

# KENEDIX

Residential Investment Corporation

## Financial Results for the Sixth Fiscal Period (Ended January 2015)

March 12, 2015





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# 1. Financial Results for the Sixth Fiscal Period (Ended January 2015)

## Highlights from the 6th Fiscal Period (Ended January 2015)

### 1. External growth: Continued to purchase properties using funds from the public offering at the start of the period and additional loans during the period

	Number of Properties	Total Acquisition Price	Rentable Units
6th Period	92 props	¥122.1 billion	6,026 units
5th Period	81 props	¥100.3 billion	4,891 units

### 2. Internal growth: Record-high renewal rates and the effect of Rent Increase/Decrease per Unit became positive

	Renewal Rate	Rent Increase and Decline Ratio per Unit of New Tenants <sup>(1)</sup>	Rent Increase and Decline Ratio per Unit of Renewal Tenants <sup>(1)</sup>
6th Period	90.4 %	+1.3 %	+5.6 %
5th Period	89.2 %	-0.5 %	-0.4 %

### 3. Steady increases in NAV per unit and Distributions per Unit

	Appraisal Unrealized Capital Gains	NAV per Unit	Distribution per Unit
6th Period	¥10.3 billion	241,760 yen	6,232 yen
5th Period	¥4.8 billion	221,225 yen	6,033 yen

Note1: Rent increase and decline ratio per unit= Rent increase ratio per unit – Rent decline ratio per unit

## Outlook of the Properties Acquired in the 6th Period

### Properties Acquired on August 2014 Offering

**Total Number of Properties : 8 props**  
**Total Acquisition Price : ¥14.0 billion**

**(S)** Studio    **(SF)** Small Family    **(F)** Family

**T-52 KDX Residence Togoshi**

Convenience

**(SF)**



Acquisition Price	¥3,745 million
Appraisal Value <sup>(1)</sup>	¥4,210 million
Location	5-1-1, Togoshi, Shinagawa-ku, Tokyo
Rentable Units	144 units

**T-54 KDX Residence Ojima**

Convenience

**(S)**

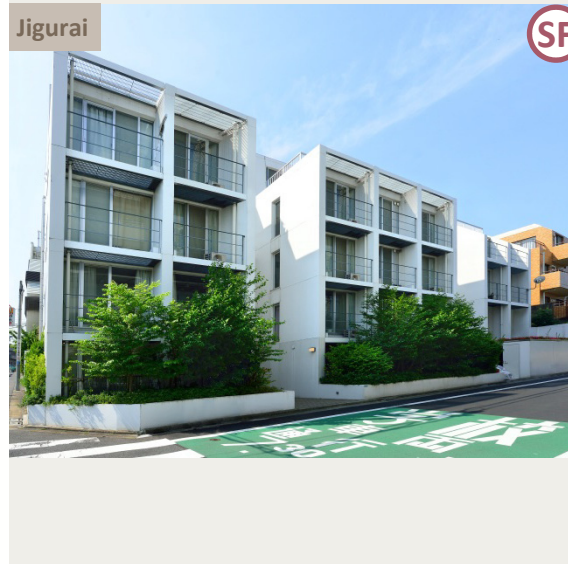


Acquisition Price	¥1,857 million
Appraisal Value <sup>(1)</sup>	¥2,030 million
Location	4-8-4, Ojima, Koto-ku, Tokyo
Rentable Units	117 units

**T-51 KDX Residence Jiyugaoka**

Jigurai

**(SF)**



Acquisition Price	¥1,268 million
Appraisal Value <sup>(1)</sup>	¥1,410 million
Location	3-11-27, Yakumo, Meguro-ku, Tokyo
Rentable Units	48 units

**T-53 KDX Residence Shinagawa Seaside**

Convenience

**(S)**



Acquisition Price	¥2,593 million
Appraisal Value <sup>(1)</sup>	¥3,010 million
Location	3-6-7, Higashi-shinagawa, Shinagawa-ku, Tokyo
Rentable Units	127 units

Note1: Appraisal values are rounded down to the nearest ¥M. Contents of the real estate appraisal are opinions and judgements at the time of evaluation (6th Period; January 31, 2015), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values.

## Outlook of the Properties Acquired in the 6th Period

### ● Properties Acquired on August 2014 Offering (cont'd)

#### T-49 KDX Residence Nihombashi Hamacho

Convenience

(F)



Acquisition Price	¥996 million
Appraisal Value <sup>(1)</sup>	¥1,090 million
Location	3-33-4, Nihombashi Hamacho, Chuo-ku, Tokyo
Rentable Units	28 units

#### T-55 KDX Residence Oyama

Convenience

(SF)



Acquisition Price	¥2,679 million
Appraisal Value <sup>(1)</sup>	¥2,970 million
Location	8-8, Oyama Kanaicho, Itabashi-ku, Tokyo
Rentable Units	145 units

#### T-50 KDX Residence Nihombashi Ningyocho

Convenience

(S)



Acquisition Price	¥530 million
Appraisal Value <sup>(1)</sup>	¥590 million
Location	1-8-5, Nihombashi Horidomecho, Chuo-ku, Tokyo
Rentable Units	27 units

#### R-34 Melody Heim Gotenyama

Convenience

(F)



Acquisition Price	¥400 million
Appraisal Value <sup>(1)</sup>	¥476 million
Location	1-6-1, Nagisa nishi, Hirakata-shi, Osaka
Rentable Units	36 units

### ● Properties Acquired with Loans in 6th Period

**Total Number of Properties : 3 props**  
**Total Acquisition Price : ¥7.6 billion**

#### R-35 Leopalace Flat Shin-sakae

Convenience

(S)



Acquisition Price	¥3,500 million
Appraisal Value <sup>(1)</sup>	¥3,860 million
Location	1-5-31, Shin-sakae, Naka-ku Nagoya-shi, Aichi
Rentable Units	274 units

#### R-37 KDX Residence Hommachibashi

Convenience

(SF)

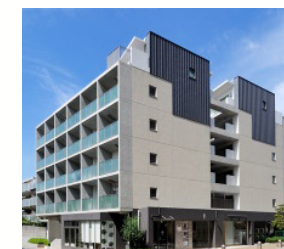


Acquisition Price	¥3,201 million
Appraisal Value <sup>(1)</sup>	¥3,380 million
Location	2-14, Hommachibashi, Chuo-ku, Osaka-shi, Osaka
Rentable Units	134 units

#### R-36 KDX Residence Konan Yamate

Jigurai

(SF)



Acquisition Price	¥973 million
Appraisal Value <sup>(1)</sup>	¥1,050 million
Location	1-9-3, Moriminamimachi, Higashinada-ku, Kobe-shi, Hyogo
Rentable Units	55 units

Note1: Appraisal values are rounded down to the nearest ¥M. Contents of the real estate appraisal are opinions and judgements at the time of evaluation (6th Period; January 31, 2015), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values.

## Summary of Income Statements

(in millions of yen)

Account	5th Period		6th Period		5th Period Actual vs 6th Period Actual Comparison		6th Period Forecast vs 6th Period Actual Comparison	
	Actual 180.3 days	Forecast 184.0 days	Actual 175.4 days	Actual				
<b>Operating term<sup>(1)</sup></b>								
<b>Operating revenues</b>	<b>¥3,743</b>	<b>¥4,172</b>	<b>¥4,241</b>	<b>+498</b>	<b>+13.3%</b>	<b>+68</b>	<b>+1.7%</b>	
Rent revenue-real estate	3,354	3,820	3,852	+498	+14.9%	+32	+0.8%	
Other lease business revenue	334	273	314	-19	-5.9%	+41	+15.0%	
Dividends Income	54	78	74	+19	+35.6%	-4	-5.7%	
<b>Operating Expenses</b>	<b>¥1,887</b>	<b>¥2,006</b>	<b>¥2,022</b>	<b>+135</b>	<b>+7.2%</b>	<b>+16</b>	<b>+0.8%</b>	
Expenses related to rent business	924	928	923	0	-0.1%	-4	-0.5%	
Depreciation	561	634	659	+97	+17.4%	+25	+3.9%	
Other lease business expenses	401	443	439	+38	+9.6%	-3	-0.8%	
<b>Operating income</b>	<b>¥1,856</b>	<b>¥2,166</b>	<b>¥2,218</b>	<b>+362</b>	<b>+19.5%</b>	<b>+52</b>	<b>+2.4%</b>	
Non-operating income	0	0	0	0	-	0	-	
Non-operating expenses	398	482	478	+80	+20.2%	-4	-0.9%	
Interest expenses, etc.	357	432	430	+73	+20.4%	-1	-0.4%	
Other non-operating expenses	40	50	48	+7	+17.8%	-2	-4.7%	
<b>Ordinary Income</b>	<b>¥1,458</b>	<b>¥1,684</b>	<b>¥1,740</b>	<b>+281</b>	<b>+19.3%</b>	<b>+56</b>	<b>+3.3%</b>	
Income before income taxes	1,458	1,684	1,740	+281	+19.3%	+56	+3.3%	
Total income taxes	0	1	0	0	+5.8%	0	-4.6%	
<b>Net income</b>	<b>¥1,457</b>	<b>¥1,683</b>	<b>¥1,739</b>	<b>+281</b>	<b>+19.3%</b>	<b>+56</b>	<b>+3.4%</b>	
Total Dividend	1,457	1,683	1,739	+281	+19.3%	+56	+3.4%	
<b>Distribution per Unit</b>	<b>6,033 yen</b>	<b>6,030 yen</b>	<b>6,232 yen</b>	<b>+199 yen</b>	<b>+3.3%</b>	<b>+202 yen</b>	<b>+3.3%</b>	
NOI <sup>(2)</sup>	2,764	3,165	3,243	+479	+17.3%	+78	+2.5%	
FFO <sup>(3)</sup>	2,060	2,367	2,447	+386	+18.8%	+79	+3.3%	

For the initial 89 properties used for the forecast, rent revenue-real estate was about 1% below the forecast mainly because of longer than expected average downtime. On the other hand, loans were used to buy Leoplace Flat Shin-sakae and KDX Residence Konan Yamate in Nov. 2014 and KDX Residence Hommachibashi in Dec. 2014; rent from these properties offset the shortfall at the 89 properties, resulting in higher rent revenue for the entire portfolio.

Higher than the forecast mainly because of exit penalties and other one-time revenue and insurance payments received.

Higher expenses for the purchase of 3 properties funded by new loans and higher maintenance and repair expenses as renovations were continued to perform ahead of schedule. But lower leasing and property restoration expenses as tenant departures were lower than expected and a reduction in property management fees; expenses basically matched the forecast as a result.

Increased mainly because of a distribution received from silent partnership G.K. Creek Investment III (equity interest was purchased in July 2014).

Note1: The operating term of the 45h period is 181 days, but actual operating term after acquisition of properties is 180.3 days (weighted average). The operating term of the 6th period is 184 days, but actual operating term after acquisition of properties is 175.4 days (weighted average).

Note2: NOI(Net Operating Income)=Rent revenue-real estate + Other lease business revenue – Expenses related to rent business

Note3: FFO(Funds From Operation)=Net income + Depreciation + Deferred Assets Amortization +/- Gains or Losses on Sales



## Summary of Portfolio Performance

(in millions of yen)

Account	Total		
	5th Period	6th Period	Period on Period
Number of Properties	81 props	92 props	
Total Acquisition Price	¥100,380.5	¥122,122.5	
Operating term <sup>(1)</sup>	180.3 days	175.4 days	
<b>Revenues related to rent business</b>	<b>¥3,688.6</b>	<b>¥4,167.2</b>	<b>+13.0%</b>
Rent revenue-real estate	3,354.1	3,852.3	+14.9%
Other lease business revenue	334.4	314.9	-5.9%
<b>Expenses related to rent business</b>	<b>¥924.3</b>	<b>¥923.5</b>	<b>-0.1%</b>
Property management fees, etc.	300.0	298.2	-0.6%
Taxes	213.8	213.0	-0.4%
Utilities	75.5	88.8	+17.7%
Repairs and maintenance costs	183.6	166.5	-9.3%
Insurance	5.6	6.6	+17.3%
Trust fees and other costs	145.5	150.1	+3.1%
<b>NOI</b>	<b>¥2,764.3</b>	<b>¥3,243.6</b>	<b>+17.3%</b>
NOI cap rate (per year)	5.6%	5.5%	
Depreciation	561.7	659.4	+17.4%
Depreciation Rate (per acquisition price, year)	1.1%	1.1%	
NOI Cap Rate after Depreciation (per year)	4.4%	4.4%	

Tokyo Metropolitan Area			Other Regional Areas		
5th Period	6th Period	Period on Period	5th Period	6th Period	Period on Period
48 props	55 props		33 props	37 props	
¥68,418.0	¥82,086.0		¥31,962.5	¥40,036.5	
179.9 days	183.0 days		181.0 days	159.9 days	
<b>¥2,318.8</b>	<b>¥2,711.6</b>	<b>+16.9%</b>	<b>¥1,369.7</b>	<b>¥1,455.6</b>	<b>+6.3%</b>
2,118.3	2,521.8	+19.1%	1,235.8	1,330.4	+7.7%
200.5	189.7	-5.4%	133.9	125.1	-6.5%
<b>¥552.2</b>	<b>¥590.8</b>	<b>+7.0%</b>	<b>¥372.0</b>	<b>¥332.7</b>	<b>-10.6%</b>
194.6	197.9	+1.7%	105.3	100.3	-4.8%
122.4	121.6	-0.6%	91.4	91.4	-0.1%
48.2	59.5	+23.4%	27.2	29.2	+7.4%
105.0	113.6	+8.2%	78.5	52.8	-32.7%
3.0	3.7	+22.7%	2.6	2.9	+11.0%
78.7	94.2	+19.7%	66.8	55.8	-16.4%
<b>¥1,766.6</b>	<b>¥2,120.7</b>	<b>+20.0%</b>	<b>¥997.6</b>	<b>¥1,122.9</b>	<b>+12.6%</b>
5.2%	5.2%		6.3%	6.4%	
296.6	364.9	+23.0%	265.0	294.5	+11.1%
0.9%	0.9%		1.7%	1.7%	
4.4%	4.3%		4.6%	4.7%	

Note1: The operating term of the 5th period is 181 days, but actual operating term after the acquisition of properties is 180.3 days (weighted average). The operating term of the 6th period is 184 days, but actual operating term after the acquisition of properties is 175.4 days (weighted average). Concerning the operating properties of Tokyo Metropolitan Area, the operating terms of 5th period and 6th period are 179.9 days and 183.0 days (weighted average), respectively. Concerning the operating properties of Other Regional Areas, the operating terms of 5th period and 6th period are 179.9 days and 183.0 days (weighted average), respectively.

## Summary of Balance Sheets

(in millions of yen)

Account	5th Period	6th Period	Differene	
<b>Total assets</b>	<b>¥108,698</b>	<b>¥132,335</b>	<b>+23,636</b>	<b>+21.7%</b>
Cash and deposits	4,357	6,050	+1,693	+38.9%
Total property, plant and equipment, net	102,505	124,680	+22,175	+21.6%
( Land	60,566	74,016 )	+13,449	+22.2%
( Buildings, Structures, etc.	41,939	50,664 )	+8,725	+20.8%
Other	1,836	1,604	-231	-12.6%
<b>Total Liabilities</b>	<b>¥58,661</b>	<b>¥73,482</b>	<b>+14,820</b>	<b>+25.3%</b>
Loans payable	56,550	71,100	+14,550	+25.7%
( Short-term loans payable and current portion of long-term loans payable	8,200	15,200 )	+7,000	+85.4%
( Long-term loans payable	48,350	55,900 )	+7,550	+15.6%
Tenant leasehold and security deposits in trust	1,130	1,275	+144	+12.8%
Other liabilities	981	1,107	+126	+12.9%
<b>Net assets</b>	<b>¥50,037</b>	<b>¥58,852</b>	<b>+8,815</b>	<b>+17.6%</b>
Unitholders' equity	48,592	57,121	+8,528	+17.6%
Unappropriated retained earnings (undisposed loss)	1,457	1,739	+281	+19.3%
Deferred gains or losses on hedges	▲13	▲8	+4	-36.0%
LTV <sup>(1)</sup>	52.0%	53.7%		
Capital-to-Asset ratio	46.0%	44.5%		
Appraisal values (as of the end of the period)	¥107,379	¥135,048	+27,669	+25.8%
NAV <sup>(2)</sup>	¥53,452	¥67,480	+14,027	+26.2%

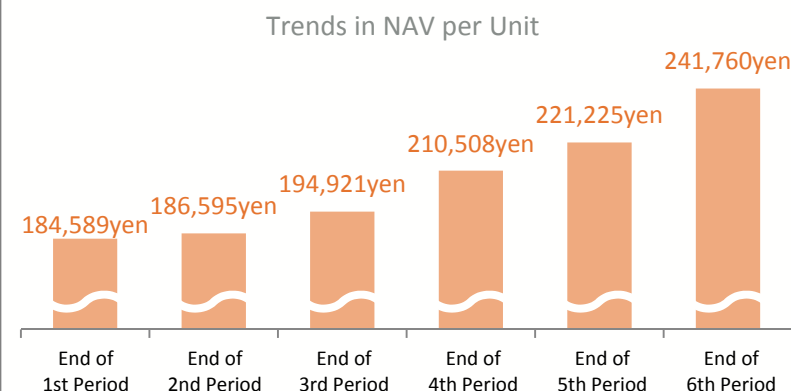
Net cash is ¥3,035 million, which is cash and deposits minus tenant deposits in trust and retained earnings. Increase by August 2014 offering and final dividend from silent partnership.

Cash and Deposits 6,050		Net Cash 3,035
Unappropriated Retained Earnings Deposit 1,739	Tenant Deposit 1,275	

Total ¥6.9 billion of new Loans along with August 2014 equity finance and total ¥7.65 billion of new loans for the acquisition of 3 residential properties. A current loan of ¥1.7 billion was refinanced with long-term loan with 7-year maturity .

For the 81 properties already owned, increase ¥3,593 million from the end of the 5th period (Please refer to the Appendices)

NAV per unit continued to increase steadily because of the growth in appraisal capital gains and August 2014 equity finance.



