



Financial Results for the Second Fiscal Period  
(Ended January 2013)

March 14, 2013





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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 Second Fiscal Period  
(Ended January 2013)

## Highlights from the Second Fiscal Period (Ended January 2013)

### Income Statement

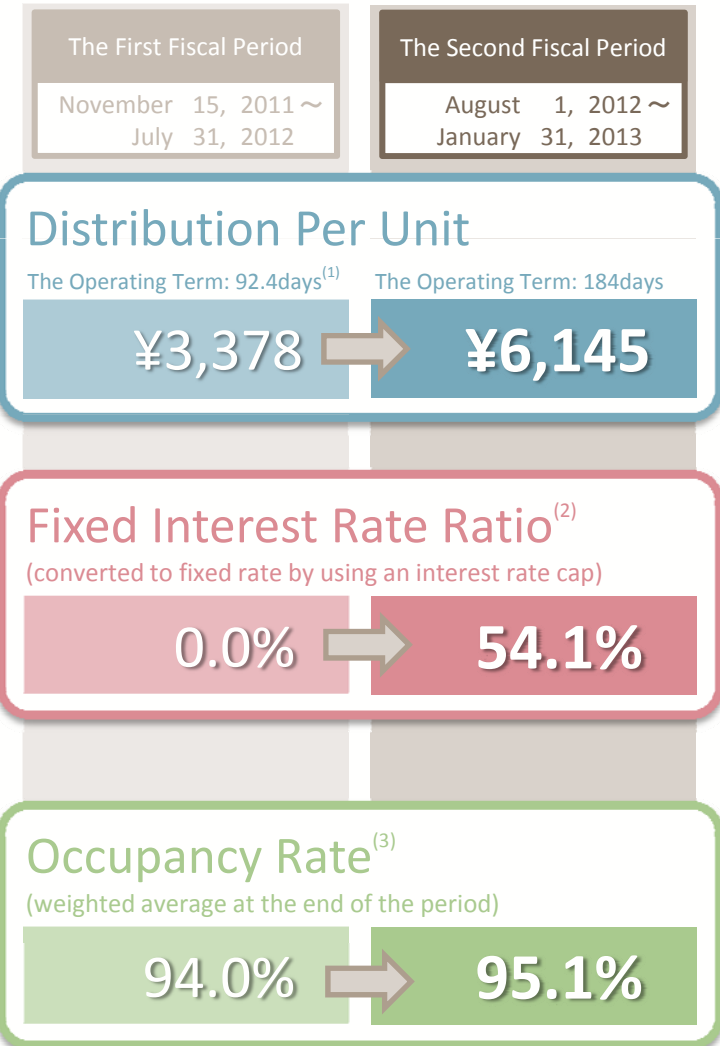
- This is the first six-month period of asset management after the listing of Kenedix Residential Investment Corporation (KDR).
- Earnings were generally as planned and the distribution per unit was ¥6,145, which was ¥45 higher than the forecast of ¥6,100.

### Balance Sheet

- Long-term loans of ¥10.0 billion, which account for 54.1% of total loans of ¥18.5 billion, have been effectively converted to a fixed interest rate by using interest rate cap agreements to hedge the risk of an upturn in interest rates.
- There was an unrealized capital gain of ¥327 million at the end of the period, the difference between the appraisal value of ¥31,746 million and the book value of ¥31,418 million.

### Portfolio Performance

- The occupancy rate was higher than in the previous fiscal period in terms of both the average and period-end rates. The occupancy rate at the end of the period reached the target of 95.0% and rent per tsubo were generally flat.
- The tenant replacement ratio and tenant turnover ratio were both higher than in the previous fiscal period. The average renewal ratio during the period decreased.



Note 1: The operating term of the first period is 260 days, but actual operating term after acquisition of properties is 92.4 days (weighted average)

Note 2: There are no fixed-interest-rate loans. However, interest payments have been effectively converted to a fixed level by purchasing interest rate caps with a strike that is below the applicable interest rate for part of the floating-rate loans

Note 3: Occupancy rate is for the entire portfolio (except limited proprietary rights of land). Occupancy rate for the portfolio including limited proprietary rights of land is 94.6% and 95.6%, respectively

## Income Statement

(in millions of yen)

Account	1st Period		1st Period Actual vs 2nd period Actual Comparison	2nd Period		2nd Period Forecast vs 2nd Period Actual Comparison
	Actual 92.4days <sup>(1)</sup>	Adjusted 184.0days <sup>(2)</sup>		Forecast 184.0days	Actual 184.0days	
<b>The Operating Term</b>						
<b>Operating Revenues</b>	<b>¥553</b>	<b>¥1,101</b>	<b>+12 +1.1%</b>	<b>¥1,104</b>	<b>¥1,114</b>	<b>+9 +0.8%</b>
Revenues related to rent business	512	1,019	+1 +0.2%	1,026	1,021	-5 -0.5%
Other revenues	41	82	+10 +13.2%	78	92	+14 +18.9%
<b>Operating Expenses</b>	<b>¥216</b>			<b>¥491</b>	<b>¥498</b>	<b>+7 +1.5%</b>
Expenses related to rent business	74	147	+25 +17.1%	161*	172	+11 +7.2%
Depreciation	95	190	+3 +2.1%	191	194	+2 +1.4%
Other expenses	46			138*	131	-6 -4.8%
<b>Operating Income</b>	<b>¥336</b>			<b>¥613</b>	<b>¥615</b>	<b>+1 +0.3%</b>
Non-operating revenues	-			-	0	0 -
Non-operating expenses	80			151	151	0 -0.6%
Interest expenses, etc.	66			133	133	0 -0.5%
Other non-operating expenses	14			18	17	0 -1.3%
<b>Ordinary Income</b>	<b>¥256</b>			<b>¥461</b>	<b>¥464</b>	<b>+2 +0.6%</b>
Pre-tax profit	256			461	464	+2 +0.6%
Corporation tax, etc.	1			1	0	0 -29.1%
<b>Net Income</b>	<b>¥254</b>			<b>¥460</b>	<b>¥463</b>	<b>+3 +0.7%</b>
Total Dividend	254			460	463	+3 +0.7%
<b>Distribution per Unit</b>	<b>3,378 yen</b>			<b>6,100 yen</b>	<b>6,145 yen</b>	<b>+45 yen +0.7%</b>
NOI <sup>(3)</sup>	479	954	-12 -1.3%	943*	941	-2 -0.2%
FFO <sup>(4)</sup>	364			669	675	+6 +0.9%

### Information concerning the difference between the second fiscal period forecast and actual results of operations

Although the occupancy rate was 95.0% at the end of the period, this rate was somewhat low at the beginning of the period. As a result, the average occupancy rate for the period at 94.5% was slightly lower than the forecast.

Increases in the tenant replacement and turnover rates caused restoration and other revenues and key money and other one-time revenues to be higher than forecast.  
 (See page 11 for more information about the replacement and turnover rates)

Property management and building maintenance fees and other expenses were reduced but advertising, restoration and other expenses were higher than forecast because of the increase in the tenant replacement and turnover rates.

Transfer agency fees such as fees for unitholder registration management and distribution payment services were lower than forecast. IR and other expenses were also lower than forecast because of cost cutting.

Note1: The operating term of the first period is 260 days, but actual operating term after acquisition is 92.4 days (weighted average).

Note2: To facilitate an NOI comparison with the second fiscal period, the revenues and expenses associated with properties have been adjusted by using the second fiscal period days of operations (184 days) and weighted average days of operations following property acquisitions (92.4 days). This adjustment was not required for operating expenses (other expenses) because of the inclusion of expenses, etc. based on the first fiscal period (260 days).

Note3: NOI(Net Operating Income)=Operating Income - Operating Expenses(ex. Depreciation)

Note4: FFO(Funds From Operation)=Net Income + Depreciation + Deferred Assets Depreciation +/- Gains or Losses on Sales

\*: The forecast announced with the first fiscal period results of operations has been revised. (Reclassification of consumption taxes included in expenses related to rent business to other expenses and revision of NOI to an pre-tax basis)

## Balance Sheet

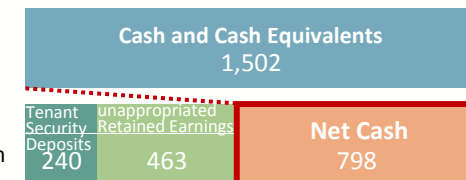
(in millions of yen)

Account	1st period	2nd period	Difference	
<b>Total Assets</b>	<b>¥32,994</b>	<b>¥33,195</b>	<b>+201</b>	<b>+0.6%</b>
Cash and Cash Equivalents	1,060	1,502	+442	+41.7%
Fixed Assets	31,563	31,418	-145	-0.5%
( Land	16,538	16,554 )	+16	+0.1%
( Buildings	15,025	14,864 )	-161	-1.1%
Other Assets	369	274	-95	-25.8%
<b>Total Liabilities</b>	<b>¥18,965</b>	<b>¥18,982</b>	<b>+16</b>	<b>+0.1%</b>
Loans	18,500	18,500	—	—
( Short-term loans payable	3,000	3,000 )	—	—
( Long-term loans payable	15,500	15,500 )	—	—
Tenant Security Deposits	243	240	-3	-1.5%
Other Liabilities	222	242	20	+9.3%
<b>Net Assets</b>	<b>¥14,028</b>	<b>¥14,213</b>	<b>184</b>	<b>+1.3%</b>
Total Unitholders' Capital	13,773	13,773	—	—
Unappropriated Retained Earnings	254	463	208	+81.9%
Deferred Gains or Losses on Hedges	0	▲24	-24	—
LTV <sup>(1)</sup>	56.1%	55.7%		
Capital-to-Asset Ratio	42.5%	42.8%		
Appraisal Values (as of the end of the 1st period)	¥31,716	¥31,746	+30	+0.1%
NAV <sup>(2)</sup>	¥13,925	¥14,076	+151	+1.1%

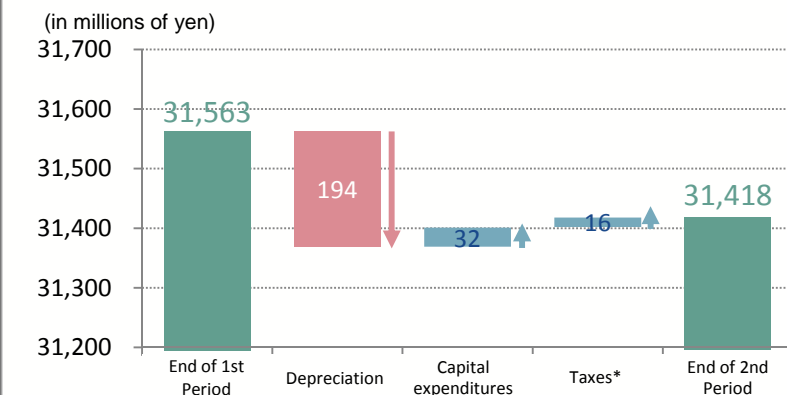
Note1: LTV (Loan To Value)=Interest-bearing Liabilities / Total Assets (Rounded to the nearest two decimal places)

Note2: NAV (Net Asset Value)=Net Assets – Unappropriated Retained earnings + Appraisal Values – Fixed Assets

Net cash and bank deposit is ¥798 million, which is cash and cash equivalent minus tenant security deposits and unappropriated retained earnings (up ¥237 million from July 2012)



Tangible fixed assets decreased by ¥145 million



\* Taxes are real estate acquisition taxes for the two limited proprietary rights of land.

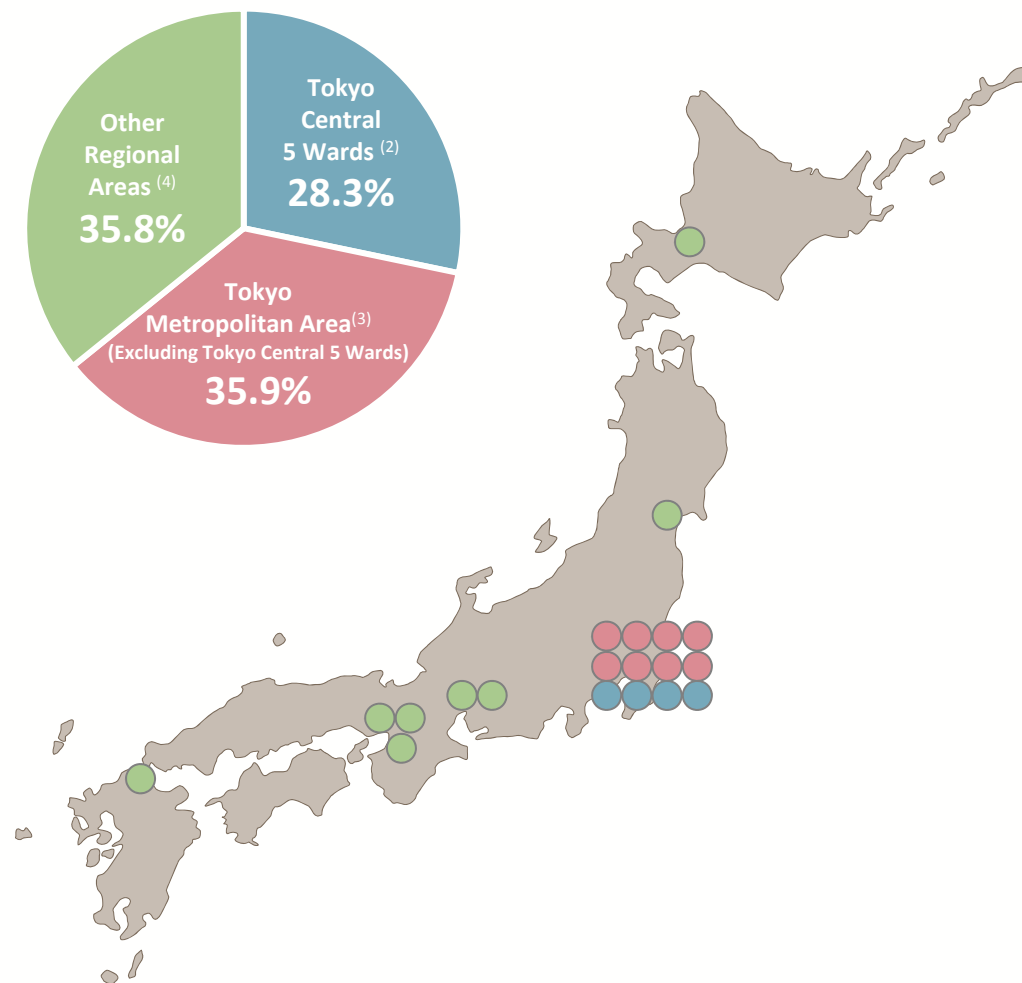
Increased ¥30 million from the end of first period (see page 15 for details)

	1st Period	2nd Period
NAV per unit (after distribution)	184,589 yen	186,595 yen

## Portfolio Summary

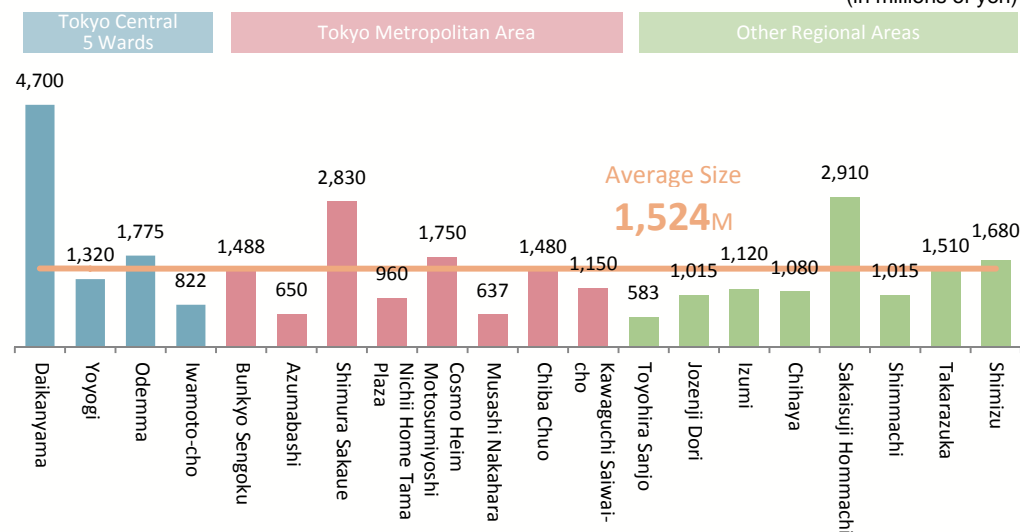
### Area Diversification (based on acquisition price<sup>(1)</sup>)

