

Translation of Japanese Original

**FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JULY 31, 2014(REIT)
 (February 1, 2014 to July 31, 2014)**

September 18, 2014

Kenedix Residential Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 3278.
 (URL <http://www.kdr-reit.com/english>)

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Planned submission of semiannual securities report: October 30, 2014
 Planned start of distribution payments: October 14, 2014
 Preparing presentation material: Yes
 Hold a financial brief meeting: Yes (for analysts and institutional investors)

(Amounts are rounded down to the nearest ¥million)

1. PERFORMANCE FOR THE FISCAL PERIOD ENDED JULY 31, 2014 (FIFTH 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 fifth fiscal period ended July 31, 2014	3,743 (3.5) %	1,856 (-12.7) %	1,458 (-10.7) %	1,457 (-10.7) %
The fourth fiscal period ended January 31, 2014	3,616 (218.5) %	2,125 (284.2) %	1,633 (300.8) %	1,632 (301.5) %

	Net Income per Unit	Return on Unitholders' Equity	[Reference] [annualized]	Ordinary Income to Total Assets	[Reference] [annualized]	Ordinary Income to Operating Revenues
The fifth fiscal period ended July 31, 2014	6,032 Yen	2.9 %	5.9 %	1.3 %	2.7 %	39.0 %
The fourth fiscal period ended January 31, 2014	6,890 Yen	5.1 %	10.1 %	2.3 %	4.6 %	45.2 %

(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 fifth fiscal period ended July 31, 2014	6,033	1,457	0	0	100.0 %	2.9 %
The fourth fiscal period ended January 31, 2014	6,756	1,632	0	0	100.0 %	3.4 %

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

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

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(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 July 31, 2014	108,698	50,037	% 46.0	207,088
As of January 31, 2014	107,400	50,208	% 46.7	207,800

(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 fifth fiscal period ended July 31, 2014	2,251	-2,166	-277	4,357
The fiscal period ended January 31, 2014	2,284	-70,021	71,141	4,549

2. FORECAST OF RESULTS FOR THE FISCAL PERIOD ENDING January 31, 2015 (August 1, 2014 to January 31, 2015)

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen) (%)	Operating Income (Millions of Yen) (%)	Ordinary Income (Millions of Yen) (%)	Net Income (Millions of Yen) (%)	Distribution per Unit Excluding Excess of Earning (Yen)	Distribution in Excess of Earnings per Unit (Yen)
The sixth fiscal period ending January 31, 2015	4,172 (11.5)	2,166 (16.7)	1,684 (15.5)	1,683 (15.5)	6,030	0

(Reference) Estimated net income per unit for the fiscal period ending January 31, 2015: ¥6,054

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 January 31, 2014: 241,622 units As of July 31, 2014: 241,622 units
- (b) Number of treasury units at the end of the period
As of January 31, 2014: 0 units As of July 31, 2014: 0 units

[Provisional Translation Only]

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

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

	(in thousands of yen)	
	Fourth Fiscal Period (As of January 31, 2014)	Fifth Fiscal Period (As of July 31, 2014)
Assets		
Current assets		
Cash and deposits	2,159,067	1,824,572
Cash and deposits in trust	2,390,547	2,532,728
Operating accounts receivable	16,105	20,291
Prepaid expenses	7,282	3,787
Deferred tax assets	20	13
Consumption taxes receivable	128,538	-
Other	3,835	15,180
Total current assets	<u>4,705,395</u>	<u>4,396,573</u>
Noncurrent assets		
Property, plant and equipment		
Land	2,787,376	2,787,376
Buildings in trust	41,974,470	42,534,811
Accumulated depreciation	-990,704	-1,572,315
Buildings in trust, net	<u>40,983,765</u>	<u>41,007,496</u>
Structures in trust	294,630	297,243
Accumulated depreciation	-18,269	-28,068
Structures in trust, net	<u>276,360</u>	<u>269,174</u>
Machinery and equipment in trust	672,251	689,477
Accumulated depreciation	-30,908	-45,964
Machinery and equipment in trust, net	<u>641,343</u>	<u>643,512</u>
Tools, furniture and fixtures in trust	11,525	19,407
Accumulated depreciation	-267	-530
Tools, furniture and fixtures in trust, net	<u>11,257</u>	<u>18,877</u>
Land in trust	<u>56,889,348</u>	<u>57,779,010</u>
Construction in progress in trust	1,567	-
Total property, plant and equipment, net	<u>101,591,020</u>	<u>102,505,448</u>
Investments and other assets		
Investment securities	405,922	1,132,980
Lease and guarantee deposits	10,982	10,982
Long-term prepaid expenses	489,832	509,936
Other	20,053	6,037
Total investments and other assets	<u>926,790</u>	<u>1,659,937</u>
Total noncurrent assets	<u>102,517,810</u>	<u>104,165,386</u>
Deferred assets		
Deferred organization costs	29,327	24,112
Investment unit issuance costs	148,462	112,907
Total deferred assets	<u>177,789</u>	<u>137,019</u>
Total assets	<u>107,400,995</u>	<u>108,698,979</u>

	(in thousands of yen)	
	Fourth Fiscal Period (As of January 31, 2014)	Fifth Fiscal Period (As of July 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	222,804	220,289
Current portion of long-term loans payable	7,200,000	8,200,000
Accounts payable-other	126,021	124,015
Accrued expenses	6,932	6,956
Income taxes payable	705	675
Accrued consumption taxes	-	15,076
Advances received	492,315	507,114
Deposits received	40,000	37,258
Total current liabilities	8,088,779	9,181,387
Noncurrent liabilities		
Long-term loans payable	48,000,000	48,350,000
Tenant leasehold and security deposits in trust	1,103,239	1,130,525
Total noncurrent liabilities	49,103,239	49,480,525
Total liabilities	57,192,018	58,661,912
Net assets		
Unitholders' equity		
Unitholders' capital	48,592,739	48,592,739
Surplus		
Unappropriated retained earnings (undisposed loss)	1,632,542	1,457,756
Total surplus	1,632,542	1,457,756
Total unitholders' equity	50,225,281	50,050,496
Valuation and translation adjustments		
Deferred gains or losses on hedges	-16,305	-13,429
Total valuation and translation adjustments	-16,305	-13,429
Total net assets	*1 50,208,976	*1 50,037,066
Total liabilities and net assets	107,400,995	108,698,979

(2) Statements of Income and Retained Earnings

	(in thousands of yen)	
	Fourth Fiscal Period August 1, 2013 to January 31, 2014	Fifth Fiscal Period February 1, 2014 to July 31, 2014
Operating revenues		
Rent revenue-real estate	*1 3,312,812	*1 3,354,165
Other lease business revenue	*1 283,257	*1 334,486
Dividends income	20,095	54,785
Total operating revenues	<u>3,616,165</u>	<u>3,743,437</u>
Operating expenses		
Expenses related to rent business	*1 1,230,090	*1 1,486,033
Asset management fees	136,124	236,832
Asset custody fees	7,400	4,571
Administrative service fees	21,965	24,580
Directors' compensation	4,500	4,500
Other operating expenses	90,741	130,718
Total operating expenses	<u>1,490,822</u>	<u>1,887,235</u>
Operating income	<u>2,125,342</u>	<u>1,856,201</u>
Non-operating income		
Interest income	210	147
Interest on refund	-	321
Total non-operating income	<u>210</u>	<u>469</u>
Non-operating expenses		
Interest expenses	227,924	247,506
Derivatives-related expenses	12,070	11,834
Borrowing expenses	211,368	98,045
Amortization of deferred organization costs	5,300	5,214
Amortization of investment unit issuance costs	35,373	35,554
Total non-operating expenses	<u>492,037</u>	<u>398,156</u>
Ordinary income	<u>1,633,516</u>	<u>1,458,514</u>
Income before income taxes	<u>1,633,156</u>	<u>1,458,514</u>
Income taxes		
Current	1,016	894
Deferred	-3	6
Total income taxes	<u>1,013</u>	<u>901</u>
Net income	<u>1,632,502</u>	<u>1,457,613</u>
Retained earnings brought forward	39	143
Unappropriated retained earnings (undisposed loss)	<u>1,632,542</u>	<u>1,457,756</u>