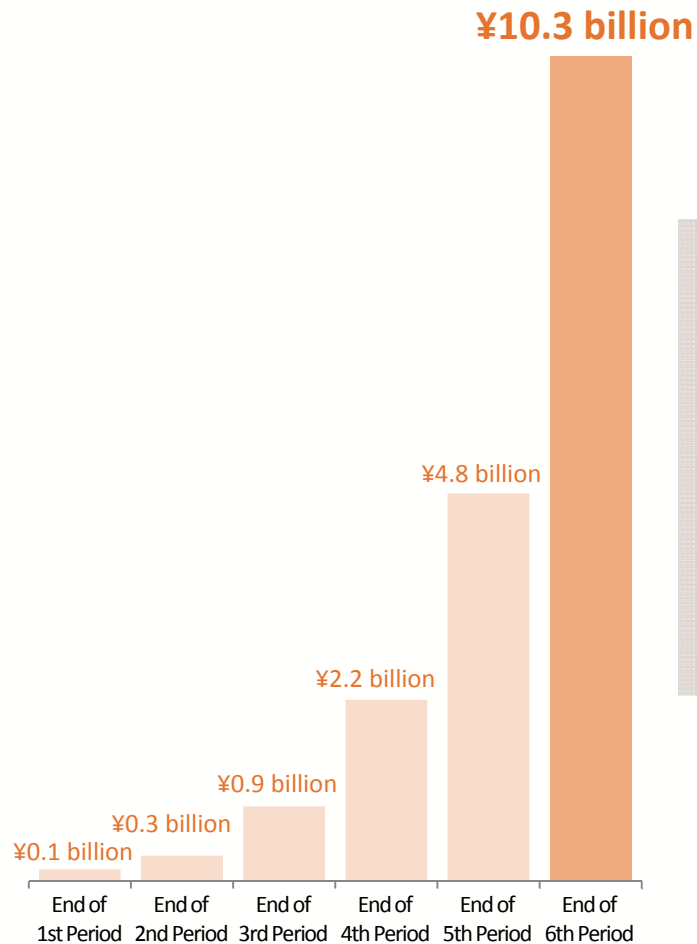
Note1: LTV (Loan To Value)=Interest-bearing Liabilities / Total Assets (Rounded to the nearest two decimal places)

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

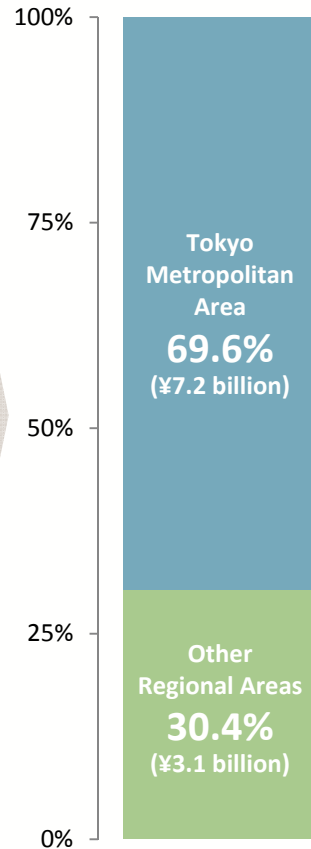
## Summary of Appraisal Values

### ● Status of Appraisal Unrealized Capital Gains<sup>(1)</sup>

Trends in Appraisal Unrealized Capital Gains



Appraisal Unrealized Capital Gains Breakdown by Region



Appraisal Unrealized Capital Gains by Region/Acquisition Date at the End of 6th Period

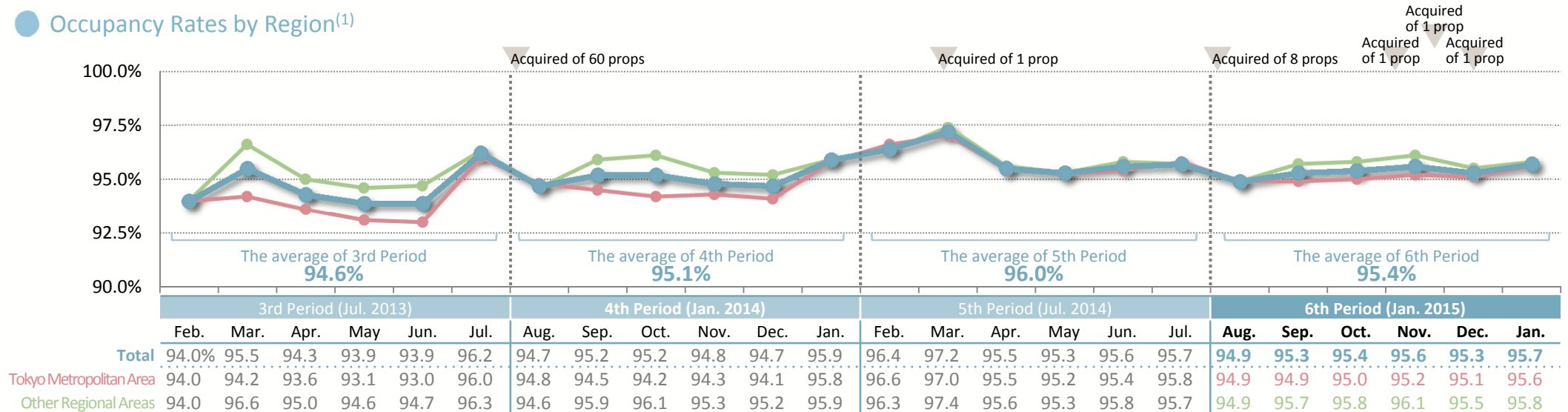
	Appraisal Values (in millions of yen)	Book Value (in millions of yen)	Unrealized Capital Gains (in millions of yen)	Unrealized Capital Gain Ratio <sup>(2)</sup>
<b>Tokyo Metropolitan Area</b>	<b>90,860</b>	<b>83,641</b>	<b>+7,218</b>	<b>+8.6%</b>
Properties owned at the end of 5th period (48 props)	75,550	69,508	+6,041	+8.7%
Properties acquired on 6th period (7 props)	15,310	14,132	+1,177	+8.3%
<b>Other Regional Areas</b>	<b>44,188</b>	<b>41,039</b>	<b>+3,148</b>	<b>+7.7%</b>
Properties owned at the end of 5th period (33 props)	35,422	32,489	+2,932	+9.0%
Properties acquired on 6th period (4 props)	8,766	8,550	+215	+2.5%
<b>Total</b>	<b>135,048</b>	<b>124,680</b>	<b>+10,367</b>	<b>+8.3%</b>

Note1: Appraisal capital gains are the difference between the appraisal values and the book value at the end of the periods in millions of yen rounded down.

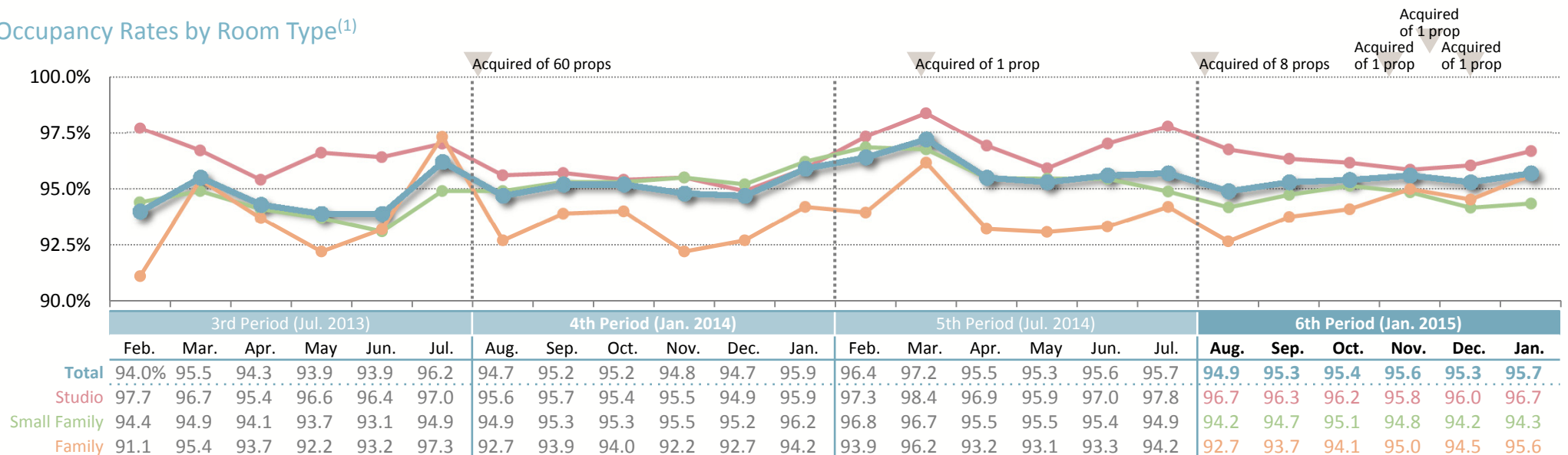
Note2: The unrealized capital gain ratio is total appraisal unrealized capital gains divided by the total book value.

## Trends in Occupancy Rates

### Occupancy Rates by Region<sup>(1)</sup>



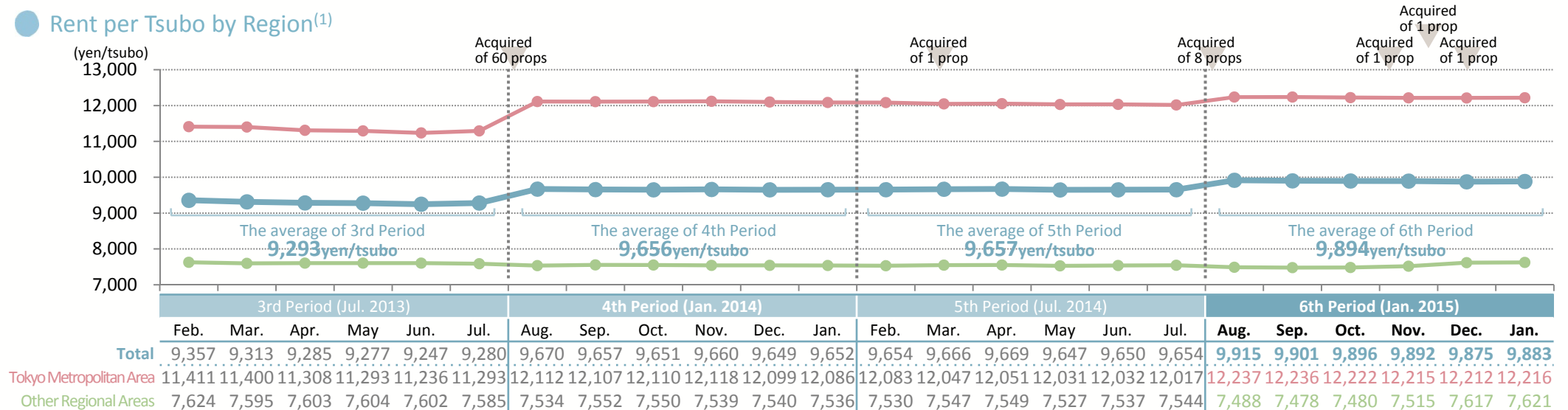
### Occupancy Rates by Room Type<sup>(1)</sup>



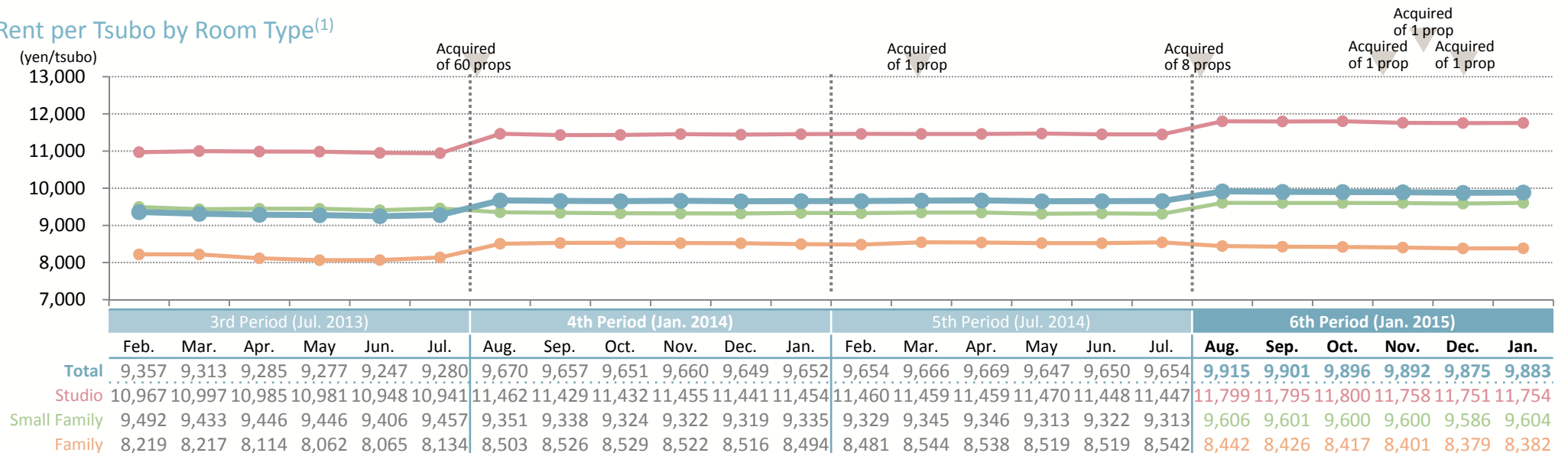
Note1: Occupancy rates by region and total of occupancy rates by room type include those from stores and offices.

## Trends in Rent per Tsubo

### Rent per Tsubo by Region<sup>(1)</sup>



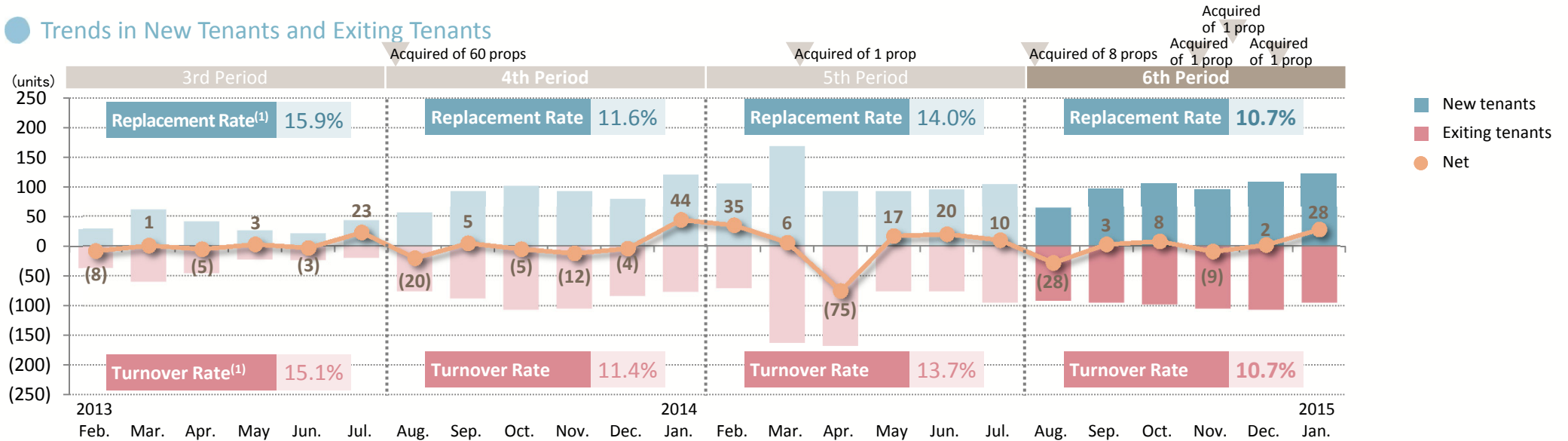
### Rent per Tsubo by Room Type<sup>(1)</sup>



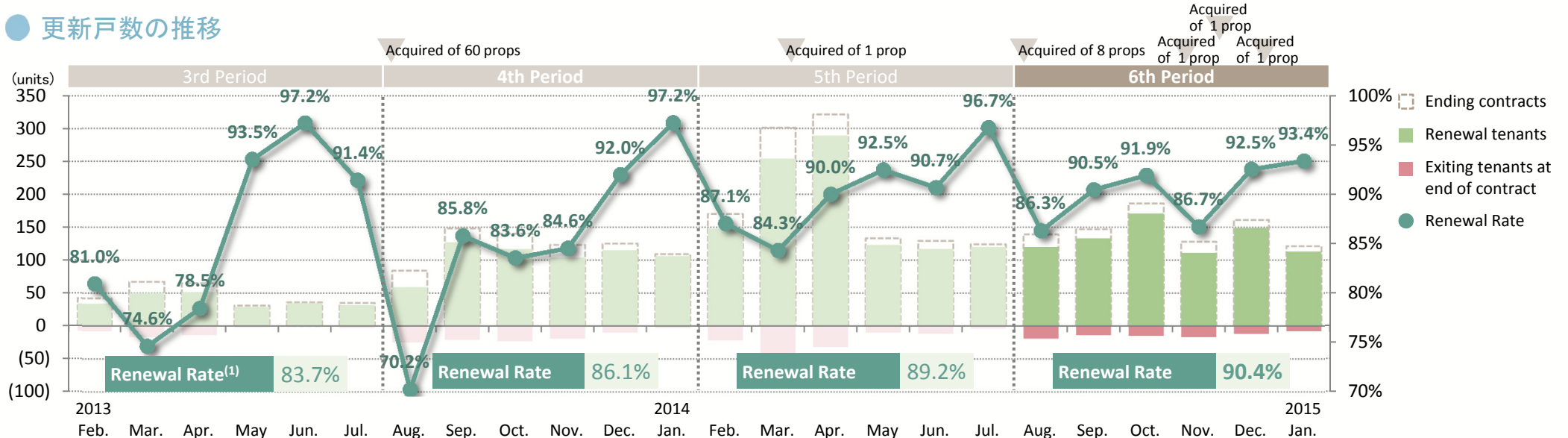
Note1: Rent per tsubo by region and rent per tsubo by room type do not include those from stores and offices.

