

**Translation of Japanese Original**

**FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JANUARY 31, 2014(REIT)  
 (August 1, 2013 to January 31, 2014)**

March 13, 2014

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

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

Representative: Akira Tanaka, Executive Director

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

Representative: Ryosuke Homma, CEO and President

Inquiries: Akihiro Nakao, General Manager of Planning Department, Residential REIT Division

TEL+81-3-5623-8682

Planned submission of semiannual securities report: April 28, 2014

Planned start of distribution payments: April 14, 2014

Preparing presentation material: Yes

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

(Amounts are rounded down to the nearest ¥million)

**1. PERFORMANCE FOR THE FISCAL PERIOD ENDED JANUARY 31, 2014 (FOURTH FISCAL PERIOD)**

**(1) Business Results**

(Percentages show period-on-period changes) (

	Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)
The fourth fiscal period ended January 31, 2014	3,616 (218.5) %	2,125 (284.2) %	1,633 (300.8) %	1,632 (-301.5) %
The third fiscal period ended July 31, 2013	1,135 (1.9) %	553 (-10.1) %	407 (-12.3) %	406 (-12.3) %

	Net Income per Unit	Return on Unitholders' Equity	[Reference] (annualized)	Ordinary Income to Total Assets	[Reference] (annualized)	Ordinary Income to Operating Revenues
The fourth fiscal period ended January 31, 2014	6,890 Yen	5.1 %	10.1 %	2.3 %	4.6 %	45.2 %
The third fiscal period ended July 31, 2013	5,389 Yen	2.9 %	5.8 %	1.2 %	2.5 %	35.9 %

**(2) Distribution**

	Distributions per Unit Excluding Excess of Earnings (Yen)	Total Distribution (Millions of Yen)	Distributions in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings (Millions of Yen)	Payout Ratio	Distribution Ratio to Unitholders' Equity
The fourth fiscal period ended January 31, 2014	6,756	1,632	0	0	100.0 %	3.4 %
The third fiscal period ended July 31, 2013	5,390	406	0	0	100.0 %	2.9 %

Note 1 Payout ratio is calculated as follows since new investment units were issued through public offering and the number of investment units issued and outstanding was changed during the fourth fiscal period (rounded off to the first decimal place):

$$\text{Payout ratio} = \text{Total Cash Distributions (excluding distribution in excess of earnings)} \div \text{Net income} \times 100$$

This is an English-language translation of the key financials in the original Japanese announcement on our Web site released on March 13, 2014. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

**(3) Financial Position**

	Total Assets (Millions of Yen)	Unitholders' Equity (Millions of Yen)	Unitholders' Equity to Total Assets	Unitholders' Equity per Share of Common Stock (Yen)
As of January 31, 2014	107,400	50,208	% 46.7	207,800
As of July 31, 2013	33,025	14,171	% 42.9	187,847

**(4) Cash Flow Position**

	Cash Flow from Operating Activities (Millions of Yen)	Cash Flow from Investing Activities (Millions of Yen)	Cash Flow from Financing Activities (Millions of Yen)	Cash and Cash Equivalents at the End of the Period (Millions of Yen)
The fourth fiscal period ended January 31, 2014	2,284	-70,021	71,141	4,549
The third fiscal period ended July 31, 2013	686	-411	-632	1,144

**2. FORECAST OF RESULTS FOR THE FISCAL PERIOD ENDING July 31, 2014 (February 1, 2014 to July 31, 2014)**

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen) (%)	Operating Income (Millions of Yen) (%)	Ordinary Income (Millions of Yen) (%)	Net Income (Millions of Yen) (%)	Distribution per Unit Excluding Excess of Earning (Yen)	Distribution in Excess of Earnings per Unit (Yen)
The fourth fiscal period ending July 31, 2014	3,681 (1.8)	1,797 (△15.4)	1,378 (△15.6)	1,377 (△15.6)	5,700	0

(Reference) Estimated net income per unit for the fiscal period ending July 31, 2014: ¥5,700

**3. OTHER****(1) Changes in Accounting Policies/Changes in Accounting Estimate/Retrospective Restatement**

- (a) Changes concerning accounting policy accompanying amendments to accounting standards: No
- (b) Changes other than (a): No
- (c) Changes in accounting estimate: No
- (d) Retrospective restatement: No

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

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

As of July 31, 2013: 75,440 units As of January 31, 2014: 241,622 units

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

As of July 31, 2013: 0 units As of January 31, 2014: 0 units

**[Provisional Translation Only]**

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

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### 3. Financial Statements

#### (1) Balance Sheets

	(in thousands of yen)	
	Third Fiscal Period (As of July 31, 2013)	Fourth Fiscal Period (As of January 31, 2014)
Assets		
Current assets		
Cash and deposits	507,326	2,159,067
Cash and deposits in trust	*1 637,662	2,390,547
Operating accounts receivable	4,399	16,105
Prepaid expenses	9,925	7,282
Deferred tax assets	16	20
Consumption taxes receivable	-	128,538
Other	-	3,835
Total current assets	1,159,330	4,705,395
Noncurrent assets		
Property, plant and equipment		
Land	2,787,376	2,787,376
Buildings in trust	14,727,698	41,974,470
Accumulated depreciation	-460,293	-990,704
Buildings in trust, net	*1 14,267,405	40,983,765
Structures in trust	118,903	294,630
Accumulated depreciation	-8,530	-18,269
Structures in trust, net	*1 110,373	276,360
Machinery and equipment in trust	318,149	672,251
Accumulated depreciation	-16,176	-30,908
Machinery and equipment in trust, net	*1 301,972	641,343
Tools, furniture and fixtures in trust	5,714	11,525
Accumulated depreciation	-105	-267
Tools, furniture and fixtures in trust, net	*1 5,609	11,257
Land in trust	*1 13,766,909	56,889,348
Construction in progress in trust	-	1,567
Total property, plant and equipment, net	31,239,647	101,591,020
Investments and other assets		
Investment securities	405,922	405,922
Lease and guarantee deposits	10,156	10,982
Long-term prepaid expenses	93,439	489,832
Other	39,497	20,053
Total investments and other assets	549,014	926,790
Total noncurrent assets	31,788,662	102,517,810
Deferred assets		
Deferred organization costs	34,627	29,327
Investment unit issuance costs	43,009	148,462
Total deferred assets	77,637	177,789
Total assets	33,025,629	107,400,995

	(in thousands of yen)	
	Third Fiscal Period (As of July 31, 2013)	Fourth Fiscal Period (As of January 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	57,095	222,804
Short-term loans payable	*1 2,830,000	-
Current portion of long-term loans payable	*1 5,500,000	7,200,000
Accounts payable-other	49,024	126,021
Accrued expenses	405	6,932
Income taxes payable	944	705
Accrued consumption taxes	1,836	-
Advances received	160,145	492,315
Deposits received	9,670	40,000
Total current liabilities	8,609,122	8,088,779
Noncurrent liabilities		
Long-term loans payable	*1 10,000,000	48,000,000
Tenant leasehold and security deposits in trust	245,320	1,103,239
Total noncurrent liabilities	10,245,320	49,103,239
Total liabilities	18,854,443	57,192,018
Net assets		
Unitholders' equity		
Unitholders' capital	13,773,456	48,592,739
Surplus		
Unappropriated retained earnings (undisposed loss)	406,661	1,632,542
Total surplus	406,661	1,632,542
Total unitholders' equity	14,180,117	50,225,281
Valuation and translation adjustments		
Deferred gains or losses on hedges	-8,930	-16,305
Total valuation and translation adjustments	-8,930	-16,305
Total net assets	*2 14,171,186	*2 50,208,976
Total liabilities and net assets	33,025,629	107,400,995

**(2) Statements of Income and Retained Earnings**

(in thousands of yen)