Asset breakdown by region



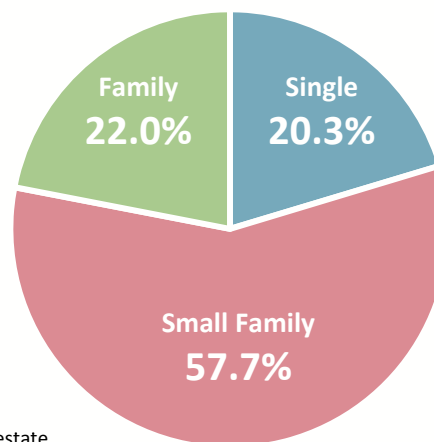
### Asset Size (based on acquisition price<sup>(1)</sup>)

(in millions of yen)

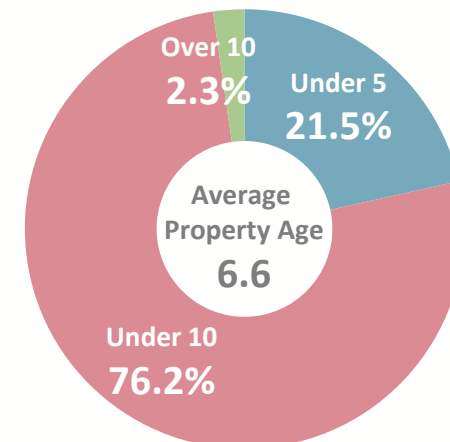


### Room Type and Property Age (based on acquisition price<sup>(1)</sup>)

Asset breakdown by room type



Asset breakdown by property age (years)<sup>(5)</sup>



Note1: Acquisition Price refers to the pre-tax price that does not include the expenses spent on the acquisition of the real estate

Note2: Tokyo Central 5 Wards include Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku

Note3: Tokyo Metropolitan Area includes Tokyo, Chiba, Kanagawa and Saitama

Note4: Other Regional Areas include government-designated municipalities and other regional hub cities,

Note5: Property age calculated by the weighted average in periods from completion day to the end of January, 2013



## Portfolio Performance Summary

(in millions of yen)

Account	Total		Tokyo Metropolitan Area		Other Regional Areas	
Number of Properties	20		12		8	
Total Acquisition Price	¥30,474.5		¥19,562.0		¥10,912.5	
	1st Period Adjusted*	2nd Period Actual	1st Period Adjusted*	2nd Period Actual	1st Period Adjusted*	2nd Period Actual
<b>Leasing Business Revenues</b>	<b>¥1,101.6</b>	<b>¥1,114.1</b>	<b>¥658.9</b>	<b>¥671.3</b>	<b>¥443.0</b>	<b>¥442.8</b>
Rental revenues	1,019.6	1,021.3	619.5	623.4	400.3	397.9
Other revenues	82.0	92.8	39.3	47.9	42.7	44.9
<b>Leasing Business Expenses</b>	<b>¥147.4</b>	<b>¥172.6</b>	<b>¥85.0</b>	<b>¥95.9</b>	<b>¥62.4</b>	<b>¥76.7</b>
Property Management Fees, etc.	74.6	79.5	44.8	47.5	29.7	31.9
Taxes	0.0	0.0	0.0	0.0	-	0.0
Utilities	12.4	16.5	8.4	10.4	4.0	6.1
Repairs and Maintenance Costs	20.4	31.9	10.0	17.5	10.4	14.4
Insurance	2.3	2.3	1.1	1.1	1.2	1.2
Trust Fees and Other Costs	37.5	42.2	20.5	19.2	17.0	22.9
<b>NOI</b>	<b>¥954.2</b>	<b>¥941.4</b>	<b>¥573.8</b>	<b>¥575.3</b>	<b>¥380.6</b>	<b>¥366.0</b>
NOI Cap Rate (per year)	6.2%	6.1%	5.8%	5.8%	6.9%	6.7%
Depreciation	190.5	194.5	94.6	96.3	96.1	98.1
Depreciation Rate (per acquisition price, year)	1.2%	1.3%	1.0%	1.0%	1.7%	1.8%
NOI Cap Rate after Depreciation (per year)	5.0%	4.9%	4.9%	4.9%	5.2%	4.9%

Acquired 2 limited proprietary rights of land and 18 residential properties on Apr.26 and May 1, 2012, respectively

Information concerning the difference between the 1st period adjusted and the 2nd period actual

There was a small increase in total rental revenues because of a higher occupancy rate.

There were increases in restoration revenues and expenses because of an increase in the tenant turnover rate.

Property management fees increased mainly because of legal inspections and the cost of waste disposal.

The change in cost of utilities was caused mainly by the timing of recording these expenses and seasonal factors.

KDR plans to start posting property tax and city planning tax in the third fiscal period. The NOI figures on the left do not reflect the effects of these two taxes.

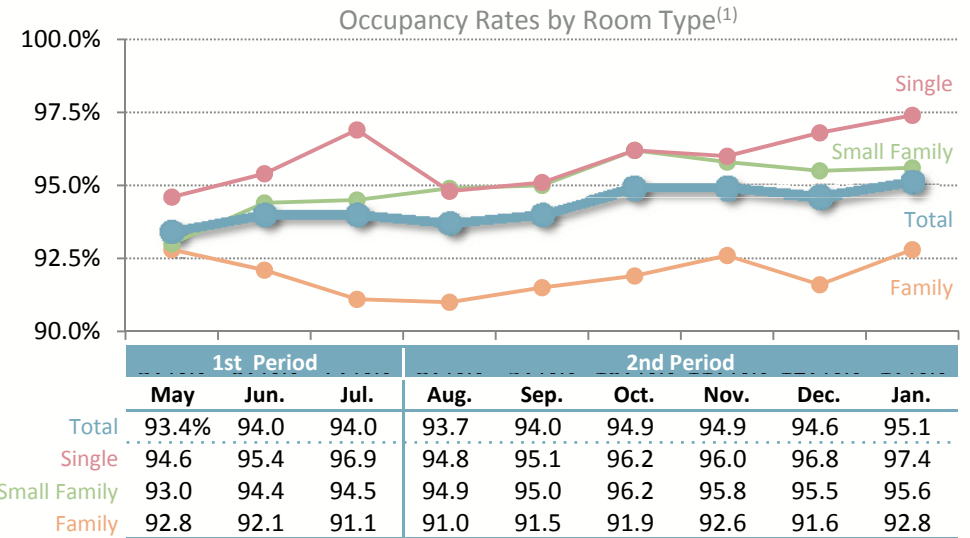
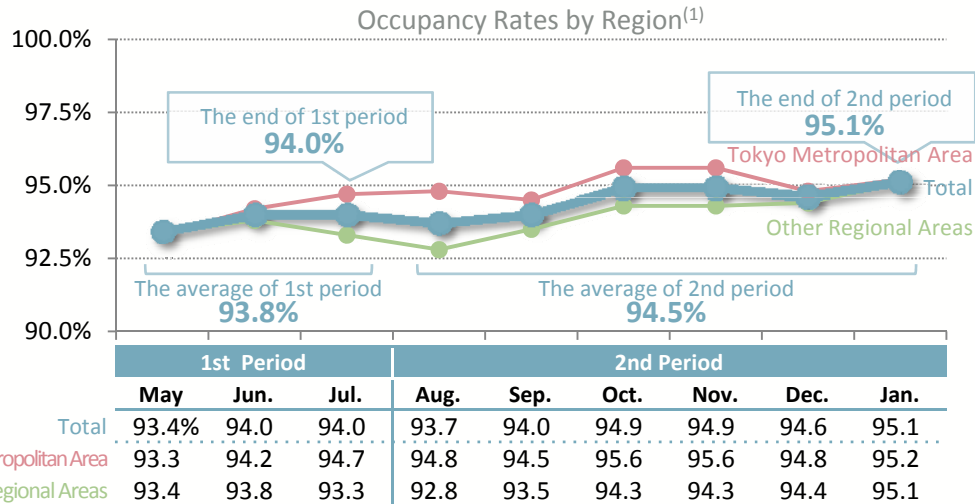
Increase in leasing expenses due to the higher tenant replacement and turnover rates.

Depreciation rate of Tokyo Metropolitan Area is lower than that of Other Regional Areas because of the two limited proprietary rights of land, that have no depreciation, and the ratio of depreciable properties within book value is lower. Depreciation rate for the Tokyo Metropolitan Area excluding limited proprietary rights of land is 1.1%

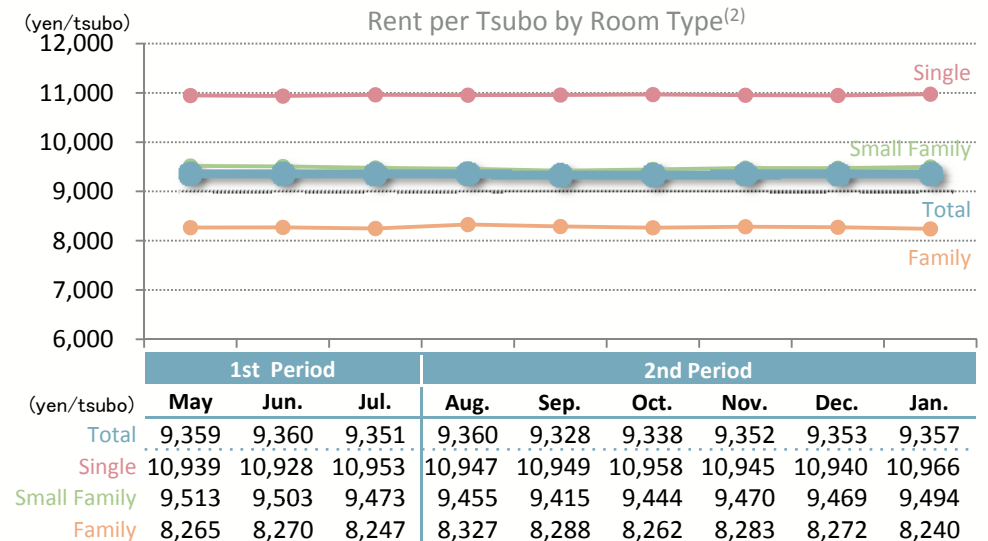
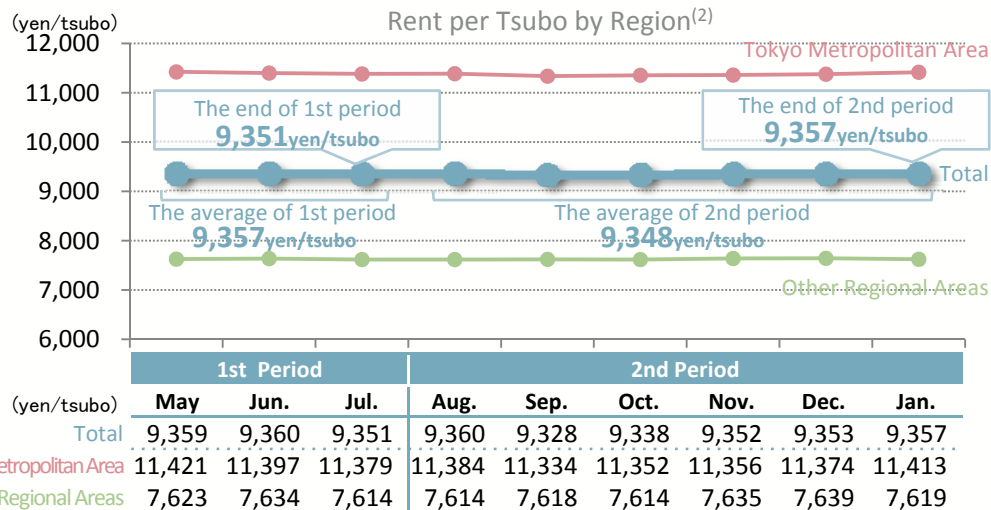
Note: To facilitate an NOI comparison with the second fiscal period, figures have been adjusted by using the second fiscal period days of operations (184 days) and weighted average days of operations following property acquisitions (92.4 days for total, 92.7 days for the Tokyo metropolitan area, 92.0 days for other regional areas).

## Changes in Occupancy Rates and Rent per Tsubo

### Changes in Occupancy Rates



### Changes in Rent per Tsubo

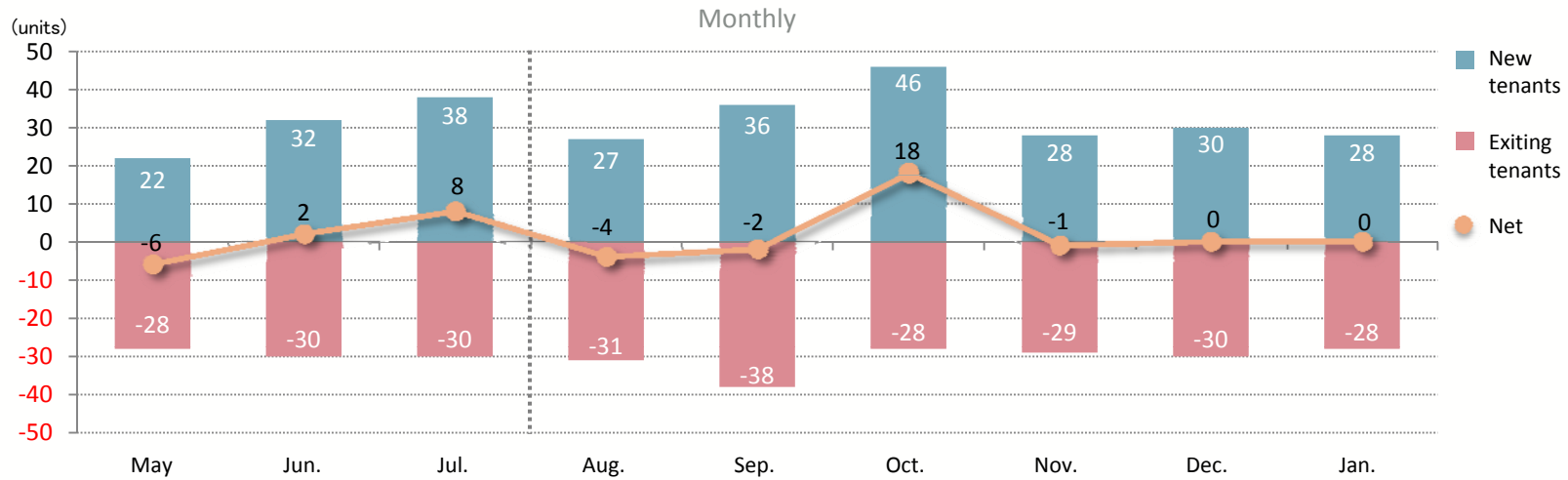


Note1: Occupancy rates by region and total of occupancy rates by room type include those from stores and offices

Note2: Rent per tsubo by region and rent per tsubo by room type do not include those from stores and offices

