

BEST INVEST
KENEDIX
Residential Investment Corporation

Financial Results for the Third Fiscal Period
(Ended July 2013)

September 17, 2013





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1. Financial Results for the Third Fiscal Period (Ended July 2013)

Highlights from the Third Fiscal Period (Ended July 2013)

Income Statement

- KDR has started recording property tax and city planning tax for the 20 properties that were acquired at the time of the IPO and so this is the first fiscal period in which earnings are being recorded on a normal operations basis after factoring in taxes.
- Earnings were generally as planned and the distribution per unit was ¥5,390, which was ¥90 higher than the forecast of ¥5,300.

Distribution per Unit



Balance Sheet

- NAV per unit increased to ¥194,921 (up ¥8,326 from the previous fiscal period) as a result of increased appraisal value on properties owned.
- In association with sponsor Kenedix, Inc., the silent partnership (tokumei kumiai) investment interest (¥400 million) in four residential properties (total appraisal value ¥11.53 billion) managed by G. K. Creek Investment was acquired on July 5, 2013.

Purchase of the silent partnership equity interest

(Investments in silent partnerships concerning G. K. Creek Investment)

Securing independent pipeline

Portfolio Performance

- The occupancy rate was higher than in the previous fiscal period in terms of both the average and period-end rates. The occupancy rate at the end of the period reached to 96.2% at record-high levels and rent per tsubo was generally flat.
- The tenant replacement ratio and tenant turnover ratio were both higher than in the previous fiscal period due to the inclusion of a particularly busy period. The average renewal ratio during the period was 83.7% (up 1.1% from the previous fiscal period).

Occupancy Rate⁽¹⁾



Note1: Occupancy rate is for the entire portfolio (except limited proprietary rights of land). Occupancy rate for the portfolio including limited proprietary rights of land is 95.6% and 96.6%, respectively.

Income Statement

(in millions of yen)

Account	2nd Period		3rd Period		2nd Period Actual vs 3rd Period Actual Comparison		3rd Period Forecast vs 3rd Period Actual Comparison	
	Actual 184 days	Forecast 181 days	Actual 181 days					
Operating revenues	¥1,114	¥1,112	¥1,135	+21	+1.9%	+23	+2.1%	
Rent revenue-real estate	1,021	1,022	1,018	-2	-0.3%	-3	-0.4%	
Other lease business revenue	92	89	117	+24	+26.1%	+27	+30.2%	
Operating Expenses	¥498	¥563	¥582	+83	+16.8%	+18	+3.4%	
Expenses related to rent business	172	231	247	+75	+43.5%	+16	+7.0%	
Depreciation	194	195	194	+0	+0.2%	0	-0.2%	
Other lease business expenses	131	136	139	+8	+6.2%	+3	+2.3%	
Operating income	¥615	¥548	¥553	-62	-10.1%	+4	+0.8%	
Non-operating income	0	0	0	0	-84.5%	0	+106.7%	
Non-operating expenses	151	148	145	-5	-3.6%	-2	-1.6%	
Interest expenses, etc.	133	129	128	-5	-3.9%	-1	-1.0%	
Other non-operating expenses	17	18	17	0	-1.6%	-1	-5.7%	
Ordinary Income	¥464	¥400	¥407	-56	-12.3%	+6	+1.7%	
Income before income taxes	464	400	407	-56	-12.3%	+6	+1.7%	
Total income taxes	0	1	0	0	-0.6%	0	-4.8%	
Net income	¥463	¥399	¥406	-56	-12.3%	+6	+1.7%	
Total Dividend	463	399	406	-56	-12.3%	+6	+1.7%	
Distribution per Unit	6,145 yen	5,300 yen	5,390 yen	-755円	-12.3%	+90円	+1.7%	
NOI ⁽¹⁾	941	880	887	-53	-5.7%	+7	+0.8%	
FFO ⁽²⁾	675	612	619	-56	-8.4%	+6	+1.0%	

Information concerning the difference

Somewhat lower than forecast as a result of work* undertaken to deal with some water leaks caused by heavy rain and storm winds in April 2013, and the impact of the resulting delay to occupancy rates at KDX Daikanyama Residence for which tenant applications were suspended until June.

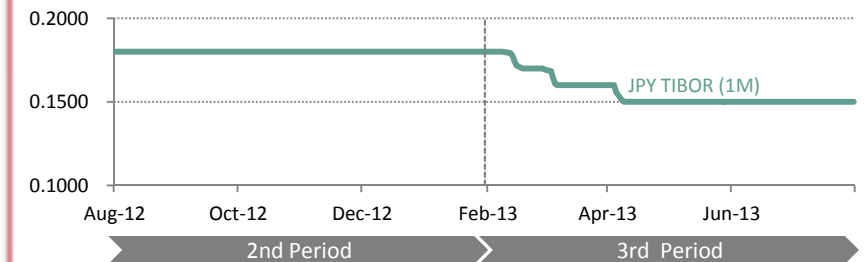
Higher than forecast as a result of recording insurance payout income related to KDX Daikanyama Residence and KDX Jozenji Dori Residence and an increase in key money and other one-time revenue.

Higher than the previous fiscal period because KDR has started recording property tax and city planning tax (up ¥59 million from the previous fiscal period).

Higher than forecast as a result of increases in advertising expenses accompanying growth in new contracts, and in restraint expenses due to a higher turnover rate.

Higher than the previous fiscal period due to the recording of expenses related to credit ratings.

Lower than the previous fiscal period due to lower interest expenses.



Note1: NOI(Net Operating Income)=Operating income - Operating expenses(ex. Depreciation)
 Note2: FFO(Funds From Operation)=Net income + Depreciation + Deferred Assets Depreciation +/- Gains or Losses on Sales

* Work related to the damage disclosed in the "Notice Concerning Impact of Heavy Rains and Storm Winds on Properties" of April 8, 2013.

Balance Sheet

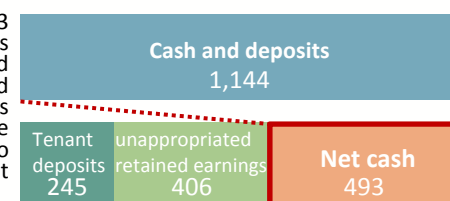
(in millions of yen)

Account	2nd Period	3rd Period	Difference	
Total assets	¥33,195	¥33,025	-170	-0.5%
Cash and deposits	1,502	1,144	-357	-23.8%
Total property, plant and equipment, net	31,418	31,239	-179	-0.6%
(Land)	16,554)	16,554)	-	-
(Buildings, Structures, etc.)	14,864)	14,685)	-179	-1.2%
Other	274	640	+366	+133.6%
Total Liabilities	¥18,982	¥18,854	-128	-0.7%
Loans payable	18,500	18,330	-170	-0.9%
(Short-term loans payable and current portion of long-term loans payable)	3,000)	8,330)	+5,330	+177.7%
(Long-term loans payable)	15,500)	10,000)	-5,500	-35.5%
Tenant leasehold and security deposits in trust	240	245	+5	+2.2%
Other liabilities	242	279	+36	+15.0%
Net assets	¥14,213	¥14,171	-41	-0.3%
Unitholders' equity	13,773	13,773	-	-
Unappropriated retained earnings (undisposed loss)	463	406	-56	-12.3%
Deferred gains or losses on hedges	24	8	+15	+62.8%
LTV ⁽¹⁾	55.7%	55.5%		
Capital-to-Asset ratio	42.8%	42.9%		
Appraisal values (as of the end of the period)	¥31,746	¥32,180	+434	+1.4%
NAV ⁽²⁾	¥14,076	¥14,704	+628	+4.5%

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

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

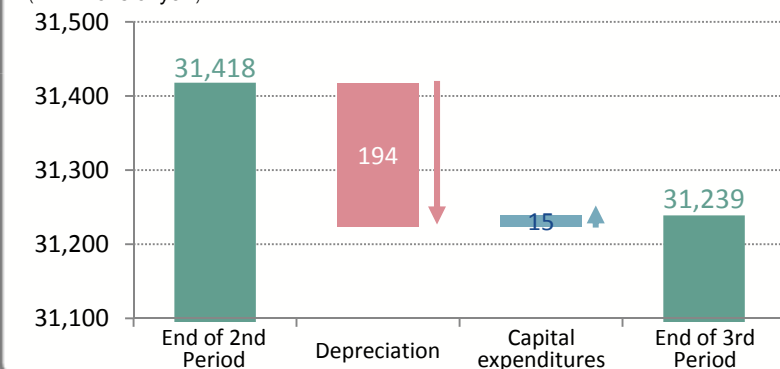
Net cash and bank deposit is ¥493 million, which is cash and deposits minus tenant leasehold and security deposits in trust and unappropriated retained earnings (Declined ¥350 million from the previous fiscal period due to internal funds purchase of silent partnership investment interest)



Purchased silent partnership equity interest of ¥400 million on July 5, 2013.

Tangible fixed assets decreased by ¥179 million

(in millions of yen)



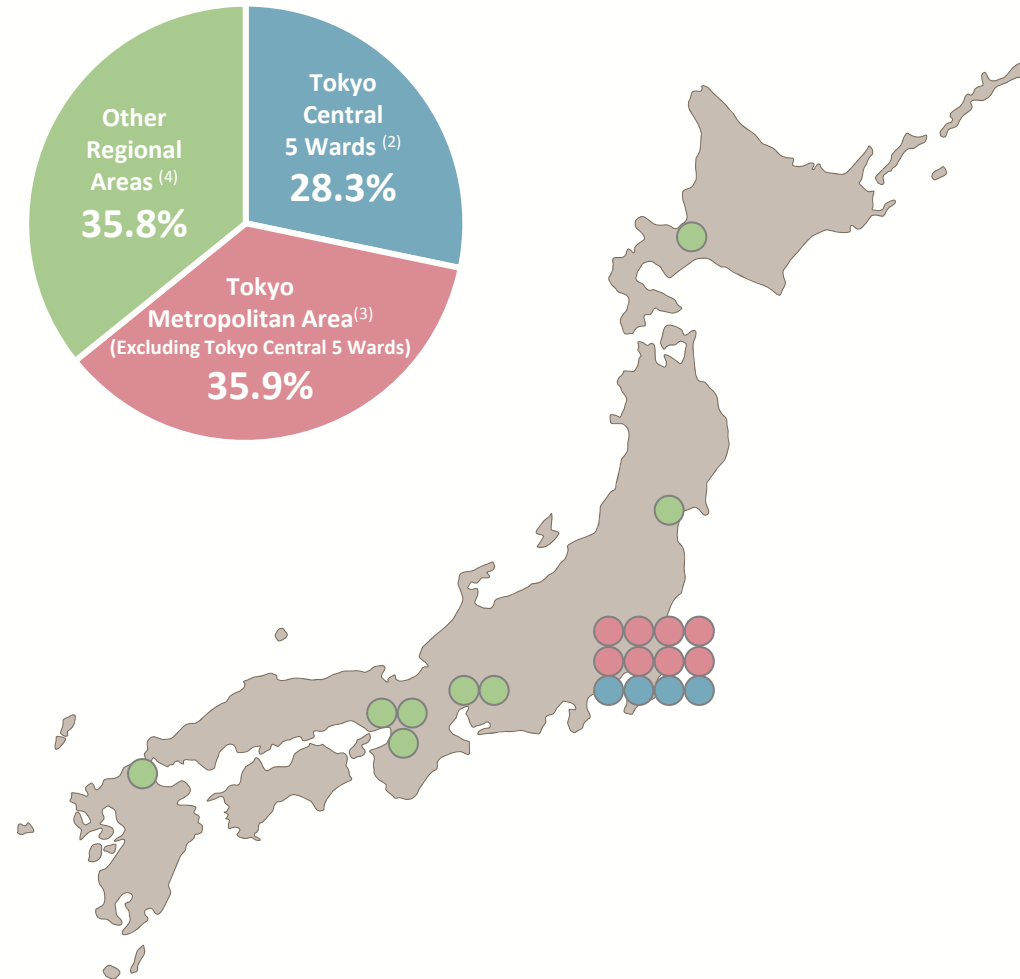
Increased ¥434 million from the end of 2nd period (see page 16 for details)

	2nd Period	3rd Period
NAV per unit (after distribution)	186,595 yen	194,921 yen

Portfolio Summary

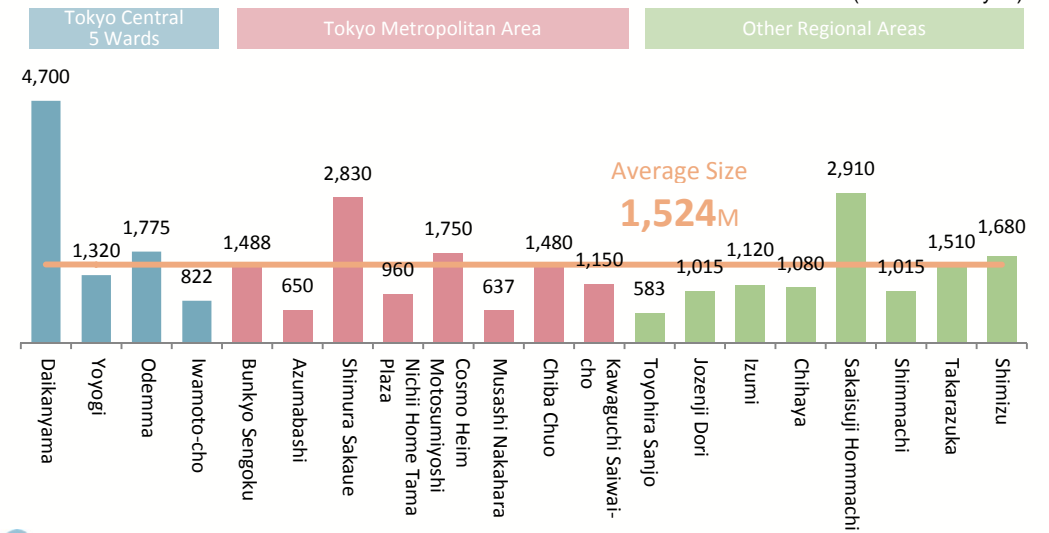
Area Diversification (based on acquisition price⁽¹⁾)

Asset breakdown by region



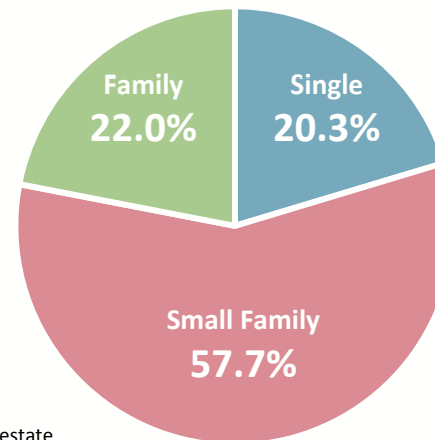
Asset Size (based on acquisition price⁽¹⁾)

(in millions of yen)

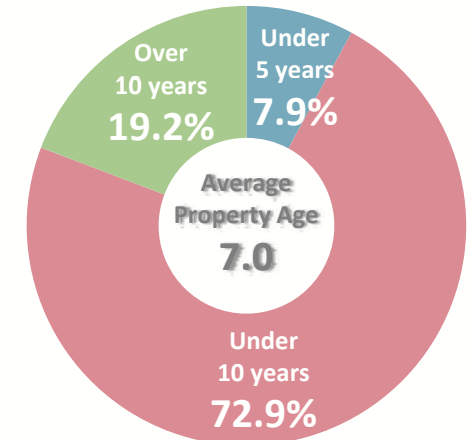


Room Type and Property Age (based on acquisition price⁽¹⁾)

Asset breakdown by room type



Asset breakdown by property age (years)⁽⁵⁾



Note1: Acquisition Price refers to the pre-tax price that does not include the expenses spent on the acquisition of the real estate
 Note2: Tokyo Central 5 Wards include Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku
 Note3: Tokyo Metropolitan Area includes Tokyo, Chiba, Kanagawa and Saitama
 Note4: Other Regional Areas include government-designated municipalities and other regional hub cities,

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

Portfolio Performance Summary

(in millions of yen)

Account	Total		Tokyo Metropolitan Area		Other Regional Areas	
Number of Properties	20		12		8	
Total Acquisition Price	¥30,474.5		¥19,562.0		¥10,912.5	
	2nd Period	3rd Period	2nd Period	3rd Period	2nd Period	3rd Period
Operating term	184 days	181 days	184 days	181 days	184 days	181 days
Revenues related to rent business	¥1,114.1	¥1,135.5	¥671.3	¥676.7	¥442.8	¥458.7
Rent revenue-real estate	1,021.3	1,018.4	623.4	614.3	397.9	404.0
Other lease business revenue	92.8	117.0	47.9	62.4	44.9	54.6
Expenses related to rent business	¥172.6	¥247.7	¥95.9	¥144.8	¥76.7	¥102.9
Property management fees, etc.	79.5	84.4	47.5	53.3	31.9	31.1
Taxes	0.0	59.6	0.0	34.7	-	24.9
Utilities	16.5	16.3	10.4	10.1	6.1	6.2
Repairs and maintenance costs	31.9	37.2	17.5	20.5	14.4	16.6
Insurance	2.3	2.2	1.1	1.0	1.2	1.1
Trust fees and other costs	42.2	47.7	19.2	24.9	22.9	22.8
NOI	¥941.4	¥887.7	¥575.3	¥531.9	¥366.0	¥355.8
NOI cap rate (per year)	6.1%	5.9%	5.8%	5.5%	6.7%	6.6%
Depreciation	194.5	194.8	96.3	96.6	98.1	98.2
Depreciation Rate (per acquisition price, year)	1.3%	1.3%	1.0%	1.0%	1.8%	1.8%
NOI Cap Rate after Depreciation (per year)	4.9%	4.6%	4.9%	4.5%	4.9%	4.8%

Information concerning the difference

Impact of the resulting delay to occupancy rates at KDX Daikanyama Residence due to work undertaken to deal with water leaks*.

Reporting insurance payout income and an increase in key money.

Some Leasing Costs Increased in Tokyo metropolitan area due to higher new contracts.

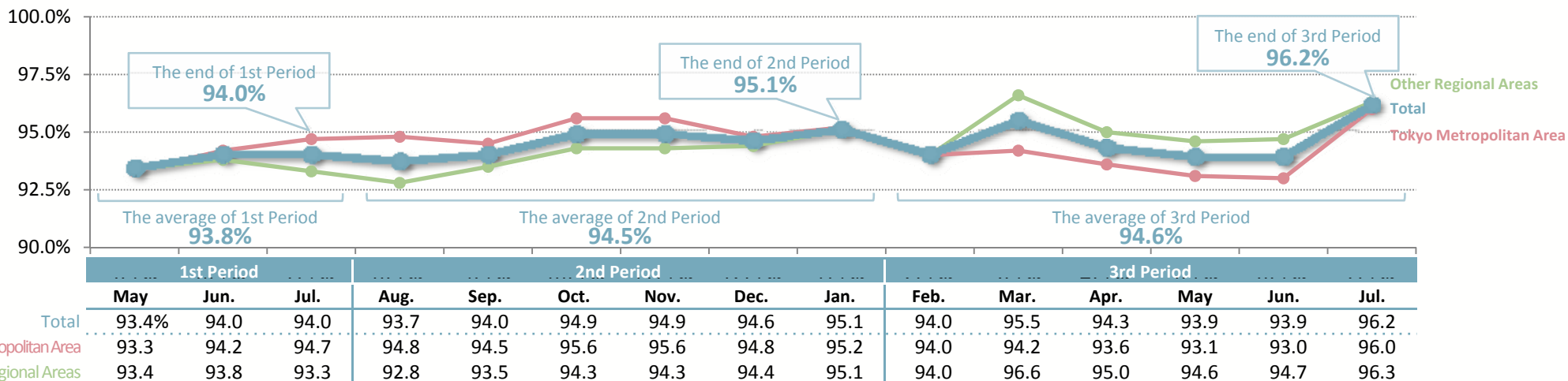
KDR has started posting property tax and city planning tax in the third fiscal period.

Restoration expenses increased due to a higher turnover rate.

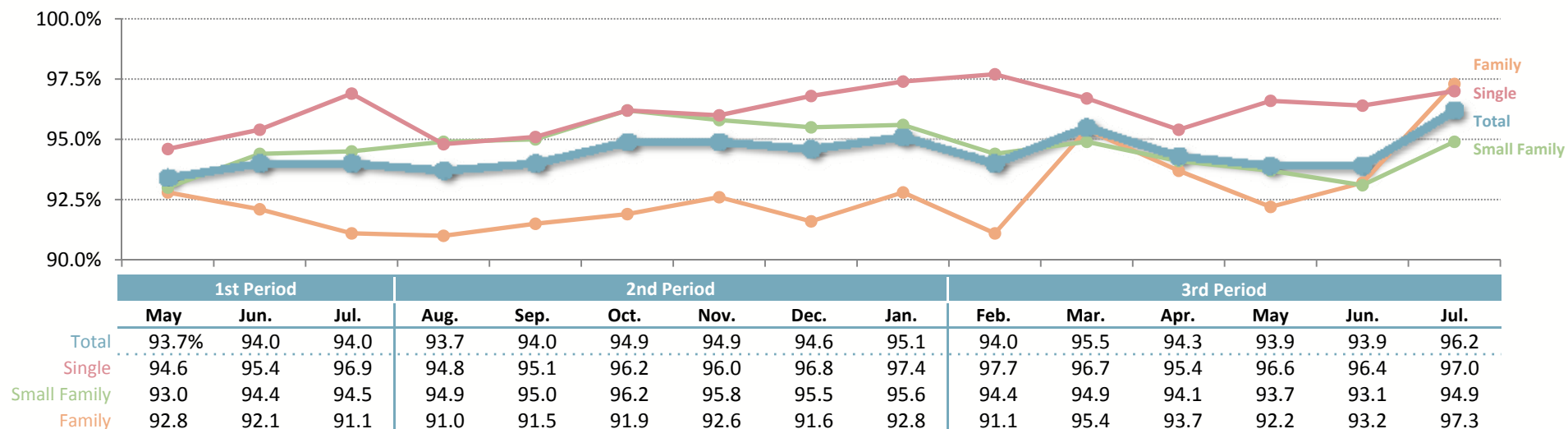
* Work related to the damage disclosed in the "Notice Concerning Impact of Heavy Rains and Storm Winds on Properties" of April 8, 2013.

