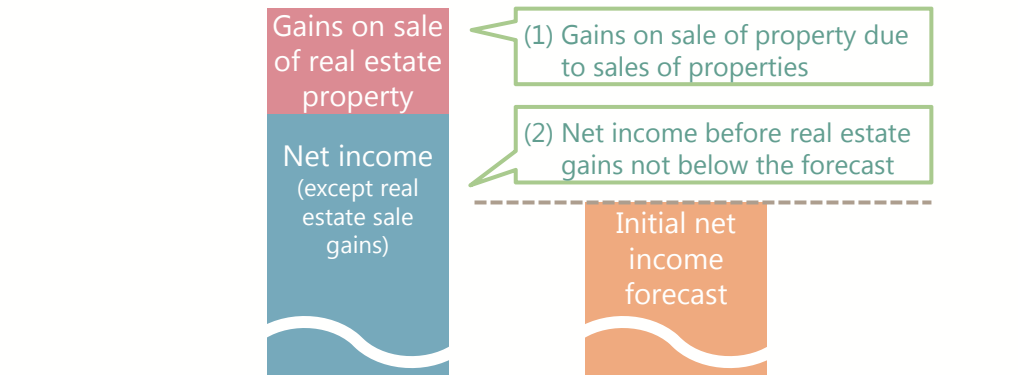


Purposes and Use of Internal Reserve

To continue to maintain stable distributions, we will consider using internal reserve when any of the following events is expected to temporarily reduce distributions

- Losses resulting from real estate sales or the impairment of assets under management
- Temporary decline in rental revenues caused by the acquisition of a property upon its completion or other event
- Conduit requirement insufficiency caused by inconsistency between procedures for tax and accounting purposes
- Conduit requirement insufficiency caused by market valuations of interest rate derivatives
- Dilution of distributions per unit caused by the flexible public offerings
- Losses caused by disasters and other unforeseen events

Conditions for the Use and Guideline for the Amount of Internal Reserve



Conditions for the Use of Internal Reserve

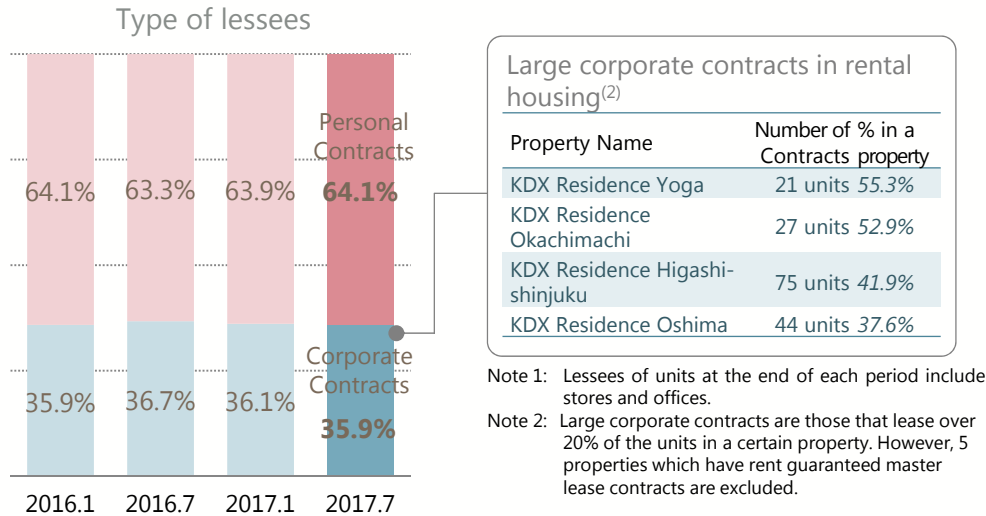
When there is a gain on the sale of real estate property, etc., we will consider using internal reserve up to the point to prevent net income (excluding the gain) from falling below the initial forecast

Guideline for the Amount of Internal Reserve

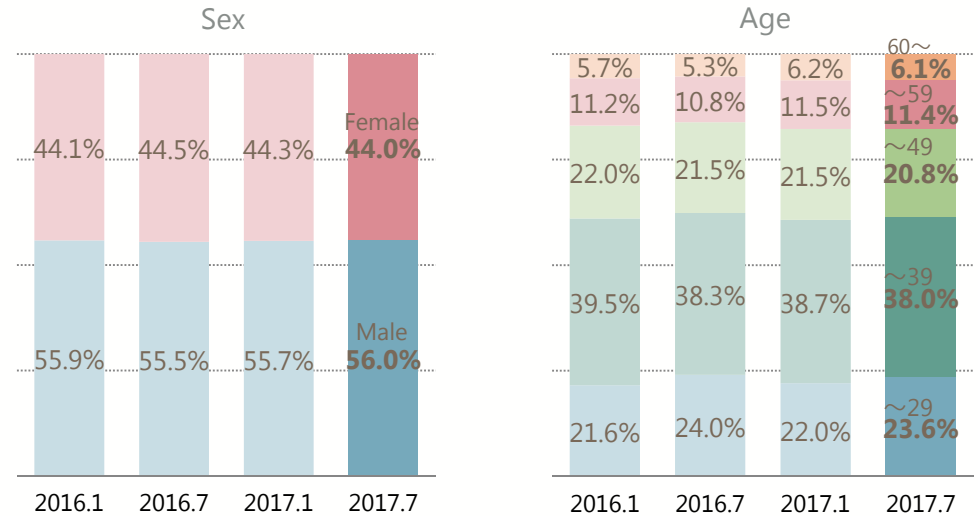
The current guideline for internal reserve is 10% of net income (The internal reserve at the end of July 2017 is ¥84 million)

