

Kenedix Office Investment Corporation

24th Fiscal Period Results (Ended April 2017)

June 13, 2017

Ticker Symbol: 8972

KENEDIX
Office Investment Corporation



Kenedix Real Estate Fund Management, Inc.

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Section 1

Executive summary / highlights

Highlights of 24th fiscal period (2017/4) and future initiatives

Highlights

External growth Continue to improve the portfolio quality by selective investment and asset reshuffle

- **Mutual transactions with 2 developers**

- Improved portfolio quality by acquiring prime properties
- Achieved gain on sales (1.6 bn yen) and increased cash on hand (1.8 bn yen)

Portfolio NOI yield
End of 24th fiscal period 4.6% (+0.1% period over period)

Portfolio appraisal profit/loss
End of 24th fiscal period 33.1 bn yen (+7.7bn yen period over period)

- **Disposition of 3 properties**

- Disposition of less profitable properties with high appraisal loss rate
- Increased cash on hand by approx. 5 bn yen



- **Acquisition of BR Gotanda**

- Selective acquisition in Gotanda area
- Relatively high NOI yield

Internal growth Continue increase in rent revenues due to improved actual occupancy rate and growth in unit rent

- Actual occupancy rate continued to improve with steady increases in new leases and expiration of the existing free rent periods
- Upward rent revision entrenched, with the number of upward rent revisions exceeding 40 for 3 consecutive fiscal periods

Increase in actual occupancy rate
End of 24th fiscal period (Office building) 94.6% (+1.2% period over period) ※Occupancy rate (contracted area based): 97.8%

Rent increment upon rent revisions
Total monthly amount for 24th fiscal period (all properties) +7.4 mn yen

Rent gap against the market	
End of 23rd fiscal period -2.1%	End of 24th fiscal period -2.8%

Financial strategy Maintain stable financial base and continue to reduce financial cost

- Credit rating upgraded from A+ (positive) to AA- (stable) in Jan. 2017
- Decrease LTV through reducing interest-bearing debt by utilizing cash on hand

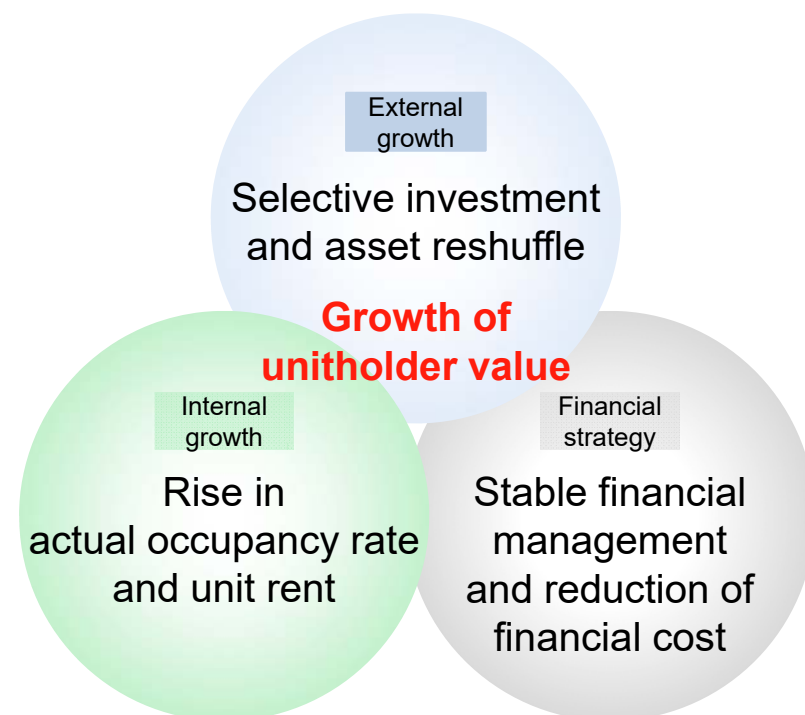
Credit rating (JCR)
A+ (positive) → AA- (stable)

LTV
End of 24th fiscal period 42.6% (-0.5% period over period)

Average interest rate on interest-bearing debt
End of 24th fiscal period 1.16% (-0.03% period over period)

Future initiatives

- Aim for further enhancement of our unitholder value



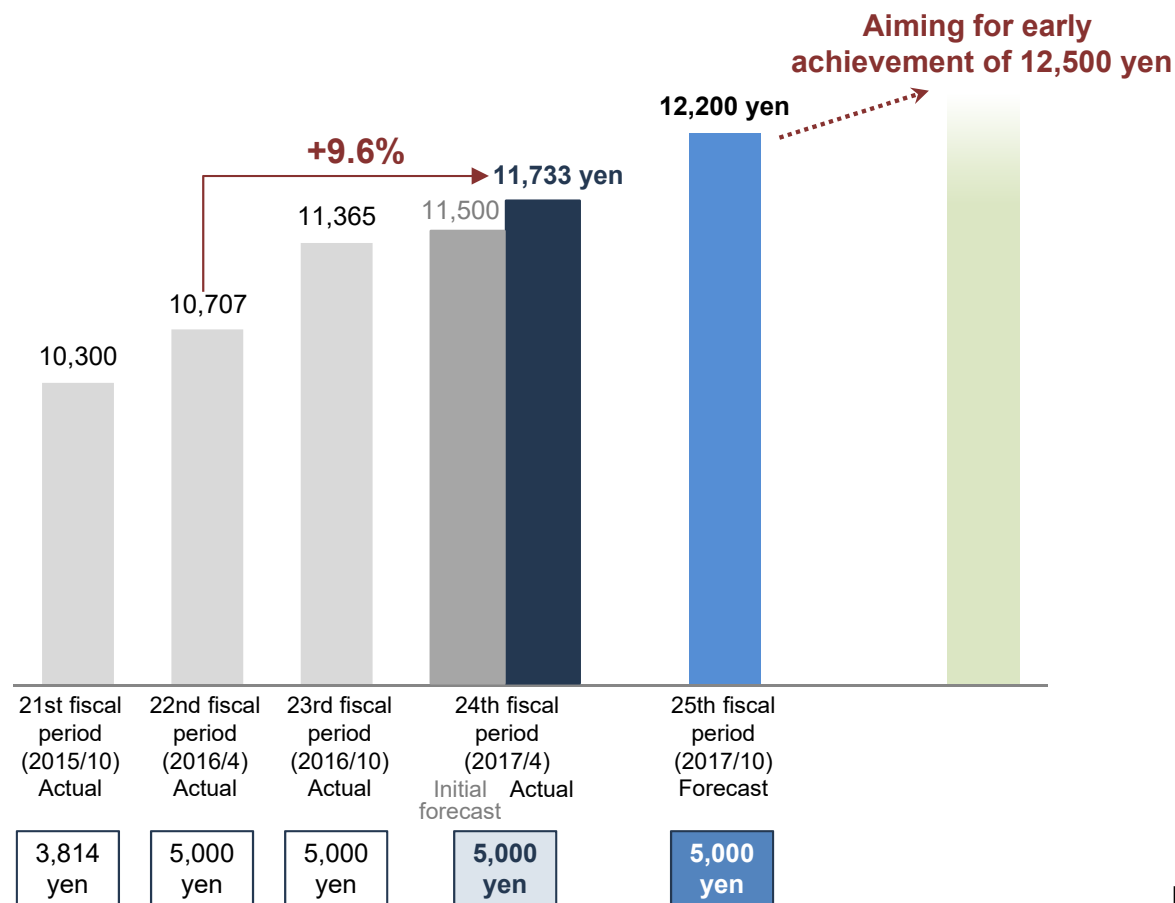
Dividend and NAV per unit

Raised dividend by 9.6% year over year in the 24th fiscal period (2017/4)

Estimate DPU for the 25th fiscal period (2017/10) to be 12,200 yen, and aim for an early achievement of DPU target of 12,500 yen

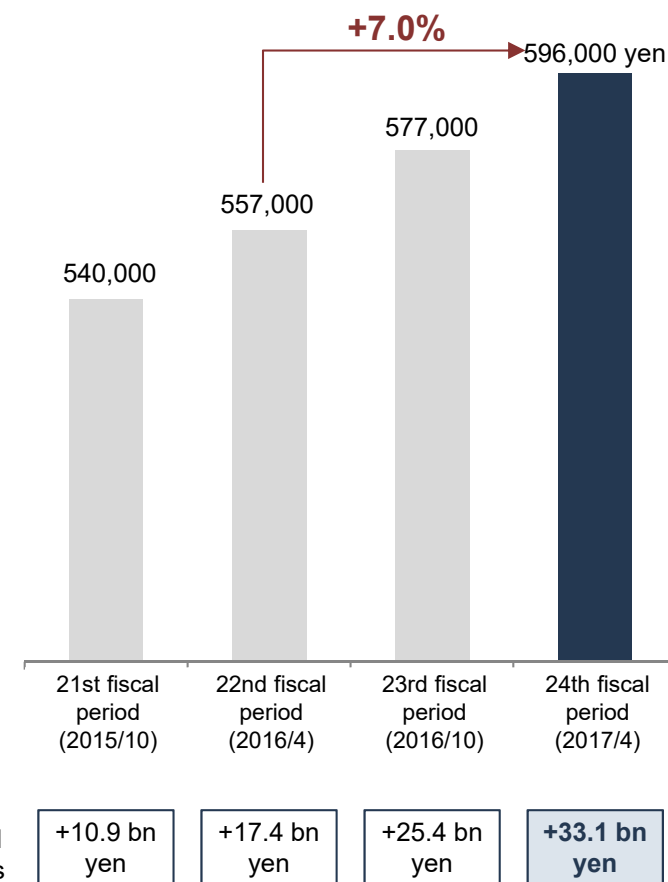
Historical change in DPU

- Expect a 4.0% period over period DPU growth in the 25th fiscal period (2017/10)



NAV per unit: Historical performance (Note 2)

- Achieved 7.0% increase year over year



Reserve for reduction entry per unit (Note 1)

21st fiscal period (2015/10) Actual	3,814 yen
22nd fiscal period (2016/4) Actual	5,000 yen
23rd fiscal period (2016/10) Actual	5,000 yen
24th fiscal period (2017/4) Actual	5,000 yen
25th fiscal period (2017/10) Forecast	5,000 yen

Portfolio appraisal profit/loss (Note 3)

21st fiscal period (2015/10)	+10.9 bn yen
22nd fiscal period (2016/4)	+17.4 bn yen
23rd fiscal period (2016/10)	+25.4 bn yen
24th fiscal period (2017/4)	+33.1 bn yen

Note 1: The balance of reserve for reduction entry is calculated by either adding provision of reserve for reduction entry or subtracting reversal of reserve for reduction entry to/from the balance of reserve for 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

Section 2

24th fiscal period results (2017/4)
and 25th fiscal period earning forecasts (2017/10)

24th fiscal period (2017/4) financial results

Achieved DPU growth against both the actual DPU of the previous fiscal period and the forecast DPU due to increase in rental NOI and reduction in interest expense, etc.

24th fiscal period (2017/4) actual

(Unit: mn yen)

	23rd fiscal period (2016/10) Actual	24th fiscal period (2017/4) Forecast (announced on Dec. 14)	24th fiscal period (2017/4) Actual	24th (actual) vs 23rd (actual) Difference	24th (actual) vs 24th (forecast) Difference
	A	B	C	C-A	C-B
Operating revenue	13,491	14,978	15,039	① +1,547	① +60
Operating expense	7,703	9,169	9,137	② +1,433	-32
Operating income	5,788	5,809	5,901	③ +113	② +92
Ordinary income	4,603	4,657	4,751	+148	+93
Net income	4,601	4,656	4,750	+148	+94
DPU (yen)	11,365	11,500	11,733	+368	+233
Provision (+) / reversal (-) of reserve for reduction entry	-	-	-	-	-
Gain / loss on sale of real estate	-	0	5	③ +5	+4
Rental NOI	8,949	9,041	9,088	③ +138	② +47
Interest expense, etc.	1,117	1,061	1,039	④ -78	③ -22

Comparison against 23rd fiscal period (2016/10) actual (see page 31 for details)

① Booking of gain on sale of real estate	+1,662 mn yen
② Booking of loss on sale of real estate	+1,657 mn yen
③ Booking of total gain/loss on sale of real estate	+5 mn yen
Increase in rental NOI	+138 mn yen
Increase in revenues from existing properties	+210 mn yen
Decrease in repair/maintenance expense	+146 mn yen
Disappearance of restoration related revenue of Senri LSC Bldg., etc.	-110 mn yen
Change in utility revenue/expense	-55 mn yen
Disappearance, etc. of cancellation penalty revenue	-19 mn yen
④ Reduction in interest expense, etc.	-78 mn yen

Comparison against 24th fiscal period (2017/4) forecast (see page 31 for details)

① Increase in rental business revenue	+56 mn yen
Increase in rent revenue	+39 mn yen
② Increase in rental NOI	+47 mn yen
Restoration related revenue of KDX Nagoya Nichigin-mae Bldg., etc.	+34 mn yen
Increase in revenues from existing properties	+30 mn yen
Change in utility revenue/expense	-18 mn yen
Increase in repair/maintenance expense	-10 mn yen
③ Reduction in interest expense, etc.	-22 mn yen

25th fiscal period (2017/10) earning forecasts

Expect to increase DPU by 467 yen (+4.0%) from the 24th fiscal period (2017/4) actual

25th fiscal period (2017/10) forecast

(Unit: mn yen)

	24th fiscal period (2017/4) Actual	25th fiscal period (2017/10) Forecast	25th (forecast) vs 24th (actual) Difference
	A	B	B-A
Operating revenue	15,039	13,788	① -1,250
Operating expense	9,137	7,793	② -1,344
Operating income	5,901	5,995	③ +93
Ordinary income	4,751	4,941	+189
Net income	4,750	4,939	+188
DPU (yen)	11,733	12,200	+467
Provision (+) / reversal (-) of reserve for reduction entry	-	-	-
Gain / loss on sale of real estate	5	-	-5
Rental NOI	9,088	9,227	③ +139
Interest expense, etc.	1,039	1,022	④ -16

Comparison against 24th fiscal period (2017/4) actual (see page 32 for details)

① Disappearance of gain on sale of real estate	-1,662 mn yen
② Disappearance of loss on sale of real estate	-1,657 mn yen
③ Increase in rental NOI	+139 mn yen
Increase in revenues from existing properties	+208 mn yen
Change in utility revenue/expense	-32 mn yen
Increase in taxes	-16 mn yen
Total impact of rent revenue from properties acquired/sold in and after 24th fiscal period (2017/4)	-10 mn yen
Increase in repair/maintenance expense	-9 mn yen
④ Reduction in interest expense, etc.	-16 mn yen

Section 3

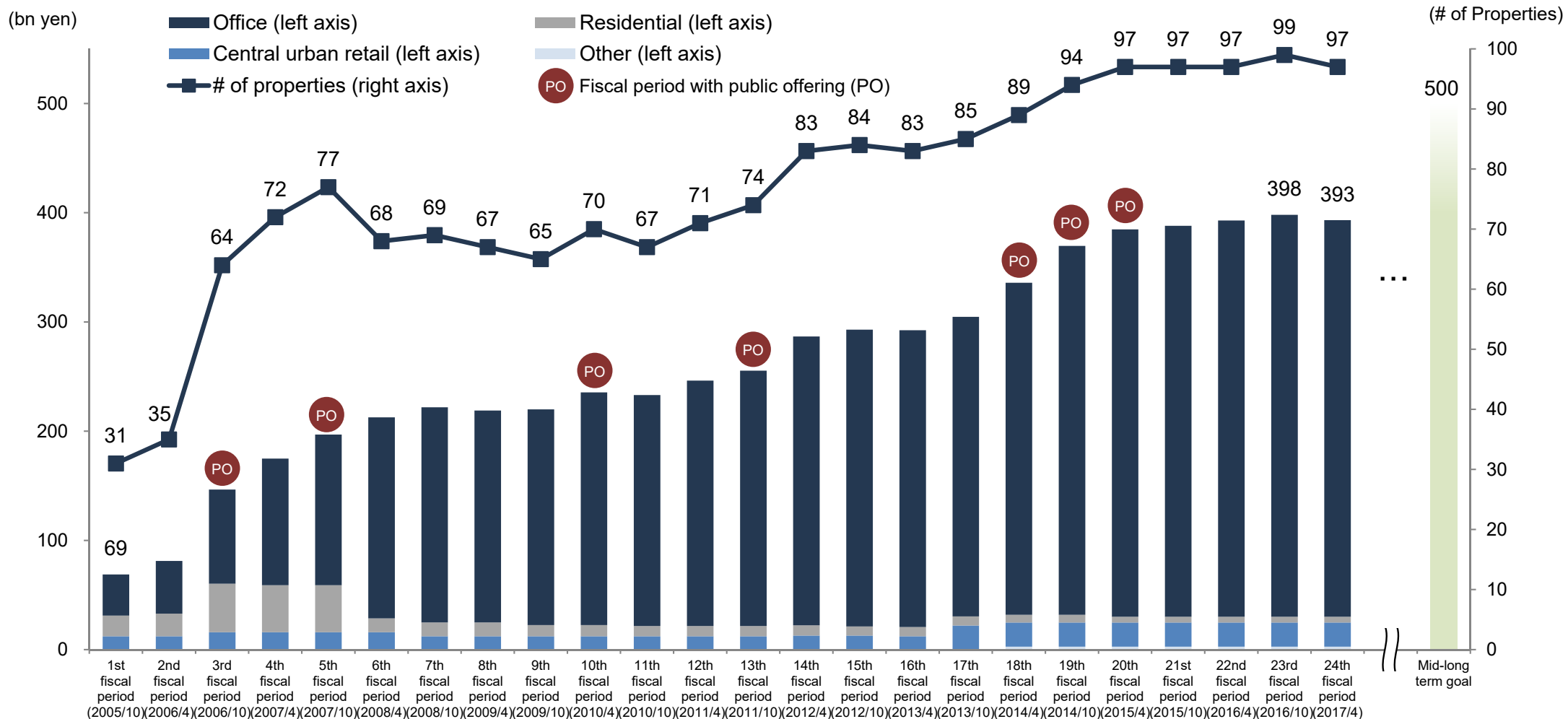
Portfolio overview

Portfolio growth and change in number of properties

Maintain our portfolio size since 2015, focusing on selective investment and asset reshuffle

Aim to expand the portfolio to 500 billion yen by keeping an eye on real estate market trends and opportunities

Portfolio growth (based on total acquisition price) and the number of properties (Note)



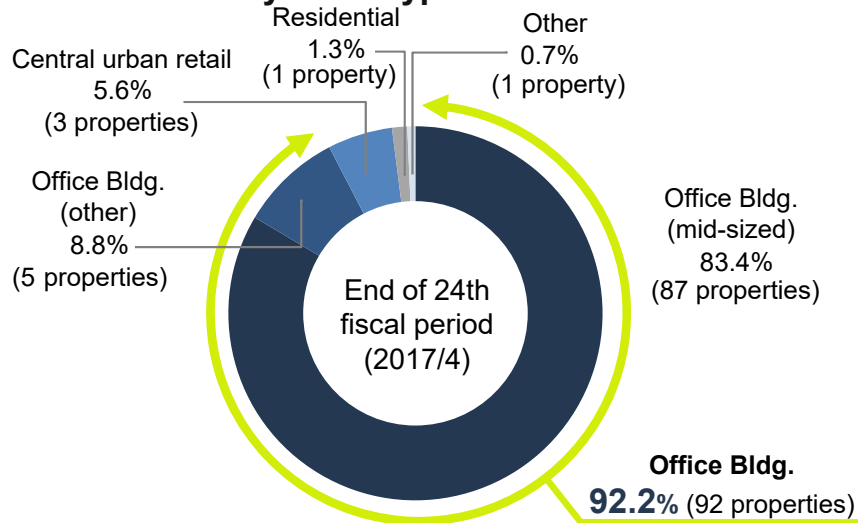
Note: The amount and the number of properties are shown as of the end of each fiscal period

Figures are truncated to the nearest billion yen. Figures in this material are truncated to the nearest unit unless otherwise stated

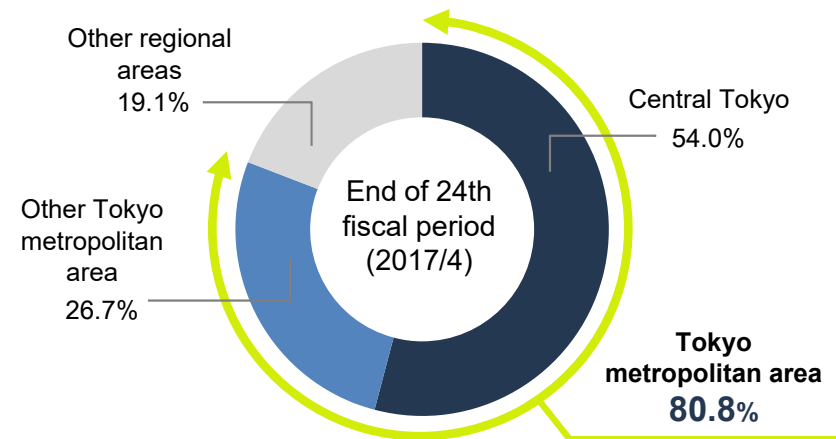
Portfolio diversification

Portfolio mainly consisted of mid-sized office buildings with advanced tenant diversification
 Plan to maintain approx. 80% investment ratio in Tokyo metropolitan area

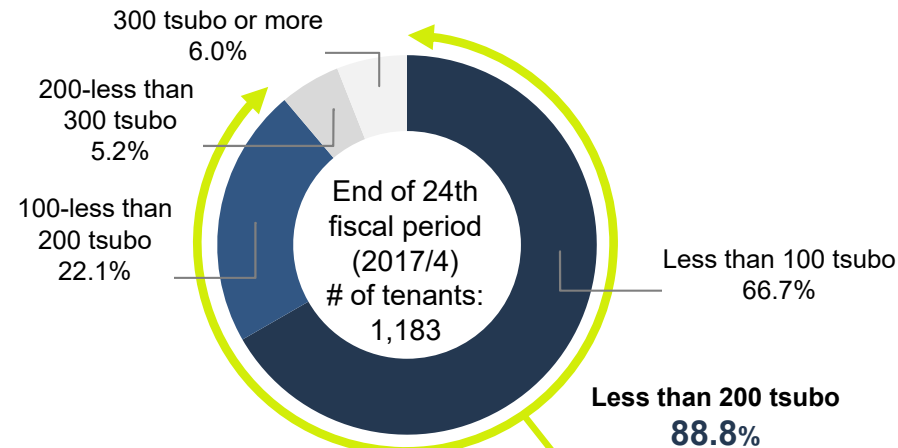
Breakdown by asset type (Note 1)



Breakdown by region (Note 2)



Breakdown of the number of tenants by leased floor area (Note 3)



Note 1: Portfolio breakdown by asset type based on acquisition price (truncated to the first decimal place)

Note 2: Portfolio breakdown by region based on acquisition price (truncated to the first decimal place)

Note 3: Based on the number of tenants in each office building. Tenants leasing more than one property are counted as 1 tenant for each building without aggregating by name-base

Section 4

External growth

A series of initiatives in 24th fiscal period (2017/4)

Improved portfolio quality by utilizing the capital gains from mutual transactions

Eliminated appraisal loss by 2.1 billion yen and appropriated the proceeds from asset dispositions for the reduction of interest-bearing debt and new acquisitions

1 Mutual transactions

- Achieved capital gains of 1.6 bn yen through mutual transactions with developers
- Expect to improve portfolio NOI yield after depreciation
- Secured cash on hand of 1.8 bn yen

【Acquisition】
ARK Mori Bldg.
(Compartmentalized Ownership)



【Disposition】
BUREX Toranomon



Mutual transactions with Mori Building Co., Ltd.

【Acquisition】
Nishi-Shinbashi TS Bldg.



【Disposition】
KDX Nihonbashi Kabutocho Bldg.



Mutual transactions with Heiwa Real Estate Co., Ltd.

2 Disposition

- Disposition of 3 properties with appraisal loss for a total of 5.0 bn yen (total capital loss of 1.6 bn yen)
- Total disposition price is approx. 0.57 bn yen higher than appraisal value
- Eliminated portfolio appraisal loss by approx. 2.1 bn yen through the disposition

KDX Roppongi 228 Bldg.



KDX Kanda Misaki-cho Bldg.



KDX Gobancho Bldg.



