



KENEDIX
Office Investment Corporation

**Kenedix Office Investment Corporation 27th Fiscal Period Results (Ended October 2018)
December 13, 2018**

Ticker Symbol: 8972



Kenedix Real Estate Fund Management, Inc.

Table of contents

Section 1	Management Highlights / Initiatives in and after the 28th fiscal period (2019/4)	P. 2
Section 2	27th fiscal period (2018/10) results, 28th fiscal period (2019/4) earning forecasts and 29th fiscal period (2019/10) earning forecasts	P. 8
Section 3	Portfolio overview	P. 12
Section 4	External growth	P. 15
Section 5	Internal growth	P. 19
Section 6	Financial strategy	P. 30
Appendix	Supplemental material / data	P. 34

Section 1

Management Highlights /
Initiatives in and after the 28th fiscal period (2019/4)

27th fiscal period (2018/10) highlights

27th fiscal period (2018/10)
DPU(actual)

13,458yen

+3.8% period over period
+2.0% from initial forecast

External Growth	AUM	420.8bn yen	Asset reshuffle through mutual transactions	Gain on sale of real estate in the 27th/28th fiscal periods	1.09bn yen	Disposition of Frame Jinnan-zaka and KDX Hamamatsucho Dai-2 Bldg.	Portfolio NOI yield after depreciation	3.6%	Enhanced profitability by continuous asset reshuffle
	Occupancy rate	99.1%	The occupancy rate remained high with the strong tenant demands	Unit rent growth ratio upon tenant turnover	69.8%	Steady progress in filling vacancies despite increasing turnover ratio	Upward rent revision (accumulated monthly rent over 5 periods)	33.4mn yen	Steady rent increase as a result of proactive upward rent negotiations
Internal Growth	Interest-bearing Debt Average interest rate	1.06%	Reduced financial cost through refinancing	LTV	41.9%	Decrease LTV level through public offering for the first time in three and a half years	Borrowing capacity for acquisition (in the case of LTV45% limit)	25.0bn yen	Securement of flexibility for selective investment
	Financial Strategy								

Initiatives in and after the 28th fiscal period (2019/4)

28th fiscal period (2019/4)
DPU (forecast)

13,620yen

+1.2% vs 27th fiscal period
+3.2% from initial forecast

External Growth

- Selective investment by utilizing borrowing capacity for acquisition
- Enhance the portfolio quality through continuous asset reshuffle
- Response to changes in office locations mainly due to the work style reform and advanced information and telecommunications technology

Internal Growth

- Continuous rise in unit rent by maintaining high occupancy rate and tenant turnover
- Decrease in rent gap through proactive upward rent negotiations
- Improvement in property profitability and reduction in energy cost by value-upgrading works

Financial Strategy

- Reduce financial costs continuously through refinancing
- Consideration of diversifying financing methods
- Maintain stable financial management with a target LTV of 45%

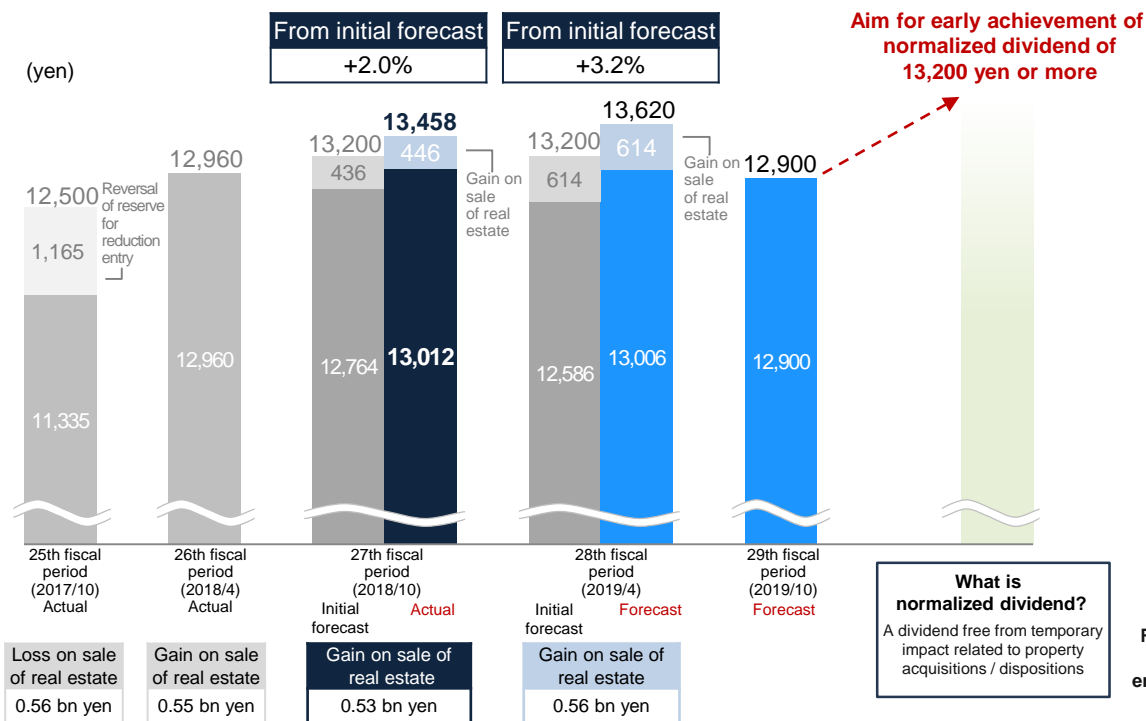
Dividend and reserve for reduction entry