Tenant Demographics Analysis

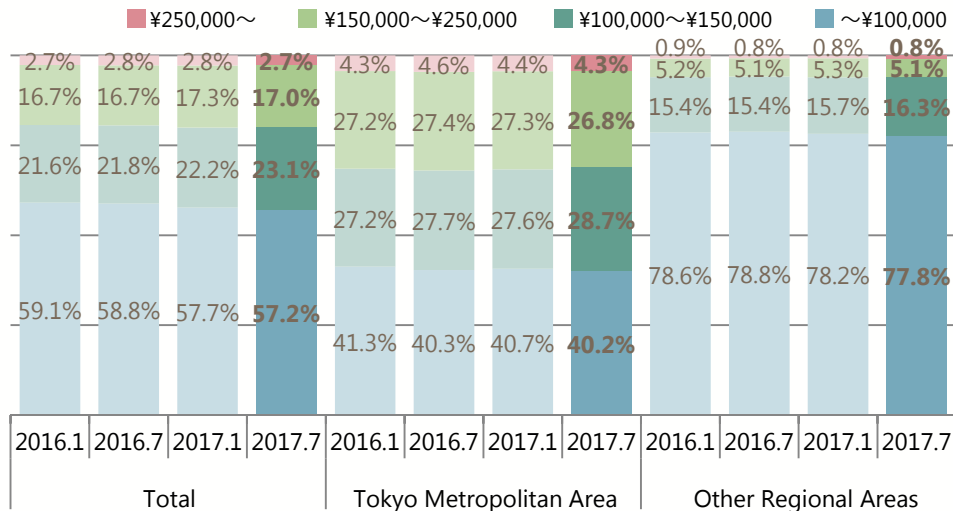
Type of Lessees⁽¹⁾



Breakdown of Personal Contracts



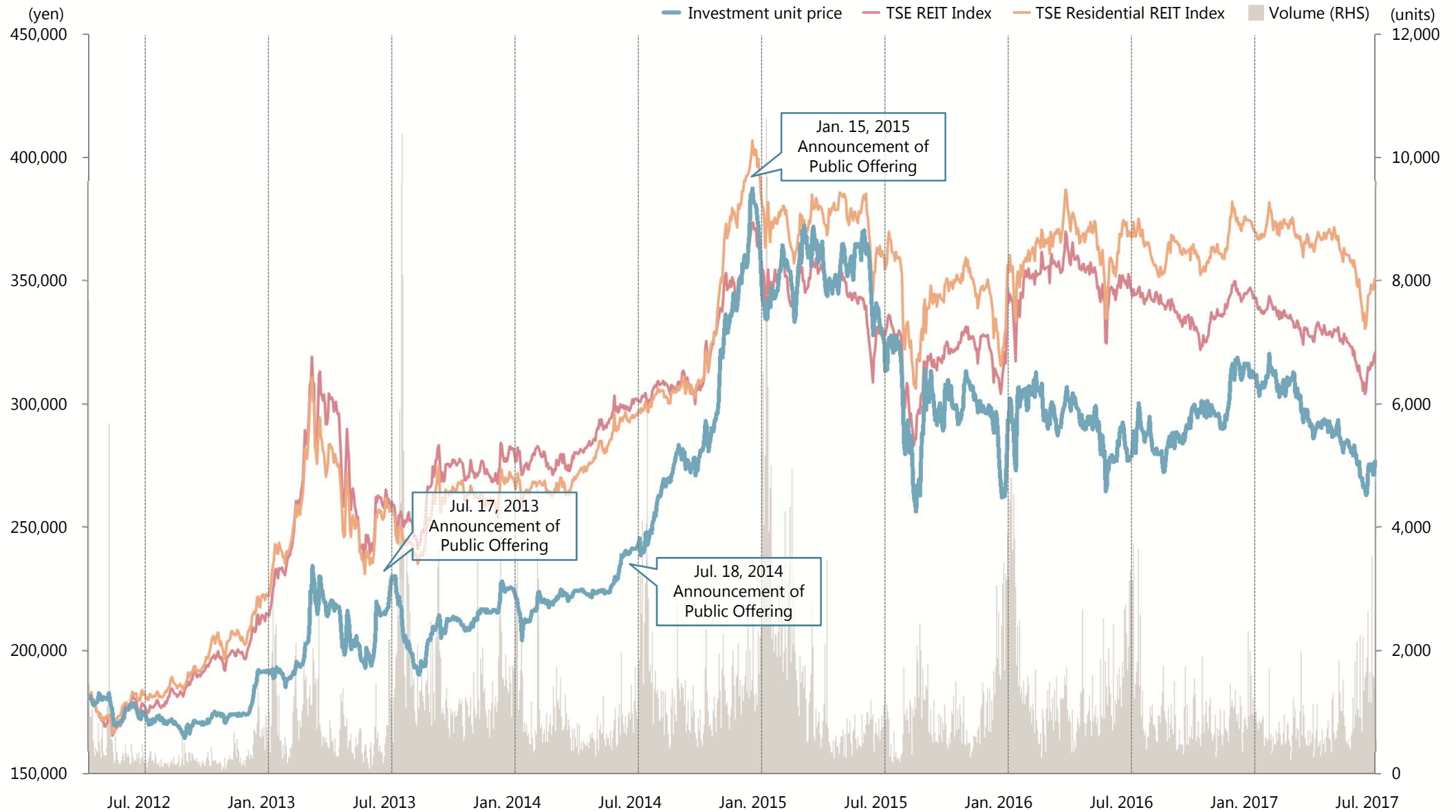
Breakdown of Rent Range (based on unit)



Average Rent per Residential Unit (as of July 31, 2017)

Room Type \ Area	Tokyo Metropolitan Area	Other Regional Areas	Total
Studio	¥93,655	¥69,318	¥85,161
Small Family	¥163,948	¥87,033	¥121,844
Family	¥214,271	¥164,720	¥190,332
Total	¥133,123	¥91,845	¥114,514

Investment Unit Price



Note1: Tokyo Stock Exchange REIT Index and Tokyo Stock Exchange Residential REIT Index are indexed from the closing price as of April 26, 2012 (964.36 and 1,247.66) which are initial listing date of KDR to the closing price of KDR (¥181,000).

Financial Statements

Balance Sheets

	(in thousands of yen)	
	10 th fiscal period (as of Jan. 31, 2017)	11 th fiscal period (as of Jul. 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
Building in trust	60,233,772	59,595,871
Structures in trust	352,701	343,563
Machinery and equipment in trust	1,083,901	1,061,940
Tools, furniture and fixtures in trust	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)	
	10 th fiscal period (as of Jan. 31, 2017)	11 th fiscal period (as of Jul. 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	¥13,457,752	¥13,483,955
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	¥71,266,769	¥71,273,087
Total liabilities	¥84,724,522	¥84,757,042
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	2,365,163	2,400,002
Total unitholders' equity	¥82,497,542	¥82,532,381
Valuation and translation adjustments		
Deferred gains or losses on hedges	54,619	26,626
Total valuation and translation adjustments	¥54,619	¥26,626
Total net assets	¥82,552,161	¥82,559,008
Total liabilities and net assets	¥167,276,684	¥167,316,051

Financial Statements

Statements of Income and Retained Earnings

	(in thousands of yen)	
	10 th fiscal period from: Aug. 1, 2016 to: Jan. 31, 2017	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017
Operating revenues		
Rent revenues-real estate	5,025,371	5,102,400
Other lease business revenue	412,245	472,418
Gains on sale of real estate property	30,478	-
Total operating revenues	5,468,095	5,574,819
Operating expenses		
Expenses related to rent business	2,050,357	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

	(in thousands of yen)	
	10 th fiscal period from: Aug. 1, 2016 to: Jan. 31, 2017	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017
Income before income taxes	¥2,311,797	¥2,316,291
Income taxes-current	1,698	801
Income taxes-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

Distributions

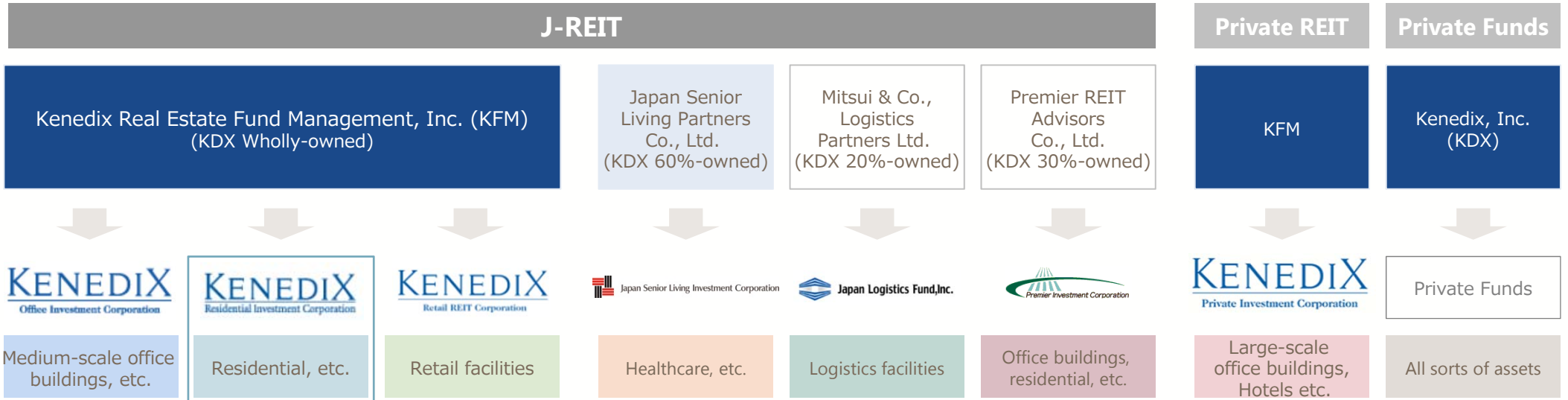
	10 th fiscal period from: Aug. 1, 2016 to: Jan. 31, 2017	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017
I. Retained earnings at the end of period	2,365,163,158 yen	2,400,002,851 yen
II. Total distributions	2,280,598,437 yen	2,315,507,337 yen
(Distributions per unit)	(6,533 yen)	(6,633 yen)
III. Retained earnings brought forward to the next period	84,564,721 yen	84,495,514 yen

Statements of Cash Flows

	(in thousands of yen)	
	10 th fiscal period from: Aug. 1, 2016 to: Jan. 31, 2017	11 th fiscal period from: Feb. 1, 2017 to: Jul. 31, 2017
Net cash provided by (used in) operating activities	4,610,601	3,267,273
Net cash provided by (used in) investing activities	△8,653,633	△239,024
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	¥9,439,351	¥10,184,942

