



KENEDIX Office Investment Corporation 18th Period Results (Ended April 2014)

June 16, 2014



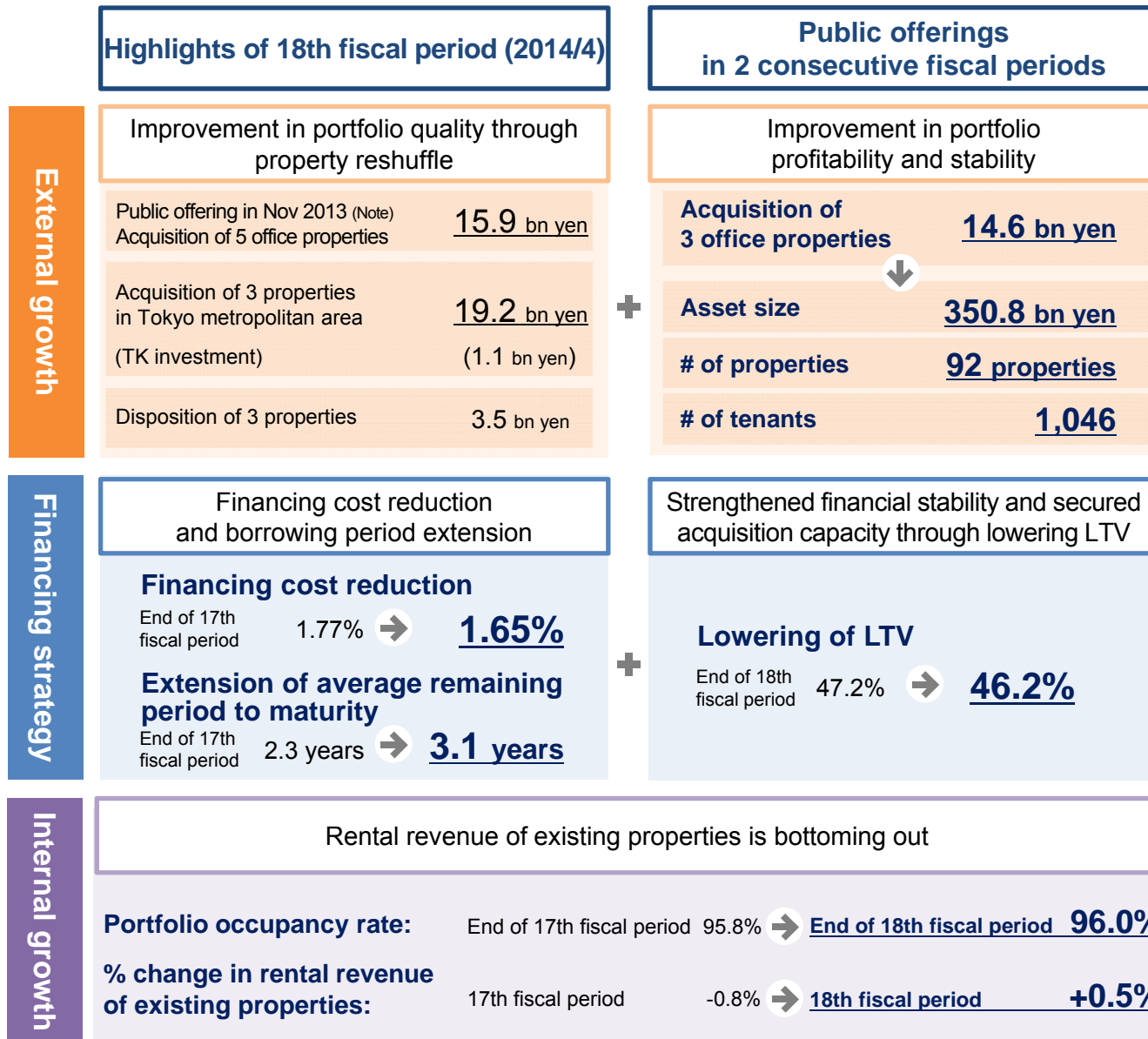
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Section 1

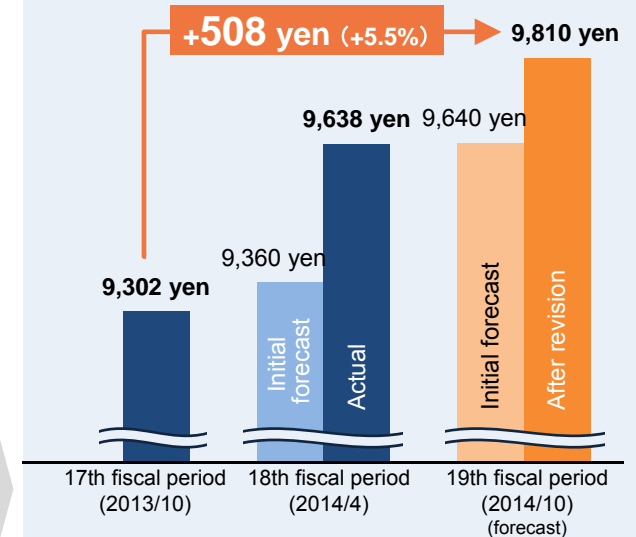
Executive summary / highlights

Highlights of 18th fiscal period (2014/4) and public offering KENEDIX Office Investment Corporation

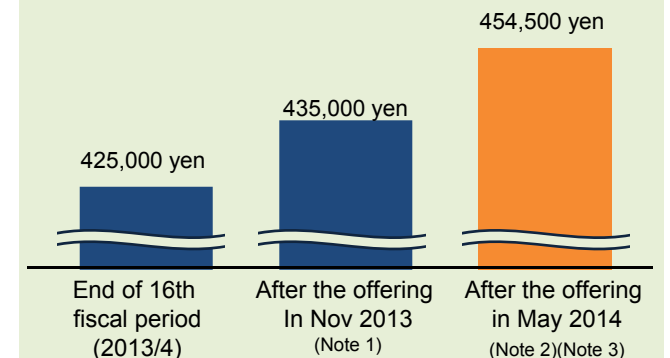


A. Consistent growth trend of DPU

Aim for early realization of DPU 10,000 yen



B. Steady increase in NAV per unit



Notes:

1. Refers to the public offering held from November through December 2013.

2. Refers to the public offering held from May through June 2014.

3. Calculated based on financial data as of April 30, 2014 after taking into account property acquisitions in May 2014 and the maximum number of outstanding units following the public offering and exercise of over-allotment options. 4

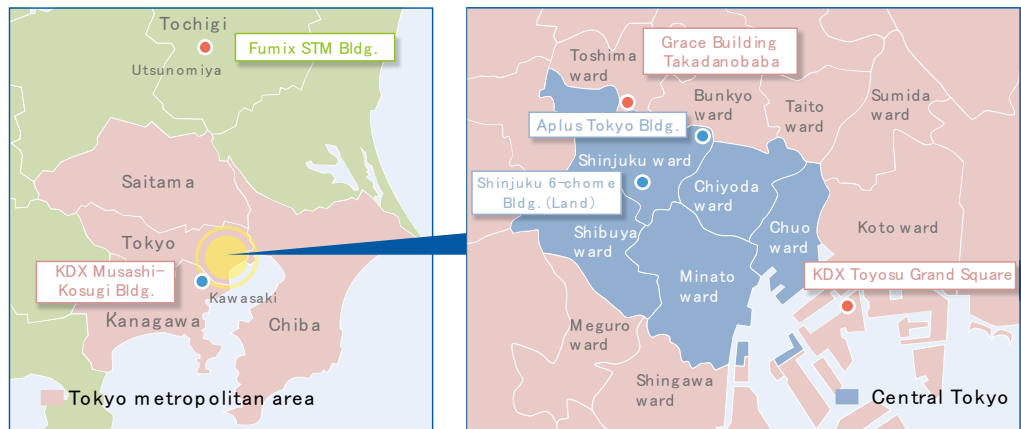
Summary of public offering in May 2014

Offering structure	Domestic and global offering (144A + Reg. S)
Launch date	May 8, 2014
Pricing date	May 20, 2014
Payment date	Public offering: May 27, 2014 Over-allotment ("OA"): June 24, 2014 (scheduled)
Units outstanding prior to the offering	332,540 units (as of launch date)
Newly issued units	21,400 units (maximum 22,470 units incl. OA options)
Units outstanding after issuance of new units	Maximum 355,010 units
Offer price	478,725 yen
Issue price	461,540 yen
Total issue price (excl. OA options)	9,876 mn yen


Properties acquired in connection with the public offering in May 2014

■ Acquired 5 highly competitive properties located mainly in the Tokyo metropolitan area through the public offering

A-95 Office building KDX Toyosu Grand Square	A-96 Office building Grace Building Takadanobaba	A-97 Office building Fumix STM Building
		



Properties acquired in the 18th fiscal period (2014/4)

A-93 Office building Aplus Tokyo Building	A-94 Office building KDX Musashi-Kosugi Building	D-2 Other Shinjuku 6-chome building (Land)
		

Effects of public offering

Key performance indicators

		End of 16th fiscal period (Apr 30, 2013)	Properties acquired A) in 17th fiscal period + B) in connection with the previous offering in Nov 2013 (Note 1)	After the previous offering in Nov 2013 (Note 1) (Dec 10, 2013)	Newly acquired properties	After the offering in May 2014 (Note 1)
Improving portfolio profitability and stability	Number of properties	79	+ 8	86	+ 6	<u>92</u>
	Total acquisition price	287.0 bn yen	+ 29.8 bn yen	316.9 bn yen	+ 33.8 bn yen	<u>350.8 bn yen</u>
	Average NOI yield (Note 2)	4.3%	> 5.1%	4.3%	> 5.4%	<u>4.4%</u>
	Average NOI yield (after depreciation) (Note 2)	3.1%	> 4.3%	3.2%	> 4.0%	<u>3.3%</u>
	Occupancy rate (Note 2)	94.2%	> 95.1%	94.3%	> 93.8%	<u>94.5%</u>
Strengthening financial stability and securing acquisition capacity	LTV	46.2%	>	44.5%	>	<u>46.2%</u>
	NAV per unit (Note 3)	425,000 yen	>	435,000 yen	>	<u>454,000 yen</u>

Notes:

1. "Previous offering in Nov 2013" refers to the public offering held from November through December 2013 (including OA). "Offering in May 2014" refers to the public offering held from May through June 2014 (including OA).
2. Average NOI yield and average NOI yield after depreciation are 1) as of the end of fiscal period for the 16th (2013/4) period, 2) based on appraisal NOI included in the relevant appraisal reports at the time of acquisition for the properties acquired in the 17th fiscal period and in connection with the previous offering in November 2013, and 3) based on appraisal NOI included in the relevant appraisal reports at the time of acquisition for the newly acquired properties. Occupancy rates are as of the end of fiscal period for the 16th (2013/4) period, as of July 31, 2013 for the properties acquired in the 17th fiscal period and in connection with the previous offering in November 2013 and as of January 31, 2014 for figures after the offering in May 2014. For the calculation of a number of properties after the previous public offering, KDX Shinbashi is counted as one for both existing portion and additional acquisition of compartmentalized portion.
3. NAV per unit is truncated to the nearest thousand yen after subtracting the amount of DPU. NAV per unit after the offering in May 2014 is calculated based on financial data as of April 30, 2014 after taking into account property acquisitions in May 2014 and the maximum number of outstanding units following the public offering and exercise of over-allotment options.

Future measures and DPU level

Future measures

External growth

- Continuous focus on mid-sized office buildings mainly located in the Tokyo metropolitan area
- Increase in DPU through the effective use of property acquisition capacity secured through the offering
- Property acquisitions utilizing our multiple pipelines including our proprietary network and co-investment with the sponsor
- Property dispositions with adequate timing

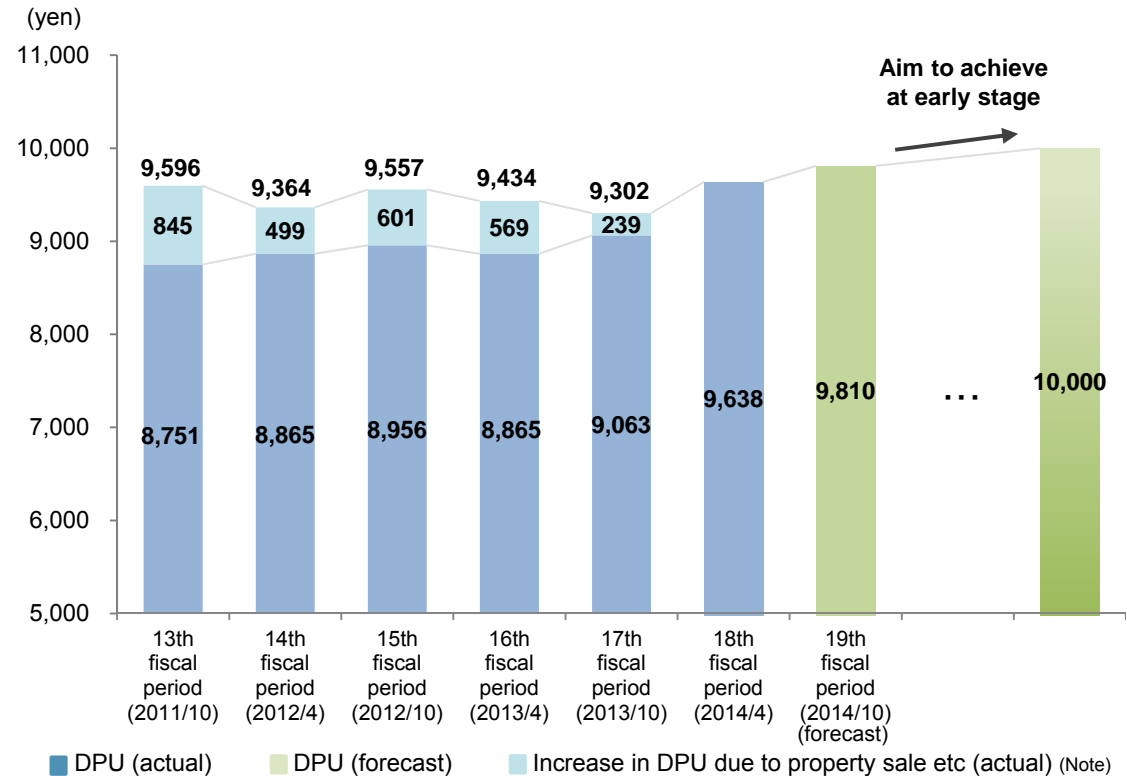
Internal growth

- Increase in newly contracted rent per unit considering the current leasing market environment
- Measures to increase existing rent levels (negotiate with tenants whose rents fall below the market rent, prevent rent reduction)
- Continue effectual capital expenditure in order to maintain and improve competitiveness of our properties
- Provision of service to improve tenant satisfaction based on the result of CS survey

Financing strategy

- Contribution of continuous measures for interest cost reduction to DPU increase
- Measures against potential risk of interest rate hike (fixing interest rate and extending borrowing term)
- Diversification of maturity dates

Historical performance and forecast of DPU



Note: Increase in DPU due to property sale etc is calculated as the sum of gains/losses realized on disposition of property and a provision/reversal of a reserve for reduction entry divided by total units outstanding at the end of each fiscal period (figures are rounded down to the nearest yen).

Changes in reserve for reduction entry (Note 1) (Note 2)

	14th fiscal period (2012/4)	15th fiscal period (2012/10)	16th fiscal period (2013/4)	17th fiscal period (2013/10)	18th fiscal period (2014/4)
Reserve for reduction entry (million yen)	225	497	795	961	642
Reserve for reduction entry per unit (yen)	785	1,734	2,777	3,356	1,809

Notes:

- Reserve for reduction entry is calculated as the sum of the reserve for reduction on the balance sheet as of the end of relevant fiscal period, plus an allocation to the reserve for reduction entry indicated on "Basis for calculating cash distributions" minus a reversal of the reserve for reduction entry. Figures are truncated to the nearest million yen.
- Reserve for reduction entry per unit is calculated by dividing the reserve for reduction entry by total units outstanding as of the end of each fiscal period (for the 18th (2014/4) period, an estimated maximum number of units outstanding taking into account the public offering in May, 2014 is used).

Section 2

18th period results (2014/4) and earning forecasts

18th fiscal period (2014/4) financial results: Performance highlights

(Unit: million yen)

Items	A	B	C	C-A	C-B
	17th fiscal period 2013/10 Actual	18th fiscal period 2014/4 Forecast (Oct 24)	18th fiscal period 2014/4 Actual	18th (actual) vs 17th (actual) Comparison Changes	18th (actual) vs 17th (forecast) Comparison Changes
Operating revenue	9,819	10,177	10,895	1,076	717
Gain on sale of real estate	234	-	497	262	497
Dividends	82	57	67	-15	10
Operating expense	5,578	5,662	6,611	1,033	949
Operating income	4,240	4,515	4,283	42	-232
Non-operating income	2	4	2	0	-1
Non-operating expense	1,409	1,405	1,398	-11	-6
Ordinary income	2,832	3,114	2,887	54	-227
Net income	2,831	3,112	2,885	54	-227
Provision / Reversal (-) for reserve for reduction entry	165	-	-319	-485	-319
Total distributions	2,665	3,112	3,205	539	92
Distributions per unit	9,302 yen	9,360 yen	9,638 yen	336 yen	278 yen
Total units outstanding	286,550 units	332,540 units	332,540 units	45,990 units	0 unit
Leasing NOI	6,352	7,008	7,109	757	101
FFO	4,293	4,894	5,031	737	137
Depreciation	1,696	1,781	1,826	129	45
Number of properties	85 properties	89 properties	89 properties	4 properties	0 properties
Total interest-bearing debt	150,558	-	167,746	17,188	
LTV	47.5%	-	47.2%	-0.3%	
End-of-period book value	302,127	-	332,883	30,756	
End-of-period appraisal value	279,238	-	316,442	37,204	
Net assets	150,781	-	170,109	19,328	

Major changes in the 18th fiscal period (2014/4) in comparison with 17th fiscal period (actual)

Operating revenue	+1,076 mn yen
• Rent/common area charge	+839 (Properties acquired (18th) +568 Properties acquired (17th) +254 Existing properties +47 Properties sold (18th) -28 Properties sold (17th) -3)
• Utilities	-46
• Parking space rental revenue	+26
• Gain on sale of real estate	+262 (17th: Ikebukuro Nikko Bldg. -234 18th: Nikko Kabutocho Bldg. II +324 Court Mejiro +173)
• Dividends income	-15 (TMK dividends(Senri) -18 TK dividends: KRF31 (Mita) +3)
• Other revenue	+9
Operating expense	+1,033 mn yen
• Depreciation	+129 (Properties acquired (18th) +100 Properties acquired (17th) +27)
• Building maintenance fee	+65 (Properties acquired (18th) +53 Properties acquired (17th) +23 Other -11)
• Repair/maintenance	+20 (KDX Nagoya Ekimae Bldg. +16)
• Utilities	-12
• Loss on sale of real estate	+816 (18th: KDX Niigata Bldg. +816)
• Asset management fee	+14
Non-operating expense	-11 mn yen
• Interest rate expense / financing-related expenses	-31
• Amortization of investment unit issuance cost	+21

Major changes in the 18th period (2014/4) in comparison with 17th period (forecast released on Oct 24)

Operating revenue	+717 mn yen
• Rent/common area charge	+170 (Properties acquired (18th) +172 Properties sold (17th) +7 Existing properties +22 Properties sold (18th) -32)
• Utilities	+25
• Gain on sale of real estate	+497 (18th: Nikko Kabutocho Bldg. II +324 Court Mejiro +173)
• Dividends	+10 (TK dividends: KRF31(Mita) +10)
• Other revenue	+13
Operating expense	+949 mn yen
• Utilities	+65
• Depreciation	+45 (Aplus Tokyo Bldg. +9 KDX Musashi-Kosugi Bldg. +33)
• Repair/maintenance	+29
• Building maintenance fee	+13 (Properties acquired(18th) +15)
• Loss on sale of real estate	+816 (18th: KDX Niigata Bldg. +816)
• Other expenses	-19 (18th: loss on retirement of fixed assets -10)
Non-operating expense	-6 mn yen
• Amortization of investment unit issuance cost	-8

Notes:

1. Leasing NOI = Operating revenues - Gain/sale on sale of real estate properties - Dividends income - Expense related to rental business (excl. Depreciation)
2. FFO (Funds From Operation) = Net income + Depreciation - Gain on sale of real estate properties + Loss on sales of real estate properties

19th fiscal period (2014/10): Earnings forecast

(Unit: million yen)

Items	A	B	B-A
	18th fiscal period 2014/4 Actual	19th fiscal period 2014/10 forecast (May 8)	19th (forecast) vs 18th (actual) Comparison Changes
Operating revenue	10,895	11,249	353
Gain on sale of real estate	497	-	-497
Dividends	67	90	22
Operating expense	6,611	6,276	-335
Operating income	4,283	4,972	689
Non-operating income	2	3	0
Non-operating expense	1,398	1,491	92
Ordinary income	2,887	3,484	597
Net income	2,885	3,482	596
Reversal of reserve for reduction entry(-)	-319	-	319
Total distributions	3,205	3,482	277
Distributions per unit	9,638 yen	9,810 yen	172 yen
Total units outstanding	332,540 units	355,010 units	22,470 units
Leasing NOI	7,109	7,731	621
FFO	5,031	5,490	459
Depreciation	1,826	2,008	181
Number of properties	89 properties	92 properties	3 properties
(reference) Estimated property and city planning taxes	-	920	

Major changes in the 19th period (2014/10) in comparison with 18th period (actual)

■ Operating revenue	+353 mn yen	
• Rent/common area charge	+671	(Properties acquired (18th) +454 Properties acquired (19th) +385 Existing properties -70 Properties sold (18th) -96)
• Utilities	+144	
• Gain on sale of real estate	-497	(18th: Nikko Kabutocho Bldg. II -324 Court Mejiro -173)
• Dividends, etc.	+22	(TK dividends: KRF31 (Mita) -10 KRF43(Shinjuku Sanei) +40)
• Other revenue	+12	
■ Operating expense	-335 mn yen	
• Depreciation	+181	(Properties acquired (19th) +115 Properties acquired (18th) +83 Properties sold(18th) -23)
• Utilities	+106	
• Taxes	+73	(Properties acquired (18th) +38 Properties acquired (17th) +38 Other -4)
• Property management fee	+55	(Properties acquired (19th) +45 Properties acquired (18th) +34 Other -24)
• Asset management fee	+74	
• Loss on sale of real estate	-816	(18th: KDX Niigata Bldg. -816)
• Other expenses	-8	
■ Non-operating expense	+92 mn yen	
• Interest rate expense / financing-related expenses	+82	
• Amortization of investment unit issuance cost	+8	

Notes:

1. Leasing NOI = Operating revenues - Gain/sale on sale of real estate properties - Dividends income - Expense related to rental business (excl. Depreciation)
2. FFO (Funds From Operation) = Net income + Depreciation - Gain on sale of real estate properties + Loss on sales of real estate properties

Memo

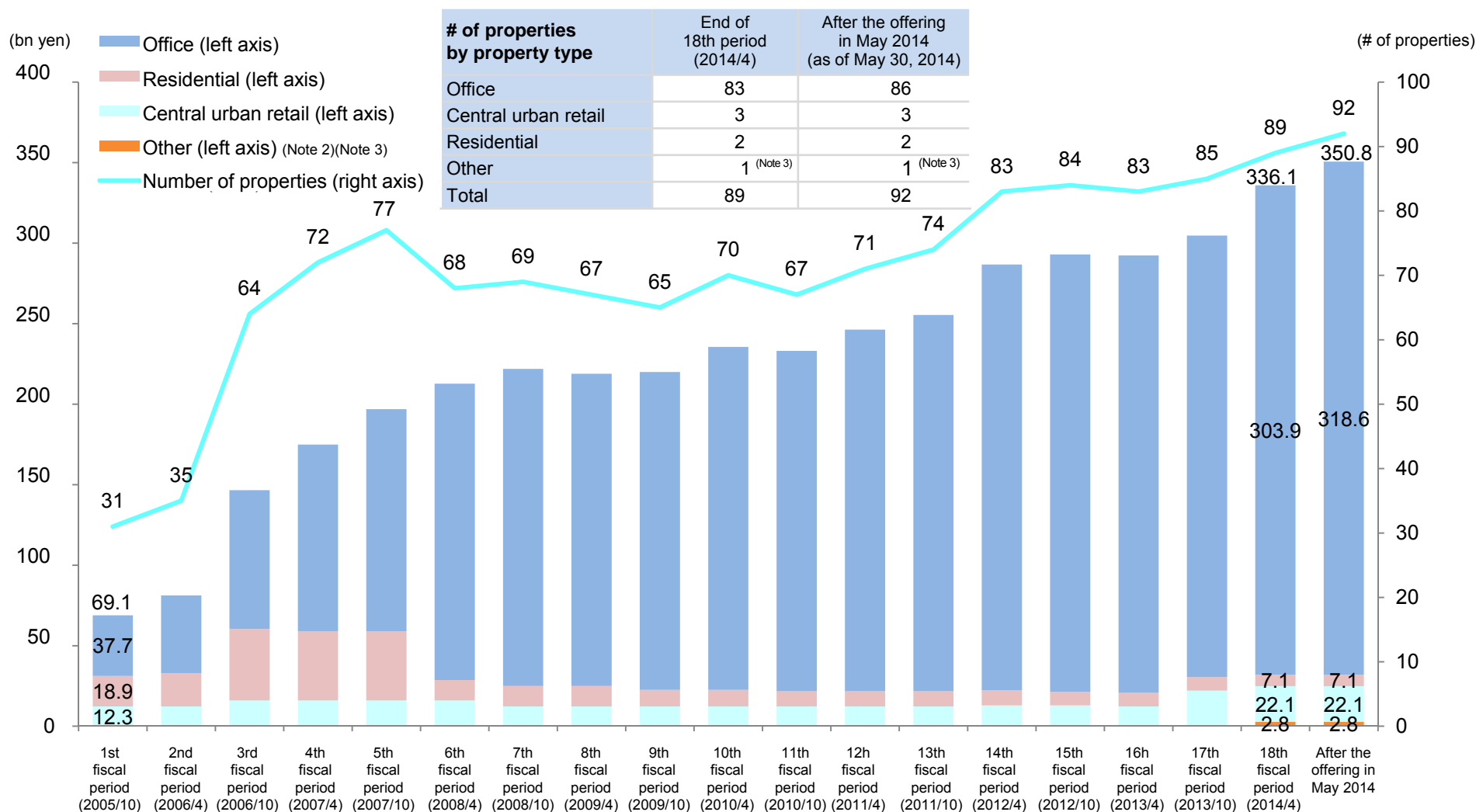
Section 3

External growth

Portfolio overview

- Portfolio mainly consists of mid-sized office buildings in the Tokyo metropolitan area
- Achieved asset size of 350.8 billion yen through recent proactive property acquisition