(3) Statements of Changes in Net Assets

	Fourth Fiscal Period August 1, 2013 to January 31, 2014						(In thousands of yen)
	Unitholders' equity			Valuation and translation adjustments			Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments	
Unappropriated retained earnings (undisposed loss)		Total surplus					
Balance at the beginning of current period	13,773,456	406,661	406,661	14,180,117	-8,930	-8,930	14,171,186
Changes of items during the period							
Issuance of investment units	34,819,283			34,819,283			34,819,283
Dividends from surplus		-406,621	-406,621	-406,621			-406,621
Net income		1,632,502	1,632,502	1,632,502			1,632,502
Net changes of items other than unitholders' equity					-7,374	-7,374	-7,374
Total changes of items during the period	34,819,283	1,225,880	1,225,880	36,045,164	-7,374	-7,374	36,037,790
Balance at the end of current period *1	48,592,739	1,632,542	1,632,542	50,225,281	-16,305	-16,305	50,208,976

	Fifth Fiscal Period February 1, 2014 to July 31, 2014						(In thousands of yen)
	Unitholders' equity			Valuation and translation adjustments			Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains and losses on hedges	Total valuation and translation adjustments	
Unappropriated retained earnings (undisposed loss)		Total surplus					
Balance at the beginning of current period	48,592,739	1,632,542	1,632,542	50,225,281	-16,305	-16,305	50,208,976
Changes of items during the period							
Dividends from surplus		-1,632,398	-1,632,398	-1,632,398			-1,632,398
Net income		1,457,613	1,457,613	1,457,613			1,457,613
Net changes of items other than unitholders' equity					2,875	2,875	2,875
Total changes of items during the period	-	-174,785	-174,785	-174,785	2,875	2,875	-171,910
Balance at the end of current period *1	48,592,739	1,475,756	1,475,756	50,050,496	-13,429	-13,429	50,037,066

(4) Distributions

	Fourth Fiscal Period (From August 1, 2013 to January 31, 2014)	Fifth Fiscal Period (From February 1, 2014 to July 31, 2014)
I. Retained earnings at the end of period	¥1,632,542,142	¥1,457,756,938
II. Total distributions	¥1,632,398,232	¥1,457,705,526
Distributions per unit	¥6,756	¥6,033
III. Retained earnings brought forward to the next period	¥143,910	¥51,412
Method of calculating distribution amount	In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall be up to its profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥1,632,398,232 which is the maximum integral multiple to 241,622 units issued and outstanding as the distribution of earnings. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the fourth fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.	In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall be up to its profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥1,457,705,526 which is the maximum integral multiple to 241,622 units issued and outstanding as the distribution of earnings. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the fifth fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.

(5) Statements of Cash Flows

	(in thousands of yen)	
	Fourth Fiscal Period August 1, 2013 to January 31, 2014	Fifth Fiscal Period February 1, 2014 to July 31, 2014
Net cash provided by (used in) operating activities		
Income before income taxes	1,633,516	1,458,514
Depreciation and amortization	555,044	561,727
Amortization of deferred organization costs	5,300	5,214
Amortization of investment unit issuance costs	35,373	35,554
Interest income	-210	-147
Interest expenses	227,924	247,506
Derivatives-related expenses	12,070	11,834
Decrease (increase) in operating accounts receivable	-11,705	-4,186
Decrease (increase) in consumption taxes refund receivable	-128,538	128,538
Decrease (increase) in prepaid expenses	2,643	3,494
Increase (decrease) in operating accounts payable	138,382	62,811
Increase (decrease) in accounts payable-other	77,003	-11,857
Increase (decrease) in accrued consumption taxes	-1,836	15,076
Increase (decrease) in advances received	332,170	14,799
Decrease (increase) in long-term prepaid expenses	-396,393	-20,104
Other, net	26,183	-9,313
Subtotal	2,506,927	2,499,462
Interest income received	210	147
Interest expenses paid	-221,397	-247,481
Income taxes paid	-944	-705
Net cash provided by (used in) operating activities	2,284,795	2,251,423
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	-70,879,091	-1,468,008
Purchase of investment securities	-	-725,557
Payments of lease and guarantee deposits	-1,005	-
Proceeds from collection of lease and guarantee deposits	179	-
Repayments of tenant leasehold and security deposits in trust	-85,024	-155,026
Proceeds from tenant leasehold and security deposits in trust	942,943	182,376
Net cash provided by (used in) investing activities	-70,021,999	-2,166,216
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	-2,830,000	-
Increase in long-term loans payable	39,700,000	6,850,000
Decrease in long-term loans payable	-	-5,500,000
Proceeds from issuance of investment units	34,678,457	-
Dividends paid	-406,628	-1,627,520
Net cash provided by (used in) financing activities	71,141,829	-277,520
Net increase (decrease) in cash and cash equivalents	3,404,626	-192,213
Cash and cash equivalents at the beginning of period	1,144,988	4,549,614
Cash and cash equivalents at the end of period	*1 4,549,614	*1 4,357,300

(6) Notes to the Going Concern

Not applicable

(7) Important Accounting Standards

1. Evaluation standards and evaluation method of assets	<p>Securities</p> <p>Other securities</p> <p>Those with no fair value</p> <p>Cost method through moving-average method</p> <p>Concerning anonymous association equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from anonymous association is adopted.</p>
2. Depreciation of fixed assets	<p>(1) Property, plant and equipment (includes trust assets)</p> <p>The straight-line method is applied.</p> <p>Useful lives of the assets ranging are as follows:</p> <p>Buildings: 3 to 62 year</p> <p>Structures: 3 to 25 years</p> <p>Machinery and equipment: 8 to 30 years</p> <p>Tools, furniture and fixtures: 30 years</p> <p>(2) Long-term prepaid expenses</p> <p>The straight-line method is applied.</p>
3. Accounting policies for deferred assets	<p>(1) Deferred organization costs</p> <p>Deferred organization costs are amortized over a period of 5 years under the straight-line method.</p> <p>(2) Unit issuance costs</p> <p>Unit issuance costs are amortized over a period of 3 years under the straight-line method.</p>
4. Accounting standards for revenues and expenses	<p>Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities.</p> <p>When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥115,840 thousand and ¥3,530 thousand as of January 31, 2014 and July 31, 2014, respectively.</p>
5. Accounting for hedges	<p>(1) Hedge accounting method</p> <p>The deferred hedge method is applied. However, the special treatment is applied for the interest-rate swap agreements that meet the criteria.</p> <p>(2) Hedging instruments and risks hedged</p> <p>Hedge instruments</p> <p>The Investment Corporation enters into interest-rate swap transactions.</p> <p>The Investment Corporation enters into interest-rate cap transactions.</p> <p>Risks hedged</p> <p>Interest rates on debt.</p> <p>(3) Hedging policy</p> <p>The Investment Corporation enters into derivative transactions based on its risk management policies with the objective of hedging risks in accordance with its Articles of Incorporation.</p> <p>(4) Method of evaluating the effectiveness of hedging</p> <p>As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps that meet the requirements for special</p>

	<p>treatment. Furthermore, assessment of the effectiveness of hedging activities is omitted in the case of interest rate caps that do not meet the requirements for special treatment as the important conditions regarding hedged items and hedging instruments are the same and are clearly expected to have the effect of limiting the impact of interest rate volatility within a certain range on an ongoing basis.</p>
<p>6. The scope of cash and cash equivalents on statements of cash flows</p>	<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>
<p>7. Other significant accounting policies utilized in the preparation of financial statements</p>	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in the Investment Corporation's balance sheets and statements of income. Important line items included in accounting for financial assets and liabilities in the Investment Corporation's balance sheet are as follows:</p> <ol style="list-style-type: none"> 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 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 January 31, 2014	As of July 31, 2014
50,000	50,000

(Notes to the Statements of Income and Retained Earnings)