Summary of Kenedix Group

Main Funds Kenedix Group involves in operation

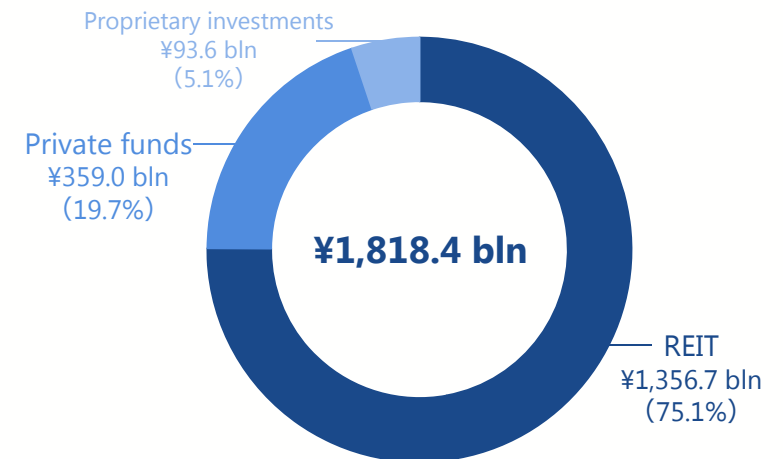


Priority Rights of Consideration for Real Estate Sale Information in Asset Management Company

Property type	Total floor area per investment property (m ²)	Primary	2nd	3rd
Rental Housings	Less than 20,000	KDR	KPI ⁽¹⁾	Private Fund
	Over 20,000			
Hotels	All	KPI ⁽¹⁾	KDR	Private Fund

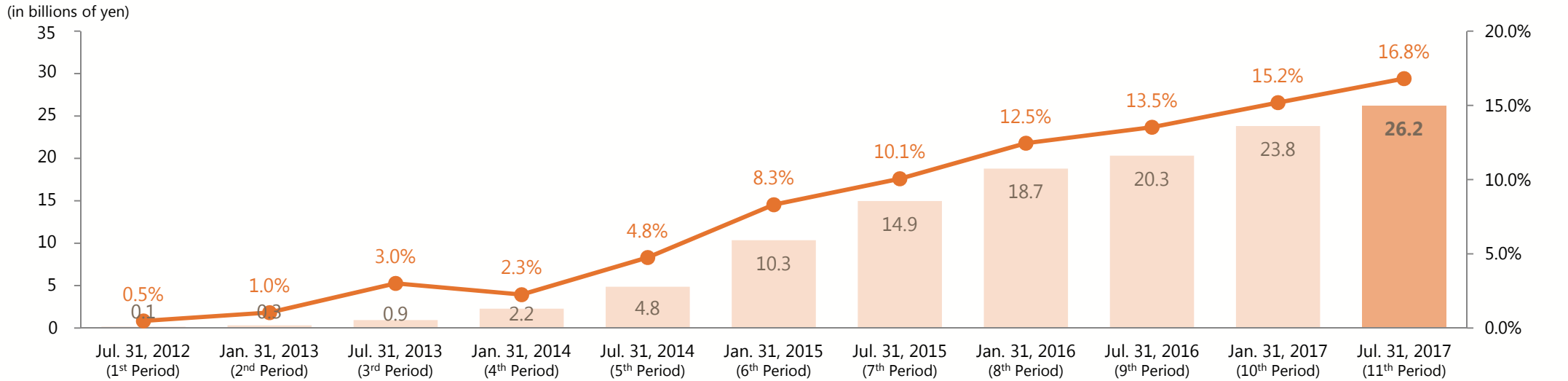
Note 1: "KPI" indicates Kenedix Private Investment Corporation.

Breakdown of AUM (as of end of June 2017)

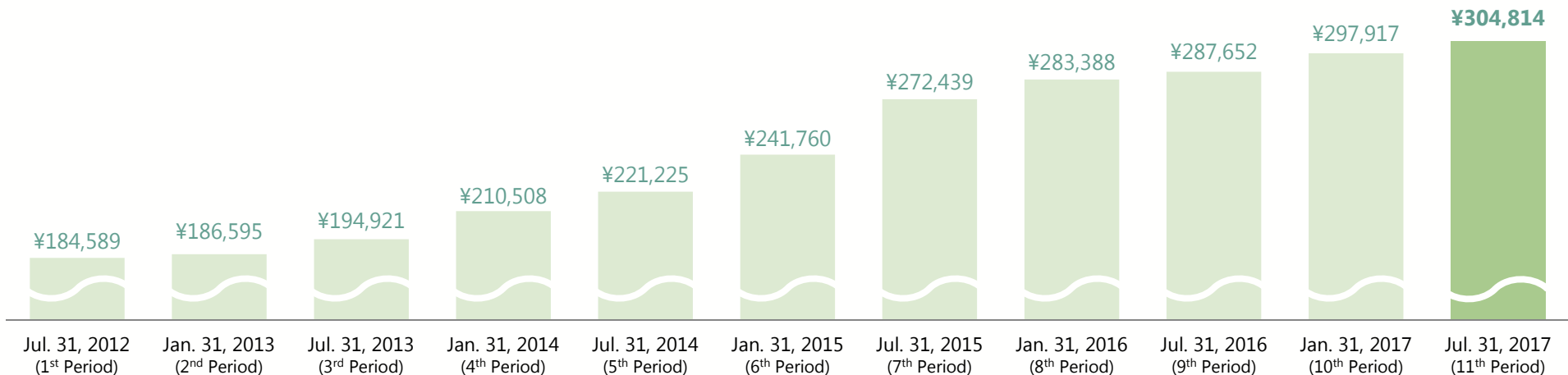


Appraisal Unrealized Capital Gains and NAV per Unit

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



NAV per Unit



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

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 11 th Period b	Difference c [b-a]	Previous	End of the 11 th Period	Previous	End of the 11 th Period	Previous	End of the 11 th Period				
T-1	KDX Daikanyama Residence	F	5,620	5,680	60	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	4,700	980	4,730	949
T-3	KDX Odemma Residence	F	2,040	1,990	-50	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,775	215	1,739	250
T-4	KDX Iwamoto-cho Residence	F	952	928	-24	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	822	106	806	121
T-5	KDX Bunkyo Sengoku Residence	F	1,770	1,710	-60	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,488	222	1,474	235
T-6	KDX Azumabashi Residence	F	849	849	0	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	650	199	628	220
T-7	KDX Shimura Sakaue Residence	F	3,250	3,250	0	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	2,830	420	2,735	514
T-9	Cosmo Heim Motosumiyoshi	F	1,780	1,790	10	-	-	4.8%	4.7%	5.0%	4.9%	1,750	40	1,798	-8
T-10	KDX Musashi Nakahara Residence	F	723	712	-11	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	637	75	639	72
T-11	KDX Chiba Chuo Residence	D	1,660	1,740	80	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,480	260	1,382	357
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,440	1,350	-90	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,150	200	1,134	215
T-13	KDX Residence Shirokane I	F	3,420	3,430	10	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	3,000	430	3,026	403
T-15	KDX Residence Shirokane II	F	3,260	3,340	80	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,800	540	2,818	521
T-16	KDX Residence Minami-aoyama	F	2,420	2,470	50	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,230	240	2,246	223
T-17	KDX Residence Minami-azabu	F	2,490	2,530	40	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	2,080	450	2,086	443
T-18	KDX Residence Shiba Koen	F	2,160	2,220	60	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,781	439	1,781	438
T-19	KDX Residence Azabu East	F	1,860	1,910	50	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,560	350	1,564	345
T-20	KDX Residence Takanawa	F	935	956	21	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	770	186	772	183
T-21	KDX Residence Nishihara	F	1,830	1,870	40	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,450	420	1,458	411
T-22	KDX Residence Daikanyama II	F	909	928	19	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	730	198	763	164
T-23	KDX Residence Sendagaya	F	759	782	23	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	650	132	648	133
T-24	KDX Residence Nihonbashi Suitengu	D	3,780	3,860	80	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	3,240	620	3,222	637
T-25	KDX Residence Nihonbashi Hakozaeki	D	1,300	1,330	30	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,147	183	1,140	189
T-26	KDX Residence Higashi-shinjuku	F	3,870	3,880	10	4.2%	4.2%	4.0%	4.0%	4.4%	4.4%	3,270	610	3,261	618
T-27	KDX Residence Yotsuya	F	2,520	2,580	60	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	2,260	320	2,269	310
T-28	KDX Residence Nishi-shinjuku	F	1,220	1,250	30	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,000	250	1,003	246
T-29	KDX Residence Kagurazaka	F	844	870	26	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	720	150	719	150

