

**Translation of Japanese Original****FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JANUARY 31, 2018(REIT)****(August 1, 2017 to January 31, 2018)**

March 14, 2018

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

(URL <https://www.kdr-reit.com/en/>)

Representative: Keisuke Sato, Executive Director

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

Representative: Masahiko Tajima, CEO and President

Inquiries: Shin Yamamoto, General Manager of Planning Department, Residential REIT Division
TEL+81-3-5157-6011

Planned submission of semiannual securities report: April 26, 2018

Planned start of distribution payments: April 16, 2018

Preparing presentation material: Yes

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

(Amounts are rounded down to the nearest ¥million)

1. PERFORMANCE FOR THE FISCAL PERIOD ENDED JANUARY 31, 2018 (12TH FISCAL PERIOD)**(1) Business Results**

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)	
The 12th fiscal period ended January 31, 2018	5,681	(1.9) %	2,889	(2.0) %	2,353	(1.6) %	2,352	(1.6) %
The 11th fiscal period ended July 31, 2017	5,574	(2.0) %	2,833	(-0.2) %	2,316	(0.2) %	2,315	(0.2) %

	Net Income per Unit	Return on Unitholders' Equity	[Reference] (annualized)	Ordinary Income to Total Assets	[Reference] (annualized)	Ordinary Income to Operating Revenues
The 12th fiscal period ended January 31, 2018	3,369 Yen	2.8 %	5.6 %	1.4 %	2.7 %	41.4 %
The 11th fiscal period ended July 31, 2017	3,316 Yen	2.8 %	5.7 %	1.4 %	2.8 %	41.5 %

(Note) A 2-for-1 split of investment units was implemented with February 28, 2018 as the record date and March 1, 2018 as the effective date. Net Income per Unit is calculated based on the assumption that the split of investment unit was implemented at the beginning of the fiscal period ended July 2017.

This is an English-language translation of the key financials in the original Japanese announcement on our Web site released on March 14, 2018. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

(2) Distribution

	Distributions per Unit Excluding Excess of Earnings (Yen)	Total Distribution (Millions of Yen)	Distributions in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings (Millions of Yen)	Payout Ratio	Distribution Ratio to Unitholders' Equity
The 12th fiscal period ended January 31, 2018	6,946	2,424	0	0	% 103.1	% 2.9
The 11th fiscal period ended July 31, 2017	6,633	2,315	0	0	% 100.0	% 2.8

(Note) Total Distribution for the 12th fiscal period includes 72 million yen, a part of retained earnings brought forward in the 11th fiscal period.

(3) Financial Position

	Total Assets (Millions of Yen)	Unitholders' Equity (Millions of Yen)	Unitholders' Equity to Total Assets	Unitholders' Equity per Share of Common Stock (Yen)
As of January 31, 2018	176,813	82,650	% 46.7	118,379
As of July 31, 2017	167,316	82,559	% 49.3	118,249

(Note) A 2-for-1 split of investment units was implemented with February 28, 2018 as the record date and March 1, 2018 as the effective date. Unitholders' Equity per Share of Common Stock is calculated based on the assumption that the split of investment unit was implemented at the beginning of the fiscal period ended July 2017.

(4) Cash Flow Position

	Cash Flow from Operating Activities (Millions of Yen)	Cash Flow from Investing Activities (Millions of Yen)	Cash Flow from Financing Activities (Millions of Yen)	Cash and Cash Equivalents at the End of the Period (Millions of Yen)
The 12th fiscal period ended January 31, 2018	3,249	-9,967	7,012	10,479
The 11th fiscal period ended July 31, 2017	3,267	-239	-2,282	10,184

2. FORECAST OF RESULTS FOR THE FISCAL PERIOD ENDING JULY 31, 2018 (February 1, 2018 to July 31, 2018) AND JANUARY 31, 2019 (August 1, 2018 to January 31, 2019)

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen) (%)	Operating Income (Millions of Yen) (%)	Ordinary Income (Millions of Yen) (%)	Net Income (Millions of Yen) (%)	Distribution per Unit Excluding Excess of Earnings (Yen)	Distribution in Excess of Earnings per Unit (Yen)
The 13th fiscal period ending July 31, 2018	6,593 (16.1)	2,940 (1.7)	2,393 (1.7)	4,802 (104.2)	3,570	0
The 14th fiscal period ending January 31, 2019	6,738 (2.2)	3,400 (15.7)	2,844 (18.8)	2,843 (-40.8)	3,640	0

(Reference) Estimated net income per unit (Estimated Net Income / Estimated weighted average number of units)

The 13th fiscal period ending July 31, 2018 ¥6,238 The 14th fiscal period ending January 31, 2019 ¥3,631

Distribution per unit is not the same amount as estimated net income per unit for the 13th fiscal period since total distribution is calculated with the assumption excluding negative goodwill etc. from net income.

(Note) Distributions per unit are calculated based on the number of investment units issued and outstanding totaled 782,928 as of today.

This is an English-language translation of the key financials in the original Japanese announcement on our Web site released on March 14, 2018. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

3. OTHER

(1) Changes in Accounting Policies/Changes in Accounting Estimate/Retrospective Restatement

(a) Changes concerning accounting policy accompanying amendments to accounting standards: No

(b) Changes other than (a): No

(c) Changes in accounting estimate: No

(d) Retrospective restatement: No

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

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

As of July 31, 2017: 349,089 units As of January 31, 2018: 349,089 units

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

As of July 31, 2017: 0 units As of January 31, 2018: 0 units

[Provisional Translation Only]

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

This is an English-language translation of the key financials in the original Japanese announcement on our Web site released on March 14, 2018. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

1. Financial Statements**(1) Balance Sheets**

	(in thousands of yen)	
	11th Fiscal Period (As of July 31, 2017)	12th Fiscal Period (As of January 31, 2018)
Assets		
Current assets		
Cash and deposits	6,405,982	6,551,666
Cash and deposits in trust	3,778,959	3,928,017
Operating accounts receivable	24,821	24,913
Prepaid expenses	4,831	3,557
Deferred tax assets	9	-
Consumption taxes receivable	-	9,464
Other	503	1,893
Total current assets	<u>10,215,108</u>	<u>10,519,513</u>
Noncurrent assets		
Property, plant and equipment		
Land	1,798,041	1,798,041
Buildings in trust	65,654,206	68,843,600
Accumulated depreciation	-6,058,335	-6,927,784
Buildings in trust, net	<u>59,595,871</u>	<u>61,915,815</u>
Structures in trust	444,009	502,925
Accumulated depreciation	-100,446	-114,924
Structures in trust, net	<u>343,563</u>	<u>388,001</u>
Machinery and equipment in trust	1,259,827	1,317,786
Accumulated depreciation	-197,886	-226,840
Machinery and equipment in trust, net	<u>1,061,940</u>	<u>1,090,946</u>
Tools, furniture and fixtures in trust	263,829	338,646
Accumulated depreciation	-20,241	-29,220
Tools, furniture and fixtures in trust, net	<u>243,587</u>	<u>309,425</u>
Land in trust	93,118,700	99,538,715
Total property, plant and equipment, net	<u>156,161,704</u>	<u>165,040,946</u>
Investments and other assets		
Investment securities	91,579	221,707
Lease and guarantee deposits	10,397	10,397
Long-term prepaid expenses	764,254	915,782
Other	26,626	80,743
Total investments and other assets	<u>892,858</u>	<u>1,228,631</u>
Total noncurrent assets	<u>157,054,563</u>	<u>166,269,577</u>
Deferred assets		
Investment corporation bond issuance costs	26,340	24,461
Investment unit issuance costs	20,039	421
Total deferred assets	<u>46,380</u>	<u>24,883</u>
Total assets	<u>167,316,051</u>	<u>176,813,974</u>

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION (3278)

	(in thousands of yen)	
	11th Fiscal Period (As of July 31, 2017)	12th Fiscal Period (As of January 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	431,854	473,021
Short-term loans payable	1,000,000	2,630,000
Current portion of long-term loans payable	11,000,000	11,000,000
Accounts payable-other	203,876	239,241
Accrued expenses	24,212	26,142
Income taxes payable	799	604
Accrued consumption taxes	6,135	-
Advances received	766,964	779,137
Deposits received	50,111	53,143
Total current liabilities	13,483,955	15,201,290
Noncurrent liabilities		
Investment corporation bonds	3,000,000	3,000,000
Long-term loans payable	66,800,000	74,500,000
Tenant leasehold and security deposits in trust	1,473,087	1,462,549
Total noncurrent liabilities	71,273,087	78,962,549
Total liabilities	84,757,042	94,163,839
Net assets		
Unitholders' equity		
Unitholders' capital	80,132,379	80,132,379
Surplus		
Unappropriated retained earnings (undisposed loss)	2,400,002	2,437,011
Total surplus	2,400,002	2,437,011
Total unitholders' equity	82,532,381	82,569,390
Valuation and translation adjustments		
Deferred gains or losses on hedges	26,626	80,743
Total valuation and translation adjustments	26,626	80,743
Total net assets	*1 82,559,008	*1 82,650,134
Total liabilities and net assets	167,316,051	176,813,974

(2) Statements of Income and Retained Earnings

	(in thousands of yen)			
	11th Fiscal Period		12th Fiscal Period	
	February 1, 2017 to		August 1, 2017 to	
	July 31, 2017		January 31, 2018	
Operating revenues				
Rent revenue-real estate	*1	5,102,400	*1	5,235,620
Other lease business revenue	*1	472,418	*1	435,685
Gain on sale of real estate property		-		10,132
Total operating revenues		<u>5,574,819</u>		<u>5,681,438</u>
Operating expenses				
Expenses related to rent business	*1	2,124,246	*1	2,107,064
Asset management fees		371,229		377,361
Asset custody fees		11,363		11,365
Administrative service fees		38,143		39,023
Directors' compensation		4,500		4,500
Merger expenses		-		67,446
Other operating expenses		192,121		184,719
Total operating expenses		<u>2,741,604</u>		<u>2,791,481</u>
Operating income		<u>2,833,215</u>		<u>2,889,956</u>
Non-operating income				
Interest income		12		12
Dividends and redemption-prescription		824		350
Total non-operating income		<u>836</u>		<u>363</u>
Non-operating expenses				
Interest expenses		385,660		410,074
Interest expenses on investment corporation bonds		7,629		7,806
Borrowing expenses		96,801		97,811
Amortization of investment corporation bond issuance costs		1,878		1,878
Amortization of investment unit issuance costs		25,790		19,618
Total non-operating expenses		<u>517,760</u>		<u>537,188</u>
Ordinary income		<u>2,316,291</u>		<u>2,353,130</u>
Income before income taxes		<u>2,316,291</u>		<u>2,353,130</u>
Income taxes				
Current		801		604
Deferred		51		9
Total income taxes		<u>853</u>		<u>614</u>
Net income		<u>2,315,438</u>		<u>2,352,516</u>
Retained earnings brought forward		84,564		84,495
Unappropriated retained earnings (undisposed loss)		<u>2,400,002</u>		<u>2,437,011</u>

(3) Statements of Changes in Net Assets

11th Fiscal Period		February 1, 2017 to July 31, 2017						(in thousands of yen)
	Unitholders' equity				Valuation and translation adjustments		Total net assets	
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments		
		Unappropriated retained earnings (undisposed loss)	Total surplus					
Balance at the beginning of current period	80,132,379	2,365,163	2,365,163	82,497,542	54,619	54,619	82,552,161	
Changes of items during the period								
Dividends from surplus		-2,280,598	-2,280,598	-2,280,598			-2,280,598	
Net income		2,315,438	2,315,438	2,315,438			2,315,438	
Net changes of items other than unitholders' equity					-27,992	-27,992	-27,992	
Total changes of items during the period	-	34,839	34,839	34,839	-27,992	-27,992	6,847	
Balance at the end of current period	* 1 80,132,379	2,400,002	2,400,002	82,532,381	26,626	26,626	82,559,008	