Utilization of proceeds

3 Acquisition

- Acquired at a relatively high NOI yield despite tough acquisition environment

BR Gotanda
(Compartmentalized Ownership)



Estimated NOI yield ^(Note)	4.8%
Estimated NOI yield after depreciation ^(Note)	4.0%
Appraisal NOI yield ^(Note)	5.3%

Note: Yields are calculated using the following formulas (rounded to the first decimal place):

Estimated NOI yield: Calculated by dividing "NOI after excluding extraordinary factors for the year of the acquisition estimated by the Asset Management Company" by the acquisition price

Estimated NOI yield after depreciation: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by the acquisition price

Appraisal NOI yield: Calculated by dividing "NOI calculated based on the direct capitalization method described in the relevant appraisal report (with the base date for appraisal on March 1, 2017)" by the acquisition price

Properties sold on Feb.1, 2017 in 24th Fiscal Period (2017/4)

Disposed of 3 properties with significant appraisal loss and low profitability

Effectively utilize the proceeds from disposition while improving portfolio profitability and appraisal profit/loss

Overview of the properties sold



	KDX Roppongi 228 Bldg.	KDX Kanda Misaki-cho Bldg.	KDX Gobancho Bldg.
Location	Minato-ku Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
Type of use	Office	Office	Office
GFA	2,235.30m ²	1,536.60m ²	1,893.11m ²
Completion (building age)	Apr. 1989 (27)	Oct. 1992 (24)	Aug. 2000 (16)
Book value ^(Note 1)	3,396 mn yen	1,340 mn yen	1,898 mn yen
Disposition price		5,070 mn yen	
Loss against book value (disposition price-book value)/book value		-23.6%	
Appraisal value upon disposition	2,120 mn yen	961 mn yen	1,420 mn yen
Buyer		Hulic Co., Ltd.	
Acquisition date	Jan.10, 2008	Feb. 1, 2008	Mar. 31, 2008
Disposition date		Feb.1, 2017	
NOI yield (actual) ^(Note 2)	2.4%	2.7%	3.3%
NOI yield after depreciation (actual) ^(Note 2)	2.1%	2.1%	2.4%
NOI yield based on disposition price ^(Note 2)		3.6%	

Note 1: Book values in the table are as of the date of disposition, with the figures rounded down to the nearest million yen

Note 2: Yields are calculated using the following formulas, with the results rounded to the first decimal place

NOI yield (actual) is calculated by dividing the sum of actual NOI for 22nd fiscal period (2016/4) and 23rd fiscal period (2016/10) (annual NOI) by the acquisition price

NOI yield after depreciation (actual) is calculated by dividing the sum of actual NOI for 22nd fiscal period (2016/4) and 23rd fiscal period (2016/10) after deducting the depreciations in these periods, by the acquisition price

NOI yield based on disposition price is calculated by dividing the annual NOI mentioned above by the disposition price

Note 3: Average NOI yield (actual) is calculated by dividing the sum of actual NOI for 22nd fiscal period (2016/4) and 23rd fiscal period (2016/10) by the sum of acquisition price. Total appraisal loss is calculated as the sum of difference between the book value and appraisal value as of the end of the 23rd fiscal period (2016/10). Rate of appraisal loss is calculated by dividing the total appraisal loss of the 3 properties, by the total book value of the properties. Figures are to be rounded to the nearest unit

Highlight of dispositions

Profitability and asset value of the 3 properties ^(Note 3)

Average NOI yield (actual) **2.8%** Total appraisal loss **2.1 bn yen** Rate of appraisal loss **-32%**

Effect of dispositions

- **Improved portfolio profitability and appraisal profit/loss**
- **Secured 5.0 bn yen of cash on hand**

- Reduced interest-bearing debt by 3.5 bn yen

Before reduction End of 24th fiscal period
LTV 43.1% > 42.6%

- Appropriated a portion of the proceeds from the disposition for the acquisition of BR Gotanda

Property acquisition (BR Gotanda) in 24th fiscal period (2017/4)

Selective investment in the Gotanda area where KDO has more than a decade of investment management experience
 Acquired the property at a relatively high NOI yield despite tough acquisition environment

Overview of BR Gotanda (Acquired on Apr. 5, 2017)



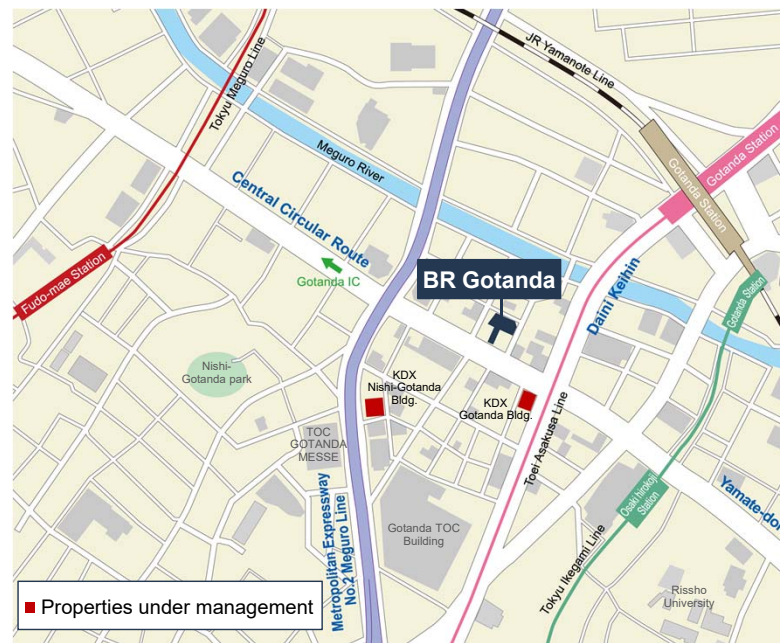
11F		
10F		
9F	Owned by KDO	
8F		
7F		
6F		
5F	Owned by third party	
4F		
3F	Owned by KDO	
2F		
1F	EV Hall	Owned by KDO
B		(parking lot)

Location	Shinagawa-ku, Tokyo
Land	Ownership and leasehold (Note 1)
Ownership	Compartmentalized ownership (ratio of exclusive floor area: approx. 73%)
Bldg.	
GFA	7,395.72 m ²
Completion date	Sep. 1991
Occupancy rate (Note 2)	100 %
# of tenants (Note 2)	5

Acquisition price	2,200 mn yen
Appraisal value at the time of acquisition	2,310 mn yen
Estimated NOI yield (Note 3)	4.8 %
Estimated NOI yield after depreciation (Note 3)	4.0 %
Appraisal NOI yield (Note 3)	5.3 %

Transaction highlights

- KDO had long kept an eye on the property as an asset potentially for sale and acquired it through negotiated transaction at a price meeting our criteria despite tough acquisition environment
- The property is the third mid-sized office building KDO acquired in the Gotanda area where demand for office spaces has been growing among IT related firms besides manufacturers and service businesses
- Conveniently located within a walking distance of three stations on four railways, and four elevators installed, the property is differentiated from the other rental office buildings of the similar size



Note 1: The ratio of proprietary ownership portion to the entire site area is approx. 55% and the ratio of land leasehold portion is approx. 15%

Note 2: Occupancy rate and # of tenants are as of Mar. 31, 2017. Figure for occupancy rate is rounded to the first decimal place

Note 3: Yields are calculated using the following formulas (rounded to the first decimal place):

Estimated NOI yield: Calculated by dividing "NOI after excluding extraordinary factors for the year of the acquisition estimated by the Asset Management Company" by the acquisition price

Estimated NOI yield after depreciation: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by the acquisition price

Appraisal NOI yield: Calculated by dividing "NOI calculated based on the direct capitalization method described in the relevant appraisal report (with the base date for appraisal on March 1, 2017)" by the acquisition price

Track record and effect of property acquisitions and dispositions

Enhanced portfolio profitability and solidified financial base through selective investment focusing on location and NOI yield, and strategic asset reshuffle

Estimated NOI yield on the acquisition and actual NOI yield on the disposition ^(Note 1)



Change in portfolio indices

	22nd Fiscal Period (2016/4)		23rd Fiscal Period (2016/10)		24th Fiscal Period (2017/4)		22nd Fiscal Period	➤	24th Fiscal Period
NOI yield ^(Note 2)	4.4%	➤	4.5%	➤	4.6%				+0.2%
NOI yield after depreciation ^(Note 2)	3.2%	➤	3.3%	➤	3.4%				+0.2%
Appraisal profit/loss	17.4 bn yen	➤	25.4 bn yen	➤	33.1 bn yen				+15.7 bn yen

Note 1: Yields are calculated using the following formulas by fiscal period and region of the acquisition/disposition (rounded to the first decimal place):

Estimated NOI yield on the acquisition: Calculated by dividing the sum of NOI after excluding extraordinary factors for the year of acquisition estimated by the Asset Management Company by the total acquisition price

Actual NOI yields on the disposition: Calculated by dividing the sum of the actual NOI for the 2 fiscal period prior to the period in which the property was sold, by the total acquisition price

Note 2: NOI yield and NOI yield after depreciation calculation for the properties acquired during each fiscal period without property taxes are assumed as if the taxes are imposed. For the properties acquired/sold during each fiscal period, they are calculated by multiplying the ratio of actual operating days corresponding to each fiscal period's operating days against NOI and acquisition price (rounded to the first decimal place)

Section 5

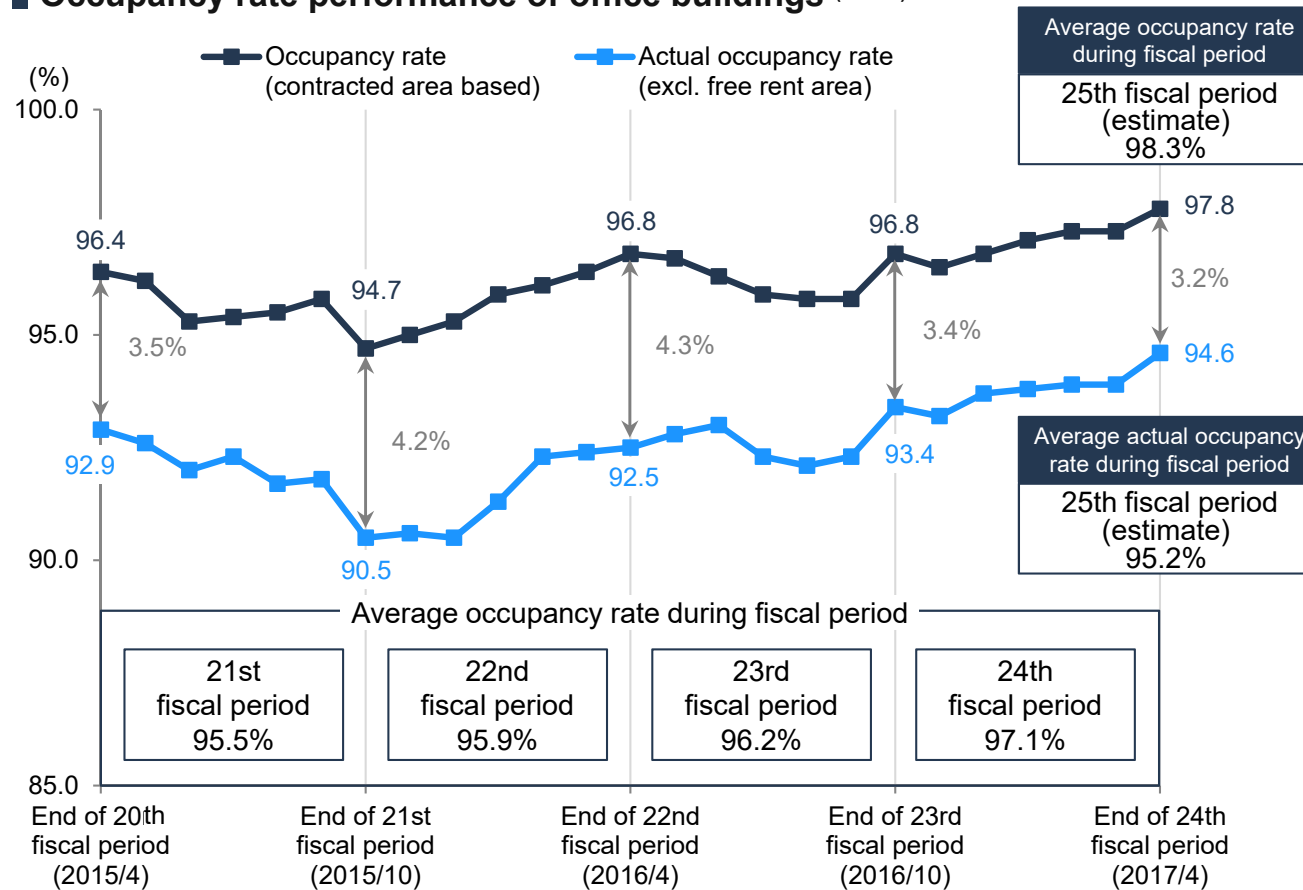
Internal growth

Changes in occupancy and turnover ratio for office buildings

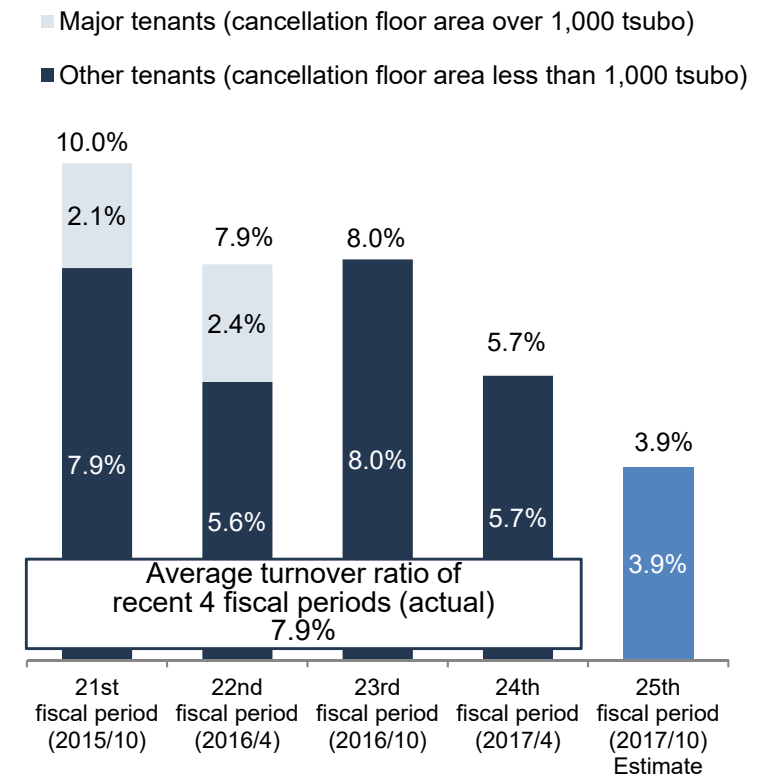
Period-end occupancy rate has improved by 1.0% from the previous fiscal period backed by steady progress in filling vacancies

Actual occupancy rate is expected to improve further with expiration of free rent periods and decreasing turnover ratio

Occupancy rate performance of office buildings (Note 1)



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



Note 1: Occupancy rate (contracted area based) is calculated by dividing contract based leased area by leasable area and actual occupancy rate (excl. free rent area) is calculated by dividing leased area subtracting free rent area by leasable area. The figures are rounded to the first decimal place. Average occupancy rate of office buildings during each fiscal period is a simple average of month-end occupancy rates of owned buildings during each period. The estimated average occupancy rate for the 25th fiscal period (2017/10) is the figure that is used as part of the assumptions for the earnings forecasts

Note 2: Annualized turnover ratio is calculated and annualized as follows: (Total leasable area of the end-tenants who cancelled the lease agreements 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

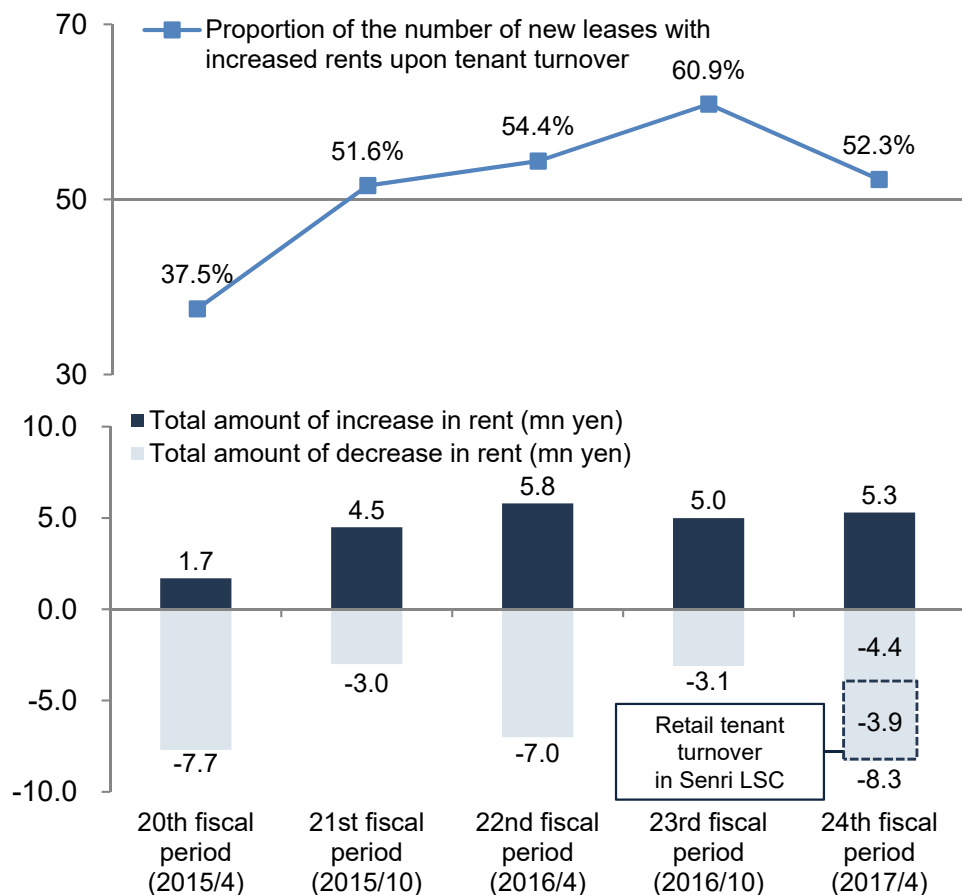
Note 3: The estimate for the 25th fiscal period (2017/10) is based on the cancellation notice, etc. received by May 31, 2017

Rent trend upon tenant turnover and reasons for move-ins/outs for Office Buildings

More than half the new tenants have agreed to rents higher than previous rents upon tenant turnover, continued for four consecutive fiscal periods

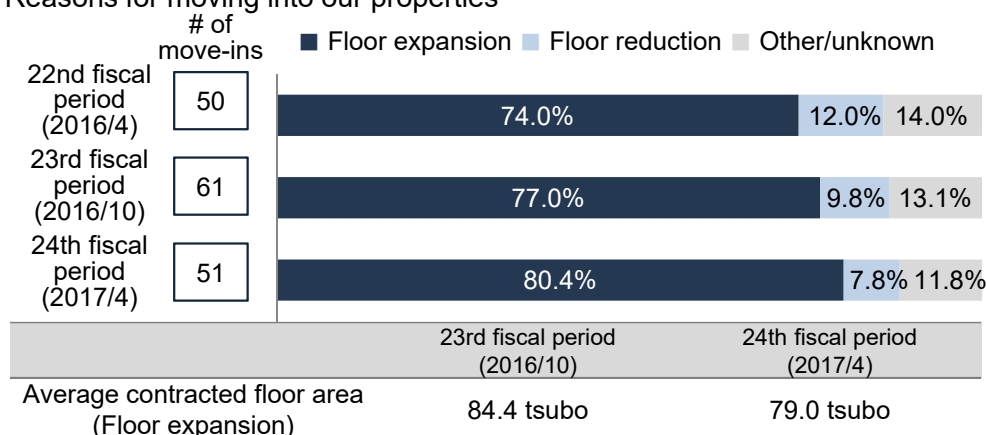
Relocation demand for floor expansion has remained strong among mid- and small-sized companies

Increase/decrease in monthly rent upon tenant turnover (Note 1)

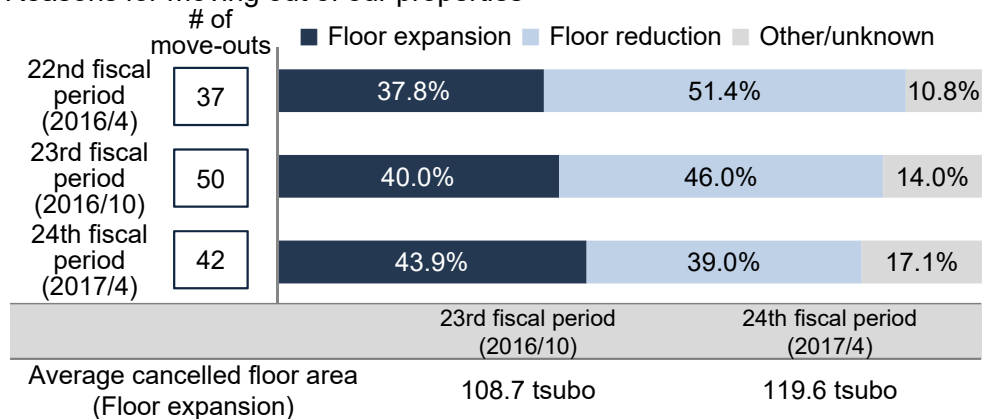


Change in reasons for move-ins/outs (Note 2)

Reasons for moving into our properties



Reasons for moving out of our properties



Note 1: Total amount of increases/decreases in monthly rent before and after rent revision for each fiscal period is respectively aggregated for the spaces where the rents paid by new tenants and by previous tenants can be compared

Note 2: The above data is based on the hearing survey, etc. compiled by the Asset Management Company with regard to reasons for office relocation of relevant tenants. We classify responses of survey into 3 categories: "Floor expansion", "Floor reduction" and "Other/unknown", and calculate the proportion of each category. For move-ins, the figures are based on the number of tenants on office floors on the second floor or above. For move-outs, the figures are based on the number of tenants on all floors except for residential floors

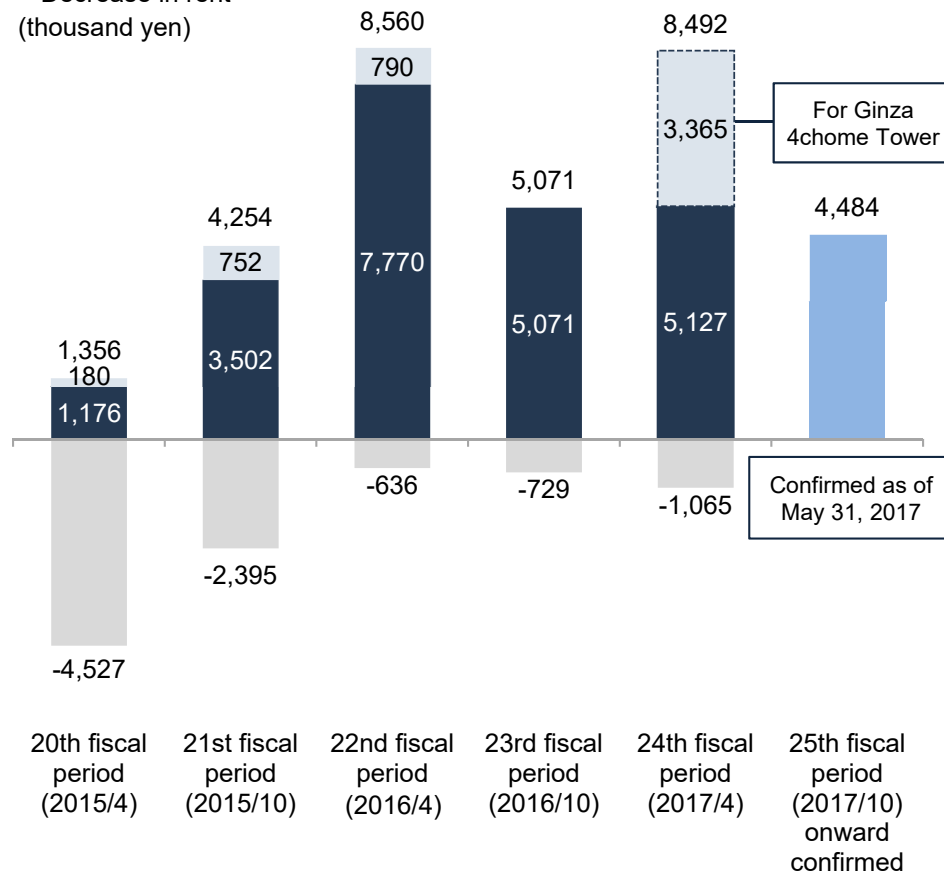
Status of rent revisions with existing tenants

Upward rent trend has taken root, with more than 40 upward rent revisions achieved for 3 consecutive fiscal periods
 Rent increase rate exceeded 10% in Tokyo central 5 wards

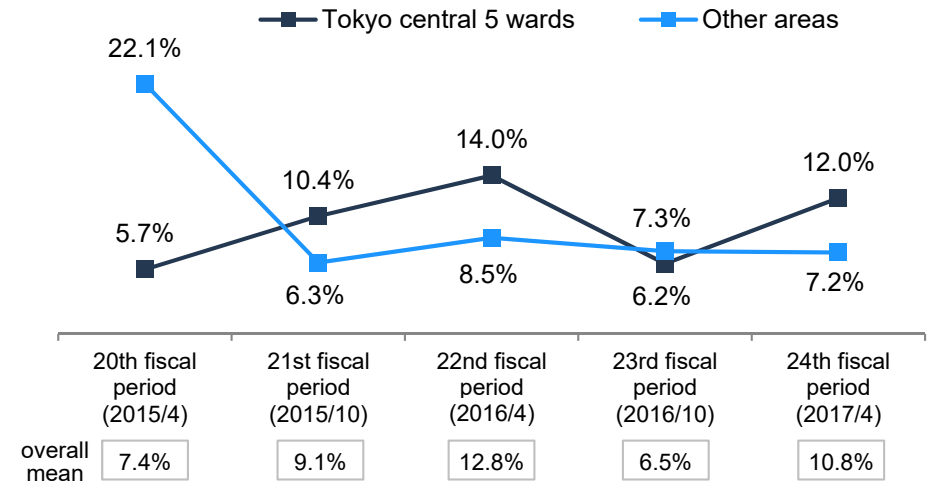
Change in rent upon rent revisions (based on monthly rent) (Note 1)

- Steady rent increase as a result of proactive upward rent negotiations

■ Increase in rent (Office building)
 ■ Increase in rent (Central urban retail)
 ■ Decrease in rent
 (thousand yen)