	Third Fiscal Period February 1, 2013 to July 31, 2013		Fourth Fiscal Period August 1, 2013 to January 31, 2014	
Operating revenues				
Rent revenue-real estate	*1	1,018,433	*1	3,312,812
Other lease business revenue	*1	117,075	*1	283,257
Dividends income		-		20,095
Total operating revenues		1,135,509		3,616,165
Operating expenses				
Expenses related to rent business	*1	442,618	*1	1,230,090
Asset management fees		70,886		136,124
Asset custody fees		2,074		7,400
Administrative service fees		11,017		21,965
Directors' compensation		4,500		4,500
Other operating expenses		51,247		90,741
Total operating expenses		582,345		1,490,822
Operating income		553,163		2,125,342
Non-operating income				
Interest income		37		210
Total non-operating income		37		210
Non-operating expenses				
Interest expenses		74,611		227,924
Derivatives-related expenses		11,913		12,070
Borrowing expenses		41,592		211,368
Amortization of deferred organization costs		5,214		5,300
Amortization of investment unit issuance costs		12,298		35,373
Total non-operating expenses		145,629		492,037
Ordinary income		407,571		1,633,516
Income before income taxes		407,571		1,633,156
Income taxes				
Current		952		1,016
Deferred		-0		-3
Total income taxes		952		1,013
Net income		406,619		1,632,502
Retained earnings brought forward		41		39
Unappropriated retained earnings (undisposed loss)		406,661		1,632,542

**(3) Statements of Changes in Net Assets**

Third Fiscal Period February 1, 2013 to July 31, 2013

(In thousands of yen)

	Unitholders' equity			Valuation and translation adjustments			Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at the beginning of current period	13,773,456	463,620	463,620	14,237,076	-24,023	-24,023	14,213,052
Changes of items during the period							
Dividends from surplus		-463,578	-463,578	-463,578			-463,578
Net income		406,619	406,619	406,619			406,619
Net changes of items other than unitholders' equity					15,092	15,092	15,092
Total changes of items during the period	-	-56,958	-56,958	-56,958	15,092	15,092	-41,866
Balance at the end of current period	13,773,456	406,661	406,661	14,180,117	-8,930	-8,930	14,171,186

Fourth Fiscal Period August 1, 2013 to January 31, 2014

(In thousands of yen)

	Unitholders' equity			Valuation and translation adjustments			Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at the beginning of current period	13,773,456	406,661	406,661	14,180,117	-8,930	-8,930	14,171,186
Changes of items during the period							
Issuance of investment units	34,819,283			34,819,283			34,819,283
Dividends from surplus		-406,621	-406,621	-406,621			-406,621
Net income		1,632,502	1,632,502	1,632,502			1,632,502
Net changes of items other than unitholders' equity					-7,374	-7,374	-7,374
Total changes of items during the period	34,819,283	1,225,880	1,225,880	36,045,164	-7,374	-7,374	36,037,790
Balance at the end of current period	48,592,739	1,632,542	1,632,542	50,225,281	-16,305	-16,305	50,208,976

**(4) Distributions**

	Third Fiscal Period (From February 1, 2013 to July 31, 2013)	Fourth Fiscal Period (From August 1, 2013 to January 31, 2014)
I. Retained earnings at the end of period	¥406,661,143	¥1,632,542,142
II. Total distributions	¥406,621,600	¥1,632,398,232
Distributions per unit	¥5,390	¥6,756
III. Retained earnings brought forward to the next period	¥39,543	¥143,910
Method of calculating distribution amount	In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall be up to its profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥406,621,600 which is the maximum integral multiple to 75,440 units issued and outstanding as the distribution of earnings. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the third fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.	In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall be up to its profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥1,632,398,232 which is the maximum integral multiple to 241,622 units issued and outstanding as the distribution of earnings. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the fourth fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.

**(5) Statements of Cash Flows**

(in thousands of yen)

	Third Fiscal Period February 1, 2013 to July 31, 2013	Fourth Fiscal Period August 1, 2013 to January 31, 2014
Net cash provided by (used in) operating activities		
Income before income taxes	407,571	1,633,516
Depreciation and amortization	194,877	555,044
Amortization of deferred organization costs	5,214	5,300
Amortization of investment unit issuance costs	12,298	35,373
Interest income	-37	-210
Interest expenses	74,611	227,924
Derivatives-related expenses	11,913	12,070
Decrease (increase) in operating accounts receivable	1,103	-11,705
Decrease (increase) in consumption taxes refund receivable	-	-128,538
Decrease (increase) in prepaid expenses	-5,689	2,643
Increase (decrease) in operating accounts payable	23,036	138,382
Increase (decrease) in accounts payable-other	7,207	77,003
Increase (decrease) in accrued consumption taxes	-2,321	-1,836
Increase (decrease) in advances received	2,506	332,170
Decrease (increase) in long-term prepaid expenses	29,232	-396,393
Other, net	657	26,183
Subtotal	762,181	2,506,927
Interest income received	37	210
Interest expenses paid	-74,630	-221,397
Income taxes paid	-946	-944
Net cash provided by (used in) operating activities	686,642	2,284,795
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	-11,690	-70,879,091
Purchase of investment securities	-405,011	-
Repayments of tenant leasehold and security deposits in trust	-	-1,005
Proceeds from tenant leasehold and security deposits in trust	-	179
Repayments of tenant leasehold and security deposits in trust	-41,264	-85,024
Proceeds from tenant leasehold and security deposits in trust	46,569	942,943
Net cash provided by (used in) investing activities	-411,396	-70,021,999
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	2,830,000	-
Decrease in short-term loans payable	-3,000,000	-2,830,000
Increase in long-term loans payable	-	39,700,000
Proceeds from issuance of investment units	-	34,678,457
Dividends paid	-462,889	-406,628
Net cash provided by (used in) financing activities	-632,889	71,141,829
Net increase (decrease) in cash and cash equivalents	-357,643	3,404,626
Cash and cash equivalents at the beginning of period	1,502,632	1,144,988
Cash and cash equivalents at the end of period	*1 1,144,988	*1 4,549,614



**(6) Notes to the Going Concern**

Not applicable

**(7) Important Accounting Standards**

1. Evaluation standards and evaluation method of assets	<p>Securities</p> <p>Other securities</p> <p>Those with no fair value</p> <p>Cost method through moving-average method</p> <p>Concerning anonymous association equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from anonymous association is adopted.</p>
2. Depreciation of fixed assets	<p>(1) Property, plant and equipment (includes trust assets)</p> <p>The straight-line method is applied.</p> <p>Useful lives of the assets ranging are as follows:</p> <p>Buildings: 3 to 62 years</p> <p>Structures: 3 to 25 years</p> <p>Machinery and equipment: 8 to 30 years</p> <p>Tools, furniture and fixtures: 30 years</p> <p>(2) Long-term prepaid expenses</p> <p>The straight-line method is applied.</p>
3. Accounting policies for deferred assets	<p>(1) Deferred organization costs</p> <p>Deferred organization costs are amortized over a period of 5 years under the straight-line method.</p> <p>(2) Unit issuance costs</p> <p>Unit issuance costs are amortized over a period of 3 years under the straight-line method.</p>
4. Accounting standards for revenues and expenses	<p>Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities.</p> <p>When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. There were no capitalized property-related taxes as of July 31, 2013 and ¥115,480 thousand as of January 31, 2014, respectively.</p>
5. Accounting for hedges	<p>(1) Hedge accounting method</p> <p>The deferred hedge method is applied. However, the special treatment is applied for the interest-rate swap agreements that meet the criteria.</p> <p>(2) Hedging instruments and risks hedged</p> <p>Hedge instruments</p> <p>The Investment Corporation enters into interest-rate swap transactions.</p> <p>The Investment Corporation enters into interest-rate cap transactions.</p> <p>Risks hedged</p> <p>Interest rates on debt.</p> <p>(3) Hedging policy</p> <p>The Investment Corporation enters into derivative transactions based on its risk management policies with the objective of hedging risks in accordance with its Articles of Incorporation.</p> <p>(4) Method of evaluating the effectiveness of hedging</p> <p>As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps and interest rate caps that meet the</p>

	<p>requirements for special treatment. Furthermore, assessment of the effectiveness of hedging activities is omitted in the case of interest rate caps that do not meet the requirements for special treatment as the important conditions regarding hedged items and hedging instruments are the same and are clearly expected to have the effect of limiting the impact of interest rate volatility within a certain range on an ongoing basis.</p>
6. The scope of cash and cash equivalents on statements of cash flows	<p>Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of 3 months or less from the date of purchase.</p>
7. Other significant accounting policies utilized in the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets  The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in the Investment Corporation's balance sheets and statements of income.  Important line items included in accounting for financial assets and liabilities in the Investment Corporation's balance sheet are as follows:</p> <ol style="list-style-type: none"> <li>1. Cash and deposits in trust</li> <li>2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust</li> <li>3. Tenant leasehold and security deposits in trust</li> </ol> <p>(2) Accounting method for consumption tax  Consumption taxes are separately recorded. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>