Changes in Occupancy Rates

Occupancy Rates by Region⁽¹⁾



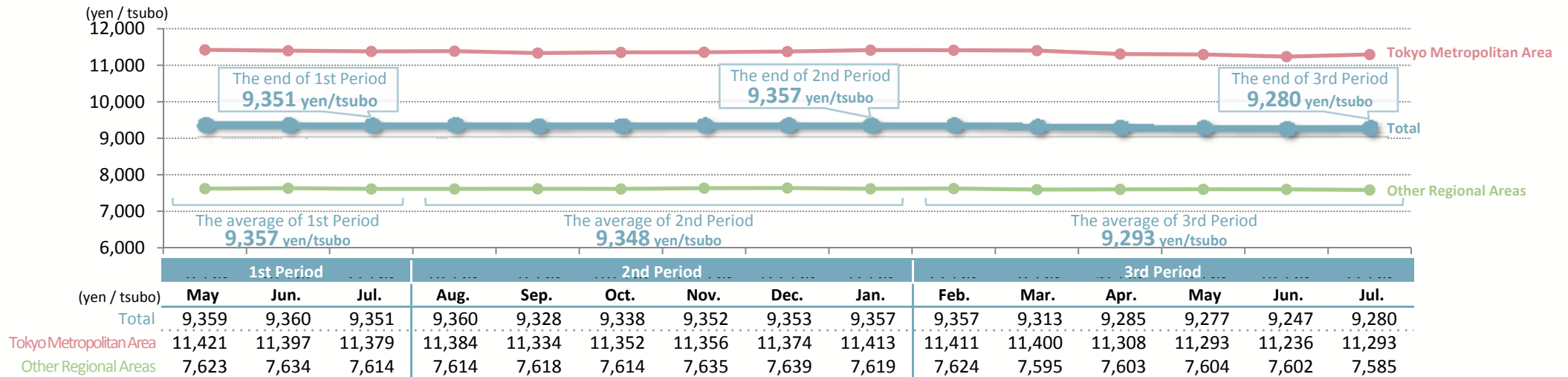
Occupancy Rates by Room Type⁽¹⁾



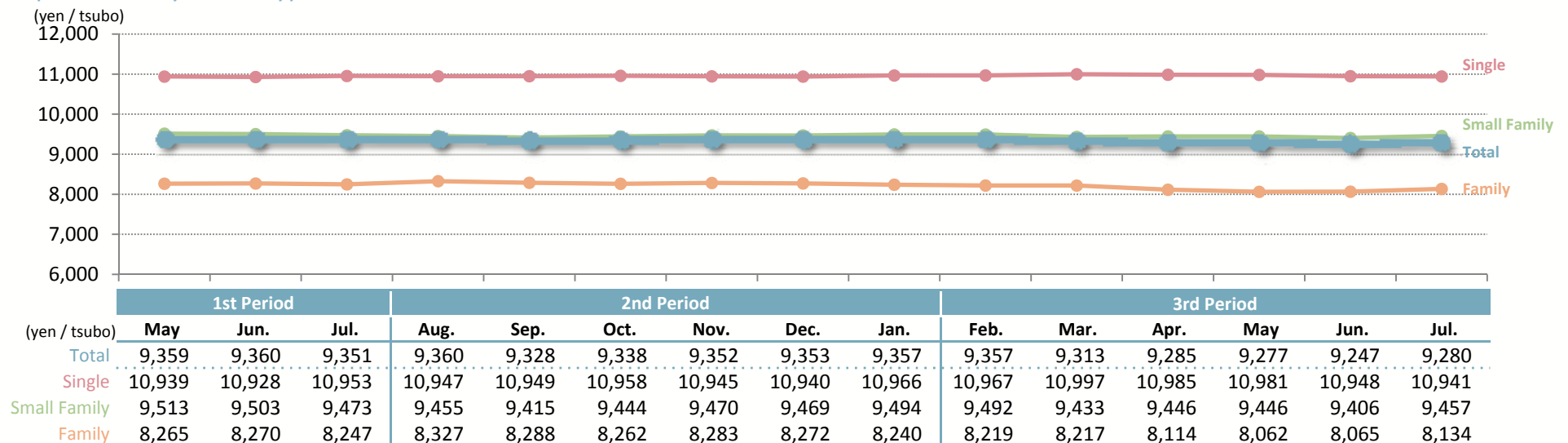
Note1: Occupancy rates by region and total of occupancy rates by room type include those from stores and offices

Changes in Rent per Tsubo

Rent per Tsubo by Region⁽¹⁾



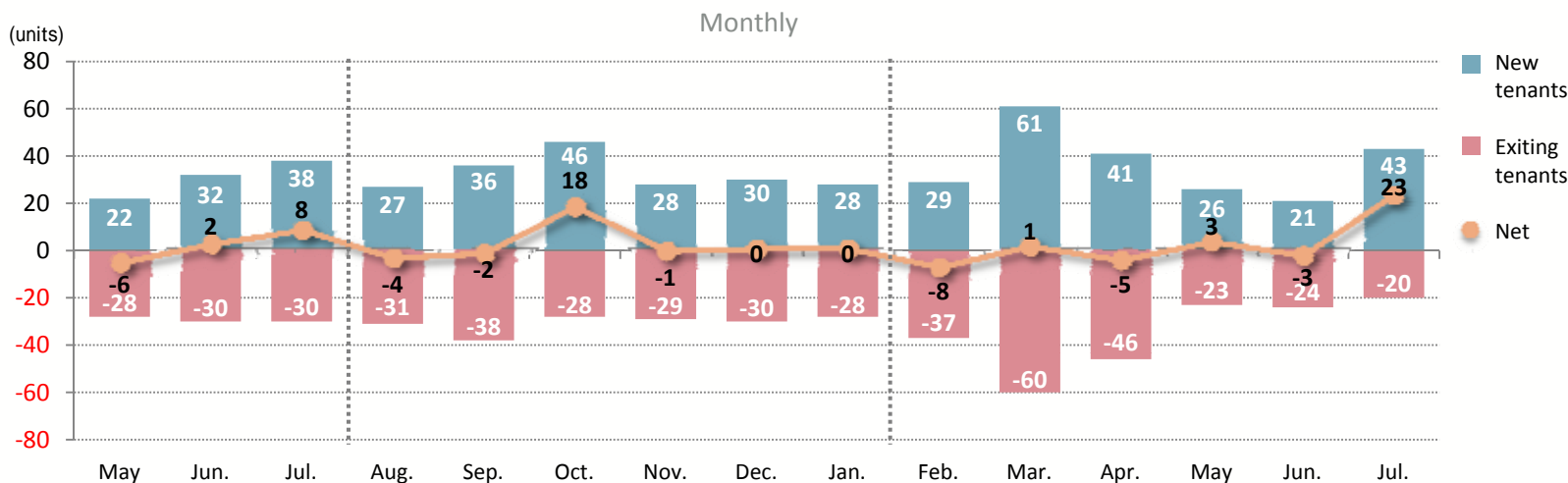
Rent per Tsubo by Room Type⁽¹⁾



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

Tenant Moving Trends for Residential Units

Changes in New Tenants and Exiting Tenants



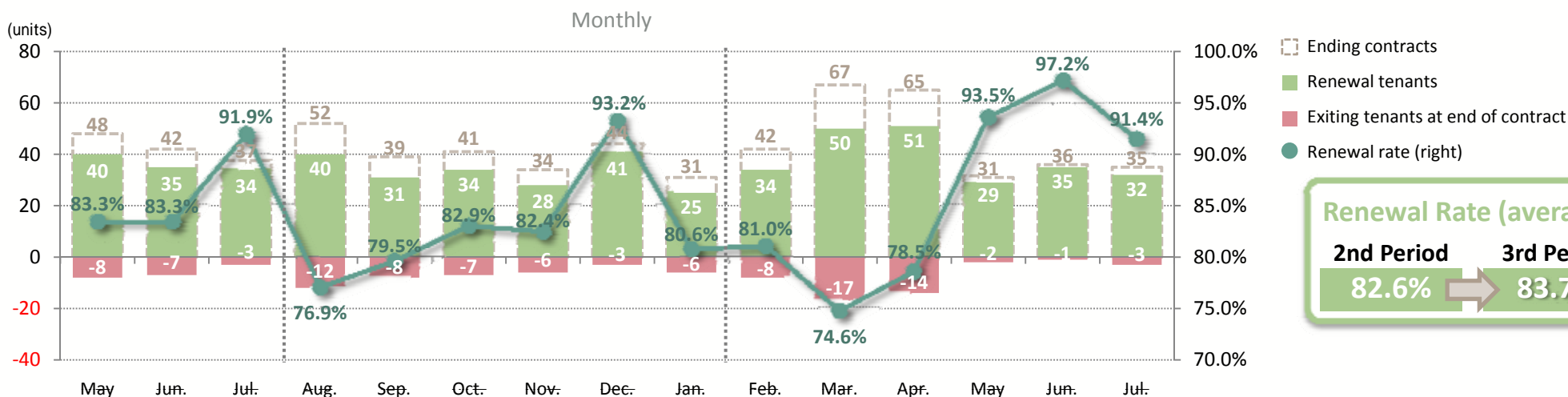
Replacement Rate⁽¹⁾

2nd Period	14.0%
3rd Period	15.9%

Turnover Rate⁽²⁾

2nd Period	13.2%
3rd Period	15.1%

Changes in Renewals by Tenants



Renewal Rate (average)⁽³⁾

2nd Period	82.6%
3rd Period	83.7%

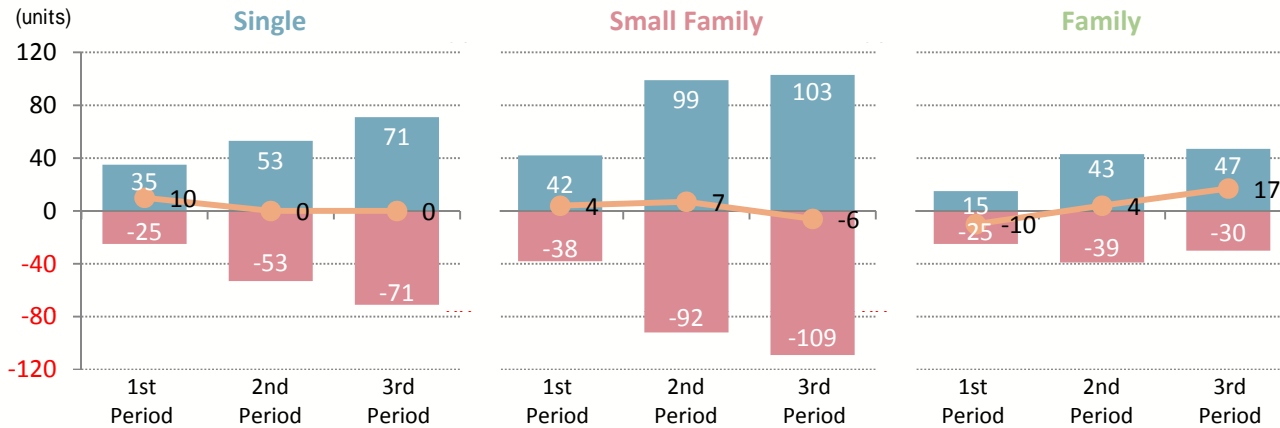
Note1: Replacement Rate=New tenants during the operating period / Rentable (Rounded to the nearest two decimal places)

Note2: Turnover Rate=Exiting tenants during the operating period / Rentable (Rounded to the nearest two decimal places)

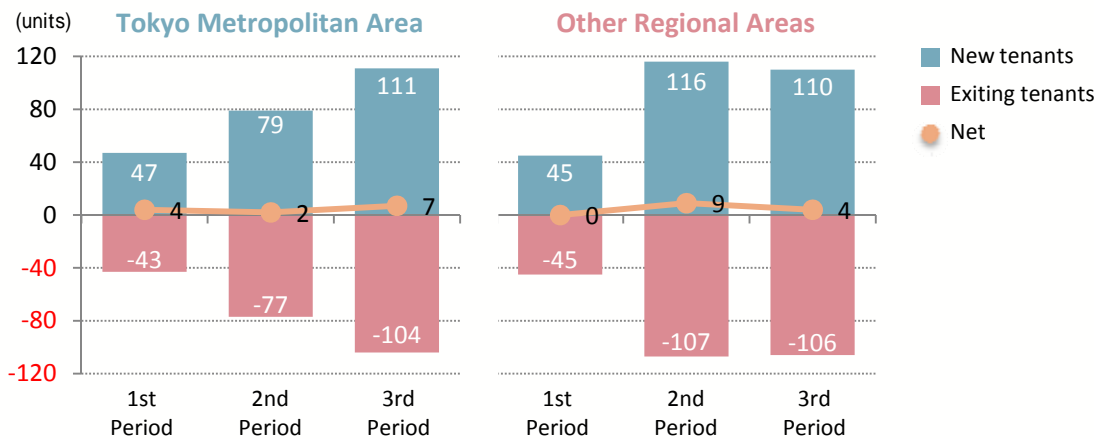
Note3: Renewal rate=Renewal tenants during the operating period / Ending contracts during the operating period (Rounded to the nearest two decimal places)

Dynamics Analysis of Tenant Moving Trends

Breakdown of New Tenants and Exiting Tenants by Room Type



Breakdown of New Tenants and Exiting Tenants by Region



Note1: Average occupancy rate is based on the exiting tenants during the operating period (Rounded to the nearest one decimal places)
 Note2: Average downtime is based on new tenants during the operating period (Rounded to the nearest one decimal places)

Dynamics Analysis of Tenant Moving Trends

Changes in rent of new tenants

	1st Period	2nd Period	3rd Period
New Tenants	92 units 100.0%	195 units 100.0%	221 units 100.0%
Up	32 34.8%	49 25.1%	80 36.2%
Unchanged	26 28.3%	52 26.7%	52 23.5%
Down	34 37.0%	94 48.2%	89 40.3%

Changes in rent of renewal tenants

	1st Period	2nd Period	3rd Period
Renewal Tenants	107 units 100.0%	199 units 100.0%	231 units 100.0%
Up	0 0.0%	0 0.0%	1 0.4%
Unchanged	105 98.1%	194 97.5%	223 96.5%
Down	2 1.9%	5 2.5%	7 3.0%

Average occupancy period⁽¹⁾

Room Type	1st Period	2nd Period	3rd Period
Single	619 days	896 days	907 days
Small Family	834 days	867 days	831 days
Family	853 days	897 days	1,033 days
Average	778 days	882 days	885 days

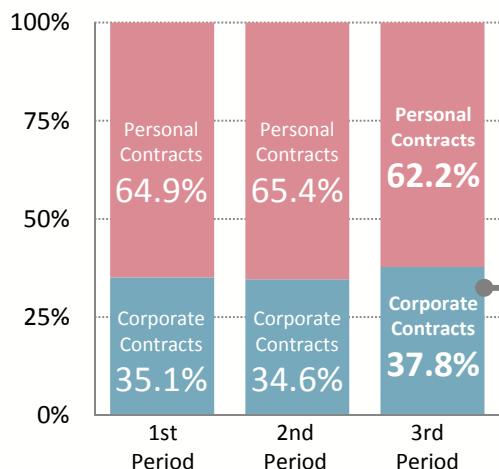
Average Downtime⁽²⁾

Room Type	1st Period	2nd Period	3rd Period
Single	66 days	76 days	42 days
Small Family	66 days	77 days	75 days
Family	73 days	107 days	102 days
Average	67 days	83 days	70 days

Tenant Demographics Analysis

Types of Lessees⁽¹⁾

Types of lessees



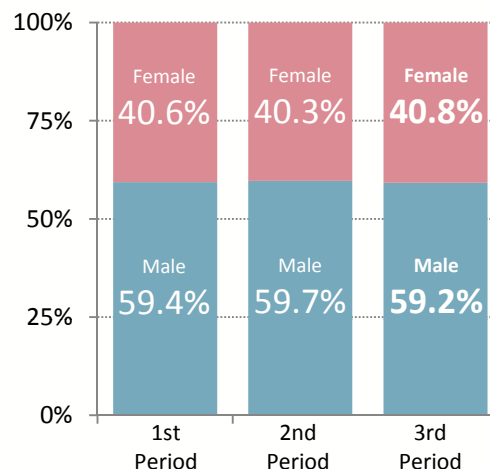
Large corporate contracts⁽²⁾ as below

Property	Number of contracts	% in a property
KDX Takadrazuka residence	12 units	15.0%
KDX Shimmachi residence	10 units	10.6%
KDX Shimura Sakaue residence	9 units	10.6%

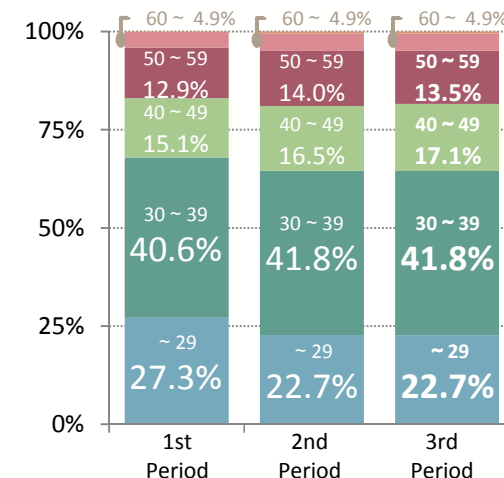
Note1: Lessees of units at the end of 2nd period (1,332 units) and at the end of 3rd period (1,335 units), including stores and offices
 Note2: Large corporate contracts are those that lease over 10% of the units in a single property

Breakdown of Personal Contracts

Sex(Personal Contracts)

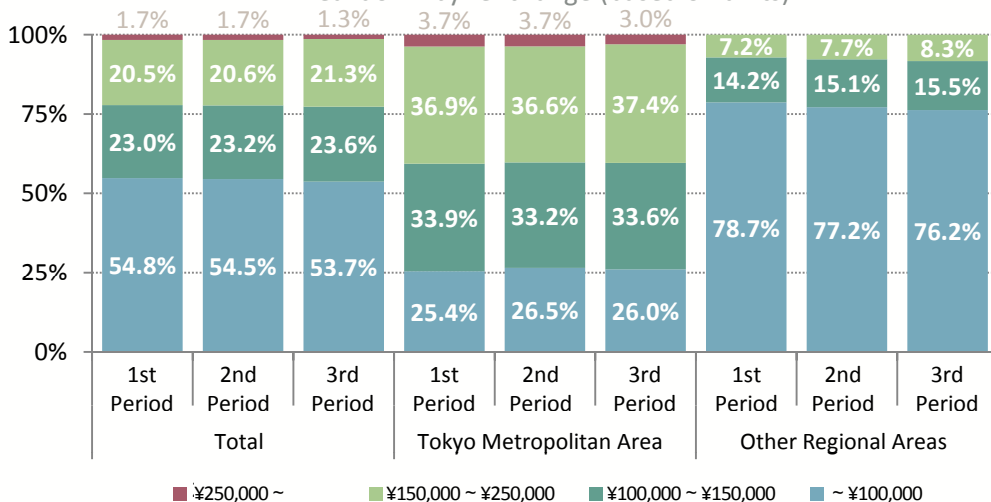


Age(Personal Contracts)



Breakdown by Rent Range⁽³⁾

Breakdown by rent range (based on units)



Average Rent per Unit for Residential Units as of the end of 3rd period⁽³⁾

By room type and by region

Room Type	Region		Total
	Tokyo Metropolitan Area	Other Regional Areas	
Single	¥93,741	¥70,495	¥82,176
Small Family	¥163,429	¥84,420	¥116,551
Family	¥184,808	¥151,408	¥167,133
Total	¥144,532	¥93,833	¥116,581

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

Acquisition of Equity Interest in Silent Partnership

Overview of Equity Interest in Silent Partnership

G.K. Creek Investment	
(Asset)	(Liabilities)
Trust beneficiary interest etc. ⁽¹⁾ ¥11,425 mm	Non-recourse loan ¥8,900 mm
	Bond ¥1,000 mm
	(Equity)
	Silent partnership equity investment etc. ¥1,525 mm

<p>↑ Preferential negotiating rights</p> <p>↑ Silent partnership equity interest</p>	<p>KDR ¥400 mm (26.2%)</p> <p>KENEDIX ¥1,125 mm (73.8%)</p>
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- In association with sponsor Kenedix, Inc., the silent partnership equity interest in four residential properties managed by G. K. Creek Investment were acquired from a third party.
- Preferential negotiating rights related to the properties managed were acquired simultaneously with the acquisition of the silent partnership equity interest. As a result of notification of a desire to purchase at a price of at least ¥11,189.2 million (including taxes)⁽²⁾ by March 4, 2015, it was possible to negotiate with the entrepreneur about the acquisition of the properties managed on preferential terms.

Note 1: Establishment costs and reserve moneys are included in real estate trust beneficiary interests. The total appraised real estate value as of June 1, 2013 was ¥11.53 billion.

Note 2: Even if the consumption tax rate changes in the future, there will be no alteration to the minimum acquisition price including consumption tax.

Overview of the Asset

Property Name	Belle Face Togoshi	Belle Face Shinagawa Seaside	Belle Face Oshima	Lions Forsia Oyama
Area	Shinagawa-ku, Tokyo	Shinagawa-ku, Tokyo	Koto-ku, Tokyo	Itabashi-ku, Tokyo
Type	Small Family	Single	Single	Small Family
Construction Completion Date	November, 2006	August, 2006	July, 2008	February, 2008
Total Floor Area	6,179.09m ²	4,918.91 m ²	2,720.77 m ²	5,438.90 m ² ⁽³⁾
Minimum Purchase Price (including taxes)	¥3,837.8 million	¥2,663.8 million	¥1,917.8 million	¥2,769.8 million
Appraisal Value (as of June 1, 2013)	¥3,990 million	¥2,810 million	¥1,940 million	¥2,790 million
Appraisal NOI	¥200 million	¥144 million	¥101 million	¥151 million
Occupancy Rate (as of the end of July, 2013)	95.5 %	92.0 %	92.3 %	95.9 %

Note3: The property has the following annex building, but it is not included in the total floor area. Category: Parking lot, Structure: Steel frame structure with galvanized steel sheet roofing, single-story building on stilts, Size: 50.97m²

Appraisal Values

			Appraisal Value				Direct Capitalization Method		Discount Cash Flow Method							
							Cap Rate		Discount Rate		Terminal Cap Rate					
Area	No.	Property Name	Appraiser	End of 2nd Period(a)	End of 3rd Period(b)	Difference (b-a)	End of 2nd Period	End of 3rd Period	End of 2nd Period	End of 3rd Period	End of 2nd Period	End of 3rd Period	Acquisition Price (c)	Difference (b-c)	Book Value (d)	Difference (b-d)
Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	F	4,800	4,880	80	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	4,700	180	4,804	75
	T-2	KDX Yoyogi Residence	F	1,410	1,440	30	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,320	120	1,348	91
	T-3	KDX Odemma Residence	F	1,850	1,860	10	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,775	85	1,815	44
	T-4	KDX Iwamoto-cho Residence	F	861	863	2	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	822	41	844	18
	T-5	KDX Bunkyo Sengoku Residence	F	1,580	1,590	10	5.0%	4.9%	4.8%	4.7%	5.2%	5.1%	1,488	102	1,521	68
	T-6	KDX Azumabashi Residence	F	716	733	17	5.1%	5.0%	4.9%	4.8%	5.3%	5.2%	650	83	667	65
	T-7	KDX Shimura Sakaue Residence	F	2,960	2,990	30	5.4%	5.3%	5.2%	5.1%	5.6%	5.5%	2,830	160	2,894	95
	T-8	Nichii Home Tama Plaza	F	960	960	0	-	-	6.0%	6.0%	6.8%	6.8%	960	0	989	29
	T-9	Cosmo Heim Motosumiyoshi	F	1,750	1,750	0	-	-	5.1%	5.1%	5.3%	5.3%	1,750	0	1,798	48
	T-10	KDX Musashi Nakahara Residence	F	644	647	3	5.6%	5.5%	5.4%	5.3%	5.8%	5.7%	637	10	653	6
	T-11	KDX Chiba Chuo Residence	D	1,520	1,550	30	5.8%	5.7%	5.6%	5.5%	6.0%	5.9%	1,480	70	1,510	39
	T-12	KDX Kawaguchi Saiwai-cho Residence	F	1,220	1,240	20	5.6%	5.5%	5.4%	5.3%	5.8%	5.7%	1,150	90	1,189	50
	Subtotal			20,271	20,503	232							19,562	941	20,036	466
Other Regional Areas	R-1	KDX Toyohira Sanjo Residence	F	625	647	22	6.3%	6.2%	6.1%	6.0%	6.5%	6.4%	582	64	605	41
	R-2	KDX JozenjiDori Residence	D	1,090	1,130	40	6.2%	6.0%	6.0%	5.8%	6.4%	6.2%	1,015	115	1,055	74
	R-3	KDX Izumi Residence	F	1,150	1,170	20	5.7%	5.6%	5.5%	5.4%	5.9%	5.8%	1,120	50	1,150	19
	R-4	KDX Chihaya Residence	F	1,130	1,160	30	5.9%	5.8%	5.7%	5.6%	6.1%	6.0%	1,080	80	1,114	45
	R-5	KDX Sakaisuji Hommachi Residence	F	3,000	3,010	10	5.6%	5.5%	5.4%	5.3%	5.8%	5.7%	2,910	100	2,967	42
	R-6	KDX Shimmachi Residence	F	1,100	1,110	10	5.7%	5.6%	5.5%	5.4%	5.9%	5.8%	1,015	95	1,037	72
	R-7	KDX Takarazuka Residence	F	1,630	1,640	10	5.8%	5.7%	5.6%	5.5%	6.0%	5.9%	1,510	130	1,545	94
	R-8	KDX Shimizu Residence	F	1,750	1,810	60	6.0%	5.9%	5.8%	5.7%	6.2%	6.1%	1,680	130	1,725	84
	Subtotal			11,475	11,677	202							10,912	764	11,202	474
	Total			31,746	32,180	434							30,474	1,705	31,239	940

Note: Regarding Appraisers, "F" means Japan Real Estate Institute and "D" means Daiwa Real Estate Appraisal co., Ltd. Appraisal values are rounded down to the nearest ¥M. Contents of the real estate appraisal are opinions and judgements at the time of evaluation(2nd Period; January 31, 2013/3rd Period; July 31, 2013), and do not guarantee the validity, accuracy and the possibility of sales at appraisal values.