## Tenant Moving Trends for Residential Units

### Changes in New Tenants and Exiting Tenants



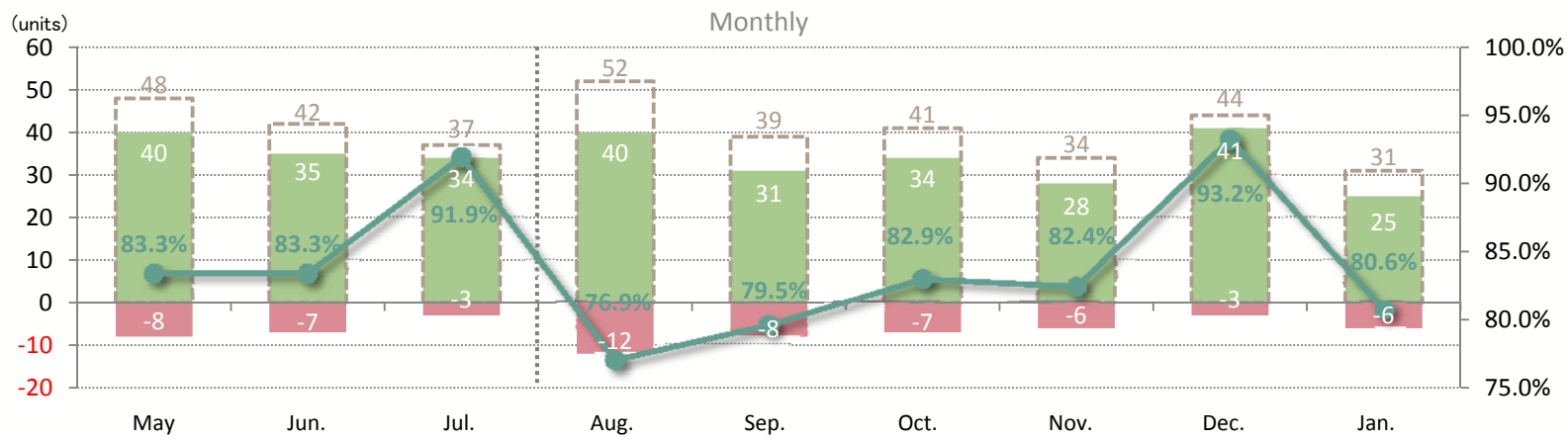
**Replacement Rate<sup>(1)</sup>**

<b>1st Period</b>	➔	<b>2nd Period</b>
13.1%		14.0%

**Turnover Rate<sup>(2)</sup>**

<b>1st Period</b>	➔	<b>2nd Period</b>
12.5%		13.2%

### Changes in Renewals by Tenants



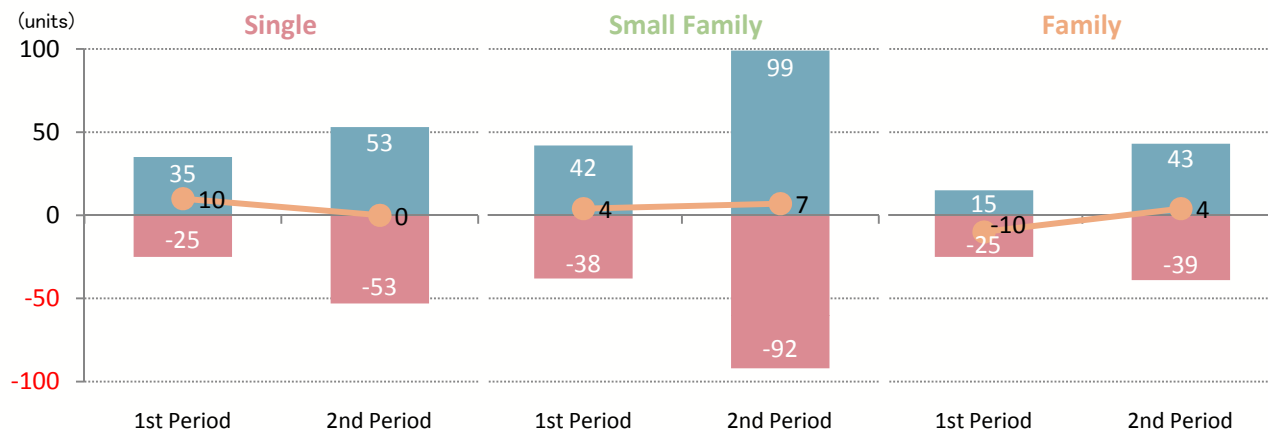
**Renewal Rate (average)<sup>(3)</sup>**

<b>1st Period</b>	➔	<b>2nd Period</b>
85.8%		82.6%

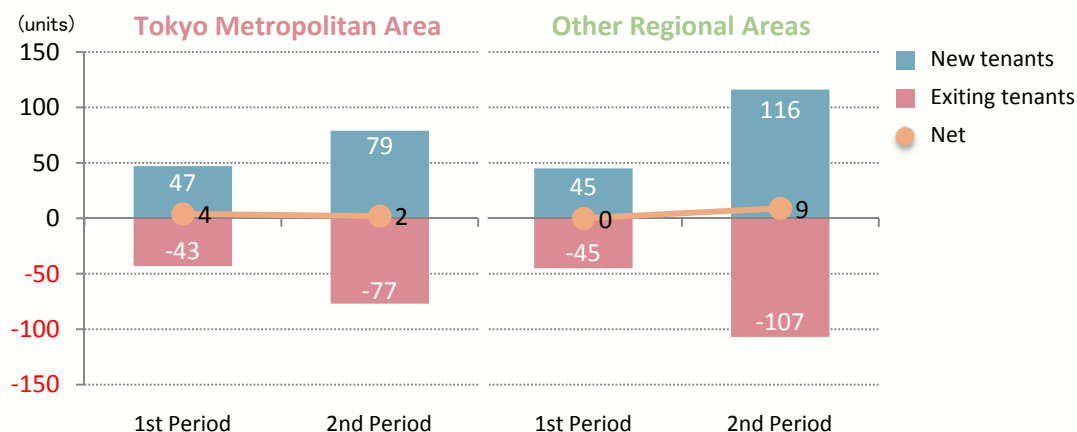
Note1: Replacement Rate=New tenants during the operating period / Rentable units However, the operating period for the first fiscal period has been adjusted to a standard six-month period. (Rounded to the nearest two decimal places)  
 Note2: Turnover Rate=Exiting tenants during the operating period / Rentable units However, the operating period for the first fiscal period has been adjusted to a standard six-month period. (Rounded to the nearest two decimal places)  
 Note3: Renewal rate=Renewal tenants during the operating period / Ending contracts during the operating period (Rounded to the nearest two decimal places)

## Dynamics Analysis of Tenant Moving Trends

### Breakdown of New Tenants and Exiting Tenants by Room Type



### Breakdown of New Tenants and Exiting Tenants by Region



Note1: Average occupancy rate is based on the exiting tenants during the operating period (Rounded to the nearest one decimal places)

Note2: Average downtime is based on new tenants during the operating period (Rounded to the nearest one decimal places)

### Dynamics Analysis of Tenant Moving Trends

Changes in rent of new tenants

	1st Period		2nd Period	
<b>New Tenants</b>	<b>92 units</b>	<b>100.0%</b>	<b>195 units</b>	<b>100.0%</b>
Up	32	34.8%	49	25.1%
Unchanged	26	28.3%	52	26.7%
Down	34	37.0%	94	48.2%

Changes in rent of the renewal tenants

	1st Period		2nd Period	
<b>Renewal Tenants</b>	<b>107 units</b>	<b>100.0%</b>	<b>199 units</b>	<b>100.0%</b>
Up	0	0.0%	0	0.0%
Unchanged	105	98.1%	194	97.5%
Down	2	1.9%	5	2.5%

Average occupancy period<sup>(1)</sup>

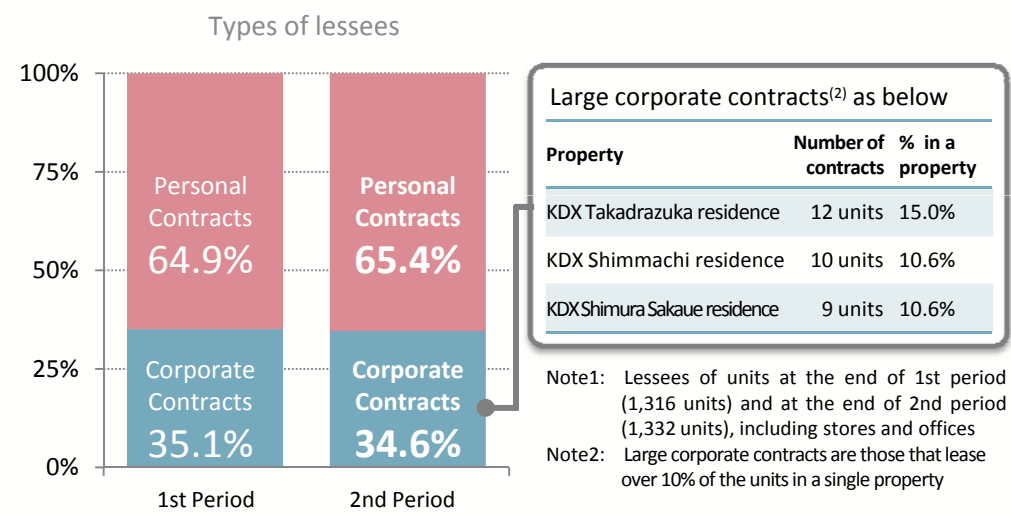
Room Type	1st Period	2nd Period	Average
Single	619 days	896 days	808 days
Small Family	834 days	867 days	858 days
Family	853 days	897 days	880 days
<b>Average</b>	<b>778 days</b>	<b>882 days</b>	<b>848 days</b>

Average Downtime<sup>(2)</sup>

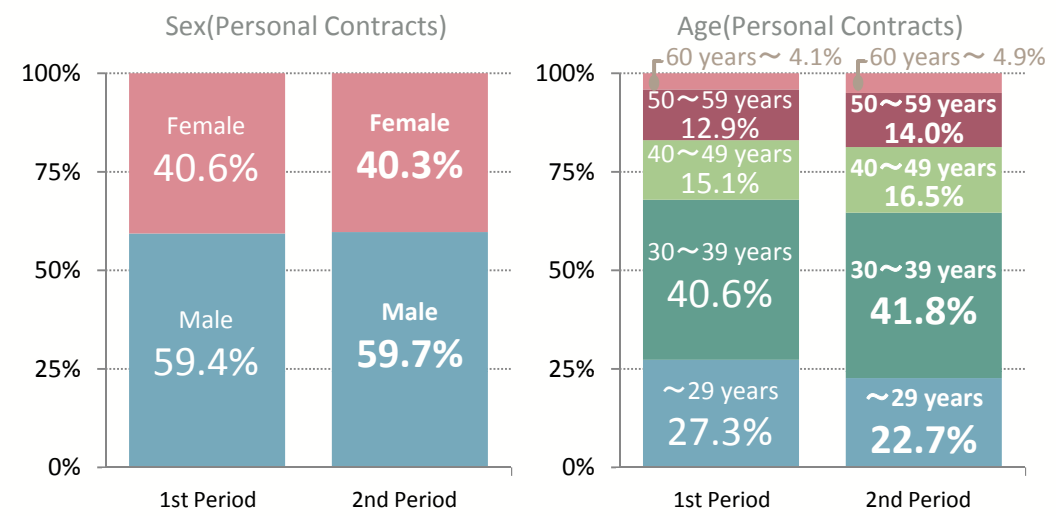
Room Type	1st Period	2nd Period	Average
Single	66 days	76 days	72 days
Small Family	66 days	77 days	74 days
Family	73 days	107 days	98 days
<b>Average</b>	<b>67 days</b>	<b>83 days</b>	<b>78 days</b>

## Tenant Demographics Analysis

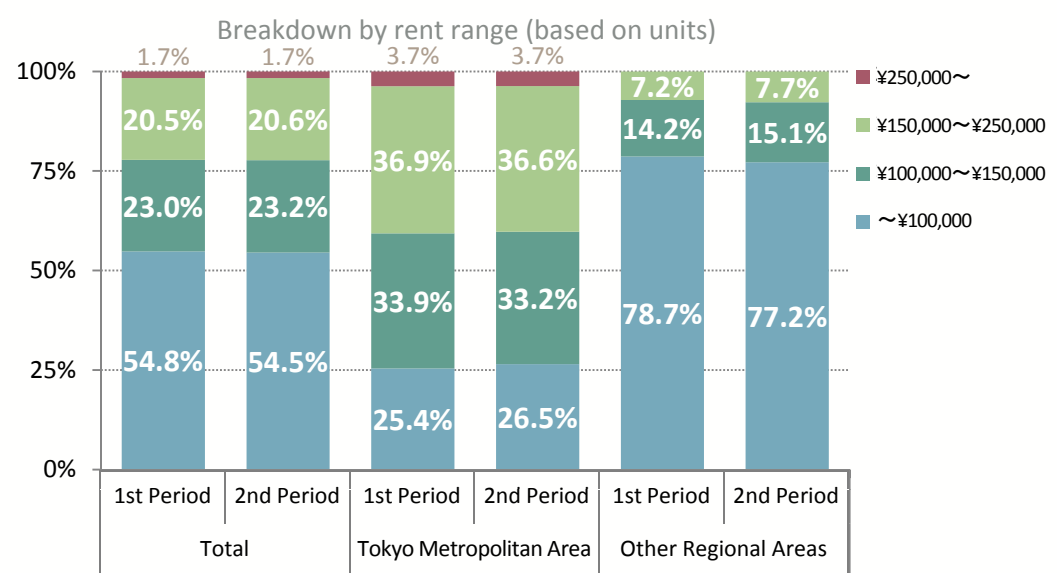
### Types of Lessees<sup>(1)</sup>



### Breakdown of Personal Contracts



### Breakdown by Rent Range<sup>(3)</sup>



### Average Rent per Unit for Residential Units<sup>(3)</sup>

By room type and by region

Room Type \ Region	Total		Tokyo Metropolitan Area		Other Regional Areas	
	1st Period	2nd Period	1st Period	2nd Period	1st Period	2nd Period
Single	¥82,321	¥82,275	¥94,353	¥93,972	¥70,230	¥70,345
Small Family	¥116,488	¥116,480	¥165,876	¥164,258	¥84,225	¥84,388
Family	¥169,702	¥169,532	¥186,552	¥189,554	¥152,852	¥151,410
<b>Total</b>	<b>¥116,429</b>	<b>¥116,501</b>	<b>¥145,961</b>	<b>¥145,463</b>	<b>¥92,469</b>	<b>¥93,047</b>

Note3: Breakdown by Rent Range and Average Rent per Unit for Residential Units do not include stores and offices

## Specific Actions to Improve the Performance of Properties



### ● Increasing the Value of KDX Daikanyama Residence

- Common areas were renovated to improve the appearance because the building, which is 10 years old, has an obsolete design and is showing its age.

before	after
<p>Inside of the entrance</p> 	
<p>Elevator hall</p> 	
<p>Other common areas</p> 	
<p>Application ratio<sup>(1)</sup> 13.0%</p>	<p><b>27.3%</b></p>

### ● Model Room at KDX Bunkyo Sengoku Residence

- To increase the occupancy of one-room units at this building, a vacant unit was furnished for marketing activities.

before	after
	
<p>Occupancy rate<sup>(2)</sup> 88.2%</p>	<p><b>97.7%</b></p>

### ● Reductions in Other Operating Expenses

- Reexaminations of operating and management expenses will result in an annual saving of ¥7.41 million.

Items where expenses were cut	Reduction (2nd Period results)	Reduction (expected annual amount)
Property management and building maintenance fees	-1,770,000 yen	-6,030,000 yen/year
Internet access fee	-300,000 yen	-790,000 yen/year
Cable TV fee	-120,000 yen	-570,000 yen/year
<b>Total</b>	<b>-2,190,000 yen</b>	<b>-7,410,000 yen/year</b>

Note 1: The application ratio is obtained by dividing the number of tenant applications received by the number of visitors to a vacant property. The before application ratio is the average for August to November 2012 (before remodeling) and the after ratio is the average for December 2012 to January 2013 (after remodeling).

Note 2: The model room was completed in early October 2012. The before occupancy rate is for September 30, 2012 and the after occupancy rate is for January 31, 2013.

## Appraisal Values

		Appraisal Value					Direct Capitalization Method		Discount Cash Flow Method							
(in millions of yen)		Appraiser	End of 1 <sup>st</sup> Period(a)	End of 2 <sup>nd</sup> Period(b)	Change (b-a)	Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price (c)	Change (b-c)	Book Value (d)	Change (b-d)	
Area	No.					Property Name	End of 1 <sup>st</sup> Period	End of 2 <sup>nd</sup> Period	End of 1 <sup>st</sup> Period	End of 2 <sup>nd</sup> Period	End of 1 <sup>st</sup> Period					End of 2 <sup>nd</sup> Period
Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	F	4,800	4,800	0	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	4,700	100	4,814	▲14
	T-2	KDX Yoyogi Residence	F	1,410	1,410	0	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,320	90	1,353	56
	T-3	KDX Odemma Residence	F	1,850	1,850	0	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,775	75	1,825	24
	T-4	KDX Iwamoto-cho Residence	F	861	861	0	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	822	39	849	11
	T-5	KDX Bunkyo Sengoku Residence	F	1,580	1,580	0	5.0%	5.0%	4.8%	4.8%	5.2%	5.2%	1,488	92	1,527	52
	T-6	KDX Azumabashi Residence	F	716	716	0	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	650	66	672	43
	T-7	KDX Shimura Sakaue Residence	F	2,960	2,960	0	5.4%	5.4%	5.2%	5.2%	5.6%	5.6%	2,830	130	2,914	45
	T-8	Nichii Home Tama Plaza	F	960	960	0	—	—	6.0%	6.0%	6.8%	6.8%	960	0	989	▲29
	T-9	Cosmo Heim Motosumiyoshi	F	1,750	1,750	0	—	—	5.1%	5.1%	5.3%	5.3%	1,750	0	1,798	▲48
	T-10	KDX Musashi Nakahara Residence	F	644	644	0	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	637	7	656	▲12
	T-11	KDX Chiba Chuo Residence	D	1,500	1,520	20	5.8%	5.8%	5.6%	5.6%	6.0%	6.0%	1,480	40	1,527	▲7
	T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,220	1,220	0	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	1,150	70	1,196	23
	Subtotal		20,251	20,271	20							19,562	709	20,125	145	
Other Regional Areas	R-1	KDX Toyohira Sanjo Residence	F	625	625	0	6.3%	6.3%	6.1%	6.1%	6.5%	6.5%	582	42	610	14
	R-2	KDX JozenjiDori Residence	D	1,080	1,090	10	6.2%	6.2%	6.0%	6.0%	6.4%	6.4%	1,015	75	1,058	31
	R-3	KDX Izumi Residence	F	1,150	1,150	0	5.7%	5.7%	5.5%	5.5%	5.9%	5.9%	1,120	30	1,159	▲9
	R-4	KDX Chihaya Residence	F	1,130	1,130	0	5.9%	5.9%	5.7%	5.7%	6.1%	6.1%	1,080	50	1,124	5
	R-5	KDX Sakaisuji Hommachi Residence	F	3,000	3,000	0	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	2,910	90	2,990	9
	R-6	KDX Shimmachi Residence	F	1,100	1,100	0	5.7%	5.7%	5.5%	5.5%	5.9%	5.9%	1,015	85	1,046	53
	R-7	KDX Takarazuka Residence	F	1,630	1,630	0	5.8%	5.8%	5.6%	5.6%	6.0%	6.0%	1,510	120	1,561	68
	R-8	KDX Shimizu Residence	F	1,750	1,750	0	6.0%	6.0%	5.8%	5.8%	6.2%	6.2%	1,680	70	1,739	10
		Subtotal		11,465	11,475	10							10,912	562	11,293	181
	Total		31,716	31,746	30							30,474	1,271	31,418	327	

Note: Regarding Appraisers, "F" means Japan Real Estate Institute and "D" means Daiwa Real Estate Appraisal co., Ltd. Appraisal values are rounded down to the nearest ¥M. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(1<sup>st</sup> Period; July 31, 2012/2<sup>nd</sup> Period; January 31, 2013), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values.