Raised dividend by approx. 7.7% year over year in the 27th fiscal period (2018/10), and reserve for reduction entry accumulated to 2,475 million yen

Aim for early achievement of normalized dividend of 13,200 yen or more

DPU history (Note 1)

- Provision of reserve for reduction entry remained unchanged, and dividend exceeded the initial forecast for both the 27th (2018/10) and the 28th (2019/4) fiscal periods

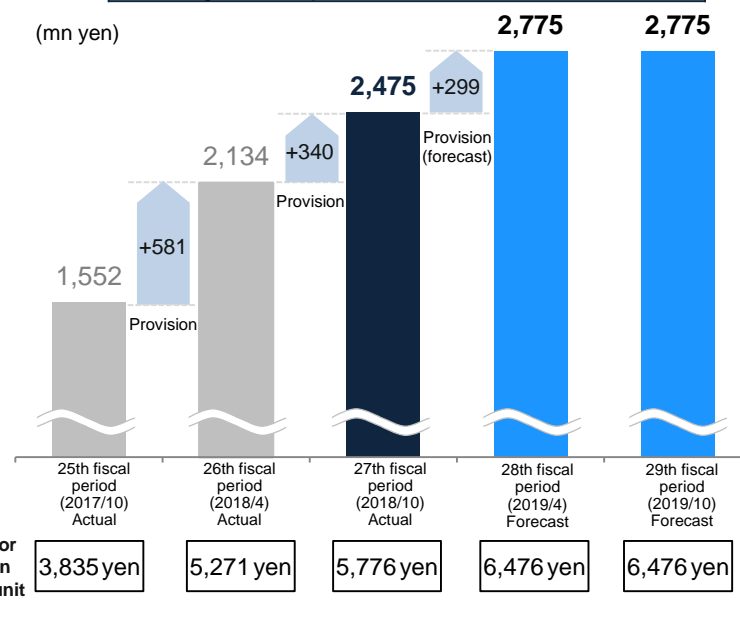


Reserve for reduction entry (Note 2)

- Reserve for reduction entry per unit is high level among J-REITs

Utilization policy of reserve for reduction entry

- Response to one-time decrease in revenue due to exit of major tenants
- Response to one-time decline in dividend resulted from investment for future growth
- Response to dilution of dividend due to a public offering during the fiscal period



Note 1: Through the May 2018 public offering (incl. the subsequent third-party allotment), the total number of investment units issued and outstanding increases from 404,885 units as of the end of 26th fiscal period (2018/4) to 428,510 units as of the end of the 27th fiscal period (2018/10). The same applies hereinafter. Figures per unit are calculated based on the number of investment units issued and outstanding as of the end of each fiscal period

Note 2: 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 stated on Basis for Calculating Cash Distribution for the relevant fiscal period to/from the balance of reserve for reduction entry on the balance sheet as of the end of the relevant fiscal periods