**(8) Notes to the Financial Statements**

(Notes to the Balance Sheets)

\* 1. Assets pledged as collateral and relevant secured liabilities as of July 31, 2013 and January 31, 2014 are as follows:

(in thousands of yen)

Assets pledged as collateral	As of July 31, 2013	As of January 31, 2014
Cash and deposits in trust	637,662	-
Buildings in trust	14,267,405	-
Structures in trust	110,373	-
Machinery and equipment in trust	301,972	-
Tools, furniture and fixtures in trust	5,609	-
Land in trust	13,766,909	-
<b>Total</b>	<b>29,089,932</b>	<b>-</b>
<b>Secured liabilities</b>		
Short-term loans payable	2,830,000	-
Current portion of long-term loans payable	5,500,000	-
Long-term loans payable	10,000,000	-
<b>Total</b>	<b>18,330,000</b>	<b>-</b>

\* 2. Minimum unitholders' equity pursuant to Article 67-4 of the Law Concerning Investment Trusts and Investment Corporations

Law

(in thousands of yen)

	As of July 31, 2013	As of January 31, 2014
	50,000	50,000

## (Notes to the Statements of Income and Retained Earnings)

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

	(in thousands of yen)	
	From February 1, 2013 to July 31, 2013	From August 1, 2013 to January 31, 2014
Rental and other operating revenues:		
Rental revenues	884,944	3,070,936
Rental revenues from limited proprietary rights of land	78,310	78,309
Common area charges	55,178	163,566
Subtotal	1,018,433	3,312,812
Others:		
Parking space rental revenues	40,673	120,609
Miscellaneous	76,402	162,648
Subtotal	117,075	283,257
Total rental and other operating revenues	1,135,509	3,596,069
Property management fees and facility management fees	84,437	279,243
Utilities	16,378	67,738
Taxes	59,695	59,820
Repairs and maintenance	37,243	127,176
Insurance	2,230	5,649
Trust fees	8,700	33,077
Depreciation	194,877	555,044
Others	39,056	102,339
Total property-related expenses	442,618	1,230,090
Net operating income	692,890	2,365,978

## (Notes to the Statements of Changes in Net Assets)

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

	From February 1, 2013 to July 31, 2013	From August 1, 2013 to January 31, 2014
Total number of authorized investment units	5,000,000	5,000,000
Total number of investment units issued and outstanding	75,440	241,622

## (Notes to the Statements of Cash Flow)

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

	(in thousands of yen)	
	As of July 31, 2013	As of January 31, 2014
Cash and deposits	507,326	2,159,067
Cash and deposits in trust	637,662	2,390,547
Cash and cash equivalents	1,144,988	4,549,614

## (Notes to the Lease Transactions)

## Operating lease transactions (Lessor)

## Unearned lease payments

	(in thousands of yen)	
	As of July 31, 2013	As of January 31, 2014
Due in 1 year	204,104	204,104
Due after 1 year	5,884,373	5,782,321
Total	6,088,478	5,986,425

## (Notes to the Financial Instruments)

## (A). Overview

## (1) Policy for financial instruments

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

## (2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Investment securities represent equity investments in an anonymous association, and are exposed to credit risk of the issuer and interest rate fluctuation risk.

Borrowings, which are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 7 years and 6 months as of January 31, 2014, the end of the fourth fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

## (3) Risk management for financial instruments

## a. Credit risk

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

## b. Market risk

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

## c. Liquidity risk

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

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

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

## (B). Estimated Fair Value of Financial Instruments

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

As of July 31, 2013

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	507,326	507,326	-
(2) Cash and deposits in trust	637,662	637,662	-
Subtotal	1,144,988	1,144,988	-
(1) Short-term loans payable	2,830,000	2,830,000	-
(2) Current portion of long-term loans payable	5,500,000	5,500,000	-
(3) Long-term loans payable	10,000,000	10,000,000	-
Subtotal	18,330,000	18,330,000	-
Derivative transactions	39,497	39,497	-

As of January 31, 2014

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	2,159,067	2,159,067	-
(2) Cash and deposits in trust	2,390,547	2,390,547	-
Subtotal	4,549,614	4,549,614	-
(1) Short-term loans payable	-	-	-
(2) Current portion of long-term loans payable	7,200,000	7,200,000	-
(3) Long-term loans payable	48,000,000	48,085,192	85,192
Subtotal	55,200,000	55,285,192	85,192
Derivative transactions	20,053	20,053	-

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

Assets

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

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

Liabilities

## (1) Short-term loans payable

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

## (2) Current portion of long-term loans payable and (3) Long-term loans payable

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

Derivative transactions

Please refer to “Notes to the Derivative Transactions”.

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

(in thousands of yen)

Classification	As of July 31, 2013	As of January 31, 2014
Investment securities *	405,922	405,922

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

Note 3: Redemption schedule for financial assets with maturities

As of July 31, 2013

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	507,326	-	-	-	-	-
Cash and deposits in trust	637,662	-	-	-	-	-
Total	1,144,988	-	-	-	-	-

As of January 31, 2014

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	2,159,067	-	-	-	-	-
Cash and deposits in trust	2,390,547	-	-	-	-	-
Total	4,549,614	-	-	-	-	-

Note 4: Redemption schedule for loans payable

As of July 31, 2013

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	2,830,000	-	-	-	-	-
Long-term loans payable	5,500,000	6,500,000	3,500,000	-	-	-
Total	8,330,000	6,500,000	3,500,000	-	-	-

As of January 31, 2014

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	—	—	—	—	—	—
Long-term loans payable	7,200,000	12,000,000	12,000,000	11,000,000	11,000,000	2,000,000
Total	7,200,000	12,000,000	12,000,000	11,000,000	11,000,000	2,000,000

## (Notes to the Derivative Transactions)

## (1) Transactions not subject to hedge accounting

As of July 31, 2013 and as of January 31, 2014 : Not applicable

## (2) Transactions subject to hedge accounting

As of July 31, 2013

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest-rate cap transaction:	Long-term loans payable	10,000,000	10,000,000	39,497	Based on the amount provided by counterparty financial institutions

As of January 31, 2014

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate cap transaction:	Long-term loans payable	10,000,000	10,000,000	20,053	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	29,500,000	29,500,000	*	-
Total			39,500,000	39,500,000	20,053	

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

## (Notes to the Tax-Effect Accounting)

The significant components of deferred tax assets and liabilities:

(in thousands of yen)

	As of July 31, 2013	As of January 31, 2014
Deferred tax assets:		
Enterprise tax payable	16	20
Deferred gains or losses on hedges	3,855	5,846
Subtotal deferred tax assets	3,872	5,846
Valuation allowance	-3,855	-5,846
Total deferred tax assets	16	20

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

	From February 1, 2013 to July 31, 2013	From August 1, 2013 to January 31, 2014
Statutory tax rate	36.59%	36.59%
Deductible cash distributions	-36.50	-36.56
Others	0.14	0.03
Effective tax rate	0.23%	0.06%



## (Notes to the Related-Party Transactions)

## 1. Parent Company, major corporate unitholders and other

Third Fiscal Period (February 1, 2013 to July 31, 2013) and Fourth Fiscal Period (August 1, 2013 to January 31, 2014): Not applicable

## 2. Affiliated companies and other

Third Fiscal Period (February 1, 2013 to July 31, 2013) and Fourth Fiscal Period (August 1, 2013 to January 31, 2014) : Not applicable

## 3. Fellow subsidiary companies and other

Third Fiscal Period (February 1, 2013 to July 31, 2013) and Fourth Fiscal Period (August 1, 2013 to January 31, 2014): Not applicable

## 4. Directors, major individual unitholders and other

Third Fiscal Period (February 1, 2013 to July 31, 2013)									
Classification	Name	Principal business / Position	Ratio of voting rights held (%)	Relationship		Nature of transaction	Transaction amount (in thousands of yen) (Note 2) (Note 3)	Account	Balance at the end of period (in thousands of yen) (Note 3)
				Position held concurrently	Relation to the entity				
Directors and Close Relatives	Akira Tanaka	Executive Director for the Investment Corporation and CEO and President of Kenedix Residential Partners, Inc.	—	Executive Director for the Investment Corporation and CEO and President of Kenedix Residential Partners, Inc.		Payment of asset management fee to Kenedix Residential Partners, Inc. (Note 1)	74,886	Accounts payable-other	22,577

Note 1: Akira Tanaka serves as a representative of the third party (Kenedix Residential Partners, Inc.), and the asset management fee is established in the Articles of Incorporation of the Investment Corporation.