Portfolio growth (based on total acquisition price) (Note 1)

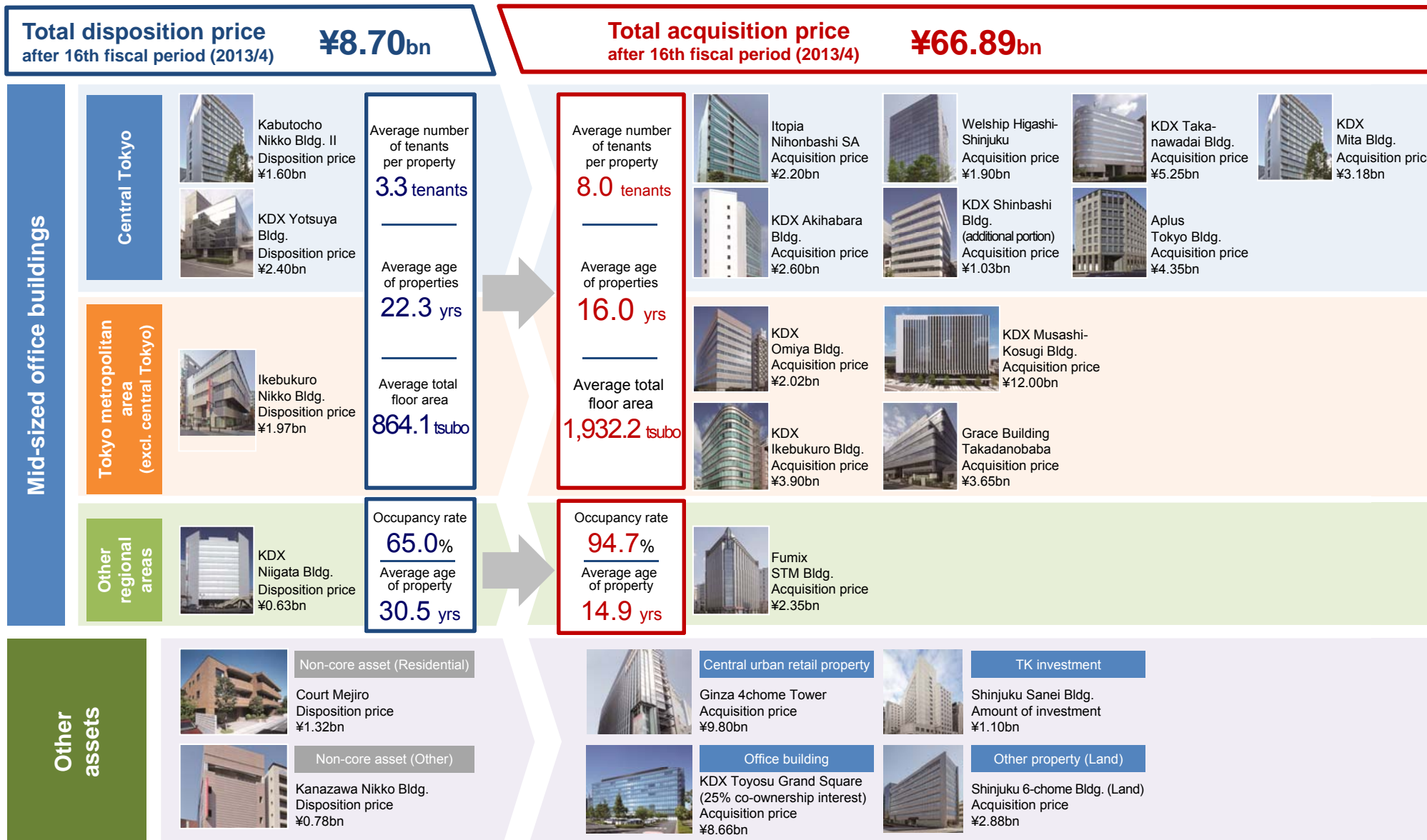


Notes

1. Figures are truncated to the nearest 100 million yen.
2. "Other" property includes Kanazawa Nikko Building for 14th and 15th fiscal periods.
3. "Other" property corresponds to Shinjuku 6-chome Building (Land).

Portfolio reshuffle

- Achieved improvement in portfolio quality and increase in asset size through property reshuffle
- Replaced non-office-related non-core assets with office-related assets



Note: "Central Tokyo" refers to Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards. "Tokyo metropolitan area" refers to the major cities in Tokyo, Kanagawa, Saitama and Chiba prefectures. "Other regional area" refers to regional metropolitan areas outside of the Tokyo metropolitan area. "Average number of tenants per property", "average age of property(ies)", "average total floor area", "occupancy rate" are as of January 31, 2014 for newly acquired properties and are as of the date of acquisition for the properties acquired in the 18th fiscal period (2014/4) and the properties acquired in connection with the public offering in May 2014, and are as of the date of disposition for the properties sold.

Properties acquired from January to April 2014

- Acquisition of 5 properties (a total of 15.9 billion yen) after the offering in Nov 2013
- Additional acquisition of the below 3 properties (a total of 19.2 billion yen) from Jan. to Apr. 2014



TK investment in GK KRF43



SPC asset:
Trust beneficiary interest
in Shinjuku Sanei Building
(59.0% Co-ownership interest)

Amount of investment:
1,107 million yen (27%)

Co-owners:
Kenedix 28%
Two other entities 40%、5%

Shinjuku
Sanei Building

Property name	Aplus Tokyo Building	KDX Musashi-Kosugi Building	Shinjuku 6-chome Building (Land)	Total (3 properties)
Location	Shinjuku ward, Tokyo	Kawasaki, Kanagawa	Shinjuku ward, Tokyo	—
Gross floor area	6,764.37m ²	16,094.14m ²	-	22,858.51m ²
Completion date	January, 1994	May, 2013	-	—
Occupancy rate (Note 1)	100.0%	95.9%	100.0%	-
Number of tenants (Note 1)	1	4	1	6
Acquisition price (A)	4,350 mn yen	12,000 mn yen	2,880 mn yen	19,230 mn yen
Appraisal value (at the time of acquisition) (B)	4,480 mn yen	12,300 mn yen	2,900 mn yen	19,680 mn yen
Difference between A and B ((A-B) / B)	-2.9%	-2.4%	-0.7%	-2.3%
Seller	Third party	Related party	Third party	—
Acquisition source	Asset Manager's proprietary network	Support-line	Asset Manager's proprietary network	—
Acquisition date	January, 2014	March, 2014	April, 2014	—
Projected NOI (C) (Note 2)	248 mn yen	599 mn yen	123 mn yen	971 mn yen
NOI yield (C / A)	5.7%	5.0%	4.3%	5.1%
Appraisal NOI (D) (Note 3)	227 mn yen	626 mn yen	124 mn yen	978 mn yen
Appraisal NOI yield (D / A)	5.2%	5.2%	4.3%	5.1%

Notes:

1. Occupancy rate and number of tenants are as of April 30, 2014.
2. Projected NOI is an estimate for one year and is exclusive of extraordinary factors of the year of acquisition. Figures are truncated to the nearest million yen. Revenues are based on an expected occupancy rate which is based on the occupancy rate at the time of acquisition and any expected changes in occupancy. Expenses include property management fees, taxes and dues, repairs and maintenance expenses and insurance. Projected NOI yield is rounded to the first decimal place.
3. Appraisal NOI is the net operating income (annualized) calculated in the direct capitalization method included in the relevant appraisal report at the time of acquisition. Appraisal NOI is truncated to the nearest million yen and appraisal NOI yield is rounded to the first decimal place.

Properties acquired after the public offering in May 2014

- Acquired the below 3 properties (a total of 14.6 billion yen) on May 30, 2014



Property name	KDX Toyosu Grand Square (Note 4)	Grace Building Takadanobaba	Fumix STM Building	Total (3 properties)
Location	Koto ward, Tokyo	Toshima ward, Tokyo	Utsunomiya, Tochigi	—
Gross floor area	63,419.60m ² (Note 4)	6,576.07m ²	7,742.18m ²	77,737.85m ² (Note 4)
Completion date	April, 2008	October, 1988	February, 1999	—
Occupancy rate (Note 1)	87.7%	100.0%	89.1% (Note 5)	-
Number of tenants (Note 1)	14	10	21	45
Acquisition price (A)	8,666 mn yen	3,650 mn yen	2,350 mn yen	14,666 mn yen
Appraisal value (at the time of acquisition) (B)	9,010 mn yen	3,800 mn yen	2,450 mn yen	15,260 mn yen
Difference between A and B ((A-B) / B)	-3.8%	-3.9%	-4.1%	-3.9%
Seller	Related party	Related party	Related party	—
Acquisition source	Support-line	Support-line	Support-line	—
Acquisition date	May, 2014	May, 2014	May, 2014	—
Projected NOI (C) (Note 2)	360 mn yen	187 mn yen	151 mn yen	698 mn yen
NOI yield (C / A)	4.2%	5.1%	6.4%	4.8%
Appraisal NOI (D) (Note 3)	477 mn yen	204 mn yen	173 mn yen	855 mn yen
Appraisal NOI yield (D / A)	5.5%	5.6%	7.4%	5.8%

Notes:

- Occupancy rate and number of tenants are as of April 30, 2014.
- Projected NOI is an estimate for one year and is exclusive of extraordinary factors of the year of acquisition. Figures are truncated to the nearest million yen. Revenues are based on an expected occupancy rate which is based on the occupancy rate at the time of acquisition and any expected changes in occupancy. Expenses include property management fees, taxes and dues, repairs and maintenance expenses and insurance. Projected NOI yield is rounded to the first decimal place.
- Appraisal NOI is the net operating income (annualized) calculated in the direct capitalization method included in the relevant appraisal report at the time of acquisition. Appraisal NOI is truncated to the nearest million yen and appraisal NOI yield is rounded to the first decimal place.
- We acquired 25% co-ownership of a trust beneficiary interest in KDX Toyosu Grand Square. The gross floor area corresponds to the entire property.
- Contracted rate is 97.0% as of May 30, 2014.

Properties sold in 18th fiscal period (2014/4)

- Sold properties to increase portfolio quality based on our property reshuffle strategy following our investment principle

Property dispositions during 18th fiscal period (2014/4)



Property name	KDX Niigata Building	
Location	Niigata, Niigata	
Asset type	Office building	
Gross floor area	6,810.29㎡	
Completion date	July, 1983	
Book value (Note 1)	1,427 mn yen	Disposition price 630 mn yen
Difference between disposition price and book value (Note 2)	-797 mn yen (-55.9%)	
Appraisal value	870 mn yen	
Acquisition date / Disposition date	March 1, 2007 / February 28, 2014	



Property name	Kabutocho Nikko Building II	
Location	Chuo ward, Tokyo	
Asset type	Office building	
Gross floor area	2,016.03㎡	
Completion date	October, 2001	
Book value (Note 1)	1,264 mn yen	Disposition price 1,600 mn yen
Difference between disposition price and book value (Note 2)	337 mn yen (+26.7%)	
Appraisal value	1,560 mn yen	
Acquisition date / Disposition date	December 26, 2011 / March 28, 2014	



Property name	Court Mejiro	
Location	Shinjuku ward, Tokyo	
Asset type	Residential	
Gross floor area	3,326.07㎡	
Completion date	March, 1997	
Book value (Note 1)	1,141 mn yen	Disposition price 1,329 mn yen
Difference between disposition price and book value (Note 2)	189 mn yen (+16.6%)	
Appraisal value	973 mn yen	
Acquisition date / Disposition date	August 1, 2005 / March 26, 2014	

Major reasons for disposition

- Major reasons for disposition**
 - Located in Niigata and approximately 30 years of age
 - Fair disposition price considering our investment policy and competitiveness and cash flow of the property in future
- Major reasons for disposition**
 - Relatively small in size in our portfolio
 - Disposition price exceeding book value and appraisal value by 337 and 40 million yen, respectively
- Major reasons for disposition**
 - This property is a non-core property (residential) which we regard as one of candidate properties for replacement
 - Relatively old property of 17 years of age
 - Disposition price exceeding book value and appraisal value by 189 and 356 million yen, respectively

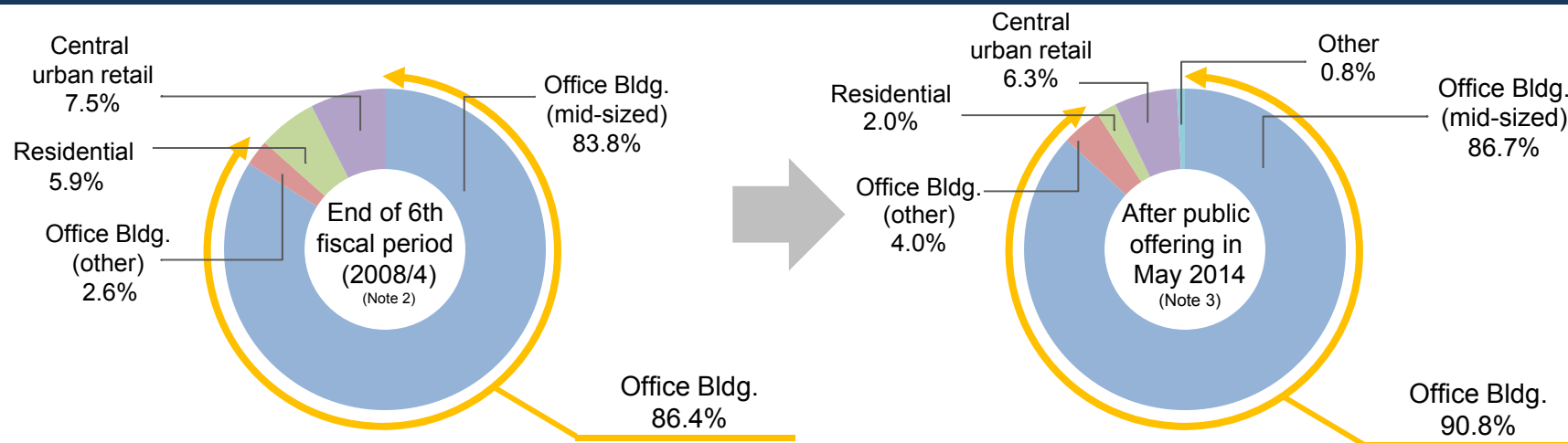
Note 1: Book value is as of the disposition date and is truncated to the nearest million yen.

Note 2: Difference between disposition price and book value differs from the profit/loss on the sale of the property. Figure is truncated to the nearest million yen.

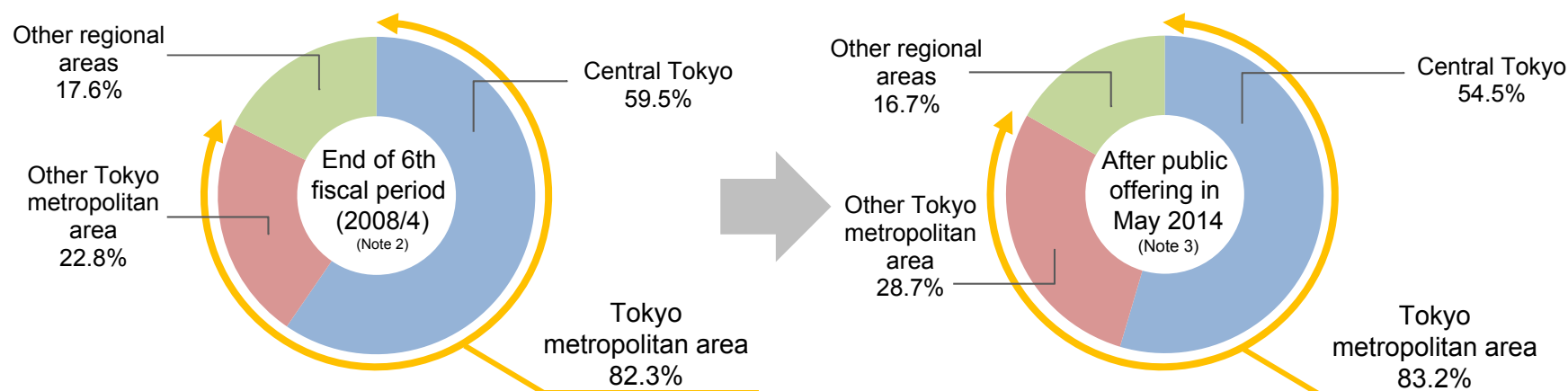
Portfolio composition policy

- Continue focusing on investing in mid-sized office properties mainly in the Tokyo metropolitan area

Portfolio composition by property type (by acquisition price) (Note 1)



Portfolio composition by region (by acquisition price)



Notes:

- The ratio by property type based on the acquisition price (Figures are rounded down to the first decimal place).
- We changed our investment strategy to concentrate on office buildings and implemented property replacement to constitute portfolio focusing on office buildings
- As of May 30, 2014.

Memo

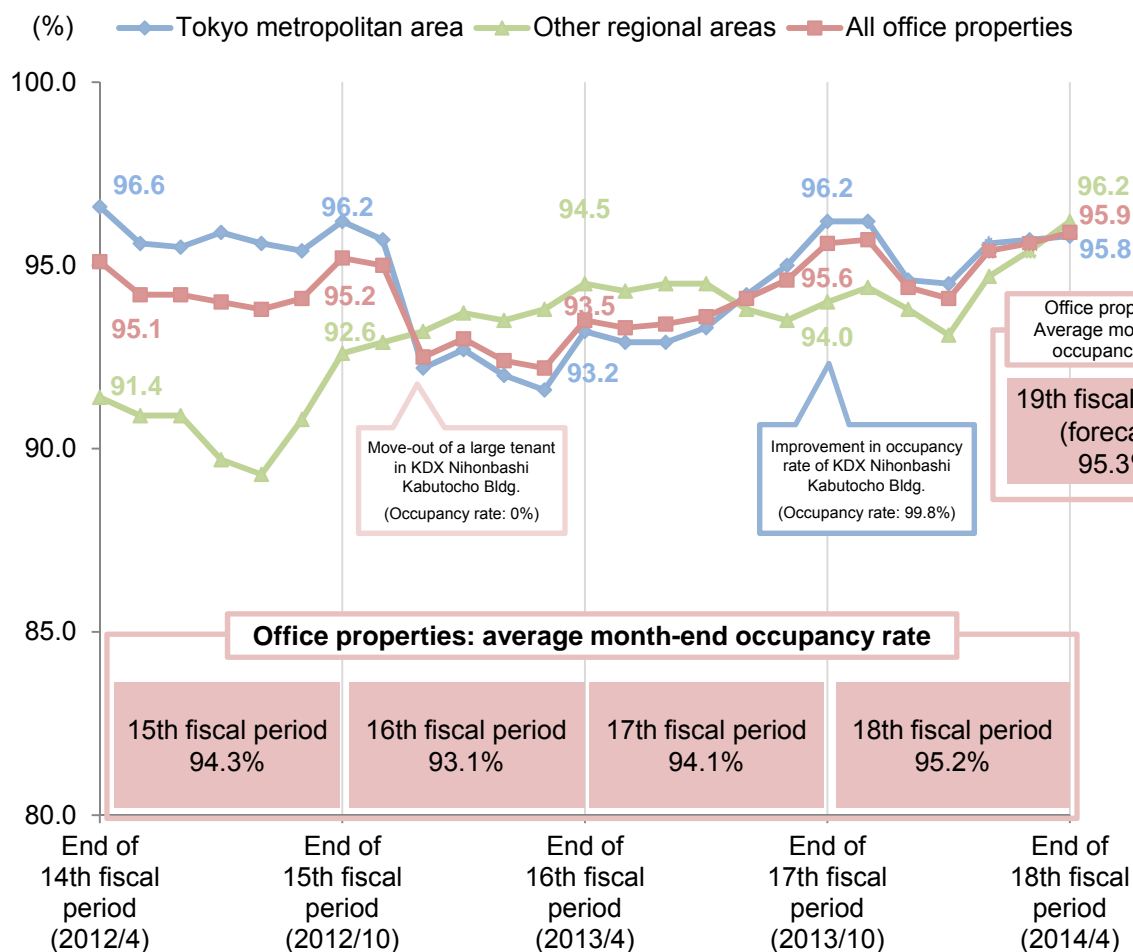
Section 4

Internal growth

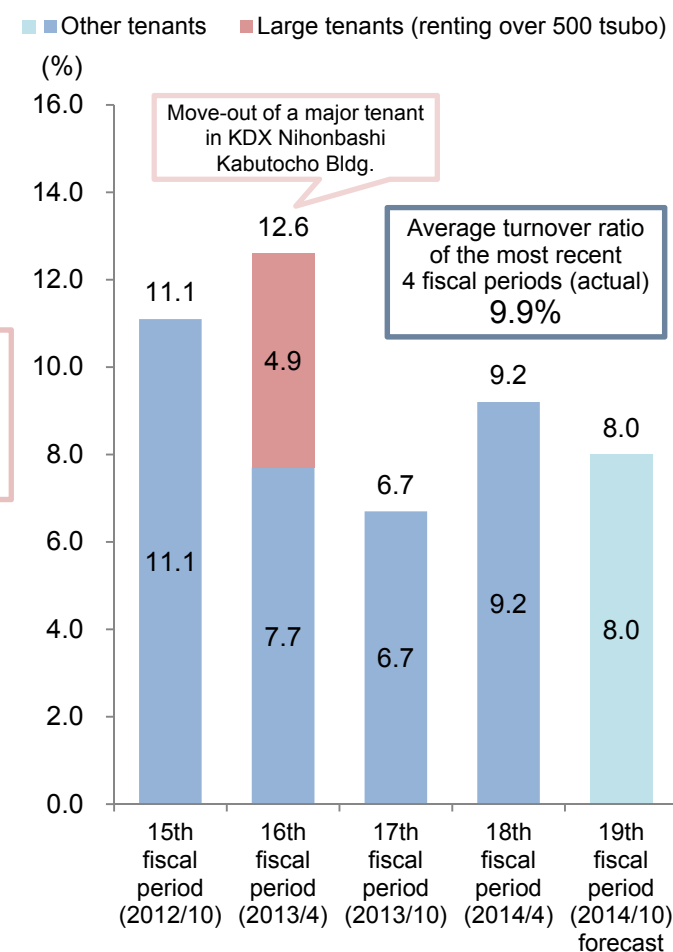
Occupancy rate / turnover ratio of office buildings

- Maintain high level of occupancy rate – aiming to improve rent conditions hereafter
- Turnover ratio remains stable at around 7-10%

Occupancy rate performance of office buildings (by region) (Note 1)



Annualized turnover ratio of office buildings (Note 2)(Note 3)



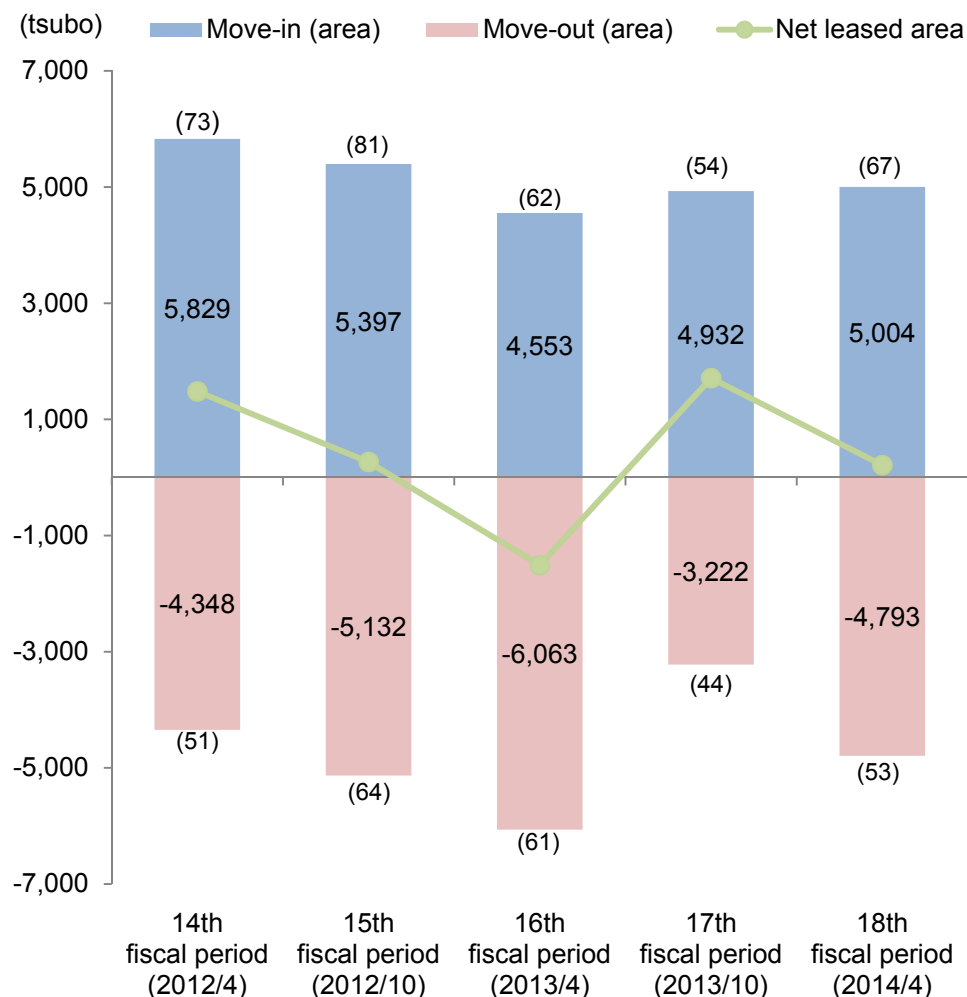
Notes:

- Occupancy rate is calculated by dividing leased area by leasable area and is rounded to the first decimal place. Average month-end occupancy rate of office properties are a simple average of monthly-end occupancy rates for each period. The forecast occupancy rate for the 19th period (2014/10) is calculated based on the Asset Management Company's earnings forecast for the 19th period.
- Annualized turnover ratio is calculated and annualized as follows: (total leasable area of the end-tenants who cancelled the lease agreement during the six-month period from the beginning to the end of each period) / (Average leasable area of all office buildings owned by KDO as of each month-end during the relevant period) x 2. Figures are rounded to the first decimal place.
- The forecast for the 19th period (2014/10) is based on the cancellation notices received prior to the end of the 18th period (2014/4). The turnover ratio is divided into two categories based on whether leased area of relevant tenants is above or less than 500 tsubo for each property.