## Finance

### Overview of Loans

Borrowing (as of January 31, 2013)

Tranche	Borrowing Date	Repayment Date	Borrowing Term	Remaining Term	Lenders	Balance (¥mm)	Base Rate	Spread
Series 1-A	2012/5/1	2013/4/30	1.0 years	0.2 years	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥2,000	1M TIBOR	0.600%
Series 1-B	2012/5/1	2014/4/30	2.0	1.2	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd.	5,500	1M TIBOR	0.650%
Series 1-C	2012/5/1	2015/4/30	3.0	2.2	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd.	6,500	3M TIBOR	0.700%
Series 1-D	2012/5/1	2016/4/30	4.0	3.2	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,500	3M TIBOR	0.750%
Series 1-E	2012/5/1	2013/4/30 <sup>(1)</sup>	1.0	0.2	Sumitomo Mitsui Banking Corporation	1,000	1M TIBOR	1.000%
<b>Total</b>						<b>18,500</b>		

The interest rate caps have the same effect as making the following maximum annualized interest rates as the upper limit for the base rate.

Series	1-C	1-D
Strike	0.100%	0.100%
Premium (per year)	0.260%	0.197%
Maximum interest rate	0.360%	0.297%
Date of interest rate cap contract	Sep. 5, 2012	Dec. 26, 2012
Base rate at contract inception	0.32833%	0.30917%

Average Borrowing Term<sup>(2)</sup> **1.8 years**

Average Interest Rate<sup>(3)</sup> **0.97%**

Long-term Loan ratio **83.8%**

Fixed Interest Rate Ratio\* **54.1%**

Note1: Series 1-E has planned repayments of ¥170 million on March 31, 2013 and ¥830 million on April 30, 2013

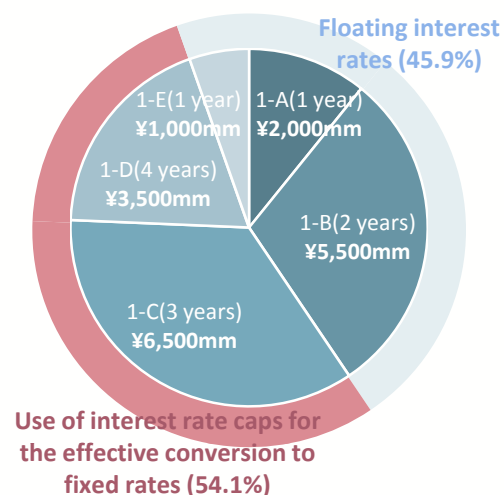
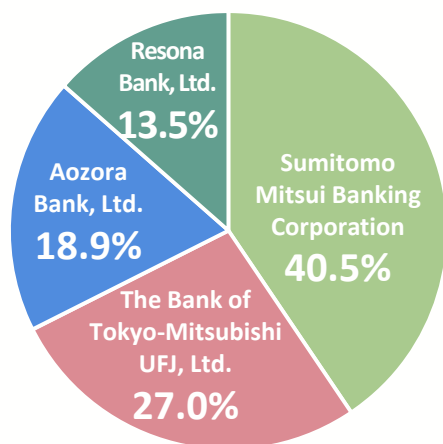
Note2: Average borrowing term calculated by weighted average remaining term in balance (Rounded to the nearest two decimal places)

Note3: Average interest rate calculated by weighted average interest rates during the second period that took into consideration the effect of the interest rate cap (Rounded to the nearest two decimal places)

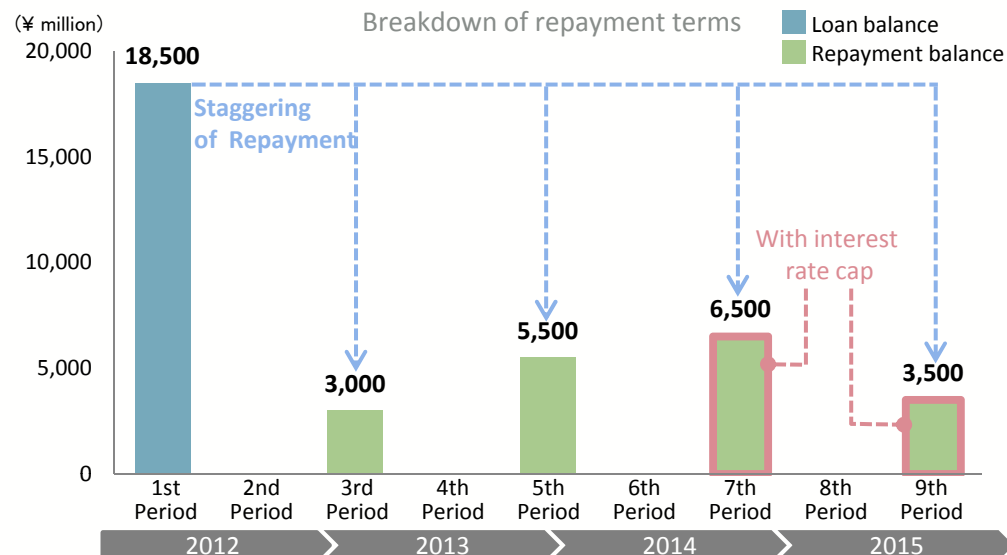
\* There are no fixed-interest-rate loans. However, interest payments have been effectively converted to a fixed level by purchasing interest rate caps.

### Overview of Lenders

Breakdown of lenders (based on loan balance) Breakdown by tranche/type of interest rate



### Overview of Repayment Terms





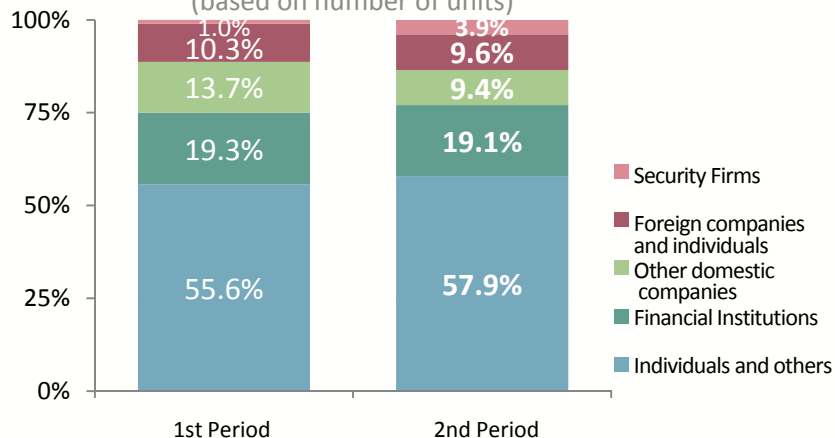
## Unitholders

### Breakdown of Unitholders

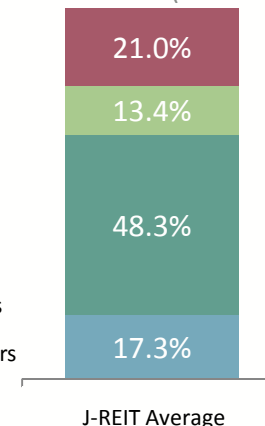
Breakdown of Unitholders  
(as of the end of the second period)

Sort	Unitholders	Units
Individuals and others	6,833	43,677
Financial Institutions	14	14,445
Foreign companies and individuals	38	7,241
Other domestic companies	173	7,127
Security Firms	23	2,950
<b>Total</b>	<b>7,081</b>	<b>75,440</b>

Change in composition of unitholders  
(based on number of units)



(Reference) Average composition of J-REIT unitholders  
(based on number of units)



Note: Prepared by Kenedix Residential Partners, Inc. based on the publication documents of J-REITs. Simple averages of unitholder composition ratios (based on number of units) for J-REITs for the most recent fiscal period (July-December 2012); financial institutions include securities companies.

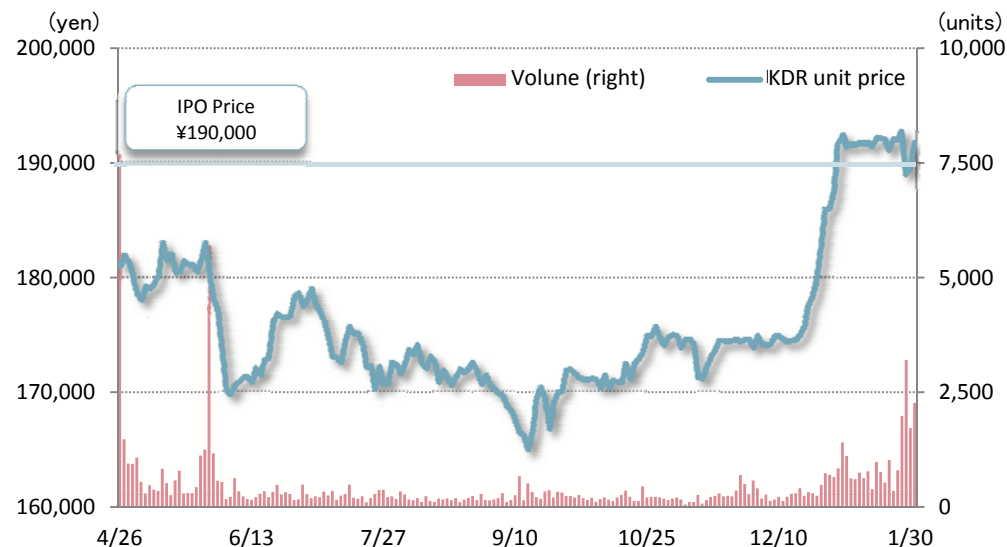
### Major Unitholders

Top 10 Unitholders (as of the end of the second period)

Name	Units	Ratio
Japan Trustee Services Bank, Ltd. (Trust Acct.)	6,982	9.25%
JP MORGAN CHASE BANK 380180	2,850	3.77%
The Nomura Trust Banking Co., Ltd. (Trust Acct.)	2,548	3.37%
Kenedix, Inc.	2,310	3.06%
Individual	1,546	2.04%
SBI Securities Co., Ltd.	1,533	2.03%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	1,503	1.99%
Hanno Shinkin Bank	1,200	1.59%
MLI EFG NON TREATY CUSTODY ACCOUNT	1,052	1.39%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	668	0.88%
<b>Total</b>	<b>22,192</b>	<b>29.41%</b>

Note: Ratio means the percentage for total units owned to total units (Rounded down to the nearest three decimal places)

### Changes in Unit Price



## Forecast for the Third Period (ending July 31, 2013)

(in millions of yen)

Account	2nd Period Actual 184 days	3rd Period Forecast 181 days	2nd Period Actual vs 3rd Period Forecast Comparison	
<b>The Operating Term</b>				
<b>Operating Revenues</b>	<b>¥1,114</b>	<b>¥1,112</b>	<b>-1</b>	<b>-0.2%</b>
Revenues related to rent business	1,021	1,022	0	+0.1%
Other revenues	92	89	-2	-3.1%
<b>Operating Expenses</b>	<b>¥498</b>	<b>¥563</b>	<b>+64</b>	<b>+12.9%</b>
Expenses related to rent business	172	231	+58	+34.1%
Depreciation	194	195	0	+0.4%
Other expenses	131	136	+4	+3.8%
<b>Operating Income</b>	<b>¥615</b>	<b>¥548</b>	<b>-66</b>	<b>-10.8%</b>
Non-operating revenues	0	0	-0	-92.5%
Non-operating expenses	151	148	-3	-2.0%
Interest expenses, etc.	133	129	-3	-2.9%
Other non-operating expenses	17	18	0	+4.3%
<b>Ordinary Income</b>	<b>¥464</b>	<b>¥400</b>	<b>-63</b>	<b>-13.7%</b>
Pre-tax profit	464	400	-63	-13.7%
Corporation tax, etc.	0	1	0	+4.4%
<b>Net Income</b>	<b>¥463</b>	<b>¥399</b>	<b>-63</b>	<b>-13.7%</b>
Total Dividend	463	399	-63	-13.7%
<b>Distribution per Unit</b>	<b>6,145 yen</b>	<b>5,300 yen</b>	<b>-845 yen</b>	<b>-13.7%</b>
NOI (Net Operating Income)	941	880	-60	-6.5%
FFO (Funds From Operation)	675	612	-63	-9.4%

### Key Assumptions

The expected occupancy rate for all properties at the end of the period (July 31, 2013) is 95.0%. This estimate assumes that the number of properties will remain the same during the period.  
The Daikanyama office tenant plans to leave in March 2013, but the resulting decline in revenues is expected to be offset by higher revenues from residential units at this and other properties.

In the third fiscal period, revenues from restoration expenses and other items are expected to decrease but growth is expected in renewal and other fees.

KDR will start recording property tax and city planning tax in the third fiscal period for all 20 properties that were acquired in the first fiscal period. These taxes (including depreciable property tax) are expected to total ¥59 million in the third fiscal period.

The assumption includes higher transfer agency fees due to growth in the number of unitholders and higher IR expenses to attract a broader spectrum of institutional investors.

Interest expenses assume that there will be no change in the base interest rate (TIBOR) from the rates as of February 28, 2013 (1M TIBOR: 0.17000%, 3M TIBOR: 0.27000%). For loans that come due in the third fiscal period (Series 1-A and E, principal of ¥3 billion), assumes that ¥170 million of Series 1-E will be repaid on March 31, 2013 and the remaining ¥2,830 million will be refinanced at the same terms.

Units outstanding: 75,440 (no change from the second fiscal period)  
Distribution on fiscal period normal operations basis after factoring in taxes

The expected NOI cap rate (based on acquisition price) on fiscal period normal operations basis after factoring in taxes is 5.8%.