## Tenant Moving Trends

### Trends in New Tenants and Exiting Tenants



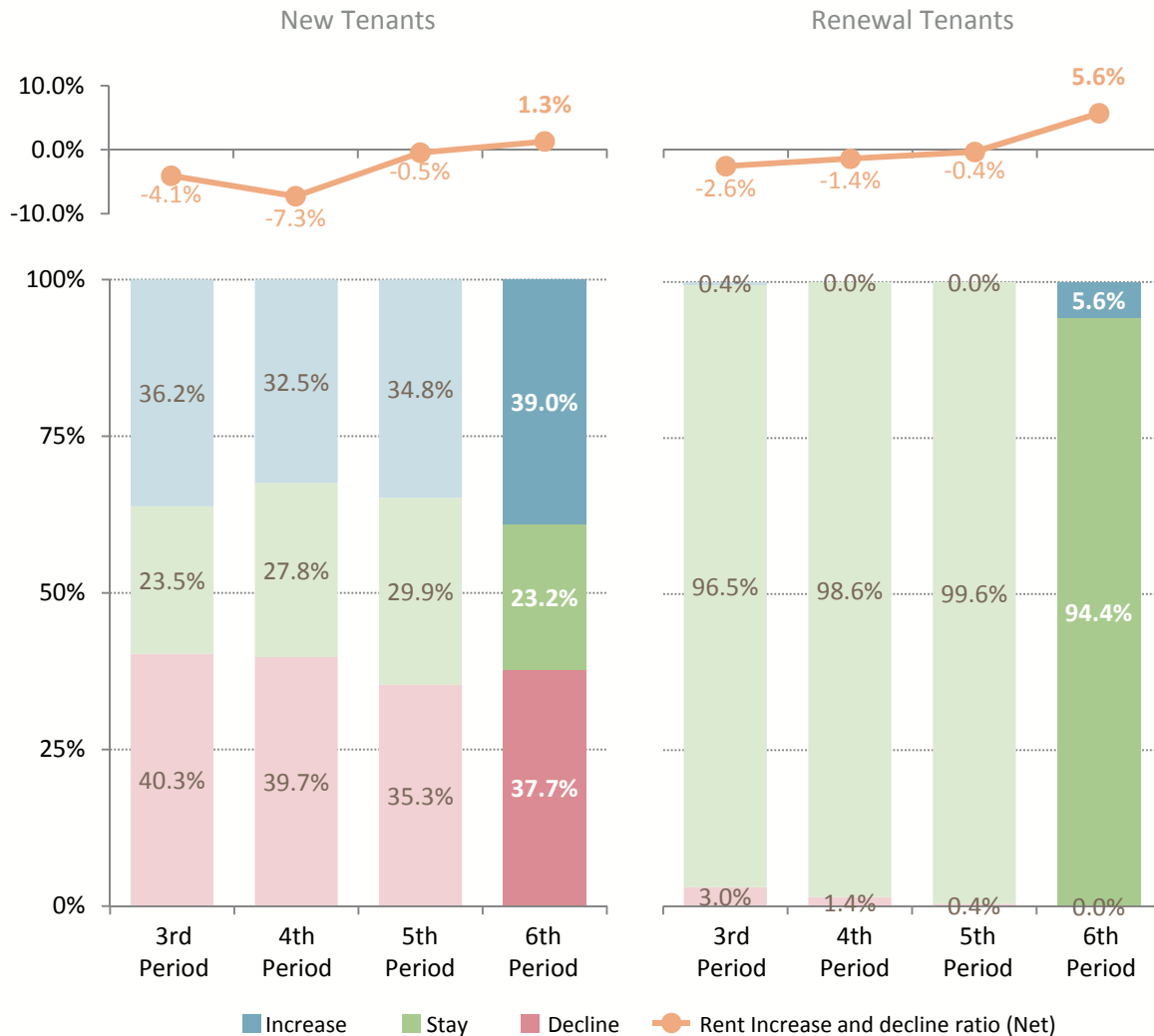
### 更新戸数の推移



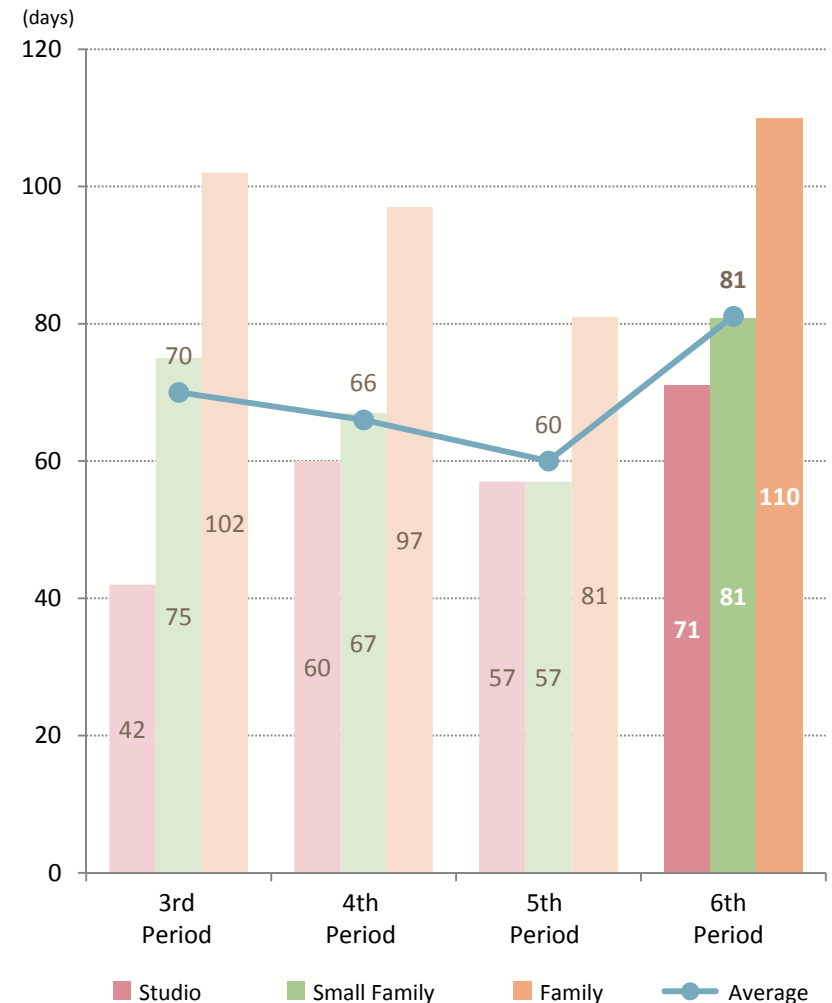
Note1: Replacement Rate=New tenants during the operating period / Rentable Units, Turnover Rate=Exiting tenants during the operating period / Rentable Units, Renewal rate=Renewal tenants during the operating period / Ending contracts during the operating period (Rounded to the nearest two decimal places)

## Rent Increase and Decline Ratio and Downtime

● Rent Increase and Decline Ratio per Unit at the Contracts<sup>(1)</sup>



● Average Downtime<sup>(2)</sup>

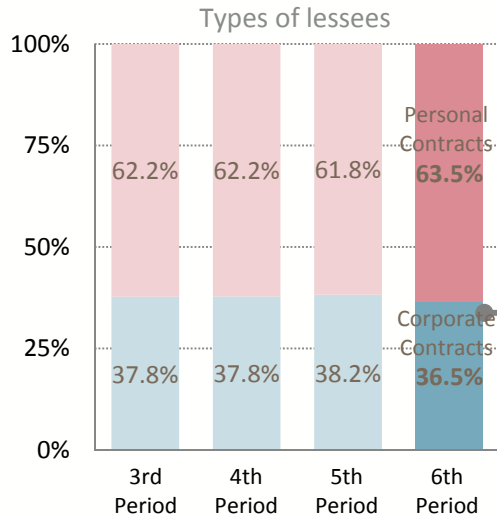


Note1: Rent increase and decline ratio per unit= Rent increase ratio per unit – Rent decline ratio per unit

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

## Tenant Demographics Analysis

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

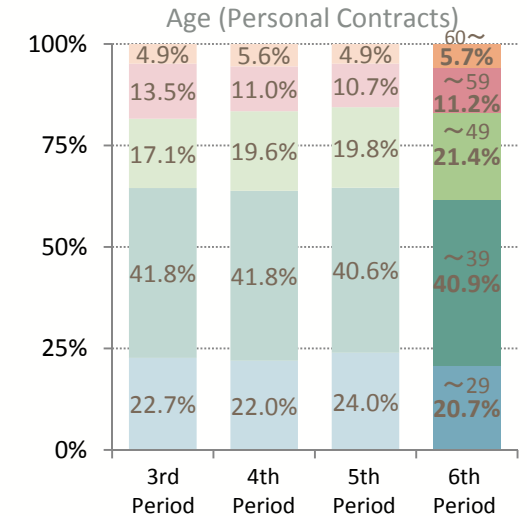
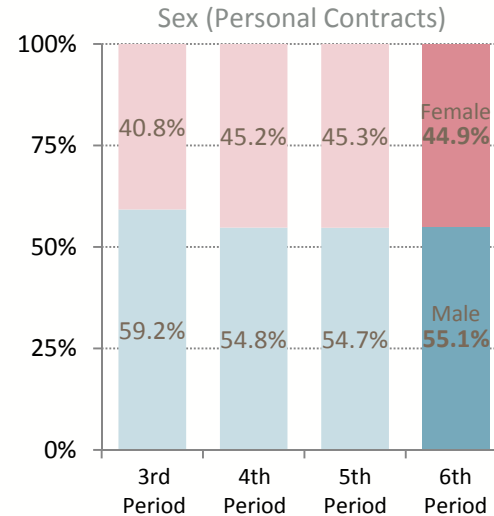


Large corporate contracts <sup>(2)</sup> are as below

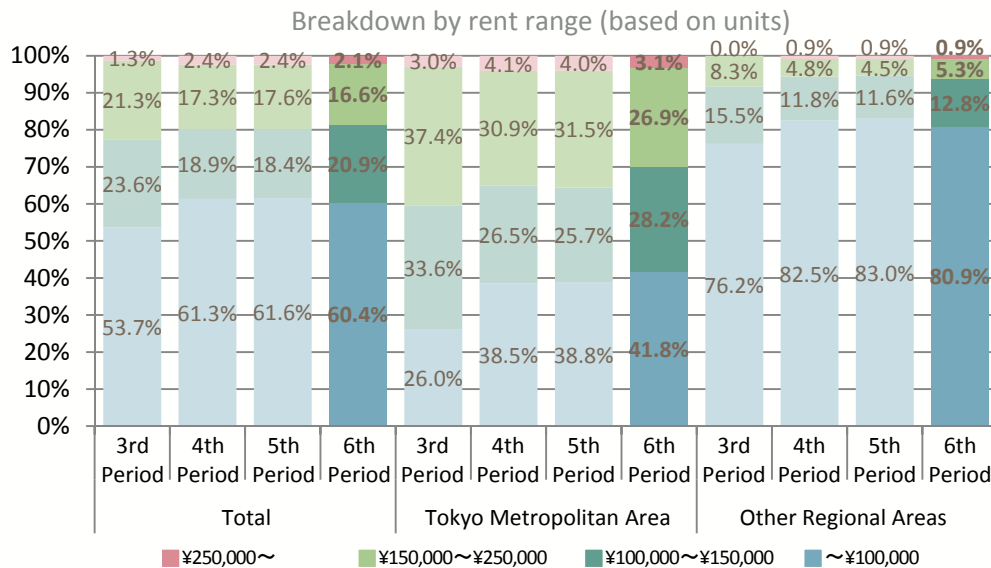
Property Name	Number of Contracts	% in a Property
Raffine Minami-magome	Whole	100.0%
KDX Residence Nihonbashi Suitengu	79 units	100.0%
KDX Residence Yoga	21 units	55.3%
KDX Residence Okachimachi	27 units	52.9%
KDX Residence Ojima	54 units	46.2%
KDX Residence Higashi-shinjuku	75 units	41.9%

Note1: Lessees of units as of the end of each period, including stores and offices.  
Note2: Large corporate contracts are those that lease over 20% of the units in a single property

### Breakdown of Personal Contracts



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



### Average Rent per Unit for Residential Units as of the end of 6th period<sup>(3)</sup>

By room type and by region

Room Type \ Region	Tokyo Metropolitan Area	Other Regional Areas	Total
Studio	¥93,488	¥69,319	¥85,339
Small Family	¥161,281	¥84,498	¥114,941
Family	¥204,539	¥167,937	¥186,498
<b>Total</b>	<b>¥130,280</b>	<b>¥92,272</b>	<b>¥112,192</b>

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



## Topics : Initiatives to Improve the Performance of Properties

### ● Review of Initiatives to Increase Revenue and to Cut Costs

#### Major Initiatives to Increase Rent Revenue

Item	Increase in revenue during 6th period	Accumulated total for 1st to 6th periods
More parking spaces leased by leasing company	+¥3.1 mil/period	+¥6.6 mil/period
New/added rooftop antennas, Replaced vending machines	+¥0.3 mil/period	+¥2.9 mil/period
	<b>+¥3.4 mil/period</b>	<b>+¥9.6 mil/period</b>

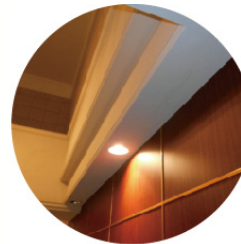
#### Major Initiatives to Reduce Leasing Expenses

Item	Decrease in costs during 6th period	Accumulated total for 1st to 6th periods
Lower cost of property management and building maintenance	-¥2.5 mil/period	-¥17.1 mil/period
Lower cost of common area electricity	-	-¥0.6 mil/period
Lower cost by other initiatives	-	-¥3.6 mil/period
	<b>-¥2.5 mil/period</b>	<b>-¥21.4 mil/period</b>

### ● Investments to maintain and improve properties

● While cutting costs, we made many maintenance and repair projects to increase our buildings' competitiveness

Ceiling pressure wash



LED lights



Improvements to corridors



New kitchen units



New bicycle-parking area ceiling



New corridor wall covering



New corridor vinyl flooring



Changed meeting space to storage space



Interior wall pressure wash



Retaining wall paint



Redecorated elevator cabs

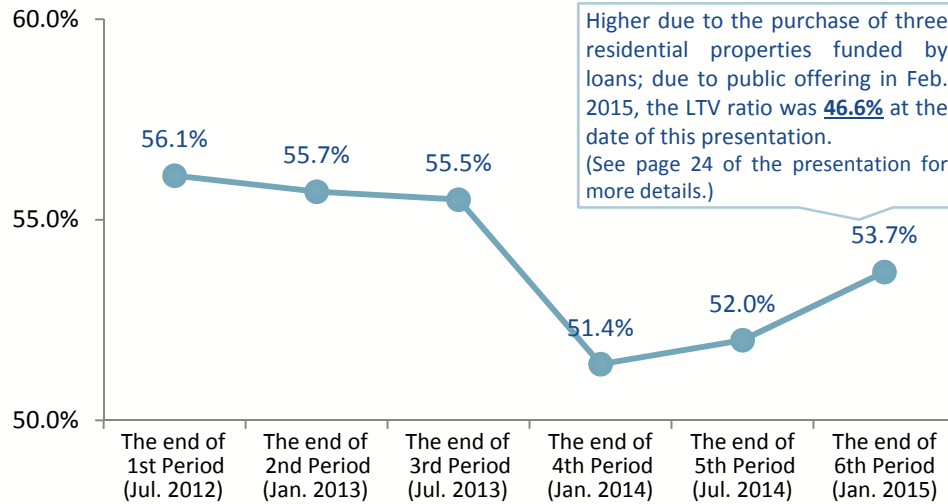


New moveable partitions

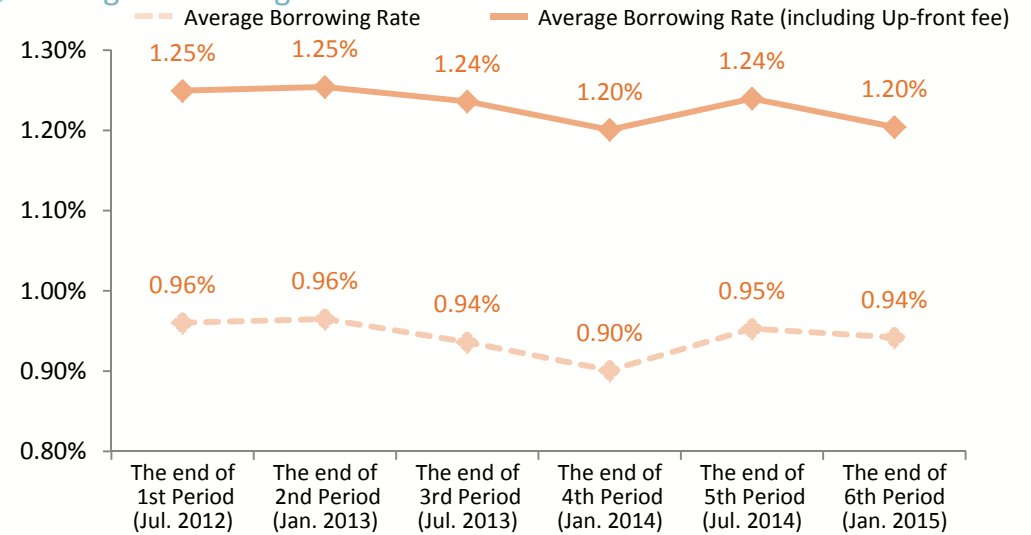


## Finance -1: Trends in Key Debt Indicators

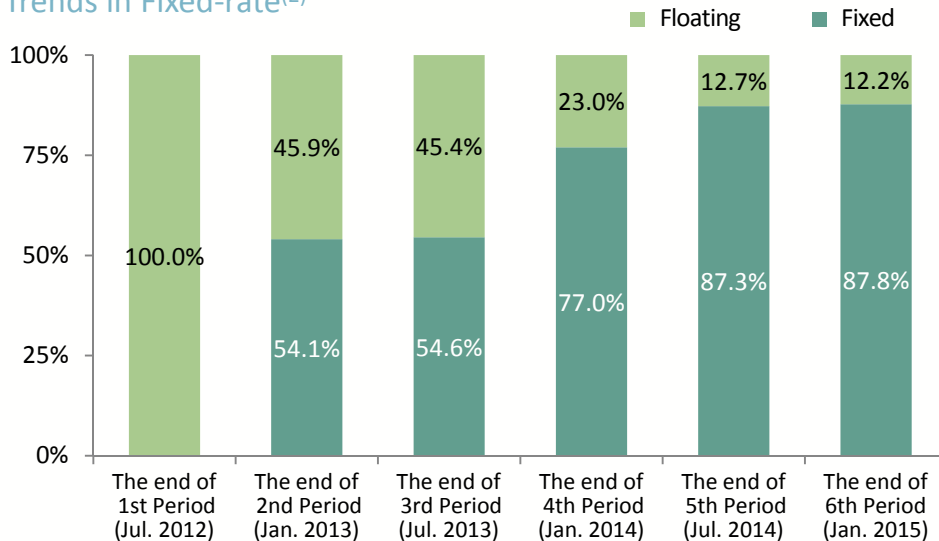
### LTV (based on total assets)



