

KENEDIX
Office Investment Corporation



KENEDIX Office Investment Corporation

20th Period Results (Ended April 2015)

June 15, 2015

KENEDIX Real Estate Fund Management, INC.

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Section 1

Executive summary / highlights

Highlights of 20th fiscal period (2015/4)

External Growth

Continuous expansion of asset size while improving portfolio quality through property reshuffle

Acquisition of 7 office buildings **21.7 bn yen**
(incl. 5 properties acquired in connection with PO in Nov 2014) (14.8 bn yen)

Disposition of 4 properties **6.6 bn yen**

Asset size **385.0 bn yen**

of properties **97 properties**

Secure gains on dispositions **Balance of reserve for reduction entry** **1,150 mn yen**

Internal growth

Rental revenue for existing properties starting to pick up

Rise in office building occupancy rate Average of 19th fiscal period **94.8%** >> Average of 20th fiscal period **95.9%**

Increase in rental revenue Steady increase in the number of properties with increased rental revenue contributing to rental revenue growth

Progress of upward rent revisions 28 upward rent revisions after 21st fiscal period with 13.4% in rent growth rate (Note) (Confirmed)

Financial strategy

Strengthened financial base / Extended borrowing period / Turned to appraisal profit

Reduction of financing cost

End of 19th fiscal period **1.46%** >> End of 20th fiscal period **1.45%**

Lowering of interest-bearing debt ratio (LTV)

End of 19th fiscal period **48.4%** >> End of 20th fiscal period **42.8%**

Extension of ave. remaining period to maturity

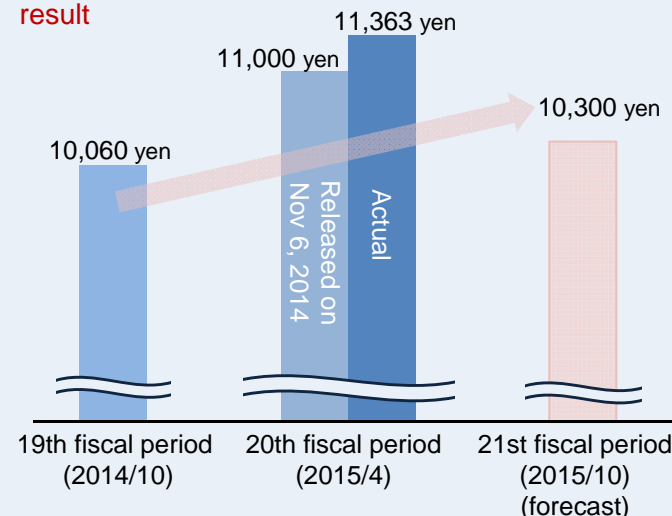
End of 19th fiscal period **3.6 yrs** >> End of 20th fiscal period **4.1 yrs**

Turnaround to appraisal profit

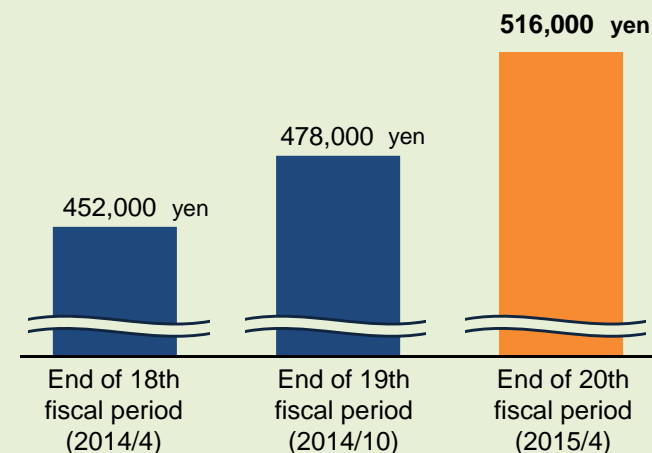
End of 19th fiscal period **-73 bn yen** >> End of 20th fiscal period **1.9 bn yen**

A. Steady DPU growth

20th fiscal period Exceeded 11,000 yen incl. extraordinary factors
21st fiscal period Estimate +2.4% growth against 19th fiscal period result



B. Continuous growth of NAV per unit

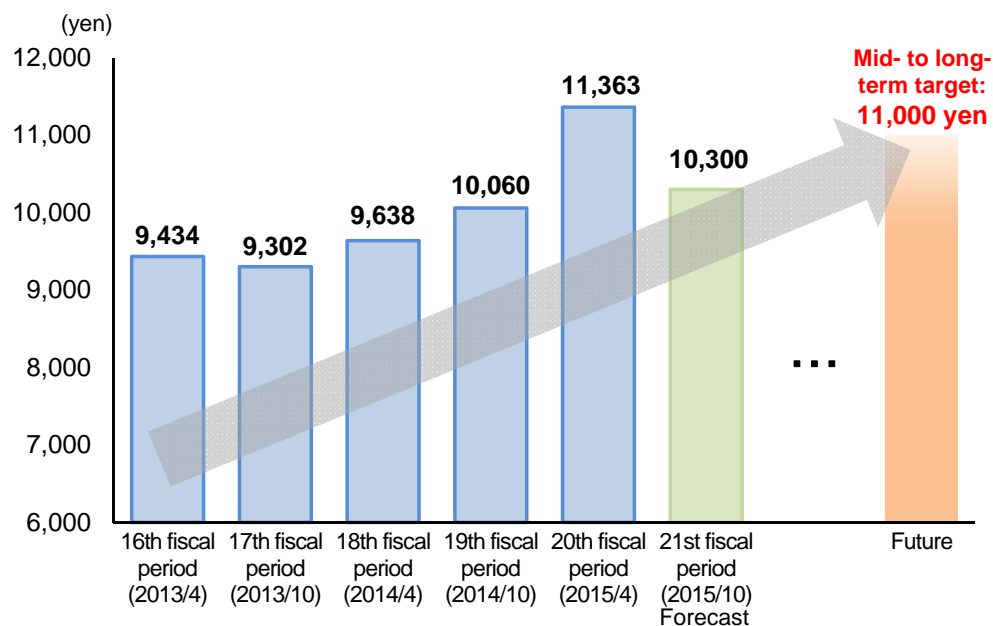


Note: Based on fixed upward rent revisions as of June 9, 2015.

Growth rate = Sum of increases in monthly rent (incl. common area charge) / sum of previous monthly rent (incl. common area charge)

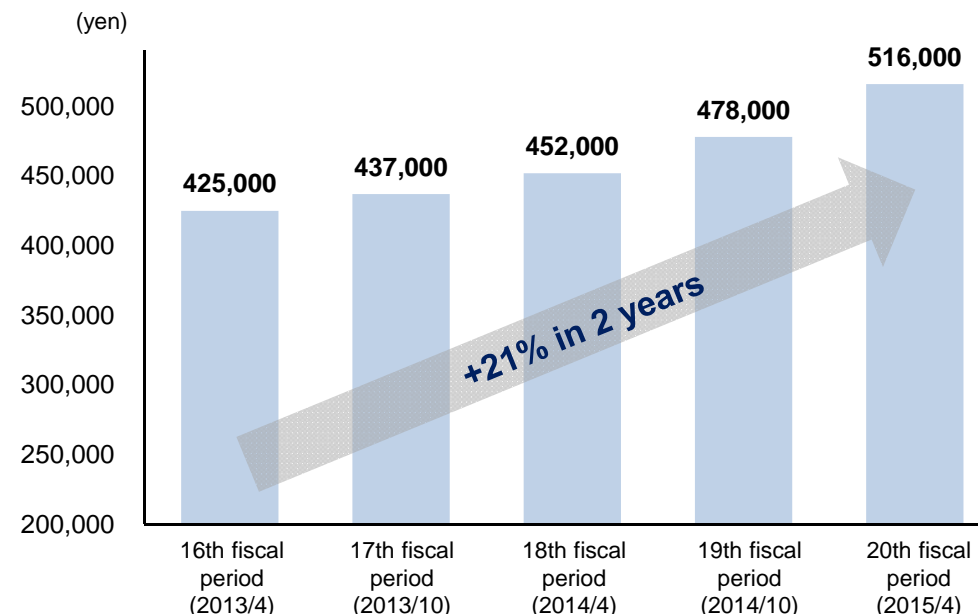
Future measures and DPU/NAV level

DPU: Historical performance and forecast



	Balance of reserve for reduction entry (Note 1)	Reserve for reduction entry per unit (Note 1)
19th fiscal period (2014/10)	640 mn yen	1,582 yen
20th fiscal period (2015/4)	1,150 mn yen	2,841 yen

NAV per unit: Historical performance (Note 2)



Portfolio appraisal profit/loss (Note 3)



External Growth

- Continue selective investment in Tokyo metropolitan area mid-sized office building
- Drive forward asset reshuffle strategy in light of current transaction market

Internal Growth

- Lifting newly contracted rent level
- Negotiation for rent increase with tenants with rents below market, Prevention of rent reduction
- Continuous capex investment in timely and adequate manner

Financial Strategy

- Financing cost further reduction
- Prevention of potential risk for interest rate hike by long term and fixed interest rate loans
- Continuing conservative LTV management

Note 1: The balance of reserve for reduction entry and reserve for reduction entry per unit are calculated by either adding allocation to reserve for reduction entry or subtracting reversal of a portion of reserve for the outstanding reduction entry on the balance sheet as of the end of relevant fiscal period.

Note 2: NAV per unit is truncated to the nearest thousand yen after subtracting the amount of DPU.

Note 3: Appraisal profit/loss is calculated by subtracting book values from appraisal values for all properties owned as of the end of relevant fiscal period.

Memo

Section 2

20th fiscal period results (2015/4)
and earning forecasts

20th fiscal period (2015/4) financial results: Performance highlight

(Unit: mn yen)

Items	A	B	C	C-A	C-B
	19th fiscal period	20th fiscal period	20th fiscal period	20th (actual) vs 19th (actual) Comparison	20th (actual) vs 20th (forecast) Comparison
	2014/10 Actual	2015/4 Forecast (Nov.6)	2015/4 Actual	Change	Change
Operating revenue	12,928	13,412	14,130	1,202	717
Gain on sale of real estate	-	-	709	709	709
Dividend	1,632	595	583	-1,048	-11
Operating expense	7,899	7,478	7,593	-306	114
Loss on sale of real estate	1,524	-	287	-1,236	287
Operating income	5,028	5,934	6,537	1,508	603
Non-operating income	2	2	2	0	0
Non-operating expense	1,460	1,480	1,427	-32	-52
Ordinary income	3,570	4,456	5,111	1,541	655
Net income	3,569	4,454	5,110	1,540	656
Provision/reversal (-) of reserve for reduction entry	-1	-	509	511	509
Total distributions	3,571	4,453	4,600	1,029	146
Distributions per unit (yen)	10,060	11,000	11,363	1,303	363
# of Total units outstanding	355,010	404,885	404,885	49,875	0
Rental NOI	7,760	8,473	8,680	920	206
FFO	7,116	6,663	6,909	-206	246
Depreciation	2,022	2,209	2,221	198	11
Number of properties	94	99	97	3	-2
Total interest-bearing debt	187,685	-	174,600	-13,085	
LTV	48.4%	-	42.8%	-5.6%	
Book value (Period-end)	365,835	-	379,905	14,070	
Appraisal value (Period-end)	358,470	-	381,864	23,394	
Net assets	180,844	-	211,951	31,107	

Major changes in 20th fiscal period (2015/4) against actual result in 19th fiscal period (2014/10)

Operating revenue	+1,202 mn yen	
• Rent/common area charge	+1,260 mn yen	(Properties acquired: +452 (20th), +808 (19th), Existing properties: +80 Properties sold: -32 (20th), -48(19th))
• Parking space rental revenue	+123 mn yen	
• Utilities	+42 mn yen	
• Other revenues	+116 mn yen	
• Gain on sale of real estate	+709 mn yen	(20th fiscal period: KDX Hamacho Bldg. +244 Venus Hibarigaoka +134 Sendai Nikko Bldg. +331)
• Dividend income	-1,048 mn yen	(TMK dividend (Senri) -1,588 TMK dividend (Toyonaka) +521, etc)
Operating expense	-306 mn yen	
• Depreciation	+198 mn yen	(Properties acquired: +77 (20th), +133 (19th) Properties sold: -5 (20th), -17(19th), Other: +10)
• Property management fee	+167 mn yen	(Properties acquired: +64 (20th), +126 (19th), Existing properties: -12 Properties sold: -4 (20th), -7(19th))
• Taxes	+41 mn yen	(Properties acquired: +14 (20th), +17 (19th), +13 (after Aplus Tokyo Bldg. in 18th) Other: -3)
• Repair/maintenance	+263 mn yen	
• Utilities	+105 mn yen	
• Loss on sale of real estate	-1,236 mn yen	(19th: KDX Minami Semba Dai-1 Bldg. -557, Nissou Dai-17 Bldg. -967 20th: KDX Minami Semba Dai-2 Bldg. +287)
• Asset management fee	+97 mn yen	
• Other expenses	+60 mn yen	
Non-operating expense	-32 mn yen	
• Interest expense/Financing-related expense	-72 mn yen	
• Amortization of investment unit issuance cost, etc.	+40 mn yen	

Major changes in 20th (2015/4) fiscal period against 20th fiscal period forecast (2015/4)

Operating revenue	+717 mn yen	
• Rent/common area charge	+24 mn yen	(Properties acquired: +35 (20th), -3 (19th), Existing properties: +17 Properties sold: -25 (20th))
• Parking space rental revenue	+89 mn yen	
• Utilities	-60 mn yen	
• Other revenues	-34 mn yen	
• Gain on sale of real estate	+709 mn yen	
• Dividend income	-11 mn yen	(TMK dividend (Toyonaka) -28, TK dividend: KRF43 (Shinjuku) +17)
Operating expense	+114 mn yen	
• Utilities	-26 mn yen	
• Depreciation	+11 mn yen	(2 properties acquired: +8 (after 35 Sankyo Bldg. in 20th), Properties sold: -5 (19th), Other: +8)
• Repair/maintenance	-102 mn yen	
• Loss on sale of real estate	+287 mn yen	(20th: KDX Minami Semba Dai-2 Bldg.)
• Other expenses	-56 mn yen	
Non-operating expense	-52 mn yen	
• Interest expense/Financing-related expense	-70 mn yen	
• Amortization of investment unit issuance cost, etc.	+18 mn yen	

Note 1: Rental NOI = Operating revenue - Gain/loss on sale of real estate - Dividend income - Expense related to rental business (excl. depreciation)

Note 2: FFO = Net income + Depreciation - Gain on sale of real estate + Loss on sale of real estate

21st fiscal period (2015/10): Earning forecast

(Unit: mn yen)

Items	A	B	B-A
	20th fiscal period 2015/4 Actual	21st fiscal period 2015/10 forecast (June 12)	21st (forecast) vs 20th (actual) Comparison Change
Operating revenue	14,130	13,050	-1,080
Gain on sale of real estate	709	-	-709
Dividend	583	52	-531
Operating expense	7,593	7,501	-91
Loss on sale of real estate	287	-	-287
Operating income	6,537	5,548	-988
Non-operating income	2	2	-0
Non-operating expense	1,427	1,378	-49
Ordinary income	5,111	4,172	-939
Net income	5,110	4,170	-939
Provision/reversal (-) of reserve for reduction entry	509	-	-509
Total distributions	4,600	4,170	-430
Distributions per unit (yen)	11,363	10,300	-1,063
# of Total units outstanding	404,885	404,885	0
Related information			
Rental NOI	8,680	8,677	-2
FFO	6,909	6,391	-518
Depreciation	2,221	2,220	-0
Number of properties	97	97	0
(Reference) Estimated property and city planning taxes	-	1,110	

Major changes in 21st fiscal period (2015/10) against actual result in 20th fiscal period (2015/4)

■ Operating revenue	-1,080 mn yen	
•Rent/common area charge	+70 mn yen	(Properties acquired: +286 (20th) Existing properties -22 Properties sold: -194 (20th))
•Parking space rental revenue	-13 mn yen	
•Utilities	+135 mn yen	
•Other revenues	-31 mn yen	
•Gain on sale of real estate	-709 mn yen	(20th fiscal period: KDX Hamacho Bldg. -244 Venus Hibarigaoka -134 Sendai Nikko Bldg. -331)
•Dividend income	-531 mn yen	(TMK dividend (Toyonaka) -522)
■ Operating expense	-91 mn yen	
•Depreciation	-0 mn yen	(Properties acquired: +36 (20th) Properties sold: -52 (20th) Other +16)
•Utilities	+117 mn yen	
•Taxes	+153 mn yen	(Properties acquired: +33 (18th), +114 (19th), +21 (20th) Properties sold: -31 (20th) Existing properties: +16)
•Repair/maintenance	-160 mn yen	
•Property management fee	+32 mn yen	(Properties acquired: +59 (20th) Properties sold: -24 (20th) Other: -3)
•Loss on sale of real estate	-287 mn yen	(20th fiscal period: KDX Minami Semba Dai-2 Building)
•Other expenses	+54 mn yen	(Expense related to rental business +22 Other operating expense +32)
■ Non-operating expense	-49 mn yen	
•Interest expense/Financing-related expense	-30 mn yen	
•Other	-19 mn yen	

Note 1: Rental NOI = Operating revenue – Gain/loss on sale of real estate – Dividend income – Expense related to rental business (excl. depreciation)

Note 2: FFO = Net income + Depreciation – Gain on sale of real estate + Loss on sale of real estate

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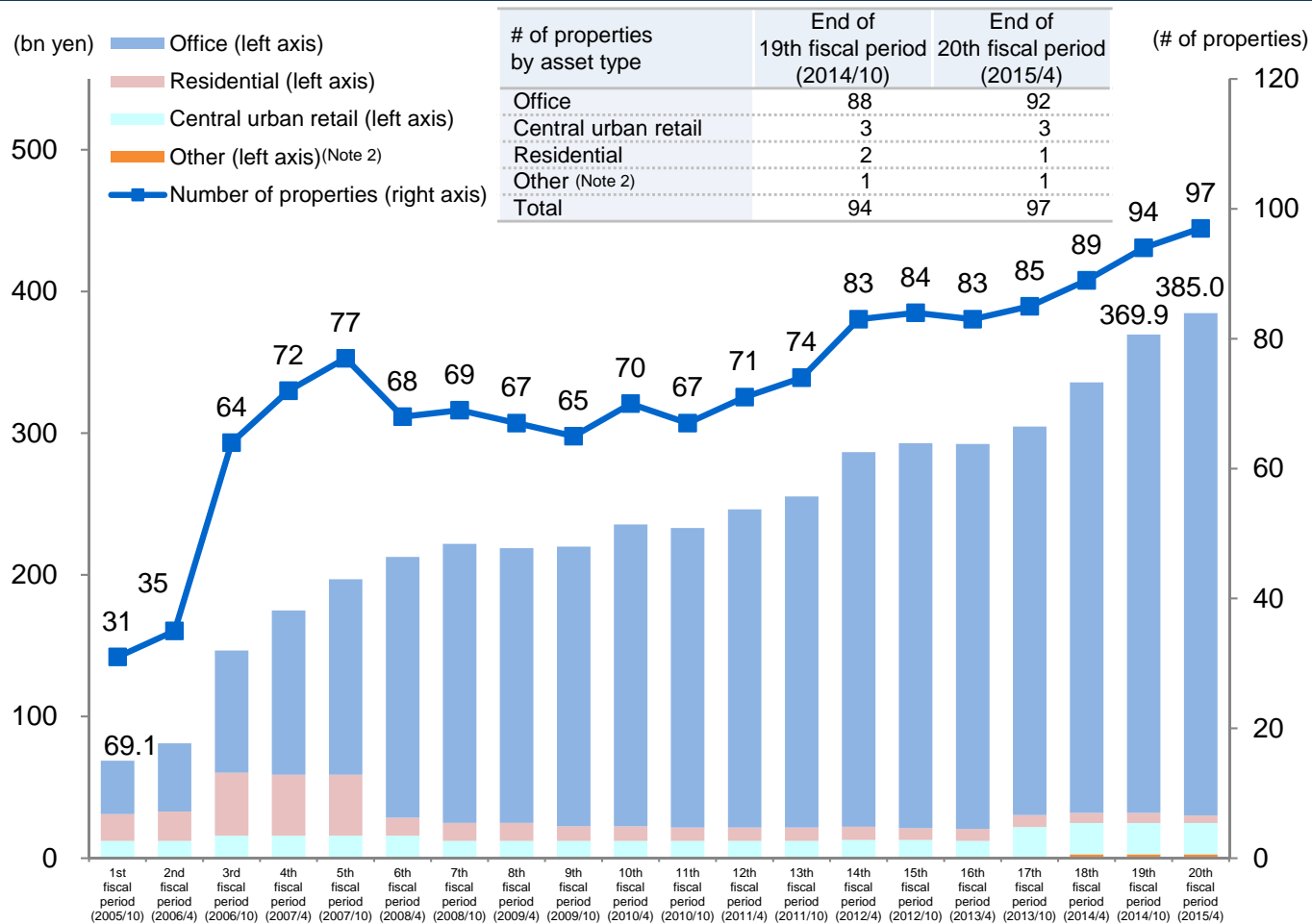
Section 3

External growth

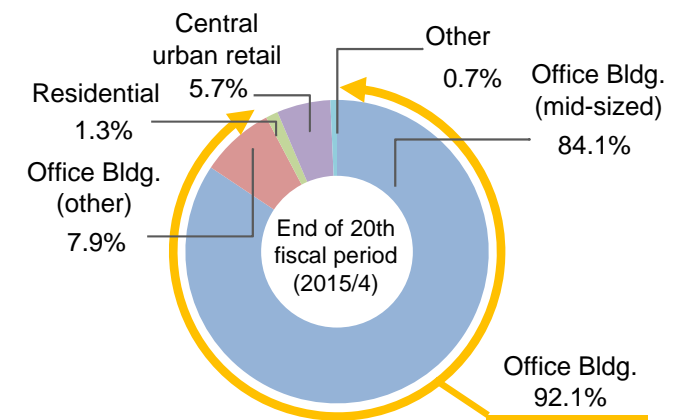
Portfolio overview

- Portfolio mainly consists of mid-sized office buildings in the Tokyo metropolitan area
- Consistently expanding asset size while improving portfolio quality through asset reshuffle

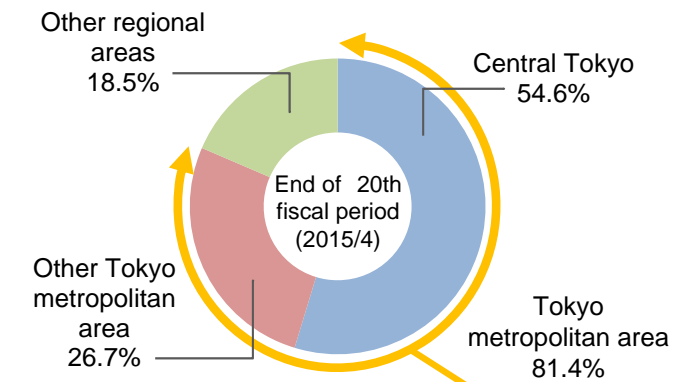
Portfolio growth (based on total acquisition price) (Note 1)



Breakdown by asset type (based on acquisition price) (Note 3)



Breakdown by region (based on acquisition price) (Note 4)




Note 1: Figures are truncated to the nearest 100 million yen. The acquisition price is truncated to the nearest unit unless otherwise stated.
 Note 2: "Other" properties include Kanazawa Nikko Building for 14th fiscal period (2012/4), and 15th fiscal period (2012/10) and Shinjuku 6-chome Building (Land) for 18th fiscal period (2014/4) onward.
 Note 3: Portfolio breakdown by asset type based on acquisition price (truncated to the second decimal place).
 Note 4: Portfolio breakdown by region based on acquisition price (truncated to the second decimal place).

Asset reshuffle in 20th fiscal period (2015/4)


- Portfolio expansion and quality improvement through effective portfolio reshuffle
- Preparing for further growth by establishing solid portfolio base

Property disposition


Disposed of mainly other regional/ non-core properties




KDX Hamacho Bldg.
Central Tokyo



KDX Minami Sembu Dai-2 Bldg.
Other regional area



Sendai Nikko Bldg.
Other regional area



Venus Hibirigaoka
Other regional area
Non-core (residential)

Total acquisition price	6.6 bn yen
Average NOI yield (Note 1)	5.2%
Average NOI yield (after depreciation) (Note 2)	3.4%



Portfolio quality improvement


Profitability improvement	Expanding asset size per property
NOI yield after depreciation ↑	Leasable area ↑ (per office building)
Further Focus on Tokyo metropolitan area	Disposition of non-core asset
Central Tokyo share ↑ Other regional areas share ↓	Office building ratio ↑ (Disposition of residential property)
Improvement of appraisal profit/loss	Gain on property disposition
Sale of properties with appraisal loss Acquired for below appraisal value	Net Gain of 0.4 bn yen from 4 properties

↓


Accumulated reserve for reduction entry

Property acquisition

Acquired office properties in Central Tokyo on a 1-on-1 negotiation basis



35 Sankyo Bldg.
Central Tokyo



Pentel Bldg.
Central Tokyo

Total acquisition price	6.9 bn yen
Projected NOI yield (Note 2)	4.7%
Projected NOI yield (after depreciation) (Note 2)	4.0%

Note 1: Average NOI yield / Average NOI yield (after depreciation) are calculated as follows (rounded to the first decimal place):

Average NOI yield = Sum of annualized actual rental NOI based on 20th fiscal period (2015/4) / Total acquisition price.

