

**Translation of Japanese Original****FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JULY 31, 2018 (REIT)  
(February 1, 2018 to July 31, 2018)**

September 12, 2018

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

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

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Planned submission of semiannual securities report: October 30, 2018

Planned start of distribution payments: October 22, 2018

Preparing presentation material: Yes

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

(Amounts are rounded down to the nearest ¥million)

**1. PERFORMANCE FOR THE FISCAL PERIOD ENDED JULY 31, 2018 (13TH 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 13th fiscal period ended July 31, 2018	7,097 (24.9) %	3,439 (19.0) %	2,842 (20.8) %	5,416 (130.2) %
The 12th fiscal period ended January 31, 2018	5,681 (1.9) %	2,889 (2.0) %	2,353 (1.6) %	2,352 (1.6) %

	Net Income per Unit	Return on Unitholders' Equity	[Reference] [annualized]	Ordinary Income to Total Assets	[Reference] [annualized]	Ordinary Income to Operating Revenues
The 13th fiscal period ended July 31, 2018	7,036 Yen	6.0 %	12.0 %	1.5 %	2.9 %	40.0 %
The 12th fiscal period ended January 31, 2018	3,369 Yen	2.8 %	5.6 %	1.4 %	2.7 %	41.4 %

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

**(2) Distribution**

	Distributions per Unit (Excluding Excess of Earnings)(Yen)	Total Distribution (Excluding Excess of Earnings) (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 13th fiscal period ended July 31, 2018	4,026	3,152	0	0	58.2 %	3.3 %
The 12th fiscal period ended January 31, 2018	6,946	2,424	0	0	103.1 %	2.9 %

(Note 1) Total Distribution for the 12th fiscal period includes 72 million yen, a part of retained earnings brought forward in the 11th fiscal period.

(Note 2) Total Distribution for the 13th fiscal period is not the same amount as Net Income because of mainly excluding gain on negative goodwill and other adjustments from Net Income.

(Note 3) Due to investment unit split, Payout Ratio for the 13th fiscal period is calculated as follows.

Payout Ratio = Total Distributions (Excluding Excess of Earnings) / Net income × 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, 2018	213,558	98,745	% 46.2	126,123
As of January 31, 2018	176,813	82,650	% 46.7	118,379

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

**(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 13th fiscal period ended July 31, 2018	4,894	-552	-2,709	18,779
The 12th fiscal period ended January 31, 2018	3,251	-9,969	7,012	10,479

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

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen) (%)	Operating Income (Millions of Yen) (%)	Ordinary Income (Millions of Yen) (%)	Net Income (Millions of Yen) (%)	Distribution per Unit Excluding Excess of Earning (Yen)	Distribution in Excess of Earnings per Unit (Yen)
The 14th fiscal period ending January 31, 2019	7,528 (6.1)	3,939 (14.5)	3,339 (17.5)	3,338 (-38.4)	3,852	0
The 15th fiscal period ending July 31, 2019	7,578 (0.7)	3,839 (-2.5)	3,254 (-2.6)	3,253 (-2.6)	3,753	0

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

The 14th fiscal period ending January 31, 2019 ¥3,844 The 15th fiscal period ending July 31, 2019 ¥3,742

Distribution per Unit Excluding Excess of Earning is not the same amount as estimated net income per unit for the 14th fiscal period and the 15th fiscal period since total distribution is calculated with the assumption adding reversal of reserve for temporary difference adjustments and deducting gain on market-value-based valuation on interest rate swap from estimated net income.

(Note) Distributions per unit are calculated based on the number of investment units issued and outstanding totaled 869,133 as of today.

**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, 2018: 349,089 units As of July 31, 2018: 782,928 units
- (b) Number of treasury units at the end of the period  
As of January 31, 2018: 0 units As of July 31, 2018: 0 units

**[Provisional Translation Only]**

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

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## 1. Financial Statements

### (1) Balance Sheets

(in thousands of yen)

	12th Fiscal Period (As of January 31, 2018)	13th Fiscal Period (As of July 31, 2018)
Assets		
Current assets		
Cash and deposits	6,551,666	10,029,598
Cash and deposits in trust	3,928,017	8,749,823
Operating accounts receivable	24,913	29,188
Prepaid expenses	3,557	10,855
Consumption taxes receivable	9,464	-
Other	1,893	11,033
Total current assets	10,519,513	18,830,499
Noncurrent assets		
Property, plant and equipment		
Land		
Land	1,798,041	1,798,041
Buildings in trust		
Buildings in trust	68,843,600	84,656,776
Accumulated depreciation	-6,927,784	-7,901,681
Buildings in trust, net	61,915,815	76,755,095
Structures in trust		
Structures in trust	502,925	722,432
Accumulated depreciation	-114,924	-133,503
Structures in trust, net	388,001	588,929
Machinery and equipment in trust		
Machinery and equipment in trust	1,317,786	1,360,078
Accumulated depreciation	-226,840	-256,856
Machinery and equipment in trust, net	1,090,946	1,103,222
Tools, furniture and fixtures in trust		
Tools, furniture and fixtures in trust	338,646	400,899
Accumulated depreciation	-29,220	-39,156
Tools, furniture and fixtures in trust, net	309,425	361,742
Land in trust	99,538,715	111,474,267
Total property, plant and equipment, net	165,040,946	192,081,298
Intangible assets		
Leasehold right in trust	-	1,067,058
Other	-	7,115
Total intangible assets	-	1,074,174
Investments and other assets		
Investment securities	221,707	512,263
Lease and guarantee deposits	10,397	39,097
Long-term prepaid expenses	915,782	916,981
Other	80,743	81,989
Total investments and other assets	1,228,631	1,550,331
Total noncurrent assets	166,269,577	194,705,805
Deferred assets		
Investment corporation bond issuance costs	24,461	22,583
Investment unit issuance costs	421	-
Total deferred assets	24,883	22,583
Total assets	176,813,974	213,558,887

(in thousands of yen)

	12th Fiscal Period (As of January 31, 2018)	13th Fiscal Period (As of July 31, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	473,021	609,170
Short-term loans payable	2,630,000	2,630,000
Current portion of long-term loans payable	11,000,000	13,500,000
Accounts payable-other	239,241	284,251
Accrued expenses	26,142	26,489
Income taxes payable	604	605
Accrued consumption taxes	-	63,856
Advances received	779,137	958,812
Deposits received	53,143	54,159
Other	-	13
<b>Total current liabilities</b>	<b>15,201,290</b>	<b>18,127,358</b>
<b>Noncurrent liabilities</b>		
Investment corporation bonds	3,000,000	3,000,000
Long-term loans payable	74,500,000	87,000,000
Tenant leasehold and security deposits in trust	1,462,549	2,330,206
Tenant lump sum deposits in trust	-	4,205,076
Other	-	150,601
<b>Total noncurrent liabilities</b>	<b>78,962,549</b>	<b>96,685,885</b>
<b>Total liabilities</b>	<b>94,163,839</b>	<b>114,813,244</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	80,132,379	80,132,379
<b>Surplus</b>		
Capital surplus	-	13,187,100
Unappropriated retained earnings (undisposed loss)	2,437,011	5,428,676
<b>Total surplus</b>	<b>2,437,011</b>	<b>18,615,776</b>
<b>Total unitholders' equity</b>	<b>82,569,390</b>	<b>98,748,155</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	80,743	-2,512
<b>Total valuation and translation adjustments</b>	<b>80,743</b>	<b>-2,512</b>
<b>Total net assets</b>	<b>*1 82,650,134</b>	<b>*1 98,745,643</b>
<b>Total liabilities and net assets</b>	<b>176,813,974</b>	<b>213,558,887</b>

**(2) Statements of Income and Retained Earnings**

(in thousands of yen)

	12th Fiscal Period		13th Fiscal Period	
	August 1, 2017 to		February 1, 2018 to	
	January 31, 2018		July 31, 2018	
Operating revenues				
Rent revenue-real estate	*1	5,235,620	*1	6,152,086
Other lease business revenue	*1	435,685	*1	503,250
Gain on sale of real estate property		-	*2	436,817
Dividends income		10,132		5,164
Total operating revenues		5,681,438		7,097,319
Operating expenses				
Expenses related to rent business	*1	2,107,064	*1	2,554,551
Asset management fees		377,361		413,158
Asset custody fees		11,365		11,583
Administrative service fees		39,023		41,201
Directors' compensation		4,500		7,500
Merger expenses		67,446		395,984
Other operating expenses		184,719		233,938
Total operating expenses		2,791,481		3,657,918
Operating income		2,889,956		3,439,400
Non-operating income				
Interest income		12		15
Dividends and redemption-prescription		350		293
Interest on refund		-		56
Total non-operating income		363		364
Non-operating expenses				
Interest expenses		410,074		441,829
Interest expenses on investment corporation bonds		7,806		7,593
Borrowing expenses		97,811		145,787
Amortization of investment corporation bond issuance costs		1,878		1,878
Amortization of investment unit issuance costs		19,618		421
Other		-		108
Total non-operating expenses		537,188		597,619
Ordinary income		2,353,130		2,842,146
Extraordinary gain				
Gain on negative good will		-		2,574,896
Total extraordinary gain		-		2,574,896
Income before income taxes		2,353,130		5,417,042
Income taxes				
Current		604		605
Deferred		9		-
Total income taxes		614		605
Net income		2,352,516		5,416,437
Retained earnings brought forward		84,495		12,239
Unappropriated retained earnings (undisposed loss)		2,437,011		5,428,676

## (3) Statements of Changes in Net Assets

12th Fiscal Period August 1, 2017 to January 31, 2018 (in thousands of yen)

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

13th Fiscal Period February 1, 2018 to July 31, 2018 (in thousands of yen)

	Unitholders' equity				
	Unitholders' capital	Surplus			Total unitholders' equity
		Capital surplus	Unappropriated retained earnings (undisposed loss)	Total surplus	
Balance at the beginning of current period	80,132,379	-	2,437,011	2,437,011	82,569,390
Changes of items during the period					
Increase by merger		13,187,100		13,187,100	13,187,100
Dividends from surplus			-2,424,772	-2,424,772	-2,424,772
Net income			5,416,437	5,416,437	5,416,437
Net changes of items other than unitholders' equity					
Total changes of items during the period	-	13,187,100	2,991,665	16,178,765	16,178,765
Balance at the end of current period	* 1 80,132,379	13,187,100	5,428,676	18,615,776	98,748,155

	Valuation and translation adjustments		Total net assets
	Deferred gains and losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	80,743	80,743	82,650,134
Changes of items during the period			
Increase by merger			13,187,100
Dividends from surplus			-2,424,772
Net income			5,416,437
Net changes of items other than unitholders' equity	-83,255	-83,255	-83,255
Total changes of items during the period	-83,255	-83,255	16,095,509
Balance at the end of current period	-2,512	-2,512	98,745,643

**(4) Distributions**

	12th Fiscal Period (From August 1, 2017 to January 31, 2018)	13th Fiscal Period (From February 1, 2018 to July 31, 2017)
I. Retained earnings at the end of period	¥2,437,011,775	¥5,428,676,864
II. Total distributions	¥2,424,772,194	¥3,152,068,128
Distributions per unit	¥6,946	¥4,026
III. Voluntary reserve		
Provision for reserve for temporary difference adjustments *1		¥2,000,000,000
IV. Retained earnings brought forward to the next period	¥12,239,581	¥276,608,736
Method of calculating distribution amount	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥2,424,772,194, which is the amount of ¥2,352,516,261 in net income and ¥72,255,933 from retained earnings brought forward, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 12th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥3,152,068,128, which is the amount deducted a part of gain on negative goodwill, a part of gain on sale of real estate property and other adjustments from net income, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 13th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>

**(5) Statements of Cash Flows**

	(in thousands of yen)	
	12th Fiscal Period	13th Fiscal Period
	August 1, 2017 to	February 1, 2018 to
	January 31, 2018	July 31, 2018
Net cash provided by (used in) operating activities		
Income before income taxes	2,353,130	5,417,042
Depreciation and amortization	921,858	1,144,883
Gain on negative goodwill	-	-2,574,896
Amortization of investment corporation bond issuance expenses	1,878	1,878
Amortization of investment unit issuance costs	19,618	421
Interest income	-12	-15
Interest expenses	417,880	449,423
Decrease (increase) in operating accounts receivable	-92	-3,782
Decrease (increase) in consumption taxes refund receivable	-9,464	9,464
Decrease (increase) in prepaid expenses	1,274	-713
Increase (decrease) in operating accounts payable	68,569	-28,792
Increase (decrease) in accounts payable-other	37,833	-102,769
Increase (decrease) in accrued consumption taxes	-6,135	62,160
Increase (decrease) in advances received	12,172	15,122
Decrease (increase) in long-term prepaid expenses	-151,528	-1,198
Decrease in net property, plant and equipment held in trust due to sale	-	953,749
Other, net	3,018	18,303
Subtotal	3,670,003	5,360,283
Interest income received	12	15
Interest expenses paid	-415,950	-459,405
Income taxes (paid) refund	-2,693	-6,005
Net cash provided by (used in) operating activities	3,251,371	4,894,888
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	-9,828,503	-1,053,115
Purchase of intangible assets	-	-7,762
Purchase of investment securities	-133,725	-111,529
Proceeds from investment securities	3,240	12,232
Repayments of tenant leasehold and security deposits in trust	-142,165	-134,277
Proceeds from tenant leasehold and security deposits in trust	131,628	161,089
Repayments of tenant lump sum deposits in trust	-	-44,212
Proceeds from tenant lump sum deposits in trust	-	625,414
Net cash provided by (used in) investing activities	-9,969,526	-552,161
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,630,000	2,630,000
Decrease in short-term loans payable	-	-3,630,000
Proceeds from loans payable	18,700,000	4,500,000
Repayments of long-term loans payable	-11,000,000	-3,500,000
Dividends paid	-2,317,102	-2,709,508
Net cash provided by (used in) financing activities	7,012,897	-2,709,508
Net increase (decrease) in cash and cash equivalents	294,741	1,633,218
Cash and cash equivalents at the beginning of period	10,184,942	10,479,684
Increase in cash and cash equivalents resulting from merger	-	6,666,519
Cash and cash equivalents at the end of period	*1 10,479,684	*1 18,779,421