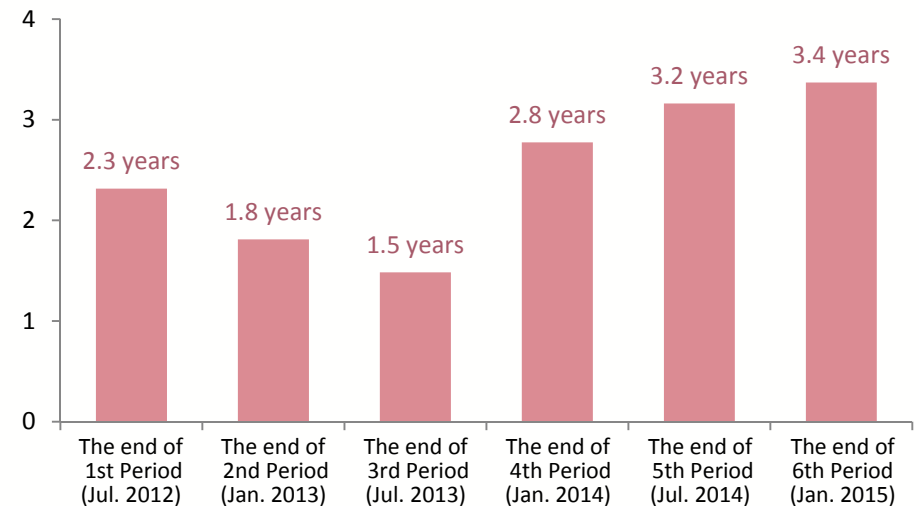
### Average Borrowing Interest Rate<sup>(1)</sup>



### Trends in Fixed-rate<sup>(2)</sup>



### Average Borrowing Term<sup>(3)</sup>



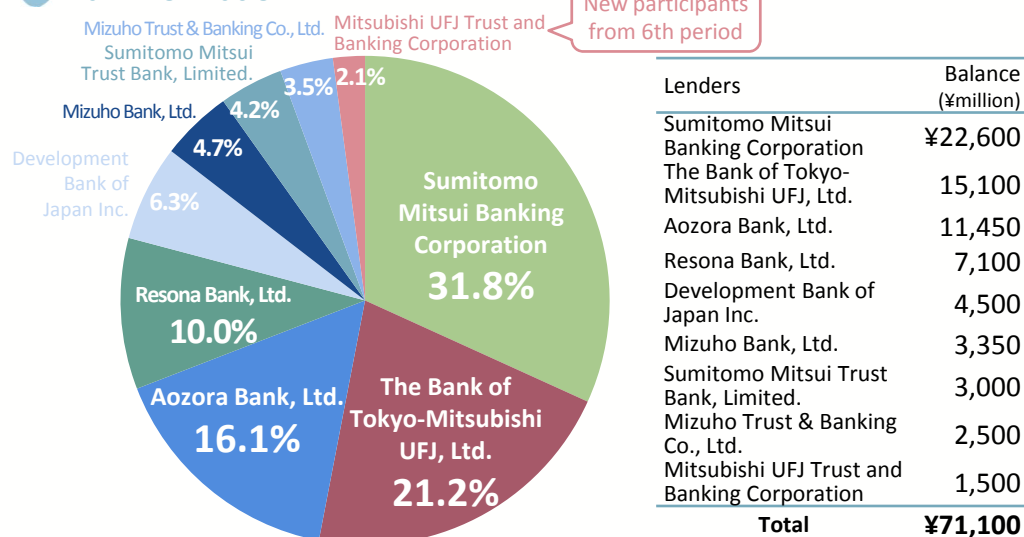
Note1: Average borrowing interest rate calculated by weighted average interest rates at the end of the period that took into consideration the effect of the interest rate cap or the interest rate swap. (Rounded to the nearest two decimal places)

Note2: The floating loans which are substantially fixed with the interest rate cap or the interest rate swap are included in the Fixed-rate.

Note3: Average borrowing term calculated by weighted average remaining term in balance (Rounded to the nearest two decimal places)

## Finance -2: Breakdown of Borrowings at the End of 6th Fiscal Period

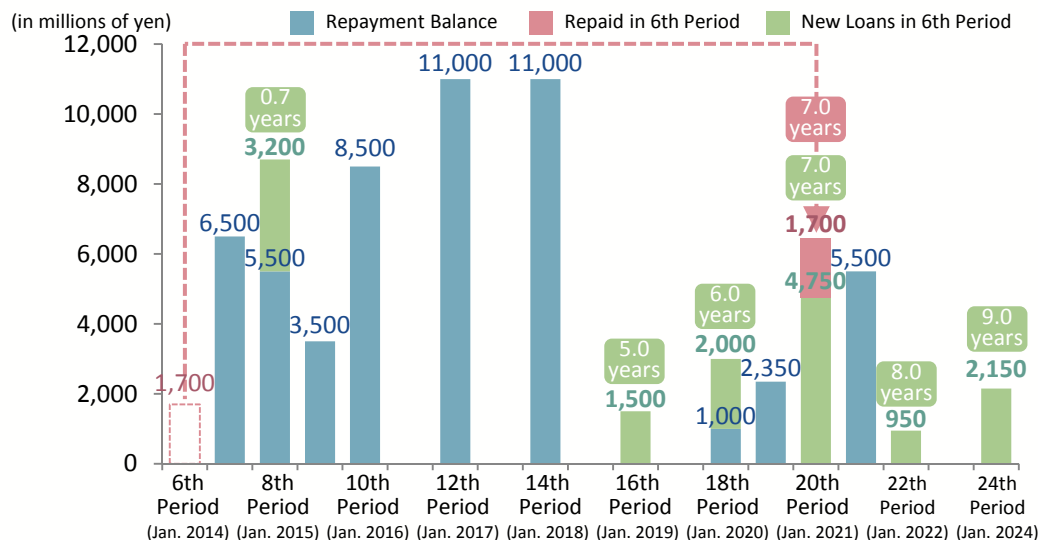
### Bank Formation



### Overview of Loans

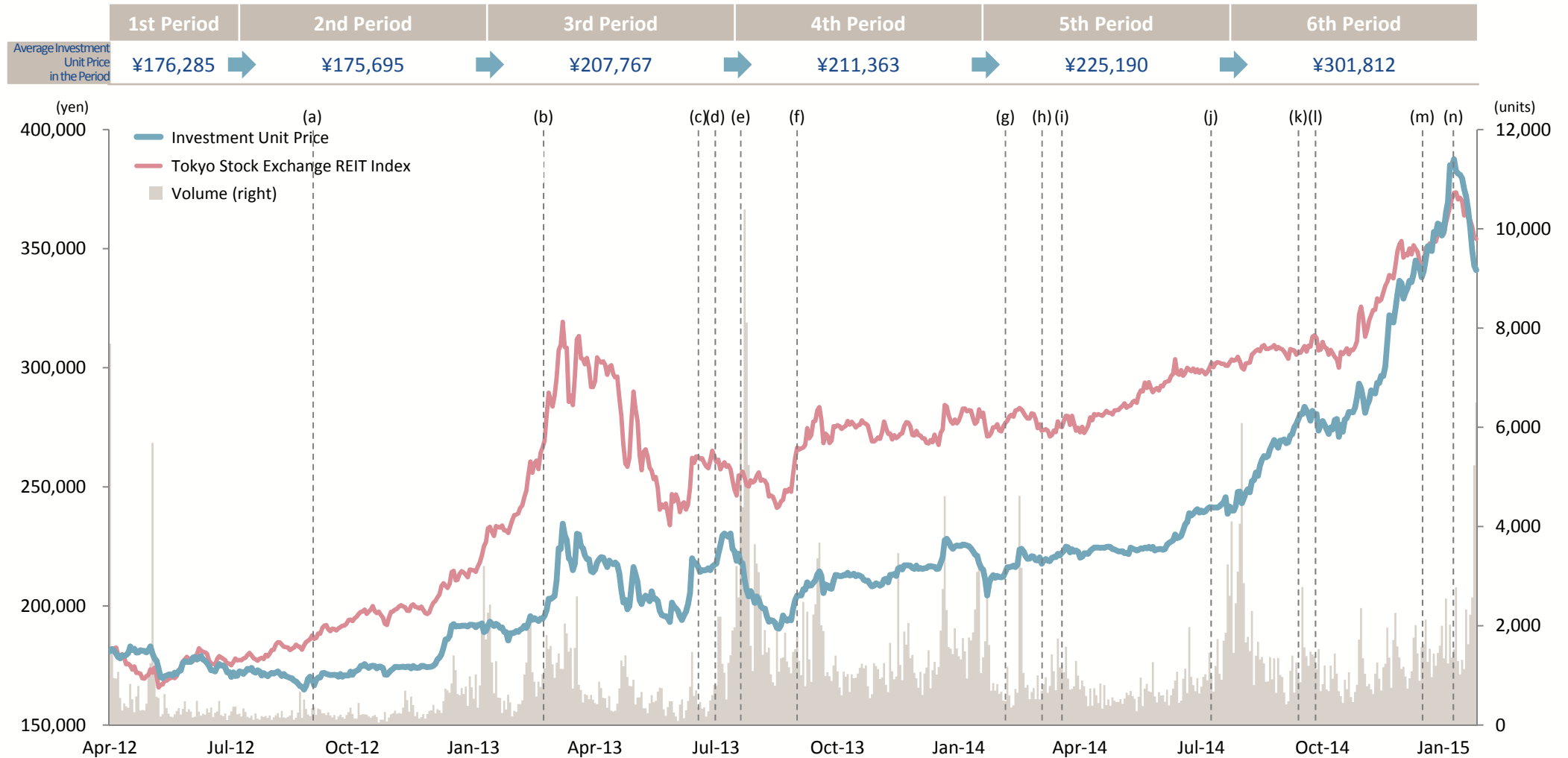
Series	Borrowing Date	Repayment Date	Borrowing Term	Remaining Term	Balance (¥ million)	Status of fixing interest rates
1-C	2012/5/1	2015/4/30	3.0	0.2	6,500	Interest Cap
1-D		2016/4/30	4.0	1.2	3,500	Interest Cap
3-B	2013/8/7	2015/8/31	2.1	0.6	5,500	Floating
3-C		2016/8/31	3.1	1.6	8,500	Interest Swap
3-D		2017/8/31	4.1	2.6	11,000	Interest Swap
3-E	2014/1/31	2018/8/31	5.1	3.6	8,000	Interest Swap
3-F		2018/8/31	5.1	3.6	3,000	Fixed
4-A		2021/1/31	7.0	6.0	1,000	Interest Swap
4-B	2014/3/28	2021/7/31	7.5	6.5	1,000	Interest Swap
5		2021/3/28	7.0	6.2	1,350	Interest Swap
6-A	2014/4/30	2022/4/30	8.0	7.2	2,000	Interest Swap
6-B					1,500	Interest Swap
6-C					1,000	Interest Swap
6-D					1,000	Interest Swap
7-A	2014/8/7	2021/8/7	7.0	6.5	3,750	Interest Swap
7-B					1,000	Fixed
8-A	2014/8/7	2023/8/7	9.0	8.5	1,650	Interest Swap
8-B					500	Fixed
9-A	2014/8/29	2021/8/31	7.0	6.6	600	Interest Swap
9-B					600	Interest Swap
9-C					500	Interest Swap
10	2014/11/14	2022/11/30	8.0	7.8	950	Interest Swap
11-A	2014/11/28	2020/11/30	6.0	5.8	2,000	Interest Swap
11-B		2019/11/30	5.0	4.8	1,500	Interest Swap
12-A	2014/11/28	2015/8/31	0.7	0.6	1,600	Floating
12-B					1,600	Floating
<b>Total</b>				<b>3.4</b>	<b>71,100</b>	

### Overview of Repayment Terms



## Investment Unit Price

### Trends in Investment Unit Price and Trading Volume (from April 26, 2012 to January 31, 2015)



(a) Sep. 18, 2012	Financial Results of the 1st Fiscal Period	(e) Aug. 8, 2013	Receipt of Credit Rating	(i) Mar. 26, 2014	Acquisition of KDX Residence Kinshicho	(m) Dec. 16, 2014	Acquisition of KDX Residence Hommachibashi
(b) Mar. 13, 2013	Financial Results of the 2nd Fiscal Period	(f) Sep. 13, 2013	Financial Results of the 3rd Fiscal Period	(j) Jul. 18, 2014	Announcement of the Public Offering	(n) Jan. 15, 2015	Announcement of the Public Offering
(c) Jul. 2, 2013	Acquisition of Silent Partnership Equity Interest	(g) Feb. 18, 2014	Acquisition of Silent Partnership Equity Interest	(k) Sep. 18, 2014	Financial Results of the 5th Fiscal Period		
(d) Jul. 17, 2013	Announcement of the Public Offering	(h) Mar. 13, 2014	Financial Results of the 4th Fiscal Period	(l) Sep. 30, 2014	Acquisition of 2 residential properties		

Note 1: Tokyo Stock Exchange REIT Index is indexed from the closing price as of April 26, 2012 (964.36) which is initial listing date of KDR to the closing price of KDR (¥181,000)

## Unitholders

### Breakdown of Unitholders

Breakdown of Unitholders (as of the end of the 6th period)

Sort	Unitholders		Units		Average number of units per unitholder (units/unitholders)
	Number of unitholders	Ratio	Number of units	Ratio	
Individuals and others	10,403	96.5%	49,353	17.7%	4.7
Financial Institutions	37	0.3%	149,058	53.4%	4,028.6
Foreign companies and individuals	151	1.4%	64,595	23.1%	427.8
Other domestic companies	166	1.5%	13,134	4.7%	79.1
Security Firms	26	0.2%	2,982	1.1%	114.7
<b>Total</b>	<b>10,783</b>	<b>100.0%</b>	<b>279,122</b>	<b>100.0%</b>	<b>25.9</b>

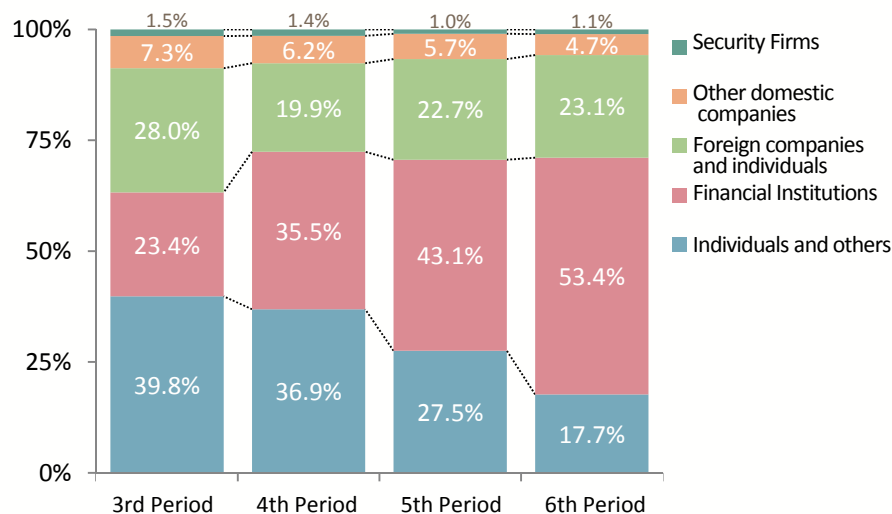
### Major Unitholders

Top 10 Unitholders (as of the end of the 6th period)

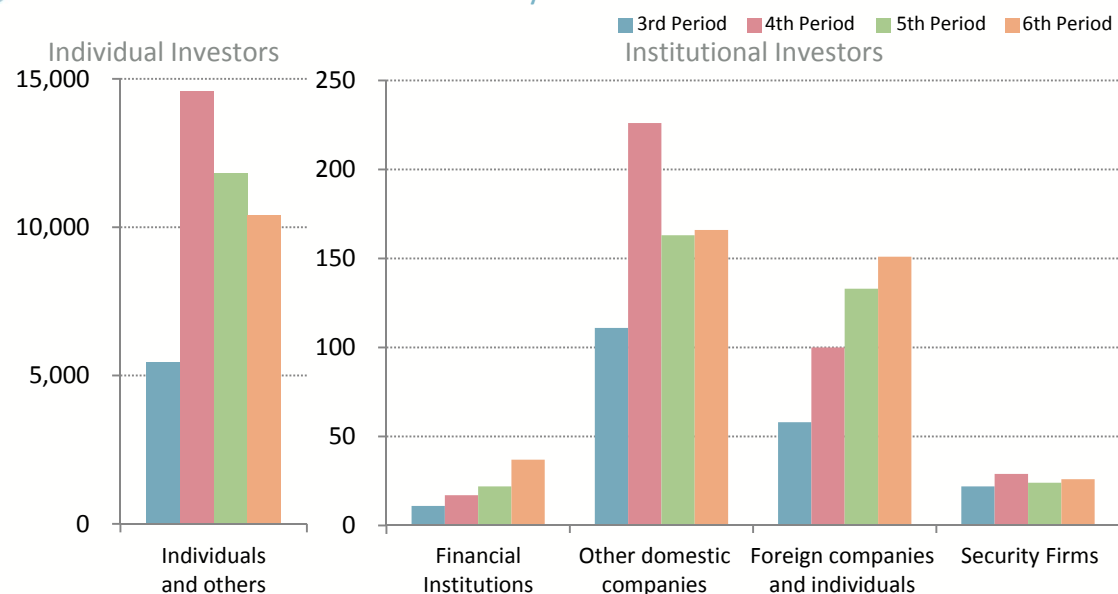
Name	Units	Ratio
Japan Trustee Services Bank, Ltd. (Trust Acct.)	77,387	27.72%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	25,578	9.16%
The Master Trust Bank of Japan Ltd (Trust Acct.)	23,144	8.29%
NOMURA BANK (LUXEMBOURG) S.A.	16,244	5.81%
The Nomura Trust Banking Co., Ltd. (Trust Acct.)	7,434	2.66%
Kenedix, Inc.	7,310	2.61%
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	4,584	1.64%
Mitsubishi UFJ Trust and Banking Corporation	3,380	1.21%
BARCLAYS CAPITAL SECURITIES LIMITED	2,779	0.99%
STATE STREET BANK AND TRUST COMPANY 505223	2,722	0.97%
<b>Total</b>	<b>170,562</b>	<b>61.10%</b>