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

(in thousands of yen)		
	From August 1, 2013 to January 31, 2014	From February 1, 2014 to July 31, 2014
Rental and other operating revenues:		
Rental revenues	3,070,936	3,105,310
Rental revenues from limited proprietary rights of land	78,309	78,310
Common area charges	163,566	170,545
Subtotal	3,312,812	3,354,165
Others:		
Parking space rental revenues	120,609	124,459
Miscellaneous	162,648	210,026
Subtotal	283,257	334,486
Total rental and other operating revenues	3,596,069	3,688,651
Property management fees and facility management fees	279,243	300,002
Utilities	67,738	75,528
Taxes	59,820	213,879
Repairs and maintenance	127,176	183,622
Insurance	5,649	5,692
Trust fees	33,077	31,066
Depreciation	555,044	561,727
Others	102,339	114,514
Total property-related expenses	1,230,090	1,486,033
Net operating income	2,365,978	2,202,618

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

(Notes to the Statements of Cash Flow)

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

(in thousands of yen)

	As of January 31, 2014	As of July 31, 2014
Cash and deposits	2,159,067	1,824,572
Cash and deposits in trust	2,390,547	2,532,728
Cash and cash equivalents	4,549,614	4,357,300

(Notes to the Lease Transactions)

Operating lease transactions (Lessor)

Unearned lease payments

(in thousands of yen)

	As of January 31, 2014	As of July 31, 2014
Due in 1 year	414,896	461,504
Due after 1 year	6,042,971	6,936,328
Total	6,457,867	6,857,832

(Notes to the Financial Instruments)

(A). Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer and interest rate fluctuation risk. Borrowings, which are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 7 years and 9 months as of July 31, 2014, the end of the fifth fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

(3) Risk management for financial instruments

a. Credit risk

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

b. Market risk

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

c. Liquidity risk

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

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

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

(B). Estimated Fair Value of Financial Instruments

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

As of January 31, 2014

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

As of July 31, 2014

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	1,824,572	1,824,572	-
(2) Cash and deposits in trust	2,532,728	2,532,728	-
Subtotal	4,357,300	4,357,300	-
(1) Short-term loans payable	-	-	-
(2) Current portion of long-term loans payable	8,200,000	8,200,000	-
(3) Long-term loans payable	48,350,000	48,452,360	102,360
Subtotal	56,550,000	56,652,360	102,360
Derivative transactions	11,093	11,093	-

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

Among these items, the fair value of loans payable 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.)

Derivative transactions

Please refer to “Notes to the Derivative Transactions”.

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

(in thousands of yen)

Classification	As of January 31, 2014	As of July 31, 2014
Investment securities *	405,922	1,132,980

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

Note 3: Redemption schedule for financial assets with maturities

As of January 31, 2014

(in thousands of yen)

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

As of July 31, 2014

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	1,824,572	-	-	-	-	-
Cash and deposits in trust	2,532,728	-	-	-	-	-
Total	4,357,300	-	-	-	-	-

Note 4: Redemption schedule for loans payable

As of January 31, 2014

(in thousands of yen)

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

As of July 31, 2014

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	—	—	—	—	—	—
Long-term loans payable	8,200,000	9,000,000	8,500,000	11,000,000	11,000,000	8,850,000
Total	8,200,000	9,000,000	8,500,000	11,000,000	11,000,000	8,850,000

(Notes to the Derivative Transactions)

(1) Transactions not subject to hedge accounting

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

(2) Transactions subject to hedge accounting

As of January 31, 2014

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

As of July 31, 2014

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate cap transaction:	Long-term loans payable	10,000,000	3,500,000	11,093	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	36,350,000	36,350,000	*	-
Total			46,350,000	39,850,000	11,093	

*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 January 31, 2014	As of July 31, 2014
Deferred tax assets:		
Enterprise tax payable	20	13
Deferred gains or losses on hedges	5,846	4,586
Subtotal deferred tax assets	5,866	4,599
Valuation allowance	-5,846	-4,586
Total deferred tax assets	20	13

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

	From August 1, 2013 to January 31, 2014	From February 1, 2014 to July 31, 2014
Statutory tax rate	36.59%	36.59%
Deductible cash distributions	-36.56	-36.57
Others	0.03	0.04
Effective tax rate	0.06%	0.06%

(Notes to the Related-Party Transactions)

1. Parent Company, major corporate unitholders and other

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

2. Affiliated companies and other

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

3. Fellow subsidiary companies and other

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

4. Directors, major individual unitholders and other

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

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

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

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

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

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

Fifth Fiscal Period (February 1, 2014 to July 31, 2014)

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)

	Fourth Fiscal Period from August 1, 2013 to January 31, 2014	Fifth Fiscal Period from February 1, 2014 to July 31, 2014
Book value		
Balance at the beginning of period	31,239,647	101,591,020
Changes during the period	70,351,372	914,428
Balance at the end of period	101,591,020	102,505,448
Fair value at the end of period	103,878,000	107,379,000

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 fourth fiscal period, principal increases were the acquisition of real estate trust beneficiary interests in 60 properties totaling ¥70,859,613 thousand and the principal decrease was depreciation (¥555,044 thousand) and during the fifth fiscal period, principal increases were the acquisition of real estate trust beneficiary interests in 1 properties totaling (¥1,403,582 thousand) and the principal decrease was depreciation (¥561,727 thousand).

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

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

(Notes to the Segment Information)

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

(A) Segment information

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

(B) Related information

(1) Information about each product and service

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

(2) Information about each geographic area

(a) Net sales

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

(b) Property, plant and equipment

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

(3) Information about each major customer

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

(Notes to the Per Unit Information)

	From August 1, 2013 to January 31, 2014	From February 1, 2014 to July 31, 2014
Net asset value per unit	¥207,800	¥207,088
Net income per unit	¥6,890	¥6,032
Weighted average number of units (units)	236,920	241,622

Note 1: The weighted average number of units outstanding of 236,920 and 241,622 were used for the computation of the amount of net income per unit for the periods ended January 31, 2014 and July 31, 2014, respectively. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

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

	From August 1, 2013 to January 31, 2014	From February 1, 2014 to July 31, 2014
Net income (in thousands of yen)	1,632,502	1,457,613
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	1,632,502	1,457,613
Weighted average number of units during the period (units)	236,920	241,622

(Notes to Important Subsequent Events)

The issue of new investment units

On July 18, 2014 and July 30, 2014 respectively, the Board of Directors of the Investment Corporation resolved to issue new investment units as detailed below in order to procure funds for acquisition of the above 8 properties etc. The payments were completed on August 7, 2014 through public offering and September 3, 2014 by way of third-party allotment. As a result of the issuance of new investment units, the Investment Corporation had total unitholders' capital of ¥57,121,702,050 with 279,122 investment units outstanding as of September 3, 2014.

(Issuance of new investment units through public offering)

Total number of units issued : 36,375 units

Issue Price (Offer Price) : ¥235,657 per unit

Total Amount of the Issue Price (Offer Price) : ¥8,572,023,375

Paid-in Value (Issue Value) : ¥227,439 per unit

Gross Proceeds : ¥8,273,093,625

Payment date : August 6, 2014

(Issuance of new investment units by way of third-party allotment)

Total number of units issued : 1,125 units

Paid-in Value (Issue Value) : ¥227,439 per unit

Gross Proceeds : ¥255,868,875

Payment date : September 3, 2013

Allottee : SMBC Nikko Securities Inc.

(Reference Material)

(A) Acquisition of Properties

On August 7, 2014, the Investment Corporation acquired the 8 properties described below (total acquisition price: ¥14,068,000 thousand).

In addition, the following acquisition prices do not include the acquisition costs, property taxes, city-planning taxes and consumption taxes, etc.

