

# KENEDIX

Residential Investment Corporation

## Financial Results for the Eighth Fiscal Period (Ended January 2016)

March 15, 2016



TSE  
3278



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# **1. Financial Results for the 8<sup>th</sup> Fiscal Period (2H 2015: Ended January 2016)**

## Highlights from the 8<sup>th</sup> Fiscal Period (2<sup>nd</sup> Half of 2015: Ended January 2016)

### External Growth –Sustained external growth backed by mutual transaction and debt capacity–

- Acquired properties by **Mutual Transaction**
- Reshuffled properties with others to improve **portfolio quality** with respect to profitability, property age and other characteristics
- **Used debt capacity** to purchase a property with speed and flexibility

**Acquisition Price**  
(3 Sold Props ⇔ 5 Acquired Props)

¥4.5 billion ⇔ **¥6.9 billion**

**Appraisal NOI Cap Rate**  
(3 Sold Props ⇔ Acquired 4 Props by Mutual Transaction)

5.4 % ⇔ **5.9 %**

**Average Property Age**  
(3 Sold Props ⇔ Acquired 4 Props by Mutual Transaction)

8.5 years ⇔ **1.1 years**

### Financial Strategy –Steady progress with measures to increase unitholders' value–

- Changed to **positive** outlook for credit rating due to building investment policy, conservative financial policy and other strengths
- Consistent growth in **appraisal unrealized capital gains** and **NAV per unit** resulting from portfolio reshuffling and the decline in the cap rate
- Steadily converted **borrowings to long-term, fixed interest rate debt**

**Long-term Issuer Rating**

**A** (Outlook: Positive)

**Appraisal Unrealized Capital Gains**

**¥18.7 billion**

**NAV per Unit**

**¥283,388**

**Average Remaining Term of Loans**

**4.3 years**

**Fixed-Rate of Interest Rate**

**100 %**

### Property Operation –Sound property operation and actions to keep properties competitive for a long term–

- **Average occupancy rate of 96.1%** at existing properties/rent revenue **about ¥5 million higher than planned**
- Occupancy at **two newly constructed properties** acquired in 2H 2015 increased as expected
- Three properties received **DBJ Green Building Certification**

**Average Occupancy Rate**  
(1H 2015 ⇒ 2H 2015 (ex. 5 Acquired props))

95.8 % ▶ **96.1 %**

**Occupancy Rate of 2 Newly Constructed Props**  
(Oct. 2015 ⇒ Jan. 2016)

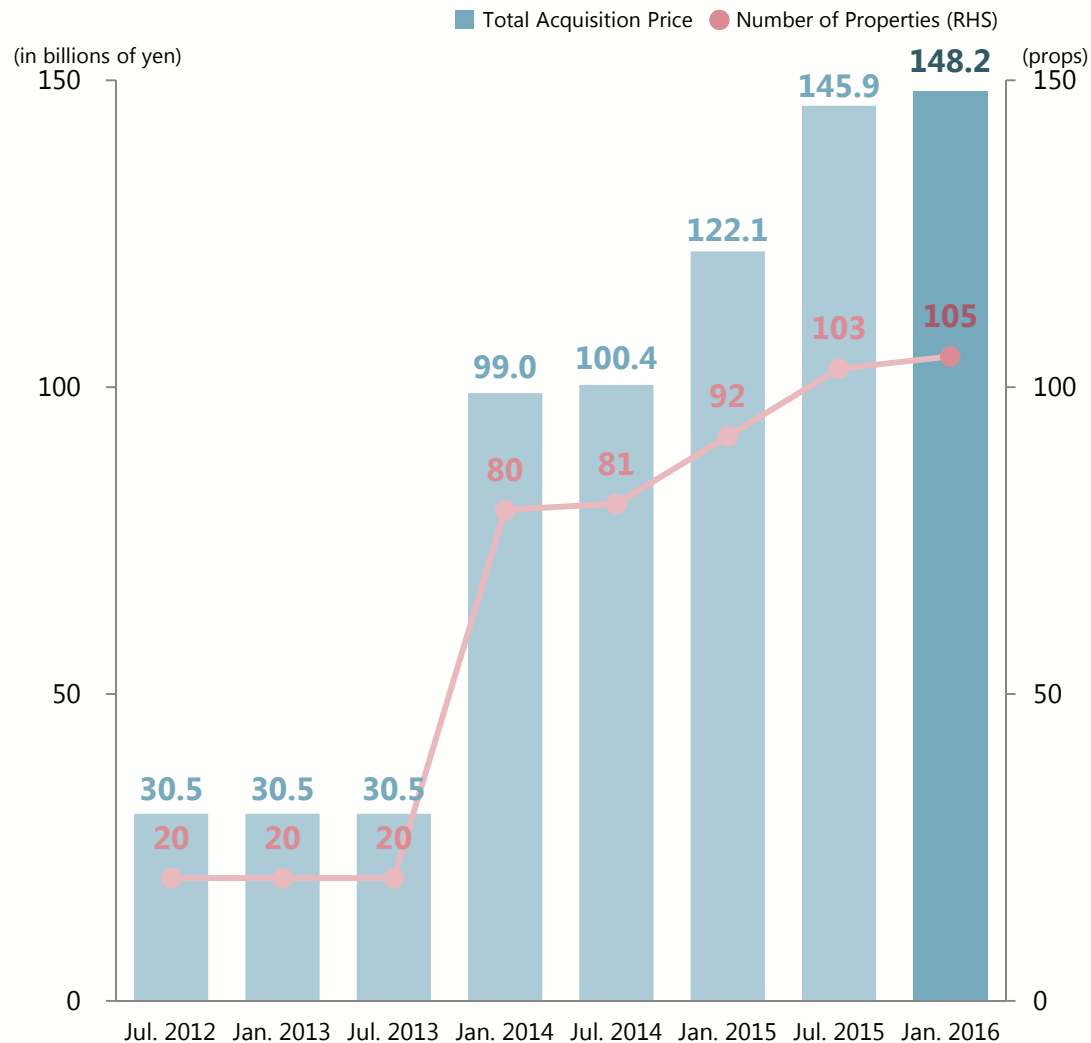
11.6 % ▶ **56.4 %**

**DBJ Green Building Certification**

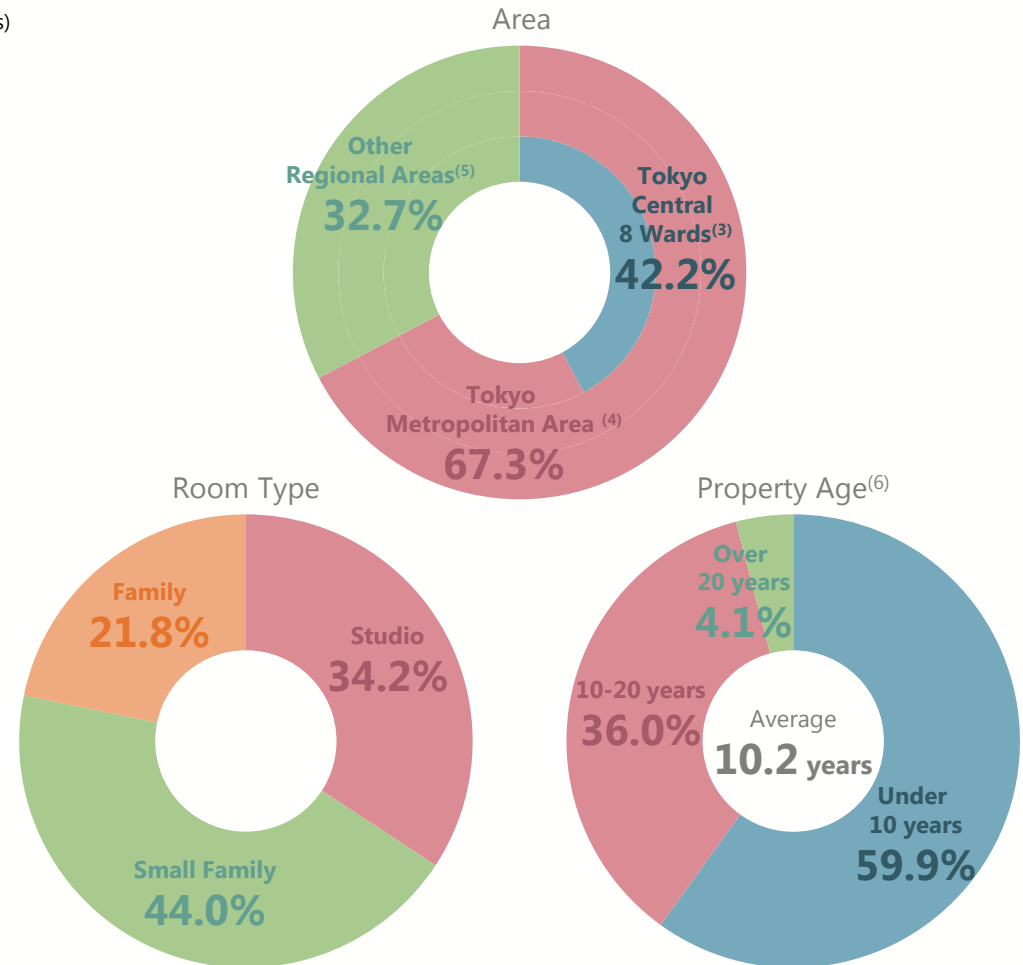
three stars: **2** props, two stars: **1** props

# Outlook of the Portfolio as of the End of January 2016

## Trends in Total Acquisition Price<sup>(1)</sup> and Number of Properties



## Portfolio Breakdown<sup>(2)</sup>



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

Note 2: "Asset Breakdown" describes the ratio by acquisition price.

Note 3: "Tokyo Central 8 Wards" include Minato-ku, Shibuya-ku, Chuo-ku, Chiyoda-ku, Shinjuku-ku, Meguro-ku, Setagaya-ku and Shinagawa-ku.

Note 4: "Tokyo Metropolitan Area" includes Tokyo, Kanagawa, Saitama and Chiba.

Note 5: "Other Regional Areas" include government-designed municipalities and other regional hub cities.






Note 6: "Property Age" is calculated by the weighted average by the acquisition price of the periods from completion dates to the end of January 2016.

## Outlook of the Properties Acquired in 2H 2015

### Outlook of Acquisition and Sale of the Properties in 2H 2015

	July 2015	3 Properties Sold on Mutual Transaction	4 Properties Acquired on Mutual Transaction	1 Property Acquired with New Loans	January 2016
Number of Properties	<b>103</b> props	<b>-3</b> props	<b>+4</b> props	<b>+1</b> prop	<b>105</b> props
Total Acquisition Price	<b>¥145.8</b> billion	<b>-¥4.5</b> billion	<b>+¥5.6</b> billion	<b>+¥1.2</b> billion	<b>¥148.1</b> billion
Rentable Units	<b>7,080</b> units	<b>-159</b> units	<b>+237</b> units	<b>+85</b> units	<b>7,243</b> units
Average Property Age <sup>(1)</sup>	<b>10.6</b> years	<b>8.5</b> years	<b>1.1</b> years	<b>0.3</b> years	<b>10.2</b> years

### Outlook of the Properties Acquired in 2H 2015

	4 Properties Acquired on Mutual Transaction				1 Property Acquired with New Loans
					
	<b>KDX Residence Akasaka</b>	<b>KDX Residence Kanda</b>	<b>KDX Residence Ebisu</b>	<b>KDX Residence Minami-sanjo</b>	<b>Serenite Kita-kyuhoji</b>
Acquisition Price	¥1,150 million	¥700 million	¥2,845 million	¥915 million	¥1,290 million
Appraisal Value <sup>(2)</sup>	¥1,380 million	¥862 million	¥3,460 million	¥1,400million	¥1,370 million
Appraisal NOI Cap Rate <sup>(2)</sup>	5.3%	5.6%	5.4%	8.6%	5.4%
Rentable Units	28 units	30 units	65 units	114 units	85 units
Occupancy Rate (Jan. 2016)	100.0%	97.4%	58.3%	97.1%	54.2%
Completion Month	December 2014	February 2015	September 2015	December 2010	July 2015
Primary Location Selection Criteria	<i>Jigurai</i>	Convenience	<i>Jigurai</i>	Convenience	Convenience
Property Type	Small Family	Small Family	Small Family	Small Family	Studio

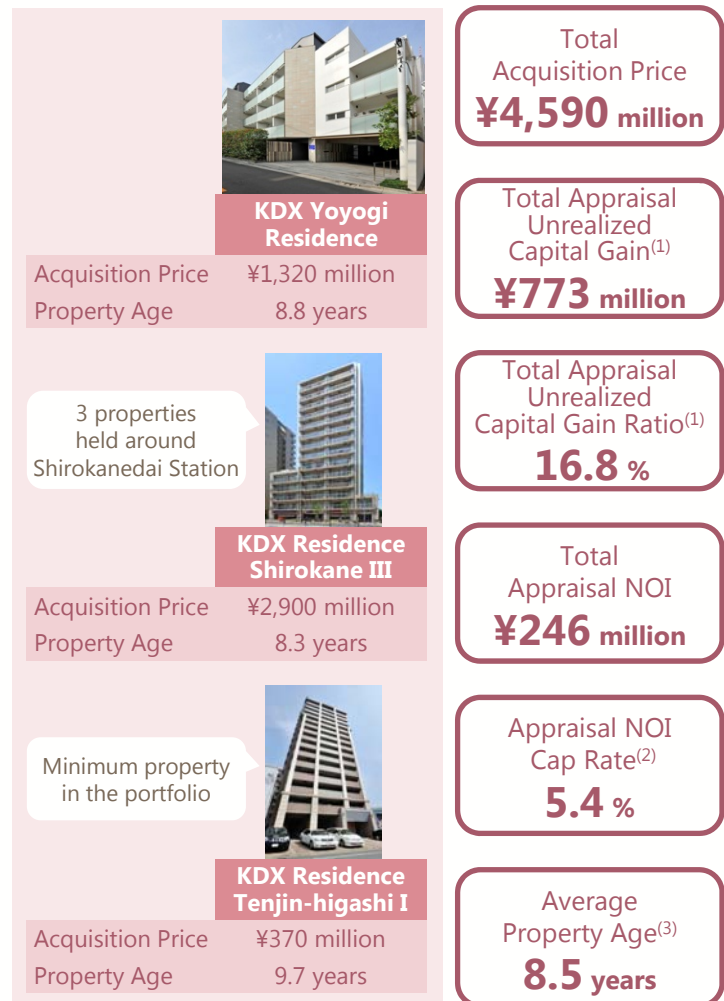
Note 1: "Average Property Age" is calculated by the weighted average by the acquisition price of the periods from completion dates to the end of January 2016(1H 2015 and 2H 2015 ) and from completion date to the end of October 2015(Others).  
Note 2: "Appraisal Value" is described the appraisal value at the time of acquisition of property. "Appraisal NOI Cap Rate" = NOI described in Appraisal Report / Acquisition Price

# Mutual Transaction of the Properties in 2H 2015

## Reshuffle of the Properties for Improving Portfolio Quality

Sale of 3 Residential Properties by Mutual Transaction

### Organizing Portfolio by the Sale of Properties



Acquisition of 4 Residential Properties by Mutual Transaction

### Acquisition of New-built Properties with Competitive Price



Note 1: "Total Appraisal Unrealized Capital Gain" = Total Appraisal Value - Total Acquisition Price. "Appraisal Unrealized Capital Gain Ratio" = Total Appraisal Unrealized Capital Gains / Total Acquisition Price.

Note 2: "Appraisal NOI Cap Rate" = Total Appraisal NOI described in the Appraisal Report / Total Acquisition Price

Note 3: "Average Property Age" is calculated by the weighted average by the acquisition price of the periods from completion dates to the end of October, 2015.



# Status of Bridge Fund

## Silent Partnership Investment in 2H 2015

### Overview of the Silent Partnership Agreement

<b>G.K. Bohemian</b>	Date of Acquisition	March 20, 2015
	Period of referential Negotiation Rights <sup>(1)</sup>	Until August 31, 2016

### Overview of Real Estates in Trust

Primary Number of Properties	8 props
Total Appraisal Value <sup>(2)</sup>	¥6,215 million

### Conditions for the Purchase

**An asking price with reasonable prospects for achieving the target internal rate of return (IRR) of the operator**

### Overview of Preferential Negotiation Rights

#### Group A

Preferential right for negotiations with the operator for obtaining the real estate in trust.

				
<b>KDX Residence Azabu Sendaizaka</b>	<b>KDX Residence Nishi-azabu</b>	<b>KDX Residence Bunkyo Yushima</b>	<b>KDX Residence Waseda Tsurumaki</b>	<b>KDX Residence Kamishakujii</b>
¥890 million	¥1,420 million	¥854 million	¥765 million	¥735 million
<b>Appraisal Value<sup>(2)</sup> ¥4,664 million</b>				

#### Group B

Prior to selling the real estate in trust to a third party, the seller must tell KDR the price and other terms of the proposed sale.

		
<b>KDX Residence Sumiyoshi</b>	<b>KDX Residence Urayasu</b>	<b>KDX Residence Noborito</b>
¥430 million	¥693 million	¥428 million
<b>Appraisal Value<sup>(2)</sup> ¥1,551 million</b>		

**As initially planned, these properties are to be sold to external buyers at prices that exceed the estimated prices by KDR.**

Note 1: The initial preferential negotiating right expires on May 31, 2016. But if there is a legitimate reason to believe the property can be purchased, the right can be extended for three months.

Note 2: "Appraisal Value" is described the appraisal value at the end of February 2016. Contents of the real estate appraisal are opinions and judgements at the time of evaluation, and do not guarantee the validity, accuracy and the possibility of sales at appraisal values.

# Summary of Income Statements

## Income Statements

	1H 2015		2H 2015		Period on Period		Actual vs Forecast		
	Actual	Forecast	Actual	Forecast	1H 2015	2H 2015	1H 2015	2H 2015	
(in millions of yen)									
Operating Term <sup>(1)</sup>	181days	184days	184days						
<b>Operating Revenues</b>	<b>5,302</b>	<b>5,182</b>	<b>5,226</b>		<b>-75</b>	<b>-1.4%</b>	<b>43</b>	<b>0.8%</b>	Up about ¥47 million due to full-period contribution of properties acquired in 1H 2015 and high occupancy rates at existing portfolio properties.
Rent revenue-real estate	4,735	4,781	4,796		60	1.3%	15	0.3%	Up about ¥5 million mainly because of strong performances at existing portfolio properties; up about ¥10 million due to acquisitions of new properties by portfolio reshuffling.
Other lease business revenue	434	391	411		-22	-5.2%	20	5.2%	
Gains on sale of real estate property	124	0	9		-114	-92.5%	9	-	Up more than expected mainly because of growth in key money at newly acquired properties, higher parking space rental revenue at existing portfolio properties.
Dividends income	8	10	9		0	10.5%	-1	-10.6%	
<b>Operating Expenses</b>	<b>2,488</b>	<b>2,514</b>	<b>2,509</b>		<b>21</b>	<b>0.8%</b>	<b>-4</b>	<b>-0.2%</b>	Advertising and other leasing expenses decreased because this is not a peak period for new tenants and the tenant turnover rate was lower than anticipated.
Expenses related to rent business	1,125	1,088	1,084		-41	-3.7%	-4	-0.4%	
Depreciation	827	834	852		25	3.1%	18	2.2%	Increased mainly because of growth in asset management fees (I) (linked to total assets at end of prior fiscal period).
Other operating expense	536	590	573		37	6.9%	-17	-3.0%	
<b>Operating Income</b>	<b>2,814</b>	<b>2,668</b>	<b>2,717</b>		<b>-96</b>	<b>-3.4%</b>	<b>48</b>	<b>1.8%</b>	Decreased more than expected as consumption taxes paid decreased due to a higher pct. of taxable sales, the result of sales of properties, and because of lower IR expenses.
Non-operating income	0	0	1		1	-	1	-	
Non-operating expenses	508	531	533		25	4.9%	1	0.3%	Increased due to new loans, refinancing to switch to long-term, fixed-rate debts and other actions.
Interest expenses, etc.	448	475	478		29	6.6%	2	0.6%	
Other non-operating expenses	59	56	55		-4	-7.4%	-1	-1.8%	Increased due to new loans, refinancing to switch to long-term, fixed-rate debts and other actions.
<b>Ordinary Income</b>	<b>2,305</b>	<b>2,137</b>	<b>2,185</b>		<b>-120</b>	<b>-5.2%</b>	<b>47</b>	<b>2.2%</b>	
Income before income taxes	2,305	2,137	2,185		-120	-5.2%	47	2.2%	Decreased more than expected as consumption taxes paid decreased due to a higher pct. of taxable sales, the result of sales of properties, and because of lower IR expenses.
Total income taxes	51	1	0		-50	-98.8%	0	-	
<b>Net Income</b>	<b>2,254</b>	<b>2,136</b>	<b>2,184</b>		<b>-70</b>	<b>-3.1%</b>	<b>47</b>	<b>2.2%</b>	Increased due to new loans, refinancing to switch to long-term, fixed-rate debts and other actions.
Total dividend	2,180	2,136	2,175		-5	-0.3%	38	1.8%	
<b>Distribution per Unit</b>	<b>6,247yen</b>	<b>6,120yen</b>	<b>6,231yen</b>		<b>-16</b>	<b>-0.3%</b>	<b>111</b>	<b>+1.8%</b>	¥9 million of net income was retained.
NOI <sup>(2)</sup>	4,044	4,083	4,124		79	2.0%	40	1.0%	Note 1: The operating term of 1H 2015 is 181 days, but actual operating term after acquisition of properties is 179.1 days (weighted average). The operating term of the 2H 2015 is 184 days, but actual operating term after acquisition of properties is 177.3 days (weighted average).
FFO <sup>(3)</sup>	3,017	3,025	3,082		65	2.2%	56	1.9%	

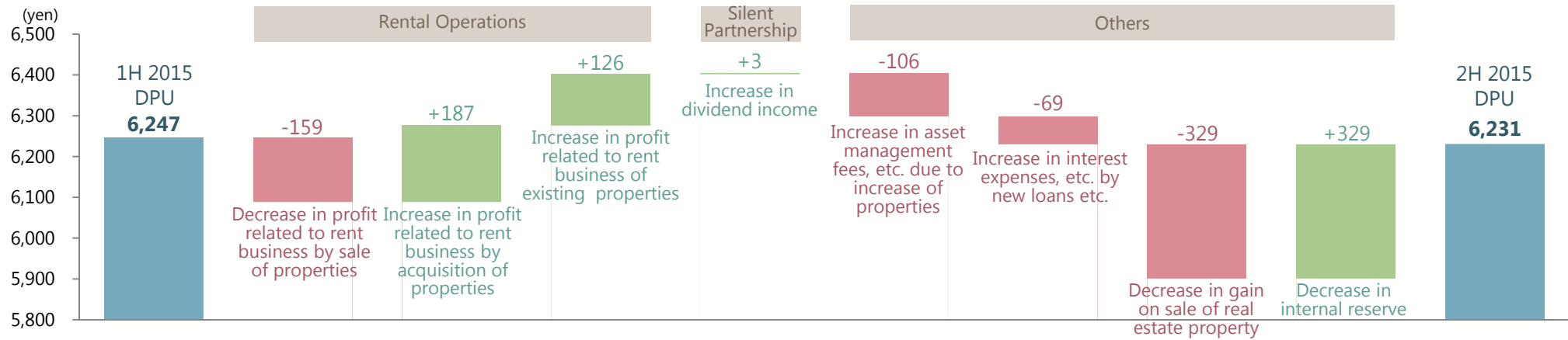
Note 1: The operating term of 1H 2015 is 181 days, but actual operating term after acquisition of properties is 179.1 days (weighted average). The operating term of the 2H 2015 is 184 days, but actual operating term after acquisition of properties is 177.3 days (weighted average).