Finance

Overview of Loans

Borrowing (as of July 31, 2013)

Tranche	Borrowing Date	Repayment Date	Borrowing Term	Remaining Term	Lenders	Balance (¥mm)	Base Rate	Spread
Series 1-B	2012/5/1	2014/4/30	2.0years	0.8years	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd.	5,500	1M TIBOR	0.650%
Series 1-C	2012/5/1	2015/4/30	3.0years	1.8years	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd.	6,500	3M TIBOR ⁽²⁾	0.700%
Series 1-D	2012/5/1	2016/4/30	4.0years	2.8years	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,500	3M TIBOR ⁽²⁾	0.750%
Series 2-A	2013/4/30	2014/4/30	1.0years	0.8years	Sumitomo Mitsui Banking Corporation	1,000	1M TIBOR	0.500%
Series 2-B	2013/4/30	2014/4/30	1.0years	0.8years	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	1M TIBOR	0.500%
Series 2-C ⁽¹⁾	2013/4/30	2014/4/30	1.0years	0.8years	Sumitomo Mitsui Banking Corporation	830	1M TIBOR	0.950%
Total						18,330		Refinance

Average Borrowing Term⁽³⁾ **1.5 yaers**

Average Interest Rate⁽⁴⁾ **0.95%**

Long-term Loan ratio **54.6%**

Fixed Interest Rate Ratio⁽⁵⁾ **54.6%**

Note1: Series 2-C has been repaid on August 7, 2013.

Note2: Series 1-C and Series 1-D has been purchased the interest caps as follows. [Series 1-C] Strike:0.100% Cap cost: ¥42,250,000 [Series 1-D] strike: 0.100% Cap cost: ¥22,400,000

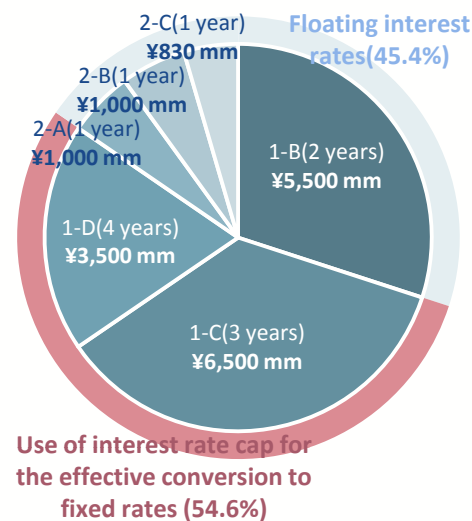
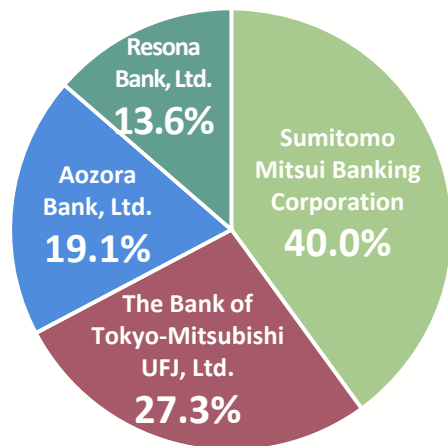
Note3: Average borrowing term calculated by weighted average remaining term in balance (Rounded to the nearest two decimal places)

Note4: Average interest rate calculated by weighted average interest rates during the second period that took into consideration the effect of the interest rate cap (Rounded to the nearest two decimal places)

Note5: There are no fixed-interest-rate loans. However, interest payments have been effectively converted to a fixed level by purchasing interest rate caps.

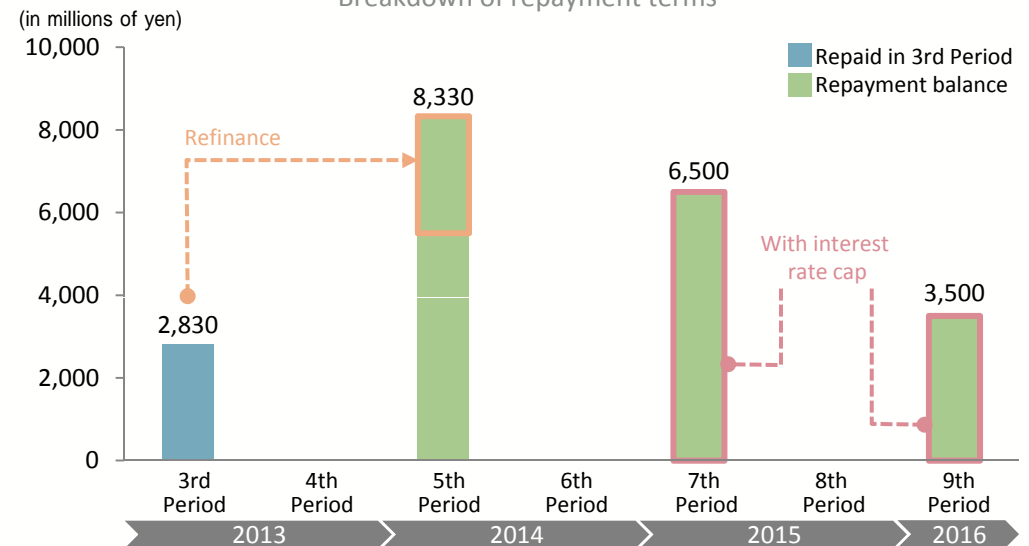
Breakdown of Loans

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



Overview of Repayment Terms

Breakdown of repayment terms

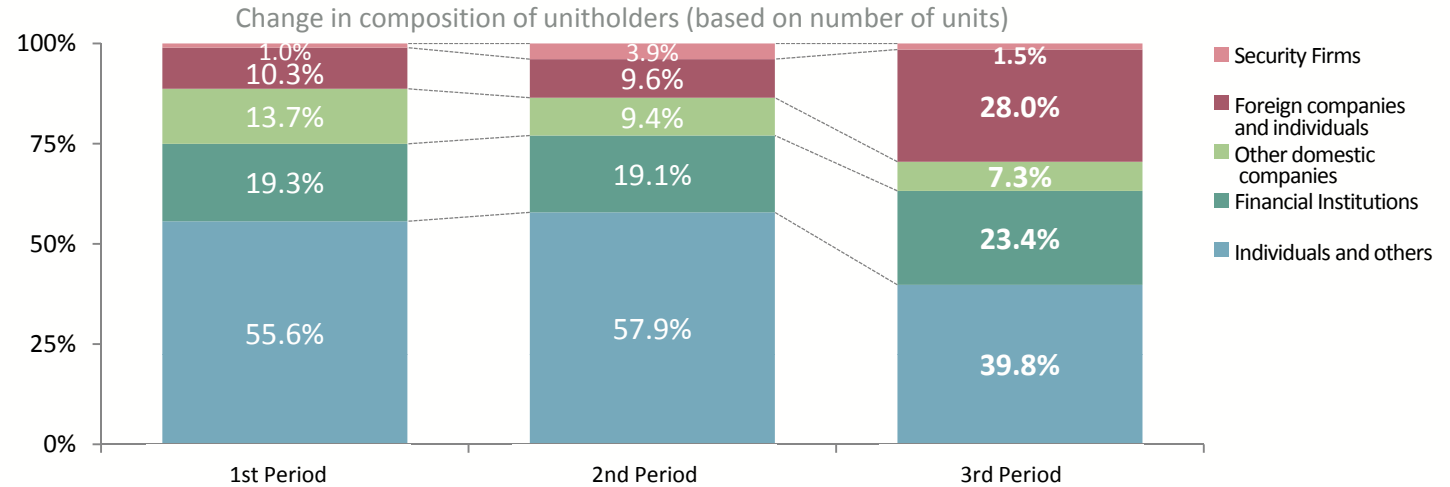


Unitholders

Breakdown of Unitholders

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

Sort	Unitholders	Units
Individuals and others	5,455	30,026
Financial Institutions	11	17,684
Foreign companies and individuals	58	21,115
Other domestic companies	111	5,485
Security Firms	22	1,130
Total	5,657	75,440



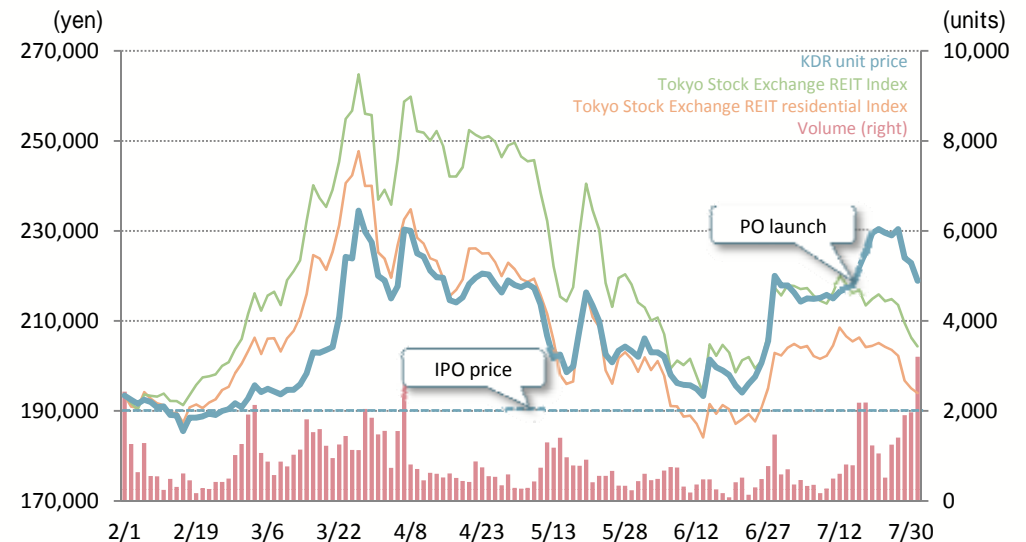
Major Unitholders

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

Name	Units	Ratio
Japan Trustee Services Bank, Ltd. (Trust Acct.)	8,510	11.28%
JP MORGAN CHASE BANK 380180	6,740	8.93%
PROSPECT JAPAN FUND LIMITED	3,346	4.43%
The Master Trust Bank of Japan Ltd (Trust Acct.)	3,222	4.27%
Kenedix, Inc.	2,310	3.06%
The Nomura Trust Banking Co., Ltd. (Trust Acct.)	2,254	2.98%
CGML-IPB CUSTOMER COLLATERAL ACCOUNT	1,775	2.35%
MLI EFG NON TREATY CUSTODY ACCOUNT	1,690	2.24%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	1,599	2.12%
GOLDMAN SACHS INTERNATIONAL	1,371	1.81%
Total	32,817	43.50%

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

Changes in Unit Price



2. Recent Growth after Public Offering

Offering Highlights ~ Significance of Recent Growth ~

● Framework for Increasing Value for Investors



Aiming to Increase Value for Investors by “Reducing Risk Premium” and “Increasing Cash Flow”

A

Further Expansion of Asset Size

- Stabilization of earnings by dispersal of assets
- Raising profitability through effective management and by exploiting economies of scale
- Improving market liquidity by increasing the number of investment units
- Acquiring carefully selected, high-quality properties

B

Further Strengthening of Financial Position

- Improving LTV, fixed interest rates ratio, and average borrowing term
- Implementing unsecured debt policy
- Newly acquiring credit ratings

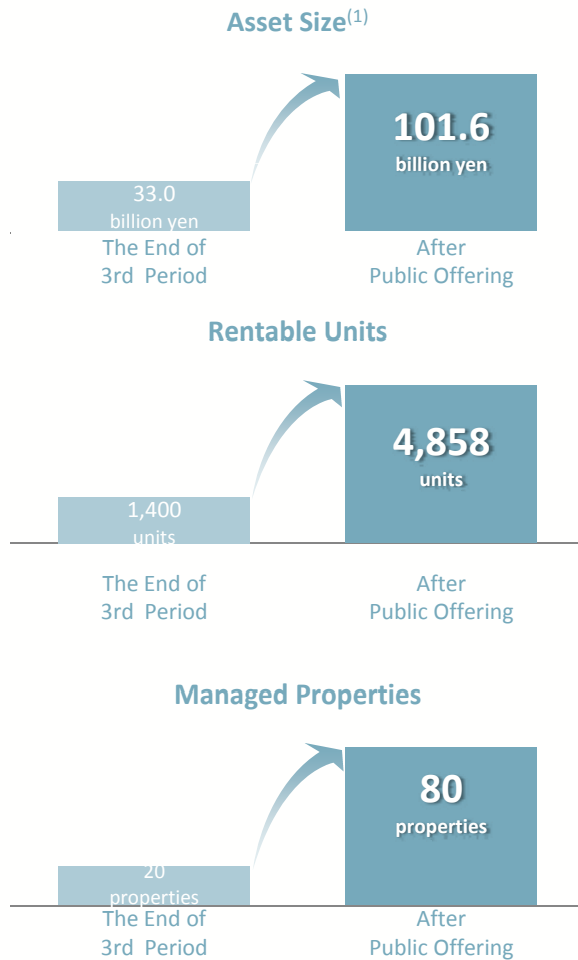
C

Improving and Maintaining DPU Level

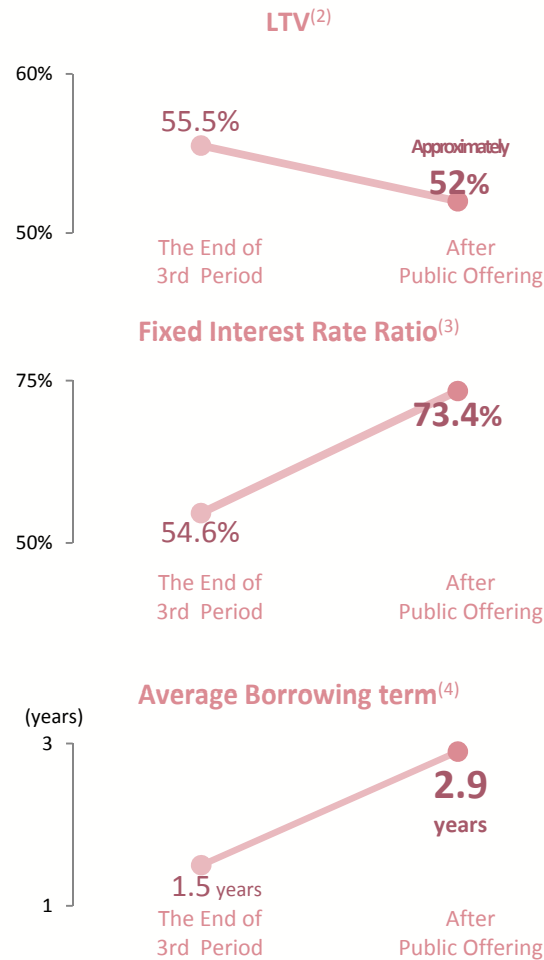
- Increasing DPU level at a normal operation basis
- Room to raise DPU further by acquiring properties using additional untapped borrowing potential

Details of the Recent Growth

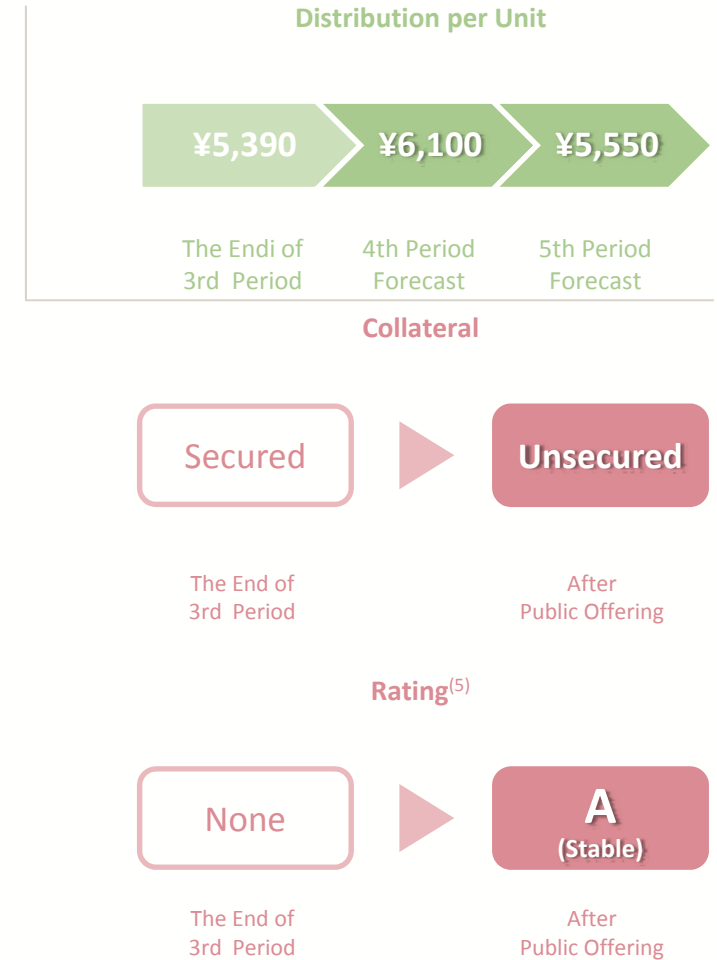
Asset Size



Financial Position



Distribution



Note 1: Asset size after the public offering is calculated by adding total assets of ¥33,025 million at the end of third fiscal period of KDR (July 31, 2013) to total acquisition price for acquired properties of ¥68,556 million caused by the capital increase from public offering.

Note 2: LTV after the public offering is an approximate value calculated on the basis of an estimate made today that is therefore subject to change resulting from subsequent increases and decreases in total assets and borrowing.

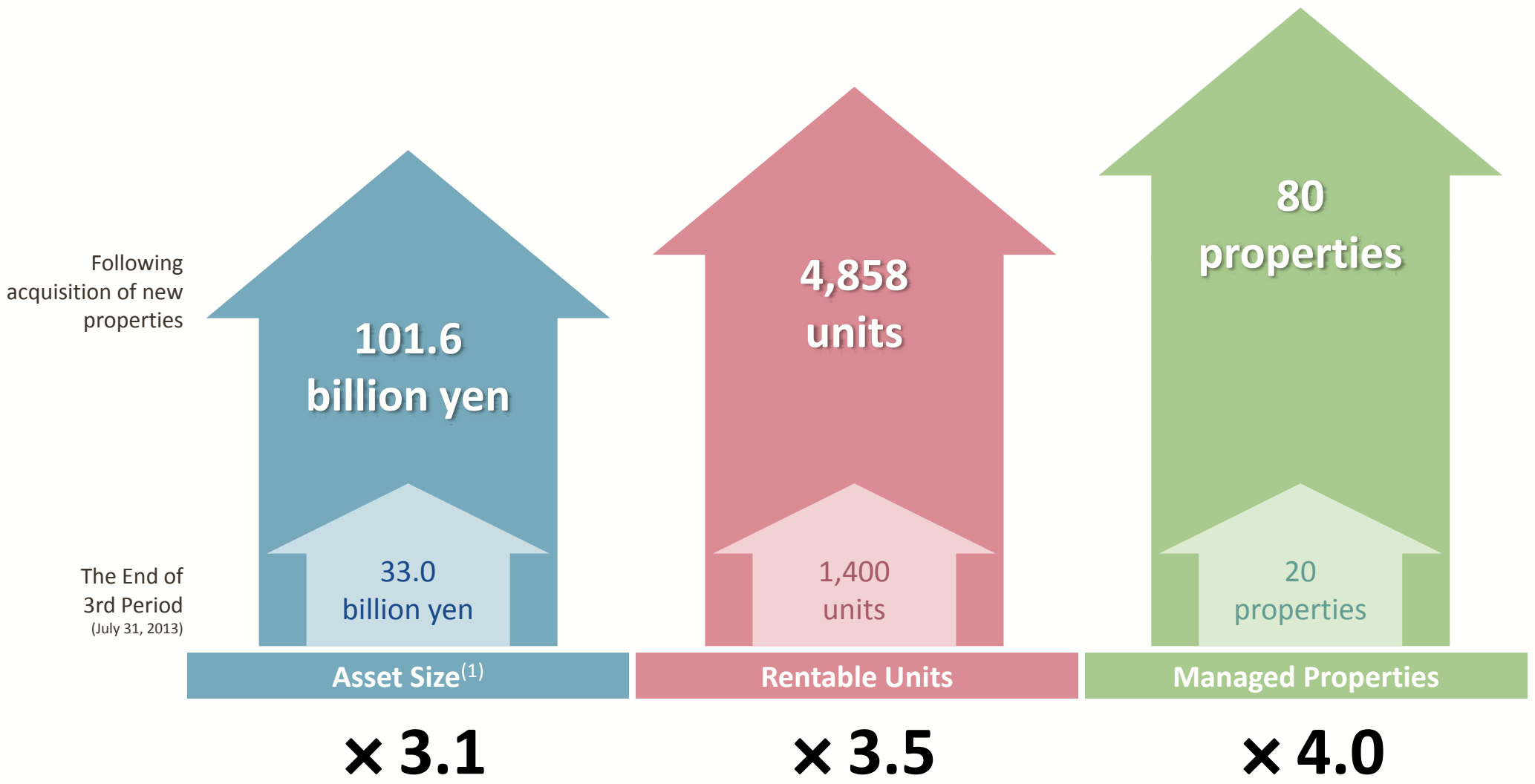
Note 3: Fixed interest rate ratio after the public offering is calculated based on the status of borrowings as of September 13, 2013. Aside from fixed interest-rate loans, some borrowing with floating interest rates has interest rate payments that are effectively converted to a fixed level by purchasing interest rate caps or entering into interest rate swaps.

Note 4: Average borrowing term after the public offering is calculated based on the status of borrowings as of September 13, 2013.

Note 5: We received a long-term issuer rating from Japan Credit Rating Agency, Ltd. on August 8, 2013. Please refer to the press release titled "Notice Concerning Receipt of Credit Rating" disclosed on the same day.