12th Fiscal Period		August 1, 2017 to January 31, 2018						(in thousands of yen)
	Unitholders' equity				Valuation and translation adjustments		Total net assets	
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments		
		Unappropriated retained earnings (undisposed loss)	Total surplus					
Balance at the beginning of current period	80,132,379	2,400,002	2,400,002	82,532,381	26,626	26,626	82,559,008	
Changes of items during the period								
Dividends from surplus		-2,315,507	-2,315,507	-2,315,507			-2,315,507	
Net income		2,352,516	2,352,516	2,352,516			2,352,516	
Net changes of items other than unitholders' equity					54,116	54,116	54,116	
Total changes of items during the period	-	37,008	37,008	37,008	54,116	54,116	91,125	
Balance at the end of current period	* 1 80,132,379	2,437,011	2,437,011	82,569,390	80,743	80,743	82,650,134	

(4) Distributions

	11th Fiscal Period (From February 1, 2017 to July 31, 2017)	12th Fiscal Period (From August 1, 2017 to January 31, 2018)
I. Retained earnings at the end of period	¥2,400,002,851	¥2,437,011,775
II. Total distributions	¥2,315,507,337	¥2,424,772,194
Distributions per unit	¥6,633	¥6,946
III. Retained earnings brought forward to the next period	¥84,495,514	¥12,239,581
Method of calculating distribution amount	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥2,315,507,337, which is the amount of ¥2,315,438,130 in net income and ¥69,207 from retained earnings brought forward, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 11th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥2,424,772,194, which is the amount of ¥2,352,516,261 in net income and ¥72,255,933 from retained earnings brought forward, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 12th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>

(5) Statements of Cash Flows

	(in thousands of yen)	
	11th Fiscal Period	12th Fiscal Period
	February 1, 2017 to	August 1, 2017 to
	July 31, 2017	January 31, 2018
Net cash provided by (used in) operating activities		
Income before income taxes	2,316,291	2,353,130
Depreciation and amortization	884,713	921,858
Amortization of investment corporation bond issuance expenses	1,878	1,878
Amortization of investment unit issuance costs	25,790	19,618
Interest income	-12	-12
Interest expenses	393,289	417,880
Decrease (increase) in operating accounts receivable	-31	-92
Decrease (increase) in consumption taxes refund receivable	-	-9,464
Decrease (increase) in prepaid expenses	-1,475	1,274
Increase (decrease) in operating accounts payable	-55,535	68,569
Increase (decrease) in accounts payable-other	11,489	37,833
Increase (decrease) in accrued consumption taxes	-13,392	-6,135
Increase (decrease) in advances received	12,985	12,172
Decrease (increase) in long-term prepaid expenses	99,837	-151,528
Other, net	-13,325	3,018
Subtotal	<u>3,662,503</u>	<u>3,670,003</u>
Interest income received	12	12
Interest expenses paid	-393,545	-415,950
Income taxes (paid) refund	-1,696	-2,693
Net cash provided by (used in) operating activities	<u>3,267,273</u>	<u>3,251,371</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	-155,506	-9,828,503
Purchase of investment securities	-90,000	-133,725
Proceeds from investment securities	-	3,240
Proceeds from collection of lease and guarantee deposits	164	-
Repayments of tenant leasehold and security deposits in trust	-147,418	-142,165
Proceeds from tenant leasehold and security deposits in trust	153,736	131,628
Net cash provided by (used in) investing activities	<u>-239,024</u>	<u>-9,969,526</u>
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,000,000	1,630,000
Decrease in short-term loans payable	-1,000,000	-
Proceeds from loans payable	-	18,700,000
Repayments of long-term loans payable	-	-11,000,000
Dividends paid	-2,282,658	-2,317,102
Net cash provided by (used in) financing activities	<u>-2,282,658</u>	<u>7,012,897</u>
Net increase (decrease) in cash and cash equivalents	<u>745,590</u>	<u>294,741</u>
Cash and cash equivalents at the beginning of period	<u>9,439,351</u>	<u>10,184,942</u>
Cash and cash equivalents at the end of period	<u>*1 10,184,942</u>	<u>*1 10,479,684</u>

(6) Notes to the Going Concern

Not applicable

(7) Important Accounting Standards

1. Evaluation standards and evaluation method of assets	<p>Securities</p> <p>Other securities</p> <p>Those with no fair value</p> <p>Cost method through moving-average method</p> <p>Concerning anonymous association equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from anonymous association is adopted.</p>
2. Depreciation of fixed assets	<p>(1) Property, plant and equipment (includes trust assets)</p> <p>The straight-line method is applied.</p> <p>Useful lives of the assets ranging are as follows:</p> <p>Buildings: 2 to 67 years</p> <p>Structures: 3 to 52 years</p> <p>Machinery and equipment: 8 to 34 years</p> <p>Tools, furniture and fixtures: 6 to 30 years</p> <p>(2) Long-term prepaid expenses</p> <p>The straight-line method is applied.</p>
3. Accounting policies for deferred assets	<p>(1) Unit issuance costs</p> <p>Unit issuance costs are amortized over a period of 3 years under the straight-line method.</p> <p>(2) Investment corporation bond issuance costs</p> <p>Bond issuance costs are amortized by applying the straight-line method for the entire redemption period.</p>
4. Accounting standards for revenues and expenses	<p>Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities.</p> <p>When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥6,024 thousand as of January 31, 2018. There were no capitalized property-related taxes as of July 31, 2017.</p>
5. Accounting for hedges	<p>(1) Hedge accounting method</p> <p>The deferred hedge method is applied. However, the special treatment is applied for the interest-rate swap agreements that meet the criteria.</p> <p>(2) Hedging instruments and risks hedged</p> <p>Hedge instruments</p> <p>The Investment Corporation enters into interest-rate swap transactions.</p> <p>Risks hedged</p> <p>Interest rates on debt.</p> <p>(3) Hedging policy</p> <p>The Investment Corporation enters into derivative transactions based on its risk management policies with the objective of hedging risks in accordance with its Articles of Incorporation.</p> <p>(4) Method of evaluating the effectiveness of hedging</p> <p>As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps that meet the requirements for special treatment.</p>
6. The scope of cash and cash equivalents on statements of cash flows	<p>Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.</p>
7. Other significant accounting policies utilized in the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets</p> <p>The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in the Investment Corporation's balance sheets and statements of income.</p> <p>Important line items included in accounting for financial assets and liabilities in the Investment Corporation's balance sheet are as follows:</p> <ol style="list-style-type: none"> 1. Cash and deposits in trust 2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust 3. Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption tax</p> <p>Consumption taxes are separately recorded. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>

(8) Notes to the Financial Statements

(Notes to the Balance Sheets)

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

(in thousands of yen)	
As of July 31, 2017	As of January 31, 2018
50,000	50,000

(Notes to the Statements of Income and Retained Earnings)

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

(in thousands of yen)		
	From February 1, 2017 to July 31, 2017	From August 1, 2017 to January 31, 2018
A. Rental and other operating revenues:		
Rental revenues	4,769,190	4,895,387
Rental revenues from limited proprietary rights of land	43,750	43,749
Common area charges	289,460	296,482
Subtotal	5,102,400	5,235,620
Others:		
Parking space rental revenues	173,218	181,133
Miscellaneous	299,200	254,551
Subtotal	472,418	435,685
Total rental and other operating revenues	5,574,819	5,671,305
B. Property-related expenses:		
Property management fees and facility management fees	386,322	362,432
Utilities	85,370	88,669
Taxes	324,067	323,667
Repairs and maintenance	234,429	228,410
Insurance	7,984	8,399
Trust fees	41,900	42,467
Depreciation	884,713	921,858
Others	159,458	131,157
Total property-related expenses	2,124,246	2,107,064
C. Net operating income (A-B)	3,450,573	3,564,241

(Notes to the Statements of Changes in Net Assets)

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

	From February 1, 2017 to July 31, 2017	From August 1, 2017 to January 31, 2018
Total number of authorized investment units	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	349,089 units	349,089 units

(Notes to the Statements of Cash Flow)

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

(in thousands of yen)

	As of July 31, 2017	As of January 31, 2018
Cash and deposits	6,405,982	6,551,666
Cash and deposits in trust	3,778,959	3,928,017
Cash and cash equivalents	10,184,942	10,479,684

(Notes to the Lease Transactions)

Operating lease transactions (Lessor)

Unearned lease payments

(in thousands of yen)

	As of July 31, 2017	As of January 31, 2018
Due in 1 year	328,364	251,883
Due after 1 year	4,266,213	4,092,472
Total	4,594,578	4,344,355

(Notes to the Financial Instruments)

(A). Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer and interest rate fluctuation risk. Borrowings and investment corporation bonds are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 10 years and 7 months as of January 31, 2018, the end of the 12th fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

(3) Risk management for financial instruments

a. Credit risk

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

b. Market risk

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

c. Liquidity risk

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

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

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

(B). Estimated Fair Value of Financial Instruments

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

As of July 31, 2017

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	6,405,982	6,405,982	-
(2) Cash and deposits in trust	3,778,959	3,778,959	-
Total	10,184,942	10,184,942	-
(1) Short-term loans payable	1,000,000	1,000,000	-
(2) Current portion of long-term loans payable	11,000,000	10,956,857	-43,142
(3) Investment corporation bonds	3,000,000	2,967,700	-32,300
(4) Long-term loans payable	66,800,000	66,913,944	113,944
Total	81,800,000	81,838,502	38,502
Derivative transactions	26,626	26,626	-

As of January 31, 2018

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	6,551,666	6,551,666	-
(2) Cash and deposits in trust	3,928,017	3,928,017	-
Total	10,479,684	10,479,684	-
(1) Short-term loans payable	2,630,000	2,630,000	-
(2) Current portion of long-term loans payable	11,000,000	10,999,491	-508
(3) Investment corporation bonds	3,000,000	2,970,800	-29,200
(4) Long-term loans payable	74,500,000	74,587,162	87,162
Total	91,130,000	91,187,454	57,454
Derivative transactions	80,743	80,743	-

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

(2) Current portion of long-term loans payable and (4) Long-term loans payable

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

(3) Investment corporation bonds

The fair value of investment corporation bonds is based on market prices.

Derivative transactions

Please refer to "Notes to the Derivative Transactions".

Note 2: Financial instruments whose fair values are extremely difficult to recognize.