Average NOI yield (after depreciation) = Sum of annualized actual rental NOI minus depreciation based on 20th fiscal period (2015/4) / Total acquisition price

Note 2: Based on asset manager's estimate, excluding extraordinary factors expected in the year of acquisition

Properties acquired in March 2015

- Acquired 2 Central Tokyo office buildings through 1-on-1 negotiation

35 Sankyo Building



- Located in walking distance from Ginza. Access to 2 railway lines
- Regular-shaped office space allows for various leasing floor plans
- Anticipate stable office demand due to relatively low rent level while being located in central Tokyo

Location	Chuo-ku, Tokyo	Completion date	August, 1991
Gross floor area	6,413.60m ²	Occupancy rate (as of March 2015)	96.4%
Acquisition price	3,600 mn yen	Appraisal value at the time of acquisition	3,620 mn yen
Acquisition price per tsubo (Note 2)	2.65 mn yen	Appraisal NOI yield (Note 3)	4.9%
Transportation access	A 4-min walk from Shintomi Sta. on Tokyo Metro Yurakucho Line A 6-min walk from Hacchobori Sta. on Tokyo Metro Hibiya Line/ JR Keiyo Line		

Pentel Building



- Excellent transportation access - 3 railway lines
- Decided to acquire the property based on our confidence to fill the vacant floors; expected decline in occupancy rate due to lease cancellation
- Secure future acquisition opportunities by holding preferential negotiation right for other compartmentalized ownerships

Location	Chuo-ku, Tokyo	Completion date	November, 1990
Gross floor area (Note 1)	18,880.89m ²	Occupancy rate (as of March 2015)	100%
Acquisition price	3,350 mn yen	Appraisal value at the time of acquisition	3,434 mn yen
Acquisition price per tsubo (Note 2)	2.54 mn yen	Appraisal NOI yield (Note 3)	5.1%
Transportation access	A 3-min walk from Kayabacho Sta. on Tokyo Metro Hibiya/Tozai Lines A 5-min walk from Suitengu-mae Sta. on Tokyo Metro Hazomon Line		

Note 1: KDO acquired a 41.14% of the land of Pentel Bldg, a 40.23% compartmentalized ownership of the whole building in terms of floor area and a 40% interest in the adjacent land that is leased to third party. Gross floor area for Pentel Bldg. is for the entire building.

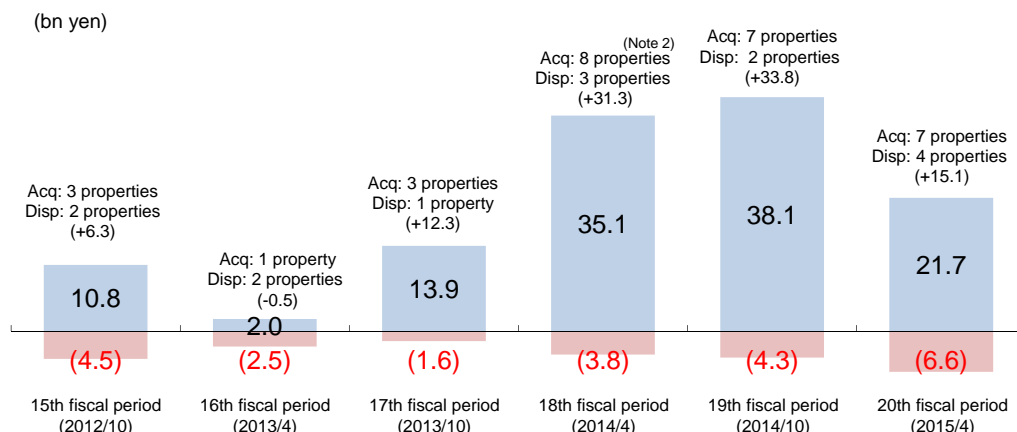
Note 2: Acquisition price per tsubo = Acquisition price / Gross leasable area of the property (Truncated to the nearest thousand yen)

Note 3: Appraisal NOI is net operating income (annualized) calculated based on the direct capitalization method described in the relevant appraisal report at the time of acquisition. Appraisal NOI yield is rounded to the first decimal place.

Track record and outcome of external growth

- Increase in profitability and asset value through continuous acquisitions/dispositions

Property acquisition and disposition track record (Note 1)



External growth and portfolio profitability

	Properties in possession after the end of 16th fiscal period (2013/4) (Note 3)	Properties acquired after May 2013 (Note 4)	Properties in possession at the end of 20th fiscal period (2015/4)
# of properties	73	24	97
Total acquisition price	277.1 bn yen	107.9 bn yen	385.0 bn yen
Actual NOI yield (Note 5)	4.2%	5.2%	4.5%
Appraisal profit/loss (Note 6)	-7.6 bn yen	9.5 bn yen	1.9 bn yen

Properties acquired over the last 3 years



Note 1: Actual amount of acquisition/disposition is based on acquisition price.

Note 2: Includes an additional acquisition of classification ownership of KDX Shinbashi Bldg.

Note 3: Properties in possession after the end of 16th fiscal period (2013/4) exclude properties sold through 17th fiscal period (13/10) to 20th fiscal period (2015/4).

Note 4: Additional acquisition and existing portion of KDX Shinbashi Bldg. are counted as 1 property together and are included as a property in possession after the end of 16th fiscal period. The picture of KDX Shinbashi Bldg. is not included above.

Note 5: Actual NOI yield is calculated by dividing the sum of annualized actual rental NOI based on 20th fiscal period (2015/4) by total acquisition price (rounded to the first decimal place).

Note 6: Difference between appraisal value and book value as of the end of 20th fiscal period (2015/4).

Memo

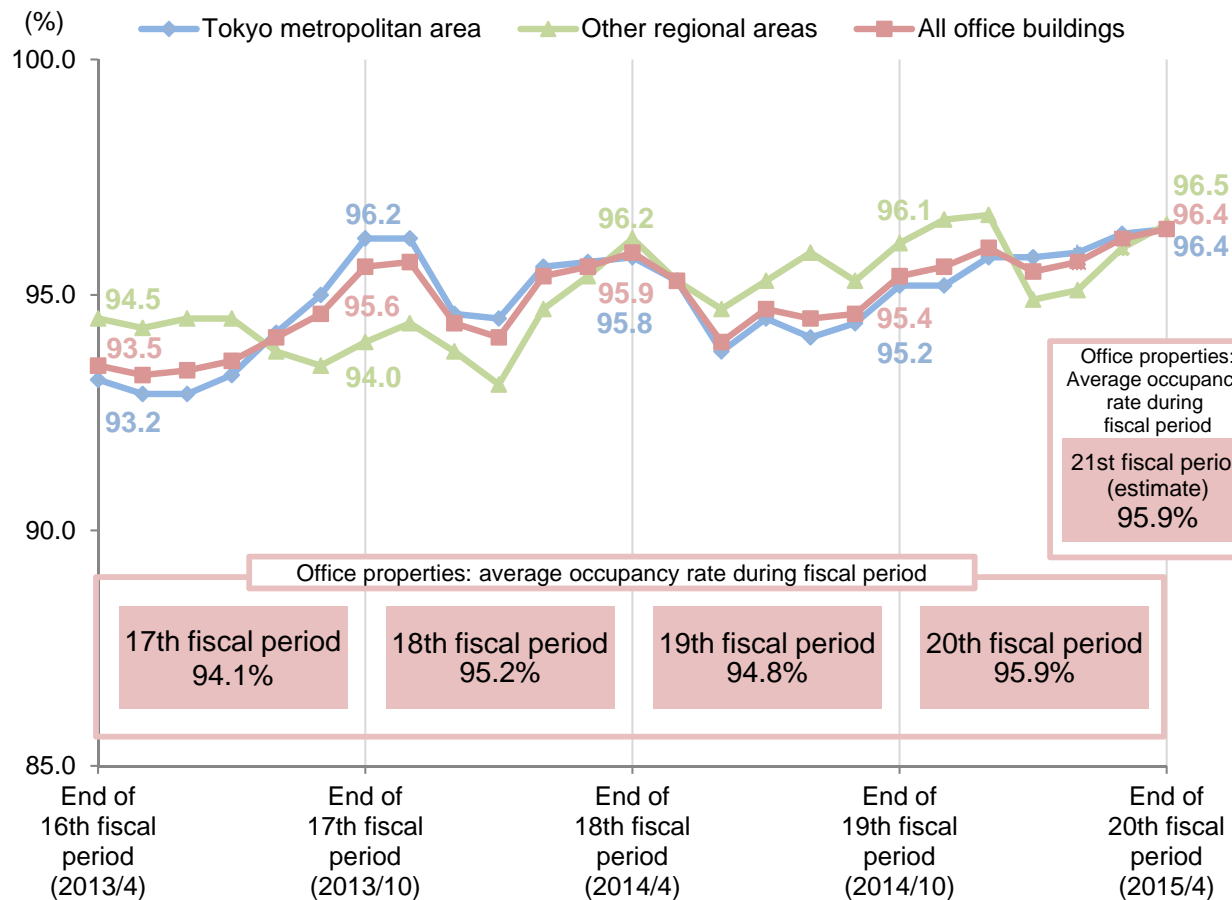
Section 4

Internal growth

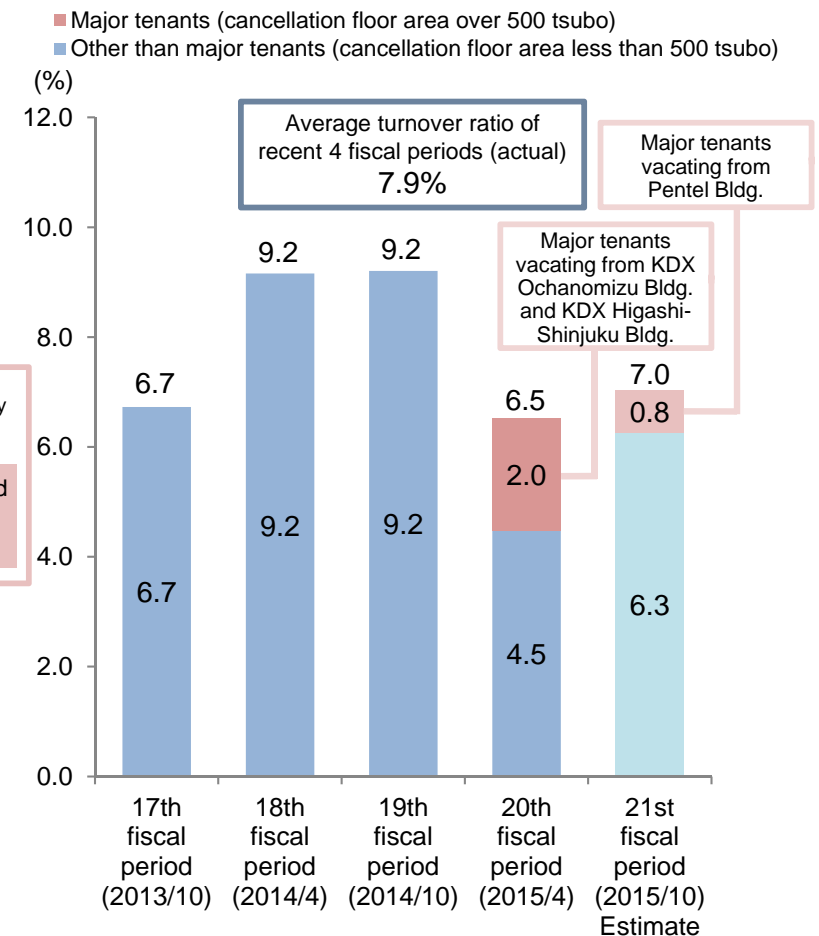
Occupancy rate and turnover ratio for KDO office buildings KENEDIX Office Investment Corporation

- Maintain high occupancy rate – continuously aiming at improving rent conditions
- Turnover ratio trends under the past average

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



Turnover ratio (annualized) of office buildings (Note 2) (Note 3)



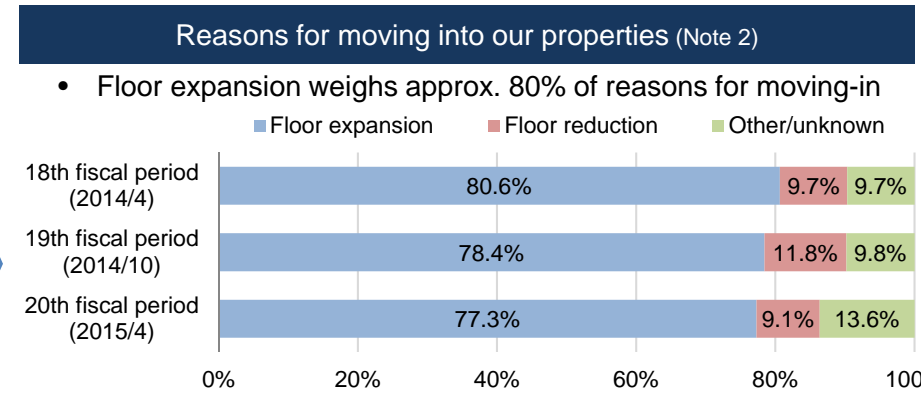
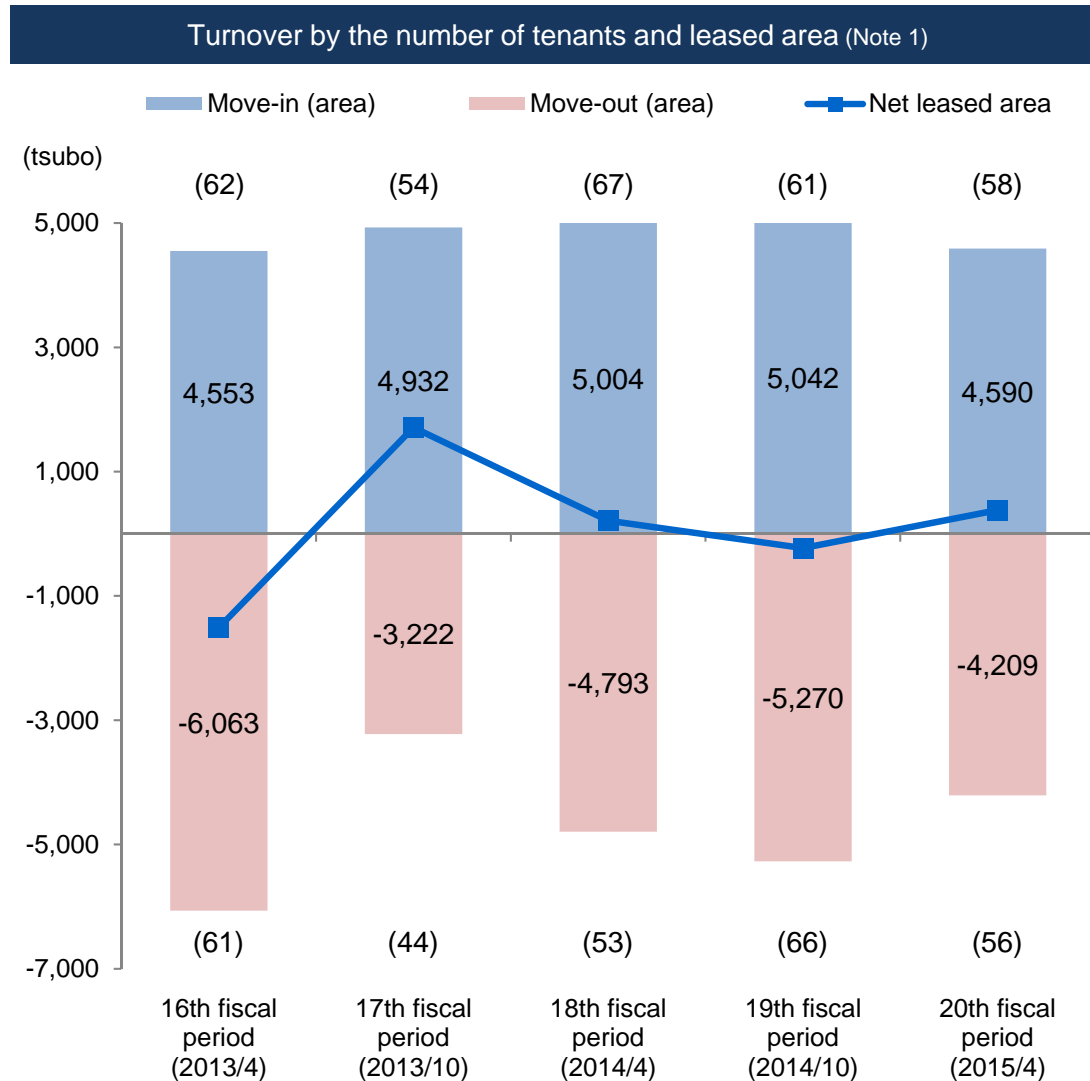
Note 1: Occupancy rate is calculated by dividing leased area by leasable area and is rounded to the first decimal place. Average occupancy rate during fiscal period of office buildings is a simple average of monthly-end occupancy rates for relevant period. The estimated occupancy rate for 21st fiscal period (2015/10) is calculated based on assumptions used in the earnings forecast.

Note 2: 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.

Note 3: The forecast for 21st period (2015/10) is based on the cancellation notice received prior to the end of 20th period (2015/4).

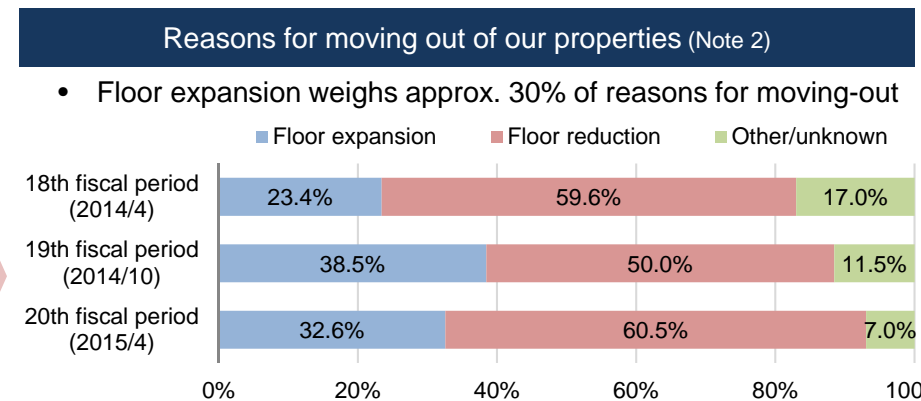
Tenant turnover trend of KDO office buildings

- Tenants moving in exceeds tenants moving out in terms of both the number of tenants and area
- Solid tenants' expansion needs are continuously confirmed from reasons for moving in/out



Average contracted floor area of incoming tenants (tsubo)

	19th fiscal period (2014/10)	20th fiscal period (2015/4)
Floor expansion	96.2	87.0



Average cancelled floor area of exiting tenants (tsubo)

	19th fiscal period (2014/10)	20th fiscal period (2015/4)
Floor expansion	105.4	72.1

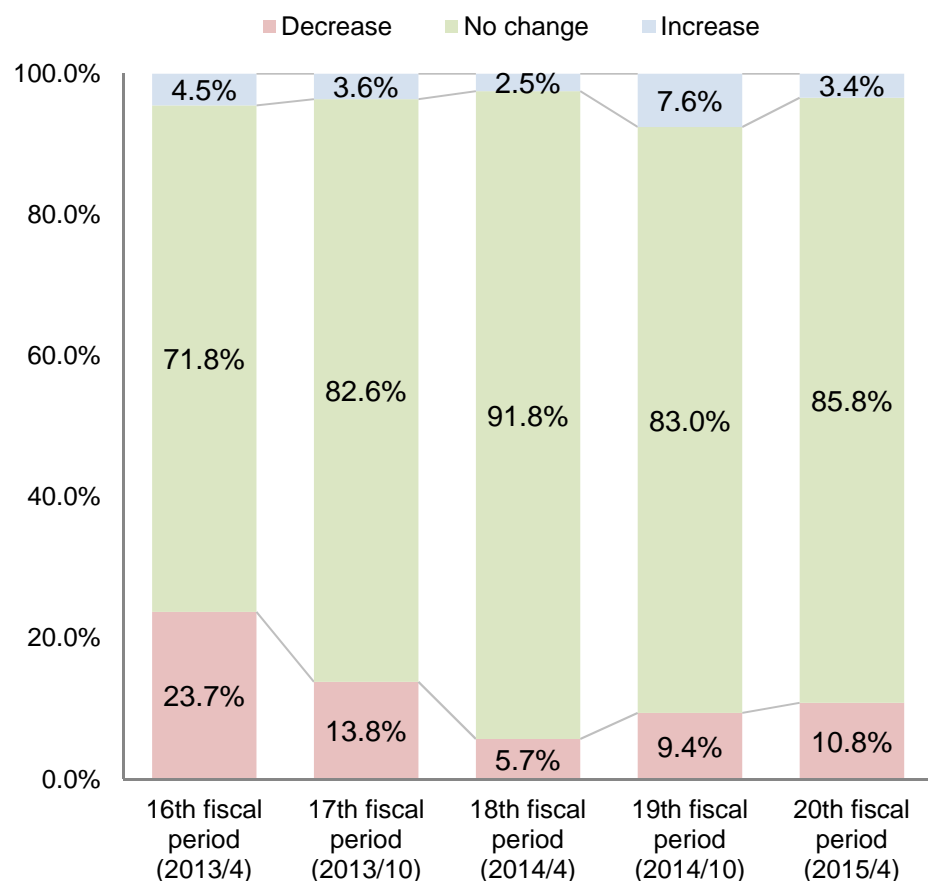
Note 1: The number of tenants and leased area are calculated based on floors. If an end-tenant moves to different floors, each floor is counted as one for move-in/move-out.