Note 2: Asset management fee includes ¥4,000 thousand related to the acquisition of investment securities and is accounted for in the book value for the individual assets.

Note 3: Consumption taxes are not included in the transaction amount, but are included in the balance at the end of period.

Fourth Fiscal Period (August 1, 2013 to January 31, 2014)									
Classification	Name	Principal business / Position	Ratio of voting rights held (%)	Relationship		Nature of transaction	Transaction amount (in thousands of yen) (Note 3) (Note 4)	Account	Balance at the end of period (in thousands of yen) (Note 4)
				Position held concurrently	Relation to the entity				
Directors and Close Relatives	Akira Tanaka	Executive Director for the Investment Corporation and CEO and President of Kenedix Residential Partners, Inc.	Possession of Right 0.0% (Direct)	Executive Director for the Investment Corporation and CEO and President of Kenedix Residential Partners, Inc. (Note 1)		Payment of asset management fee to Kenedix Residential Partners, Inc (Note 2)	821,684	Accounts payable-other	90,487

Note 1: Kenedix Residential Partners, Inc. succeeded to the business of Kenedix Advisors, Inc. and Kenedix Office Partners, Inc. as of October 1, 2013, and changed corporate name to Kenedix Real Estate Fund Management, Inc. Furthermore, Ryosuke Homma appointed as CEO and President of Kenedix Real Estate Fund Management, Inc., as of October 1, 2013. The deal amount and the balance of period end are showing the Fourth Fiscal Period of amounts, which deal with Kenedix Residential Partners, Inc. and after October 1, 2013 with Kenedix Real Estate Fund Management, Inc.

Note 2: Akira Tanaka serves as a representative of the third party (Kenedix Residential Partners, Inc.), and the asset management fee is established in the Articles of Incorporation of the Investment Corporation.

Note 3: Asset management fee includes ¥685,560 thousand related to the acquisition of investment securities and is accounted for in the book value for the individual assets.

Note 4: Consumption taxes are not included in the transaction amount, but are included in the balance at the end of period.

## (Notes to the Investment and Rental Properties)

The Investment Corporation owns real estate for rental purposes in the Tokyo Metropolitan Area and other regional areas for the purpose of generating rental revenues.

The book value and fair value concerning the above real estate for rental purposes are as follows.

(in thousands of yen)

	Third Fiscal Period from February 1, 2013 to July 31, 2013	Fourth Fiscal Period from August 1, 2013 to January 31, 2014
Book value		
Balance at the beginning of period	31,418,684	31,239,647
Changes during the period	-179,036	70,351,372
Balance at the end of period	31,239,647	101,591,020
Fair value at the end of period	32,180,000	103,878,000

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

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the third fiscal period, the principal decrease was depreciation (¥194,877 thousand), and during the fourth fiscal period, principal increase was the acquisition of real estate trust beneficiary interests to 60 properties (¥70,859,613 thousand) and the principal decrease was depreciation (¥555,044 thousand).

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

Income and loss in the fiscal periods ended July 31, 2013 and January 31, 2014 for real estate for rental purposes is listed in “Notes to the Statements of Income and Retained Earnings”.

## (Notes to the Segment Information)

Segment information for the period end from February 1, 2013 to July 31, 2013 and from August 1, 2013 to January 31, 2014 is as follows:

## (A) Segment information

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

## (B) Related information

## (1) Information about each product and service

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

## (2) Information about each geographic area

## (a) Net sales

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

## (b) Property, plant and equipment

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

## (3) Information about each major customer

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

## (Notes to the Per Unit Information)

	From February 1, 2013 to July 31, 2013	From August 1, 2013 to January 31, 2014
Net asset value per unit	¥187,847	¥207,800
Net income per unit	¥5,389	¥6,890
Weighted average number of units (units)	75,440	236,920

Note 1: The weighted average number of units outstanding of 75,440 and 236,920 were used for the computation of the amount of net income per unit for the periods ended July 31, 2013 and January 31, 2014, respectively. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

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

	From February 1, 2013 to July 31, 2013	From August 1, 2013 to January 31, 2014
Net income (in thousands of yen)	406,619	1,632,502
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	406,619	1,632,502
Weighted average number of units during the period (units)	75,440	236,920

## (Notes to Important Subsequent Events)

Not applicable

## (Omission of Disclosure)

Notes to the Marketable Securities, the Equity-Method Income and Retained Earnings, Retirement Payment and Asset Retirement Obligations are omitted as immaterial to disclose.

**【Reference】 Earnings Performance for the Individual Properties for the 4th Fiscal Period (August 1, 2013 to January 31, 2014) : 184 days ※As of January 31, 2014**

Location		Tokyo Metropolitan Area											
Property No.	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	T-11	T-12	
Property Name	KDX Daikanyama Residence	KDX Yoyogi Residence	KDX Odemma Residence	KDX Iwamoto-cho Residence	KDX Bunkyo Sengoku Residence	KDX Azumabashi Residence	KDX Shimura Sakaue Residence	Nichii Home Tama Plaza (Land with leasehold interest)	Cosmo Heim Motosumiyoshi (Land with leasehold interest)	KDX Musashi Nakahara Residence	KDX Chiba Chuo Residence	KDX Kawaguchi Saiwai-cho Residence	
Acquisition Date	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	April 26, 2012	April 26, 2012	May 1, 2012	May 1, 2012	May 1, 2012
Price Information	Acquisition price ( In millions of yen )	4,700	1,320	1,775	822	1,488	650	2,830	960	1,750	637	1,480	1,150
	Percentage of total portfolio	4.7%	1.3%	1.8%	0.8%	1.5%	0.7%	2.9%	1.0%	1.8%	0.6%	1.5%	1.2%
	Net book value ( In millions of yen )	4,792	1,342	1,804	839	1,515	662	2,872	989	1,798	650	1,493	1,182
	Appraisal value at the end of period ( In millions of yen )	4,940	1,470	1,870	864	1,600	745	3,000	960	1,750	648	1,580	1,270
	Percentage of total appraisal value	4.8%	1.4%	1.8%	0.8%	1.5%	0.7%	2.9%	0.9%	1.7%	0.6%	1.5%	1.2%
Lease Information	Number of leasable residential units	86	50	54	36	77	41	85	-	-	35	106	61
	Leasable floor area (㎡)	5,338.99	1,593.93	2,353.23	1,131.24	2,054.10	1,054.83	6,117.48	-	-	2,123.46	3,546.91	2,491.66
	Leased floor area (㎡)	5,023.87	1,569.53	2,267.61	1,131.24	1,874.07	1,031.09	5,980.00	-	-	1,939.78	3,355.31	2,447.98
	Occupancy ratio												
	As of January 31, 2014	94.1%	98.5%	96.4%	100.0%	91.2%	97.7%	97.8%	-	-	91.3%	94.6%	98.2%
As of July 31, 2013	95.5%	95.6%	96.3%	97.2%	93.3%	95.4%	95.2%	-	-	100.0%	96.9%	96.6%	
As of January 31, 2013	96.8%	97.0%	96.2%	100.0%	97.7%	93.1%	93.1%	-	-	88.5%	96.7%	95.2%	
As of July 31, 2012	94.0%	95.7%	90.7%	100.0%	91.2%	95.5%	96.5%	-	-	97.2%	96.9%	90.1%	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days
	①Rental and other operating revenues ( In thousands of yen )	150,706	44,710	56,485	26,712	47,958	25,254	102,355	34,560	43,749	24,949	62,320	48,470
	Rental revenues	136,348	40,866	53,235	25,444	43,930	23,571	91,275	34,560	43,749	23,576	57,288	44,554
	Other operating revenues	14,357	3,843	3,250	1,267	4,028	1,683	11,079	-	-	1,372	5,031	3,915
	②Property-related expenses ( In thousands of yen )	31,070	13,373	11,462	7,237	11,856	7,624	18,636	604	1,006	6,118	14,193	12,160
	Property management fees	9,548	4,739	4,381	2,460	3,968	2,790	6,959	-	-	2,040	5,487	4,707
	Taxes	8,446	2,281	2,833	1,254	2,402	1,294	5,727	598	1,006	1,573	3,908	2,795
	Utilities	5,715	604	607	463	644	324	1,246	-	-	501	917	652
	Repairs and maintenance	3,739	2,706	1,518	1,415	2,729	1,973	2,363	-	-	1,213	1,876	2,088
	Insurance	193	51	71	34	63	36	173	-	-	54	115	75
	Trust fees and other expenses	3,426	2,989	2,050	1,610	2,047	1,204	2,166	6	-	734	1,889	1,840
	③NOI (=①-②) ( In thousands of yen )	119,636	31,336	45,023	19,474	36,102	17,630	83,718	33,956	42,743	18,831	48,126	36,310
④Depreciation ( In thousands of yen )	15,015	5,124	10,495	5,192	6,435	4,880	21,252	-	-	4,021	17,091	7,211	
⑤Rental operating income (=③-④) ( In thousands of yen )	104,620	26,212	34,527	14,282	29,666	12,749	62,466	33,956	42,743	14,809	31,034	29,099	
⑥Capital expenditures ( In thousands of yen )	3,068	-	-	417	167	-	-	-	-	993	-	-	
⑦NCF (=⑤-⑥) ( In thousands of yen )	116,567	31,336	45,023	19,056	35,934	17,630	83,718	33,956	42,743	17,837	48,126	36,310	
Reference	Expense ratio (=②/①)	20.6%	29.9%	20.3%	27.1%	24.7%	30.2%	18.2%	1.7%	2.3%	24.5%	22.8%	25.1%
	Property tax for the year 2013 ( In thousands of yen )	16,892	4,563	5,667	2,508	4,804	2,588	11,455	1,196	2,015	3,147	7,817	5,594
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 4th Fiscal Period (August 1, 2013 to January 31, 2014) : 184 days ※As of January 31, 2014**