Expansion in Asset Size from Recent Growth

● Comparison of Asset Sizes from Recent Growth

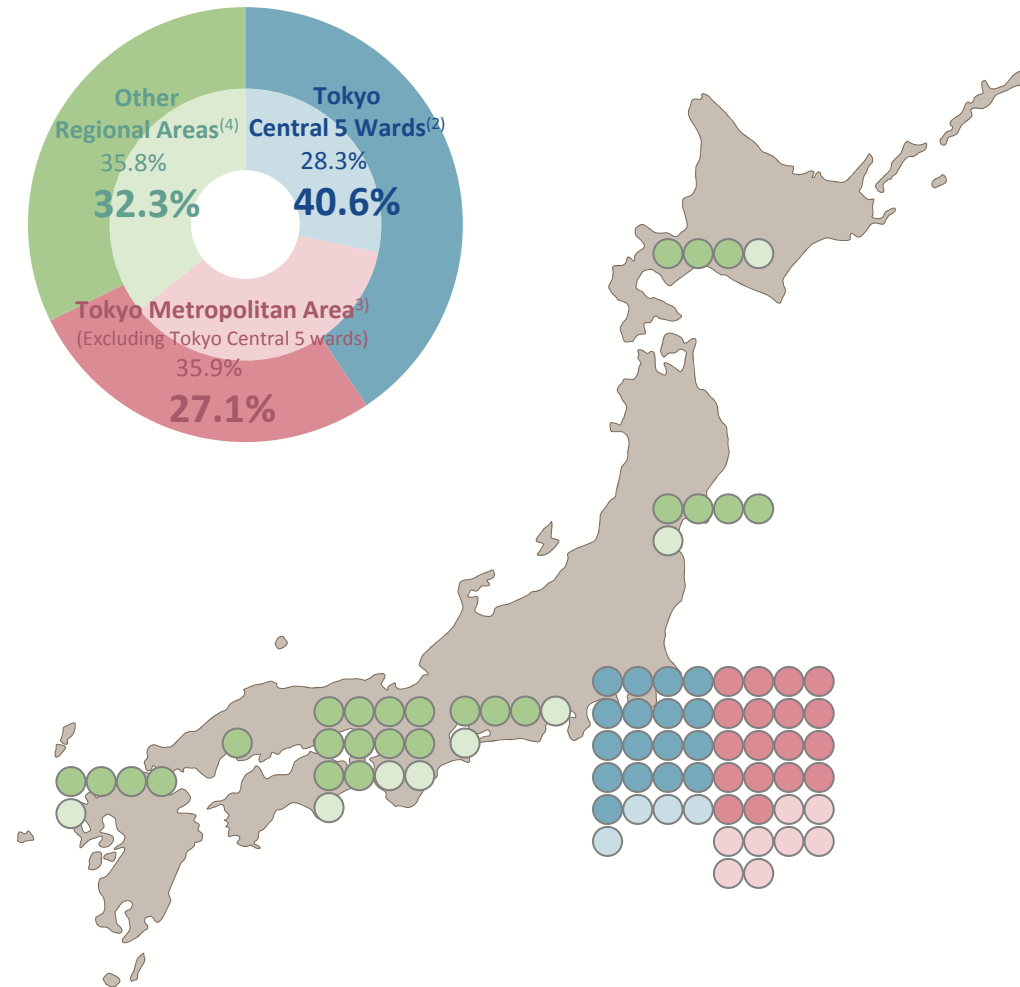


Note1: Asset size after the public offering is calculated the sum of total assets (33,025 million yen) as of the end of 3rd period (July 31, 2013) and total acquisition price (68,556 million yen) of new properties related the public offering.

Portfolio Summary after Public Offering

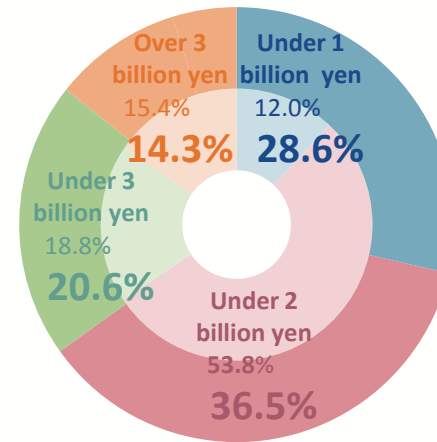
Area Diversification (based on acquisition price⁽¹⁾)

Asset breakdown by region



Asset Size (based on acquisition price⁽¹⁾)

Asset breakdown by acquisition price



Acquisition price (Top 5) (in millions of yen)

Property Name	Acquisition Price
1 KDX Daikanyama Residence	4,700
2 KDX Residence Higashi-shinjuku	3,270
3 KDX Residence Nihonbashi Suitengu	3,240
4 KDX Residence Shirokane I	3,000
5 KDX Sakaisuji Hommachi Residence	2,910

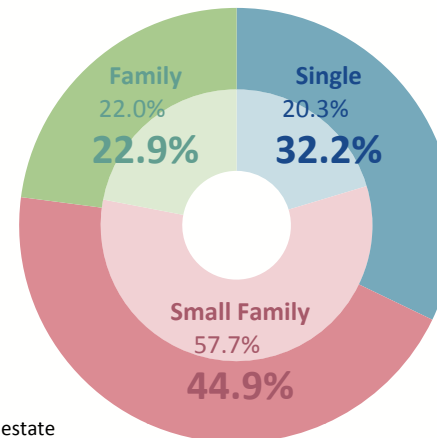
Highlight means the properties related the public offering

Concentration of top five properties in portfolio

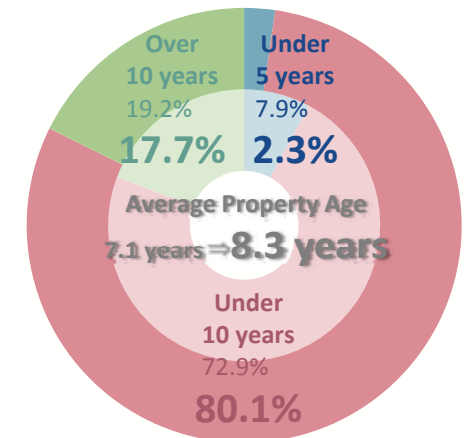
The End of 3rd Period	After Public Offering
45.8%	17.3%

Room Type and Property Age (based on acquisition price⁽¹⁾)

Asset breakdown by room type



Asset breakdown by property age (years)⁽⁵⁾



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

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

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

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

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

2. Recent Growth after Public Offering

Financial Structure after Recent Growth

Diversification of Bank Formation

The End of 3rd Period		After Public Offering ⁽¹⁾	
Sumitomo Mitsui Banking Corporation	¥7.33billion	Sumitomo Mitsui Banking Corporation	¥19.10billion
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥5.00billion	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥13.60billion
Aozora Bank, Ltd.	¥3.50billion	Aozora Bank, Ltd.	¥8.00billion
Resona Bank, Ltd.	¥2.50billion	Resona Bank, Ltd.	¥5.00billion
		Development Bank of Japan Inc.	¥3.00billion
		Sumitomo Mitsui Trust Bank, Limited.	¥3.00billion
		Mizuho Trust & Banking Co., Ltd.	¥2.00billion
		Mizuho Bank, Ltd.	¥1.50billion

Note1: "After Public Offering" is calculated on the basis of the borrowing as of September 13, 2013

Changes in Financial Statements

	The End of 3rd Period	After Public Offering ⁽¹⁾
LTV ⁽²⁾	55.5%	Approximately 52%
Average Borrowing Term	1.5 years	2.9 years
Average Interest Rate ⁽³⁾	0.95%	0.89%
Long-term Loan Ratio	54.6%	83.3%
Fixed Interest Rate Ratio ⁽⁴⁾	54.6%	73.4%

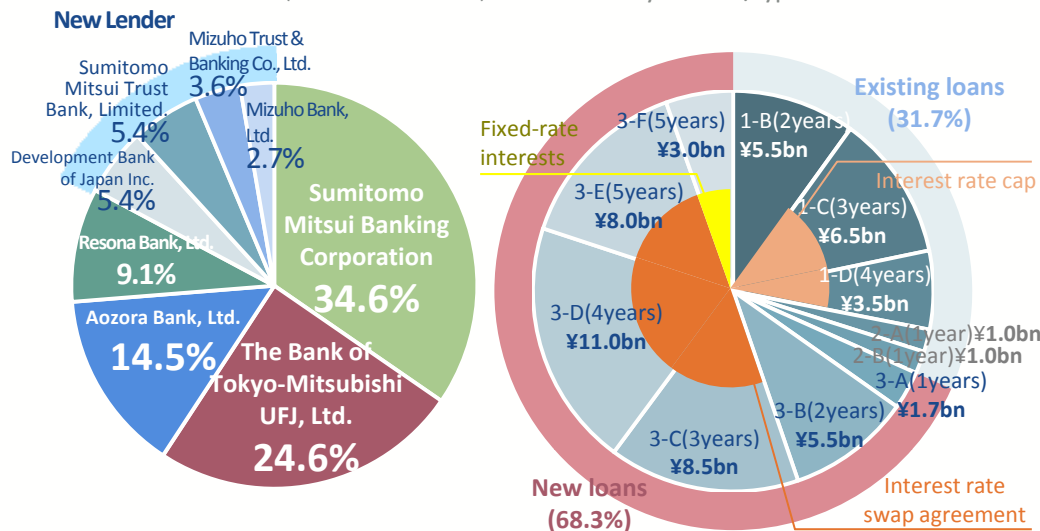
Note 2:
LTV after the public offering is calculated for total assets as "total assets at the end of the 3rd fiscal period + amount to be paid by public offering + borrowings from public offering and prepayment of debt financing."

Note 3:
Average interest rate after the public offering as of the end of August 2013 that took into consideration the effect of the interest rate cap and the interest rate swap. (Rounded to the nearest two decimal places)

Note 4:
Aside from fixed interest-rate loans, some borrowing with floating interest rates has interest rate payments that are effectively converted to a fixed level by purchasing interest rate caps or entering into interest rate swaps.

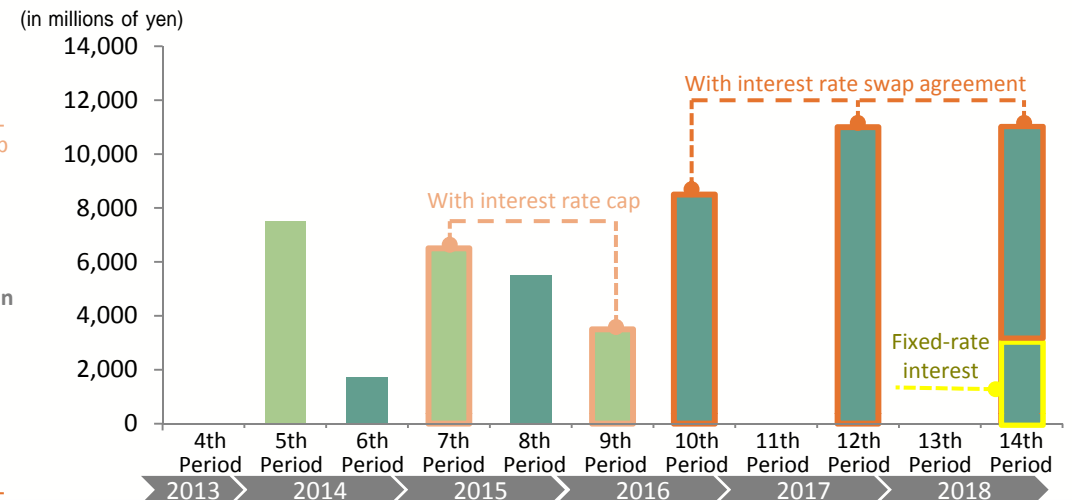
Overview of Loans

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



Overview of Repayment Terms

Breakdown of repayment terms



Trends in Operating Revenues

Changes in Revenues from the 1st Period to the 5th Period

	Initial Public Offering(April 2012)			Public Offering(August 2013)	
	1st Period Actual (Ended July 31, 2012)	2nd Period Actual (Ended January 31, 2013)	3rd Period Actual (Ended July 31, 2013)	4th Period Forecast (Ending January 31, 2014)	5th Period Forecast (Ending July 31, 2014)
Operating Term	92.4 days	184 days	181 days	184 days	181 days
Number of Properties	20 properties			80 properties	
Impact of property tax and city planning tax	Recorded at book value (20 properties)		Recorded expenses (20 properties)		
				Recorded at book value (60 properties)	Recorded expenses (60 properties)
Impact of consumption tax	5%				Assumed rate of 8% (from April 2014)

(in millions of yen)

Operating Revenue	¥553	¥1,114	¥1,135	¥3,550	¥3,619
Operating Income	336	615	553	1,985	1,773
Ordinary Income	256	464	407	1,474	1,341
Net Income	254	463	406	1,473	1,340
Distribution per Unit	3,378 yen	6,145 yen	5,390 yen	6,100 yen	5,550 yen

Forecast for the Fourth Period (ending January 31, 2014)

(in millions of yen)

Accounts	3rd Period	4th Period	3rd Period Actual vs 4th Period Actual Comparison	
	Actual 181 days	Forecast 184 days		
Operating term				
Operating revenues	¥1,135	¥3,550	+2,414	+212.6%
Rent revenue-real estate	1,018	3,297	+2,279	+223.8%
Other lease business revenue	117	238	+121	+103.5%
Dividends income	-	14	+14	-
Operating Expenses	¥582	¥1,564	+982	+168.7%
Expenses related to rent business	247	697	+450	+181.7%
Depreciation	194	557	+362	+186.2%
Other lease business expenses	139	309	+169	+121.2%
Operating income	¥553	¥1,985	+1,432	+258.9%
Non-operating income	0	0	0	-51.6%
Non-operating expenses	145	510	+364	+250.6%
Interest expenses, etc.	128	457	+328	+256.8%
Other non-operating expenses	17	53	+36	+205.8%
Ordinary Income	¥407	¥1,474	+1,067	+261.9%
Income before income taxes	407	1,474	+1,067	+261.9%
Total income taxes	0	1	0	+5.0%
Net income	¥406	¥1,473	+1,067	+262.5%
Total Dividend	406	1,473	+1,067	+262.5%
Distribution per Unit	5,390 yen	6,100 yen	+710円	+13.2%
NOI ⁽¹⁾	887	2,838	+1,950	+219.7%
FFO ⁽²⁾	619	2,072	+1,453	+234.8%

Information concerning the difference

Management of 60 properties acquired on August 7, 2013 will be started. The estimated average occupancy rate for the period is 94.0%

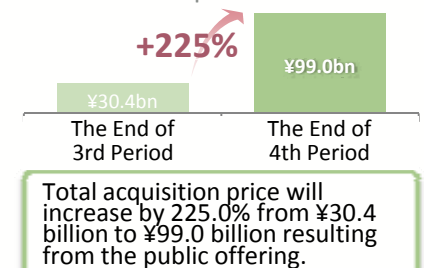
KDR will start posting property tax and city planning tax on 60 properties acquired on August 7, 2013, from the fifth fiscal period.

The ratio of fixed costs (general administration fees, remuneration for accounting auditors, amortization of deferred organization expenses, depreciation of unit issuance cost, etc.) to total costs declines due to scale merit.

Including arranger fees for debt arrangement and other one-time fees in the fourth fiscal period.

The number of investment units issued increased by 220.3% from 75,440 (at the end of the third fiscal period) to 241,622 units (at the end of the fourth fiscal period).

Total Acquisition Price



Note1: NOI(Net Operating Income)=Operating income - Operating expenses(ex. Depreciation)

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

3. Market Conditions

Market Conditions for Residential Rental Property



The declining trend in the proportion of people in their 40's and younger owning their own home is continuing which necessarily means that the segment of the population that is unconcerned with home ownership is increasing



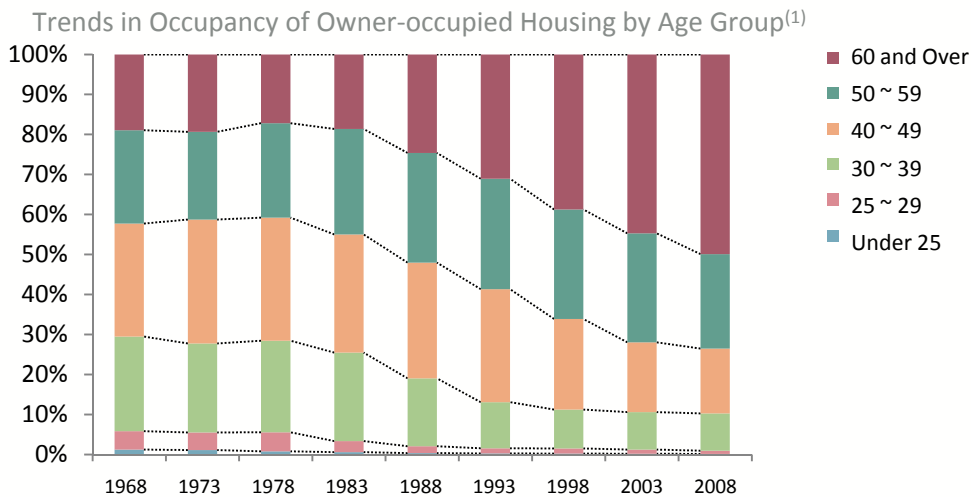
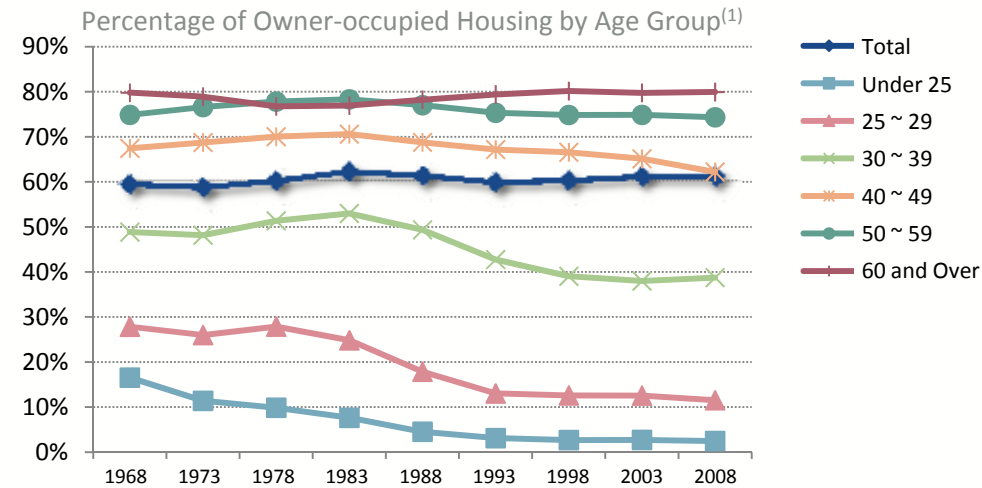
The supply of residential rental property aimed at nuclear family households remains limited, and so a large number of attractive investment opportunities exist in residential property offering a certain amount of living space



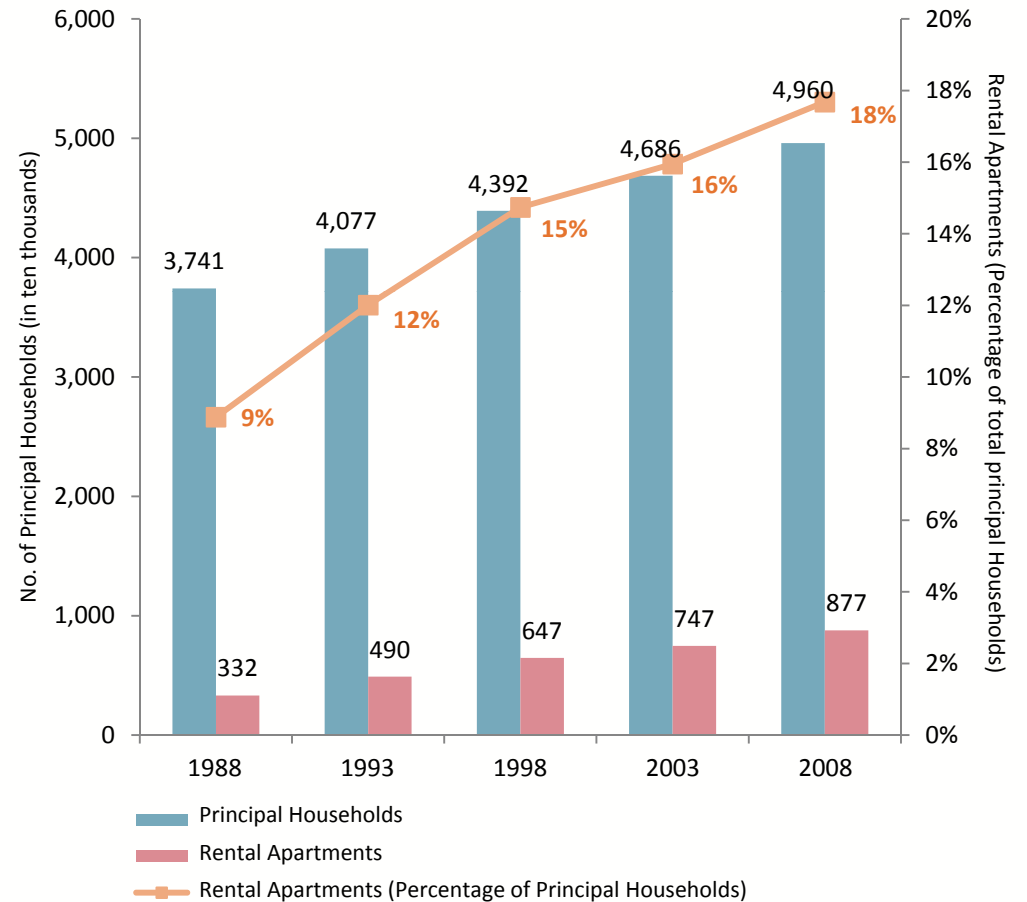
Residential populations in major government-designated cities in the regions are maintaining positive growth rates and so there are large numbers of investment opportunities in high-quality residential rental property and not just in Tokyo's 23 wards

Demand Trend in Rental Housing Market

Trends in Percentage of Owner-occupied Housing by Age Group and Occupancy of Owner-occupied Housing by Age Group



Trends in Principal Households and Rental Apartments



Source: Ministry of Internal Affairs and Communications. Housing and Land Survey. Management and Coordination Agency. Housing Survey.

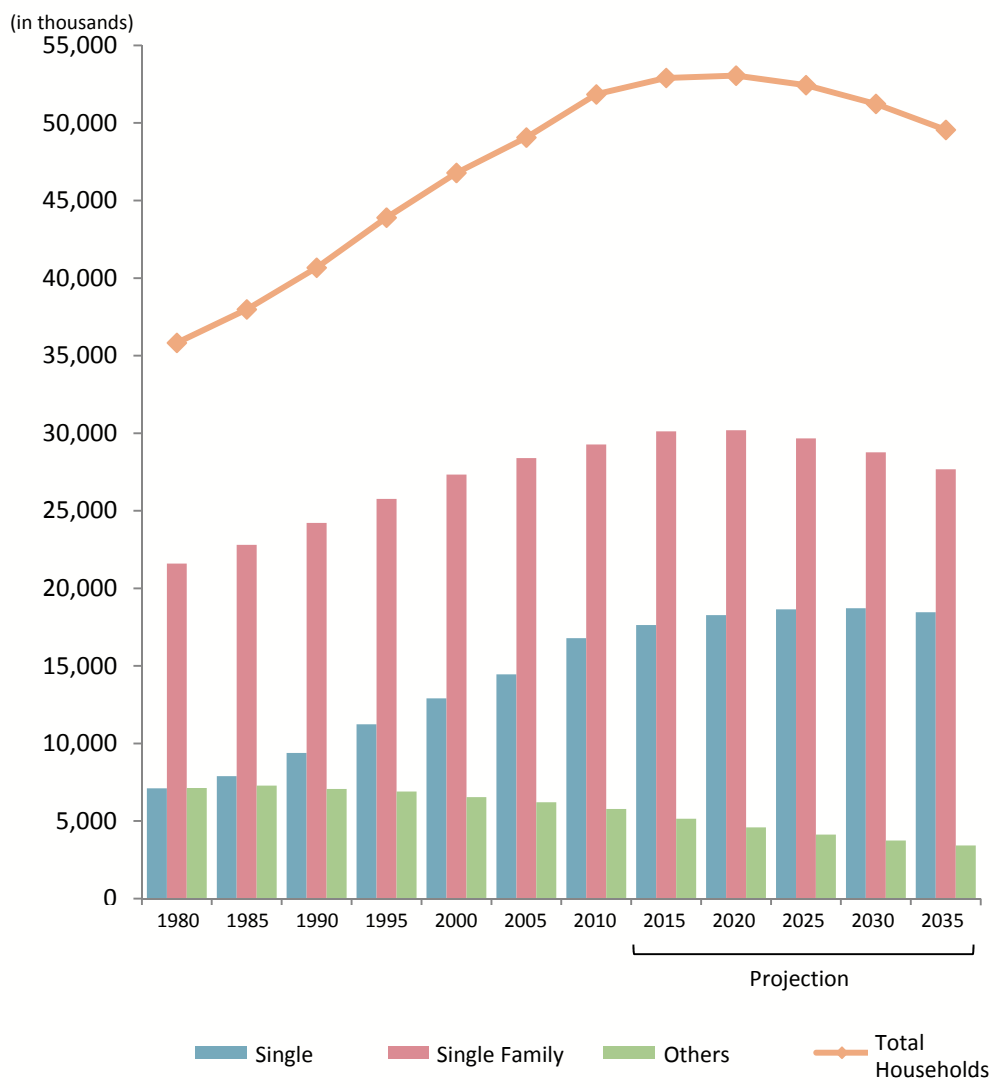
Note1: The percentage of rental housing is calculated by dividing the number of principal households in rental apartments by the number of principal households in Japan.