	2nd Period Actual	3rd Period Forecast
NOI Cap Rate	6.1%	5.8%

## 2. Market Conditions

## Market Conditions for Residential J-REITs



The fundamentals (occupancy rate and rental rates) in the sector of residential rental properties are still stable



The fund procurement environment will continue to improve because of monetary easing under Japan's new government and expectations for an economic recovery

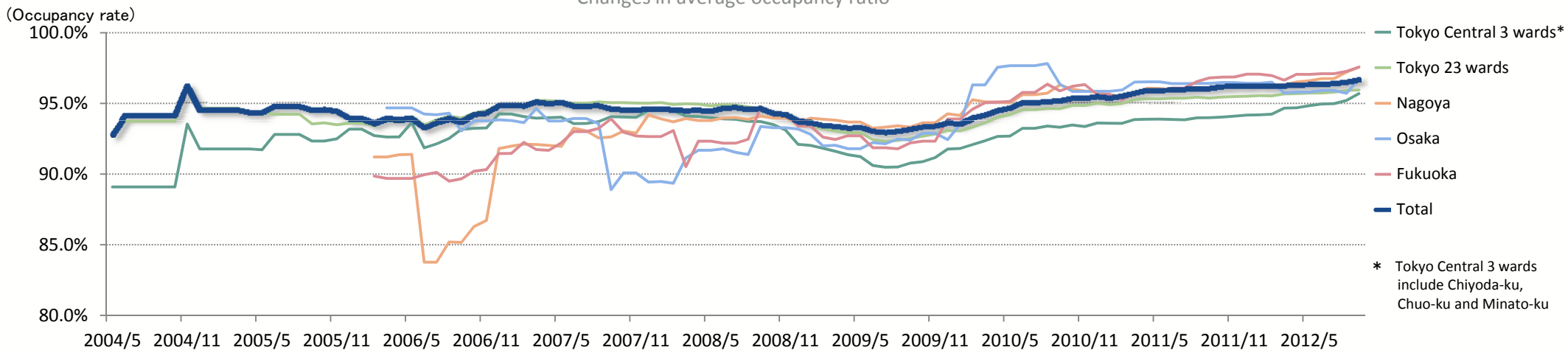


Inflows of capital to investments with risk are expected to increase equity-related fund procurement activity and create more competition for purchasing properties

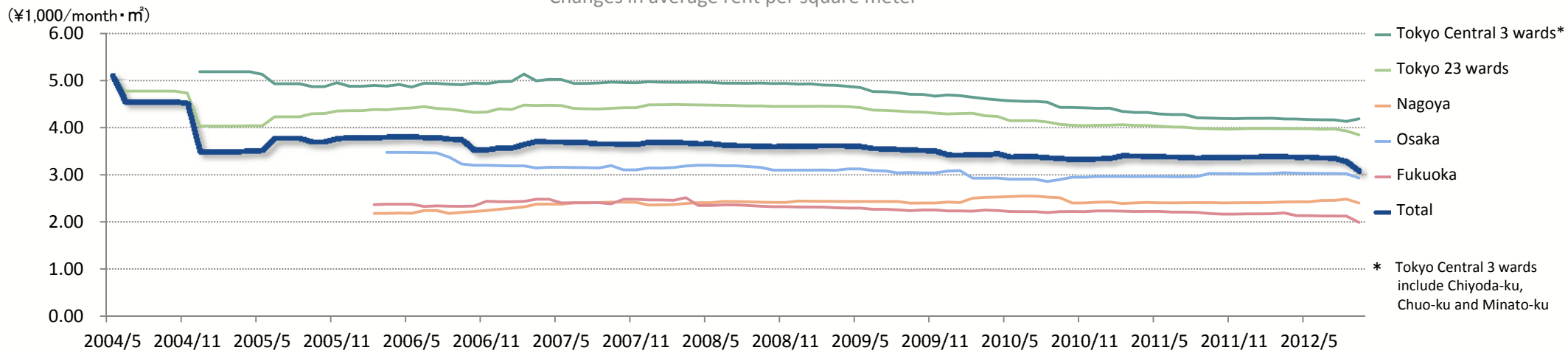
## Changes in the Performance of Residential Properties operated by J-REITs

### Analysis of Residential Properties Operated by J-REITs by Area

Changes in average occupancy ratio



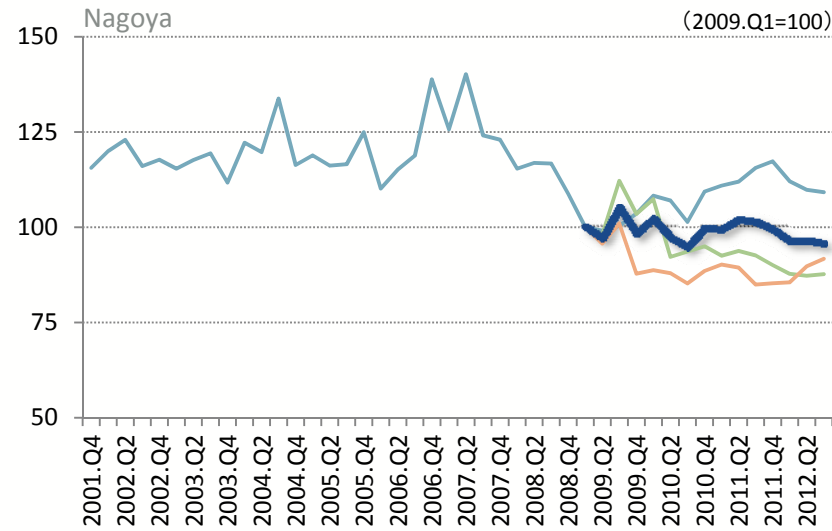
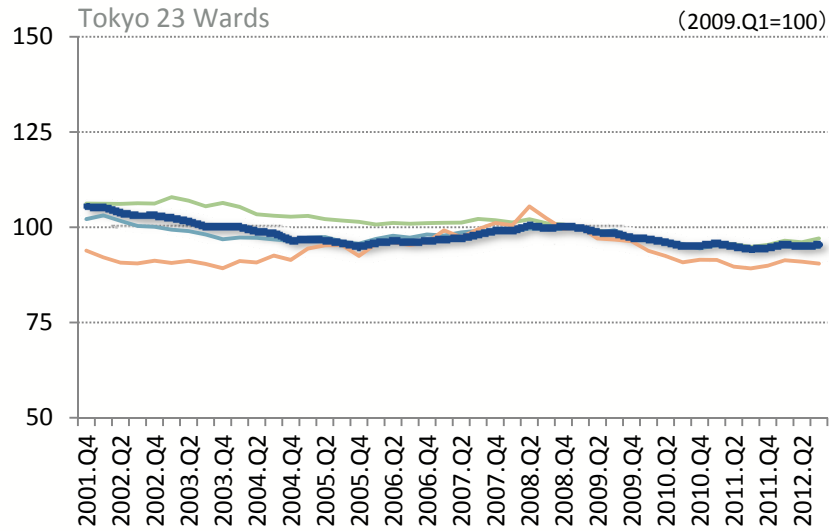
Changes in average rent per square meter



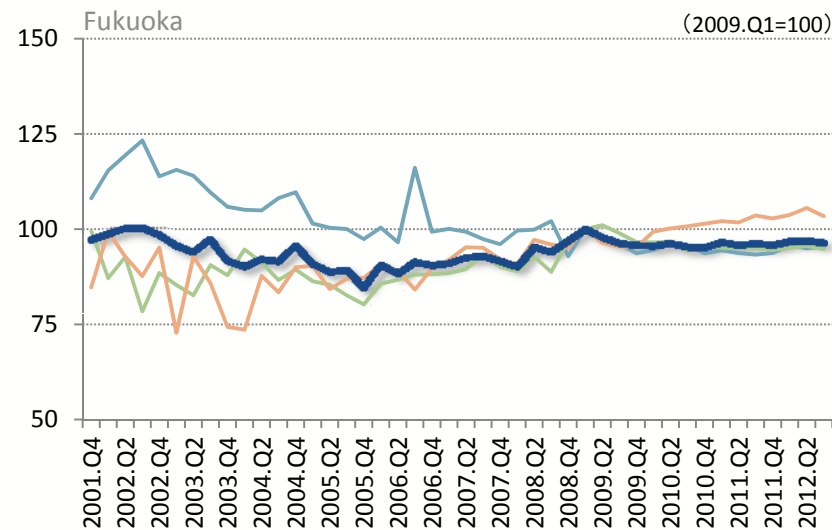
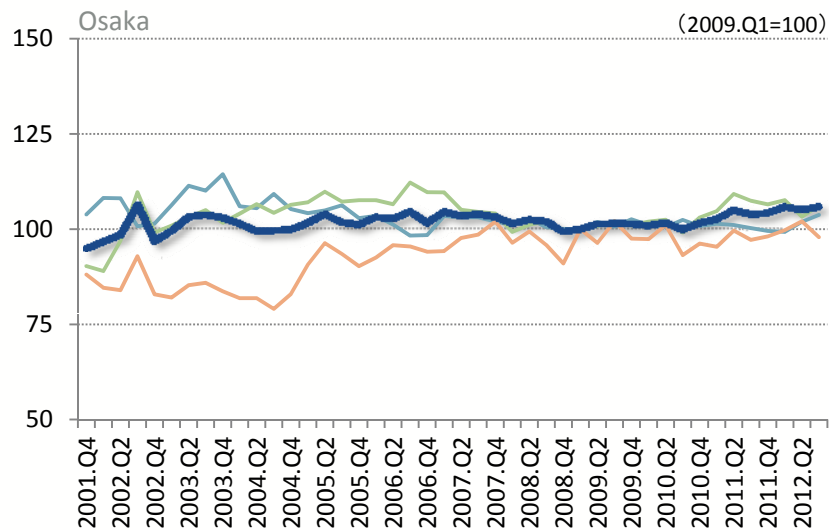
Source: Prepared by Kenedix Residential Partners, Inc. based on "J-REIT Property Database(Former AJPI Service)", ARES [associate decision level (June 2012), preliminary figure (After July 2012)], which may vary from finalized figures that are scheduled to be released in the future

## Changes in Rent of Residential Properties by Area and Room Type

### Changes in Indexed Apartment Rent



- Single type (18m<sup>2</sup>~30m<sup>2</sup>)
- Compact type (30m<sup>2</sup>~60m<sup>2</sup>)
- Family type (60m<sup>2</sup>~100m<sup>2</sup>)
- Total

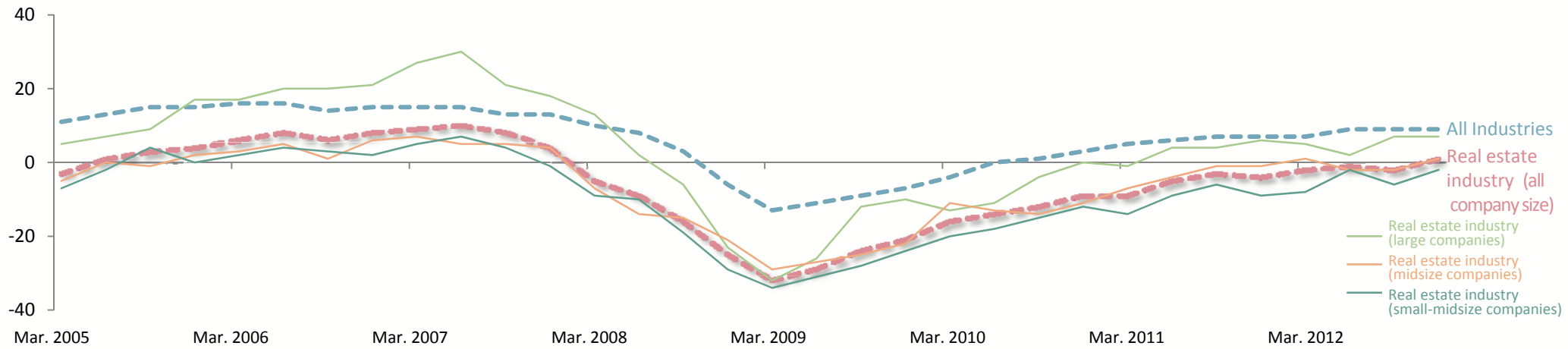


Note: For the Nagoya index, compact type, family type and total data have not been released before 2008. Q4

Source: Prepared by Kenedix Residential Partners, Inc. based on "Apartment Rent Index", Sumitomo Mitsui Trust Research Institute co., Ltd.

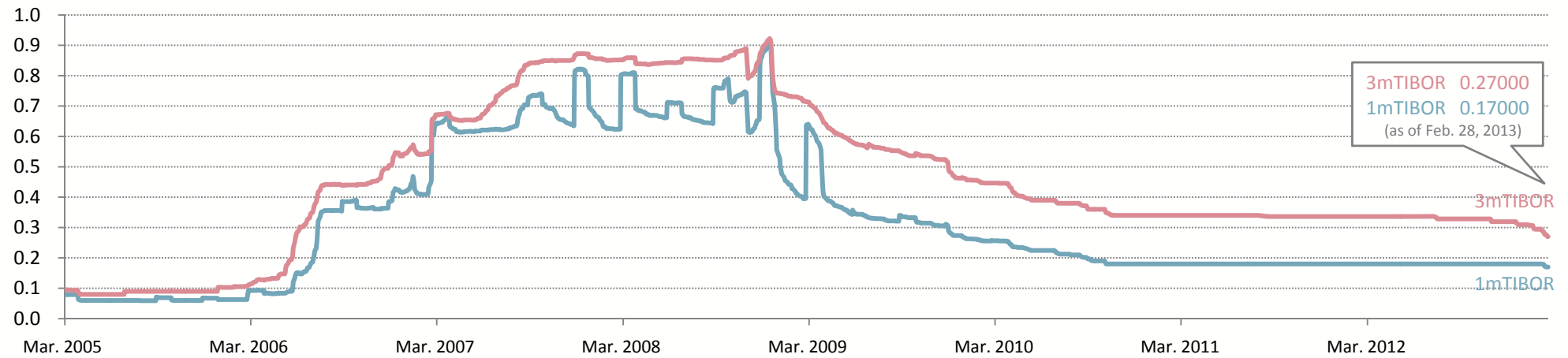
## The Environment for Loans

### Change in Financial Institutions' Attitude toward Lending (Easy – Strict)



Source: Prepared by Kenedix Residential Partners, inc. based on "List of TANKAN (Figures by Industry)" Research and Statistics Department, Bank of Japan

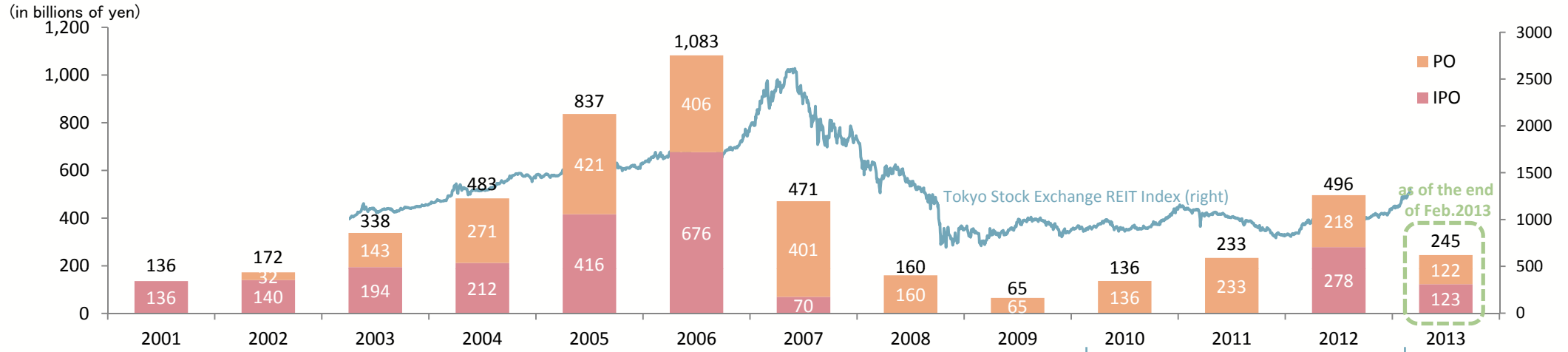
### Historical Changes in JBTIBOR



Source: Prepared by Kenedix Residential Partners, Inc. based on Bloomberg

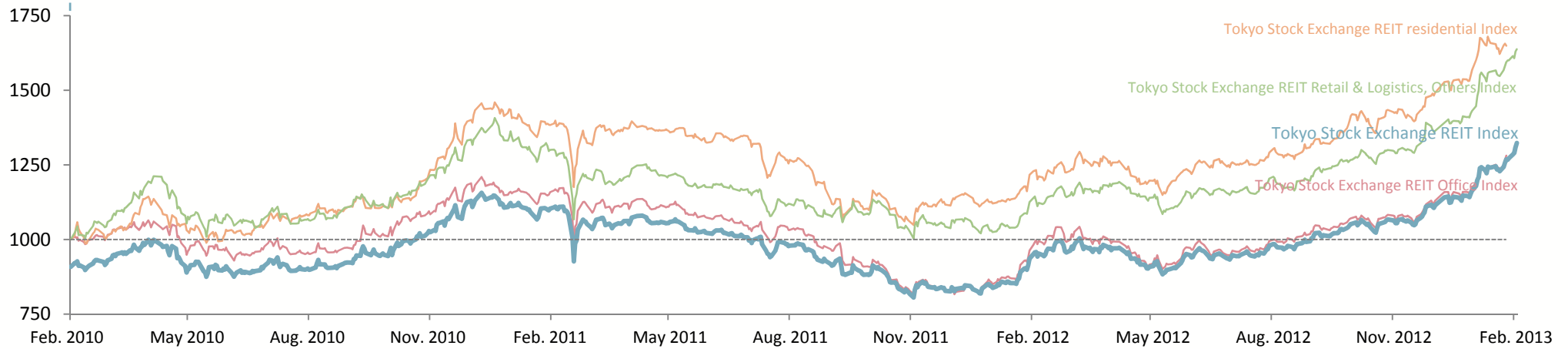
## Equity Market

### J-REIT Equity Procurement Activity



Source: Prepared by Kenedix Residential Partners, Inc. based on Publication Document of J-REIT. Based on payment dates, as of March 4, 2013