**(6) Notes to the Going Concern**

Not applicable

**(7) Important Accounting Standards**

1. Evaluation standards and evaluation method of assets	<p>Securities</p> <p>Other securities</p> <p>Those with no fair value</p> <p>Cost method through moving-average method</p> <p>Concerning anonymous association equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from anonymous association is adopted.</p>
2. Depreciation of fixed assets	<p>(1) Property, plant and equipment (includes trust assets)</p> <p>The straight-line method is applied.</p> <p>Useful lives of the assets ranging are as follows:</p> <p>Buildings: 2 to 67 years</p> <p>Structures: 3 to 52 years</p> <p>Machinery and equipment: 8 to 34 years</p> <p>Tools, furniture and fixtures: 6 to 30 years</p> <p>(2) Intangible assets</p> <p>The straight-line method is applied.</p> <p>(3) Long-term prepaid expenses</p> <p>The straight-line method is applied.</p>
3. Accounting policies for deferred assets	<p>(1) Unit issuance costs</p> <p>Unit issuance costs are amortized over a period of 3 years under the straight-line method.</p> <p>(2) Investment corporation bond issuance costs</p> <p>Bond issuance costs are amortized by applying the straight-line method for the entire redemption period.</p>
4. Accounting standards for revenues and expenses	<p>Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities.</p> <p>When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥1,215 thousand and ¥6,024 thousand as of July 31, 2018 and January 31, 2018, 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>Risks hedged</p> <p>Interest rates on debt.</p> <p>(3) Hedging policy</p> <p>The Investment Corporation enters into derivative transactions based on its risk management policies with the objective of hedging risks in accordance with its Articles of Incorporation.</p> <p>(4) Method of evaluating the effectiveness of hedging</p> <p>As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps that meet the requirements for special treatment.</p>
6. The scope of cash and cash equivalents on statements of cash flows	<p>Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.</p>
7. Other significant accounting policies utilized in the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets</p> <p>The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in the Investment Corporation's balance sheets and statements of income.</p> <p>Important line items included in accounting for financial assets and liabilities in the Investment Corporation's balance sheet are as follows:</p> <ol style="list-style-type: none"> <li>1. Cash and deposits in trust</li> <li>2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, leasehold right in trust</li> <li>3. Tenant leasehold and security deposits in trust, tenant lump sum deposits in trust</li> </ol> <p>(2) Accounting method for consumption tax</p> <p>Consumption taxes are separately recorded. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>

**(8) Notes to the Financial Statements**

(Notes to the Balance Sheets)

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

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

(Notes to the Statements of Income and Retained Earnings)

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

(in thousands of yen)		
	From August 1, 2017 to January 31, 2018	From February 1, 2018 to July 31, 2018
A. Rental and other operating revenues:		
Rental revenues	4,895,387	5,800,000
Rental revenues from limited proprietary rights of land	43,749	43,750
Common area charges	296,482	308,336
Subtotal	5,235,620	6,152,086
Others:		
Parking space rental revenues	181,133	182,436
Miscellaneous	254,551	320,814
Subtotal	435,685	503,250
Total rental and other operating revenues	5,671,305	6,655,337
B. Property-related expenses:		
Property management fees and facility management fees	362,432	402,111
Utilities	88,669	89,714
Taxes	323,667	413,717
Repairs and maintenance	228,410	290,404
Insurance	8,399	10,386
Trust fees	42,467	48,958
Depreciation	921,858	1,144,236
Others	131,157	155,022
Total property-related expenses	2,107,064	2,554,551
C. Net operating income (A-B)	3,564,241	4,100,786

\*2. Gain and Loss on sale of real estate property

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

Not applicable

13th Fiscal Period (February 1, 2018 to July 31, 2018)

(in thousands of yen)	
KDX Shimmachi Residence	
Revenue from sale of the investment property	1,420,000
Costs of the investment property	953,749
Other sales expenses	29,433
Gain on sale of real estate property	436,817

(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, 2017 to January 31, 2018	From February 1, 2018 to July 31, 2018
Total number of authorized investment units	5,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	349,089 units	782,928 units

(Notes to Distributions)

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

Not applicable

13th Fiscal Period (February 1, 2018 to July 31, 2018)

\*1. Reserve for temporary difference adjustments

The Investment Corporation has reserved ¥2,000,000,000 as reserve for temporary difference adjustments from gain on negative goodwill in the 13th fiscal period.

At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period applied to distribution starting from the 14th fiscal period.

(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, 2018	As of July 31, 2018
Cash and deposits	6,551,666	10,029,598
Cash and deposits in trust	3,928,017	8,749,823
Cash and cash equivalents	10,479,684	18,779,421

2. Important contents of the non-cash transaction

The summary of assets and liabilities succeeded from Japan Senior Living Investment Corporation by merger in the 13th fiscal period is as follows. The increase amount of capital surplus is ¥13,187,100 thousand as a result of merger.

(in thousands of yen)

	From August 1, 2017 to January 31, 2018	From February 1, 2018 to July 31, 2018
Current assets	-	6,674,104
Non-current assets	-	29,237,279
Total assets	-	35,911,384
Current liabilities	-	5,108,546
Non-current liabilities	-	15,040,841
Total liabilities	-	20,149,388

(Notes to the Lease Transactions)

Operating lease transactions (Lessor)

Unearned lease payments

(in thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Due in 1 year	251,883	1,942,856
Due after 1 year	4,092,472	12,086,289
Total	4,344,355	14,029,145

## (Notes to the Financial Instruments)

## (A). Overview

## (1) Policy for financial instruments

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

## (2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer and interest rate fluctuation risk. Borrowings and investment corporation bonds are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 10 years and 1 months as of July 31, 2018, the end of the 13th fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

## (3) Risk management for financial instruments

## a. Credit risk

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

## b. Market risk

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

## c. Liquidity risk

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

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

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

## (B). Estimated Fair Value of Financial Instruments

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

As of January 31, 2018

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

As of July 31, 2018

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	10,029,598	10,029,598	-
(2) Cash and deposits in trust	8,749,823	8,749,823	-
Total	18,779,421	18,779,421	-
(1) Short-term loans payable	2,630,000	2,630,000	-
(2) Current portion of long-term loans payable	13,500,000	13,463,182	-36,817
(3) Investment corporation bonds	3,000,000	2,978,000	-22,000
(4) Long-term loans payable	87,000,000	87,203,230	203,230
Total	106,130,000	106,274,413	144,413
Derivative transactions*	-2,512	-2,512	-

\* Figures indicate net of derivative assets and derivative liabilities derived from derivative transactions, and minus means liabilities as a result of totaling amounts of derivative assets and derivative liabilities.

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

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

(3) Investment corporation bonds

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

Derivative transactions

Please refer to "Notes to the Derivative Transactions".

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

(in thousands of yen)

Classification	As of January 31, 2018	As of July 31, 2018
Investment securities *	221,707	512,263

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

Loss on valuation of investment securities of ¥21,981 thousand was recognized in the fiscal period ended July 31, 2018.

Note 3: Redemption schedule for financial assets with maturities

As of January 31, 2018

(in thousands of yen)

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

As of July 31, 2018

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	10,029,598	-	-	-	-	-
Cash and deposits in trust	8,749,823	-	-	-	-	-
Total	18,779,421	-	-	-	-	-

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

As of January 31, 2018

(in thousands of yen)

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

As of July 31, 2018

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	2,630,000	-	-	-	-	-
Investment corporation bonds	-	-	-	1,000,000	-	2,000,000
Long-term loans payable	13,500,000	7,500,000	8,950,000	19,650,000	7,250,000	43,650,000
Total	16,130,000	7,500,000	8,950,000	20,650,000	7,250,000	45,650,000

(Notes to the Derivative Transactions)

(1) Transactions not subject to hedge accounting

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

(2) Transactions subject to hedge accounting

As of January 31, 2018

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

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

As of July 31, 2018

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	43,000,000	43,000,000	-2,512	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	46,300,000	38,300,000	*	-
Total			89,300,000	81,300,000	-2,512	

\*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, 2018	As of July 31, 2018
Deferred tax assets:		
Valuation difference on other assets acquired by merger	-	762,851
Deferred gains or losses on hedges	-	26,694
Loss on investment securities	-	6,926
Subtotal deferred tax assets	-	796,472
Valuation allowance	-	-796,472
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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

	From August 1, 2017 to January 31, 2018	From February 1, 2018 to July 31, 2018
Statutory tax rate	31.74%	31.74%
Deductible cash distributions	-31.74	-16.44
Gain on negative goodwill	-	-15.09
Others	0.03	-0.20
Effective tax rate	0.03%	0.01%

(Notes to the Related-Party Transactions)

1. Parent Company, major corporate unitholders and other

12th Fiscal Period (August 1, 2017 to January 31, 2018) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

2. Affiliated companies and other

12th Fiscal Period (August 1, 2017 to January 31, 2018) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

3. Fellow subsidiary companies and other

12th Fiscal Period (August 1, 2017 to January 31, 2018) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

4. Directors, major individual unitholders and other

12th Fiscal Period (August 1, 2017 to January 31, 2018) and 13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

## (Notes to Business Combination)

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

Not applicable

13th Fiscal Period (February 1, 2018 to July 31, 2018)

Business Combination through Acquisition

## 1. Overview of Business combination

## (1) Name and Business Description of Acquiree

Name of acquiree : Japan Senior Living Investment Corporation (“JSL”)

Business description : Real estate investment trust

## (2) Main Reason for Business Combination

The Investment Corporation and JSL believe that, as a result of the Merger, they will achieve the benefits of (i) an increase in liquidity resulting from greater asset scale and market capitalization that will enable them to capture more growth opportunities, (ii) greater earnings stability stemming from asset type diversification and enhanced ability to pursue external growth and (iii) improvement in asset management efficiency together with enhanced financial health, and further believe that the potential to reap these benefits constitutes the major significance of the Merger. The Investment Corporation has therefore entered into the merger agreement on November 10, 2017.

## (3) Date of Business Combination

March 1, 2018

## (4) Legal Framework of Business Combination

An absorption-type merger with the Investment Corporation as the surviving corporation and JSL as the dissolving corporation

## (5) Name of the Investment Corporation after Business Combination

Kenedix Residential Next Investment Corporation

(The Investment Corporation changed its name from Kenedix Residential Investment Corporation to Kenedix Residential Next Investment Corporation on March 1, 2018)

## (6) Main Reasons for Determining Acquiring Company

It is determined that the Investment Corporation is the acquiring company based on the accounting standards for business combinations and other regulations with comprehensively taking various factors into consideration, such as the size of total assets, net income and other indexes, the ratio of unitholders' voting rights, the members of board of directors and other managerial factors.

## 2. Operating Period of Acquiree Included in the Statement of Income and Retained Earnings

From March 1, 2018 to July 31, 2018

## 3. Acquisition Cost of Acquiree and the Breakdown

Acquisition cost

Market value of the Investment Corporation's investment units allotted on the date of business combination

¥13,187,100 thousand

Principal Direct Cost for Acquisition

Merger fees ¥292,085 thousand

## 4. Exchange Ratio, Method of Calculation and Number of Investment Units Allotted as for the Acquisition

## (1) Exchange Ratio of Investment Units

1 unit of the Investment Corporation was allotted 1 unit of JSL through the Merger. The Investment Corporation implemented a 2-for-1 investment unit split with February 28, 2018 as the record date before the Merger.

## (2) Method of Calculation

The Investment Corporation appointed SMBC Nikko Securities Inc. as a financial advisor (“FA”), and also JSL appointed Nomura Securities Co., Ltd. They requested the FAs to perform a financial analysis of the merger ratio. Each FA calculated the merger ratio based on the valuation method of investment unit market value, discount dividends model, and other valuation, respectively. After careful discussions and negotiations as well as comprehensive considerations of various factors, including the merger ratio performed by the FAs, the Investment Corporation and JSL determined that the above mentioned merger ratio was appropriate.