Location		Tokyo Metropolitan Area											
Property No.	T-13	T-14	T-15	T-16	T-17	T-18	T-19	T-20	T-21	T-22	T-23	T-24	
Property Name	KDX Residence Shirokane I	KDX Residence Shirokane III	KDX Residence Shirokane II	KDX Residence Minami-aoyama	KDX Residence Minami-azabu	KDX Residence Shiba Koen	KDX Residence Azabu East	KDX Residence Takanawa	KDX Residence Nishihara	KDX Residence Daikanyama II	KDX Residence Sendagaya	KDX Residence Nihombashi Suitengu	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price ( In millions of yen )	3,000	2,900	2,800	2,230	2,080	1,781	1,560	770	1,450	730	650	3,240
	Percentage of total portfolio	3.0%	2.9%	2.8%	2.3%	2.1%	1.8%	1.6%	0.8%	1.5%	0.7%	0.7%	3.3%
	Net book value ( In millions of yen )	3,060	2,962	2,853	2,267	2,126	1,821	1,592	790	1,485	745	667	3,330
	Appraisal value at the end of period ( In millions of yen )	3,040	3,090	2,830	2,240	2,130	1,840	1,670	802	1,520	756	686	3,400
	Percentage of total appraisal value	2.9%	3.0%	2.7%	2.2%	2.1%	1.8%	1.6%	0.8%	1.5%	0.7%	0.7%	3.3%
Lease Information	Number of leasable residential units	50	67	85	20	62	64	76	27	39	17	16	79
	Leasable floor area (㎡)	3,617.32	3,635.33	2,889.66	1,680.79	2,785.42	2,507.52	1,849.00	1,034.27	2,310.08	985.10	748.96	5,534.86
	Leased floor area (㎡)	3,513.77	3,469.78	2,858.14	1,610.31	2,538.70	2,507.52	1,743.95	1,034.27	2,189.42	985.10	748.96	5,534.86
	Occupancy ratio												
	As of January 31, 2014	97.1%	95.4%	98.9%	95.8%	91.1%	100.0%	94.3%	100.0%	94.8%	100.0%	100.0%	100.0%
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days
	①Rental and other operating revenues ( In thousands of yen )	105,685	84,988	79,550	65,397	67,892	59,064	53,325	25,244	48,343	25,907	22,354	93,519
	Rental revenues	87,781	80,035	74,403	63,471	64,186	57,307	50,571	24,364	44,253	22,071	19,828	90,600
	Other operating revenues	17,903	4,952	5,146	1,925	3,705	1,756	2,753	879	4,089	3,835	2,526	2,919
	②Property-related expenses ( In thousands of yen )	26,607	15,562	15,490	7,338	11,076	8,244	7,761	5,072	7,772	5,984	2,812	7,049
	Property management fees	7,720	8,562	6,424	3,403	6,551	4,550	4,041	2,506	3,768	3,184	1,752	1,978
	Taxes	8	8	8	8	8	9	8	8	8	11	8	0
	Utilities	11,791	1,075	1,415	1,949	668	691	535	360	817	254	254	1,305
	Repairs and maintenance	3,769	1,897	1,618	822	1,770	1,249	1,649	1,101	1,866	1,067	97	2,299
	Insurance	132	117	97	49	86	68	62	30	73	30	28	154
Trust fees and other expenses	3,185	3,900	5,927	1,104	1,990	1,675	1,464	1,065	1,239	1,436	671	1,310	
③NOI (=①-②) ( In thousands of yen )	79,077	69,426	64,059	58,058	56,815	50,819	45,563	20,171	40,571	19,923	19,542	86,470	
④Depreciation ( In thousands of yen )	7,367	9,031	6,480	3,195	6,724	5,749	5,930	2,740	5,590	950	2,791	17,525	
⑤Rental operating income (=③-④) ( In thousands of yen )	71,710	60,394	57,579	54,863	50,091	45,069	39,633	17,431	34,980	18,973	16,750	68,944	
⑥Capital expenditures ( In thousands of yen )	3,432	474	417	360	313	313	313	313	553	417	323	282	
⑦NCF (=⑤-⑥) ( In thousands of yen )	75,645	68,951	63,641	57,698	56,502	50,506	45,250	19,858	40,017	19,505	19,218	86,187	
Reference	Expense ratio (=②/①)	25.2%	18.3%	19.5%	11.2%	16.3%	14.0%	14.6%	20.1%	16.1%	23.1%	12.6%	7.5%
	Property tax for the year 2013 ( In thousands of yen )	14,541	13,412	8,711	6,228	7,326	5,614	4,797	2,871	5,974	3,124	2,218	9,921
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 4th Fiscal Period (August 1, 2013 to January 31, 2014) : 184 days ※As of January 31, 2014**