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Appraisal Values 2/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 11 th Period b	Difference c [b-a]	Previous	End of the 11 th Period	Previous	End of the 11 th Period	Previous	End of the 11 th Period				
T-30	KDX Residence Futako Tamagawa	F	1,390	1,420	30	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,250	170	1,278	141
T-31	KDX Residence Komazawa Koen	F	1,050	1,070	20	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	920	150	918	151
T-32	KDX Residence Misyuku	F	865	885	20	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	760	125	763	121
T-33	KDX Residence Yoga	F	813	832	19	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	700	132	703	128
T-34	KDX Residence Shimouma	F	698	722	24	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	600	122	606	115
T-35	Raffine Minami-magome	F	1,670	1,460	-210	5.5%	4.9%	5.3%	4.7%	5.7%	5.1%	1,250	210	1,249	210
T-36	KDX Residence Yukigaya Otsuka	F	1,260	1,280	20	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,050	230	1,043	236
T-37	KDX Residence Denen Chofu	D	1,190	1,190	0	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	1,000	190	1,059	130
T-38	KDX Residence Tamagawa	F	888	901	13	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	776	125	761	139
T-39	KDX Residence Monzennakacho	F	916	937	21	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	773	164	770	166
T-40	KDX Residence Okachimachi	F	998	1,020	22	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	850	170	850	169
T-41	KDX Residence Moto-asakusa	F	943	968	25	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	800	168	799	168
T-42	KDX Residence Itabashi Honcho	F	713	727	14	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	620	107	614	112
T-43	KDX Residence Azusawa	F	620	634	14	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	550	84	563	70
T-44	KDX Residence Tobu Nerima	F	490	496	6	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	420	76	410	85
T-45	KDX Residence Yokohama Kannai	F	955	959	4	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	800	159	793	165
T-46	KDX Residence Miyamaedaira	F	1,100	1,130	30	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	999	131	1,003	126
T-47	KDX Residence Machida	F	1,970	1,990	20	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,800	190	1,758	231
T-48	KDX Residence Kinshicho	F	1,540	1,600	60	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,350	250	1,359	240
T-49	KDX Residence Nihombashi Hamacho	F	1,150	1,170	20	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	996	174	1,011	158
T-50	KDX Residence Nihombashi Ningyocho	F	632	643	11	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	530	113	568	74
T-51	KDX Residence Jiyugaoka	F	1,470	1,500	30	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,268	232	1,330	169
T-52	KDX Residence Togoshi	F	4,410	4,500	90	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	3,745	755	3,791	708
T-53	KDX Residence Shinagawa Seaside	F	3,050	3,090	40	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,593	497	2,624	465
T-54	KDX Residence Ojima	F	2,160	2,160	0	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,857	303	1,872	287
T-55	KDX Residence Oyama	F	3,050	3,120	70	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	2,679	441	2,701	418

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Appraisal Values 3/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 11 th Period b	Difference c [b-a]	Previous	End of the 11 th Period	Previous	End of the 11 th Period	Previous	End of the 11 th Period				
T-56	KDX Residence Hanzomon	F	5,430	5,470	40	4.3%	4.2%	4.0%	3.9%	4.4%	4.3%	4,832	638	4,935	534
T-57	B-Site Akihabara	F	921	942	21	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	850	92	871	70
T-58	Bureau Kagurazaka	F	1,460	1,520	60	4.4%	4.2%	4.1%	4.0%	4.4%	4.3%	1,360	160	1,389	130
T-59	KDX Residence Sendagi	F	2,340	2,360	20	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,200	160	2,380	-20
T-60	KDX Residence Seijo	F	1,500	1,520	20	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,400	120	1,433	86
T-61	KDX Residence Akihabara	F	1,410	1,430	20	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,250	180	1,272	157
T-62	KDX Residence Iriya	F	1,270	1,300	30	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,062	238	1,084	215
T-63	KDX Residence Tachikawa	F	3,390	3,410	20	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	3,026	383	3,066	343
T-64	KDX Residence Tsurumi	F	1,330	1,380	50	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	1,050	330	1,128	251
T-65	KDX Residence Morishita Chitose	M	1,150	1,170	20	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,100	70	1,126	43
T-66	KDX Residence Akasaka	F	1,500	1,530	30	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	1,150	380	1,207	322
T-67	KDX Residence Kanda	F	953	1,020	67	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	700	320	736	283
T-68	KDX Residence Ebisu	F	3,750	3,880	130	4.1%	4.0%	3.9%	3.8%	4.3%	4.2%	2,845	1,035	2,984	895
T-69	KDX Residence Nishi-magome	F	1,170	1,180	10	4.5%	4.3%	4.2%	4.1%	4.6%	4.5%	1,130	50	1,189	-9
T-70	KDX Residence Nishi-azabu	F	1,430	1,440	10	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	1,224	216	1,252	187
T-71	KDX Residence Azabu Sendaizaka	F	909	924	15	4.2%	4.1%	4.0%	3.9%	4.4%	4.3%	792	131	810	113
T-72	KDX Residence Waseda Tsurumaki	F	765	778	13	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	561	217	577	200
T-73	KDX Residence Bunkyo Yushima	F	879	890	11	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	695	195	712	177
T-74	KDX Residence Kamishakujii	F	736	750	14	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	648	102	666	83
T-75	KDX Residence Shin-otsuka	F	908	922	14	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	764	158	789	132
T-76	KDX Residence Sakurajosui	F	1,080	1,100	20	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	894	206	923	176
T-77	KDX Residence Ryougoku	F	1,020	1,050	30	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	842	208	872	177
Subtotal / Average			124,953	126,575	1,622	4.4%	4.3%	4.3%	4.2%	4.7%	4.6%	107,281	19,293	108,476	18,098

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Appraisal Values 4/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price	Difference	Book Value	Difference
			Previous a	End of the 11 th Period b	Difference c [b-a]	Previous	End of the 11 th Period	Previous	End of the 11 th Period	Previous	End of the 11 th Period				
R-2	KDX JozenjiDori Residence	D	1,340	1,260	-80	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	1,015	245	975	284
R-3	KDX Izumi Residence	F	1,330	1,290	-40	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,120	170	1,082	207
R-4	KDX Chihaya Residence	F	1,390	1,350	-40	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,080	270	1,035	314
R-5	KDX Sakaisuji Hommachi Residence	F	3,210	3,150	-60	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	2,910	240	2,796	353
R-6	KDX Shimmachi Residence	F	1,240	1,200	-40	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,015	185	971	228
R-7	KDX Takarazuka Residence	F	1,850	1,780	-70	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,510	270	1,417	362
R-8	KDX Shimizu Residence	F	2,050	1,950	-100	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	1,680	270	1,613	336
R-9	KDX Residence Odori Koen	F	879	899	20	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	765	134	746	152
R-10	KDX Residence Kikusui Yojo	F	973	1,000	27	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	830	170	813	186
R-11	KDX Residence Toyohira Koen	F	527	529	2	5.5%	5.4%	5.3%	5.2%	5.7%	5.6%	445	84	437	91
R-13	KDX Residence Ichiban-cho	D	669	683	14	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	530	153	520	162
R-14	KDX Residence Kotodai	D	551	562	11	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	520	42	512	49
R-15	KDX Residence Izumi Chuo	D	601	611	10	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	480	131	473	137
R-16	KDX Residence Higashi-sakura I	F	2,680	2,700	20	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	2,350	350	2,316	383
R-17	KDX Residence Higashi-sakura II	F	1,040	1,070	30	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	900	170	887	182
R-18	KDX Residence Jingumae	F	1,020	1,040	20	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	840	200	824	215
R-19	KDX Residence Nishi-oji	D	905	925	20	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	813	112	803	121
R-20	KDX Residence Saiin	D	489	498	9	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	440	58	434	63
R-21	KDX Residence Namba	F	1,610	1,630	20	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	1,410	220	1,396	233
R-22	KDX Residence Namba-minami	F	1,540	1,560	20	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	1,350	210	1,326	233
R-23	KDX Residence Shin-osaka	F	575	578	3	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	510	68	496	81
R-24	KDX Residence Ibaraki I-II	F	1,385	1,387	2	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	1,275	112	1,293	93
R-25	KDX Residence Toyonaka-minami	F	830	840	10	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	740	100	713	126
R-26	KDX Residence Moriguchi	F	627	640	13	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	551	89	537	102
R-27	KDX Residence Sannomiya	F	1,290	1,290	0	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,080	210	1,067	222
R-28	Ashiya Royal Homes	F	1,690	1,720	30	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,360	360	1,464	255

Note 1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd., "M" means Morii Appraisal & Investment Consulting Inc. and "T" means The Tanizawa Sogo Appraisal Co., Ltd. Appraisal values are rounded down to the nearest ¥mln. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(Previous; January 31, 2017 / 11th Period; July 31, 2017), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values. Subtotal and Total of "Cap Rate", "Discount Rate" and "Terminal Cap Rate" are calculated by the weighted average by the appraisal value.