Tenant turnover trend of office buildings

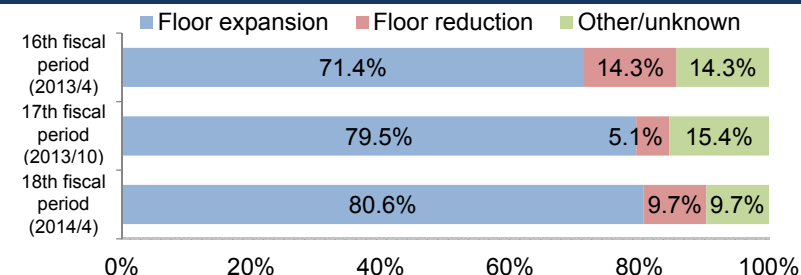
- “Move-ins” exceed “move-outs” for 2 consecutive periods both in terms of cases and area
- Tenants are increasingly moving in/out for floor expansion purposes – improving business confidence

Turnover by the number of tenants and leased floor area (Note)



Note: The number of tenants and leasable floor area are calculated based on floors. For example, an end-tenant vacating a floor and leasing another floor at any of our properties is counted as one each for incoming and outgoing.

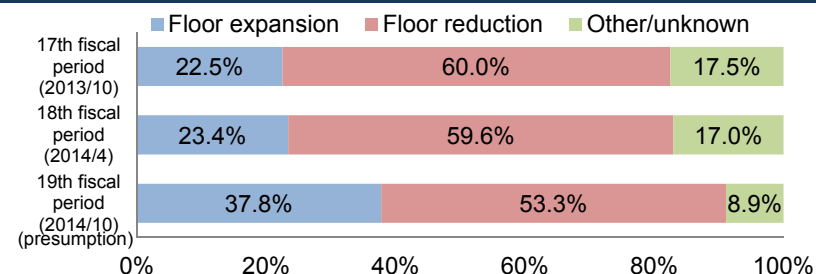
Reasons for move-in to our properties (Note)



Average contracted floor area of incoming tenants (tsubo)

	17th fiscal period (2013/10)	18th fiscal period (2014/4)
Floor expansion	94.7	73.6
Floor reduction	85.6	86.6

Reasons for move-out of our properties (Note)



Average cancelled floor area of exiting tenants (tsubo)

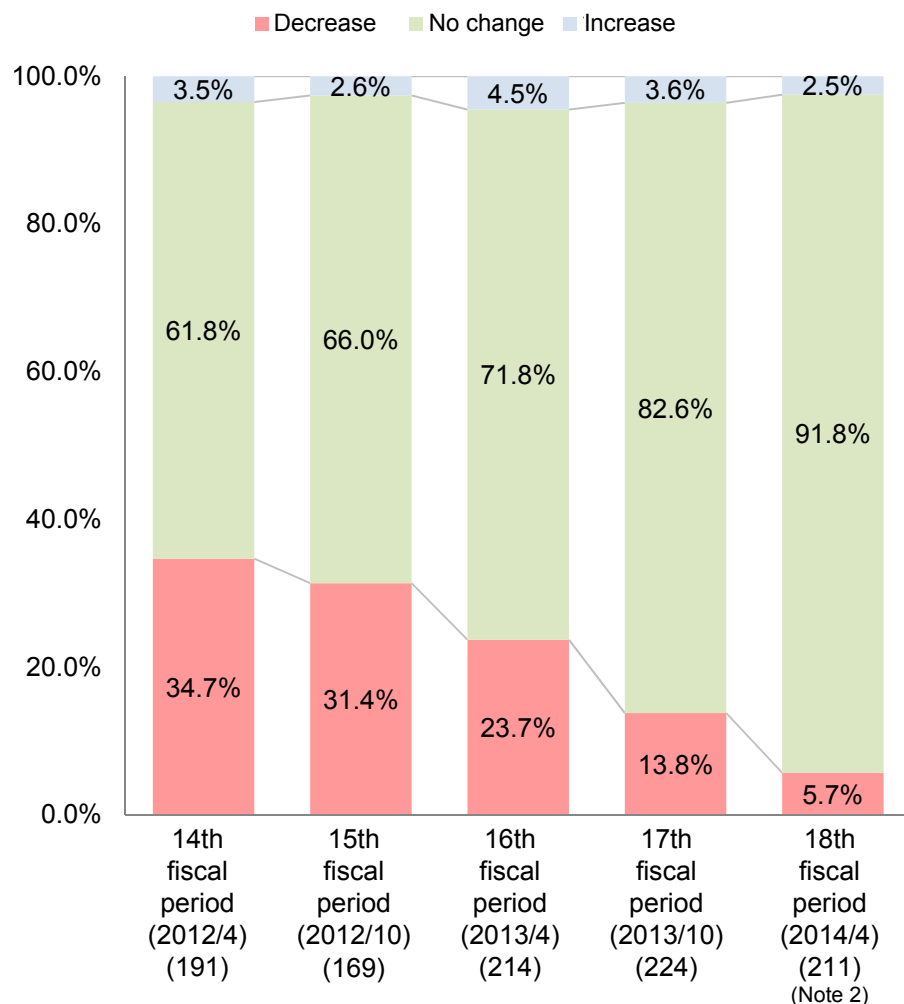
	18th fiscal period (2014/4)	19th fiscal period (2014/10) presumption
Floor expansion	95.8	117.2
Floor reduction	82.0	88.1

Note: The above data is based on the survey compiled by the Asset Management company with regard to reasons of office relocation for relevant tenants. We classify responses of the survey into three categories; "Floor expansion", "Floor reduction" and "Other/unknown". For move-ins, the figures are based on the number of tenants on office floors on the 2nd floor or above. For move-outs, figures are based on the number of tenants on all floors except for residential space. 22

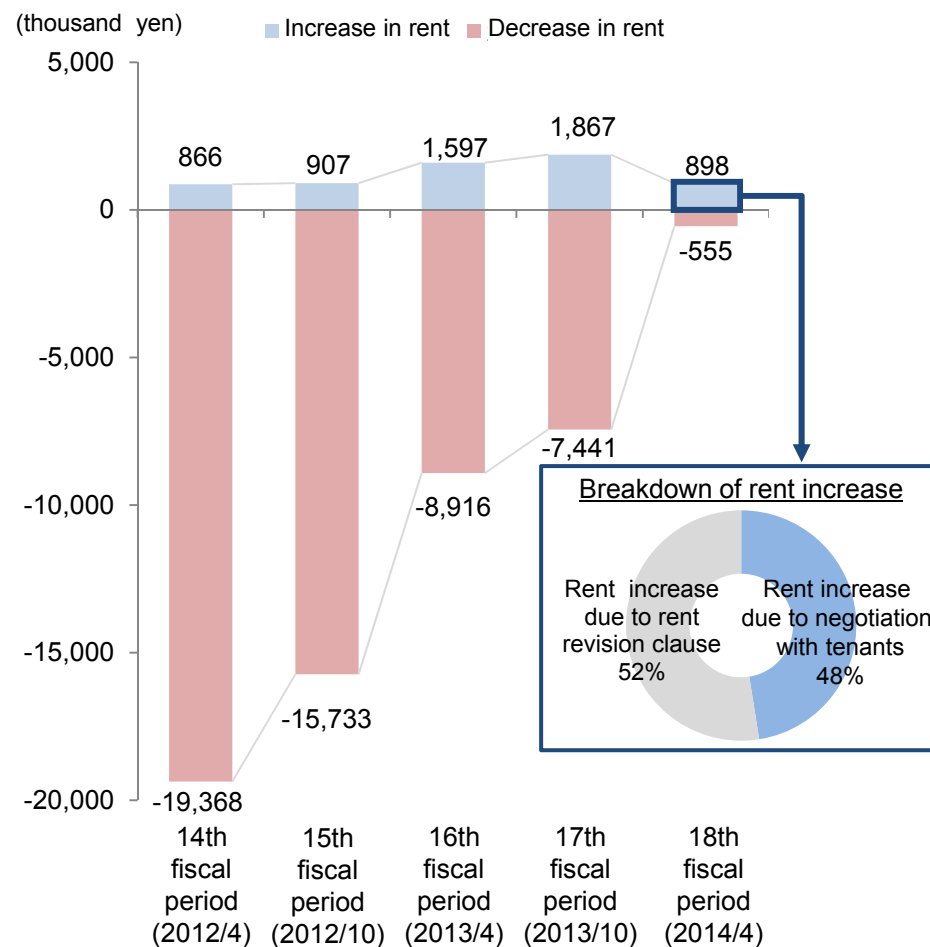
Rent level after rent renewal of office buildings

- Decreasing proportion of "Decrease" and increasing proportion of "No change" at time of rent revision
- The total amount of rent increase exceeds that of rent reduction in 18th fiscal period (2014/4)

Status of rent revision (based on leased area) (Note 1)



Change in rent level at time of rent revision (based on monthly rent)



Notes

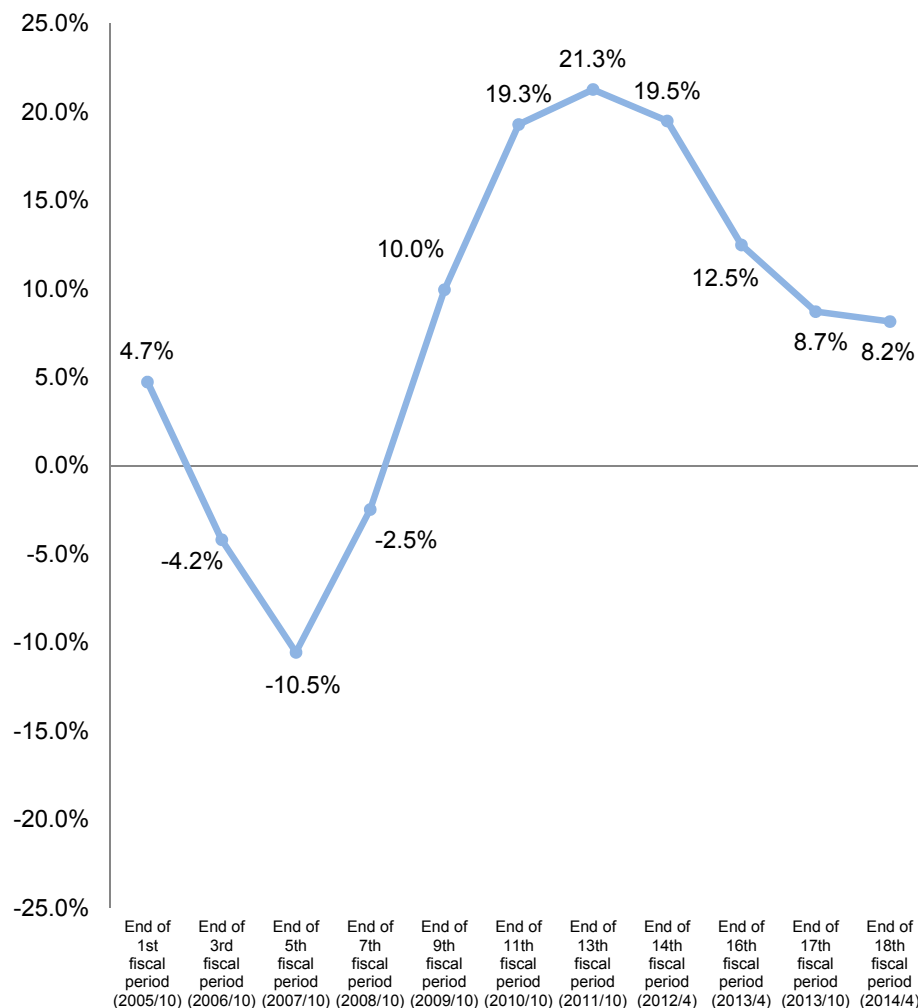
1. Above figures are for any renewed or revised contracts during relevant periods and such contracts are summarized by the status of rent revision (increase / decrease / no change).
2. The percentages are based on leased floor area and are rounded to the first decimal place.
3. Figures indicate a number of lease contracts that are renewed or revised in each fiscal period.

Note: The above figures are the monthly rent level difference before and after the rent revision and are calculated separately for each tenant. Numbers are rounded to the nearest thousand yen.

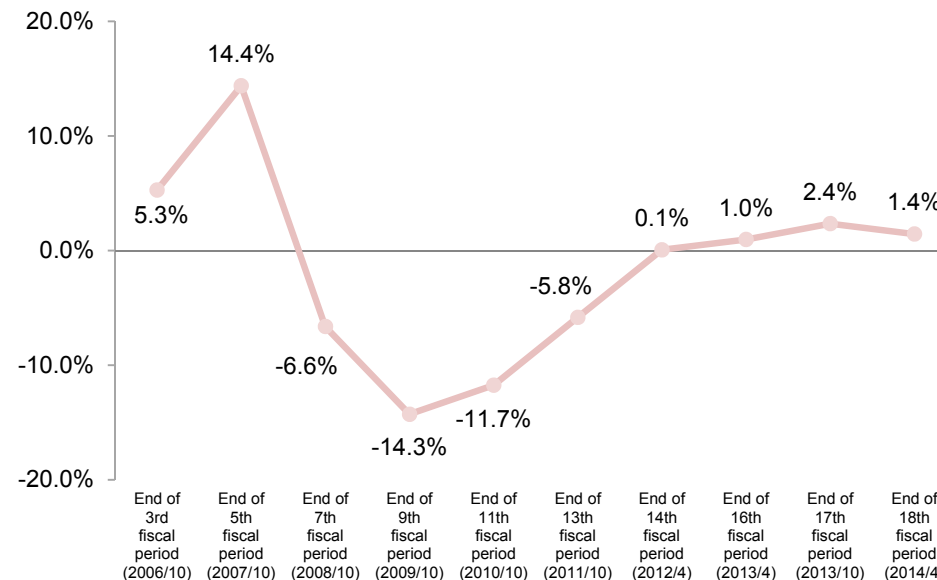
Rent gap of KDO's office properties

- Rent gap shrinking from a peak of 21.3% to 8.2%
- Average Market rent continue to rise over the last 2 years

Rent gap of KDO's office properties (Note 1)



Percentage change in average market rent of KDO's office properties (Note 2)



Average market rent of KDO's office properties (by # of properties)

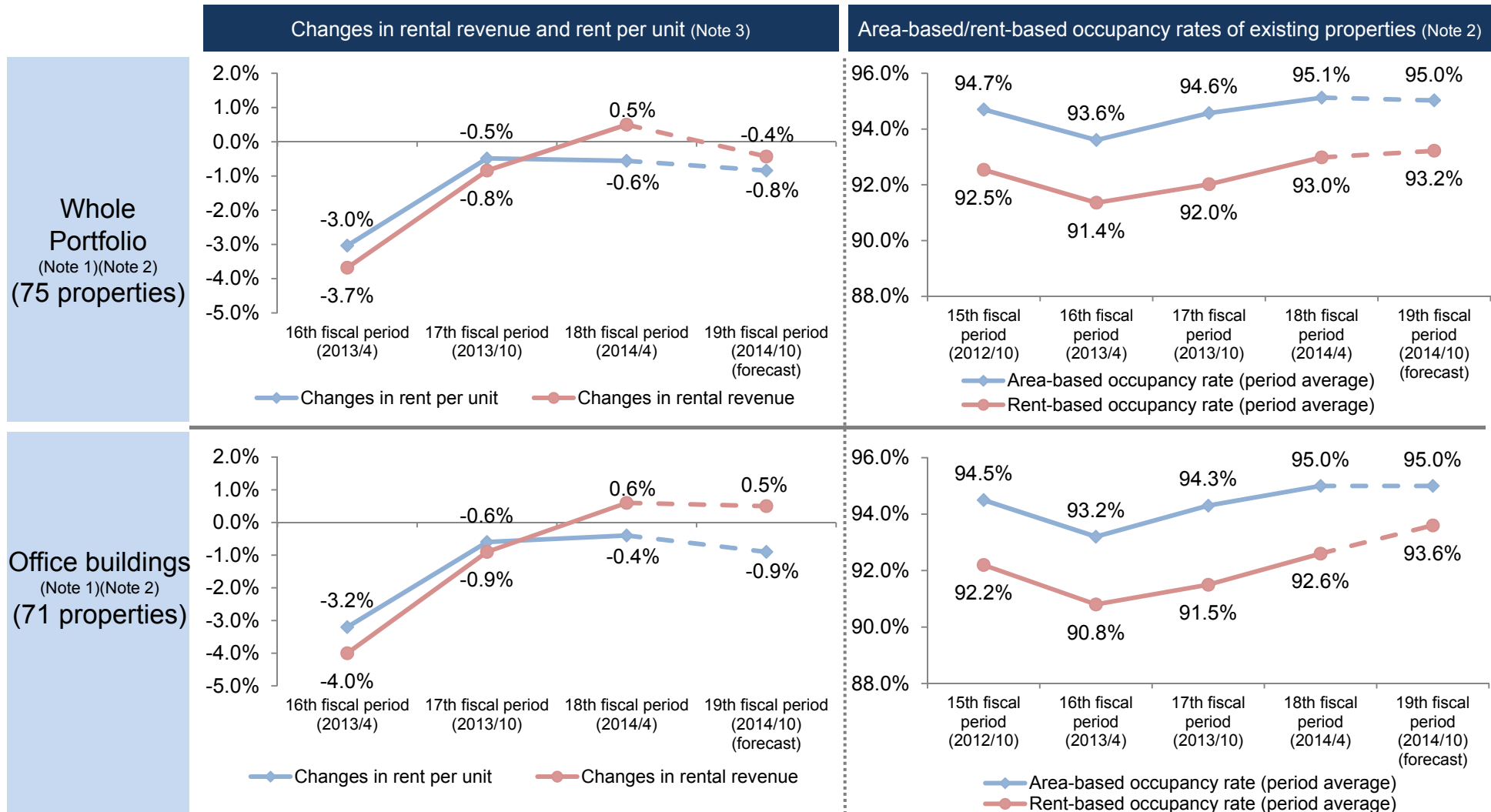
Data point	End of 14th fiscal period (2012/4)	End of 16th fiscal period (2013/4)	End of 17th fiscal period (2013/10)	End of 18th fiscal period (2014/4)
# of subject properties	74	75	77	82
Increase	-	13	23	14
No change	55	59	52	64
Decrease	19	3	2	4

Notes:

1. Rent gap is the difference in percentage between average rent for standard floor of each of our office properties and market contracted rent (standard floor) of the same properties. Average rent for standard floor of our office properties is calculated by computing an average rent of occupied area (office use) on standard floor for each of our office properties (excluding properties sold) and taking a weighted average of such average rents by leasable area. Market contracted rent is an assumed achievable market rent (standard floor) for our properties assessed by CBRE at each evaluation point.
2. Average market rent for the portfolio is a weighted average of assumed achievable market rents (standard floor) for properties that CBRE assesses at each evaluation point based on leasable area.

Trend in rental revenue of existing properties 1

- Increase in rental revenue of existing properties in 18th fiscal period (2014/4)
- Steady growth trend of rent-based occupancy rate albeit a decrease in rent per unit



Notes:

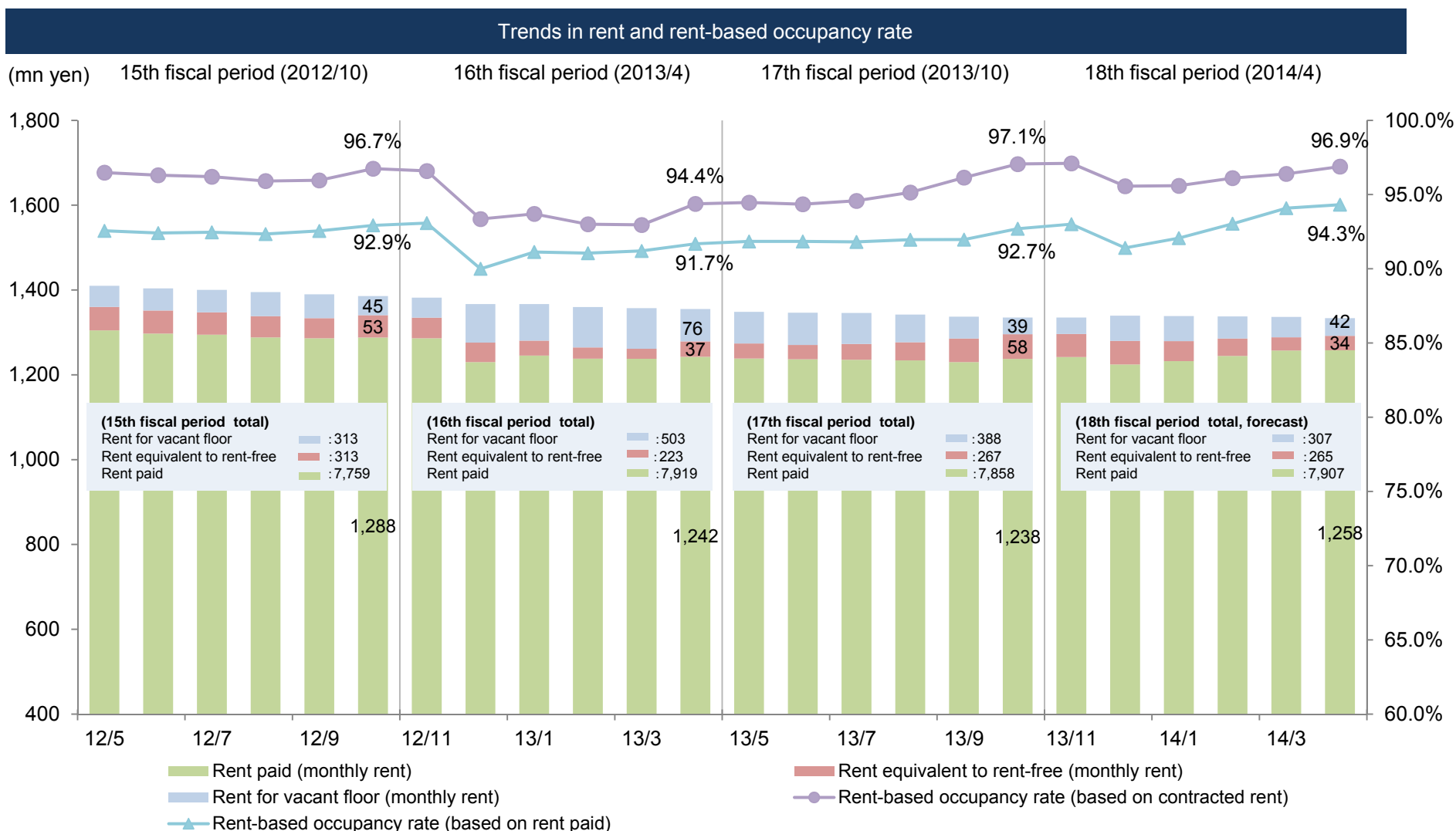
1. Properties owned as of the beginning of the 15th fiscal period (2012/10), excluding properties sold. Rent includes common area charge.

2. Rent-based occupancy rate is a monthly average of rents paid (contracted rents minus rents equivalent to rent free period) divided by total potential rent (contracted rent plus minimum rent expected for vacant floor).

3. Percentage change in rent per unit is calculated by taking a change from the end of previous fiscal period to the current fiscal period.