Note 2: NOI(Net Operating Income) = Rent revenue-real estate + Other lease business revenue - Expenses related to rent business

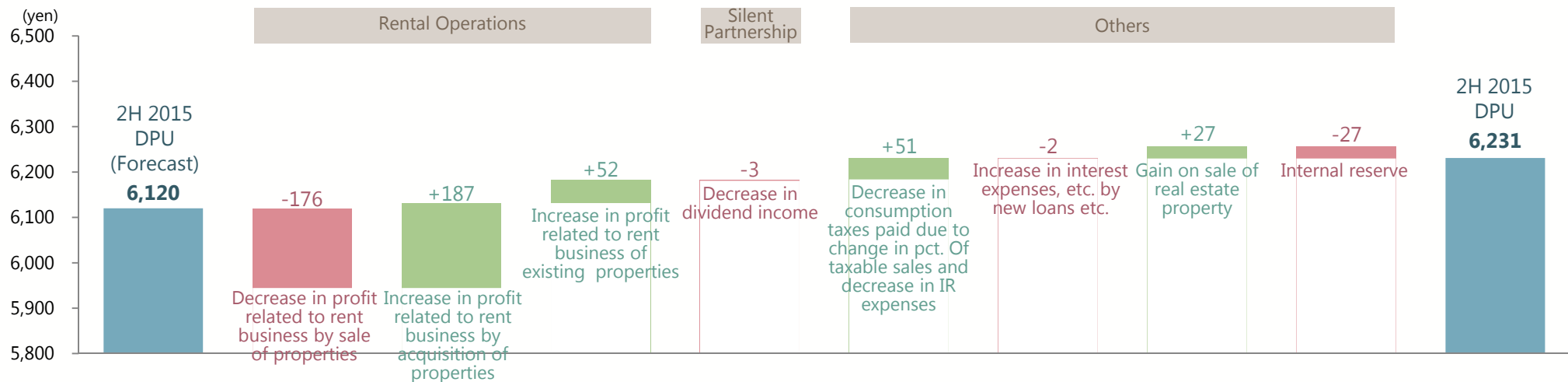
Note 3: FFO(Funds From Operation) = Net income + Depreciation + Deferred asset amortization +/- Gains or losses on sale of real estate property

# Distribution per Unit

## DPU Breakdown (Period on Period)



## DPU Breakdown (Actual vs Forecast)



## Summary of Balance Sheets

### Balance Sheets

(in millions of yen)

	1H 2015	2H 2015	Period on Period	
<b>Total Assets</b>	<b>158,655</b>	<b>160,064</b>	<b>1,409</b>	<b>0.9%</b>
Cash and deposits	8,724	8,066	-658	-7.5%
Total property, plant and equipment, net	148,872	150,905	2,033	1.4%
(Land	88,791	89,836)	1,045	1.2%
(Buildings, Structures, etc.	60,081	61,069)	987	1.6%
Other	1,057	1,092	34	3.2%
<b>Total Liabilities</b>	<b>76,271</b>	<b>77,675</b>	<b>1,403</b>	<b>1.8%</b>
Loans payable	73,500	74,800	1,300	1.8%
(Short-term loans payable and current portion of long-term loans payable	12,200	12,000)	-200	-1.6%
(Long-term loans payable	61,300	62,800)	1,500	2.4%
Tenant leasehold and security deposits in trust	1,457	1,415	-42	-2.9%
Other liabilities	1,314	1,460	145	11.1%
<b>Net Assets</b>	<b>82,383</b>	<b>82,389</b>	<b>5</b>	<b>0.0%</b>
Unitholders' equity	80,132	80,132	0	-
Unappropriated retained earnings (undisposed loss)	2,254	2,258	3	0.2%
Deferred gains or losses on hedges	▲3	▲1	2	-68.5%
LTV <sup>(1)</sup>	46.3%	46.7%		
Capital-to-Asset ratio	51.9%	51.5%		
Appraisal values (as of the end of the period)	163,849	169,702	5,853	3.6%
NAV <sup>(2)</sup>	95,105	98,927	3,822	4.0%

Net cash is ¥4,393 million, which is cash and deposits minus tenant deposits in trust and unappropriated retained earnings. Decreased as funds were used for additional investment of about ¥1 billion associated with reshuffling of properties

Cash and deposits		8,066
Unappropriated Retained Earnings deposit	Tenant deposit	Net Cash
2,258	1,415	4,393

Loan of ¥8.7 billion were refinanced with 8.6-year average maturity on August 2015. New loan of ¥1.3 billion due to acquisition of new property in October 2015.

Decreased due to the acquisition of newly constructed properties on portfolio reshuffle.

Internal reserve as of Jan. 2016 is ¥82 million.

Increasing due to new loans. Debt capacity with LTV50% is ¥10.4 billion.

Appraisal unrealized capital gains increased from ¥14.9 billion as of Jul. 2015 to ¥18.7 billion as of Jan. 2016.

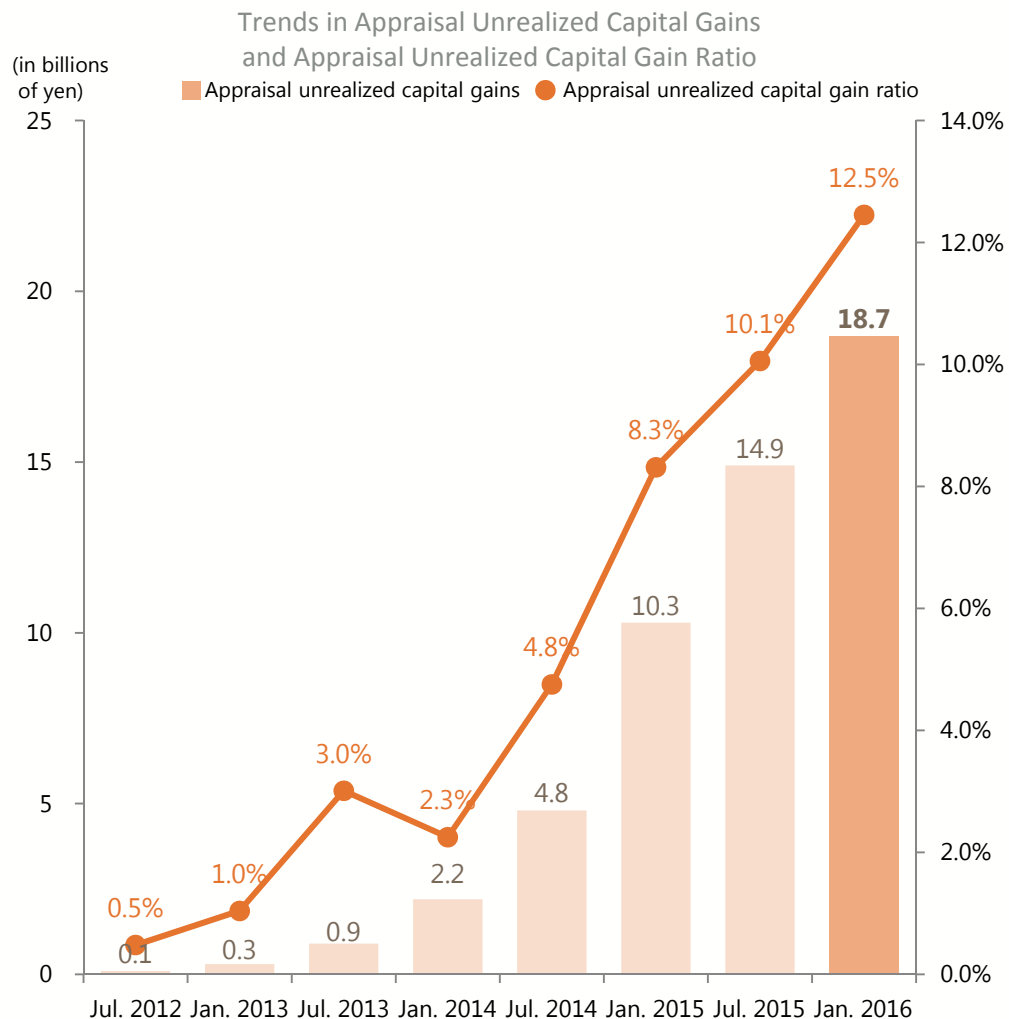
NAV per unit continued to increase steadily because of the growth in appraisal unrealized capital gains.

Note 1: LTV (Loan To Value)=Interest-bearing Liabilities / Total Assets

Note 2: NAV (Net Asset Value)=Net Assets – Unappropriated Retained earnings + Appraisal Values – Fixed Assets

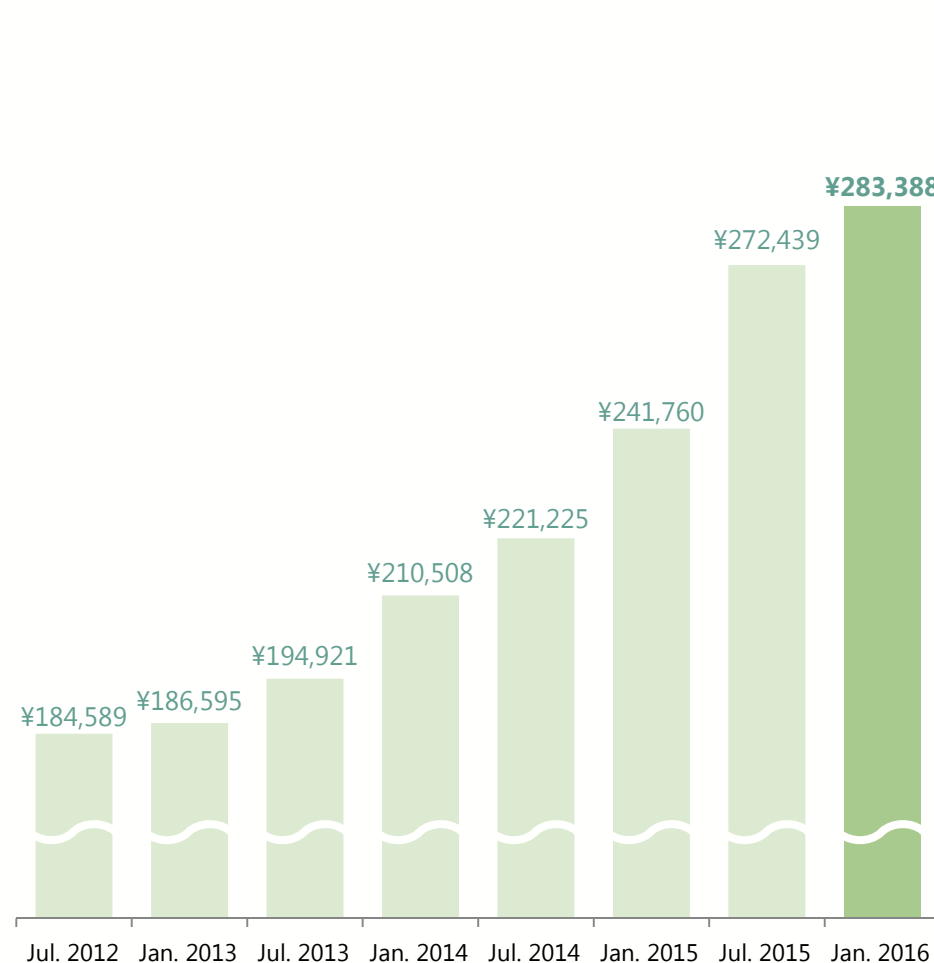
# Appraisal Unrealized Capital Gains and NAV per Unit

## Appraisal Unrealized Capital Gains<sup>(1)</sup> and Appraisal Unrealized Capital Gain Ratio<sup>(2)</sup>



## NAV per Unit

Trends in NAV per Unit

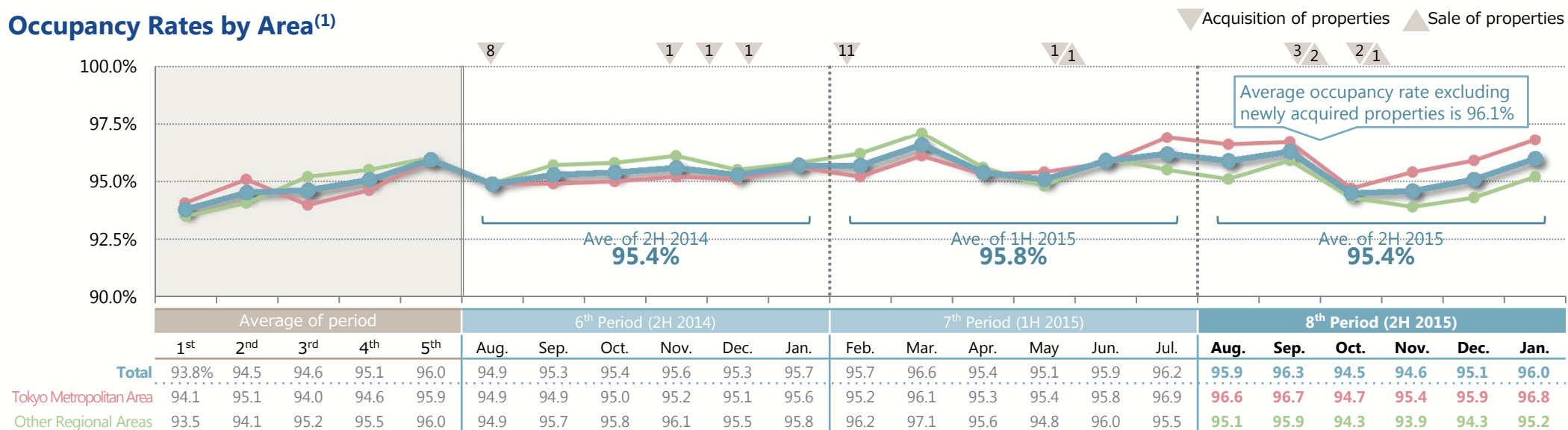


Note 1: "Appraisal Unrealized Capital Gains" = Total Appraisal Value at the End of the Period - Total Book Value at the End of the Period

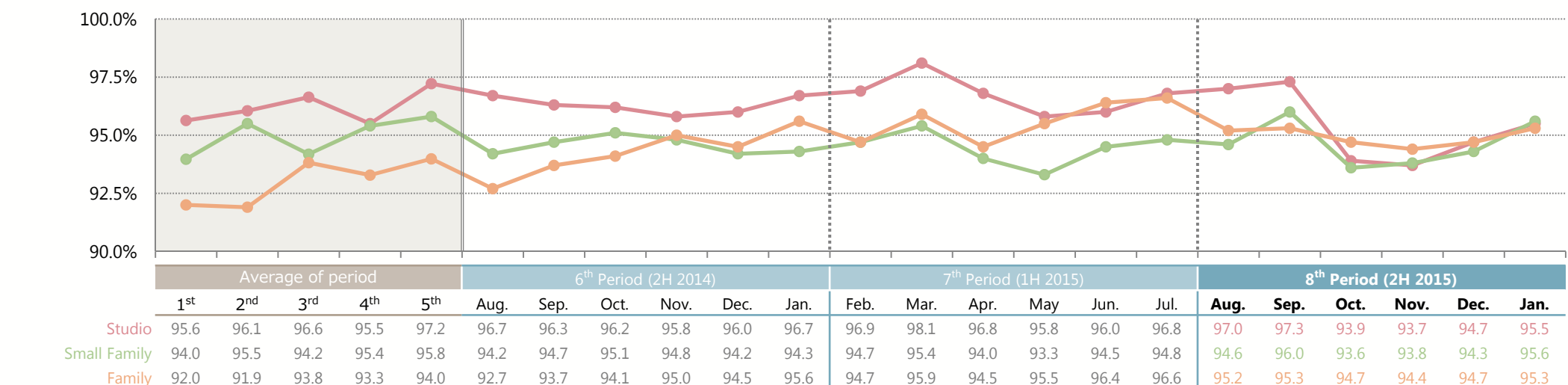
Note 2: "Appraisal Unrealized Capital Gain Ratio" = Total Appraisal Unrealized Capital Gains at the End of the Period / Total Book Value at the End of the Period

# Occupancy Rates

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



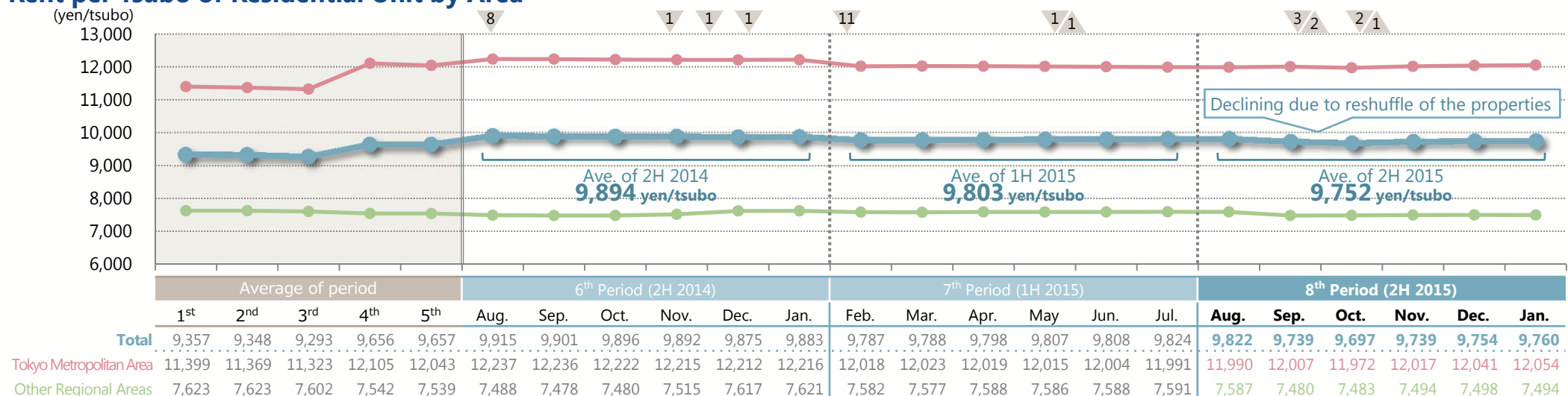
## Occupancy Rates by Room Type<sup>(1)</sup>



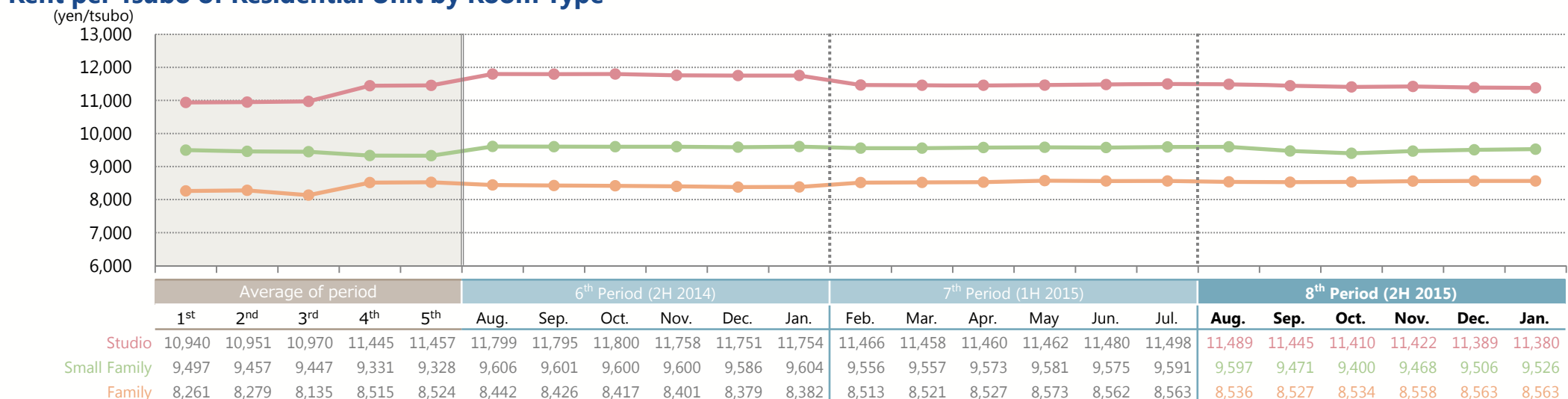
Note 1: Occupancy Rates by Area include those from stores and offices. Occupancy Rates by Room Type exclude those which have rent guaranteed master lease contract.