## (3) Number of Investment Units Allotted

84,750 units



## 5. Treatment of Acquisition Cost

## (1) Breakdown of Assets Acquired and Liabilities Assumed on the Date of Business Combination

In thousand yen	
Current assets	6,674,104
Non-current assets	29,237,279
Total assets	35,911,384
Current liabilities	5,108,546
Non-current liabilities	15,040,841
Total liabilities	20,149,388

## (2) Amount and Reason for Negative Goodwill

Negative Goodwill : ¥2,574,896 thousand

Reason : The Investment Corporation recognized the difference as Negative Goodwill, which is the amount that JSL net fair value of net assets on the date of business combination exceeds the acquisition cost.

Accounting Treatment: All of the amount was recognized as extraordinary gain in 13th fiscal period.

## 6. Estimated Impact on the Statement of Income and Retained Earnings for the 13th fiscal period

Calculation Method of Estimated Impact and Assumption:

Japanese GAAP requires the acquiring company to estimate the impact on the statement of income and retained earnings as if the business combination were completed at the beginning of the 13th fiscal period.

Impact on the Statement of Income and Retained Earnings in the 13th Fiscal Period:

Operating Income	¥162,634 thousand
Ordinary Income	¥37,588 thousand
Net Income	¥37,419 thousand

(Notes to the Investment and Rental Properties)

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

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

(in thousands of yen)

		From August 1, 2017 to January 31, 2018	From February 1, 2018 to July 31, 2018
Book value	Balance at the beginning of period	156,161,704	165,040,946
	Changes during the period	8,879,241	28,107,411
	Balance at the end of period	165,040,946	193,148,357
Fair value at the end of period		192,137,000	223,857,000

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 12th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 2 properties totaling ¥9,514,796 thousand, and the principal decrease was depreciation of ¥921,858 thousand, and during the 13th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 14 properties totaling ¥28,998,000 thousand by merger with Japan Senior Living Investment Corporation and the acquisition of real estate trust beneficiary interests in 1 property totaling ¥770,418 thousand, and the principal decrease was the sales of real estate trust beneficiary interests in 1 property totaling ¥953,749 thousand and depreciation of ¥1,144,236 thousand.

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

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

(Notes to the Segment Information)

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

(A) Segment information

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

## (B) Related information

## (1) Information about each product and service

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

## (2) Information about each geographic area

## (a) Net sales

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

## (b) Property, plant and equipment

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

## (3) Information about each major customer

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

## (Notes to Per Unit Information)

	From August 1, 2017 to January 31, 2018	From February 1, 2018 to July 31, 2018
Net asset value per unit	¥118,379	¥126,123
Net income per unit	¥3,369	¥7,036

Note 1: The weighted average number of units outstanding of 698,178 and 769,818 were used for the computation of the amount of net income per unit for the periods ended July 31, 2017 and January 31, 2018, respectively. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

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

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

	From August 1, 2017 to January 31, 2018	From February 1, 2018 to July 31, 2018
Net income (in thousands of yen)	2,352,516	5,416,437
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	2,352,516	5,416,437
Weighted average number of units during the period (units)	698,178	769,818

## (Notes to Important Subsequent Events)

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

## 1. Merger (with Japan Senior Living Investment Corporation)

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

## (1) Purpose of the Merger

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

## (2) Method of the Merger

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

## (3) Merger ratio

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

## (4) Cash payment upon the Merger

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

## (5) Unitholder’s capital

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

Unitholder’s capital : ¥0

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

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

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

Operating Revenues	¥989 million
Net income	¥306 million
Total assets	¥35,333 million
Total liabilities	¥19,494 million
Net assets	¥15,838 million

## 2. Investment Unit Split

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

## (1) Purpose of the Investment Unit Split

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

## (2) Method of the Investment Unit Split

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

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

Total number of KDR’s investment units issued and outstanding before the Investment Unit Split	: 349,089 units
Number of investment units increased through the Investment Unit Split	: 349,089 units
Total number of KDR’s investment units issued and outstanding after the Investment Unit Split	: 698,178 units

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

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

13th Fiscal Period (February 1, 2018 to July 31, 2018): Not applicable

## Issuance of New Investment Units

On July 13, 2018 and July 24, 2018, the Board of Directors of the Investment Corporation resolved to issue new investment units as the funds for acquiring specified assets and other use. Payments for the issuance of new investment units through public offering and through third-party allotment have been completed on August 1, 2018 and August 29, 2018, respectively.

As a result of the issuance of new investment units, the Investment Corporation had total unitholders’ capital of ¥93,226,228,903 with 869,133 investment units

outstanding as of August 29, 2018.

(Issuance of New Investment Units through Public Offering)

Issuance of new investment units	: 82,100 units
Issue price (Offer price)	: ¥157,047 per unit
Aggregate issue price (Total offer price)	: ¥12,893,558,700
Issue amount (Paid-in value)	: ¥151,892 per unit
Total issue amount (Aggregate paid-in value)	: ¥12,470,333,200
Payment date	: August 1, 2018

(Issuance of New Investment Units through Third-Party Allotment)

Issuance of new investment units	: 4,105 units
Issue amount (Paid-in value)	: ¥151,892 per unit
Total issue amount (Aggregate paid-in value)	: ¥623,516,660
Payment date	: August 29, 2018
Allottee	: SMBC Nikko Securities Inc.

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

Property No.	T-1	T-3	T-4	T-5	T-6	T-7	T-9	T-10	T-11	T-12	T-13	T-15	T-16	T-17	
Property Name	KDX Daikanyama Residence	KDX Odemma Residence	KDX Iwamoto-cho Residence	KDX Bunkyo Sengoku Residence	KDX Azumabashi Residence	KDX Shimura Sakaue Residence	Cosmo Heim Motsumiyoshi (Land with leasehold interest)	KDX Musashi Nakahara Residence	KDX Chiba Chuo Residence	KDX Kawaguchi Saiwai-cho Residence	KDX Residence Shirokane I	KDX Residence Shirokane II	KDX Residence Minami-aoyama	KDX Residence Minami-azabu	
Acquisition Date	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	April 26, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	4,700	1,775	822	1,488	650	2,830	1,750	637	1,480	1,150	3,000	2,800	2,230	2,080
	Percentage of total portfolio	2.4%	0.9%	0.4%	0.8%	0.3%	1.5%	0.9%	0.3%	0.8%	0.6%	1.6%	1.5%	1.2%	1.1%
	Net book value (In millions of yen)	4,709	1,724	797	1,462	619	2,698	1,798	640	1,350	1,122	3,092	2,867	2,241	2,081
	Appraisal value at the end of period (In millions of yen)	5,680	2,040	950	1,740	873	3,310	1,800	719	1,780	1,380	3,460	3,400	2,470	2,580
	Percentage of total appraisal value	2.5%	0.9%	0.4%	0.8%	0.4%	1.5%	0.8%	0.3%	0.8%	0.6%	1.5%	1.5%	1.1%	1.2%
Lease Information	Number of leasable residential units	86	54	36	77	41	85	-	35	106	61	50	85	20	62
	Leasable floor area (㎡)	5,338.99	2,353.23	1,131.24	2,054.10	1,054.83	6,117.48	3,040.11	2,123.46	3,546.91	2,491.66	3,617.32	2,889.66	1,680.79	2,785.42
	Leased floor area (㎡)	5,338.99	2,262.01	1,131.24	2,004.18	956.75	5,815.66	3,040.11	2,002.46	3,313.71	2,406.09	3,530.17	2,858.14	1,610.31	2,692.66
	Occupancy ratio (Note1)														
	As of July 31, 2018	100.0%	96.1%	100.0%	97.6%	90.7%	95.1%	100.0%	94.3%	93.4%	96.6%	97.6%	98.9%	95.8%	96.7%
	As of January 31, 2018	98.2%	100.0%	98.0%	100.0%	100.0%	100.0%	100.0%	94.3%	95.5%	98.3%	98.8%	98.8%	70.8%	98.0%
	As of July 31, 2017	98.9%	96.2%	90.9%	100.0%	95.4%	96.6%	100.0%	97.2%	95.1%	95.9%	97.2%	95.8%	95.8%	92.7%
	As of January 31, 2017	100.0%	96.2%	100.0%	100.0%	97.7%	92.9%	100.0%	97.2%	87.9%	95.2%	100.0%	97.8%	100.0%	100.0%
	As of July 31, 2016	96.5%	94.5%	96.4%	93.4%	97.7%	97.5%	100.0%	94.3%	97.2%	97.1%	97.5%	97.8%	97.7%	98.6%
	As of January 31, 2016	99.4%	98.2%	94.4%	100.0%	97.7%	94.2%	100.0%	100.0%	98.8%	97.1%	98.8%	98.1%	94.8%	98.8%
As of July 31, 2015	96.6%	96.4%	100.0%	97.7%	100.0%	97.5%	100.0%	100.0%	91.9%	98.2%	100.0%	97.8%	97.7%	96.0%	
As of January 31, 2015	90.6%	96.4%	100.0%	98.7%	95.5%	97.6%	100.0%	97.2%	88.9%	81.2%	97.3%	97.5%	90.9%	95.2%	
As of July 31, 2014	98.2%	92.2%	96.4%	99.0%	100.0%	96.4%	100.0%	100.0%	90.6%	91.7%	96.1%	96.0%	92.9%	90.2%	
As of January 31, 2014	94.1%	96.4%	100.0%	91.2%	97.7%	97.8%	100.0%	91.3%	94.6%	98.2%	97.1%	98.9%	95.8%	91.1%	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	160,834	58,781	28,177	51,269	25,152	105,540	43,750	26,607	61,532	47,195	113,014	92,412	55,882	70,729
	Rental revenues	144,004	54,015	26,462	47,619	24,240	92,124	43,750	24,286	55,787	44,372	93,079	84,616	50,291	67,712
	Other operating revenues	16,830	4,765	1,715	3,650	911	13,415	-	2,320	5,744	2,822	19,935	7,795	5,590	3,016
	②Property-related expenses (In thousands of yen)	30,952	11,394	7,804	11,223	6,097	30,520	1,325	7,001	18,899	9,798	40,560	25,215	13,053	14,341
	Property management fees	11,264	4,954	2,801	4,938	2,151	9,278	-	2,476	4,101	2,973	7,885	6,928	5,256	5,704
	Taxes	9,679	2,835	1,244	2,478	1,240	5,554	1,319	1,618	3,773	2,771	8,463	4,703	3,503	3,842
	Utilities	3,789	557	292	557	238	1,277	-	372	721	713	12,806	1,394	927	458
	Repairs and maintenance	3,051	1,479	2,070	1,696	1,811	10,459	-	1,991	6,400	1,412	9,255	9,412	823	2,913
	Insurance	173	63	30	57	32	155	-	49	102	67	126	93	47	84
Trust fees and other expenses	2,994	1,502	1,364	1,494	622	3,795	6	492	3,800	1,859	2,022	2,682	2,494	1,337	
③NOI (=①-②) (In thousands of yen)	129,882	47,386	20,372	40,046	19,054	75,020	42,424	19,606	42,632	37,396	72,453	67,197	42,829	56,388	
④Depreciation (In thousands of yen)	15,991	10,723	5,245	6,519	4,901	21,543	-	3,691	17,260	7,290	7,948	6,842	3,254	6,930	
⑤Rental operating income (=③-④) (In thousands of yen)	113,890	36,662	15,127	33,526	14,152	53,477	42,424	15,914	25,372	30,106	64,505	60,355	39,574	49,457	
⑥Capital expenditures (In thousands of yen)	4,274	4,162	1,932	510	-	1,342	-	5,850	106	1,328	81,199	61,809	522	5,552	
⑦NCF (=⑤-⑥) (In thousands of yen)	125,607	43,224	18,440	39,535	19,054	73,678	42,424	13,755	42,525	36,068	△8,745	5,387	42,306	50,835	
Reference	Expense ratio (=②/①)	19.2%	19.4%	27.7%	21.9%	24.2%	28.9%	3.0%	26.3%	30.7%	20.8%	35.9%	27.3%	23.4%	20.3%
	Property tax for the year 2018 (In thousands of yen)	17,975	5,671	2,489	4,957	2,480	11,108	2,637	3,235	7,546	5,539	15,763	9,346	7,007	7,685
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**[Reference]** **Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days** ※As of July 31, 2018