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

Status of rent revisions for KDO office buildings

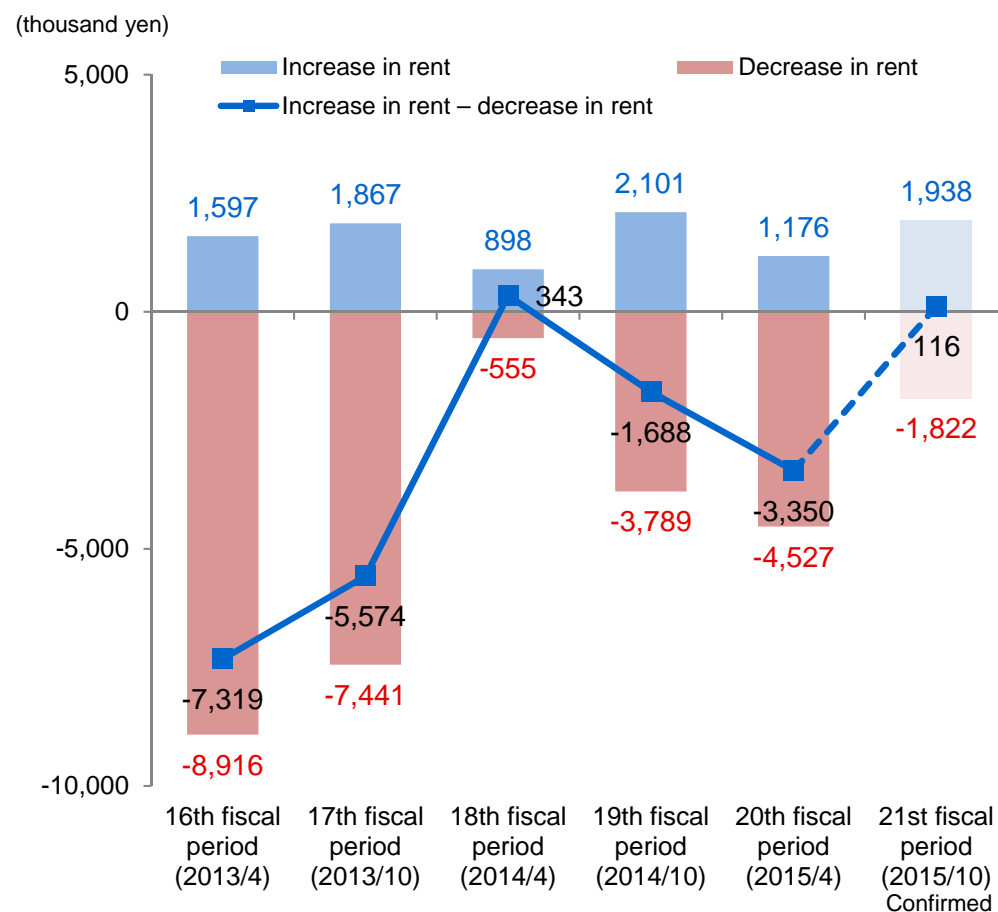
- Good results seen on rent revision due to proactive negotiation
- Carefully pay attention to tenants with large rent gap

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



Number of rent revisions	(214)	(224)	(211)	(211)	(294)
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Change in rent level at time of rent revision (based on monthly rent) (Note 2)



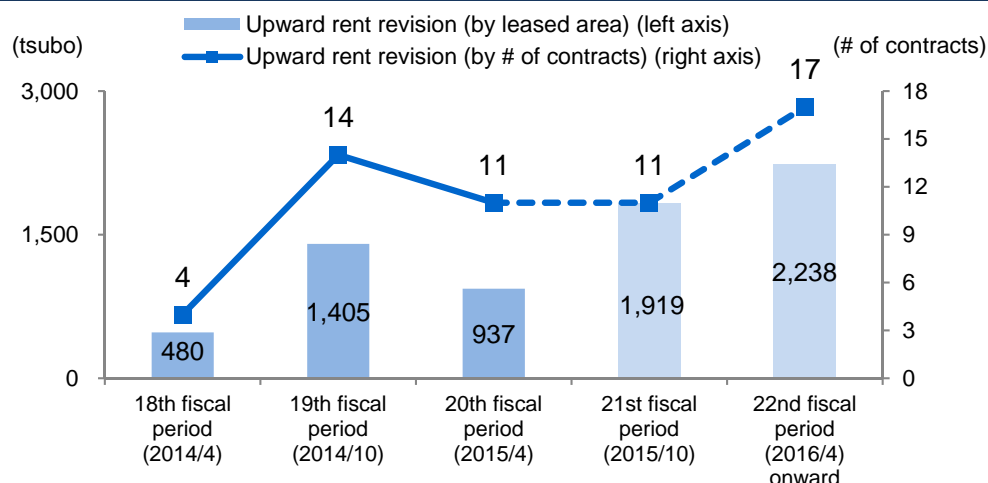
Note 1: Status of rent revisions (increase / decrease / no change) by percentage based on leased area with respect to contracts that are renewed or revised during relevant fiscal period. Numbers are rounded to the first decimal place.

Note 2: Difference in monthly rent levels before and after rent revision, calculated separately for each tenant. Numbers are rounded to the nearest thousand yen. The data for 21st fiscal period (2015/10) is based on rent revision confirmed as of June 9, 2015.

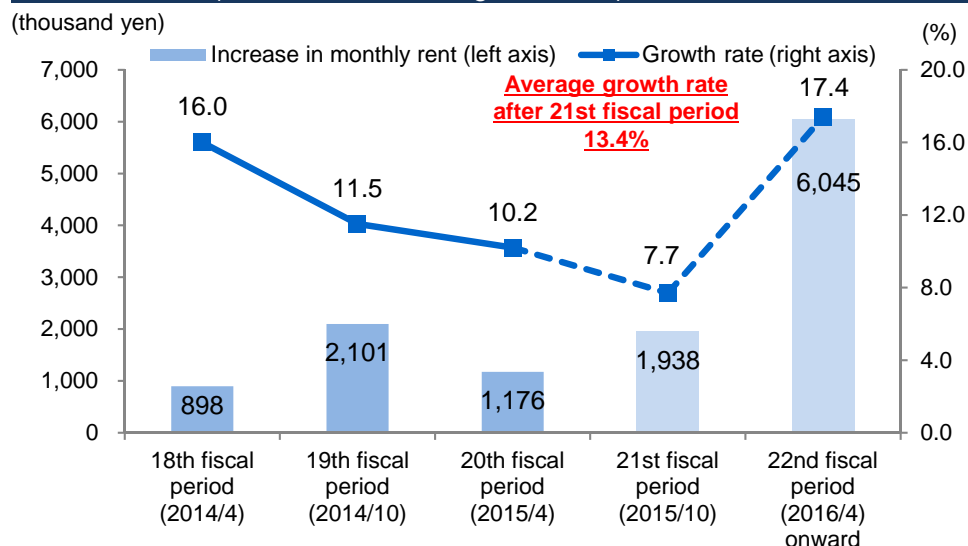
Status of upward rent revision

- Building up a solid track record of upward rent revisions

Office buildings: Status of upward rent revision
(# of contracts/area) (Note 1)



Office buildings: Status of upward rent revision
(amount of increase/growth rate) (Note 1) (Note 2)



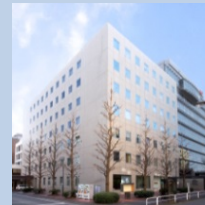
Note 1: The data for the 21st fiscal period (2015/10) and 22nd fiscal period are based on rent revisions confirmed as of June 9, 2015.

Note 2: Growth rate = Increase in monthly rent (incl. common area charge) / previous monthly rent (incl. common area charge)

Cases of upward rent revision during 20th fiscal period (2015/4)

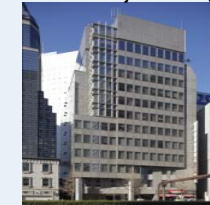
Central Tokyo

KDX Ochanomizu Bldg.



- A 5-min walk from Ochanomizu station
- Upward rent revision achieved in connection with aggregation of group companies and floor expansion

KDX Shinjuku Bldg.



Frame Jinnan-zaka



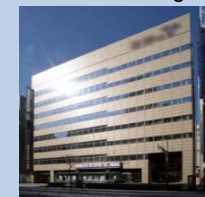
- Started negotiation prior to lease termination (approximately 280 tsubo)
- Achieved upward rent revision by implementing works in response to the tenant's request

KDX Kojimachi Bldg.



Tokyo metropolitan area / Other regional areas

Toshin 24 Bldg.



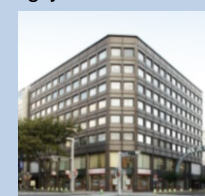
- A 6-min walk from west exit of Yokohama station
- Upward rent revision achieved through persistent dialogue, appealing superiority of the leasing space

KDX Hakata-Minami Bldg.



- A 6-min from Hakata station
- Convincing the tenant to accept upward rent revision by explaining the current rent gap

Nagoya Nikko Shoken Bldg.

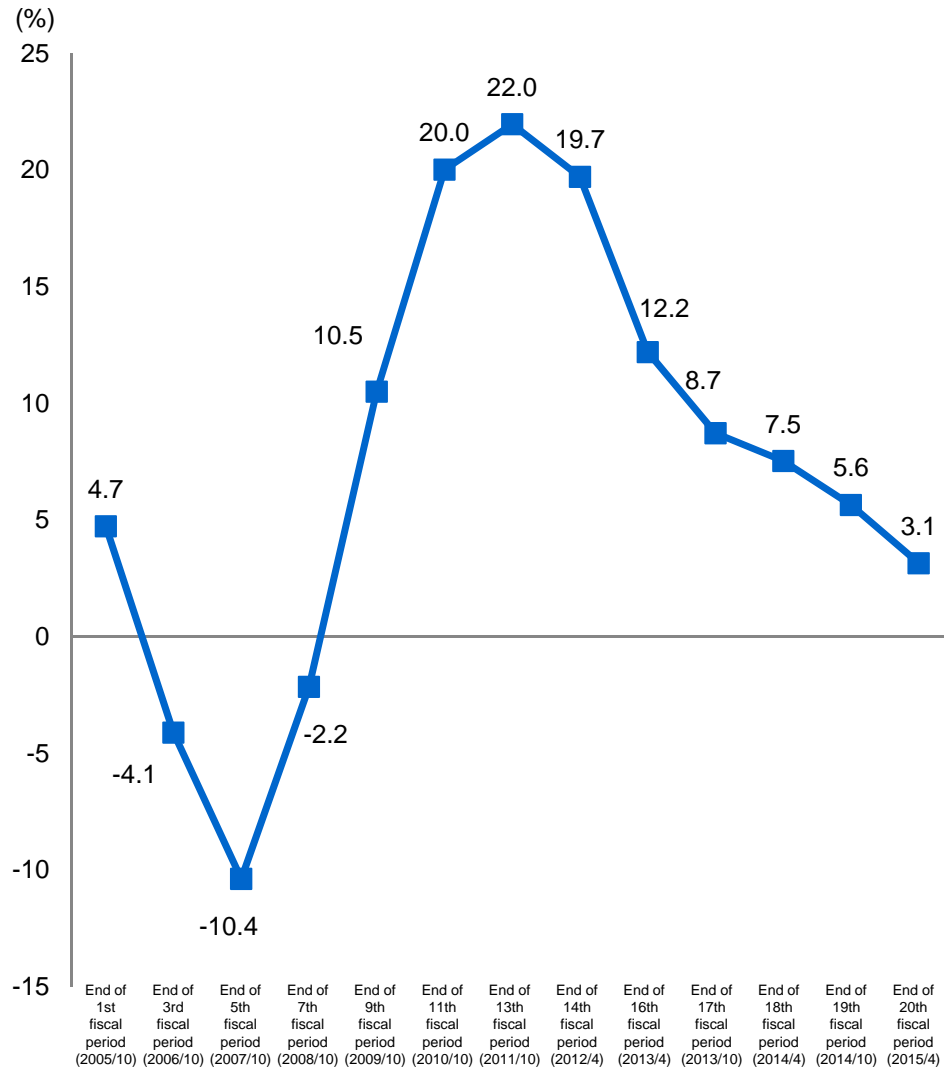


- A 4-min walk from Sakae station
- Upward rent revision achieved by flexibly responding tenant needs

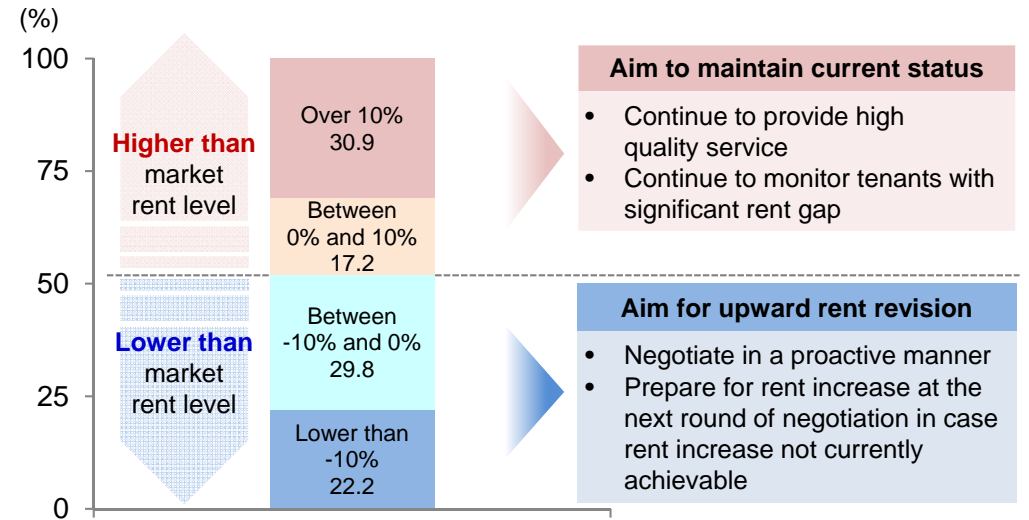
Rent gap of KDO office buildings

- Steadily shrinking rent gap. Growing possibility of upward rent revision through negotiation

KDO office buildings: Historical rent gap (Note 1)

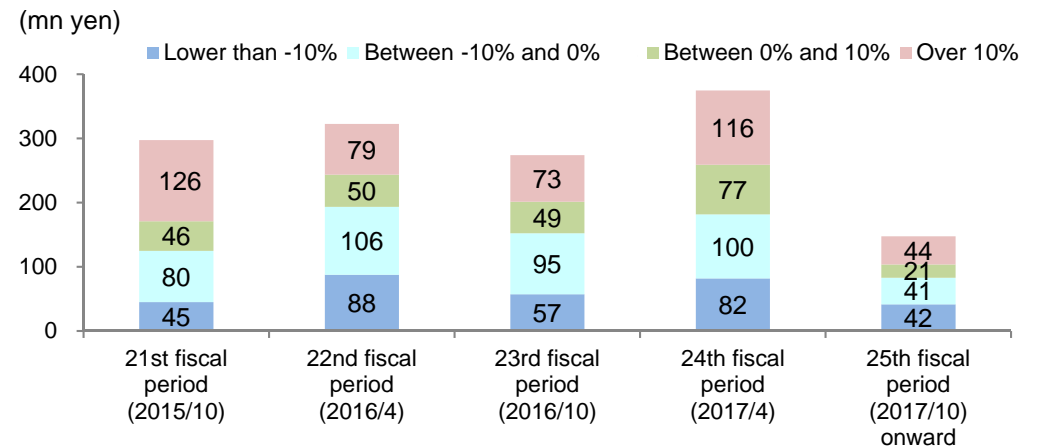


KDO office buildings: Breakdown of rent gap (based on monthly rent) (Note 2)



- Aim to maintain current status**
- Continue to provide high quality service
 - Continue to monitor tenants with significant rent gap
- Aim for upward rent revision**
- Negotiate in a proactive manner
 - Prepare for rent increase at the next round of negotiation in case rent increase not currently achievable

Rent revision schedule and rent gap from market rent level (based on monthly rent) (Note 2)



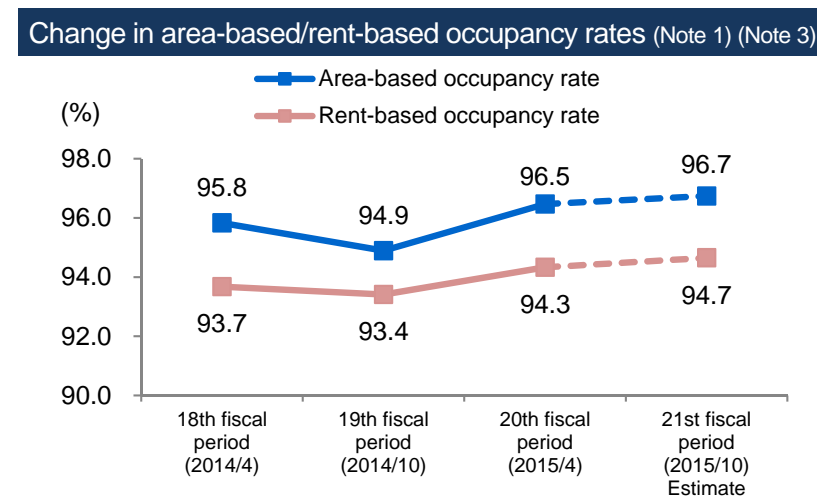
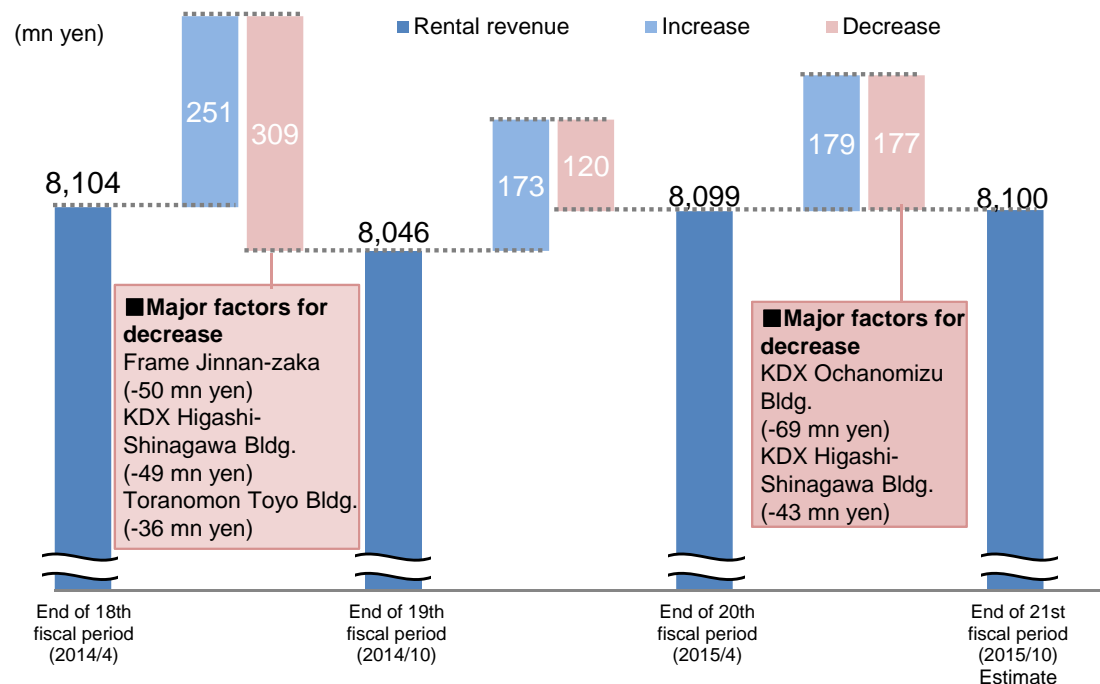
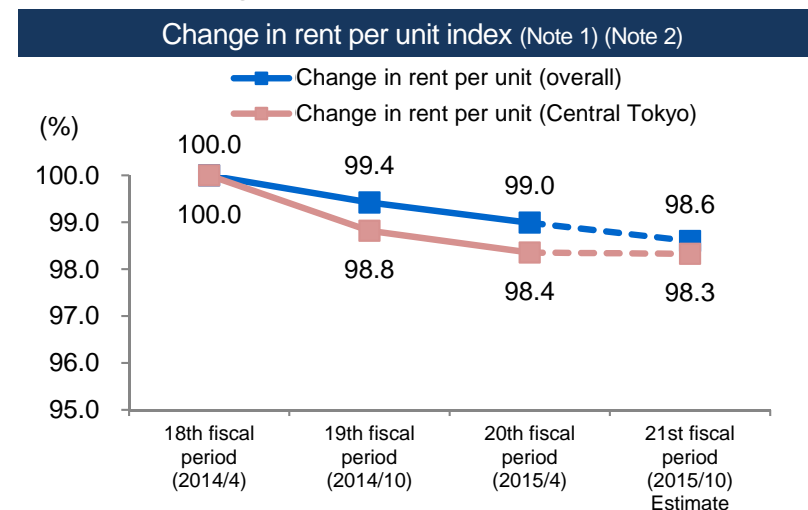
Note 1: Rent gap is the difference in percentage between average rent for standard floor of each of our office buildings and market contracted rent (standard floor) of the same buildings. Average rent for standard floor of our office properties is calculated by computing an average rent of occupied area (office use) on standard floor for each of our office buildings (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 buildings assessed by CBRE at each evaluation point.

Note 2: Average market rent is contracted market rent (standard floor) for each building assessed by CBRE at each evaluation point. Buildings with in-place rent equal to market rent are included "Between 0% and 10%"

Rental revenues, etc. of existing 76 properties

- Number of properties with increased rental revenue steadily growing. Maintaining rental revenue increase despite large rental revenue decline of certain properties
- Rent per unit for properties in Central Tokyo showing signs of bottoming out

Change in rental revenue (Note 1)					
Increase in rental revenue (# of properties)	29 properties	↗	31 properties	↗	35 properties
Growth rate (Note 4)	8.7%		5.1%		4.8%
Decrease in rental revenue (# of properties)	32 properties	↘	30 properties	↘	24 properties
Decline rate (Note 4)	8.3%		3.7%		6.4%



Note 1: For the 76 properties (all asset type, excl. properties sold) owned as of the beginning of 18th fiscal period (2014/4). Rent includes common area charge.

Note 2: Rent per unit index is an index with the rent per unit as of the end of 18th fiscal period (2014/4) given a value of 100.

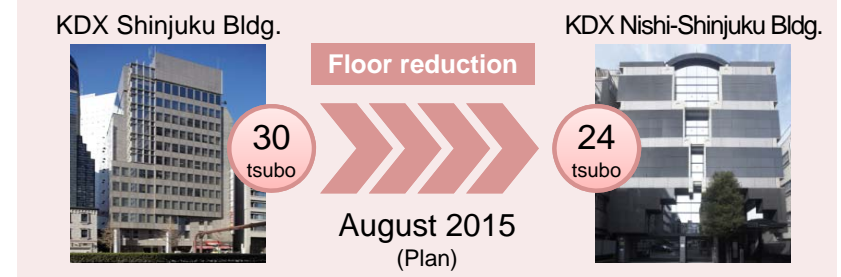
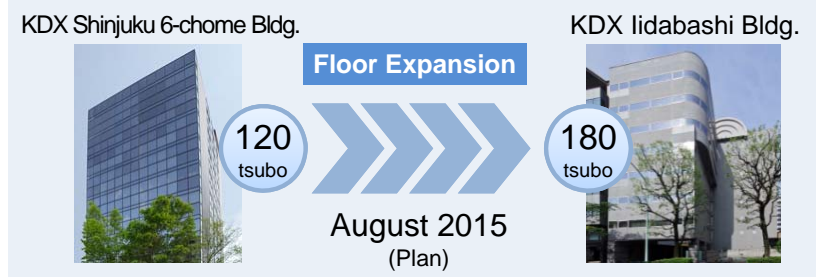
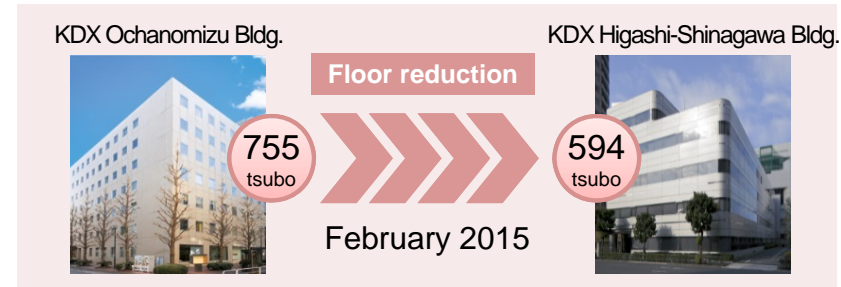
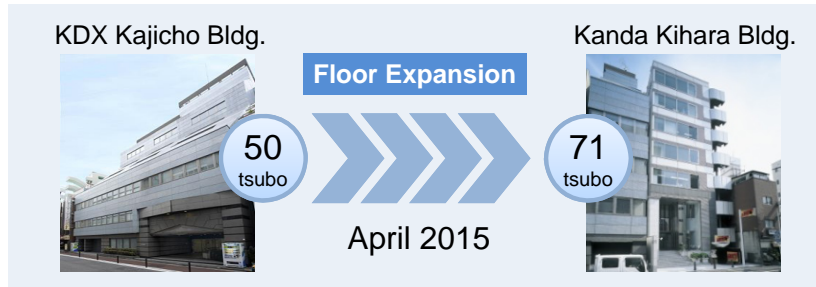
Note 3: Rent-based occupancy rate is a simple average of rents paid (contracted rents minus rents equivalent to rent free period) at the end of each month divided by total potential rent (contracted rent plus minimum rent expected for vacant floor).

Note 4: Growth rate = Sum of increases in rental revenue for properties with increased rental revenue / Sum of rental revenue for properties with increased rental revenue
Decline rate = Sum of decreases in rental revenue for properties with decreased rental revenue / Sum of rental revenue for properties with decreased rental revenue

Showcases of KDO's excellent leasing capabilities

Cases of tenant movements among KDO portfolio

- Extensively comprehend tenant needs though providing property management service on a portfolio basis
- Inviting tenants with relocation need to other KDO properties leveraging our high tenant satisfaction



Upgrading value through renovation works

Tosen Ikebukuro Bldg.