(in thousands of yen)

Classification	As of July 31, 2017	As of January 31, 2018
Investment securities *	91,579	221,707

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

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION (3278)

Note 3: Redemption schedule for financial assets with maturities

As of July 31, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	6,405,982	-	-	-	-	-
Cash and deposits in trust	3,778,959	-	-	-	-	-
Total	10,184,942	-	-	-	-	-

As of January 31, 2018

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	6,551,666	-	-	-	-	-
Cash and deposits in trust	3,928,017	-	-	-	-	-
Total	10,479,684	-	-	-	-	-

Note 4: Redemption schedule for loans payable and investment corporation bonds

As of July 31, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	1,000,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	1,000,000	2,000,000
Long-term loans payable	11,000,000	11,000,000	1,500,000	5,950,000	15,150,000	33,200,000
Total	12,000,000	11,000,000	1,500,000	5,950,000	16,150,000	35,200,000

As of January 31, 2018

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	2,630,000	-	-	-	-	-
Investment corporation bonds	-	-	-	1,000,000	-	2,000,000
Long-term loans payable	11,000,000	3,000,000	3,600,000	10,000,000	10,250,000	47,650,000
Total	13,630,000	3,000,000	3,600,000	11,000,000	10,250,000	49,650,000

(Notes to the Derivative Transactions)

(1) Transactions not subject to hedge accounting

As of July 31, 2017 and as of January 31, 2018: Not applicable

(2) Transactions subject to hedge accounting

As of July 31, 2017

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	9,000,000	9,000,000	26,626	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	57,300,000	46,300,000	*	-
Total			66,300,000	55,300,000	26,626	

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

As of January 31, 2018

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	22,500,000	22,500,000	80,743	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	46,300,000	38,300,000	*	-
Total			68,800,000	60,800,000	80,743	

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

(Notes to the Tax-Effect Accounting)

The significant components of deferred tax assets and liabilities:

(in thousands of yen)

	As of July 31, 2017	As of January 31, 2018
Deferred tax assets:		
Enterprise tax payable	9	-
Subtotal deferred tax assets	9	-
Total deferred tax assets	9	-

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

	From February 1, 2017 to July 31, 2017	From August 1, 2017 to January 31, 2018
Statutory tax rate	31.74%	31.74%
Deductible cash distributions	-31.73	-31.74
Others	0.03	0.03
Effective tax rate	0.04%	0.03%

(Notes to the Related-Party Transactions)

1. Parent Company, major corporate unitholders and other

11th Fiscal Period (February 1, 2017 to July 31, 2017) and 12th Fiscal Period (August 1, 2017 to January 31, 2018): Not applicable

2. Affiliated companies and other

11th Fiscal Period (February 1, 2017 to July 31, 2017) and 12th Fiscal Period (August 1, 2017 to January 31, 2018): Not applicable

3. Fellow subsidiary companies and other

11th Fiscal Period (February 1, 2017 to July 31, 2017) and 12th Fiscal Period (August 1, 2017 to January 31, 2018): Not applicable

4. Directors, major individual unitholders and other

11th Fiscal Period (February 1, 2017 to July 31, 2017) and 12th Fiscal Period (August 1, 2017 to January 31, 2018): Not applicable

(Notes to the Investment and Rental Properties)

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

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

(in thousands of yen)

		From February 1, 2017 to July 31, 2017	From August 1, 2017 to January 31, 2018
Book value	Balance at the beginning of period	156,805,298	156,161,704
	Changes during the period	-643,593	8,879,241
	Balance at the end of period	156,161,704	165,040,946
Fair value at the end of period		182,410,000	192,137,000

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

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the 11th fiscal period, the principal decrease was depreciation of ¥884,713 thousand, and during the 12th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 2 properties totaling ¥9,514,796 thousand, and the principal decrease was depreciation of ¥921,858 thousand.

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

Income and loss for real estate rental business in the fiscal periods ended July 31, 2017 and January 31, 2018 for real estate for rental purposes is listed in “Notes to the Statements of Income and Retained Earnings”.

(Notes to the Segment Information)

Segment information for the periods from February 1, 2017 to July 31, 2017 and from August 1, 2017 to January 31, 2018 is as follows:

(A) Segment information

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

(B) Related information

(1) Information about each product and service

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

(2) Information about each geographic area

(a) Net sales

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

(b) Property, plant and equipment

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

(3) Information about each major customer

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

(Notes to Per Unit Information)

	From February 1, 2017 to July 31, 2017	From August 1, 2017 to January 31, 2018
Net asset value per unit	¥118,249	¥118,379
Net income per unit	¥3,316	¥3,369

Note 1: The weighted average number of units outstanding of 698,178 was used for the computation of the amount of net income per unit for the periods ended July 31, 2017 and January 31, 2018. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

Note 2: A 2-for-1 split of investment units was implemented with February 28, 2018 as the record date and March 1, 2018 as the effective date. Net assets value per unit and net income per unit are calculated based on the assumption that the split of investment unit was implemented at the beginning of the fiscal period ended July 2017.

Note 3: The basis for calculating net income per unit is as follows:

	From February 1, 2017 to July 31, 2017	From August 1, 2017 to January 31, 2018
Net income (in thousands of yen)	2,315,438	2,352,516
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	2,315,438	2,352,516
Weighted average number of units during the period (units)	698,178	698,178

(Notes to Important Subsequent Events)

11th Fiscal Period (February 1, 2017 to July 31, 2017): Not applicable

12th Fiscal Period (August 1, 2017 to January 31, 2018)

1. Merger (with Japan Senior Living Investment Corporation)

On March 1, 2018 as the effective date, Kenedix Residential Investment Corporation (“KDR”) conducted an absorption-type merger (“the Merger”) whereby KDR was the surviving corporation and Japan Senior Living Investment Corporation (“JSL”) was the dissolving corporation. KDR also changed its corporate name from Kenedix Residential Investment Corporation to Kenedix Residential Next Investment Corporation on March 1, 2018.

(1) Purpose of the Merger

KDR and JSL believe that, as a result of the Merger, they will achieve the benefits of (i) an increase in liquidity resulting from greater asset scale and market capitalization that will enable them to capture more growth opportunities, (ii) greater earnings stability stemming from asset type diversification and enhanced ability to pursue external growth and (iii) improvement in asset management efficiency together with enhanced financial health, and further believe that the potential to reap these benefits constitutes the major significance of the Merger.

(2) Method of the Merger

The Merger was an absorption-type merger with KDR as the surviving corporation and JSL was dissolved.

(3) Merger ratio

1 unit of KDR was allotted 1 unit of JSL through the Merger. KDR implemented a 2-for-1 investment unit split with February 28, 2018 as the record date before the Merger. As a result, the total number of investment units issued and outstanding was 782,928 units as of March 1, 2018.

(4) Cash payment upon the Merger

KDR intends to pay JSL unitholders (the unitholders stated or recorded in the final unitholders register on the day prior to the effective date of the Merger (excluding the JSL unitholders who demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Investment Trust Act, hereinafter referred to as the “Unitholders Subject to Allocation”), in lieu of the cash distributions pertaining to JSL’s fiscal period from September 1, 2017 to February 28, 2018, a merger grant corresponding to the cash distributions based on JSL’s distributable income for that same period (an amount (rounded down to the nearest yen) which is the quotient resulting from dividing the amount of JSL’s distributable income on the date prior to the effective date of the Merger by the number of issued JSL investment units on that date, reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation).

(5) Unitholder's capital

Unitholder's capital and capital surplus of KDR that increased due to the Merger are as follows.

Unitholder's capital : ¥0

Capital surplus : Amount to be increased is calculated by deduct the increase amount in unitholders' capital above from an amount to be changed in unitholders' equity prescribed in the Article 22, Paragraph 1 of the Regulation for the Accounting of the Investment Corporation (Cabinet Office Ordinance No. 47 effective in 2006).

(6) Performance of JSL in the latest fiscal period ended August 31, 2017(from March 1, 2017 to August 31, 2017)

Business purpose Management of assets in accordance with the Investment Trust Act by investing mainly in specified assets

Operating Revenues ¥989 million

Net income ¥306 million

Total assets ¥35,333 million

Total liabilities ¥19,494 million

Net assets ¥15,838 million

2. Investment Unit Split

KDR implemented a 2-for-1 split of investment units with March 1, 2018 as the effective date.

(1) Purpose of the Investment Unit Split

The Merger will be carried out through an absorption-type merger having KDR as the surviving corporation, and the merger ratio, before considering the Investment Unit Split, would be KDR 1: JSL 0.5. However, with this merger ratio, 0.5 units of KDR would be allotted to every unit of JSL, which would mean that a number of JSL investment unitholders would receive less than one KDR unit. For this reason, in order to enable JSL unitholders to continue holding KDR units even after the Merger, for the purpose of issuing 1 KDR unit or more to all JSL unitholders, it was decided that the KDR investment units will be split 2-for-1.

(2) Method of the Investment Unit Split

KDR implemented a 2-for-1 split of its investment units held by unitholders set forth or recorded in the final unitholder registry on February 28, 2018.

(3) Increase in number of Investment units through the split

Total number of KDR's investment units issued and outstanding before the Investment Unit Split : 349,089 units

Number of investment units increased through the Investment Unit Split : 349,089 units

Total number of KDR's investment units issued and outstanding after the Investment Unit Split : 698,178 units

The total number of KDR's investment units issued and outstanding was 782,928 units after the Merger as of March 1, 2018, since 1 unit of KDR was allotted to 1 unit of JSL.

For figures of per unit information under assumption by which the split of investment units was implemented at the beginning of the previous fiscal period, please refer to "Notes to Per Unit Information."