Trend in rental revenue of existing properties 2

- Rent-based occupancy rate increased to 94.3% as of the end of the 18th fiscal period due to revenue contribution from KDX Nihonbashi Kabutocho Building
- Amount of rent paid increased in the 18th fiscal period with expiring of rent-free period



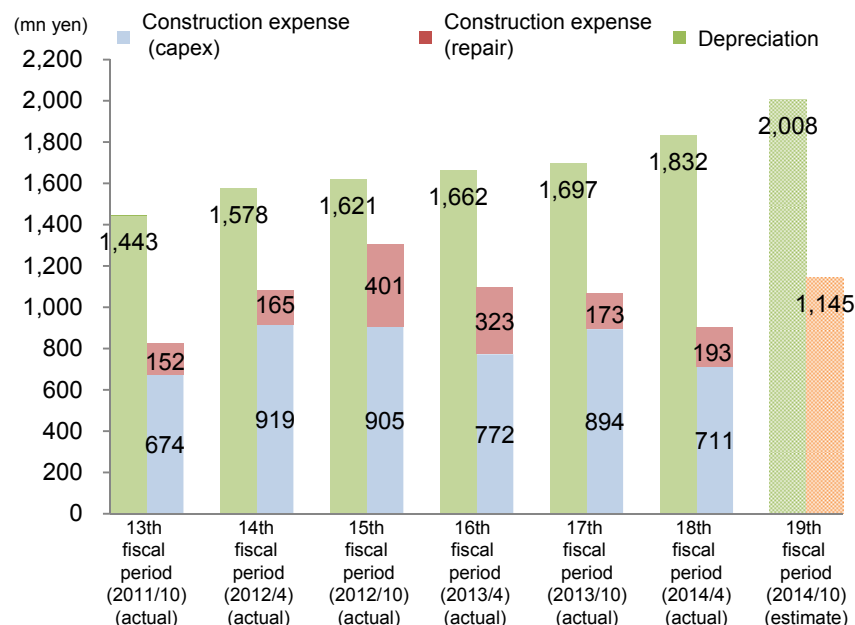
Notes:

1. The above figures reflect the 75 properties (excluding the properties sold) held at the beginning of the 15th fiscal period (2012/10). The rents include common area charges.
2. The rent-based occupancy rates are calculated by dividing the contract rent or the rent paid (the contract rent – the portion of rent that is not paid due to the rent-free period) by the total potential rent (the contracted rent + the minimum rent expected for new tenants to move in).

Efforts to maintain/improve property values

- Reinforce property competitiveness by applying adequate strategy to maintain/improve property values
- Improve customer satisfaction by continuous CS survey and appropriate response etc. to the properties

Changes in depreciation and construction expense (actual/estimate)

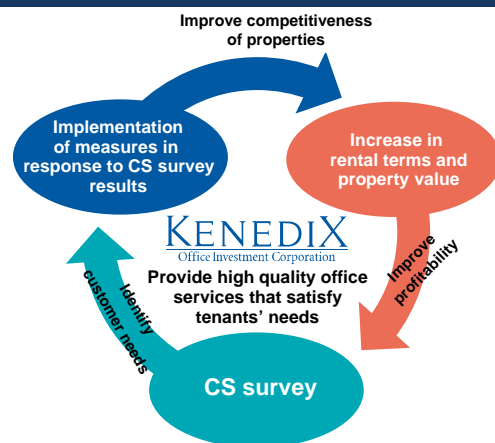


Major repair/renovation works for 19th (2014/10) fiscal period (Note)

Items	19th fiscal period (2014/10)	
	Estimated expense (million yen)	Percentage of total expenses (%)
Maintenance works	388	33.9
Renewal of air conditioning	193	16.9
Other works	195	17.0
Value-upgrading works	151	15.7
Works described in ER	120	10.5
Energy saving measures	100	8.7
CS-improving measures	32	2.8
Total	1,145	57.0

Note: Figures are approximate estimates as of the date in which repair schedule is prepared. Minor repair works are not included in the above table.

Future major CS-improving measures (Note)



- Provision of high quality office environment based on the result of CS survey
- Identification of tenant needs and improvement in operation through surveys

CS-improving measures	Estimated expense (thousand yen)	CS-improving measures	Estimated expense (thousand yen)
Installation of cube shelves in women's restrooms	4,860	Replacement of Japanese-style toilet	2,500
Measures for air-conditioning in elevator	5,000	Installation of electric water heater in toilet	7,000
Cleaning of open ceiling space at entrance / replacement of lighting equipment	3,000	Refurbishment of signboard in car park	3,000
Repairing of crack in elevator hall	1,000	Installation of staircase rail	1,500
Installation of signboard at entrance	1,000	Installation of automatic door	3,500
Total		Total	32,360

Note: The list of CS-improving measures are scheduled as of the date in which repair schedule is prepared. It is subject to change depending on the operating conditions of the property. Expenses are approximate estimates as of the date in which repair schedule is prepared.

Measures for maintaining / improving property value (Case: KDX Shinbashi Building)

- Implemented value-upgrading measures following the acquisition of additional portion
- Achieved increase in occupancy rate and contracted rent level in a short period of time

Effects of value-upgrading measures implemented for KDX Shinbashi Building

Additional acquisition

- Acquired an additional portion of KDX Shinbashi Building (6-8 floors) for the acquisition price of 1,038 mn yen on Dec 2, 2013, providing KDO with ownership of the entire building



Renewal works

- Renovated entrance and common area on each floor and updated security system, etc. (Total amount: 92 mn yen)

Before

After

Elevator hall (standard floor)



Restroom on each floor



Leasing activities

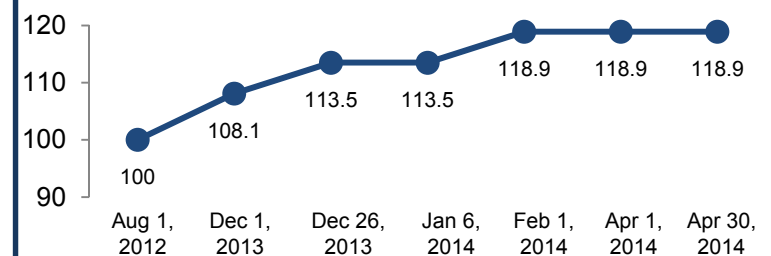
- Invited tenants at high rent per unit leveraging the property's locational advantages: close proximity with major business areas including Toranomon / Kasumigaseki and access to multiple subway lines
- Identification of floor expansion needs

Increase in occupancy rate

Occupancy rate at time of acquisition (whole property) 29.4%
⇒ End of 18th fiscal period (2014/4) **86.8%**

Increase in contracted rent per unit

Rate of increase in contracted rent per unit (Note) **18.9%**



Increase in appraisal value

Improvement in unrealized gain +305 mn yen

	(mn yen)	End of 17th fiscal period (2013/10)	End of 18th fiscal period (2014/4)	Difference
Book value		2,676	3,811	+1,135
Appraisal value		2,380	3,820	+1,440
Unrealized gain		-296	+9	+305

Note : The chart shows the actual rent (including common area charge) of the tenants whose lease began in the relevant period, with the actual rent (including common area charge) of the tenant whose lease began on August 2012 given a value of 100.

End tenants for KDO's office buildings

- Largest end-tenant occupies 3.6% of total leased floor area (Note 2)
- Top 10 end-tenants occupy 13.6% of total leased floor area

List of top end tenants (as of the end of 18th fiscal period (2014/4))

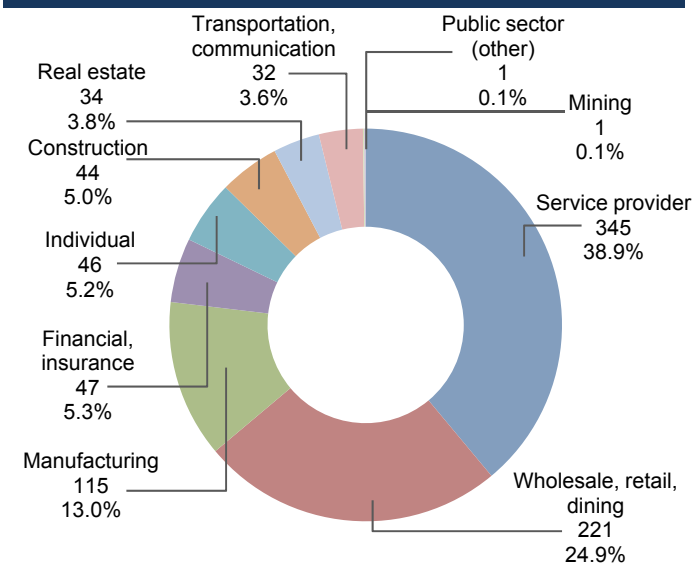
	Tenant name	Leased floor area (tsubo)	Percentage share of leased floor area (Note 1)	Properties occupied
1	Kenedix (real estate)	4,066.9	3.6 (Note2)	•KDX Nihonbashi Kabutocho Bldg •KDX Musashi-Kosugi Bldg
2	SMBC Nikko Securities (financial services)	2,280.0	2.0	•KDX Tachikawa Ekimae Bldg •KDX Nagoya Ekimae Bldg •Nagoya Nikko Shoken Bldg •Sendai Nikko Bldg
3	Tenant A (service provider)	1,550.3	1.4	•KDX Kawasaki Ekimae Honcho Bldg
4	APLUS (financial services)	1,357.4	1.2	•Aplus Tokyo Building
5	JASTEC (service provider)	1,304.6	1.2	•KDX Takanawadai Building
6	Bank of Tokyo Mitsubishi UFJ (financial services)	1,188.1	1.1	•Harajuku FF Bldg •Toranomon Toyo Bldg
7	Medical Corporation DOYUKAI (service provider)	1,022.4	0.9	•Koishikawa TG Bldg
8	Tenant B (wholesales, retail and dining)	863.7	0.8	•Harajuku FF Bldg
9	Tenant C (manufacturing)	816.6	0.7	•KDX Hatchobori Bldg •KDX Kobayashi-Doshomachi Bldg
10	Tenant D (financial services)	781.8	0.7	•KDX Harumi Bldg
	Total	15,231.8	13.6	

Average rent by area (as of the end of 18th fiscal period (2014/4))

	# of properties	Average rent (yen/tsubo) (Note)	% change (period-over-period)
Tokyo metropolitan area	69	15,300	1.2%
Japan	83	14,500	1.6%

Note: Average rent is a weighted average by area and is truncated to the nearest hundred yen.

Tenant diversification (based on # of tenants)



Note: The above chart shows the breakdown of tenants by the type of business they are in, based on the total number of tenants in office portfolio (aggregated by name-base).

Notes

1. Based on leased floor area of each tenant against total portfolio leased floor area as of the end of the 18th fiscal period (2014/4). Numbers are rounded to the first decimal place.
2. The percentage of our total portfolio leased to Kenedix, our sponsor, will be 3.8% (consisting of 0.7% for KDX Nihonbashi Kabutocho, 2.8% for KDX Musashi-Kosugi Building and 0.4% for KDX Toyosu Grand Square) after the offering in May 2014. Kenedix subleases a portion of the leased properties to third parties through a sub-master lease agreement.

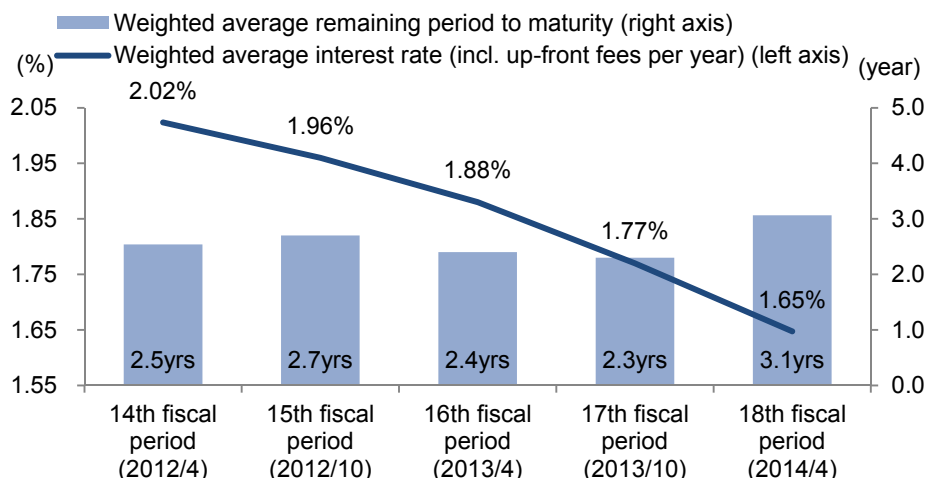
Section 5

Financial strategy

Current status of interest rate and LTV ratio

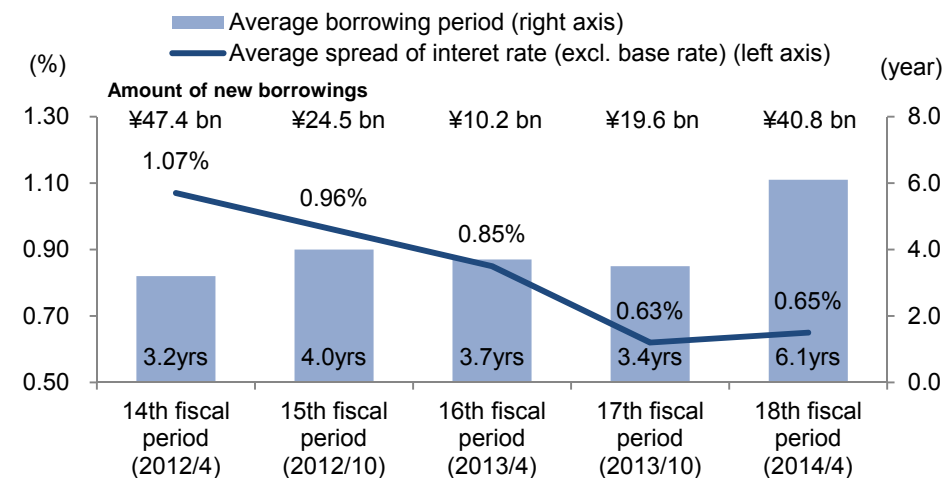
- Steadily reducing financial costs while lengthening remaining period to maturity
- Maintaining stable financial base with longer maturity dates and fixed interest rate

Changes in average remaining period to maturity / interest rate



Note: Average remaining period to maturity and interest rate are weighted averages based on outstanding debts at the end of each fiscal period. Average remaining period to maturity and interest rate (including up front fees) are rounded to the second and first decimal places respectively.

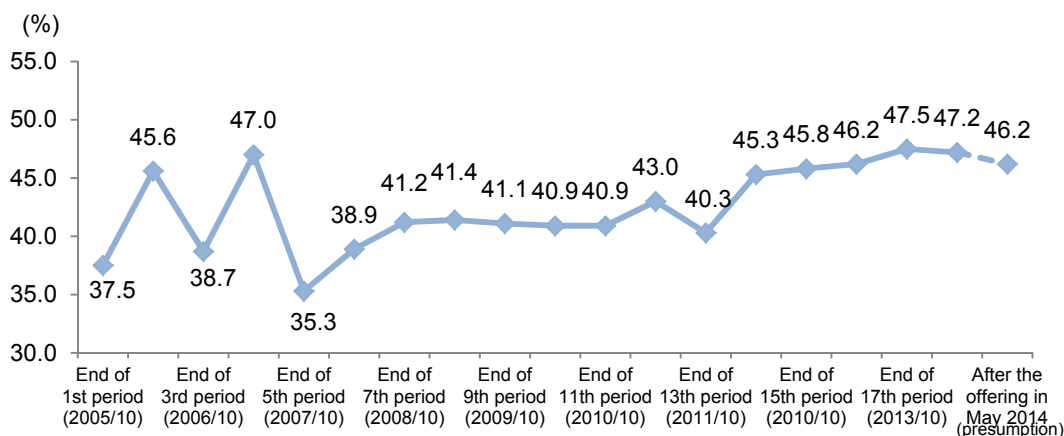
Track record of new borrowings in each fiscal period



Notes:

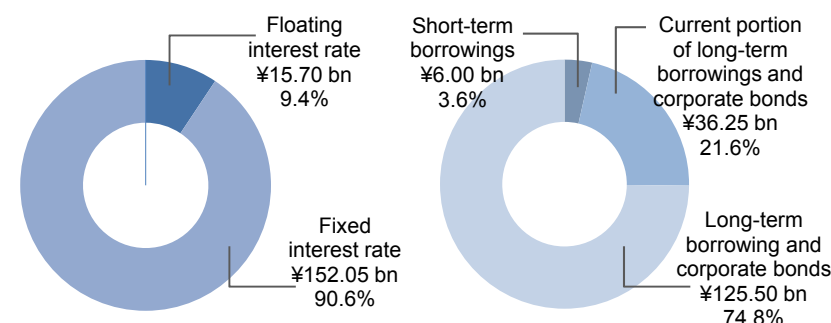
1. Average borrowing period is a weighted average based on amount of borrowings (rounded to the first decimal place).
2. Average spread of interest rate (excl. base rate) is weighted by amount of new borrowings and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place).
3. Borrowings that are repaid within the same period are not included for the calculation.

LTV performance



Note: LTV = Interest-bearing debt at end of period / Total assets.

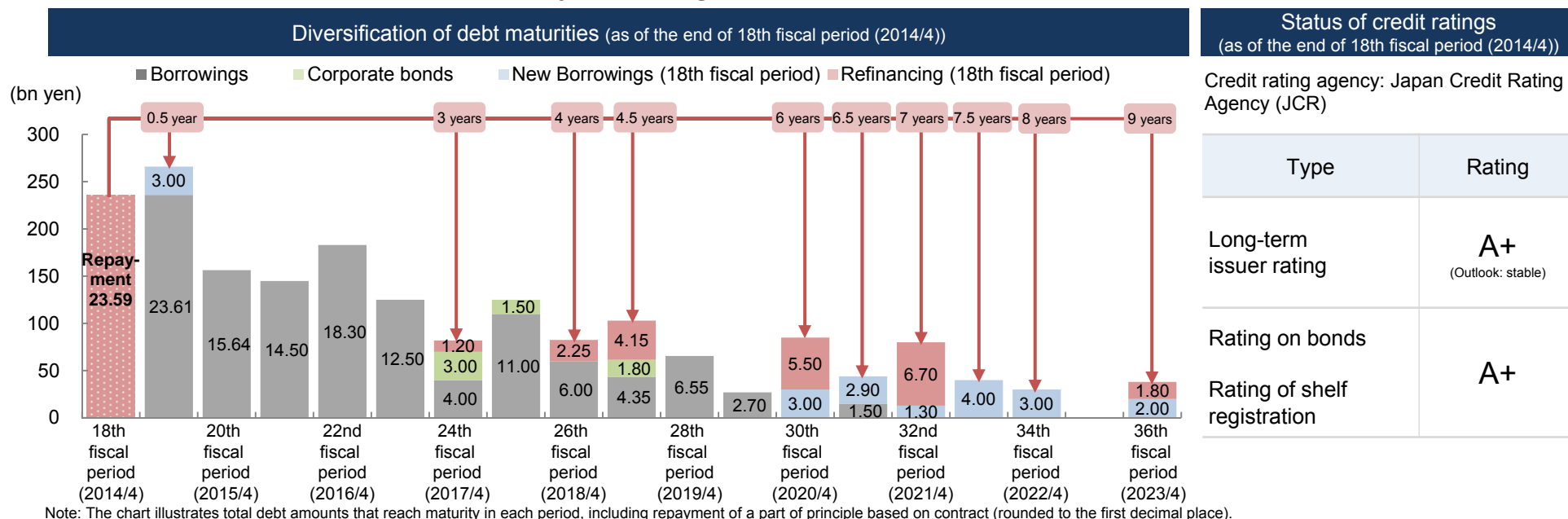
Fixing interest rates and extending terms of debt (Note)
(as of the end of 18th fiscal period (2014/4))



Note: Fixed rate includes borrowings that are fixed through interest rate swap but excludes those that are hedged by interest rate cap (numbers are rounded to the first decimal place).

Diversification of maturity dates and lending sources

- Aim to extend and diversify maturity dates of interest-bearing debt
- Continue to further diversify lending sources

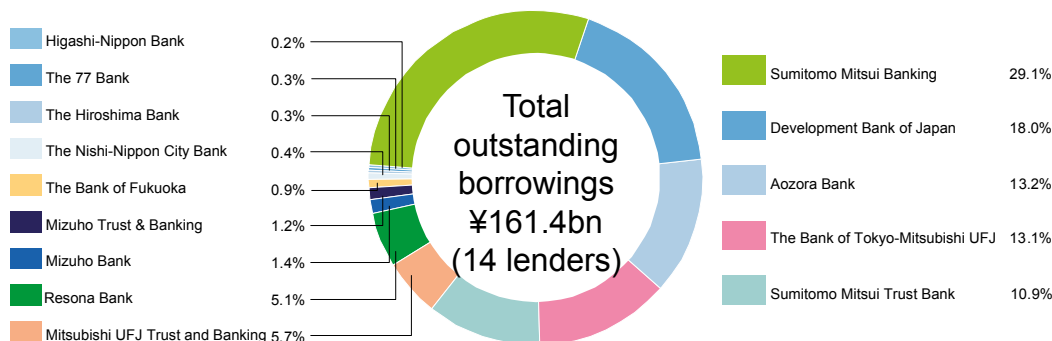


Status of credit ratings (as of the end of 18th fiscal period (2014/4))

Credit rating agency: Japan Credit Rating Agency (JCR)

Type	Rating
Long-term issuer rating	A+ (Outlook: stable)
Rating on bonds	A+
Rating of shelf registration	A+

Outstanding borrowings by financial institutions (as of the end of 18th fiscal period (2014/4))



List of corporate bonds (as of the end of 18th fiscal period (2014/4))

	Amount (mn yen)	Maturity (year)	Interest rate	Redemption date
Second Series Corporate Bonds	3,000	10.0	2.37%	2017/3/15
Fourth Series Corporate Bonds	1,500	5.5	2.00%	2017/9/8
Fifth Series Corporate Bonds	1,800	5.0	1.00%	2018/9/12
Total	6,300	—	—	—

Note: Ratio is rounded to the first decimal place. The total interest-bearing debt is 167.7 billion yen if the corporate bond of 6.3 billion yen is included

Memo

Appendices

Portfolio overview 2 (as of the end of the 18th fiscal period (2014/4))

Office Buildings (83 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 18th fiscal period occupancy rate (%) (Note 3)
Office buildings	Other Regional Areas	A-12	Portus Center Building	Sakai, Osaka	5,570	1993/9	96.5
		A-24	KDX Minami Semba Dai-1 Building	Osaka, Osaka	1,610	1993/3	91.2
		A-25	KDX Minami Semba Dai-2 Building	Osaka, Osaka	1,560	1993/9	70.6
		A-42	Karasuma Building	Kyoto, Kyoto	5,400	1982/10	100.0
		A-44	KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	91.9
		A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	95.8
		A-54	KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	92.8
		A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	2009/4	100.0
		A-69	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	2009/7	100.0
		A-70	Kitananajo SIA Building	Sapporo, Hokkaido	2,005	1989/10	97.8
		A-79	KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	1986/4	100.0
		A-80	Nagoya Nikko Shoken Building	Nagoya, Aichi	4,158	1974/8	95.5
		A-81	Sendai Nikko Building	Sendai, Miyagi	950	1989/3	87.7
A-82	KDX Higashi Umeda Building	Osaka, Osaka	2,770	2009/7	100.0		

Office Buildings (83 properties) Subtotal 303,951 Ave. 22.7 yrs 95.9

Central Urban Retail Properties (3 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 18th fiscal period occupancy rate (%) (Note 3)
Central Urban Retail Properties	Tokyo Metropolitan Area	C-1	Frame Jinnan-zaka	Shibuya-ward, Tokyo	9,900	2005/3	96.3
		C-2	KDX Yoyogi Building	Shibuya-ward, Tokyo	2,479	1991/8	100.0
		C-4	Ginza 4chome Tower	Chuo-ward, Tokyo	9,800	2008/11	100.0
Central Urban Retail Properties (3 properties) Subtotal					22,179	Ave. 8.9 yrs	98.5

Residential Properties (2 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 18th fiscal period occupancy rate (%) (Note 3)
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	Chuo-ward, Tokyo	5,353	2004/1	100.0
	Other Regional Areas	B-18	Venus Hibirigaoka	Sapporo, Hokkaido	1,800	1989/3	93.7
Residential Properties (2 properties) Subtotal					7,153	Ave. 14.0 yrs	96.1

Other property (1 property)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 18th fiscal period occupancy rate (%) (Note 3)
Other	Tokyo Metropolitan Area	D-2	Shinjuku 6chome Building (Land)	Shinjuku-ward, Tokyo	2,880	-	100.0
Other property (1 property) Subtotal					2,880	-	100.0

Total (89 properties, excluding investment securities)

Portfolio (89 properties) Total 336,163 Ave. 21.6 yrs (excl. land) 96.0

Note: The total number of end tenants for 83 office buildings is 923 (886 if tenants are aggregated based on their names).

Investment Securities (2 properties)

Type	Name	Location	Acquisition price (¥ mn)	Year built
Investment Securities	Senri Property TMK Preferred Securities	Toyonaka, Osaka	891	1992/6
	Silent partnership equity interest of G.K. KRF 43	Shinjuku-ward, Tokyo	1,107	1979/12
Investment Securities (2) Total			1,998	

Historical rent-based NOI yield (by asset type, annualized-based) (Note 1) (Note 2)

	14th fiscal period (2012/4)	15th fiscal period (2012/10)	16th fiscal period (2013/4)	17th fiscal period (2013/10)	18th fiscal period (2014/4)
Office building	4.6	4.4	4.3	4.2	4.4
Central urban retail	4.1	4.1	4.3	4.3	4.2
Residential	4.7	4.5	4.6	4.5	4.5
Others (Note 3)	14.2	13.6	-7.0	—	4.4
Total	4.6	4.5	4.3	4.2	4.4

Notes:

- For NOI yield calculation, property and city planning taxes are assumed as if imposed for the properties acquired this calendar year although the taxes are not imposed on such properties. Acquisition price for newly acquired properties and sold properties is calculated by multiplying the ratio of actual operating days to this fiscal period's operating days.
- Each ratio is rounded to the first decimal place.
- On November 1, 2012, KDO sold Kanazawa Nikko Building which was the only property categorized as "Others" at the time of disposition. Due to property tax and other expenses, the NOI yield for the 16th fiscal period (2013/4) shows a negative value.