Before

After

Measures

- Improvement in design and texture
- Improvement in energy saving performance through introduction of LED downlight

Successfully improved occupancy rate

Feb 28, 2015	Jul 1, 2015 (estimate) (Note 1)	Aug 1, 2015 (estimate) (Note 2)
81.2%	91.2%	100.0%

Successfully increased newly contracted rent per unit (Note 3)

+4.0% (New contract starting from July 2015)

Note 1: Assuming a tenant that has signed lease contract to move in
Note 2: Assuming a tenant that has submitted lease application to move in
Note 3: Comparing vacating tenant's rent per unit to newly contracted rent per unit

Initiatives for environment and saving energy

- Received GRESB's highest recognition (Green Star) for 3 consecutive years, ranking 1st in the Japanese office building division for 2 consecutive years
- Actively implementing new initiatives such as Green Lease Agreement

Designation from GRESB (Note 1)

- Participated from 2011 as the first J-REIT participant
- Ranked 1st in the Japanese office building division for 2 consecutive years (out of 7 participants)



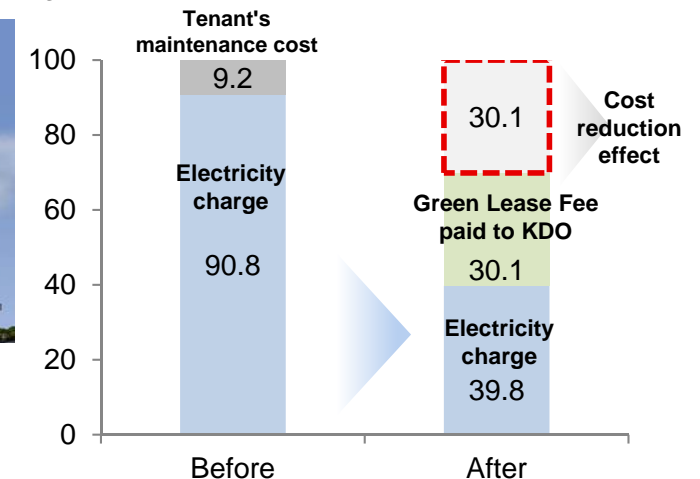
Green Lease Agreement (Note 2)

- Executed Green Lease Agreement, our new initiative, with a tenant at KDX Akihabara Building on April 2015
- Conducted LED lighting installation works for a tenant office space at the expense of KDO. A certain ratio of a reduced amount of electricity charges and maintenance costs (costs for exchanging fluorescent bulbs) to be paid back from tenant in return

KDX Akihabara Building



Cost reduction impact for tenant



Initial cost of installing LED lighting is expected to be recovered in about 7.5 years with the receivable fee and maintenance cost reduction effect (renewal costs of fluorescent light-related equipment)

Note 1: GRESB (Global Real Estate Sustainability Benchmark) is a benchmark to evaluate sustainability performance of private and listed real estate portfolio from environmental and social perspectives.

Note 2: One of the initiatives to share the economic merits generated as a result of energy-saving renovation works among the building owner and tenants in order to lessen the building owner's investment burden and thus promoting such renovations to create more environmentally-friendly office buildings.

End-tenants of KDO office buildings

- Largest end-tenant occupies 3.4% of total leased floor area
- Top 10 end-tenants occupy 12.1% of total leased floor area

List of top end-tenants for office building (as of the end of 20th fiscal period (2015/4))

Tenant name	Leased area (tsubo)	% share of leased floor area (Note 1)	Name of Property
1 Kenedix	4,522.0	3.4 (Note 2)	•KDX Nihonbashi Kabutocho Bldg. •KDX Musashi-Kosugi Bldg. •KDX Toyosu Grand Square
2 SMBC Nikko Securities	1,917.3	1.4	•KDX Tachikawa Ekimae Bldg. •KDX Nagoya Ekimae Bldg. •Nagoya Nikko Shoken Bldg.
3 Tenant A (service provider)	1,550.3	1.2	•KDX Kawasaki-Ekimae Hon-cho Bldg.
4 APLUS	1,357.4	1.0	•Aplus Tokyo Bldg. (expected to be cancelled on Jan. 9, 2016)
5 Kodak Japan	1,349.9	1.0 (Note 3)	•KDX Ochanomizu Bldg. (cancelled on Apr. 30, 2015) •KDX Higashi-Shinagawa Bldg.
6 JASTEC	1,304.6	1.0	•KDX Takanawadai Bldg.
7 Bank of Tokyo Mitsubishi UFJ	1,188.1	0.9	•Harajuku FF Bldg. •Toranomom Toyo Bldg.
8 Medical Corporation DOYUKAI	1,022.4	0.8	•Koishikawa TG Bldg.
9 Tenant B (wholesales, retail and dining)	912.2	0.7	•Harajuku FF Bldg.
10 Tenant C (manufacturing)	891.3	0.7 (Note 4)	•KDX Nagoya Sakae Bldg. •KDX Higashi-Shinagawa Bldg. (Cancelled on May 31, 2015)
Total	16,015.6	12.1	

Note 1: Leased area of each end-tenant against total leased floor area of our portfolio as of the end of the 20th fiscal period (2015/4). Numbers are rounded to the first decimal place.

Note 2: The percentage of our total portfolio leased to Kenedix, our sponsor, is 3.4% (0.6% for KDX Nihonbashi Kabutocho Bldg., 2.4% for KDX Musashi-Kosugi Bldg., 0.3% for KDX Toyosu Grand Square). Of the three properties, the lease contract is scheduled to expire on Dec 31, 2015 for KDX Musashi-Kosugi Bldg. and is scheduled to be cancelled on Sep 30, 2015 for KDX Toyosu Grand Square. Kenedix subleases a portion of the leased properties to third parties through a sub-master lease agreement.

Note 3: The breakdown is 0.6% for KDX Ochanomizu Bldg. and 0.4% for KDX Higashi-Shinagawa Bldg.

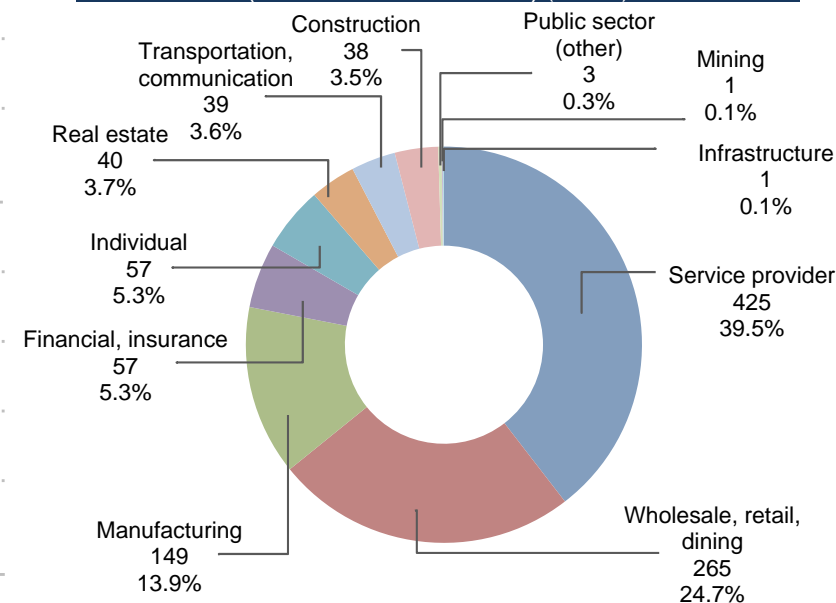
Note 4: The breakdown is 0.3% of KDX Nagoya Sakae Bldg. and 0.4% of KDX Higashi-Shinagawa Bldg.

Average rent by area (as of the end of 20th fiscal period (2015/4)) (Note 5)

	# of properties	Average rent (yen/tsubo)
Tokyo metropolitan area	76	14,800
Japan	92	14,100

Note 5: Weighted average rent by area, truncated to the nearest hundred

Tenant diversification by type of business (based on # of tenants) (Note 6)



Note 6: The above chart shows the breakdown of tenants by type of business based on the total number of tenants in office portfolio (aggregated by name-base) as of the end of 20th fiscal period (2015/4).

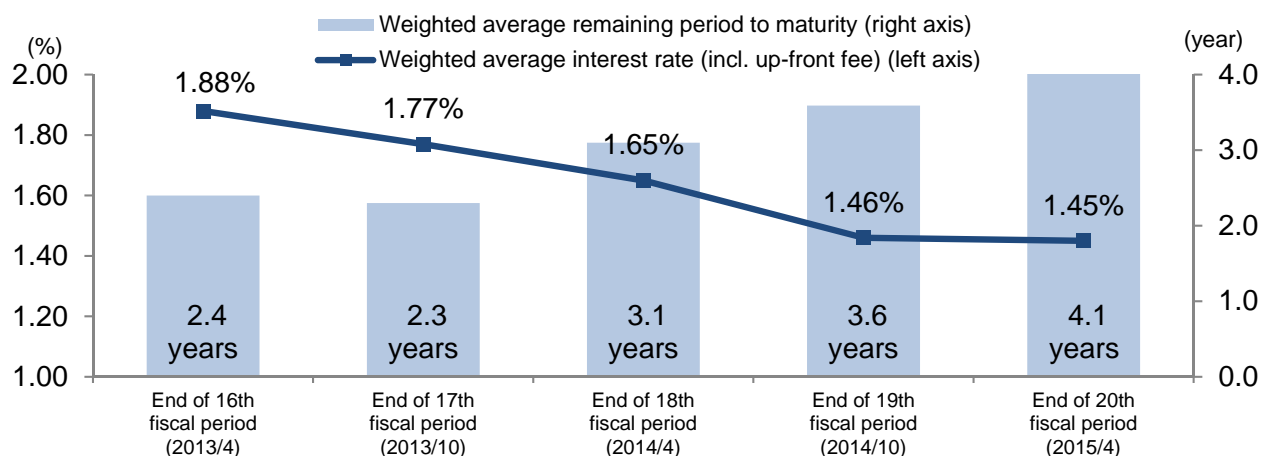
Section 5

Financial strategy

Overview of interest-bearing debt and LTV

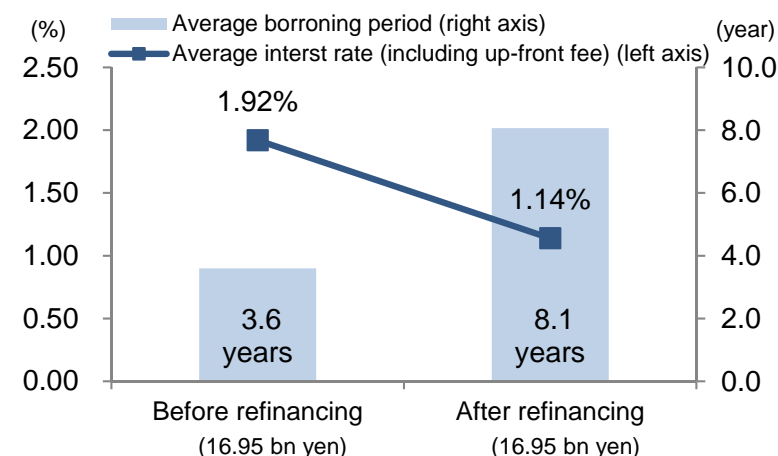
- Steadily reducing financial costs while lengthening remaining period to maturity
- Maintaining stable financial base by lowering LTV and maintaining high fixed interest rate ratio

Average remaining period to maturity and interest rate (Note 1)



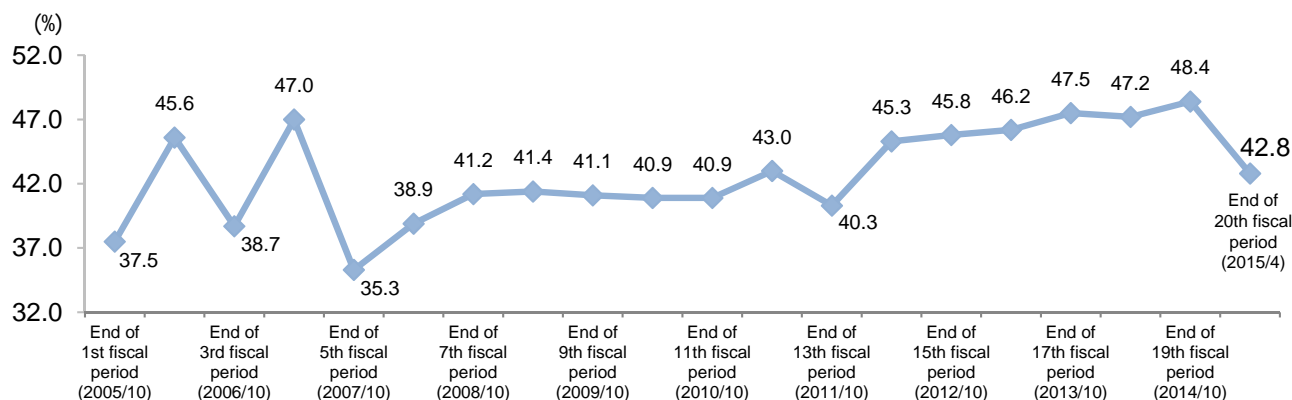
Note 1: Average remaining period to maturity and interest rate are weighted averages based on outstanding debts at the end of each fiscal period (Average remaining period to maturities and interest rate are rounded to the first and second decimal places respectively).

Refinance record for 20th fiscal period (2015/4) (Note 2)



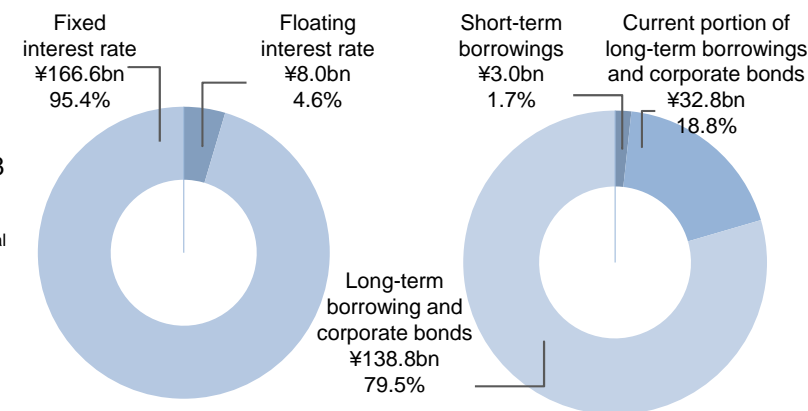
Note 2: Average borrowing period and interest rate are weighted average numbers as of the date of borrowing based on borrowing amount. (rounded to the first/second decimal place, respectively)

Historical LTV level (Note 3)



Note 3: LTV = the balance of Interest-bearing debt / Total assets, as of the end of relevant fiscal period (rounded to the first decimal place).

Status of fixing interest rate and extending terms of debt (as of the end of the 20th fiscal period (2015/4) (Note 4))

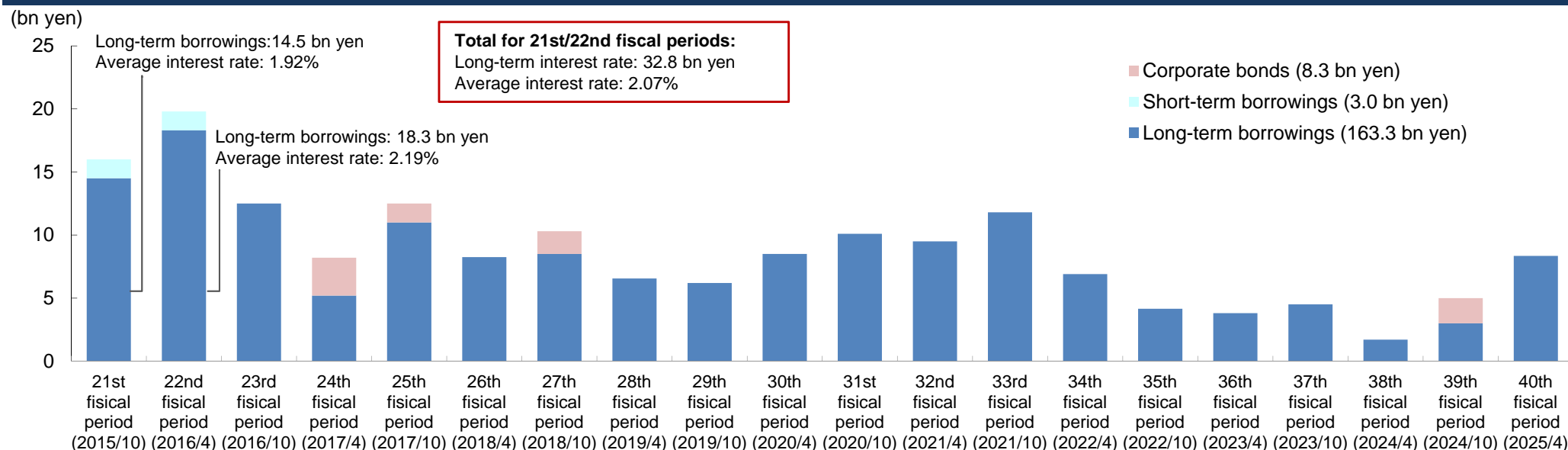


Note 4: Fixed rate includes borrowings that are fixed through interest rate swap but excludes those that are hedged by interest rate cap (numbers are rounded to the first decimal place).

Maturity dates diversification and lending sources

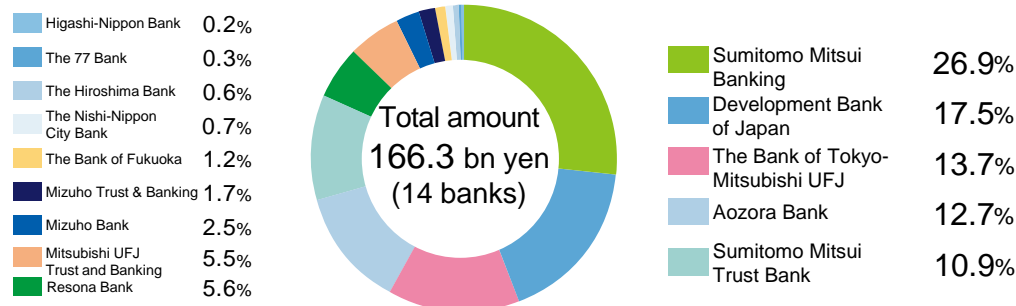
- Secure financial stability by diversifying and extending debt maturity dates
- Further potential cost reduction through refinancing in coming 2 fiscal periods

Diversification of debt maturities (as of the end of 20th fiscal period (2015/4)) (Note 1)



Note 1: Bars in the chart illustrate total debt amounts that reach maturity in each period, including repayment of a part of principle as described in contract.

Outstanding borrowings by financial institutions (as of the end of 20th fiscal period (2015/4)) (Note 2)



Note 2: Ratio is rounded to the first decimal place. The total interest-bearing debt is 174.6 bn yen including outstanding corporate bonds of 8.3 bn yen.

Credit rating (as of the end of 20th fiscal period (2015/4))

Rating agency:	Japan Credit Rating Agency (JCR)
Long-term issuer rating:	A+ (Outlook: stable)
Rating on bonds / shelf registration:	A+

Memo

Appendices

Portfolio overview 1 (as of the end of 20th fiscal period (2015/4))

Office Buildings (92 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 20th fiscal period occupancy rate (%) (Note 3)	Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 20th fiscal period occupancy rate (%) (Note 3)
Office Buildings	Tokyo Metropolitan Area	A001	KDX Nihonbashi 313 Building	Chuo ward, Tokyo	5,940	1974/4	100.0	Office Buildings	Tokyo Metropolitan Area	A052	KDX Kanda Misaki-cho Building	Chiyoda ward, Tokyo	1,380	1992/10	100.0
		A003	Higashi-KayabachoYuraku Building	Chuo ward, Tokyo	4,450	1987/1	100.0			A055	Shin-toshin Maruzen Building	Shinjuku ward, Tokyo	2,110	1990/7	100.0
		A004	KDX Hatchobori Building	Chuo ward, Tokyo	3,680	1993/6	93.1			A056	KDX Jimbocho Building	Chiyoda ward, Tokyo	2,760	1994/5	100.0
		A005	KDX Nakano-Sakae Building	Nakano ward, Tokyo	2,533	1992/8	96.5			A057	KDX Gobancho Building	Chiyoda ward, Tokyo	1,951	2000/8	100.0
		A006	Harajuku F.F. Building	Shibuya ward, Tokyo	2,450	1985/11	100.0			A059	KDX Iwamoto-cho Building	Chiyoda ward, Tokyo	1,864	2008/3	100.0
		A007	KDX Minami Aoyama Building	Minato ward, Tokyo	2,270	1988/11	100.0			A060	KDX Harumi Building	Chuo ward, Tokyo	10,250	2008/2	100.0
		A008	Kanda Kihara Building	Chiyoda ward, Tokyo	1,950	1993/5	88.2			A061	KDX Hamamatsucho Dai-2 Building	Minato ward, Tokyo	2,200	1992/4	100.0
		A013	KDX Kojimachi Building	Chiyoda ward, Tokyo	5,950	1994/5	100.0			A062	Koishikawa TG Building	Bunkyo ward, Tokyo	3,080	1989/11	100.0
		A014	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	99.8			A063	Gotanda TG Building	Shinagawa ward, Tokyo	2,620	1988/4	100.0
		A016	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	97.4			A064	KDX Nihonbashi 216 Building	Chuo ward, Tokyo	2,010	2006/10	100.0
		A017	KDX Ebisu Building	Shibuya ward, Tokyo	4,640	1992/1	100.0			A066	KDX Shinjuku Building	Shinjuku ward, Tokyo	6,800	1993/5	88.3
		A019	KDX Hamamatsucho Building	Minato ward, Tokyo	3,460	1999/9	100.0			A067	KDX Ginza 1chome Building	Chuo ward, Tokyo	4,300	1991/11	100.0
		A020	KDX Kayabacho Building	Chuo ward, Tokyo	2,780	1987/10	84.9			A068	KDX Nihonbashi Honcho Building	Chuo ward, Tokyo	4,000	1984/1	100.0
		A021	KDX Shinbashi Building	Minato ward, Tokyo	3,728	1992/2	100.0			A071	KDX Iidabashi Building	Shinjuku ward, Tokyo	4,670	1990/3	86.6
		A022	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	87.2			A072	KDX Higashi-Shinagawa Building	Shinagawa ward, Tokyo	4,590	1993/1	73.5
		A026	KDX Kiba Building	Koto ward, Tokyo	1,580	1992/10	76.1			A073	KDX Hakozaki Building	Chuo ward, Tokyo	2,710	1993/11	100.0
		A027	KDX Kajicho Building	Chiyoda ward, Tokyo	2,350	1990/3	97.5			A074	KDX Shin-Nihonbashi Building	Chuo ward, Tokyo	2,300	2002/11	100.0
		A028	KDX Nogizaka Building	Minato ward, Tokyo	1,065	1991/5	86.8			A075	KDX Nihonbashi Kabutocho Building	Chuo ward, Tokyo	11,270	1998/11	100.0
		A029	KDX Higashi-Shinjuku Building	Shinjuku ward, Tokyo	2,950	1990/1	87.3			A078	KDX Tachikawa Ekimae Building	Tachikawa, Tokyo	1,267	1990/2	100.0
		A030	KDX Nishi-Gotanda Building	Shinagawa ward, Tokyo	4,200	1992/11	100.0			A083	KDX Fuchu Building	Fuchu, Tokyo	6,120	1996/3	99.1
		A031	KDX Monzen-Nakacho Building	Koto ward, Tokyo	1,400	1986/9	100.0			A084	KDX Kasuga Building	Bunkyo ward, Tokyo	2,800	1992/6	100.0
		A032	KDX Shiba-Daimon Building	Minato ward, Tokyo	6,090	1986/7	100.0			A085	KDX Nakameguro Building	Meguro ward, Tokyo	1,880	1985/10	100.0
		A033	KDX Okachimachi Building	Taito ward, Tokyo	2,000	1988/6	100.0			A086	KDX Omiya Building	Saitama, Saitama	2,020	1993/4	93.8
		A034	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	1995/5	94.3			A087	Itopia Nihonbashi SA Building	Chuo ward, Tokyo	2,200	1995/7	100.0
		A035	KDX Hachioji Building	Hachioji, Tokyo	1,155	1985/12	72.7			A088	KDX Shinjuku 6-chome Building	Shinjuku ward, Tokyo	1,900	1990/3	100.0
		A037	KDX Ochanomizu Building	Chiyoda ward, Tokyo	6,400	1982/8	100.0			A089	KDX Takanawadai Building	Minato ward, Tokyo	5,250	1985/10	100.0
		A038	KDX Nishi-Shinjuku Building	Shinjuku ward, Tokyo	1,500	1992/10	100.0			A090	KDX Ikebukuro Building	Toshima ward, Tokyo	3,900	2009/3	100.0
		A039	KDX Toranomon Building	Minato ward, Tokyo	4,400	1988/4	100.0			A091	KDX Mita Building	Minato ward, Tokyo	3,180	1993/3	95.6
		A040	Toranomon Toyo Building	Minato ward, Tokyo	9,850	1962/8	90.5			A092	KDX Akihabara Building	Chiyoda ward, Tokyo	2,600	1973/12	100.0
		A041	KDX Shinjuku 286 Building	Shinjuku ward, Tokyo	2,300	1989/8	100.0			A093	Aplus Tokyo Building	Shinjuku ward, Tokyo	4,350	1994/1	100.0
		A045	KDX Roppongi 228 Building	Minato ward, Tokyo	3,300	1989/4	87.4			A094	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	2013/5	100.0
		A046	Hiei Kudan-Kita Building	Chiyoda ward, Tokyo	7,600	1988/3	100.0			A095	KDX Toyosu Grand Square	Koto ward, Tokyo	8,666	2008/4	87.0
A047	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5,800	1988/3	100.0	A096	KDX Takadanobaba Building	Toshima ward, Tokyo	3,650	1988/10	100.0				
A048	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	1985/2	100.0	A099	Tosen Ikebukuro Building	Toshima ward, Tokyo	1,934	1988/7	81.2				
A050	KDX Ikejiri-Oohashi Building	Meguro ward, Tokyo	2,400	1988/9	100.0	A101	Urban Square Yokohama	Yokohama, Kanagawa	7,210	1994/3	100.0				
A051	KDX Hamacho Nakanohashi Building	Chuo ward, Tokyo	2,310	1988/9	88.3	A102	Yokohama Nishiguchi SIA Building	Yokohama, Kanagawa	2,750	1988/10	100.0				

Note 1: Acquisition price is the acquisition (investment) price of the trust beneficiary interests etc. (excl. any expenses, taxes, etc.) acquired by KDO only.