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Tokyo Metropolitan Area														
Property No.		T-1	T-3	T-4	T-5	T-6	T-7	T-9	T-10	T-11	T-12	T-13	T-15	T-16	T-17	
Property Name		KDX Daikanyama Residence	KDX Odenma Residence	KDX Iwamotocho Residence	KDX Bunkyo Sengoku Residence	KDX Azumabashi Residence	KDX Shinura Sakaue Residence	Cosmo Heim Motosumiyoshi (Land with leasehold interest)	KDX Musashi Nakahara Residence	KDX Chiba Chuo Residence	KDX Kawaguchi Saiwai-cho Residence	KDX Residence Shirokane	KDX Residence Shirokane II	KDX Residence Minami-aoyama	KDX Residence Minami-azabu	
Acquisition Date		May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	April 26, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	4,700	1,775	822	1,488	650	2,830	1,750	637	1,480	1,150	3,000	2,800	2,230	2,080	
	Percentage of total portfolio	2.9%	1.1%	0.5%	0.9%	0.4%	1.7%	1.1%	0.4%	0.9%	0.7%	1.8%	1.7%	1.4%	1.3%	
	Net book value (In millions of yen)	4,721	1,731	800	1,468	624	2,718	1,798	637	1,367	1,128	3,019	2,812	2,244	2,082	
	Appraisal value at the end of period (In millions of yen)	5,680	1,990	928	1,710	849	3,250	1,790	713	1,750	1,350	3,430	3,340	2,470	2,530	
	Percentage of total appraisal value	3.0%	1.0%	0.5%	0.9%	0.4%	1.7%	0.9%	0.4%	0.9%	0.7%	1.8%	1.7%	1.3%	1.3%	
Lease Information	Number of leasable residential units	86	54	36	77	41	85	-	35	106	61	50	85	20	62	
	Leasable floor area (m ²)	5,338.99	2,353.23	1,131.24	2,054.10	1,054.83	6,117.48	3,040.11	2,123.46	3,546.91	2,491.66	3,617.32	2,889.66	1,680.79	2,785.42	
	Leased floor area (m ²)	5,244.35	2,353.23	1,108.68	2,054.10	1,054.83	6,117.48	3,040.11	2,002.46	3,388.11	2,449.77	3,575.44	2,854.89	1,190.11	2,730.82	
	Occupancy ratio															
	As of January 31, 2018	98.2%	100.0%	98.0%	100.0%	100.0%	100.0%	100.0%	-	94.3%	95.5%	98.3%	98.8%	98.8%	70.8%	98.0%
	As of July 31, 2017	98.9%	96.2%	90.9%	100.0%	95.4%	96.6%	-	97.2%	95.1%	95.9%	97.2%	95.8%	95.8%	95.8%	92.7%
	As of January 31, 2017	100.0%	96.2%	100.0%	100.0%	97.7%	92.9%	-	97.2%	87.9%	95.2%	100.0%	97.8%	100.0%	100.0%	100.0%
	As of July 31, 2016	96.5%	94.5%	96.4%	93.4%	97.7%	97.5%	-	94.3%	97.2%	97.1%	97.5%	97.8%	97.7%	98.6%	98.6%
	As of January 31, 2016	99.4%	98.2%	94.4%	100.0%	97.7%	94.2%	-	100.0%	98.8%	97.1%	98.8%	98.1%	94.8%	98.8%	98.8%
	As of July 31, 2015	96.6%	96.4%	100.0%	97.7%	100.0%	97.5%	-	100.0%	91.9%	98.2%	100.0%	97.8%	97.7%	96.0%	96.0%
As of January 31, 2015	90.6%	96.4%	100.0%	98.7%	95.5%	97.6%	-	97.2%	88.9%	81.2%	97.3%	97.5%	90.9%	95.2%	95.2%	
As of July 31, 2014	98.2%	92.2%	96.4%	99.0%	100.0%	96.4%	-	100.0%	90.6%	91.7%	96.1%	96.0%	92.9%	90.2%	90.2%	
As of January 31, 2014	94.1%	96.4%	100.0%	91.2%	97.7%	97.8%	-	91.3%	94.6%	98.2%	97.1%	98.9%	95.8%	91.1%	91.1%	
As of July 31, 2013	95.5%	96.3%	97.2%	93.3%	95.4%	95.2%	-	100.0%	96.9%	96.6%	-	-	-	-	-	
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	
	Rental and other operating revenues (In thousands of yen)	159,975	57,810	27,540	50,874	25,340	103,181	43,749	24,830	60,539	48,148	108,351	90,659	51,269	73,715	
	Rental revenues	146,216	53,542	25,969	46,933	24,489	94,261	43,749	23,786	56,696	44,253	90,931	84,252	49,911	68,640	
	Other operating revenues	13,758	4,267	1,570	3,941	851	8,919	-	1,044	3,843	3,895	17,419	6,406	1,358	5,074	
	Property-related expenses (In thousands of yen)	25,476	12,083	7,198	12,195	4,529	19,927	1,256	6,559	14,605	9,971	31,864	16,907	10,771	13,698	
	Property management fees	9,152	4,530	2,580	3,807	2,140	7,003	-	2,269	3,626	2,732	7,427	6,355	3,626	5,813	
	Taxes	8,854	2,809	1,239	2,452	1,242	5,549	1,250	1,599	3,787	2,754	7,628	4,573	3,351	3,798	
	Utilities	3,712	455	291	575	240	1,248	-	373	888	726	12,504	1,451	1,055	465	
	Repairs and maintenance	1,997	2,511	1,564	3,296	275	3,386	-	1,630	3,515	2,069	1,836	1,721	1,394	1,965	
	Insurance	171	62	30	56	31	153	-	48	101	66	125	92	47	83	
	Trust fees and other expenses	1,589	1,712	1,492	2,006	597	2,586	6	638	2,684	1,622	2,342	2,713	1,296	1,571	
	NOI (= -) (In thousands of yen)	134,498	45,726	20,341	38,679	20,811	83,253	42,493	18,271	45,934	38,177	76,486	73,751	40,497	60,016	
Depreciation (In thousands of yen)	15,857	10,666	5,241	6,513	4,899	21,485	-	3,604	17,226	7,261	7,703	6,673	3,241	6,865		
Rental operating income (= -) (In thousands of yen)	118,641	35,059	15,100	32,166	15,912	61,768	42,493	14,666	28,707	30,915	68,782	67,077	37,256	53,151		
Capital expenditures (In thousands of yen)	6,676	2,481	-	792	185	4,631	-	2,133	2,290	523	391	369	1,070	2,830		
NCF (= -) (In thousands of yen)	127,822	43,245	20,341	37,887	20,626	78,621	42,493	16,137	43,643	37,653	76,095	73,381	39,427	57,185		
Reference	Expense ratio (= /)	15.9%	20.9%	26.1%	24.0%	17.9%	19.3%	2.9%	26.4%	24.1%	20.7%	29.4%	18.6%	21.0%	18.6%	
	Property tax for the year 2017 (In thousands of yen)	17,708	5,619	2,479	4,904	2,486	11,098	2,502	3,199	7,575	5,514	15,257	9,146	6,703	7,597	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Tokyo Metropolitan Area														
Property No.		T-18	T-19	T-20	T-21	T-22	T-23	T-24	T-25	T-26	T-27	T-28	T-29	T-30	T-31	
Property Name		KDX Residence Shiba Koen	KDX Residence Azabu East	KDX Residence Takanawa	KDX Residence Nishihara	KDX Residence Daikanyama II	KDX Residence Sendagaya	KDX Residence Nihombashi Suitengu	KDX Residence Nihombashi Hakozaki	KDX Residence Higashi-shinjuku	KDX Residence Yotsuya	KDX Residence Nishi-shinjuku	KDX Residence Kagurazaka	KDX Residence Futako Tamagawa	KDX Residence Komazawa Koen	
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	1,781	1,560	770	1,450	730	650	3,240	1,147	3,270	2,260	1,000	720	1,250	920	
	Percentage of total portfolio	1.1%	1.0%	0.5%	0.9%	0.4%	0.4%	2.0%	0.7%	2.0%	1.4%	0.6%	0.4%	0.8%	0.6%	
	Net book value (In millions of yen)	1,776	1,559	770	1,456	762	645	3,205	1,174	3,250	2,261	1,003	716	1,276	915	
	Appraisal value at the end of period (In millions of yen)	2,220	1,910	987	1,870	928	788	3,870	1,330	3,890	2,590	1,250	870	1,420	1,070	
	Percentage of total appraisal value	1.2%	1.0%	0.5%	1.0%	0.5%	0.4%	2.0%	0.7%	2.0%	1.3%	0.7%	0.5%	0.7%	0.6%	
Lease Information	Number of leasable residential units	64	76	27	39	17	16	79	60	179	42	54	34	38	32	
	Leasable floor area (m ²)	2,507.52	1,849.00	1,034.27	2,310.08	985.10	748.96	5,534.86	1,537.38	4,358.43	3,101.16	1,345.92	890.93	2,339.62	1,020.18	
	Leased floor area (m ²)	2,443.72	1,827.99	1,007.18	2,310.08	985.10	748.96	5,534.86	1,516.87	4,218.00	3,101.16	1,318.50	865.97	2,339.62	974.47	
	Occupancy ratio															
	As of January 31, 2018	97.5%	98.9%	97.4%	100.0%	100.0%	100.0%	100.0%	100.0%	98.7%	96.8%	100.0%	98.0%	97.2%	100.0%	95.5%
	As of July 31, 2017	98.4%	100.0%	100.0%	91.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	98.1%	96.6%	97.2%	97.6%	100.0%
	As of January 31, 2017	98.4%	97.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.5%	100.0%	100.0%	96.4%	97.2%	94.7%	100.0%
	As of July 31, 2016	93.4%	98.9%	92.5%	95.9%	100.0%	100.0%	100.0%	100.0%	97.3%	97.5%	95.9%	100.0%	100.0%	97.1%	100.0%
	As of January 31, 2016	94.6%	97.7%	100.0%	93.7%	100.0%	100.0%	100.0%	100.0%	98.4%	97.9%	93.7%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2015	93.7%	97.7%	97.4%	97.5%	100.0%	87.6%	100.0%	100.0%	97.1%	98.0%	100.0%	98.5%	97.2%	92.1%	97.8%
As of January 31, 2015	93.3%	100.0%	100.0%	97.9%	100.0%	100.0%	100.0%	100.0%	91.4%	99.0%	93.9%	98.2%	94.3%	100.0%	100.0%	
As of July 31, 2014	94.0%	94.3%	91.0%	97.6%	90.9%	100.0%	100.0%	100.0%	95.3%	97.9%	89.1%	96.8%	100.0%	100.0%	100.0%	
As of January 31, 2014	100.0%	94.3%	100.0%	94.8%	100.0%	100.0%	100.0%	100.0%	91.8%	95.9%	93.9%	95.2%	94.4%	97.0%	97.8%	
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	
	Rental and other operating revenues (In thousands of yen)	63,622	55,810	26,659	48,661	27,891	21,990	97,101	40,126	110,561	78,944	34,369	24,498	43,154	28,664	
	Rental revenues	60,671	52,664	24,217	44,138	22,835	19,222	93,188	37,429	102,204	71,261	33,079	22,947	39,370	26,475	
	Other operating revenues	2,950	3,146	2,441	4,522	5,055	2,767	3,913	2,697	8,357	7,683	1,290	1,551	3,784	2,188	
	Property-related expenses (In thousands of yen)	10,464	10,447	7,181	12,158	6,490	5,167	10,460	11,020	20,331	16,786	7,670	4,602	7,991	6,438	
	Property management fees	3,898	3,934	2,602	5,322	2,166	1,884	1,655	3,374	6,646	7,677	3,343	1,751	3,191	2,279	
	Taxes	2,915	2,508	1,470	3,031	2,564	1,132	4,995	1,726	5,481	4,890	1,697	1,018	2,116	1,243	
	Utilities	593	506	370	769	193	320	845	464	1,432	1,179	321	243	379	405	
	Repairs and maintenance	1,927	1,832	1,189	2,341	750	1,054	1,825	4,006	4,267	1,020	1,722	816	1,533	1,754	
	Insurance	65	59	28	69	28	26	145	43	126	139	37	25	60	28	
	Trust fees and other expenses	1,064	1,606	1,519	623	787	748	991	1,405	2,376	1,877	547	747	708	727	
	NOI (= -) (In thousands of yen)	53,158	45,363	19,477	36,502	21,400	16,822	86,641	29,105	90,229	62,158	26,699	19,896	35,163	22,225	
Depreciation (In thousands of yen)	5,777	6,152	2,765	5,805	1,262	2,804	17,764	6,547	11,563	9,293	3,877	3,320	4,555	4,654		
Rental operating income (= -) (In thousands of yen)	47,380	39,210	16,711	30,697	20,137	14,018	68,876	22,558	78,666	52,864	22,821	16,576	30,607	17,570		
Capital expenditures (In thousands of yen)	490	1,201	-	3,920	-	-	605	40,078	493	1,655	3,911	111	3,088	864		
NCF (= -) (In thousands of yen)	52,667	44,161	19,477	32,582	21,400	16,822	86,035	10,972	89,736	60,502	22,787	19,784	32,075	21,361		
Reference	Expense ratio (= /)	16.4%	18.7%	26.9%	25.0%	23.3%	23.5%	10.8%	27.5%	18.4%	21.3%	22.3%	18.8%	18.5%	22.5%	
	Property tax for the year 2017 (In thousands of yen)	5,830	5,016	2,941	6,063	3,378	2,265	9,991	3,452	10,963	9,781	3,395	2,036	4,234	2,487	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Tokyo Metropolitan Area													
Property No.		T-32	T-33	T-34	T-35	T-36	T-37	T-38	T-39	T-40	T-41	T-42	T-43	T-44	T-45
Property Name		KDX Residence Mishuku	KDX Residence Yoga	KDX Residence Shimouma	Raffine Minami-magome	KDX Residence Yukigaya Otsuka	KDX Residence Denen Chofu	KDX Residence Tamagawa	KDX Residence Monzennakacho	KDX Residence Okachimachi	KDX Residence Moto-asakusa	KDX Residence Itabashi Honcho	KDX Residence Azusawa	KDX Residence Tobu Nerima	KDX Residence Yokohama Kannai
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	760	700	600	1,250	1,050	1,000	776	773	850	800	620	550	420	800
	Percentage of total portfolio	0.5%	0.4%	0.4%	0.8%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.4%	0.3%	0.3%	0.5%
	Net book value (In millions of yen)	760	700	604	1,247	1,039	1,055	755	770	846	799	610	560	407	787
	Appraisal value at the end of period (In millions of yen)	888	835	727	1,450	1,280	1,190	901	938	1,020	968	727	635	496	960
	Percentage of total appraisal value	0.5%	0.4%	0.4%	0.8%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.4%	0.3%	0.3%	0.5%
Lease Information	Number of leasable residential units	39	38	29	56	72	36	52	49	51	44	46	39	37	72
	Leasable floor area (m ²)	1,103.82	1,012.80	829.05	2,408.56	1,526.98	2,359.44	1,170.40	1,171.41	1,329.79	1,314.91	1,127.58	989.82	931.82	1,602.16
	Leased floor area (m ²)	1,078.33	911.52	829.05	2,408.56	1,506.42	2,359.44	1,148.50	1,123.47	1,329.79	1,261.28	1,083.40	989.82	931.82	1,554.11
	Occupancy ratio														
	As of January 31, 2018	97.7%	90.0%	100.0%	100.0%	98.7%	100.0%	98.1%	95.9%	100.0%	95.9%	96.1%	100.0%	100.0%	97.0%
	As of July 31, 2017	100.0%	100.0%	96.8%	100.0%	100.0%	100.0%	98.1%	100.0%	100.0%	98.5%	98.1%	100.0%	96.6%	93.1%
	As of January 31, 2017	94.1%	100.0%	93.7%	100.0%	98.7%	94.4%	98.3%	100.0%	98.0%	92.4%	96.1%	97.9%	94.4%	88.0%
	As of July 31, 2016	96.0%	100.0%	100.0%	100.0%	95.7%	91.7%	96.5%	93.7%	98.2%	97.4%	94.0%	90.2%	94.9%	90.8%
	As of January 31, 2016	95.3%	100.0%	96.7%	100.0%	100.0%	97.2%	100.0%	100.0%	100.0%	98.4%	95.8%	100.0%	97.3%	98.8%
	As of July 31, 2015	97.7%	100.0%	97.0%	100.0%	98.4%	97.2%	96.4%	96.2%	100.0%	92.4%	96.1%	94.1%	100.0%	97.2%
As of January 31, 2015	100.0%	100.0%	100.0%	100.0%	100.0%	97.2%	100.0%	97.5%	100.0%	94.3%	93.9%	90.9%	97.8%	89.2%	
As of July 31, 2014	100.0%	100.0%	95.5%	100.0%	97.3%	100.0%	98.2%	95.5%	100.0%	97.5%	97.7%	90.9%	96.6%	90.9%	
As of January 31, 2014	97.7%	97.5%	96.9%	100.0%	95.9%	97.2%	96.5%	84.3%	96.2%	93.3%	96.0%	96.7%	100.0%	92.3%	
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days
	Rental and other operating revenues (In thousands of yen)	26,531	23,700	20,578	46,452	39,188	38,747	28,573	27,651	29,932	29,478	23,241	20,458	17,299	34,871
	Rental revenues	25,182	21,025	19,396	46,452	37,295	35,516	26,755	26,137	29,430	27,957	22,742	19,219	16,928	31,104
	Other operating revenues	1,348	2,674	1,182	-	1,892	3,231	1,818	1,513	502	1,520	499	1,239	371	3,767
	Property-related expenses (In thousands of yen)	5,793	5,026	5,875	3,091	9,252	5,557	5,462	8,034	4,768	7,686	5,107	5,599	4,156	9,277
	Property management fees	2,452	1,516	2,179	473	2,728	2,567	2,363	2,283	1,781	2,547	1,850	1,677	1,662	4,259
	Taxes	1,423	1,255	779	2,069	1,925	1,889	1,500	1,274	1,669	1,508	1,229	1,206	1,091	1,653
	Utilities	218	402	217	-	449	453	371	373	370	388	286	201	190	631
	Repairs and maintenance	581	1,172	1,560	38	2,658	182	462	3,318	449	2,645	1,031	1,990	346	1,494
	Insurance	31	26	20	50	44	50	38	31	34	39	29	29	26	51
	Trust fees and other expenses	1,085	652	1,117	460	1,446	414	725	752	462	556	680	493	838	1,186
NOI (= -) (In thousands of yen)	20,737	18,674	14,703	43,360	29,935	33,190	23,111	19,616	25,164	21,791	18,134	14,859	13,142	25,593	
Depreciation (In thousands of yen)	3,112	2,607	2,250	3,315	5,445	4,115	5,892	3,971	3,768	4,473	4,209	3,353	3,770	5,945	
Rental operating income (= -) (In thousands of yen)	17,625	16,066	12,453	40,045	24,490	29,074	17,219	15,644	21,396	17,318	13,924	11,506	9,371	19,648	
Capital expenditures (In thousands of yen)	111	316	282	750	542	117	228	3,822	-	3,722	306	-	226	470	
NCF (= -) (In thousands of yen)	20,626	18,357	14,420	42,610	29,393	33,072	22,883	15,794	25,164	18,069	17,827	14,859	12,915	25,123	
Reference	Expense ratio (= /)	21.8%	21.2%	28.5%	6.7%	23.6%	14.3%	19.1%	29.1%	15.9%	26.1%	22.0%	27.4%	24.0%	26.6%
	Property tax for the year 2017 (In thousands of yen)	2,846	2,511	1,559	4,139	3,850	3,778	3,001	2,549	3,331	3,018	2,459	2,413	2,183	3,307
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Tokyo Metropolitan Area														
Property No.		T-46	T-47	T-48	T-49	T-50	T-51	T-52	T-53	T-54	T-55	T-56	T-57	T-58	T-59	
Property Name		KDX Residence Miyamaedaira	KDX Residence Machida	KDX Residence Kinshicho	KDX Residence Nihombashi Hamacho	KDX Residence Nihombashi Ningyocho	KDX Residence Jiyugaoka	KDX Residence Togoshi	KDX Residence Shinagawa Seaside	KDX Residence Ojima	KDX Residence Oyama	KDX Residence Hanzomon	B-Site Akihabara	KDX Residence Kagurazaka Dori	KDX Residence Sendagi	
Acquisition Date		August 7, 2013	August 7, 2013	March 28, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	
Price Information	Acquisition price (In millions of yen)	999	1,800	1,350	996	530	1,268	3,745	2,593	1,857	2,679	4,832	850	1,360	2,200	
	Percentage of total portfolio	0.6%	1.1%	0.8%	0.6%	0.3%	0.8%	2.3%	1.6%	1.1%	1.6%	2.9%	0.5%	0.8%	1.3%	
	Net book value (In millions of yen)	999	1,745	1,354	1,008	566	1,327	3,782	2,612	1,861	2,684	4,982	869	1,389	2,377	
	Appraisal value at the end of period (In millions of yen)	1,130	1,990	1,600	1,170	643	1,500	4,520	3,100	2,160	3,120	5,470	941	1,620	2,360	
	Percentage of total appraisal value	0.6%	1.0%	0.8%	0.6%	0.3%	0.8%	2.4%	1.6%	1.1%	1.6%	2.8%	0.5%	0.8%	1.2%	
Lease Information	Number of leasable residential units	40	52	33	28	27	48	144	127	117	145	85	52	70	40	
	Leasable floor area (m ²)	2,448.27	3,832.53	2,024.81	1,756.27	877.14	1,637.00	4,591.76	3,314.75	2,372.67	4,009.07	4,854.23	1,254.50	1,809.84	3,159.89	
	Leased floor area (m ²)	2,387.52	3,832.53	2,024.81	1,756.27	877.14	1,599.23	4,441.03	3,217.69	2,372.67	3,820.02	4,854.23	1,254.50	1,809.84	3,159.89	
	Occupancy ratio															
	As of January 31, 2018	97.5%	100.0%	100.0%	100.0%	100.0%	97.7%	96.7%	97.1%	100.0%	95.3%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2017	100.0%	95.8%	100.0%	100.0%	96.8%	97.9%	98.9%	98.6%	96.6%	94.4%	97.2%	100.0%	100.0%	100.0%	100.0%
	As of January 31, 2017	89.8%	100.0%	96.9%	100.0%	96.8%	98.6%	95.5%	100.0%	97.4%	93.2%	97.0%	100.0%	100.0%	100.0%	95.0%
	As of July 31, 2016	95.1%	87.0%	100.0%	100.0%	95.4%	95.1%	95.9%	97.5%	99.1%	95.3%	97.7%	100.0%	100.0%	100.0%	99.0%