Property number	Property name	Location (city or ward, prefecture)	Seller	Acquisition price (in thousands of yen)
T-49	KDX Residence Nihombashi Hamacho	Chuo ward, Tokyo	Y.K. KDX6	996,000
T-50	KDX Residence Nihombashi Ningyocho	Chuo ward, Tokyo	Space Design, Inc.	530,000
T-51	KDX Residence Jiyugaoka	Meguro ward, Tokyo	Y.K. KDX6	1,268,000
T-52	KDX Residence Togoshi	Shinagawa ward, Tokyo	G.K.Creek Investment	3,745,000
T-53	KDX Residence Shinagawa Seaside	Shinagawa ward, Tokyo	G.K.Creek Investment	2,593,000
T-54	KDX Residence Ojima	Koto ward, Tokyo	G.K.Creek Investment	1,857,000
T-55	KDX Residence Oyama	Itabashi ward, Tokyo	G.K.Creek Investment	2,679,000
R-34	Melody Heim Gotenyama	Hirakata city, Osaka	Y.K. KDX6	400,000
Total		—	—	14,068,000

(B) Debt Financing

As of August 7, 2014, the Investment Corporation borrowed funds in order to procure funds for the acquisition of the above 8 properties, etc.

Series	Lender	Amount (in thousands of yen)	Interest rate	Repayment date	Payment method	Remarks
7-A	Sumitomo Mitsui Banking Corporation	3,750,000	Base rate (JPY TIBOR for 1-month in JBA) + 0.55%	August 7, 2021	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mizuho Bank, Ltd.					
	Aozora Bank, Ltd.					
	Resona Bank, Ltd.					
	Mizuho Trust & Banking Co., Ltd.					
7-B	Development Bank of Japan Inc.	1,000,000	1.0875% (Fixed rate)	August 7, 2021	Full on maturity	Unsecured/ Unguaranteed
8-A	Sumitomo Mitsui Banking Corporation	1,650,000	Base rate (JPY TIBOR for 1-month in JBA) + 0.70%	August 7, 2023	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mizuho Bank, Ltd.					
	Aozora Bank, Ltd.					
	Resona Bank, Ltd.					
	Mizuho Trust & Banking Co., Ltd.					
8-B	Development Bank of Japan Inc.	500,000	1.3200% (Fixed rate)	August 7, 2023	Full on maturity	Unsecured/ Unguaranteed

Note : The Investment Corporation signed an interest-rate swap agreement to hedge the risk of interest rate fluctuations by converting the interest rate payable into a fixed rate for the long-term borrowings with floating interests. (Series 7-A, 8-A).

The interest rates are as follows:

Series 7-A	0.91625%	Series 8-A	1.25400%
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(Omission of Disclosure)

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

【Reference】 Earnings Performance for the Individual Properties for the 5th Fiscal Period (February 1, 2014 to July 31, 2014) : 181 days ※As of July 31, 2014

Location		Tokyo Metropolitan Area											
Property No.		T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	T-11	T-12
Property Name		KDX Daikanyama Residence	KDX Yoyogi Residence	KDX Odenma Residence	KDX Iwamoto-cho Residence	KDX Bunkyo Sengoku Residence	KDX Azumabashi Residence	KDX Shimura Sakaue Residence	Incub Home Tama Plaza (Land with Residence)	Cosmo Home Motsumiyoshi (Land with Residence)	KDX Musashi Nakahara Residence	KDX Chiba Chuo Residence	KDX Kawaguchi Saiwai-cho Residence
Acquisition Date		May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	April 26, 2012	April 26, 2012	May 1, 2012	May 1, 2012	May 1, 2012
Price Information	Acquisition price (In millions of yen)	4,700	1,320	1,775	822	1,488	650	2,830	960	1,750	637	1,480	1,150
	Percentage of total portfolio	4.7%	1.3%	1.8%	0.8%	1.5%	0.6%	2.8%	1.0%	1.7%	0.6%	1.5%	1.1%
	Net book value (In millions of yen)	4,782	1,339	1,794	834	1,509	657	2,852	989	1,798	646	1,476	1,175
	Appraisal value at the end of period (In millions of yen)	5,070	1,500	1,890	876	1,630	765	3,070	960	1,750	662	1,600	1,330
	Percentage of total appraisal value	4.7%	1.4%	1.8%	0.8%	1.5%	0.7%	2.9%	0.9%	1.6%	0.6%	1.5%	1.2%
Lease Information	Number of leasable residential units	84	49	50	35	76	41	82	-	-	35	98	56
	Leasable floor area (㎡)	5,338.99	1,593.93	2,353.23	1,131.24	2,054.10	1,054.83	6,117.48	3,635.89	3,040.11	2,123.46	3,546.91	2,491.66
	Leased floor area (㎡)	5,244.20	1,555.78	2,170.27	1,090.81	2,032.78	1,054.83	5,899.08	3,635.89	3,040.11	2,123.46	3,214.11	2,283.67
	Occupancy ratio												
	As of July 31, 2014	98.2%	97.6%	92.2%	96.4%	99.0%	100.0%	96.4%	-	-	100.0%	90.6%	91.7%
	As of January 31, 2014	94.1%	98.5%	96.4%	100.0%	91.2%	97.7%	97.8%	-	-	91.3%	94.6%	98.2%
	As of July 31, 2013	95.5%	95.6%	96.3%	97.2%	93.3%	95.4%	95.2%	-	-	100.0%	96.9%	96.6%
As of January 31, 2013	96.8%	97.0%	96.2%	100.0%	97.7%	93.1%	93.1%	-	-	88.5%	96.7%	95.2%	
As of July 31, 2012	94.0%	95.7%	90.7%	100.0%	91.2%	95.5%	96.5%	-	-	97.2%	96.9%	90.1%	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	154,670	46,219	55,316	26,862	49,726	24,462	106,080	34,560	43,750	25,404	62,518	48,164
	Rental revenues	140,914	43,596	52,272	24,677	44,673	23,831	92,903	34,560	43,750	24,232	55,898	44,222
	Other operating revenues	13,756	2,623	3,044	2,185	5,052	631	13,177	-	-	1,172	6,619	3,941
	②Property-related expenses (In thousands of yen)	32,951	11,363	12,170	7,826	13,796	7,967	23,611	639	1,065	5,641	15,394	11,922
	Property management fees	11,485	3,545	4,362	2,711	5,413	2,037	7,913	-	-	2,538	5,677	3,853
	Taxes	9,277	2,293	2,830	1,251	2,424	1,282	5,665	633	1,065	1,578	3,876	2,786
	Utilities	5,242	580	596	459	626	299	1,319	-	-	496	881	640
	Repairs and maintenance	2,973	3,312	2,254	2,114	2,540	3,605	5,509	-	-	91	2,636	3,286
	Insurance	185	49	68	32	61	34	165	-	-	52	110	72
	Trust fees and other expenses	3,786	1,581	2,057	1,256	2,730	707	3,036	6	-	884	2,212	1,283
③NOI (=①-②) (In thousands of yen)	121,719	34,856	43,146	19,036	35,929	16,495	82,469	33,920	42,684	19,763	47,123	36,241	
④Depreciation (In thousands of yen)	15,061	5,131	10,500	5,198	6,442	4,880	21,255	-	-	4,032	17,091	7,211	
⑤Rental operating income (=③-④) (In thousands of yen)	106,657	29,724	32,646	13,838	29,487	11,614	61,213	33,920	42,684	15,731	30,031	29,029	
⑥Capital expenditures (In thousands of yen)	4,558	1,634	580	-	569	-	665	-	-	157	-	-	
⑦NCF (=⑤-⑥) (In thousands of yen)	117,161	33,221	42,566	19,036	35,359	16,495	81,803	33,920	42,684	19,606	47,123	36,241	
Reference	Expense ratio (=⑥/①)	21.3%	24.6%	22.0%	29.1%	27.7%	32.6%	22.3%	1.9%	2.4%	22.2%	24.6%	24.8%
	Property tax for the year 2013 (In thousands of yen)	17,169	4,577	5,658	2,501	4,846	2,562	11,328	1,263	2,129	3,154	7,750	5,564
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 5th Fiscal Period (February 1, 2014 to July 31, 2014) : 181 days ※As of July 31, 2014