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

### Trends in Composition of Unitholders (based on number of units)



### Trends in Numbers of Unitholders by Sort

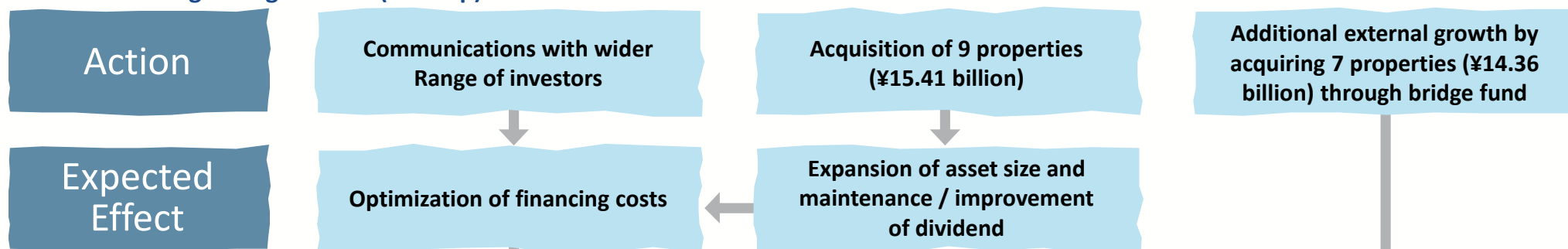


## 2. Overview of the Recent Public Offering and Outlook for the 7th Fiscal Period (Ending July 2015)

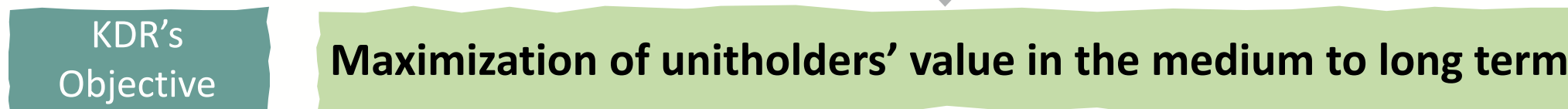
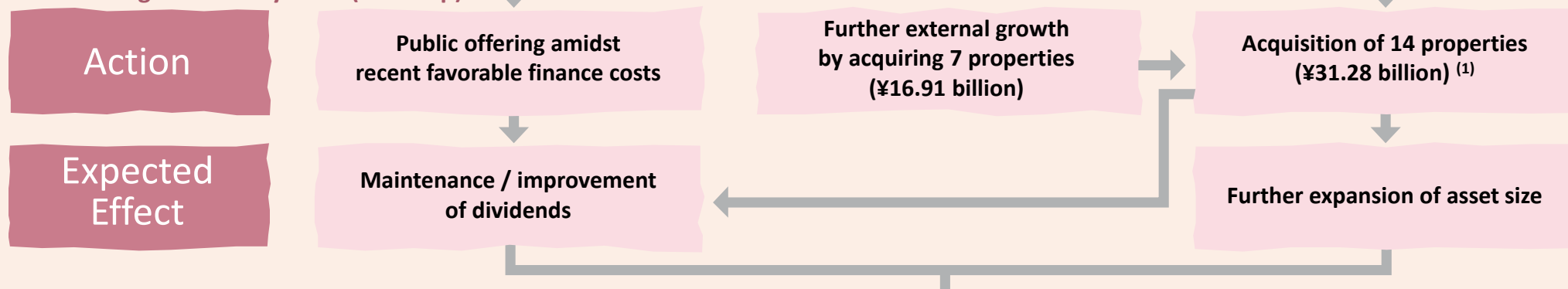
## Reason for the February 2015 Public Offering

### Thesis for the August 2014 Offering and the February 2015 Offering

#### Previous Offering in August 2014 (1st step)



#### This Offering in February 2015 (2nd step)



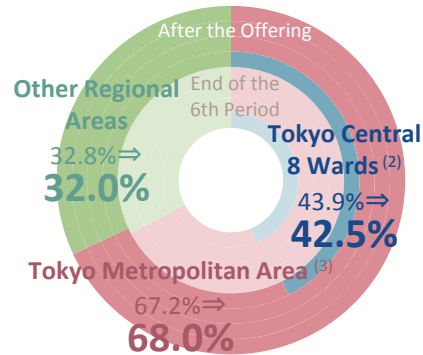
Note 1: Of these 14 properties(¥ 31.28 billion), three (¥7.67 billion) were purchased in the 6th period using loans. The remaining 11 (¥23.61 billion) were purchased in the 7th period using proceeds from the offering and loans.

## Newly Acquired Properties by February 2015 Offering

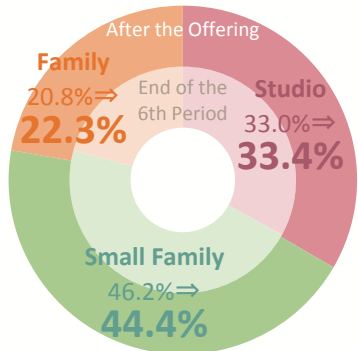
### Outlook of Newly Acquired Properties

	Acquired Properties on the Offering	Acquired with Loans in 6th Period	Acquired after the Offering
Number of Properties	<b>14 props</b>	3 props	11 props
Total Acquisition Price	<b>¥31.2 billion</b>	¥7.6 billion	¥23.6 billion

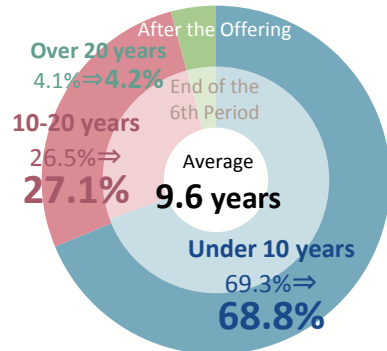
Asset breakdown by area<sup>(1)</sup>



Asset breakdown by room type<sup>(1)</sup>



Asset breakdown by property age<sup>(1)(5)</sup>



Note 1: Asset Breakdowns are indicated by percentage of acquisition prices (inner circle represents 92 properties at the end of the 6th period, outer circle represents 103 properties after PO). Acquisition price refers to the pre-tax price that does not include the expenses spent on the acquisition of the properties.

Note 2: Tokyo Central 8 Wards include Minato-ku, Shibuya-ku, Chuo-ku, Chiyoda-ku, Shinjuku-ku, Meguro-ku and Shinagawa-ku.

Note 3: Tokyo Metropolitan Area includes Tokyo, Kanagawa, Saitama and Chiba.

Note 4: Other Regional Areas include government-designated municipalities and other regional hub cities.

Note 5: Property age calculated by the weighted average in periods from completion day to the end of January, 2015.

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### List of Newly Acquired Properties

Acquired with loans

Acquired after the offering

<p>Convenience (S)</p> <p>R-35 Leoplace flat Shin-sakae</p>	<p>Jigurai (F)</p> <p>T-56 KDX Residence Hanzomon</p>	<p>Convenience (S)</p> <p>T-57 B-Site Akihabara</p>	<p>Jigurai (S)</p> <p>T-58 Bureau Kagurazaka</p>	<p>Jigurai (F)</p> <p>T-59 KDX Residence Sendagi</p>
<p>Jigurai (SF)</p> <p>R-36 KDX Residence Konan Yamate</p>	<p>Jigurai (SF)</p> <p>T-60 KDX Residence Seijo</p>	<p>Convenience (SF)</p> <p>T-61 KDX Residence Akihabara</p>	<p>Convenience (S)</p> <p>T-62 KDX Residence Iriya</p>	<p>Convenience (S)</p> <p>T-63 KDX Residence Tachikawa</p>
<p>Convenience (SF)</p> <p>R-37 KDX Residence Hommachibashi</p>	<p>Convenience (SF)</p> <p>T-64 KDX Residence Tsurumi</p>	<p>Special Market (S)</p> <p>R-38 KDX Residence Minami-kusatsu</p>	<p>Convenience (SF)</p> <p>R-39 KDX Residence Otori HarborView Tower</p>	

- (S) Studio
- (SF) Small Family
- (F) Family



## Trends in Key Asset Management Indicators

	The End of the 6th Period (January 31, 2015)		The Properties Acquired after the Offering		After the Offering
Number of Investment Properties	<b>92</b> props		<b>11</b> props		<b>103</b> props
Total Acquisition Price	<b>¥122.1</b> billion		<b>¥23.6</b> billion		<b>¥145.7</b> billion
Average NOI Cap Rate <sup>(1)</sup>	<b>5.5</b> %	+	<b>5.5</b> %	→	<b>5.5</b> %
Average Occupancy Rate <sup>(2)</sup>	<b>95.7</b> %		<b>92.6</b> %		<b>95.2</b> %
Rentable Units	<b>6,026</b> units		<b>989</b> units		<b>7,015</b> units
Total Market Cap of Investment Units <sup>(3)</sup>	<b>¥95.1</b> billion				<b>¥124.6</b> billion
LTV <sup>(4)</sup>	<b>53.7</b> %		<b>Drastic Decreasing</b>	→	<b>46.6</b> %
NAV per Unit <sup>(5)</sup>	<b>241,760</b> yen		<b>Steady Increasing</b>	→	<b>264,929</b> yen

Note 1: The average NOI cap rate is calculated based on the method outlined below: [The end of the 6th period (January 31, 2015)] The annualized value shown for leasing NOI (for properties acquired during the 6th period, the leasing NOI used for this period is the amount calculated by dividing the actual number of operating days into the total number of operating days for the period) is calculated based on the actual amount recorded during the period, for the properties owned by KDR at the end of the period. [The Properties Acquired after the Offering] The total amount of appraisal NOI on the basis of the acquired real estate appraisal at the time of the acquisition of new properties divided by the total acquisition price of the newly acquired properties. [After the Offering] The sum of annualized value for the leasing NOI, calculated based on the actual amount recorded during the 6th period, for the properties owned by KDR at the end of the period, and the appraisal NOI on the basis of the acquired real estate appraisal at the time of the acquisition of new properties divided by the total acquisition value.

Note 2: Each average occupancy rate is as of the end of January 2015. However, average occupancy rate for The Properties Acquired after the Offering are calculated based on the materials released by the seller.

Note 3: The total market cap of investment units is calculated based on the following prices: [The end of the 6th period (January 31, 2015)] Investment unit closing price of ¥341,000 as of January 31, 2015 [After the Offering] Investment unit closing price of ¥357,000 as of March 6, 2014

Note 4: The LTV is calculated based on the method outlined below: [The end of the 6th period (January 31, 2015)] Total interest-bearing debt at the end of the 6th period divided by total assets. [After the Offering] Sum (¥73,500 million) of borrowings at the end of the 6th period and interest-bearing debt at the public offering (¥2,400 million) divided by the sum (¥157,746 million) of total assets at the end of the 6th period, interest-bearing debt and amount paid (¥23,010 million) at the public offering. Amount after the Offering is a currently estimated value that is therefore subject to change.

Note 5: The NAV per distribution unit is calculated based the method outlined below: [The end of the 6th period (January 31, 2015)] The NAV calculated by subtracting the sum of the period-end unappropriated retained earnings and the book value of the property, plant and equipment from the sum of the net assets at the end of the 6th period and the amount of the period-end appraisal value divided by the number of investment units issued and outstanding at the end of the period (279,122 units). [After the Offering] This has been calculated by dividing the NAV calculated by subtracting the total of the period-end unappropriated retained earnings, book value of the property, plant and equipment and acquisition costs at the time of the public offering (¥23,611 million), from the net assets, the period-end appraisal value, the paid-in amount from the public offering, and the appraisal value (¥25,322 million) by the number of investment units issued and outstanding (349,089 units).

## Forecast for the 7th Fiscal Period (ending July 31, 2015)

(in millions of yen)

Account	6th Period	7th Period	6th Period Actual vs 7th Period Actual Comparison	
	Actual 184 days	Forecast 181 days		
<b>Operating term</b>				
<b>Operating revenues</b>	<b>¥4,241</b>	<b>¥5,168</b>	<b>+927</b>	<b>+21.9%</b>
Rent revenue-real estate	3,852	4,758	+906	+23.5%
Other lease business revenue	314	402	+87	+27.9%
Dividends Income	74	7	-66	-90.0%
<b>Operating Expenses</b>	<b>¥2,022</b>	<b>¥2,503</b>	<b>+481</b>	<b>+23.8%</b>
Expenses related to rent business	923	1,124	+200	+21.7%
Depreciation	659	826	+166	+25.3%
Other lease business expenses	439	553	+113	+25.9%
<b>Operating income</b>	<b>¥2,218</b>	<b>¥2,664</b>	<b>+446</b>	<b>+20.1%</b>
Non-operating income	0	0	0	+4.4%
Non-operating expenses	478	517	+38	+8.1%
Interest expenses, etc.	430	456	+26	+6.2%
Other non-operating expenses	48	60	+12	+25.3%
<b>Ordinary Income</b>	<b>¥1,740</b>	<b>¥2,148</b>	<b>+407</b>	<b>+23.4%</b>
Income before income taxes	1,740	2,148	+407	+23.4%
Total income taxes	0	1	0	+4.8%
<b>Net income</b>	<b>¥1,739</b>	<b>¥2,147</b>	<b>+407</b>	<b>+23.4%</b>
Total Dividend	1,739	2,147	+407	+23.4%
<b>Distribution per Unit</b>	<b>6,232 yen</b>	<b>6,150 yen</b>	<b>-82</b>	<b>-1.3%</b>
NOI <sup>(1)</sup>	3,243	4,037	+793	+24.5%
FFO <sup>(2)</sup>	2,447	3,033	+586	+24.0%

The estimated average occupancy rate for the 7th period is 95.4%. Forecast an increase due to higher rent revenue during the busy spring season, full-year operations of the 3 properties purchased in the middle of 6th period and the start of operations of the 11 properties purchased just after the Feb. 2015 offering.

Forecast lower dividends income due to the Feb. 2015 purchase of the properties from G.K. Creek Investment II and G.K. Creek Investment III, which were established as bridge funds

Property, city planning and other taxes on newly acquired properties will start in the 7th period (approx. ¥45 million) for 12 properties purchased in 2014 and in the 9th period (approx. ¥47 million) for the 11 properties purchased in 2015.

Renewal appraisal expenses and asset management fees II are expected to be higher than the previous period due to the larger number of properties. Asset management fees I, which are based on total assets size at the end of the prior period, for the 11 properties purchased after the Feb. 2015 offering will be included in expenses starting in the 8th period (approx. ¥36 million).

Forecast an increase mainly due to the posting of interest expenses associated with new loans to purchase properties.

Number of investment units issued and outstanding is expected to increase 25.1% from 279,122 at the end of the 6th period to 349,089 at the end of the 7th period because of the public offering early in the 7th period (Feb. 2015).

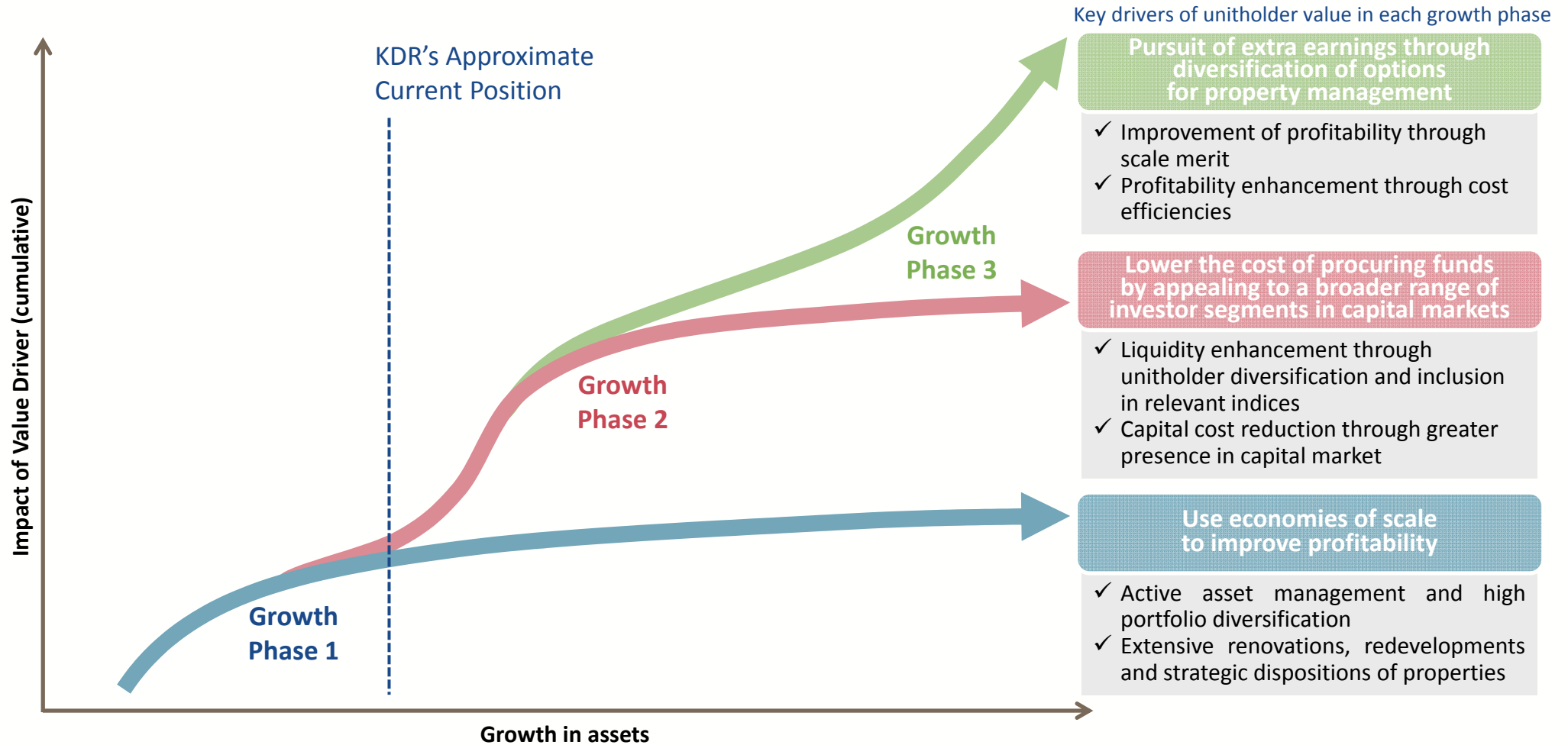
Note1: NOI(Net Operating Income)=Rent revenue-real estate + Other lease business revenue – Expenses related to rent business

Note2: FFO(Funds From Operation)=Net income + Depreciation + Deferred Assets Amortization +/- Gains or Losses on Sales

### 3. Towards Realizing Sustained Expansion in Unitholders' Value

## Main Drivers of Growth in Value for Unitholders

### Key Drivers of Unitholders' Value and KDR's Positioning (Image)



KDR has identified the key drivers of value in each phase of growth and has a commitment to increasing unitholder value effectively and efficiently

## Action Plan for Growth of Unitholders' Value

### Financial Strategy

#### 1. Develop with new investor segments

- Appeal to a broad spectrum of investors by using consistent external growth to increase investment unit liquidity and recognition among investors.
- Increase expectations for incorporation in global indexes and total market capitalization to build ties with wider institutional investors.

#### 2. Further enhance financial stability

- Continue to increase long-term, fixed-rate loans
- Obtain suitable fund procurement terms by leveraging the lowest LTV among residential J-REITs and the strength of the Kenedix Group.

**LTV 46.6%** Estimate as of the date of this presentation. See page 24 for details.

#### 3. Expectations for a higher credit rating

- Raise expectations for a higher credit rating by telling credit rating agency about our improving financial soundness, portfolio growth, increasing track record and other strengths.