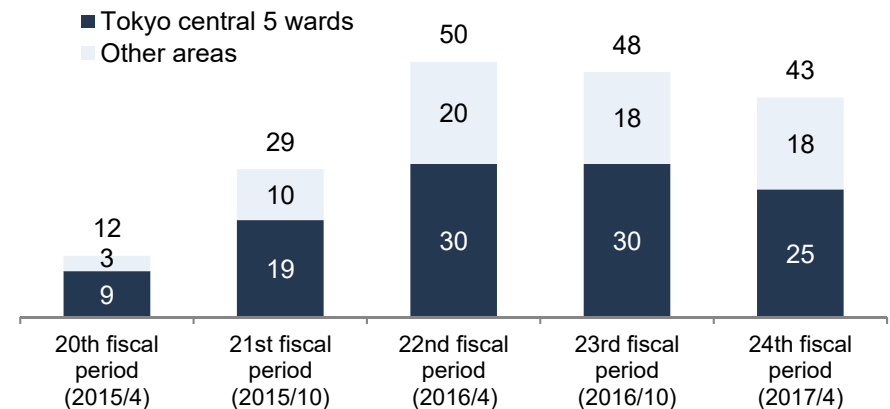


Change in rent increase rate (note 2)



Historical number of rent increase (note 2)

- Steady trend of rent increase is also seen in areas other than Tokyo central 5 wards



Note 1: Total amount of increases/decreases in monthly rent before and after rent revisions for each fiscal period is aggregated, respectively. Figures are rounded to the nearest thousand yen

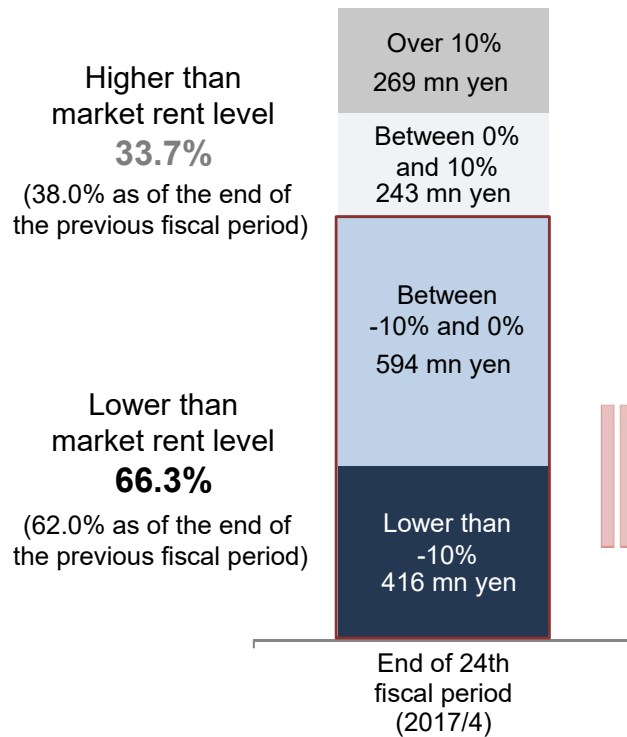
Note 2: Calculated by aggregating the actual rent increase of the office buildings and central urban retail properties in our portfolio. Rent increase rate is calculated by dividing the sum of increase in monthly rent by the sum of monthly rent before revision. Figures are rounded to the first decimal place

Rent gap of KDO office buildings

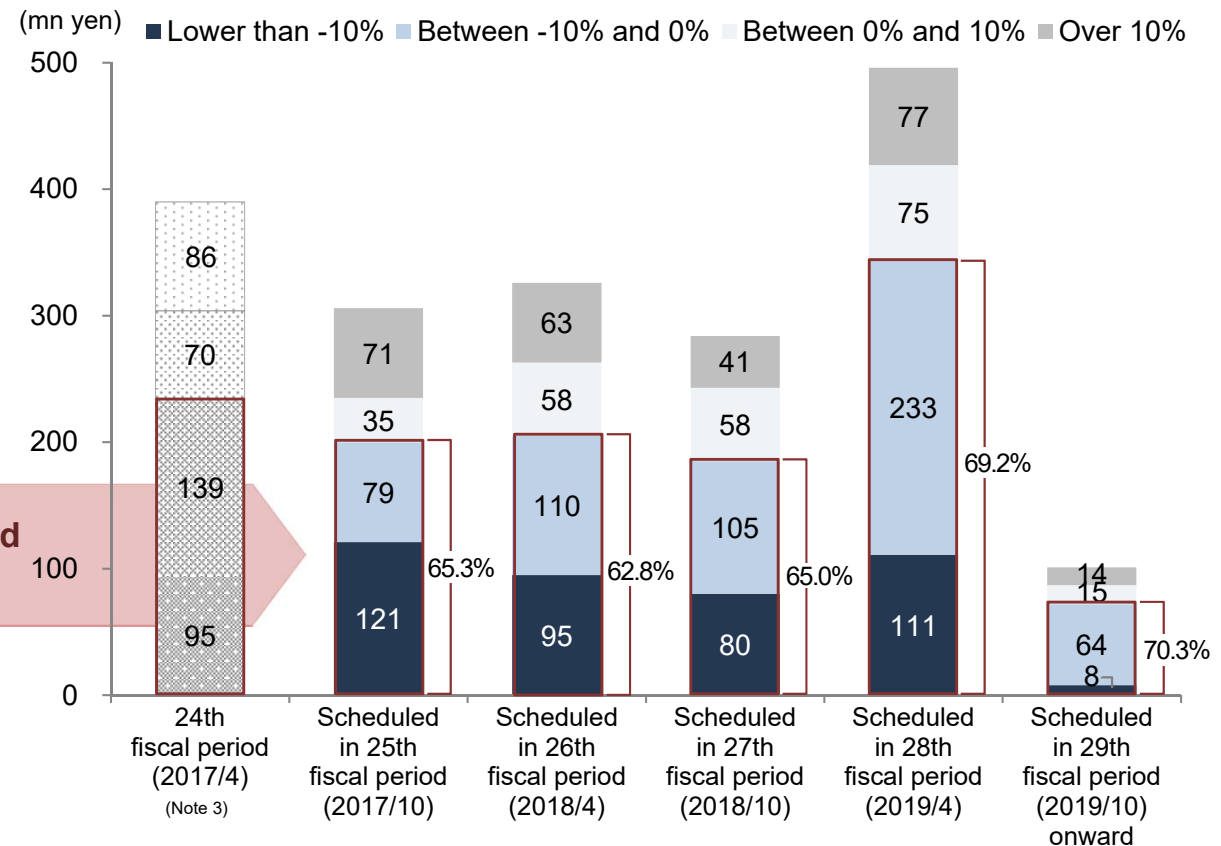
The contract rents aiming for upward rent revision account for 66.3%, increased by 4.3% period over period
Expect continued negotiation opportunities for upward rent revision in the future

Breakdown of rent gaps (based on monthly rent) (Note 1)

- The contracted rents for office buildings are **2.8% lower** than the market rent on average (**2.1% as of the end of the previous fiscal period**)



Breakdown of rent gaps by rent revision schedule (as of the end of 24th fiscal period (2017/4), based on monthly rent) (Note 2)



Note 1: A new contracted rent (standard floor) for each property estimated by CBRE as of the end of the 24th fiscal period (2017/4) is deemed the market rent; the gap between the contracted rent for each tenant and the market rent is recognized as a rent gap. No gap is classified into "Between 0% and 10%." Calculated as the weighted average, based on leasable floor area, of the gap between the average contracted rent of the standard floor for the office buildings held by KDO as of the end of the 24th fiscal period (2017/4) and the market rent for each property estimated by CBRE at the time of appraisal

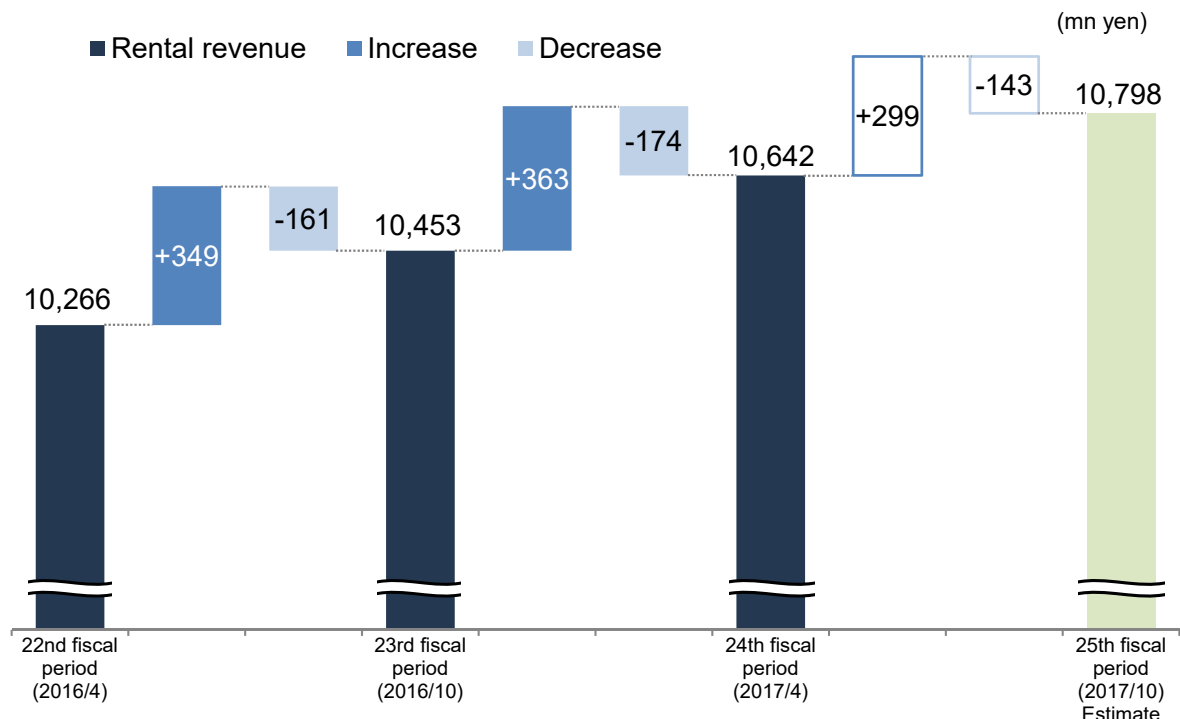
Note 2: Regarding the office buildings held by KDO as of the end of the 24th fiscal period (2017/4), distribution of the rent gaps between the contracted rent for each tenant and the market rent estimated by CBRE as of the end of the 24th fiscal period (2017/4) by the timing of rent revisions for each tenant. The rents equal to market rents are classified into "Between 0% and 10%"

Note 3: The breakdown of rent gaps for the contracts that will expire in the 24th fiscal period (2017/4) as of the end of the 23rd fiscal period (2016/10)

Rental revenues of existing 90 properties

Revenue growth has continued due to improvement in actual occupancy rate and unit rent

Change in rental revenues from existing properties (Note 1)

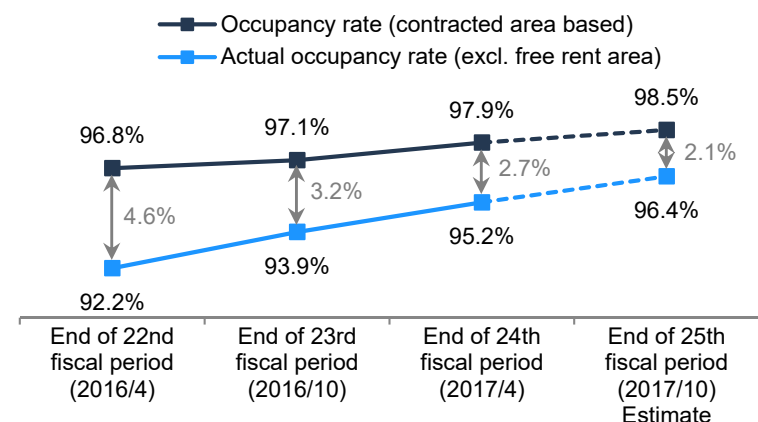


(mn yen)	22nd Period	23rd period	23rd Period	24th period	24th Period	25th period
Main properties with increased revenue	KDX Higashi-Shinagawa Bldg. (+43) Frame Jinnan-zaka (+38) KDX Toyosu Grand Square (+32)	KDX Iidabashi Square (+99) KDX Nagoya Ekimae Bldg. (+40) KDX Toyosu Grand Square (+27)		KDX Iidabashi Square (+42) KDX Nishi-Gotanda Bldg. (+31) KDX Ikebukuro Bldg. (+24)		
Main properties with decreased revenue	Senri LSC Bldg. (-38) KDX Nagoya Ekimae Bldg. (-30) KDX Yokohama Bldg. (-15)		Ginza 4chome Tower (-39) KDX Fuchu Bldg. (-20) Senri LSC Bldg. (-18)		KDX Jimbocho Bldg. (-29) KDX Ginza East Bldg. (-22) KDX Nihonbashi 313 Bldg. (-16)	

Change in occupancy rate of existing properties

(Note 1) (Note 2)

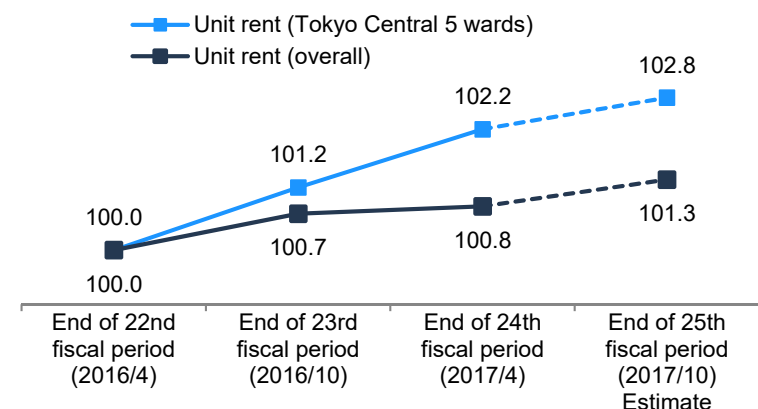
- Steady increase in actual occupancy rate due to gradual expiration of the existing free rent period and decrease in turnover ratio



Change in unit rent index of existing properties

(Note 1) (Note 3)

- Unit rent growth is also expected to continue



Note 1: Calculation is based on 90 properties, including the properties we owned as of the beginning of the 22nd fiscal period (2016/4) and excluding the properties sold. Rental revenues include common area charge

Note 2: Occupancy rate (contracted area based) is calculated by dividing contract based leased area by leasable area and actual occupancy rate (excl. free rent area) is calculated by dividing leased area after subtracting free rent area by leasable area. The figures are rounded to the first decimal place

Note 3: Unit rent index is an index with the unit rent as of the end of 22nd fiscal period (2016/4) given a value of 100

End-tenants of KDO office buildings

Proportion that the largest tenant occupies among total leased floor area is 1.1% while tenants other than the top 5 each occupying less than 1.0%

Highly diversified tenant base with the top 10 tenants occupying less than 10% of our leased floor in total

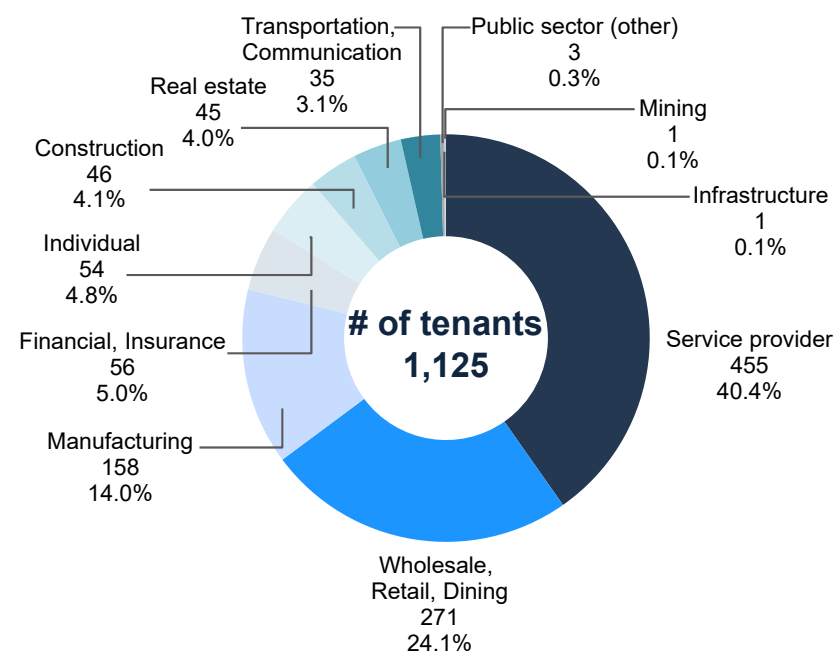
List of top end-tenants for office buildings (as of the end of 24th fiscal period (2017/4))

	Tenant name	Leased area (tsubo)	% share of leased floor area (Note 1)	Name of property
1	Tenant A (wholesale, retail and dining)	1,550.8	1.1	KDX Kawasaki-Ekimae Hon-cho Bldg.
2	Tenant B (service provider)	1,469.2	1.1	KDX Musashi-Kosugi Bldg. KDX Hiroshima Bldg.
3	ADK Arts Inc.	1,427.8	1.0	KDX Toranomom 1Chome Bldg.
4	JASTECo., Ltd.	1,304.6	1.0	KDX Takanawadai Bldg.
5	Otsuka Corporation	1,110.8	0.8	Portus Center Bldg. KDX Hon-Atsugi Bldg. Nishi-Shinbashi TS Bldg.
6	Tenant C (service provider)	1,080.1	0.8	KDX Musashi-Kosugi Bldg.
7	Customer relation telemarketing, CO,LTD	1,052.8	0.8	KDX Higashi Umeda Bldg.
8	Medical Corporation DOYUKAI	1,022.4	0.8	Koishikawa TG Bldg.
9	Tenant D (wholesale, retail and dining)	912.2	0.7	Harajuku F.F. Bldg.
10	ACOM CO., LTD.	781.8	0.6	KDX Harumi Bldg.
	Total	11,712.6	8.6	

Average rent for office buildings by area (as of the end of 24th fiscal period (2017/4)) (Note 2)

	# of properties	Average rent (yen/tsubo)
Tokyo metropolitan area	75	15,100
Japan	92	14,300

Tenant diversification by type of business (based on # of tenants) (Note 3)



Note 1: Leased area of each end-tenant against total leased floor area of KDO portfolio as of the end of the 24th fiscal period (2017/4). Figures are rounded to the first decimal place

Note 2: Average rent is calculated by dividing total amount of contracted rents of office buildings for each area by the total leased floor area, rounded down to the nearest hundred

Note 3: The 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 24th fiscal period (2017/4). Figures are rounded to the first decimal place

Our leasing focus and status update

Steady progress in leasing through appropriate activities with due consideration for each property's characteristics

KDX Shin-Nihonbashi Ekimae Bldg.

- Achieved full occupancy earlier than planned upon acquisition



Upon acquisition (Aug. 2, 2016)	End of 24th fiscal period (2017/4)	Change in occupancy rate
40.9%	100%	+59.1%
Space leased	Space vacated	Difference
696.08 tsubo	108.67 tsubo	+587.41 tsubo

- Achieved full occupancy through initiatives such as changing building name, organizing site visit, optimizing unit rent, renovation of toilet on tenants' request, etc.

KDX Nagoya Nichigin-mae Bldg.

- Achieved full occupancy through tenant-needs-oriented leasing



Upon acquisition (Mar. 15, 2016)	End of Jun. 2017 (estimate)	Change in occupancy rate
89.5%	100%	+10.5%
Space leased	Space vacated	Difference
376.79 tsubo	237.59 tsubo	+139.20 tsubo

- Adopted a leasing strategy which secures the flexibility of internal decoration for shop for the vacant space on 1-2 floors, considering the high visibility of the property, and successfully leased the vacant space as a showroom with only 1 month of downtime

KDX Nihonbashi Edo-dori Bldg.

- Improved occupancy rate as scheduled



Upon acquisition (Aug. 2, 2016)	End of Jun. 2017 (estimate)	Change in occupancy rate
74.0%	92.4%	+18.4%
Space leased	Space vacated	Difference
238.28 tsubo	153.99 tsubo	+84.29 tsubo

- Took the same initiatives as the KDX Shin-Nihonbashi Ekimae Bldg. and improved occupancy rate from its low of 60% to 90% or more, focusing on leasing of the remaining 1 floor (34 tsubo)

Senri LSC Bldg.

- Successfully leased a space of approx. 680 tsubo vacated by a fitness gym



End of 23rd fiscal period (2016/10)	End of 24th fiscal period (2017/4)	Change in occupancy rate
83.3%	99.8%	+16.5%
Space leased	Space vacated	Difference
1,021.87 tsubo	165.93 tsubo	+855.94 tsubo

- Carried out appropriate marketing activities after the move-out of a fitness gym and successfully leased the vacant space with limited capex by attracting interests from several companies in the same industry

Section 6

Financial strategy

Status of debt financing

Achieved upgrade in credit rating in Jan. 2017: A+ (positive) to AA- (stable)
 Decreased LTV level by reducing interest-bearing debt with cash on hand

Refinance record for 24th fiscal period (2017/4) (Total amount of 8.2 bn yen) ^(Note 1)

- 4.5 bn yen was borrowed where the maturity is set to be approx. 1 year to secure financial flexibility
- Redeemed the Investment Corporation Bonds of 3.0 bn yen and repaid borrowings of 0.5 bn yen by utilizing proceeds from asset disposition

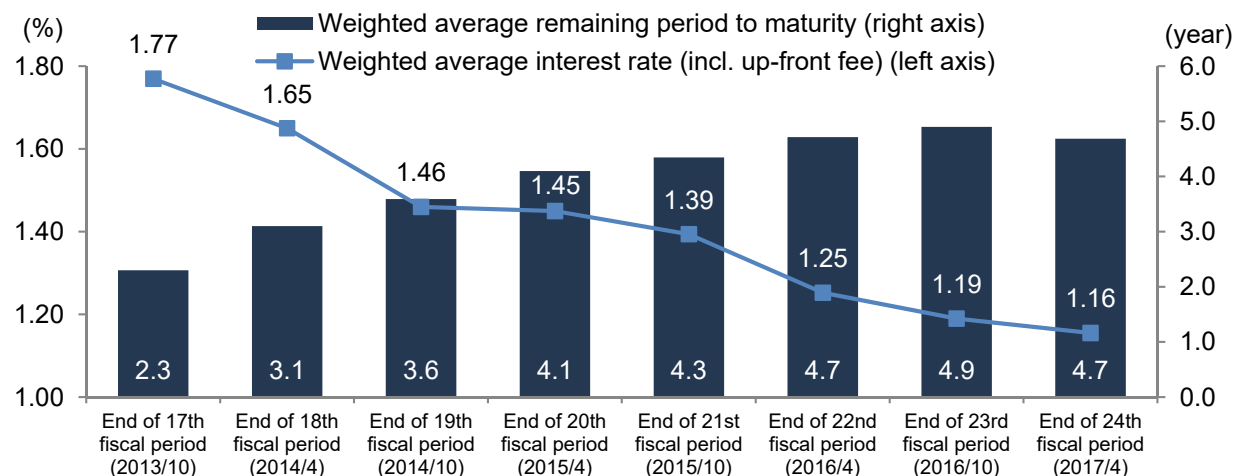
	Conditions before refinancing	Conditions after refinancing
Average interest rate	1.30%	➤ 0.64%
Average borrowing period	4.6 years	➤ 5.1 years

Status of credit rating (JCR)

Upgraded in Jan. 2017

A+ (positive) ➤ **AA- (stable)**

Average remaining period to maturity and interest rate ^(Note 2)



Major indices related to the stability of financial structure as of the end of 24th fiscal period (2017/4)

LTV ^(Note 3)

Conservative financial management with a target LTV of 45%

End of 23rd fiscal period (2016/10)	End of 24th fiscal period (2017/4)
43.1%	➤ 42.6% (LTV based on appraisal: 39.4%)

Ratio of fixed interest rate ^(Note 4)

Continue to hedge against a potential rise in interest rates

94.8%

Note 1: Average interest rate and borrowing period are the weighted average of the interest rate (incl. up-front fee) and borrowing period based on the balance of borrowings, respectively (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place). In addition, conditions before refinancing are calculated including interest-bearing debt redeemed or repaid in 24th fiscal period (2017/4)

Note 2: Average remaining period to maturity and interest rate are the weighted average based on the balance of debt outstanding as of the end of each fiscal period (with the average remaining period to maturity rounded to the first decimal place and the average interest rate rounded to the second decimal place)

Note 3: LTV is calculated by dividing the balance of interest-bearing debt by the amount of total assets as of the end of the fiscal period (rounded to the first decimal place)