Location		Tokyo Metropolitan Area											
Property No.		T-13	T-14	T-15	T-16	T-17	T-18	T-19	T-20	T-21	T-22	T-23	T-24
Property Name		KDX Residence Shirokane I	KDX Residence Shirokane III	KDX Residence Shirokane II	KDX Residence Minami-aoyama	KDX Residence Minami-azabu	KDX Residence Shiba Koen	KDX Residence Azabu East	KDX Residence Takanawa	KDX Residence Nishihara	KDX Residence Daikanyama II	KDX Residence Sendagaya	KDX Residence Nihombashi Suitengu
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	3,000	2,900	2,800	2,230	2,080	1,781	1,560	770	1,450	730	650	3,240
	Percentage of total portfolio	3.0%	2.9%	2.8%	2.2%	2.1%	1.8%	1.6%	0.8%	1.4%	0.7%	0.6%	3.2%
	Net book value (In millions of yen)	3,054	2,953	2,855	2,264	2,119	1,815	1,586	788	1,479	745	664	3,312
	Appraisal value at the end of period (In millions of yen)	3,080	3,220	2,890	2,280	2,190	1,870	1,720	810	1,590	758	700	3,450
	Percentage of total appraisal value	2.9%	3.0%	2.7%	2.1%	2.0%	1.7%	1.6%	0.8%	1.5%	0.7%	0.7%	3.2%
Lease Information	Number of leasable residential units	47	63	81	18	56	60	72	25	38	15	16	79
	Leasable floor area (㎡)	3,617.32	3,635.33	2,889.66	1,680.79	2,785.42	2,507.52	1,849.00	1,034.27	2,310.08	985.10	748.96	5,534.86
	Leased floor area (㎡)	3,476.92	3,459.44	2,775.33	1,560.93	2,512.30	2,357.30	1,743.94	940.78	2,254.71	895.50	748.96	5,534.86
	Occupancy ratio												
	As of July 31, 2014	96.1%	95.2%	96.0%	92.9%	90.2%	94.0%	94.3%	91.0%	97.6%	90.9%	100.0%	100.0%
	As of January 31, 2014	97.1%	95.4%	98.9%	95.8%	91.1%	100.0%	94.3%	100.0%	94.8%	100.0%	100.0%	100.0%
	As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
	As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
	As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	107,629	108,828	81,262	63,023	66,380	62,571	54,190	26,282	51,751	23,987	21,747	93,243
	Rental revenues	88,548	81,749	76,431	60,301	63,005	58,461	50,787	25,019	46,438	21,211	19,354	90,600
	Other operating revenues	19,080	27,078	4,830	2,721	3,374	4,110	3,402	1,263	5,312	2,776	2,392	2,643
	②Property-related expenses (In thousands of yen)	40,825	25,177	23,333	12,667	16,220	10,944	13,881	7,744	11,886	6,198	4,113	11,948
	Property management fees	8,752	9,378	7,821	4,025	6,456	4,213	5,275	2,819	3,633	2,360	1,782	2,228
	Taxes	7,397	6,714	4,403	3,186	3,715	2,869	2,451	1,457	3,002	1,595	1,127	4,974
	Utilities	14,195	1,234	1,791	2,215	671	722	570	447	861	263	272	1,280
	Repairs and maintenance	7,549	1,617	5,338	1,402	3,061	2,104	3,836	1,831	3,450	1,030	451	2,033
	Insurance	134	119	99	50	88	69	63	31	74	30	28	156
	Trust fees and other expenses	2,794	6,112	3,879	1,787	2,227	964	1,683	1,157	863	917	451	1,275
③NOI (=①-②) (In thousands of yen)	66,804	83,651	57,928	50,355	50,159	51,627	40,308	18,538	39,864	17,789	17,633	81,294	
④Depreciation (In thousands of yen)	7,411	9,036	6,595	3,200	6,728	5,754	5,934	2,744	5,597	961	2,796	17,531	
⑤Rental operating income (=③-④) (In thousands of yen)	59,392	74,614	51,333	47,155	43,431	45,872	34,373	15,793	34,267	16,827	14,836	63,762	
⑥Capital expenditures (In thousands of yen)	1,424	-	7,847	-	-	154	-	-	278	464	-	485	
⑦NCF (=⑤-⑥) (In thousands of yen)	65,379	83,651	50,081	50,355	50,159	51,472	40,308	18,538	39,585	17,324	17,633	80,809	
Reference	Expense ratio (=②/①)	37.9%	23.1%	28.7%	20.1%	24.4%	17.5%	25.6%	29.5%	23.0%	25.8%	18.9%	12.8%
	Property tax for the year 2013 (In thousands of yen)	14,793	13,416	8,803	6,370	7,426	5,737	4,900	2,911	6,002	3,183	2,253	9,947
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 5th Fiscal Period (February 1, 2014 to July 31, 2014) : 181 days ※As of July 31, 2014

Location		Tokyo Metropolitan Area											
Property No.		T-25	T-26	T-27	T-28	T-29	T-30	T-31	T-32	T-33	T-34	T-35	T-36
Property Name		KDX Residence Nihombashi Hakozaki	KDX Residence Higashi-shinjuku	KDX Residence Yotsuya	KDX Residence Nishi-shinjuku	KDX Residence Kagurazaka	KDX Residence Futako Tamagawa	KDX Residence Komazawa Koen	KDX Residence Mishuku	KDX Residence Yoga	KDX Residence Shimouma	Raffine Minami-magome	KDX Residence Yukigaya Otsuka
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	1,147	3,270	2,260	1,000	720	1,250	920	760	700	600	1,250	1,050
	Percentage of total portfolio	1.1%	3.3%	2.3%	1.0%	0.7%	1.2%	0.9%	0.8%	0.7%	0.6%	1.2%	1.0%
	Net book value (In millions of yen)	1,173	3,329	2,303	1,022	737	1,276	941	778	717	617	1,270	1,075
	Appraisal value at the end of period (In millions of yen)	1,210	3,470	2,320	1,110	774	1,320	975	810	750	621	1,570	1,130
	Percentage of total appraisal value	1.1%	3.2%	2.2%	1.0%	0.7%	1.2%	0.9%	0.8%	0.7%	0.6%	1.5%	1.1%
Lease Information	Number of leasable residential units	58	175	37	52	34	38	32	39	38	28	56	70
	Leasable floor area (㎡)	1,537.38	4,358.43	3,101.16	1,345.92	890.93	2,339.62	1,020.18	1,103.82	1,012.80	829.05	2,408.56	1,526.98
	Leased floor area (㎡)	1,465.59	4,266.60	2,762.10	1,303.44	890.93	2,339.62	1,020.18	1,103.82	1,012.80	791.54	2,408.56	1,485.18
	Occupancy ratio												
	As of July 31, 2014	95.3%	97.9%	89.1%	96.8%	100.0%	100.0%	100.0%	100.0%	100.0%	95.5%	100.0%	97.3%
	As of January 31, 2014	91.8%	95.9%	93.9%	95.2%	94.4%	97.0%	97.8%	97.7%	97.5%	96.9%	100.0%	95.9%
	As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
	As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
	As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	38,834	110,260	74,261	34,422	24,690	41,021	29,556	25,319	25,692	20,504	52,843	38,312
	Rental revenues	35,843	100,695	65,648	32,342	22,968	36,591	26,919	24,685	21,481	19,454	52,843	35,825
	Other operating revenues	2,991	9,565	8,612	2,080	1,721	4,430	2,637	633	4,210	1,050	-	2,486
	②Property-related expenses (In thousands of yen)	10,100	25,878	24,400	10,496	5,322	9,469	6,311	6,625	5,641	5,684	3,226	9,509
	Property management fees	4,217	10,525	9,284	4,288	2,560	3,982	2,746	2,341	2,693	2,406	464	3,811
	Taxes	1,722	5,612	4,860	1,700	1,021	2,106	1,242	1,428	1,255	775	2,053	1,941
	Utilities	652	1,643	1,516	403	316	463	414	258	417	280	-	539
	Repairs and maintenance	2,030	4,791	4,224	2,313	208	2,188	939	1,263	526	1,375	192	750
	Insurance	46	135	150	39	27	65	30	33	28	22	56	47
Trust fees and other expenses	1,430	3,169	4,364	1,750	1,188	662	938	1,298	719	825	459	2,418	
③NOI (=①-②) (In thousands of yen)	28,734	84,381	49,860	23,926	19,367	31,551	23,244	18,693	20,051	14,819	49,617	28,803	
④Depreciation (In thousands of yen)	6,374	11,536	8,903	3,798	3,293	5,100	4,567	3,060	2,581	2,195	3,958	5,426	
⑤Rental operating income (=③-④) (In thousands of yen)	22,359	72,845	40,957	20,127	16,074	26,451	18,677	15,633	17,470	12,624	45,658	23,377	
⑥Capital expenditures (In thousands of yen)	470	386	2,628	664	-	2,450	235	246	1,222	2,953	-	135	
⑦NCF (=⑤-⑥) (In thousands of yen)	28,263	83,995	47,231	23,261	19,367	29,101	23,009	18,447	18,828	11,865	49,617	28,667	
Reference	Expense ratio (=②/①)	26.0%	23.5%	32.9%	30.5%	21.6%	23.1%	21.4%	26.2%	22.0%	27.7%	6.1%	24.8%
	Property tax for the year 2013 (In thousands of yen)	3,442	11,218	9,718	3,398	2,039	4,211	2,483	2,852	2,508	1,547	4,105	3,881
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 5th Fiscal Period (February 1, 2014 to July 31, 2014) : 181 days ※As of July 31, 2014