	As of January 31, 2016	95.3%	95.8%	96.8%	100.0%	100.0%	91.6%	98.4%	100.0%	99.1%	93.5%	98.8%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2015	95.3%	100.0%	96.9%	100.0%	100.0%	87.9%	98.2%	93.4%	98.3%	91.3%	94.6%	100.0%	100.0%	100.0%	100.0%
As of January 31, 2015	90.0%	94.5%	97.3%	100.0%	90.9%	87.7%	97.0%	89.4%	100.0%	91.2%	-	-	-	-	-	
As of July 31, 2014	92.1%	94.0%	87.4%	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2014	95.2%	88.7%	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	
	Rental and other operating revenues (In thousands of yen)	36,269	58,756	43,874	30,200	18,875	39,176	119,543	86,087	63,293	90,645	130,077	23,882	39,000	64,419	
	Rental revenues	33,161	52,947	37,306	30,147	18,495	38,031	111,828	80,601	57,718	82,870	120,642	23,882	39,000	59,506	
	Other operating revenues	3,108	5,808	6,567	52	379	1,145	7,714	5,485	5,574	7,774	9,434	-	-	4,913	
	Property-related expenses (In thousands of yen)	9,074	15,792	8,721	5,012	4,212	7,849	22,570	16,054	14,709	15,285	25,554	2,898	7,787	12,636	
	Property management fees	2,806	5,291	2,562	1,024	1,681	2,864	6,804	5,248	4,695	4,449	6,216	-	1,248	3,535	
	Taxes	2,041	3,534	2,275	1,565	983	1,876	5,527	4,653	2,733	4,805	6,780	1,608	2,384	2,930	
	Utilities	439	805	588	322	233	336	678	808	552	965	1,109	-	537	1,830	
	Repairs and maintenance	2,796	3,692	2,268	1,670	572	1,354	5,760	2,895	4,094	2,565	8,501	891	2,783	2,742	
	Insurance	65	112	74	44	25	42	149	114	77	122	147	37	57	93	
	Trust fees and other expenses	925	2,356	952	385	716	1,375	3,650	2,333	2,555	2,378	2,799	360	777	1,503	
NOI (= -) (In thousands of yen)	27,194	42,963	35,153	25,187	14,663	31,327	96,973	70,032	48,583	75,359	104,523	20,983	31,212	51,782		
Depreciation (In thousands of yen)	4,708	14,894	6,907	4,119	2,225	4,182	17,032	12,789	11,049	16,586	14,215	2,513	3,659	8,726		
Rental operating income (= -) (In thousands of yen)	22,485	28,068	28,245	21,068	12,438	27,144	79,940	57,243	37,534	58,772	90,307	18,470	27,552	43,056		
Capital expenditures (In thousands of yen)	535	1,493	2,350	1,169	556	1,682	8,552	-	364	476	60,636	572	3,927	5,467		
NCF (= -) (In thousands of yen)	26,659	41,470	32,802	24,018	14,106	29,644	88,420	70,032	48,218	74,883	43,886	20,411	27,285	46,315		
Reference	Expense ratio (= /)	25.0%	26.9%	19.9%	16.6%	22.3%	20.0%	18.9%	18.6%	23.2%	16.9%	19.6%	12.1%	20.0%	19.6%	
	Property tax for the year 2017 (In thousands of yen)	4,083	7,070	4,551	3,130	1,966	3,754	11,054	9,307	5,466	9,610	13,560	3,217	4,752	5,861	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Tokyo Metropolitan Area													
Property No.		T-60	T-61	T-62	T-63	T-64	T-65	T-66	T-67	T-68	T-69	T-70	T-71	T-72	T-73
Property Name		KDX Residence Seijo	KDX Residence Akihabara	KDX Residence Iriya	KDX Residence Tachikawa	KDX Residence Tsurumi	KDX Residence Morishita Chitose	KDX Residence Akasaka	KDX Residence Kanda	KDX Residence Ebisu	KDX Residence Nishi-magome	KDX Residence Nishi-azabu	KDX Residence Azabu Sendaizaka	KDX Residence Waseda Tsurumaki	KDX Residence Bunkyo Yushima
Acquisition Date		February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	June 1, 2015	September 30, 2015	September 30, 2015	October 30, 2015	August 30, 2016	August 1, 2016	August 1, 2016	August 1, 2016	August 1, 2016
Price Information	Acquisition price (In millions of yen)	1,400	1,250	1,062	3,026	1,050	1,100	1,150	700	2,845	1,130	1,224	792	561	695
	Percentage of total portfolio	0.9%	0.8%	0.6%	1.8%	0.6%	0.7%	0.7%	0.4%	1.7%	0.7%	0.7%	0.5%	0.3%	0.4%
	Net book value (In millions of yen)	1,431	1,266	1,079	3,045	1,129	1,121	1,203	733	2,972	1,184	1,248	810	574	710
	Appraisal value at the end of period (In millions of yen)	1,520	1,430	1,300	3,410	1,380	1,200	1,530	1,020	3,880	1,180	1,450	929	778	892
	Percentage of total appraisal value	0.8%	0.7%	0.7%	1.8%	0.7%	0.6%	0.8%	0.5%	2.0%	0.6%	0.8%	0.5%	0.4%	0.5%
Lease Information	Number of leasable residential units	38	32	57	174	59	65	28	30	65	47	33	30	39	38
	Leasable floor area (m ²)	2,198.56	1,929.61	1,899.29	4,314.87	3,499.84	1,614.28	1,180.71	1,031.09	2,659.66	1,297.27	1,357.88	878.50	808.54	939.89
	Leased floor area (m ²)	2,144.19	1,871.70	1,872.15	3,996.56	3,499.84	1,572.06	1,140.44	1,031.09	2,659.66	1,246.79	1,321.80	878.50	808.54	939.89
	Occupancy ratio														
	As of January 31, 2018	97.5%	97.0%	98.6%	92.6%	100.0%	97.4%	96.6%	100.0%	100.0%	96.1%	97.3%	100.0%	100.0%	100.0%
	As of July 31, 2017	97.5%	100.0%	100.0%	98.8%	100.0%	96.8%	96.4%	100.0%	92.1%	91.1%	96.9%	94.0%	92.4%	97.8%
	As of January 31, 2017	93.8%	100.0%	95.7%	94.9%	98.5%	98.7%	100.0%	100.0%	97.1%	36.2%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2016	100.0%	85.8%	97.1%	92.1%	96.8%	98.7%	93.1%	100.0%	97.3%	-	-	-	-	-
	As of January 31, 2016	88.5%	87.9%	100.0%	95.9%	98.5%	96.8%	100.0%	97.4%	58.3%	-	-	-	-	-
	As of July 31, 2015	89.8%	97.0%	98.6%	96.1%	98.4%	96.2%	-	-	-	-	-	-	-	-
As of January 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days
	Rental and other operating revenues (In thousands of yen)	40,279	39,287	38,859	98,675	52,126	38,221	37,031	27,160	96,735	30,995	38,828	25,935	21,147	25,038
	Rental revenues	36,103	36,952	37,353	88,108	46,925	35,649	36,482	26,521	90,726	30,487	36,418	24,670	20,322	23,824
	Other operating revenues	4,176	2,334	1,505	10,567	5,200	2,572	549	638	6,009	507	2,409	1,265	824	1,213
	Property-related expenses (In thousands of yen)	8,825	6,895	7,277	15,629	9,981	9,938	4,069	4,831	13,213	5,451	7,452	8,799	6,722	4,349
	Property management fees	2,604	2,431	2,768	6,823	3,235	2,485	1,634	1,566	4,749	2,246	2,141	3,186	2,510	1,604
	Taxes	2,729	2,088	1,948	4,273	2,505	1,907	1,507	1,652	3,287	1,675	2,530	1,568	1,002	1,179
	Utilities	381	357	353	834	600	502	245	425	926	196	571	306	288	318
	Repairs and maintenance	1,878	950	1,168	2,650	2,417	3,291	93	175	757	236	1,040	1,969	1,440	369
	Insurance	64	52	52	136	84	45	36	32	82	35	41	27	24	27
	Trust fees and other expenses	1,167	1,015	986	909	1,137	1,705	551	979	3,409	1,060	1,126	1,741	1,456	850
NOI (= -) (In thousands of yen)	31,454	32,392	31,581	83,046	42,145	28,283	32,962	22,329	83,522	25,543	31,376	17,135	14,424	20,688	
Depreciation (In thousands of yen)	4,595	6,591	6,175	21,053	6,975	5,665	4,195	3,682	11,268	4,885	3,848	2,521	2,968	3,111	
Rental operating income (= -) (In thousands of yen)	26,858	25,800	25,406	61,992	35,169	22,618	28,767	18,646	72,254	20,658	27,527	14,614	11,456	17,576	
Capital expenditures (In thousands of yen)	2,391	429	925	138	7,422	1,239	-	-	-	-	543	1,927	535	1,819	
NCF (= -) (In thousands of yen)	29,062	31,963	30,656	82,908	34,722	27,044	32,962	22,329	83,522	25,543	30,832	15,208	13,888	18,868	
Reference	Expense ratio (= /)	21.9%	17.6%	18.7%	15.8%	19.1%	26.0%	11.0%	17.8%	13.7%	17.6%	19.2%	33.9%	31.8%	17.4%
	Property tax for the year 2017 (In thousands of yen)	5,459	4,176	3,897	8,545	5,010	3,814	3,014	3,304	6,574	3,351	5,061	3,136	2,005	2,359
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Tokyo Metropolitan Area					Other Regional Areas								
Property No.		T-74	T-75	T-76	T-77	T-78	R-2	R-3	R-4	R-5	R-6	R-7	R-8	R-9	R-10
Property Name		KDX Residence Kamishakujiji	KDX Residence Shin-otsuka	KDX Residence Sakurajosui	KDX Residence Ryogoku	KDX Residence Toyosu	KDX Jozenji Dori Residence	KDX Izumi Residence	KDX Chihaya Residence	KDX Sakaisuji Hommachi Residence	KDX Shimmachi Residence	KDX Takarazuka Residence	KDX Shimizu Residence	KDX Residence Odori Koen	KDX Residence Kikusui Yojo
Acquisition Date		August 1, 2016	November 1, 2016	November 1, 2016	November 1, 2016	August 22, 2017	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	648	764	894	842	7,500	1,015	1,120	1,080	2,910	1,015	1,510	1,680	765	830
	Percentage of total portfolio	0.4%	0.5%	0.5%	0.5%	4.6%	0.6%	0.7%	0.7%	1.8%	0.6%	0.9%	1.0%	0.5%	0.5%
	Net book value (In millions of yen)	665	785	919	868	7,818	965	1,074	1,025	2,773	962	1,401	1,599	741	807
	Appraisal value at the end of period (In millions of yen)	750	922	1,100	1,050	7,640	1,270	1,300	1,350	3,150	1,200	1,780	1,950	901	1,000
	Percentage of total appraisal value	0.4%	0.5%	0.6%	0.5%	4.0%	0.7%	0.7%	0.7%	1.6%	0.6%	0.9%	1.0%	0.5%	0.5%
Lease Information	Number of leasable residential units	47	40	43	36	242	92	40	92	160	94	80	148	78	84
	Leasable floor area (m ²)	1,032.18	872.00	1,227.16	1,190.53	6,811.38	3,330.15	2,798.20	2,936.40	6,385.70	2,146.02	4,631.16	6,255.16	2,762.76	3,413.06
	Leased floor area (m ²)	967.77	872.00	1,048.80	1,111.66	6,811.38	3,096.47	2,651.30	2,823.78	6,194.90	2,077.53	4,631.16	5,996.30	2,692.30	3,222.67
	Occupancy ratio														
	As of January 31, 2018	93.8%	100.0%	85.5%	93.4%	100.0%	93.0%	94.8%	96.2%	97.0%	96.8%	100.0%	95.9%	97.4%	94.4%
	As of July 31, 2017	95.7%	100.0%	100.0%	97.9%	-	95.0%	97.4%	91.8%	95.0%	94.7%	99.3%	91.5%	96.1%	92.8%
	As of January 31, 2017	97.8%	100.0%	100.0%	87.2%	-	93.4%	97.6%	99.2%	94.4%	94.7%	97.1%	96.6%	98.7%	100.0%
	As of July 31, 2016	-	-	-	-	-	95.7%	97.4%	94.8%	88.6%	93.6%	91.4%	97.6%	96.1%	100.0%
	As of January 31, 2016	-	-	-	-	-	98.0%	89.8%	97.3%	91.4%	92.6%	97.1%	98.0%	96.1%	97.9%
	As of July 31, 2015	-	-	-	-	-	100.0%	85.0%	98.9%	97.5%	93.6%	94.3%	94.2%	100.0%	94.3%
As of January 31, 2015	-	-	-	-	-	98.2%	100.0%	96.4%	93.2%	98.9%	95.7%	92.1%	94.9%	91.9%	
As of July 31, 2014	-	-	-	-	-	96.4%	95.0%	100.0%	92.9%	100.0%	90.0%	94.2%	96.1%	100.0%	
As of January 31, 2014	-	-	-	-	-	97.9%	97.6%	95.1%	94.0%	92.6%	97.1%	95.4%	98.7%	99.0%	
As of July 31, 2013	-	-	-	-	-	100.0%	97.6%	98.9%	90.8%	96.8%	100.0%	93.6%	-	-	
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	163days	184days	184days	184days	184days	184days	184days	184days	184days	184days
	Rental and other operating revenues (In thousands of yen)	23,201	22,608	27,441	27,796	79,320	48,735	42,417	48,038	107,651	37,295	58,399	70,579	33,686	37,066
	Rental revenues	21,731	22,248	26,188	27,086	78,896	44,771	35,373	44,042	99,936	35,726	55,593	62,452	31,420	32,818
	Other operating revenues	1,470	360	1,252	709	424	3,964	7,043	3,995	7,714	1,569	2,806	8,126	2,266	4,247
	Property-related expenses (In thousands of yen)	6,125	1,803	5,702	4,796	4,948	11,940	10,797	10,487	22,814	11,251	9,173	17,102	8,329	10,102
	Property management fees	1,873	240	2,741	2,206	3,064	3,065	3,442	3,743	5,812	2,148	2,542	4,092	2,161	2,895
	Taxes	1,633	1,267	1,508	1,277	10	3,244	2,409	3,002	7,602	1,896	3,910	5,399	2,627	3,282
	Utilities	218	-	266	219	900	953	299	1,001	1,438	529	648	697	535	791
	Repairs and maintenance	1,145	11	241	368	-	2,557	3,028	1,182	3,038	3,625	780	4,260	1,197	1,490
	Insurance	30	24	35	34	177	80	69	79	197	58	104	154	72	64
	Trust fees and other expenses	1,223	260	911	690	795	2,038	1,548	1,477	4,725	2,993	1,187	2,498	1,734	1,577
	NOI (= -) (In thousands of yen)	17,076	20,804	21,738	22,999	74,372	36,795	31,619	37,550	84,836	26,043	49,226	53,476	25,356	26,964
Depreciation (In thousands of yen)	3,523	3,433	4,116	4,392	28,252	10,350	9,164	10,014	23,761	8,995	16,534	14,202	7,869	7,515	
Rental operating income (= -) (In thousands of yen)	13,552	17,371	17,622	18,606	46,120	26,444	22,455	27,536	61,075	17,048	32,692	39,274	17,487	19,448	
Capital expenditures (In thousands of yen)	2,556	-	-	-	-	160	1,235	-	483	-	775	525	2,776	1,193	
NCF (= -) (In thousands of yen)	14,519	20,804	21,738	22,999	74,372	36,634	30,383	37,550	84,352	26,043	48,451	52,951	22,580	25,770	
Reference	Expense ratio (= /)	26.4%	8.0%	20.8%	17.3%	6.2%	24.5%	25.5%	21.8%	21.2%	30.2%	15.7%	24.2%	24.7%	27.3%
	Property tax for the year 2017 (In thousands of yen)	3,268	2,535	3,016	2,555	8,530	6,489	4,819	6,005	15,209	3,794	7,825	10,801	5,255	6,566
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Other Regional Areas														
Property No.		R-11	R-13	R-14	R-15	R-16	R-17	R-18	R-19	R-20	R-21	R-22	R-23	R-24	R-25	
Property Name		KDX Residence Toyohira Koen	KDX Residence Ichiban-cho	KDX Residence Kotodai	KDX Residence Izumi Chuo	KDX Residence Higashi-sakura I	KDX Residence Higashi-sakura II	KDX Residence Jingumae	KDX Residence Nishi-oji	KDX Residence Sainin	KDX Residence Namba	KDX Residence Namba-minami	KDX Residence Shin-Osaka	KDX Residence Ibaraki I-II	KDX Residence Toyonaka-minami	
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	445	530	520	480	2,350	900	840	813	440	1,410	1,350	510	1,275	740	
	Percentage of total portfolio	0.3%	0.3%	0.3%	0.3%	1.4%	0.5%	0.5%	0.5%	0.3%	0.9%	0.8%	0.3%	0.8%	0.5%	
	Net book value (In millions of yen)	434	515	508	469	2,299	884	817	797	430	1,388	1,314	491	1,287	706	
	Appraisal value at the end of period (In millions of yen)	529	683	562	611	2,700	1,070	1,040	925	498	1,630	1,560	578	1,387	840	
	Percentage of total appraisal value	0.3%	0.4%	0.3%	0.3%	1.4%	0.6%	0.5%	0.3%	0.8%	0.8%	0.3%	0.3%	0.7%	0.4%	
Lease Information	Number of leasable residential units	65	45	27	40	187	66	95	76	49	118	131	43	61	70	
	Leasable floor area (m ²)	2,253.81	1,818.09	1,475.73	2,159.25	6,221.83	2,655.31	2,724.19	2,353.55	1,094.81	3,387.30	3,813.31	1,321.04	4,701.87	2,024.50	
	Leased floor area (m ²)	2,007.66	1,768.79	1,475.73	2,029.65	5,789.34	2,536.31	2,489.15	2,283.76	1,072.39	3,284.38	3,696.27	1,290.94	4,548.39	1,935.59	
	Occupancy ratio															
	As of January 31, 2018	89.1%	97.3%	100.0%	94.0%	93.0%	95.5%	91.4%	97.0%	98.0%	97.0%	96.9%	97.7%	96.7%	95.6%	
	As of July 31, 2017	95.4%	95.4%	96.4%	89.0%	94.6%	95.5%	96.0%	95.9%	100.0%	100.0%	97.4%	90.9%	100.0%	95.7%	
	As of January 31, 2017	96.9%	91.6%	88.9%	97.9%	90.4%	95.5%	92.0%	96.8%	94.1%	97.7%	95.6%	95.4%	93.5%	95.8%	
	As of July 31, 2016	98.4%	97.3%	96.2%	92.7%	93.1%	91.0%	97.8%	97.8%	96.2%	96.2%	95.7%	90.9%	95.1%	98.7%	
	As of January 31, 2016	93.9%	97.3%	100.0%	94.8%	92.0%	92.5%	97.8%	95.9%	95.7%	100.0%	97.8%	100.0%	98.3%	97.0%	
	As of July 31, 2015	97.0%	95.3%	92.5%	92.5%	92.5%	95.5%	98.2%	98.0%	91.8%	96.2%	96.5%	97.7%	95.1%	100.0%	
As of January 31, 2015	95.5%	100.0%	100.0%	92.0%	95.2%	94.0%	96.0%	98.9%	94.2%	96.2%	95.5%	95.4%	95.1%	95.4%		
As of July 31, 2014	96.9%	91.9%	88.9%	95.0%	95.2%	97.0%	96.5%	95.0%	98.1%	99.2%	97.8%	97.7%	95.1%	97.1%		
As of January 31, 2014	92.3%	98.0%	96.4%	94.2%	97.9%	100.0%	98.2%	93.3%	95.8%	96.2%	97.2%	93.2%	96.7%	98.5%		
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	
	Rental and other operating revenues (In thousands of yen)	21,557	26,557	20,647	22,524	97,370	38,560	38,711	32,412	18,141	56,446	56,076	20,183	53,727	28,976	
	Rental revenues	19,838	25,237	19,327	20,322	87,636	35,850	35,901	29,590	16,363	51,762	53,963	18,963	49,328	27,692	
	Other operating revenues	1,718	1,320	1,320	2,202	9,734	2,709	2,810	2,821	1,778	4,684	2,112	1,219	4,399	1,284	
	Property-related expenses (In thousands of yen)	8,510	7,097	5,188	5,387	30,062	12,983	12,499	7,914	4,236	14,979	11,548	6,533	10,676	6,123	
	Property management fees	2,028	2,109	1,641	1,861	8,793	3,508	2,956	1,984	1,124	2,739	2,999	1,430	2,290	1,513	
	Taxes	2,143	1,844	1,512	1,780	5,888	2,634	2,565	2,153	960	3,169	3,202	1,311	4,544	1,784	
	Utilities	787	504	666	330	930	596	557	925	789	1,613	661	387	1,406	410	
	Repairs and maintenance	1,361	1,538	888	582	7,129	3,308	5,495	1,469	649	5,428	2,559	1,526	1,880	1,107	
	Insurance	55	43	38	47	153	69	66	60	30	79	92	31	122	50	
	Trust fees and other expenses	2,133	1,057	440	785	7,167	2,866	858	1,320	682	1,948	2,032	1,847	431	1,257	
	NOI (= -) (In thousands of yen)	13,046	19,460	15,459	17,137	67,307	25,577	26,212	24,497	13,904	41,466	44,528	13,649	43,050	22,852	
Depreciation (In thousands of yen)	4,397	5,020	4,448	4,505	17,785	6,991	7,321	6,340	3,848	9,965	11,786	5,192	6,314	8,164		
Rental operating income (= -) (In thousands of yen)	8,649	14,439	11,010	12,632	49,522	18,585	18,890	18,156	10,056	31,501	32,741	8,457	36,736	14,688		
Capital expenditures (In thousands of yen)	1,200	551	370	-	144	4,775	396	-	-	1,716	269	-	1,257	348		
NCF (= -) (In thousands of yen)	11,846	18,908	15,089	17,137	67,163	20,801	25,815	24,497	13,904	39,750	44,258	13,649	41,793	22,504		
Reference	Expense ratio (= /)	39.5%	26.7%	25.1%	23.9%	30.9%	33.7%	32.3%	24.4%	23.4%	26.5%	20.6%	32.4%	19.9%	21.1%	
	Property tax for the year 2017 (In thousands of yen)	4,287	3,688	3,024	3,560	11,778	5,269	5,132	4,308	1,921	6,340	6,406	2,622	9,093	3,569	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** **As of January 31, 2018**