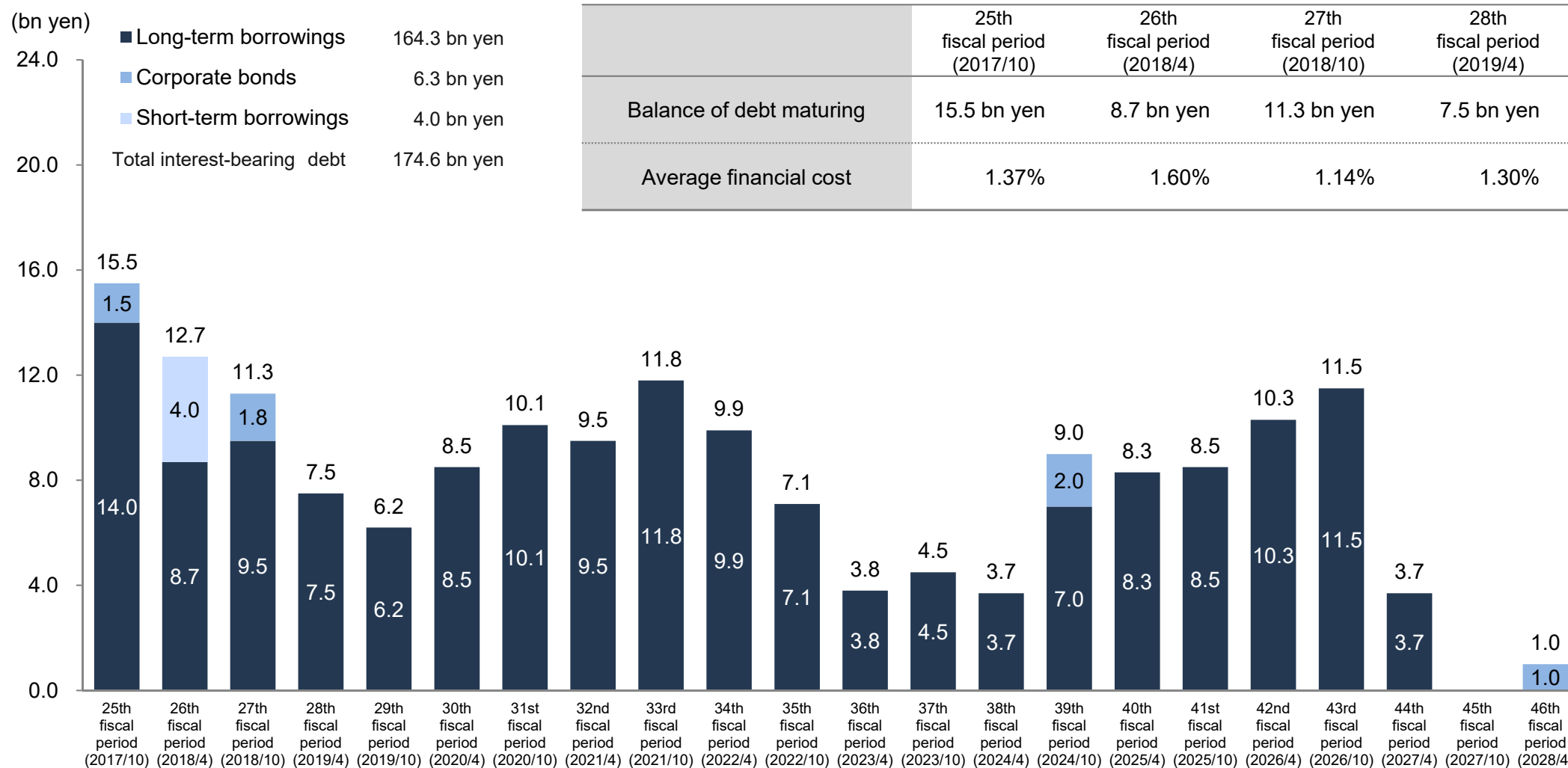
Note 4: Includes the borrowings with floating interest rate fixed by interest rate swap but excludes those hedged by interest rate cap (rounded to the first decimal place)

Diversification of debt maturities

Reduced refinancing risk through extension of remaining period to maturity and diversification of debt maturities

Balance of interest-bearing debt by maturity

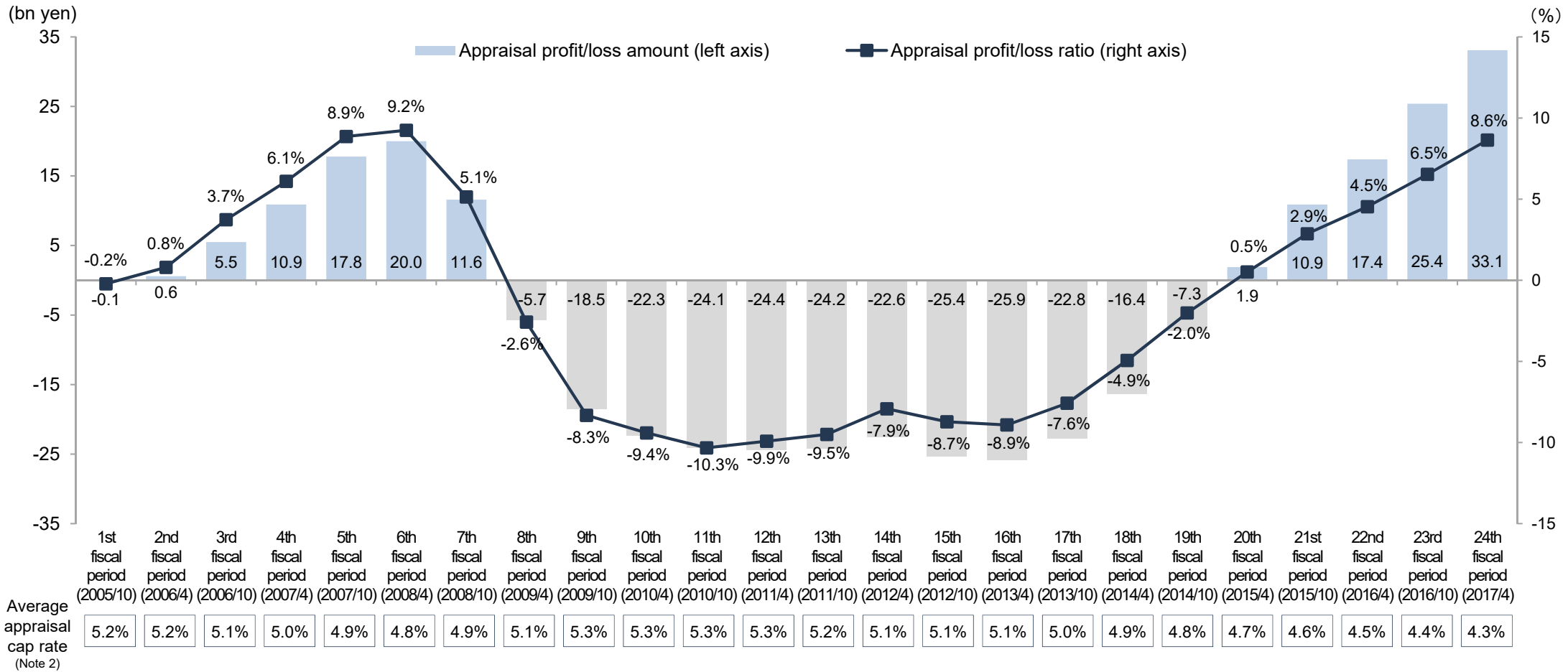
• Interest-bearing debt by maturity (excl. short-term borrowings)



Historical appraisal profit/loss of portfolio

Appraisal profit increased to 33.1 billion yen as a result of increase in appraisal value and proactive asset reshuffle

Historical changes in portfolio's appraisal profit/loss amount and ratio and average appraisal cap rate (Note 1)



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 and listed in the appraisal report with the base date for appraisal as of the end of each fiscal period. Figures are rounded to the first decimal place

Memo

Appendix 1

Supplemental material / data

Acquisitions/dispositions in 24th fiscal period (2017/4) (disclosed in Nov-Dec 2016)

Acquisition of prime properties from real estate developers through mutual transactions by capturing their needs in relation to redevelopment projects

Overview of the properties acquired



Property name	ARK Mori Bldg. (compartmentalized ownership) <small>(Note 1)</small>	Nishi-Shinbashi TS Bldg.
Location	Minato-ku, Tokyo	Minato-ku, Tokyo
Gross floor area <small>(Note 1)</small>	177,486.95㎡	8,851.60㎡
Completion date	1986/3	1992/8
Occupancy rate <small>(Note 2)</small>	100.0%	100.0%
# of tenants <small>(Note 2)</small>	1	9
Acquisition price (A)	4,169 mn yen	8,400 mn yen
Appraisal value at the time of acquisition (B)	4,310 mn yen	8,480 mn yen
(A-B)/B	-3.3%	-0.9%
Seller	Mori Building Co., Ltd.	Heiwa Real Estate Co., Ltd. <small>(Note 4)</small>
Acquisition date	2016/12/1	2017/2/1
Estimated NOI yield	4.0%	3.9%
Estimated NOI yield after depreciation	3.8%	3.6%
Appraisal NOI yield	4.3%	4.1%



Overview of the properties sold



Property name	BUREX Toranomom	KDX Nihonbashi Kabutocho Bldg.
Location	Minato-ku, Tokyo	Chuo-ku, Tokyo
Gross floor area	2,808.24㎡	11,705.49㎡
Completion date	2011/7	1998/11
Book value (A)	1,734 mn yen	11,104 mn yen
Disposition price (B)	2,440 mn yen	12,400 mn yen
(B-A)/B	40.7%	11.7%
Appraisal value at the time of disposition	2,440 mn yen	12,400 mn yen
Acquirer	Mori Building Co., Ltd.	Heiwa Real Estate Co., Ltd.
Acquisition date	2014/12/3	2011/12/26
Disposition date	2016/12/1	2017/2/1
NOI yield (actual)	4.8%	3.4%
NOI yield after depreciation (actual)	3.4%	2.2%
Disposition price NOI yield	3.4%	3.1%

Note 1: Acquiring the trust beneficiary interest in 40% quasi co-ownership of compartmentalized ownership for the 34th and 35th floors of ARK Mori Bldg. Gross floor area for the entire building is shown in the table

Note 2: Occupancy rate and # of tenants for ARK Mori Bldg. are as of December 1, 2016, based on the master lease agreement dated November 11, 2016. The same figures for Nishi-Shinbashi TS Bldg. are as of September 30, 2016

Note 3: Yields are calculated using the following formulas (rounded to the first decimal place):

Estimated NOI yield: Calculated by dividing "NOI after excluding extraordinary factors for the year of the acquisition estimated by the Asset Management Company" by the acquisition price

Estimated NOI yield after depreciation: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by the acquisition price

Appraisal NOI yield: Calculated by dividing "NOI calculated based on the direct capitalization method described in the relevant appraisal report (with the base date for appraisal on October 31, 2016)" by the acquisition price

NOI yield (actual): Calculated by dividing the sum of the actual NOI for 22nd (2016/4) and 23rd (2016/10) fiscal period by the acquisition price.

NOI yield after depreciation (actual): Calculated by dividing the sum of the actual NOI after depreciation (estimated NOI – estimated depreciation expenses) for 22nd (2016/4) and 23rd (2016/10) fiscal period by the acquisition price

Disposition price NOI yield: Calculated by dividing the sum of actual NOI above by the disposition price

Note 4: The property was acquired from Heiwa Real Estate Co., Ltd. by Kenedix Development, Inc. on February 1, 2017 and transferred to us on the same day

24th fiscal period (2017/4) financial results

(Unit: mn yen)

Items	23rd Fiscal Period	24th Fiscal Period	24th Fiscal Period	24th (actual) vs 23rd (actual)	24th (actual) vs 24th (forecast)
	2016/10	2017/4	2017/4	Difference	Difference
	Actual	Forecast (announced on Dec. 14, 2016)	Actual	C-A	C-B
	A	B	C		
Operating revenue	13,491	14,978	15,039	1,547	60
Gain on sale of real estate	-	1,660	1,662	1,662	2
Dividend income	61	46	48	-13	1
Operating expense	7,703	9,169	9,137	1,433	-32
Loss on sale of real estate	-	1,659	1,657	1,657	-2
Operating income	5,788	5,809	5,901	113	92
Non-operating income	1	1	0	-0	-0
Non-operating expense	1,186	1,152	1,151	-35	-1
Ordinary income	4,603	4,657	4,751	148	93
Net income	4,601	4,656	4,750	148	94
Provision (+) / reversal (-) of reserve for reduction entry	-	-	-	-	-
Total distributions	4,601	4,656	4,750	148	94
DPU (yen)	11,365	11,500	11,733	368	233
# of total units outstanding	404,885	404,885	404,885	0	0
Rental NOI (Note 1)	8,949	9,041	9,088	138	47
FFO (Note 2)	6,877	6,956	7,034	157	78
Depreciation	2,274	2,299	2,288	13	-11
# of properties	99	96	97	-2	1
Total interest-bearing debt	178,100	-	174,600	-3,500	
LTV	43.1%	-	42.6%	-0.5%	
Book value (Period-end)	389,197	-	383,401	-5,795	
Appraisal value (Period-end)	414,605	-	416,550	1,945	
Net assets	212,825	-	212,986	160	

Comparison against 23rd fiscal period (2016/10) actual

■ Operating revenue	+1,547 mn yen	
• Rent/common area charge	+210 mn yen	(Properties acquired: +197 (24th), +31 (23rd), Existing properties: +210, Properties sold: -228(24th))
• Utilities	-158 mn yen	
• Other revenues	-154 mn yen	(23rd: Disappearance, etc. of restoration related revenue of Senri LSC Bldg., etc.: -110, Disappearance, etc. of cancellation penalty: -19)
• Gain on sale of real estate	+1,662 mn yen	(24th: BUREX Toranomom: +680, KDX Nihonbashi Kabutocho Bldg.: +982)
• Dividend income	-13 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	+1,433 mn yen	
• Depreciation	+13 mn yen	(Properties acquired: +11 (24th), +5 (23rd) (Properties sold: -27 (24th), Other: +24)
• Utilities	-103 mn yen	
• Taxes	+11 mn yen	
• Repair/maintenance cost	-146 mn yen	
• Property/facility management fee	+35 mn yen	
• Other expenses	-34 mn yen	(24th: Loss on sale of KDX Roppongi 228 Bldg., KDX Kanda Misaki-cho Bldg. and KDX Gobancho Bldg.)
• Loss on sale of real estate	+1,657 mn yen	
■ Non-operating expense	-35 mn yen	
• Interest expense/financing-related expense	-78 mn yen	
• Non-deductible consumption taxes, etc.	+43 mn yen	

Comparison against 24th fiscal period (2017/4) forecast (announced on Dec. 14, 2016)

■ Operating revenue	+60 mn yen	
• Rent/common area charge	+39 mn yen	(Properties acquired: +11 (24th), Properties sold: -2 (24th) Progress in leasing +30)
• Utilities	-13 mn yen	
• Other revenues	+31 mn yen	(24th: Restoration related revenue of KDX Nagoya Nichigin-mae Bldg., etc.: +34)
• Gain on sale of real estate	+2 mn yen	
• Dividend income	+1 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	-32 mn yen	
• Utilities	+5 mn yen	
• Repair/maintenance cost	+10 mn yen	
• Other expenses	-45 mn yen	
• Loss on sale of real estate	-2 mn yen	

Note 1: Rental NOI = Operating revenue – Gain on sale of real estate – Dividend income – Expenses related to rental business (excluding depreciation)

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

25th fiscal period (2017/10) earning forecast

		(Unit: mn yen)			
	Items	24th Fiscal Period	25th Fiscal Period	25th (forecast) vs 24th (actual)	
		2017/4	2017/10		
		Actual	Forecast	Difference	
		A	B	B-A	
P/L	Operating revenue	15,039	13,788	-1,250	
	Gain on sale of real estate	1,662	-	-1,662	
	Dividend income	48	64	15	
	Operating expense	9,137	7,793	-1,344	
	Loss on sale of real estate	1,657	-	-1,657	
	Operating income	5,901	5,995	93	
	Non-operating income	0	1	0	
	Non-operating expense	1,151	1,055	-95	
	Ordinary income	4,751	4,941	189	
	Net income	4,750	4,939	188	
		Provision (+) / reversal (-) of reserve for reduction entry	-	-	-
	Total distributions	4,750	4,939	189	
	DPU (yen)	11,733	12,200	467	
	# of total units outstanding	404,885	404,885	0	
Related Information	Rental NOI (Note 1)	9,088	9,227	139	
	FFO (Note 2)	7,034	7,241	207	
	Depreciation	2,288	2,301	12	
	# of properties	97	97	0	
	(Reference) Estimated property and city planning taxes	-	1,139		

Comparison against 24th fiscal period (2017/4) actual

■ Operating revenue	-1,250 mn yen	
• Rent/common area charge	+198 mn yen	(Properties acquired: +185 (24th), Properties sold: -195 (24th), Existing properties: +208)
• Utilities	+196 mn yen	
• Other revenues	+3 mn yen	
• Gain on sale of real estate	-1,662 mn yen	(24th: Disappearance of gain on sale of BUREX Toranomom: -680, and KDX Nihonbashi Kabutocho Bldg.: -982)
• Dividend income	+15 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	-1,344 mn yen	
• Depreciation	+12 mn yen	(Properties acquired: +7 (24th), Properties sold: -38 (24th), Other: +43)
• Utilities	+228 mn yen	
• Taxes	+16 mn yen	(Property and city planning taxes for properties acquired in 2016 (after KDX Nagoya Nichigin-mae Bldg.: +74, Properties sold: -58 (24th))
• Repair/maintenance cost	+9 mn yen	
• Other expenses	+48 mn yen	
• Loss on sale of real estate	-1,657 mn yen	(24th: Disappearance of loss on sale of KDX Roppongi 228 Bldg., KDX Kanda Misaki-cho Bldg. and KDX Gobancho Bldg.)
■ Non-operating expense	-95 mn yen	
• Interest expense/financing-related expense	-16 mn yen	
• Non-deductible consumption taxes, etc.	-79 mn yen	

Note 1: Rental NOI = Operating revenue – Gain on sale of real estate – Dividend income – Expenses related to rental business (excluding depreciation)

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

Portfolio overview (1)

(as of the end of 24th fiscal period (2017/4))

Office Buildings (92 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Year built (Note 2)	End of 24th fiscal period occupancy rate (%) (Note 3)	Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Year built (Note 2)	End of 24th fiscal period occupancy rate (%) (Note 3)
Office Buildings	Tokyo Metropolitan Area	A001	KDX Nihonbashi 313 Building	Chuo-ku, Tokyo	5,940	1974/4	82.5	Office Buildings	Tokyo Metropolitan Area	A061	KDX Hamamatsucho Dai-2 Building	Minato-ku, Tokyo	2,200	1992/4	100.0
		A003	Higashi-Kayabacho Yuraku Building	Chuo-ku, Tokyo	4,450	1987/1	100.0			A062	Koishikawa TG Building	Bunkyo-ku, Tokyo	3,080	1989/11	100.0
		A004	KDX Hatchobori Building	Chuo-ku, Tokyo	3,680	1993/6	100.0			A063	KDX Gotanda Building	Shinagawa-ku, Tokyo	2,620	1988/4	100.0
		A005	KDX Nakano-Sakaue Building	Nakano-ku, Tokyo	2,533	1992/8	98.3			A064	KDX Nihonbashi 216 Building	Chuo-ku, Tokyo	2,010	2006/10	100.0
		A006	Harajuku F.F. Building	Shibuya-ku, Tokyo	2,450	1985/11	100.0			A066	KDX Shinjuku Building	Shinjuku-ku, Tokyo	6,800	1993/5	95.5
		A007	KDX Minami Aoyama Building	Minato-ku, Tokyo	2,270	1988/11	100.0			A067	KDX Ginza 1chome Building	Chuo-ku, Tokyo	4,300	1991/11	100.0
		A008	Kanda Kihara Building	Chiyoda-ku, Tokyo	1,950	1993/5	100.0			A068	KDX Nihonbashi Honcho Building	Chuo-ku, Tokyo	4,000	1984/1	100.0
		A013	KDX Kojimachi Building	Chiyoda-ku, Tokyo	5,950	1994/5	100.0			A071	KDX Iidabashi Building	Shinjuku-ku, Tokyo	4,670	1990/3	100.0
		A014	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	100.0			A072	KDX Higashi-Shinagawa Building	Shinagawa-ku, Tokyo	4,590	1993/1	100.0
		A016	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	97.1			A073	KDX Hakozaki Building	Chuo-ku, Tokyo	2,710	1993/11	100.0
		A017	KDX Ebisu Building	Shibuya-ku, Tokyo	4,640	1992/1	100.0			A074	KDX Shin-Nihonbashi Building	Chuo-ku, Tokyo	2,300	2002/11	100.0
		A019	KDX Hamamatsucho Building	Minato-ku, Tokyo	3,460	1999/9	100.0			A078	KDX Tachikawa Ekimae Building	Tachikawa, Tokyo	1,267	1990/2	100.0
		A020	KDX Kayabacho Building	Chuo-ku, Tokyo	2,780	1987/10	100.0			A083	KDX Fuchu Building	Fuchu, Tokyo	6,120	1996/3	88.6
		A021	KDX Shinbashi Building	Minato-ku, Tokyo	3,728	1992/2	100.0			A084	KDX Kasuga Building	Bunkyo-ku, Tokyo	2,800	1992/6	100.0
		A022	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	99.6			A085	KDX Nakameguro Building	Meguro-ku, Tokyo	1,880	1985/10	100.0
		A026	KDX Kiba Building	Koto-ku, Tokyo	1,580	1992/10	100.0			A086	KDX Omiya Building	Saitama, Saitama	2,020	1993/4	100.0
		A027	KDX Kajicho Building	Chiyoda-ku, Tokyo	2,350	1990/3	100.0			A087	Itopia Nihonbashi SA Building	Chuo-ku, Tokyo	2,200	1995/7	81.9
		A029	KDX Higashi-Shinjuku Building	Shinjuku-ku, Tokyo	2,950	1990/1	100.0			A088	KDX Shinjuku 6-chome Building	Shinjuku-ku, Tokyo	1,900	1990/3	100.0
		A030	KDX Nishi-Gotanda Building	Shinagawa-ku, Tokyo	4,200	1992/11	100.0			A089	KDX Takanawadai Building	Minato-ku, Tokyo	5,250	1985/10	94.0
		A031	KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	1986/9	100.0			A090	KDX Ikebukuro Building	Toshima-ku, Tokyo	3,900	2009/3	100.0
		A032	KDX Shiba-Daimon Building	Minato-ku, Tokyo	6,090	1986/7	100.0			A091	KDX Mita Building	Minato-ku, Tokyo	3,180	1993/3	100.0
		A033	KDX Okachimachi Building	Taito-ku, Tokyo	2,000	1988/6	100.0			A092	KDX Akihabara Building	Chiyoda-ku, Tokyo	2,600	1973/12	100.0
		A034	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	1995/5	100.0			A093	KDX Iidabashi Square	Shinjuku-ku, Tokyo	4,350	1994/1	100.0
		A035	KDX Hachioji Building	Hachioji, Tokyo	1,155	1985/12	90.1			A094	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	2013/5	100.0
		A037	KDX Ochanomizu Building	Chiyoda-ku, Tokyo	6,400	1982/8	90.2			A095	KDX Toyosu Grand Square	Koto-ku, Tokyo	8,666	2008/4	95.9
		A038	KDX Nishi-Shinjuku Building	Shinjuku-ku, Tokyo	1,500	1992/10	87.8			A096	KDX Takadanobaba Building	Toshima-ku, Tokyo	3,650	1988/10	100.0
		A041	KDX Shinjuku 286 Building	Shinjuku-ku, Tokyo	2,300	1989/8	100.0			A099	KDX Ikebukuro West Building	Toshima-ku, Tokyo	1,934	1988/7	100.0
		A046	Hiei Kudan-Kita Building	Chiyoda-ku, Tokyo	7,600	1988/3	100.0			A101	KDX Yokohama Building	Yokohama, Kanagawa	7,210	1994/3	97.5
		A047	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5,800	1988/3	100.0			A102	KDX Yokohama Nishiguchi Building	Yokohama, Kanagawa	2,750	1988/10	100.0
		A048	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	1985/2	100.0			A103	KDX Shin-Yokohama 214 Building	Yokohama, Kanagawa	2,200	1989/11	96.3
		A050	KDX Ikejiri-Ohashi Building	Meguro-ku, Tokyo	2,400	1988/9	100.0			A107	KDX Ginza East Building	Chuo-ku, Tokyo	3,600	1991/8	100.0
		A051	KDX Hamacho Nakanohashi Building	Chuo-ku, Tokyo	2,310	1988/9	100.0			A108	Pentel Building	Chuo-ku, Tokyo	3,350	1990/11	100.0
A055	Shin-toshin Maruzen Building	Shinjuku-ku, Tokyo	2,110	1990/7	64.2	A109	KDX Hamamatsucho Center Building	Minato-ku, Tokyo	3,950	1985/12	100.0				
A056	KDX Jimbocho Building	Chiyoda-ku, Tokyo	2,760	1994/5	100.0	A112	KDX Toranomon 1 Chome Building	Minato-ku, Tokyo	15,550	2013/10	100.0				
A059	KDX Iwamoto-cho Building	Chiyoda-ku, Tokyo	1,864	2008/3	100.0	A113	KDX Shin-Nihonbashi Ekimae Building	Chuo-ku, Tokyo	3,829	1992/5	100.0				
A060	KDX Harumi Building	Chuo-ku, Tokyo	10,250	2008/2	94.0	A114	KDX Nihonbashi Edo-dori Building	Chuo-ku, Tokyo	1,350	1985/3	65.8				

Note 1: Acquisition price is only the acquisition (investment) price of the trust beneficiary interest, etc. (excluding any expenses, taxes, etc.) acquired by KDO. Figures are truncated to the nearest million yen

Note 2: Year built shows the completion date recorded in the land register

Note 3: Occupancy rate is calculated by dividing leased area as of April 30, 2017 by leasable area and is rounded to the first decimal place

Portfolio overview (2)

(as of the end of 24th fiscal period (2017/4))

Office Buildings (92 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Year built (Note 2)	End of 24th fiscal period occupancy rate (%) (Note 3)
Office Buildings	Metropolitan Area	A115	ARK Mori Building	Minato-ku, Tokyo	4,169	1986/3	100.0
		A116	Nishi-Shinbashi TS Building	Minato-ku, Tokyo	8,400	1992/8	100.0
		A117	BR Gotanda	Shinagawa-ku, Tokyo	2,200	1991/9	100.0
	Other Regional Areas	A012	Portus Center Building	Sakai, Osaka	5,570	1993/9	100.0
		A042	KDX Karasuma Building	Kyoto, Kyoto	5,400	1982/10	97.8
		A044	KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	100.0
		A053	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	95.2
		A054	KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	89.2
		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	92.9
		A079	KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	1986/4	100.0
		A082	KDX Higashi Umeda Building	Osaka, Osaka	2,770	2009/7	100.0
		A097	KDX Utsunomiya Building	Utsunomiya, Tochigi	2,350	1999/2	100.0
		A098	KDX Hiroshima Building	Hiroshima, Hiroshima	1,300	1990/1	100.0
		A100	Senri LSC Building	Toyonaka, Osaka	13,000	1992/6	99.8
		A104	KDX Minami-Honmachi Building	Osaka, Osaka	2,200	2009/12	93.5
		A106	KDX Sakura-dori Building	Nagoya, Aichi	5,900	1992/8	98.3
		A110	KDX Shin-Osaka Building	Osaka, Osaka	4,550	1992/5	100.0
A111	KDX Nagoya Nichigin-mae Building	Nagoya, Aichi	3,500	2006/9	94.6		
Office Buildings (92 properties) Subtotal					363,055	Ave. 23.4 yrs	97.8

Central Urban Retail Properties (3 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Year built (Note 2)	End of 24th fiscal period occupancy rate (%) (Note 3)
Central Urban Retail Properties	Metropolitan Area	C001	Frame Jinnan-zaka	Shibuya-ku, Tokyo	9,900	2005/3	96.5
		C002	KDX Yoyogi Building	Shibuya-ku, Tokyo	2,479	1991/8	100.0
		C004	Ginza 4chome Tower	Chuo-ku, Tokyo	9,800	2008/11	100.0
Central Urban Retail Properties (3 properties) Subtotal					22,179	Ave. 11.9 yrs	98.6

Residential Property (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Year built (Note 2)	End of 24th fiscal period occupancy rate (%) (Note 3)
Residential Property	Metropolitan Area	B019	Residence Charmante Tsukishima	Chuo-ku, Tokyo	5,353	2004/1	100.0
Residential Property (1 property) Subtotal					5,353	Ave. 13.2 yrs	100.0

Other Property (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Year built (Note 2)	End of 24th fiscal period occupancy rate (%) (Note 3)
Other	Metropolitan Area	D002	Shinjuku 6chome Building (Land)	Shinjuku-ku, Tokyo	2,880	-	100.0
Other (1 property) Subtotal					2,880	-	100.0
(97 properties, excl. investment securities) Total					393,468	Ave. 22.6 yrs	97.9%

- The total number of end tenants for 92 office buildings is 1,183 (1,125 if tenants are aggregated based on their names).