Location		Tokyo Metropolitan Area											
Property No.		T-37	T-38	T-39	T-40	T-41	T-42	T-43	T-44	T-45	T-46	T-47	T-48
Property Name		KDX Residence Denen Chofu	KDX Residence Tamagawa	KDX Residence Monzennakacho	KDX Residence Okachimachi	KDX Residence Moto-asakusa	KDX Residence Itabashi Honcho	KDX Residence Azusawa	KDX Residence Tobu Nerima	KDX Residence Yokohama Kannai	KDX Residence Miyamaedaira	KDX Residence Machida	KDX Residence Kinsicho
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	March 28, 2014
Price Information	Acquisition price (In millions of yen)	1,000	776	773	850	800	620	550	420	800	999	1,800	1,350
	Percentage of total portfolio	1.0%	0.8%	0.8%	0.8%	0.8%	0.6%	0.5%	0.4%	0.8%	1.0%	1.8%	1.3%
	Net book value (In millions of yen)	1,021	795	792	870	821	638	566	432	820	1,022	1,842	1,398
	Appraisal value at the end of period (In millions of yen)	1,080	815	826	889	840	668	585	456	860	1,020	1,870	1,450
	Percentage of total appraisal value	1.0%	0.8%	0.8%	0.8%	0.8%	0.6%	0.5%	0.4%	0.8%	0.9%	1.7%	1.4%
Lease Information	Number of leasable residential units	36	51	47	51	43	45	36	36	65	37	49	29
	Leasable floor area (㎡)	2,359.44	1,170.40	1,171.41	1,329.79	1,314.91	1,127.58	989.82	931.82	1,602.16	2,448.27	3,832.53	2,024.81
	Leased floor area (㎡)	2,359.44	1,149.80	1,118.50	1,329.79	1,281.44	1,102.20	900.06	900.60	1,456.57	2,254.86	3,600.71	1,769.94
	Occupancy ratio												
	As of July 31, 2014	100.0%	98.2%	95.5%	100.0%	97.5%	97.7%	90.9%	96.6%	90.9%	92.1%	94.0%	87.4%
	As of January 31, 2014	97.2%	96.5%	84.3%	96.2%	93.3%	96.0%	96.7%	100.0%	92.3%	95.2%	88.7%	-
	As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
	As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
	As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	126days
	①Rental and other operating revenues (In thousands of yen)	36,761	27,344	25,762	29,461	29,339	24,491	17,941	17,735	33,688	36,300	59,043	26,649
	Rental revenues	33,104	25,731	24,723	28,809	27,641	22,560	16,384	17,169	30,460	32,795	53,413	22,771
	Other operating revenues	3,656	1,612	1,038	652	1,697	1,930	1,557	565	3,227	3,504	5,630	3,878
	②Property-related expenses (In thousands of yen)	10,092	7,404	7,246	7,077	7,527	7,253	5,666	5,016	12,593	7,734	16,220	6,412
	Property management fees	3,605	2,628	3,022	2,558	3,187	2,873	2,351	1,747	5,045	2,823	5,251	1,915
	Taxes	1,828	1,510	1,286	1,667	1,518	1,241	1,224	1,097	1,771	2,043	3,633	9
	Utilities	560	468	428	366	477	349	228	218	755	600	905	321
	Repairs and maintenance	2,891	1,251	1,759	1,658	1,013	1,501	942	1,003	3,364	1,441	3,249	2,159
	Insurance	54	41	34	36	42	31	31	28	55	71	121	55
Trust fees and other expenses	1,151	1,503	716	790	1,287	1,255	887	920	1,601	752	3,058	1,950	
③NOI (=①-②) (In thousands of yen)	26,669	19,939	18,515	22,384	21,811	17,238	12,274	12,718	21,094	28,566	42,823	20,236	
④Depreciation (In thousands of yen)	3,289	5,860	3,912	3,717	4,365	4,192	3,198	3,761	5,808	6,137	14,789	5,699	
⑤Rental operating income (=③-④) (In thousands of yen)	23,380	14,079	14,603	18,666	17,446	13,045	9,075	8,957	15,286	22,429	28,033	14,537	
⑥Capital expenditures (In thousands of yen)	2,389	261	-	353	-	-	-	-	745	515	259	289	
⑦NCF (=⑤-⑥) (In thousands of yen)	24,280	19,678	18,515	22,030	21,811	17,238	12,274	12,718	20,349	28,051	42,563	19,947	
Reference	Expense ratio (=②/①)	27.5%	27.1%	28.1%	24.0%	25.7%	29.6%	31.6%	28.3%	37.4%	21.3%	27.5%	24.1%
	Property tax for the year 2013 (In thousands of yen)	3,654	3,018	2,569	3,332	3,034	2,479	2,446	2,193	3,540	4,084	7,260	4,578
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 5th Fiscal Period (February 1, 2014 to July 31, 2014) : 181 days ※As of July 31, 2014