# Rent per Tsubo of Residential Unit

## Rent per Tsubo of Residential Unit by Area<sup>(1)</sup>



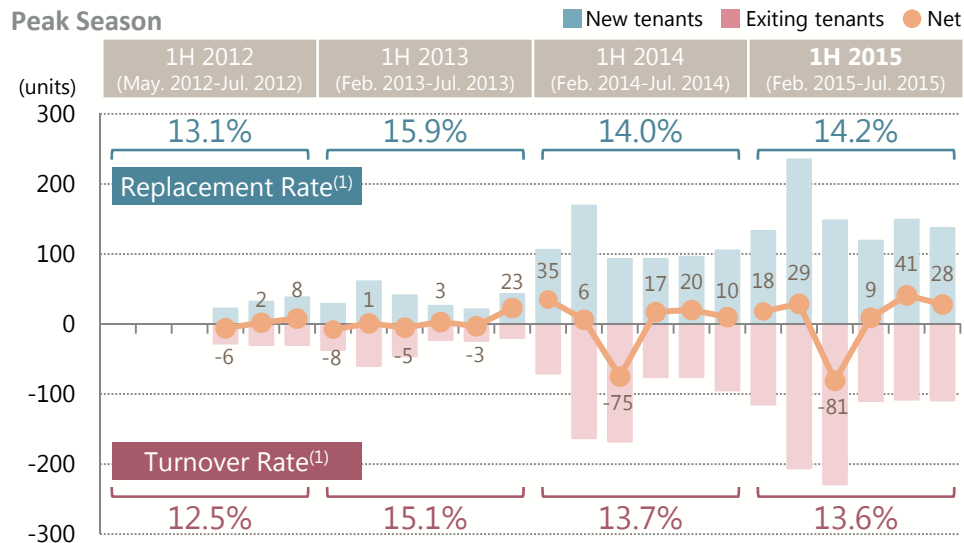
## Rent per Tsubo of Residential Unit by Room Type<sup>(1)</sup>



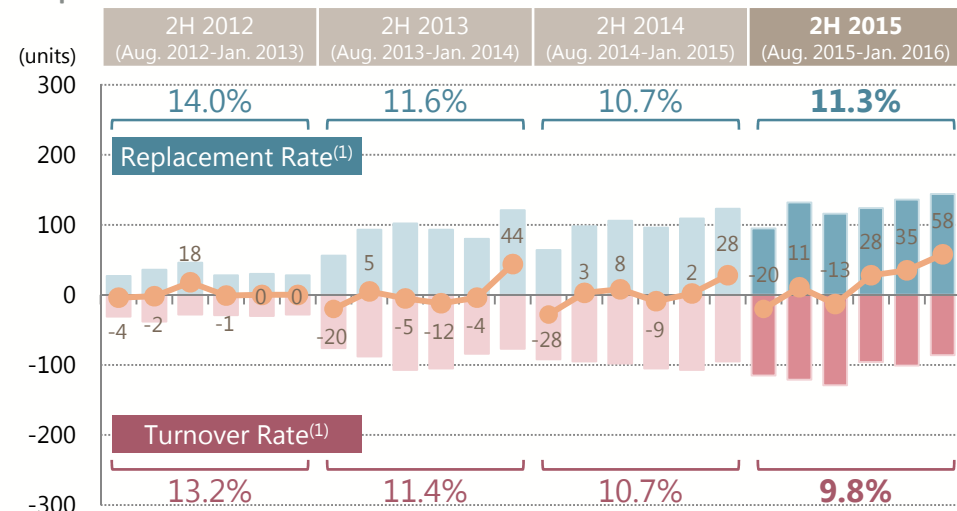
Note 1: Rent per Tsubo of Residential Unit by Area and Rent per Tsubo of Residential Unit by Room Type do not include those from stores and offices. (1 Tsubo = 35.5832 sq. ft.)

# Tenant Moving Trend

## Trends in New and Exiting Tenants

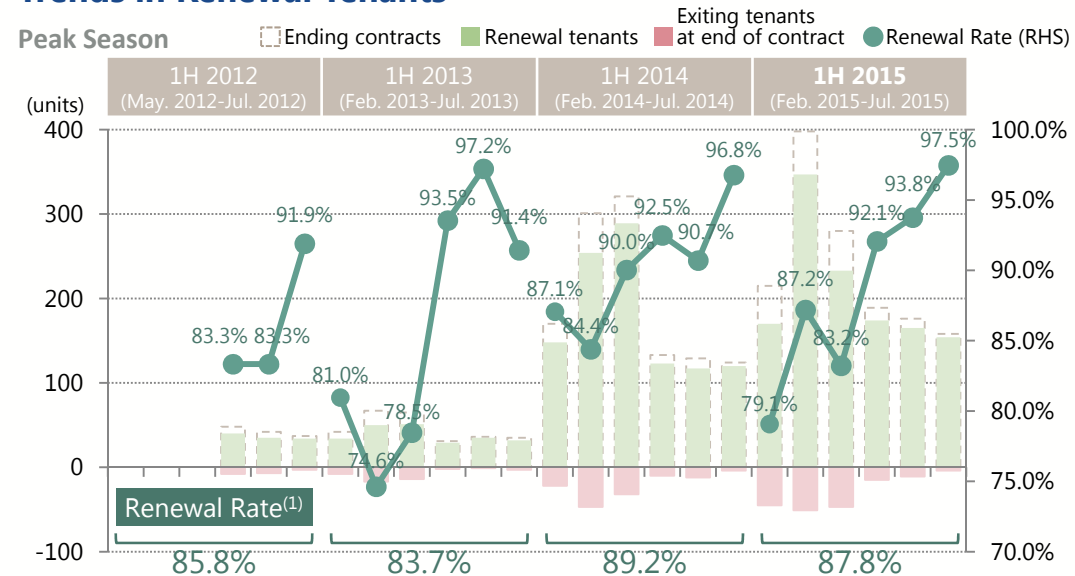


## Off-peak Season

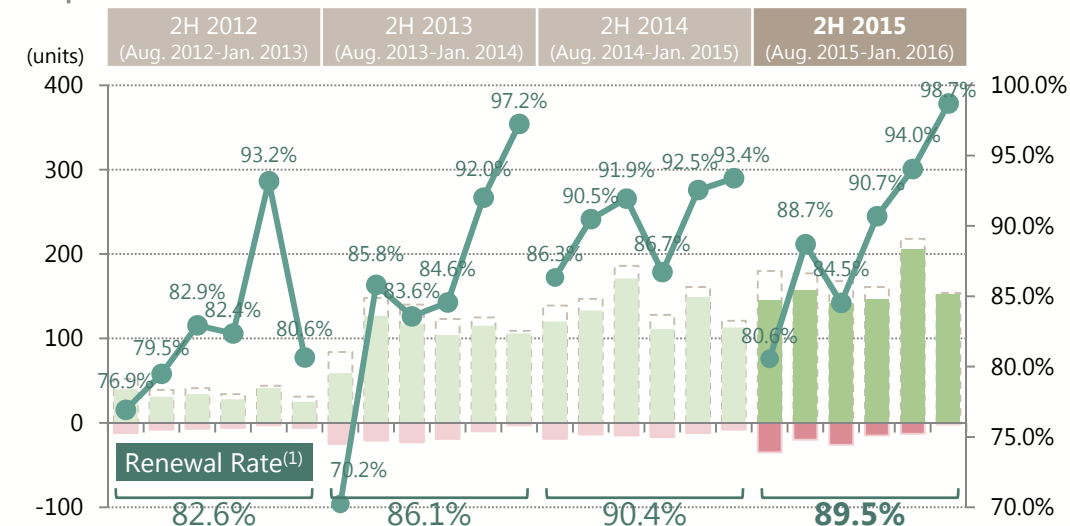


Note 1: "Replacement Rate" = New tenants during the period / Rentable units at the End of Period, "Turnover Rate" = Exiting tenants during the period / Rentable units at the End of Period, "Renewal Rate" = Renewal tenants during the period / Ending contracts during the period

## Trends in Renewal Tenants



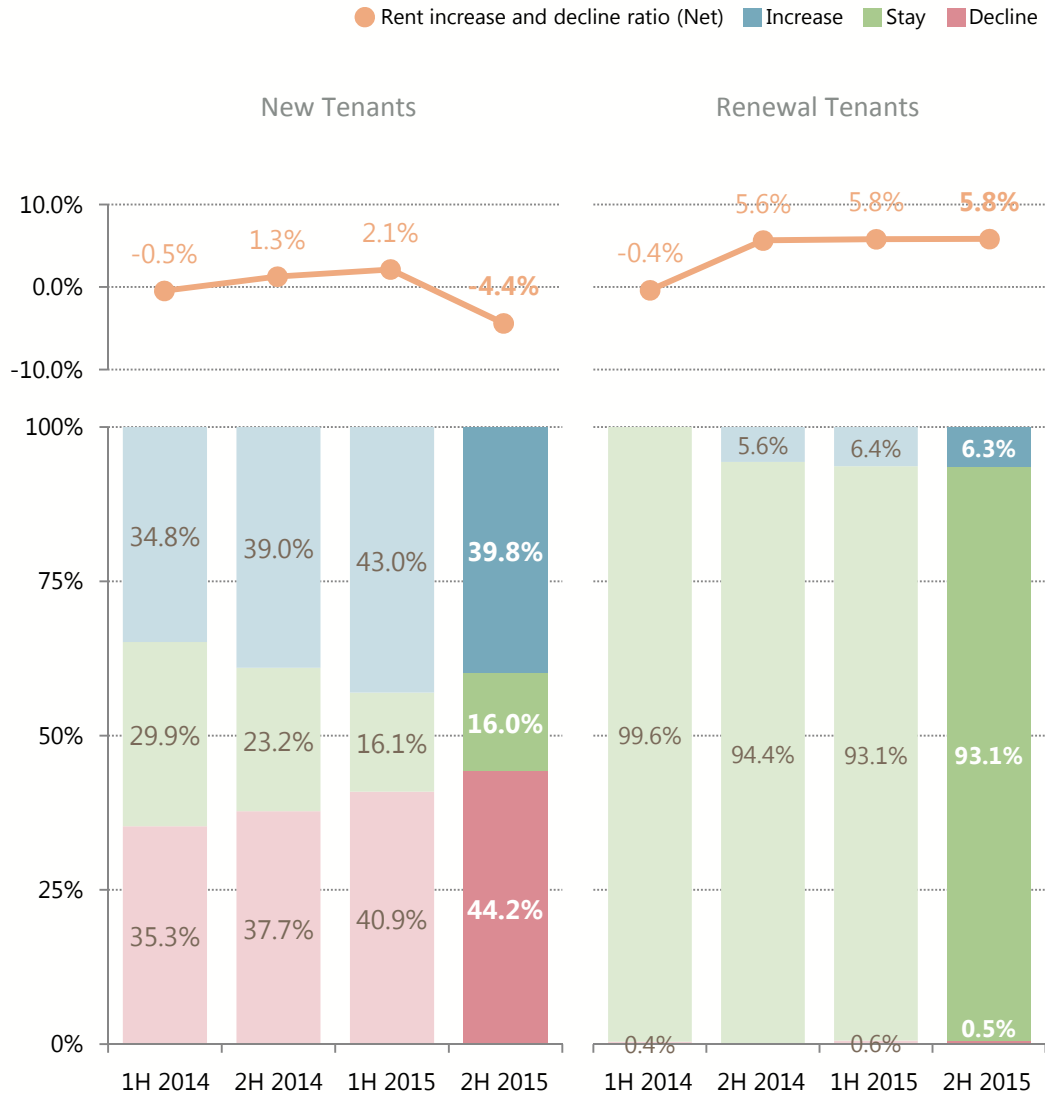
## Off-peak Season





# 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>



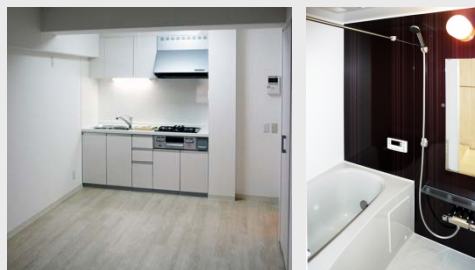
Note 1: "Rent Increase and Decline Ratio per Unit" = Rent increase ratio per unit – Rent decline ratio per unit  
 Note 2: "Average Downtime" is calculated based on the average of downtime from the exiting of previous tenant.

# Initiatives to Improve the Performance of Properties

## Increased the Value of KDX Residence Tsurumi

Continuing work from the prior period, three vacant apartments were upgraded and all were leased immediately afterward at a higher rental rates.

**Kitchen/bathroom renovation**  
New appliances and fixtures



**Renovation of Japanese room**  
A tatami room next to the living room



## Major Renovation of KDX Residence Jiyugaoka

At this 10 year old building, the exterior along with the entrance, corridors and other common areas were renovated to maintain a high occupancy rate by preserving a pleasant environment for tenants.

**Major improvements to the exterior and common areas**

The building was repainted and common areas given a new look.



### A more competitive and attractive property

Higher application ratio <sup>(1)</sup>		Higher rent for new tenants		Downtime after renovation	
<b>26%</b> (1H 2015)	<b>57%</b> (2H 2015)	<b>+4.6%</b> (1H 2015)	<b>+7.4%</b> (2H 2015)	<b>57 days</b> (1H 2015)	<b>16 days</b> (2H 2015)

At the eight apartments where value-up investments were made in the 1H/2H 2015, rental income has increased by a total of ¥56,000.

### A consistently high occupancy rate

Higher Occupancy Rate	Shortening Downtime	Higher application ratio <sup>(1)</sup>
90.8% (Actual) → <b>95.0%</b> (Target)	88 days (Actual) → <b>60 days</b> (Target)	6.7% (Actual) → <b>12.0%</b> (Target)

Carefully planned major renovations were performed for the medium to long-term stability of this property's performance by making it more competitive.

## Disaster Readiness Pack

About 1,800 packs are equipped, which have food, water and other items that may be needed in an emergency.



## LED Lights in Common Areas

LED lights, which are environmentally friendly and consume less electricity, were installed in common areas. In 2H 2015, five locations were switched to LED lights. This is expected to cut the cost of electricity by about ¥370,000 every month.



Note 1: "Application ratio" = Applications received/No. of prospective tenant visits

# Environmental Consciousness

## Acquisition of DBJ Green Building Certification<sup>(1)</sup>

The Investment Corporation received DBJ Green Building Certification as an evaluation of environmental and social considerations for following 3 properties.

Properties received DBJ Green Building Certification

Property name	Type	Rentable units	Completion
KDX Residence Ebisu	Small Family	65 units	Sep. 2015
Ashiya Royal Homes	Family	21 units	Jun. 1991
KDX Residence Yotsuya	Family	42 units	Mar. 2004

### Point Recognized in the Certification

- (1) Measures are taken for energy conservation and disaster prevention throughout each structure. Along with educational programs designed to give residents a greater awareness of these issues, these include the stockpiling of food and water for emergencies.
- (2) KDX Residence Ebisu shows concern for the environment by using LED lighting and other energy-saving equipment in all common areas, as well as high-insulation bathtubs, water-saving toilets, and other energy-conserving features in the residences.
- (3) Ashiya Royal Homes provides for the diverse needs of residents over the long term, with facilities that create a comfortable living environment for individual households and a full range of shared amenities including a lounge and concierge services.

## Establishment of the “Environmental Policies”

The Investment Corporation believes that it is important to take into consideration promotion of energy conservation measures and reduction of environmental burden due to growing the environmental awareness and established the “Environmental Policies” to advance environmental and social consideration initiatives.

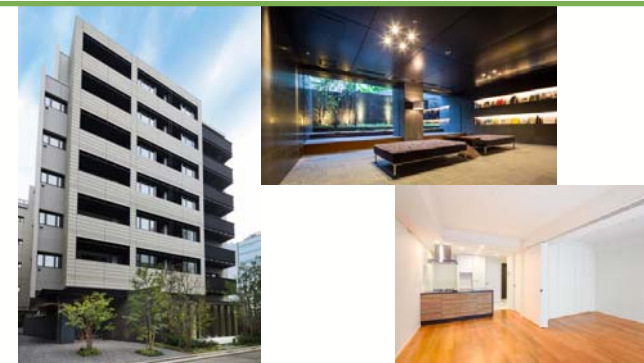
1. Compliance with Environmental Laws and Regulations
2. Promotion of Energy Conservation Measures
3. Reduction of Environmental Burden
4. Disclosure of Environmental Information
5. Environmental Education

### T-68 KDX Residence Ebisu



DBJ Green Building  
2015

Properties with excellent  
environmental & social  
awareness



### R-28 Ashiya Royal Homes



DBJ Green Building  
2015

Properties with excellent  
environmental & social  
awareness



### T-27 KDX Residence Yotsuya



DBJ Green Building  
2015

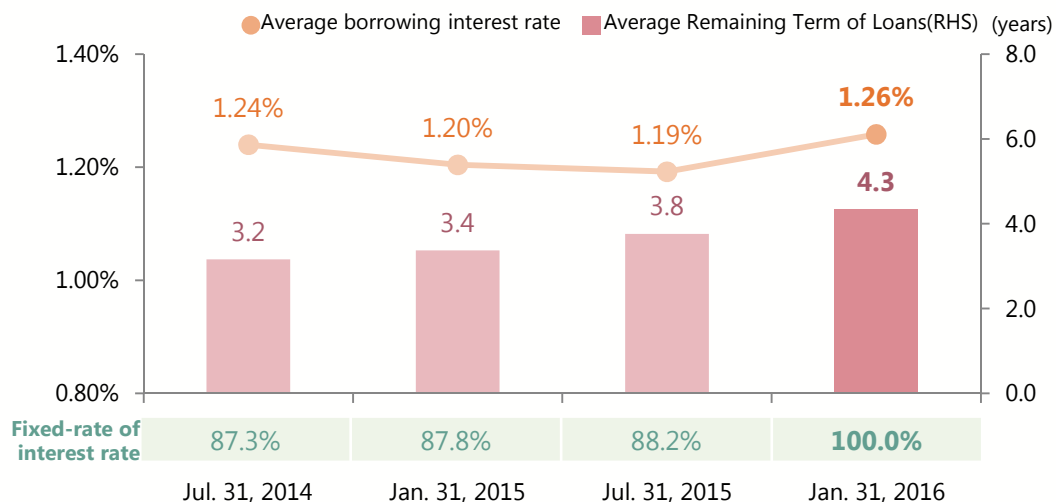
Properties with high  
environmental & social  
awareness



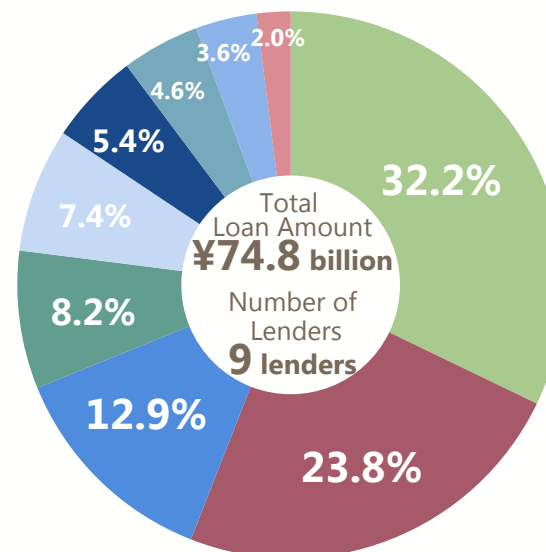
Note 1: “DBJ Green Building Certification” is a system established by Development Bank of Japan in April 2011 to support real estate that meets environmental and social conditions.

## Finance-1: Key Debt Indicators

### Average Borrowing Interest Rate<sup>(1)</sup>, Average Remaining Term of Loans<sup>(2)</sup> and Fixed-rate of Interest Rate<sup>(2)</sup>

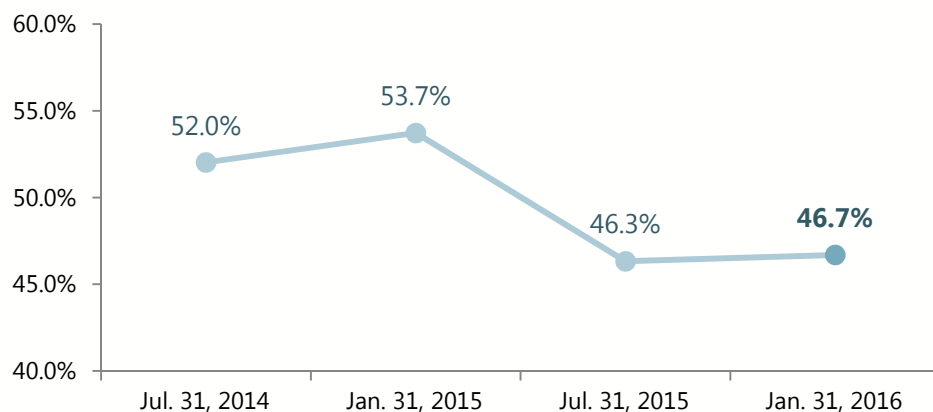


### Bank Formation



Lenders	Balance (¥ million)
Sumitomo Mitui Banking Corporation	24,050
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,800
Aozora Bank, Ltd.	9,650
Resona Bank, Ltd.	6,100
Development Bank of Japan Inc.	5,500
Mizuho Bank, Ltd.	4,050
Sumitomo Mitsui Trust Bank, Limited.	3,450
Mizuho Trust & Banking Co., Ltd.	2,700
Mitsubishi UFJ Trust and Banking Corporation	1,500
<b>Total</b>	<b>74,800</b>

### LTV (based on total assets)



### Credit Rating

Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)
Long-term Issuer Rating	A(Outlook: Positive)

※ The outlook of credit rating has changed from "Stable" to "Positive" on November 13, 2015.

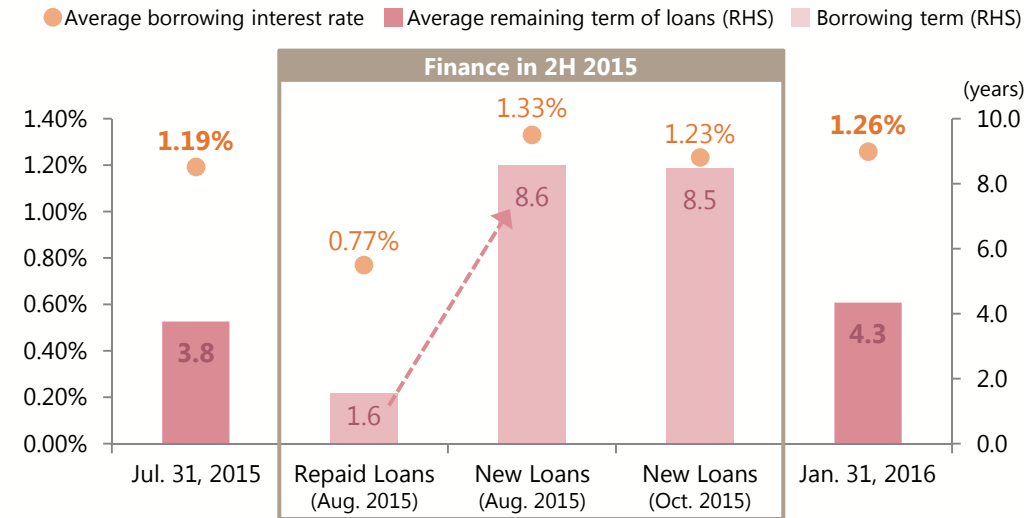
Note 1: Average Borrowing Interest Rate calculated by weighted average interest rate at the end of the period that took into consideration up-front fee (per year) and the effect of the interest rate cap or interest rate swap.

Note 2: "Average Remaining Term of Loans" calculated by weighted average remaining term of loans at the end of the period. "Fixed-Rate of Interest Rate" calculated the percentage of fixed interest rate loans of total amount of loans at the end of the period. The floating loans which are substantially fixed with the interest rate cap or interest rate swap are included in the Fixed-Rate.