Investment Security (1 security)

Type	Name	Location of specified asset	Acquisition price (mn yen)	Year built of specified asset
Investment Security	Silent partnership equity interest of G.K. KRF 43	Shinjuku-ku, Tokyo	1,107	1979/12
Investment Security (1 security) Total			1,107	

Historical rent-based NOI yield

(by asset type, annualized-based) (Note 4) (Note 5) (Unit: %)

	20th fiscal period (2015/4)	21st fiscal period (2015/10)	22nd fiscal period (2016/4)	23rd fiscal period (2016/10)	24th fiscal period (2017/4)
Office building	4.5	4.5	4.4	4.5	4.7
Central urban retail properties	4.1	3.9	3.8	4.2	3.9
Residential property	4.6	4.0	4.0	4.1	4.2
Other	4.3	4.3	4.3	4.3	4.3
Total	4.5	4.5	4.4	4.5	4.6

Note 1: Acquisition price is only the acquisition (investment) price of the trust beneficiary interest, etc. (excluding any expenses, taxes, etc.) acquired by KDO. Figures are truncated to the nearest million yen

Note 2: Year built shows the completion date recorded in the land register. The average value shown in the subtotal or total section is a weighted average number calculated based on acquisition price with a base date of April 30, 2017. Figures are truncated to the first decimal place

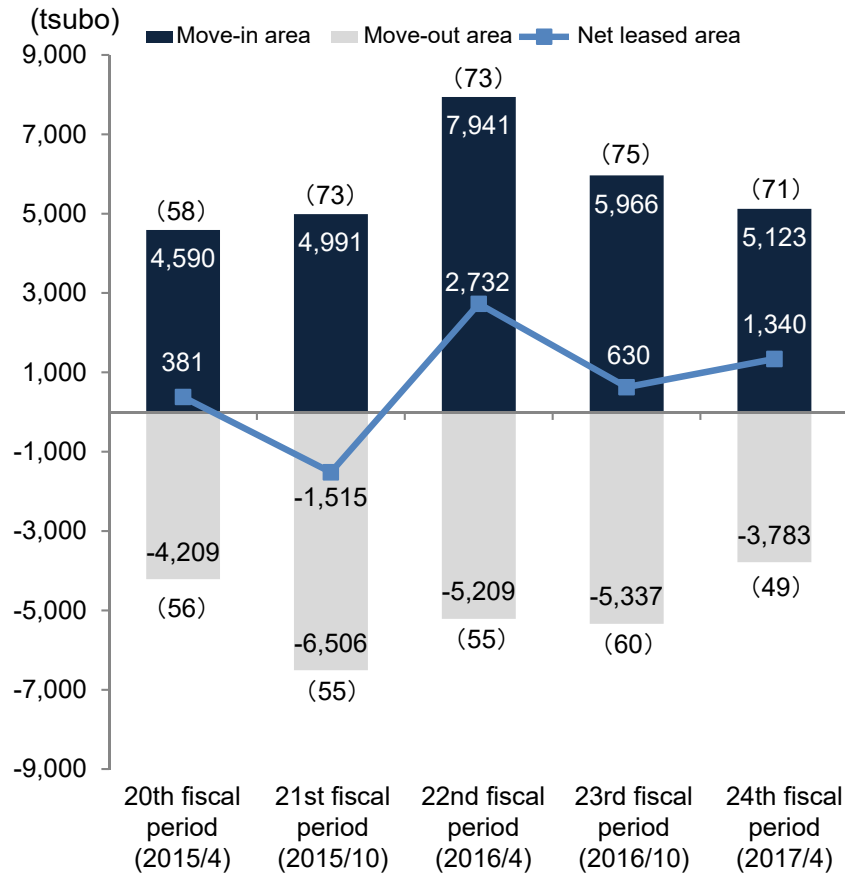
Note 3: Occupancy rate is calculated by dividing leased area as of April 30, 2017 by leasable area and is rounded to the first decimal place

Note 4: NOI yield calculation for the properties acquired during each fiscal period without taxation on property and city planning taxes are assumed as if they are imposed. Acquisition price for newly acquired/sold properties is calculated by multiplying the ratio of actual operating days to this fiscal period's operating days

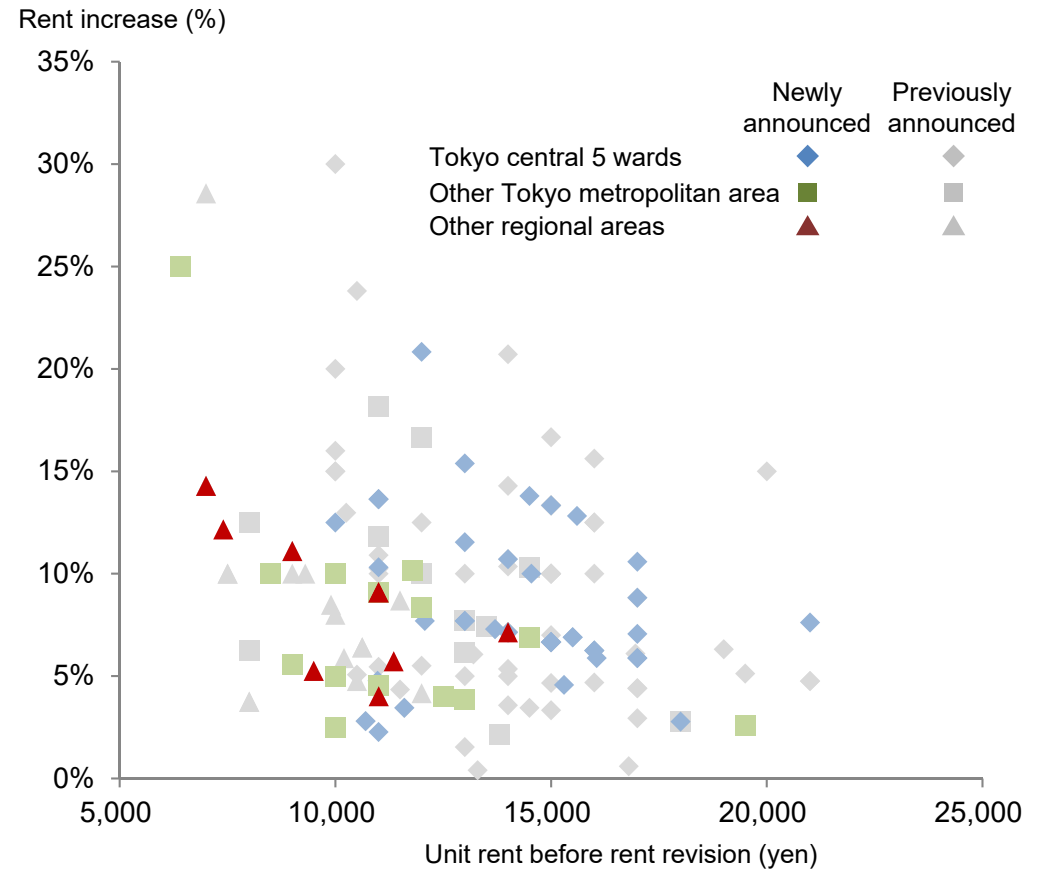
Note 5: Each yield is rounded to the first decimal place

Supplemental information on tenant turnover and rent revision for owned office buildings

Turnover by the number of tenants and leased area (Note 1)



Distribution of rent increase (%) based on unit rent before rent revision (Note 2)



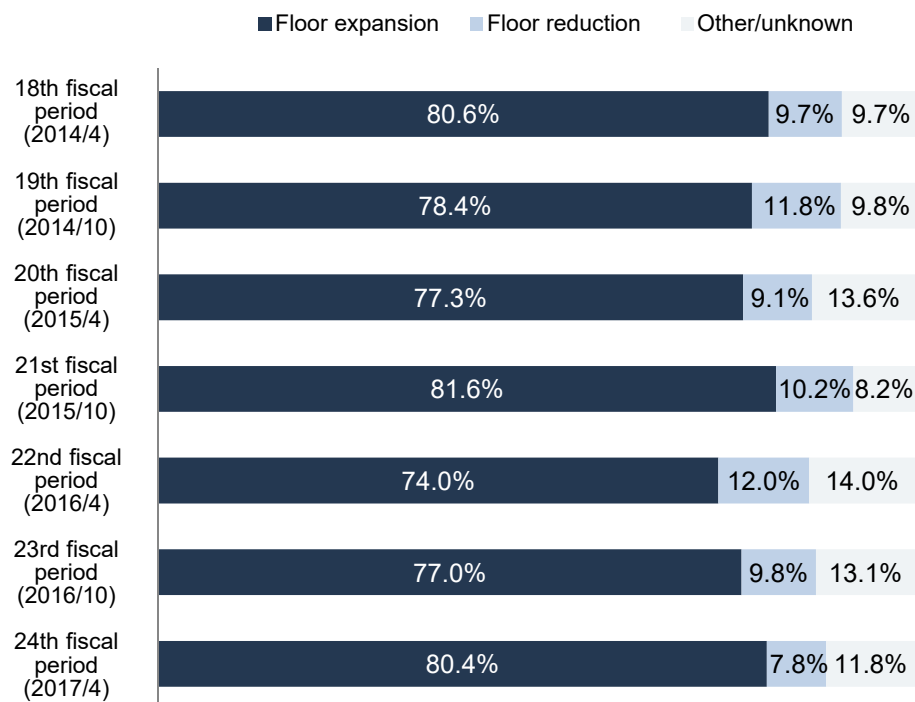
Note 1: The number of tenants and leased area are calculated based on floor. In case that an end-tenant move-out from / move-in to multiple floors, the number is counted by floor

Note 2: Of all the contracts renewed with increased rents, those already signed or committed in the 21st fiscal period (2015/10) and later (excluding the upward rent revisions pre-committed or for retail stores) as of November 30, 2016 are recognized as "previously announced", while the contract committed to be renewed with increased rents by May 31, 2017 and excluding the "previously announced" contracts are recognized as "newly announced"

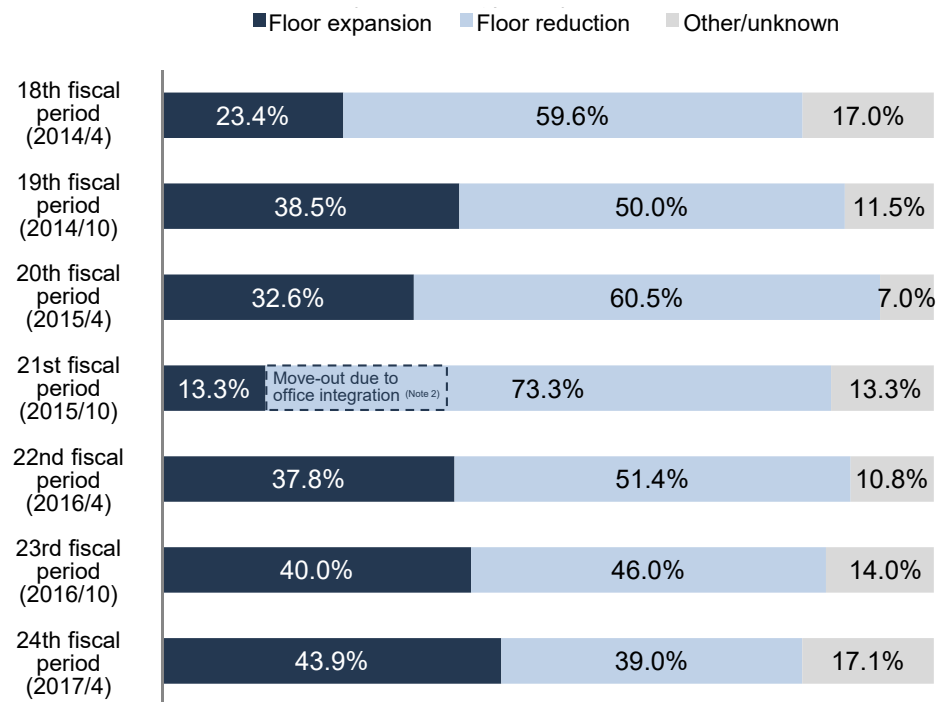
Reasons for moving-in/out

The percentage of move-ins for floor expansion purposes has hovered around 80%; the percentage of move-outs for floor expansion purposes has been on the rise
 Demonstrating that well-performing mid/small-sized companies have a strong need to relocate their offices for floor expansion

Reasons for moving into our properties (Note 1)



Reasons for moving out of our properties (Note 1)



Average contracted floor area of incoming tenants (tsubo)

	20th fiscal period (2015/4)	21st fiscal period (2015/10)	22nd fiscal period (2016/4)	23rd fiscal period (2016/10)	24th fiscal period (2017/4)
Floor expansion	87.0	86.6	116.6	84.4	79.0
Floor reduction	106.0	37.4	385.0	96.4	39.1

Average cancelled floor area of exiting tenants (tsubo)

	20th fiscal period (2015/4)	21st fiscal period (2015/10)	22nd fiscal period (2016/4)	23rd fiscal period (2016/10)	24th fiscal period (2017/4)
Floor expansion	72.1	128.1	96.6	108.7	119.6
Floor reduction	113.2	127.4	198.5	107.8	79.7

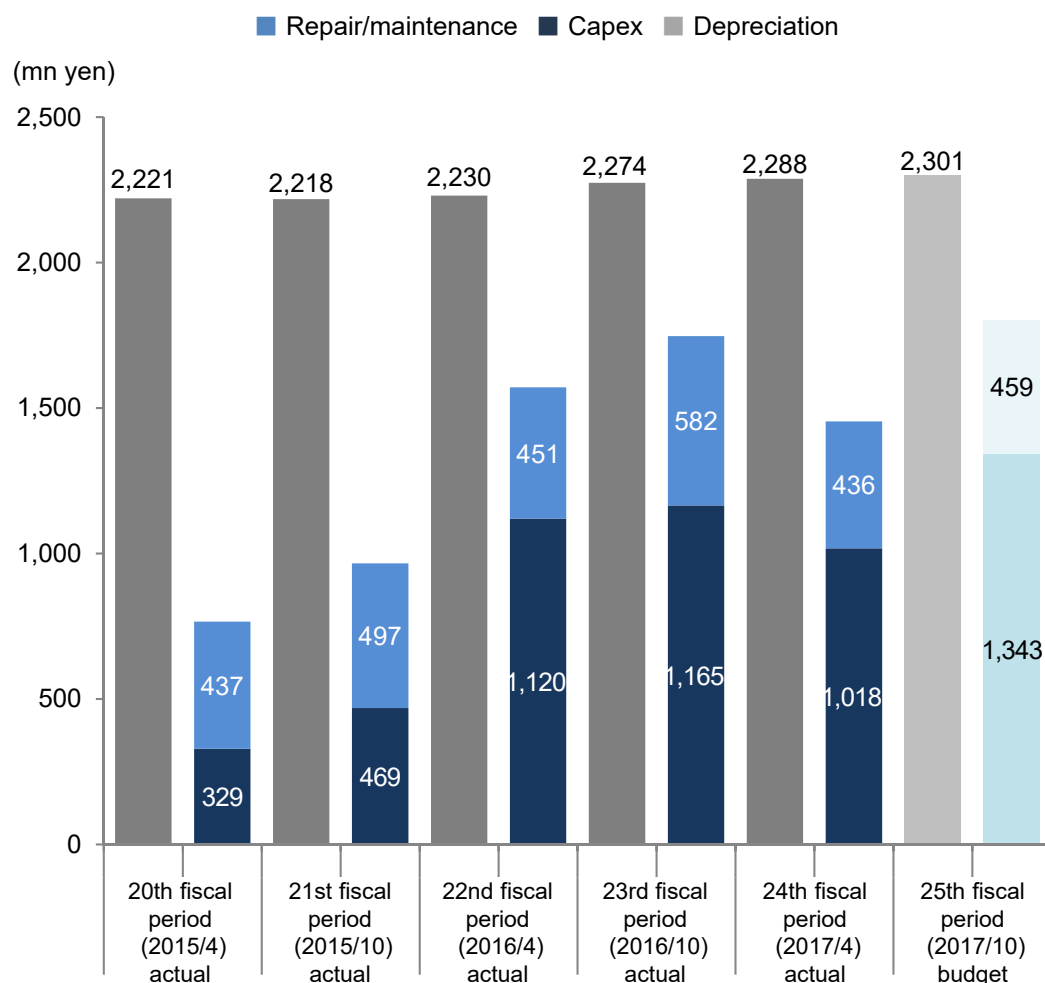
Note 1: The above data is based on the survey compiled by the Asset Management Company with regard to reasons for office relocation of relevant tenants. We classify responses of the survey into three categories; "Floor expansion", "Floor reduction" and "Other/unknown". For move-in, the figures are based on the number of tenants on office floors on the second floor or above. For move-out, the figures are based on the number of tenants on all floors except for residential floors

Note 2: Among 73.3% of tenants who answered "Floor reduction" as the reason for moving out during the 21st fiscal period (2015/10), about 20.0% of them moved out to integrate/consolidate their offices targeting optimization of office functions

Construction expense (actual/budget)

Reinforce property competitiveness by flexibly implementing appropriate measures for improving property value
Renewal of air-conditioning facilities and outer wall repair are scheduled in 25th fiscal period (2017/10)

Changes in depreciation and construction expense (actual/budget)



Repair/renovation work budget for 25th fiscal period (2017/10) (Note)

Items	Estimated amount (mn yen)	Percentage of total expense (%)
Value-upgrading works (including common areas)	164	9.1
Improvement / replacement works		
Air-conditioning facilities	366	20.4
Other major facilities	362	20.1
Installation of LED lightings, etc.	112	6.2
Outer wall repair	360	20.0
Maintenance / repair works	434	24.1
25th fiscal period (2017/10) total	1,802	78.3

Note: Figures are approximate estimates as of the date in which repair plan was prepared

Properties to undergo major repair/renovation for 25th fiscal period (2017/10)

- Improvement/replacement works of air-conditioning facilities:
KDX Takanawadai Bldg., KDX Shin-Nihonbashi Ekimae Bldg., BR Gotanda, KDX Ikebukuro West Bldg., Senri LSC Bldg.
- Outer wall repair:
KDX Yokohama Bldg., KDX Nagoya Ekimae Bldg., Toshin 24 Bldg., KDX Funabashi Bldg., KDX Sendai Bldg., Senri LSC Bldg.

CSR related renovations

Placed emergency kit in elevators as a result of an increase of tenant's anti-disaster consciousness

- Placed on a trial basis in KDX Nagoya Nichigin-mae Bldg. and Nishi-Shinbashi TS Bldg.
- Plan to do the same thing in the other buildings, once the effect of this initiative is confirmed



Environment-related certifications

Rating from GRESB (Note 1)

- Acquired "Green Star" rating, the highest rating, for 5 consecutive years as a result of our efforts for improving sustainability performance
- Participated from 2011 as the first J-REIT participant
- The full renovation of KDX Iidabashi Square was chosen as a subject of innovation case study for its innovative approach towards improved sustainability



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

Certification for CASBEE for Real Estate (Note 2)

- ARK Mori Bldg., KDX Toranomon 1chome Bldg. and KDX Kobayashi-Doshomachi Bldg. were ranked S, the highest rating, by CASBEE

Properties with S-ranked Certification for CASBEE for Real Estate



ARK Mori Bldg.



KDX Toranomon 1chome Bldg.



KDX Kobayashi-Doshomachi Bldg.



Properties with A-ranked Certification from CASBEE for Real Estate

KDX Shinjuku Bldg. KDX Gotanda Bldg. KDX Karasuma Bldg.

Note 2: CASBEE is an evaluation system for rating the environmental performance of buildings, developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. The system rates the overall environmental performance of buildings from two perspectives; the evaluation of the environmental quality and performance of buildings themselves and the external environmental load of buildings

BELS Certification (Note 3)

- In October 2014, KDX Musashi-Kosugi Bldg. was awarded a BELS Certification for the first time in history as a J-REIT owned property

Certification rank



Properties with BELS Certification

KDX Iidabashi Square



KDX Musashi-Kosugi Bldg.



Note 3: BELS (Building-Housing Energy-efficiency Labeling System) is the third-party certification system to rate houses and buildings in accordance with the obligation to make effort to label energy saving performance as stipulated in the Act on Improving Energy Consumption Performance for Architectural Structures

DBJ Green Building Certification (Note 4)

- 17 properties in our portfolio were awarded DBJ Green Building Certification, with 4 additions (highlighted in red) in April 2017

Certification rank



Properties with the best class environmental and social awareness

Properties with DBJ Green Building Certification

KDX Toranomon 1chome Bldg.



Properties with exceptionally high environmental and social awareness

KDX Harumi Bldg.
KDX Musashi-Kosugi Bldg.



Properties with excellent environmental and social awareness

KDX Nagoya Sakae Bldg.
KDX Kobayashi-Doshomachi Bldg.
KDX Higashi Umeda Bldg.



Properties with high environmental and social awareness

KDX Sakura-dori Bldg.
KDX Iidabashi Square
Senri LSC Bldg.
KDX Ikebukuro Bldg.