Note2: If a household is occupying an entire dwelling, the household is defined as a "principal household." If two or more households are living together in a dwelling, the main household (such as the owner or principal tenant) is defined as the "principal household."

Source: Ministry of Internal Affairs and Communications. Housing and Land Survey.
 Note1: The age group of household is determined by the age of the head of the relevant household.

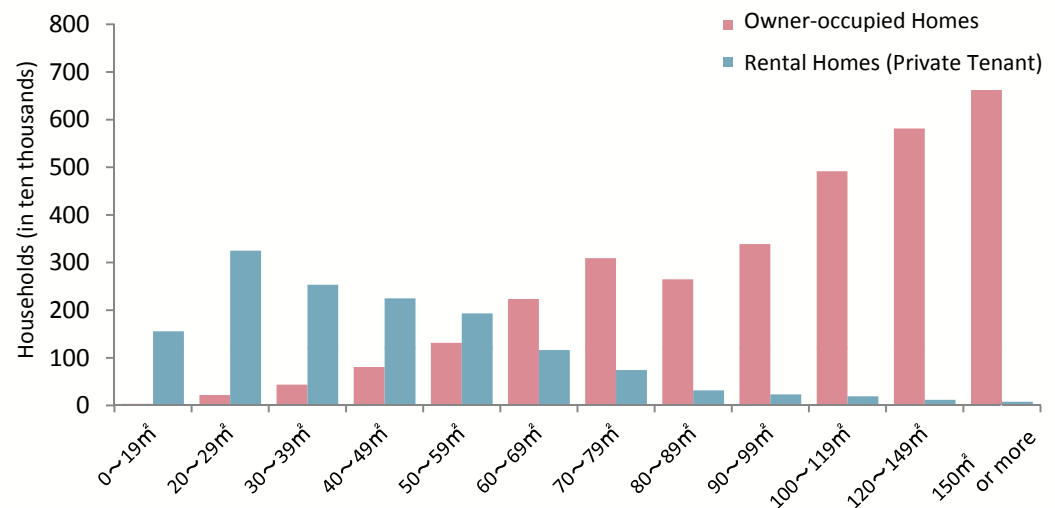
Trends in Single-Person and Single Family Households

Trends in Types of Households



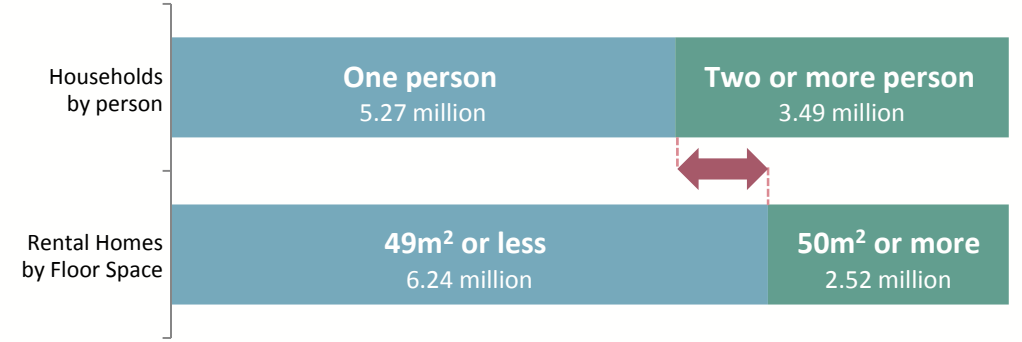
Source: National Institute of Population and Social Security Research. Household Projection for Japan: 2010-2035 (January 2013).
 Note1: The date for the periods from 2010 to 2035 are projections.

Floor Space of Owner-occupied Homes and Rental Homes by Number of Households



Source: Ministry of Internal Affairs and Communications. 2010 National Census.
 Note1: "Floor Space" means the aggregate floor space of the property.
 Note2: A "Household" is a group of people who share a home and finances, a single person, single people who share a home but not for finances, or a single person who lives in a dormitory or boarding house.

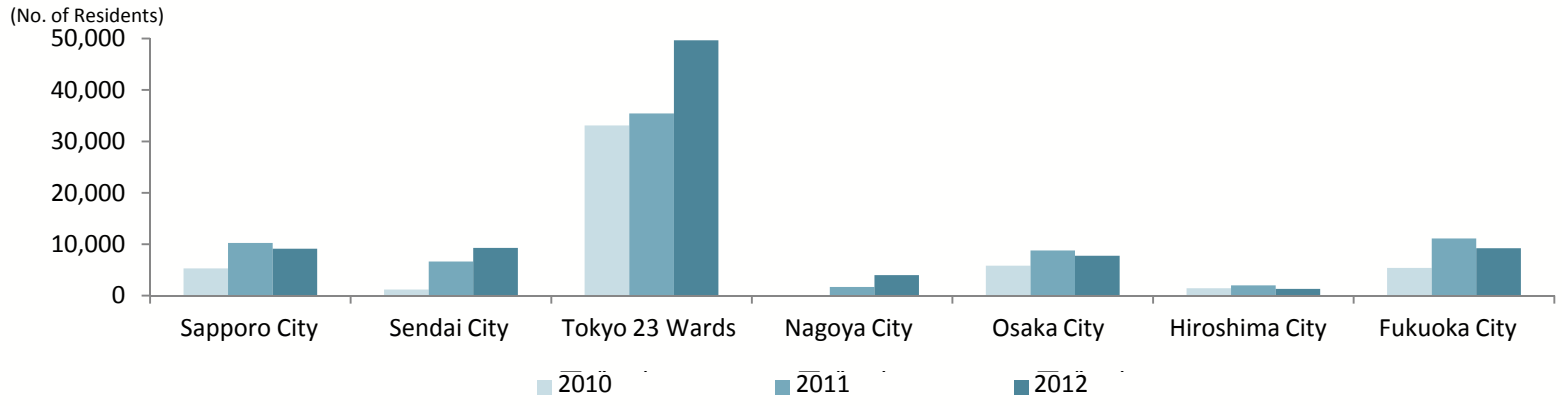
Number of Households of Rental Homes (Non-Wooden) by person and Number of Rental Homes (Non-Wooden) by Floor Space



Source: Ministry of Internal Affairs and Communications. Housing and Land Survey.
 Note1: Number of rental homes (Non-Wooden) by floor space does not include vacant houses.

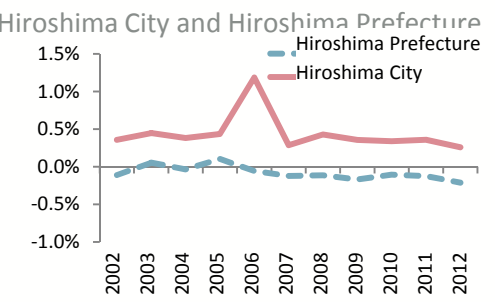
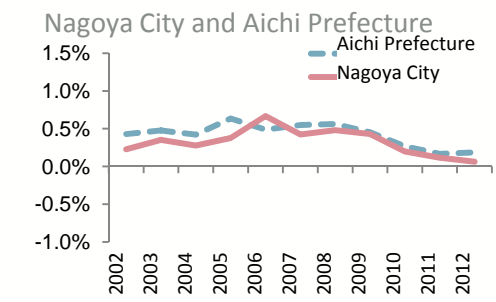
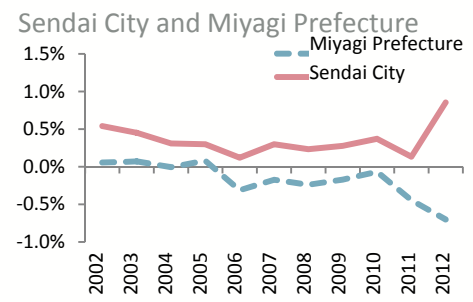
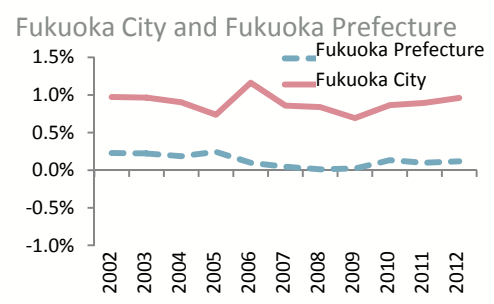
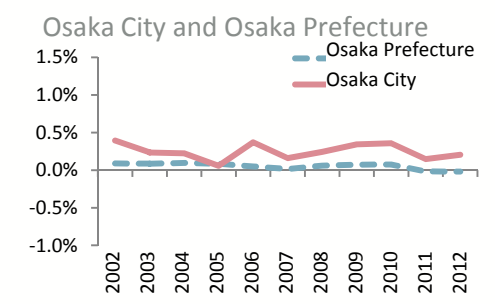
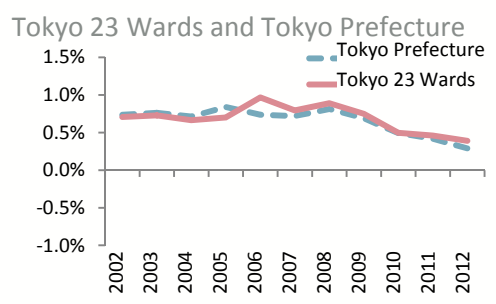
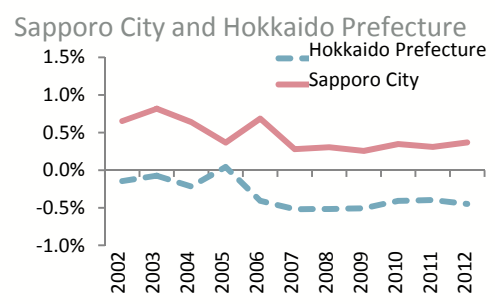
Trends in the Residential Population of Major Japanese Cities

Net Inflow of Residents into Major Cities in Japan



Source: Ministry of Internal Affairs and Communications. Report on Population Movement based on the Basic Register.
 Note1: The net inflow of residents is calculated by subtracting the total number of residents moving out of the relevant city from the total number of residents moving into the relevant city.

Residential Population Growth Rates in Selected Prefectures and their Principal City



Source: Ministry of Internal Affairs and Communications. Report on Population Movement based on the Basic Register.
 Note1: Growth rate is calculated by based on comparison with the previous fiscal year ended March 31. Methods for calculating statistics have been revised in 2006.

4. Strategic Objectives

Framework for Increasing Value for Investors

- 1) External Growth Strategy Utilize economies of scale to lower the fixed cost ratio
- 2) Internal Growth Strategy Improve occupancy rates, maintain and increase rent rates
- 3) Financial Strategy Leverage the current low-interest-rate environment to procure funds

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

- 1) External Growth Strategy Increase liquidity of investment units, target a broader spectrum of investor segments
- 2) Internal Growth Strategy Maintain stable dividends, build a track record
- 3) Financial Strategy Improve financial soundness through various initiatives such as hedging risk of interest rate increase

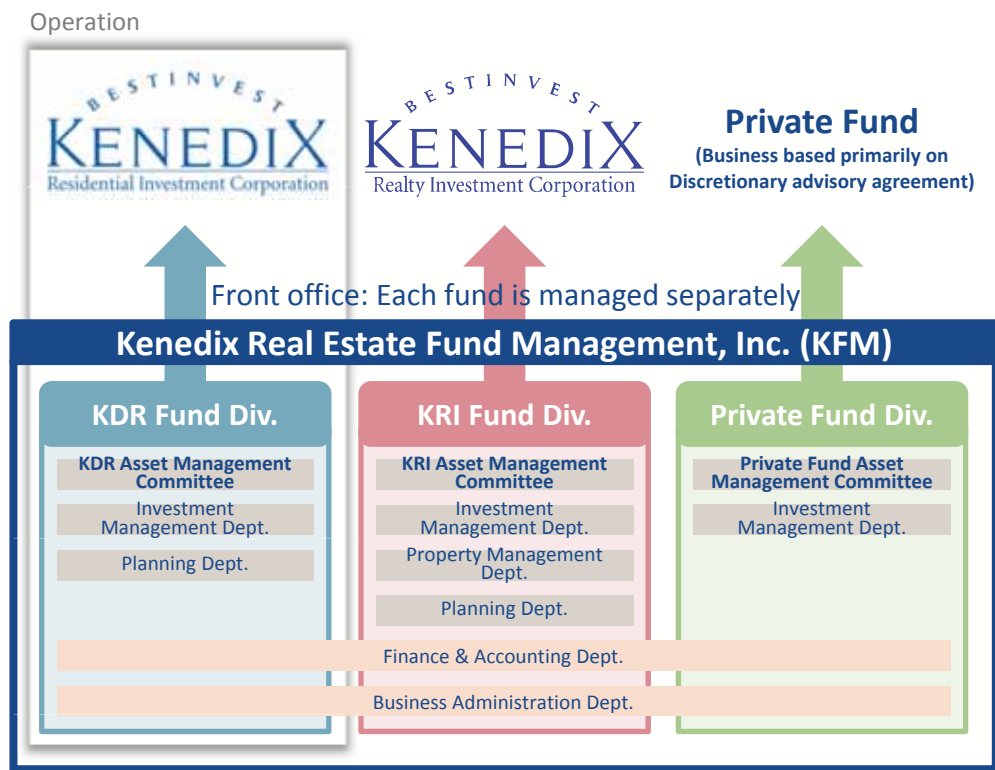
Rapid execution of strategies with excellent prospects for increasing value for unitholders

Reorganization of Asset Management Company

Management Structure after Reorganization (October 1, 2013 onwards)

Corporate Governance System

- The company will also establish **the KRI Asset Management Committee, the KDR Asset Management Committee and the Private Fund Asset Management Committee** as bodies to hold deliberations on the management of assets for the KRI Fund Division, the KDR Fund Division and the Private Fund Division, respectively, and establishes a cross-divisional **Compliance Committee** as a body to hold deliberations on compliance.



KDR Asset Management Committee
• General Manager of the KDR Fund Div.
• General Manager of the KDR Investment Management Dept.
• General Manager of the KDR planning Dept.
• General Manager of the Finance & Accounting Dept.
• Compliance Officer
• External members

Compliance Committee
• CEO and President
• Compliance Officer
• Directors (full-time)
• External members

- KFM establishes a **Pipeline Meeting** comprising the Compliance Officer and all the General Managers of Investment Management Divisions of the Fund Divisions as a meeting entity to ensure the appropriate handling of information between managed funds which are overlapping and to prevent conflicts of interest between the funds.

Preferential Right

- For the following rental housings and other residential properties ⁽¹⁾, the KDR Fund Division of KFM, which manages KDR, will have the first opportunity to consider an acquisition ahead of the Private Fund Division, which manages real estate funds, etc.

Location	Floor area per building (square meters)
Tokyo 23 Wards	20,000 or less
Outside Tokyo 23 Wards	30,000 or less

Note1: Buildings where floor area for residential use is the largest share of floor area based on floor area use in accordance with the Building Standards Law. This includes rental housing, serviced apartments, elderly-care housing, company rental housing, student dormitories and apartments, short-term apartments, etc. and other residential properties with facility operators, and land with leasehold interests on which any of the previously listed buildings are located.

Back office: Improved efficiency from cross-sectional management structure

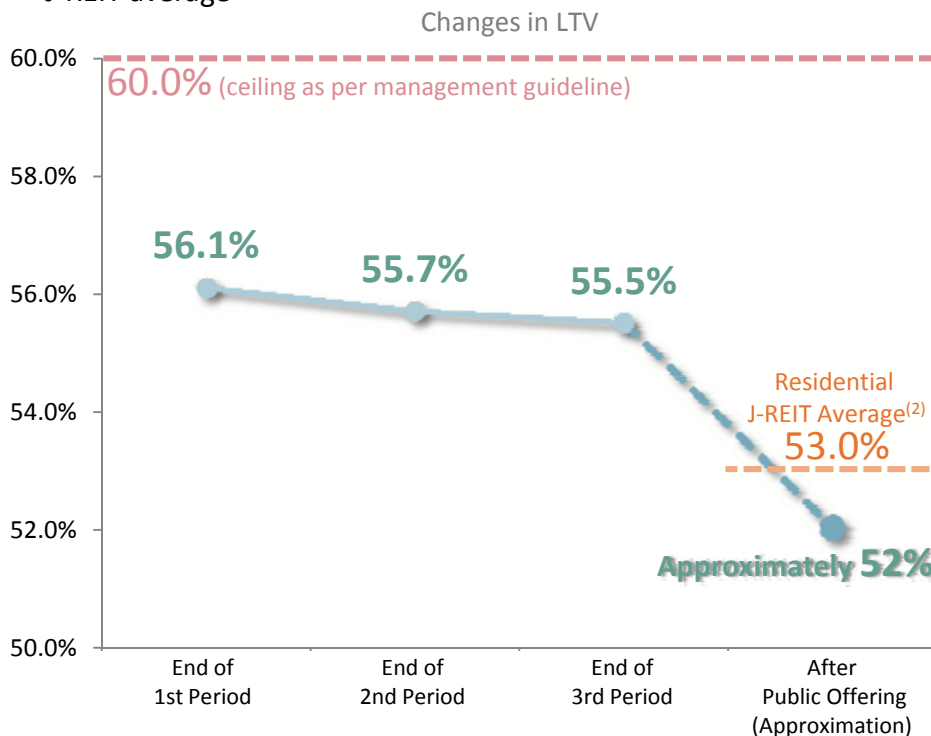
- KFM's business is divided according to type into the KRI Fund Division, the KDR Fund Division, the Private Fund Division, the Finance & Accounting Department, the Business Administration Department and the Compliance Department. **The business of the KRI Fund Division, the KDR Fund Division and the Private Fund Division is overseen by the Director or General Manager in charge.**

Realization of even more competitive asset management through reinforcement of organizational structure

Flexible Financial Management that is Quick to Respond to the Market Environment

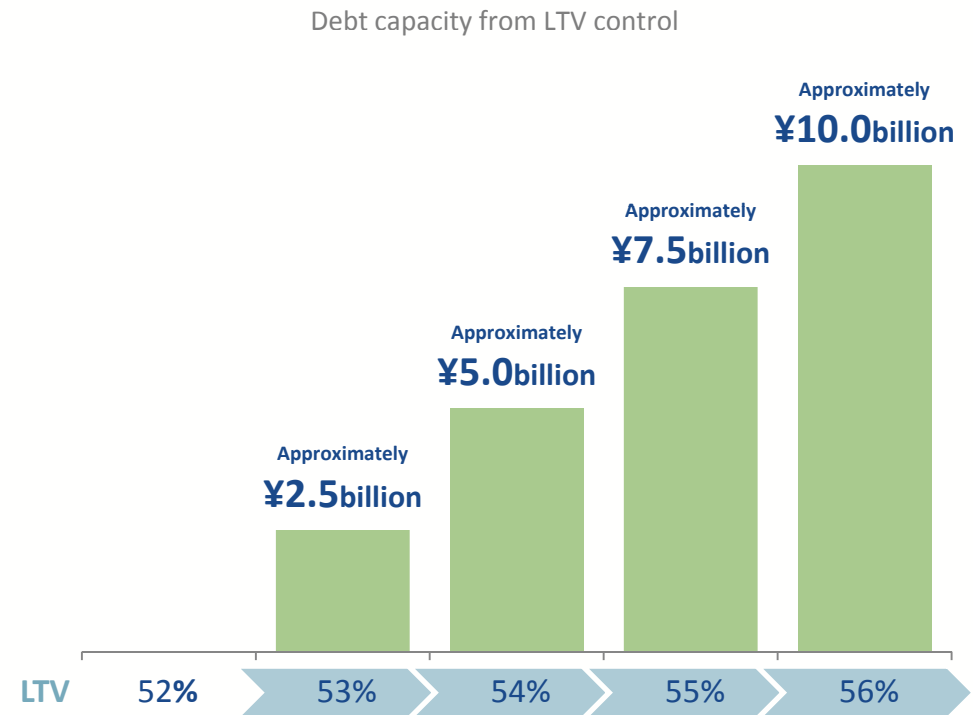
LTV⁽¹⁾ Position

- After implementation of the public offering, LTV declined to approximately 52%
- This is a relatively low level even by comparison with the residential J-REIT average



Debt Capacity

- Secured debt capacity from the decline in LTV
- Implemented extremely flexible LTV controls to respond rapidly to the market environment



Note 1: LTV after the public offering is an approximate value calculated on the basis of an estimate made today that is therefore subject to change resulting from subsequent increases and decreases in total assets and borrowing.

Note 2: Residential J-REIT average is the average figures based on LTV of the most recent fiscal year end for the following J-REITs as of September 13, 2013: Nippon Accommodations Fund Inc., Nomura Real Estate Residential Fund, Inc., Advance Residence Investment Corporation, Comforia Residential REIT, Inc., Sekisui House SI Investment Corporation, Starts Proceed Investment Corporation, Daiwa House Residential Investment Corporation, and Japan Rental Housing Investments Inc. (listed in order of securities code numbers).

Secured capacity for property acquisition backed for further strengthening of financial position and external growth

Future Key Issues and Actions for External Growth

Drivers and Strategic Aims for Further External Growth

Asset Management Company's Network

- Increase the number of proposals brought to us by winning the trust of the real estate market in our strong external growth potential as an investment corporation that is attractive due to its recent growth record
- Secure varied investment opportunities from a broadly based investment area
- Acquire properties from bridge funds

Sponsor Support

- Extensive real estate acquisition network developed as one of the largest independent real estate management companies in Japan
- Discussions about acquisition of rental residential properties owned or held in trust by the Kenedix Group

We aim to realize a total market cap of ¥100 billion of investment units
 (Total market cap of investment units of ¥49.3 billion as of September 12, 2013)

Effects Anticipated from Realization of ¥100 billion of Market Cap

Management

- Management stability accompanying portfolio expansion

Finances

- Financial stability and liquidity accompanying expansion in size of assets

Investment Units

- Further diversification in investor class from increased market liquidity for investment units
- Inclusion in overseas property indices
- Increased research coverage by sell-side analysts, etc.