### Changes in Tokyo Stock Exchange REIT Index

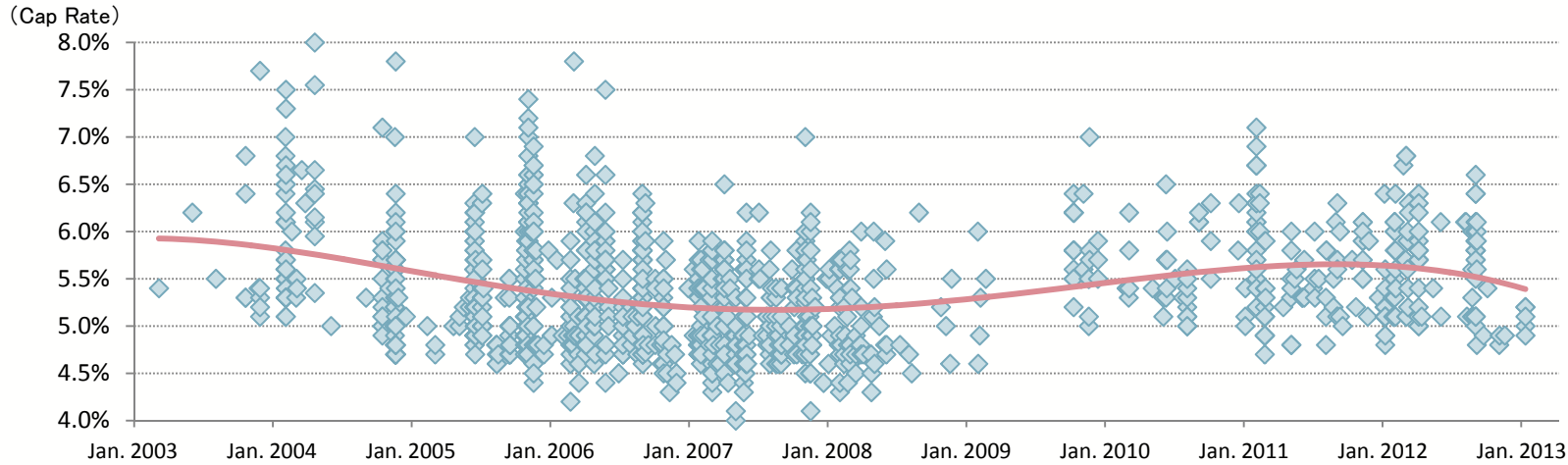


Source: Prepared by Kenedix Residential Partners, Inc. based on Bloomberg

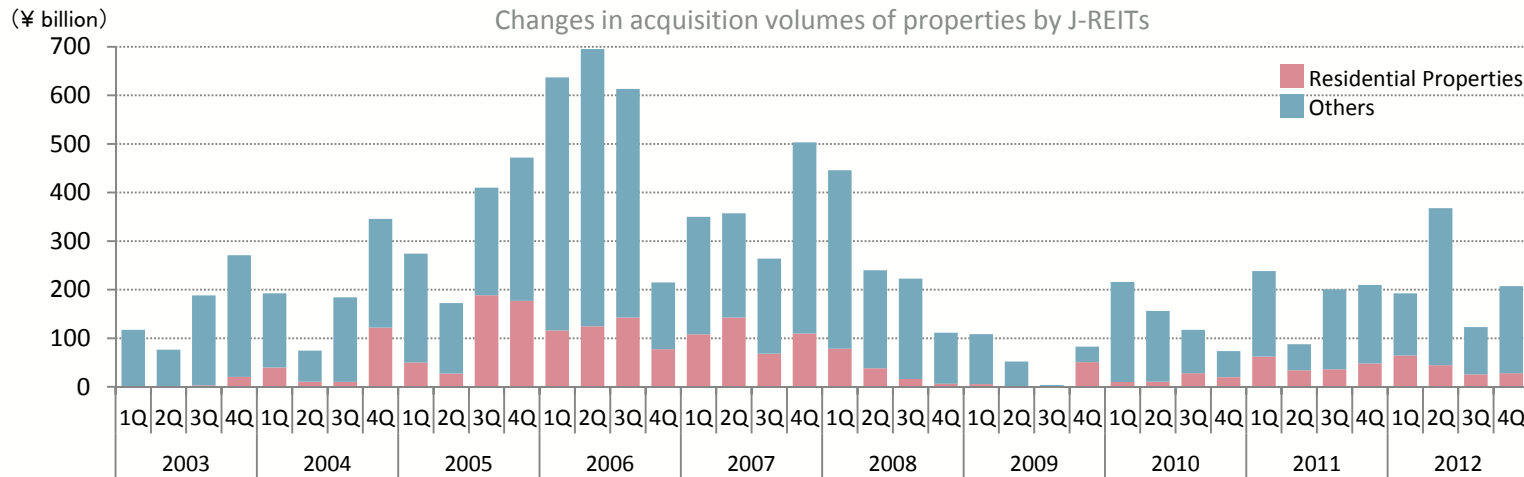


## Trends in Property Acquisition by J-REITs

### Changes in Appraisal Cap Rates at Acquisition (Residential Properties Operated by J-REITs)

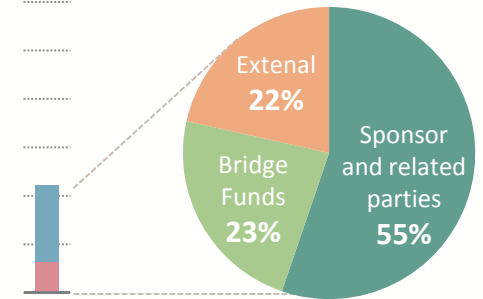


### Changes in Acquisition Volumes of Properties by J-REITs



Real estate purchases funded by public offering of equity

Breakdown of property sellers



Note: Includes the 10 public offerings of listed J-REITs that have been announced by March 4, 2013 and does not include J-REIT initial public offerings

## 3. Strategic Objectives

## Framework for Increasing Value for Investors

1) External Growth Strategy


Utilize economies of scale to lower the fixed cost ratio

2) Internal Growth Strategy

Improve occupancy rates, maintain and increase rent rates

3) Financial Strategy

Leverage the current low-interest-rate environment to procure funds

**Unitholders' Value**  = 
$$\frac{\text{Cash Flow (Profits available for distribution)} \uparrow}{\text{Risk Premium (Cap rate)} \downarrow}$$

1) External Growth Strategy

Increase liquidity of investment units, target a broader spectrum of investor segments

2) Internal Growth Strategy

Maintain stable dividends, build a track record

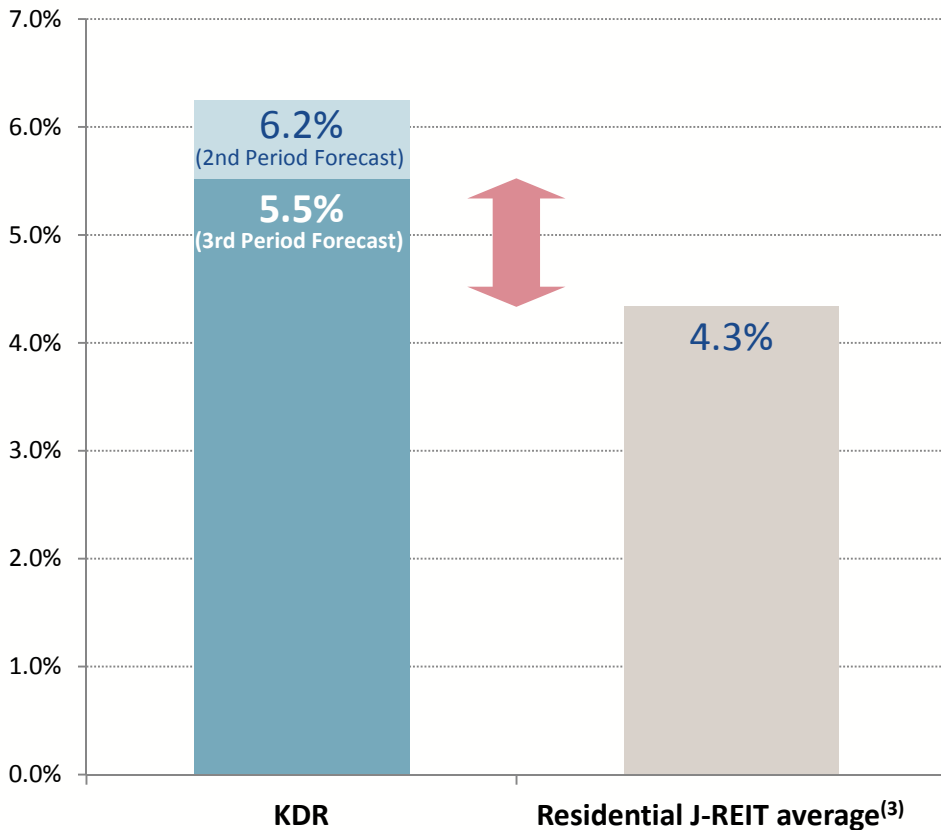
3) Financial Strategy

Improve financial soundness through various initiatives such as hedging risk of interest rate increase

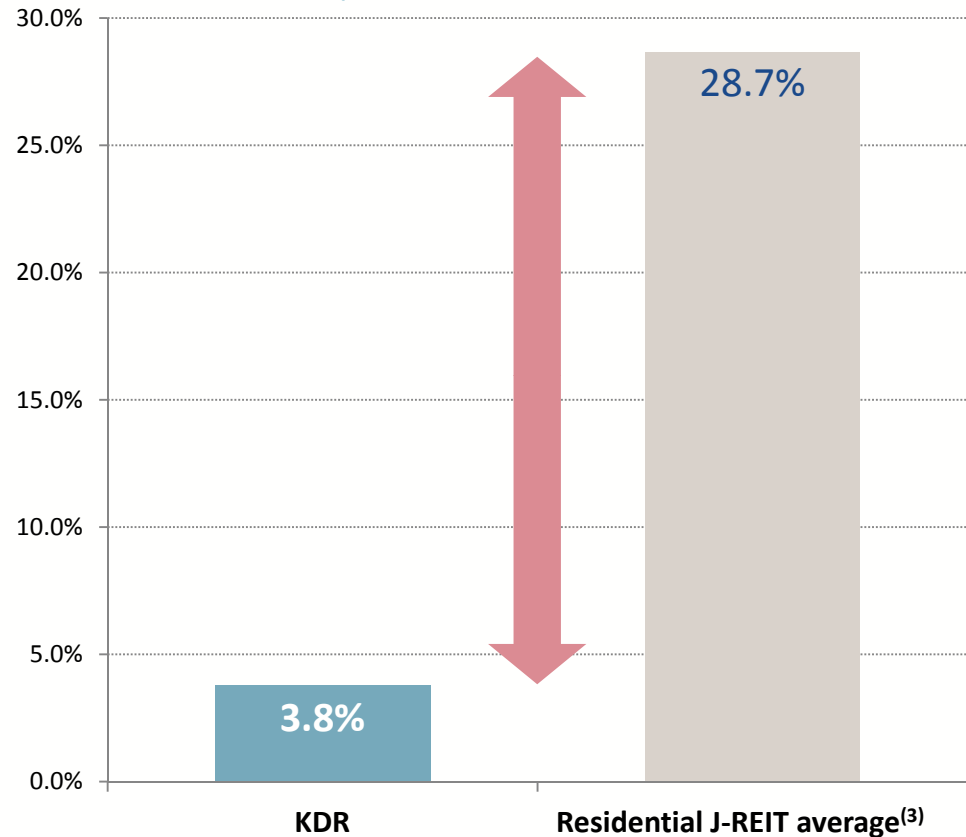
Rapid execution of strategies with excellent prospects for increasing value for unitholders

## Eliminate the Valuation Gap by Reducing the Risk Premium

### ● Dividend Yield<sup>(1)</sup> Comparison



### ● NAV Premium<sup>(2)</sup> Comparison



Note 1: The dividend yield is the forecast for the annualized yield based on the closing price of investment units on March 8, 2013. However, the yield for both the second fiscal period distribution forecast of ¥6,100 and the third fiscal period distribution forecast of ¥5,300 are shown for KDR. The closing price of KDR was ¥193,700 on March 8, 2013.

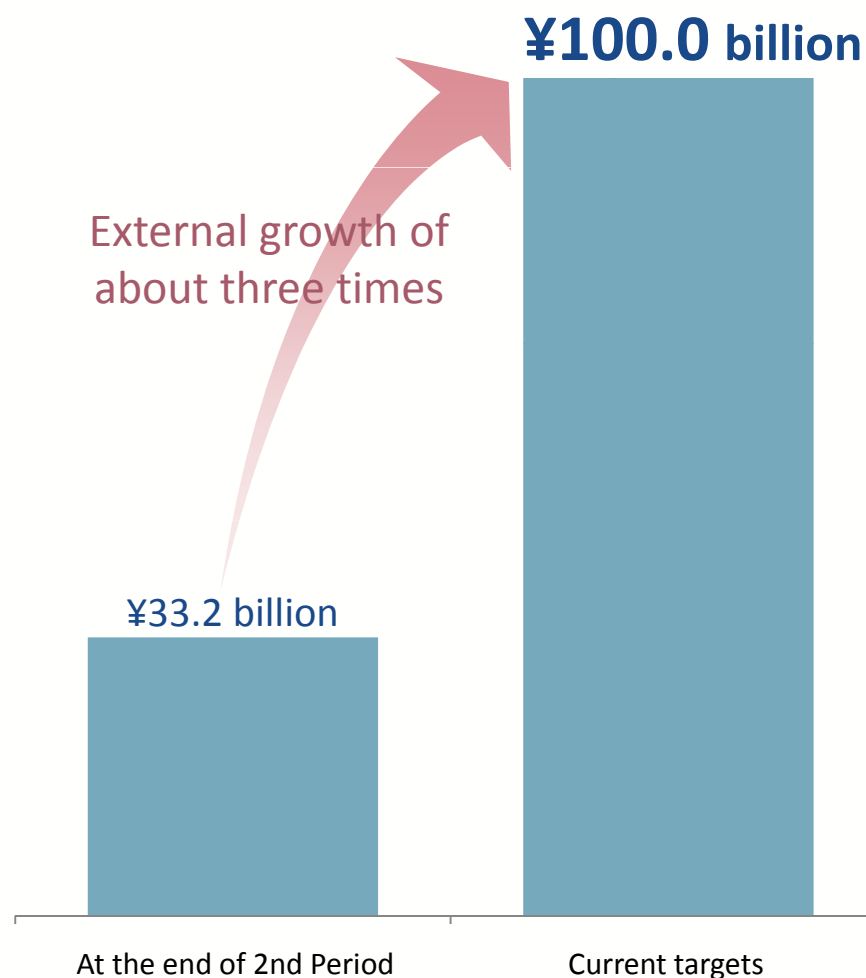
Note 2: The NAV premium is calculated by dividing the investment unit closing price on March 8, 2013 by the net asset value (Period-end net assets – Unappropriated retained earnings [including reversal of negative goodwill] + Period-end appraisal value – Tangible fixed assets/Investment units outstanding) per unit as of the most recent fiscal period end. The KDR premium uses a NAV of ¥14,076 million as of the end of the second fiscal period.

Note 3: Residential J-REIT average is the average figures for the following J-REITs: Nippon Accommodations Fund Inc., Nomura Real Estate Residential Fund, Inc., Advance Residence Investment Corporation, Comforia Residential REIT, Inc., Sekisui House SI Investment Corporation, Starts Proceed Investment Corporation, Daiwa House Residential Investment Corporation, and Japan Rental Housing Investments Inc. (listed in order of securities code numbers). Comforia Residential REIT, Inc. is not included in the NAV premium comparison.