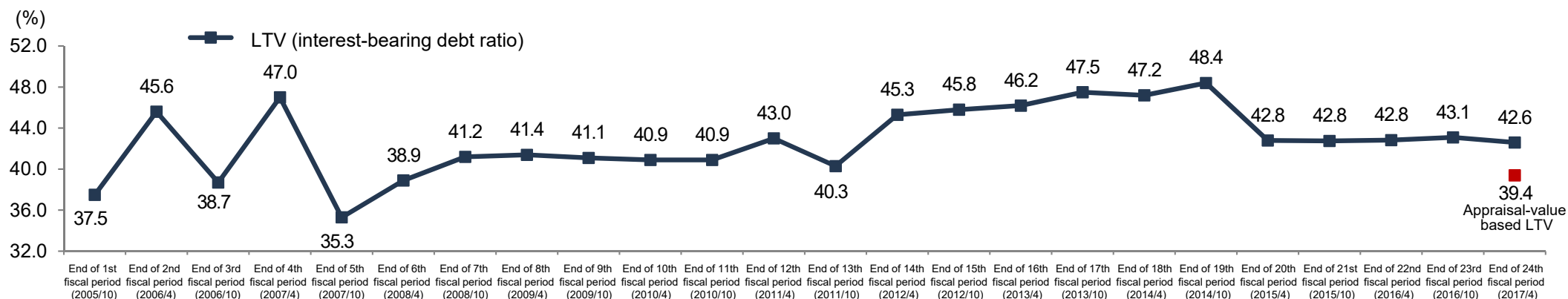
Properties with satisfactory environmental and social awareness

KDX Karasuma Bldg. **KDX Nagoya**
KDX Shinjuku Bldg. **Nichigin-mae Bldg.**
KDX Fuchu Bldg. **Nishi-Shinbashi TS Bldg.**
KDX Yokohama Bldg. **Ginza 4chome Tower**

Note 4: The DBJ Green Building Certification System is a system certifying real estate with environmental and social considerations (Green Building) using a scoring model originally developed by Development Bank of Japan Inc. (DBJ) in order to select and certificate buildings that meet the demands of the time. The certification has the following 5 ranks: "five stars", "four stars", "three stars", "two stars" and "one star"

Historical changes in LTV and status of interest-bearing debt financing

Historical LTV (interest-bearing debt ratio) level (Note)

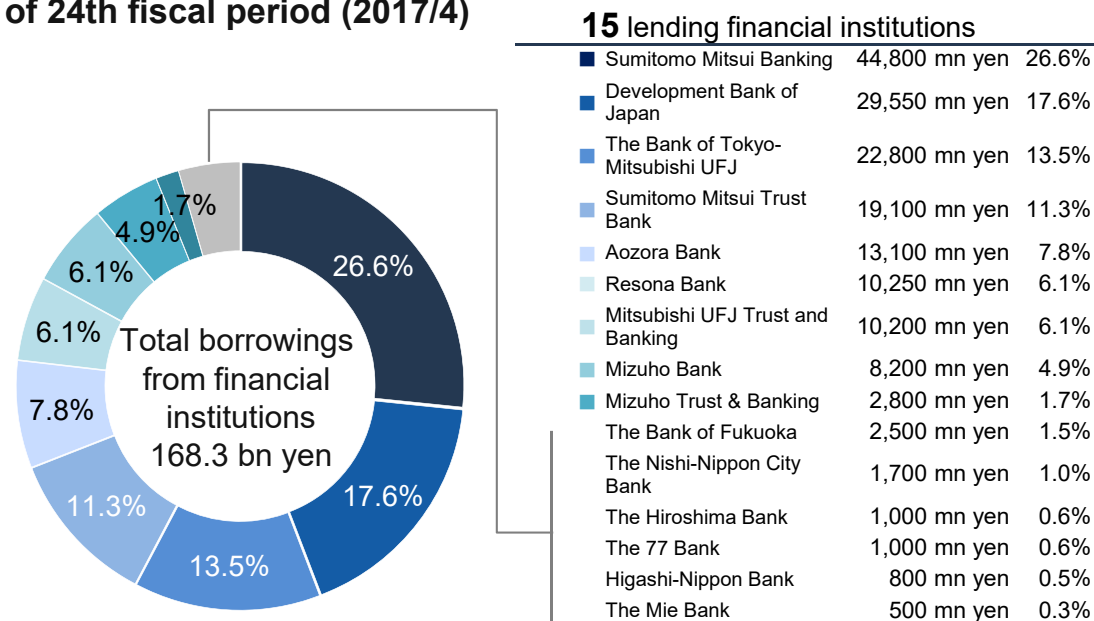


Note: The interest-bearing debt ratio (LTV) is calculated by dividing ending balance of interest-bearing debt by ending balance of total assets (rounded to the first decimal place)
 Appraisal-value based LTV is calculated by dividing ending balance of interest-bearing debt by the sum of ending balance of total assets and appraisal profit/loss (rounded to the first decimal place)

Investment corporation bonds issued as of the end of 24th fiscal period (2017/4) (total of 6.3 bn yen)

Corporate bonds	Issued period	Issued amount	Interest rate	Term
4th bonds	2012/3	1.5 bn yen	2.00%	5.5 years
5th bonds	2013/9	1.8 bn yen	1.00%	5 years
6th bonds	2014/7	2.0 bn yen	1.18%	10 years
7th bonds	2016/4	1.0 bn yen	0.90%	12 years

Outstanding borrowings by financial institutions as of the end of 24th fiscal period (2017/4)



Appraisal value and cap rate as of the end of 24th fiscal period (2017/4) (1)

No.	Name	Appraiser	Acquisition price (mn yen)	End of 24th fiscal period (As of Apr. 30, 2017)				End of 23rd fiscal period (As of Oct. 31, 2016)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization method cap rate	Appraisal value vs Book value (Note 1) (C) ÷ (B)-1	Appraisal value (mn yen)	Direct capitalization method cap rate	Difference (C)-(E)	Increase- decrease rate (Note 1) (C) ÷ (E)-1	Difference (D)-(F)
A001	KDX Nihonbashi 313 Building	Daiwa	5,940	5,859	6,740	4.0%	15.0%	6,740	4.1%	-	-	-0.1%
A003	Higashi-Kayabacho Yuraku Building	JREI	4,450	4,100	5,050	4.3%	23.2%	4,940	4.4%	110	2.2%	-0.1%
A004	KDX Hatchobori Building	Daiwa	3,680	3,302	3,280	4.3%	-0.7%	3,250	4.4%	30	0.9%	-0.1%
A005	KDX Nakano-Sakaue Building	Daiwa	2,533	2,352	2,400	4.5%	2.0%	2,360	4.6%	40	1.7%	-0.1%
A006	Harajuku F.F. Building	JREI	2,450	2,423	3,130	4.7%	29.2%	3,080	4.8%	50	1.6%	-0.1%
A007	KDX Minami Aoyama Building	JREI	2,270	2,215	2,510	4.1%	13.3%	2,510	4.1%	-	-	-
A008	Kanda Kihara Building	Daiwa	1,950	1,787	1,640	4.3%	-8.3%	1,620	4.4%	20	1.2%	-0.1%
A012	Portus Center Building	Daiwa	5,570	4,121	4,720	5.7%	14.5%	4,710	5.8%	10	0.2%	-0.1%
A013	KDX Kojimachi Building	JREI	5,950	5,546	4,940	3.8%	-10.9%	4,820	3.9%	120	2.5%	-0.1%
A014	KDX Funabashi Building	JREI	2,252	2,227	2,330	5.4%	4.6%	2,140	5.5%	190	8.9%	-0.1%
A016	Toshin 24 Building	JREI	5,300	4,822	4,970	4.6%	3.1%	4,910	4.8%	60	1.2%	-0.2%
A017	KDX Ebisu Building	JREI	4,640	4,420	4,890	4.1%	10.6%	4,800	4.2%	90	1.9%	-0.1%
A019	KDX Hamamatsucho Building	Daiwa	3,460	3,073	3,400	3.9%	10.6%	3,370	4.0%	30	0.9%	-0.1%
A020	KDX Kayabacho Building	JREI	2,780	2,718	2,600	4.5%	-4.4%	2,570	4.5%	30	1.2%	-
A021	KDX Shinbashi Building	JREI	3,728	3,755	4,580	3.8%	21.9%	4,530	3.9%	50	1.1%	-0.1%
A022	KDX Shin-Yokohama Building	JREI	2,520	2,291	2,370	5.1%	3.4%	2,360	5.2%	10	0.4%	-0.1%
A026	KDX Kiba Building	JREI	1,580	1,460	1,230	5.0%	-15.8%	1,280	5.1%	-50	-3.9%	-0.1%
A027	KDX Kajicho Building	Daiwa	2,350	2,270	2,260	4.3%	-0.4%	2,240	4.4%	20	0.9%	-0.1%
A029	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,036	3,780	4.4%	24.5%	3,720	4.5%	60	1.6%	-0.1%
A030	KDX Nishi-Gotanda Building	JREI	4,200	3,866	3,640	4.4%	-5.9%	3,630	4.5%	10	0.3%	-0.1%
A031	KDX Monzen-Nakacho Building	Daiwa	1,400	1,317	1,080	4.9%	-18.0%	1,070	5.0%	10	0.9%	-0.1%
A032	KDX Shiba-Daimon Building	JREI	6,090	6,006	4,800	4.3%	-20.1%	4,740	4.4%	60	1.3%	-0.1%
A033	KDX Okachimachi Building	Daiwa	2,000	2,044	1,980	4.4%	-3.1%	1,930	4.5%	50	2.6%	-0.1%
A034	KDX Hon-Atsugi Building	Daiwa	1,305	1,150	1,270	5.6%	10.4%	1,270	5.7%	-	-	-0.1%
A035	KDX Hachioji Building	Daiwa	1,155	1,211	1,100	5.3%	-9.2%	1,080	5.4%	20	1.9%	-0.1%
A037	KDX Ochanomizu Building	JREI	6,400	6,398	6,850	4.1%	7.1%	6,740	4.2%	110	1.6%	-0.1%
A038	KDX Nishi-Shinjuku Building	JREI	1,500	1,526	1,410	4.5%	-7.7%	1,280	4.6%	130	10.2%	-0.1%
A041	KDX Shinjuku 286 Building	JREI	2,300	2,315	2,620	4.1%	13.2%	2,480	4.2%	140	5.6%	-0.1%
A042	KDX Karasuma Building	Daiwa	5,400	5,143	5,140	4.9%	-0.1%	5,300	5.0%	-160	-3.0%	-0.1%
A044	KDX Sendai Building	Daiwa	2,100	1,988	1,830	5.5%	-8.0%	1,670	5.6%	160	9.6%	-0.1%
A046	Hiei Kudan-Kita Building	Daiwa	7,600	7,478	7,990	4.0%	6.8%	7,960	4.1%	30	0.4%	-0.1%
A047	KDX Shin-Yokohama 381 Building	JREI	5,800	5,447	4,310	5.2%	-20.9%	4,310	5.3%	-	-	-0.1%
A048	KDX Kawasaki-Ekimae Hon-cho Building	JREI	3,760	3,573	3,080	5.1%	-13.8%	3,080	5.2%	-	-	-0.1%
A050	KDX Ikejiri-Oohashi Building	JREI	2,400	2,358	1,740	4.9%	-26.2%	1,730	5.0%	10	0.6%	-0.1%

※Notes are shown on page 42

Appraisal value and cap rate as of the end of 24th fiscal period (2017/4) (2)

No.	Name	Appraiser	Acquisition price (mn yen)	End of 24th fiscal period (As of Apr. 30, 2017)				End of 23rd fiscal period (As of Oct. 31, 2016)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization method cap rate	Appraisal value vs Book value (Note 1) (C) ÷ (B) - 1	Appraisal value (mn yen)	Direct capitalization method cap rate	Difference (C) - (E)	Increase- decrease rate (Note 1) (C) ÷ (E) - 1	Difference (D) - (F)
A051	KDX Hamacho Nakanohashi Building	JREI	2,310	2,247	1,960	4.5%	-12.8%	1,930	4.6%	30	1.6%	-0.1%
A053	KDX Hakata-Minami Building	JREI	4,900	4,551	4,010	6.0%	-11.9%	3,850	6.1%	160	4.2%	-0.1%
A054	KDX Kitahama Building	JREI	2,220	2,082	1,610	5.4%	-22.7%	1,610	5.5%	-	-	-0.1%
A055	Shin-toshin Maruzen Building	JREI	2,110	2,090	1,680	4.5%	-19.6%	1,670	4.6%	10	0.6%	-0.1%
A056	KDX Jimbocho Building	JREI	2,760	2,867	2,100	4.5%	-26.8%	2,100	4.5%	-	-	-
A058	KDX Nagoya Sakae Building	Daiwa	7,550	6,796	5,340	4.5%	-21.4%	5,270	4.6%	70	1.3%	-0.1%
A059	KDX Iwamoto-cho Building	JREI	1,864	1,675	1,510	4.6%	-9.9%	1,510	4.7%	-	-	-0.1%
A060	KDX Harumi Building	JREI	10,250	8,960	8,470	4.3%	-5.5%	8,470	4.3%	-	-	-
A061	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	2,243	2,150	3.9%	-4.2%	2,080	4.0%	70	3.4%	-0.1%
A062	Koishikawa TG Building	JREI	3,080	3,010	3,460	4.3%	14.9%	3,400	4.4%	60	1.8%	-0.1%
A063	KDX Gotanda Building	JREI	2,620	2,713	3,080	4.5%	13.5%	3,060	4.5%	20	0.7%	-
A064	KDX Nihonbashi 216 Building	JREI	2,010	1,862	2,060	4.0%	10.6%	2,050	4.1%	10	0.5%	-0.1%
A066	KDX Shinjuku Building	JREI	6,800	6,865	8,490	3.8%	23.7%	8,290	3.9%	200	2.4%	-0.1%
A067	KDX Ginza 1chome Building	Daiwa	4,300	4,204	5,570	3.7%	32.5%	5,550	3.8%	20	0.4%	-0.1%
A068	KDX Nihonbashi Honcho Building	Daiwa	4,000	3,938	4,550	4.1%	15.5%	4,540	4.2%	10	0.2%	-0.1%
A069	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,231	2,620	6.3%	17.4%	2,570	6.4%	50	1.9%	-0.1%
A070	KDX Sapporo Building	Daiwa	2,005	1,950	2,310	5.0%	18.5%	2,190	5.2%	120	5.5%	-0.2%
A071	KDX Iidabashi Building	Daiwa	4,670	4,551	5,460	4.1%	20.0%	5,410	4.2%	50	0.9%	-0.1%
A072	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,766	4,360	4.3%	-8.5%	4,300	4.4%	60	1.4%	-0.1%
A073	KDX Hakozaki Building	Daiwa	2,710	2,720	3,230	4.5%	18.7%	3,200	4.6%	30	0.9%	-0.1%
A074	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,101	2,750	3.9%	30.9%	2,720	4.0%	30	1.1%	-0.1%
A078	KDX Tachikawa Ekimae Building	JREI	1,267	1,333	1,560	5.2%	17.0%	1,550	5.3%	10	0.6%	-0.1%
A079	KDX Nagoya Ekimae Building	JREI	7,327	7,982	9,030	4.3%	13.1%	9,000	4.4%	30	0.3%	-0.1%
A082	KDX Higashi Umeda Building	Daiwa	2,770	2,537	3,600	4.4%	41.9%	3,550	4.5%	50	1.4%	-0.1%
A083	KDX Fuchu Building	Daiwa	6,120	5,950	7,710	4.9%	29.6%	7,560	5.0%	150	2.0%	-0.1%
A084	KDX Kasuga Building	JREI	2,800	2,746	3,630	4.3%	32.2%	3,630	4.4%	-	-	-0.1%
A085	KDX Nakameguro Building	Daiwa	1,880	1,863	2,630	4.5%	41.2%	2,610	4.6%	20	0.8%	-0.1%
A086	KDX Omiya Building	Daiwa	2,020	2,176	2,740	5.1%	25.9%	2,730	5.2%	10	0.4%	-0.1%
A087	Itopia Nihonbashi SA Building	Daiwa	2,200	2,245	2,570	4.4%	14.4%	2,550	4.5%	20	0.8%	-0.1%
A088	KDX Shinjuku 6-chome Building	Daiwa	1,900	1,887	2,950	4.3%	56.3%	2,870	4.4%	80	2.8%	-0.1%
A089	KDX Takawadai Building	JREI	5,250	5,344	6,150	4.3%	15.1%	6,060	4.4%	90	1.5%	-0.1%
A090	KDX Ikebukuro Building	Daiwa	3,900	3,733	4,810	4.0%	28.8%	4,730	4.1%	80	1.7%	-0.1%
A091	KDX Mita Building	JREI	3,180	3,160	3,460	4.2%	9.5%	3,390	4.3%	70	2.1%	-0.1%
A092	KDX Akihabara Building	JREI	2,600	2,553	3,090	4.1%	21.0%	3,020	4.2%	70	2.3%	-0.1%

※Notes are shown on page 42

Appraisal value and cap rate as of the end of 24th fiscal period (2017/4) (3)

No.	Name	Appraiser	Acquisition price (mn yen)	End of 24th fiscal period (As of Apr. 30, 2017)				End of 23rd fiscal period (As of Oct. 31, 2016)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization method cap rate	Appraisal value vs Book value (Note 1)	Appraisal value (mn yen)	Direct capitalization method cap rate	Difference	Increase- decrease rate (Note 1)	Difference
				(A)	(B)	(D)	(C) ÷ (B) - 1	(E)	(F)	(C) - (E)	(C) ÷ (E) - 1	(D) - (F)
A093	KDX Iidabashi Square	Daiwa	4,350	4,973	5,590	4.1%	12.4%	5,140	4.2%	450	8.8%	-0.1%
A094	KDX Musashi-Kosugi Building	JREI	12,000	11,434	14,900	4.3%	30.3%	14,600	4.4%	300	2.1%	-0.1%
A095	KDX Toyosu Grand Square	Daiwa	8,666	8,257	9,080	4.7%	10.0%	9,040	4.8%	40	0.4%	-0.1%
A096	KDX Takadanobaba Building	Daiwa	3,650	3,628	4,230	4.5%	16.6%	4,180	4.6%	50	1.2%	-0.1%
A097	KDX Utsunomiya Building	Daiwa	2,350	2,315	2,510	5.7%	8.4%	2,480	5.8%	30	1.2%	-0.1%
A098	KDX Hiroshima Building	JREI	1,300	1,411	1,580	5.6%	11.9%	1,530	5.7%	50	3.3%	-0.1%
A099	KDX Ikebukuro West Building	Daiwa	1,934	2,017	2,040	4.4%	1.1%	2,010	4.5%	30	1.5%	-0.1%
A100	Senri LSC Building	Daiwa	13,000	12,899	13,000	4.7%	0.8%	12,900	4.8%	100	0.8%	-0.1%
A101	KDX Yokohama Building	Daiwa	7,210	7,539	8,210	4.5%	8.9%	8,100	4.6%	110	1.4%	-0.1%
A102	KDX Yokohama Nishiguchi Building	Daiwa	2,750	2,731	3,070	4.6%	12.4%	3,030	4.7%	40	1.3%	-0.1%
A103	KDX Shin-Yokohama 214 Building	JREI	2,200	2,239	2,390	5.0%	6.7%	2,350	5.1%	40	1.7%	-0.1%
A104	KDX Minami-Honmachi Building	JREI	2,200	2,103	2,900	4.5%	37.9%	2,830	4.6%	70	2.5%	-0.1%
A106	KDX Sakura-dori Building	Daiwa	5,900	6,250	7,700	4.7%	23.2%	7,490	4.8%	210	2.8%	-0.1%
A107	KDX Ginza East Building	JREI	3,600	3,614	3,720	4.2%	2.9%	3,700	4.3%	20	0.5%	-0.1%
A108	Pentel Building	Daiwa	3,350	3,576	3,730	4.0%	4.3%	3,714	4.1%	16	0.4%	-0.1%
A109	KDX Hamamatsucho Center Building	Daiwa	3,950	4,038	4,190	3.9%	3.8%	4,140	4.0%	50	1.2%	-0.1%
A110	KDX Shin-Osaka Building	Daiwa	4,550	4,588	4,940	4.2%	7.7%	4,870	4.3%	70	1.4%	-0.1%
A111	KDX Nagoya Nichigin-mae Building	JREI	3,500	3,545	3,970	4.4%	12.0%	3,830	4.5%	140	3.7%	-0.1%
A112	KDX Toranomon 1Chome Building	JREI	15,550	15,619	17,000	3.5%	8.8%	16,600	3.6%	400	2.4%	-0.1%
A113	KDX Shin-Nihonbashi Ekimae Building	JREI	3,829	3,865	4,010	4.0%	3.7%	3,950	4.1%	60	1.5%	-0.1%
A114	KDX Nihonbashi Edo-dori Building	JREI	1,350	1,366	1,440	4.4%	5.4%	1,420	4.5%	20	1.4%	-0.1%
A115	ARK Mori Building (Note 3)	Daiwa	4,169	4,194	4,310	3.8%	2.8%	4,310	3.9%	-	-	-0.1%
A116	Nishi-Shinbashi TS Building (Note 3)	Daiwa	8,400	8,453	8,630	3.6%	2.1%	8,480	3.7%	150	1.8%	-0.1%
A117	BR Gotanda (Note 3)	JREI	2,200	2,283	2,360	4.4%	3.4%	2,310	4.5%	50	2.2%	-0.1%
Subtotal: Office Buildings (Note 2)			363,055	354,507	381,860	4.4%	7.7%	376,244	4.5%	5,616	1.5%	-0.1%
B019	Residence Charmante Tsukishima	JREI	5,353	4,539	4,900	4.4%	7.9%	4,900	4.5%	-	-	-0.1%
Subtotal: Residential Property (Note 2)			5,353	4,539	4,900	4.4%	7.9%	4,900	4.5%	-	-	-0.1%
C001	Frame Jinnan-zaka	JREI	9,900	9,291	10,800	3.7%	16.2%	10,700	3.8%	100	0.9%	-0.1%
C002	KDX Yoyogi Building	JREI	2,479	2,458	2,160	4.7%	-12.1%	2,130	4.8%	30	1.4%	-0.1%
C004	Ginza 4chome Tower	JREI	9,800	9,630	13,600	3.3%	41.2%	13,200	3.4%	400	3.0%	-0.1%
Subtotal: Central Urban Retail Properties (Note 2)			22,179	21,380	26,560	3.6%	24.2%	26,030	3.7%	530	2.0%	-0.1%
D002	Shinjuku 6chome Building (Land)	Daiwa	2,880	2,973	3,230	3.8%	8.6%	3,190	3.9%	40	1.3%	-0.1%
Subtotal: Other Property (Note 2)			2,880	2,973	3,230	3.8%	8.6%	3,190	3.9%	40	1.3%	-0.1%
Total (Note 2)			393,468	383,401	416,550	4.3%	8.6%	410,364	4.4%	6,186	1.5%	-0.1%

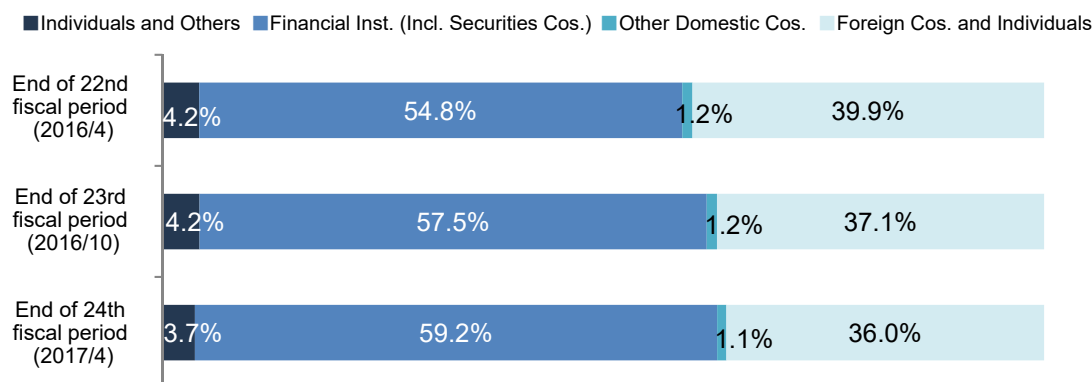
Note 1: Ratio for appraisal value vs book value and increase-decrease rate are rounded to the first decimal place

Note 2: Cap rates for subtotals and the entire portfolio are weighted averages based on appraisal values

Note 3: For the properties newly acquired in the 24th fiscal period (2017/4), appraisal values included in relevant appraisal report obtained at the time of acquisition are considered as appraisal values as of the end of the previous fiscal period in calculating change in appraisal value period over period

KDO unitholders (as of the end of 24th fiscal period (2017/4))

Changes in unit holding ratio by type of unitholders (Note)



Top 10 unitholders (Note)

Name	# of units held (unit)	Percentage share
Japan Trustee Services Bank, Ltd. (Trust Acct.)	76,691	18.9%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	55,048	13.6%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	50,259	12.4%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	20,464	5.1%
Nomura Bank (Luxemburg) S.A.	20,028	4.9%
State Street Bank and Trust Company 505012	11,212	2.8%
State Street Bank and Trust Company 505223	8,918	2.2%
The Bank of New York Mellon SA/NV 10	7,374	1.8%
State Street Bank and Trust Company 505001	6,952	1.7%
State Street Bank and Trust Company	6,008	1.5%
Total	262,954	64.9%

Number of unitholders

(Unit: person)

	End of 22nd fiscal period (2016/4)	End of 23rd fiscal period (2016/10)	End of 24th fiscal period (2017/4)
Individuals and Others	5,906	5,693	5,209
Financial Inst. (Incl. Securities Cos.)	City / Trust Bank	10	11
	Regional Bank	19	21
	Credit Union and Others	38	36
	Life / Nonlife, Securities	23	20
	Total	90	95
Other Domestic Cos.	117	112	100
Foreign Cos. and Individuals	253	264	243
Total	6,366	6,164	5,640

Note: Ratios are rounded to the first decimal place

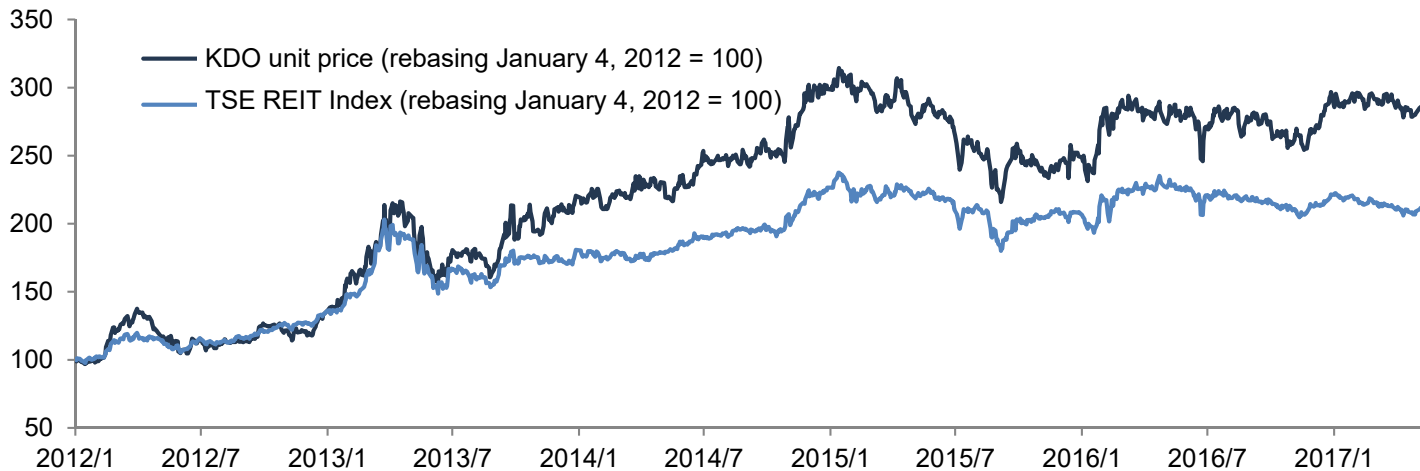
Historical changes in unit price

KDO unit price has continued to outperform TSE REIT Index

Historical changes in unit price (January 4, 2012 – May 31, 2017)