Appraisal Values 5/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 11 th Period b	Difference c [b-a]	Previous	End of the 11 th Period	Previous	End of the 11 th Period	Previous	End of the 11 th Period				
R-29	KDX Residence Funairi Saiwai-cho	F	650	662	12	5.8%	5.7%	5.6%	5.5%	6.0%	5.9%	588	74	574	87
R-30	KDX Residence Tenjin-higashi II	F	827	851	24	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	680	171	668	182
R-32	KDX Residence Nishi Koen	F	838	839	1	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	763	76	751	87
R-33	KDX Residence Hirao Josui-machi	F	855	862	7	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	760	102	755	106
R-34	Melody Heim Gotenyama	F	501	510	9	5.7%	5.6%	5.5%	5.4%	5.9%	5.8%	400	110	433	76
R-35	Leopalace Flat Shin-sakae	M	4,170	4,170	0	4.8%	4.8%	4.7%	4.7%	5.0%	5.0%	3,500	670	3,616	553
R-36	KDX Residence Koman Yamate	F	1,100	1,120	20	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	973	147	986	133
R-37	KDX Residence Hommachibashi	F	3,440	3,450	10	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	3,201	249	3,239	210
R-38	KDX Residence Minami-kusatsu	D	2,260	2,290	30	5.6%	5.5%	5.4%	5.3%	5.8%	5.7%	1,974	315	2,041	248
R-39	KDX Residence Ohori Harbor View Tower	D	5,100	5,210	110	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	4,606	603	4,713	496
R-40	KDX Residence Minami-sanjo	F	1,500	1,550	50	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	915	635	963	586
R-41	Serenite Kita-kyuhoji	M	1,410	1,440	30	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,290	149	1,318	121
R-42	Serenite Nishinomiya Hommachi	T	723	739	16	5.0%	5.0%	5.1%	5.1%	5.2%	5.2%	617	121	661	77
Subtotal / Average			55,665	55,835	170	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	47,787	8,047	47,685	8,149
Total / Average			180,618	182,410	1,792	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	155,069	27,340	156,161	26,248

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Summary of Portfolio Performance

Trends in Portfolio Performance

	6 th fiscal period (as of Jan. 31, 2015)	7 th fiscal period (as of Jul. 31, 2015)	8 th fiscal period (as of Jan. 31, 2016)	9 th fiscal period (as of Jul. 31, 2016)	10 th fiscal period (as of Jan. 31, 2017)	11 th fiscal period (as of Jul. 31, 2017)
Number of Properties	92 props	103 props	105 props	105 props	113 props	113 props
Properties Acquired during the period	11 props	12 props	5 props	0 props	10 props	0 props
Properties Transferred during the period	0 Props	1 Props	3 Props	0 Props	2 Props	0 Props
Total Acquisition Price	¥122,122 million	¥145,873 million	¥148,184 million	¥148,184 million	¥155,069 million	¥155,069 million
Total Book Value	¥124,680 million	¥148,872 million	¥150,906 million	¥150,211 million	¥156,805 million	¥156,161 million
Total Appraisal Value	¥135,048 million	¥163,849 million	¥169,702 million	¥170,538 million	¥180,618 million	¥182,410 million
Rentable Units	6,026 units	7,080 units	7,243 units	7,243 units	7,518 units	7,518 units
Rentable Area	236,310.44 m ²	280,436.94 m ²	286,310.51 m ²	286,310.51 m ²	292,324.33 m ²	292,324.33 m ²
Leasing Business Revenues	¥4,167 million	¥5,170 million	¥5,208 million	¥5,329 million	¥5,437 million	¥5,574 million
Leasing Business Expenses (ex. Depreciation)	¥923 million	¥1,125 million	¥1,084 million	¥1,175 million	¥1,172 million	¥1,239 million
NOI (Net Operating Income) ⁽¹⁾	¥3,243 million	¥4,044 million	¥4,124 million	¥4,153 million	¥4,265 million	¥4,335 million
NOI Cap Rate (per year)	5.5 %	5.6 %	5.6 %	5.6 %	5.5 %	5.6 %
Capital Expenditure	¥62 million	¥146 million	¥167 million	¥163 million	¥220 million	¥241 million
Depreciation	¥659 million	¥827 million	¥852 million	¥857 million	¥878 million	¥884 million
Depreciation Rate (per acquisition price, year)	1.1 %	1.1 %	1.1 %	1.2 %	1.1 %	1.2 %
NOI Cap Rate after Depreciation (per year)	4.4 %	4.5 %	4.4 %	4.5 %	4.4 %	4.5 %
Occupancy Rates (average during the period)	95.4 %	95.8 %	95.4 %	96.3 %	95.7 %	96.7 %
Occupancy Rates (at the end of the period)	95.7 %	96.2 %	96.0 %	95.9 %	96.2 %	96.8 %
Rent per Tsubo (average during the period)	¥9,894 per tsubo	¥9,803 per tsubo	¥9,752 per tsubo	¥9,783 per tsubo	¥9,942 per tsubo	¥10,003 per tsubo
Rent per Tsubo (at the end of the period)	¥9,883 per tsubo	¥9,824 per tsubo	¥9,760 per tsubo	¥9,798 per tsubo	¥9,996 per tsubo	¥10,005 per tsubo
Replacement Rate ⁽²⁾	10.7 %	14.2 %	11.3 %	13.0 %	11.4 %	13.4 %
Turnover Rate ⁽³⁾	10.7 %	13.6 %	9.8 %	13.5 %	10.2 %	12.6 %
Renewal Rate (average during the period) ⁽⁴⁾	90.4 %	87.8 %	89.5 %	89.3 %	89.6 %	88.8 %
Average Occupancy Period ⁽⁵⁾	1,041 days	1,090 days	1,066 days	1,140 days	1,157 days	1,207 days
Average Downtime ⁽⁶⁾	81 days	67 days	80 days	64 days	80 days	64 days

Note 1: NOI=Operating Revenues – Operating Expenses(ex. Depreciation) (Rounded down to the nearest one decimal places)

Note 2: Replacement=New tenants during the operating period / Rentable Units

Note 3: Turnover=Exiting tenants during the operating period / Rentable Units

Note 4: Renewal Rate=Renewal tenants during the operating period / Ending contracts during the operating period

Note 5: Average Occupancy Period is based on exiting tenants during the operating period