Protecting and maintaining disciplined investment stance while consistently and aggressively pursuing external growth opportunities

Appendix

Financial Statements

Balance Sheet

(in thousands of yen)

Accounts	the Second Fiscal Period (as of January 31, 2013)	the Third Fiscal Period (as of July 31, 2013)
Assets		
Current assets		
Cash and deposits	836,814	507,326
Cash and deposits in trust	665,818	637,662
Operating accounts receivable	5,503	4,399
Prepaid expenses	4,235	9,925
Deferred tax assets	16	16
Other	384	-
Total current assets	¥1,512,772	¥1,159,330
Noncurrent assets		
Property, plant and equipment		
Land	2,787,376	2,787,376
Buildings in trust	14,440,133	14,267,405
Structures in trust	113,393	110,373
Machinery and equipment in trust	307,221	301,972
Tools, furniture and fixtures in trust	3,648	5,609
Land in trust	13,766,909	13,766,909
Total property, plant and fixtures in trust, net	¥31,418,684	¥31,239,647
Investments and other assets		
Investment securities	-	405,922
Lease and guarantee deposits	10,156	10,156
Long-term prepaid expenses	122,671	93,439
Other	36,318	39,497
Total Investment and other assets	¥169,146	¥549,014
Total of Fixed Assets	¥31,587,830	¥31,788,662
Deferred assets		
Deferred organization costs	39,842	34,627
Investment unit issuance costs	55,307	43,009
Total deferred assets	¥95,149	¥77,637
Total assets	¥33,195,752	¥33,025,629

(in thousands of yen)

Accounts	the Second Fiscal Period (as of January 31, 2013)	the Third Fiscal Period (as of July 31, 2013)
Liabilities		
Current liabilities		
Operating accounts payable	29,909	57,095
Short-term loans payable	3,000,000	2,830,000
Current portion of long-term loans payable	-	5,500,000
Accounts payable-other	40,217	49,024
Accrued expenses	424	405
Income taxes payable	946	944
Accrued consumption taxes	4,158	1,836
Advances received	157,638	160,145
Deposits received	9,390	9,670
Total current liabilities	¥3,242,684	¥8,609,122
Noncurrent liabilities		
Long-term loans payable	15,500,000	10,000,000
Tenant leasehold and security deposits in trust	240,015	245,320
Total noncurrent liabilities	¥15,740,015	¥10,245,320
Total liabilities	¥18,982,699	¥18,854,443
Net assets		
Unitholders' equity		
Unitholders' capital	13,773,456	13,773,456
Surplus		
Unappropriated retained earnings (undisposed loss)	463,620	406,661
Total surplus	463,620	406,661
Total unitholders' equity	¥14,237,076	¥14,180,117
Deferred gains or losses on hedges	24,023	8,930
Total net assets	¥14,213,052	¥14,171,186
Total liabilities and net assets	¥33,195,752	¥33,025,629

Financial Statements

Income Statement

(in thousands of yen)

Accounts	the Second Fiscal Period	the Third Fiscal Period
	from: Aug. 1, 2012 to: Jan. 31, 2013	from: Feb. 1, 2013 to: Jul. 31, 2013
Operating revenues		
Rent revenues-real estate	1,021,344	1,018,433
Other lease business revenue	92,813	117,075
Total operating revenues	1,114,157	1,135,509
Operating expenses		
Expenses related to rent business	367,194	442,618
Asset management fees	74,405	70,886
Asset custody fee	2,062	2,074
Administrative service fees	11,220	11,017
Directors' compensation	4,500	4,500
Other operating expenses	39,402	51,247
Total operating expenses	498,785	582,345
Operating Income	¥615,371	¥553,163
Non-operating income		
Interest income	17	37
Interest on refund	221	-
Total non-operating income	239	37
Non-operating expenses		
Interest expenses	85,743	74,611
Derivative-related expenses	4,308	11,913
Borrowing expenses	43,209	41,592
Amortization of deferred organization cost	5,300	5,214
Amortization of investment unit issuance cost	12,501	12,298
Total non-operating expenses	151,064	145,629
Ordinary Income	¥464,546	¥407,571
Income before income taxes	¥464,546	¥407,571
Income taxes-current	949	952
Income taxes-deferred	9	0
Total income taxes	958	952
Net Income	¥463,588	¥406,619
Retained earnings brought forward	31	41
Unappropriated retained earnings (undisposed loss)	¥463,620	¥406,661

Statements Relating to the Distribution of Money

Account	the Second Fiscal Period	the Third Fiscal Period
	from: Aug. 1, 2012 to: Jan. 31, 2013	from: Feb. 1, 2013 to: Jul. 31, 2013
Retained earnings at the end of period	463,620,113 yen	406,661,143 yen
Total distributions	463,578,800 yen	406,621,600 yen
(Distributions per unit)	(6,145 yen)	(5,390 yen)
Retained earnings brought forward to the next period	41,313 yen	39,543 yen

Statements of Cash Flow

(in thousands of yen)

	the Second Fiscal Period	the Third Fiscal Period
	from: Aug. 1, 2012 to: Jan. 31, 2013	from: Feb. 1, 2013 to: Jul. 31, 2013
Net cash provided by (used in) operating activities	810,596	686,642
Net cash provided by (used in) investing activities	52,636	411,396
Net cash provided by (used in) financing activities	315,633	632,889
Net increase (decrease) in Cash and Cash Equivalents (decrease)	442,326	357,643
Cash and cash equivalents at the beginning of period	1,060,305	1,502,632
Cash and cash equivalents at the End of Period	¥1,502,632	¥1,144,988

Changes in Performance

Changes in Performance

	<u>the Second Fiscal Period</u> <u>(as of January 31, 2013)</u>	<u>the Third Fiscal Period</u> <u>(as of July 31, 2013)</u>
Operating Term	184.0 days	181.0 days
Average Days of Property Management	184.0 days	181.0 days
Operating Revenues	¥1,114 million	¥1,135 million
Operating Income	¥615 million	¥553 million
Ordinary Income	¥464 million	¥407 million
Net Income	¥463 million	¥406 million
Distribution per Unit	¥6,145	¥5,390
Payout Ratio	100.0 %	100.0 %

Changes in Financial Statements

	<u>the Second Fiscal Period</u> <u>(as of January 31, 2013)</u>	<u>the Third Fiscal Period</u> <u>(as of July 31, 2013)</u>
Total Assets	¥33,195 million	¥33,025 million
Net Assets	¥14,213 million	¥14,171 million
Capital-to-Asset Ratio	42.8 %	42.9 %
Total Unitholders' Capital	¥13,773 million	¥13,773 million
Total Investment Units Held	75,440 units	75,440 units
Net Assets per Unit	¥188,402	¥187,847
Return on Assets(per year) ⁽¹⁾	2.8 %	2.5 %
Return on Equity(per year) ⁽²⁾	6.5 %	5.8 %
FFO(Funds From Operation) ⁽³⁾	¥675 million	¥619 million
FFO per Unit	¥8,959	¥8,205
Total Interest-bearing Liabilities	¥18,500 million	¥18,330 million
Average Interest Rate	0.97 %	0.95 %
Average Borrowing Term	1.8 years	1.5 years
LTV(Loan To Value) ⁽⁴⁾	55.7 %	55.5 %
NAV(Net Asset Value) ⁽⁵⁾	¥14,076 million	¥14,704 million
NAV per unit	¥186,595	¥194,921

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

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

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

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

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

Changes in Portfolio Performance

	<u>the Second Fiscal Period</u> <u>(as of January 31, 2013)</u>	<u>the Third Fiscal Period</u> <u>(as of July 31, 2013)</u>
Number of Properties	20 units	20 units
Properties Acquired during the Period	0 units	0 units
Properties Transferred during the Period	0 units	0 units
Total Acquisition Price	¥30,474 million	¥30,474 million
Total Book Value	¥31,418 million	¥31,239 million
Total Appraisal Value	¥31,746 million	¥32,180 million
Rentable Units	1,400 units	1,400 units
(of which Residential Units)	1,393 units	1,393 units
Rentable Area	59,157.37 m ²	59,157.37 m ²
(of which Residential Units)	54,823.98 m ²	54,823.98 m ²
Leasing Business Revenues	¥1,114 million	¥1,135 million
Leasing Business Expenses(ex. Depreciation)	¥172 million	¥247 million
NOI (Net Operating Income) ⁽⁶⁾	¥941 million	¥887 million
NOI Cap Rate(per year)	6.1 %	5.9 %
Capital Expenditure	¥32 million	¥15 million
Depreciation	¥194 million	¥194 million
Depreciation Rate(per acquisition price, year)	1.3 %	1.3 %
NOI Cap Rate after Depreciation(per year)	4.9 %	4.6 %
Occupancy Rates(average during the period)	94.5 %	94.6 %
Occupancy Rates(at the end of the period)	95.1 %	96.2 %
Rent per Tsubo(average during the period)	¥9,348	¥9,293
Rent per Tsubo(at the end of the period)	¥9,357	¥9,280
Replacement ⁽⁷⁾	14.0 %	15.9 %
Turnover ⁽⁸⁾	13.2 %	15.1 %
Renewal Rate(average during the period) ⁽⁹⁾	82.6 %	83.7 %
Average Occupancy Period ⁽¹⁰⁾	882 days	885 days
Average Downtime ⁽¹¹⁾	83 days	70 days

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

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

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

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

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

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

List of Properties (at the end of 3rd period)

Area	No.	Property Name	Location	Type (1)	Date of Completion	Acquisition Price (Thousand Yen)	Ratio	Rentable Area	Rentable Units	Room Type (Units)					Occupancy Ratio	
										Single	Small Family	Family	Office	Store	End of Jan. 2013	End of Jul. 2013
Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	Shibuya-ku, Tokyo	SF	Feb. 10, 2003	4,700,000	15.4%	5,338.99 m ²	86	0	69	14	1	2	96.8%	95.5%
	T-2	KDX Yoyogi Residence	Shibuya-ku, Tokyo	SF	Jan. 11, 2007	1,320,000	4.3%	1,593.93 m ²	50	31	19	0	0	0	97.0%	95.6%
	T-3	KDX Odemma Residence	Chuo-ku, Tokyo	SF	Mar. 14, 2007	1,775,000	5.8%	2,353.23 m ²	54	0	54	0	0	0	96.2%	96.3%
	T-4	KDX Iwamoto-cho Residence	Chiyoda-ku, Tokyo	SF	Sep. 5, 2007	822,000	2.7%	1,131.24 m ²	36	12	24	0	0	0	100.0%	97.2%
	T-5	KDX Bunkyo Sengoku Residence	Bunkyo-ku, Tokyo	S	Aug. 9, 2005	1,488,000	4.9%	2,054.10 m ²	77	63	14	0	0	0	97.7%	93.3%
	T-6	KDX Azumabashi Residence	Sumida-ku, Tokyo	S	Sep. 26, 2007	650,000	2.1%	1,054.83 m ²	41	40	0	0	0	1	93.1%	95.4%
	T-7	KDX Shimura Sakae Residence	Itabashi-ku, Tokyo	F	Jul. 2, 2007	2,830,000	9.3%	6,117.48 m ²	85	0	0	85	0	0	93.1%	95.2%
	T-8	Nichii Home Tama Plaza	Kawasaki city, Kanagawa	-	-	960,000	3.2%	-	-	0	0	0	0	0	-	-
	T-9	Cosmo Heim Motosumiyoshi	Kawasaki city, Kanagawa	-	-	1,750,000	5.7%	-	-	0	0	0	0	0	-	-
	T-10	KDX Musashi Nakahara Residence	Kawasaki city, Kanagawa	F	Apr. 23, 1991	637,000	2.1%	2,123.46 m ²	35	0	0	35	0	0	88.5%	100.0%
	T-11	KDX Chiba Chuo Residence	Chiba city, Chiba	S	Feb. 23, 2007	1,480,000	4.9%	3,546.91 m ²	106	65	39	0	2	0	96.7%	96.9%
	T-12	KDX Kawaguchi Saiwai-cho Residence	Kawaguchi city, Saitama	SF	Feb. 9, 2007	1,150,000	3.8%	2,491.66 m ²	61	1	60	0	0	0	95.2%	96.6%
	Subtotal				19,562,000	64.2%	27,805.83 m ²	631	212	279	134	3	3	95.2%	96.0%	
Other Regional Areas	R-1	KDX Toyohira Sanjo Residence	Sapporo city, Hokkaido	SF	Mar. 14, 2008	582,500	1.9%	2,868.75 m ²	63	0	63	0	0	0	85.8%	100.0%
	R-2	KDX JozenjiDori Residence	Sendai city, Miyagi	S	Jan. 15, 2008	1,015,000	3.3%	3,330.15 m ²	92	53	27	12	0	0	99.1%	100.0%
	R-3	KDX Izumi Residence	Nagoya city, Aichi	F	Apr. 7, 2009	1,120,000	3.7%	2,798.20 m ²	40	0	0	40	0	0	92.1%	97.6%
	R-4	KDX Chihaya Residence	Nagoya city, Aichi	SF	Jul. 28, 2009	1,080,000	3.5%	2,936.40 m ²	92	40	52	0	0	0	100.0%	98.9%
	R-5	KDX Sakaisuji Hommachi Residence	Osaka city, Osaka	SF	Oct. 25, 2007	2,910,000	9.5%	6,385.70 m ²	160	0	124	35	0	1	93.0%	90.8%
	R-6	KDX Shimmachi Residence	Osaka city, Osaka	S	Oct. 10, 2007	1,015,000	3.3%	2,146.02 m ²	94	94	0	0	0	0	96.8%	96.8%
	R-7	KDX Takarazuka Residence	Takarazuka city, Hyogo	F	Feb. 29, 2008	1,510,000	5.0%	4,631.16 m ²	80	0	20	60	0	0	92.8%	100.0%
	R-8	KDX Shimizu Residence	Fukuoka city, Fukuoka	SF	May 2, 2008	1,680,000	5.5%	6,255.16 m ²	148	16	132	0	0	0	99.4%	93.6%
	Subtotal				10,912,500	35.8%	31,351.54 m ²	769	203	418	147	0	1	95.1%	96.3%	
Total					30,474,500	100.0%	59,157.37 m ²	1,400	415	697	281	3	4	95.1%	96.2%	

Note1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)
 Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m² and less than 30m²]
 Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m² and less than 60m²]
 Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m²]

Portfolio Performance (the Third Fiscal Period ended July 31, 2013) 1/3

(in thousands of yen)

No.	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8
	SF 地位	SF 地位	SF 利便性	SF 利便性	S 地位	S 利便性	F 利便性	底地 地位
								
	Tokyo Central 5 Wards				Tokyo Metropolitan Area			
Property Name	KDX Daikanyama Residence	KDX Yoyogi Residence	KDX Ohdemma Residence	KDX Iwamoto-cho Residence	KDX Bunkyo Sengoku Residence	KDX Azumabashi Residence	KDX Simura Sakaue Residence	Nichii Home Tama Plaza
Acquisition Price	4,700,000	1,320,000	1,775,000	822,000	1,488,000	650,000	2,830,000	960,000
Book Value	4,804,577	1,348,031	1,815,339	844,741	1,521,702	667,469	2,894,165	989,335
Appraisal Value	4,880,000	1,440,000	1,860,000	863,000	1,590,000	733,000	2,990,000	960,000
Rentable Units	86	50	54	36	77	41	85	-
Rentable Area (㎡)	5,338.99	1,593.93	2,353.23	1,131.24	2,054.10	1,054.83	6,117.48	-
Area in Rent (㎡)	5,097.16	1,523.18	2,266.88	1,099.96	1,916.58	1,005.79	5,824.66	-
Occupancy Rate	95.5%	95.6%	96.3%	97.2%	93.3%	95.4%	95.2%	-%
Operating Days	181	181	181	181	181	181	181	181
Leasing Business Revenues (a)	153,268	47,158	54,932	27,754	50,114	24,438	101,922	34,560
Leasing Business Revenues	131,766	43,148	50,623	26,328	46,106	22,605	90,462	34,560
Other Revenues	21,501	4,009	4,308	1,426	4,008	1,832	11,460	-
Leasing Business Expenses (b)	38,219	10,068	14,158	6,631	11,031	7,700	22,112	604
Property Management Fees	12,479	4,310	4,852	2,408	3,851	3,434	8,185	-
Taxes	9,062	2,286	2,835	1,254	2,403	1,295	5,728	598
Utilities	4,716	551	556	430	590	299	1,140	-
Repairs and Maintenance Costs	5,217	1,188	2,752	1,272	1,860	972	3,688	-
Insurance	240	64	88	42	79	45	215	-
Trust Fees and Other Costs	6,503	1,666	3,073	1,221	2,246	1,653	3,153	6
NOI (c=a-b)	115,048	37,089	40,773	21,123	39,083	16,737	79,810	33,955
Depreciation (d)	14,927	5,123	10,495	5,191	6,431	4,880	21,248	-
Leasing Business Income (e=c-d)	100,121	31,965	30,278	15,932	32,651	11,857	58,561	33,955
NOI Cap Rate(per year)	4.9%	5.7%	4.6%	5.2%	5.3%	5.2%	5.7%	7.1%
NOI Cap Rate after Depreciation(per year)	4.3%	4.9%	3.4%	3.9%	4.4%	3.7%	4.2%	7.1%

Portfolio Performance (the Third Fiscal Period ended July 31, 2013) 2/3

(in thousands of yen)

No.	T-9	T-10	T-11	T-12	R-1	R-2	R-3	R-4
S Single SF Small Family F Family	底地 	地位 F 	特殊 S 	利便性 SF 	利便性 SF 	利便性 S 	地位 F 	利便性 SF 
	Tokyo Metropolitan Area				Other Regional Areas			
Property Name	Cosmo Heim Motosumiyoshi	KDX Musashi Nakahara Residence	KDX Chiba Chuo Residence	KDX Kawaguchi Saiwai-cho Residence	KDX Toyohira Sanjo Residence	KDX Jozenji Dori Residence	KDX Izumi Residence	KDX Chihaya Residence
Acquisition Price	1,750,000	637,000	1,480,000	1,150,000	582,500	1,015,000	1,120,000	1,080,000
Book Value	1,798,041	653,120	1,510,607	1,189,690	605,147	1,055,310	1,150,600	1,114,985
Appraisal Value	1,750,000	647,000	1,550,000	1,240,000	647,000	1,130,000	1,170,000	1,160,000
Rentable Units	-	35	106	61	63	92	40	92
Rentable Area (㎡)	-	2,123.46	3,546.91	2,491.66	2,868.75	3,330.15	2,798.20	2,936.40
Area in Rent (㎡)	-	2,123.46	3,438.51	2,406.67	2,868.75	3,330.15	2,731.74	2,905.10
Occupancy Rate	-	100.0%	96.9%	96.6%	100.0%	100.0%	97.6%	98.9%
Operating Days	181	181	181	181	181	181	181	181
Leasing Business Revenues (a)	43,750	25,323	64,467	49,082	29,036	59,202	42,788	47,811
Leasing Business Revenues	43,750	22,860	57,926	44,226	26,350	44,094	34,910	44,086
Other Revenues	-	2,463	6,541	4,856	2,685	15,108	7,877	3,724
Leasing Business Expenses (b)	1,010	7,127	15,075	11,077	9,791	12,188	10,117	9,875
Property Management Fees	-	3,151	5,866	4,788	2,743	4,432	3,830	3,564
Taxes	1,010	1,575	3,909	2,800	1,648	2,515	1,646	2,618
Utilities	-	473	824	592	701	897	294	854
Repairs and Maintenance Costs	-	657	1,729	1,224	2,374	2,353	1,552	1,246
Insurance	-	68	143	99	92	113	98	111
Trust Fees and Other Costs	-	1,202	2,602	1,571	2,230	1,876	2,694	1,480
NOI (c=a-b)	42,740	18,196	49,392	38,005	19,245	47,013	32,670	37,935
Depreciation (d)	0	4,009	17,091	7,208	5,925	10,240	9,090	10,006
Leasing Business Income (e=c-d)	42,740	14,186	32,300	30,797	13,319	36,772	23,580	27,928
NOI Cap Rate(per year)	4.9%	5.8%	6.7%	6.7%	6.7%	9.3%	5.9%	7.1%
NOI Cap Rate after Depreciation(per year)	4.9%	4.5%	4.4%	5.4%	4.6%	7.3%	4.2%	5.2%

Portfolio Performance (the Third Fiscal Period ended July 31, 2013) 3/3

(in thousands of yen)

No.	R-5	R-6	R-7	R-8	
S Single SF Small Family F Family	SF 利便性	S 利便性	F 地位	SF 利便性	
	Other Regional Areas				
Property Name	KDX Sakaisuji Hommachi Residence	KDX Shimmachi Residence	KDX Takarazuka Residence	KDX Shimizu Residence	Total
Acquisition Price	2,910,000	1,015,000	1,510,000	1,680,000	30,474,500
Book Value	2,967,800	1,037,809	1,545,672	1,725,497	31,239,647
Appraisal Value	3,010,000	1,110,000	1,640,000	1,810,000	32,180,000
Rentable Units	160	94	80	148	1,400
Rentable Area (m ²)	6,385.70	2,146.02	4,631.16	6,255.16	59,157.37
Area in Rent (m ²)	5,798.71	2,077.53	4,631.16	5,852.09	56,898.08
Occupancy Rate	90.8%	96.8%	100.0%	93.6%	96.2%
Operating Days	181	181	181	181	181
Leasing Business Revenues (a)	104,858	40,612	60,587	73,838	1,135,509
Leasing Business Revenues	96,656	39,072	54,326	64,571	1,018,433
Other Revenues	8,201	1,539	6,261	9,266	117,075
Leasing Business Expenses (b)	25,835	7,169	10,885	17,059	247,741
Property Management Fees	6,088	2,219	2,765	5,464	84,437
Taxes	7,634	1,889	2,874	4,107	59,695
Utilities	1,573	555	608	718	16,378
Repairs and Maintenance Costs	2,953	708	1,236	4,253	37,243
Insurance	279	82	146	216	2,230
Trust Fees and Other Costs	7,306	1,714	3,253	2,299	47,756
NOI (c=a-b)	79,022	33,443	49,701	56,778	887,767
Depreciation (d)	23,451	8,916	16,462	14,174	194,877
Leasing Business Income (e=c-d)	55,570	24,526	33,239	42,604	692,890
NOI Cap Rate(per year)	5.5%	6.6%	6.6%	6.8%	5.9%
NOI Cap Rate after Depreciation(per year)	3.9%	4.9%	4.4%	5.1%	4.6%

地位 Dignity of land or distinguished environment: "JIGURAI"

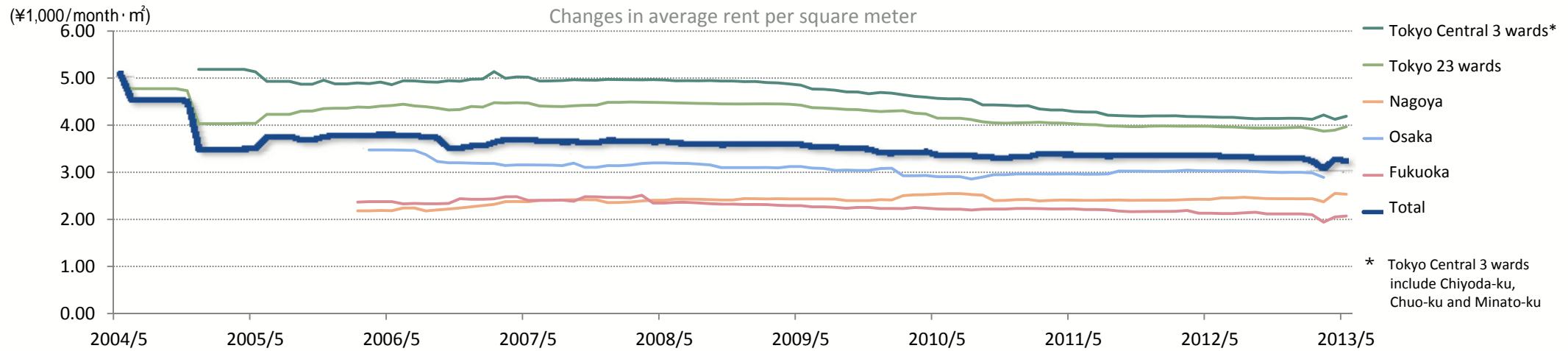
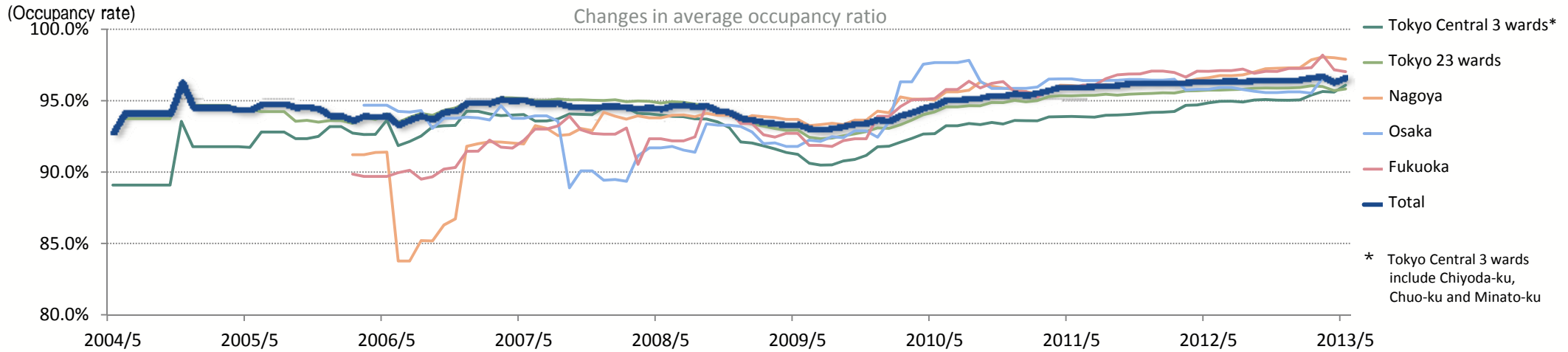
利便性 Daily life convenience