Comparison between rebased unit price and TSE REIT Index (January 4, 2012 – May 31, 2017)



Inclusion into indices

- FTSE EPRA/NAREIT Global Real Estate Investors index



- S&P Global Property Index/
S&P Global REIT Index

S&P Dow Jones Indices

An S&P Global Division

- Russell Global Index Series



Appendix 2

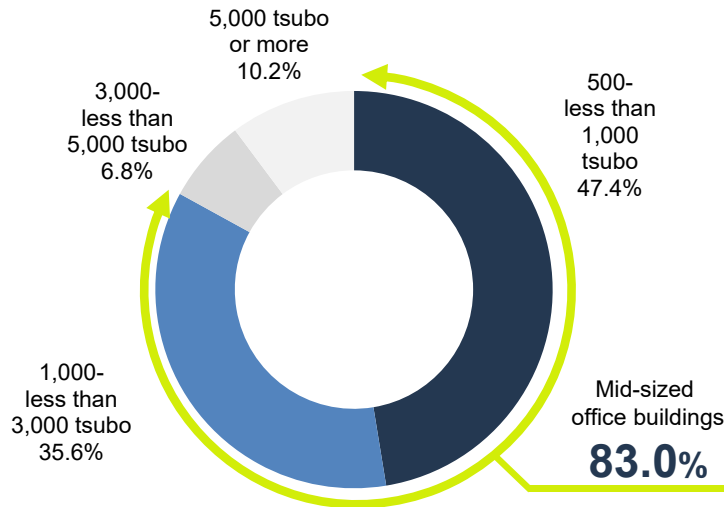
Characteristics of KDO

Characteristics of mid-sized office building market

A wide selection of prime properties available

Expected to generate stable rent revenues given a broad tenant base

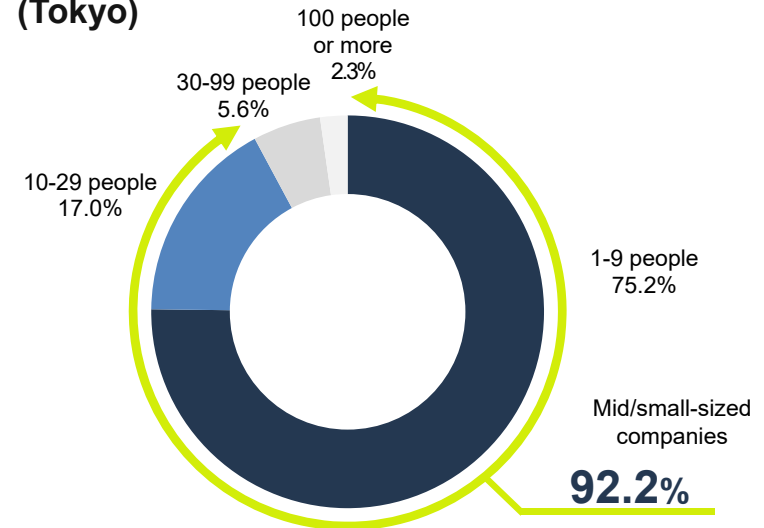
Office market by GFA (proportion of number of buildings) (Note 1)



Note 1: The above data is the proportion of number of buildings based on the size. It covers rental office buildings located in Tokyo Central 5 wards that were surveyed by CBRE (as of the end of Sep. 2016)

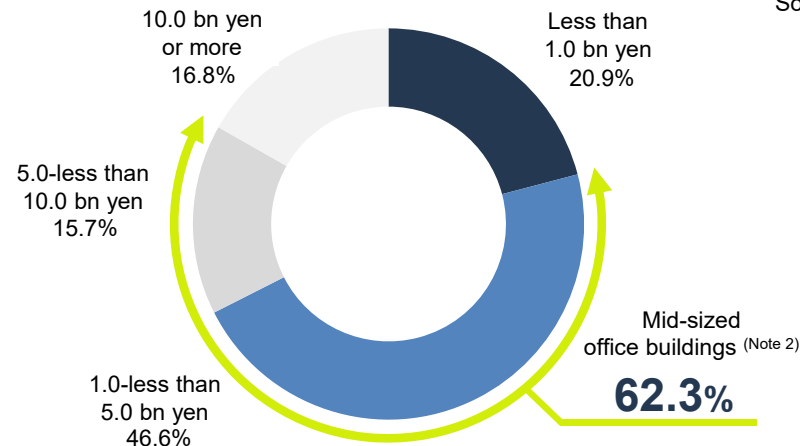
Source: Based on the survey CBRE conducted at the request of the Asset Management Company

Business office by the number of employees (Tokyo)



Source: Compiled by the Asset Management Company based on "2014 Economic Census for Business Frame Tokyo (revised results) (as of March 27, 2017)"

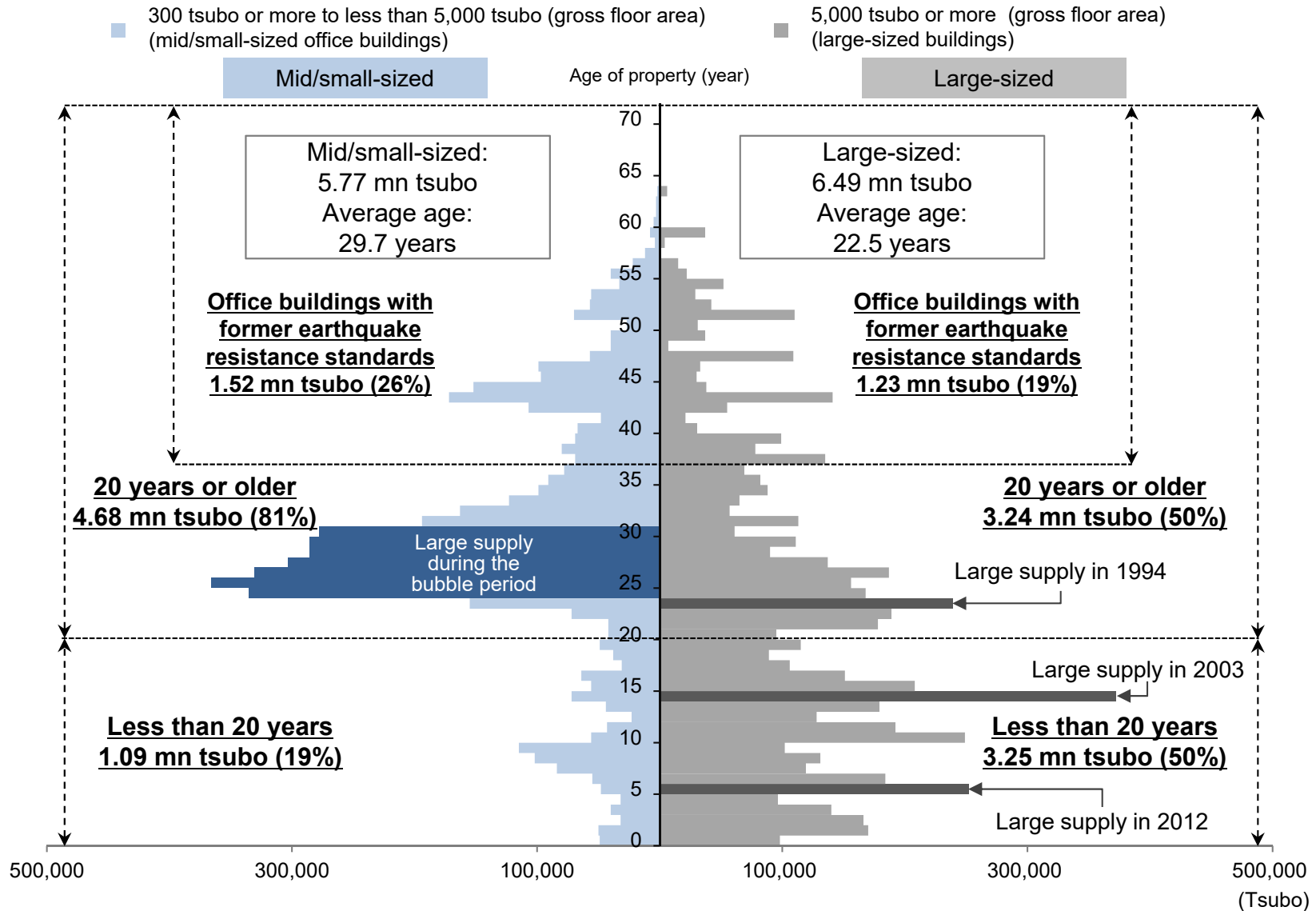
of office building transactions by transaction price



Note 2: The transaction prices of mid-sized office buildings are generally around 1.0 bn yen to 10.0 bn yen
 Source: Compiled by the Asset Management Company based on "the number of office building transactions by transaction size (FY2006-FY2015)" from "Real Estate Transactions Study" by Urban Research Institute Corporation, a think tank of Mizuho Trust & Banking Co., Ltd.

Tokyo 23 wards office stock by size and age

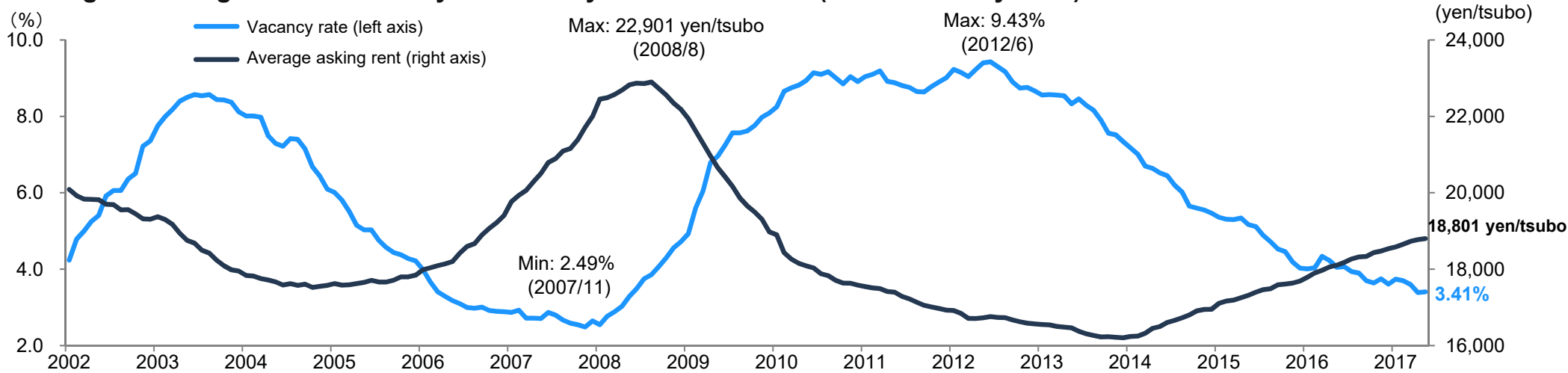
Approx. 80% of mid/small-sized office buildings are 20 years or older; new supply is limited
 Proper repair/maintenance and management are important in order to keep mid/small-sized office buildings competitive



Office building market

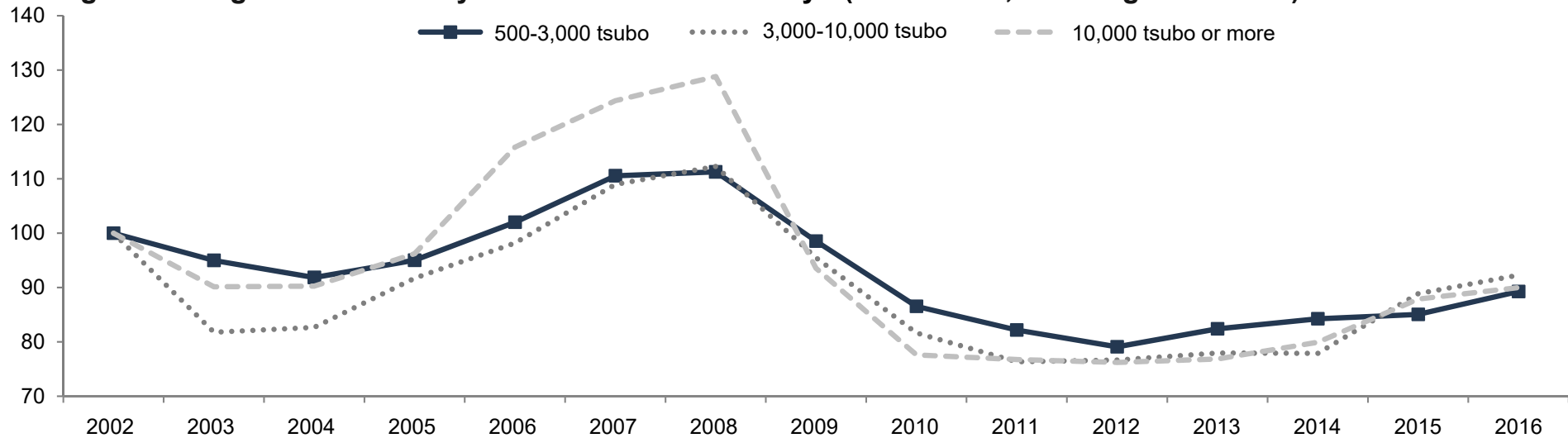
Rents for mid-sized office buildings are generally more stable than those for large-sized office buildings

Change in asking rent and vacancy rate in Tokyo central 5 wards (Jan 2002 - May 2017) (Note 1)



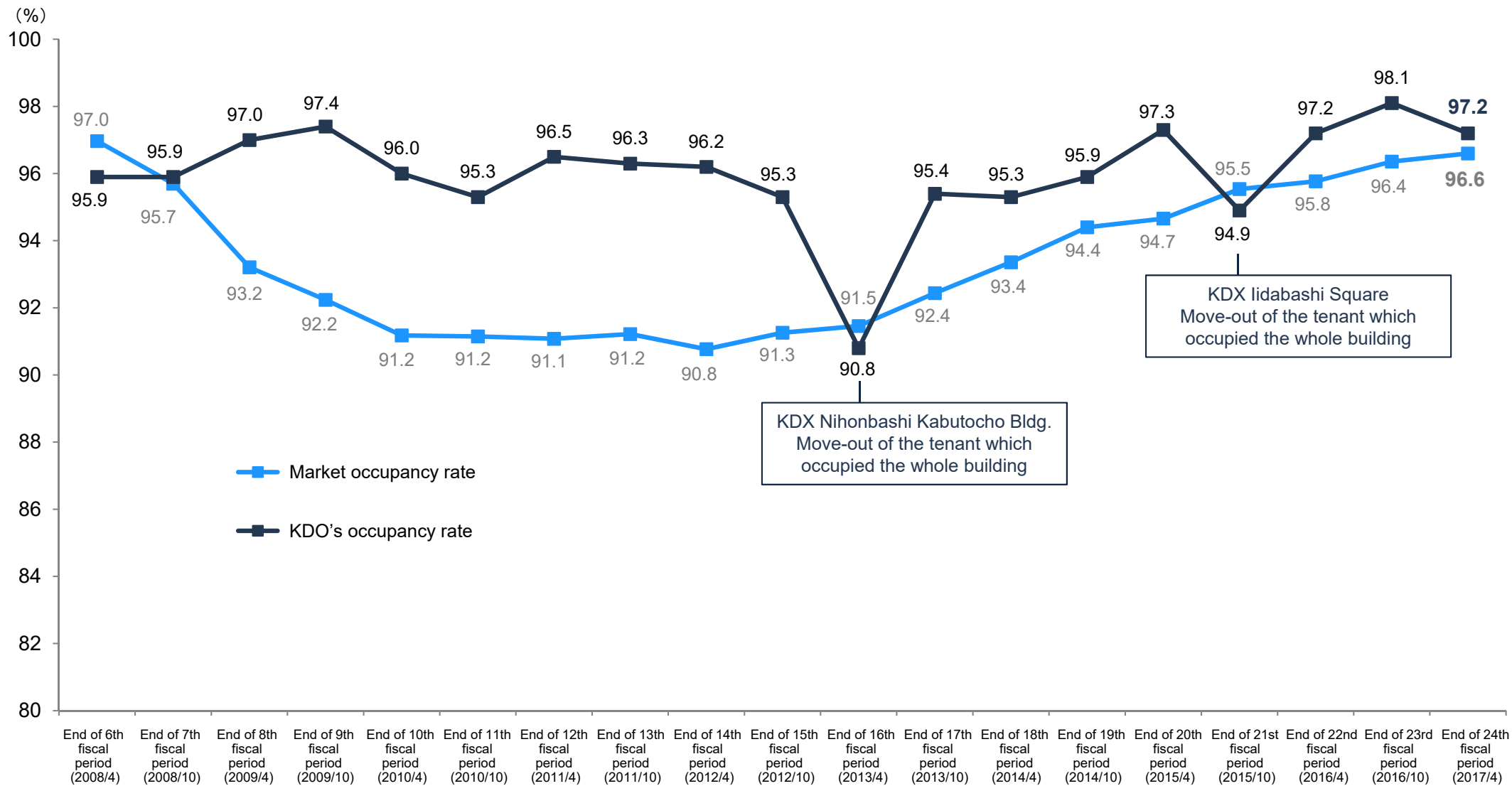
Note 1: Include office buildings with a standard floor area of 100 tsubo or more in Tokyo business districts (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards)
 Source: Miki Shoji "Latest Office Building Markets in Tokyo (Central 5 wards)"

Change in average rent indices by size for 23 wards of Tokyo (2002 - 2016, rebasing 2002 = 100) (Note 2)



Note 2: Average estimated contracted rent by size for each fiscal year (Jan. 1 – Dec. 31), rebasing 2002 = 100 (based on counting from Jan. 1 – Sep. 30 for 2016)
 Source: Based on the survey CBRE conducted at the request of the Asset Management Company

Comparison of occupancy rates of KDO office buildings and market average (Note 1) (Note 2)

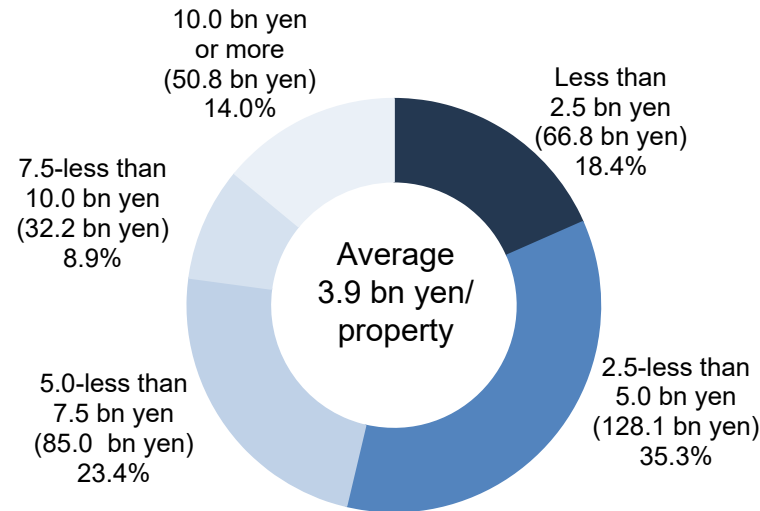


Note 1: Market occupancy rate refers to the average values of Tokyo central 5 wards for each corresponding month published by Miki Shoji

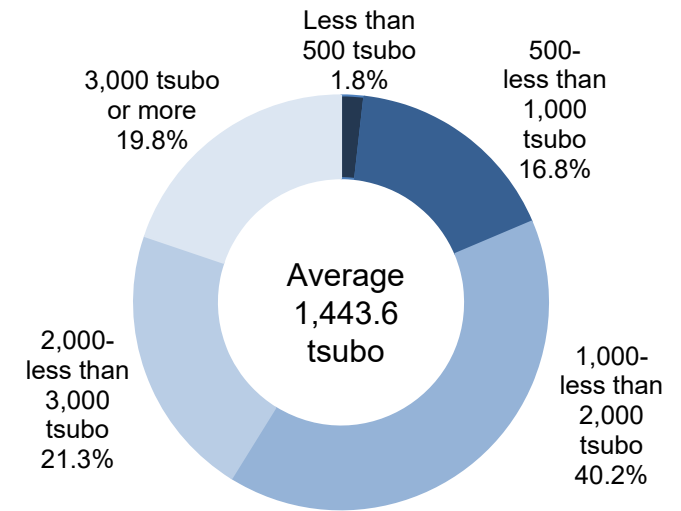
Note 2: KDO's average occupancy rate refers to the average occupancy rate of the office buildings in Tokyo central 5 wards that KDO owns as of the end of each fiscal period

Characteristics of KDO office buildings (as of the end of the 24th fiscal period (2017/4))

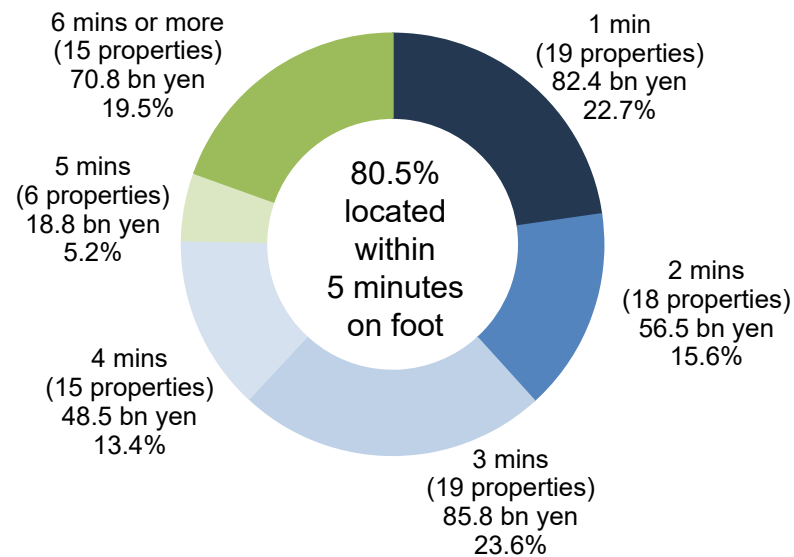
By acquisition price (based on acquisition price)



By size (based on leasable area)



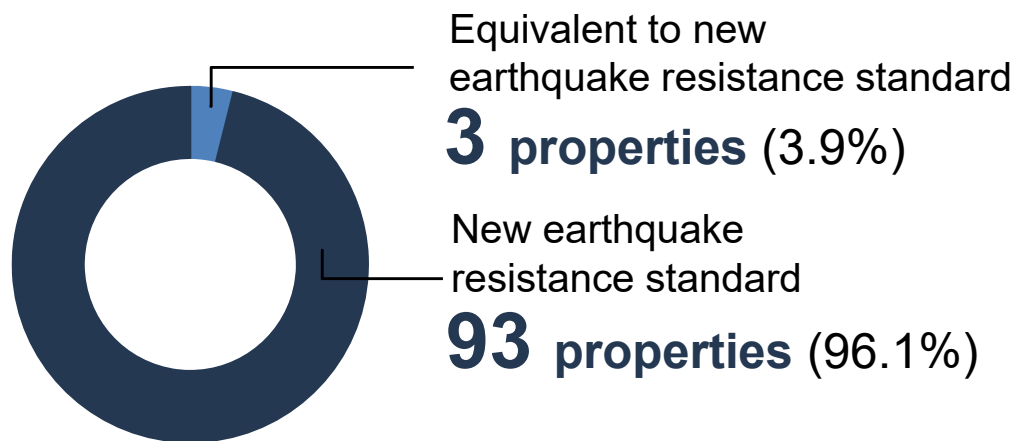
By distance from the nearest station on foot (based on acquisition price)



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)



Achieving seismic performance equivalent to new earthquake resistance standard

Implemented earthquake-resistance reinforcement



KDX Hakata-Minami Bldg.



KDX Akihabara Bldg.

Evaluated as a property complying with equivalent standard of the new earthquake resistance standard



KDX Nihonbashi 313 Bldg.
(Seismic review by NIHON SEKKEI, INC.)

Portfolio PML ^(Note 3) ^(Note 4)

2.40%

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 (0.2% or more); Resetting of horizontal seismic coefficient to 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, 2017. For the properties owned through quasi co-ownership interest, leasable area for such portion is used in calculation

Note 3: PML value is as of May 2017 and is based on the research implemented by Sompō Risk Management & Health Care Inc.