Location		Other Regional Areas														
Property No.		R-26	R-27	R-28	R-29	R-30	R-32	R-33	R-34	R-35	R-36	R-37	R-38	R-39	R-40	
Property Name		KDX Residence Moriguchi	KDX Residence Sanomiya	Ashiya Royal Homes	KDX Residence Funairi Saiwai-cho	KDX Residence Tenjin-higashi II	KDX Residence Nishi Koen	KDX Residence Hirao Josui-machi	Melody Heim Gotenyama	Leopalace Flat Shin-sakae	KDX Residence Konan Yamate	KDX Residence Hommachiabashi	KDX Residence Minami-kusatsu	KDX Residence Ohori Harbor View Tower	KDX Residence Minami-sanjo	
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2014	November 28, 2014	November 14, 2014	December 18, 2014	February 5, 2015	February 5, 2015	September 30, 2015	
Price Information	Acquisition price (In millions of yen)	551	1,080	1,360	588	680	763	760	400	3,500	973	3,201	1,974	4,606	915	
	Percentage of total portfolio	0.3%	0.7%	0.8%	0.4%	0.4%	0.5%	0.5%	0.2%	2.1%	0.6%	1.9%	1.2%	2.8%	0.6%	
	Net book value (In millions of yen)	532	1,059	1,462	569	664	745	751	430	3,592	981	3,218	2,024	4,671	952	
	Appraisal value at the end of period (In millions of yen)	640	1,290	1,720	664	851	839	867	510	4,260	1,120	3,450	2,290	5,210	1,560	
	Percentage of total appraisal value	0.3%	0.7%	0.9%	0.3%	0.4%	0.4%	0.5%	0.3%	2.2%	0.6%	1.8%	1.2%	2.7%	0.8%	
Lease Information	Number of leasable residential units	28	86	21	64	63	36	24	36	274	55	134	170	212	114	
	Leasable floor area (m ²)	1,942.78	2,292.72	3,999.01	1,889.53	2,602.53	2,522.16	2,098.68	2,297.24	11,589.95	1,923.22	6,511.88	5,735.96	11,855.63	5,269.39	
	Leased floor area (m ²)	1,942.78	2,292.72	3,999.01	1,859.68	2,478.60	2,300.38	2,008.16	2,297.24	11,589.95	1,844.12	6,361.03	5,452.32	10,854.69	5,024.59	
	Occupancy ratio															
	As of January 31, 2018	100.0%	100.0%	100.0%	98.4%	95.2%	91.2%	95.7%	100.0%	100.0%	95.9%	97.7%	95.1%	91.6%	95.4%	
	As of July 31, 2017	96.1%	96.7%	95.0%	100.0%	98.4%	91.1%	91.6%	97.5%	100.0%	95.2%	97.7%	95.0%	93.0%	98.4%	
	As of January 31, 2017	96.1%	96.7%	100.0%	100.0%	100.0%	82.3%	87.7%	91.8%	100.0%	92.2%	96.3%	98.4%	90.9%	98.3%	
	As of July 31, 2016	96.2%	92.2%	95.7%	100.0%	93.7%	94.5%	92.4%	92.1%	100.0%	98.4%	94.4%	94.7%	93.5%	95.3%	
	As of January 31, 2016	100.0%	92.2%	100.0%	98.5%	98.4%	88.9%	91.9%	94.7%	100.0%	98.4%	95.9%	100.0%	88.1%	97.1%	
	As of July 31, 2015	89.6%	97.8%	96.1%	98.4%	92.1%	97.3%	92.5%	94.9%	100.0%	98.4%	95.8%	93.9%	93.2%	-	
As of January 31, 2015	100.0%	98.9%	93.0%	96.9%	98.4%	100.0%	91.0%	97.3%	100.0%	96.9%	90.2%	-	-	-		
As of July 31, 2014	100.0%	100.0%	88.7%	96.8%	98.4%	94.9%	95.3%	-	-	-	-	-	-	-		
As of January 31, 2014	96.2%	94.4%	90.7%	95.3%	98.4%	91.3%	96.2%	-	-	-	-	-	-	-		
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	184days	
	Rental and other operating revenues (In thousands of yen)	24,143	40,065	66,564	27,011	30,178	30,493	28,963	21,695	121,557	33,104	109,334	98,944	180,391	53,669	
	Rental revenues	21,400	36,249	58,426	24,538	27,700	26,820	25,427	18,782	119,525	31,227	102,205	81,535	150,334	48,311	
	Other operating revenues	2,742	3,816	8,138	2,472	2,477	3,673	3,536	2,912	2,031	1,876	7,129	17,408	30,057	5,358	
	Property-related expenses (In thousands of yen)	5,774	9,982	17,573	6,456	7,376	6,993	8,069	5,414	15,228	7,900	18,576	23,244	40,344	13,544	
	Property management fees	1,483	2,512	6,901	1,761	1,893	1,962	2,079	1,209	3,867	1,955	4,039	5,784	10,697	3,360	
	Taxes	1,650	2,563	4,768	1,784	1,930	2,253	2,048	1,360	9,219	1,993	8,259	5,995	13,426	5,284	
	Utilities	994	595	1,487	356	434	509	413	972	-	300	1,823	3,942	2,024	741	
	Repairs and maintenance	767	2,323	1,820	1,731	2,196	1,329	1,786	1,293	1,313	1,630	2,011	2,609	7,043	2,432	
	Insurance	56	60	118	45	65	60	50	47	285	53	203	169	349	135	
	Trust fees and other expenses	822	1,926	2,477	777	855	878	1,689	531	543	1,967	2,239	4,743	6,802	1,589	
NOI (= -) (In thousands of yen)	18,369	30,083	48,990	20,554	22,801	23,499	20,894	16,281	106,328	25,203	90,758	75,699	140,047	40,125		
Depreciation (In thousands of yen)	5,422	7,724	4,738	5,369	6,223	6,370	4,779	3,004	33,178	4,911	21,966	18,250	42,536	11,228		
Rental operating income (= -) (In thousands of yen)	12,946	22,358	44,252	15,185	16,578	17,129	16,115	13,276	73,150	20,292	68,791	57,449	97,510	28,897		
Capital expenditures (In thousands of yen)	-	-	3,572	134	2,343	112	617	-	9,084	-	522	808	827	120		
NCF (= -) (In thousands of yen)	18,369	30,083	45,418	20,420	20,458	23,386	20,276	16,281	97,243	25,203	90,236	74,890	139,220	40,004		
Reference	Expense ratio (= /)	23.9%	24.9%	26.4%	23.9%	24.4%	22.9%	27.9%	25.0%	12.5%	23.9%	17.0%	23.5%	22.4%	25.2%	
	Property tax for the year 2017 (In thousands of yen)	3,302	5,126	9,537	3,569	3,861	4,507	4,096	2,720	18,421	3,986	16,518	11,992	26,853	10,569	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