特殊 Existence of special markets

底地 limited proprietary rights of land

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

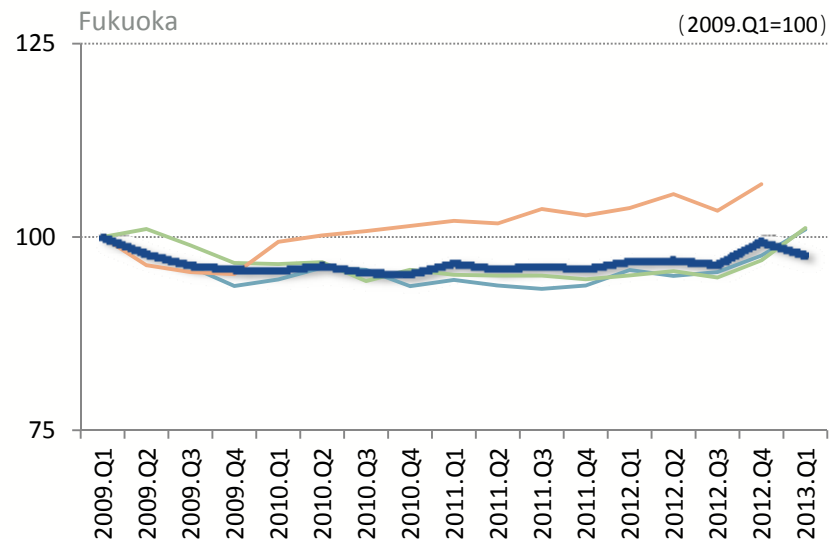
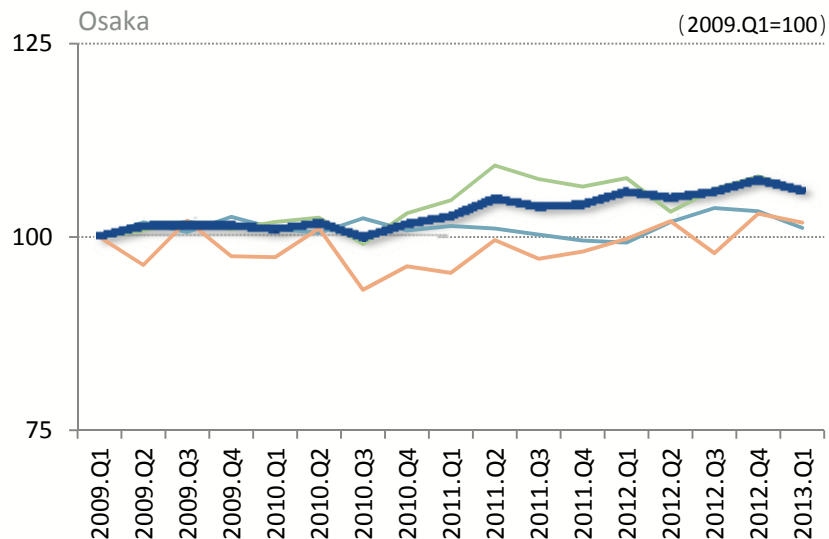
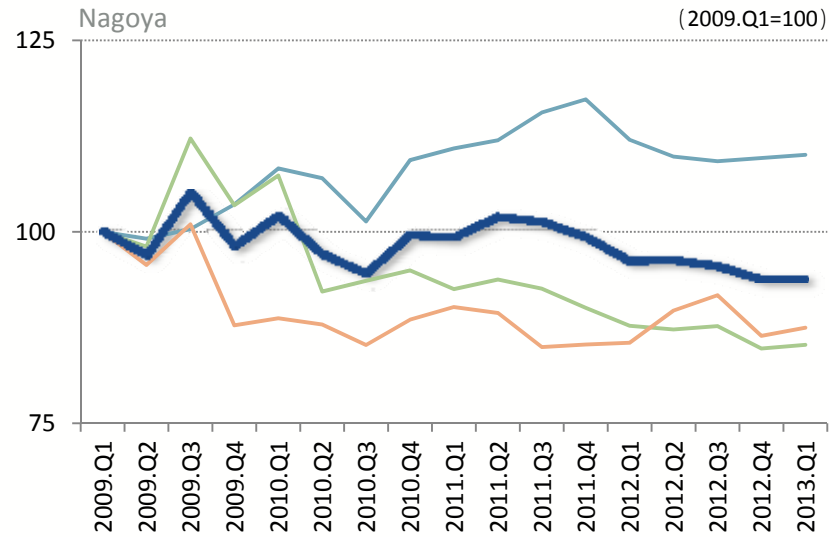
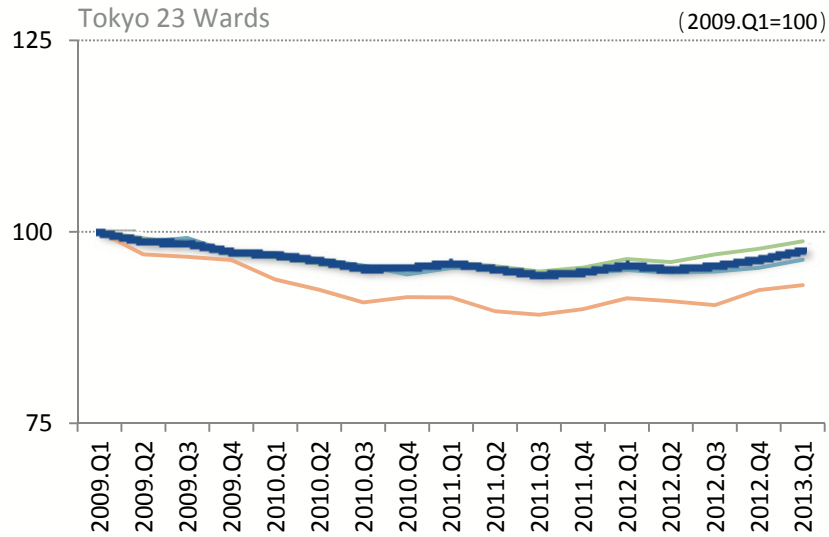
Analysis of Residential Properties Operated by J-REITs by Area



Source: Prepared by Kenedix Residential Partners, Inc. based on "J-REIT Property Database(Former AJPI Service)", ARES [associate decision level (December 2012), preliminary figure (After January 2013)], which may vary from finalized figures that are scheduled to be released in the future

Changes in Rent of Residential Properties by Area and Room Type

Changes in Indexed Apartment Rent

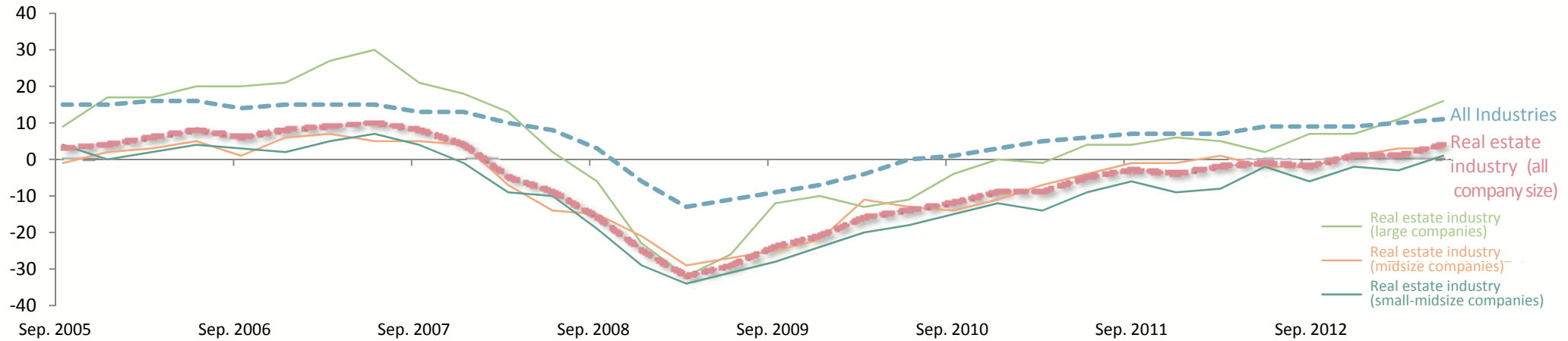


- Single type (18m² ~ 30m²)
- Compact type (30m² ~ 60m²)
- Family type (60m² ~ 100m²)
- Total

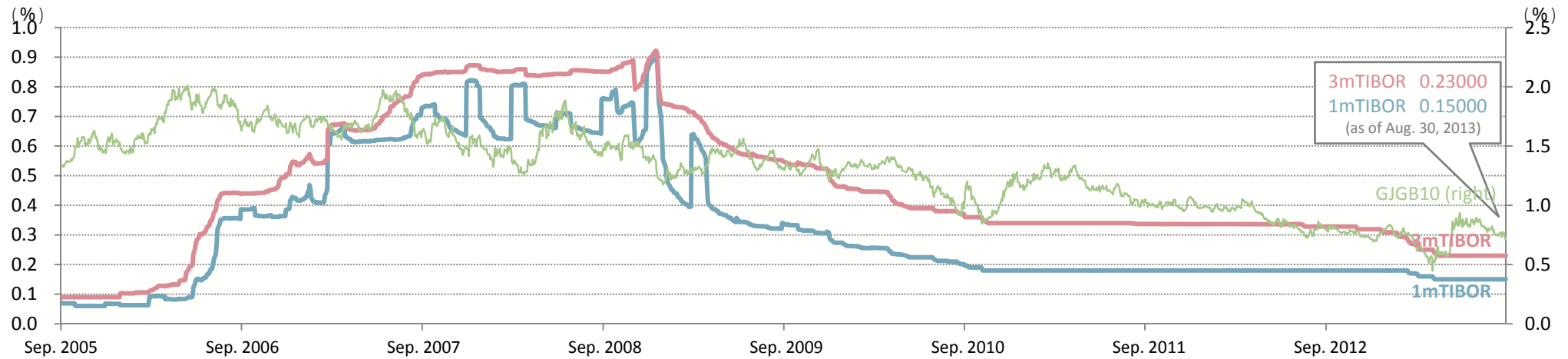
Note: For the Nagoya index, compact type, family type and total data have not been released before 2008. Q4
 For the Fukuoka index, family type as of 2013.Q1 has not been reflected.
 Source: Prepared by Kenedix Residential Partners, Inc. based on "Apartment Rent Index", Sumitomo Mitsui Trust Research Institute co., Ltd.

The Environment for Loans

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

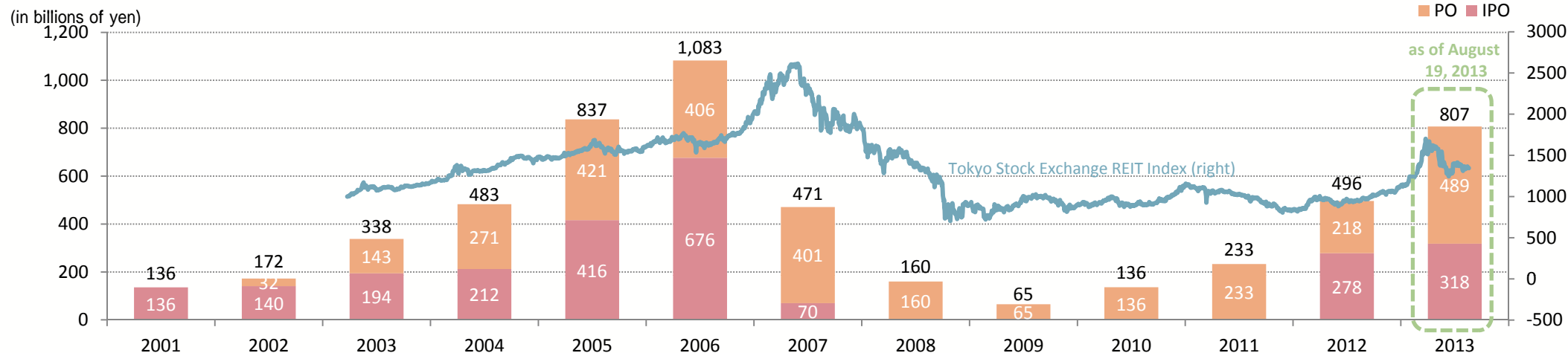


Historical Changes in JBTIBOR and GJGB10



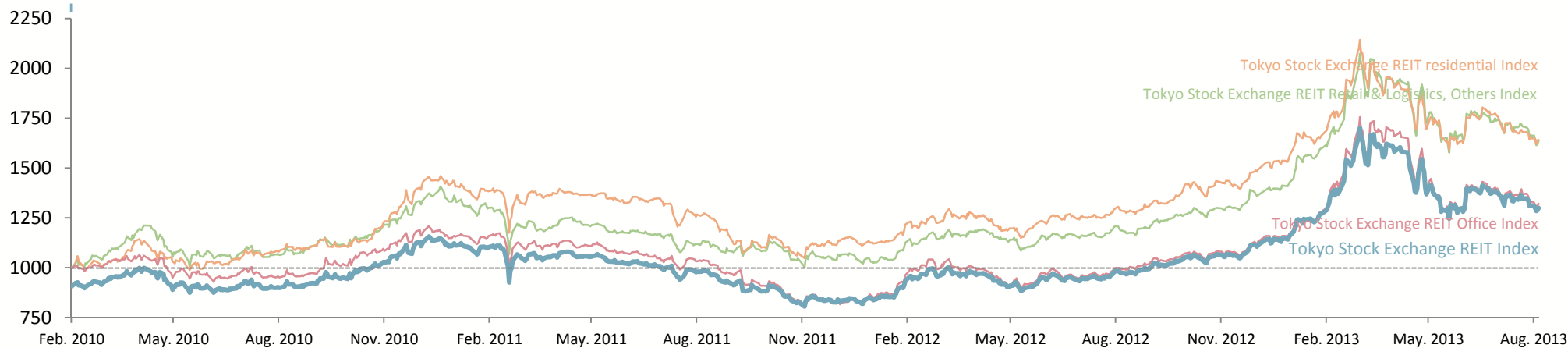
Equity Market

J-REIT Equity Procurement Activity



Source: Prepared by Kenedix Residential Partners, Inc. based on Publication Document of J-REIT. Based on payment dates, as of August 19, 2013. However, MHR is calculated based on the closing price of August 19, 2013, the launch day of public offering.

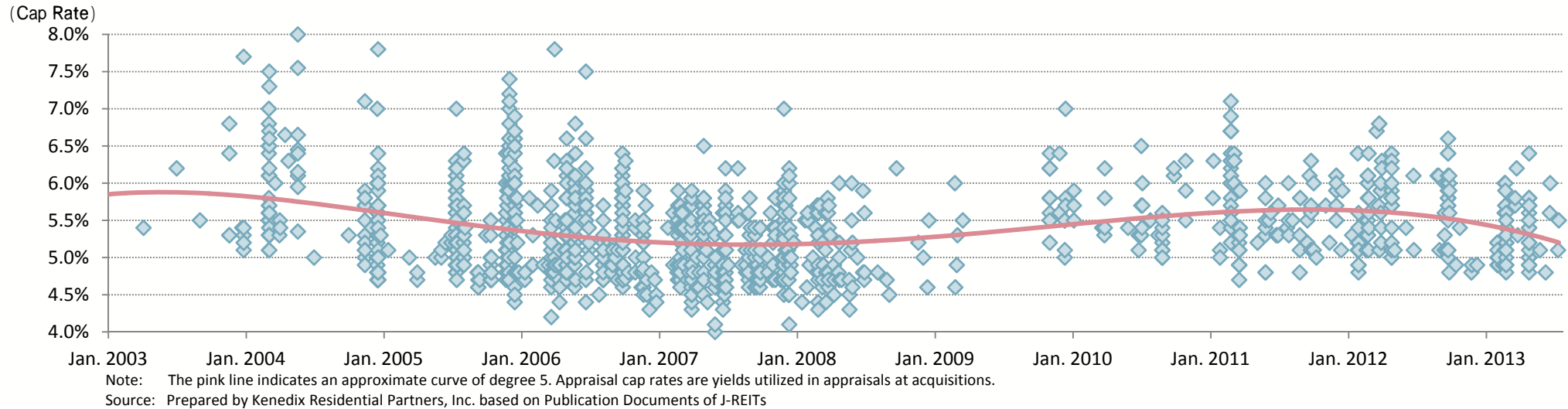
Changes in Tokyo Stock Exchange REIT Index



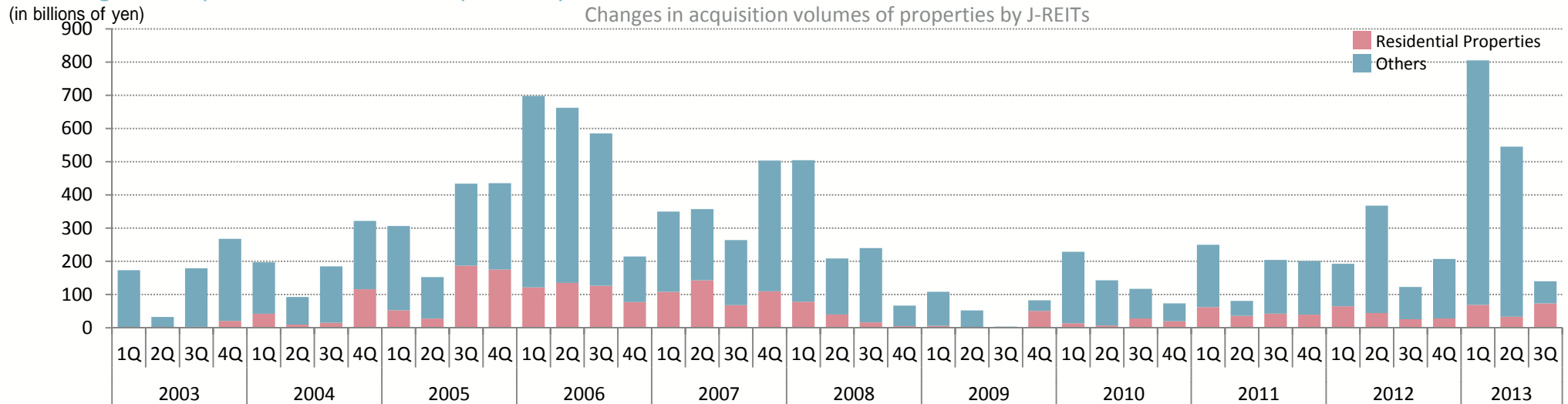
Source: Prepared by Kenedix Residential Partners, Inc. based on Bloomberg

Trends in Property Acquisition by J-REITs

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



Changes in Acquisition Volumes of Properties by J-REITs



List of Properties Acquired on Public Offering 1/3

Area	No.	Property Name	Location	Type (1)	Date of Completion	Acquisition Price (Thousand Yen)	Ratio (2)	Rentable Area	Rentable Units	Room Type (Units)					Occupancy Ratio
										Single	Small Family	Family	Office	Store	End of July 2013
Tokyo Metropolitan Area	T-13	KDX Residence Shirokane I	Minato-ku, Tokyo	SF	Feb. 21, 2003	3,000,000	4.4%	3,617.32m ²	50	0	37	9	0	4	95.2%
	T-14	KDX Residence Shirokane III	Minato-ku, Tokyo	SF	Jul. 18, 2007	2,900,000	4.2%	3,635.33m ²	67	25	38	1	0	3	96.3%
	T-15	KDX Residence Shirokane II	Minato-ku, Tokyo	S	Nov. 12, 2004	2,800,000	4.1%	2,889.66m ²	85	48	32	3	0	2	91.8%
	T-16	KDX Residence Minami-aoyama	Minato-ku, Tokyo	SF	Feb. 26, 2004	2,230,000	3.3%	1,680.79m ²	20	0	14	4	0	2	100.0%
	T-17	KDX Residence Minami-azabu	Minato-ku, Tokyo	SF	Oct. 7, 2004	2,080,000	3.0%	2,785.42m ²	62	1	50	11	0	0	91.2%
	T-18	KDX Residence Shiba Koen	Minato-ku, Tokyo	SF	Nov. 18, 2005	1,781,000	2.6%	2,507.52m ²	64	8	56	0	0	0	97.4%
	T-19	KDX Residence Azabu East	Minato-ku, Tokyo	S	Jan. 6, 2004	1,560,000	2.3%	1,849.00m ²	76	64	12	0	0	0	100.0%
	T-20	KDX Residence Takanawa	Minato-ku, Tokyo	SF	Jul. 19, 2007	770,000	1.1%	1,034.27m ²	27	5	22	0	0	0	93.4%
	T-21	KDX Residence Nishihara	Shibuya-ku, Tokyo	SF	Apr. 9, 2007	1,450,000	2.1%	2,310.08m ²	39	0	27	12	0	0	97.5%
	T-22	KDX Residence Daikanyama II	Shibuya-ku, Tokyo	F	Jan. 30, 1997	730,000	1.1%	985.10m ²	17	0	7	9	1	0	89.1%
	T-23	KDX Residence Sendagaya	Shibuya-ku, Tokyo	SF	Jan. 19, 2007	650,000	0.9%	748.96m ²	16	0	16	0	0	0	100.0%
	T-24	KDX Residence Nihonbashi Suitengu	Chuo-ku, Tokyo	F	Feb. 24, 2005	3,240,000	4.7%	5,534.86m ²	79	0	0	79	0	0	100.0%
	T-25	KDX Residence Nihonbashi Hakozaki	Chuo-ku, Tokyo	S	Feb. 6, 2004	1,147,000	1.7%	1,537.38m ²	60	52	8	0	0	0	98.7%
	T-26	KDX Residence Higashi-shinjuku	Shinjuku-ku, Tokyo	S	Nov. 21, 2007	3,270,000	4.8%	4,358.43m ²	179	163	16	0	0	0	98.9%
	T-27	KDX Residence Yotsuya	Shinjuku-ku, Tokyo	F	Mar. 1, 2004	2,260,000	3.3%	3,101.16m ²	42	0	14	28	0	0	90.8%
	T-28	KDX Residence Nishi-shinjuku	Shinjuku-ku, Tokyo	S	Oct. 7, 2005	1,000,000	1.5%	1,345.92m ²	54	51	3	0	0	0	94.9%
	T-29	KDX Residence Kagurazaka	Shinjuku-ku, Tokyo	S	Jan. 17, 2006	720,000	1.1%	890.93m ²	34	32	1	0	0	1	100.0%
	T-30	KDX Residence Futako Tamagawa	Setagaya-ku, Tokyo	F	Feb. 23, 1998	1,250,000	1.8%	2,339.62m ²	38	0	15	23	0	0	87.2%
	T-31	KDX Residence Komazawa Koen	Setagaya-ku, Tokyo	SF	Feb. 6, 2006	920,000	1.3%	1,020.18m ²	32	19	12	0	0	1	94.0%
	T-32	KDX Residence Misyuku	Setagaya-ku, Tokyo	S	May 18, 2006	760,000	1.1%	1,103.82m ²	39	34	5	0	0	0	95.4%
T-33	KDX Residence Yoga	Setagaya-ku, Tokyo	S	Dec. 20, 2005	700,000	1.0%	1,012.80m ²	38	36	2	0	0	0	95.0%	
T-34	KDX Residence Shimouma	Setagaya-ku, Tokyo	S	Oct. 13, 2005	600,000	0.9%	829.05m ²	29	21	8	0	0	0	92.9%	
T-35	Raffine Minami-magome	Ota-ku, Tokyo	S	Mar. 25, 1992	1,250,000	1.8%	2,408.56m ²	56	54	2	0	0	0	100.0%	
T-36	KDX Residence Yukigaya Otsuka	Ota-ku, Tokyo	S	Jan. 11, 2006	1,050,000	1.5%	1,526.98m ²	72	72	0	0	0	0	97.1%	

Note1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)
 Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m² and less than 30m²]
 Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m² and less than 60m²]
 Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m²]

Note2: Ratio means the ratio of acquisition price which accounts properties acquired on public offering (60 properties).