Location		Other Regional Areas											
Property No.		R-1	R-2	R-3	R-4	R-5	R-6	R-7	R-8	R-9	R-10	R-11	R-12
Property Name		KDX Toyohira Sanjo Residence	KDX Jozenji Dori Residence	KDX Izumi Residence	KDX Chihaya Residence	KDX Sakaisuji Hommachi Residence	KDX Shimmachi Residence	KDX Takarazuka Residence	KDX Shimizu Residence	KDX Residence Odori Koen	KDX Residence Kikusui Yojo	KDX Residence Toyohira Koen	KDX Residence Kamisugi
Acquisition Date		May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	582	1,015	1,120	1,080	2,910	1,015	1,510	1,680	765	830	445	700
	Percentage of total portfolio	0.6%	1.0%	1.1%	1.1%	2.9%	1.0%	1.5%	1.7%	0.8%	0.8%	0.4%	0.7%
	Net book value (In millions of yen)	593	1,034	1,132	1,094	2,921	1,019	1,512	1,697	792	857	462	723
	Appraisal value at the end of period (In millions of yen)	687	1,190	1,210	1,200	3,040	1,140	1,690	1,890	791	859	476	761
	Percentage of total appraisal value	0.6%	1.1%	1.1%	1.1%	2.8%	1.1%	1.6%	1.8%	0.7%	0.8%	0.4%	0.7%
Lease Information	Number of leasable residential units	62	89	38	92	150	94	73	139	75	84	63	64
	Leasable floor area (㎡)	2,868.75	3,330.15	2,798.20	2,936.40	6,385.70	2,146.02	4,631.16	6,255.16	2,762.76	3,413.06	2,253.81	2,073.06
	Leased floor area (㎡)	2,821.45	3,209.39	2,658.29	2,936.40	5,933.75	2,146.02	4,166.34	5,891.67	2,655.74	3,413.06	2,184.26	2,009.87
	Occupancy ratio												
	As of July 31, 2014	98.4%	96.4%	95.0%	100.0%	92.9%	100.0%	90.0%	94.2%	96.1%	100.0%	96.9%	97.0%
	As of January 31, 2014	97.3%	97.9%	97.6%	95.1%	94.0%	92.6%	97.1%	95.4%	98.7%	99.0%	92.3%	92.5%
As of July 31, 2013	100.0%	100.0%	97.6%	98.9%	90.8%	96.8%	100.0%	93.6%	-	-	-	-	
As of January 31, 2013	85.8%	99.1%	92.1%	100.0%	93.0%	96.8%	92.8%	99.4%	-	-	-	-	
As of July 31, 2012	94.1%	96.8%	87.1%	98.9%	91.7%	96.8%	87.1%	96.1%	-	-	-	-	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	30,264	48,976	43,229	48,675	105,586	39,204	60,551	76,206	33,079	38,451	23,810	33,109
	Rental revenues	27,644	43,507	36,988	44,120	96,921	37,823	52,690	65,814	30,308	34,345	21,226	29,905
	Other operating revenues	2,619	5,468	6,241	4,555	8,664	1,380	7,860	10,392	2,771	4,106	2,583	3,204
	②Property-related expenses (In thousands of yen)	15,517	12,149	7,416	11,895	25,532	9,024	14,395	18,536	10,195	11,879	9,922	9,499
	Property management fees	2,401	3,768	3,302	4,129	5,953	2,187	2,826	5,866	2,959	3,719	2,677	2,833
	Taxes	2,669	3,305	1,616	2,569	7,587	1,883	4,042	5,560	2,646	3,324	2,158	2,177
	Utilities	696	974	305	894	1,811	617	679	747	1,000	1,866	1,384	512
	Repairs and maintenance	8,403	2,399	1,111	2,445	3,432	1,232	3,248	4,164	1,278	1,011	1,078	2,056
	Insurance	71	86	75	86	214	63	113	166	78	68	59	52
	Trust fees and other expenses	1,275	1,614	1,004	1,769	6,534	3,039	3,486	2,030	2,231	1,888	2,564	1,866
③NOI (=①-②) (In thousands of yen)	14,746	36,826	35,813	36,780	80,053	30,179	46,155	57,670	22,883	26,571	13,888	23,610	
④Depreciation (In thousands of yen)	5,929	10,310	9,090	10,006	23,459	8,916	16,463	14,174	7,825	7,486	4,371	6,180	
⑤Rental operating income (=③-④) (In thousands of yen)	8,817	26,516	26,723	26,773	56,594	21,262	29,692	43,495	15,058	19,084	9,516	17,430	
⑥Capital expenditures (In thousands of yen)	-	-	-	-	914	-	242	-	-	-	-	-	
⑦NCF (=⑤-⑥) (In thousands of yen)	14,746	36,826	35,813	36,780	79,138	30,179	45,913	57,670	22,883	26,571	13,888	23,610	
Reference	Expense ratio (=②/①)	51.3%	24.8%	17.2%	24.4%	24.2%	23.0%	23.8%	24.3%	30.8%	30.9%	41.7%	28.7%
	Property tax for the year 2013 (In thousands of yen)	5,333	6,605	3,230	5,138	15,167	3,766	8,081	11,117	5,291	6,644	4,313	4,352
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 5th Fiscal Period (February 1, 2014 to July 31, 2014) : 181 days ※As of July 31, 2014

Location		Other Regional Areas											
Property No.		R-13	R-14	R-15	R-16	R-17	R-18	R-19	R-20	R-21	R-22	R-23	R-24
Property Name		KDX Residence Ichiban-cho	KDX Residence Kotodai	KDX Residence Izumi Chuo	KDX Residence Higashi-sakura I	KDX Residence Higashi-sakura II	KDX Residence Atsuta Jingu	KDX Residence Nishi-oji	KDX Residence Saiin	KDX Residence Namba	KDX Residence Namba-minami	KDX Residence Shin-Osaka	KDX Residence Ibaraki I-II
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013
Price Information	Acquisition price (In millions of yen)	530	520	480	2,350	900	840	813	440	1,410	1,350	510	1,275
	Percentage of total portfolio	0.5%	0.5%	0.5%	2.3%	0.9%	0.8%	0.8%	0.4%	1.4%	1.3%	0.5%	1.3%
	Net book value (In millions of yen)	549	537	497	2,415	926	866	841	457	1,453	1,393	527	1,299
	Appraisal value at the end of period (In millions of yen)	585	534	538	2,510	938	898	850	477	1,460	1,430	539	1,330
	Percentage of total appraisal value	0.5%	0.5%	0.5%	2.3%	0.9%	0.8%	0.8%	0.4%	1.4%	1.3%	0.5%	1.2%
Lease Information	Number of leasable residential units	42	24	38	178	64	92	72	48	117	128	42	58
	Leasable floor area (㎡)	1,818.09	1,475.73	2,159.25	6,221.83	2,655.31	2,724.19	2,353.55	1,094.81	3,387.30	3,813.31	1,321.04	4,701.87
	Leased floor area (㎡)	1,670.19	1,311.76	2,051.03	5,922.58	2,576.11	2,629.12	2,236.83	1,074.20	3,361.57	3,728.17	1,290.94	4,471.65
	Occupancy ratio												
	As of July 31, 2014	91.9%	88.9%	95.0%	95.2%	97.0%	96.5%	95.0%	98.1%	99.2%	97.8%	97.7%	95.1%
	As of January 31, 2014	98.0%	96.4%	94.2%	97.9%	100.0%	98.2%	93.3%	95.8%	96.2%	97.2%	93.2%	96.7%
	As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-	
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	25,583	21,241	23,669	102,738	40,696	39,785	33,160	17,843	58,071	55,547	22,393	55,306
	Rental revenues	24,119	18,784	20,742	91,221	36,783	36,717	30,177	16,262	52,227	53,417	20,688	47,548
	Other operating revenues	1,464	2,456	2,927	11,517	3,912	3,067	2,983	1,580	5,844	2,130	1,704	7,758
	②Property-related expenses (In thousands of yen)	6,358	4,862	6,603	32,533	12,235	10,503	10,288	5,654	13,904	14,486	6,234	16,402
	Property management fees	1,903	1,392	2,209	10,326	3,705	3,613	2,634	1,548	4,158	3,993	1,423	3,343
	Taxes	1,854	1,531	1,790	5,955	2,677	2,591	2,173	967	3,218	3,240	1,319	4,511
	Utilities	426	488	350	1,277	506	521	1,139	935	1,650	728	412	1,434
	Repairs and maintenance	1,008	873	1,624	5,850	3,092	2,864	2,557	1,278	1,712	4,205	1,555	5,522
	Insurance	46	41	51	164	74	71	64	32	85	99	34	132
	Trust fees and other expenses	1,118	534	576	8,960	2,179	839	1,719	892	3,077	2,219	1,488	1,458
③NOI (=①-②) (In thousands of yen)	19,224	16,378	17,066	70,204	28,461	29,282	22,872	12,188	44,167	41,060	16,159	38,904	
④Depreciation (In thousands of yen)	5,003	4,430	4,466	17,657	6,942	7,294	6,311	3,848	9,875	11,724	5,162	6,827	
⑤Rental operating income (=③-④) (In thousands of yen)	14,221	11,948	12,600	52,547	21,518	21,987	16,560	8,340	34,291	29,335	10,996	32,077	
⑥Capital expenditures (In thousands of yen)	-	-	-	-	-	290	1,008	-	4,263	576	1,112	-	
⑦NCF (=⑤-⑥) (In thousands of yen)	19,224	16,378	17,066	70,204	28,461	28,991	21,864	12,188	39,904	40,483	15,046	38,904	
Reference	Expense ratio (=②/①)	24.9%	22.9%	27.9%	31.7%	30.1%	26.4%	31.0%	31.7%	23.9%	26.1%	27.8%	29.7%
	Property tax for the year 2013 (In thousands of yen)	3,706	3,061	3,577	11,907	5,351	5,177	4,344	1,933	6,434	6,478	2,637	9,015
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