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

Overview of the 6th CS survey results (Aug. 2015)

High motivation for continuous occupancy even at aged office buildings
 Competitiveness dependent on equipment upgrade and renovation at the right timing

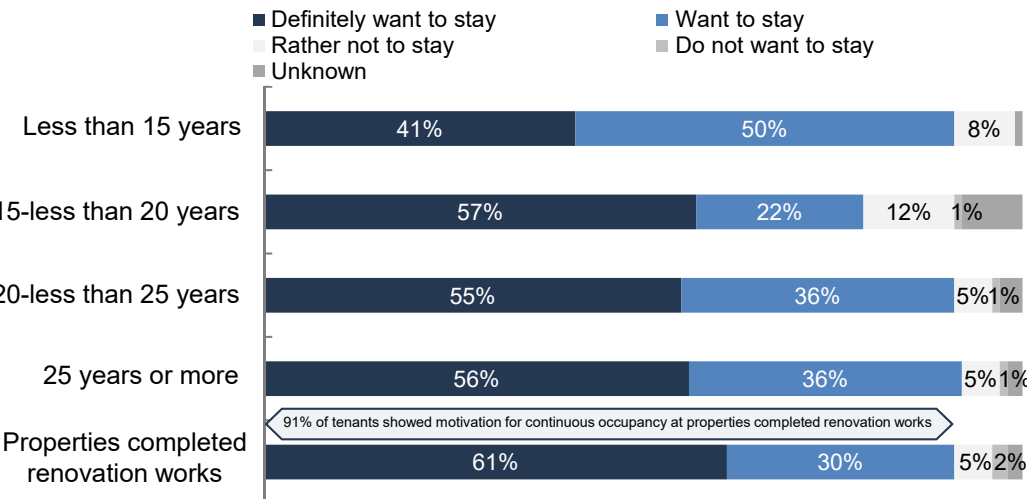
CS survey overview

- 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 (people in charge of general affairs and employees) on a regular basis

Timing	5th survey August 2013 (17th fiscal period)	6th survey August 2015 (21st fiscal period)
# of properties	77 properties	85 properties
# of distributions	Person in charge: 746 Employee: 3,743	Person in charge: 884 Employee: 4,736
Collection rate	Person in charge: 89% Employee: 85%	Person in charge: 82% Employee: 78%

Motivation for continuous occupancy by building age (Interviewing people in charge of general affairs)

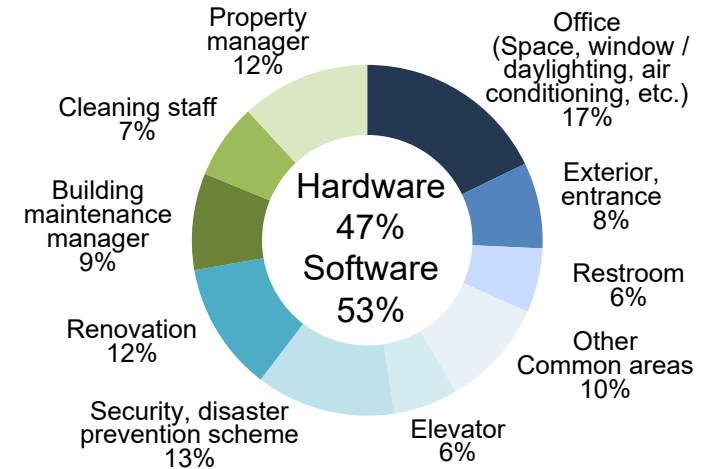
- Confirmed high motivation for continuous occupancy regardless of building age



Note 1: Result on survey that interviewed people in charge of general affairs. For each of the categories (Office, Exterior/entrance, Restroom, Other common areas and Elevator), the 3 factors with the highest scores in CS survey are shown in the table

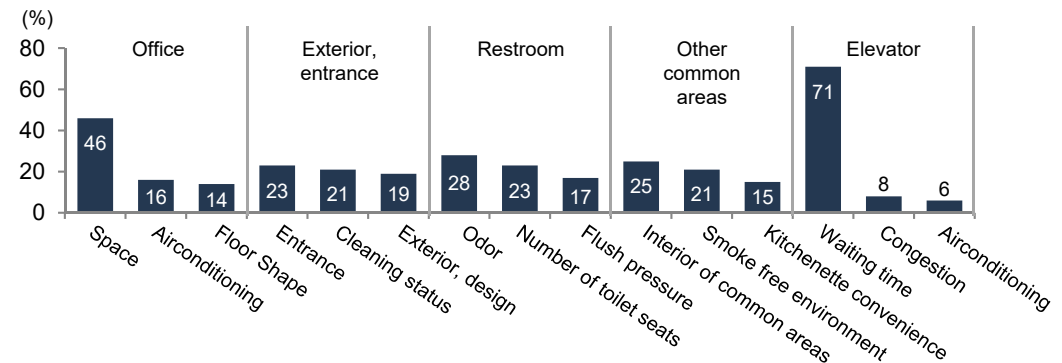
Note 2: Multiples in the table are calculated by dividing CS scores after renovation works by those before renovation works

6th CS survey results: reasons of satisfaction (Interviewing people in charge of general affairs)



The most important factors on hardware and changes in CS by renovation work (Note 1)

The most important factors among hardware

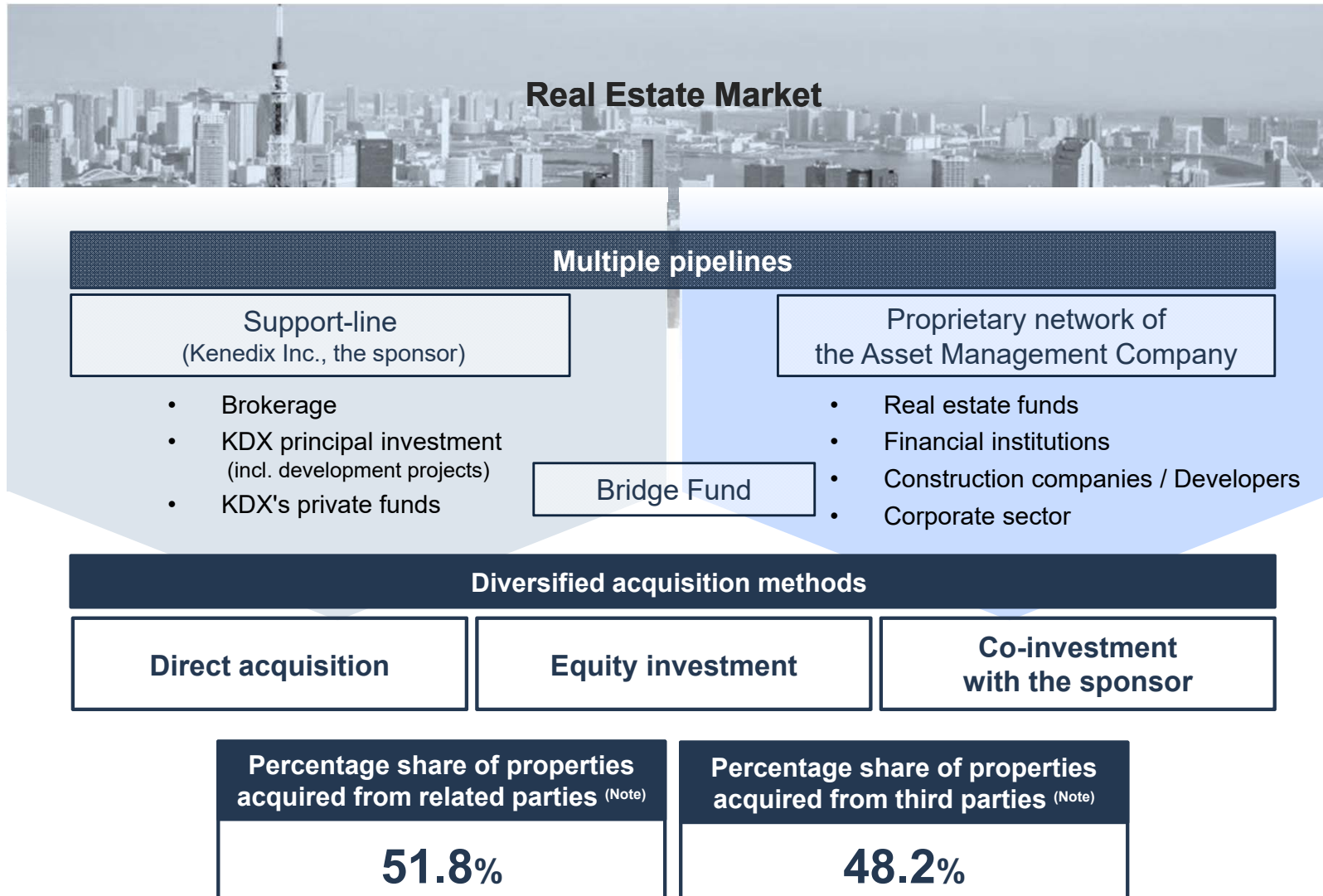


Change in CS scores after renovation works (Note 2)

Category	Office	Exterior, entrance	Restroom	Other common areas	Elevator
Multiples	1.04x	0.97x	1.09x	1.03x	1.03x

Property sourcing and acquisition methods

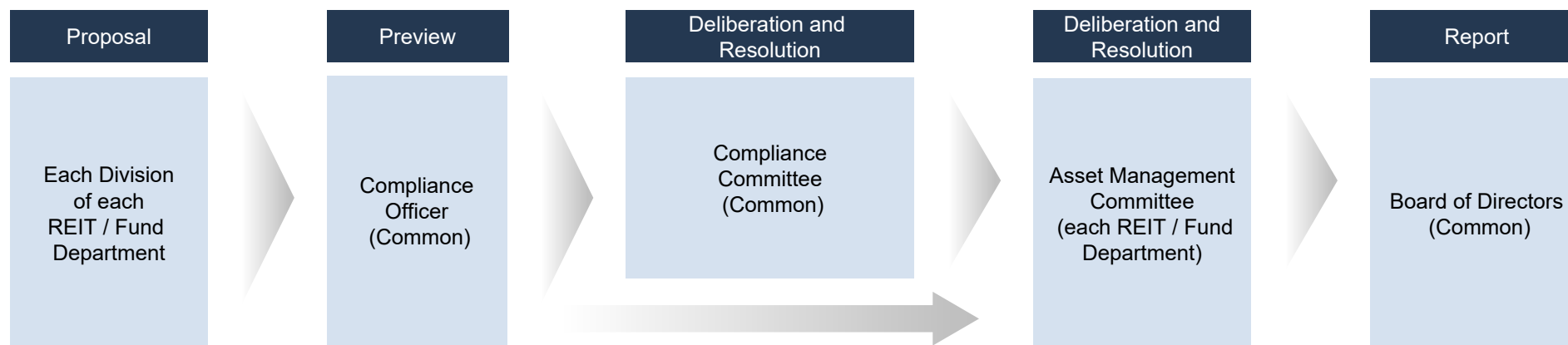
Our acquisition track record supported by our property sourcing network using multiple pipelines Surely capture a wide variety of acquisition opportunities through our diversified acquisition methods



Note: Percentage share of properties is calculated by sum of acquisition prices for each acquisition source divided by total acquisition price for the properties which KDO owns as of the end of 24th fiscal period (2017/4). Figures are rounded to the first decimal place

Management structure of KFM

KFM's decision-making process



Constituent members of decision making body

	Compliance Committee	AM Committee (Office REIT Department)
President & CEO	●	
Compliance Officer	●	●
Director (full-time)	●	
Head of Office REIT Dept.		●
Head of Asset Investment Div., Office REIT Dept.		●
Head of Asset Management Div., Office REIT Dept.		●
Head of Planning Div., Office REIT Dept.		●
Head 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

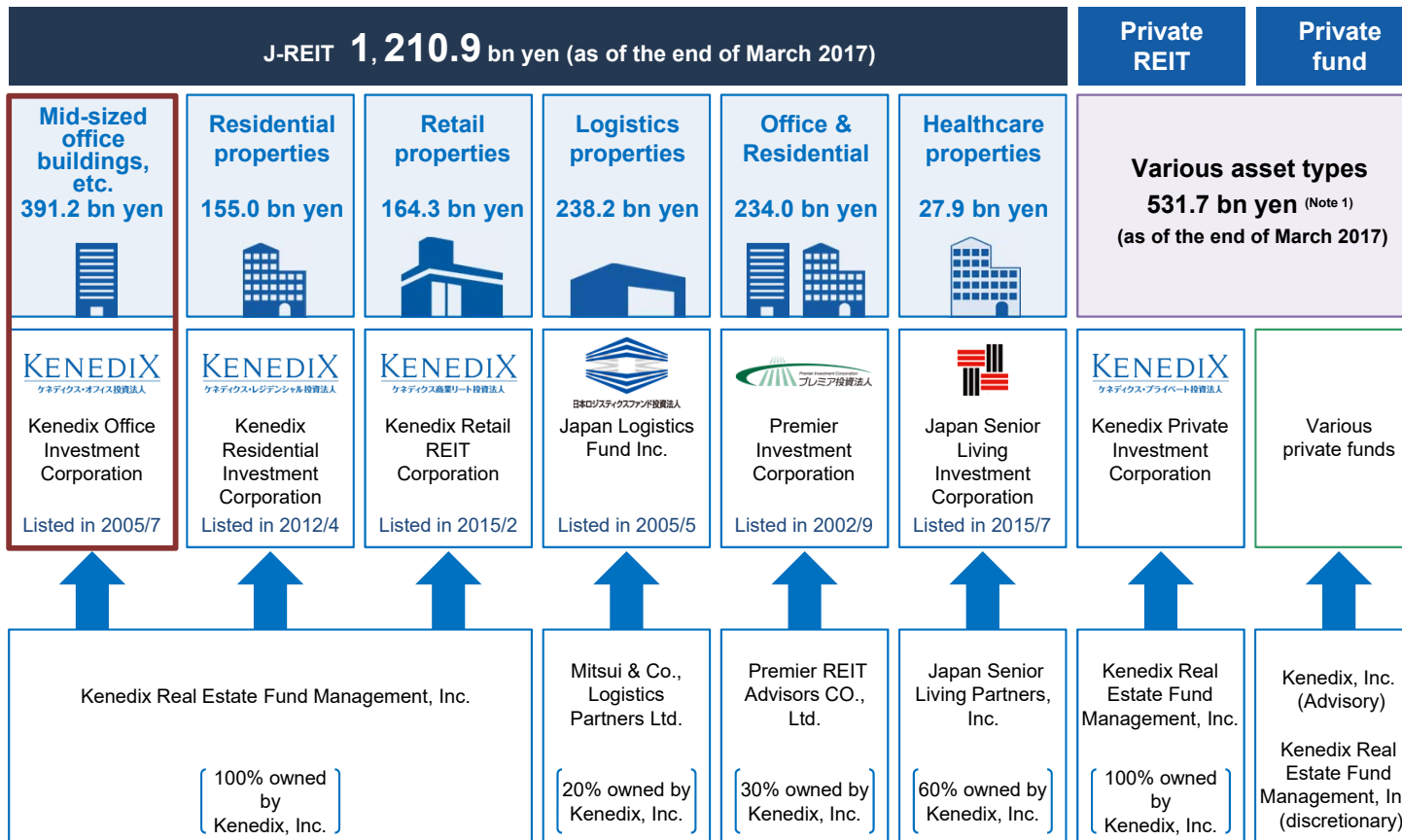
Asset management fee structure

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 related party transaction)
Disposition fee	Capped at 0.5% of sale price

Our sponsor

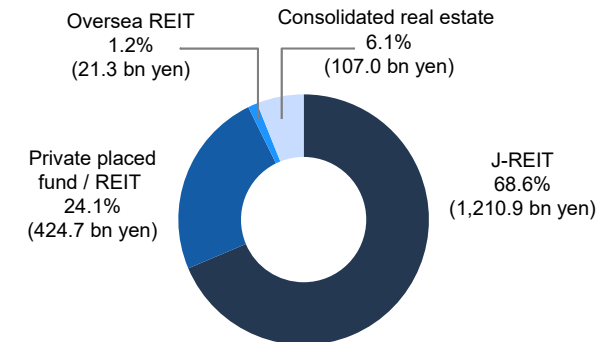
Total AUM of 1,764.1 billion yen, with more than 11 years in J-REIT management experience
One of major independent real estate investment companies in Japan, managing multiple J-REITs

Fund management by Kenedix Group



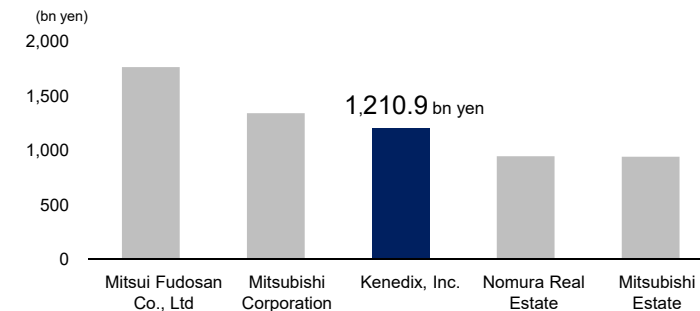
Kenedix Group's assets under management

Total 1,764.1 bn yen (as of the end of March 2017)



Source: Kenedix, Inc.

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

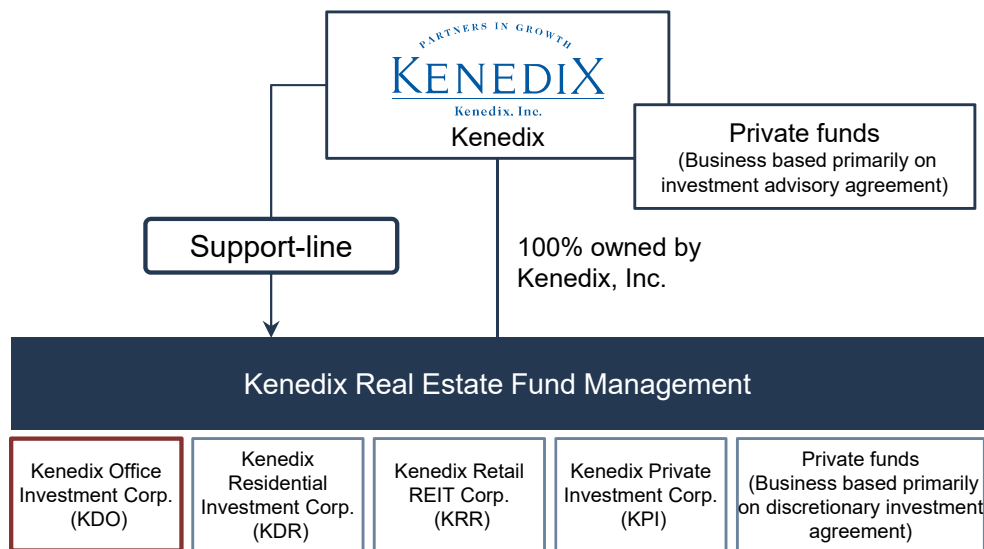


Source: Compiled by the Asset Management Company based on the disclosure materials of each J-REIT as of the end of March 2017

Note 1: Include consolidated real estate of 107.0 billion yen and exclude an overseas REIT of 21.3 billion 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 the end of March 2017
 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%

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

Kenedix Group's fund management structure



KDO management guidelines

Targeting portfolio		Target investment ratio
Office buildings	Rental office buildings that fulfil the 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 properties	Central urban retail properties located in highly flourishing districts	
Residential properties	Residential properties for leasing purposes as their principal use	0%–20%
Other	Amusement parks, business hotels, parking, educational, medical and health care-related facilities, leasehold land and others	

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	2,000 or more, 13,000 or less
Outside Tokyo 23 wards	3,000 or more, 20,000 or less

	Office REIT Dept. Kenedix Office Investment Corp.	Residential REIT Dept. Kenedix Residential Investment Corp.	Retail REIT Dept. Kenedix Retail REIT Corp.	Private REIT Dept. Kenedix Private Investment Corp.	Private Fund Dept. 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	-	2nd	-	1st	3rd

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 (as of Jun. 12, 2017)

Organization chart



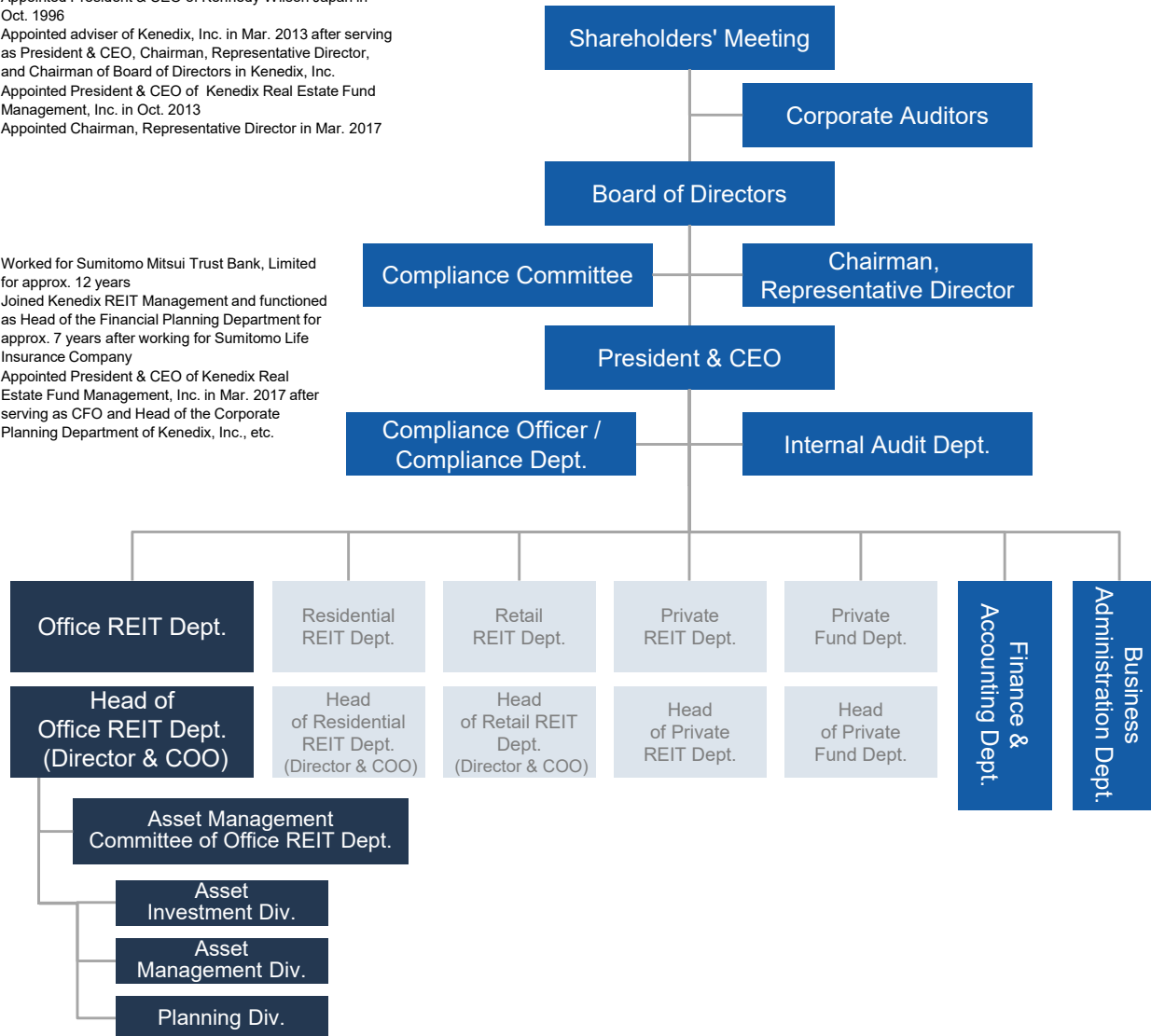
Ryosuke Homma
Chairman,
Representative Director

- Worked for Mitsubishi Corporation for approx. 26 years
- Appointed President & CEO of Kennedy-Wilson Japan in Oct. 1996
- Appointed adviser of Kenedix, Inc. in Mar. 2013 after serving as President & CEO, Chairman, Representative Director, and Chairman of Board of Directors in Kenedix, Inc.
- Appointed President & CEO of Kenedix Real Estate Fund Management, Inc. in Oct. 2013
- Appointed Chairman, Representative Director in Mar. 2017



Masahiko Tajima
President & CEO

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 12 years
- Joined Kenedix REIT Management and functioned as Head of the Financial Planning Department for approx. 7 years after working for Sumitomo Life Insurance Company
- Appointed President & CEO of Kenedix Real Estate Fund Management, Inc. in Mar. 2017 after serving as CFO and Head of the Corporate Planning Department of Kenedix, Inc., etc.



Office REIT Division: Key members



Naokatsu Uchida
Director & COO,
Head of
Office REIT Dept.

- Worked for Mitsubishi UFJ Trust and Banking Corporation for approx. 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 Dept. for approx. 2 years
- Appointed Executive Officer of Kenedix Office Investment Corp. (to the present) after serving as President & CEO of Kenedix Office Partners, Inc.
- Appointed Director & COO, Head of Office REIT Dept. on Oct. 1, 2013



Akimitsu Uezu
Head of
Asset Investment Div.,
Office REIT Dept.

- Joined Investment Management Div., Kenedix REIT Management, Inc. in Jul. 2006 and worked for 2 years after having engaged in real estate transactions at judicial scrivener's office and real estate company
- Appointed Head of Asset Investment Div., Office REIT Dept. on Mar. 1, 2016 after having worked as Head of Asset Investment Div., Kenedix Residential Partners and Director of Space Design



Chisei Kaji
Head of
Asset Management Div.,
Office REIT Dept.

- Worked for Mitsui Fudosan Building Management for approx. 9 years (Sales Division and others)
- Joined Kenedix Real Estate Fund Management, Inc. after having engaged in asset management for approx. 10 years at Tokyo Realty Investment Management, Inc.
- Appointed Head of Asset Management Div., Office REIT Dept. on Mar. 1, 2016 after having worked in Investment Management Div. Office REIT Dept. for approx. 1 year



Jiro Takeda
Head of
Planning Div.,
Office REIT Dept.

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 7 years
- Joined Kenedix as Head of Fund Management Div. 1 and functioned for approx. 3 years in that position after working for Sanko Estate Co., Ltd., GMAC Commercial Mortgage Japan, K.K. and Hudson Japan, K.K.
- Appointed Head of Planning Div., Office REIT Dept. on Mar. 29, 2017



Tetsushi Ichikawa
Head of
Finance & Accounting Dept.,
Business Administration Dept.

- Worked for Sumitomo Mitsui Trust Bank, Limited. for approx. 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 Co., Ltd.
- Appointed Head of Finance & Accounting Dept. on Oct. 1, 2013 after serving as Head of Finance Group for Kenedix Residential Partners, Inc.
- Appointed Head of Business Administration Dept. on Apr. 1, 2015 (concurrent)

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KENEDIX

Office Investment Corporation