Note 6: Average Downtime is based on new tenants during the operating period

Portfolio Performance in 1H 2017 1/5

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-1	KDX Daikanyama Residence	4,700,000	4,730,439	5,680,000	SF	86	5,338.99	5,281.30	98.9%	181	162,165	34,759	127,405	15,775	111,630	5.5%	4.8%	
T-3	KDX Odemma Residence	1,775,000	1,739,245	1,990,000	SF	54	2,353.23	2,264.29	96.2%	181	57,180	11,787	45,392	10,607	34,785	5.2%	4.0%	
T-4	KDX Iwamoto-cho Residence	822,000	806,214	928,000	SF	36	1,131.24	1,028.25	90.9%	181	27,466	5,855	21,610	5,235	16,374	5.3%	4.0%	
T-5	KDX Bunkyo Sengoku Residence	1,488,000	1,474,581	1,710,000	S	77	2,054.10	2,054.10	100.0%	181	50,407	10,605	39,802	6,509	33,292	5.4%	4.5%	
T-6	KDX Azumabashi Residence	650,000	628,717	849,000	S	41	1,054.83	1,005.79	95.4%	181	24,996	5,433	19,562	4,886	14,676	6.1%	4.6%	
T-7	KDX Shimura Sakaue Residence	2,830,000	2,735,398	3,250,000	F	85	6,117.48	5,907.18	96.6%	181	102,742	30,287	72,454	21,421	51,032	5.2%	3.6%	
T-9	Cosmo Heim Motosumiyoshi	1,750,000	1,798,041	1,790,000	-	-	-	-	-	181	43,750	1,258	42,491	0	42,491	4.9%	4.9%	
T-10	KDX Musashi Nakahara Residence	637,000	639,363	712,000	F	35	2,123.46	2,062.96	97.2%	181	26,233	9,012	17,220	3,573	13,647	5.5%	4.3%	
T-11	KDX Chiba Chuo Residence	1,480,000	1,382,172	1,740,000	S	106	3,546.91	3,371.71	95.1%	181	58,333	21,983	36,350	17,179	19,171	5.0%	2.6%	
T-12	KDX Kawaguchi Saiwai-cho Residence	1,150,000	1,134,988	1,350,000	SF	61	2,491.66	2,389.92	95.9%	181	47,704	15,696	32,007	7,255	24,752	5.6%	4.3%	
T-13	KDX Residence Shirokane I	3,000,000	3,026,879	3,430,000	SF	50	3,617.32	3,517.04	97.2%	181	110,447	31,800	78,646	7,626	71,019	5.3%	4.8%	
T-15	KDX Residence Shirokane II	2,800,000	2,818,529	3,340,000	S	85	2,889.66	2,766.97	95.8%	181	90,603	17,783	72,820	6,652	66,167	5.2%	4.8%	
T-16	KDX Residence Minami-aoyama	2,230,000	2,246,557	2,470,000	SF	20	1,680.79	1,610.31	95.8%	181	65,104	10,142	54,962	3,230	51,731	5.0%	4.7%	
T-17	KDX Residence Minami-azabu	2,080,000	2,086,900	2,530,000	SF	62	2,785.42	2,581.65	92.7%	181	70,806	13,037	57,769	6,829	50,939	5.6%	4.9%	
T-18	KDX Residence Shiba Koen	1,781,000	1,781,830	2,220,000	SF	64	2,507.52	2,468.09	98.4%	181	62,574	12,962	49,611	5,768	43,842	5.6%	5.0%	
T-19	KDX Residence Azabu East	1,560,000	1,564,691	1,910,000	S	76	1,849.00	1,849.00	100.0%	181	53,655	11,858	41,797	6,125	35,671	5.4%	4.6%	
T-20	KDX Residence Takanawa	770,000	772,817	956,000	SF	27	1,034.27	1,034.27	100.0%	181	26,088	6,338	19,750	2,759	16,991	5.2%	4.4%	
T-21	KDX Residence Nishihara	1,450,000	1,458,121	1,870,000	SF	39	2,310.08	2,108.10	91.3%	181	50,974	10,296	40,678	5,745	34,933	5.7%	4.9%	
T-22	KDX Residence Daikanyama II	730,000	763,747	928,000	F	17	985.10	985.10	100.0%	181	28,597	4,225	24,372	1,262	23,109	6.7%	6.4%	
T-23	KDX Residence Sendagaya	650,000	648,642	782,000	SF	16	748.96	748.96	100.0%	181	22,761	6,161	16,599	2,804	13,795	5.1%	4.3%	
T-24	KDX Residence Nihonbashi Suitengu	3,240,000	3,222,220	3,860,000	F	79	5,534.86	5,534.86	100.0%	181	96,550	10,098	86,451	17,734	68,716	5.4%	4.3%	
T-25	KDX Residence Nihonbashi Hakozaeki	1,147,000	1,140,916	1,330,000	S	60	1,537.38	1,516.87	98.7%	181	40,420	7,858	32,562	6,478	26,084	5.7%	4.6%	
T-26	KDX Residence Higashi-shinjuku	3,270,000	3,261,613	3,880,000	S	179	4,358.43	4,358.43	100.0%	181	108,989	17,088	91,901	11,552	80,349	5.7%	5.0%	
T-27	KDX Residence Yotsuya	2,260,000	2,269,117	2,580,000	F	42	3,101.16	3,042.46	98.1%	181	76,838	17,131	59,707	9,261	50,445	5.3%	4.5%	
T-28	KDX Residence Nishi-shinjuku	1,000,000	1,003,220	1,250,000	S	54	1,345.92	1,299.67	96.6%	181	34,968	7,336	27,632	3,841	23,790	5.6%	4.8%	
T-29	KDX Residence Kagurazaka	720,000	719,252	870,000	S	34	890.93	866.07	97.2%	181	24,968	5,049	19,918	3,319	16,599	5.6%	4.6%	

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

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

Portfolio Performance in 1H 2017 2/5

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-30	KDX Residence Futako Tamagawa	1,250,000	1,278,359	1,420,000	F	38	2,339.62	2,284.62	97.6%	181	43,398	8,235	35,162	4,498	30,664	5.7%	4.9%	
T-31	KDX Residence Komazawa Koen	920,000	918,911	1,070,000	SF	32	1,020.18	1,020.18	100.0%	181	28,133	5,096	23,037	4,646	18,390	5.0%	4.0%	
T-32	KDX Residence Misyuku	760,000	763,413	885,000	S	39	1,103.82	1,103.82	100.0%	181	26,180	5,715	20,465	3,106	17,359	5.4%	4.6%	
T-33	KDX Residence Yoga	700,000	703,093	832,000	S	38	1,012.80	1,012.80	100.0%	181	23,535	3,755	19,780	2,600	17,180	5.7%	4.9%	
T-34	KDX Residence Shimouma	600,000	606,208	722,000	S	29	829.05	802.93	96.8%	181	20,620	4,928	15,692	2,239	13,452	5.3%	4.5%	
T-35	Raffine Minami-magome	1,250,000	1,249,640	1,460,000	S	56	2,408.56	2,408.56	100.0%	181	47,312	3,729	43,582	3,402	40,180	7.0%	6.5%	
T-36	KDX Residence Yukigaya Otsuka	1,050,000	1,043,934	1,280,000	S	72	1,526.98	1,526.98	100.0%	181	38,940	9,444	29,496	5,440	24,056	5.7%	4.6%	
T-37	KDX Residence Denen Chofu	1,000,000	1,059,089	1,190,000	F	36	2,359.44	2,359.44	100.0%	181	37,656	6,193	31,463	4,110	27,352	6.3%	5.5%	
T-38	KDX Residence Tamagawa	776,000	761,576	901,000	S	52	1,170.40	1,148.50	98.1%	181	29,276	7,744	21,531	5,888	15,643	5.6%	4.1%	
T-39	KDX Residence Monzennakacho	773,000	770,894	937,000	S	49	1,171.41	1,171.41	100.0%	181	27,987	7,401	20,586	3,935	16,650	5.4%	4.3%	
T-40	KDX Residence Okachimachi	850,000	850,660	1,020,000	S	51	1,329.79	1,329.79	100.0%	181	32,405	5,987	26,418	3,768	22,650	6.3%	5.4%	
T-41	KDX Residence Moto-asakusa	800,000	799,958	968,000	SF	44	1,314.91	1,294.58	98.5%	181	29,964	6,024	23,939	4,452	19,486	6.0%	4.9%	
T-42	KDX Residence Itabashi Honcho	620,000	614,394	727,000	S	46	1,127.58	1,106.14	98.1%	181	22,907	6,448	16,458	4,198	12,260	5.4%	4.0%	
T-43	KDX Residence Azusawa	550,000	563,850	634,000	S	39	989.82	989.82	100.0%	181	19,821	4,962	14,859	3,353	11,505	5.4%	4.2%	
T-44	KDX Residence Tobu Nerima	420,000	410,758	496,000	S	37	931.82	900.60	96.6%	181	17,808	6,287	11,520	3,765	7,754	5.5%	3.7%	
T-45	KDX Residence Yokohama Kannai	800,000	793,045	959,000	S	72	1,602.16	1,490.84	93.1%	181	34,293	10,223	24,069	5,924	18,144	6.1%	4.6%	
T-46	KDX Residence Miyamaedaira	999,000	1,003,974	1,130,000	F	40	2,448.27	2,448.27	100.0%	181	37,246	10,274	26,971	4,751	22,219	5.4%	4.5%	
T-47	KDX Residence Machida	1,800,000	1,758,680	1,990,000	F	52	3,832.53	3,671.71	95.8%	181	63,684	15,426	48,257	14,870	33,387	5.4%	3.7%	
T-48	KDX Residence Kinshicho	1,350,000	1,359,479	1,600,000	F	33	2,024.81	2,024.81	100.0%	181	45,144	9,168	35,975	6,866	29,108	5.4%	4.3%	
T-49	KDX Residence Nihombashi Hamacho	996,000	1,011,554	1,170,000	F	28	1,756.27	1,756.27	100.0%	181	29,886	5,332	24,553	4,101	20,452	5.0%	4.1%	
T-50	KDX Residence Nihombashi Ningyocho	530,000	568,269	643,000	S	27	877.14	849.10	96.8%	181	18,874	5,714	13,159	2,209	10,950	5.0%	4.2%	
T-51	KDX Residence Jiyugaoka	1,268,000	1,330,331	1,500,000	SF	48	1,637.00	1,601.81	97.9%	181	39,102	9,131	29,970	4,160	25,810	4.8%	4.1%	
T-52	KDX Residence Togoshi	3,745,000	3,791,447	4,500,000	SF	144	4,591.76	4,539.05	98.9%	181	121,339	20,635	100,703	16,934	83,769	5.4%	4.5%	
T-53	KDX Residence Shinagawa Seaside	2,593,000	2,624,921	3,090,000	S	127	3,314.75	3,268.61	98.6%	181	87,034	17,100	69,934	12,787	57,146	5.4%	4.4%	
T-54	KDX Residence Ojima	1,857,000	1,872,117	2,160,000	S	117	2,372.67	2,291.70	96.6%	181	63,762	13,991	49,771	11,042	38,728	5.4%	4.2%	
T-55	KDX Residence Oyama	2,679,000	2,701,082	3,120,000	SF	145	4,009.07	3,783.68	94.4%	181	92,702	17,534	75,167	16,562	58,604	5.7%	4.4%	