Acquisition of Investment Securities

- Secure investment return and opportunity for future external growth

Preferred securities (Senri Life Science Center Building)

- The property is connected directly to Senri Chuo Station via the pedestrian deck
- Senri Chuo area serves as a center for office and retail stores as well as medical, research and educational institutions, due to its convenient transportation access to the Osaka city center, airport and Shinkansen station
- KDO acquired preferred securities of Senri Property TMK at 891 mn yen (representing 47.4% of the entire preferred securities)

Specified asset	Senri Life Science Center Building
Usage	Office, Retail
Location	Shin-senri Higashimachi, Toyonaka, Osaka
Land area	5,911.08m ²
Total floor area	49,260.78m ²
Completion date	June, 1992
Investment amount	891 mn yen



TK equity interest (Shinjuku Sanei Building)

- The asset consists of a trust beneficiary interest in co-ownership (59%) of an office building in Nishi-Shinjuku
- The sponsor, KDX, and two other corporations acquired the remaining TK equity interest in G.K. KRF43.
- KDO invested 1,107 mn yen (27% investment ratio), while KDX invested 1,148 mn yen

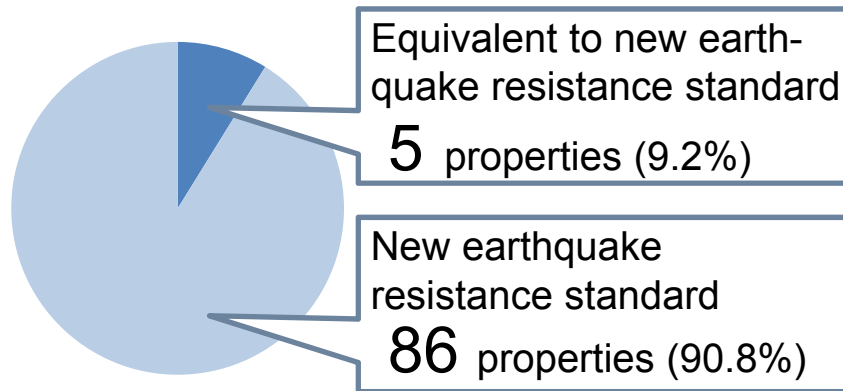
Asset	Shinjuku Sanei Building
Usage	Office, Retail
Location	Nishi-Shinjuku, Shinjuku-ku, Tokyo
Land area	1,805.44m ²
Total floor area	31,136.24m ²
Completion date	December, 1989
Investment amount	1,107 mn yen



Seismic performance of KDO's properties (as of May 30, 2014)

- All 91 properties comply with the new earthquake resistance standard or its equivalent, excluding land

Percentage share of our properties that comply with new earthquake resistance standard (based on leasable area) (Note)



Note: Based on leasable floor area as of May 30, 2014. For the properties in which KDO owns co-ownership share, the leasable area equivalent to ownership share of the property is applied.

Portfolio PML

4.54%

Properties that comply with equivalent standard of new earthquake resistance standard

Implemented earthquake-resistance reinforcement



A40 Toranomon Toyo Building



A53 KDX Hakata-Minami Building



A92 Akihabara Building

Evaluated as properties complying with equivalent standard of the new earthquake resistance standard



A1 KDX Nihonbashi 313 Building

Seismic review by Nihon Sekkei



A80 Nagoya Nikko Shoken Building

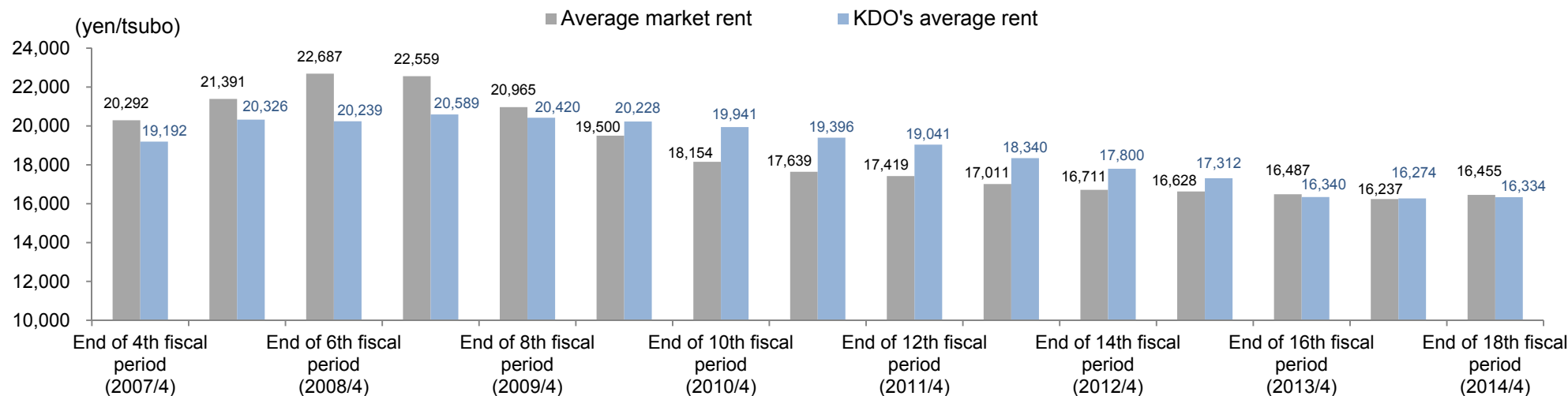
Seismic review by Mitsubishi Estate

Notes:

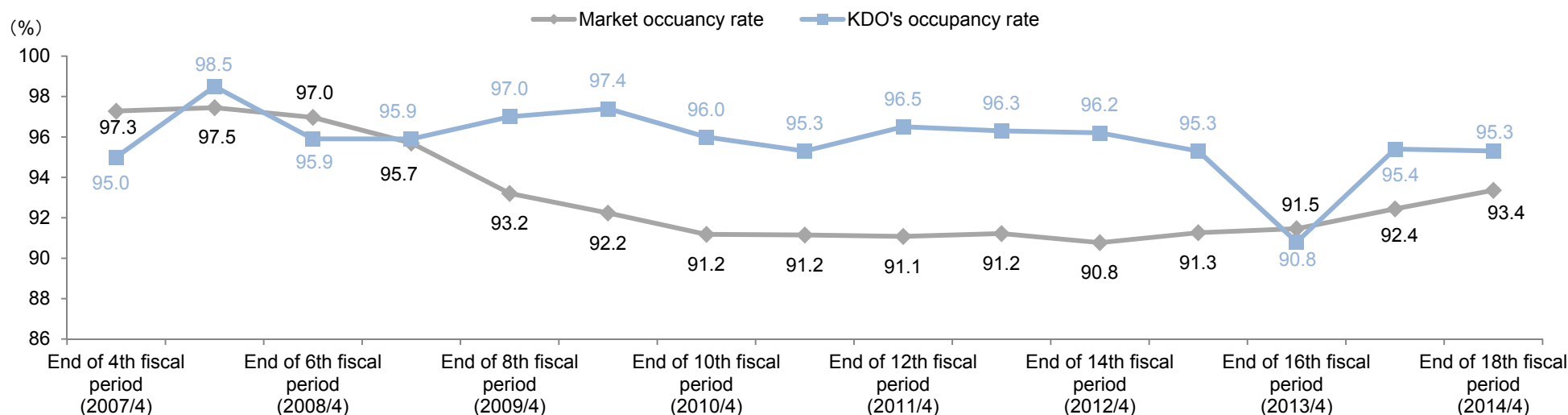
- "New Earthquake Resistance Standard" was formulated based on the revision of enforcement order of Building Standard Law in 1981. The anti-seismic performance of buildings has been greatly improved since the enforcement of the law due to the newly added provisions including the following:
 - A: New provision on tie-hoop ratio of Reinforced-Concrete Pillars (above 0.2%);
 - B: Resetting of horizontal seismic coefficient and elastic shear modulus, etc.
 - C: New requirement on the secondary design in seismic calculation.
- PML value is as of April 2014 and is based on the research implemented by Sompo Japan Nipponkoa Risk Management.
- PML is probable maximum loss due to the earthquake. PML can be divided into PML of an individual property and PML of the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = severe earthquake which the probability of happening in 50 years is 10%) that could happen during the life-span of the property (50 years), to the replacement cost of the estimated restoration expenses.

KDO's average rent and occupancy rate of office buildings: comparison with market average

Average rent of KDO office buildings: comparison with market average (Tokyo central 5 wards)



Occupancy rate of KDO's office buildings: comparison with market average (Tokyo central 5 wards)



Notes:

1. Average market rent and market occupancy rate refer to the average values of Tokyo central 5 wards published by Miki Shoji.
2. KDO's average rent and occupancy rate refer to the average values of KDO's office buildings in Tokyo central 5 wards which we own as of the end of each fiscal period.

Environmental initiatives and energy-saving measures

- Received KDO's first "Gold" rank designation of DBJ Green Building certification (KDX Musashi-Kosugi Building)
- Continuous effort in energy-saving measures based on the Act of the Rational Use of Energy

DBJ Green Building Certification

- KDX Musashi-Kosugi Building, newly acquired in the 18th fiscal period, received our first "Gold" rank designation of DBJ Green Building certification on March 2014

KDX Musashi-Kosugi Building



- Installed LED lights and illuminance control system using daylight in all exclusive area
- Installed the emergency power supply system that has high earthquake resistance and operates for a long period of time
- Security system equipped with 24 hour services and contactless IC card reader

List of KDO's properties that received certification

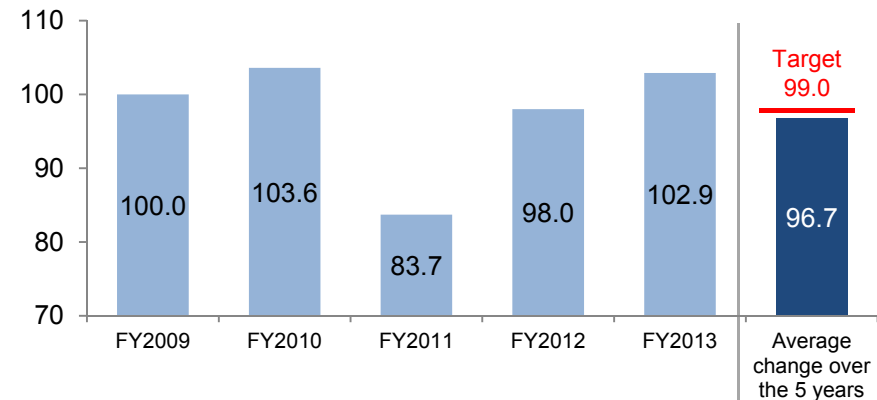
Name of properties	Rank (Note 2)	Date certified (Note 3)
KDX Harumi Building	Silver	June 9, 2011
KDX Nagoya Sakae Building	Silver	June 9, 2011
KDX Kobayashi-Doshomachi Building	Bronze	June 9, 2011
KDX Higashi Umeda Building	Bronze	March 28, 2012
KDX Nihonbashi Kabutocho Building	Bronze	December 26, 2012
Karasuma Building	Certified	December 26, 2012
KDX Shinjuku Building	Certified	December 26, 2012

Notes:

1. DBJ Green Building certification is certificate system for real estate properties evincing high environmental and social awareness (Green Building). DBJ assigns one of five ranks of certification according to the scoring model they have developed.
2. Definition of each rank is as follows:
Gold: Certification for "Properties with extremely high environmental & social awareness"
Silver: Certification for "Properties with excellent environmental & social awareness"
Bronze: Certification for "Properties with high environmental & social awareness"
Certified: Certification for "Properties with enough environmental & social awareness"
3. On August 22, 2012, the above properties had received certification for FY2012. But there were no change in the ranks.

Track record of our energy-saving measures based on the Act on the Rational Use of Energy

- Implemented environmental initiatives including renovation works based on our 5-year energy-saving plan
- Achieved reduction rate that exceeds far beyond the target level



Note: The chart shows the amount of energy consumption relative to the amount of the previous year, with the amount of energy consumption for FY2009 given a value of 100

Our continuous environment-related measures

- Our continuous efforts for environmental initiatives received high recognition from third parties
- Consideration of introducing further environmental initiatives



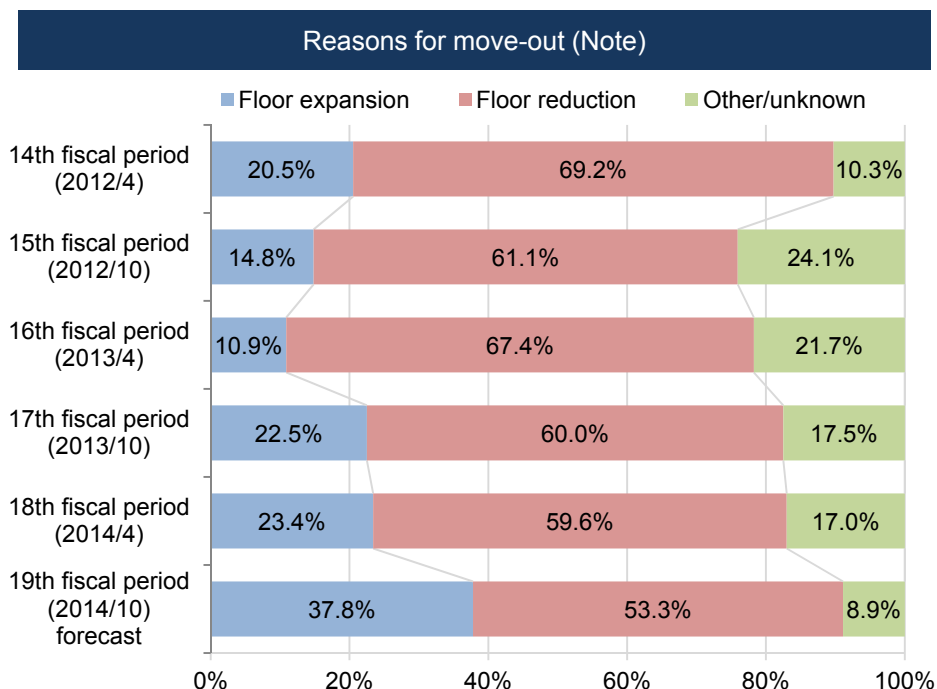
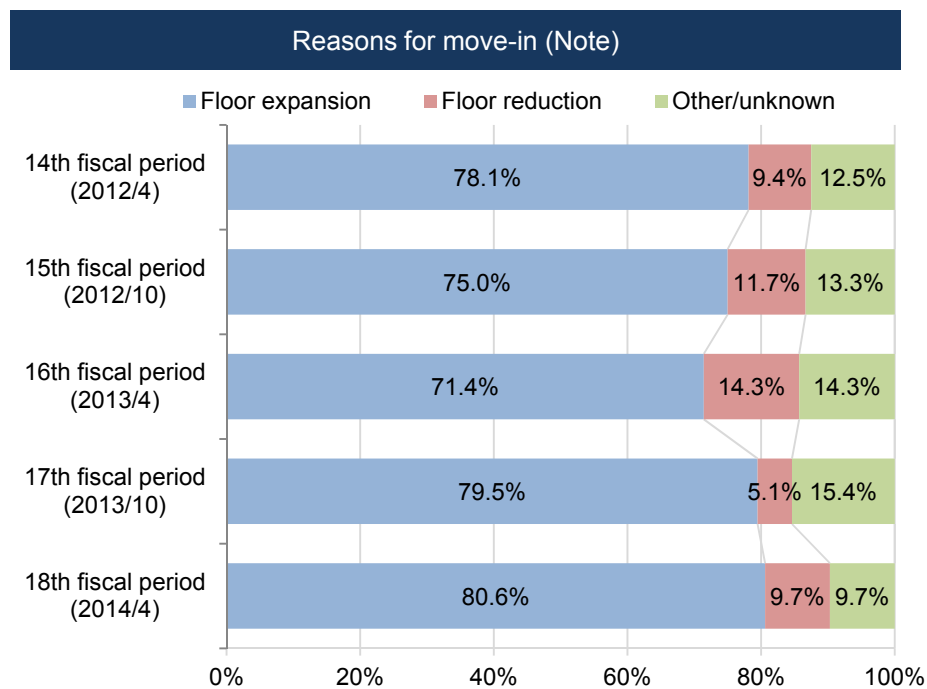
Bureau of Environment
Tokyo Metropolitan Government

Low carbon small- and medium-sized model office buildings

- KDO
- KDX Kobayashi-Doshomachi Building
- KDX Shinjuku Building
- Gotanda TG Building
- Karasuma Building
- KDX Kojimachi Building
- KDX Shinjuku 286 Building
- KDX Nihonbashi 216 Building
- KDX Hatchobori Building
- KDX Hamacho akanohashi Building
- KDX Kiba Building

Reasons of move-in/-out for office buildings

- Move-ins mainly for expansion purposes; floor expansion motive is increasing for move-outs due to limited vacant space in our properties
- Average cancellation area is approximately 100 tsubo for exiting tenants; observed the move among mid-size office buildings



■ Average contracted floor area of incoming tenants (tsubo)

	14th fiscal period (2012/4)	15th fiscal period (2012/10)	16th fiscal period (2013/4)	17th fiscal period (2013/10)	18th fiscal period (2014/4)
Floor expansion	82.9	82.5	85.4	94.7	73.6
Floor reduction	83.5	61.8	70.7	85.6	86.6
Other/unknown	155.6	87.8	77.3	230.8	103.8

■ Average cancelled floor area of exiting tenants (tsubo)

	14th fiscal period (2012/4)	15th fiscal period (2012/10)	16th fiscal period (2013/4)	17th fiscal period (2013/10)	18th fiscal period (2014/4)	19th fiscal period (2014/10) forecast
Floor expansion	54.9	73.4	144.5	78.6	95.8	117.2
Floor reduction	135.8	107.2	141.2	82.4	82.0	88.1
Other/unknown	58.0	71.1	96.2	73.4	177.5	94.1

Note: The data is based on the Asset Management company's survey with regard to reasons of office relocation for relevant tenants. The survey classifies tenant response into three categories; "Floor expansion", "Floor reduction" and "Other/unknown". For move-ins, the figures are based on the number of tenants located on office floors and on the 2nd floor or above. For move-outs, figures are based on the number of tenants on all floors except for residential floors.

Overview of the 5th CS survey results

- KDO implements CS (Customer Satisfaction) survey on a regular basis
- Confirmed high "overall satisfaction" and "motivation for continuous occupancy" from the 5th survey results

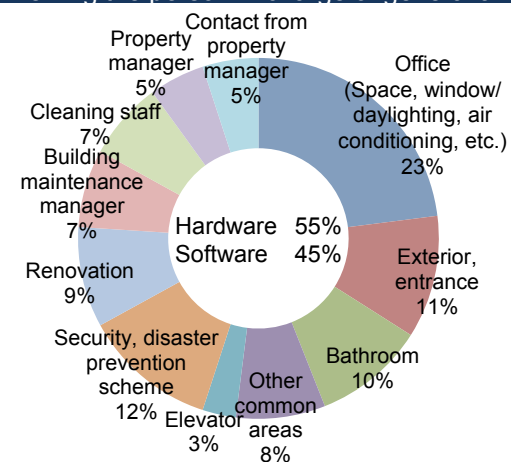
CS survey overview

- Together with J.D. Power Asia Pacific, we implement CS survey on hardware (e.g. facility and equipment) and software (e.g. response to tenants) for existing tenants in office buildings (the person in charge of general affairs and employees) on a regular basis

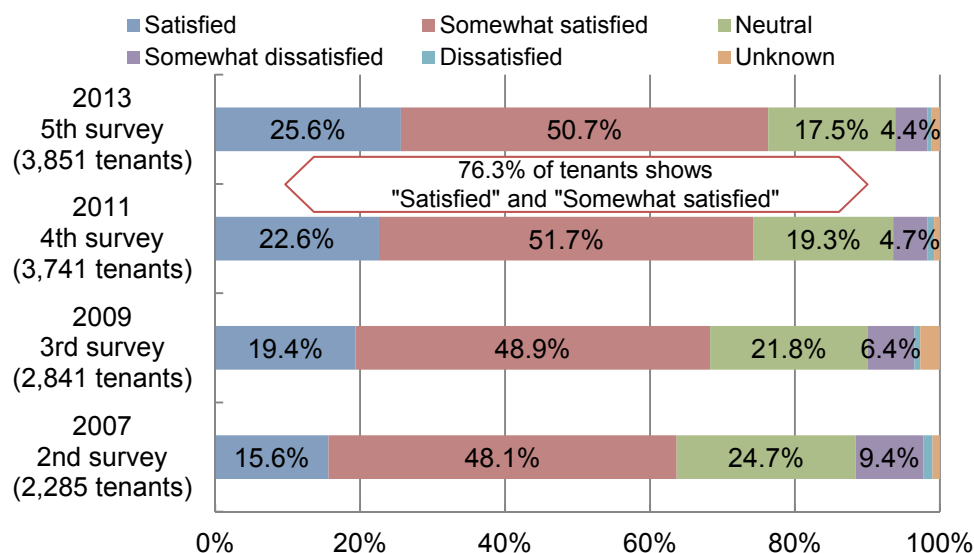
Timing	4th survey September, 2011 (13th fiscal period)	5th survey August, 2013 (17th fiscal period)
# of properties (Note)	69 properties	77 properties
# of distributions	Person in charge: 640 Employee: 3,730	Person in charge: 746 Employee: 3,743
Collection rate	Person in charge: 88% Employee: 85%	Person in charge: 89% Employee: 85%

Note: Includes 1 central urban retail property.

5th CS survey results: reasons of satisfaction (Interviewing the person in charge of general affairs)

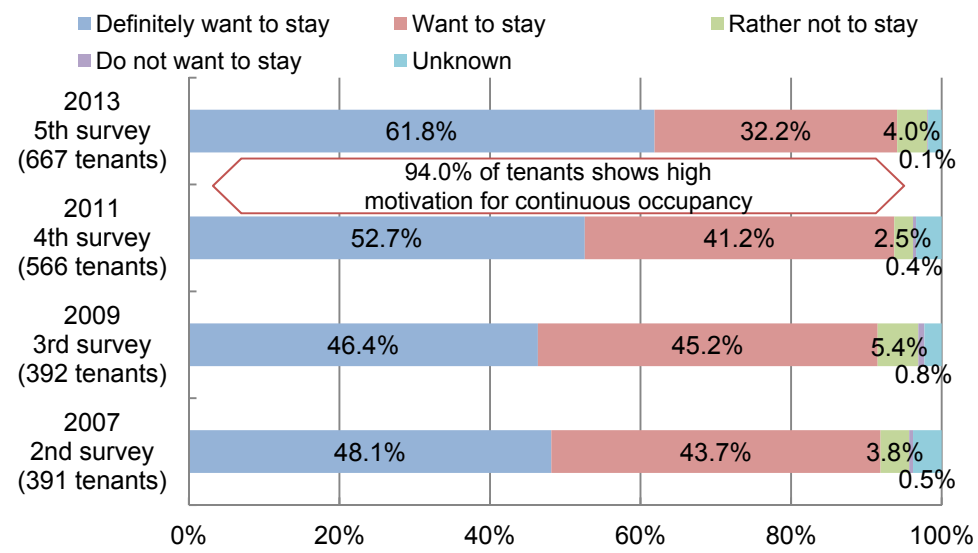


Overall satisfaction (Overall CSI) (Note)



Note: Result of survey on those in charge of general affairs and employees.

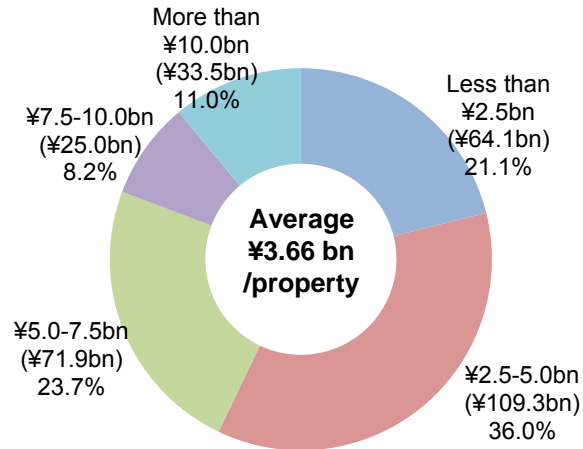
Motivation for continuous occupancy (Note)



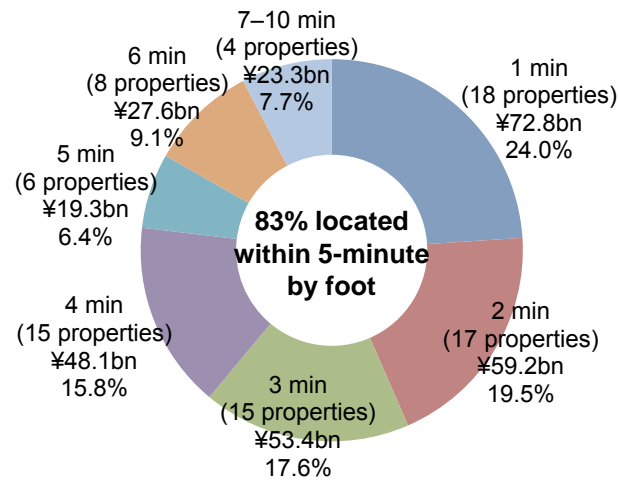
Note: Result of survey on those in charge of general affairs.