Location		Tokyo Metropolitan Area											
Property No.	T-25	T-26	T-27	T-28	T-29	T-30	T-31	T-32	T-33	T-34	T-35	T-36	
Property Name	KDX Residence Nihombashi Hakozaki	KDX Residence Higashi-shinjuku	KDX Residence Yotsuya	KDX Residence Nishi-shinjuku	KDX Residence Kagurazaka	KDX Residence Futako Tamagawa	KDX Residence Komazawa Koen	KDX Residence Mishuku	KDX Residence Yoga	KDX Residence Shimouma	Raffine Minami-magome	KDX Residence Yukigaya Otsuka	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price ( In millions of yen )	1,147	3,270	2,260	1,000	720	1,250	920	760	700	600	1,250	1,050
	Percentage of total portfolio	1.2%	3.3%	2.3%	1.0%	0.7%	1.3%	0.9%	0.8%	0.7%	0.6%	1.3%	1.1%
	Net book value ( In millions of yen )	1,179	3,341	2,309	1,025	740	1,279	946	781	718	616	1,274	1,080
	Appraisal value at the end of period ( In millions of yen )	1,200	3,400	2,290	1,060	737	1,300	954	792	735	611	1,550	1,100
	Percentage of total appraisal value	1.2%	3.3%	2.2%	1.0%	0.7%	1.3%	0.9%	0.8%	0.7%	0.6%	1.5%	1.1%
Lease Information	Number of leasable residential units	60	179	42	54	34	38	32	39	38	29	56	72
	Leasable floor area (㎡)	1,537.38	4,358.43	3,101.16	1,345.92	890.93	2,339.62	1,020.18	1,103.82	1,012.80	829.05	2,408.56	1,526.98
	Leased floor area (㎡)	1,411.82	4,177.75	2,911.32	1,281.60	841.21	2,270.58	997.86	1,078.12	987.48	803.71	2,408.56	1,463.97
	Occupancy ratio												
	As of January 31, 2014	91.8%	95.9%	93.9%	95.2%	94.4%	97.0%	97.8%	97.7%	97.5%	96.9%	100.0%	95.9%
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	
	①Rental and other operating revenues ( In thousands of yen )	37,670	107,632	71,764	32,976	22,870	38,908	27,390	24,760	22,804	19,527	66,285	37,216
	Rental revenues	35,178	101,065	65,779	31,601	22,314	35,914	26,021	23,292	21,030	18,352	57,085	35,595
	Other operating revenues	2,492	6,567	5,985	1,374	556	2,994	1,368	1,467	1,773	1,175	9,200	1,621
	②Property-related expenses ( In thousands of yen )	7,775	14,231	18,081	6,099	3,711	5,922	3,874	7,579	3,257	4,588	11,550	6,140
	Property management fees	3,744	8,809	7,955	3,645	2,132	3,602	2,208	3,258	1,706	2,438	513	3,067
	Taxes	8	8	8	8	8	8	8	8	8	8	18	8
	Utilities	518	1,563	1,366	454	302	451	303	249	392	253	-	520
	Repairs and maintenance	1,980	2,048	4,611	706	451	778	382	1,917	421	516	10,468	485
	Insurance	46	133	147	39	27	64	29	33	28	21	55	46
Trust fees and other expenses	1,478	1,667	3,992	1,245	789	1,017	942	2,112	700	1,351	493	2,012	
③NOI (=①-②) ( In thousands of yen )	29,894	93,401	53,683	26,877	19,158	32,986	23,515	17,180	19,547	14,938	54,735	31,076	
④Depreciation ( In thousands of yen )	6,364	11,529	8,853	3,791	3,289	5,069	4,562	3,054	2,560	2,181	3,955	5,417	
⑤Rental operating income (=③-④) ( In thousands of yen )	23,530	81,871	44,829	23,086	15,869	27,916	18,953	14,125	16,987	12,757	50,779	25,658	
⑥Capital expenditures ( In thousands of yen )	532	313	2,059	313	303	1,096	282	474	313	542	303	678	
⑦NCF (=⑤-⑥) ( In thousands of yen )	29,362	93,088	51,623	26,564	18,855	31,889	23,233	16,705	19,234	14,396	54,432	30,398	
Reference	Expense ratio (=②/①)	20.6%	13.2%	25.2%	18.5%	16.2%	15.2%	14.1%	30.6%	14.3%	23.5%	17.4%	16.5%
	Property tax for the year 2013 ( In thousands of yen )	3,388	10,388	9,602	3,367	1,999	4,157	2,428	2,744	2,469	1,512	4,031	3,788
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 4th Fiscal Period (August 1, 2013 to January 31, 2014) : 184 days ※As of January 31, 2014**

Location		Tokyo Metropolitan Area										
Property No.	T-37	T-38	T-39	T-40	T-41	T-42	T-43	T-44	T-45	T-46	T-47	
Property Name	KDX Residence Denen Chofu	KDX Residence Tamagawa	KDX Residence Monzennakacho	KDX Residence Okachimachi	KDX Residence Moto-asakusa	KDX Residence Itabashi Honcho	KDX Residence Azusawa	KDX Residence Tobu Nerima	KDX Residence Yokohama Kannai	KDX Residence Miyamaedaira	KDX Residence Machida	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price ( In millions of yen )	1,000	776	773	850	800	620	550	420	800	999	1,800
	Percentage of total portfolio	1.0%	0.8%	0.8%	0.9%	0.8%	0.6%	0.6%	0.4%	0.8%	1.0%	1.8%
	Net book value ( In millions of yen )	1,022	800	796	873	825	643	569	436	825	1,027	1,857
	Appraisal value at the end of period ( In millions of yen )	1,060	794	794	871	823	653	567	445	847	1,010	1,860
	Percentage of total appraisal value	1.0%	0.8%	0.8%	0.8%	0.8%	0.6%	0.5%	0.4%	0.8%	1.0%	1.8%
Lease Information	Number of leasable residential units	36	52	49	51	44	46	39	37	72	40	52
	Leasable floor area (㎡)	2,359.44	1,170.40	1,171.41	1,329.79	1,314.91	1,127.58	989.82	931.82	1,602.16	2,448.27	3,832.53
	Leased floor area (㎡)	2,293.90	1,129.34	987.81	1,278.74	1,227.15	1,082.98	957.34	931.82	1,478.29	2,330.28	3,399.56
	Occupancy ratio											
	As of January 31, 2014	97.2%	96.5%	84.3%	96.2%	93.3%	96.0%	96.7%	100.0%	92.3%	95.2%	88.7%
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days
	①Rental and other operating revenues ( In thousands of yen )	36,303	26,033	24,502	28,380	27,573	23,702	19,425	17,114	32,678	35,753	56,869
	Rental revenues	34,028	24,679	23,221	28,099	26,467	22,633	17,864	16,617	30,084	32,485	52,337
	Other operating revenues	2,274	1,353	1,280	281	1,106	1,069	1,560	497	2,593	3,267	4,532
	②Property-related expenses ( In thousands of yen )	5,277	6,426	5,545	3,656	5,318	5,041	4,746	3,603	6,409	6,467	8,291
	Property management fees	3,019	3,012	2,822	2,220	2,709	2,565	2,582	1,770	3,651	3,250	3,936
	Taxes	8	8	8	8	8	8	8	8	8	8	8
	Utilities	574	431	450	316	501	328	235	191	750	524	808
	Repairs and maintenance	880	1,119	1,268	521	763	1,080	1,045	663	743	1,841	1,007
	Insurance	53	41	33	35	41	31	31	28	54	70	119
	Trust fees and other expenses	741	1,812	962	553	1,294	1,027	843	941	1,201	772	2,410
③NOI (=①-②) ( In thousands of yen )	31,026	19,606	18,956	24,724	22,255	18,661	14,678	13,511	26,269	29,285	48,578	
④Depreciation ( In thousands of yen )	3,253	5,852	3,907	3,711	4,359	4,188	3,194	3,755	5,792	6,115	14,783	
⑤Rental operating income (=③-④) ( In thousands of yen )	27,772	13,754	15,049	21,012	17,895	14,472	11,484	9,755	20,476	23,170	33,795	
⑥Capital expenditures ( In thousands of yen )	1,255	303	449	303	470	282	303	491	668	2,120	463	
⑦NCF (=⑤-⑥) ( In thousands of yen )	29,770	19,303	18,507	24,421	21,785	18,379	14,375	13,020	25,600	27,164	48,114	
Reference	Expense ratio (=②/①)	14.5%	24.7%	22.6%	12.9%	19.3%	21.3%	24.4%	21.1%	19.6%	18.1%	14.6%
	Property tax for the year 2013 ( In thousands of yen )	3,652	3,009	2,535	3,329	3,039	2,413	2,367	2,179	3,219	3,982	7,389
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 4th Fiscal Period (August 1, 2013 to January 31, 2014) : 184 days ※As of January 31, 2014**