Property No.	T-18	T-19	T-20	T-21	T-22	T-23	T-24	T-25	T-26	T-27	T-28	T-29	T-30	T-31	
Property Name	KDX Residence Shiba Koen	KDX Residence Azabu East	KDX Residence Takanawa	KDX Residence Nishihara	KDX Residence Daikanyama II	KDX Residence Sendagaya	KDX Residence Nihombashi Suitengu	KDX Residence Nihombashi Hakozaki	KDX Residence Higashi-shinjuku	KDX Residence Yotsuya	KDX Residence Nishi-shinjuku	KDX Residence Kagurazaka	KDX Residence Futako Tamagawa	KDX Residence Komazawa Koen	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	1,781	1,560	770	1,450	730	650	3,240	1,147	3,270	2,260	1,000	720	1,250	920
	Percentage of total portfolio	0.9%	0.8%	0.4%	0.8%	0.4%	0.3%	1.7%	0.6%	1.7%	1.2%	0.5%	0.4%	0.6%	0.5%
	Net book value (In millions of yen)	1,771	1,555	767	1,451	761	643	3,187	1,167	3,241	2,253	1,000	713	1,276	911
	Appraisal value at the end of period (In millions of yen)	2,290	1,910	1,020	1,870	935	805	3,870	1,360	3,990	2,650	1,290	905	1,440	1,090
	Percentage of total appraisal value	1.0%	0.9%	0.5%	0.8%	0.4%	0.4%	1.7%	0.6%	1.8%	1.2%	0.6%	0.4%	0.6%	0.5%
Lease Information	Number of leasable residential units	64	76	27	39	17	16	79	60	179	42	54	34	38	32
	Leasable floor area (㎡)	2,507.52	1,849.00	1,034.27	2,310.08	985.10	748.96	5,534.86	1,537.38	4,358.43	3,101.16	1,345.92	890.93	2,339.62	1,020.18
	Leased floor area (㎡)	2,464.31	1,806.97	988.82	2,255.78	985.10	748.96	5,534.86	1,537.38	4,140.12	3,101.16	1,231.42	890.93	2,339.62	997.81
	Occupancy ratio (Note1)														
	As of July 31, 2018	98.3%	97.7%	95.6%	97.6%	100.0%	100.0%	100.0%	100.0%	95.0%	100.0%	91.5%	100.0%	100.0%	97.8%
	As of January 31, 2018	97.5%	98.9%	97.4%	100.0%	100.0%	100.0%	100.0%	98.7%	96.8%	100.0%	98.0%	97.2%	100.0%	95.5%
	As of July 31, 2017	98.4%	100.0%	100.0%	91.3%	100.0%	100.0%	100.0%	98.7%	100.0%	98.1%	98.6%	97.2%	97.6%	100.0%
	As of January 31, 2017	98.4%	97.7%	100.0%	100.0%	100.0%	100.0%	100.0%	95.5%	100.0%	100.0%	96.4%	97.2%	94.7%	100.0%
	As of July 31, 2016	93.4%	98.9%	92.5%	95.9%	100.0%	100.0%	100.0%	97.3%	97.5%	95.9%	100.0%	100.0%	97.1%	100.0%
	As of January 31, 2016	94.6%	97.7%	100.0%	93.7%	100.0%	100.0%	100.0%	98.4%	97.9%	93.7%	100.0%	100.0%	100.0%	100.0%
As of July 31, 2015	93.7%	97.7%	97.4%	97.5%	100.0%	87.6%	100.0%	97.1%	98.0%	100.0%	98.5%	97.2%	92.1%	97.8%	
As of January 31, 2015	93.3%	100.0%	100.0%	97.9%	100.0%	100.0%	100.0%	91.4%	99.0%	93.9%	98.2%	94.3%	100.0%	100.0%	
As of July 31, 2014	94.0%	94.3%	91.0%	97.6%	90.9%	100.0%	100.0%	95.3%	97.9%	89.1%	96.8%	100.0%	100.0%	100.0%	
As of January 31, 2014	100.0%	94.3%	100.0%	94.8%	100.0%	100.0%	100.0%	91.8%	95.9%	93.9%	95.2%	94.4%	97.0%	97.8%	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	65,430	56,593	27,055	51,042	28,708	22,529	97,107	41,294	111,640	82,049	35,965	25,242	43,733	29,072
	Rental revenues	60,081	52,267	24,558	47,884	23,493	20,340	93,188	37,848	102,595	71,293	33,017	23,002	39,320	26,253
	Other operating revenues	5,348	4,326	2,496	3,157	5,215	2,189	3,919	3,446	9,044	10,756	2,948	2,240	4,412	2,818
	②Property-related expenses (In thousands of yen)	12,862	12,084	7,043	8,106	4,849	3,363	11,163	8,176	19,327	17,713	7,816	4,590	8,475	5,416
	Property management fees	5,138	4,297	2,714	2,939	1,950	1,460	1,465	3,398	7,589	8,672	3,807	1,915	3,058	2,305
	Taxes	2,957	2,559	1,485	3,070	2,084	1,145	5,012	1,733	5,511	4,947	1,732	1,025	2,152	1,252
	Utilities	590	490	374	746	192	301	838	440	1,394	1,149	305	240	376	406
	Repairs and maintenance	2,333	2,803	1,027	759	175	53	2,707	1,464	2,909	1,160	1,503	474	2,332	862
	Insurance	66	60	29	70	29	27	146	44	127	141	37	26	61	28
Trust fees and other expenses	1,775	1,873	1,412	519	418	377	991	1,095	1,794	1,642	430	909	493	562	
③NOI (=①-②) (In thousands of yen)	52,567	44,509	20,011	42,935	23,858	19,166	85,944	33,117	92,313	64,336	28,149	20,652	35,257	23,655	
④Depreciation (In thousands of yen)	5,785	6,174	2,765	5,848	1,262	2,804	17,768	6,881	11,593	9,314	3,932	3,327	4,593	4,664	
⑤Rental operating income (=③-④) (In thousands of yen)	46,781	38,335	17,245	37,087	22,596	16,361	68,175	26,236	80,719	55,021	24,217	17,325	30,664	18,991	
⑥Capital expenditures (In thousands of yen)	991	2,034	-	1,124	-	-	305	-	2,129	1,032	776	490	4,505	807	
⑦NCF (=⑤-⑥) (In thousands of yen)	51,575	42,475	20,011	41,811	23,858	19,166	85,638	33,117	90,183	63,303	27,372	20,161	30,752	22,848	
Reference	Expense ratio (=②/①)	19.7%	21.4%	26.0%	15.9%	16.9%	14.9%	11.5%	19.8%	17.3%	21.7%	18.2%	19.4%	18.6%	
	Property tax for the year 2018 (In thousands of yen)	5,915	5,118	2,971	6,141	3,826	2,290	10,025	3,466	11,023	9,895	3,464	2,050	4,305	2,504
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

Property No.	T-32	T-33	T-34	T-35	T-36	T-37	T-38	T-39	T-40	T-41	T-42	T-43	T-44	T-45	
Property Name	KDX Residence Mishuku	KDX Residence Yoga	KDX Residence Shimouma	Raffine Minami-magome	KDX Residence Yukigaya Otsuka	KDX Residence Denen Chofu	KDX Residence Tamagawa	KDX Residence Monzennakacho	KDX Residence Okachimachi	KDX Residence Moto-asakusa	KDX Residence Itabashi Honcho	KDX Residence Azusawa	KDX Residence Tobu Nerima	KDX Residence Yokohama Kannai	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	760	700	600	1,250	1,050	1,000	776	773	850	800	620	550	420	800
	Percentage of total portfolio	0.4%	0.4%	0.3%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.2%	0.4%
	Net book value (In millions of yen)	757	699	602	1,247	1,033	1,064	750	768	844	795	606	557	403	785
	Appraisal value at the end of period (In millions of yen)	907	854	741	1,450	1,310	1,210	920	961	1,040	990	743	637	502	979
	Percentage of total appraisal value	0.4%	0.4%	0.3%	0.6%	0.6%	0.5%	0.4%	0.4%	0.5%	0.4%	0.3%	0.3%	0.2%	0.4%
Lease Information	Number of leasable residential units	39	38	29	56	72	36	52	49	51	44	46	39	37	72
	Leasable floor area (㎡)	1,103.82	1,012.80	829.05	2,408.56	1,526.98	2,359.44	1,170.40	1,171.41	1,329.79	1,314.91	1,127.58	989.82	931.82	1,602.16
	Leased floor area (㎡)	1,103.82	1,012.80	829.05	2,408.56	1,485.18	2,162.82	1,106.00	1,142.64	1,329.79	1,294.31	1,127.58	958.14	931.82	1,509.26
	Occupancy ratio (Note1)														
	As of July 31, 2018	100.0%	100.0%	100.0%	100.0%	97.3%	91.7%	94.5%	97.5%	100.0%	98.4%	100.0%	96.8%	100.0%	94.2%
	As of January 31, 2018	97.7%	90.0%	100.0%	100.0%	98.7%	100.0%	98.1%	95.9%	100.0%	95.9%	96.1%	100.0%	100.0%	97.0%
	As of July 31, 2017	100.0%	100.0%	96.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	98.5%	98.1%	100.0%	96.6%	93.1%
	As of January 31, 2017	94.1%	100.0%	93.7%	100.0%	98.7%	94.4%	98.3%	100.0%	98.0%	92.4%	96.1%	97.9%	94.4%	88.0%
	As of July 31, 2016	96.0%	100.0%	100.0%	100.0%	95.7%	91.7%	96.5%	93.7%	98.2%	97.4%	94.0%	90.2%	94.9%	90.8%
	As of January 31, 2016	95.3%	100.0%	96.7%	100.0%	100.0%	97.2%	100.0%	100.0%	100.0%	98.4%	95.8%	100.0%	97.3%	98.8%
As of July 31, 2015	97.7%	100.0%	97.0%	100.0%	98.4%	97.2%	96.4%	96.2%	100.0%	92.4%	96.1%	94.1%	100.0%	97.2%	
As of January 31, 2015	100.0%	100.0%	100.0%	100.0%	100.0%	97.2%	100.0%	97.5%	100.0%	94.3%	93.9%	90.9%	97.8%	89.2%	
As of July 31, 2014	100.0%	100.0%	95.5%	100.0%	97.3%	100.0%	98.2%	95.5%	100.0%	97.5%	97.7%	90.9%	96.6%	90.9%	
As of January 31, 2014	97.7%	97.5%	96.9%	100.0%	95.9%	97.2%	96.5%	84.3%	96.2%	93.3%	96.0%	96.7%	100.0%	92.3%	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	26,630	25,778	20,821	42,152	39,262	37,550	28,547	28,130	30,576	29,904	24,551	19,926	17,703	35,304
	Rental revenues	25,494	21,352	19,954	42,152	36,993	33,535	26,658	26,172	29,581	27,933	23,122	18,876	16,935	31,994
	Other operating revenues	1,136	4,425	866	-	2,268	4,015	1,888	1,958	995	1,971	1,429	1,050	767	3,309
	②Property-related expenses (In thousands of yen)	6,275	4,828	4,156	3,273	8,788	10,060	6,611	6,916	5,031	6,966	6,241	4,434	5,418	8,406
	Property management fees	2,405	2,199	1,610	541	2,794	3,697	2,372	3,056	1,866	2,823	2,312	1,691	1,952	3,919
	Taxes	1,434	1,269	793	2,098	1,936	1,918	1,506	1,282	1,679	1,520	1,233	1,210	1,095	1,654
	Utilities	205	378	209	-	414	472	365	353	368	293	276	196	186	617
	Repairs and maintenance	1,262	177	739	120	1,891	3,294	1,310	1,610	620	1,835	1,272	813	1,083	1,402
	Insurance	31	27	20	52	44	51	39	31	34	39	29	29	26	52
Trust fees and other expenses	934	775	783	460	1,706	626	1,017	581	462	453	1,116	493	1,074	759	
③NOI (=①-②) (In thousands of yen)	20,355	20,949	16,664	38,878	30,473	27,490	21,935	21,214	25,545	22,937	18,310	15,491	12,284	26,897	
④Depreciation (In thousands of yen)	3,112	2,617	2,253	3,342	5,453	4,216	5,894	4,006	3,771	4,512	4,210	3,357	3,772	5,964	
⑤Rental operating income (=③-④) (In thousands of yen)	17,243	18,331	14,411	35,536	25,020	23,274	16,040	17,208	21,773	18,424	14,099	12,133	8,512	20,933	
⑥Capital expenditures (In thousands of yen)	-	1,261	122	3,305	241	13,511	133	1,918	941	1,076	-	393	112	4,039	
⑦NCF (=⑤-⑥) (In thousands of yen)	20,355	19,687	16,542	35,573	30,232	13,979	21,802	19,296	24,604	21,860	18,310	15,097	12,172	22,858	
Reference	Expense ratio (=②/①)	23.6%	18.7%	20.0%	7.8%	22.4%	26.8%	23.2%	24.6%	23.3%	25.4%	22.3%	30.6%	23.8%	
	Property tax for the year 2018 (In thousands of yen)	2,868	2,539	1,586	4,197	3,873	3,837	3,012	2,565	3,358	3,040	2,466	2,190	3,308	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