Characteristics of properties (as of the end of the 18th fiscal period (2014/4))

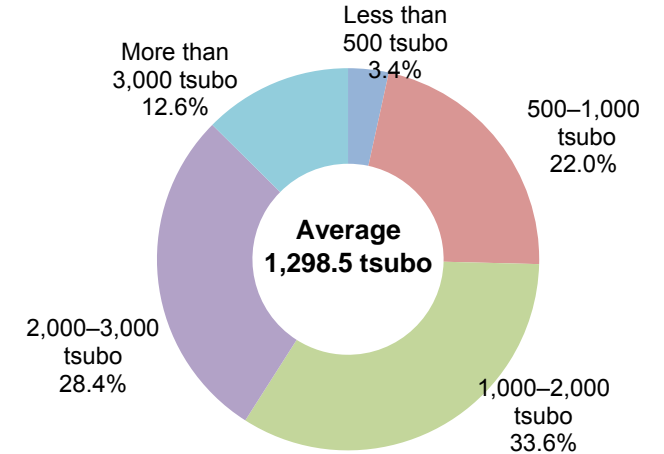
1 By acquisition price



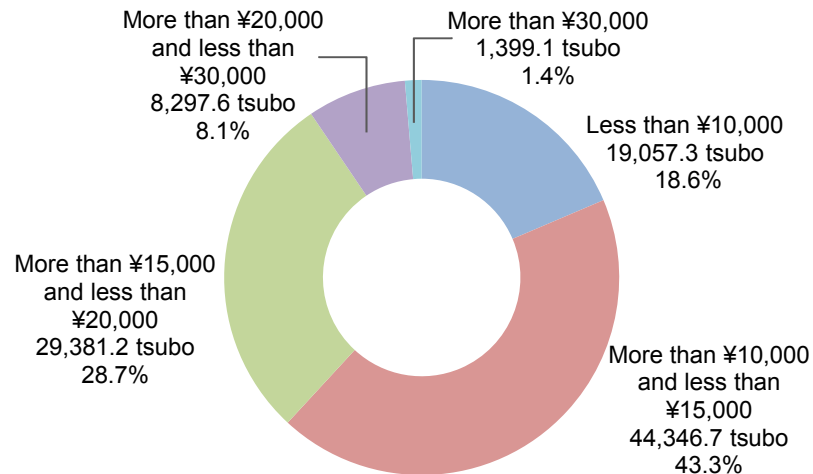
2 By distance from the nearest station



3 By size (based on leasable floor area)

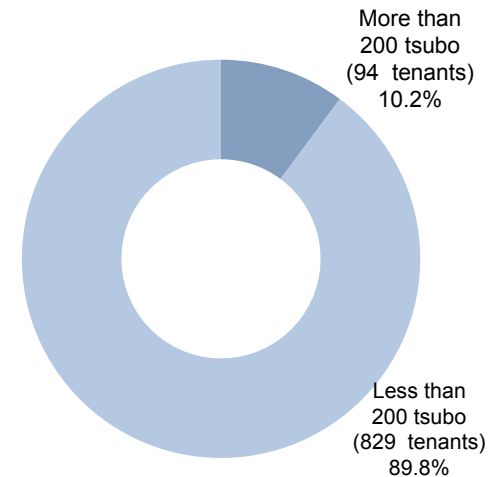


4 By contracted rent (based on leased floor area) (Note)



Note: Based on the total leased area (tsubo) (aggregated by tenant name)

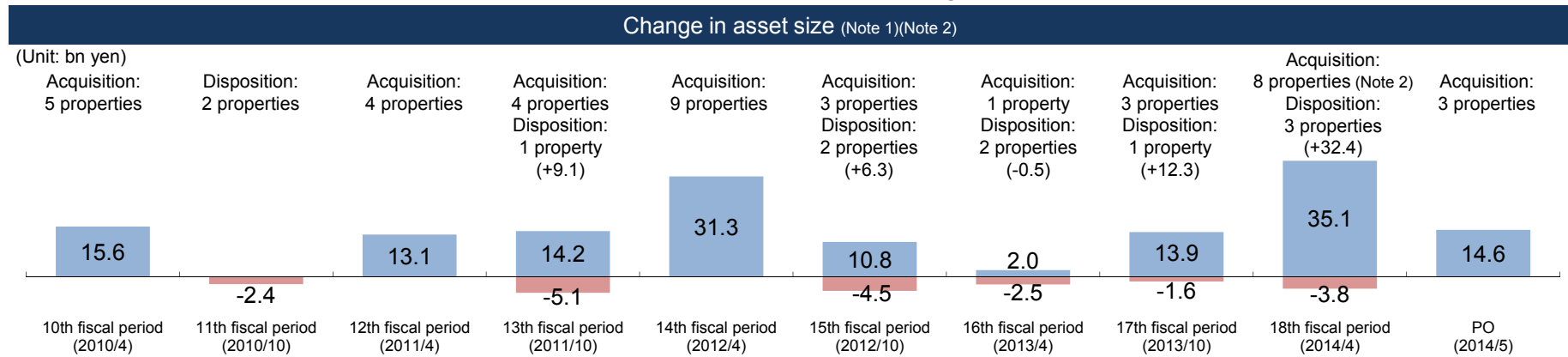
5 By leased floor area (based on # of tenants) (Note)



Note: Based on the number of tenants in each office buildings

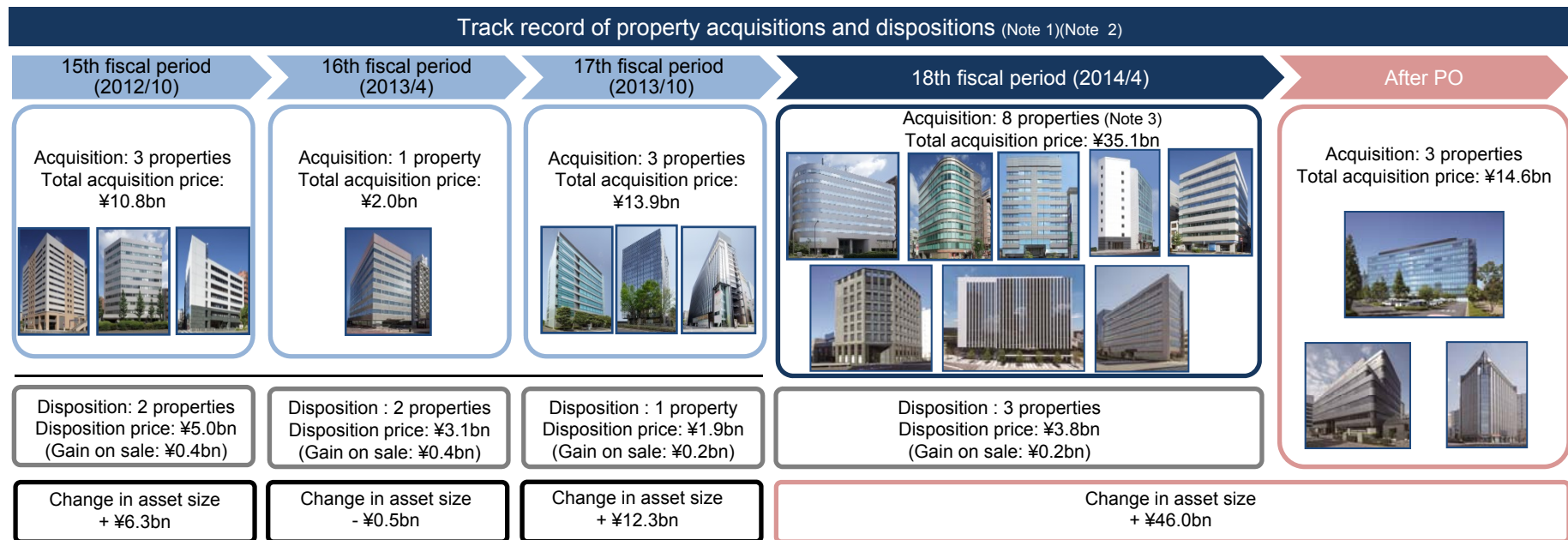
Track record of well-timed property acquisitions/dispositions

- Maintaining and improving portfolio quality through continuous property acquisitions/dispositions
- Exceeding asset size of 350 billion yen in terms of acquisition price through property acquisitions in connection with the recent public offering (PO)



Notes:

1. Change in asset size is calculated based on acquisition price and is truncated to the nearest 100 million yen.
2. Acquisition of additional portion of KDX Shinbashi Building in the 18th fiscal period is included in the calculation of asset size but excluded from the calculation of the number of properties.



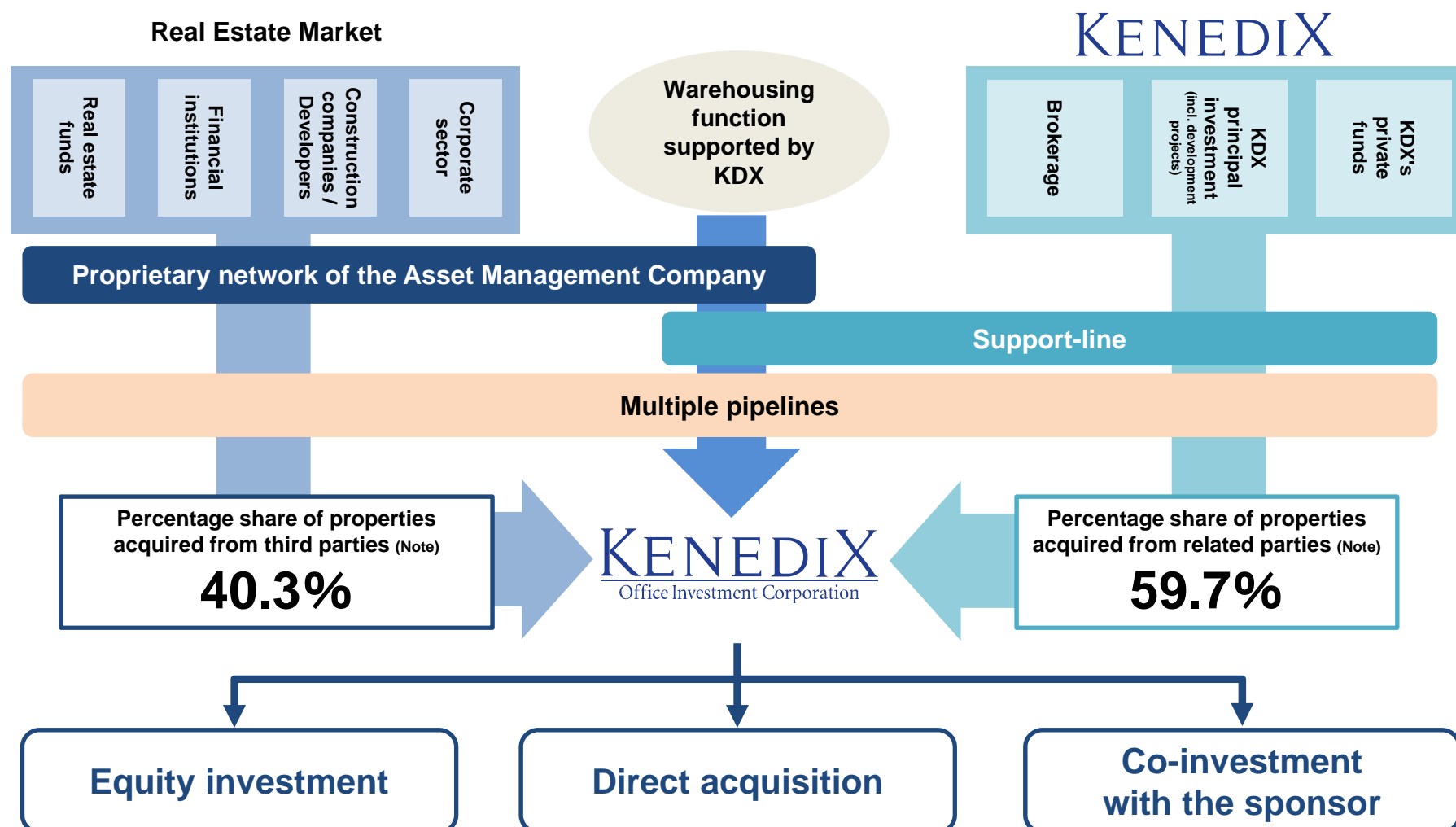
Notes:

1. Figures are truncated to the nearest 100 million yen.
2. Change in asset size is calculated based on acquisition price.
3. 8 properties included additional acquisition of KDX Shinbashi Building.

Property sourcing and acquisition methods

- Track record of property acquisition and our property sourcing network using multiple pipelines
- Flexible for a wide variety of acquisition opportunities through our diversified acquisition methods

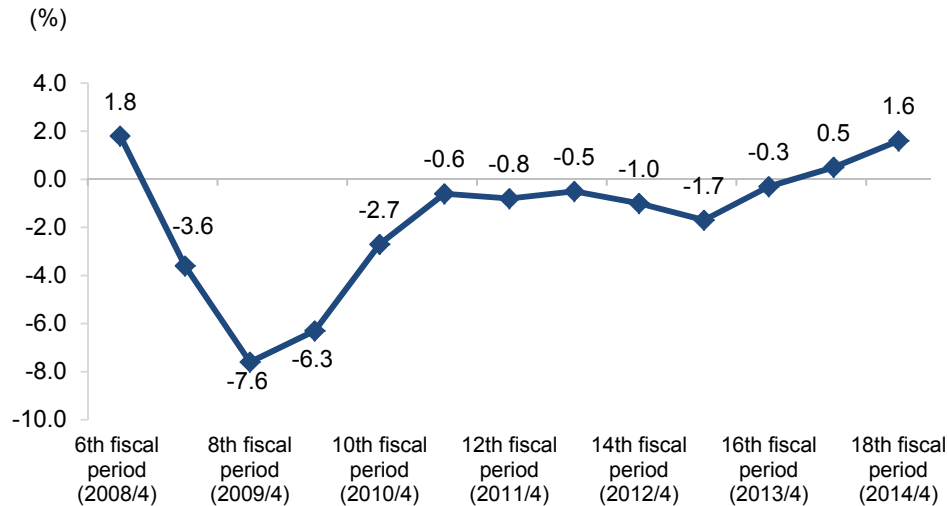
Property acquisition track record supported by our multiple pipelines and diversification of acquisition methods



Note: Percentage share of properties is calculated based on acquisition prices of properties that are acquired between 1st and 17th fiscal periods and after the public offering.

Historical appraisal value of office buildings

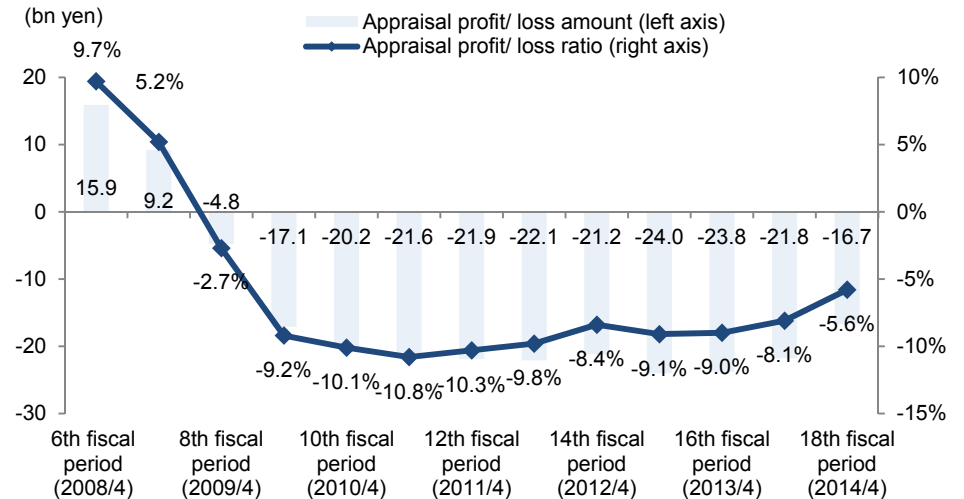
Office buildings: Percentage changes in appraisal value



Notes:

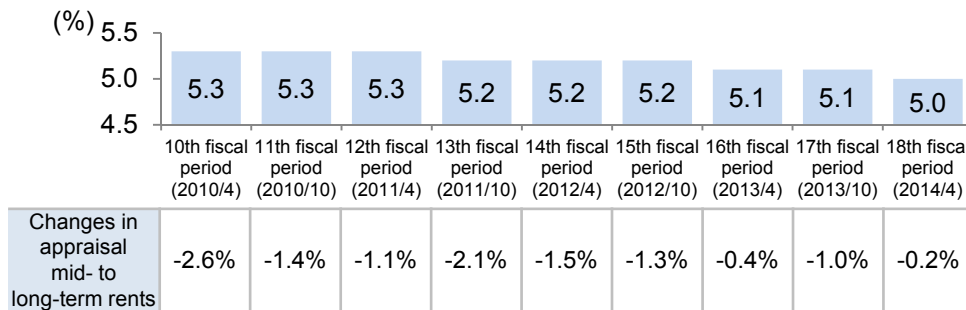
- Figures are percentage change in appraisal value at the end of each fiscal period (period-over-period).
- For the properties acquired during each fiscal period, the appraisal value at the time of acquisition is used as the appraisal value as of the end of the previous fiscal period.

Office buildings: Changes in appraisal profit/loss amount and ratio



Note: Appraisal profit/loss is calculated by subtracting book values from appraisal values for office properties owned at the end of each fiscal period. The ratio is calculated by dividing the appraisal profit/loss by the total book value.

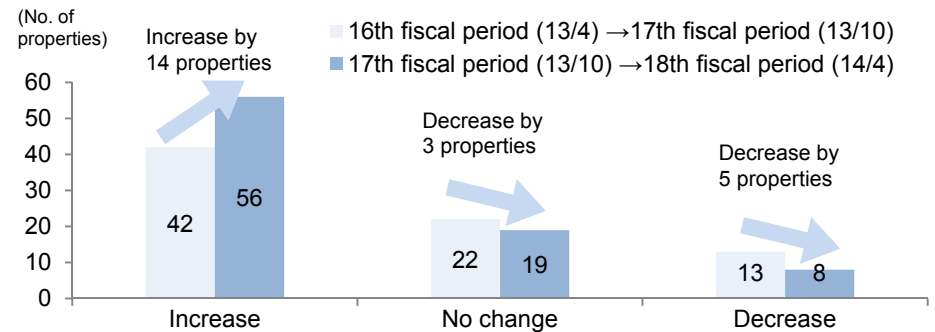
Changes in average appraisal cap rate



Notes:

- Figures are percentage changes in appraisal cap rate and mid- to long- term rent for office buildings owned at the end of each fiscal period.
- Figures are a weighted average value based on acquisition price.
- For the properties acquired during each fiscal period, the mid- to long-term rent and cap rate at the time of acquisition are used as the values as of the end of the previous fiscal period.

Office buildings: Changes in appraisal value



Notes:

- Properties owned at the end of each fiscal period are categorized into three types based on the extent of the change in appraisal values (increase, no change, decrease). The changes in appraisal values are calculated by comparing appraisal value of the properties owned as of the end of relevant fiscal period with that of the previous fiscal period.
- For the properties acquired in each fiscal period, appraisal values as of the date of acquisition is used as the appraisal value as of the previous fiscal period.

Note: "Percentage changes in appraisal value", "Appraisal profit/loss amount", "Appraisal profit/loss ratio" are calculated based on properties owned as of the end of 18th fiscal period (14/4). Properties already sold are excluded for the calculation. "Percentage changes in appraisal value" and "Appraisal profit/loss ratio" are rounded to the first decimal place and "appraisal profit/loss amount" is rounded to the nearest million yen.

Appraisal values and cap rates as of the end of the 18th fiscal period 1

No	Property name	Appraiser	Acquisition price (mn yen) (A)	End of 18th fiscal period (As of Apr 30, 2014)				End of 17th fiscal period (As of Oct 31, 2013)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	capitalization method cap (D)	Appraisal value vs book value (C)÷(B)-1	Appraisal value (mn yen) (E)	capitalization method cap rate (F)	Changes (C) - (E)	% changes (C)÷(E)-1	Changes (D) - (F)
A-1	KDX Nihonbashi 313 Building	Daiwa	5,940	6,006	6,520	4.5%	8.6%	6,470	4.6%	50	0.8%	-0.1%
A-3	Higashi-Kayabacho Yuraku Building	JREI	4,450	4,255	4,880	4.8%	14.7%	4,780	4.9%	100	2.1%	-0.1%
A-4	KDX Hatchobori Building	Daiwa	3,680	3,401	3,220	4.8%	-5.3%	3,390	4.9%	-170	-5.0%	-0.1%
A-5	KDX Nakano-Sakaue Building	Daiwa	2,533	2,410	2,270	5.0%	-5.8%	2,270	5.1%	-	-	-0.1%
A-6	Harajuku F.F. Building	JREI	2,450	2,415	3,030	5.2%	25.5%	3,030	5.4%	-	-	-0.2%
A-7	FIK Minami Aoyama	JREI	2,270	2,231	2,330	4.5%	4.4%	2,240	4.7%	90	4.0%	-0.2%
A-8	Kanda Kihara Building	Daiwa	1,950	1,831	1,670	4.8%	-8.8%	1,710	4.9%	-40	-2.3%	-0.1%
A-12	Portus Center Building	Daiwa	5,570	4,396	4,760	6.2%	8.3%	4,680	6.3%	80	1.7%	-0.1%
A-13	KDX Kojimachi Building	JREI	5,950	5,654	4,350	4.3%	-23.1%	4,350	4.3%	-	-	-
A-14	KDX Funabashi Building	JREI	2,252	2,330	1,950	6.1%	-16.3%	1,950	6.1%	-	-	-
A-15	KDX Hamacho Building	JREI	2,300	2,197	2,230	5.1%	1.5%	2,200	5.2%	30	1.4%	-0.1%
A-16	Toshin 24 Building	JREI	5,300	4,998	4,020	5.6%	-19.6%	4,000	5.7%	20	0.5%	-0.1%
A-17	KDX Ebisu Building	JREI	4,640	4,521	4,300	4.6%	-4.9%	4,200	4.7%	100	2.4%	-0.1%
A-19	KDX Hamamatsucho Building	Daiwa	3,460	3,164	3,130	4.4%	-1.1%	3,160	4.5%	-30	-0.9%	-0.1%
A-20	KDX Kayabacho Building	JREI	2,780	2,816	2,450	5.0%	-13.0%	2,430	5.1%	20	0.8%	-0.1%
A-21	KDX Shinbashi Building (Note 5)	JREI	3,728	3,811	3,820	4.4%	0.2%	2,380	4.6%	1,440	60.5%	-0.2%
A-22	KDX Shin-Yokohama Building	JREI	2,520	2,375	2,160	5.9%	-9.1%	2,160	5.9%	-	-	-
A-24	KDX Minami Semba Dai-1 Building	JREI	1,610	1,486	983	5.8%	-33.9%	983	5.9%	-	-	-0.1%
A-25	KDX Minami Semba Dai-2 Building	JREI	1,560	1,327	978	5.8%	-26.3%	978	5.8%	-	-	-
A-26	KDX Kiba Building	JREI	1,580	1,520	1,380	5.4%	-9.3%	1,370	5.5%	10	0.7%	-0.1%
A-27	KDX Kajicho Building	Daiwa	2,350	2,342	2,280	4.8%	-2.7%	2,330	4.9%	-50	-2.1%	-0.1%
A-28	KDX Nogizaka Building	JREI	1,065	1,106	683	5.3%	-38.3%	680	5.3%	3	0.4%	-
A-29	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,127	3,370	4.9%	7.8%	3,340	5.0%	30	0.9%	-0.1%
A-30	KDX Nishi-Gotanda Building	JREI	4,200	4,019	3,810	5.0%	-5.2%	3,750	5.1%	60	1.6%	-0.1%
A-31	KDX Monzen-Nakacho Building	Daiwa	1,400	1,369	1,140	5.4%	-16.8%	1,140	5.4%	-	-	-
A-32	KDX Shiba-Daimon Building	JREI	6,090	6,164	4,570	4.8%	-25.9%	4,510	4.9%	60	1.3%	-0.1%
A-33	KDX Okachimachi Building	Daiwa	2,000	2,092	1,880	4.8%	-10.1%	1,850	4.9%	30	1.6%	-0.1%
A-34	KDX Hon-Atsugi Building	Daiwa	1,305	1,225	1,070	6.1%	-12.7%	1,050	6.2%	20	1.9%	-0.1%
A-35	KDX Hachioji Building	Daiwa	1,155	1,262	979	5.8%	-22.4%	979	5.8%	-	-	-
A-37	KDX Ochanomizu Building	JREI	6,400	6,544	6,320	4.6%	-3.4%	6,180	4.7%	140	2.3%	-0.1%
A-38	KDX Nishi-Shinjuku Building	JREI	1,500	1,560	1,140	5.0%	-26.9%	1,130	5.1%	10	0.9%	-0.1%
A-39	KDX Toranomom Building	JREI	4,400	4,741	3,440	4.3%	-27.4%	3,380	4.4%	60	1.8%	-0.1%

※Notes are shown on P.49.