List of Properties Acquired on Public Offering 2/3

Area	No.	Property Name	Location	Type (1)	Date of Completion	Acquisition Price (Thousand Yen)	Ratio (2)	Rentable Area	Rentable Units	Room Type (Units)					Occupancy Ratio
										Single	Small Family	Family	Office	Store	End of July 2013
Tokyo Metropolitan Area	T-37	KDX Residence Denen Chofu	Ota-ku, Tokyo	F	Feb. 17, 1997	1,000,000	1.5%	2,359.44m ²	36	0	0	36	0	0	100.0%
	T-38	KDX Residence Tamagawa	Ota-ku, Tokyo	S	Feb. 7, 2007	776,000	1.1%	1,170.40m ²	52	48	4	0	0	0	94.5%
	T-39	KDX Residence Monzennakacho	Koto-ku, Tokyo	S	Mar. 31, 2005	773,000	1.1%	1,171.41m ²	49	49	0	0	0	0	90.3%
	T-40	KDX Residence Okachimachi	Taito-ku, Tokyo	S	Dec. 7, 2004	850,000	1.2%	1,329.79m ²	51	48	2	0	0	1	100.0%
	T-41	KDX Residence Moto-asakusa	Taito-ku, Tokyo	SF	Jan. 31, 2005	800,000	1.2%	1,314.91m ²	44	12	32	0	0	0	92.4%
	T-42	KDX Residence Itabashi Honcho	Itabashi-ku, Tokyo	S	Aug. 23, 2007	620,000	0.9%	1,127.58m ²	46	42	4	0	0	0	92.0%
	T-43	KDX Residence Azusawa	Itabashi-ku, Tokyo	S	Oct. 6, 2006	550,000	0.8%	989.82m ²	39	30	9	0	0	0	95.7%
	T-44	KDX Residence Tobu Nerima	Nerima-ku, Tokyo	S	Feb. 11, 2007	420,000	0.6%	931.82m ²	37	29	7	0	0	1	97.5%
	T-45	KDX Residence Yokohama Kannai	Yokohama, Kanagawa	S	Mar. 17, 2003	800,000	1.2%	1,602.16m ²	72	72	0	0	0	0	92.9%
	T-46	KDX Residence Miyamaedaira	Kawasaki, Kanagawa	F	Oct. 16, 1998	999,000	1.5%	2,448.27m ²	40	0	20	20	0	0	95.4%
	T-47	KDX Residence Machida	Sagamihara, Kanagawa	F	Jun. 20, 2006	1,800,000	2.6%	3,832.53m ²	52	0	0	52	0	0	90.2%
	Subtotal				47,506,000	69.3%	69,331.27m ²	1,793	1015	475	287	1	15	95.5%	
Other Regional Areas	R-9	KDX Residence Odori Koen	Sapporo, Hokkaido	SF	Jan. 4, 2007	765,000	1.1%	2,762.76m ²	78	0	78	0	0	0	97.4%
	R-10	KDX Residence Kikusui Yojo	Sapporo, Hokkaido	SF	Feb. 22, 2007	830,000	1.2%	3,413.06m ²	84	0	84	0	0	0	97.4%
	R-11	KDX Residence Tokyohira Koen	Sapporo, Hokkaido	SF	Feb. 17, 2007	445,000	0.6%	2,253.81m ²	65	0	65	0	0	0	96.9%
	R-12	KDX Residence Kamisugi	Sendai, Miyagi	SF	Oct. 18, 2007	700,000	1.0%	2,073.06m ²	66	0	66	0	0	0	98.5%
	R-13	KDX Residence Ichiban-cho	Sendai, Miyagi	SF	Apr. 26, 2007	530,000	0.8%	1,818.09m ²	45	0	45	0	0	0	98.2%
	R-14	KDX Residence Kotodai	Sendai, Miyagi	SF	Oct. 7, 2006	520,000	0.8%	1,475.73m ²	27	0	27	0	0	0	96.2%
	R-15	KDX Residence Izumi Chuo	Sendai, Miyagi	SF	Mar. 1, 2007	480,000	0.7%	2,159.25m ²	40	0	25	15	0	0	100.0%
	R-16	KDX Residence Higashi-sakura I	Nagoya, Aichi	SF	Jan. 21, 2008	2,350,000	3.4%	6,221.83m ²	187	0	187	0	0	0	88.8%
	R-17	KDX Residence Higashi-sakura II	Nagoya, Aichi	SF	Mar. 2, 2006	900,000	1.3%	2,655.31m ²	66	0	65	0	0	1	98.5%
	R-18	KDX Residence Atsuta Jingu	Nagoya, Aichi	SF	Feb. 14, 2007	840,000	1.2%	2,724.19m ²	95	53	41	1	0	0	93.0%
R-19	KDX Residence Nishi-oji	Kyoto, Kyoto	S	Mar. 12, 2007	813,000	1.2%	2,353.55m ²	76	52	23	0	0	1	98.0%	
R-20	KDX Residence Saiin	Kyoto, Kyoto	S	Jul. 4, 2006	440,000	0.6%	1,094.81m ²	49	49	0	0	0	0	100.0%	

Note1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)
 Single (S): (intended primarily for single-person households) [footprint of equal or more than 18m² and less than 30m²]
 Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m² and less than 60m²]
 Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m²]

Note2: Ratio means the ratio of acquisition price which accounts properties acquired on public offering (60 properties).

List of Properties Acquired on Public Offering 3/3

Area	No.	Property Name	Location	Type (1)	Date of Completion	Acquisition Price (Thousand Yen)	Ratio (2)	Rentable Area	Rentable Units	Room Type (Units)					Occupancy Ratio
										Single	Small Family	Family	Office	Store	End of July 2013
Other Regional Areas	R-21	KDX Residence Namba	Osaka, Osaka	S	Jul. 12, 2006	1,410,000	2.1%	3,387.30m ²	118	104	14	0	0	0	96.2%
	R-22	KDX Residence Namba-minami	Osaka, Osaka	S	Apr. 27, 2007	1,350,000	2.0%	3,813.31m ²	131	94	36	0	0	1	98.0%
	R-23	KDX Residence Shin-osaka	Osaka, Osaka	SF	Feb. 17, 2007	510,000	0.7%	1,321.04m ²	43	0	43	0	0	0	97.7%
	R-24	KDX Residence Ibaraki I・II	Ibaraki, Osaka	F	I: May 27, 1991 II: Mar. 17, 1993	1,275,000	1.9%	4,701.87m ²	61	0	0	61	0	0	98.4%
	R-25	KDX Residence Toyonaka-minami	Toyonaka, Osaka	SF	Mar. 5, 2007	740,000	1.1%	2,024.50m ²	70	30	40	0	0	0	98.5%
	R-26	KDX Residence Moriguchi	Moriguchi, Osaka	F	Oct. 26, 2006	551,000	0.8%	1,942.78m ²	28	0	0	28	0	0	96.9%
	R-27	KDX Residence Sannomiya	Kobe, Hyogo	S	Jan. 10, 2007	1,080,000	1.6%	2,292.72m ²	86	80	6	0	0	0	97.8%
	R-28	Ashiya Royal Homes	Ashiya, Hyogo	F	Jun. 5, 1991	1,360,000	2.0%	3,999.01m ²	21	0	0	21	0	0	69.6%
	R-29	KDX Residence Funairi Saiwai-cho	Hiroshima, Hiroshima	S	Jan. 30, 2007	588,000	0.9%	1,889.53m ²	64	64	0	0	0	0	100.0%
	R-30	KDX Residence Tenjin-higashi II	Fukuoka, Fukuoka	SF	May 7, 2007	680,000	1.0%	2,602.53m ²	63	0	63	0	0	0	95.2%
	R-31	KDX Residence Tenjin-higashi I	Fukuoka, Fukuoka	SF	Mar. 1, 2006	370,000	0.5%	1,315.16m ²	42	0	42	0	0	0	90.5%
	R-32	KDX Residence Nishi Koen	Fukuoka, Fukuoka	F	Feb. 2, 2006	763,000	1.1%	2,522.16m ²	36	0	9	27	0	0	91.1%
	R-33	KDX Residence Hirao Josui-machi	Fukuoka, Fukuoka	F	Oct. 18, 2005	760,000	1.1%	2,098.68m ²	24	0	0	24	0	0	87.6%
		Subtotal				21,050,000	30.7%	64,916.04m ²	1,665	526	959	177	0	3	94.3%
		Total				68,556,000	100.0%	134,247.31m ²	3,458	1541	1434	464	1	18	94.9%

Note1: Type means principal room type of the property (If applicable to some types, type of the largest footprint unit)
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 Small Family (SF): (intended primarily for households of couples or families with infants) [footprint of equal or more than 30m² and less than 60m²]
 Family (F): (intended primarily for households of three or more families) [footprint of equal or more than 60m²]

Note2: Ratio means the ratio of acquisition price which accounts properties acquired on public offering (60 properties).

Finance after Public Offering

Overview of Loans after Public Offering

Borrowing (as of August 31, 2013)

Tranche	Borrowing Date	Repayment Date	Borrowing Term	Remaining Term	Lenders	Balance (¥mm)	Base Rate	Spread
Series 1-B	2012/5/1	2014/4/30	2.0years	0.7years	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd.	5,500	1M TIBOR	0.650%
Series 1-C	2012/5/1	2015/4/30	3.0	1.7	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd.	6,500	3M TIBOR ⁽¹⁾	0.700%
Series 1-D	2012/5/1	2016/4/30	4.0	2.7	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,500	3M TIBOR ⁽¹⁾	0.750%
Series 2-A	2013/4/30	2014/4/30	1.0	0.7	Sumitomo Mitsui Banking Corporation	1,000	1M TIBOR	0.500%
Series 2-B	2013/4/30	2014/4/30	1.0	0.7	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	1M TIBOR	0.500%
Series 3-A	2013/8/7	2014/8/31	1.1	1.0	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd.	1,700	1M TIBOR	0.400%
Series 3-B	2013/8/7	2015/8/31	2.1	2.0	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited., Mizuho Trust & Banking Co., Ltd., Mizuho Bank, Ltd.	5,500	1M TIBOR	0.450%
Series 3-C	2013/8/7	2016/8/31	3.1	3.0	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Sumitomo Mitsui Trust Bank, Resona Bank, Ltd., Limited., Mizuho Trust & Banking Co., Ltd., Mizuho Bank, Ltd.	8,500	1M TIBOR ⁽¹⁾ 0.7870%(after interest rate swap agreement)	0.500%
Series 3-D	2013/8/7	2017/8/31	4.1	4.0	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited., Mizuho Trust & Banking Co., Ltd., Mizuho Bank, Ltd.	11,000	1M TIBOR ⁽¹⁾ 0.9095%(after interest rate swap agreement)	0.550%
Series 3-E	2013/8/7	2018/8/31	5.1	5.0	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited., Mizuho Trust & Banking Co., Ltd., Mizuho Bank, Ltd.	8,000	1M TIBOR ⁽¹⁾ 1.0520%(after interest rate swap agreement)	0.600%
Series 3-F	2013/8/7	2018/8/31	5.1	5.0	Development Bank of Japan Inc.	3,000	1.0875% (Fixed rate interest)	
Total						55,200	Borrowing on Public Offering	

Note1: Series 1-C and Series 1-D has been purchased the interest caps as follows. [Series 1-C] Strike:0.100% Cap cost: ¥42,250,000 [Series 1-D] strike: 0.100% Cap cost: ¥22,400,000
Series 3-C, 3-D and 3-E has been executed interest rate swap agreement, respectively. The basically fixed interest rates by entering the interest rate swap agreements are as follows.
[Series 3-C] 0.7870%, [Series 3-D] 0.9095%, [Series 3-E] 1.0520%, respectively

Portfolio Structuring Policy

Property Type

Property Type		Target Portfolio Breakdown
Classification	Residential rental properties	Residential rental properties where a majority of the leasable area is for residential use 80%-100%
	Housing with facility operators	Serviced apartments, elderly-care housing, company rental housing, student dormitories and apartments, short-term apartments, etc. where a majority of the leasable area is for residential use 0%-20%
	Other	Land with leasehold interests on which buildings stipulated above exist (limited proprietary rights of land), etc. 0%-20%

Geographic Area

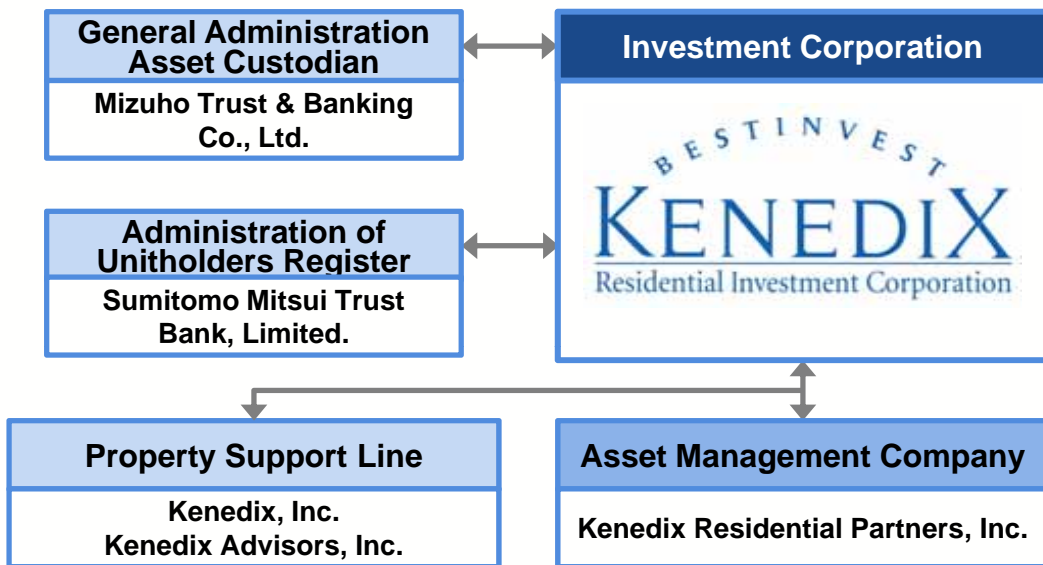
Region		Target Portfolio Breakdown
Classification	Tokyo Metropolitan Area	Major cities in Tokyo, Kanagawa, Saitama and Chiba Prefectures 50% or more
	Other Regional Areas	Primarily government-designated cities and other regional core cities 50% or less

Investment Size

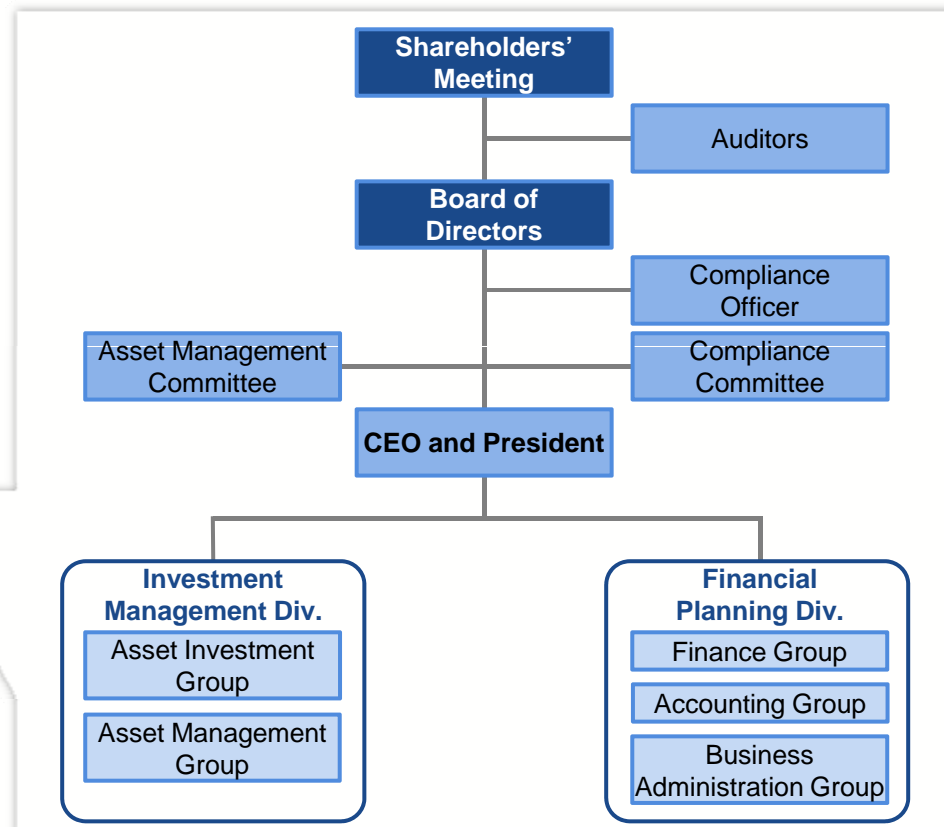
Classification	Acquisition Price
Minimum investment size	Residential rental properties and housing with facility operators ¥300 million or more per investment property
Maximum investment size	Others ¥100 million or more per investment property
The ratio of acquisition price for such real estate shall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

Summary of the Investment Company and the Asset Management Company (as of September 2013)

Structure of the Investment Corporation



Asset Management Company Organization Chart



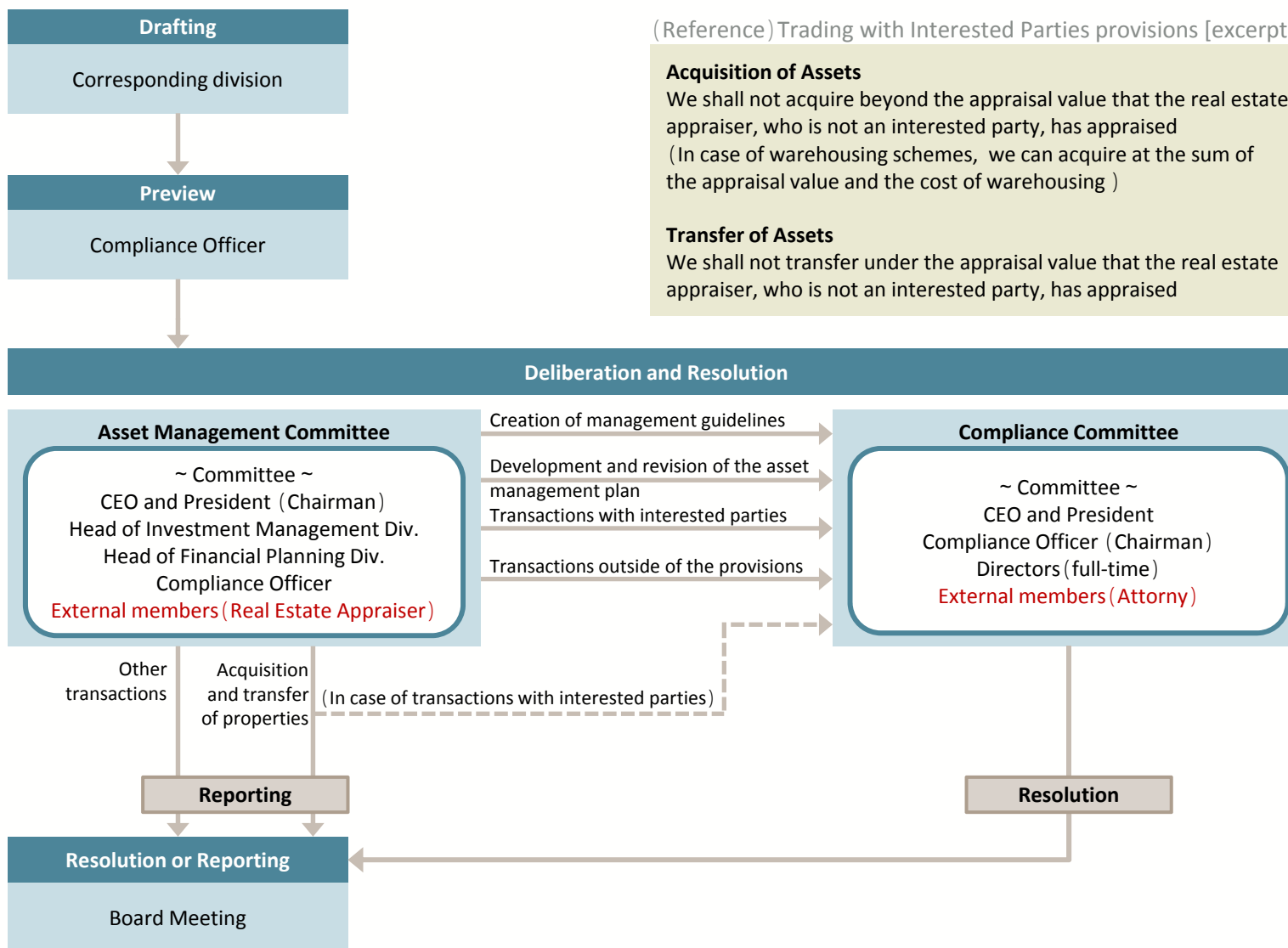
Summary of the Asset Management Company

Name	Kenedix Residential Partners, Inc.
Representative	CEO and President Akira TANAKA
Date of Establishment	March 17, 2011
Capital	100,000,000 yen
Number of Full-time Officers and Employees	25
Location	2-2-9 Shinbashi, Minato-ku, Tokyo
Shareholder Composition	Kenedix, inc. 100%
Membership	Financial instruments business The investment trust association Real estate business license Discretionary agency license

Numbers of Credentialed Personnel			
Real estate brokers	13	ARES Certified Masters	6
Financial planners	3	Japanese securities analysts	2
Real estate appraisers	1	Qualified architect of the first class	1
Tax accountant	1	Qualified internal auditor	1
Chief of building management	1	Certified fraud examiners	1

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

Decision Flow within the Asset Management Company (as of September 2013)



(Reference) Trading with Interested Parties provisions [excerpt]

Acquisition of Assets

We shall not acquire beyond the appraisal value that the real estate appraiser, who is not an interested party, has appraised (In case of warehousing schemes, we can acquire at the sum of the appraisal value and the cost of warehousing)

Transfer of Assets

We shall not transfer under the appraisal value that the real estate appraiser, who is not an interested party, has appraised