# Finance-2: Finance in 2H 2015 and Repayment Terms

## Repaid Loans and New Loans in 2H 2015

Trends in Average Borrowing Interest Rate and Average Remaining Term of Loans



## Loan Policy<sup>(1)</sup>

Cost of debt

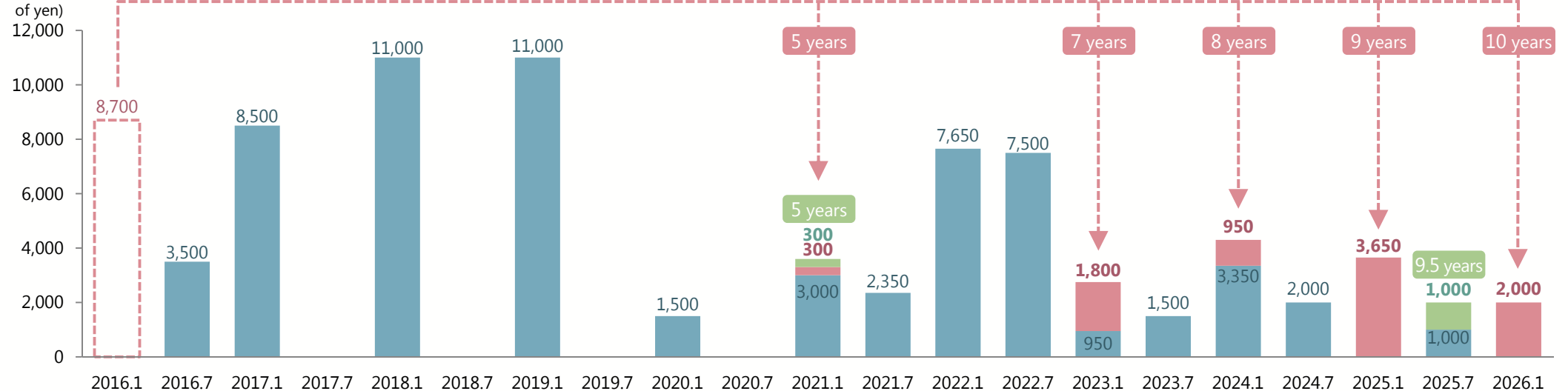


As this graph shows, KDR has been reducing the cost of its debt while extending the length of loans. KDR plans to continue increasing the share of debt with longer-term fixed interest rates.

Note 1: The graph is an approximate representation of the cost and length of new borrowings in each year.

## Repayment Terms

(in millions of yen)



# Unitholders

## Breakdown of Unitholders

Breakdown of Unitholders (as of January 31, 2016)

Sort	Unitholders		Units		Average number of units per unitholder (Units/Unitholders)
	Number of unitholders	Ratio	Number of units	Ratio	
Individuals and others	9,987	96.4%	45,207	12.9%	4.5
Financial Institutions	50	0.5%	222,810	63.8%	4,456.2
Foreign companies and individuals	139	1.3%	65,269	18.7%	469.6
Other domestic companies	168	1.6%	13,427	3.8%	79.9
Security firms	21	0.2%	2,376	0.7%	113.1
<b>Total</b>	<b>10,365</b>	<b>100.0%</b>	<b>349,089</b>	<b>100.0%</b>	<b>33.7</b>

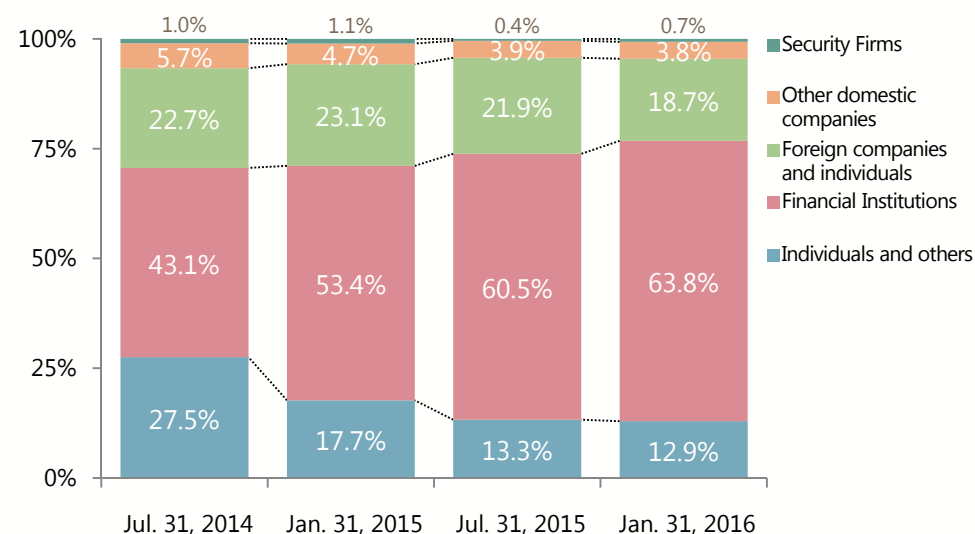
## Major Unitholders

Top 10 Unitholders (as of January 31, 2016)

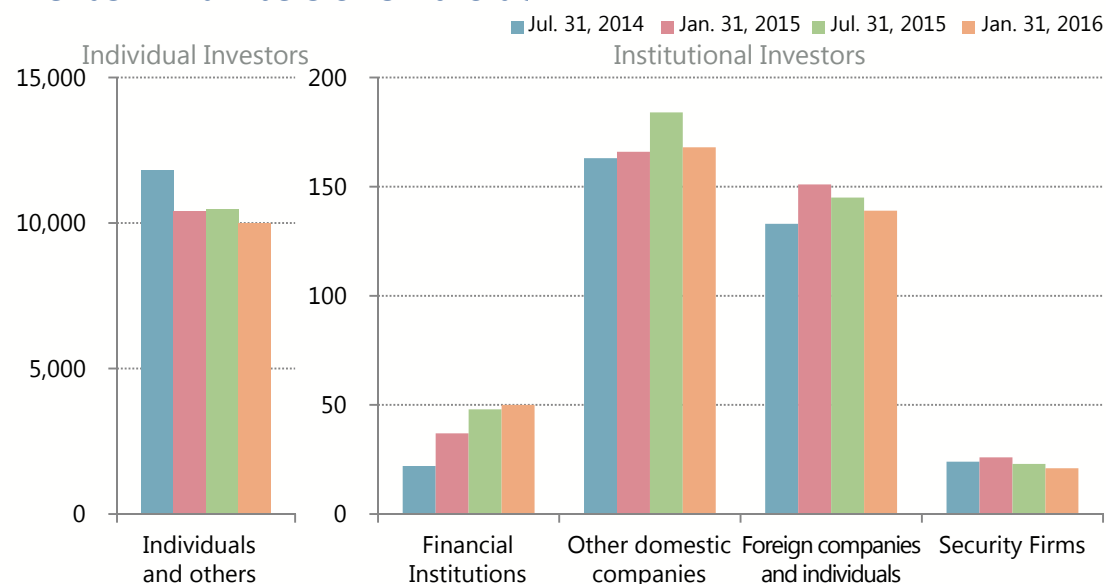
Name	Units	Ratio
Japan Trustee Services Bank, Ltd. (Trust Acct.)	107,678	30.84%
The Master Trust Bank of Japan Ltd. (Trust Acct.)	41,450	11.87%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	36,521	10.46%
NOMURA BANK (LUXEMBOURG) S.A.	24,778	7.09%
The Nomura Trust Banking Co., Ltd. (Trust Acct.)	13,191	3.77%
JP MORGAN CHASE BANK 385628	8,609	2.46%
Kenedix, Inc.	7,310	2.09%
Mizuho Trust & Banking Co., Ltd.	4,043	1.15%
Mitsubishi UFJ Trust and Banking Corporation	3,361	0.96%
CBNY DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	3,359	0.96%
<b>Total</b>	<b>250,300</b>	<b>71.70%</b>

Note 1: Ratio means the percentage for total units owned to total units issued. (Rounded down to the nearest three decimal places)

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



## Trends in Numbers of Unitholders



## **2. Outlook for the 9<sup>th</sup> Fiscal Period (1H 2016: Ending July 2016)**

## Outlook for the 9<sup>th</sup> Fiscal Period (1<sup>st</sup> Half of 2016: Ending July 2016)

### Outlook

	(in millions of yen)			
	2H 2015	1H 2016	Period on Period	
Operating Term	Actual 184days	Forecast 182days		
<b>Operating Revenues</b>	<b>5,226</b>	<b>5,313</b>	<b>87</b>	<b>1.7%</b>
Rent revenue-real estate	4,796	4,872	75	1.6%
Other lease business revenue	411	432	20	5.0%
Gains on sale of real estate property	9	0	-9	-100.0%
Dividends income	9	9	0	-
<b>Operating Expenses</b>	<b>2,509</b>	<b>2,622</b>	<b>113</b>	<b>4.5%</b>
Expenses related to rent business	1,084	1,173	89	8.2%
Depreciation	852	857	5	0.6%
Other lease business expense	573	592	19	3.3%
<b>Operating Income</b>	<b>2,717</b>	<b>2,690</b>	<b>-26</b>	<b>-1.0%</b>
Non-operating income	1	1	0	-
Non-operating expenses	533	536	3	0.6%
Interest expenses, etc.	478	482	3	0.8%
Other non-operating expenses	55	54	0	-1.1%
<b>Ordinary Income</b>	<b>2,185</b>	<b>2,154</b>	<b>-30</b>	<b>-1.4%</b>
Income before income taxes	2,185	2,154	-30	-1.4%
Total income taxes	1	1	0	-
<b>Net Income</b>	<b>2,184</b>	<b>2,153</b>	<b>-30</b>	<b>-1.4%</b>
Total dividend	2,175	2,153	-21	-1.0%
<b>Distribution per Unit</b>	<b>6,231円</b>	<b>6,170円</b>	<b>-61</b>	<b>-1.0%</b>
NOI	4,124	4,131	7	0.2%
FFO	3,082	3,066	-16	-0.5%

The estimated average occupancy rate for 1H 2016 is 95.6%. Expect about ¥5 million increase in rent from existing portfolio properties and increase of about ¥134 million from the first full-period contribution of three properties acquired in 2H 2015 and a higher occupancy rate at two newly constructed properties. But the sale of three properties will lower rent by about ¥64 million, resulting in a net increase of about ¥70 million.

This is the peak period for tenant replacement turnover and other activity, resulting in an increase in apartments with new or extended leases. Key money and renewal fees along with leasing expenses are all expected to be higher than in 2H 2015. Also foresee increase of about ¥59 million in taxes as property and other taxes are paid in 1H 2016 for properties acquired in 2015.

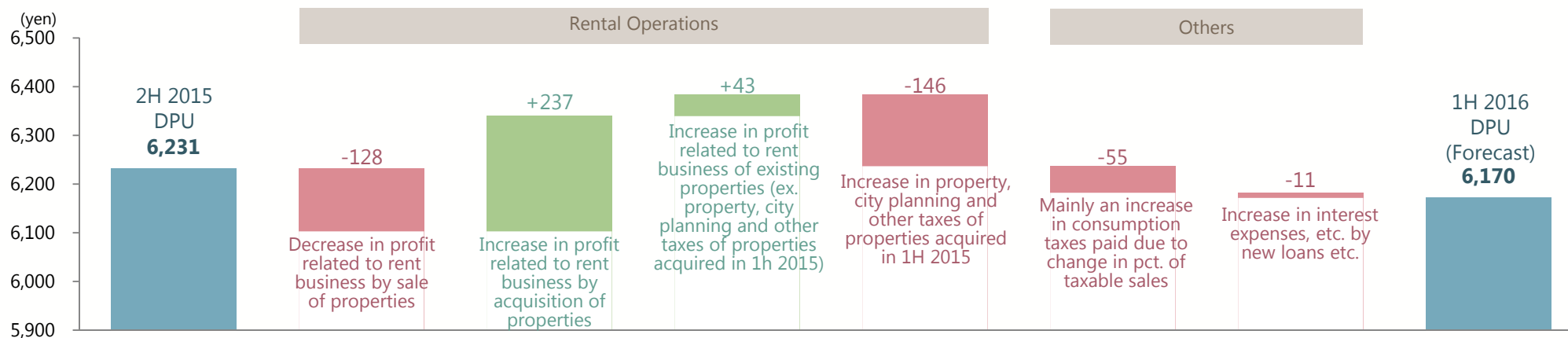
Consumption taxes paid decreased in 2H 2015 because of a higher pct. of taxable sales resulting from the sale of properties; expect an increase as no property sales are planned for 1H 2016

Distributions per unit will decrease mainly because of the start of property and other tax payments for properties acquired in 2015. However, the level of stable distributions per unit (see next page) will increase after eliminating the one-time effect of these tax payments.

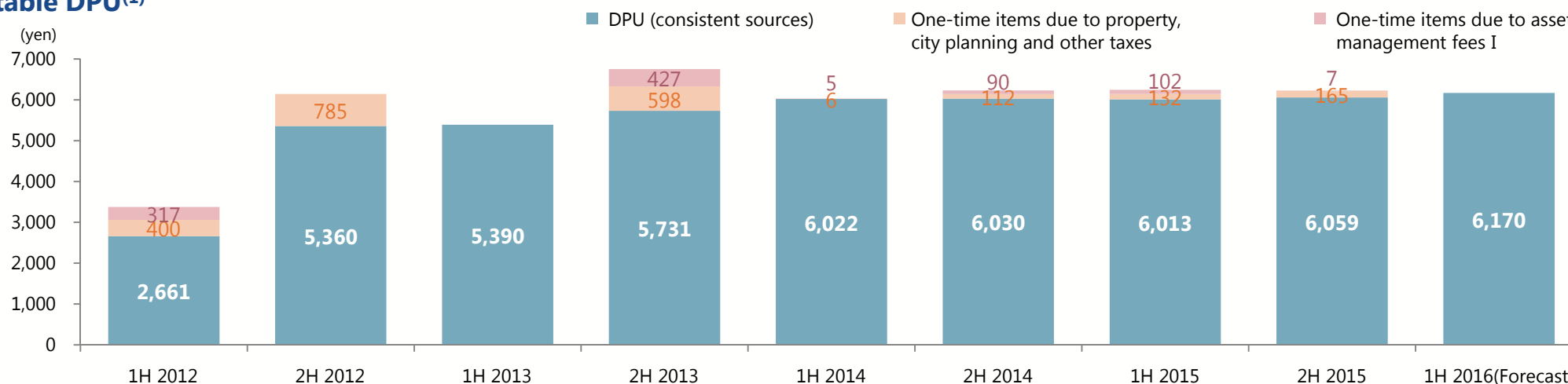


## Distribution per Unit

### DPU Breakdown (Actual vs Forecast)



### Stable DPU<sup>(1)</sup>



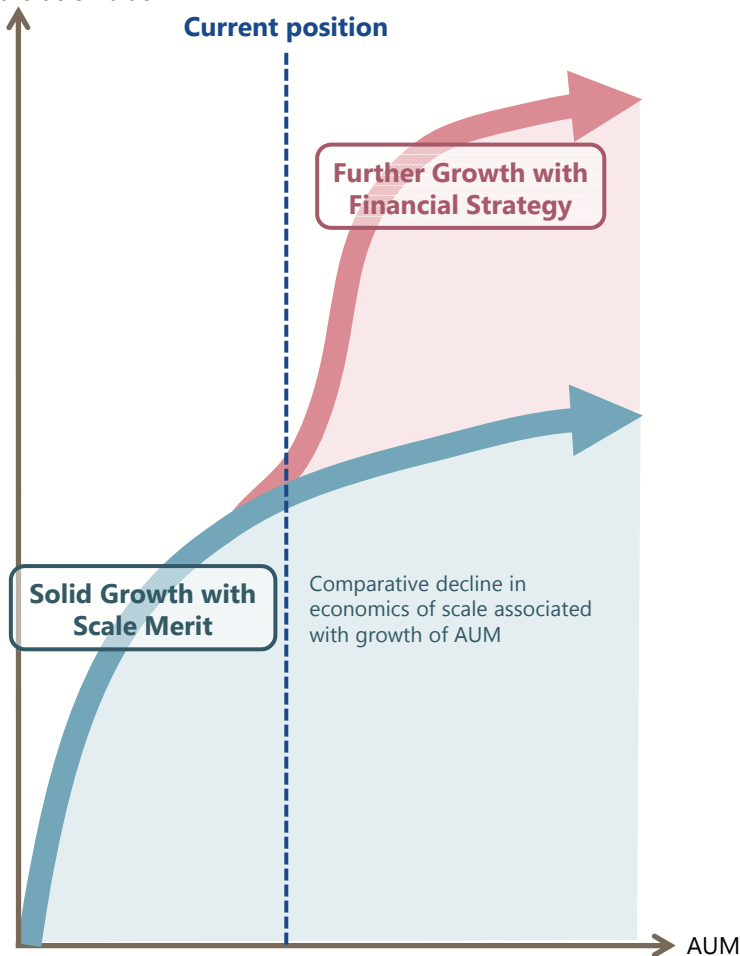
Note 1: Stable DPU is the actual DPU in each period minus one-time items due to property, city planning and other taxes and one-time items due to asset management fees I. For properties acquired in the first six fiscal periods, the tax adjustment uses actual taxes paid starting in the period corresponding to one year after each property was purchased. For properties acquired in 1H/2H 2015, this adjustment uses tax payments expected to begin in 1H 2016 or afterward. For each property, the daily cost of taxes based on the number of days the property has been managed by KDR is calculated. The sum of this daily cost in each period is then divided by the number of investment units issued at the end of that period to obtain the tax adjustment. For the asset management fee I adjustment, the total of the book value of properties, which have increased or decreased in each period, is multiplied by an annual rate of 0.3% and then divided by the number of days the properties were managed to obtain a daily figure. This figure is then divided by the number of investment units issued at the end of that period to obtain the adjustment. Stable DPU is an estimate calculated solely for reference as an indicator of the earning power of the portfolio at specific times after excluding the effects of expenses in subsequent fiscal periods resulting from acquisitions of properties and other activities.

# **3. Toward Realizing Sustained Expansion in Unitholders' Value**

# Road Map for Increasing Unitholders' Value

## Image of Further Growth in Unitholders' Value

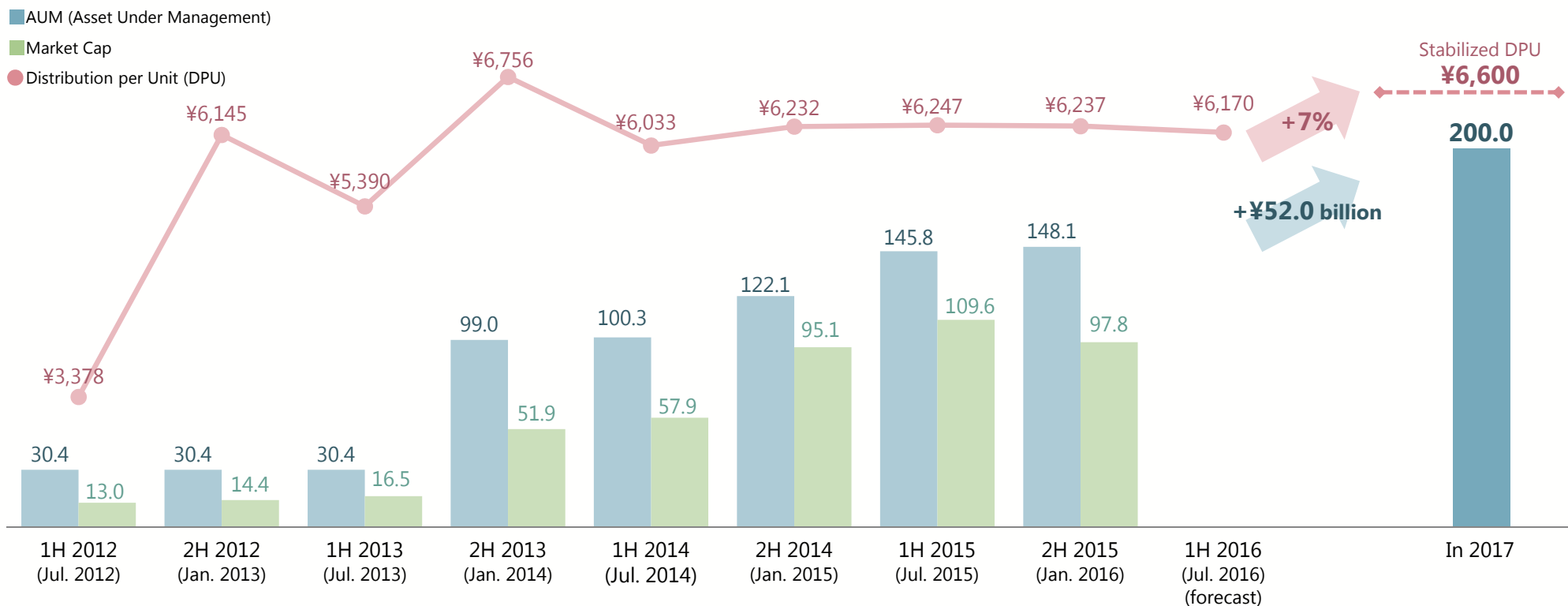
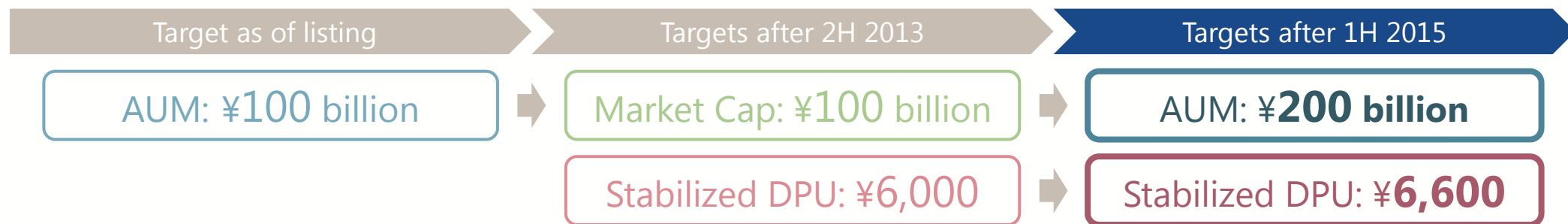
Impact with unitholders' value



	Current initiatives	Medium and long-term goals
<b>Financial Strategy</b>	<p><b>More progress with financial stability</b></p> <ul style="list-style-type: none"> <li>Long-term, fixed-rate debt</li> <li>Lower cost of borrowing</li> </ul> <p>Maintain LTV at a proper level</p> <p>Use gains on sales of property, etc. to increase internal reserve</p>	<p><b>Improve credit standing to further cut cost of fund procurement</b></p> <p>Goal is to use a higher credit rating and inclusion in global indexes to reinforce KDR's reputation in order to attract more investor segments and further cut the cost of procuring funds.</p> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid #c00; padding: 5px; width: 45%;"> <p><b>Credit rating may increase</b></p> <p>JCR long-term issuer rating</p> <p><b>A (Outlook: Positive)</b></p> </div> <div style="border: 1px solid #c00; padding: 5px; width: 45%;"> <p><b>Inclusion in indices</b></p> <p>Inclusion in EPRA/NAREIT and other global index</p> </div> </div>
<b>External Growth</b>	<p><b>Innovative purchasing schemes</b></p> <ul style="list-style-type: none"> <li>Speedy acquisitions using debt capacity</li> <li>Flexible acquisitions using bridge funds</li> <li>Real estate developments and other new challenges</li> </ul>	<p><b>Steady external growth to raise assets to ¥200 billion</b></p> <p>Use debt capacity to buy properties quickly and, with the Kenedix Group, use a variety of schemes to acquire properties. The goal is steady external growth with the goal of increasing assets to ¥200 billion.</p> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid #0070c0; padding: 5px; width: 45%;"> <p><b>Acquisitions using debt capacity</b></p> <p>Debt capacity (estimates 50% of LTV)</p> <p><b>About ¥10.4 billion</b></p> </div> <div style="border: 1px solid #0070c0; padding: 5px; width: 45%;"> <p><b>Cooperation with the KDX Group</b></p> <p>Consider multi-purpose properties, debt investments, M&amp;A and other new schemes</p> </div> </div>
<b>Property Operation</b>	<p><b>Preserve and increase property value</b></p> <ul style="list-style-type: none"> <li>Consistent property performance</li> <li>Numerous cost-cutting actions</li> <li>Reshuffle properties to improve portfolio quality</li> <li>Make properties more competitive with prudent renovation/maintenance expenditure</li> </ul>	<p><b>Use internal growth to make properties more profitable</b></p> <p>Use many activities to make the KDX Residence brand more powerful and aim for higher tenant satisfaction. Also work on raising rent. The goal is to increase the earning power of properties.</p> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid #70ad47; padding: 5px; width: 45%;"> <p><b>Maintain/increase rent</b></p> <p>Portfolio NOI (2H 2015)</p> <p><b>5.6%</b></p> </div> <div style="border: 1px solid #70ad47; padding: 5px; width: 45%;"> <p><b>Improve tenant satisfaction</b></p> <p>Make buildings with the KDX Residence brand even more appealing</p> </div> </div>

Our goal is consistent medium to long-term growth in unitholders' value as we closely monitor market trends.