Credit rating

Rating	Outlook	Agency	Rating category
<b>A</b>	(Stable)	Japan Credit Rating Agency, Ltd (JCR)	Long-term issuer rating

Rating established on August 8, 2013

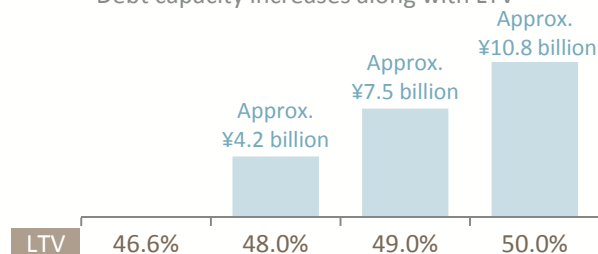
### External Growth Strategy

#### 1. Two sources of property acquisitions: sponsor support and KFM's own network

Residential properties AUM of KDX Group <sup>(1)</sup>	Property acquired using the KFM's own network
<b>¥33.4 billion</b>	<b>¥42.8 billion</b> (29.4% of the portfolio)

#### 2. Flexible property acquisition using debt capacity

Debt capacity increases along with LTV



#### 3. Use "purchasing strategies" to obtain the proper acquisition terms

- Create comfortable investment opportunities by taking full advantage of the knowledge gained by the Kenedix Group over many years of operations

### Internal Growth Strategy

#### 1. Look for the post-deflation asset management model

- While continuing to closely watch changes in the economy, seek asset management strategies and frameworks to use in the event that prices and base wages start to climb or increase at an increasing pace.
- Focus on the quality of contracts in order to raise rent rates.

#### 2. Preserve and enhance property values with renovations and other measures

- Preserve and enhance property values by using well-planned renovations at older buildings, units that no longer match market conditions and other properties. Renovations will reflect the current characteristics of the rental market, the neighborhood where each building is located and other factors.

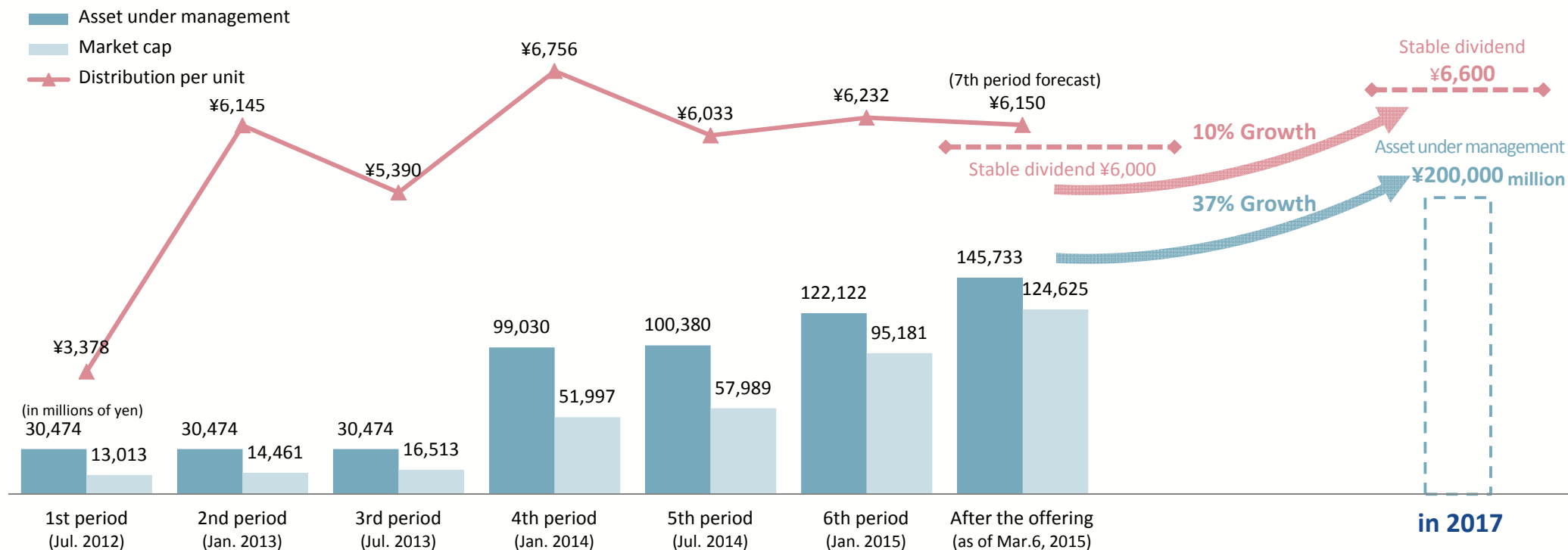
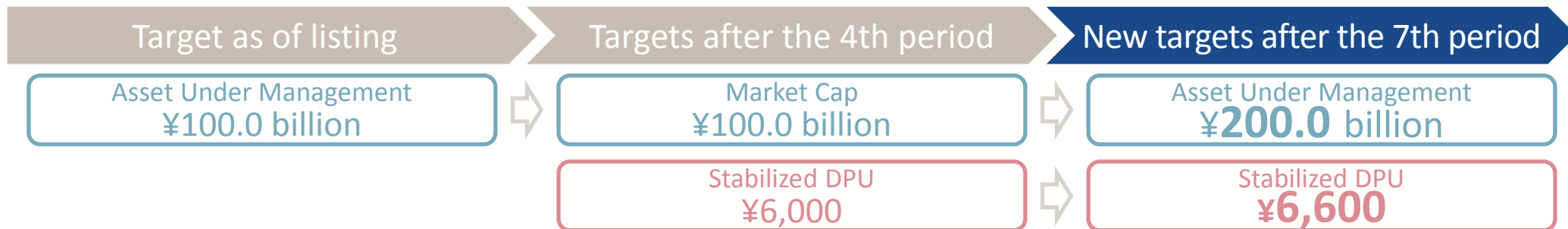
#### 3. Make the portfolio more competitive by reshuffling of portfolio

- The number of properties under management surpassed 100 following the Feb. 2015 offering. We will review the overall balance of the portfolio and, if necessary, sell a few properties to replace them with others.

Note1 : Residential properties included in assets under management of the Kenedix Group on December 31, 2014 (excluding properties owned by KDR and Premier Investment Corporation and properties acquired using the proceeds of the Feb. 2015 offering)

**We are trying to increase unitholders' value by making steady progress  
with devising solutions and making improvements**

## New Targets for Increasing Value for Unitholders



Trying to create more unitholders' value by realizing a smaller risk premium with portfolio growth and a larger cash flow with dividend increases at the same time

# Appendices

## Trends in Operating Revenues

### Changes from 1st Period to 8th Period

	Initial Public Offering (April 2012)			Public Offering (August 2013)		Public Offering (August 2014)	Public Offering (February 2015)	
	1st Period Actual (Ended Jul. 31, 2012)	2nd Period Actual (Ended Jan. 31, 2013)	3rd Period Actual (Ended Jul. 31, 2013)	4th Period Actual (Ended Jan. 31, 2014)	5th Period Actual (Ended Jul. 31, 2014)	6th Period Actual (Ended Jan. 31, 2015)	7th Period Actual (Ending Jul. 31, 2015)	8th Period Actual (Ending Jan. 31, 2016)
Operating Term	92.4 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days
Number of Properties	20 props			80 props	81 props	92 props	103 props	
Impact of property tax and city planning tax	Recorded expenses (20 properties)					Recorded expenses (60 properties)		
						Recorded expenses (12 properties)		
Impact of consumption tax	5%					8%		

(in millions of yen, except some of the description of the unit)

Operating Revenue	¥553	¥1,114	¥1,135	¥3,616	¥3,743	¥4,241	¥5,168	¥5,168
Operating Income	336	615	553	2,125	1,856	2,218	2,664	2,647
Ordinary Income	256	464	407	1,633	1,458	1,740	2,148	2,137
Net Income	254	463	406	1,632	1,457	1,739	2,147	2,136
Distribution per Unit	<b>3,378 yen</b>	<b>6,145 yen</b>	<b>5,390 yen</b>	<b>6,756 yen</b>	<b>6,033 yen</b>	<b>6,232 yen</b>	<b>6,150 yen</b>	<b>6,120 yen</b>
Issued Number of Investment Units	75,440 units			241,622 units		279,122 units	349,089 units	
NAV per Unit	184,589 yen	186,595 yen	194,921 yen	210,508 yen	221,225 yen	241,771 yen	After the Public Offering <sup>(1)</sup>	264,929 yen
L T V	56.1%	55.7%	55.5%	51.4%	52.0%	53.7%		46.6%

Note 1: Regarding the NAV per unit and LTV after the public offering, see page 24 of the presentation.



## Financial Statements

### Balance Sheets

Account	(in thousands of yen)	
	5th Fiscal Period (as of July 31, 2014)	6th Fiscal Period (as of January 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	1,824,572	3,061,917
Cash and deposits in trust	2,532,728	2,988,577
Operating accounts receivable	20,291	44,654
Prepaid expenses	3,787	11,249
Deferred tax assets	13	17
Other	15,180	69,962
<b>Total current assets</b>	<b>¥4,396,573</b>	<b>¥6,176,378</b>
Noncurrent assets		
Property, plant and equipment		
Land	2,787,376	2,787,376
Buildings in trust	41,007,496	49,600,436
Structures in trust	269,174	291,893
Machinery and equipment in trust	643,512	738,999
Tools, furniture and fixtures in trust	18,877	33,027
Land in trust	57,779,010	71,228,748
<b>Total property, plant and fixtures in trust, net</b>	<b>¥102,505,448</b>	<b>¥124,680,482</b>
Investments and other assets		
Investment securities	1,132,980	725,632
Lease and guarantee deposits	10,982	10,950
Long-term prepaid expenses	509,936	609,773
Other	6,037	2,777
<b>Total investment and other assets</b>	<b>¥1,659,937</b>	<b>¥1,349,133</b>
<b>Total of Fixed Assets</b>	<b>¥104,165,386</b>	<b>¥126,029,616</b>
Deferred assets		
Deferred organization costs	24,112	18,811
Investment unit issuance costs	112,907	110,802
<b>Total deferred assets</b>	<b>¥137,019</b>	<b>¥129,614</b>
<b>Total assets</b>	<b>¥108,698,979</b>	<b>¥132,335,609</b>

Account	(in thousands of yen)	
	5th Fiscal Period (as of July 31, 2014)	6th Fiscal Period (as of January 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	290,289	323,754
Short-term loans payable	-	3,200,000
Current portion of long-term loans payable	8,200,000	12,000,000
Accounts payable-other	124,015	140,139
Accrued expenses	6,956	16,159
Income taxes payable	675	697
Accrued consumption taxes	15,076	-
Advances received	507,114	581,255
Deposits received	37,258	45,493
<b>Total current liabilities</b>	<b>¥9,181,387</b>	<b>¥16,307,500</b>
Noncurrent liabilities		
Long-term loans payable	48,350,000	55,900,000
Tenant leasehold and security deposits in trust	1,130,525	1,275,387
<b>Total noncurrent liabilities</b>	<b>¥49,480,525</b>	<b>¥57,175,387</b>
<b>Total liabilities</b>	<b>¥58,661,912</b>	<b>¥73,482,887</b>
Net assets		
Unitholders' equity		
Unitholders' capital	48,592,739	57,121,702
Surplus		
Unappropriated retained earnings (undisposed loss)	1,457,756	1,739,608
Total surplus	1,457,756	1,739,608
<b>Total unitholders' equity</b>	<b>¥50,050,496</b>	<b>¥58,861,310</b>
Deferred gains or losses on hedges	△13,429	△8,589
<b>Total net assets</b>	<b>¥50,037,066</b>	<b>¥58,852,721</b>
<b>Total liabilities and net assets</b>	<b>¥108,698,979</b>	<b>¥132,335,609</b>

## Financial Statements

### Statements of Income and Retained Earnings

(in thousands of yen)

	5th Fiscal Period from: Feb. 1, 2014 to: Jul. 31, 2014	6th Fiscal Period from: Aug. 1, 2014 to: Jan. 31, 2015
Operating revenues		
Rent revenues-real estate	3,354,165	3,852,327
Other lease business revenue	334,486	314,913
Dividends Income	54,785	74,275
Total operating revenues	3,743,437	4,241,516
Operating expenses		
Expenses related to rent business	1,486,033	1,583,002
Asset management fees	236,832	256,342
Asset custody fee	4,571	4,800
Administrative service fees	24,580	22,574
Directors' compensation	4,500	4,500
Other operating expenses	130,718	151,500
Total operating expenses	1,887,235	2,022,720
<b>Operating Income</b>	<b>¥1,856,201</b>	<b>¥2,218,796</b>
Non-operating income		
Interest income	147	193
Other non-operating income	321	8
Total non-operating income	469	201
Non-operating expenses		
Interest expenses	247,506	306,867
Derivative-related expenses	11,834	11,991
Borrowing expenses	98,045	111,582
Amortization of deferred organization cost	5,214	5,300
Amortization of investment unit issuance cost	35,554	42,744
Total non-operating expenses	398,156	478,486
<b>Ordinary Income</b>	<b>¥1,458,514</b>	<b>¥1,740,511</b>
<b>Income before income taxes</b>	<b>¥1,458,514</b>	<b>¥1,740,511</b>
Income taxes-current	894	958
Income taxes-deferred	6	△4
Total income taxes	901	954
<b>Net Income</b>	<b>¥1,457,613</b>	<b>¥1,739,557</b>
Retained earnings brought forward	143	51
Unappropriated retained earnings (undisposed loss)	¥1,457,756	¥1,739,608

### Distributions

	5th Fiscal Period from: Feb. 1, 2014 to: Jul. 31, 2014	6th Fiscal Period from: Aug. 1, 2014 to: Jan. 31, 2015
I Retained earnings at the end of period	1,457,756,938 yen	1,739,608,641 yen
II Total distributions	1,457,705,526 yen	1,739,488,304 yen
(Distributions per unit)	(6,033 yen)	(6,232 yen)
III Retained earnings brought forward to the next period	51,412 yen	120,337 yen

### Statements of Cash Flows

(in thousands of yen)

	5th Fiscal Period from: Feb. 1, 2014 to: Jul. 31, 2014	6th Fiscal Period from: Aug. 1, 2014 to: Jan. 31, 2015
Net cash provided by (used in) operating activities	2,251,423	2,401,216
Net cash provided by (used in) investing activities	△2,166,216	△22,289,297
Net cash provided by (used in) financing activities	△277,520	21,581,275
<b>Net increase (decrease) in Cash and Cash Equivalents (△ decrease)</b>	<b>△192,313</b>	<b>1,693,194</b>
Cash and cash equivalents at the beginning of period	4,549,614	4,357,300
<b>Cash and cash equivalents at the End of Period</b>	<b>¥4,357,300</b>	<b>6,050,495</b>

## Trends in Performance

### Trends in Income

	5th Fiscal Period (as of July 31, 2014)	6th Fiscal Period (as of January 31, 2015)
Operating Term	181.0 days	184.0 days
Average Days of Property Management	180.3 days	175.4 days
Operating Revenues	3,743 million	4,241 million
Operating Income	1,856 million	2,218 million
Ordinary Income	1,458 million	1,740 million
Net Income	1,457 million	1,739 million
Distribution per Unit	6,033	6,232
Payout Ratio	100.0 %	100.0 %

### Trends in Financial Statements

	5th Fiscal Period (as of July 31, 2014)	6th Fiscal Period (as of January 31, 2015)
Total Assets	108,698 million	132,335 million
Net Assets	50,037 million	58,852 million
Capital-to-Asset Ratio	46.0 %	44.5 %
Total Unitholders' Capital	48,592 million	57,121 million
Total Investment Units Held	241,622 units	279,122 units
Net Assets per Unit	207,088	210,849
Return on Assets(per year) <sup>(1)</sup>	2.7 %	2.9 %
Return on Equity(per year) <sup>(2)</sup>	5.9 %	6.3 %
FFO(Funds From Operation) <sup>(3)</sup>	2,060 million	2,447 million
FFO per Unit	8,526	8,766
Total Interest-bearing Liabilities	56,550 million	71,100 million
Average Interest Rate	0.95 %	0.94 %
Average Borrowing Term	3.2 years	3.4 years
LTV(Loan To Value) <sup>(4)</sup>	52.0 %	53.7 %
NAV(Net Asset Value) <sup>(5)</sup>	53,452 million	67,480 million
NAV per unit	221,225	241,760

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

### Trends in Portfolio Performance

	5th Fiscal Period (as of July 31, 2014)	6th Fiscal Period (as of January 31, 2015)
Number of Properties	81 units	92 units
Properties Acquired during the Period	1 units	11 units
Properties Transferred during the Period	0 units	0 units
Total Acquisition Price	100,380 million	122,122 million
Total Book Value	102,505 million	124,680 million
Total Appraisal Value	107,379 million	135,048 million
Rentable Units	4,891 units	6,026 units
(of which Residential Units)	4,865 units	5,549 units
Rentable Area	195,429.49 m <sup>2</sup>	236,310.44 m <sup>2</sup>
(of which Residential Units)	189,864.79 m <sup>2</sup>	208,178.82 m <sup>2</sup>
Leasing Business Revenues	3,688 million	4,167 million
Leasing Business Expenses(ex. Depreciation)	924 million	923 million
NOI (Net Operating Income) <sup>(6)</sup>	2,764 million	3,243 million
NOI Cap Rate(per year)	5.6 %	5.5 %
Capital Expenditure	74 million	62 million
Depreciation	561 million	659 million
Depreciation Rate(per acquisition price, year)	1.1 %	1.1 %
NOI Cap Rate after Depreciation(per year)	4.4 %	4.4 %
Occupancy Rates(average during the period)	96.0 %	95.4 %
Occupancy Rates(at the end of the period)	95.7 %	95.7 %
Rent per Tsubo(average during the period)	9,657 per tsubo	9,894 per tsubo
Rent per Tsubo(at the end of the period)	9,654 per tsubo	9,883 per tsubo
Replacement <sup>(7)</sup>	14.0 %	10.7 %
Turnover <sup>(8)</sup>	13.7 %	10.7 %
Renewal Rate(average during the period) <sup>(9)</sup>	89.2 %	90.4 %
Average Occupancy Period <sup>(10)</sup>	1,109 days	1,041 days
Average Downtime <sup>(11)</sup>	60 days	81 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)

## Appraisal Values 1/5

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		(in millions of yen)			
			Previous a	End of 5th Period b	Difference c [b-a]	Previous	End of 6th Period	Previous	End of 6th Period	Previous	End of 6th Period	Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
T-1	KDX Daikanyama Residence	F	5,070	5,310	240	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	4,700	610	4,779	530
T-2	KDX Yoyogi Residence	F	1,500	1,520	20	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,320	200	1,334	185
T-3	KDX Odemma Residence	F	1,890	1,950	60	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	1,775	175	1,784	165
T-4	KDX Iwamoto-cho Residence	F	876	911	35	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	822	89	829	81
T-5	KDX Bunkyo Sengoku Residence	F	1,630	1,710	80	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	1,488	222	1,503	206
T-6	KDX Azumabashi Residence	F	765	796	31	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	650	146	652	143
T-7	KDX Shimura Sakaue Residence	F	3,070	3,200	130	5.1%	4.9%	4.9%	4.7%	5.3%	5.1%	2,830	370	2,831	368
T-8	Nichii Home Tama Plaza	F	960	960	-	-	-	6.0%	5.9%	6.8%	6.7%	960	0	989	-29
T-9	Cosmo Heim Motosumiyoshi	F	1,750	1,750	-	-	-	5.1%	5.0%	5.3%	5.2%	1,750	0	1,798	-48
T-10	KDX Musashi Nakahara Residence	F	662	687	25	5.4%	5.2%	5.2%	5.0%	5.6%	5.4%	637	50	644	42
T-11	KDX Chiba Chuo Residence	D	1,600	1,610	10	5.5%	5.4%	5.3%	5.2%	5.7%	5.6%	1,480	130	1,459	150
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,330	1,370	40	5.3%	5.1%	5.1%	4.9%	5.5%	5.3%	1,150	220	1,168	201
T-13	KDX Residence Shirokane I	F	3,080	3,190	110	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	3,000	190	3,049	140
T-14	KDX Residence Shirokane III	F	3,220	3,370	150	4.6%	4.4%	4.4%	4.2%	4.8%	4.6%	2,900	470	2,944	425
T-15	KDX Residence Shirokane II	F	2,890	3,000	110	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	2,800	200	2,849	150
T-16	KDX Residence Minami-aoyama	F	2,280	2,280	—	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	2,230	50	2,261	18
T-17	KDX Residence Minami-azabu	F	2,190	2,290	100	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	2,080	210	2,113	176
T-18	KDX Residence Shiba Koen	F	1,870	1,990	120	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	1,781	209	1,809	180
T-19	KDX Residence Azabu East	F	1,720	1,790	70	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	1,560	230	1,581	208
T-20	KDX Residence Takanawa	F	810	842	32	4.6%	4.4%	4.4%	4.2%	4.8%	4.6%	770	72	785	56

Note1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd. and "M" means Morii Appraisal & Investment Consulting Inc. Appraisal values are rounded down to the nearest ¥M. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(Previous; [T-1~48 and R-1~33: July 31, 2014/ T-49~55 and R-34: May 1, 2014/ R-35~36: September 1, 2014/ R-37: December 1, 2014 ] / 6th Period; January 31, 2015), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values.