Location		Other Regional Areas											
Property No.		R-1	R-2	R-3	R-4	R-5	R-6	R-7	R-8	R-9	R-10	R-11	R-12
Property Name		KDX Toyohira Sanjo Residence	KDX Jozenji Dori Residence	KDX Izumi Residence	KDX Chihaya Residence	KDX Sakaisuji Hommachi Residence	KDX Shimmachi Residence	KDX Takarazuka Residence	KDX Shimizu Residence	KDX Residence Odori Koen	KDX Residence Kikusui Yojo	KDX Residence Toyohira Koen	KDX Residence Kamisugi
Acquisition Date		May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price ( In millions of yen )	582	1,015	1,120	1,080	2,910	1,015	1,510	1,680	765	830	445	700
	Percentage of total portfolio	0.6%	1.0%	1.1%	1.1%	2.9%	1.0%	1.5%	1.7%	0.8%	0.8%	0.4%	0.7%
	Net book value ( In millions of yen )	600	1,045	1,141	1,104	2,944	1,028	1,529	1,711	800	865	467	729
	Appraisal value at the end of period ( In millions of yen )	658	1,150	1,190	1,170	3,020	1,130	1,660	1,880	777	851	460	736
	Percentage of total appraisal value	0.6%	1.1%	1.1%	1.1%	2.9%	1.1%	1.6%	1.8%	0.7%	0.8%	0.4%	0.7%
Lease Information	Number of leasable residential units	63	92	40	92	160	94	80	148	78	84	65	66
	Leasable floor area (㎡)	2,868.75	3,330.15	2,798.20	2,936.40	6,385.70	2,146.02	4,631.16	6,255.16	2,762.76	3,413.06	2,253.81	2,073.06
	Leased floor area (㎡)	2,791.97	3,260.12	2,731.74	2,791.10	6,003.52	1,986.21	4,498.49	5,970.12	2,727.34	3,378.36	2,080.44	1,917.21
	Occupancy ratio												
	As of January 31, 2014	97.3%	97.9%	97.6%	95.1%	94.0%	92.6%	97.1%	95.4%	98.7%	99.0%	92.3%	92.5%
As of July 31, 2013	100.0%	100.0%	97.6%	98.9%	90.8%	96.8%	100.0%	93.6%	-	-	-	-	
As of January 31, 2013	85.8%	99.1%	92.1%	100.0%	93.0%	96.8%	92.8%	99.4%	-	-	-	-	
As of July 31, 2012	94.1%	96.8%	87.1%	98.9%	91.7%	96.8%	87.1%	96.1%	-	-	-	-	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	178 days	178 days	178 days	178 days
	①Rental and other operating revenues ( In thousands of yen )	30,414	48,904	49,388	47,564	107,962	39,917	60,768	73,841	33,314	37,882	23,648	31,490
	Rental revenues	28,150	44,688	37,168	43,719	100,020	38,279	56,341	64,531	30,815	34,545	21,698	29,635
	Other operating revenues	2,263	4,216	12,219	3,844	7,942	1,638	4,427	9,309	2,498	3,337	1,950	1,855
	②Property-related expenses ( In thousands of yen )	5,963	9,615	11,220	10,236	23,476	8,148	10,281	16,281	5,948	6,820	4,707	5,085
	Property management fees	1,995	3,436	2,811	3,486	6,452	2,338	2,664	5,795	2,282	2,914	1,677	2,273
	Taxes	1,644	2,773	1,645	2,618	7,628	1,888	2,870	4,106	8	8	8	8
	Utilities	653	946	316	918	1,902	648	743	754	736	1,230	1,010	420
	Repairs and maintenance	785	762	5,358	1,695	1,674	1,412	1,703	2,522	839	805	451	674
	Insurance	74	91	78	90	224	66	118	174	76	67	58	52
	Trust fees and other expenses	809	1,605	1,009	1,427	5,594	1,794	2,181	2,928	2,004	1,794	1,501	1,657
	③NOI (=①-②) ( In thousands of yen )	24,451	39,288	38,167	37,328	84,486	31,768	50,487	57,560	27,366	31,061	18,941	26,405
	④Depreciation ( In thousands of yen )	5,929	10,310	9,090	10,006	23,455	8,916	16,462	14,174	7,821	7,478	4,366	6,176
⑤Rental operating income (=③-④) ( In thousands of yen )	18,522	28,978	29,077	27,321	61,031	22,851	34,024	43,385	19,544	23,582	14,574	20,229	
⑥Capital expenditures ( In thousands of yen )	-	-	-	-	151	-	-	-	303	540	313	313	
⑦NCF (=③-⑥) ( In thousands of yen )	24,451	39,288	38,167	37,328	84,334	31,768	50,487	57,560	27,063	30,521	18,627	26,091	
Reference	Expense ratio (=②/①)	19.6%	19.7%	22.7%	21.5%	21.7%	20.4%	16.9%	22.0%	17.9%	18.0%	19.9%	16.1%
	Property tax for the year 2013 ( In thousands of yen )	3,291	5,546	3,290	5,236	15,260	3,776	5,744	8,213	5,242	6,596	4,270	4,328
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-



**【Reference】 Earnings Performance for the Individual Properties for the 4th Fiscal Period (August 1, 2013 to January 31, 2014) : 184 days ※As of January 31, 2014**

Location		Other Regional Areas											
Property No.	R-13	R-14	R-15	R-16	R-17	R-18	R-19	R-20	R-21	R-22	R-23	R-24	
Property Name	KDX Residence Ichiban-cho	KDX Residence Kotodai	KDX Residence Izumi Chuo	KDX Residence Higashi-sakura I	KDX Residence Higashi-sakura II	KDX Residence Atsuta Jingu	KDX Residence Nishi-oji	KDX Residence Saiin	KDX Residence Namba	KDX Residence Namba-minami	KDX Residence Shin-Osaka	KDX Residence Ibaraki I-II	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price ( In millions of yen )	530	520	480	2,350	900	840	813	440	1,410	1,350	510	1,275
	Percentage of total portfolio	0.5%	0.5%	0.5%	2.4%	0.9%	0.8%	0.8%	0.4%	1.4%	1.4%	0.5%	1.3%
	Net book value ( In millions of yen )	554	542	502	2,432	933	873	846	461	1,459	1,404	531	1,306
	Appraisal value at the end of period ( In millions of yen )	566	532	512	2,450	934	878	834	471	1,450	1,400	527	1,325
	Percentage of total appraisal value	0.5%	0.5%	0.5%	2.4%	0.9%	0.8%	0.8%	0.5%	1.4%	1.3%	0.5%	1.3%
Lease Information	Number of leasable residential units	45	27	40	187	66	95	76	49	118	131	43	61
	Leasable floor area (㎡)	1,818.09	1,475.73	2,159.25	6,221.83	2,655.31	2,724.19	2,353.55	1,094.81	3,387.30	3,813.31	1,321.04	4,701.87
	Leased floor area (㎡)	1,782.41	1,422.11	2,034.71	6,088.83	2,655.31	2,675.29	2,195.29	1,049.32	3,259.11	3,706.12	1,230.74	4,548.39
	Occupancy ratio												
	As of January 31, 2014	98.0%	96.4%	94.2%	97.9%	100.0%	98.2%	93.3%	95.8%	96.2%	97.2%	93.2%	96.7%
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days
	①Rental and other operating revenues ( In thousands of yen )	26,233	20,622	22,848	98,129	40,149	38,613	33,519	18,331	58,045	56,029	22,197	56,119
	Rental revenues	23,412	18,831	21,160	88,256	36,881	35,866	31,208	16,797	52,610	54,075	20,678	49,981
	Other operating revenues	2,821	1,790	1,688	9,873	3,267	2,747	2,311	1,534	5,434	1,954	1,519	6,137
	②Property-related expenses ( In thousands of yen )	5,980	3,365	2,663	22,134	7,547	7,380	5,888	3,906	10,105	8,515	4,082	7,377
	Property management fees	2,634	1,656	1,661	10,208	3,540	4,393	2,552	1,647	4,198	4,020	1,485	3,627
	Taxes	8	8	8	8	8	8	9	9	9	9	8	8
	Utilities	352	430	282	976	445	456	977	604	1,334	588	438	1,349
	Repairs and maintenance	1,470	384	185	2,093	1,375	1,653	914	913	2,294	2,454	931	1,488
	Insurance	46	40	50	162	73	70	63	32	84	97	33	130
Trust fees and other expenses	1,468	844	475	8,685	2,104	797	1,371	700	2,185	1,344	1,184	773	
③NOI (=①-②) ( In thousands of yen )	20,252	17,256	20,185	75,994	32,601	31,233	27,631	14,424	47,939	47,513	18,115	48,741	
④Depreciation ( In thousands of yen )	4,999	4,426	4,461	17,652	6,938	7,289	6,304	3,844	9,834	11,716	5,151	6,819	
⑤Rental operating income (=③-④) ( In thousands of yen )	15,253	12,830	15,723	58,342	25,662	23,944	21,326	10,580	38,105	35,797	12,964	41,921	
⑥Capital expenditures ( In thousands of yen )	303	282	313	313	303	313	282	303	313	313	313	522	
⑦NCF (=⑤-⑥) ( In thousands of yen )	19,949	16,974	19,871	75,681	32,298	30,919	27,349	14,121	47,626	47,200	17,801	48,218	
Reference	Expense ratio (=②/①)	22.8%	16.3%	11.7%	22.6%	18.8%	19.1%	17.6%	21.3%	17.4%	15.2%	18.4%	13.1%
	Property tax for the year 2013 ( In thousands of yen )	3,683	2,952	3,459	6,869	5,191	5,145	4,281	1,908	6,428	6,422	2,606	8,924
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 4th Fiscal Period (August 1, 2013 to January 31, 2014) : 184 days ※As of January 31, 2014**