**These figures indicate that there is significant potential for improving the risk premium that investors demand of KDR**

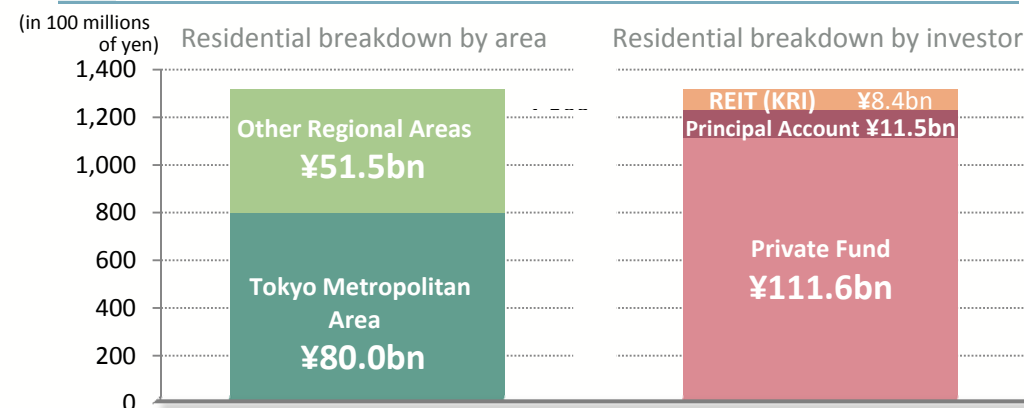
## Specific Targets for the External Growth Strategy

### Current Target for Total Assets



### Kenedix Group Assets Under Management (December 31, 2012)

	Number of Properties	Asset Under Management
Total Assets Under Management	493	¥1,117.8 billion
Of which residential rental properties (except KDR)	110	¥131.5 billion



### Networks Unique to Asset Management Companies

	1st Period <sup>(1)</sup>	2nd Period
Information acquired about potential investments	121	222
Number of investments under serious consideration <sup>(2)</sup>	14	10

Note 1: Figures are for 97 days after property acquisition (April 26 to July 31, 2012)

Note 2: Prospective investments where a confidentiality agreement has been signed and actual examinations are under way

Aiming for rapid external growth by utilizing the existing pipeline and sponsor support

# Appendix

## Financial Statements

### Balance Sheet

(in thousands of yen)

Accounts	the First Fiscal Period (as of July 31, 2012)	the Second Fiscal Period (as of January 31, 2013)
<b>Assets</b>		
Current assets		
Cash and bank deposit	549,498	836,814
Cash and bank deposit in trust	510,807	665,818
Operating accounts receivable	5,617	5,503
Prepaid expenses	13,576	4,235
Deferred tax asset	25	16
Accrued consumption tax	75,195	-
Others	-	384
<b>Total of Current Assets</b>	<b>¥1,154,721</b>	<b>¥1,512,772</b>
Fixed assets		
Tangible fixed assets		
Land	2,771,103	2,787,376
Buildings in trust	14,598,112	14,440,133
Constructs in trust	114,034	113,393
Machineries and equipments in trust	313,681	307,221
Tools, furnitures and fixtures in trust	156	3,648
Land in trust	13,766,909	13,766,909
<b>Total of Tangible Fixed Assets</b>	<b>¥31,563,998</b>	<b>¥31,418,684</b>
Investments and other assets		
Deposit pledged	10,156	10,156
Long-term prepaid expenses	152,388	122,671
Others	-	36,318
<b>Total of Investment and Other Assets</b>	<b>¥162,544</b>	<b>¥169,146</b>
<b>Total of Fixed Assets</b>	<b>¥31,726,542</b>	<b>¥31,587,830</b>
Deferred assets		
Establishment cost	45,143	39,842
Unit issuance cost	67,809	55,307
<b>Total of Deferred Assets</b>	<b>¥112,952</b>	<b>¥95,149</b>
<b>Total of Assets</b>	<b>¥32,994,216</b>	<b>¥33,195,752</b>

(in thousands of yen)

Accounts	the First Fiscal Period (as of July 31, 2012)	the Second Fiscal Period (as of January 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	33,747	29,909
Short-term loans	3,000,000	3,000,000
Accounts payable	23,979	40,217
Accrued expenses	486	424
Income taxes payable	1,378	946
Consumption tax payable	-	4,158
Advances received	153,978	157,638
Deposits received	8,534	9,390
<b>Total of Current Liabilities</b>	<b>¥3,222,105</b>	<b>¥3,242,684</b>
Fixed liabilities		
Long-term loans	15,500,000	15,500,000
Tenant security deposits	243,786	240,015
<b>Total of Fixed Liabilities</b>	<b>¥15,743,786</b>	<b>¥15,740,015</b>
<b>Total of Liabilities</b>	<b>¥18,965,892</b>	<b>¥18,982,699</b>
<b>Net assets</b>		
Unitholders' capital		
Total Contribution	13,773,456	13,773,456
Surplus		
Retained earnings	254,868	463,620
Total of surplus	254,868	463,620
<b>Total of Unitholders' Capital</b>	<b>¥14,028,324</b>	<b>¥14,237,076</b>
Deferred gains or losses on hedges	-	△24,023
<b>Total of Net Assets</b>	<b>¥14,028,324</b>	<b>¥14,213,052</b>
<b>Total of Liabilities and Net Assets</b>	<b>¥32,994,216</b>	<b>¥33,195,752</b>

## Financial Statements

### Income Statement

(in thousands of yen)

Accounts	the First Fiscal Period	the Second Fiscal Period
	from: Nov. 15, 2011 to: July 31, 2012	from: Aug. 1, 2012 to: Jan. 31, 2013
<b>Operating Revenues</b>		
Revenues related to rent business	512,271	1,021,344
Others	41,207	92,813
Total of operating revenues	553,479	1,114,157
<b>Operating Expenses</b>		
Expenses related to rent business	169,797	367,194
Asset management fees	13,517	74,405
Asset custody fee	1,718	2,062
General administration fees	6,089	11,220
Directors' remuneration	6,412	4,500
Others	19,068	39,402
Total of operating expenses	216,603	498,785
<b>Operating Income</b>	<b>¥336,875</b>	<b>¥615,371</b>
<b>Non-operating income</b>		
Interest income	-	17
Interest on refund	-	221
Total of non-operating income	-	239
<b>Non-operating expenses</b>		
Interest expenses	44,968	85,743
Derivative-related expenses	-	4,308
Financing-related expenses	21,604	43,209
Depreciation of establishment cost	7,490	5,300
Depreciation of unit issuance cost	6,590	12,501
Total of non-operating expenses	80,654	151,064
<b>Ordinary Income</b>	<b>¥256,220</b>	<b>¥464,546</b>
<b>Pre-tax profit</b>	<b>¥256,220</b>	<b>¥464,546</b>
Corporate taxes	1,378	949
Corporate taxes-deferred	△ 25	9
Total of taxes	1,352	958
<b>Net Income</b>	<b>¥254,868</b>	<b>¥463,588</b>
Retained earnings at the beginning of the period	-	31
Retained earnings at the end of the period	254,868	¥463,620

### Statements Relating to the Distribution of Money

Account	the First Fiscal Period	the Second Fiscal Period
	from: Nov. 15, 2011 to: July 31, 2012	from: Aug. 1, 2012 to: Jan. 31, 2013
I Undistributed profits income	254,868,251 yen	463,620,113 yen
II Dividend	254,836,320 yen	463,578,800 yen
(Dividend per unit)	(3,378 yen)	(6,145 yen)
III Amount carried forward	31,931 yen	41,313 yen

### Statements of Cash Flow

(in thousands of yen)

	the First Fiscal Period	the Second Fiscal Period
	from: Nov. 15, 2011 to: July 31, 2012	from: Aug. 1, 2012 to: Jan. 31, 2013
Total of Operating Cash Flow	285,949	810,596
Total of Investment Cash Flow	△ 31,424,698	△ 52,636
Total of Financial Cash Flow	32,199,055	△ 315,633
<b>Change in Cash and Cash Equivalents (△ decrease)</b>	<b>1,060,305</b>	<b>442,326</b>
Cash and Cash Equivalents at Beginning of the Period	-	1,060,305
<b>Cash and Cash Equivalents at End of the Period</b>	<b>¥1,060,305</b>	<b>¥1,502,632</b>



## Changes in Performance

### Changes in Performance

	<u>the First Fiscal Period</u> (as of July 31, 2012)	<u>the Second Fiscal Period</u> (as of January 31, 2013)
Operating Term	260.0 days	184.0 days
Average Days of Property Management	92.4 days	184.0 days
Operating Revenues	¥553 million	¥1,114 million
Operating Income	¥336 million	¥615 million
Ordinary Income	¥256 million	¥464 million
Net Income	¥254 million	¥463 million
Distribution per Unit	¥3,378	¥6,145
Payout Ratio	100.0 %	100.0 %

### Changes in Financial Statements

	<u>the First Fiscal Period</u> (as of July 31, 2012)	<u>the Second Fiscal Period</u> (as of January 31, 2013)
Total Assets	¥32,994 million	¥33,195 million
Net Assets	¥14,028 million	¥14,213 million
Capital-to-Asset Ratio	42.5 %	42.8 %
Total Unitholders' Capital	¥13,773 million	¥13,773 million
Total Investment Units Held	75,440 units	75,440 units
Net Assets per Unit	¥185,953	¥188,402
Return on Assets(per year) <sup>(1)</sup>	4.1 %	2.8 %
Return on Equity(per year) <sup>(2)</sup>	6.9 %	6.5 %
FFO(Funds From Operation) <sup>(3)</sup>	¥364 million	¥675 million
FFO per Unit	¥4,834	¥8,959
Total Interest-bearing Liabilities	¥18,500 million	¥18,500 million
Average Interest Rate	0.96 %	0.94 %
Average Borrowing Term	2.3 years	1.8 years
LTV(Loan To Value) <sup>(4)</sup>	56.1 %	55.7 %
NAV(Net Asset Value) <sup>(5)</sup>	¥13,925 million	¥14,076 million
NAV per unit	¥184,589	¥186,595

Note 1: Return on Assets=Ordinary Income / (Total Assets at the beginning of the period + Total Assets at the end of the period)/2 (Rounded to the nearest two decimal places) [The First Fiscal Period is calculated from April 26, 2012 as the beginning of the period]

Note 2: Return on Equity=Net Income / (Net Assets at the beginning of the period + Net Assets at the end of the period)/2 (Rounded to the nearest two decimal places) [The First Fiscal Period is calculated from April 26, 2012 as the beginning of the period]

Note 3: FFO=Net Income + Depreciation + Deferred Assets Depreciation +/- Gains and Losses on Sales (Rounded down to the nearest one decimal places)

Note 4: LTV=Interest-bearing Liabilities / Total Assets (Rounded to the nearest two decimal places)

Note 5: NAV=Net Assets – Unappropriated Retained Earnings + Appraisal Values – Fixed Assets

### Changes in Portfolio Performance

	<u>the First Fiscal Period</u> (as of July 31, 2012)	<u>the Second Fiscal Period</u> (as of January 31, 2013)
Number of Properties	20 units	20 units
Properties Acquired during the Period	20 units	0 units
Properties Transferred during the Period	0 units	0 units
Total Acquisition Price	¥30,474 million	¥30,474 million
Total Book Value	¥31,563 million	¥31,418 million
Total Appraisal Value	¥31,716 million	¥31,746 million
Rentable Units	1,400 units	1,400 units
(of which Residential Units)	1,393 units	1,393 units
Rentable Area	59,157.37 m <sup>2</sup>	59,157.37 m <sup>2</sup>
(of which Residential Units)	54,823.98 m <sup>2</sup>	54,823.98 m <sup>2</sup>
Leasing Business Revenues	¥553 million	¥1,114 million
Leasing Business Expenses(ex. Depreciation)	¥74 million	¥172 million
NOI (Net Operating Income) <sup>(6)</sup>	¥479 million	¥941 million
NOI Cap Rate(per year)	6.2 %	6.1 %
Capital Expenditure	¥0 million	¥32 million
Depreciation	¥95 million	¥194 million
Depreciation Rate(per acquisition price, year)	1.2 %	1.3 %
NOI Cap Rate after Depreciation(per year)	5.0 %	4.9 %
Occupancy Rates(average during the period)	93.8 %	94.5 %
Occupancy Rates(at the end of the period)	94.0 %	95.1 %
Rent per Tsubo(average during the period)	¥9,357	¥9,348
Rent per Tsubo(at the end of the period)	¥9,351	¥9,357
Replacement <sup>(7)</sup>	13.1 %	14.0 %
Turnover <sup>(8)</sup>	12.5 %	13.2 %
Renewal Rate(average during the period) <sup>(9)</sup>	85.8 %	82.6 %
Average Occupancy Period <sup>(10)</sup>	778 days	882 days
Average Downtime <sup>(11)</sup>	67 days	83 days

Note 6: NOI=Operating Revenues – Operating Expenses(ex. Depreciation) (Rounded down to the nearest one decimal places)

Note 7: Replacement=New tenants during the operating period / Rentable Units [The First Fiscal Period is adjusted to 6 months.] (Rounded to the nearest two decimal places)

Note 8: Turnover=Exiting tenants during the operating period / Rentable Units [The First Fiscal Period is adjusted to 6 months.] (Rounded to the nearest two decimal places)

Note 9: Renewal rate=Renewal tenants during the operating period / Ending contracts during the operating period (Rounded to the nearest two decimal places)

Note 10: Average occupancy rate is based on exiting tenants during the operating period (Rounded to the nearest one decimal places)

Note 11: Average downtime is based on new tenants during the operating period (Rounded to the nearest one decimal places)


## List of Properties

Area	No.	Property Name	Location	Type (1)	Date of Completion	Acquisition Price (Thousand Yen)	Ratio	Rentable Area	Rentable Units	Room Type (Units)					Occupancy Ratio	
										Single	Small Family	Family	Office	Store	End of Jul. 2012	End of Jan. 2013
Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	Shibuya-ku, Tokyo	SF	Feb. 10, 2003	4,700,000	15.4%	5,338.99 m <sup>2</sup>	86	0	69	14	1	2	94.0%	96.8%
	T-2	KDX Yoyogi Residence	Shibuya-ku, Tokyo	SF	Jan. 11, 2007	1,320,000	4.3%	1,593.93 m <sup>2</sup>	50	31	19	0	0	0	95.7%	97.0%
	T-3	KDX Odemma Residence	Chuo-ku, Tokyo	SF	Mar. 14, 2007	1,775,000	5.8%	2,353.23 m <sup>2</sup>	54	0	54	0	0	0	90.7%	96.2%
	T-4	KDX Iwamoto-cho Residence	Chiyoda-ku, Tokyo	SF	Sep. 5, 2007	822,000	2.7%	1,131.24 m <sup>2</sup>	36	12	24	0	0	0	100.0%	100.0%
	T-5	KDX Bunkyo Sengoku Residence	Bunkyo-ku, Tokyo	S	Aug. 9, 2005	1,488,000	4.9%	2,054.10 m <sup>2</sup>	77	63	14	0	0	0	91.2%	97.7%
	T-6	KDX Azumabashi Residence	Sumida-ku, Tokyo	S	Sep. 26, 2007	650,000	2.1%	1,054.83 m <sup>2</sup>	41	40	0	0	0	1	95.5%	93.1%
	T-7	KDX Shimura Sakae Residence	Itabashi-ku, Tokyo	F	Jul. 2, 2007	2,830,000	9.3%	6,117.48 m <sup>2</sup>	85	0	0	85	0	0	96.5%	93.1%
	T-8	Nichii Home Tama Plaza	Kawasaki city, Kanagawa	—	—	960,000	3.2%	—	—	0	0	0	0	0	—	—
	T-9	Cosmo Heim Motosumiyoshi	Kawasaki city, Kanagawa	—	—	1,750,000	5.7%	—	—	0	0	0	0	0	—	—
	T-10	KDX Musashi Nakahara Residence	Kawasaki city, Kanagawa	F	Apr. 23, 1991	637,000	2.1%	2,123.46 m <sup>2</sup>	35	0	0	35	0	0	97.2%	88.5%
	T-11	KDX Chiba Chuo Residence	Chiba city, Chiba	S	Feb. 23, 2007	1,480,000	4.9%	3,546.91 m <sup>2</sup>	106	65	39	0	2	0	96.9%	96.7%
	T-12	KDX Kawaguchi Saiwai-cho Residence	Kawaguchi city, Saitama	SF	Feb. 9, 2007	1,150,000	3.8%	2,491.66 m <sup>2</sup>	61	1	60	0	0	0	90.1%	95.2%
	Subtotal				19,562,000	64.2%	27,805.83 m <sup>2</sup>	631	212	279	134	3	3	94.7%	95.2%	
Other Regional Areas	R-1	KDX Toyohira Sanjo Residence	Sapporo city, Hokkaido	SF	Mar. 14, 2008	582,500	1.9%	2,868.75 m <sup>2</sup>	63	0	63	0	0	0	94.1%	85.8%
	R-2	KDX JozenjiDori Residence	Sendai city, Miyagi	S	Jan. 15, 2008	1,015,000	3.3%	3,330.15 m <sup>2</sup>	92	53	27	12	0	0	96.8%	99.1%
	R-3	KDX Izumi Residence	Nagoya city, Aichi	F	Apr. 7, 2009	1,120,000	3.7%	2,798.20 m <sup>2</sup>	40	0	0	40	0	0	87.1%	92.1%
	R-4	KDX Chihaya Residence	Nagoya city, Aichi	SF	Jul. 28, 2009	1,080,000	3.5%	2,936.40 m <sup>2</sup>	92	40	52	0	0	0	98.9%	100.0%
	R-5	KDX Sakaisuji Hommachi Residence	Osaka city, Osaka	SF	Oct. 25, 2007	2,910,000	9.5%	6,385.70 m <sup>2</sup>	160	0	124	35	0	1	91.7%	93.0%
	R-6	KDX Shimmachi Residence	Osaka city, Osaka	S	Oct. 10, 2007	1,015,000	3.3%	2,146.02 m <sup>2</sup>	94	94	0	0	0	0	96.8%	96.8%
	R-7	KDX Takarazuka Residence	Takarazuka city, Hyogo	F	Feb. 29, 2008	1,510,000	5.0%	4,631.16 m <sup>2</sup>	80	0	20	60	0	0	87.1%	92.8%
	R-8	KDX Shimizu Residence	Fukuoka city, Fukuoka	SF	May 2, 2008	1,680,000	5.5%	6,255.16 m <sup>2</sup>	148	16	132	0	0	0	96.1%	99.4%
	Subtotal				10,912,500	35.8%	31,351.54 m <sup>2</sup>	769	203	418	147	0	1	93.3%	95.1%	
Total					30,474,500	100.0%	59,157.37 m <sup>2</sup>	1,400	415	697	281	3	4	94.0%	95.1%	