## Appraisal Values 2/5

	No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		(in millions of yen)			
				Previous a	End of 5th Period b	Difference c [b-a]	Previous	End of 6th Period	Previous	End of 6th Period	Previous	End of 6th Period	Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
Tokyo Metropolitan Area	T-21	KDX Residence Nishihara	F	1,590	1,690	100	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	1,450	240	1,474	215
	T-22	KDX Residence Daikanyama II	F	758	859	101	4.9%	4.7%	4.7%	4.5%	5.1%	4.9%	730	129	745	113
	T-23	KDX Residence Sendagaya	F	700	728	28	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	650	78	662	65
	T-24	KDX Residence Nihonbashi Suitengu	D	3,450	3,470	20	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	3,240	230	3,297	172
	T-25	KDX Residence Nihonbashi Hakozaki	D	1,210	1,220	10	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,147	73	1,169	50
	T-26	KDX Residence Higashi-shinjuku	F	3,470	3,610	140	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	3,270	340	3,318	291
	T-27	KDX Residence Yotsuya	F	2,320	2,360	40	4.9%	4.6%	4.7%	4.4%	5.1%	4.8%	2,260	100	2,296	63
	T-28	KDX Residence Nishi-shinjuku	F	1,110	1,130	20	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,000	130	1,019	110
	T-29	KDX Residence Kagurazaka	F	774	791	17	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	720	71	734	56
	T-30	KDX Residence Futako Tamagawa	F	1,320	1,360	40	4.9%	4.7%	4.7%	4.5%	5.1%	4.9%	1,250	110	1,273	86
	T-31	KDX Residence Komazawa Koen	F	975	1,020	45	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	920	100	937	82
	T-32	KDX Residence Misyuku	F	810	844	34	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	760	84	775	68
	T-33	KDX Residence Yoga	F	750	788	38	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	700	88	715	72
	T-34	KDX Residence Shimouma	F	621	655	34	4.9%	4.7%	4.7%	4.5%	5.1%	4.9%	600	55	615	39
	T-35	Raffine Minami-magome	F	1,570	1,620	50	5.9%	5.7%	5.7%	5.5%	6.1%	5.9%	1,250	370	1,266	353
	T-36	KDX Residence Yukigaya Otsuka	F	1,130	1,160	30	5.1%	4.9%	4.9%	4.7%	5.3%	5.1%	1,050	110	1,070	89
	T-37	KDX Residence Denen Chofu	D	1,080	1,100	20	5.1%	4.9%	4.9%	4.7%	5.3%	5.1%	1,000	100	1,026	73
	T-38	KDX Residence Tamagawa	F	815	851	36	5.1%	4.9%	4.9%	4.7%	5.3%	5.1%	776	75	789	61
	T-39	KDX Residence Monzennakacho	F	826	859	33	4.9%	4.7%	4.7%	4.5%	5.1%	4.9%	773	86	788	70
	T-40	KDX Residence Okachimachi	F	889	932	43	5.0%	4.8%	4.8%	4.6%	5.2%	5.0%	850	82	866	65

Note1: Regarding Appraisers, "F" means Japan Real Estate Institute, "D" means Daiwa Real Estate Appraisal co., Ltd. and "M" means Morii Appraisal & Investment Consulting Inc. Appraisal values are rounded down to the nearest ¥M. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(Previous; [T-1~48 and R-1~33: July 31, 2014/ T-49~55 and R-34: May 1, 2014/ R-35~36: September 1, 2014/ R-37: December 1, 2014 ] / 6th Period; January 31, 2015), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values.

## Appraisal Values 3/5

	No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		(in millions of yen)			
				Previous a	End of 5th Period b	Difference c [b-a]	Previous	End of 6th Period	Previous	End of 6th Period	Previous	End of 6th Period	Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
Tokyo Metropolitan Area	T-41	KDX Residence Moto-asakusa	F	840	874	34	4.9%	4.7%	4.7%	4.5%	5.1%	4.9%	800	74	816	57
	T-42	KDX Residence Itabashi Honcho	F	668	692	24	5.2%	5.0%	5.0%	4.8%	5.4%	5.2%	620	72	634	57
	T-43	KDX Residence Azusawa	F	585	613	28	5.3%	5.0%	5.1%	4.8%	5.5%	5.2%	550	63	563	49
	T-44	KDX Residence Tobu Nerima	F	456	473	17	5.2%	5.0%	5.0%	4.8%	5.4%	5.2%	420	53	429	43
	T-45	KDX Residence Yokohama Kannai	F	860	895	35	5.3%	5.1%	5.1%	4.9%	5.5%	5.3%	800	95	816	78
	T-46	KDX Residence Miyamaedaira	F	1,020	1,060	40	5.2%	5.0%	5.0%	4.8%	5.4%	5.2%	999	61	1,017	42
	T-47	KDX Residence Machida	F	1,870	1,900	30	5.1%	4.9%	4.9%	4.7%	5.3%	5.1%	1,800	100	1,828	71
	T-48	KDX Residence Kinshicho	F	1,450	1,470	20	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	1,350	120	1,392	77
	T-49	KDX Residence Nihombashi Hamacho	F	1,040	1,090	50	4.7%	4.5%	4.5%	4.3%	4.9%	4.7%	996	94	1,030	59
	T-50	KDX Residence Nihombashi Ningyocho	F	578	590	12	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	530	60	548	41
	T-51	KDX Residence Jiyugaoka	F	1,360	1,410	50	4.6%	4.4%	4.4%	4.2%	4.8%	4.6%	1,268	142	1,305	104
	T-52	KDX Residence Togoshi	F	3,990	4,210	220	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	3,745	465	3,860	349
	T-53	KDX Residence Shinagawa Seaside	F	2,880	3,010	130	4.8%	4.6%	4.6%	4.4%	5.0%	4.8%	2,593	417	2,679	330
	T-54	KDX Residence Ojima	F	1,980	2,030	50	4.9%	4.7%	4.7%	4.5%	5.1%	4.9%	1,857	173	1,926	103
	T-55	KDX Residence Oyama	F	2,840	2,970	130	5.1%	4.9%	4.9%	4.7%	5.3%	5.1%	2,679	291	2,781	188
<b>Subtotal</b>				<b>87,748</b>	<b>90,860</b>	<b>3,112</b>							<b>82,086</b>	<b>8,774</b>	<b>83,641</b>	<b>7,218</b>
Other Regional Areas	R-1	KDX Toyohira Sanjo Residence	F	687	708	21	6.0%	5.8%	5.8%	5.6%	6.2%	6.0%	582.5	125	587	120
	R-2	KDX JozenjiDori Residence	D	1,190	1,220	30	5.8%	5.6%	5.6%	5.4%	6.0%	5.8%	1,015	205	1,025	194
	R-3	KDX Izumi Residence	F	1,210	1,250	40	5.4%	5.2%	5.2%	5.0%	5.6%	5.4%	1,120	130	1,124	125
	R-4	KDX Chihaya Residence	F	1,200	1,260	60	5.6%	5.3%	5.4%	5.1%	5.8%	5.5%	1,080	180	1,085	174

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## Appraisal Values 4/5

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		(in millions of yen)			
			Previous a	End of 5th Period b	Difference c [b-a]	Previous	End of 6th Period	Previous	End of 6th Period	Previous	End of 6th Period	Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
R-5	KDX Sakaisuji Hommachi Residence	F	3,040	3,110	70	5.3%	5.1%	5.1%	4.9%	5.5%	5.3%	2,910	200	2,900	209
R-6	KDX Shimmachi Residence	F	1,140	1,170	30	5.4%	5.2%	5.2%	5.0%	5.6%	5.4%	1,015	155	1,011	158
R-7	KDX Takarazuka Residence	F	1,690	1,740	50	5.5%	5.3%	5.3%	5.1%	5.7%	5.5%	1,510	230	1,496	243
R-8	KDX Shimizu Residence	F	1,890	1,950	60	5.6%	5.4%	5.4%	5.2%	5.8%	5.6%	1,680	270	1,682	267
R-9	KDX Residence Odori Koen	F	791	819	28	5.7%	5.5%	5.5%	5.3%	5.9%	5.7%	765	54	784	34
R-10	KDX Residence Kikusui Yojo	F	859	884	25	5.9%	5.7%	5.7%	5.5%	6.1%	5.9%	830	54	850	33
R-11	KDX Residence Tokyohira Koen	F	476	491	15	6.0%	5.8%	5.8%	5.6%	6.2%	6.0%	445	46	458	32
R-12	KDX Residence Kamisugi	D	761	805	44	5.8%	5.6%	5.6%	5.4%	6.0%	5.8%	700	105	717	87
R-13	KDX Residence Ichiban-cho	D	585	603	18	5.8%	5.6%	5.6%	5.4%	6.0%	5.8%	530	73	544	58
R-14	KDX Residence Kotodai	D	534	535	1	5.8%	5.6%	5.6%	5.4%	6.0%	5.8%	520	15	533	1
R-15	KDX Residence Izumi Chuo	D	538	553	15	5.9%	5.7%	5.7%	5.5%	6.1%	5.9%	480	73	493	59
R-16	KDX Residence Higashi-sakura I	F	2,510	2,630	120	5.4%	5.2%	5.2%	5.0%	5.6%	5.4%	2,350	280	2,397	232
R-17	KDX Residence Higashi-sakura II	F	938	971	33	5.5%	5.3%	5.3%	5.1%	5.7%	5.5%	900	71	921	49
R-18	KDX Residence Atsuta Jingu	F	898	951	53	5.7%	5.5%	5.5%	5.3%	5.9%	5.7%	840	111	859	91
R-19	KDX Residence Nishi-oji	D	850	858	8	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	813	45	835	22
R-20	KDX Residence Saiin	D	477	478	1	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	440	38	453	24
R-21	KDX Residence Namba	F	1,460	1,510	50	5.7%	5.5%	5.5%	5.3%	5.9%	5.7%	1,410	100	1,444	65
R-22	KDX Residence Namba-minami	F	1,430	1,470	40	5.6%	5.4%	5.4%	5.2%	5.8%	5.6%	1,350	120	1,381	88
R-23	KDX Residence Shin-osaka	F	539	559	20	5.7%	5.5%	5.5%	5.3%	5.9%	5.7%	510	49	522	36
R-24	KDX Residence Ibaraki I・II	F	1,330	1,367	37	5.8%	5.6%	5.6%	5.4%	6.0%	5.8%	1,275	92	1,296	70

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## Appraisal Values 5/5

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		(in millions of yen)			
			Previous a	End of 5th Period b	Difference c [b-a]	Previous	End of 6th Period	Previous	End of 6th Period	Previous	End of 6th Period	Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
R-25	KDX Residence Toyonaka-minami	F	756	775	19	5.8%	5.6%	5.6%	5.4%	6.0%	5.8%	740	35	752	22
R-26	KDX Residence Moriguchi	F	577	597	20	5.8%	5.6%	5.6%	5.4%	6.0%	5.8%	551	46	564	32
R-27	KDX Residence Sannomiya	F	1,160	1,210	50	5.4%	5.2%	5.2%	5.0%	5.6%	5.4%	1,080	130	1,104	105
R-28	Ashiya Royal Homes	F	1,450	1,510	60	5.3%	5.1%	5.1%	4.9%	5.5%	5.3%	1,360	150	1,421	88
R-29	KDX Residence Funairi Saiwai-cho	F	611	626	15	6.2%	6.0%	6.0%	5.8%	6.4%	6.2%	588	38	601	24
R-30	KDX Residence Tenjin-higashi II	F	760	786	26	5.6%	5.4%	5.4%	5.2%	5.8%	5.6%	680	106	697	88
R-31	KDX Residence Tenjin-higashi I	F	379	380	1	5.6%	5.4%	5.4%	5.2%	5.8%	5.6%	370	10	381	-1
R-32	KDX Residence Nishi Koen	F	789	821	32	5.6%	5.4%	5.4%	5.2%	5.8%	5.6%	763	58	780	40
R-33	KDX Residence Hirao Josui-machi	F	794	825	31	5.4%	5.2%	5.2%	5.0%	5.6%	5.4%	760	65	777	47
R-34	Melody Heim Gotenyama	F	476	476	-	6.2%	6.1%	6.0%	5.9%	6.4%	6.3%	400	76	418	57
R-35	Leopalace Flat Shin-sakae	M	3,720	3,860	140	5.4%	5.2%	5.3%	5.1%	5.6%	5.4%	3,500	360	3,776	83
R-36	KDX Residence Koman Yamate	F	1,010	1,050	40	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	973	77	1,010	39
R-37	KDX Residence Hommachibashi	F	3,320	3,380	60	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	3,201	179	3,344	35
<b>Subtotal</b>			<b>42,825</b>	<b>44,188</b>	<b>1,363</b>							<b>40,036.5</b>	<b>4,151</b>	<b>41,039</b>	<b>3,148</b>
<b>Total</b>			<b>130,573</b>	<b>135,048</b>	<b>4,475</b>							<b>122,122.5</b>	<b>12,925</b>	<b>124,680</b>	<b>10,367</b>

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Portfolio Performance (6th Fiscal Period ended January 31, 2015) 1/5

(in thousands of yen)

No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type	Rentable Units (units)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenue a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per Year)	NOI Cap Rate after Depreciation (per Year)
T-1	KDX Daikanyama Residence	4,700,000	4,779,285	5,310,000	SF	86	5,338.99	4,835.37	90.6%	184	151,446	43,623	107,823	15,204	92,618	4.6%	3.9%
T-2	KDX Yoyogi Residence	1,320,000	1,334,264	1,520,000	SF	50	1,593.93	1,593.93	100.0%	184	49,047	11,105	37,942	5,146	32,796	5.7%	4.9%
T-3	KDX Odemma Residence	1,775,000	1,784,872	1,950,000	SF	54	2,353.23	2,268.93	96.4%	184	54,127	12,123	42,003	10,507	31,496	4.7%	3.5%
T-4	KDX Iwamoto-cho Residence	822,000	829,692	911,000	SF	36	1,131.24	1,131.24	100.0%	184	26,481	6,508	19,972	5,199	14,773	4.8%	3.6%
T-5	KDX Bunkyo Sengoku Residence	1,488,000	1,503,114	1,710,000	S	77	2,054.10	2,028.40	98.7%	184	49,514	12,696	36,818	6,446	30,371	4.9%	4.0%
T-6	KDX Azumabashi Residence	650,000	652,827	796,000	S	41	1,054.83	1,007.35	95.5%	184	24,128	4,978	19,149	4,880	14,268	5.8%	4.4%
T-7	KDX Shimura Sakaue Residence	2,830,000	2,831,316	3,200,000	F	85	6,117.48	5,971.05	97.6%	184	101,338	20,001	81,336	21,263	60,072	5.7%	4.2%
T-8	Nichii Home Tama Plaza	960,000	989,335	960,000	-	-	-	-	-	184	34,560	636	33,924	-	33,924	7.0%	7.0%
T-9	Cosmo Heim Motosumiyoshi	1,750,000	1,798,041	1,750,000	-	-	-	-	-	184	43,749	1,064	42,685	-	42,685	4.8%	4.8%
T-10	KDX Musashi Nakahara Residence	637,000	644,484	687,000	F	35	2,123.46	2,062.98	97.2%	184	24,913	7,161	17,752	4,046	13,706	5.5%	4.3%
T-11	KDX Chiba Chuo Residence	1,480,000	1,459,786	1,610,000	S	106	3,546.91	3,152.00	88.9%	184	59,782	20,239	39,543	17,093	22,450	5.3%	3.0%
T-12	KDX Kawaguchi Saiwai-cho Residence	1,150,000	1,168,057	1,370,000	SF	61	2,491.66	2,023.32	81.2%	184	42,847	12,085	30,761	7,211	23,550	5.3%	4.1%
T-13	KDX Residence Shirokane I	3,000,000	3,049,085	3,190,000	SF	50	3,617.32	3,520.30	97.3%	184	107,399	39,090	68,308	7,428	60,880	4.5%	4.0%
T-14	KDX Residence Shirokane III	2,900,000	2,944,477	3,370,000	SF	67	3,635.33	3,409.51	93.8%	184	94,417	19,433	74,983	9,036	65,947	5.1%	4.5%
T-15	KDX Residence Shirokane II	2,800,000	2,849,079	3,000,000	S	85	2,889.66	2,817.82	97.5%	184	88,824	18,293	70,531	6,626	63,904	5.0%	4.5%
T-16	KDX Residence Minami-aoyama	2,230,000	2,261,547	2,280,000	SF	20	1,680.79	1,527.81	90.9%	184	63,478	11,069	52,408	3,202	49,206	4.7%	4.4%
T-17	KDX Residence Minami-azabu	2,080,000	2,113,379	2,290,000	SF	62	2,785.42	2,651.37	95.2%	184	66,219	13,883	52,336	6,729	45,606	5.0%	4.3%
T-18	KDX Residence Shiba Koen	1,781,000	1,809,847	1,990,000	SF	64	2,507.52	2,338.82	93.3%	184	60,115	13,098	47,017	5,757	41,260	5.2%	4.6%
T-19	KDX Residence Azabu East	1,560,000	1,581,300	1,790,000	S	76	1,849.00	1,849.00	100.0%	184	51,907	10,140	41,766	5,942	35,824	5.3%	4.6%
T-20	KDX Residence Takanawa	770,000	785,328	842,000	SF	27	1,034.27	1,034.27	100.0%	184	24,205	6,104	18,100	2,744	15,355	4.7%	4.0%