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Portfolio Performance in 1H 2017 3/5

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
T-56	KDX Residence Hanzomon	4,832,000	4,935,864	5,470,000	F	85	4,854.23	4,717.85	97.2%	181	129,473	22,559	106,914	13,969	92,945	4.5%	3.9%	
T-57	B-Site Akihabara	850,000	871,441	942,000	S	52	1,254.50	1,254.50	100.0%	181	23,882	4,796	19,085	2,511	16,573	4.5%	3.9%	
T-58	Bureau Kagurazaka	1,360,000	1,389,694	1,520,000	S	70	1,809.84	1,809.84	100.0%	181	39,061	6,858	32,203	3,642	28,561	4.8%	4.2%	
T-59	KDX Residence Sendagi	2,200,000	2,380,737	2,360,000	F	40	3,159.89	3,159.89	100.0%	181	66,072	15,345	50,726	8,129	42,596	4.6%	3.9%	
T-60	KDX Residence Seijo	1,400,000	1,433,314	1,520,000	SF	38	2,198.56	2,144.19	97.5%	181	40,440	10,332	30,108	4,551	25,556	4.3%	3.7%	
T-61	KDX Residence Akihabara	1,250,000	1,272,508	1,430,000	SF	32	1,929.61	1,929.61	100.0%	181	38,874	8,314	30,559	6,575	23,984	4.9%	3.9%	
T-62	KDX Residence Iriya	1,062,000	1,084,821	1,300,000	S	57	1,899.29	1,899.29	100.0%	181	39,303	8,789	30,514	6,162	24,352	5.8%	4.6%	
T-63	KDX Residence Tachikawa	3,026,200	3,066,858	3,410,000	S	174	4,314.87	4,261.88	98.8%	181	99,407	17,689	81,717	21,052	60,664	5.4%	4.0%	
T-64	KDX Residence Tsurumi	1,050,000	1,128,972	1,380,000	SF	59	3,499.84	3,499.84	100.0%	181	53,936	15,592	38,344	6,809	31,535	7.4%	6.1%	
T-65	KDX Residence Morishita Chitose	1,100,000	1,126,155	1,170,000	S	65	1,614.28	1,562.04	96.8%	181	38,829	9,217	29,611	5,635	23,975	5.4%	4.4%	
T-66	KDX Residence Akasaka	1,150,000	1,207,838	1,530,000	SF	28	1,180.71	1,138.72	96.4%	181	39,959	5,578	34,380	4,195	30,185	6.0%	5.3%	
T-67	KDX Residence Kanda	700,000	736,750	1,020,000	SF	30	1,031.09	1,031.09	100.0%	181	29,470	6,339	23,130	3,682	19,447	6.7%	5.6%	
T-68	KDX Residence Ebisu	2,845,000	2,984,192	3,880,000	SF	65	2,659.66	2,450.03	92.1%	181	92,963	11,002	81,961	11,265	70,696	5.8%	5.0%	
T-69	KDX Residence Nishi-magome	1,130,000	1,189,548	1,180,000	S	47	1,297.27	1,181.18	91.1%	181	21,667	12,633	9,033	4,885	4,147	1.6%	0.7%	
T-70	KDX Residence Nishi-azabu	1,224,000	1,252,162	1,440,000	SF	33	1,357.88	1,315.97	96.9%	181	38,617	7,346	31,270	3,802	27,467	5.2%	4.5%	
T-71	KDX Residence Azabu Sendaizaka	792,300	810,778	924,000	S	30	878.50	825.66	94.0%	181	26,104	6,989	19,115	2,361	16,753	4.9%	4.3%	
T-72	KDX Residence Waseda Tsurumaki	561,000	577,427	778,000	S	39	808.54	747.23	92.4%	181	21,492	5,336	16,156	2,964	13,191	5.8%	4.7%	
T-73	KDX Residence Bunkyo Yushima	695,000	712,143	890,000	S	38	939.89	919.49	97.8%	181	23,860	4,963	18,897	3,057	15,839	5.5%	4.6%	
T-74	KDX Residence Kamishakujii	648,000	666,429	750,000	S	47	1,032.18	988.17	95.7%	181	23,037	6,329	16,708	3,454	13,253	5.2%	4.1%	
T-75	KDX Residence Shin-otsuka	764,000	789,263	922,000	S	40	872.00	872.00	100.0%	181	22,608	1,831	20,776	3,433	17,343	5.5%	4.6%	
T-76	KDX Residence Sakurajosui	894,000	923,136	1,100,000	S	43	1,227.16	1,227.16	100.0%	181	34,666	10,732	23,934	4,116	19,818	5.4%	4.5%	
T-77	KDX Residence Ryougoku	842,000	872,601	1,050,000	S	36	1,190.53	1,164.95	97.9%	181	27,160	7,524	19,636	4,392	15,243	4.7%	3.7%	
Subtotal / Average		107,281,500	108,476,509	126,575,000		4,124	153,501.63	149,939.95	97.7%	181	3,615,238	768,443	2,846,794	483,707	2,363,087	5.4%	4.4%	

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Portfolio Performance in 1H 2017 4/5