Property No.	T-46	T-47	T-48	T-49	T-50	T-51	T-52	T-53	T-54	T-55	T-56	T-57	T-58	T-59	
Property Name	KDX Residence Miyamaedaira	KDX Residence Machida	KDX Residence Kinshicho	KDX Residence Nihombashi Hamacho	KDX Residence Nihombashi Ningyocho	KDX Residence Jiyugaoka	KDX Residence Togoshi	KDX Residence Shinagawa Seaside	KDX Residence Ojima	KDX Residence Oyama	KDX Residence Hanzomon	B-Site Akihabara	KDX Residence Kagurazaka Dori	KDX Residence Sendagi	
Acquisition Date	August 7, 2013	August 7, 2013	March 28, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	August 7, 2014	February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	
Price Information	Acquisition price (In millions of yen)	999	1,800	1,350	996	530	1,268	3,745	2,593	1,857	2,679	4,832	850	1,360	2,200
	Percentage of total portfolio	0.5%	0.9%	0.7%	0.5%	0.3%	0.7%	1.9%	1.3%	1.0%	1.4%	2.5%	0.4%	0.7%	1.1%
	Net book value (In millions of yen)	1,005	1,734	1,348	1,006	565	1,325	3,771	2,599	1,851	2,669	4,970	867	1,387	2,368
	Appraisal value at the end of period (In millions of yen)	1,130	2,020	1,630	1,190	643	1,540	4,630	3,170	2,210	3,190	5,470	962	1,750	2,390
	Percentage of total appraisal value	0.5%	0.9%	0.7%	0.5%	0.3%	0.7%	2.1%	1.4%	1.0%	1.4%	2.4%	0.4%	0.8%	1.1%
Lease Information	Number of leasable residential units	40	52	33	28	27	48	144	127	117	145	85	52	70	40
	Leasable floor area (㎡)	2,448.27	3,832.53	2,024.81	1,756.27	877.14	1,637.00	4,591.76	3,314.75	2,372.67	4,009.07	4,854.23	1,254.50	1,809.84	3,159.89
	Leased floor area (㎡)	2,319.12	3,832.53	1,962.08	1,756.27	877.14	1,519.43	4,591.76	3,285.46	2,271.29	3,933.71	4,722.37	1,254.50	1,734.51	3,159.89
	Occupancy ratio (Note1)														
	As of July 31, 2018	94.7%	100.0%	96.9%	100.0%	100.0%	92.8%	100.0%	99.1%	95.7%	98.1%	97.3%	100.0%	95.8%	100.0%
	As of January 31, 2018	97.5%	100.0%	100.0%	100.0%	100.0%	97.7%	96.7%	97.1%	100.0%	95.3%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2017	100.0%	95.8%	100.0%	100.0%	96.8%	97.9%	98.9%	98.6%	97.2%	98.9%	97.2%	100.0%	100.0%	100.0%
	As of January 31, 2017	89.8%	100.0%	96.9%	100.0%	96.8%	98.6%	95.5%	100.0%	97.4%	93.2%	97.0%	100.0%	100.0%	95.0%
	As of July 31, 2016	95.1%	87.0%	100.0%	100.0%	95.4%	95.1%	95.9%	97.5%	99.1%	95.3%	97.7%	100.0%	100.0%	99.0%
	As of January 31, 2016	95.3%	95.8%	96.8%	100.0%	100.0%	91.6%	98.4%	100.0%	99.1%	93.5%	98.8%	100.0%	100.0%	100.0%
As of July 31, 2015	95.3%	100.0%	96.9%	100.0%	100.0%	87.9%	98.2%	93.4%	98.3%	91.3%	94.6%	100.0%	100.0%	100.0%	
As of January 31, 2015	90.0%	94.5%	97.3%	100.0%	90.9%	87.7%	97.0%	89.4%	100.0%	91.2%	-	-	-	-	
As of July 31, 2014	92.1%	94.0%	87.4%	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2014	95.2%	88.7%	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	36,150	63,651	45,242	30,519	19,722	39,488	123,663	86,485	62,827	93,233	130,224	23,965	52,453	65,710
	Rental revenues	33,288	57,466	38,181	30,442	18,818	37,547	113,521	81,244	58,420	82,333	121,871	23,882	48,972	60,742
	Other operating revenues	2,861	6,185	7,061	76	904	1,941	10,142	5,240	4,406	10,900	8,352	83	3,480	4,967
	②Property-related expenses (In thousands of yen)	10,378	11,052	7,794	4,989	4,205	7,600	20,102	17,270	15,513	21,141	17,847	3,156	10,080	10,799
	Property management fees	3,256	3,965	2,556	1,224	1,810	2,812	6,894	5,279	4,473	5,660	5,629	-	3,274	3,182
	Taxes	2,076	3,532	2,275	1,570	1,003	1,896	5,565	4,682	2,728	4,805	6,909	1,629	2,394	3,019
	Utilities	451	791	585	314	219	327	584	807	536	942	1,086	-	490	2,412
	Repairs and maintenance	3,579	1,649	1,589	1,449	419	1,554	3,451	3,058	5,620	5,615	2,703	1,128	1,833	1,555
	Insurance	66	113	75	44	25	42	150	115	78	123	149	38	57	95
Trust fees and other expenses	949	1,000	713	385	726	966	3,455	3,327	2,076	3,993	1,369	360	2,028	532	
③NOI (=①-②) (In thousands of yen)	25,771	52,598	37,447	25,530	15,517	31,887	103,561	69,214	47,313	72,092	112,377	20,809	42,372	54,911	
④Depreciation (In thousands of yen)	4,746	14,934	6,920	4,149	2,235	4,209	17,156	12,791	11,060	16,592	14,645	2,523	3,696	8,776	
⑤Rental operating income (=③-④) (In thousands of yen)	21,025	37,664	30,526	21,381	13,281	27,678	86,404	56,422	36,252	55,499	97,731	18,286	38,676	46,134	
⑥Capital expenditures (In thousands of yen)	10,268	4,210	724	2,530	763	2,372	5,493	109	914	687	3,037	600	752	288	
⑦NCF (=⑤-⑥) (In thousands of yen)	15,502	48,388	36,722	22,999	14,754	29,515	98,067	69,104	46,399	71,405	109,339	20,209	41,620	54,623	
Reference	Expense ratio (=②/①)	28.7%	17.4%	17.2%	16.3%	21.3%	19.2%	16.3%	20.0%	24.7%	22.7%	13.7%	13.2%	19.2%	16.4%
	Property tax for the year 2018 (In thousands of yen)	4,151	7,057	4,550	3,141	1,990	3,792	11,130	9,365	5,456	9,611	13,819	3,258	4,789	6,038
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-



**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

Property No.	T-60	T-61	T-62	T-63	T-64	T-65	T-66	T-67	T-68	T-69	T-70	T-71	T-72	T-73	
Property Name	KDX Residence Seijo	KDX Residence Akihabara	KDX Residence Iriya	KDX Residence Tachikawa	KDX Residence Tsurumi	KDX Residence Morishita Chitose	KDX Residence Akasaka	KDX Residence Kanda	KDX Residence Ebisu	KDX Residence Nishi-magome	KDX Residence Nishi-azabu	KDX Residence Azabu Sendaiyaka	KDX Residence Waseda Tsurumaki	KDX Residence Bunkyo Yushima	
Acquisition Date	February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	February 5, 2015	June 1, 2015	September 30, 2015	September 30, 2015	October 30, 2015	August 30, 2016	August 1, 2016	August 1, 2016	August 1, 2016	August 1, 2016	
Price Information	Acquisition price (In millions of yen)	1,400	1,250	1,062	3,026	1,050	1,100	1,150	700	2,845	1,130	1,224	792	561	695
	Percentage of total portfolio	0.7%	0.6%	0.6%	1.6%	0.5%	0.6%	0.6%	0.4%	1.5%	0.6%	0.6%	0.4%	0.3%	0.4%
	Net book value (In millions of yen)	1,429	1,260	1,074	3,035	1,138	1,116	1,199	729	2,961	1,179	1,245	809	572	707
	Appraisal value at the end of period (In millions of yen)	1,530	1,470	1,330	3,470	1,430	1,230	1,600	1,050	4,000	1,200	1,510	975	791	915
	Percentage of total appraisal value	0.7%	0.7%	0.6%	1.6%	0.6%	0.5%	0.7%	0.5%	1.8%	0.5%	0.7%	0.4%	0.4%	0.4%
Lease Information	Number of leasable residential units	38	32	57	174	59	65	28	30	65	47	33	30	39	38
	Leasable floor area (㎡)	2,198.56	1,929.61	1,899.29	4,314.87	3,499.84	1,614.28	1,180.71	1,031.09	2,659.66	1,297.27	1,357.88	878.50	808.54	939.89
	Leased floor area (㎡)	2,048.92	1,754.08	1,899.29	4,117.36	3,442.34	1,593.17	1,180.71	1,031.09	2,659.66	1,297.27	1,315.97	845.39	788.88	919.49
	Occupancy ratio (Note1)														
	As of July 31, 2018	93.2%	90.9%	100.0%	95.4%	98.4%	98.7%	100.0%	100.0%	100.0%	100.0%	96.9%	96.2%	97.6%	97.8%
	As of January 31, 2018	97.5%	97.0%	98.6%	92.6%	100.0%	97.4%	96.6%	100.0%	100.0%	96.1%	97.3%	100.0%	100.0%	100.0%
	As of July 31, 2017	97.5%	100.0%	100.0%	98.8%	100.0%	98.8%	96.4%	100.0%	92.1%	91.1%	96.9%	94.0%	92.4%	97.8%
	As of January 31, 2017	93.8%	100.0%	95.7%	94.9%	98.5%	98.7%	100.0%	100.0%	97.1%	36.2%	100.0%	100.0%	100.0%	100.0%
	As of July 31, 2016	100.0%	85.8%	97.1%	92.1%	96.8%	98.7%	93.1%	100.0%	97.3%	-	-	-	-	-
	As of January 31, 2016	88.5%	87.9%	100.0%	95.9%	98.5%	96.8%	100.0%	97.4%	58.3%	-	-	-	-	-
As of July 31, 2015	89.8%	97.0%	98.6%	96.1%	98.4%	96.2%	-	-	-	-	-	-	-	-	
As of January 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	41,521	39,061	38,554	99,121	53,315	40,203	37,950	28,276	98,674	31,889	38,339	26,579	22,438	24,935
	Rental revenues	36,210	37,053	36,310	87,757	46,748	36,238	36,155	26,937	91,108	31,339	35,460	25,645	20,589	23,424
	Other operating revenues	5,310	2,007	2,243	11,364	6,567	3,965	1,794	1,339	7,565	550	2,878	934	1,849	1,511
	②Property-related expenses (In thousands of yen)	11,581	6,397	9,440	21,553	13,415	10,082	5,706	5,250	12,556	4,887	8,895	6,121	7,278	5,558
	Property management fees	2,720	2,383	3,288	7,213	3,611	2,810	2,101	1,774	4,690	2,165	2,388	2,524	2,433	1,738
	Taxes	2,755	2,102	1,956	4,142	2,551	1,942	1,449	1,561	3,146	1,654	2,549	1,603	996	1,186
	Utilities	370	345	333	817	563	508	237	387	963	151	561	297	226	308
	Repairs and maintenance	4,225	777	2,064	6,316	4,849	2,827	524	412	1,207	72	1,828	587	2,217	1,270
	Insurance	65	53	53	138	85	46	36	32	83	36	42	27	24	27
Trust fees and other expenses	1,444	735	1,744	2,926	1,752	1,947	1,357	1,083	2,465	808	1,525	1,081	1,380	1,027	
③NOI (=①-②) (In thousands of yen)	29,939	32,664	29,113	77,567	39,900	30,121	32,243	23,026	86,117	27,001	29,444	20,458	15,160	19,377	
④Depreciation (In thousands of yen)	4,628	6,601	6,192	21,121	6,878	5,690	4,195	3,682	11,269	4,885	3,911	2,600	2,974	3,120	
⑤Rental operating income (=③-④) (In thousands of yen)	25,310	26,062	22,921	56,445	33,021	24,431	28,048	19,343	74,848	22,115	25,532	17,857	12,185	16,256	
⑥Capital expenditures (In thousands of yen)	2,701	627	829	10,907	16,182	826	-	-	154	-	757	1,452	-	-	
⑦NCF (=⑤-⑥) (In thousands of yen)	27,238	32,036	28,284	66,659	23,717	29,295	32,243	23,026	85,963	27,001	28,686	19,005	15,160	19,377	
Reference	Expense ratio (=②/①)	27.9%	16.4%	24.5%	21.7%	25.2%	25.1%	15.0%	18.6%	12.7%	15.3%	23.2%	23.0%	32.4%	22.3%
	Property tax for the year 2018 (In thousands of yen)	5,509	4,204	3,911	8,285	5,100	3,884	2,899	3,122	6,292	3,308	5,098	3,207	1,993	2,372
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