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> and more than 20 rentable units per property], Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m<sup>2</sup> and less than 60m<sup>2</sup> and more than 15 rentable units per property], Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m<sup>2</sup> and more than 5 rentable units per property]

Portfolio Performance (6th Fiscal Period ended January 31, 2015) 2/5

(in thousands of yen)

	No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type	Rentable Units (units)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenue	Leasing Business Expenses	NOI	Depreciation	Leasing Business Income	NOI Cap Rate	NOI Cap Rate after Depreciation
												a	b	c [a-b]	d	e [c-d]	(per Year)	(per Year)
Tokyo Metropolitan Area	T-21	KDX Residence Nishihara	1,450,000	1,474,688	1,690,000	SF	39	2,310.08	2,261.08	97.9%	184	50,682	13,775	36,907	5,600	31,306	5.0%	4.3%
	T-22	KDX Residence Daikanyama II	730,000	745,164	859,000	F	17	985.10	985.10	100.0%	184	27,107	6,222	20,884	968	19,915	5.7%	5.4%
	T-23	KDX Residence Sendagaya	650,000	662,401	728,000	SF	16	748.96	748.96	100.0%	184	22,937	7,493	15,443	2,796	12,646	4.7%	3.9%
	T-24	KDX Residence Nihonbashi Suitengu	3,240,000	3,297,340	3,470,000	F	79	5,534.86	5,534.86	100.0%	184	94,761	12,275	82,486	17,549	64,936	5.1%	4.0%
	T-25	KDX Residence Nihonbashi Hakozaki	1,147,000	1,169,661	1,220,000	S	60	1,537.38	1,405.25	91.4%	184	38,176	11,643	26,532	6,406	20,126	4.6%	3.5%
	T-26	KDX Residence Higashi-shinjuku	3,270,000	3,318,408	3,610,000	S	179	4,358.43	4,315.61	99.0%	184	107,447	19,323	88,124	11,540	76,583	5.3%	4.6%
	T-27	KDX Residence Yotsuya	2,260,000	2,296,279	2,360,000	F	42	3,101.16	2,911.32	93.9%	184	72,187	21,217	50,969	8,944	42,025	4.5%	3.7%
	T-28	KDX Residence Nishi-shinjuku	1,000,000	1,019,026	1,130,000	S	54	1,345.92	1,321.61	98.2%	184	34,162	6,521	27,641	3,805	23,835	5.5%	4.7%
	T-29	KDX Residence Kagurazaka	720,000	734,236	791,000	S	34	890.93	840.30	94.3%	184	24,019	5,658	18,361	3,293	15,067	5.1%	4.2%
	T-30	KDX Residence Futako Tamagawa	1,250,000	1,273,492	1,360,000	F	38	2,339.62	2,339.62	100.0%	184	42,357	6,490	35,866	5,123	30,742	5.7%	4.9%
	T-31	KDX Residence Komazawa Koen	920,000	937,349	1,020,000	SF	32	1,020.18	1,020.18	100.0%	184	28,622	6,317	22,305	4,571	17,733	4.8%	3.8%
	T-32	KDX Residence Misyuku	760,000	775,474	844,000	S	39	1,103.82	1,103.82	100.0%	184	26,410	6,074	20,335	3,063	17,271	5.3%	4.5%
	T-33	KDX Residence Yoga	700,000	715,003	788,000	S	38	1,012.80	1,012.80	100.0%	184	23,752	4,233	19,519	2,585	16,934	5.5%	4.8%
	T-34	KDX Residence Shimouma	600,000	615,666	655,000	S	29	829.05	829.05	100.0%	184	19,595	5,338	14,257	2,217	12,040	4.7%	4.0%
	T-35	Raffine Minami-magome	1,250,000	1,266,255	1,620,000	S	56	2,408.56	2,408.56	100.0%	184	51,614	3,194	48,420	3,958	44,461	7.7%	7.1%
	T-36	KDX Residence Yukigaya Otsuka	1,050,000	1,070,196	1,160,000	S	72	1,526.98	1,526.98	100.0%	184	36,773	9,081	27,691	5,426	22,264	5.2%	4.2%
	T-37	KDX Residence Denen Chofu	1,000,000	1,026,007	1,100,000	F	36	2,359.44	2,293.90	97.2%	184	35,857	8,963	26,893	3,361	23,532	5.3%	4.7%
	T-38	KDX Residence Tamagawa	776,000	789,319	851,000	S	52	1,170.40	1,170.40	100.0%	184	28,441	5,781	22,659	5,861	16,798	5.8%	4.3%
	T-39	KDX Residence Monzennakacho	773,000	788,322	859,000	S	49	1,171.41	1,142.64	97.5%	184	26,556	6,792	19,764	3,912	15,852	5.1%	4.1%
	T-40	KDX Residence Okachimachi	850,000	866,810	932,000	S	51	1,329.79	1,329.79	100.0%	184	29,295	5,598	23,697	3,722	19,975	5.5%	4.7%

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Portfolio Performance (6th Fiscal Period ended January 31, 2015) 3/5

(in thousands of yen)

	No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type	Rentable Units (units)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenue a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per Year)	NOI Cap Rate after Depreciation (per Year)
Tokyo Metropolitan Area	T-41	KDX Residence Moto-asakusa	800,000	816,819	874,000	SF	44	1,314.91	1,240.51	94.3%	184	28,640	6,969	21,671	4,366	17,304	5.4%	4.3%
	T-42	KDX Residence Itabashi Honcho	620,000	634,615	692,000	S	46	1,127.58	1,058.57	93.9%	184	23,679	4,766	18,913	4,192	14,720	6.1%	4.7%
	T-43	KDX Residence Azusawa	550,000	563,135	613,000	S	39	989.82	900.06	90.9%	184	18,746	4,269	14,476	3,198	11,278	5.2%	4.1%
	T-44	KDX Residence Tobu Nerima	420,000	429,212	473,000	S	37	931.82	911.45	97.8%	184	17,016	5,267	11,749	3,761	7,987	5.5%	3.8%
	T-45	KDX Residence Yokohama Kannai	800,000	816,160	895,000	S	72	1,602.16	1,429.52	89.2%	184	31,970	11,841	20,128	5,823	14,305	5.0%	3.5%
	T-46	KDX Residence Miyamaedaira	999,000	1,017,116	1,060,000	F	40	2,448.27	2,204.37	90.0%	184	34,727	8,084	26,643	6,149	20,494	5.3%	4.1%
	T-47	KDX Residence Machida	1,800,000	1,828,300	1,900,000	F	52	3,832.53	3,620.90	94.5%	184	61,790	13,643	48,147	14,796	33,351	5.3%	3.7%
	T-48	KDX Residence Kinshicho	1,350,000	1,392,825	1,470,000	F	33	2,024.81	1,970.95	97.3%	184	39,051	11,371	27,679	6,845	20,834	4.1%	3.1%
	T-49	KDX Residence Nihombashi Hamacho	996,000	1,030,310	1,090,000	F	28	1,756.27	1,756.27	100.0%	178	29,225	3,101	26,124	4,069	22,054	5.4%	4.5%
	T-50	KDX Residence Nihombashi Ningyocho	530,000	548,119	590,000	S	27	877.14	797.04	90.9%	178	14,860	6,364	8,495	1,874	6,621	3.3%	2.6%
	T-51	KDX Residence Jiyugaoka	1,268,000	1,305,675	1,410,000	SF	48	1,637.00	1,435.27	87.7%	178	35,083	5,983	29,099	3,695	25,403	4.7%	4.1%
	T-52	KDX Residence Togoshi	3,745,000	3,860,902	4,210,000	SF	144	4,591.76	4,455.89	97.0%	178	116,186	13,529	102,657	16,734	85,922	5.6%	4.7%
	T-53	KDX Residence Shinagawa Seaside	2,593,000	2,679,731	3,010,000	S	127	3,314.75	2,962.30	89.4%	178	81,568	15,875	65,692	12,669	53,023	5.2%	4.2%
	T-54	KDX Residence Ojima	1,857,000	1,926,898	2,030,000	S	117	2,372.67	2,372.67	100.0%	178	53,706	11,856	41,849	11,039	30,810	4.6%	3.4%
	T-55	KDX Residence Oyama	2,679,000	2,781,060	2,970,000	SF	145	4,009.07	3,657.37	91.2%	178	86,097	12,578	73,519	16,540	56,979	5.6%	4.4%
	<b>Subtotal</b>		<b>82,086,000</b>	<b>83,641,113</b>	<b>90,860,000</b>		<b>3,093</b>	<b>117,720.57</b>	<b>112,498.44</b>	<b>95.6%</b>		<b>2,711,615</b>	<b>590,837</b>	<b>2,120,778</b>	<b>364,934</b>	<b>1,755,844</b>	<b>5.2%</b>	<b>4.3%</b>
Other Regional Areas	R-1	KDX Toyohira Sanjo Residence	582,500	587,359	708,000	SF	63	2,868.75	2,868.75	100.0%	184	30,446	6,669	23,777	5,929	17,848	8.1%	6.1%
	R-2	KDX JozenjiDori Residence	1,015,000	1,025,830	1,220,000	S	92	3,330.15	3,271.53	98.2%	184	49,015	11,646	37,368	10,315	27,053	7.3%	5.3%
	R-3	KDX Izumi Residence	1,120,000	1,124,035	1,250,000	F	40	2,798.20	2,798.20	100.0%	184	42,505	8,951	33,554	9,092	24,461	5.9%	4.3%
	R-4	KDX Chihaya Residence	1,080,000	1,085,273	1,260,000	SF	92	2,936.40	2,832.14	96.4%	184	47,949	11,363	36,586	10,007	26,578	6.7%	4.9%

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Portfolio Performance (6th Fiscal Period ended January 31, 2015) 4/5

(in thousands of yen)

No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type	Rentable Units (units)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenue a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per Year)	NOI Cap Rate after Depreciation (per Year)	
Other Regional Areas	R-5	KDX Sakaisuji Hommachi Residence	2,910,000	2,900,097	3,110,000	SF	160	6,385.70	5,952.15	93.2%	184	104,057	26,365	77,691	23,475	54,215	5.3%	3.7%
	R-6	KDX Shimmachi Residence	1,015,000	1,011,905	1,170,000	S	94	2,146.02	2,123.19	98.9%	184	40,146	7,288	32,857	8,919	23,938	6.4%	4.7%
	R-7	KDX Takarazuka Residence	1,510,000	1,496,762	1,740,000	F	80	4,631.16	4,432.49	95.7%	184	57,438	12,314	45,123	16,468	28,655	5.9%	3.8%
	R-8	KDX Shimizu Residence	1,680,000	1,682,974	1,950,000	SF	148	6,255.16	5,759.23	92.1%	184	70,359	15,509	54,850	14,174	40,675	6.5%	4.8%
	R-9	KDX Residence Odori Koen	765,000	784,421	819,000	SF	78	2,762.76	2,620.70	94.9%	184	32,750	9,493	23,257	7,825	15,431	6.0%	4.0%
	R-10	KDX Residence Kikusui Yojo	830,000	850,299	884,000	SF	84	3,413.06	3,137.73	91.9%	184	37,913	9,176	28,736	7,486	21,250	6.9%	5.1%
	R-11	KDX Residence Tokyohira Koen	445,000	458,490	491,000	SF	65	2,253.81	2,152.22	95.5%	184	23,575	7,685	15,890	4,371	11,519	7.1%	5.1%
	R-12	KDX Residence Kamisugi	700,000	717,156	805,000	SF	66	2,073.06	2,009.93	97.0%	184	32,727	7,155	25,571	6,181	19,390	7.2%	5.5%
	R-13	KDX Residence Ichiban-cho	530,000	544,341	603,000	SF	45	1,818.09	1,818.09	100.0%	184	26,084	6,477	19,607	5,003	14,603	7.3%	5.5%
	R-14	KDX Residence Kotodai	520,000	533,554	535,000	SF	27	1,475.73	1,475.73	100.0%	184	20,294	5,367	14,927	4,430	10,497	5.7%	4.0%
	R-15	KDX Residence Izumi Chuo	480,000	493,736	553,000	SF	40	2,159.25	1,986.23	92.0%	184	23,127	5,806	17,320	4,466	12,853	7.2%	5.3%
	R-16	KDX Residence Higashi-sakura I	2,350,000	2,397,423	2,630,000	SF	187	6,221.83	5,922.58	95.2%	184	100,726	26,154	74,571	17,657	56,914	6.3%	4.8%
	R-17	KDX Residence Higashi-sakura II	900,000	921,164	971,000	SF	66	2,655.31	2,496.71	94.0%	184	38,920	12,112	26,808	6,948	19,859	5.9%	4.4%
	R-18	KDX Residence Atsuta Jingu	840,000	859,521	951,000	SF	95	2,724.19	2,614.53	96.0%	184	39,396	10,826	28,570	7,298	21,271	6.7%	5.0%
	R-19	KDX Residence Nishi-oji	813,000	835,254	858,000	S	76	2,353.55	2,328.05	98.9%	184	33,508	7,610	25,897	6,327	19,570	6.3%	4.8%
	R-20	KDX Residence Saiin	440,000	453,642	478,000	S	49	1,094.81	1,031.17	94.2%	184	18,233	4,817	13,415	3,848	9,567	6.0%	4.3%
	R-21	KDX Residence Namba	1,410,000	1,444,111	1,510,000	S	118	3,387.30	3,259.41	96.2%	184	58,693	12,509	46,184	9,913	36,271	6.5%	5.1%
	R-22	KDX Residence Namba-minami	1,350,000	1,381,470	1,470,000	S	131	3,813.31	3,641.59	95.5%	184	55,605	11,448	44,157	11,730	32,426	6.5%	4.8%
	R-23	KDX Residence Shin-osaka	510,000	522,270	559,000	SF	43	1,321.04	1,260.84	95.4%	184	22,352	4,322	18,029	5,177	12,852	7.0%	5.0%
	R-24	KDX Residence Ibaraki I・II	1,275,000	1,296,716	1,367,000	F	61	4,701.87	4,469.44	95.1%	184	55,033	13,887	41,145	6,841	34,304	6.4%	5.3%

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Portfolio Performance (6th Fiscal Period ended January 31, 2015) 5/5

(in thousands of yen)

No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type	Rentable Units (units)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenue a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per Year)	NOI Cap Rate after Depreciation (per Year)
R-25	KDX Residence Toyonaka-minami	740,000	752,666	775,000	SF	70	2,024.50	1,931.68	95.4%	184	29,740	6,243	23,496	8,126	15,369	6.3%	4.1%
R-26	KDX Residence Moriguchi	551,000	564,103	597,000	F	28	1,942.78	1,942.78	100.0%	184	24,289	5,261	19,027	5,409	13,617	6.9%	4.9%
R-27	KDX Residence Sannomiya	1,080,000	1,104,137	1,210,000	S	86	2,292.72	2,266.83	98.9%	184	39,929	9,414	30,515	7,693	22,821	5.6%	4.2%
R-28	Ashiya Royal Homes	1,360,000	1,421,561	1,510,000	F	21	3,999.01	3,717.62	93.0%	184	59,754	17,053	42,701	4,397	38,303	6.2%	5.6%
R-29	KDX Residence Funairi Saiwai-cho	588,000	601,076	626,000	S	64	1,889.53	1,830.54	96.9%	184	26,939	5,341	21,598	5,367	16,230	7.3%	5.5%
R-30	KDX Residence Tenjin-higashi II	680,000	697,764	786,000	SF	63	2,602.53	2,561.22	98.4%	184	30,503	5,494	25,008	6,179	18,829	7.3%	5.5%
R-31	KDX Residence Tenjin-higashi I	370,000	381,784	380,000	SF	42	1,315.16	1,065.06	81.0%	184	16,883	4,817	12,066	3,528	8,538	6.5%	4.6%
R-32	KDX Residence Nishi Koen	763,000	780,712	821,000	F	36	2,522.16	2,522.16	100.0%	184	31,399	6,165	25,233	6,318	18,914	6.6%	4.9%
R-33	KDX Residence Hirao Josui-machi	760,000	777,600	825,000	F	24	2,098.68	1,910.15	91.0%	184	28,755	6,958	21,797	4,738	17,059	5.7%	4.5%
R-34	Melody Heim Gotenyama	400,000	418,409	476,000	F	36	2,297.24	2,236.22	97.3%	178	20,518	3,654	16,864	2,612	14,252	8.6%	7.3%
R-35	Leopalace Flat Shin-sakae	3,500,000	3,776,089	3,860,000	S	274	11,589.95	11,589.95	100.0%	65	42,545	1,635	40,909	16,515	24,393	6.6%	3.9%
R-36	KDX Residence Koman Yamate	973,000	1,010,763	1,050,000	SF	55	1,923.22	1,863.48	96.9%	79	14,173	1,386	12,787	2,448	10,338	6.1%	4.9%
R-37	KDX Residence Hommachibashi	3,201,000	3,344,884	3,380,000	SF	134	6,511.88	5,873.51	90.2%	45	29,328	4,324	25,004	7,291	17,713	6.3%	4.5%
<b>Subtotal</b>		<b>40,036,500</b>	<b>41,039,368</b>	<b>44,188,000</b>		<b>2,933</b>	<b>118,589.87</b>	<b>113,573.83</b>	<b>95.8%</b>		<b>1,455,625</b>	<b>332,713</b>	<b>1,122,912</b>	<b>294,517</b>	<b>8,283,948</b>	<b>6.4%</b>	<b>4.7%</b>
<b>Total</b>		<b>122,122,500</b>	<b>124,680,482</b>	<b>135,048,000</b>		<b>6,026</b>	<b>236,310.44</b>	<b>226,072.27</b>	<b>95.7%</b>		<b>4,167,241</b>	<b>923,550</b>	<b>3,243,690</b>	<b>659,451</b>	<b>2,584,238</b>	<b>5.5%</b>	<b>4.4%</b>

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