Note 2: Year built shows the completion date recorded in the land register. The average value shown in the subtotal section is a weighted average number calculated based on acquisition price with a base date of April 30, 2015. Figures are truncated to the first decimal place.

Note 3: Occupancy rate is calculated by dividing leased area as of April 30, 2015 by leasable area and is rounded to the first decimal place.

Portfolio overview 2 (as of the end of 20th fiscal period (2015/4))

Office Buildings (92 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 20th fiscal period occupancy rate (%) (Note 3)
Office Buildings	Tokyo Metropolitan Area	A103	Shin-Yokohama 214 Building	Yokohama, Kanagawa	2,200	1989/11	96.3
		A105	BUREX Toranomon	Minato ward, Tokyo	1,750	2011/7	100.0
		A107	35 Sankyo Building	Chuo ward, Tokyo	3,600	1991/8	96.4
		A108	Pentel Building	Chuo ward, Tokyo	3,350	1990/11	100.0
	Other Regional Areas	A012	Portus Center Building	Sakai, Osaka	5,570	1993/9	94.9
		A042	Karasuma Building	Kyoto, Kyoto	5,400	1982/10	100.0
		A044	KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	96.4
		A053	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	94.7
		A054	KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	92.8
		A058	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	2009/4	100.0
A069		KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	2009/7	100.0	
A070		KDX Sapporo Building	Sapporo, Hokkaido	2,005	1989/10	100.0	
A079		KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	1986/4	99.0	
A080		Nagoya Nikko Shoken Building	Nagoya, Aichi	4,158	1974/8	99.9	
A082		KDX Higashi Umeda Building	Osaka, Osaka	2,770	2009/7	100.0	
A097		KDX Utsunomiya Building	Utsunomiya, Tochigi	2,350	1999/2	98.5	
A098		Hiroshima Ekimae-dori Mark Building	Hiroshima, Hiroshima	1,300	1990/1	74.0	
A100		Senri Life Science Center Building	Toyonaka, Osaka	13,000	1992/6	99.0	
A104		KDX Minami-Honmachi Building	Osaka, Osaka	2,200	2009/12	98.8	
A106		KDX Sakura-dori Building	Nagoya, Aichi	5,900	1992/8	89.9	
Office Buildings (92 properties) Subtotal					354,681	Ave. 23.0yrs	96.4

Central Urban Retail Properties (3 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 20th fiscal period occupancy rate (%) (Note 3)
Central Urban Retail Properties	Tokyo Metropolitan Area	C001	Frame Jinnan-zaka	Shibuya ward, Tokyo	9,900	2005/3	98.0
		C002	KDX Yoyogi Building	Shibuya ward, Tokyo	2,479	1991/8	91.7
		C004	Ginza 4chome Tower	Chuo ward, Tokyo	9,800	2008/11	100.0
Central Urban Retail Properties (3 properties) Subtotal					22,179	Ave. 9.9 yrs	98.4

Residential Property (1 property)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 20th fiscal period occupancy rate (%) (Note 3)
Residential Properties	Tokyo Metropolitan Area	B019	Residence Charmante Tsukishima	Chuo ward, Tokyo	5,353	2004/1	100.0
Residential Properties (1 property) Subtotal					5,353	Ave. 11.2 yrs	100.0

Other Property (1 property)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	End of 20th fiscal period occupancy rate (%) (Note 3)
Other	Tokyo Metropolitan Area	D002	Shinjuku 6-chome Building (Land)	Shinjuku ward, Tokyo	2,880	-	100.0
Other property (1 property) subtotal					2,880	-	100.0

Total (97 properties, excluding investment securities)

Portfolio (97 properties) Total 385,094 Ave. 22.1 yrs 96.5

- The total number of end tenants for 92 office buildings is 1,133 (1,075 if tenants are aggregated based on their names)

Investment Security (1 property)

Type	Name	Location	Acquisition price (¥ mn)	Year built
Investment Security	Silent partnership equity interest of G.K. KRF 43	Shinjuku ward, Tokyo	1,107	1979/12
Investment Security (1) Total			1,107	

Historical rent-based NOI yield (by asset type, annualized-based) (Note 4) (Note 5)

(Unit: %)	16th fiscal period (2013/4)	17th fiscal period (2013/10)	18th fiscal period (2014/4)	19th fiscal period (2014/10)	20th fiscal period (2015/4)
Office building	4.3	4.2	4.4	4.4	4.5
Central urban retail	4.3	4.3	4.2	3.6	4.1
Residential	4.6	4.5	4.5	4.6	4.6
Others (Note 6)	-7.0	-	4.4	4.3	4.3
Total	4.3	4.2	4.4	4.4	4.5

Note 1: Acquisition price is the acquisition (investment) price of the trust beneficiary interests etc. (excl. any expenses, taxes, etc.) acquired by KDO only.

Note 2: Year built shows the completion date recorded in the land register. The average value shown in the subtotal section is a weighted average number calculated based on acquisition price with a base date of April 30, 2015. Figures are truncated to the first decimal place.

Note 3: Occupancy rate is calculated by dividing leased area as of April 30, 2015 by leasable area and is rounded to the first decimal place.

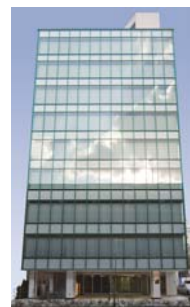
Note 4: For NOI yield calculation, property and city planning taxes are assumed as if they imposed for the properties acquired this calendar year although the taxes are not imposed on such properties. Acquisition price for newly acquired properties and sold properties is calculated by multiplying the ratio of actual operating days to this fiscal period's operating days.

Note 5: Each ratio is rounded to the first decimal place.

Note 6: 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.

Properties acquired in connection with Nov 2014 offering KENEDIX Office Investment Corporation

- Acquisition of 5 mid-sized office buildings (total of 14.8 bn yen) leveraging support-line from our sponsor



Name of property	Yokohama Nishiguchi SIA Building	Shin-Yokohama 214 Building	KDX Minami-Honmachi Building	BUREX Toranomom	KDX Sakura-dori Building	Total (5 properties)
Location	Yokohama, Kanagawa	Yokohama, Kanagawa	Osaka, Osaka	Minato ward, Tokyo	Nagoya, Aichi	-
Gross floor area	6,556.59m ²	6,478.89m ²	7,694.03m ²	2,808.24m ²	19,680.16m ²	43,217.91m ²
Completion date	1988/10	1989/11	2009/12	2011/7	1992/8	-
Occupancy rate (Note 1)	100.0%	96.3%	98.8%	100.0%	89.9%	-
Number of tenants (Note 1)	15	15	22	1	30	83
Acquisition price (A)	2,750 mn yen	2,200 mn yen	2,200 mn yen	1,750 mn yen	5,900 mn yen	14,800 mn yen
Appraisal value (at the time of acquisition) (B)	2,830 mn yen	2,200 mn yen	2,490 mn yen	2,030 mn yen	7,140 mn yen	16,690 mn yen
Difference between A and B ((A-B) / B)	-2.8%	0%	-11.6%	-13.8%	-17.4%	-11.3%
Seller	Related parties	Related parties	Related parties	Related parties	Related parties	-
Acquisition source	Support line	Support line	Support line	Support line	Support line	-
Acquisition date	2014/12	2014/12	2014/12	2014/12	2015/1	-
Projected NOI (Note 2)	152 mn yen	118 mn yen	131 mn yen	82 mn yen	383 mn yen	868 mn yen
NOI return (Projected NOI / Acquisition price)	5.6%	5.4%	6.0%	4.7%	6.5%	5.9%
Appraisal NOI (Note 3)	150 mn yen	131 mn yen	129 mn yen	86 mn yen	406 mn yen	905 mn yen
Appraisal NOI yield (Appraisal NOI / Acquisition price)	5.5%	6.0%	5.9%	5.0%	6.9%	6.1%

Note 1: Occupancy rate and number of tenants are as of the end of 20th fiscal period (2015/4). Occupancy rate is rounded to the first decimal place.

Note 2: Projected NOI is an estimate for one year and is exclusive of extraordinary factors expected in the year of acquisition. 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 costs. Projected NOI yield is rounded to the first decimal place.

Note 3: Appraisal NOI is the net operating income (annualized) calculated based on the direct capitalization method described in the relevant appraisal report at the time of acquisition. Appraisal NOI yield is calculated by dividing appraisal NOI by acquisition price and is rounded to the first decimal place.

Property dispositions in the 20th fiscal period (2015/4)

- Achieved portfolio quality improvement through dispositions of a non-core asset and properties with low profitability
- Booked a gain of c.400 mn yen through the disposition of 4 properties, positively to the reverse for reduction entry



Name of property	KDX Minami Semba Dai-2 Building	KDX Hamacho Building	Sendai Nikko Building	Venus Hibirigaoka
Location	Osaka, Osaka	Chuo ward, Tokyo	Sendai, Miyagi	Sapporo, Hokkaido
Asset type	Office building	Office building	Office building	Apartment complex
Gross floor area	3,315.93m ²	4,133.47m ²	3,598.01m ²	14,976.25m ²
Completion date	1993/9 (21 years old)	1993/9 (21 years old)	1989/3 (26 years old)	1989/3 (26 years old)
Book value (A) (Note 1) / Disposition price (B)	1,308 mn yen / 1,050 mn yen	2,169 mn yen / 2,430 mn yen	1,035 mn yen / 1,420 mn yen	1,687 mn yen / 1,892 mn yen
Difference between B and A (Note 2)	-258 mn yen (-19.7%)	260 mn yen (12.0%)	384 mn yen (37.1%)	205 mn yen (12.2%)
Appraisal value	970 mn yen	2,260 mn yen	1,030 mn yen	1,610 mn yen
Buyer	Domestic corporate	Domestic corporate	Takara Leben Co., Ltd.	Domestic corporate
Acquisition date	2006/5/1	2006/3/16	2011/12/26	2005/12/8
Disposition date	2015/3/23	2015/3/25	2015/4/24	2015/4/16
Reason of disposition etc.	<ul style="list-style-type: none"> • Unlikely to recover the property value and profitability due to the large decline of surrounding office market 	<ul style="list-style-type: none"> • Relatively less competitive in terms of location compared to KDX Hamacho-Nakanohashi Bldg. which we own in the same area 	<ul style="list-style-type: none"> • Small property which is less than our minimum investment criteria (1 bn yen) • Owns KDX Sendai Bldg. in the same market area 	<ul style="list-style-type: none"> • Non-core asset (residential property)

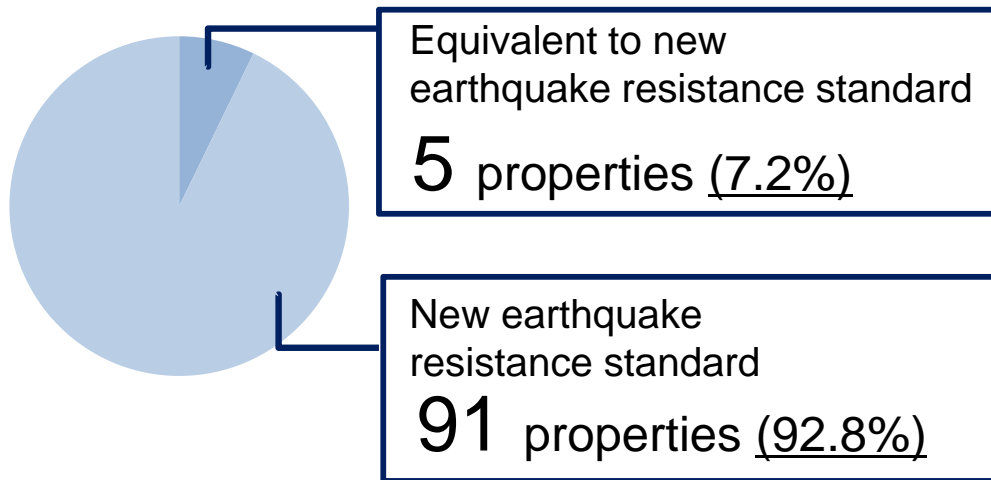
Note 1: Book value is as of the date of disposition and is truncated to the nearest million yen.

Note 2: The difference between disposition price and book value is not equal to gain/loss on sales of property and is truncated to the nearest million yen.

Seismic performance of KDO's properties

- All 96 properties (excl. land) comply with the new earthquake resistance standard (Note 1) or its equivalent

Percentage share of our properties that comply with new earthquake resistance standard (Note 2)



Portfolio PML (Note 3) (Note 4)

2.39%

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 KDX 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

Note 1: "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 followings: New provision on tie-hoop ratio of Reinforced-Concrete Pillars (above 0.2%); Resetting of horizontal seismic coefficient and elastic shear modulus; New requirement on the secondary design in seismic calculation.

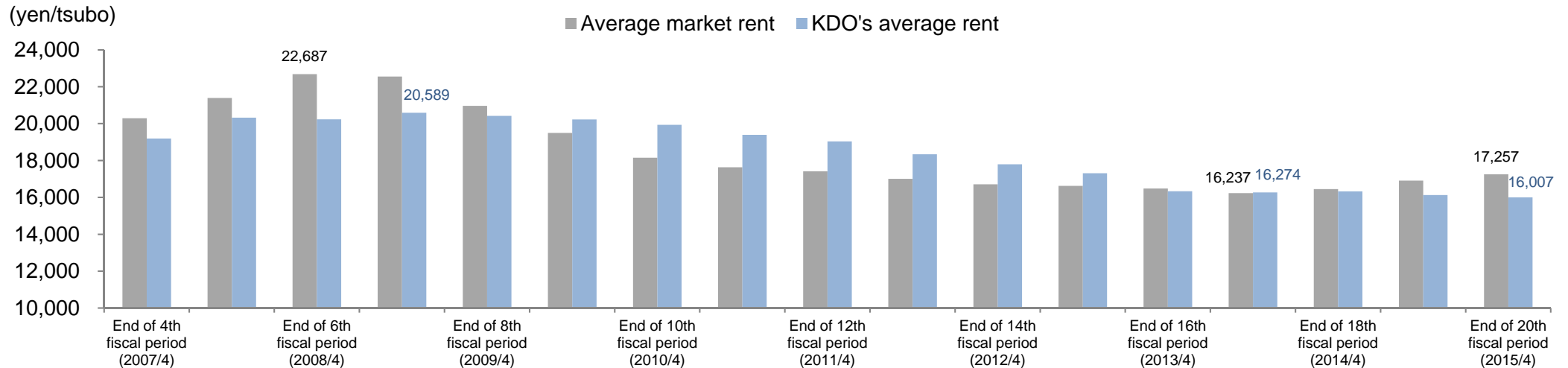
Note 2: Percentage share is calculated based on leasable area as of April 30, 2015. For the properties owned through co-ownership interest, leasable area for such portion is used in calculation.

Note 3: PML value is as of March 2015 and is based on the research implemented by Sampo Japan.

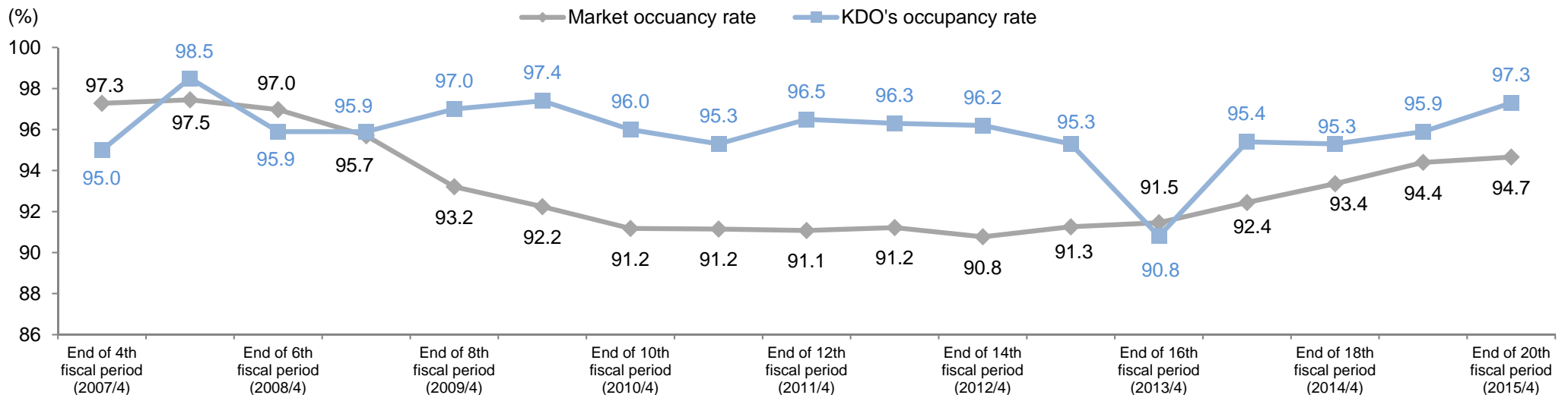
Note 4: PML is probable maximum loss due to the earthquake. PML can be divided into PML of an individual property and PML of the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = severe earthquake which the probability of happening in 50 years is 10%) that could happen during the lifespan of the property (50 years), to the replacement cost of the estimated restoration expenses.

Average rent/occupancy rate: KDO office buildings vs market average

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



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


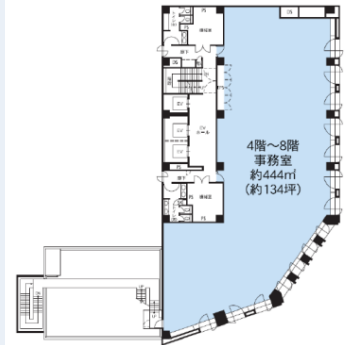


Note 1: Average market rent and market occupancy rate refer to the average values of Tokyo central 5 wards published by Miki Shoji

Note 2: KDO's average rent and occupancy rate refer to average rent of standard floor and occupancy rate of KDO's office buildings in Tokyo Central 5 wards which we own as of the end of each fiscal period

Adding-value investment and leasing plan considering the features and issues (Note)

Aplus Tokyo Bldg.

4階～8階
事務室
約444㎡
(約134坪)

Features

- Excellent transportation access, a 5-minute walk from Iidabashi station
- Standing at the corner along the Mejiro street providing high visibility
- Posh facade decorated with granite

Issues

- Occupancy rate dropping to 0% with the vacant area of 1,350 tsubo
- Designed for the headquarter use and partially not suitable for ordinary tenant use
- Deterioration of air conditioner etc. over time

The single tenant vacating on January 9, 2016

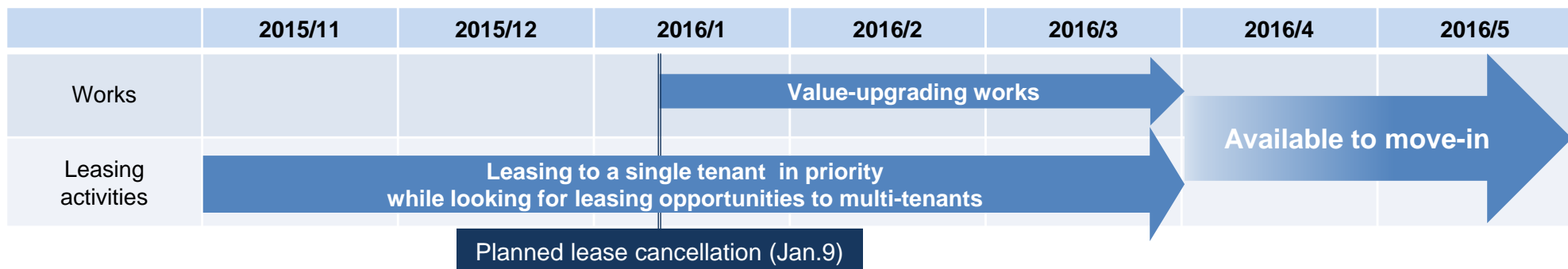
Adding extra values to the property

Upgrading common/private area	➤	Upgrading the interior and improving convenience
Air conditioner renewal	➤	Energy-saving and more user-friendly
Installation of LED lightings and water saving system etc.	➤	Energy-saving, acquisition of environmental LEED certificate system, etc. in view

Active leasing activities

Leasing to a single tenant in priority while looking for leasing opportunities to multi-tenants at the same time	Differentiate through upgrading works
Creating tenant candidate list and managing the progress	Effectively utilize leasing tools such as video clips

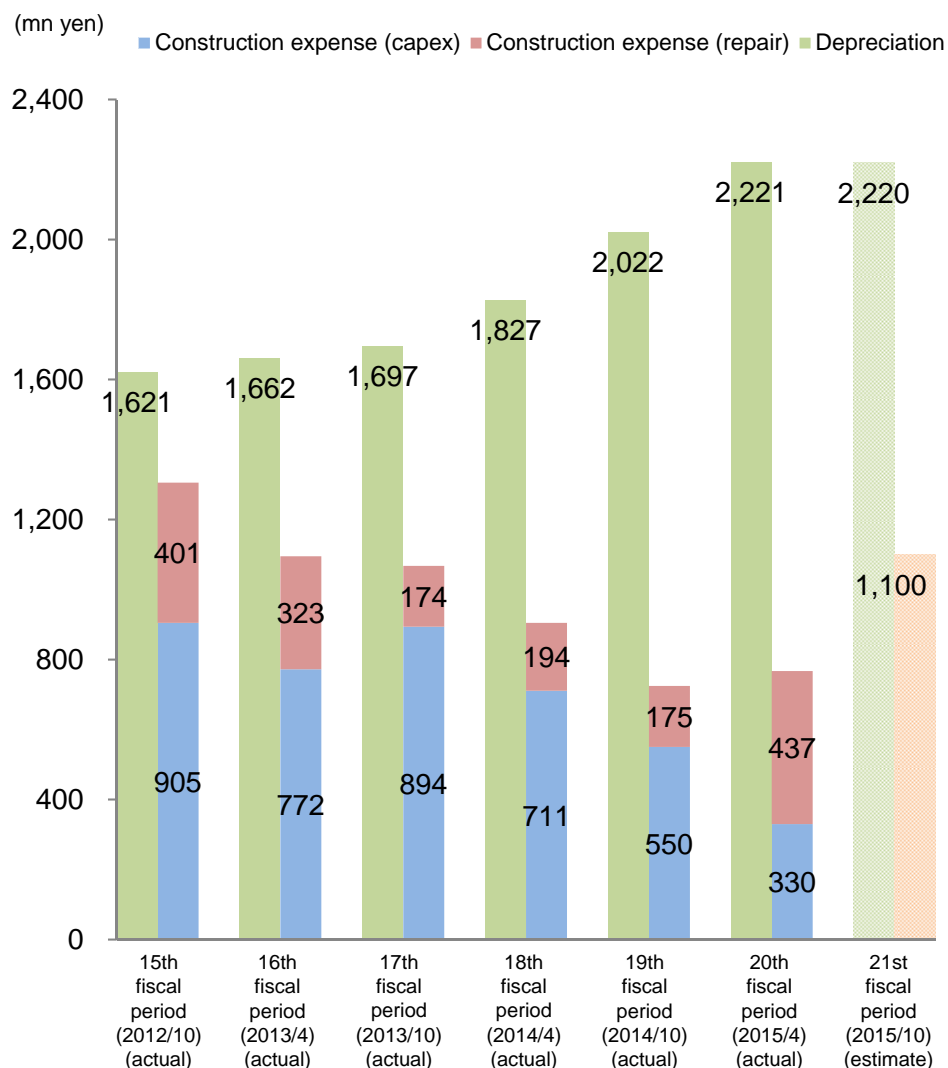
Schedule (Note)