【Reference】 Earnings Performance for the Individual Properties for the 5th Fiscal Period (February 1, 2014 to July 31, 2014) : 181 days ※As of July 31, 2014

Location		Other Regional Areas									Properties
Property No.		R-25	R-26	R-27	R-28	R-29	R-30	R-31	R-32	R-33	
Property Name		KDX Residence Toyonaka-minami	KDX Residence Moriguchi	KDX Residence Sannomiya	Ashiya Royal Homes	KDX Residence Funairi Saiwai-cho	KDX Residence Tenjin-higashi II	KDX Residence Tenjin-higashi I	KDX Residence Nishi Koen	KDX Residence Hirao Josui-machi	
Acquisition Date		August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	740	551	1,080	1,360	588	680	370	763	760	100,380
	Percentage of total portfolio	0.7%	0.5%	1.1%	1.4%	0.6%	0.7%	0.4%	0.8%	0.8%	100.0%
	Net book value (In millions of yen)	760	568	1,111	1,424	606	703	385	787	782	102,505
	Appraisal value at the end of period (In millions of yen)	756	577	1,160	1,450	611	760	379	789	794	107,379
	Percentage of total appraisal value	0.7%	0.5%	1.1%	1.4%	0.6%	0.7%	0.4%	0.7%	0.7%	100.0%
Lease Information	Number of leasable residential units	68	28	86	18	62	62	39	34	23	4,704
	Leasable floor area (㎡)	2,024.50	1,942.78	2,292.72	3,999.01	1,889.53	2,602.53	1,315.16	2,522.16	2,098.68	202,105.49
	Leased floor area (㎡)	1,965.43	1,942.78	2,292.72	3,547.23	1,829.83	2,561.22	1,221.43	2,392.76	2,000.67	193,784.69
	Occupancy ratio										
	As of July 31, 2014	97.1%	100.0%	100.0%	88.7%	96.8%	98.4%	92.9%	94.9%	95.3%	95.7%
	As of January 31, 2014	98.5%	96.2%	94.4%	90.7%	95.3%	98.4%	92.9%	91.3%	96.2%	95.9%
As of July 31, 2013	-	-	-	-	-	-	-	-	-	-	96.2%
As of January 31, 2013	-	-	-	-	-	-	-	-	-	-	95.1%
As of July 31, 2012	-	-	-	-	-	-	-	-	-	-	94.0%
Income and Retained Earnings Information for the 3rd Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	180days
	①Rental and other operating revenues (In thousands of yen)	29,676	24,318	41,475	60,680	27,485	30,095	17,791	31,044	30,026	3,688,651
	Rental revenues	27,876	21,666	38,170	56,626	24,254	28,267	15,618	26,381	27,003	3,354,165
	Other operating revenues	1,800	2,651	3,304	4,054	3,231	1,827	2,172	4,663	3,022	334,486
	②Property-related expenses (In thousands of yen)	8,805	5,205	8,987	18,381	6,930	6,146	5,355	9,153	7,098	924,306
	Property management fees	2,165	1,438	2,647	6,631	1,846	1,693	1,585	2,250	2,241	300,002
	Taxes	1,810	1,739	2,640	4,592	1,805	1,944	1,240	2,274	2,038	213,879
	Utilities	443	921	586	1,597	344	591	371	595	451	75,528
	Repairs and maintenance	2,396	332	1,697	3,713	1,418	1,055	1,214	1,954	755	183,622
	Insurance	54	60	66	128	49	69	35	65	54	5,692
Trust fees and other expenses	1,935	712	1,349	1,718	1,465	790	907	2,012	1,556	145,580	
③NOI (=①-②) (In thousands of yen)	20,870	19,112	32,488	42,299	20,554	23,948	12,436	21,891	22,927	2,764,345	
④Depreciation (In thousands of yen)	8,126	5,404	7,685	3,999	5,365	6,176	3,527	6,318	4,735	561,727	
⑤Rental operating income (=③-④) (In thousands of yen)	12,743	13,708	24,802	38,300	15,189	17,772	8,908	15,572	18,192	2,202,618	
⑥Capital expenditures (In thousands of yen)	-	-	556	29,541	274	117	-	-	214	74,141	
⑦NCF (=⑤-⑥) (In thousands of yen)	20,870	19,112	31,931	12,758	20,279	23,831	12,436	21,891	22,713	2,690,204	
Reference	Expense ratio (=②/①)	29.7%	21.4%	21.7%	30.3%	25.2%	20.4%	30.1%	29.5%	23.6%	25.1%
	Property tax for the year 2013 (In thousands of yen)	3,619	3,475	5,277	9,138	3,609	3,887	2,479	4,546	4,075	430,633
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-

※ Total : Cost-weighted average operating period (days)

(【Reference】 Borrowings)

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

(in thousands of yen)

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
Current portion of long-term loans payable	Sumitomo Mitsui Banking Corporation	2,000,000	-	2,000,000	-	0.797%	April 30,2014	(Note 6)	Unsecured/ Non-guaranteed
	Aozora Bank, Ltd.	1,500,000	-	1,500,000	-				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	1,000,000	-				
	Resona Bank, Ltd.	1,000,000	-	1,000,000	-	0.547%	August 31,2014		
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd	600,000	-	-	600,000	1.060%	April 30,2015		
	Aozora Bank, Ltd.	500,000	-	-	500,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	2,000,000	-	-	2,000,000				
	Aozora Bank, Ltd.(Note 2)	2,000,000	-	-	2,000,000				
	Resona Bank, Ltd.(Note 2)	1,500,000	-	-	1,500,000				
	Sumitomo Mitsui Banking Corporation (Note 2)	1,000,000	-	-	1,000,000				
Sub Total	13,700,000	-	5,500,000	8,200,000					
Long-term loans payable	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	1.006%	April 30,2016	(Note6)	Unsecured/ Non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Banking Corporation	1,750,000	-	-	1,750,000	0.597%	August 31,2015		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500,000	-	-	1,500,000				
	Aozora Bank, Ltd.	500,000	-	-	500,000				
	Resona Bank, Ltd.	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000				
	The Mizuho Trust and Banking Co., Limited	500,000	-	-	500,000	0.787%	August 31,2016		
	Mizuho Bank, Ltd.	250,000	-	-	250,000				
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	-	-	2,000,000				
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000				
	Resona Bank, Ltd.	500,000	-	-	500,000				
	The Mizuho Trust and Banking Co., Limited	500,000	-	-	500,000	0.910%	August 31,2017		
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	4,000,000	-	-	4,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500,000	-	-	2,500,000				
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000				
	Resona Bank, Ltd.	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000				
	The Mizuho Trust and Banking Co., Limited	500,000	-	-	500,000	1.052%	August 31,2018		
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	3,250,000	-	-	3,250,000				
	The Bank of Tokyo-Mitsubishi UFJ ,Ltd.	2,000,000	-	-	2,000,000				
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000				
	Resona Bank, Ltd.	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000				
	The Mizuho Trust and Banking Co., Limited	500,000	-	-	500,000	1.088% (Note 5)	August 31,2018		
	Mizuho Bank, Ltd.	250,000	-	-	250,000				
	Development Bank of Japan Inc.	3,000,000	-	-	3,000,000	1.109%	January 31,2021		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000				
	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 30,2021			
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, Ltd.	-	1,000,000	-	1,000,000	1.267%	April 30,2022			
Sub Total	41,500,000	6,850,000	-	48,350,000					
Total	55,200,000	6,850,000	5,500,000	56,550,000					

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

	(in thousands of yen)				
	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term loans payable	9,000,000	8,500,000	11,000,000	11,000,000	8,850,000

Note 2: Borrowings listed in the current portion of long-term payable were listed in long-term payable in the previous fiscal period.

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

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

Note 5: Borrowings at a fixed rate.

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

Note 7: All the repayment methods of debt financing are lump-sum repayments on the due date.