Location		Other Regional Areas									Total of 80 Properties	
Property No.	R-25	R-26	R-27	R-28	R-29	R-30	R-31	R-32	R-33			
Property Name	KDX Residence Toyonaka-minami	KDX Residence Moriguchi	KDX Residence Sannomiya	Ashiya Royal Homes	KDX Residence Funairi Saiwai-cho	KDX Residence Tenjin-higashi II	KDX Residence Tenjin-higashi I	KDX Residence Nishi Koen	KDX Residence Hirao Josui-machi			
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013		
Price Information	Acquisition price ( In millions of yen )	740	551	1,080	1,360	588	680	370	763	760	99,030	
	Percentage of total portfolio	0.7%	0.6%	1.1%	1.4%	0.6%	0.7%	0.4%	0.8%	0.8%	100.0%	
	Net book value ( In millions of yen )	768	574	1,118	1,398	611	709	388	793	786	101,591	
	Appraisal value at the end of period ( In millions of yen )	755	560	1,150	1,430	597	729	376	778	788	103,878	
	Percentage of total appraisal value	0.7%	0.5%	1.1%	1.4%	0.6%	0.7%	0.4%	0.7%	0.8%	100.0%	
Lease Information	Number of leasable residential units	70	28	86	21	64	63	42	36	24	4,858	
	Leasable floor area (㎡)	2,024.50	1,942.78	2,292.72	3,999.01	1,889.53	2,602.53	1,315.16	2,522.16	2,098.68	193,404.68	
	Leased floor area (㎡)	1,994.49	1,869.10	2,165.14	3,628.40	1,799.98	2,561.22	1,221.43	2,303.08	2,017.93	185,431.47	
	Occupancy ratio											
	As of January 31, 2014	98.5%	96.2%	94.4%	90.7%	95.3%	98.4%	92.9%	91.3%	96.2%	95.9%	
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	96.2%	
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	95.1%	
As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	94.0%	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	178 days	180 days	※ Total: Cost-weighted average operating period (days)
	①Rental and other operating revenues ( In thousands of yen )	30,945	23,126	40,907	56,283	26,986	28,755	17,297	30,085	28,092	3,596,069	
	Rental revenues	29,607	19,361	38,058	50,797	23,993	26,802	14,214	26,150	25,442	3,312,812	
	Other operating revenues	1,338	3,765	2,848	5,486	2,993	1,953	3,082	3,935	2,650	283,257	
	②Property-related expenses ( In thousands of yen )	3,660	5,366	5,446	17,189	5,021	5,914	5,312	6,332	4,355	675,046	
	Property management fees	1,942	2,172	2,562	6,538	1,861	2,054	1,798	2,362	2,043	279,243	
	Taxes	9	9	12	9	8	8	8	8	8	59,820	
	Utilities	395	641	554	1,431	260	439	297	475	437	67,738	
	Repairs and maintenance	522	959	1,188	5,964	1,454	1,535	1,755	1,872	543	127,176	
	Insurance	53	59	65	126	48	68	34	63	53	5,649	
Trust fees and other expenses	737	1,523	1,062	3,118	1,387	1,807	1,417	1,550	1,269	135,417		
③NOI (=①-②) ( In thousands of yen )	27,284	17,760	35,461	39,094	21,964	22,841	11,985	23,752	23,736	2,921,023		
④Depreciation ( In thousands of yen )	8,122	5,399	7,679	3,781	5,358	6,170	3,521	6,314	4,726	555,044		
⑤Rental operating income (=③-④) ( In thousands of yen )	19,162	12,360	27,781	35,312	16,606	16,670	8,463	17,438	19,010	2,365,978		
⑥Capital expenditures ( In thousands of yen )	313	313	313	10,048	313	313	717	313	600	45,235		
⑦NCF (=⑤-⑥) ( In thousands of yen )	26,971	17,446	35,147	29,046	21,651	22,527	11,267	23,439	23,135	2,875,787		
Reference	Expense ratio (=②/①)	11.8%	23.2%	13.3%	30.5%	18.6%	20.6%	30.7%	21.0%	15.5%	18.8%	
	Property tax for the year 2013 ( In thousands of yen )	3,595	3,460	5,149	9,609	3,590	3,883	2,381	4,503	4,020	408,858	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	

## (【Reference】 Borrowings)

Borrowings on a financial institution basis as of January 31, 2014 are as follows:

(in thousands of yen)

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 9)	Use	Remarks
Short-term loans payable	Sumitomo Mitsui Banking Corporation (Note 7)	1,000,000	-	1,000,000	-	0.649%	April 30,2014	(Note 6)	Unsecured/ Non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	1,000,000	-	1,000,000	-	0.649%			
	Sumitomo Mitsui Banking Corporation (Note 8)	830,000	-	830,000	-	1.100%	April 30,2014		
	Sub Total	2,830,000	-	2,830,000	-				
Current portion of long-term loans payable	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.779%	April 30,2014	(Note 6)	Unsecured/ Non-guaranteed
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000				
	Resona Bank, Ltd.	1,000,000	-	-	1,000,000	0.549%	August 31,2014		
	Sumitomo Mitsui Banking Corporation (Note 2)	-	600,000	-	600,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	-	600,000	-	600,000				
	Aozora Bank, Ltd. (Note 2)	-	500,000	-	500,000				
Sub Total	5,500,000	1,700,000	-	7,200,000					
Long-term loans payable	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	1.060%	April 30,2015	(Note 6)	Unsecured/ Non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	-	-	2,000,000				
	Resona Bank, Ltd.	1,500,000	-	-	1,500,000				
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.014%	April 30,2016		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	0.599%	August 31,2017		
	Sumitomo Mitsui Banking Corporation	-	1,750,000	-	1,750,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,500,000	-	1,500,000				
	Aozora Bank, Ltd.	-	500,000	-	500,000				
	Resona Bank, Ltd.	-	500,000	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	-	500,000	-	500,000				
	The Mizuho Trust and Banking Co., Limited	-	500,000	-	500,000	0.787%	August 31,2018		
	Mizuho Bank, Ltd.	-	250,000	-	250,000				
	Sumitomo Mitsui Banking Corporation	-	3,000,000	-	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	2,000,000	-	2,000,000				
	Aozora Bank, Ltd.	-	1,000,000	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000				
	Resona Bank, Ltd.	-	500,000	-	500,000	0.910%	August 31,2019		
	Mizuho Bank, Ltd.	-	500,000	-	500,000				
	The Mizuho Trust and Banking Co., Limited	-	500,000	-	500,000				
	Sumitomo Mitsui Banking Corporation	-	4,000,000	-	4,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	2,500,000	-	2,500,000				
	Aozora Bank, Ltd.	-	1,500,000	-	1,500,000				
	Resona Bank, Ltd.	-	1,000,000	-	1,000,000	1.052%	August 31,2020		
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000				
	Mizuho Bank, Ltd.	-	500,000	-	500,000				
	The Mizuho Trust and Banking Co., Limited	-	500,000	-	500,000				
	Sumitomo Mitsui Banking Corporation	-	3,250,000	-	3,250,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	2,000,000	-	2,000,000				
	Aozora Bank, Ltd.	-	1,000,000	-	1,000,000	1.088% (Note 5)	August 31,2020		
	Resona Bank, Ltd.	-	500,000	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	-	500,000	-	500,000				
The Mizuho Trust and Banking Co., Limited	-	500,000	-	500,000					
Mizuho Bank, Ltd.	-	250,000	-	250,000					
Development Bank of Japan Inc.	-	3,000,000	-	3,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,000,000	-	1,000,000	1.109%	January 31,2023			
Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	1.221%	July 31,2023			
Sub Total	10,000,000	38,000,000	-	48,000,000					
Total	18,330,000	39,700,000	2,830,000	55,200,000					

Note 1: Annual repayments of long-term loans payable (except for current portion of long-term loans payable) scheduled after the balance sheet date are as follows:

	(in thousands of yen)				
	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term loans payable	12,000,000	12,000,000	11,000,000	11,000,000	2,000,000

Note 2: Long-term loans payable conducted during the fiscal period and listed in the current portion of long-term loans payable.

Note 3: Except for the following (Note 5), borrowings at a floating rate.

Note 4: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap and interest rate cap transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest swaps and interest rate caps are indicated.

Note 5: Borrowings at a fixed rate.

Note 6: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (ancillary expenses are included) and repayment of debts.

Note 7: Early repayment was made on January 31, 2014.

Note 8: Early repayment was made on August 7, 2013.

Note 9: Except for the above (Note 7 and 8), all the repayment methods of debt financing are lump-sum repayments on the due date.