Construction expense (actual/estimate)

- Reinforce tenant competitiveness by flexibly implementing appropriate measures for improving property value
- Energy-saving measures, outer wall repair and facility improvement works planned for 21st fiscal period (2015/10)

Change in depreciation and construction expense (actual/estimate)



Major repair/renovation works for 21st fiscal period (2015/10) (Note)

Items	Estimated amount (mn yen)	Percentage of total expense (%)
Maintenance works (A)	342	31.1
Works described in ER (B)	290	26.4
(Of A and B, air conditioner renewal)	225	20.5
(Of A and B, outer wall repair)	94	8.5
Value-upgrading works	15	1.4
Leasing measures	56	5.1
CS-improving measures	19	1.7
Energy-saving measures	100	9.1

21st fiscal period (2015/10) total	Percentage of depreciation expense (%)
1,100	49.5

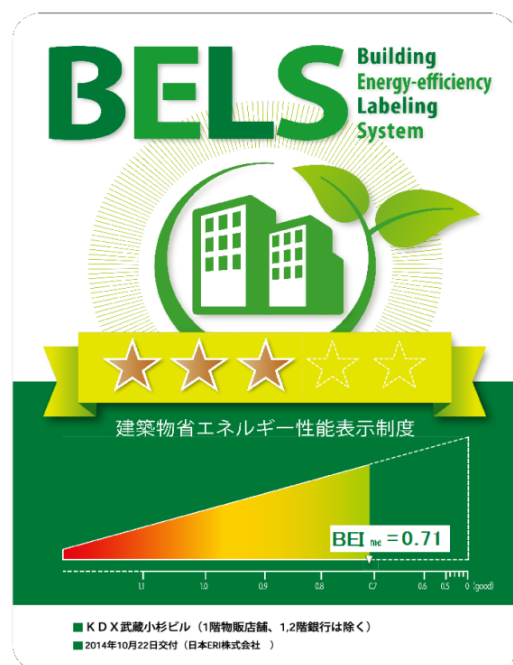
Note: Figures are approximate estimates as of the date in which repair plan is prepared.
Minor repair works are not included in the above table

- Air conditioner renewal works
KDX Utsunomiya Bldg., Hiroshima Ekimae-dori Mark Bldg., KDX Shinjuku Bldg. (B1F, 11F)
- Outer wall repair
KDX Utsunomiya Bldg., Senri Life Science Center Bldg. (South side), Tosen Ikebukuro Bldg.
- Energy saving works
Installation of LED lightings in common area for 11 properties we acquired since 19th fiscal period

Contribution to the environmental and energy-saving measures

BELS certification (Note 1)

- KDX Musashi-Kosugi Building received BELS's 3-star certification on Oct 2014
- The first J-REIT to receive BELS certification



DBJ Green Building (Note 2)

- On Mar 2014, KDX Musashi-Kousugi Bldg. received KDO's first DBJ Green Building's four stars certification



- Adoption of LED lightings in exclusively-owned area and installation of illuminance control system which utilizes daylight
- Introduction of long-acting emergency power supply and excellent seismic resistance
- 24 hours security system with IC card reader

Properties with certification

Property name	Certification rank	Initial date of certification
KDX Harumi Bldg.	three stars	2011/6/9
KDX Nagoya Sakae Bldg.	three stars	2011/6/9
KDX Kobayashi-Doshomachi Bldg.	three stars	2011/6/9
KDX Higashi Umeda Bldg.	two stars	2012/3/28
KDX Nihonbashi Kabutocho Bldg.	two stars	2012/12/26
Karasuma Bldg.	one star	2012/12/26
KDX Shinjuku Bldg.	one star	2012/12/26

Cooperation with community cycle

- Providing a part of KDX Ochanomizu Bldg. for Chiyoda-ku community cycle, "Chiyo-cle" (Bicycle sharing service)
- Contributing to the public benefits as well as to convenience for office workers



For more details on "Chiyo-cle", please refer to the following website:
<http://docomo-cycle.jp/chiyoda/>

Note 1: BELS (Building Energy-efficiency Labeling System) is a system to evaluate and indicate energy conservation performance and other related matters of non-residential buildings based on MLIT evaluation guidelines for "the Building Energy-efficiency Labelling System for non-residential buildings (2013)". Its evaluation method complies with the revised energy conservation standards (fully enforced on April 1, 2014).

Note 2: The DBJ Green Building Certification System is a system of certifying real estate that meets environmental and social considerations (Green Building) using a scoring model originally developed by Development Bank of Japan Inc. (DBJ) in order to select buildings that meet the demands of the time. Certification has the following 5 ranks: "five stars", "four stars", "three stars", "two stars" and "one star".

Overview of the 5th CS survey results (Aug 2013)

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

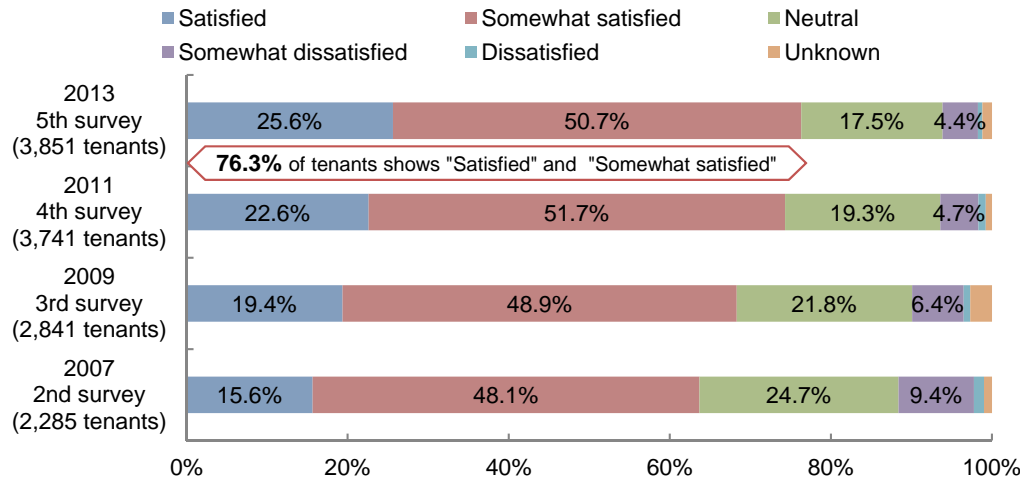
CS survey overview

- 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%

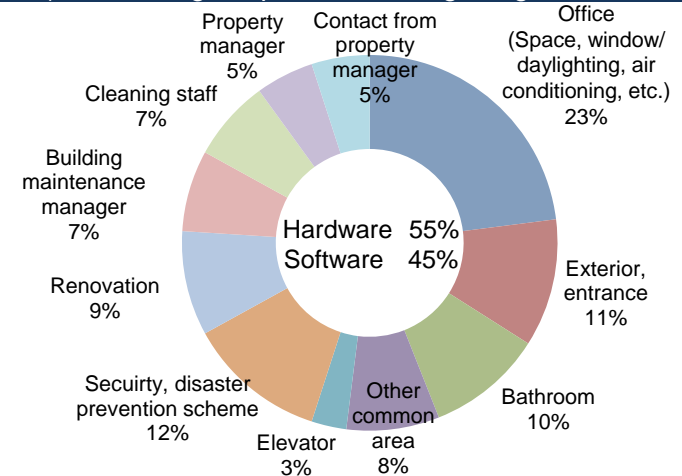
Note: Includes 1 central urban retail property.

Overall satisfaction (Overall CSI) (Note 1)

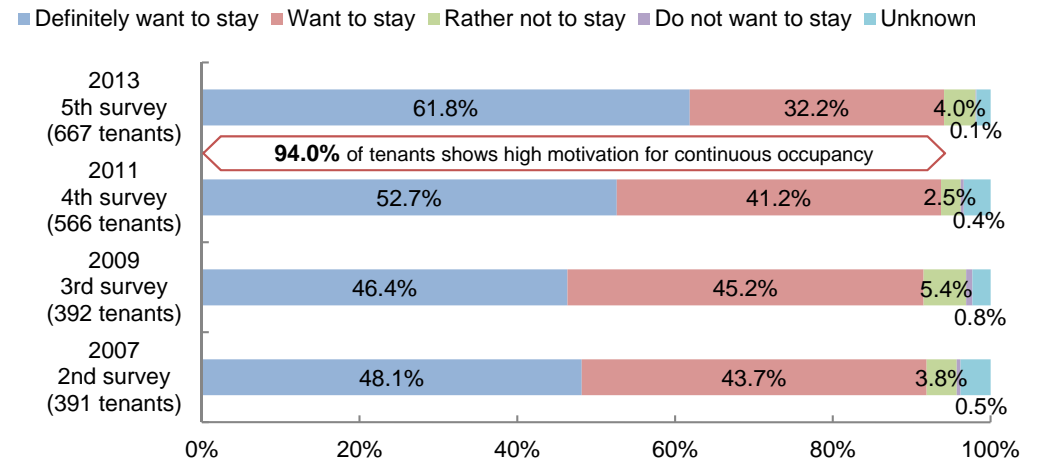


Note 1: Result on survey that interviewed the person in charge of general affairs and employees

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



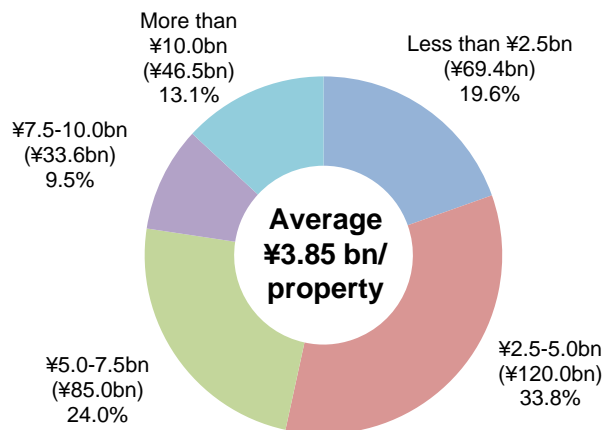
Motivation for continuous occupancy (Note 2)



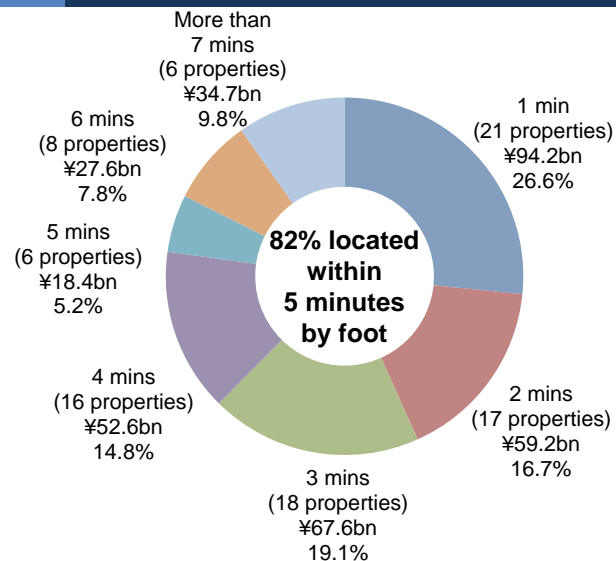
Note 2: Result on survey that interviewed the person in charge of general affairs.

Characteristics of KDO office buildings (as of the end of the 20th fiscal period (2015/4))

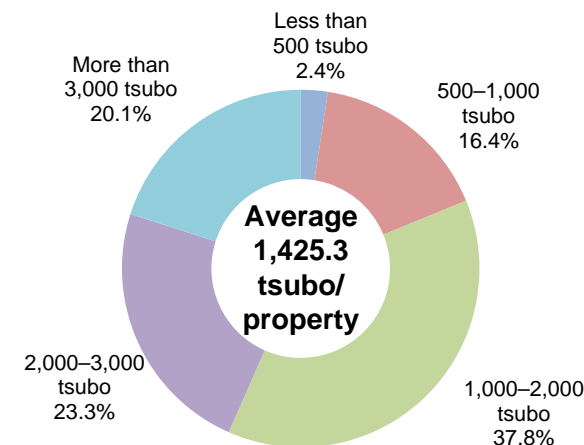
1 By acquisition price



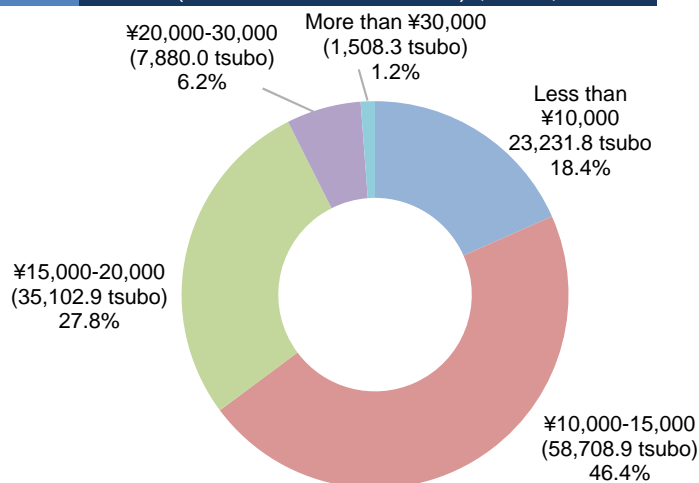
2 By distance from the nearest station



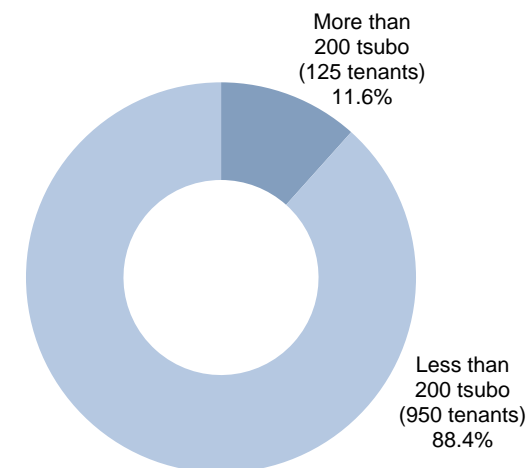
3 By size (based on leasable area)



4 By contracted rent (based on leasable area) (Note 1)



5 By leased area (based on # of tenants) (Note 2)



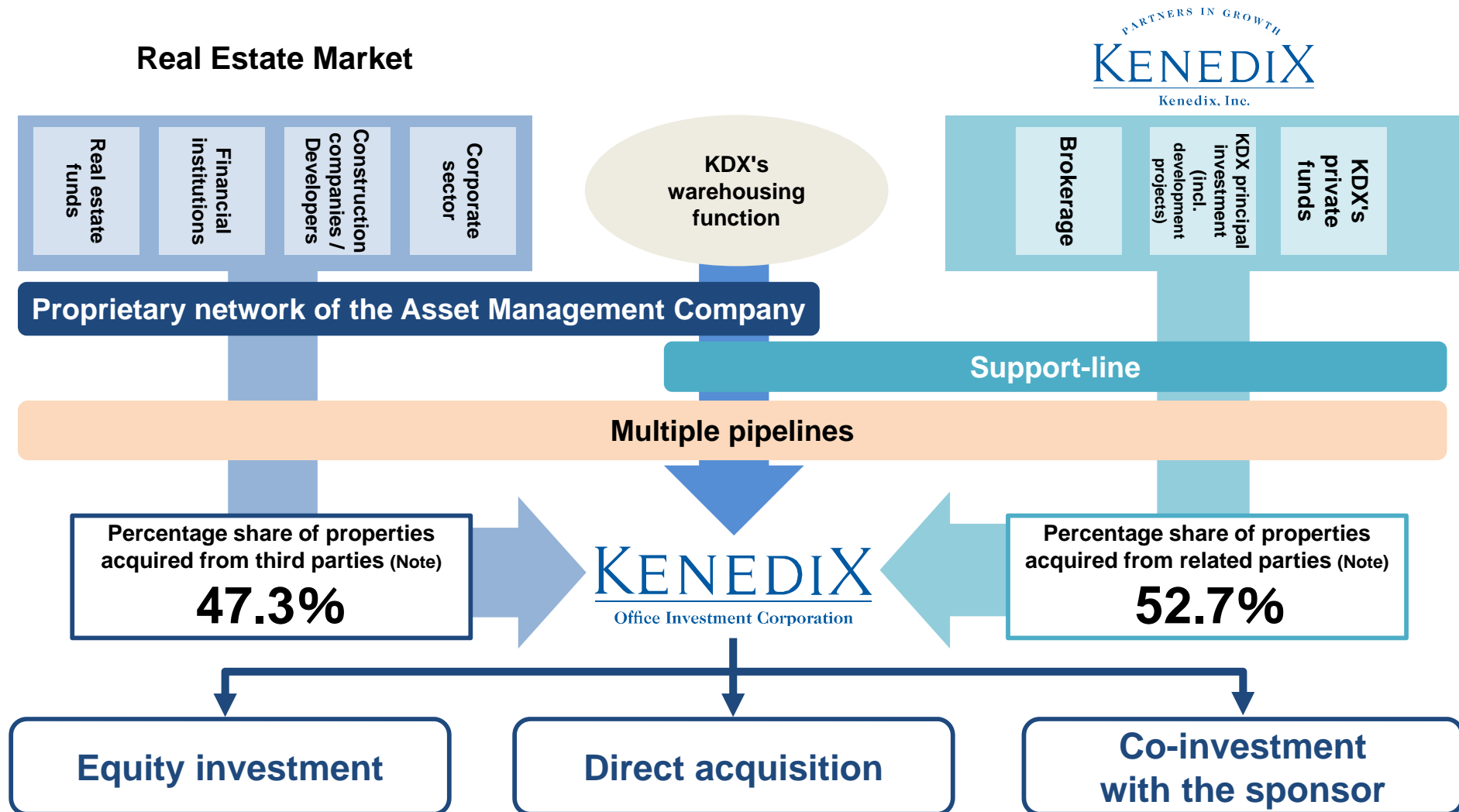
Note 1: Based on the total leasable area (tsubo) (aggregated by tenant name).

Note 2: Based on the number of tenants in each office building.

Property sourcing and acquisition methods

- Our acquisition track record supported by our property sourcing network using multiple pipelines
- 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

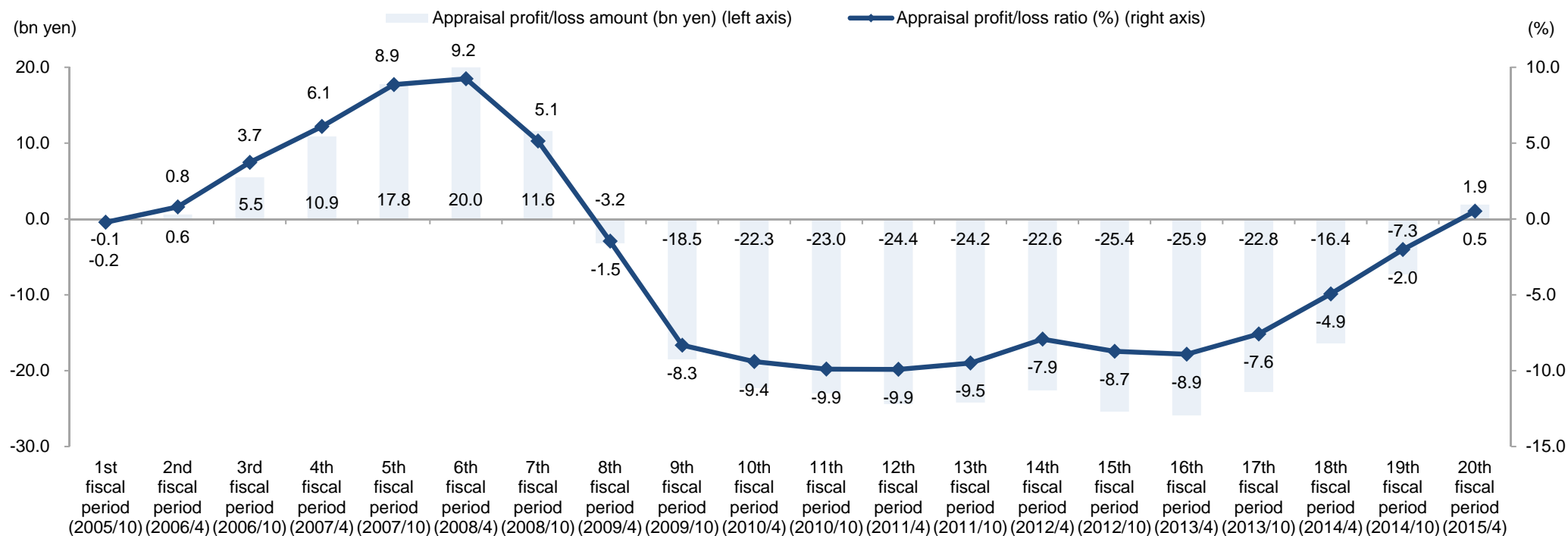


Note: Percentage share of properties is calculated by the sum of acquisition prices for each acquisition source divided by total acquisition price for the properties which we own as of the end of 20th fiscal period (2015/4). Figures are rounded to the first decimal place.

Historical appraisal profit/loss of portfolio

- Reduced appraisal loss through continuous property reshuffle. Turned into appraisal profit at the end of 20th fiscal period (2015/4)

Portfolio appraisal profit/loss amount and ratio (Note 1)



Average appraisal cap rate (Note 2) in appraisal report at the end of each fiscal period

1st fiscal period (2005/10)	2nd fiscal period (2006/4)	3rd fiscal period (2006/10)	4th fiscal period (2007/4)	5th fiscal period (2007/10)	6th fiscal period (2008/4)	7th fiscal period (2008/10)	8th fiscal period (2009/4)	9th fiscal period (2009/10)	10th fiscal period (2010/4)	11th fiscal period (2010/10)	12th fiscal period (2011/4)	13th fiscal period (2011/10)	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)	20th fiscal period (2015/4)
5.2%	5.2%	5.1%	5.0%	4.9%	4.8%	4.9%	5.2%	5.3%	5.3%	5.3%	5.3%	5.2%	5.1%	5.1%	5.1%	5.0%	4.9%	4.8%	4.7%

Note 1: Portfolio appraisal profit/loss amount is the sum of differences between appraisal value and book value for the properties owned as of the end of relevant fiscal period. Appraisal profit/loss ratio is calculated by dividing appraisal profit/loss by book value as of the end of relevant fiscal period. Figures are rounded to the first decimal place.

Note 2: Average appraisal cap rate is a weighted average based on appraisal value for the properties owned as of the end of relevant fiscal period. The figures are rounded to the first decimal place.