																	(in thousands of yen)	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
R-2	KDX JozenjiDori Residence	1,015,000	975,302	1,260,000	S	92	3,330.15	3,164.74	95.0%	181	49,550	12,348	37,201	10,350	26,851	7.4%	5.3%	
R-3	KDX Izumi Residence	1,120,000	1,082,868	1,290,000	F	40	2,798.20	2,724.75	97.4%	181	42,852	9,279	33,572	9,151	24,421	6.0%	4.4%	
R-4	KDX Chihaya Residence	1,080,000	1,035,323	1,350,000	SF	92	2,936.40	2,695.82	91.8%	181	48,037	12,227	35,809	10,014	25,795	6.7%	4.8%	
R-5	KDX Sakaisuji Hommachi Residence	2,910,000	2,796,801	3,150,000	SF	160	6,385.70	6,067.79	95.0%	181	106,631	25,357	81,274	23,737	57,537	5.6%	4.0%	
R-6	KDX Shimmachi Residence	1,015,000	971,525	1,200,000	S	94	2,146.02	2,031.87	94.7%	181	37,867	9,605	28,262	8,995	19,266	5.6%	3.8%	
R-7	KDX Takarazuka Residence	1,510,000	1,417,539	1,780,000	F	80	4,631.16	4,598.52	99.3%	181	59,899	11,689	48,210	16,518	31,691	6.4%	4.2%	
R-8	KDX Shimizu Residence	1,680,000	1,613,023	1,950,000	SF	148	6,255.16	5,721.44	91.5%	181	71,406	17,360	54,046	14,188	39,857	6.5%	4.8%	
R-9	KDX Residence Odori Koen	765,000	746,673	899,000	SF	78	2,762.76	2,656.12	96.1%	181	33,454	8,927	24,527	7,837	16,689	6.5%	4.4%	
R-10	KDX Residence Kikusui Yojo	830,000	813,931	1,000,000	SF	84	3,413.06	3,167.01	92.8%	181	38,516	10,154	28,361	7,501	20,859	6.9%	5.1%	
R-11	KDX Residence Toyohira Koen	445,000	437,593	529,000	SF	65	2,253.81	2,150.14	95.4%	181	23,128	9,044	14,083	4,385	9,698	6.4%	4.4%	
R-13	KDX Residence Ichiban-cho	530,000	520,084	683,000	SF	45	1,818.09	1,733.75	95.4%	181	27,592	8,430	19,162	5,013	14,149	7.3%	5.4%	
R-14	KDX Residence Kotodai	520,000	512,227	562,000	SF	27	1,475.73	1,422.11	96.4%	181	20,397	5,627	14,769	4,439	10,330	5.7%	4.0%	
R-15	KDX Residence Izumi Chuo	480,000	473,988	611,000	SF	40	2,159.25	1,921.61	89.0%	181	23,232	6,129	17,102	4,502	12,599	7.2%	5.3%	
R-16	KDX Residence Higashi-sakura I	2,350,000	2,316,854	2,700,000	SF	187	6,221.83	5,888.85	94.6%	181	95,343	32,296	63,046	17,779	45,267	5.4%	3.9%	
R-17	KDX Residence Higashi-sakura II	900,000	887,129	1,070,000	SF	66	2,655.31	2,536.21	95.5%	181	40,217	10,884	29,333	6,971	22,361	6.6%	5.0%	
R-18	KDX Residence Jingumae	840,000	824,263	1,040,000	SF	95	2,724.19	2,616.53	96.0%	181	40,124	10,981	29,142	7,318	21,824	7.0%	5.2%	
R-19	KDX Residence Nishi-oji	813,000	803,886	925,000	S	76	2,353.55	2,257.20	95.9%	181	33,037	7,886	25,150	6,340	18,810	6.2%	4.7%	
R-20	KDX Residence Saiin	440,000	434,401	498,000	S	49	1,094.81	1,094.81	100.0%	181	18,225	6,317	11,908	3,848	8,059	5.5%	3.7%	
R-21	KDX Residence Namba	1,410,000	1,396,561	1,630,000	S	118	3,387.30	3,387.30	100.0%	181	57,040	11,847	45,193	9,944	35,248	6.5%	5.0%	
R-22	KDX Residence Namba-minami	1,350,000	1,326,041	1,560,000	S	131	3,813.31	3,714.81	97.4%	181	54,754	13,606	41,147	11,781	29,366	6.1%	4.4%	
R-23	KDX Residence Shin-osaka	510,000	496,811	578,000	SF	43	1,321.04	1,200.64	90.9%	181	21,302	6,724	14,577	5,192	9,385	5.8%	3.7%	
R-24	KDX Residence Ibaraki I・II	1,275,000	1,293,009	1,387,000	F	61	4,701.87	4,701.87	100.0%	181	53,549	15,066	38,482	7,087	31,395	6.1%	5.0%	
R-25	KDX Residence Toyonaka-minami	740,000	713,993	840,000	SF	70	2,024.50	1,936.73	95.7%	181	29,241	6,851	22,390	8,155	14,234	6.1%	3.9%	
R-26	KDX Residence Moriguchi	551,000	537,544	640,000	F	28	1,942.78	1,866.76	96.1%	181	24,281	6,510	17,771	5,419	12,352	6.5%	4.5%	
R-27	KDX Residence Sannomiya	1,080,000	1,067,377	1,290,000	S	86	2,292.72	2,216.29	96.7%	181	39,428	9,441	29,986	7,724	22,262	5.6%	4.2%	
R-28	Ashiya Royal Homes	1,360,000	1,464,140	1,720,000	F	21	3,999.01	3,798.79	95.0%	181	65,203	17,933	47,269	4,315	42,954	7.0%	6.4%	

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Portfolio Performance in 1H 2017 5/5

(in thousands of yen)																		
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type ⁽¹⁾	Rentable Units (unit)	Rentable Area (m ²)	Rented Area (m ²)	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
Other Regional Areas	R-29	KDX Residence Funairi Saiwai-cho	588,000	574,239	662,000	S	64	1,889.53	1,889.53	100.0%	181	28,088	6,110	21,978	5,367	16,611	7.5%	5.7%
	R-30	KDX Residence Tenjin-higashi II	680,000	668,372	851,000	SF	63	2,602.53	2,561.22	98.4%	181	31,226	6,013	25,213	6,207	19,005	7.5%	5.6%
	R-32	KDX Residence Nishi Koen	763,000	751,900	839,000	F	36	2,522.16	2,298.50	91.1%	181	30,333	8,948	21,385	6,368	15,016	5.7%	4.0%
	R-33	KDX Residence Hirao Josui-machi	760,000	755,797	862,000	F	24	2,098.68	1,922.08	91.6%	181	27,292	6,159	21,132	4,771	16,361	5.6%	4.3%
	R-34	Melody Heim Gotenyama	400,000	433,509	510,000	F	36	2,297.24	2,239.53	97.5%	181	21,450	4,793	16,657	3,004	13,652	8.4%	6.9%
	R-35	Leopalace Flat Shin-sakae	3,500,000	3,616,348	4,170,000	S	274	11,589.95	11,589.95	100.0%	181	121,557	13,768	107,789	33,080	74,708	6.2%	4.3%
	R-36	KDX Residence Koman Yamate	973,000	986,803	1,120,000	SF	55	1,923.22	1,830.71	95.2%	181	34,058	8,000	26,058	4,911	21,146	5.4%	4.4%
	R-37	KDX Residence Hommachibashi	3,201,000	3,239,920	3,450,000	SF	134	6,511.88	6,359.87	97.7%	181	105,645	23,665	81,980	21,963	60,016	5.2%	3.8%
	R-38	KDX Residence Minami-kusatsu	1,974,666	2,041,996	2,290,000	S	170	5,735.96	5,449.10	95.0%	181	99,474	23,191	76,282	18,232	58,050	7.8%	5.9%
	R-39	KDX Residence Ohori Harbor View Tower	4,606,296	4,713,452	5,210,000	SF	212	11,855.63	11,026.86	93.0%	181	184,906	41,435	143,471	42,480	100,991	6.3%	4.4%
	R-40	KDX Residence Minami-sanjo	915,000	963,291	1,550,000	SF	114	5,269.39	5,184.27	98.4%	181	55,493	13,297	42,196	11,201	30,994	9.3%	6.8%
	R-41	Serenite Kita-kyuhoji	1,290,740	1,318,668	1,440,000	S	85	2,277.14	2,219.65	97.5%	181	42,154	8,527	33,626	10,155	23,471	5.3%	3.7%
	R-42	Serenite Nishinomiya Hommachi	617,048	661,998	739,000	S	51	1,351.68	1,326.33	98.1%	181	23,581	4,647	18,933	4,746	14,187	6.2%	4.6%
Subtotal / Average		47,787,750	47,685,195	55,835,000		3,394	138,822.70	133,170.06	95.9%	181	1,959,581	471,089	1,488,491	401,005	1,087,485	6.3%	4.6%	
Total / Average		155,069,251	156,161,704	182,410,000		7,518	292,324.33	283,110.01	96.8%	181	5,574,819	1,239,533	4,335,286	884,713	3,450,573	5.6%	4.5%	

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