Property No.	T-74	T-75	T-76	T-77	T-78	R-2	R-3	R-4	R-5	R-7	R-8	R-9	R-10	R-11	
Property Name	KDX Residence Kamishakujii	KDX Residence Shin-otsuka	KDX Residence Sakurajosui	KDX Residence Ryogoku	KDX Residence Toyosu	KDX Jozenji Dori Residence	KDX Izumi Residence	KDX Chihaya Residence	KDX Sakaisuji Hommachi Residence	KDX Takarazuka Residence	KDX Shimizu Residence	KDX Residence Odori Koen	KDX Residence Kikusui Yojo	KDX Residence Toyohira Koen	
Acquisition Date	August 1, 2016	November 1, 2016	November 1, 2016	November 1, 2016	August 22, 2017	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	May 1, 2012	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	648	764	894	842	7,500	1,015	1,120	1,080	2,910	1,510	1,680	765	830	445
	Percentage of total portfolio	0.3%	0.4%	0.5%	0.4%	3.9%	0.5%	0.6%	0.6%	1.5%	0.8%	0.9%	0.4%	0.4%	0.2%
	Net book value (In millions of yen)	662	782	914	863	7,789	956	1,067	1,015	2,751	1,385	1,585	736	801	476
	Appraisal value at the end of period (In millions of yen)	786	945	1,110	1,080	7,640	1,290	1,320	1,350	3,230	1,830	1,960	931	1,030	539
	Percentage of total appraisal value	0.4%	0.4%	0.5%	0.5%	3.4%	0.6%	0.6%	0.6%	1.4%	0.8%	0.9%	0.4%	0.5%	0.2%
Lease Information	Number of leasable residential units	47	40	43	36	242	92	40	92	160	80	148	78	84	65
	Leasable floor area (㎡)	1,032.18	872.00	1,227.16	1,190.53	6,811.38	3,330.15	2,798.20	2,936.40	6,385.70	4,631.16	6,255.16	2,762.76	3,413.06	2,253.81
	Leased floor area (㎡)	1,010.86	872.00	1,227.16	1,190.53	6,811.38	3,230.72	2,577.85	2,792.48	6,290.68	4,466.28	6,049.72	2,762.76	3,083.42	2,145.80
	Occupancy ratio (Note1)														
	As of July 31, 2018	97.9%	100.0%	100.0%	100.0%	100.0%	97.0%	92.1%	95.1%	98.5%	96.4%	96.7%	100.0%	90.3%	95.2%
	As of January 31, 2018	93.8%	100.0%	85.5%	93.4%	100.0%	93.0%	94.8%	96.2%	97.0%	100.0%	95.9%	97.4%	94.4%	89.1%
	As of July 31, 2017	95.7%	100.0%	100.0%	97.9%	-	95.0%	97.4%	91.8%	95.0%	99.3%	91.5%	96.1%	92.8%	95.4%
	As of January 31, 2017	97.8%	100.0%	100.0%	87.2%	-	93.4%	97.6%	99.2%	94.4%	97.1%	96.6%	98.7%	100.0%	96.9%
	As of July 31, 2016	-	-	-	-	-	95.7%	97.4%	94.8%	88.6%	91.4%	97.6%	96.1%	100.0%	98.4%
	As of January 31, 2016	-	-	-	-	-	98.0%	89.8%	97.3%	91.4%	97.1%	98.0%	96.1%	97.9%	93.9%
As of July 31, 2015	-	-	-	-	-	100.0%	85.0%	98.9%	97.5%	94.3%	94.2%	100.0%	94.3%	97.0%	
As of January 31, 2015	-	-	-	-	-	98.2%	100.0%	96.4%	93.2%	95.7%	92.1%	94.9%	91.9%	95.5%	
As of July 31, 2014	-	-	-	-	-	96.4%	95.0%	100.0%	92.9%	90.0%	94.2%	96.1%	100.0%	96.9%	
As of January 31, 2014	-	-	-	-	-	97.9%	97.6%	95.1%	97.1%	97.1%	95.4%	98.7%	99.0%	92.3%	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	23,617	22,608	28,957	29,444	159,211	51,370	43,757	47,503	110,453	58,398	74,090	33,271	38,492	22,480
	Rental revenues	21,573	22,248	27,568	27,457	157,513	45,598	35,516	42,940	101,700	54,344	65,784	30,963	33,900	20,720
	Other operating revenues	2,043	360	1,389	1,986	1,698	5,771	8,240	4,562	8,753	4,054	8,305	2,308	4,592	1,760
	②Property-related expenses (In thousands of yen)	6,510	1,870	7,693	6,325	16,571	14,974	11,395	10,990	23,194	11,359	17,881	8,455	10,897	14,207
	Property management fees	2,039	288	3,352	3,012	3,405	4,269	3,793	3,918	6,420	2,676	4,048	2,635	3,027	2,206
	Taxes	1,638	1,248	1,490	1,254	10,391	3,242	2,406	2,995	7,661	3,894	5,404	2,627	3,282	2,146
	Utilities	325	-	273	216	1,076	896	285	868	1,395	614	675	566	1,140	787
	Repairs and maintenance	1,321	8	465	504	112	3,780	3,224	1,547	3,085	2,495	5,461	600	1,605	6,586
	Insurance	30	24	36	34	203	81	70	80	199	106	155	73	64	56
Trust fees and other expenses	1,154	300	2,075	1,302	1,382	2,703	1,614	1,579	4,430	1,572	2,136	1,952	1,775	2,425	
③NOI (=①-②) (In thousands of yen)	17,106	20,737	21,264	23,118	142,640	36,395	32,361	36,512	87,259	47,038	56,209	24,816	27,595	8,273	
④Depreciation (In thousands of yen)	3,566	3,433	4,116	4,392	28,252	10,356	9,174	10,022	23,823	16,544	14,207	7,883	7,530	4,483	
⑤Rental operating income (=③-④) (In thousands of yen)	13,540	17,304	17,148	18,726	114,387	26,039	23,186	26,489	63,436	30,494	42,001	16,933	20,065	3,789	
⑥Capital expenditures (In thousands of yen)	274	-	-	-	-	1,654	1,267	270	1,376	213	272	2,721	1,632	47,016	
⑦NCF (=⑤-⑥) (In thousands of yen)	16,831	20,737	21,264	23,118	142,640	34,741	31,093	36,242	85,883	46,825	55,937	22,095	25,963	△38,743	
Reference	Expense ratio (=②/①)	27.6%	8.3%	26.6%	21.5%	10.4%	29.1%	26.0%	23.1%	21.0%	19.5%	24.1%	25.4%	28.3%	63.2%
	Property tax for the year 2018 (In thousands of yen)	3,276	2,497	2,980	2,509	20,783	6,485	4,812	5,991	15,319	7,782	10,802	5,255	6,565	4,292
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

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	R-25	R-26	
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 Jingumae	KDX Residence Nishi-oji	KDX Residence Sain	KDX Residence Namba	KDX Residence Namba-minami	KDX Residence Shin-Osaka	KDX Residence Ibaraki I-II	KDX Residence Toyonaka-minami	KDX Residence Moriguchi	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	
Price Information	Acquisition price (In millions of yen)	530	520	480	2,350	900	840	813	440	1,410	1,350	510	1,275	740	551
	Percentage of total portfolio	0.3%	0.3%	0.2%	1.2%	0.5%	0.4%	0.4%	0.2%	0.7%	0.7%	0.3%	0.7%	0.4%	0.3%
	Net book value (In millions of yen)	511	504	464	2,282	878	810	791	427	1,378	1,302	487	1,297	698	528
	Appraisal value at the end of period (In millions of yen)	694	567	617	2,740	1,080	1,060	946	509	1,660	1,580	578	1,413	853	649
	Percentage of total appraisal value	0.3%	0.3%	0.3%	1.2%	0.5%	0.5%	0.4%	0.2%	0.7%	0.7%	0.3%	0.6%	0.4%	0.3%
Lease Information	Number of leasable residential units	45	27	40	187	66	95	76	49	118	131	43	61	70	28
	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	2,024.50	1,942.78
	Leased floor area (㎡)	1,680.09	1,311.76	2,069.01	5,622.85	2,377.51	2,640.98	2,353.55	1,051.78	3,233.37	3,711.07	1,321.04	4,701.87	1,939.21	1,875.45
	Occupancy ratio (Note1)														
	As of July 31, 2018	92.4%	88.9%	95.8%	90.4%	89.5%	96.9%	100.0%	96.1%	95.5%	97.3%	100.0%	100.0%	95.8%	96.5%
	As of January 31, 2018	97.3%	100.0%	94.0%	93.0%	95.5%	91.4%	97.0%	98.0%	97.0%	96.9%	97.7%	96.7%	95.6%	100.0%
	As of July 31, 2017	95.4%	96.4%	89.0%	94.6%	95.5%	96.0%	100.0%	100.0%	100.0%	97.4%	90.9%	100.0%	95.7%	96.1%
	As of January 31, 2017	91.6%	88.9%	97.9%	90.4%	95.5%	92.0%	96.8%	94.1%	97.7%	95.6%	95.4%	93.5%	95.8%	96.1%
	As of July 31, 2016	97.3%	96.2%	92.7%	93.1%	91.0%	97.8%	97.8%	96.2%	96.2%	95.7%	90.9%	95.1%	98.7%	96.2%
	As of January 31, 2016	97.3%	100.0%	94.8%	92.0%	92.5%	97.8%	95.9%	95.7%	100.0%	97.8%	100.0%	98.3%	97.0%	100.0%
As of July 31, 2015	95.3%	92.5%	92.5%	92.5%	95.5%	98.2%	98.0%	91.8%	96.2%	96.5%	97.7%	95.1%	100.0%	89.6%	
As of January 31, 2015	100.0%	100.0%	92.0%	95.2%	94.0%	96.0%	98.9%	94.2%	96.2%	95.5%	95.4%	95.1%	95.4%	100.0%	
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%	97.1%	100.0%	
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%	98.5%	96.2%	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	
	①Rental and other operating revenues (In thousands of yen)	26,246	19,812	23,211	97,879	38,341	39,577	33,806	18,260	58,100	54,968	21,256	55,855	29,822	24,131
	Rental revenues	24,718	18,011	20,565	87,444	34,514	35,534	31,498	16,316	52,404	52,778	19,712	47,962	28,270	21,021
	Other operating revenues	1,527	1,800	2,646	10,435	3,827	4,042	2,307	1,943	5,695	2,190	1,543	7,893	1,552	3,109
	②Property-related expenses (In thousands of yen)	6,766	6,771	7,002	31,518	11,789	10,949	6,537	5,400	16,921	12,453	6,370	16,917	6,510	7,435
	Property management fees	2,212	1,781	1,997	10,244	3,824	4,436	1,912	1,186	2,899	3,372	1,753	3,418	1,763	1,695
	Taxes	1,847	1,520	1,779	5,913	2,641	2,562	2,160	963	3,185	3,207	1,309	4,591	1,785	1,637
	Utilities	501	633	337	927	508	470	984	768	1,595	636	361	1,385	403	1,014
	Repairs and maintenance	985	1,720	2,035	5,692	1,765	2,386	641	1,435	7,422	2,272	1,283	5,131	1,053	1,848
	Insurance	44	38	48	155	70	67	60	30	80	93	31	124	50	56
Trust fees and other expenses	1,173	1,077	803	8,584	2,978	1,024	776	1,016	1,736	2,871	1,630	2,266	1,453	1,182	
③NOI (=①-②) (In thousands of yen)	19,480	13,040	16,209	66,361	26,552	28,628	27,269	12,859	41,179	42,514	14,885	38,937	23,312	16,695	
④Depreciation (In thousands of yen)	5,026	4,459	4,505	17,797	7,021	7,327	6,343	3,859	9,975	11,789	5,200	6,373	8,167	5,431	
⑤Rental operating income (=③-④) (In thousands of yen)	14,453	8,581	11,704	48,564	19,530	21,301	20,925	9,000	31,204	30,725	9,685	32,564	15,144	11,264	
⑥Capital expenditures (In thousands of yen)	1,369	905	-	1,039	116	-	221	777	-	124	1,106	15,838	320	1,556	
⑦NCF (=⑤-⑥) (In thousands of yen)	18,110	12,135	16,209	65,322	26,436	28,628	27,047	12,082	41,179	42,390	13,779	23,099	22,991	15,139	
Reference	Expense ratio (=②/①)	25.8%	34.2%	30.2%	32.2%	30.7%	27.7%	19.3%	29.6%	22.7%	30.0%	30.3%	21.8%	30.8%	
	Property tax for the year 2018 (In thousands of yen)	3,695	3,041	3,558	11,825	5,283	5,124	4,321	1,925	6,369	6,415	2,618	9,176	3,571	3,273
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**[Reference]** **Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days** ※As of July 31, 2018