Appraisal values and cap rates as of the end of 20th fiscal period (2015/4) (1)

No	Property name	Appraiser	Acquisition price (mn yen) (A)	End of 20th fiscal period (As of Apr 30, 2015)				End of 19th fiscal period (As of Oct 31, 2014)		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)
A001	KDX Nihonbashi 313 Building	Daiwa	5,940	5,953	6,650	4.3%	11.7%	6,650	4.4%	-	-	-0.1%
A003	Higashi-Kayabacho Yuraku Building	JREI	4,450	4,204	4,920	4.5%	17.0%	4,900	4.7%	20	0.4%	-0.2%
A004	KDX Hatchobori Building	Daiwa	3,680	3,365	3,080	4.6%	-8.5%	3,040	4.7%	40	1.3%	-0.1%
A005	KDX Nakano-Sakaue Building	Daiwa	2,533	2,387	2,270	4.8%	-4.9%	2,270	4.9%	-	-	-0.1%
A006	Harajuku F.F. Building	JREI	2,450	2,404	3,100	4.9%	28.9%	3,070	5.1%	30	1.0%	-0.2%
A007	KDX Minami Aoyama Building	JREI	2,270	2,220	2,400	4.3%	8.1%	2,370	4.4%	30	1.3%	-0.1%
A008	Kanda Kihara Building	Daiwa	1,950	1,818	1,620	4.6%	-10.9%	1,640	4.7%	-20	-1.2%	-0.1%
A012	Portus Center Building	Daiwa	5,570	4,294	4,950	6.0%	15.3%	4,860	6.1%	90	1.9%	-0.1%
A013	KDX Kojimachi Building	JREI	5,950	5,621	4,520	4.1%	-19.6%	4,350	4.2%	170	3.9%	-0.1%
A014	KDX Funabashi Building	JREI	2,252	2,294	2,010	5.9%	-12.4%	1,980	6.0%	30	1.5%	-0.1%
A016	Toshin 24 Building	JREI	5,300	4,946	4,370	5.3%	-11.7%	4,130	5.5%	240	5.8%	-0.2%
A017	KDX Ebisu Building	JREI	4,640	4,484	4,600	4.4%	2.6%	4,380	4.5%	220	5.0%	-0.1%
A019	KDX Hamamatsucho Building	Daiwa	3,460	3,120	3,240	4.2%	3.8%	3,180	4.3%	60	1.9%	-0.1%
A020	KDX Kayabacho Building	JREI	2,780	2,782	2,530	4.8%	-9.1%	2,490	4.9%	40	1.6%	-0.1%
A021	KDX Shinbashi Building	JREI	3,728	3,791	4,280	4.1%	12.9%	4,170	4.2%	110	2.6%	-0.1%
A022	KDX Shin-Yokohama Building	JREI	2,520	2,335	2,120	5.7%	-9.2%	2,100	5.8%	20	1.0%	-0.1%
A026	KDX Kiba Building	JREI	1,580	1,498	1,380	5.2%	-7.9%	1,380	5.3%	-	-	-0.1%
A027	KDX Kajicho Building	Daiwa	2,350	2,319	2,230	4.6%	-3.8%	2,250	4.7%	-20	-0.9%	-0.1%
A028	KDX Nogizaka Building	JREI	1,065	1,100	688	5.1%	-37.5%	683	5.3%	5	0.7%	-0.2%
A029	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,101	3,460	4.7%	11.6%	3,390	4.8%	70	2.1%	-0.1%
A030	KDX Nishi-Gotanda Building	JREI	4,200	3,965	3,970	4.8%	0.1%	3,860	4.9%	110	2.8%	-0.1%
A031	KDX Monzen-Nakacho Building	Daiwa	1,400	1,352	1,110	5.2%	-17.9%	1,160	5.3%	-50	-4.3%	-0.1%
A032	KDX Shiba-Daimon Building	JREI	6,090	6,104	4,760	4.6%	-22.0%	4,660	4.7%	100	2.1%	-0.1%
A033	KDX Okachimachi Building	Daiwa	2,000	2,076	1,940	4.6%	-6.6%	1,900	4.7%	40	2.1%	-0.1%
A034	KDX Hon-Atsugi Building	Daiwa	1,305	1,200	1,110	5.9%	-7.6%	1,090	6.0%	20	1.8%	-0.1%
A035	KDX Hachioji Building	Daiwa	1,155	1,243	993	5.6%	-20.1%	990	5.7%	3	0.3%	-0.1%
A037	KDX Ochanomizu Building	JREI	6,400	6,492	6,680	4.4%	2.9%	6,460	4.5%	220	3.4%	-0.1%
A038	KDX Nishi-Shinjuku Building	JREI	1,500	1,551	1,180	4.8%	-23.9%	1,150	4.9%	30	2.6%	-0.1%
A039	KDX Toranomom Building	JREI	4,400	4,716	3,610	4.1%	-23.5%	3,500	4.2%	110	3.1%	-0.1%
A040	Toranomon Toyo Building	JREI	9,850	9,929	10,700	4.3%	7.8%	10,500	4.4%	200	1.9%	-0.1%
A041	KDX Shinjuku 286 Building	JREI	2,300	2,343	2,430	4.4%	3.7%	2,360	4.5%	70	3.0%	-0.1%
A042	Karasuma Building	Daiwa	5,400	5,248	5,100	5.2%	-2.8%	5,070	5.3%	30	0.6%	-0.1%
A044	KDX Sendai Building	Daiwa	2,100	2,067	1,600	5.8%	-22.6%	1,580	5.9%	20	1.3%	-0.1%
A045	KDX Roppongi 228 Building	JREI	3,300	3,413	2,130	4.4%	-37.6%	2,120	4.6%	10	0.5%	-0.2%

* Notes are shown on P.46.

Appraisal values and cap rates as of the end of 20th fiscal period (2015/4) (2)

No	Property name	Appraiser	Acquisition price (mn yen) (A)	End of 20th fiscal period (As of Apr 30, 2015)				End of 19th fiscal period (As of Oct 31, 2014)		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)
A046	Hiei Kudan-Kita Building	Daiwa	7,600	7,547	7,680	4.2%	1.8%	7,610	4.3%	70	0.9%	-0.1%
A047	KDX Shin-Yokohama 381 Building	JREI	5,800	5,630	4,140	5.6%	-26.5%	4,080	5.7%	60	1.5%	-0.1%
A048	KDX Kawasaki-Ekimae Hon-cho Building	JREI	3,760	3,634	3,020	5.7%	-16.9%	2,990	5.8%	30	1.0%	-0.1%
A050	KDX Ikejiri-Oohashi Building	JREI	2,400	2,400	1,550	5.2%	-35.4%	1,520	5.3%	30	2.0%	-0.1%
A051	KDX Hamacho Nakanohashi Building	JREI	2,310	2,283	1,860	4.8%	-18.5%	1,820	4.9%	40	2.2%	-0.1%
A052	KDX Kanda Misaki-cho Building	JREI	1,380	1,356	959	4.7%	-29.3%	959	5.0%	-	-	-0.3%
A053	KDX Hakata-Minami Building	JREI	4,900	4,653	3,560	6.4%	-23.5%	3,460	6.4%	100	2.9%	-
A054	KDX Kitahama Building	JREI	2,220	2,118	1,540	5.8%	-27.3%	1,540	5.9%	-	-	-0.1%
A055	Shin-toshin Maruzen Building	JREI	2,110	2,115	1,610	4.8%	-23.9%	1,580	5.0%	30	1.9%	-0.2%
A056	KDX Jimbocho Building	JREI	2,760	2,897	2,020	4.7%	-30.3%	2,010	4.8%	10	0.5%	-0.1%
A057	KDX Gobancho Building	JREI	1,951	1,927	1,420	4.4%	-26.3%	1,410	4.5%	10	0.7%	-0.1%
A058	KDX Nagoya Sakae Building	Daiwa	7,550	7,076	4,990	4.8%	-29.5%	4,940	4.9%	50	1.0%	-0.1%
A059	KDX Iwamoto-cho Building	JREI	1,864	1,725	1,430	4.9%	-17.1%	1,370	5.0%	60	4.4%	-0.1%
A060	KDX Harumi Building	JREI	10,250	9,264	8,470	4.5%	-8.6%	8,470	4.6%	-	-	-0.1%
A061	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	2,260	1,950	4.2%	-13.7%	1,930	4.3%	20	1.0%	-0.1%
A062	Koishikawa TG Building	JREI	3,080	3,060	3,270	4.6%	6.9%	3,200	4.7%	70	2.2%	-0.1%
A063	Gotanda TG Building	JREI	2,620	2,743	2,830	4.7%	3.1%	2,790	4.8%	40	1.4%	-0.1%
A064	KDX Nihonbashi 216 Building	JREI	2,010	1,906	1,880	4.2%	-1.4%	1,840	4.3%	40	2.2%	-0.1%
A066	KDX Shinjuku Building	JREI	6,800	6,879	7,000	4.2%	1.7%	6,780	4.2%	220	3.2%	-
A067	KDX Ginza 1chome Building	Daiwa	4,300	4,244	5,260	4.0%	23.9%	5,170	4.1%	90	1.7%	-0.1%
A068	KDX Nihonbashi Honcho Building	Daiwa	4,000	3,970	4,500	4.4%	13.3%	4,420	4.5%	80	1.8%	-0.1%
A069	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,438	2,650	6.5%	8.7%	2,680	6.4%	-30	-1.1%	0.1%
A070	KDX Sapporo Building	Daiwa	2,005	2,008	2,020	5.4%	0.6%	2,010	5.5%	10	0.5%	-0.1%
A071	KDX Iidabashi Building	Daiwa	4,670	4,606	5,320	4.4%	15.5%	5,210	4.5%	110	2.1%	-0.1%
A072	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,833	4,450	4.6%	-7.9%	4,640	4.7%	-190	-4.1%	-0.1%
A073	KDX Hakozaki Building	Daiwa	2,710	2,804	2,940	4.8%	4.8%	2,920	4.9%	20	0.7%	-0.1%
A074	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,179	2,630	4.2%	20.7%	2,570	4.3%	60	2.3%	-0.1%
A075	KDX Nihonbashi Kabutocho Building	JREI	11,270	11,294	11,800	4.4%	4.5%	11,700	4.5%	100	0.9%	-0.1%
A078	KDX Tachikawa Ekimae Building	JREI	1,267	1,307	1,460	5.5%	11.7%	1,420	5.6%	40	2.8%	-0.1%
A079	KDX Nagoya Ekimae Building	JREI	7,327	8,024	7,890	4.8%	-1.7%	7,710	4.9%	180	2.3%	-0.1%
A080	Nagoya Nikko Shoken Building	JREI	4,158	4,224	4,150	5.2%	-1.8%	4,120	5.3%	30	0.7%	-0.1%
A082	KDX Higashi Umeda Building	Daiwa	2,770	2,678	3,540	4.7%	32.2%	3,480	4.8%	60	1.7%	-0.1%
A083	KDX Fuchu Building	Daiwa	6,120	6,042	6,850	5.2%	13.4%	6,750	5.3%	100	1.5%	-0.1%
A084	KDX Kasuga Building	JREI	2,800	2,813	3,530	4.6%	25.5%	3,450	4.7%	80	2.3%	-0.1%

* Notes are shown on P.46.

Appraisal values and cap rates as of the end of 20th fiscal period (2015/4) (3)

No	Property name	Appraiser	Acquisition price (mn yen) (A)	End of 20th fiscal period (As of Apr 30, 2015)				End of 19th fiscal period (As of Oct 31, 2014)		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)
A085	KDX Nakameguro Building	Daiwa	1,880	1,892	2,340	4.8%	23.7%	2,290	4.9%	50	2.2%	-0.1%
A086	KDX Omiya Building	Daiwa	2,020	2,221	2,610	5.4%	17.5%	2,440	5.5%	170	7.0%	-0.1%
A087	Itopia Nihonbashi SA Building	Daiwa	2,200	2,256	2,360	4.7%	4.6%	2,310	4.8%	50	2.2%	-0.1%
A088	KDX Shinjuku 6-chome Building	Daiwa	1,900	1,906	2,400	4.6%	25.9%	2,310	4.7%	90	3.9%	-0.1%
A089	KDX Takanawadai Building	JREI	5,250	5,299	5,830	4.6%	10.0%	5,730	4.7%	100	1.7%	-0.1%
A090	KDX Ikebukuro Building	Daiwa	3,900	3,840	4,340	4.3%	13.0%	4,290	4.4%	50	1.2%	-0.1%
A091	KDX Mita Building	JREI	3,180	3,181	3,500	4.5%	10.0%	3,490	4.6%	10	0.3%	-0.1%
A092	KDX Akihabara Building	JREI	2,600	2,593	2,900	4.4%	11.8%	2,840	4.5%	60	2.1%	-0.1%
A093	Aplus Tokyo Building	Daiwa	4,350	4,543	4,720	4.4%	3.9%	4,690	4.5%	30	0.6%	-0.1%
A094	KDX Musashi-Kosugi Building	JREI	12,000	11,841	13,400	4.8%	13.2%	13,200	4.9%	200	1.5%	-0.1%
A095	KDX Toyosu Grand Square	Daiwa	8,666	8,563	8,930	4.9%	4.3%	9,130	5.0%	-200	-2.2%	-0.1%
A096	KDX Takadanobaba Building	Daiwa	3,650	3,667	3,980	4.7%	8.5%	3,910	4.8%	70	1.8%	-0.1%
A097	KDX Utsunomiya Building	Daiwa	2,350	2,326	2,540	6.0%	9.2%	2,500	6.1%	40	1.6%	-0.1%
A098	Hiroshima Ekimae-dori Mark Building	JREI	1,300	1,367	1,410	6.2%	3.1%	1,380	6.3%	30	2.2%	-0.1%
A099	Tosen Ikebukuro Building	Daiwa	1,934	1,960	1,980	4.6%	1.0%	1,970	4.7%	10	0.5%	-0.1%
A100	Senri Life Science Center Building	Daiwa	13,000	12,972	13,300	5.0%	2.5%	13,200	5.1%	100	0.8%	-0.1%
A101	Urban Square Yokohama	Daiwa	7,210	7,240	7,640	4.8%	5.5%	7,600	4.9%	40	0.5%	-0.1%
A102	Yokohama Nishiguchi SIA Building	Daiwa	2,750	2,760	2,910	4.8%	5.4%	2,830	4.9%	80	2.8%	-0.1%
A103	Shin-Yokohama 214 Building	JREI	2,200	2,204	2,220	5.4%	0.7%	2,200	5.5%	20	0.9%	-0.1%
A104	KDX Minami-Honmachi Building	JREI	2,200	2,194	2,560	5.0%	16.6%	2,490	5.1%	70	2.8%	-0.1%
A105	BUREX Toranomon	JREI	1,750	1,773	2,090	4.0%	17.9%	2,030	4.2%	60	3.0%	-0.2%
A106	KDX Sakura-dori Building	Daiwa	5,900	6,014	7,250	5.0%	20.5%	7,140	5.1%	110	1.5%	-0.1%
A107	35 Sankyo Building	JREI	3,600	3,629	3,630	4.5%	0.0%	3,620	4.5%	10	0.3%	-
A108	Pentel Building	Daiwa	3,350	3,508	3,434	4.3%	-2.1%	3,434	4.3%	-	-	-
Subtotal: Office buildings			354,681	350,464	350,174	4.7%	-0.1%	345,256	4.8%	4,918	1.4%	-0.1%
B019	Residence Charmante Tsukishima	JREI	5,353	4,711	4,900	4.7%	4.0%	4,900	4.8%	-	-	-0.1%
Subtotal: Residential			5,353	4,711	4,900	4.7%	4.0%	4,900	4.8%	-	-	-0.1%
C001	Frame Jinnan-zaka	JREI	9,900	9,508	10,100	4.0%	6.2%	9,920	4.1%	180	1.8%	-0.1%
C002	KDX Yoyogi Building	JREI	2,479	2,492	2,060	5.0%	-17.3%	2,020	5.0%	40	2.0%	-
C004	Ginza 4chome Tower	JREI	9,800	9,753	11,600	3.6%	18.9%	11,300	3.7%	300	2.7%	-0.1%
Subtotal: Central urban retail			22,179	21,753	23,760	3.9%	9.2%	23,240	4.0%	520	2.2%	-0.1%
D002	Shinjuku 6-chome Building (land)	Daiwa	2,880	2,973	3,030	4.1%	1.9%	2,960	4.2%	70	2.4%	-0.1%
Subtotal: Others			2,880	2,973	3,030	4.1%	1.9%	2,960	4.2%	70	2.4%	-0.1%
Total			385,094	379,904	381,864	4.7%	0.5%	376,356	4.8%	5,508	1.5%	-0.1%

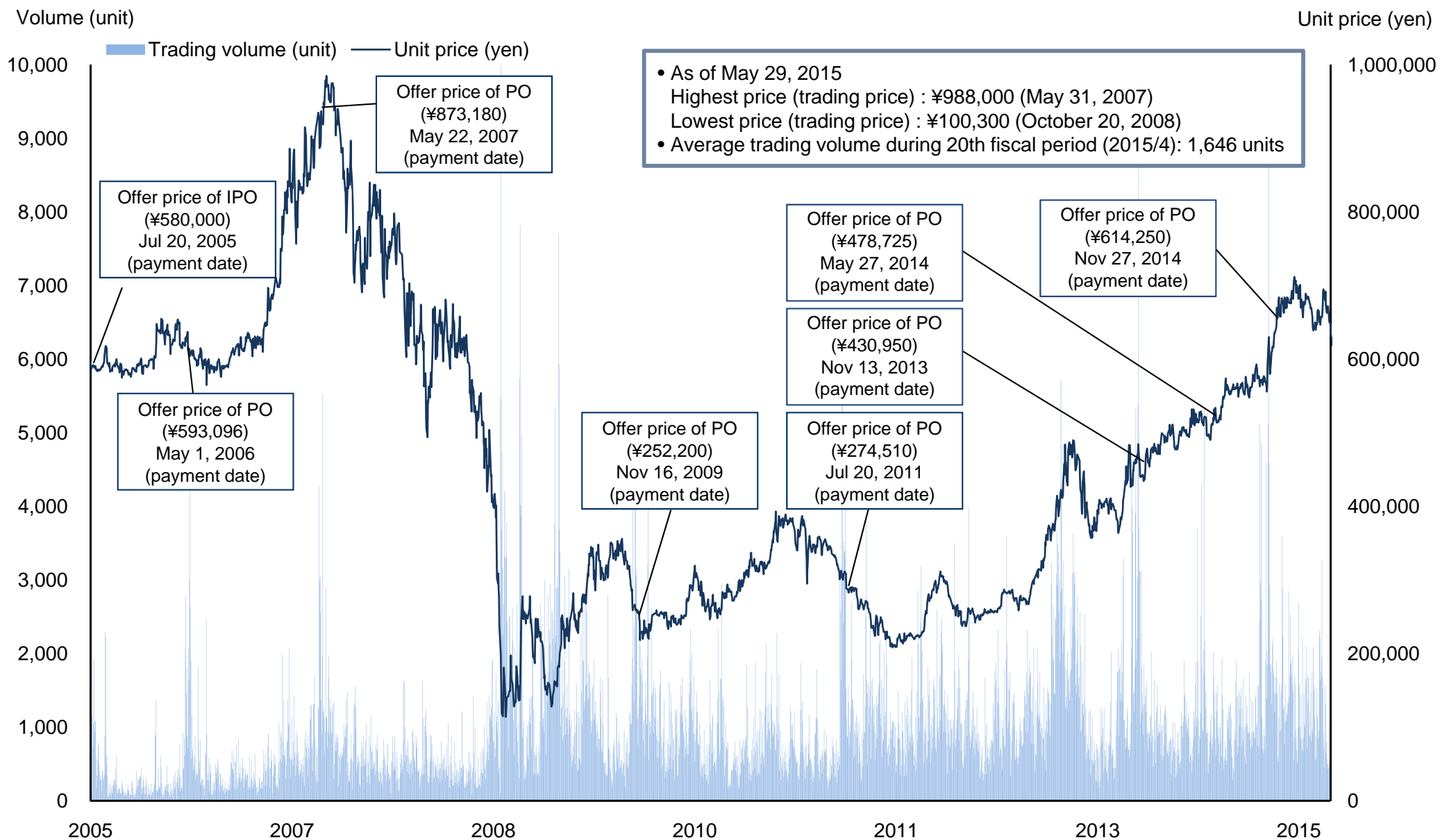
Note 1: Ratios for acquisition price, appraisal value and book value are rounded to the first decimal place.

Note 2: Cap rate for each property type is a weighted average value based on appraisal value.

Note 3: For the properties newly acquired in the 20th fiscal period (2015/4), 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 the previous fiscal period in calculating the change in appraisal value (period-over-period).

Unit price and trading volume since IPO

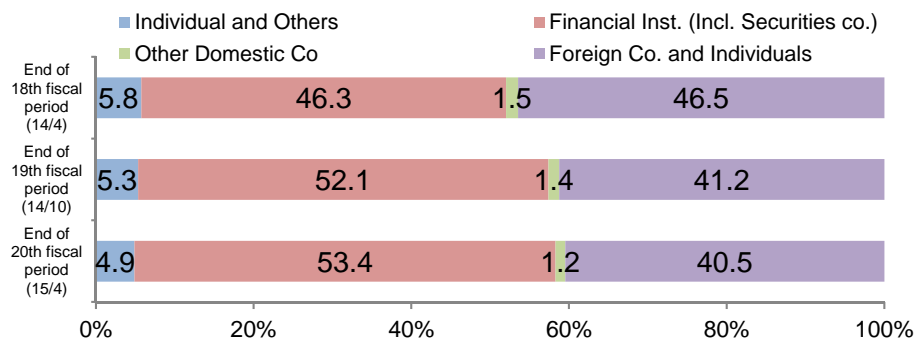
KDO unit price and trading volume performance (from the listing date to May 29, 2015) (Note)



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

KDO Unitholders (as of the end of 20th fiscal period (2015/4))

Change in % share of investment units by unitholders



Number of unitholders

	Individual and Others	Financial Inst. (Incl. Securities co.)					Other Domestic Co	Foreign Co. and Individuals	Total
		City/Trust Bank	Local Bank	Credit Union and Others	Life/Non-life Securities	Total			
End of 18th fiscal period (2014/4)	6,594	8	9	11	25	53	115	224	6,986
End of 19th fiscal period (2014/10)	6,638	9	15	24	23	71	123	226	7,058
End of 20th fiscal period (2015/4)	6,804	11	18	34	22	85	132	256	7,277

Top 10 unitholders

Name	# of units held (unit)	Percentage share (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	70,856	17.50%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	55,519	13.71%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	39,816	9.83%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	18,930	4.67%
Nomura Bank (Luxemburg) S.A.	18,101	4.47%
The Bank of New York Mellon SA/NV 10	9,674	2.38%
State Street Bank and Trust Company 505223	9,494	2.34%
JP Morgan Chase & Co. 385174	6,664	1.64%
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	6,614	1.63%
State Street Bank and Trust Company 505001	6,218	1.53%
Total	241,886	59.74%

Reference: Reporting of major unitholders (as of June 5, 2015)

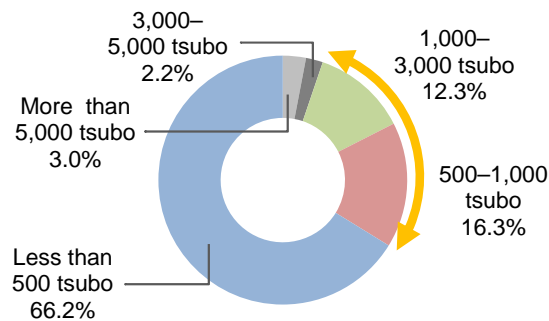
Name	Submitted on	# of units held (unit)
Mizuho Asset Management Co., Ltd.	2015/6/5	45,166
Mizuho Asset Management Co., Ltd.		23,723
Mizuho Securities Co., Ltd.		562
Shinko Asset Management Co., Ltd.		20,881
Sumitomo Mitsui Trust Bank, Limited	2015/6/4	30,583
Sumitomo Mitsui Trust Bank, Limited		445
Sumitomo Mitsui Trust Asset Management Co., Ltd.		20,815
Nikko Asset Management Co., Ltd.		9,323
Nissay Asset Management Corporation	2015/3/6	20,490
CBRE Clarion Securities LLC	2013/12/13	21,840

Note: The percentage share (total units owned to total units outstanding) is rounded down to the second decimal place.

Office building market (1)

- 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

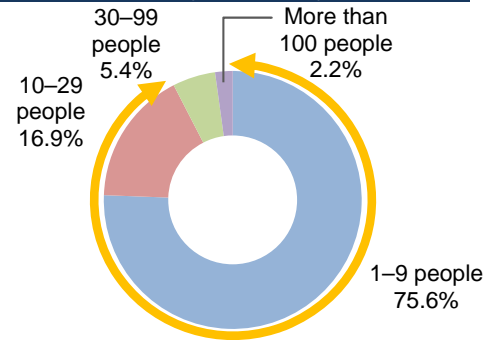
Office market by GFA (based on total area) (Note 1)



Note: The above data covers rental office buildings located in Tokyo Central 5 wards that were surveyed by CBRE K.K.. The above data may not include the data of all properties in the Tokyo Central 5 wards (as of 2011/3).