Appraisal values and cap rates as of the end of the 18th fiscal period 2

No	Property name	Appraiser	Acquisition price (mn yen) (A)	End of 18th fiscal period (As of Apr 30, 2014)				End of 17th fiscal period (As of Oct 31, 2013)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	capitalization method cap (D)	Appraisal value vs book value (C)-(B)-1	Appraisal value (mn yen) (E)	capitalization method cap rate (F)	Changes (C)-(E)	% changes (C)-(E)-1	Changes (D)-(F)
A-40	Toranomon Toyo Building	JREI	9,850	9,809	10,500	4.4%	7.0%	10,300	4.5%	200	1.9%	-0.1%
A-41	KDX Shinjuku 286 Building	JREI	2,300	2,359	2,300	4.6%	-2.5%	2,250	4.7%	50	2.2%	-0.1%
A-42	Karasuma Building	Daiwa	5,400	5,294	5,030	5.4%	-5.0%	4,990	5.5%	40	0.8%	-0.1%
A-44	KDX Sendai Building	Daiwa	2,100	2,095	1,440	6.0%	-31.3%	1,460	6.0%	-20	-1.4%	-
A-45	KDX Roppongi 228 Building	JREI	3,300	3,423	2,120	4.7%	-38.1%	2,120	4.8%	-	-	-0.1%
A-46	Hiei Kudan-Kita Building	Daiwa	7,600	7,581	7,560	4.4%	-0.3%	7,450	4.5%	110	1.5%	-0.1%
A-47	KDX Shin-Yokohama 381 Building	JREI	5,800	5,724	4,010	5.8%	-29.9%	4,010	5.8%	-	-	-
A-48	KDX Kawasaki-Ekimae Hon-cho	JREI	3,760	3,686	2,990	6.0%	-18.9%	2,990	6.1%	-	-	-0.1%
A-49	Nissou Dai-17 Building	JREI	2,710	2,567	1,570	5.8%	-38.9%	1,570	5.8%	-	-	-
A-50	KDX Ikejiri-Oohashi Building	JREI	2,400	2,420	1,510	5.4%	-37.6%	1,500	5.5%	10	0.7%	-0.1%
A-51	KDX Hamacho Nakanohashi Buil	JREI	2,310	2,305	1,800	5.0%	-21.9%	1,770	5.1%	30	1.7%	-0.1%
A-52	KDX Kanda Misaki-cho Building	JREI	1,380	1,364	959	5.1%	-29.7%	959	5.1%	-	-	-
A-53	KDX Hakata-Minami Building	JREI	4,900	4,724	3,320	6.5%	-29.7%	3,310	6.5%	10	0.3%	-
A-54	KDX Kitahama Building	JREI	2,220	2,143	1,530	5.9%	-28.6%	1,530	6.0%	-	-	-0.1%
A-55	Shin-toshin Maruzen Building	JREI	2,110	2,130	1,570	5.1%	-26.3%	1,550	5.2%	20	1.3%	-0.1%
A-56	KDX Jimbocho Building	JREI	2,760	2,870	1,980	4.9%	-31.0%	1,940	5.0%	40	2.1%	-0.1%
A-57	KDX Gobancho Building	JREI	1,951	1,949	1,380	4.6%	-29.2%	1,370	4.7%	10	0.7%	-0.1%
A-58	KDX Nagoya Sakae Building	Daiwa	7,550	7,220	4,840	5.0%	-33.0%	4,800	5.1%	40	0.8%	-0.1%
A-59	KDX Iwamoto-cho Building	JREI	1,864	1,751	1,350	5.1%	-22.9%	1,330	5.2%	20	1.5%	-0.1%
A-60	KDX Harumi Building	JREI	10,250	9,409	8,470	4.7%	-10.0%	8,250	4.8%	220	2.7%	-0.1%
A-61	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	2,269	1,890	4.4%	-16.7%	1,870	4.5%	20	1.1%	-0.1%
A-62	Koishikawa TG Building	JREI	3,080	3,084	3,250	4.8%	5.4%	3,190	4.9%	60	1.9%	-0.1%
A-63	Gotanda TG Building	JREI	2,620	2,767	2,620	4.9%	-5.3%	2,570	5.1%	50	1.9%	-0.2%
A-64	KDX Nihonbashi 216 Building	JREI	2,010	1,928	1,890	4.4%	-2.0%	1,840	4.5%	50	2.7%	-0.1%
A-66	KDX Shinjuku Building	JREI	6,800	6,897	6,710	4.3%	-2.7%	6,420	4.5%	290	4.5%	-0.2%
A-67	KDX Ginza 1chome Building	Daiwa	4,300	4,265	5,080	4.2%	19.1%	5,000	4.3%	80	1.6%	-0.1%
A-68	KDX Nihonbashi Honcho Building	Daiwa	4,000	3,988	4,330	4.6%	8.6%	4,350	4.7%	-20	-0.5%	-0.1%
A-69	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,544	2,680	7.0%	5.3%	2,720	7.0%	-40	-1.5%	-
A-70	Kitananajo SIA Building	Daiwa	2,005	2,038	2,050	5.6%	0.6%	2,050	5.6%	-	-	-
A-71	KDX Iidabashi Building	Daiwa	4,670	4,638	5,140	4.6%	10.8%	5,040	4.7%	100	2.0%	-0.1%
A-72	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,853	4,770	4.8%	-1.7%	4,870	4.9%	-100	-2.1%	-0.1%
A-73	KDX Hakozaki Building	Daiwa	2,710	2,831	2,890	5.0%	2.1%	2,850	5.1%	40	1.4%	-0.1%
A-74	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,219	2,520	4.4%	13.5%	2,480	4.5%	40	1.6%	-0.1%

※Notes are shown on P.49.

Appraisal values and cap rates as of the end of the 18th fiscal period 3

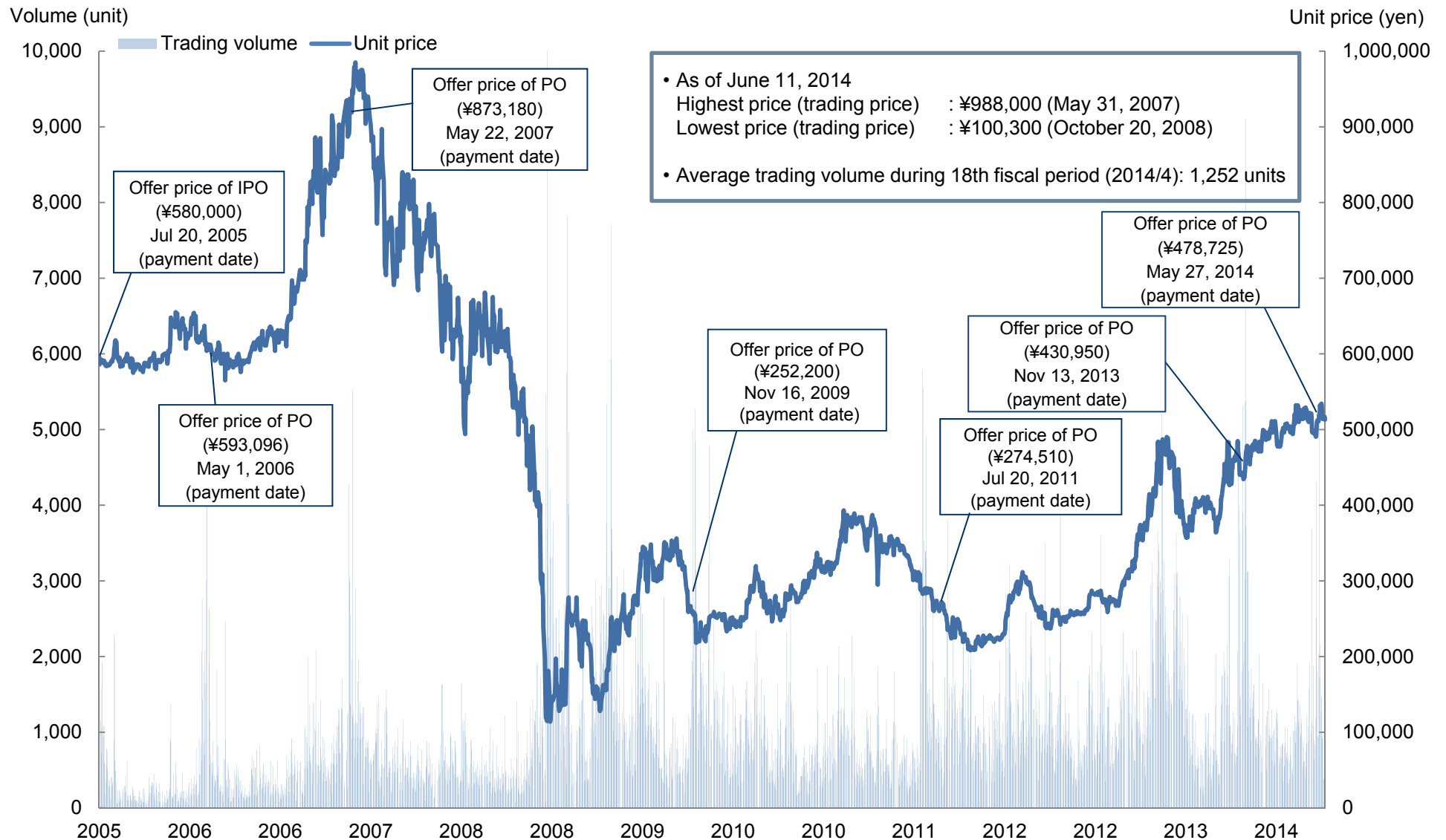
No	Property name	Appraiser	Acquisition price (mn yen) (A)	End of 18th fiscal period (As of Apr 30, 2014)				End of 17th fiscal period (As of Oct 31, 2013)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	capitalization method cap (D)	Appraisal value vs book value (C)-(B)-1	Appraisal value (mn yen) (E)	capitalization method cap rate (F)	Changes (C)-(E)	% changes (C)-(E)-1	Changes (D)-(F)
A-75	KDX Nihonbashi Kabutocho Buildir	JREI	11,270	11,435	11,700	4.6%	2.3%	11,600	4.6%	100	0.9%	-
A-78	Tachikawa Ekimae Building	JREI	1,267	1,311	1,390	5.7%	5.9%	1,370	5.8%	20	1.5%	-0.1%
A-79	KDX Nagoya Ekimae Building	JREI	7,327	7,977	7,710	5.0%	-3.4%	7,600	5.1%	110	1.4%	-0.1%
A-80	Nagoya Nikko Shoken Building	JREI	4,158	4,235	4,060	5.4%	-4.2%	4,050	5.5%	10	0.2%	-0.1%
A-81	Sendai Nikko Building	JREI	950	1,046	1,030	5.8%	-1.5%	1,030	5.8%	-	-	-
A-82	KDX Higashi Umeda Building	Daiwa	2,770	2,749	3,400	4.9%	23.7%	3,350	5.0%	50	1.5%	-0.1%
A-83	Fuchu South Building	Daiwa	6,120	6,123	6,700	5.4%	9.4%	6,700	5.4%	-	-	-
A-84	KDX Kasuga Building	JREI	2,800	2,846	3,390	4.8%	19.1%	3,290	4.9%	100	3.0%	-0.1%
A-85	KDX Nakameguro Building	Daiwa	1,880	1,895	2,260	5.0%	19.3%	2,260	5.0%	-	-	-
A-86	KDX Omiya Building	Daiwa	2,020	2,245	2,430	5.6%	8.2%	2,380	5.7%	50	2.1%	-0.1%
A-87	Itopia Nihonbashi SA Building	Daiwa	2,200	2,218	2,280	4.9%	2.8%	2,270	4.9%	10	0.4%	-
A-88	Welship Higashi-Shinjuku	Daiwa	1,900	1,912	2,160	4.8%	13.0%	2,140	4.9%	20	0.9%	-0.1%
A-89	KDX Takanawadai Building (Note 4)	JREI	5,250	5,292	5,430	4.8%	2.6%	5,280	4.9%	150	2.8%	-0.1%
A-90	KDX Ikebukuro Building (Note 4)	Daiwa	3,900	3,892	4,260	4.5%	9.4%	4,180	4.6%	80	1.9%	-0.1%
A-91	KDX Mita Building (Note 4)	JREI	3,180	3,186	3,470	4.7%	8.9%	3,400	4.8%	70	2.1%	-0.1%
A-92	KDX Akihabara Building (Note 4)	JREI	2,600	2,610	2,770	4.6%	6.1%	2,710	4.7%	60	2.2%	-0.1%
A-93	Aplus Tokyo Building (Note 4)	Daiwa	4,350	4,571	4,580	4.6%	0.2%	4,480	4.7%	100	2.2%	-0.1%
A-94	KDX Musashikosugi Building (Note 4)	JREI	12,000	12,043	12,500	5.1%	3.8%	12,300	5.1%	200	1.6%	-
Office buildings subtotal			303,951	301,464	284,682	5.0%	-5.6%	280,139	5.1%	4,543	1.6%	-0.1%
B-18	Venus Hibarigaoka	JREI	1,800	1,724	1,570	6.3%	-9.0%	1,560	6.4%	10	0.6%	-0.1%
B-19	Residence Charmante Tsukishima	JREI	5,353	4,801	4,710	5.0%	-1.9%	4,600	5.1%	110	2.4%	-0.1%
Residential subtotal			7,153	6,526	6,280	5.3%	-3.8%	6,160	5.4%	120	1.9%	-0.1%
C-1	Frame Jinnan-zaka	JREI	9,900	9,585	9,600	4.2%	0.1%	9,420	4.3%	180	1.9%	-0.1%
C-2	KDX Yoyogi Building	JREI	2,479	2,510	1,980	5.1%	-21.1%	1,950	5.2%	30	1.5%	-0.1%
C-4	Ginza 4chome Tower	JREI	9,800	9,820	11,000	3.8%	12.0%	10,500	4.0%	500	4.8%	-0.2%
Central urban retail subtotal			22,179	21,916	22,580	4.1%	3.0%	21,870	4.3%	710	3.2%	-0.1%
D-2	Shinjuku 6chome Building (Land) (Note 4)	Daiwa	2,880	2,973	2,900	4.3%	-2.5%	2,900	4.3%	-	-	-
Others subtotal			2,880	2,973	2,900	4.3%	-2.5%	2,900	4.3%	-	-	-
Total			336,163	332,881	316,442	4.9%	-4.9%	312,219	5.0%	5,373	1.4%	-0.1%

Notes:

1. Acquisition price, appraisal value and book value are truncated to the nearest million yen (ratios are rounded to the first decimal place).
2. Total cap rate for each property type is a weighted average value based on acquisition price.
3. KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are counted as one property.
4. For the properties newly acquired in the 18th fiscal period (2014/4), the appraisal values included in the relevant appraisal report obtained at the time of acquisition are considered as the appraisal values as of the end of 17th fiscal period (2013/10) in calculating the change in appraisal value (period-over-period).
5. On December 2, 2013, KDO acquired an additional portion of KDX Shinbashi Building. For the 17th fiscal period ended October 31, 2013, the figures only refer to the existing portion. For the 18th fiscal period ended April 30, 2014, the figures refer to the entire property. The sum of the appraisal value of the additional portion at the time of acquisition and the appraisal value of the existing portion as of the end of the 17th fiscal is considered as the appraisal value of the entire property as of the end of 17th fiscal period in calculating the change in appraisal value (period-over-period)

Unit price and trading volume since IPO

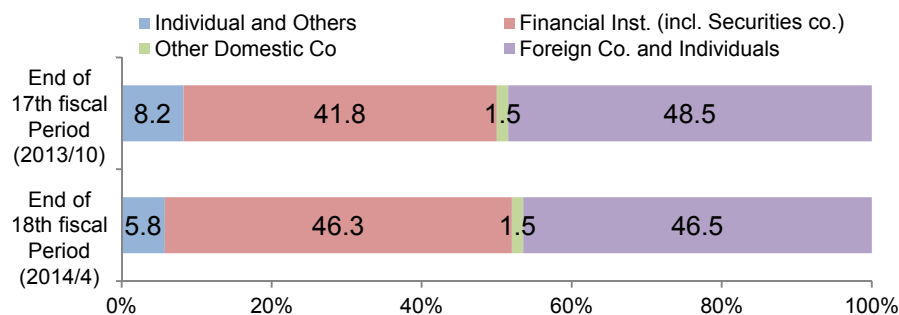
KDO unit price and trading volume performance (from the listing date to June 11, 2014)



Note: Trading volume that exceeds 10,000 units (2008/10/20:19,728 units) is not shown

KDO Unitholders (as of the end of the 18th fiscal period (2014/4))

Change in % share of investment units by unitholders



Note: Figures are rounded to the first decimal place.

Number of unitholders

	Foreign Co. and Individuals	Other Domestic Co	Financial Inst. (Incl. Securities co.)	Individual and Others	Total
End of 17th fiscal period (2013/10)	228	115	42	7,339	7,724
End of 18th fiscal period (2014/4)	224	115	53	6,594	6,986

Top 10 unitholders

Name	# of units held (unit)	Percentage share (%) (Note 1)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	60,568	18.21
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	28,217	8.48
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	27,153	8.16
The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	20,606	6.19
The Bank of New York, Non-Treaty JASDEC Account	15,358	4.61
State Street Bank and Trust Company 505223	9,066	2.72
State Street Bank and Trust Company (Note 2)	7,251	2.18
The Bank of New York Mellon SA/NV 10	6,396	1.92
State Street Bank and Trust Company (Note 3)	6,313	1.89
JP Morgan Chase Bank 385174	6,072	1.82
Total	187,000	56.23

Notes:

1. The percentage of total units owned to total units outstanding is rounded down to the second decimal place.
2. The standing proxy is Settlement & Clearing Services Division, Mizuho Bank, Ltd.
3. The standing proxy is Custody department of The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch.

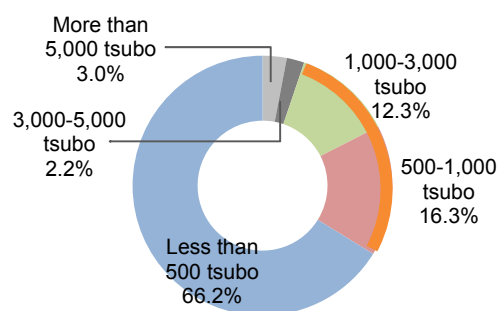
Reference: Reporting of major unitholders (as of the end of May 31, 2014)

Name	Submitted on	# of units held (unit)
Mizuho Asset Management Co., Ltd.	2013/12/27	33,499
Mizuho Asset Management Co., Ltd.		16,501
Shinko Asset Management Co., Ltd.		16,998
CBRE Clarion Securities LLC	2013/12/13	21,840
Sumitomo Mitsui Trust Bank, Limited	2013/12/5	19,834
Sumitomo Mitsui Trust Bank, Limited		742
Sumitomo Mitsui Trust Asset Management Co., Ltd.		9,853
Nikko Asset Management Co., Ltd.		9,239
BlackRock Japan Co., Ltd.	2014/4/21	16,729
BlackRock Advisers, LLC		8,350
BlackRock. Financial Management, Inc.		682
BlackRock Investment Management (Australia) Limited		649
BlackRock Asset Management Ireland Limited		1,553
BlackRock Fund Advisors		1,480
BlackRock Institutional Trust Company, N.A.		4,015
DIAM Co., Ltd.	2013/12/18	14,481
Nomura Securities Co., Ltd.	2013/4/5	14,366
Nomura Securities Co., Ltd.		384
NOMURA INTERNATIONAL PLC		938
Nomura Asset Management Co., Ltd.		13,044

Office building market

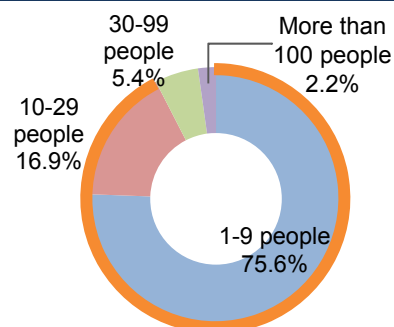
- Small and medium-sized office buildings have a large number of properties and diverse tenant base
- 80% of small and medium-sized office buildings are 20 years or older and require proper facility maintenance and management

Office market by GFA (based on number of building)



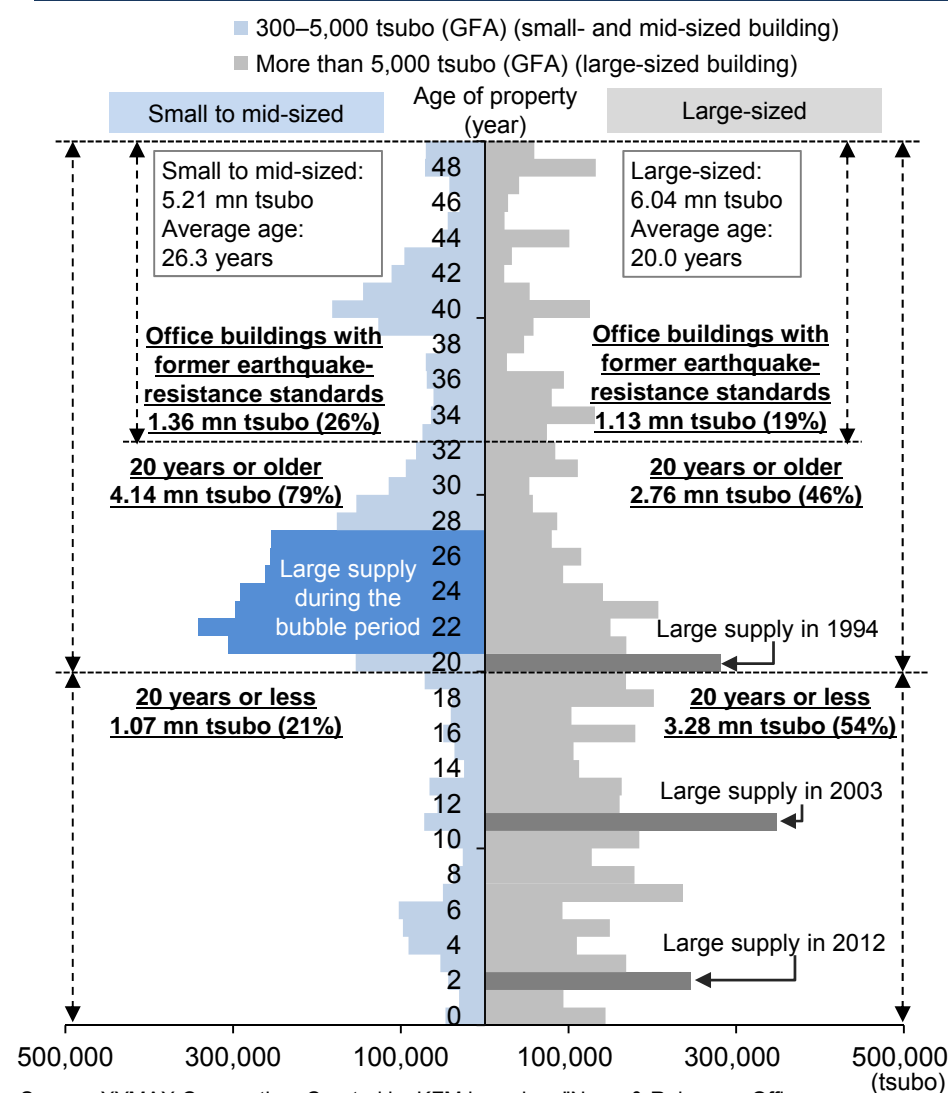
Note: The above data covers rental office buildings located in Tokyo 23 wards that were surveyed by CB Richard Ellis Research Institute. The above data may not include the data of all properties in the Tokyo 23 wards (as of 2011/3).
Source: Survey conducted by CB Richard Ellis Research Institute based on KFM's request "Market survey of Medium-sized buildings"(2011/5)

Office market by number of employees (Tokyo)



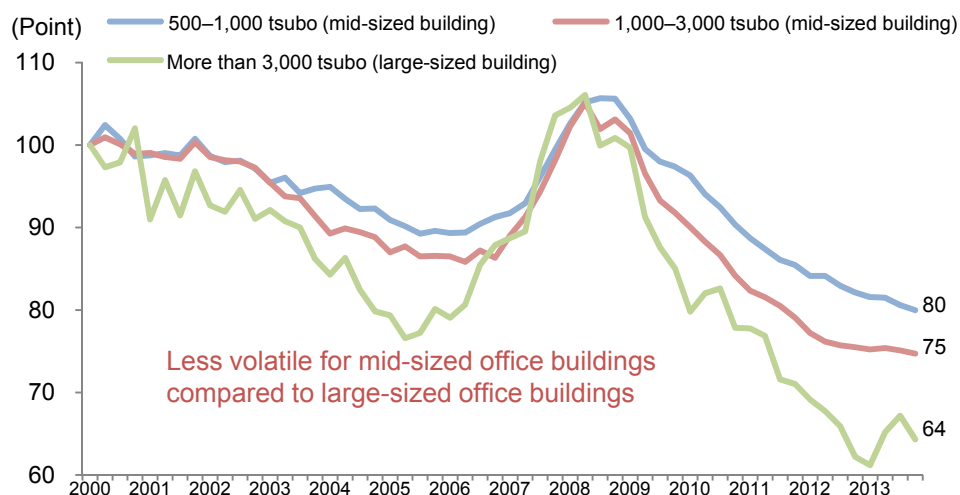
Source: Created by KFM based on "2012 Economic census-activity investigation report for Tokyo"

Tokyo 23 wards office stock pyramid by size and age (based on net rentable area)



Source: XYMAX Corporation. Created by KFM based on "News & Release – Office Pyramid 2014" released on April 17, 2014