[Reference] **Earnings Performance for the Individual Properties for the 12th Fiscal Period (August 1, 2017 to January 31, 2018) : 184 days** As of January 31, 2018

Location		Other Regional Areas			Total of 115 Properties
Property No.		R-41	R-42	R-43	
Property Name		Serenite Kita-kyujoji	Serenite Nishinomiya Hommachi	KDX Residence Nishijin	
Acquisition Date		October 27, 2015	December 1, 2016	August 1, 2017	
Price Information	Acquisition price (In millions of yen)	1,290	617	1,600	164,169
	Percentage of total portfolio	0.8%	0.4%	1.0%	100.0%
	Net book value (In millions of yen)	1,308	657	1,712	165,040
	Appraisal value at the end of period (In millions of yen)	1,470	739	1,670	192,137
	Percentage of total appraisal value	0.8%	0.4%	0.9%	100.0%
Lease Information	Number of leasable residential units	85	51	128	7,888
	Leasable floor area (m ²)	2,277.14	1,351.68	4,472.72	306,648.54
	Leased floor area (m ²)	2,194.73	1,326.37	3,964.64	297,460.33
	Occupancy ratio				
	As of January 31, 2018	96.4%	98.1%	88.6%	97.0%
	As of July 31, 2017	97.5%	98.1%	-	96.8%
	As of January 31, 2017	97.4%	100.0%	-	96.2%
	As of July 31, 2016	96.9%	-	-	95.9%
	As of January 31, 2016	54.2%	-	-	96.0%
	As of July 31, 2015	-	-	-	96.2%
As of January 31, 2015	-	-	-	95.7%	
As of July 31, 2014	-	-	-	95.7%	
As of January 31, 2014	-	-	-	95.9%	
As of July 31, 2013	-	-	-	96.2%	
Profit and Loss Information for the 12th Fiscal Period	Operating periods	184days	184days	184days	183days
	Rental and other operating revenues (In thousands of yen)	41,356	23,317	55,209	5,671,305
	Rental revenues	40,247	21,669	45,979	5,235,620
	Other operating revenues	1,109	1,647	9,230	435,685
	Property-related expenses (In thousands of yen)	9,334	4,714	15,015	1,185,205
	Property management fees	2,617	1,361	2,375	362,432
	Taxes	3,111	1,706	20	323,667
	Utilities	388	400	2,127	88,669
	Repairs and maintenance	288	90	7,721	228,410
	Insurance	57	39	103	8,399
	Trust fees and other expenses	2,869	1,115	2,667	173,625
	NOI (= -) (In thousands of yen)	32,022	18,602	40,193	4,486,099
	Depreciation (In thousands of yen)	10,155	4,746	6,277	921,858
Rental operating income (= -) (In thousands of yen)	21,866	13,856	33,916	3,564,241	
Capital expenditures (In thousands of yen)	-	-	50,565	286,303	
NCF (= -) (In thousands of yen)	32,022	18,602	10,371	4,199,796	
Reference	Expense ratio (= /)	22.6%	20.2%	27.2%	20.9%
	Property tax for the year 2017 (In thousands of yen)	6,223	3,413	7,013	661,076
	Assets pledged as collateral	-	-	-	-