Property No.	R-27	R-28	R-29	R-30	R-32	R-33	R-34	R-35	R-36	R-37	R-38	R-39	R-40	R-41	
Property Name	KDX Residence Sannomiya	Ashiya Royal Homes	KDX Residence Funairi Saiwai-cho	KDX Residence Tenjin-higashi II	KDX Residence Nishi Koen	KDX Residence Hirao Josui-machi	Melody Heim Gotenyama	Leopalace Flat Shin-sakae	KDX Residence Konan Yamate	KDX Residence Hommachihashi	KDX Residence Minami-kusatsu	KDX Residence Ohori Harbor View Tower	KDX Residence Minami-sanjo	Serenite Kita-kyuhoji	
Acquisition Date	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2013	August 7, 2014	November 28, 2014	November 14, 2014	December 18, 2014	February 5, 2015	February 5, 2015	September 30, 2015	October 27, 2015	
Price Information	Acquisition price (In millions of yen)	1,080	1,360	588	680	763	760	400	3,500	973	3,201	1,974	4,606	915	1,290
	Percentage of total portfolio	0.6%	0.7%	0.3%	0.4%	0.4%	0.4%	0.2%	1.8%	0.5%	1.7%	1.0%	2.4%	0.5%	0.7%
	Net book value (In millions of yen)	1,051	1,460	564	658	739	748	427	3,563	977	3,196	2,006	4,630	941	1,298
	Appraisal value at the end of period (In millions of yen)	1,300	1,720	676	875	858	886	510	4,290	1,120	3,490	2,340	5,210	1,600	1,500
	Percentage of total appraisal value	0.6%	0.8%	0.3%	0.4%	0.4%	0.4%	0.2%	1.9%	0.5%	1.6%	1.0%	2.3%	0.7%	0.7%
Lease Information	Number of leasable residential units	86	21	64	63	36	24	36	274	55	134	170	212	114	85
	Leasable floor area (㎡)	2,292.72	3,999.01	1,889.53	2,602.53	2,522.16	2,098.68	2,297.24	11,589.95	1,923.22	6,511.88	5,735.96	11,855.63	5,269.39	2,277.14
	Leased floor area (㎡)	2,254.82	3,999.01	1,859.68	2,478.60	2,392.76	2,098.68	2,171.02	11,589.95	1,873.99	6,437.13	5,735.96	10,731.22	4,864.47	2,247.66
	Occupancy ratio (Note1)														
	As of July 31, 2018	98.3%	100.0%	98.4%	95.2%	94.9%	100.0%	94.5%	100.0%	97.4%	98.9%	100.0%	90.5%	92.3%	98.7%
	As of January 31, 2018	100.0%	100.0%	98.4%	95.2%	91.2%	95.7%	100.0%	100.0%	95.9%	97.7%	95.1%	91.6%	95.4%	96.4%
	As of July 31, 2017	96.7%	95.0%	100.0%	98.4%	91.1%	91.6%	97.5%	100.0%	95.2%	97.7%	95.0%	93.0%	98.4%	97.5%
	As of January 31, 2017	96.7%	100.0%	100.0%	100.0%	82.3%	87.7%	91.8%	100.0%	92.2%	96.3%	98.4%	90.9%	98.3%	97.4%
	As of July 31, 2016	92.2%	95.7%	100.0%	93.7%	94.5%	92.4%	92.1%	100.0%	98.4%	94.4%	94.7%	93.5%	95.3%	96.9%
	As of January 31, 2016	92.2%	100.0%	98.5%	98.4%	88.9%	91.9%	94.7%	100.0%	98.4%	95.9%	100.0%	88.1%	97.1%	54.2%
As of July 31, 2015	97.8%	96.1%	98.4%	92.1%	97.3%	92.5%	94.9%	100.0%	98.4%	95.8%	93.9%	93.2%	-	-	
As of January 31, 2015	98.9%	93.0%	96.9%	98.4%	100.0%	91.0%	97.3%	100.0%	96.9%	90.2%	-	-	-	-	
As of July 31, 2014	100.0%	88.7%	96.8%	98.4%	94.9%	95.3%	-	-	-	-	-	-	-	-	
As of January 31, 2014	94.4%	90.7%	95.3%	98.4%	91.3%	96.2%	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days
	①Rental and other operating revenues (In thousands of yen)	39,428	65,950	28,026	30,441	30,995	30,212	21,640	121,557	31,876	107,280	101,488	177,217	53,291	42,471
	Rental revenues	37,524	62,540	24,779	28,065	26,448	26,968	18,838	119,525	30,961	100,090	83,009	148,825	45,590	41,261
	Other operating revenues	1,904	3,410	3,247	2,376	4,546	3,243	2,802	2,031	914	7,190	18,478	28,391	7,700	1,209
	②Property-related expenses (In thousands of yen)	8,175	14,357	7,132	7,224	8,611	6,117	5,260	14,215	8,522	22,524	25,681	39,468	17,198	8,402
	Property management fees	2,287	6,202	1,885	1,832	2,120	1,918	1,266	3,646	1,781	4,301	5,758	10,530	4,013	2,737
	Taxes	2,563	4,813	1,791	1,932	2,260	2,058	1,364	9,219	2,008	8,298	5,834	13,409	5,248	2,886
	Utilities	557	1,332	310	411	486	421	956	-	277	1,701	4,162	1,909	840	349
	Repairs and maintenance	1,463	1,128	1,917	2,098	2,086	653	1,058	515	2,296	3,522	4,320	7,617	5,200	258
	Insurance	62	119	46	66	61	51	48	288	54	206	170	353	136	58
	Trust fees and other expenses	1,241	762	1,180	884	1,596	1,015	565	545	2,104	4,494	5,433	5,648	1,759	2,113
③NOI (=①-②) (In thousands of yen)	31,252	51,593	20,894	23,217	22,383	24,094	16,380	107,341	23,353	84,756	75,807	137,748	36,093	34,068	
④Depreciation (In thousands of yen)	7,724	4,799	5,373	6,236	6,381	4,803	3,004	33,281	4,912	21,975	18,253	42,554	11,231	10,155	
⑤Rental operating income (=③-④) (In thousands of yen)	23,528	46,794	15,521	16,980	16,002	19,290	13,375	74,059	18,440	62,780	57,553	95,194	24,861	23,913	
⑥Capital expenditures (In thousands of yen)	-	2,287	410	133	703	1,399	-	4,313	261	401	287	913	213	-	
⑦NCF (=⑤-⑥) (In thousands of yen)	31,252	49,305	20,483	23,083	21,680	22,695	16,380	103,027	23,092	84,354	75,519	136,834	35,879	34,068	
Reference	Expense ratio (=②/①)	20.7%	21.8%	25.4%	23.7%	27.8%	20.2%	24.3%	11.7%	26.7%	21.0%	25.3%	22.3%	32.3%	19.8%
	Property tax for the year 2018 (In thousands of yen)	5,126	9,625	3,582	3,864	4,521	4,117	2,726	18,439	4,016	16,596	11,669	26,819	10,496	5,772
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

Property No.	R-42	R-43	H-1	H-2	H-3	H-4	H-5	H-6	H-7	H-8	H-9	H-10	H-11	H-12	
Property Name	Serenite Nishinomiya Hommachi	KDX Residence Nishijin	Irise Kamata /Yuseien	Nichii Home Nakano Minamidai	Joy Stage Hachioji	Yuimaru Hijirigaoka	Nichii Home Tama Plaza	Ten	Irise Nishioka	Izarie Eniwa Building	Sawayaka Sakura Nibankan	Activa Biwa	Sompo Care LAVIERE Kobe Tarumi	Granda Mondo Yakujin	
Acquisition Date	December 1, 2016	August 1, 2017	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	March 1, 2018	
Price Information	Acquisition price (In millions of yen)	617	1,600	1,120	1,780	3,690	1,120	2,940	2,630	858	1,660	989	6,560	2,110	1,190
	Percentage of total portfolio	0.3%	0.8%	0.6%	0.9%	1.9%	0.6%	1.5%	1.4%	0.4%	0.9%	0.5%	3.4%	1.1%	0.6%
	Net book value (In millions of yen)	652	1,751	1,115	1,777	3,673	1,112	2,915	2,607	850	1,644	978	6,516	2,100	1,181
	Appraisal value at the end of period (In millions of yen)	739	1,670	1,120	1,780	3,700	1,120	2,940	2,640	854	1,670	990	6,560	2,110	1,190
	Percentage of total appraisal value	0.3%	0.7%	0.5%	0.8%	1.7%	0.5%	1.3%	1.2%	0.4%	0.7%	0.4%	2.9%	0.9%	0.5%
Lease Information	Number of leasable residential units	51	128	-	-	-	-	-	-	-	-	-	-	-	-
	Leasable floor area (㎡)	1,351.68	4,472.72	2,086.40	3,339.00	13,812.27	4,385.53	8,208.65	6,473.60	3,140.27	5,343.33	3,628.51	39,649.84	4,493.35	3,287.80
	Leased floor area (㎡)	1,199.48	4,003.96	2,086.40	3,339.00	13,812.27	4,385.53	8,208.65	6,473.60	3,140.27	5,343.33	3,628.51	39,649.84	4,493.35	3,287.80
	Occupancy ratio (Note1)														
	As of July 31, 2018	88.7%	89.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of January 31, 2018	98.1%	88.6%	-	-	-	-	-	-	-	-	-	-	-	-
	As of July 31, 2017	98.1%	-	-	-	-	-	-	-	-	-	-	-	-	-
	As of January 31, 2017	100.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
	As of July 31, 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	As of January 31, 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As of July 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of July 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 31, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	181days	181days	153days	153days	153days	153days	153days	153days	153days	153days	153days	153days	153days	153days
	①Rental and other operating revenues (In thousands of yen)	22,027	54,071	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
	Rental revenues	20,149	43,178	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
	Other operating revenues	1,878	10,893												
	②Property-related expenses (In thousands of yen)	5,194	22,805	5,482	4,222	12,715	4,703	7,455	7,706	3,737	11,593	3,410	39,580	4,935	8,866
	Property management fees	1,384	2,723	600	400	993	320	500	700	350	2,987	425	2,639	700	300
	Taxes	1,682	3,591	1,610	3,314	8,385	3,861	5,680	6,192	2,775	4,074	2,446	26,562	3,303	1,524
	Utilities	384	2,308	-	-	-	-	-	-	-	1,215	-	-	-	-
	Repairs and maintenance	234	9,376	360	-	2,609	-	666	189	65	2,675	-	9,344	370	-
	Insurance	40	104	38	61	243	74	161	139	57	188	55	589	77	60
Trust fees and other expenses	1,468	4,701	2,872	446	484	447	447	485	488	450	484	445	484	6,981	
③NOI (=①-②) (In thousands of yen)	16,832	31,265	22,267	36,777	86,705	24,507	65,974	68,793	18,762	42,511	23,919	174,433	43,192	25,883	
④Depreciation (In thousands of yen)	4,746	7,164	9,680	3,566	22,821	7,533	25,430	23,071	7,632	15,215	10,238	51,009	9,831	8,306	
⑤Rental operating income (=③-④) (In thousands of yen)	12,086	24,101	12,587	33,210	63,884	16,973	40,544	45,721	11,129	27,295	13,680	123,423	33,361	17,576	
⑥Capital expenditures (In thousands of yen)	-	46,216	4,728	1,295	6,170	-	525	492	531	-	-	7,892	466	-	
⑦NCF (=⑤-⑥) (In thousands of yen)	16,832	△14,950	17,539	35,481	80,535	24,507	65,449	68,301	18,231	42,511	23,919	166,540	42,726	25,883	
Reference	Expense ratio (=②/①)	23.6%	42.2%	19.8%	10.3%	12.8%	16.1%	10.2%	10.1%	16.6%	21.4%	12.5%	18.5%	10.3%	25.5%
	Property tax for the year 2018 (In thousands of yen)	3,365	7,172	3,205	6,613	16,758	7,706	11,343	12,372	5,532	8,130	4,877	53,106	6,595	3,033
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※ As of July**

Property No.	H-13	H-14	H-15		
Property Name	Excellent Nishinomiya	Gran Hills Ogawarako	Excellent Kitano	Total of 129 Properties	
Acquisition Date	March 1, 2018	March 1, 2018	July 6, 2018		
Price Information	Acquisition price (In millions of yen)	971	1,380	737	192,889
	Percentage of total portfolio	0.5%	0.7%	0.4%	100.0%
	Net book value (In millions of yen)	963	1,364	769	193,148
	Appraisal value at the end of period (In millions of yen)	972	1,380	783	223,857
	Percentage of total appraisal value	0.4%	0.6%	0.3%	100.0%
Lease Information	Number of leasable residential units	-	-	-	7,794
	Leasable floor area (㎡)	2,685.48	4,180.28	1,339.58	410,556.41
	Leased floor area (㎡)	2,685.48	4,180.28	1,339.58	400,894.63
	Occupancy ratio (Note1)				
	As of July 31, 2018	100.0%	100.0%	100.0%	97.6%
	As of January 31, 2018	-	-	-	97.0%
	As of July 31, 2017	-	-	-	96.9%
	As of January 31, 2017	-	-	-	96.2%
	As of July 31, 2016	-	-	-	95.9%
	As of January 31, 2016	-	-	-	96.0%
As of July 31, 2015	-	-	-	96.3%	
As of January 31, 2015	-	-	-	95.8%	
As of July 31, 2014	-	-	-	95.9%	
As of January 31, 2014	-	-	-	96.0%	
Profit and Loss Information for the 13th Fiscal Period	Operating periods	153days	153days	26days	176days
	①Rental and other operating revenues (In thousands of yen)				6,623,126
	Rental revenues	(Note2)	(Note2)	(Note2)	6,121,601
	Other operating revenues				501,524
	②Property-related expenses (In thousands of yen)	8,176	3,647	128	1,400,178
	Property management fees	300	550	50	400,335
	Taxes	1,923	2,330	8	411,774
	Utilities	-	-	-	89,193
	Repairs and maintenance	5,455	250	-	287,379
	Insurance	49	70	3	10,337
Trust fees and other expenses	447	447	66	201,156	
③NOI (=①-②) (In thousands of yen)	15,123	42,853	2,757	5,222,948	
④Depreciation (In thousands of yen)	7,937	15,063	691	1,135,238	
⑤Rental operating income (=③-④) (In thousands of yen)	7,186	27,789	2,065	4,087,709	
⑥Capital expenditures (In thousands of yen)	-	-	-	436,760	
⑦NCF (=⑤-⑥) (In thousands of yen)	15,123	42,853	2,757	4,786,187	
Reference	Expense ratio (=②/①)	35.1%	7.8%	4.5%	21.1%
	Property tax for the year 2018 (In thousands of yen)	3,831	4,644	2,749	823,021
	Assets pledged as collateral	-	-	-	-

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

Note1: The occupancy rate for the portfolio as a whole includes the ownership of leased land.