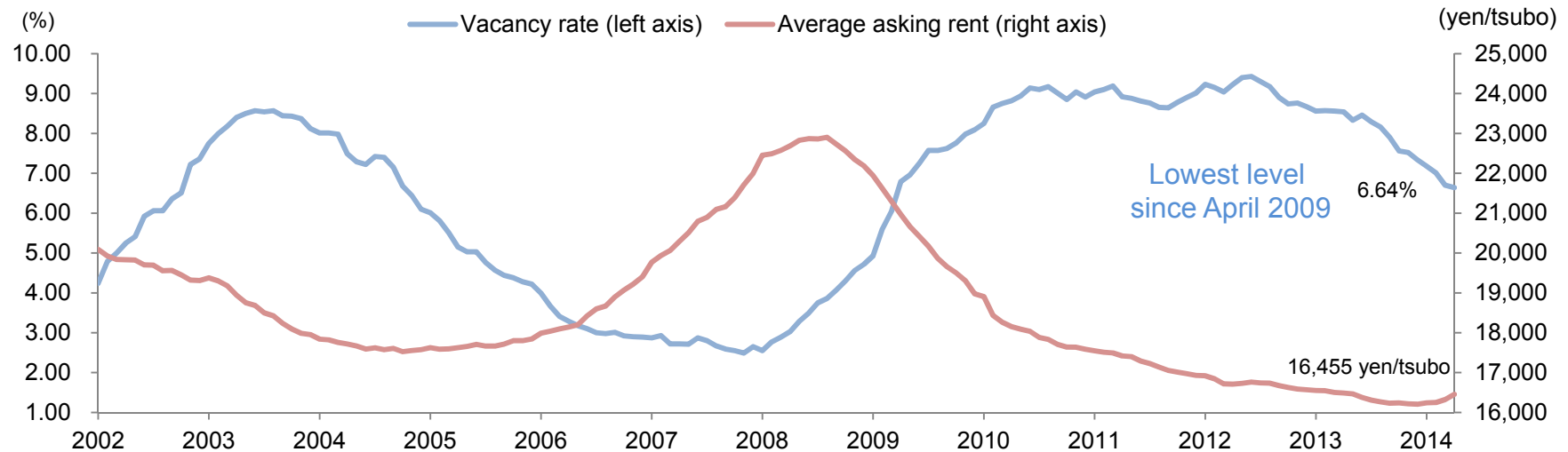
Tokyo 23 wards: rent level by GFA



Source: Created by KFM based on the data compiled by CB Richard Ellis Research Institute (starting from March 2000 (=100) the latest value as of December 2013)

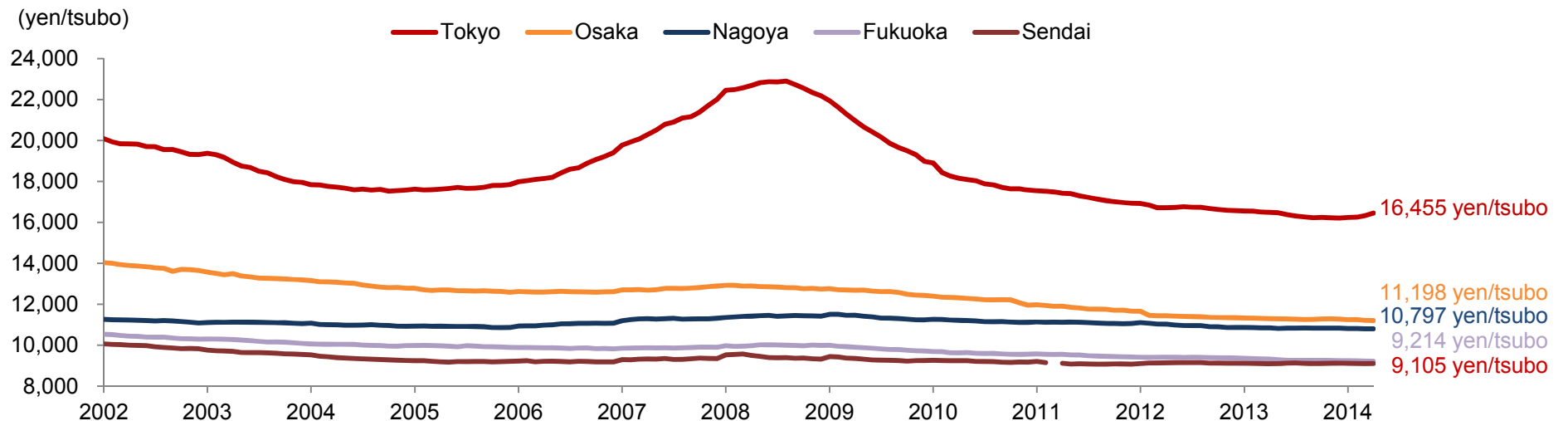
Reference data 1

Changes in asking rent and vacancy rate in Tokyo central 5 wards (from Jan 2002 to Apr 2014)



Source: Miki Shoji "Latest Office Building Markets in Tokyo (central 5 wards)" (from January 2002 to October 2013)
 Note: Covers office buildings with standard floor area over 100 tsubo in Tokyo business districts (Chiyoda, Chuo, Minato, Shinjuku and Shibuya).

Changes in rent levels by region (from Feb 2002 to Apr 2014)



Source: Created by KFM based on the data compiled by Miki Shoji (from February 2002 to April 2014)
 Note: Rent data of business districts and its sub areas. Tokyo covers office buildings with standard floor area over 100 tsubo in central Tokyo (Chiyoda, Chuo, Minato, Shinjuku and Shibuya)

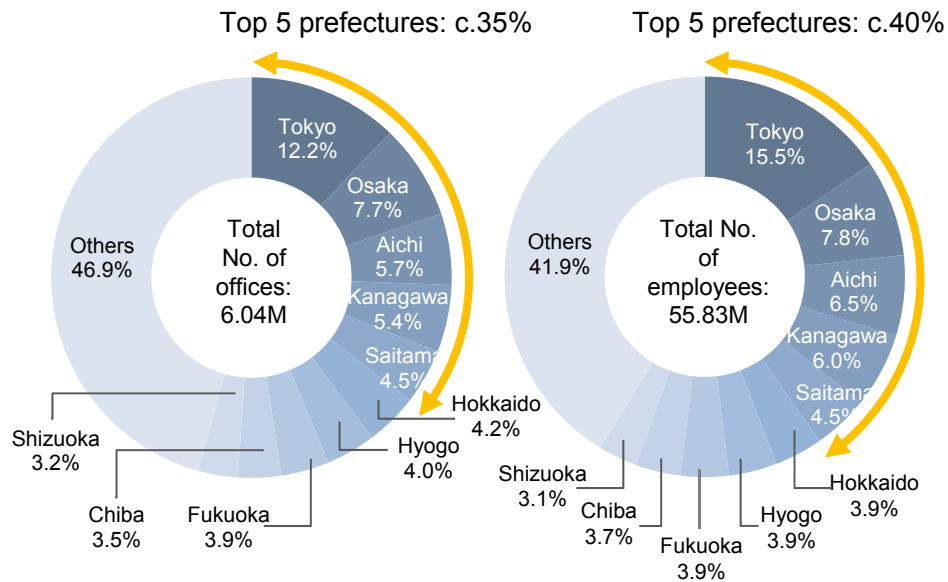
Reference data 2

Economic foundations etc. of Tokyo

	Japan	Tokyo	Date
Gross Production (Nominal GDP)	¥473,282.6 bn	¥92,387.8 bn (#1 in Japan: 19.5%)	FY 2011
# of offices	5,760,000	700,000 (#1 in Japan: 11.5%)	July 1, 2012
# of employees	55.83 mn	8.65 mn (#1 in Japan)	July 1, 2012
Total population	127.79 mn	13.18 mn (#1 in Japan)	Oct 1, 2011
Population of productive age (15–64 years old)	81.03 mn	8.85 mn (#1 in Japan: 10.9%)	Oct 1, 2010

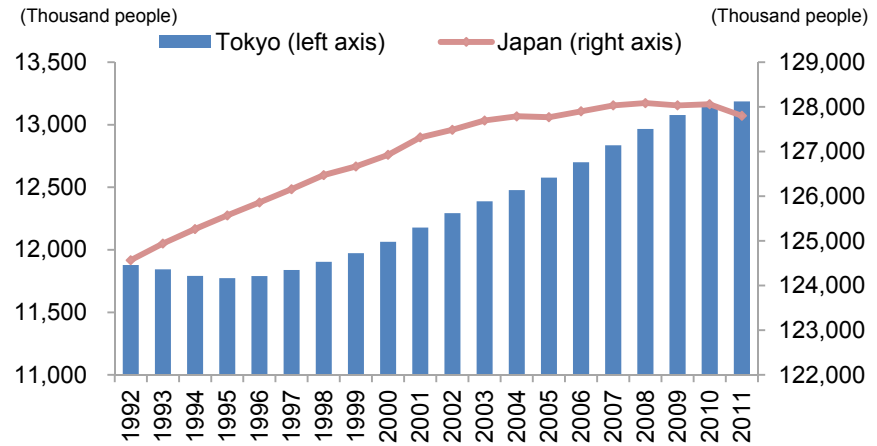
Source: National Census and "Kurashi to toukei 2013 (Life and statistics 2013)" on the Tokyo metropolitan government website.

Breakdown of number of offices and employees by prefecture (2012)



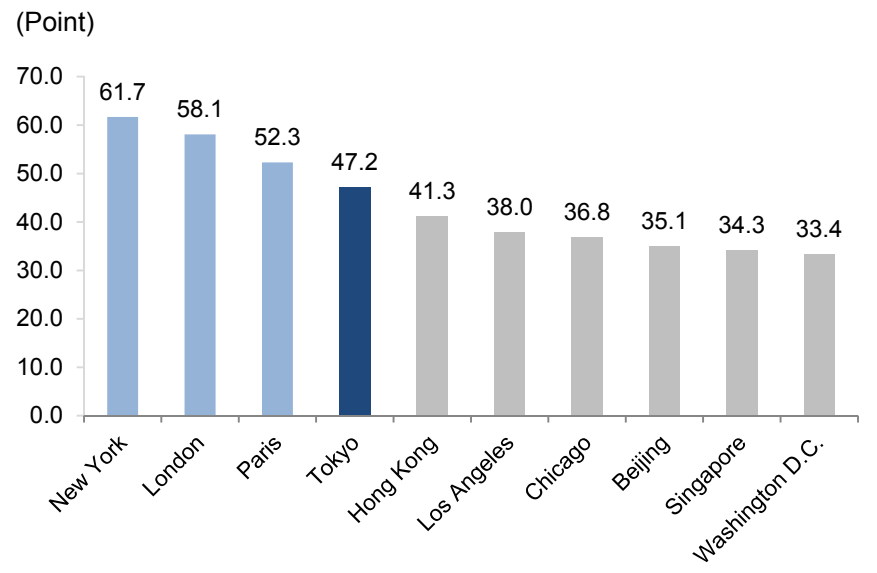
Note: Data of top 10 prefectures listed in each chart.
Source: MIAC, Statistics Bureau "2012 Economic census-basic survey" (Feb, 2012)

Change in population of Tokyo and Japan (1992-2011)



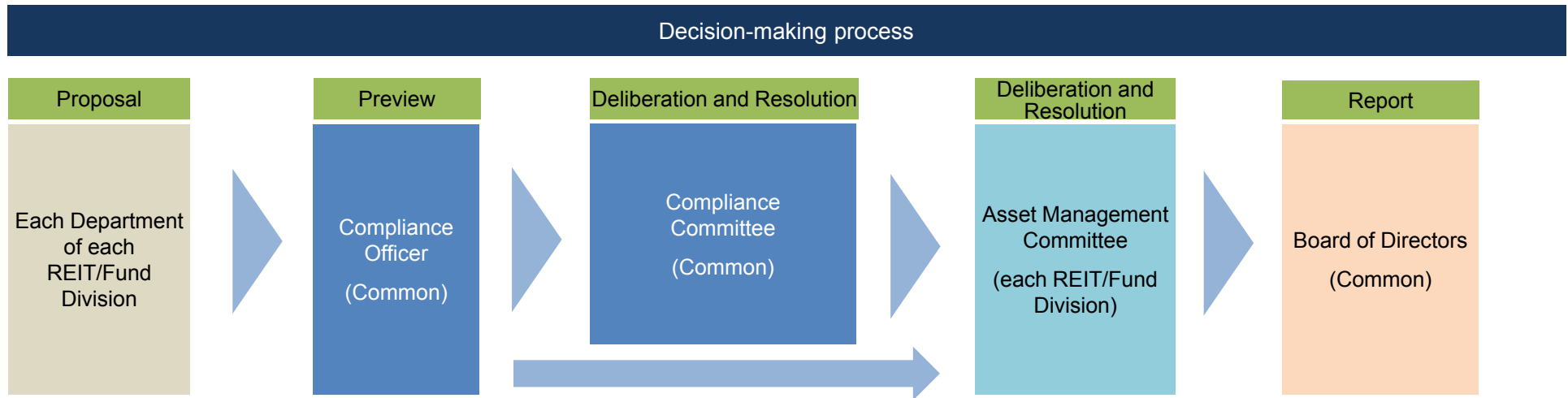
Note: Data for 2011 is an estimate.
Source: "Change in population 1872-2012 (Tokyo and Japan)", Bureau of General Affairs, Tokyo Metropolitan Government

Global Cities Index (A.T. Kearney Global Cities Index (2014))



Note: "Global Cities Index" evaluates worlds' major 66 cities and ranks them according to 25 metrics across five dimensions: "Business activity" (30%), "Human capital" (30%), "Information exchange" (15%), "Cultural experience" (15%), and "Political engagement" (10%).
Source: 2014 Global Cities Index and Emerging Cities Outlook

Management structure of KFM



Constituent members of Decision Making Body

	Compliance Committee	AM committee (Office REIT Division)
CEO and President	●	
Compliance Officer	●	●
Director (full-time)	●	
General Manager of Office REIT Div.		●
General Manger of Investment Management Dept., Office REIT Div.		●
General Manger of Asset Management Dept., Office REIT Div.		●
General Manager of Planning Dept., Office REIT Div.		●
General Manager of Finance & Accounting Dept.		●
An external member (lawyer)	●	
An external member (real estate appraiser) (Note)		●

Note: Certain proposals such as borrowings do not require attendance of an external member.

Rules on transactions with interested parties

Asset acquisition	Must not acquire properties for more than appraisal value (except for the case of warehousing)
Asset disposal	Must not sell properties for less than appraisal value

Asset management company's management fee structure

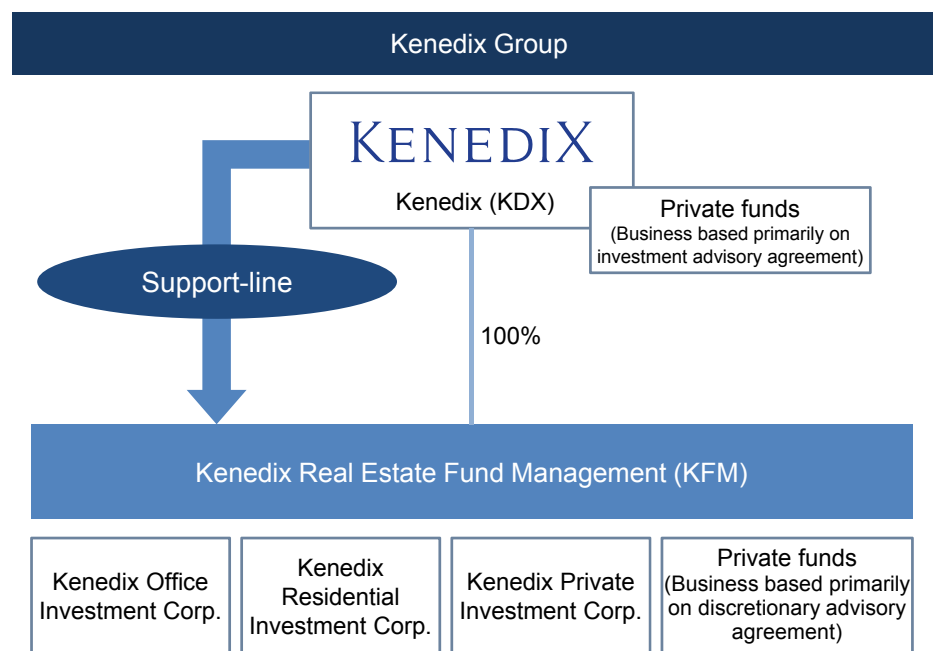
■ Asset management fees

Management fee I	0.15% of total assets
Management fee II	3.0% of distributable amount each fiscal period
Acquisition fee	0.5% of acquisition price (0.25% if interested parties)
Disposition fee	Capped at 0.5% of sale price

■ Property management fees

Rental management fee	2% of rent revenues + 2% of operating revenues from the property (after deducting operating expenses and before deducting depreciation)
Management transfer fee	Amount determined in proportion to the acquisition/sale price (e.g. ¥1-3 bn → ¥2 mn, ¥5-10 bn → ¥2.4 mn)
Construction supervision fee	Amount determined in proportion to the construction costs (e.g. ¥1-5 mn → 5%, ¥10-100mn → ¥450,000+3%)

Allocation Rule for Property Information in the KDX Group and Management Guidelines



KDO management guidelines

Targeting portfolio		Target investment ratio
Office building	Mainly used for rental office building which fulfills following criteria <ul style="list-style-type: none"> Tokyo 23 wards: Total floor area less than 13,000m² Outside Tokyo 23 wards: Total floor area less than 20,000m² 	80%–100%
Central urban retail	Mainly used for rental office buildings other than above Central urban retail properties located in highly flourishing districts	0%–20%
Residential	Residential properties for leasing purposes as their principal use	
Other	Amusement parks, business hotels, parking, educational, medical and health care-related facilities, low-lying leasehold land and other	

Overview of preferential study rights for property information

- For mid-sized office buildings (Note 1), KDO's main investment targets, KDO will have the first opportunity to consider property acquisition among the funds managed by KFM including KDR and private funds if the following conditions are satisfied:

Location	Floor area per building (m ²)
Tokyo 23 wards	More than 2,000, less than 13,000
Outside Tokyo 23 wards	More than 3,000, less than 20,000

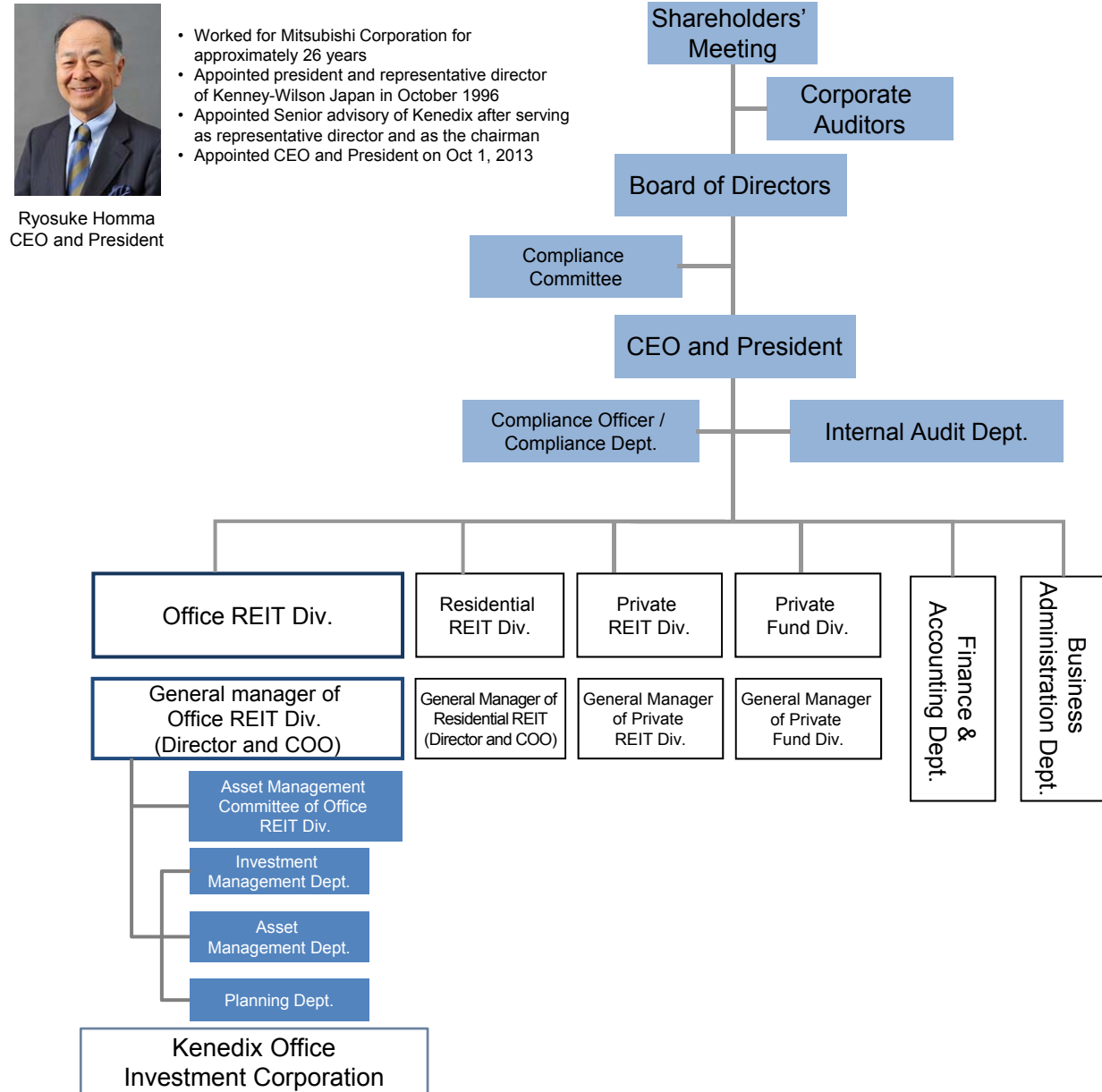
	Office REIT Division	Residential REIT Division	Private REIT Division	Private Fund Div.
	Kenedix Office Investment Corp.	Kenedix Residential Investment Corp.	Kenedix Private Investment Corp.	Private funds
Mid-sized office buildings	1st	-	2nd	3rd
Other office buildings	2nd	-	1st	3rd
Residential properties (Note 2)	-	1st	2nd	3rd
Central urban retail properties	2nd	-	1st	3rd
Other retail properties	-	-	1st	2nd
Hotel	-	-	1st	2nd

Notes:

- Office building refers to a property in which office use weighs the largest share of total floor area based on floor area use in accordance with the Building Standards Law.
- Specifically for properties with GFA below 20,000m² for Tokyo 23 wards and below 30,000m² for outside of Tokyo 23 wards.

Organization Chart

Organization chart (Note)




Ryosuke Homma
CEO and President

- Worked for Mitsubishi Corporation for approximately 26 years
- Appointed president and representative director of Kenney-Wilson Japan in October 1996
- Appointed Senior advisory of Kenedix after serving as representative director and as the chairman
- Appointed CEO and President on Oct 1, 2013

Office REIT Division: Key members



Naokatsu Uchida
Director and COO, General Manager of Office REIT Division

- Worked for Mitsubishi UFJ Trust and Banking Corporation for approximately 17 years (Real Estate Division, Real Estate Project Origination Division)
- After working for Joint Asset Management Co., Ltd. as its Representative Director, joined Kenedix Office Partners, Inc. and was a member of the Financial Planning Division for approximately 2 years
- Appointed Representative Director of Kenedix Office Partners, Inc. on Feb 2, 2012
- Appointed Director and COO, General Manager of Office REIT Div. on Oct 1, 2013



Keisuke Sato
General Manger of Investment Management Division, Office REIT Division

- Worked for Tokyu Land Corporation for approximately 9 years (Urban Business Division)
- Joined Kenedix, Inc. after having worked for JPMorgan Securities Japan Co., Ltd., Prudential Real Estate Investors (Japan) K.K.
- Property appraiser
- Appointed General Manager of Investment Management Division, Kenedix Office Partners, Inc. on Aug 1, 2012
- Appointed General Manger of Investment Management Dept., Office REIT Division on Oct 1, 2013



Fumihiko Shimodome
General Manager of Property Management Dept., Office REIT Division

- Worked for Mitsui Fudosan Building Management for 12 years
- Joined Kenedix Office Partners, Inc. on Jan, 2011 after working as a director for asset management companies of Pacific Management and Nippon Commercial Investment Corporation
- Appointed General Manager of Property Management Division on July 1, 2012 after working as PM Manager of Property Management Division
- Appointed General Manger of Property Management Dept., Office REIT Division on Oct 1, 2013



Hikaru Teramoto
General Manager of Planning Dept., Office REIT Division

- After working for Sakura Bank for 6 years, worked at Sakura Securities, Daiwa Securities SMBC, and Goldman Sachs in investment banking business for 10 years
- Joined Kenedix Office Partners, Inc. after having worked for Goldman Sachs Realty Japan
- Appointed General Manager of Financial Planning Division, Kenedix Office Partners, Inc. on Aug 1, 2012
- Appointed General Manager of Planning Dept., Office REIT Division on Oct 1, 2013

Finance & Accounting Dept.



Tetsushi Ichikawa
General Manager of Finance & Accounting Dept.

- Worked for Sumitomo Mitsui Trust Bank for 15 years (Engaged in real estate finance, etc.)
- Joined Kenedix after having engaged in investment banking and having served as director responsible for asset management business at Touchstone Capital Securities
- Appointed General Manager of Finance & Accounting Dept. on Oct 1, 2013 after serving as General Manager of Finance Group for Kenedix Residential Partners

Note: Names of the organizations are changed on February 2, 2014.

Disclaimer

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Revised editions of our annual reports will be posted on our website (<http://www.kdx-reit.com/>) if there should be major corrections going forward.