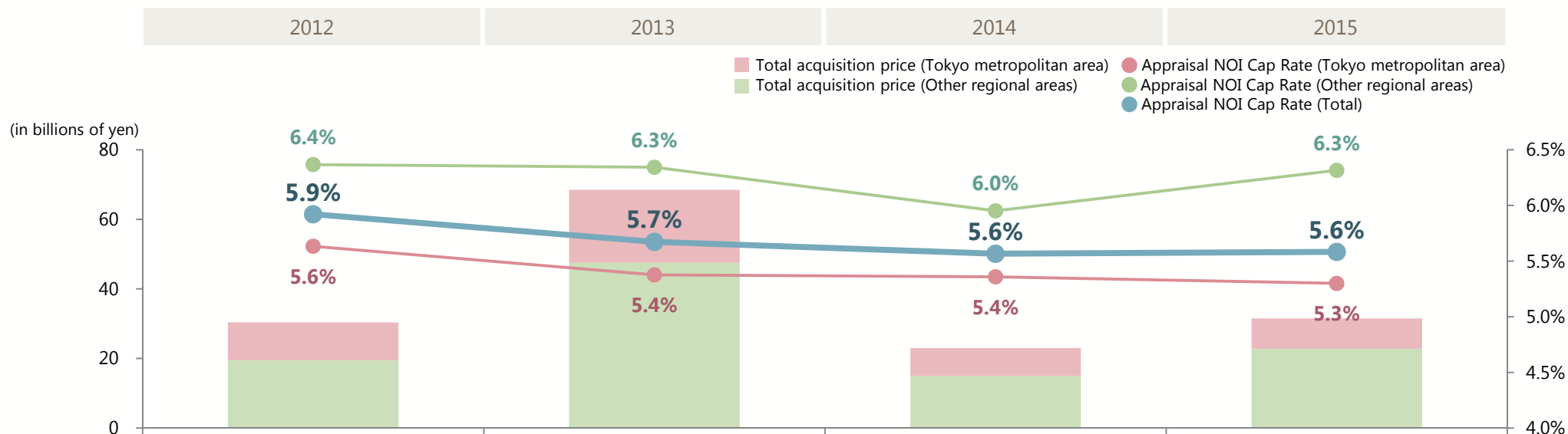
## Targets for Increasing Unitholders' Value



We are committed to more improvement in unitholders' value by aiming for growth in AUM and the stabilized DPU.

# Increasing Unitholders' Value with Constant Acquisition of Properties

## Total Acquisition Price and Appraisal NOI Cap Rate of Newly Acquired Properties in Each Years<sup>(1)</sup>



Acquired Properties	20 props	60 props	12 props	17props
Total Acquisition Price	¥30.4 billion	¥68.5 billion	¥23.0 billion	¥31.6 billion
Rentable Units	1,400 units	3,458 units	1,168 units	1,376 units
Change in Appraisal unrealized capital gains <sup>(2)</sup>	+¥0.9 billion	+¥1.1 billion	+¥1.5 billion	+¥3.2 billion
Summary of Acquired Properties	■ 20 props acquired on IPO	■ 60 props acquired on PO	■ 8 props acquired on PO ■ 4 props acquired individually	■ 11 props acquired in PO ■ 1 prop acquired individually ■ 5 props acquired by mutual transaction

Note 1: The appraisal NOI cap rate is the total appraisal NOI (net operating income) as shown in the appraisal forms when each property was acquired divided by the sum of all acquisition prices. Nichii Home Tama Plaza and Cosmo Heim Motosumiyoshi, which are on land with leasehold interest, are not included in the appraisal NOI cap rate because they have no appraisal NOI.

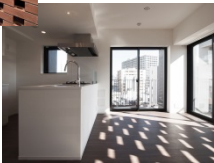
Note 2: For the change in appraisal unrealized capital gains, these gains are calculated by deducting the acquisition price from the appraisal value at the time of acquisition for each property.

Growth in the size of AUM is not the only goal. We want sustained external growth accompanied by prudent prices in order to earn sound medium to long-term investment returns.

# Appendices

# The Properties Acquired in 2H 2015 1/3

## KDX Residence Akasaka



Primary location selection criteria: Jigurai  
Property type: Small Family



Many retainers ("hatamoto") of the shogun and feudal lords ("daimyo") lived in this place and the street was lined with houses of samurai. Due to this background, Akasaka developed into urban area. Today, Akasaka remains one of Tokyo's premier residential districts.

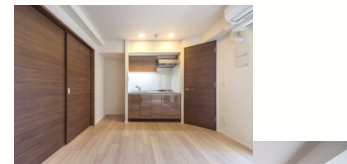
In the surrounding area, there are convenient facilities for living, such as commercial complexes like akasaka Sacas and Tokyo Midtown. It also has an excellence in habitability having Hinokicho Park within the walking distance. Therefore, stable rental demand can be expected from singles and couples.

Location	Minato ward, Tokyo	Completion Date	December 2014
Acquisition Price	¥ 1,150 million	Appraisal Value <sup>(2)</sup>	¥ 1,380 million
Occupancy Rate <sup>(1)</sup>	100.0%	Appraisal NOI Cap Rate <sup>(2)</sup>	5.3%
Access	4 minutes walk from Akasaka Station		

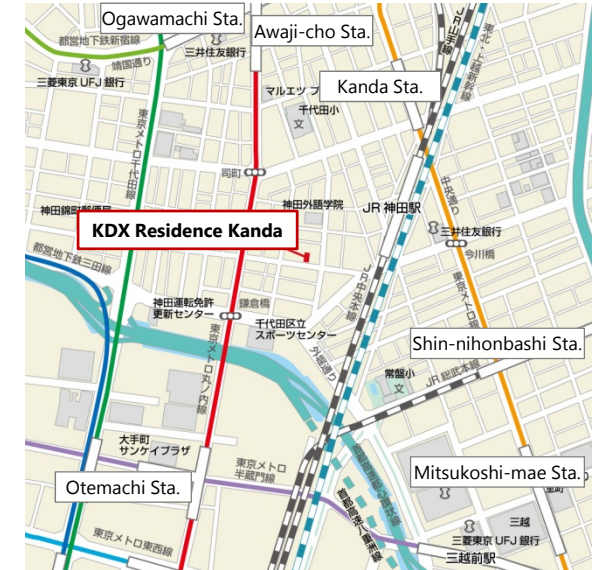
Note 1: "Occupancy Rate" is the figure as of the end of August 2015.

Note 2: "Appraisal Value" is described the appraisal value at the time of acquisition of property. "Appraisal NOI Cap Rate" = NOI described in Appraisal Report / Acquisition Price

## KDX Residence Kanda



Primary location selection criteria: Convenience  
Property type: Small Family



Since the property is in the center of Tokyo, it offers extremely convenient access to main business and commercial areas with four train lines.

Kanda has a pleasant atmosphere of the Edo-period as well as a Showa-period neighborhood. These attributes make Kanda attractive and convenient as a place to live. Therefore, a wide range of rental demand can be expected from people employed nearby as well as from singles and couples working in central Tokyo.

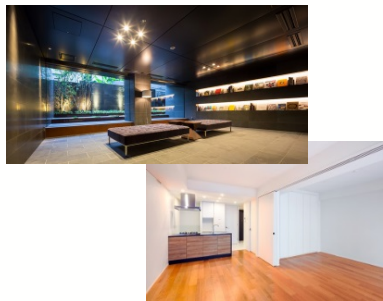
Location	Chiyoda ward, Tokyo	Completion Date	February 2015
Acquisition Price	¥ 700 million	Appraisal Value <sup>(2)</sup>	¥ 862 million
Occupancy Rate <sup>(1)</sup>	100.0%	Appraisal NOI Cap Rate <sup>(2)</sup>	5.6%
Access	3 minutes walk from Kanda Station		

# The Properties Acquired in 2H 2015 2/3

## KDX Residence Ebisu



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



Ebisu is named after Yebisu Beer, which went on sale in 1890 as a product of Japan Beer Brewery Company. The development of housing started in the Taisho Period. Today, Ebisu is one of Tokyo's most prestigious residential areas.

Two large commercial complexes are nearby: atré Ebisu and Yebisu Garden Place. Access to Arisugawa-no-miya Memorial Park, the Institute for Nature Study and other destinations for outings add to the appeal of Ebisu as a place to live. Therefore, stable rental demand can be expected from singles and couples.

Location	Shibuya ward, Tokyo	Completion Date	September 2015
Acquisition Price	¥ 2,845 million	Appraisal Value <sup>(2)</sup>	¥ 3,460 million
Occupancy Rate <sup>(1)</sup>	0.0%	Appraisal NOI Cap Rate <sup>(2)</sup>	5.4%
Access	3 minutes walk from Ebisu Station		

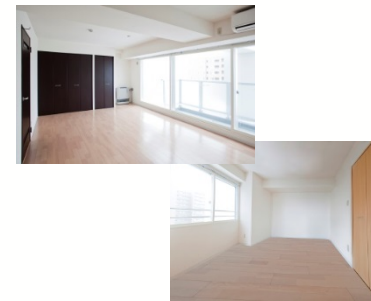
Note 1: "Occupancy Rate" is the figure as of the end of August 2015.

Note 2: "Appraisal Value" is described the appraisal value at the time of acquisition of property. "Appraisal NOI Cap Rate" = NOI described in Appraisal Report / Acquisition Price

## KDX Residence Minami-sanjo



Primary location selection criteria **Convenience**  
Property type **Small Family**



Sapporo Station is only three minutes away from nearest station, giving residents easy access to office buildings and commercial facilities. Furthermore, there is an underground walkway to JR Sapporo Station.

Nearby is Sapporo Odori Park, the location of the Sapporo Snow Festival, and other open spaces. Easy access to a large shopping center and other shopping facilities make this area even more attractive as a place to live. Therefore, a wide range of rental demand can be expected from people employed nearby as well as from singles and couples working in central Sapporo.

Location	Sapporo, Hokkaido	Completion Date	December 2010
Acquisition Price	¥ 915 million	Appraisal Value <sup>(2)</sup>	¥ 1,400 million
Occupancy Rate <sup>(1)</sup>	97.4%	Appraisal NOI Cap Rate <sup>(2)</sup>	8.6%
Access	5 minutes walk from Siseikan Shogakko-mae Station 9 minutes walk from Susukino Station		



# The Properties Acquired in 2H 2015 3/3

## Serenite Kita-kyuhoji



Primary location selection criteria: Convenience  
Property type: Studio



Osaka Station, the major business and commercial district of Osaka, is approximately 13 minutes by train from the nearest station.

The name of this neighborhood dates back to Kyuhoji Temple, which was established here in the Asuka Period by Shotoku Taishi. Kita-kyuhoji-machi is one of the largest centers of wholesaling in Osaka. Residents can easily walk to the ward office as well as convenience stores, drug stores and many other facilities that are convenient for living. Therefore, stable rental demand can be expected from singles working in central Osaka.

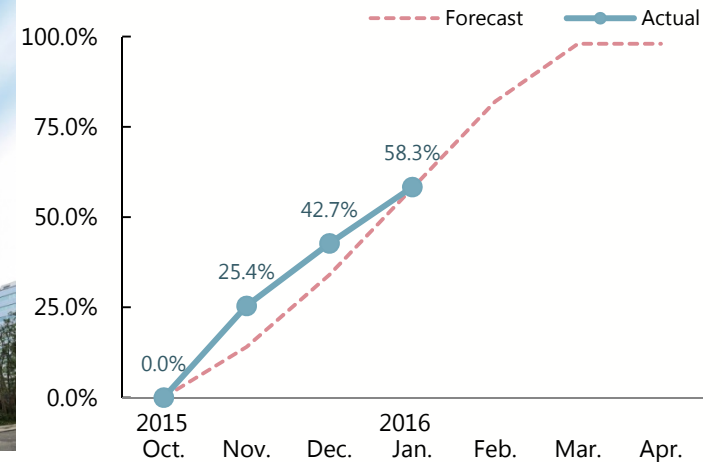
Location	Osaka, Osaka	Completion Date	July 2015
Acquisition Price	¥ 1,290 million	Appraisal Value <sup>(2)</sup>	¥ 1,370 million
Occupancy Rate <sup>(1)</sup>	0.0%	Appraisal NOI Cap Rate <sup>(2)</sup>	5.4%
Access	5 minutes walk from Sakaisuji Hommachi Station 10 minutes walk from Tanimachi 4 chome Station		

Note 1: "Occupancy Rate" is the figure as of the end of August 2015.

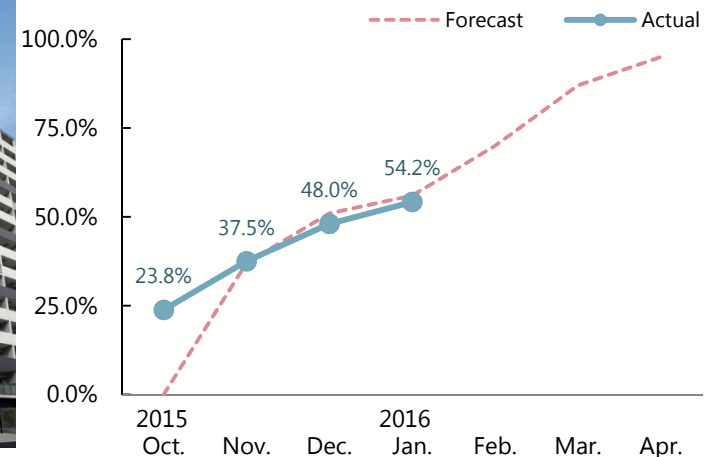
Note 2: "Appraisal Value" is described the appraisal value at the time of acquisition of property. "Appraisal NOI Cap Rate" = NOI described in Appraisal Report / Acquisition Price

## Occupancy Rates of New-built Properties

### KDX Residence Ebisu



### Serenite Kita-kyuhoji



# Sub-MLIT standard Toyo Tire & Rubber Seismic Isolation Materials

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

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

## Signing of a Compensation Agreement

KDR, the Asset Management Company and a trust bank who is the trustee of the building signed a Compensation Agreement with Toyo Tire & Rubber Co., and Toyo Chemical Industrial Products regarding compensation for damages due to the use of certain seismic isolation laminated rubber that did not meet the certification criteria in the building.

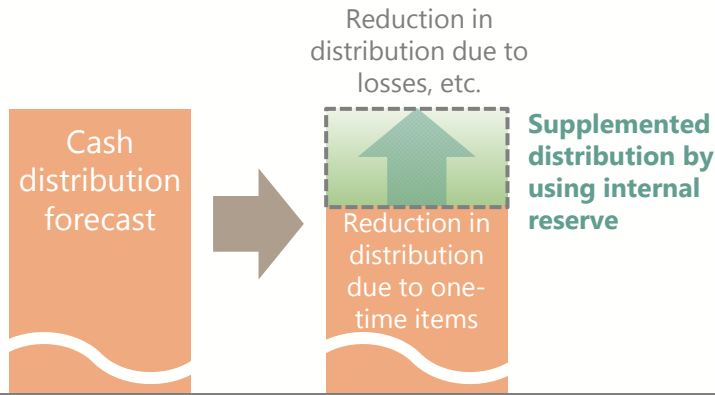
For the time being, an understanding has been reached concerning compensation for damages. However, the contents of the Agreement will not be disclosed because problems may occur during in the implementation of compensation payments.

## Replacement of the Substandard Seismic Isolation Laminated Rubber

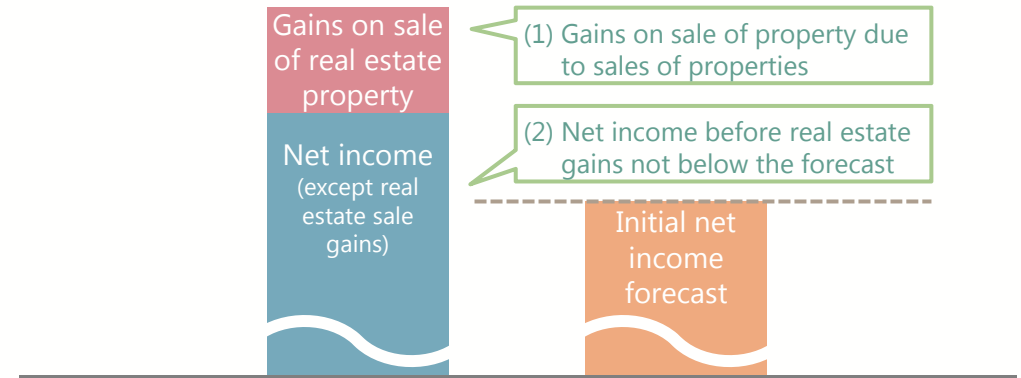
We will continue to hold discussions regarding construction related to the replacement of the substandard seismic isolation laminated rubber and plans to ask Toyo Tire and Toyo Chemical Industrial Products to take all actions required for a satisfactory conclusion of this problem.