The occupancy rate for the portfolio as a whole excluding the ownership of leased land is as follows.

As of January 31, 2014	As of July 31, 2014	As of January 31, 2015	As of July 31, 2015	As of January 31, 2016	As of July 31, 2016	As of January 31, 2017	As of July 31, 2017	As of January 31, 2018
95.9%	95.7%	95.7%	96.2%	96.0%	95.9%	96.2%	96.8%	97.0%

Note2: We have not obtained consent from the tenant(s) to release this information.

**【Reference】 Earnings Performance for the Individual Properties for the 13th Fiscal Period (February 1, 2018 to July 31, 2018) : 181 days ※As of July 31, 2018**

Property No.	R-6		
Property Name	KDX Shimmachi Residence	Total 1 sold of Property	Total of 130 Properties
Acquisition Date	May 1, 2012		
Price Information	Acquisition price ( In millions of yen )	1,015	193,904
	Percentage of total portfolio	100.0%	-
	Revenue from sale of the investment property ( In millions of yen )	1,420	-
	Costs of the investment property ( In millions of yen )	953	-
	Gain / Loss on sale of real estate ( In millions of yen )	436	-
Lease Information	Number of leasable residential units	-	-
	Leasable floor area (㎡)	-	-
	Leased floor area (㎡)	-	-
	Occupancy ratio		
	As of July 31, 2018	-	-
	As of January 31, 2018	96.8%	-
	As of July 31, 2017	94.7%	-
	As of January 31, 2017	94.7%	-
	As of July 31, 2016	93.6%	-
	As of January 31, 2016	92.6%	-
	As of July 31, 2015	93.6%	-
As of January 31, 2015	98.9%	-	
As of July 31, 2014	100.0%	-	
As of January 31, 2014	92.6%	-	
Income and Retained Earnings Information for the 13th Fiscal Period	Operating periods	155days	176days
	①Rental and other operating revenues ( In thousands of yen )	32,211	6,655,337
	Rental revenues	30,485	6,152,086
	Other operating revenues	1,726	503,250
	②Property-related expenses ( In thousands of yen )	10,136	1,410,314
	Property management fees	1,776	402,111
	Taxes	1,942	413,717
	Utilities	520	89,714
	Repairs and maintenance	3,024	290,404
	Insurance	49	10,386
	Trust fees and other expenses	2,823	203,980
③NOI (=①-②) ( In thousands of yen )	22,075	5,245,023	
④Depreciation ( In thousands of yen )	8,998	1,144,236	
⑤Rental operating income (=③-④) ( In thousands of yen )	13,076	4,100,786	
⑥Capital expenditures ( In thousands of yen )	218	436,979	
⑦NCF (=③-⑥) ( In thousands of yen )	21,856	4,808,043	
Reference	Expense ratio (=②/①)	31.5%	21.2%
	Property tax for the year 2018 ( In thousands of yen )	3,812	826,834
	Assets pledged as collateral	-	-

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

R-6 KDX Shimmachi Residence was sold on July 6, 2018.

## (Reference) Borrowings

Borrowings as of July 31, 2018 are as follows:

(in thousands of yen)

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1) (Note 2)	Payment due date (Note 3)	Use	Remarks
Short-Term Loans Payable	Sumitomo Mitsui Banking Corporation	1,000,000	-	1,000,000	-	0.455%	July 31, 2018	(Note 4)	Unsecured/ Unguaranteed
	Shinsei Bank, Limited (Note 7)	-	500,000	500,000	-	0.354%	July 30, 2018		
	Sumitomo Mitsui Banking Corporation (Note 7)	-	500,000	500,000	-	0.354%	July 30, 2018		
	Sumitomo Mitsui Banking Corporation	830,000	-	830,000	-	0.455%	July 31, 2018		
	Mizuho Bank, Ltd.	800,000	-	800,000	-	0.455%	July 31, 2018		
	Sumitomo Mitsui Banking Corporation	-	1,830,000	-	1,830,000	0.404%	July 31, 2019		
	Mizuho Bank, Ltd.	-	800,000	-	800,000	0.404%	July 31, 2019		
	Sub Total	2,630,000	3,630,000	3,630,000	2,630,000				
Current Portion of Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	3,250,000	-	-	3,250,000	1.052%	August 31, 2018	(Note 4)	Unsecured/ Unguaranteed
	MUFG Bank, Ltd (Note 9)	2,000,000	-	-	2,000,000				
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000				
	Resona Bank, Limited	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000				
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
	Mizuho Bank, Ltd.	250,000	-	-	250,000	1.088%	August 31, 2018		
	Development Bank of Japan Inc. (Note 5)	3,000,000	-	-	3,000,000				
	Shinsei Bank, Limited (Note 7)	-	1,000,000	1,000,000	-				
	Sumitomo Mitsui Banking Corporation (Note 7)	-	1,000,000	1,000,000	-				
	MUFG Bank, Ltd (Note 7) (Note 8)	-	500,000	500,000	-	0.435%	July 30, 2018		
	Mizuho Bank, Ltd. (Note 7)	-	500,000	500,000	-				
	Nippon Life Insurance Company (Note 7)	-	500,000	500,000	-	0.480%	February 28, 2019		
	Sumitomo Mitsui Banking Corporation (Note 6)	1,000,000	-	-	1,000,000				
	MUFG Bank, Ltd (Note 6) (Note 9)	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	-	500,000	-	500,000				
Shinsei Bank, Limited	-	500,000	-	500,000	0.354%	July 31, 2019			
	Sub Total	12,500,000	4,500,000	3,500,000	13,500,000				
Long-Term Loans Payable	MUFG Bank, Ltd (Note 9)	1,000,000	-	-	1,000,000	1.109%	January 31, 2021	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.221%	July 31, 2021		
	Aozora Bank, Ltd.	1,350,000	-	-	1,350,000	1.183%	March 31, 2021		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.267%	April 30, 2022		
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	1.267%	April 30, 2022		
	MUFG Bank, Ltd (Note 9)	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000	0.916%	August 7, 2021		
	MUFG Bank, Ltd (Note 9)	1,100,000	-	-	1,100,000				
	Mizuho Bank, Ltd.	600,000	-	-	600,000				
	Aozora Bank, Ltd.	350,000	-	-	350,000				
	Resona Bank, Limited	300,000	-	-	300,000				
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000				
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	0.996%	August 7, 2021		
	Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000	1.254%	August 7, 2023		
	MUFG Bank, Ltd (Note 9)	400,000	-	-	400,000				
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Limited	200,000	-	-	200,000				
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000				
	Aozora Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc. (Note 5)	500,000	-	-	500,000	1.320%	August 7, 2023		
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.945%	August 31, 2021		
	MUFG Bank, Ltd (Note 9)	600,000	-	-	600,000	0.945%	August 31, 2021		
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.945%	August 31, 2021		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.804%	November 30, 2020		
	MUFG Bank, Ltd (Note 8)	1,500,000	-	-	1,500,000	0.689%	November 30, 2019		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.875%	January 31, 2022		
	MUFG Bank, Ltd (Note 9)	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	Resona Bank, Limited	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	MUFG Bank, Ltd (Note 9)	2,000,000	-	-	2,000,000	1.100%	April 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.265%	April 30, 2025		
Shinsei Bank, Limited (Note 7)	-	1,750,000	-	1,750,000	0.729%	July 29, 2020			
Sumitomo Mitsui Banking Corporation (Note 7)	-	1,750,000	-	1,750,000					
MUFG Bank, Ltd (Note 7) (Note 8)	-	1,000,000	-	1,000,000					
Mizuho Bank, Ltd. (Note 7)	-	500,000	-	500,000					
Resona Bank, Limited (Note 7)	-	500,000	-	500,000					
Mizuho Trust & Banking Co., Ltd. (Note 7)	-	500,000	-	500,000					



(in thousands of yen)

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1) (Note 2)	Payment due date (Note 3)	Use	Remarks					
Long-Term Loans Payable	Shinsei Bank, Limited (Note 7)	-	1,100,000	-	1,100,000	1.115%	July 29, 2022	(Note 4)	Unsecured/ Unguaranteed					
	Sumitomo Mitsui Banking Corporation (Note 7)	-	1,100,000	-	1,100,000									
	MUFG Bank, Ltd (Note 7) (Note 8)	-	1,000,000	-	1,000,000									
	Mizuho Bank, Ltd. (Note 7)	-	300,000	-	300,000									
	Sompo Japan Nipponkoa Insurance Inc. (Note 7)	-	1,000,000	-	1,000,000					Aozora Bank, Ltd.	300,000	-	-	300,000
	Resona Bank, Limited	1,100,000	-	-	1,100,000	0.923%	August 31, 2022							
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000	0.923%	August 31, 2022							
	Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023							
	MUFG Bank, Ltd (Note 9)	1,700,000	-	-	1,700,000	1.169%	August 31, 2024							
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024							
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025							
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	1.193%	August 31, 2024							
	MUFG Bank, Ltd (Note 9)	300,000	-	-	300,000	0.624%	October 27, 2020							
	MUFG Bank, Ltd (Note 9)	1,000,000	-	-	1,000,000	1.156%	April 27, 2025							
	MUFG Bank, Ltd (Note 9)	1,000,000	-	-	1,000,000	0.819%	April 28, 2025							
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026							
	MUFG Bank, Ltd (Note 5) (Note 9)	1,000,000	-	-	1,000,000	0.660%	July 31, 2025							
	Mizuho Bank, Ltd. (Note 5)	1,500,000	-	-	1,500,000	0.816%	August 31, 2026							
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024							
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.797%	August 31, 2025							
	Resona Bank, Limited	500,000	-	-	500,000	0.797%	August 31, 2025							
	MUFG Bank, Ltd (Note 5) (Note 9)	2,000,000	-	-	2,000,000	0.670%	August 31, 2025							
	Mizuho Trust & Banking Co., Ltd. (Note 5)	500,000	-	-	500,000	0.751%	August 31, 2025							
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.906%	August 31, 2026							
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	0.773%	October 31, 2025							
	Resona Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027							
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027							
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027							
	Mizuho Trust & Banking Co., Ltd. (Note 5)	1,200,000	-	-	1,200,000	0.928%	August 22, 2027							
	Development Bank of Japan Inc. (Note 5)	1,000,000	-	-	1,000,000	0.928%	August 22, 2027							
	Mizuho Bank, Ltd. (Note 5)	500,000	-	-	500,000	0.928%	August 22, 2027							
	The Bank of Fukuoka, Ltd. (Note 5)	500,000	-	-	500,000	0.928%	August 22, 2027							
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.501%	February 28, 2023							
	MUFG Bank, Ltd (Note 9)	1,500,000	-	-	1,500,000	0.501%	February 28, 2023							
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	0.582%	February 29, 2024							
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.582%	February 29, 2024							
	MUFG Bank, Ltd (Note 9)	1,000,000	-	-	1,000,000	0.582%	February 29, 2024							
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.624%	August 31, 2024							
	Mizuho Trust & Banking Co., Ltd. (Note 5)	500,000	-	-	500,000	0.661%	August 31, 2024							
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.665%	February 28, 2025							
Resona Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026								
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026								
Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.409%	July 31, 2021								
Shinsei Bank, Limited	-	1,000,000	-	1,000,000	0.409%	July 31, 2021								
MUFG Bank, Ltd (Note 9)	-	500,000	-	500,000	0.409%	July 31, 2021								
Mizuho Bank, Ltd.	-	500,000	-	500,000	0.409%	July 31, 2021								
Nippon Life Insurance Company (Note 5)	-	500,000	-	500,000	0.900%	January 30, 2027								
Sub Total	73,000,000	14,000,000	-	87,000,000										
Total	88,130,000	22,130,000	7,130,000	103,130,000										

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

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

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

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

Note 5: Borrowings at a fixed rate.

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

Note 7: Borrowings succeeded from JSL due to the Marger on March 1, 2018.

Note 8: MUFG Bank, Ltd. succeeded to the status of lender from Mitsubishi UFJ Trust and Banking Corporation due to the absorption-type demerger of Mitsubishi UFJ Trust and Banking Corporation (the splitting company) and MUFG Bank, Ltd. (the successor company) on April 16, 2018.

Note 9: The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its corporate name to MUFG Bank, Ltd. on April 1, 2018.