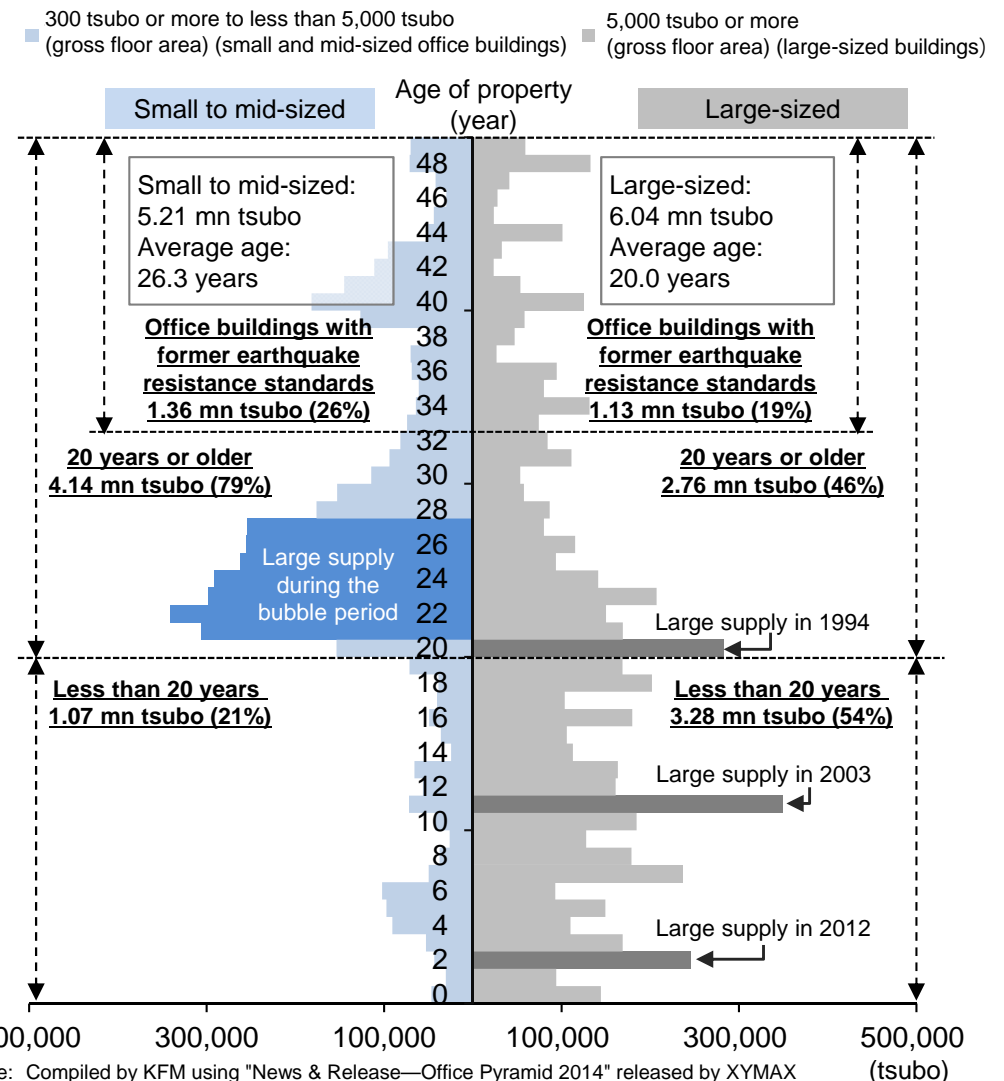
Source: Survey conducted by CBRE K.K. based on KFM's request "Market survey of Medium-sized buildings" (2011/5)

Office market by the number of employees (Tokyo)



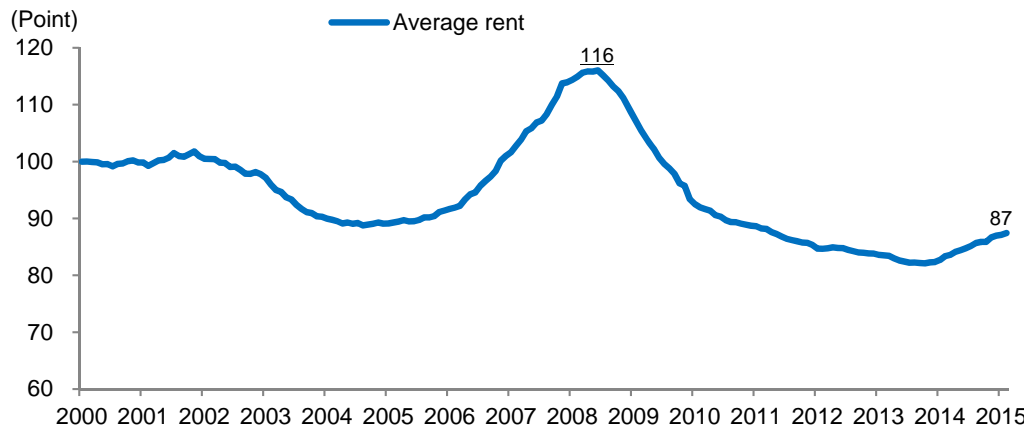
Source: Created by KFM based on "2012 Economic census-activity investigation report (Tabulations across Industries for Tokyo (as of June 25, 2014))"

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



Source: Compiled by KFM using "News & Release—Office Pyramid 2014" released by XYMAX Corporation on April 17, 2014

Rent levels for rental office buildings in Tokyo Central 5 wards (Mar 2000 = 100) (Note 2)

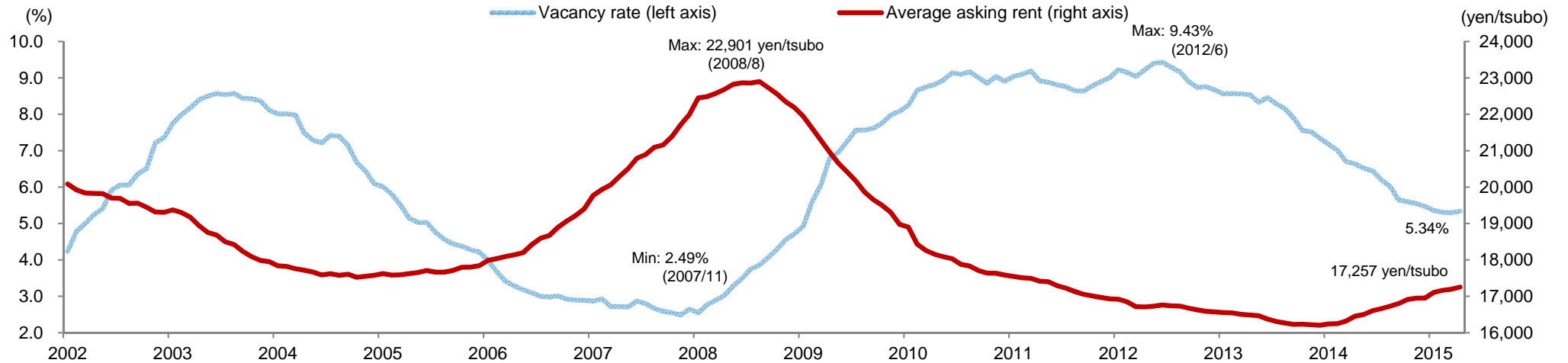


Note: The data covers the period between March 2000 and April 2015 and shows indexed value of monthly average newly contracted rent with the value for March 2000 given a value of 100

Source: Compiled by KFM using "Office Data by area, Tokyo Central 5 wards" prepared by Miki Shoji

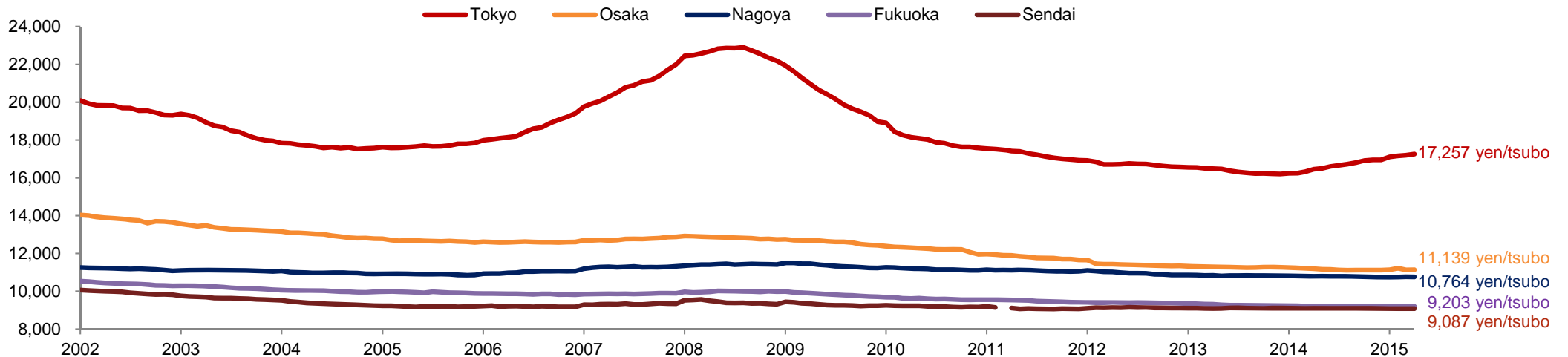
Office building market (2)

Changes in asking rent and vacancy rate in Tokyo Central 5 wards (from Jan 2002 to Apr 2015) (Note 1)



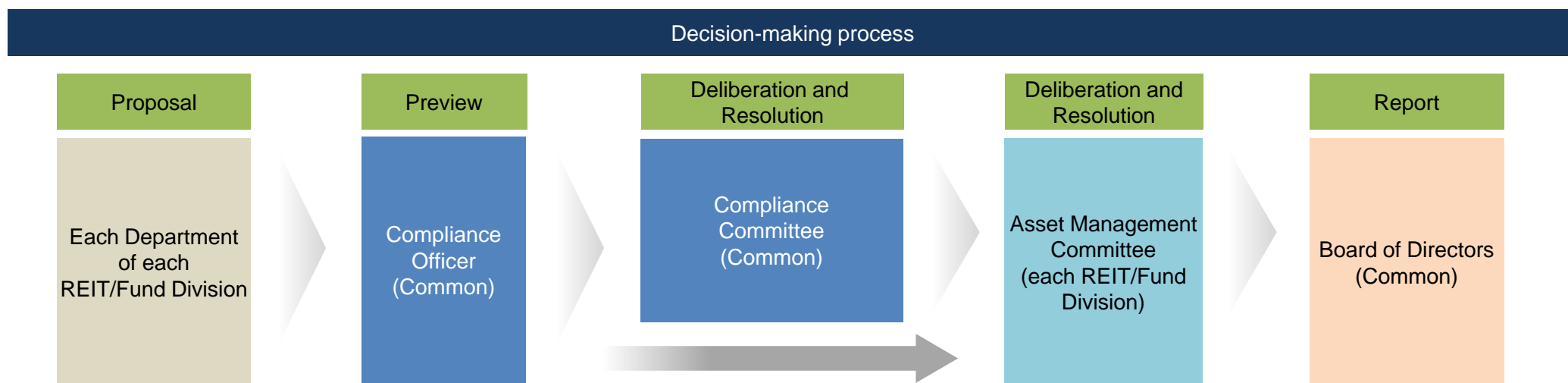
Note 1: Covers office buildings with standard floor area over 100 tsubo in Tokyo business districts (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards)
Source: Miki Shoji "Latest Office Building Markets in Tokyo (Central 5 wards)" (from January 2002 to April 2015)

Changes in rent levels by region (from Jan 2002 to Apr 2015) (Note 2)



Note 2: Rent data of business districts and its sub areas. Tokyo covers office buildings with standard floor area over 100 tsubo in Tokyo Central 5 wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards).
Source: Compiled by KFM using the data prepared by Miki Shoji (from January 2002 to April 2015)

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 Manager of Planning Dept., Office REIT Div.		●
General Manager of Finance & Accounting Dept.		●
External member (lawyer)	●	
External member (real estate appraiser) (Note)		●

Note: Certain proposals such as borrowings do not require attendance of external members

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

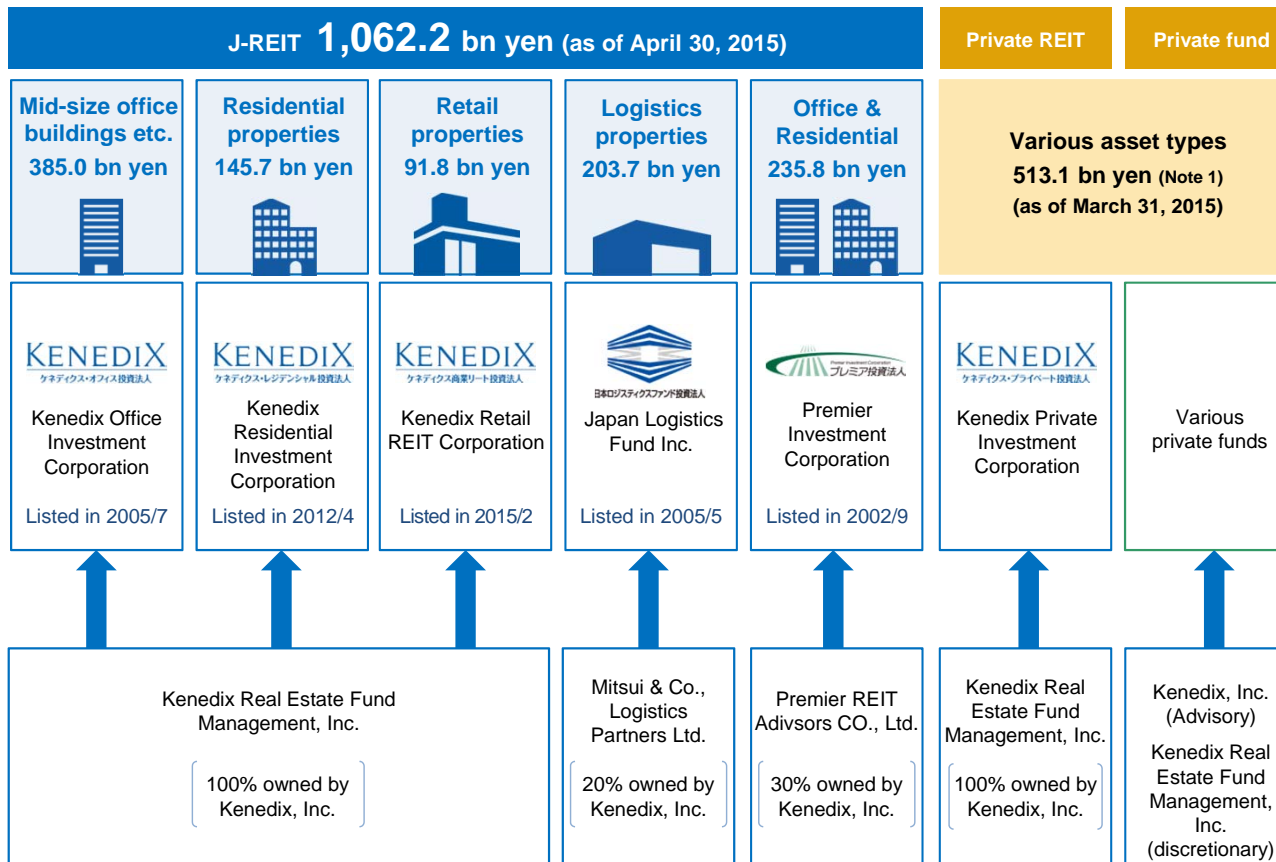
Asset management fee structure

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% for interested parties)
Disposition fee	Capped at 0.5% of sale price

Our sponsors

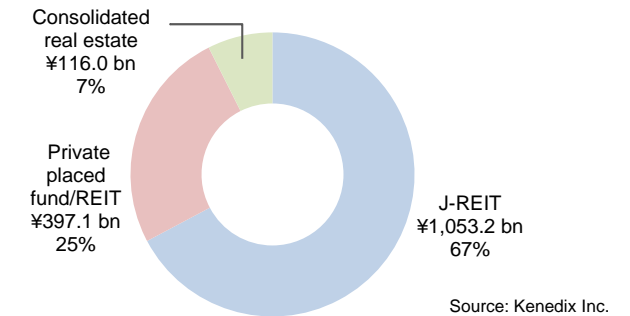
- Total AUM of 1,566.4 bn yen, with more than 10 years in J-REIT management experience
- One of major independent real estate investment company in Japan, managing multiple J-REITs

Fund management by Kenedix Group

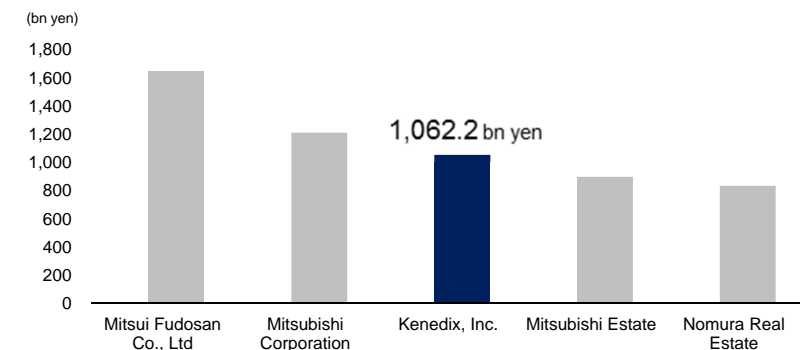


Kenedix Group AUM

Kenedix Group's assets under management (AUM)
Total **1,566.4** bn yen (as of March 31, 2015)



AUM (Note 2) by major J-REIT sponsors (Note 3)



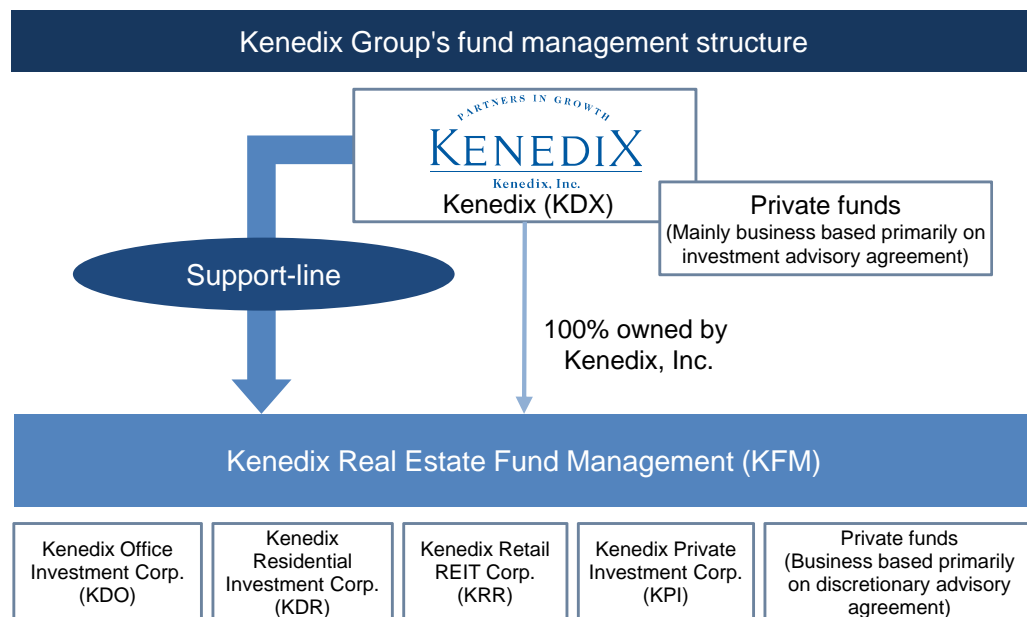
Note 1: Includes consolidate real estate of 116.0 bn yen.

Note 2: AUM by major J-REIT sponsors is based on the asset size of each J-REIT (based on acquisition price) as of April 30, 2015.

Note 3: "Major J-REIT sponsors" refer to the shareholders of J-REIT's asset manager, excluding trust banks, other financial institutions and the shareholders whose ownership ratio is less than 20%.

Source: Compiled by KFM based on each J-REIT's disclosure material as of April 30, 2015.

Allocation rule for property information in the KDX Group and management guidelines



KDO management guidelines

Targeting portfolio		Target investment ratio
Office building	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%
	Rental office buildings other than above	
Central urban retail	Central urban retail properties located in highly flourishing districts	
Residential	Residential properties for leasing purposes as their principal use	0%–20%
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 other REITs and private funds if the following conditions are satisfied:

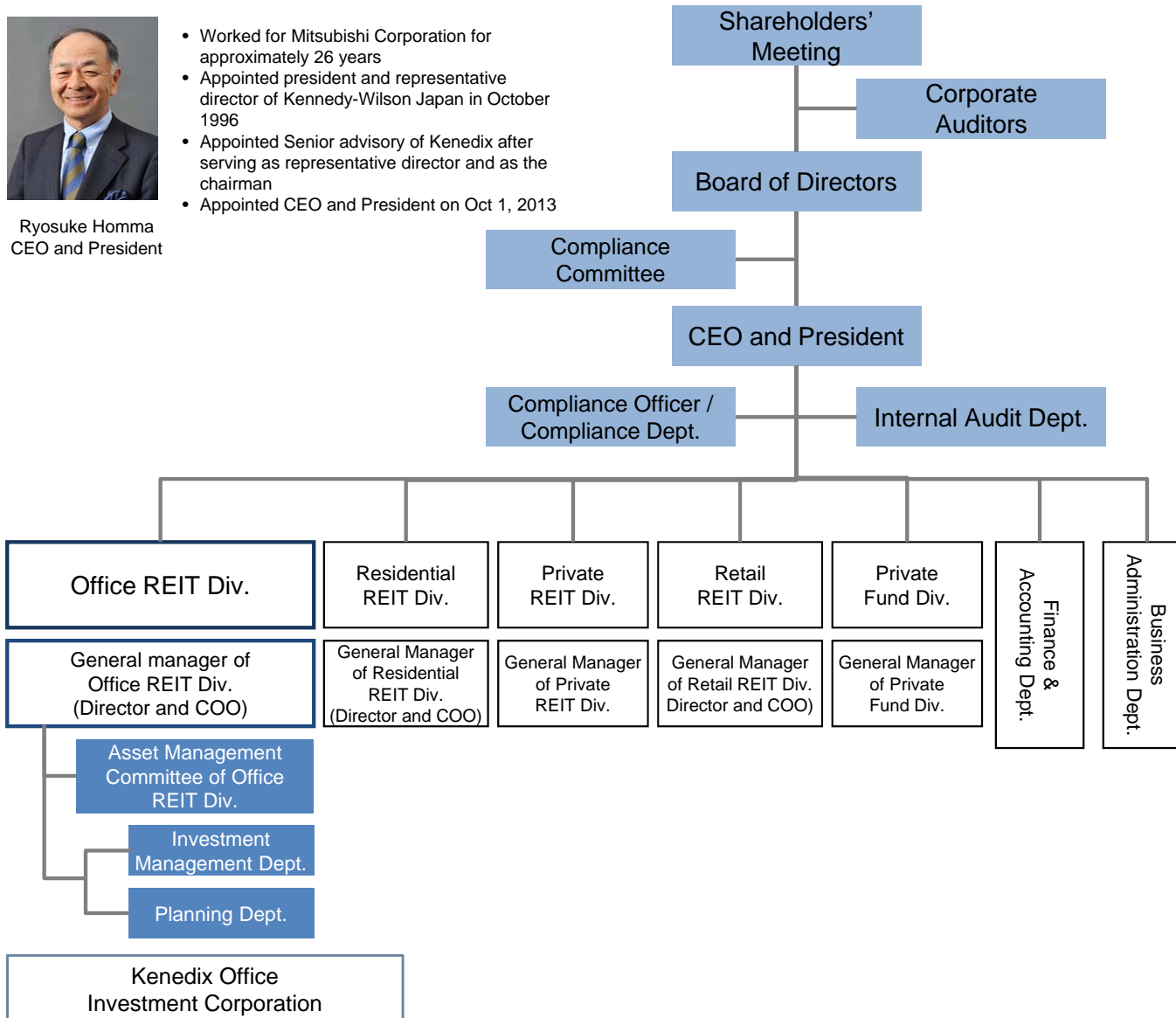
Location	Floor area per building (m ²)				
Tokyo 23 wards	More than 2,000, 13,000 or less				
Outside Tokyo 23 wards	More than 3,000, 20,000 or less				

	Office REIT Div.	Residential REIT Div.	Retail REIT Div.	Private REIT Div.	Private Fund Div.
	Kenedix Office Investment Corp.	Kenedix Residential Investment Corp.	Kenedix Retail REIT 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 (Note 3)	3rd	–	1st / 2nd	2nd / 1st	4th
Other retail properties (Note 3)	–	–	1st / 2nd	2nd / 1st	3rd
Hotel	–	–	–	1st	2nd

Note 1: 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
 Note 2: Specifically for residential properties with GFA below 20,000m² for Tokyo 23 wards and below 30,000m² for outside of Tokyo 23 wards.
 Note 3: Retail property is categorized as "retail property" if retail stores occupy the largest floor area and as "service property" if service stores occupy the largest floor area. KRR and KPI have the first and second preferential rights, respectively, in "Retail property". KPI and KRR have the first and second preferential rights, respectively, in "Service property".

Organization chart

Organization chart



Ryosuke Homma
CEO and President

- Worked for Mitsubishi Corporation for approximately 26 years
- Appointed president and representative director of Kennedy-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 as CEO for Joint Asset Management Co., Ltd., joined Kenedix Office Partners, Inc. and was a member of the Financial Planning Division for approximately 2 years
- Appointed CEO and President 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 Manager of
Investment
Management Dept.
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 Manager of Investment 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 real estate 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

The contents of this document, including summary notes, quotes, data and other information, are provided solely for informational purposes and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products.

Please be aware that matters described herein may change or cease to exist without prior notice of any kind. This document contains forward-looking statements and anticipations of future results, based on current assumptions and beliefs in light of currently available information and resources. Risks and uncertainties, both known and unknown, including those relating to the future performance of the real estate market in Japan, interest rate fluctuations, competitive scenarios, and changing regulations or taxation, may cause Kenedix Office Investment Corporation (KDO)'s actual results, performance, achievements and financial performance to be materially different from those explicitly or implicitly expressed in this document.

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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.