Note1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)  
 Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m<sup>2</sup> and less than 30m<sup>2</sup>]  
 Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m<sup>2</sup> and less than 60m<sup>2</sup>]  
 Family (F): (intended primarily for households of three or more families) [ footprint of equal or more than 60m<sup>2</sup>]







## Portfolio Performance (the Second Fiscal Period ended January 31, 2013) ①

(in thousands of yen)

No.	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8
	 	 	 	 	 	 	 	 
	Tokyo Central 5 Wards				Tokyo Metropolitan Area			
Property Name	KDX Daikanyama Residence	KDX Yoyogi Residence	KDX Ohdemma Residence	KDX Iwamoto-cho Residence	KDX Bunkyo Sengoku Residence	KDX Azumabashi Residence	KDX Simura Sakaue Residence	Nichii Home Tama Plaza
Acquisition Price	4,700,000	1,320,000	1,775,000	822,000	1,488,000	650,000	2,830,000	960,000
Book Value	4,814,504	1,353,051	1,825,674	849,723	1,527,642	672,350	2,914,943	989,335
Appraisal Value	4,800,000	1,410,000	1,850,000	861,000	1,580,000	716,000	2,960,000	960,000
Rentable Units	86	50	54	36	77	41	85	-
Rentable Area (㎡)	5,338.99	1,593.93	2,353.23	1,131.24	2,054.10	1,054.83	6,117.48	-
Area in Rent (㎡)	5,168.54	1,545.37	2,264.29	1,131.24	2,005.86	982.05	5,692.73	-
Occupancy Rate	96.8%	97.0%	96.2%	100.0%	97.7%	93.1%	93.1%	-%
Operating Days	184days	184days	184days	184days	184days	184days	184days	184days
Leasing Business Revenues (a)	150,929	44,892	55,996	27,919	49,095	23,293	107,068	34,560
Leasing Business Revenues	136,639	41,172	52,972	27,202	44,568	22,152	94,441	34,560
Other Revenues	14,289	3,719	3,023	717	4,526	1,140	12,626	-
Leasing Business Expenses (b)	23,579	8,578	9,651	4,232	9,705	4,846	15,641	6
Property Management Fees	10,241	4,003	4,804	2,209	4,184	2,749	8,083	-
Taxes	15	0	0	0	0	0	0	-
Utilities	4,891	586	555	429	600	295	1,184	-
Repairs and Maintenance Costs	3,494	1,976	1,945	715	1,939	684	3,927	-
Insurance	254	67	92	45	84	48	228	-
Trust Fees and Other Costs	4,682	1,943	2,252	832	2,896	1,067	2,217	6
NOI (c=a-b)	127,349	36,314	46,344	23,687	39,389	18,447	91,426	34,554
Depreciation (d)	14,725	5,120	10,486	5,183	6,415	4,878	21,241	-
Leasing Business Income (e=c-d)	112,623	31,194	35,857	18,503	32,974	13,568	70,185	34,554
NOI Cap Rate(per year)	5.4%	5.5%	5.2%	5.7%	5.3%	5.6%	6.4%	7.1%
NOI Cap Rate after Depreciation(per year)	4.8%	4.7%	4.0%	4.5%	4.4%	4.1%	4.9%	7.1%





Portfolio Performance (the Second Fiscal Period ended January 31, 2013) ②

(in thousands of yen)

No.	T-9	T-10	T-11	T-12	R-1	R-2	R-3	R-4
	底地	地位 F	特殊 S	利便性 SF	利便性 SF	利便性 S	地位 F	利便性 SF
								
	Tokyo Metropolitan Area				Other Regional Areas			
Property Name	Cosmo Heim Motosumiyoshi	KDX Musashi Nakahara Residence	KDX Chiba Chuo Residence	KDX Kawaguchi Saiwai-cho Residence	KDX Toyohira Sanjo Residence	KDX Jozenji Dori Residence	KDX Izumi Residence	KDX Chihaya Residence
Acquisition Price	1,750,000	637,000	1,480,000	1,150,000	582,500	1,015,000	1,120,000	1,080,000
Book Value	1,798,041	656,220	1,527,699	1,196,355	610,829	1,058,608	1,159,690	1,124,991
Appraisal Value	1,750,000	644,000	1,520,000	1,220,000	625,000	1,090,000	1,150,000	1,130,000
Rentable Units	-	35	106	61	63	92	40	92
Rentable Area (㎡)	-	2,123.46	3,546.91	2,491.66	2,868.75	3,330.15	2,798.20	2,936.40
Area in Rent (㎡)	-	1,879.30	3,429.71	2,371.82	2,462.00	3,298.79	2,577.85	2,936.40
Occupancy Rate	-	88.5%	96.7%	95.2%	85.8%	99.1%	92.1%	100.0%
Operating Days	184days	184days	184days	184days	184days	184days	184days	184days
Leasing Business Revenues (a)	43,749	23,662	62,466	47,687	28,774	49,160	40,463	47,773
Leasing Business Revenues	43,749	22,827	58,582	44,543	25,765	44,117	33,370	43,627
Other Revenues	-	835	3,883	3,144	3,008	5,042	7,093	4,145
Leasing Business Expenses (b)	-	4,058	7,940	7,694	6,408	7,916	9,110	9,297
Property Management Fees	-	2,078	4,652	4,531	2,398	4,122	3,830	4,459
Taxes	-	0	0	0	0	0	0	0
Utilities	-	444	835	592	606	868	308	879
Repairs and Maintenance Costs	-	1,016	652	1,173	1,773	1,374	2,227	1,702
Insurance	-	72	151	110	97	119	103	118
Trust Fees and Other Costs	-	446	1,647	1,285	1,532	1,430	2,640	2,137
NOI (c=a-b)	43,749	19,604	54,525	39,993	22,365	41,244	31,353	38,476
Depreciation (d)	-	3,985	17,089	7,198	5,922	10,189	9,086	10,004
Leasing Business Income (e=c-d)	43,749	15,619	37,436	32,795	16,442	31,054	22,266	28,471
NOI Cap Rate(per year)	5.0%	6.1%	7.3%	6.9%	7.6%	8.1%	5.6%	7.1%
NOI Cap Rate after Depreciation(per year)	5.0%	4.9%	5.0%	5.7%	5.6%	6.1%	3.9%	5.2%

## Portfolio Performance (the Second Fiscal Period ended January 31, 2013) ③

(in thousands of yen)

No.	R-5	R-6	R-7	R-8	
S Single SF Small Family F Family	 SF 利便性	 S 利便性	 F 地位	 SF 利便性	
	Other Regional Areas				
Property Name	KDX Sakaisuji Hommachi Residence	KDX Shimmachi Residence	KDX Takarazuka Residence	KDX Shimizu Residence	Total
Acquisition Price	2,910,000	1,015,000	1,510,000	1,680,000	30,474,500
Book Value	2,990,656	1,046,725	1,561,968	1,739,671	31,418,684
Appraisal Value	3,000,000	1,100,000	1,630,000	1,750,000	31,746,000
Rentable Units	160	94	80	148	1,400
Rentable Area (㎡)	6,385.70	2,146.02	4,631.16	6,255.16	59,157.37
Area in Rent (㎡)	5,941.07	2,077.53	4,299.63	6,215.60	56,279.78
Occupancy Rate	93.0%	96.8%	92.8%	99.4%	95.1%
Operating Days	184days	184days	184days	184days	184days
Leasing Business Revenues (a)	107,285	40,432	53,698	75,246	1,114,157
Leasing Business Revenues	98,241	38,569	47,740	66,497	1,021,344
Other Revenues	9,043	1,863	5,958	8,749	92,813
Leasing Business Expenses (b)	19,441	6,238	7,971	10,373	172,693
Property Management Fees	6,476	2,314	2,815	5,569	79,525
Taxes	0	0	0	0	21
Utilities	1,570	559	619	737	16,564
Repairs and Maintenance Costs	2,920	1,030	1,404	2,026	31,987
Insurance	293	86	155	229	2,359
Trust Fees and Other Costs	8,180	2,247	2,976	1,810	42,234
NOI (c=a-b)	87,843	34,194	45,727	64,872	941,463
Depreciation (d)	23,434	8,914	16,453	14,171	194,501
Leasing Business Income (e=c-d)	64,409	25,280	29,274	50,701	746,962
NOI Cap Rate(per year)	6.0%	6.7%	6.0%	7.7%	6.1%
NOI Cap Rate after Depreciation(per year)	4.4%	4.9%	3.8%	6.0%	4.9%

**地位** Dignity of land or distinguished environment: "JIGURAI"

**利便性** Daily life convenience

**特殊** Existence of special markets

**底地** limited proprietary rights of land

## Portfolio Structuring Policy

### Property Type

Property Type		Target Portfolio Breakdown
Classification	Residential rental properties	Residential rental properties where a majority of the leasable area is for residential use <b>80%-100%</b>
	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 <b>0%-20%</b>
	Other	Land with leasehold interests on which buildings stipulated above exist (limited proprietary rights of land), etc. <b>0%-20%</b>

### Geographic Area

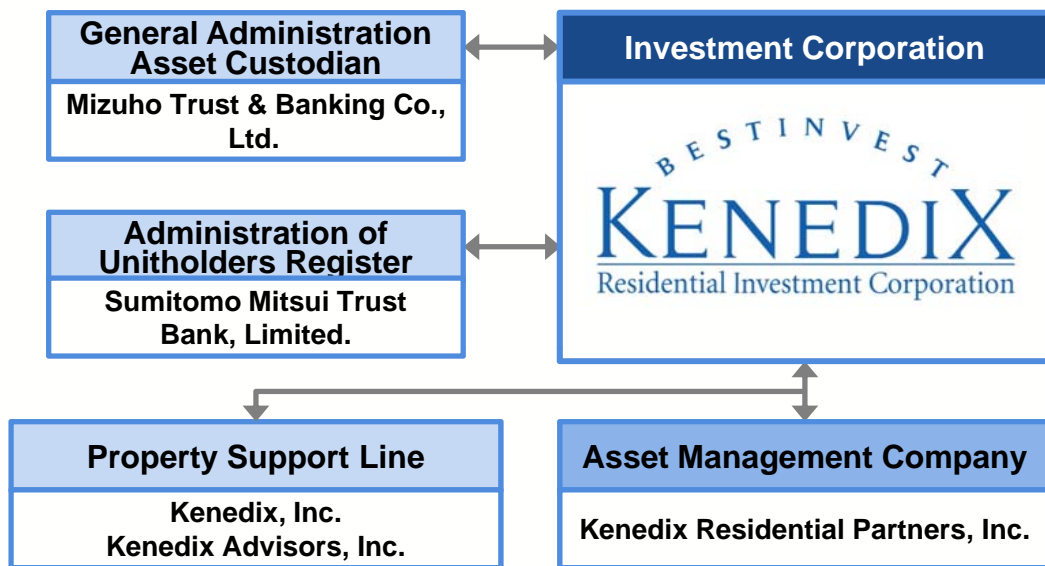
Region		Target Portfolio Breakdown
Classification	Tokyo Metropolitan Area	Major cities in Tokyo, Kanagawa, Saitama and Chiba Prefectures <b>50% or more</b>
	Other Regional Areas	Primarily government-designated cities and other regional core cities <b>50% or less</b>

### Investment Size

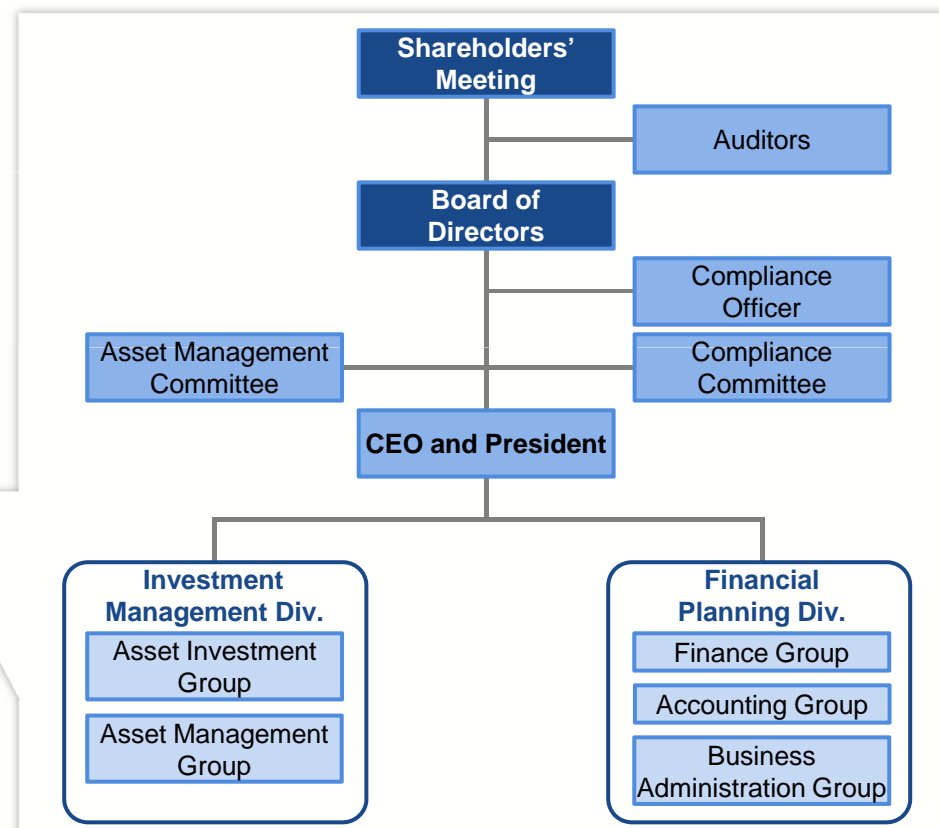
Classification	Acquisition Price
Minimum investment size	Residential rental properties and housing with facility operators <b>¥300 million or more</b> per investment property
Maximum investment size	Others <b>¥100 million or more</b> per investment property
The ratio of acquisition price for such real estate shall be no more than 20% of the total acquisition price of the entire portfolio after such real estate is acquired	

## Summary of the Investment Company and the Asset Management Company

### Structure of the Investment Corporation



### Asset Management Company Organization Chart



### Summary of the Asset Management Company

Name	Kenedix Residential Partners, Inc.
Representative	CEO and President Akira TANAKA
Date of Establishment	March 17, 2011
Capital	100,000,000 yen
Number of Full-time Officers and Employees	20(as of January 31, 2013)
Location	2-2-9 Shinbashi, Minato-ku, Tokyo
Shareholder Composition	Kenedix, inc. 100%
Membership	Financial instruments business The investment trust association Real estate business license Discretionary agency license

#### Numbers of Credentialed Personnel

■ Real estate brokers	11	■ ARES Certified Masters	5
■ Financial planners	3	■ Japanese securities analysts	2
■ Real estate appraisers	1	■ Qualified architect of the first class	1
■ Tax accountant	1	■ Qualified internal auditor	1
■ Chief of building management	1	■ Certified fraud examiners	1

Note: Qualified employees of two or more are counted for both entitlements

## Decision Flow within the Asset Management Company