# Internal Reserve

## Purposes and Use of Internal Reserve



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



### Purposes and Use of Internal Reserve

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

- Losses resulting from real estate sales or the impairment of assets under management
- Temporary decline in rental revenues caused by the acquisition of a property upon its completion or other event
- Dilution of distributions per unit caused by the flexible public offerings
- Losses caused by disasters and other unforeseen events

### Conditions for the Use of Internal Reserve

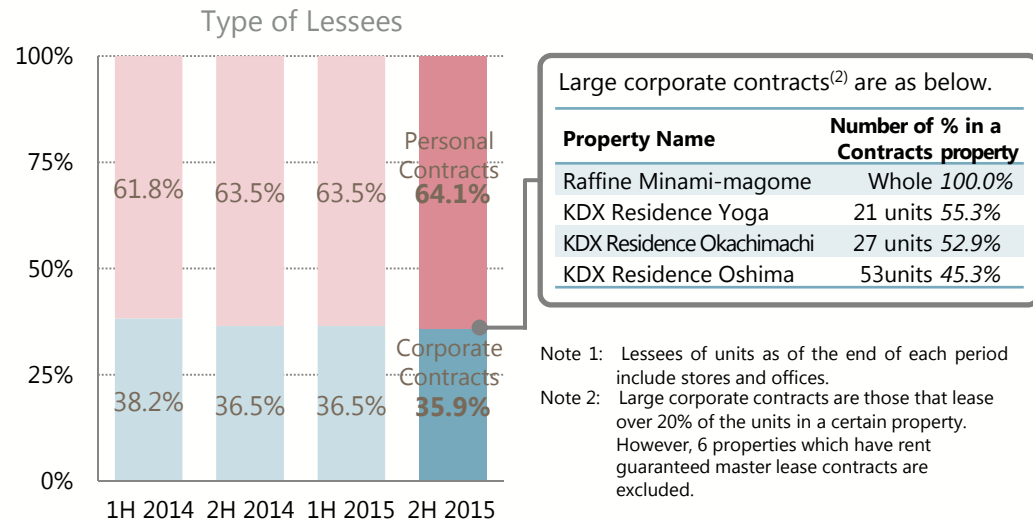
When there is a gain on the sale of real estate property, etc., we will consider using internal reserve up to the point to prevent net income (excluding the gain) from falling below the initial forecast

### Guideline for the Amount of Internal Reserve

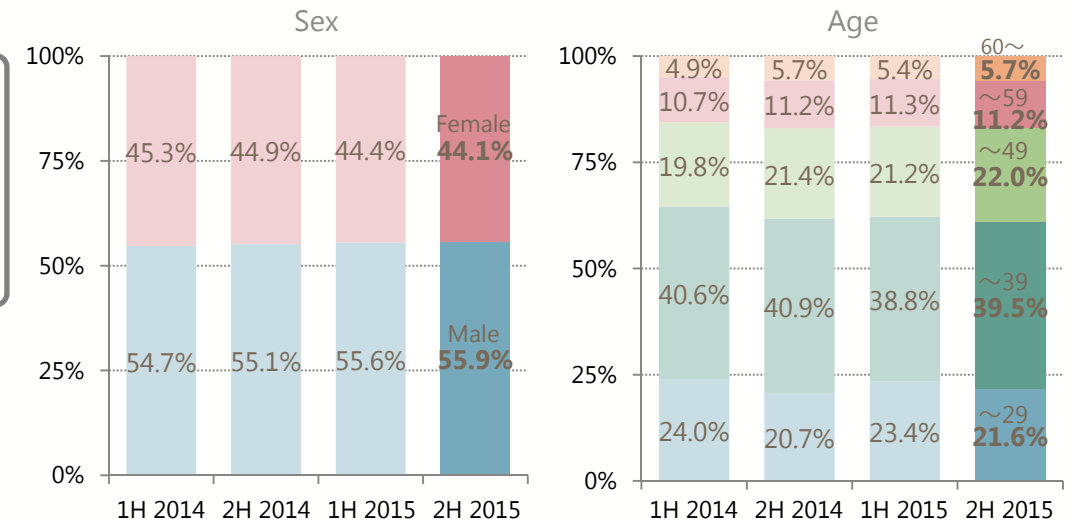
The current guideline for internal reserve is 10% of net income (In the 8<sup>th</sup> period: 2H 2015, ¥82 million was retained due to the gain on the sale of real estate)

# Tenant Demographics Analysis

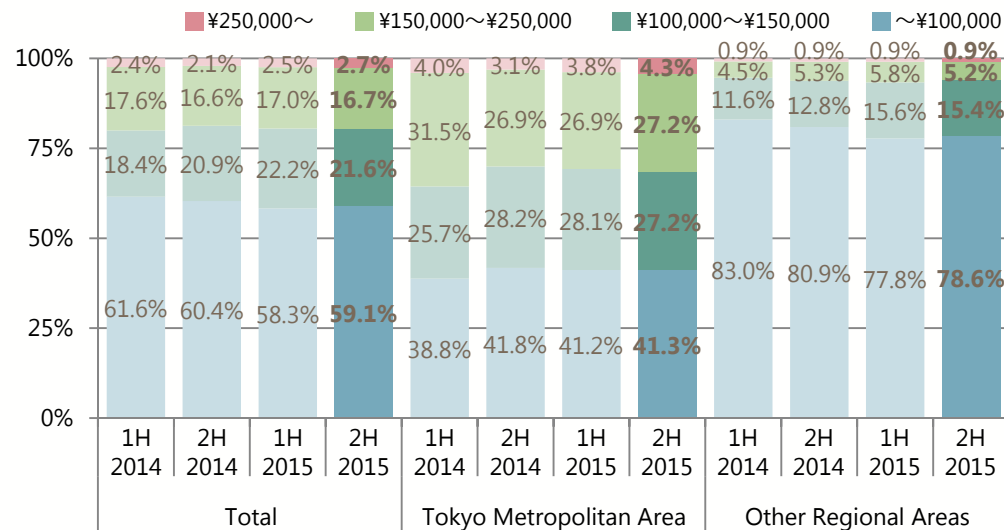
## Type of Lessees<sup>(1)</sup>



## Breakdown of Personal Contracts



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



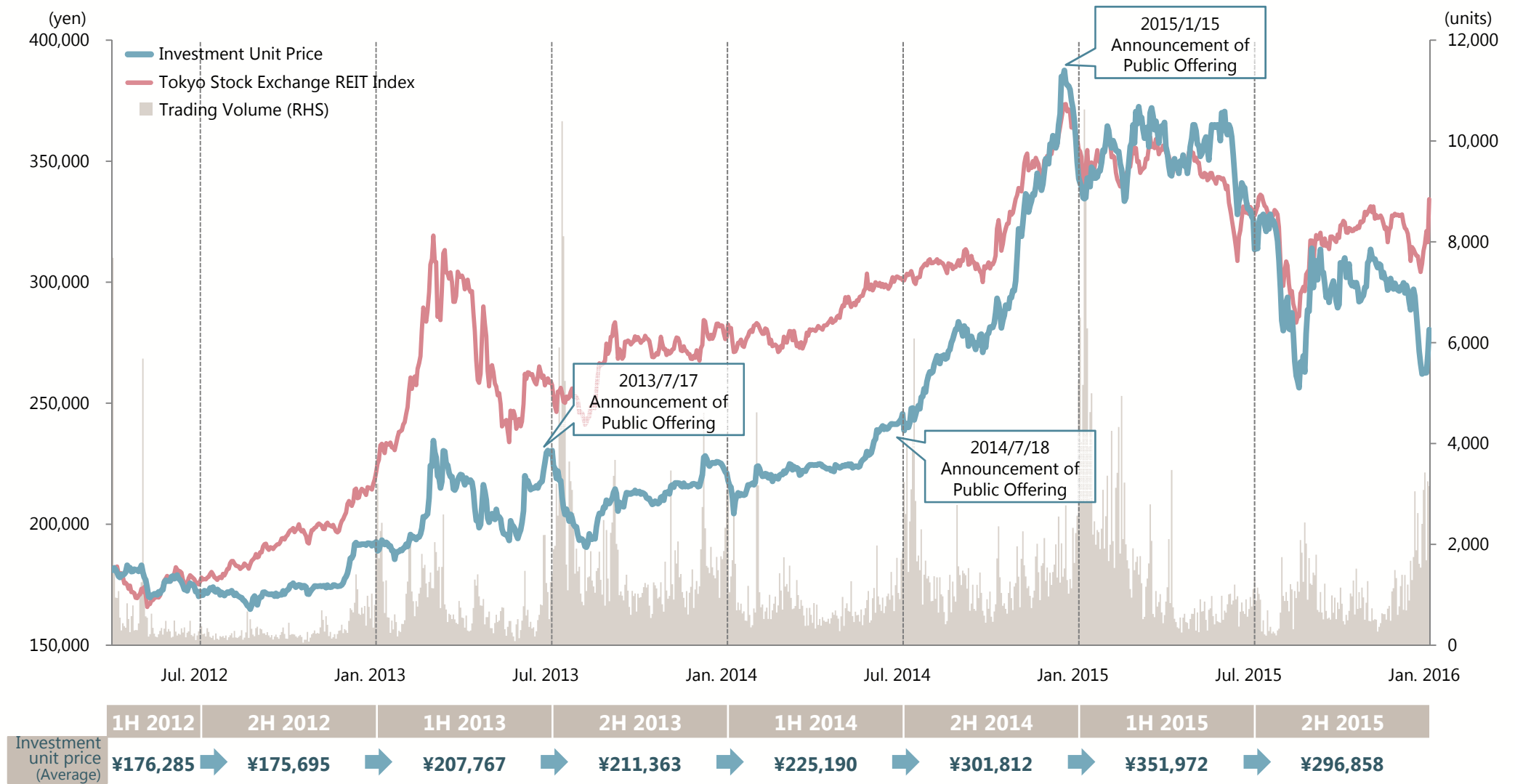
## Average Rent per Residential Unit (as of January 31, 2016)<sup>(3)</sup>

Room Type \ Area	Tokyo Metropolitan Area	Other Regional Areas	Total
Studio	¥92,100	¥69,036	¥83,800
Small Family	¥161,166	¥86,307	¥117,435
Family	¥214,140	¥167,047	¥191,603
<b>Total</b>	<b>¥133,433</b>	<b>¥91,806</b>	<b>¥113,547</b>

Note 3: Breakdown by Rent Range and Average Rent per Residential Unit do not include stores and offices.

# Investment Unit Price

**Trends in Investment Unit Price and Trading Volume (from April 26, 2012 to January 31, 2016)**



Note1: 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).

# Status of Borrowings

Series	Lenders*	Balance (¥ million)	Interest Rate <sup>(1)</sup>	Drawdown Date	Final Principal Repayment Date <sup>(2)</sup>
1-D	SMBC, BTMU	3,500	0.92091%	2012/5/1	2016/4/30
3-C	SMBC, BTMU, Aozora, SMTB, Resona, MHTB, Mizuho	8,500	0.78700% <sup>(3)</sup>	2013/8/7	2016/8/31
3-D	SMBC, BTMU, Aozora, Resona, SMTB, MHTB, Mizuho	11,000	0.90950% <sup>(3)</sup>	2013/8/7	2017/8/31
3-E	SMBC, BTMU, Aozora, Resona, SMTB, MHTB, Mizuho	8,000	1.05200% <sup>(3)</sup>	2013/8/7	2018/8/31
3-F	DBJ	3,000	1.08750%	2013/8/7	2018/8/31
4-A	BTMU	1,000	1.10900% <sup>(3)</sup>	2014/1/31	2021/1/31
4-B	SMBC	1,000	1.22100% <sup>(3)</sup>	2014/1/31	2021/7/31
5	Aozora	1,350	1.18300% <sup>(3)</sup>	2014/3/28	2021/3/28
6-A	SMBC	2,000	1.26700% <sup>(3)</sup>	2014/4/30	2022/4/30
6-B	Aozora	1,500	1.26700% <sup>(3)</sup>	2014/4/30	2022/4/30
6-C	BTMU	1,000	1.26700% <sup>(3)</sup>	2014/4/30	2022/4/30
6-D	Resona	1,000	1.26700% <sup>(3)</sup>	2014/4/30	2022/4/30
7-A	SMBC, BTMU, Mizuho, Aozora, Resona, MHTB	3,750	0.91625% <sup>(3)</sup>	2014/8/7	2021/8/7
7-B	DBJ	1,000	0.99625%	2014/8/7	2021/8/7
8-A	SMBC, BTMU, Mizuho, Resona, MHTB, Aozora	1,650	1.25400% <sup>(3)</sup>	2014/8/7	2023/8/7
8-B	DBJ	500	1.32000%	2014/8/7	2023/8/7

Series	Lenders*	Balance (¥ million)	Interest Rate <sup>(1)</sup>	Drawdown Date	Final Principal Repayment Date <sup>(2)</sup>
9-A	SMBC	600	0.94500% <sup>(3)</sup>	2014/8/29	2021/8/31
9-B	BTMU	600	0.94500% <sup>(3)</sup>	2014/8/29	2021/8/31
9-C	Aozora	500	0.94500% <sup>(3)</sup>	2014/8/29	2021/8/31
10	Mizuho	950	1.08300% <sup>(3)</sup>	2014/11/14	2022/11/30
11-A	SMBC	2,000	0.80400% <sup>(3)</sup>	2014/11/28	2020/11/30
11-B	MUTB	1,500	0.68850% <sup>(3)</sup>	2014/11/28	2019/11/30
13-A	SMBC	1,200	0.87460% <sup>(3)</sup>	2015/2/5	2022/1/31
13-B	BTMU	1,200	1.10500% <sup>(3)</sup>	2015/2/5	2024/1/31
14-A	Aozora	2,000	0.87470% <sup>(3)</sup>	2015/4/30	2022/4/30
14-B	Resona	1,500	0.98710% <sup>(3)</sup>	2015/4/30	2023/4/30
14-C	BTMU	2,000	1.09970% <sup>(3)</sup>	2015/4/30	2024/4/30
14-D	SMBC	1,000	1.26540% <sup>(3)</sup>	2015/4/30	2025/4/30
15-A	Aozora	300	0.67750% <sup>(3)</sup>	2015/8/31	2020/8/31
15-B	Resona	1,100	0.92275% <sup>(3)</sup>	2015/8/31	2022/8/31
15-C	MHTB	700	0.92275% <sup>(3)</sup>	2015/8/31	2022/8/31
15-D	SMTB	950	1.04660% <sup>(3)</sup>	2015/8/31	2023/8/31
15-E	BTMU	1,700	1.16870% <sup>(3)</sup>	2015/8/31	2024/8/31
15-F	Mizuho	950	1.16870% <sup>(3)</sup>	2015/8/31	2024/8/31
15-G	SMBC	2,000	1.34470% <sup>(3)</sup>	2015/8/31	2025/8/31
15-H	DBJ	1,000	1.19250%	2015/8/31	2024/8/31
16-A	BTMU	300	0.62400% <sup>(3)</sup>	2015/10/27	2020/10/27
16-B	BTMU	1,000	1.15600% <sup>(3)</sup>	2015/10/27	2025/4/27
<b>Total</b>		<b>74,800</b>			

\* Sumitomo Mitsui Banking Corporation ("SMBC"), Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU"), Aozora Bank, Ltd. ("Aozora"), Resona Bank, Ltd. ("Resona"), Development Bank of Japan Inc. ("DBJ"), Mizuho Bank, Ltd. ("Mizuho"), Sumitomo Mitsui Trust Bank, Limited. ("SMTB"), Mizuho Trust & Banking Co., Ltd. ("MHTB"), Mitsubishi UFJ Trust and Banking Corporation ("MUTB")

Note 1: The debt financing above are all floating interest rate debt financing, except Series 3-F, Series 7-B, Series 8-B and Series 15-H. Although, KDR purchased the interest rate caps covering Series 1-D (on December 26, 2012) for hedging the interest payment increase risk. And KDR executed Interest-Rate Swap Agreements covering Series 3-D and Series 3-E (on August 5, 2013), Series 3-C (on September 10, 2013), Series 4-A and Series 4-B (on January 29, 2014), Series 5 (on March 26, 2014) and Series 6-A, Series 6-B, Series 6-C and Series 6-D (on April 25, 2014), Series 7-A and Series 8-A (on August 5, 2014), Series 9-A, Series 9-B and Series 9-C (on August 27, 2014), Series 10 (on November 12, 2014), Series 11-A and Series 11-B (on November 26, 2014), Series 13-A and Series 13-B (on February 3, 2015), Series 14-A, Series 14-B, Series 14-C and Series 14-D (on April 27, 2015), Series 15-A, Series 15-B, Series 15-C, Series 15-D, Series 15-E, Series 15-F and Series 15-G (on August 27, 2015), Series 16-A and Series 16-B (on October 23, 2015), respectively.

Note 2: The repayment method for the debt financing above, all except for Series 2-C, are principal repayments in full on maturity.

Note 3: The debt financing above are floating interest rate debt financing. Although, KDR executed Interest-Rate Swap Agreements for hedging the interest payment increase risk. Therefore, there are indicated the interest rate after execution of Interest-Rate Swap (fixing of interest).

# Financial Statements

## Balance Sheets

	(in thousands of yen)	
	7 <sup>th</sup> Fiscal Period (as of July 31, 2015)	8 <sup>th</sup> Fiscal Period (as of January 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	5,058,517	4,448,588
Cash and deposits in trust	3,666,427	3,618,286
Operating accounts receivable	18,522	25,022
Prepaid expenses	4,000	3,343
Deferred tax assets	195	-
Consumption taxes receivable	35,168	-
Other	1,756	2,215
<b>Total current assets</b>	<b>¥8,784,588</b>	<b>¥8,097,456</b>
Noncurrent assets		
Property, plant and equipment		
Land	1,798,041	1,798,041
Building in trust	58,552,444	59,489,381
Structures in trust	333,529	332,063
Machinery and equipment in trust	1,143,510	1,126,358
Tools, furniture and fixtures in trust	51,675	121,215
Land in trust	86,993,349	88,038,597
<b>Total property, plant and equipment, net</b>	<b>¥148,872,550</b>	<b>¥150,905,658</b>
Investments and other assets		
Investment securities	132,897	132,897
Lease and guarantee deposits	10,950	10,950
Long-term prepaid expenses	668,909	787,229
<b>Total investments and other assets</b>	<b>¥812,758</b>	<b>¥931,077</b>
<b>Total noncurrent assets</b>	<b>¥149,685,308</b>	<b>¥151,836,735</b>
Deferred assets		
Deferred organization costs	13,597	8,296
Investment unit issuance costs	171,999	122,138
<b>Total deferred assets</b>	<b>¥185,596</b>	<b>¥130,435</b>
<b>Total assets</b>	<b>¥158,655,493</b>	<b>¥160,064,627</b>

	(in thousands of yen)	
	7 <sup>th</sup> Fiscal Period (as of July 31, 2015)	8 <sup>th</sup> Fiscal Period (as of January 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	301,810	408,685
Short-term loans payable	3,200,000	-
Current portion of long-term loans payable	9,000,000	12,000,000
Accounts payable-other	192,209	189,155
Accrued expenses	14,495	20,333
Income taxes payable	42,141	605
Accrued consumption taxes	-	87,311
Advances received	707,793	698,353
Deposits received	56,019	55,597
<b>Total current liabilities</b>	<b>¥13,514,469</b>	<b>¥13,460,042</b>
Noncurrent liabilities		
Long-term loans payable	61,300,000	62,800,000
Tenant leasehold and security deposits in trust	1,457,261	1,415,065
<b>Total noncurrent liabilities</b>	<b>¥62,757,261</b>	<b>¥64,215,065</b>
<b>Total liabilities</b>	<b>¥76,271,730</b>	<b>¥77,675,108</b>
Net Assets		
Unitholders' equity		
Unitholders' capital	80,132,379	80,132,379
Surplus		
Unappropriated retained earnings (undisposed loss)	2,254,662	2,258,172
Total surplus	2,254,662	2,258,172
<b>Total unitholders' equity</b>	<b>¥82,387,041</b>	<b>¥82,390,551</b>
Deferred gains or losses on hedges	△3,278	△1,032
<b>Total net assets</b>	<b>¥82,383,762</b>	<b>¥82,389,519</b>
<b>Total liabilities and net assets</b>	<b>¥158,655,493</b>	<b>¥160,064,627</b>

# Financial Statements

## Statements of Income and Retained Earnings

(in thousands of yen)

	7 <sup>th</sup> Fiscal Period from: Feb. 1, 2015 to: Jul. 31, 2015	8 <sup>th</sup> Fiscal Period from: Aug. 1, 2015 to: Jan. 31, 2016
Operating revenues		
Rent revenues-real estate	4,735,880	4,796,385
Other lease business revenue	434,129	411,751
Gains on sale of real estate property	124,110	9,284
Dividends Income	8,333	9,211
Total operating revenues	5,302,453	5,226,632
Operating expenses		
Expenses related to rent business	1,952,263	1,936,375
Asset management fees	318,705	355,326
Asset custody fees	9,175	10,932
Administrative service fees	32,723	37,737
Directors' compensation	4,500	4,500
Other operating expenses	171,066	164,677
Total operating expenses	2,488,434	2,509,550
<b>Operating Income</b>	<b>¥2,814,018</b>	<b>¥2,717,082</b>
Non-operating income		
Interest income	210	255
Dividends and redemption-prescription	-	1,246
Interest on refund	115	15
Total non-operating income	325	1,517
Non-operating expenses		
Interest expenses	335,705	370,333
Derivative-related expenses	7,496	3,391
Borrowing expenses	105,653	104,644
Amortization of deferred organization costs	5,214	5,300
Amortization of investment unit issuance costs	54,333	49,860
Total non-operating expenses	508,403	533,531
<b>Ordinary Income</b>	<b>¥2,305,941</b>	<b>¥2,185,069</b>
<b>Income before income taxes</b>	<b>¥2,305,941</b>	<b>¥2,185,069</b>
Income taxes-current	51,577	605
Income taxes-deferred	△178	195
Total income taxes	51,399	800
<b>Net Income</b>	<b>¥2,254,542</b>	<b>¥2,184,268</b>
Retained earnings brought forward	120	73,903
Unappropriated retained earnings (undisposed loss)	¥2,254,662	¥2,258,172

## Distributions

	7 <sup>th</sup> Fiscal Period from: Feb. 1, 2015 to: Jul. 31, 2015	8 <sup>th</sup> Fiscal Period from: Aug. 1, 2015 to: Jan. 31, 2016
I. Retained earnings at the end of period	2,254,662,743 yen	2,258,172,370 yen
II. Total distributions (Distributions per unit)	2,180,758,983 yen (6,247 yen)	2,175,173,559 yen (6,231 yen)
III. Retained earnings brought forward to the next period	73,903,760 yen	82,998,811 yen

## Statements of Cash Flows

(in thousands of yen)

	7 <sup>th</sup> Fiscal Period from: Feb. 1, 2015 to: Jul. 31, 2015	8 <sup>th</sup> Fiscal Period from: Aug. 1, 2015 to: Jan. 31, 2016
Net cash provided by (used in) operating activities	4,329,009	7,769,272
Net cash provided by (used in) investing activities	△25,210,430	△7,545,034
Net cash provided by (used in) financing activities	23,555,870	△882,308
<b>Net increase (decrease) in Cash and Cash Equivalents (△ decrease)</b>	<b>¥2,674,449</b>	<b>¥△658,070</b>
Cash and cash equivalents at the beginning of period	6,050,495	8,724,944
<b>Cash and cash equivalents at the End of Period</b>	<b>¥8,724,944</b>	<b>¥8,066,874</b>



# Trends in Performance

## Trends in Income

	7 <sup>th</sup> Fiscal Period (as of July 31, 2015)	8 <sup>th</sup> Fiscal Period (as of January 31, 2016)
Operating Term	181.0 days	184.0 days
Average Days of Property Management	179.1 days	177.4 days
Operating Revenues	¥5,302 million	¥5,226 million
Operating Income	¥2,814 million	¥2,717 million
Ordinary Income	¥2,305 million	¥2,185 million
Net Income	¥2,254 million	¥2,184 million
Distribution per Unit	¥6,247	¥6,231
Payout Ratio	96.7 %	99.6 %

## Trends in Financial Statements

	7 <sup>th</sup> Fiscal Period (as of July 31, 2015)	8 <sup>th</sup> Fiscal Period (as of January 31, 2016)
Total Assets	¥158,655 million	¥160,064 million
Net Assets	¥82,383 million	¥82,389 million
Capital-to-Asset Ratio	51.9 %	51.5 %
Total Unitholders' Capital	¥80,132 million	¥80,132 million
Total Investment Units Held	349,089 units	349,089 units
Net Assets per Unit	¥235,996	¥236,012
Return on Assets (per year) <sup>(1)</sup>	3.2 %	2.7 %
Return on Equity (per year) <sup>(2)</sup>	6.4 %	5.3 %
FFO (Funds From Operation) <sup>(3)</sup>	¥3,017 million	¥3,082 million
FFO per Unit	¥8,642	¥8,830
Total Interest-bearing Liabilities	¥73,500 million	¥74,800 million
Average Interest Rate	0.94 %	1.01 %
Average Borrowing Term	3.8 years	4.3 years
LTV <sup>(4)</sup>	46.3 %	46.7 %
NAV <sup>(5)</sup>	¥95,105 million	¥98,927 million
NAV per Unit	¥272,439	¥283,388

Note 1: Return on Assets=Ordinary Income / (Total Assets at the beginning of the period + Total Assets at the end of the period)/2

Note 2: Return on Equity=Net Income / (Net Assets at the beginning of the period + Net Assets at the end of the period)/2