Total : Cost-weighted average operating period (days)

(Reference) Borrowings

Borrowings as of January 31, 2018 are as follows:

(in thousands of yen)

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1) (Note 2)	Payment due date (Note 3)	Use	Remarks
Short-Term Loans Payable	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.438%	July 31, 2018	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	-	830,000	-	830,000	0.438%	July 31, 2018		
	Mizuho Bank, Ltd.	-	800,000	-	800,000	0.438%	July 31, 2018		
	Sub Total	1,000,000	1,630,000	-	2,630,000				
Current Portion of Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	4,000,000	-	4,000,000	-	0.910%	August 31, 2017	(Note 4)	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500,000	-	2,500,000	-				
	Aozora Bank, Ltd.	1,500,000	-	1,500,000	-				
	Resona Bank, Limited	1,000,000	-	1,000,000	-				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	1,000,000	-				
	Mizuho Trust & Banking Co., Ltd.	500,000	-	500,000	-				
	Mizuho Bank, Ltd.	500,000	-	500,000	-	1.052%	August 31, 2018		
	Sumitomo Mitsui Banking Corporation (Note 6)	3,250,000	-	-	3,250,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 6)	2,000,000	-	-	2,000,000				
	Aozora Bank, Ltd. (Note 6)	1,000,000	-	-	1,000,000				
	Resona Bank, Limited (Note 6)	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited (Note 6)	500,000	-	-	500,000				
	Mizuho Trust & Banking Co., Ltd. (Note 6)	500,000	-	-	500,000				
	Mizuho Bank, Ltd. (Note 6)	250,000	-	-	250,000				
Development Bank of Japan Inc. (Note 5) (Note 6)	3,000,000	-	-	3,000,000	1.088%	August 31, 2018			
Sub Total	22,000,000	-	11,000,000	11,000,000					
Long-Term Loans Payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.109%	January 31, 2021	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.221%	July 31, 2021		
	Aozora Bank, Ltd.	1,350,000	-	-	1,350,000	1.183%	March 31, 2021		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.267%	April 30, 2022		
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	1.267%	April 30, 2022		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000	0.916%	August 7, 2021		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,100,000	-	-	1,100,000				
	Mizuho Bank, Ltd.	600,000	-	-	600,000				
	Aozora Bank, Ltd.	350,000	-	-	350,000				
	Resona Bank, Limited	300,000	-	-	300,000				
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000				
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	0.996%	August 7, 2021		
	Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000	1.254%	August 7, 2023		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	400,000	-	-	400,000				
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Limited	200,000	-	-	200,000				
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000				
	Aozora Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc. (Note 5)	500,000	-	-	500,000	1.320%	August 7, 2023		
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.945%	August 31, 2021		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600,000	-	-	600,000	0.945%	August 31, 2021		
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.945%	August 31, 2021		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.804%	November 30, 2020		
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000	-	-	1,500,000	0.689%	November 30, 2019		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.875%	January 31, 2022		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	Resona Bank, Limited	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	-	-	2,000,000	1.100%	April 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.265%	April 30, 2025		
	Aozora Bank, Ltd.	300,000	-	-	300,000	0.678%	August 31, 2020		
	Resona Bank, Limited	1,100,000	-	-	1,100,000	0.923%	August 31, 2022		
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000	0.923%	August 31, 2022		
	Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025		
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	1.193%	August 31, 2024		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300,000	-	-	300,000	0.624%	October 27, 2020		

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1) (Note 2)	Payment due date (Note 3)	Use	Remarks
Long-Term Loans Payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025	(Note 4)	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 5)	1,000,000	-	-	1,000,000	0.660%	July 31, 2025		
	Mizuho Bank, Ltd. (Note 5)	1,500,000	-	-	1,500,000	0.816%	August 31, 2026		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.797%	August 31, 2025		
	Resona Bank, Limited	500,000	-	-	500,000	0.797%	August 31, 2025		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 5)	2,000,000	-	-	2,000,000	0.670%	August 31, 2025		
	Mizuho Trust & Banking Co., Ltd. (Note 5)	500,000	-	-	500,000	0.751%	August 31, 2025		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.906%	August 31, 2026		
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	0.773%	October 31, 2025		
	Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.464%	February 28, 2019		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	500,000	-	500,000	0.464%	February 28, 2019		
	Resona Bank, Limited	-	1,000,000	-	1,000,000	0.900%	August 22, 2027		
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000	0.900%	August 22, 2027		
	Shinsei Bank, Limited	-	1,000,000	-	1,000,000	0.900%	August 22, 2027		
	Mizuho Trust & Banking Co., Ltd. (Note 5)	-	1,200,000	-	1,200,000	0.928%	August 22, 2027		
	Development Bank of Japan Inc. (Note 5)	-	1,000,000	-	1,000,000	0.928%	August 22, 2027		
	Mizuho Bank, Ltd. (Note 5)	-	500,000	-	500,000	0.928%	August 22, 2027		
	The Bank of Fukuoka, Ltd. (Note 5)	-	500,000	-	500,000	0.928%	August 22, 2027		
	Sumitomo Mitsui Banking Corporation	-	1,500,000	-	1,500,000	0.501%	February 28, 2023		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,500,000	-	1,500,000	0.501%	February 28, 2023		
	Aozora Bank, Ltd.	-	1,500,000	-	1,500,000	0.582%	February 29, 2024		
	Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.582%	February 29, 2024		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,000,000	-	1,000,000	0.582%	February 29, 2024		
	Mizuho Bank, Ltd.	-	500,000	-	500,000	0.624%	August 31, 2024		
	Mizuho Trust & Banking Co., Ltd. (Note 5)	-	500,000	-	500,000	0.661%	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	-	1,500,000	-	1,500,000	0.665%	February 28, 2025		
	Resona Bank, Limited	-	1,000,000	-	1,000,000	0.749%	February 28, 2026		
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000	0.749%	February 28, 2026		
	Sub Total		55,800,000	18,700,000	-	74,500,000			
Total		78,800,000	20,330,000	11,000,000	88,130,000				

Note 1: All debts except for the following Note 5 are borrowing at a floating rate.

Note 2: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap transactions and other derivative transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps and other derivatives are indicated.

Note 3: All the repayment methods of debt financing are lump-sum repayments on the due date.

Note 4: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 5: Borrowings at a fixed rate.

Note 6: Borrowings listed in the current portion of long-term payable were listed in long-term payable in the previous fiscal period.