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

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

## Trends in Portfolio Performance

	7 <sup>th</sup> Fiscal Period (as of July 31, 2015)	8 <sup>th</sup> Fiscal Period (as of January 31, 2016)
Number of Properties	103 props	105 props
Properties Acquired during the period	12 props	5 props
Properties Transferred during the period	1 Props	3 Props
Total Acquisition Price	¥145,873 million	¥148,184 million
Total Book Value	¥148,872 million	¥150,906 million
Total Appraisal Value	¥163,849 million	¥169,702 million
Rentable Units	7,080 units	7,243 units
(of which Residential Units)	7,021 units	7,183 units
Rentable Area	280,436.94 m <sup>2</sup>	286,310.51 m <sup>2</sup>
(of which Residential Units)	267,439.51 m <sup>2</sup>	274,022.17 m <sup>2</sup>
Leasing Business Revenues	¥5,170 million	¥5,208 million
Leasing Business Expenses (ex. Depreciation)	¥1,125 million	¥1,084 million
NOI (Net Operating Income) <sup>(6)</sup>	¥4,044 million	¥4,124 million
NOI Cap Rate (per year)	5.6 %	5.6 %
Capital Expenditure	¥146 million	¥167 million
Depreciation	¥827 million	¥852 million
Depreciation Rate (per acquisition price, year)	1.1 %	1.1 %
NOI Cap Rate after Depreciation (per year)	4.5 %	4.4 %
Occupancy Rates (average during the period)	95.8 %	95.4 %
Occupancy Rates (at the end of the period)	96.2 %	96.0 %
Rent per Tsubo (average during the period)	¥9,803 per tsubo	¥9,752 per tsubo
Rent per Tsubo (at the end of the period)	¥9,824 per tsubo	¥9,760 per tsubo
Replacement Rate <sup>(7)</sup>	14.2 %	11.3 %
Turnover Rate <sup>(8)</sup>	13.6 %	9.8 %
Renewal Rate (average during the period) <sup>(9)</sup>	87.8 %	89.5 %
Average Occupancy Period <sup>(10)</sup>	1,090 days	1,066 days
Average Downtime <sup>(11)</sup>	67 days	80 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

Note 8: Turnover=Exiting tenants during the operating period / Rentable Units

Note 9: Renewal Rate=Renewal tenants during the operating period / Ending contracts during the operating period

Note 10: Average Occupancy Period is based on exiting tenants during the operating period

Note 11: Average Downtime is based on new tenants during the operating period

# Appraisal Values 1/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 8 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period				
T-1	KDX Daikanyama Residence	F	5,390	5,530	140	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	4,700	830	4,766	763
T-3	KDX Odemma Residence	F	1,960	2,000	40	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,775	225	1,764	235
T-4	KDX Iwamoto-cho Residence	F	931	951	20	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	822	129	819	131
T-5	KDX Bunkyo Sengoku Residence	F	1,740	1,750	10	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	1,488	262	1,493	256
T-6	KDX Azumabashi Residence	F	814	832	18	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	650	182	643	188
T-7	KDX Shimura Sakaue Residence	F	3,220	3,230	10	4.8%	4.8%	4.6%	4.6%	5.0%	5.0%	2,830	400	2,791	438
T-9	Cosmo Heim Motosumiyoshi	F	1,760	1,770	10	-	-	5.0%	4.9%	5.2%	5.1%	1,750	20	1,798	-28
T-10	KDX Musashi Nakahara Residence	F	700	707	7	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	637	70	643	63
T-11	KDX Chiba Chuo Residence	D	1,620	1,630	10	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	1,480	150	1,432	197
T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,390	1,410	20	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	1,150	260	1,154	255
T-13	KDX Residence Shirokane I	F	3,270	3,340	70	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	3,000	340	3,042	297
T-15	KDX Residence Shirokane II	F	3,090	3,170	80	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,800	370	2,836	333
T-16	KDX Residence Minami-aoyama	F	2,320	2,370	50	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,230	140	2,255	114
T-17	KDX Residence Minami-azabu	F	2,380	2,430	50	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	2,080	350	2,101	328
T-18	KDX Residence Shiba Koen	F	2,030	2,090	60	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,781	309	1,798	291
T-19	KDX Residence Azabu East	F	1,810	1,840	30	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,560	280	1,576	263
T-20	KDX Residence Takanawa	F	911	935	24	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	770	165	779	155
T-21	KDX Residence Nishihara	F	1,740	1,780	40	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,450	330	1,466	313
T-22	KDX Residence Daikanyama II	F	875	894	19	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	730	164	743	150
T-23	KDX Residence Sendagaya	F	743	758	15	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	650	108	656	101
T-24	KDX Residence Nihonbashi Suitengu	D	3,580	3,660	80	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	3,240	420	3,269	390
T-25	KDX Residence Nihonbashi Hakozaiki	D	1,240	1,260	20	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	1,147	113	1,159	100

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# Appraisal Values 2/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 8 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period				
T-26	KDX Residence Higashi-shinjuku	F	3,680	3,760	80	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	3,270	490	3,295	464
T-27	KDX Residence Yotsuya	F	2,410	2,460	50	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	2,260	200	2,286	173
T-28	KDX Residence Nishi-shinjuku	F	1,150	1,180	30	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,000	180	1,011	168
T-29	KDX Residence Kagurazaka	F	807	826	19	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	720	106	727	98
T-30	KDX Residence Futako Tamagawa	F	1,380	1,390	10	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,250	140	1,270	119
T-31	KDX Residence Komazawa Koen	F	1,030	1,030	-	4.4%	4.4%	4.2%	4.2%	4.6%	4.6%	920	110	929	100
T-32	KDX Residence Misyuku	F	846	855	9	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	760	95	770	84
T-33	KDX Residence Yoga	F	789	796	7	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	700	96	710	85
T-34	KDX Residence Shimouma	F	663	679	16	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	600	79	611	67
T-35	Raffine Minami-magome	F	1,650	1,650	-	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	1,250	400	1,259	390
T-36	KDX Residence Yukigaya Otsuka	F	1,180	1,210	30	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,050	160	1,059	150
T-37	KDX Residence Denen Chofu	D	1,140	1,160	20	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,000	160	1,023	136
T-38	KDX Residence Tamagawa	F	867	885	18	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	776	109	777	107
T-39	KDX Residence Monzennakacho	F	876	896	20	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	773	123	780	115
T-40	KDX Residence Okachimachi	F	950	971	21	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	850	121	860	110
T-41	KDX Residence Moto-asakusa	F	892	913	21	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	800	113	811	101
T-42	KDX Residence Itabashi Honcho	F	701	709	8	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	620	89	626	82
T-43	KDX Residence Azusawa	F	617	619	2	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	550	69	573	45
T-44	KDX Residence Tobu Nerima	F	480	490	10	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	420	70	421	68
T-45	KDX Residence Yokohama Kannai	F	896	940	44	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	800	140	807	132
T-46	KDX Residence Miyamaedaira	F	1,070	1,090	20	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	999	91	1,008	81
T-47	KDX Residence Machida	F	1,940	1,950	10	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,800	150	1,800	149

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# Appraisal Values 3/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 8 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period				
T-48	KDX Residence Kinshicho	F	1,510	1,540	30	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,350	190	1,379	160
T-49	KDX Residence Nihombashi Hamacho	F	1,120	1,140	20	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	996	144	1,022	117
T-50	KDX Residence Nihombashi Ningyocho	F	616	631	15	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	530	101	545	85
T-51	KDX Residence Jiyugaoka	F	1,430	1,440	10	4.3%	4.3%	4.1%	4.1%	4.5%	4.5%	1,268	172	1,340	99
T-52	KDX Residence Togoshi	F	4,310	4,330	20	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	3,745	585	3,829	500
T-53	KDX Residence Shinagawa Seaside	F	3,020	3,030	10	4.5%	4.5%	4.3%	4.3%	4.7%	4.7%	2,593	437	2,656	373
T-54	KDX Residence Ojima	F	2,060	2,110	50	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	1,857	253	1,904	205
T-55	KDX Residence Oyama	F	3,010	3,030	20	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	2,679	351	2,748	281
T-56	KDX Residence Hanzomon	F	5,190	5,310	120	4.5%	4.4%	4.2%	4.1%	4.6%	4.5%	4,832	478	4,964	345
T-57	B-Site Akihabara	F	882	901	19	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	850	51	877	23
T-58	Bureau Kagurazaka	F	1,460	1,460	-	4.4%	4.4%	4.1%	4.1%	4.4%	4.4%	1,360	100	1,398	61
T-59	KDX Residence Sendagi	F	2,300	2,310	10	4.6%	4.5%	4.4%	4.3%	4.8%	4.7%	2,200	110	2,322	-12
T-60	KDX Residence Seijo	F	1,490	1,500	10	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,400	100	1,439	60
T-61	KDX Residence Akihabara	F	1,380	1,400	20	4.5%	4.4%	4.3%	4.2%	4.7%	4.6%	1,250	150	1,290	109
T-62	KDX Residence Iriya	F	1,250	1,250	-	4.7%	4.7%	4.5%	4.5%	4.9%	4.9%	1,062	188	1,099	150
T-63	KDX Residence Tachikawa	F	3,340	3,370	30	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	3,026	343	3,129	240
T-64	KDX Residence Tsurumi	F	1,280	1,300	20	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	1,050	250	1,106	193
T-65	KDX Residence Morishita Chitose	M	1,110	1,130	20	4.7%	4.6%	4.5%	4.4%	4.9%	4.8%	1,100	30	1,140	-10
T-66	KDX Residence Akasaka	F	1,380	1,450	70	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	1,150	300	1,220	229
T-67	KDX Residence Kanda	F	862	884	22	4.4%	4.3%	4.2%	4.1%	4.6%	4.5%	700	184	747	136
T-68	KDX Residence Ebisu	F	3,460	3,630	170	4.3%	4.2%	4.1%	4.0%	4.5%	4.4%	2,845	785	3,015	614
<b>Subtotal</b>			<b>111,988</b>	<b>113,942</b>	<b>1,954</b>							<b>99,731</b>	<b>14,210</b>	<b>101,600</b>	<b>12,341</b>

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# Appraisal Values 4/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 8 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period				
R-1	KDX Toyohira Sanjo Residence	F	743	754	11	5.6%	5.5%	5.4%	5.3%	5.8%	5.7%	582	171	575	178
R-2	KDX JozenjiDori Residence	D	1,280	1,300	20	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	1,015	285	1,005	294
R-3	KDX Izumi Residence	F	1,290	1,300	10	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,120	180	1,107	192
R-4	KDX Chihaya Residence	F	1,320	1,330	10	5.1%	5.1%	4.9%	4.9%	5.3%	5.3%	1,080	250	1,065	264
R-5	KDX Sakaisuji Hommachi Residence	F	3,190	3,210	20	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	2,910	300	2,862	347
R-6	KDX Shimmachi Residence	F	1,210	1,240	30	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,015	225	996	243
R-7	KDX Takarazuka Residence	F	1,820	1,840	20	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,510	330	1,463	376
R-8	KDX Shimizu Residence	F	2,000	2,010	10	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	1,680	330	1,655	354
R-9	KDX Residence Odori Koen	F	834	857	23	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	765	92	769	87
R-10	KDX Residence Kikusui Yojo	F	915	928	13	5.5%	5.5%	5.3%	5.3%	5.7%	5.7%	830	98	835	92
R-11	KDX Residence Tokyohira Koen	F	508	512	4	5.6%	5.6%	5.4%	5.4%	5.8%	5.8%	445	67	450	61
R-12	KDX Residence Kamisugi	D	851	865	14	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	700	165	704	160
R-13	KDX Residence Ichiban-cho	D	636	647	11	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	530	117	534	112
R-14	KDX Residence Kotodai	D	542	543	1	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	520	23	524	18
R-15	KDX Residence Izumi Chuo	D	581	593	12	5.5%	5.4%	5.3%	5.2%	5.7%	5.6%	480	113	486	106
R-16	KDX Residence Higashi-sakura I	F	2,670	2,680	10	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	2,350	330	2,362	317
R-17	KDX Residence Higashi-sakura II	F	1,010	1,030	20	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	900	130	907	122
R-18	KDX Residence Jingumae	F	983	995	12	5.3%	5.3%	5.1%	5.1%	5.5%	5.5%	840	155	844	150
R-19	KDX Residence Nishi-oji	D	889	891	2	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	813	78	822	68
R-20	KDX Residence Saiin	D	484	485	1	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	440	45	445	39
R-21	KDX Residence Namba	F	1,560	1,570	10	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	1,410	160	1,424	145
R-22	KDX Residence Namba-minami	F	1,530	1,540	10	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	1,350	190	1,359	180

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# Appraisal Values 5/5

(in millions of yen)

No.	Property Name	Appraiser	Appraisal Value			Cap Rate		Discount Rate		Terminal Cap Rate		Acquisition Price d	Difference e [b-d]	Book Value f	Difference g [b-f]
			Previous a	End of the 8 <sup>th</sup> Period b	Difference c [b-a]	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period	Previous	End of the 8 <sup>th</sup> Period				
R-23	KDX Residence Shin-osaka	F	564	574	10	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	510	64	512	61
R-24	KDX Residence Ibaraki I・II	F	1,369	1,382	13	5.4%	5.4%	5.2%	5.2%	5.6%	5.6%	1,275	107	1,285	96
R-25	KDX Residence Toyonaka-minami	F	802	819	17	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	740	79	737	81
R-26	KDX Residence Moriguchi	F	615	626	11	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	551	75	553	72
R-27	KDX Residence Sannomiya	F	1,260	1,290	30	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,080	210	1,089	200
R-28	Ashiya Royal Homes	F	1,560	1,650	90	4.8%	4.7%	4.6%	4.5%	5.0%	4.9%	1,360	290	1,427	222
R-29	KDX Residence Funairi Saiwai-cho	F	637	641	4	5.9%	5.9%	5.7%	5.7%	6.1%	6.1%	588	53	590	50
R-30	KDX Residence Tenjin-higashi II	F	800	824	24	5.2%	5.1%	5.0%	4.9%	5.4%	5.3%	680	144	685	138
R-32	KDX Residence Nishi Koen	F	834	836	2	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	763	73	770	65
R-33	KDX Residence Hirao Josui-machi	F	839	853	14	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	760	93	769	83
R-34	Melody Heim Gotenyama	F	494	495	1	5.9%	5.8%	5.7%	5.6%	6.1%	6.0%	400	95	413	81
R-35	Leopalace Flat Shin-sakae	M	3,930	4,020	90	5.1%	5.0%	5.0%	4.9%	5.3%	5.2%	3,500	520	3,710	309
R-36	KDX Residence Koman Yamate	F	1,090	1,100	10	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	973	127	1,000	99
R-37	KDX Residence Hommachibashi	F	3,410	3,440	30	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	3,201	239	3,305	134
R-38	KDX Residence Minami-kusatsu	D	2,210	2,260	50	5.8%	5.7%	5.6%	5.5%	6.0%	5.9%	1,974	285	2,079	180
R-39	KDX Residence Ohori Harbor View Tower	D	4,940	4,980	40	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	4,606	373	4,824	155
R-40	KDX Residence Minami-sanjo	F	1,400	1,450	50	5.3%	5.2%	5.1%	5.0%	5.5%	5.4%	915	535	993	456
R-41	Serenite Kita-kyuhoji	M	1,370	1,400	30	4.9%	4.8%	4.7%	4.6%	5.1%	5.0%	1,290	109	1,349	50
<b>Subtotal</b>			54,970	55,760	790							48,453	7,306	49,305	6,454
<b>Total</b>			166,958	169,702	2,744							148,184	21,517	150,905	18,796

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# Summary of Portfolio Performance

## Portfolio Performance

(in millions of yen)	Total			Tokyo Metropolitan Area			Other Regional Areas		
	1H 2015	2H 2015	Period on Period	1H 2015	2H 2015	Period on Period	1H 2015	2H 2015	Period on Period
Number of Properties	104 props	109 props		65 props	68 props		39 props	41 props	
Total Acquisition Price	146,833.6	152,774.4		100,216.2	103,951.2		46,617.4	48,823.2	
Operating Term <sup>(1)</sup>	181days	184days		181days	184days		181days	184days	
<b>Total Rental and Other Operating Revenues</b>	<b>5,170.0</b>	<b>5,208.1</b>	<b>0.7%</b>	<b>3,266.4</b>	<b>3,273.7</b>	<b>0.2%</b>	<b>1,903.5</b>	<b>1,934.4</b>	<b>1.6%</b>
Rental and Other Operating Revenues	4,735.8	4,796.3	1.3%	3,006.3	3,042.4	1.2%	1,729.5	1,753.8	1.4%
Others	434.1	411.7	-5.2%	260.1	231.2	-11.1%	174.0	180.5	1.6%
<b>Total Property-related Expenses</b>	<b>1,125.1</b>	<b>1,084.0</b>	<b>-3.7%</b>	<b>687.2</b>	<b>642.1</b>	<b>-6.6%</b>	<b>437.9</b>	<b>441.8</b>	<b>0.9%</b>
Property management fees, etc.	368.8	350.0	-5.1%	239.9	220.7	-8.0%	128.9	129.3	0.3%
Taxes	261.5	255.5	-2.3%	148.0	142.7	-3.6%	113.4	112.7	-0.6%
Utilities	99.4	97.3	-2.1%	61.5	59.9	-2.6%	37.8	37.3	-1.3%
Repairs and maintenance	182.9	203.4	11.2%	111.8	122.1	9.2%	71.1	81.3	14.3%
Insurance	8.3	7.9	-4.3%	4.5	4.3	-4.7%	3.8	3.6	-3.9%
Trust fees and other costs	204.0	169.6	-16.9%	121.2	92.2	-23.9%	82.7	77.3	-6.5%
<b>Net Operating Income ("NOI")</b>	<b>4,044.8</b>	<b>4,124.1</b>	<b>2.0%</b>	<b>2,579.2</b>	<b>2,631.5</b>	<b>2.0%</b>	<b>1,465.6</b>	<b>1,492.5</b>	<b>1.8%</b>
<b>NOI Cap Rate (per year)</b>	<b>5.6%</b>	<b>5.6%</b>		<b>5.3%</b>	<b>5.2%</b>		<b>6.4%</b>	<b>6.2%</b>	
Depreciation	827.0	852.3	3.1%	438.5	449.6	2.5%	388.5	402.6	3.6%
Depreciation rate (per acquisition price, year)	1.1%	1.1%		0.9%	0.9%		1.7%	1.7%	
<b>NOI Cap Rate after Depreciation (per year)</b>	<b>4.5%</b>	<b>4.4%</b>		<b>4.4%</b>	<b>4.3%</b>		<b>4.7%</b>	<b>4.5%</b>	

Note 1: The operating term of 1H 2015 is 181 days, but actual operating term after the acquisition of properties is 179.1 days (weighted average). The operating term of 2H 2015 period is 184 days, but actual operating term after the acquisition of properties is 177.3 days (weighted average). Concerning the operating properties of Tokyo Metropolitan Area, the operating terms of 1H 2015 and 2H 2015 are 178.4 days and 176.3 days (weighted average), respectively. Concerning the operating properties of Other Regional Areas, the operating terms of 1H 2015 and 2H 2015 period are 180.4 days and 179.6 days (weighted average), respectively.

# Portfolio Performance (2H 2015: Ended January 31, 2016) 1/5

(in thousands of yen)																	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units	Rentable Area	Rented Area	Occupancy Rate	Operating Days	Leasing Business Revenues	Leasing Business Expenses	NOI	Depreciation	Leasing Business Income	NOI Cap Rate	NOI Cap Rate after Depreciation
						(unit)	(m <sup>2</sup> )	(m <sup>2</sup> )	(%)	(days)	a	b	c [a-b]	d	e [c-d]	(per year)	(per year)
T-1	KDX Daikanyama Residence	4,700,000	4,766,405	5,530,000	SF	86	5,338.99	5,305.20	99.4%	184	157,782	30,265	127,517	15,598	111,919	5.4%	4.7%
T-2	KDX Yoyogi Residence <sup>(2)</sup>	-	-	-	SF	-	-	-	-	60	14,815	3,188	11,627	1,723	9,903	5.3%	4.5%
T-3	KDX Odemma Residence	1,775,000	1,764,752	2,000,000	SF	54	2,353.23	2,310.78	98.2%	184	57,431	9,336	48,094	10,526	37,567	5.4%	4.2%
T-4	KDX Iwamoto-cho Residence	822,000	819,891	951,000	SF	36	1,131.24	1,068.25	94.4%	184	26,772	6,203	20,569	5,210	15,358	5.0%	3.7%
T-5	KDX Bunkyo Sengoku Residence	1,488,000	1,493,528	1,750,000	S	77	2,054.10	2,054.10	100.0%	184	49,745	10,085	39,659	6,497	33,162	5.3%	4.4%
T-6	KDX Azumabashi Residence	650,000	643,235	832,000	S	41	1,054.83	1,031.09	97.7%	184	25,277	6,144	19,132	4,883	14,248	5.8%	4.3%
T-7	KDX Shimura Sakaue Residence	2,830,000	2,791,537	3,230,000	F	85	6,117.48	5,764.36	94.2%	184	101,911	17,741	84,169	21,304	62,865	5.9%	4.4%
T-9	Cosmo Heim Motosumiyoshi	1,750,000	1,798,041	1,770,000	-	-	-	-	-	184	43,749	1,132	42,617	0	42,617	4.8%	4.8%
T-10	KDX Musashi Nakahara Residence	637,000	643,382	707,000	F	35	2,123.46	2,123.46	100.0%	184	25,179	5,961	19,217	3,490	15,727	6.0%	4.9%
T-11	KDX Chiba Chuo Residence	1,480,000	1,432,431	1,630,000	S	106	3,546.91	3,505.31	98.8%	184	59,486	17,567	41,919	17,160	24,759	5.6%	3.3%
T-12	KDX Kawaguchi Saiwai-cho Residence	1,150,000	1,154,583	1,410,000	SF	61	2,491.66	2,419.96	97.1%	184	47,813	10,186	37,627	7,220	30,406	6.5%	5.2%
T-13	KDX Residence Shirokane I	3,000,000	3,042,573	3,340,000	SF	50	3,617.32	3,572.26	98.8%	184	110,893	31,757	79,136	7,589	71,547	5.2%	4.7%
T-14	KDX Residence Shirokane III <sup>(2)</sup>	-	-	-	SF	-	-	-	-	90	47,742	11,411	36,331	4,519	31,812	5.0%	4.4%
T-15	KDX Residence Shirokane II	2,800,000	2,836,170	3,170,000	S	85	2,889.66	2,835.76	98.1%	184	89,798	15,975	73,823	6,635	67,188	5.2%	4.8%
T-16	KDX Residence Minami-aoyama	2,230,000	2,255,315	2,370,000	SF	20	1,680.79	1,592.70	94.8%	184	64,517	10,276	54,240	3,213	51,026	4.8%	4.5%
T-17	KDX Residence Minami-azabu	2,080,000	2,101,998	2,430,000	SF	62	2,785.42	2,751.80	98.8%	184	69,312	15,995	53,316	6,745	46,571	5.1%	4.4%
T-18	KDX Residence Shiba Koen	1,781,000	1,798,598	2,090,000	SF	64	2,507.52	2,371.50	94.6%	184	59,653	10,629	49,024	5,757	43,266	5.5%	4.8%
T-19	KDX Residence Azabu East	1,560,000	1,576,758	1,840,000	S	76	1,849.00	1,806.98	97.7%	184	52,900	11,817	41,082	6,030	35,052	5.2%	4.5%
T-20	KDX Residence Takanawa	770,000	779,838	935,000	SF	27	1,034.27	1,034.27	100.0%	184	27,028	5,956	21,072	2,744	18,327	5.4%	4.7%
T-21	KDX Residence Nishihara	1,450,000	1,466,506	1,780,000	SF	39	2,310.08	2,163.52	93.7%	184	48,502	10,370	38,132	5,643	32,488	5.2%	4.4%
T-22	KDX Residence Daikanyama II	730,000	743,546	894,000	F	17	985.10	985.10	100.0%	184	28,178	5,312	22,865	977	21,887	6.2%	5.9%
T-23	KDX Residence Sendagaya	650,000	656,801	758,000	SF	16	748.96	748.96	100.0%	184	22,125	4,296	17,829	2,800	15,029	5.4%	4.6%
T-24	KDX Residence Nihonbashi Suitengu	3,240,000	3,269,091	3,660,000	F	79	5,534.86	5,534.86	100.0%	184	93,800	11,670	82,129	17,602	64,527	5.0%	4.0%

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

Single (S): (intended primarily for single-person households) [footprint of equal or more than 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]

Note 2: KDX Yoyogi Residence has been sold on September 30, 2015. and KDX Residence Shirokane III has been sold on October 30, 2015, respectively.



# Portfolio Performance (2H 2015: Ended January 31, 2016) 2/5

(in thousands of yen)																		
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
Tokyo Metropolitan Area	T-25	KDX Residence Nihonbashi Hakozaeki	1,147,000	1,159,347	1,260,000	S	60	1,537.38	1,513.21	98.4%	184	38,978	7,117	31,860	6,459	25,400	5.5%	4.4%
	T-26	KDX Residence Higashi-shinjuku	3,270,000	3,295,602	3,760,000	S	179	4,358.43	4,268.51	97.9%	184	107,798	21,499	86,298	11,544	74,754	5.2%	4.5%
	T-27	KDX Residence Yotsuya	2,260,000	2,286,277	2,460,000	F	42	3,101.16	2,906.38	93.7%	184	75,369	19,433	55,935	9,094	46,841	4.9%	4.1%
	T-28	KDX Residence Nishi-shinjuku	1,000,000	1,011,414	1,180,000	S	54	1,345.92	1,345.92	100.0%	184	34,650	8,476	26,174	3,806	22,367	5.2%	4.4%
	T-29	KDX Residence Kagurazaka	720,000	727,649	826,000	S	34	890.93	890.93	100.0%	184	24,183	5,133	19,050	3,293	15,756	5.2%	4.3%
	T-30	KDX Residence Futako Tamagawa	1,250,000	1,270,231	1,390,000	F	38	2,339.62	2,339.62	100.0%	184	41,133	10,037	31,095	5,225	25,870	4.9%	4.1%
	T-31	KDX Residence Komazawa Koen	920,000	929,481	1,030,000	SF	32	1,020.18	1,020.18	100.0%	184	28,447	6,758	21,688	4,580	17,108	4.7%	3.7%
	T-32	KDX Residence Misyuku	760,000	770,662	855,000	S	39	1,103.82	1,051.91	95.3%	184	25,349	9,071	16,277	3,075	13,202	4.2%	3.4%
	T-33	KDX Residence Yoga	700,000	710,566	796,000	S	38	1,012.80	1,012.80	100.0%	184	23,577	4,875	18,701	2,596	16,105	5.3%	4.6%
	T-34	KDX Residence Shimouma	600,000	611,540	679,000	S	29	829.05	801.88	96.7%	184	20,560	4,433	16,126	2,223	13,903	5.3%	4.6%
	T-35	Raffine Minami-magome	1,250,000	1,259,108	1,650,000	S	56	2,408.56	2,408.56	100.0%	184	51,614	3,196	48,417	3,971	44,445	7.7%	7.1%
	T-36	KDX Residence Yukigaya Otsuka	1,050,000	1,059,472	1,210,000	S	72	1,526.98	1,526.98	100.0%	184	38,909	9,619	29,289	5,429	23,860	5.5%	4.5%
	T-37	KDX Residence Denen Chofu	1,000,000	1,023,867	1,160,000	F	36	2,359.44	2,293.90	97.2%	184	37,108	6,414	30,694	3,471	27,222	6.1%	5.4%
	T-38	KDX Residence Tamagawa	776,000	777,707	885,000	S	52	1,170.40	1,170.40	100.0%	184	28,075	8,780	19,295	5,862	13,432	4.9%	3.4%
	T-39	KDX Residence Monzennakacho	773,000	780,497	896,000	S	49	1,171.41	1,171.41	100.0%	184	26,941	5,088	21,852	3,912	17,940	5.6%	4.6%
	T-40	KDX Residence Okachimachi	850,000	860,114	971,000	S	51	1,329.79	1,329.79	100.0%	184	29,001	5,061	23,940	3,726	20,214	5.6%	4.7%
	T-41	KDX Residence Moto-asakusa	800,000	811,744	913,000	SF	44	1,314.91	1,294.31	98.4%	184	28,965	5,868	23,096	4,388	18,708	5.7%	4.6%
	T-42	KDX Residence Itabashi Honcho	620,000	626,229	709,000	S	46	1,127.58	1,079.90	95.8%	184	22,749	6,652	16,096	4,192	11,903	5.2%	3.8%
	T-43	KDX Residence Azusawa	550,000	573,911	619,000	S	39	989.82	989.82	100.0%	184	19,014	9,656	9,358	3,224	6,133	3.4%	2.2%
	T-44	KDX Residence Tobu Nerima	420,000	421,690	490,000	S	37	931.82	906.41	97.3%	184	17,595	4,117	13,478	3,761	9,717	6.4%	4.6%
T-45	KDX Residence Yokohama Kannai	800,000	807,020	940,000	S	72	1,602.16	1,582.32	98.8%	184	34,841	7,860	26,980	5,866	21,114	6.7%	5.2%	
T-46	KDX Residence Miyamaedaira	999,000	1,008,787	1,090,000	F	40	2,448.27	2,333.19	95.3%	184	36,445	7,860	28,584	6,210	22,373	5.7%	4.4%	
T-47	KDX Residence Machida	1,800,000	1,800,549	1,950,000	F	52	3,832.53	3,671.71	95.8%	184	59,862	14,927	44,935	14,829	30,106	5.0%	3.3%	

Note 1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)  
 Single (S): (intended primarily for single-person households) [footprint of equal or more than 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 (2H 2015: Ended January 31, 2016) 3/5

(in thousands of yen)																	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)
T-48	KDX Residence Kinshicho	1,350,000	1,379,430	1,540,000	F	33	2,024.81	1,959.06	96.8%	184	42,102	8,767	33,335	6,859	26,475	4.9%	3.9%
T-49	KDX Residence Nihombashi Hamacho	996,000	1,022,450	1,140,000	F	28	1,756.27	1,756.27	100.0%	184	29,797	4,814	24,983	4,079	20,904	5.0%	4.2%
T-50	KDX Residence Nihombashi Ningyocho	530,000	545,605	631,000	S	27	877.14	877.14	100.0%	184	18,340	4,132	14,208	1,898	12,309	5.3%	4.6%
T-51	KDX Residence Jiyugaoka	1,268,000	1,340,718	1,440,000	SF	48	1,637.00	1,499.06	91.6%	184	37,326	11,522	25,803	3,796	22,006	4.0%	3.4%
T-52	KDX Residence Togoshi	3,745,000	3,829,499	4,330,000	SF	144	4,591.76	4,517.56	98.4%	184	119,543	20,477	99,066	16,764	82,301	5.2%	4.4%
T-53	KDX Residence Shinagawa Seaside	2,593,000	2,656,707	3,030,000	S	127	3,314.75	3,314.75	100.0%	184	85,384	18,686	66,697	12,688	54,009	5.1%	4.1%
T-54	KDX Residence Ojima	1,857,000	1,904,820	2,110,000	S	117	2,372.67	2,352.30	99.1%	184	61,718	10,098	51,619	11,039	40,580	5.5%	4.3%
T-55	KDX Residence Oyama	2,679,000	2,748,437	3,030,000	SF	145	4,009.07	3,749.54	93.5%	184	87,909	17,890	70,018	16,543	53,474	5.2%	4.0%
T-56	KDX Residence Hanzomon	4,832,000	4,964,996	5,310,000	F	85	4,854.23	4,796.21	98.8%	184	121,405	19,033	102,371	13,768	88,603	4.2%	3.6%
T-57	B-Site Akihabara	850,000	877,709	901,000	S	52	1,254.50	1,254.50	100.0%	184	23,882	951	22,930	2,454	20,475	5.4%	4.8%
T-58	Bureau Kagurazaka	1,360,000	1,398,939	1,460,000	S	70	1,809.84	1,809.84	100.0%	184	39,140	4,881	34,258	3,611	30,646	5.0%	4.5%
T-59	KDX Residence Sendagi	2,200,000	2,322,282	2,310,000	F	40	3,159.89	3,159.89	100.0%	184	66,749	10,548	56,201	7,613	48,587	5.1%	4.4%
T-60	KDX Residence Seijo	1,400,000	1,439,483	1,500,000	SF	38	2,198.56	1,945.10	88.5%	184	37,707	8,228	29,479	4,455	25,024	4.2%	3.5%
T-61	KDX Residence Akihabara	1,250,000	1,290,669	1,400,000	SF	32	1,929.61	1,696.25	87.9%	184	37,148	7,188	29,960	6,560	23,400	4.8%	3.7%
T-62	KDX Residence Iriya	1,062,000	1,099,449	1,250,000	S	57	1,899.29	1,899.29	100.0%	184	37,871	7,949	29,921	6,101	23,820	5.6%	4.4%
T-63	KDX Residence Tachikawa	3,026,200	3,129,816	3,370,000	S	174	4,314.87	4,136.40	95.9%	184	100,027	13,083	86,944	21,049	65,894	5.7%	4.3%
T-64	KDX Residence Tsurumi	1,050,000	1,106,146	1,300,000	SF	59	3,499.84	3,446.92	98.5%	184	52,103	7,746	44,357	6,130	38,227	8.4%	7.2%
T-65	KDX Residence Morishita Chitose	1,100,000	1,140,867	1,130,000	S	65	1,614.28	1,562.04	96.8%	184	38,245	6,327	31,918	5,620	26,297	5.8%	4.7%
T-66	KDX Residence Akasaka	1,150,000	1,220,425	1,450,000	SF	28	1,180.71	1,180.71	100.0%	124	24,592	2,323	22,268	3,487	18,780	5.7%	4.8%
T-67	KDX Residence Kanda	700,000	747,799	884,000	SF	30	1,031.09	1,004.77	97.4%	124	16,501	2,042	14,459	3,063	11,395	6.1%	4.8%
T-68	KDX Residence Ebisu	2,845,000	3,015,541	3,630,000	SF	65	2,659.66	1,550.90	58.3%	94	20,606	234	20,371	7,476	12,894	2.8%	1.8%
<b>Subtotal</b>		<b>99,731,200</b>	<b>101,600,260</b>	<b>113,942,000</b>		<b>3,771</b>	<b>143,897.68</b>	<b>139,358.76</b>	<b>96.8%</b>		<b>3,273,701</b>	<b>642,157</b>	<b>2,631,543</b>	<b>449,686</b>	<b>2,181,857</b>	<b>5.2%</b>	<b>4.3%</b>

Note 1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)  
 Single (S): (intended primarily for single-person households) [footprint of equal or more than 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 (2H 2015: Ended January 31, 2016) 4/5

(in thousands of yen)																		
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units (unit)	Rentable Area (m <sup>2</sup> )	Rented Area (m <sup>2</sup> )	Occupancy Rate (%)	Operating Days (days)	Leasing Business Revenues a	Leasing Business Expenses b	NOI c [a-b]	Depreciation d	Leasing Business Income e [c-d]	NOI Cap Rate (per year)	NOI Cap Rate after Depreciation (per year)	
Other Regional Areas	R-1	KDX Toyohira Sanjo Residence	582,500	575,501	754,000	SF	63	2,868.75	2,782.96	97.0%	184	28,580	8,074	20,506	5,929	14,577	7.0%	5.0%
	R-2	KDX JozenjiDori Residence	1,015,000	1,005,561	1,300,000	S	92	3,330.15	3,264.73	98.0%	184	50,652	13,364	37,287	10,332	26,955	7.3%	5.3%
	R-3	KDX Izumi Residence	1,120,000	1,107,840	1,300,000	F	40	2,798.20	2,511.39	89.8%	184	38,182	11,288	26,894	9,118	17,775	4.8%	3.1%
	R-4	KDX Chihaya Residence	1,080,000	1,065,365	1,330,000	SF	92	2,936.40	2,856.46	97.3%	184	48,057	12,378	35,678	10,013	25,665	6.6%	4.7%
	R-5	KDX Sakaisuji Hommachi Residence	2,910,000	2,862,318	3,210,000	SF	160	6,385.70	5,834.74	91.4%	184	104,383	24,494	79,888	23,588	56,300	5.4%	3.8%
	R-6	KDX Shimmachi Residence	1,015,000	996,992	1,240,000	S	94	2,146.02	1,986.21	92.6%	184	37,975	9,226	28,749	8,955	19,793	5.6%	3.9%
	R-7	KDX Takarazuka Residence	1,510,000	1,463,820	1,840,000	F	80	4,631.16	4,498.49	97.1%	184	57,282	11,452	45,829	16,471	29,358	6.0%	3.9%
	R-8	KDX Shimizu Residence	1,680,000	1,655,017	2,010,000	SF	148	6,255.16	6,127.14	98.0%	184	74,219	19,412	54,806	14,177	40,629	6.5%	4.8%
	R-9	KDX Residence Odori Koen	765,000	769,239	857,000	SF	78	2,762.76	2,656.12	96.1%	184	33,145	9,298	23,847	7,829	16,017	6.2%	4.2%
	R-10	KDX Residence Kikusui Yojo	830,000	835,937	928,000	SF	84	3,413.06	3,342.31	97.9%	184	38,465	10,068	28,397	7,492	20,905	6.8%	5.0%
	R-11	KDX Residence Tokyohira Koen	445,000	450,262	512,000	SF	65	2,253.81	2,115.82	93.9%	184	22,867	7,925	14,941	4,375	10,565	6.7%	4.7%
	R-12	KDX Residence Kamisugi	700,000	704,938	865,000	SF	66	2,073.06	1,981.20	95.6%	184	33,288	7,752	25,535	6,185	19,349	7.2%	5.5%
	R-13	KDX Residence Ichiban-cho	530,000	534,546	647,000	SF	45	1,818.09	1,768.79	97.3%	184	27,310	8,117	19,192	5,007	14,185	7.2%	5.3%
	R-14	KDX Residence Kotodai	520,000	524,827	543,000	SF	27	1,475.73	1,475.73	100.0%	184	20,205	5,683	14,522	4,432	10,090	5.5%	3.8%
	R-15	KDX Residence Izumi Chuo	480,000	486,944	593,000	SF	40	2,159.25	2,046.64	94.8%	184	22,376	6,370	16,006	4,496	11,510	6.6%	4.8%
	R-16	KDX Residence Higashi-sakura I	2,350,000	2,362,222	2,680,000	SF	187	6,221.83	5,723.08	92.0%	184	95,813	29,875	65,938	17,659	48,279	5.6%	4.1%
	R-17	KDX Residence Higashi-sakura II	900,000	907,237	1,030,000	SF	66	2,655.31	2,456.91	92.5%	184	38,154	10,544	27,609	6,963	20,646	6.1%	4.6%
	R-18	KDX Residence Jingumae	840,000	844,924	995,000	SF	95	2,724.19	2,665.43	97.8%	184	40,176	9,621	30,555	7,298	23,256	7.2%	5.5%
	R-19	KDX Residence Nishi-oji	813,000	822,583	891,000	S	76	2,353.55	2,256.77	95.9%	184	32,964	7,912	25,051	6,335	18,715	6.1%	4.6%
	R-20	KDX Residence Saiin	440,000	445,946	485,000	S	49	1,094.81	1,048.23	95.7%	184	17,760	5,471	12,289	3,848	8,440	5.5%	3.8%
	R-21	KDX Residence Namba	1,410,000	1,424,667	1,570,000	S	118	3,387.30	3,387.30	100.0%	184	58,544	11,910	46,634	9,915	36,718	6.6%	5.2%
	R-22	KDX Residence Namba-minami	1,350,000	1,359,983	1,540,000	S	131	3,813.31	3,730.82	97.8%	184	54,443	14,392	40,050	11,750	28,300	5.9%	4.2%
	R-23	KDX Residence Shin-osaka	510,000	512,389	574,000	SF	43	1,321.04	1,321.04	100.0%	184	22,221	4,817	17,404	5,191	12,212	6.8%	4.8%

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# Portfolio Performance (2H 2015: Ended January 31, 2016) 5/5

(in thousands of yen)																	
No.	Property Name	Acquisition Price	Book Value	Appraisal Value	Type <sup>(1)</sup>	Rentable Units	Rentable Area	Rented Area	Occupancy Rate	Operating Days	Leasing Business Revenues	Leasing Business Expenses	NOI	Depreciation	Leasing Business Income	NOI Cap Rate	NOI Cap Rate after Depreciation
						(unit)	(m <sup>2</sup> )	(m <sup>2</sup> )	(%)	(days)	a	b	c [a-b]	d	e [c-d]	(per year)	(per year)
R-24	KDX Residence Ibaraki I • II	1,275,000	1,285,933	1,382,000	F	61	4,701.87	4,622.60	98.3%	184	53,967	13,421	40,546	6,931	33,614	6.3%	5.2%
R-25	KDX Residence Toyonaka-minami	740,000	737,909	819,000	SF	70	2,024.50	1,963.80	97.0%	184	29,711	6,151	23,559	8,148	15,411	6.3%	4.1%
R-26	KDX Residence Moriguchi	551,000	553,536	626,000	F	28	1,942.78	1,942.78	100.0%	184	22,941	6,762	16,178	5,418	10,759	5.8%	3.9%
R-27	KDX Residence Sannomiya	1,080,000	1,089,360	1,290,000	S	86	2,292.72	2,113.35	92.2%	184	39,722	8,122	31,599	7,695	23,904	5.8%	4.4%
R-28	Ashiya Royal Homes	1,360,000	1,427,519	1,650,000	F	21	3,999.01	3,999.01	100.0%	184	66,282	20,483	45,799	4,579	41,220	6.7%	6.0%
R-29	KDX Residence Funairi Saiwai-cho	588,000	590,341	641,000	S	64	1,889.53	1,860.55	98.5%	184	27,120	5,544	21,575	5,367	16,207	7.3%	5.5%
R-30	KDX Residence Tenjin-higashi II	680,000	685,922	824,000	SF	63	2,602.53	2,561.22	98.4%	184	28,694	7,314	21,379	6,190	15,189	6.2%	4.4%
R-31	KDX Residence Tenjin-higashi I	-	-	-	SF	-	-	-	-	60	6,063	1,860	4,203	1,176	3,026	6.8%	4.9%
R-32	KDX Residence Nishi Koen	763,000	770,020	836,000	F	36	2,522.16	2,241.10	88.9%	184	29,572	7,495	22,076	6,345	15,730	5.7%	4.1%
R-33	KDX Residence Hirao Josui-machi	760,000	769,056	853,000	F	24	2,098.68	1,929.61	91.9%	184	27,823	6,784	21,039	4,749	16,289	5.5%	4.3%
R-34	Melody Heim Gotenyama	400,000	413,566	495,000	F	36	2,297.24	2,176.42	94.7%	184	20,804	6,281	14,523	2,617	11,905	7.2%	5.9%
R-35	Leopalace Flat Shin-sakae	3,500,000	3,710,629	4,020,000	S	274	11,589.95	11,589.95	100.0%	184	121,557	15,010	106,546	33,041	73,504	6.0%	4.2%
R-36	KDX Residence Koman Yamate	973,000	1,000,962	1,100,000	SF	55	1,923.22	1,893.35	98.4%	184	34,129	7,888	26,240	4,900	21,340	5.3%	4.4%
R-37	KDX Residence Hommachibashi	3,201,000	3,305,476	3,440,000	SF	134	6,511.88	6,247.15	95.9%	184	111,264	20,496	90,768	21,903	68,865	5.6%	4.3%
R-38	KDX Residence Minami-kusatsu	1,974,666	2,079,322	2,260,000	S	170	5,735.96	5,735.96	100.0%	184	96,638	18,407	78,231	17,947	60,283	7.9%	6.1%
R-39	KDX Residence Ohori Harbor View Tower	4,606,296	4,824,179	4,980,000	SF	212	11,855.63	10,440.09	88.1%	184	174,952	22,661	152,291	42,241	110,049	6.6%	4.7%
R-40	KDX Residence Minami-sanjo	915,000	993,458	1,450,000	SF	114	5,269.39	5,116.44	97.1%	124	36,787	5,252	31,534	9,289	22,244	10.1%	7.2%
R-41	Serenite Kita-kyuhoji	1,290,740	1,349,133	1,400,000	S	85	2,277.14	1,234.20	54.2%	97	9,329	2,456	6,872	6,770	102	2.0%	0.0%
<b>Subtotal</b>		<b>48,453,203</b>	<b>49,305,398</b>	<b>55,760,000</b>		<b>3,472</b>	<b>142,412.83</b>	<b>135,505.89</b>	<b>95.2%</b>		<b>1,934,435</b>	<b>441,849</b>	<b>1,492,585</b>	<b>402,681</b>	<b>1,089,903</b>	<b>6.2%</b>	<b>4.5%</b>
<b>Total</b>		<b>148,184,403</b>	<b>150,905,658</b>	<b>169,702,000</b>		<b>7,243</b>	<b>286,310.51</b>	<b>274,864.65</b>	<b>96.0%</b>		<b>5,208,136</b>	<b>1,084,007</b>	<b>4,124,129</b>	<b>852,368</b>	<b>3,271,761</b>	<b>5.6%</b>	<b>4.4%</b>

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Note 2: KDX Residence Tenjin-higashi I has been sold on September 30, 2015.