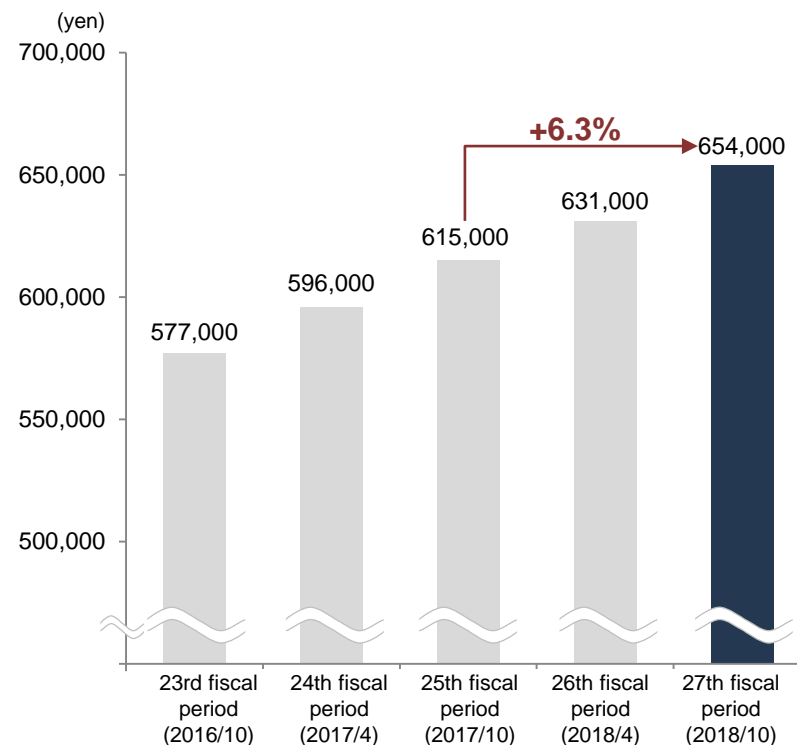
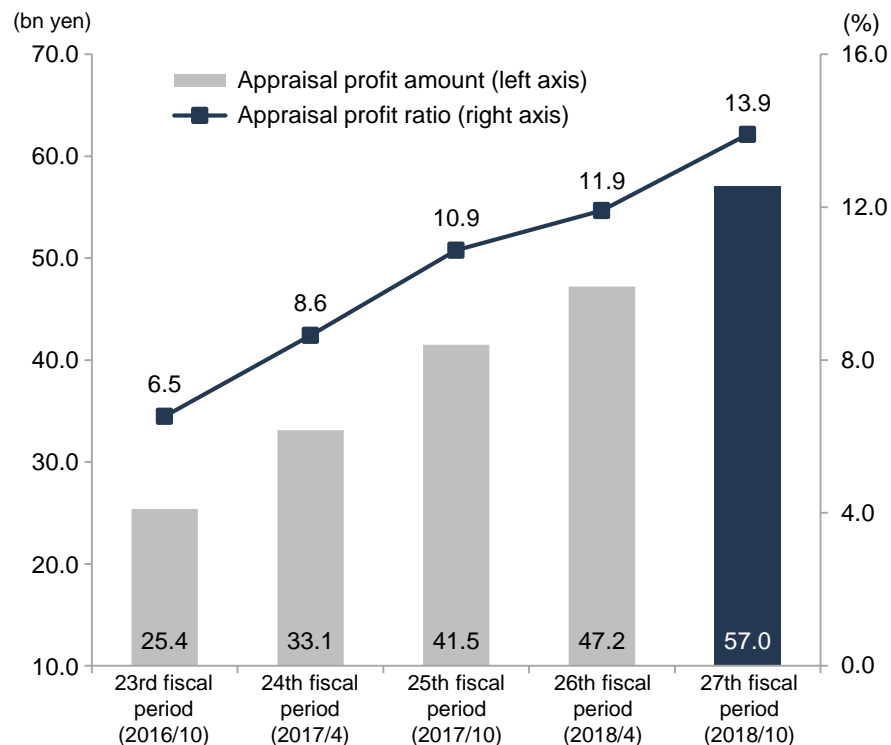
Portfolio appraisal profit and NAV per unit

Appraisal profit expanded to 57.0 billion yen due to an increase in appraisal value and continuous asset reshuffle
 Raised NAV per unit by 6.3% year over year

Changes in portfolio appraisal profit amount and ratio (Note 1)

Changes in NAV per unit (Note 2)

- Both appraisal profit amount and ratio reached a record high since listing at the end of the 27th fiscal period (2018/10)



Note 1: Appraisal profit amount is calculated by subtracting book values from appraisal values for all properties owned as of the end of relevant fiscal periods
 In addition, appraisal profit ratio is calculated by dividing appraisal profit amount by book value as of the end of relevant fiscal periods (truncated to the first decimal place)
 Note 2: NAV per unit is truncated to the nearest thousand yen after subtracting the amount of DPU

Memo

Section 2

27th fiscal period (2018/10) results,
28th fiscal period (2019/4) earning forecasts and
29th fiscal period (2019/10) earning forecasts

27th fiscal period (2018/10) financial results

Increased operating revenue and net income owing to increase in rental NOI mainly due to revenue contribution of assets reshuffle
Increased DPU and accumulated reserve for reduction entry by booking gain on sale of real estate as well as the previous fiscal period

27th fiscal period (2018/10) actual

(mn yen)

	26th fiscal period (2018/4) Actual	27th fiscal period (2018/10) Forecast (announced on Jun. 15, 2018)	27th fiscal period (2018/10) Actual	27th (actual) vs 26th (actual) Difference	27th (actual) vs 27th (forecast) Difference
	A	B	C	C-A	C-B
Operating revenue	14,823	15,334	15,420	① +597	① +86
Operating expense	7,974	8,279	8,271	② +296	-7
Operating income	6,848	7,054	7,148	+300	+93
Ordinary income	5,829	5,998	6,109	+279	② +110
Net income	5,828	5,997	6,107	+279	+110
DPU (yen)	12,960	13,200	13,458	+498	+258
Provision (+) / reversal (-) of reserve for reduction entry	+581	+340	+340	-	-
Gain / loss on sale of real estate	550	527	532	③ -17	+4
Rental NOI	9,539	10,002	10,055	+515	+52
Interest expense, etc.	983	1,012	998	+14	② -14

Comparison against 26th fiscal period (2018/4) actual (see page 35 for details)

① Increase in operating revenue	+597mn yen
Increase in revenues from existing properties	+33mn yen
Increase in revenues from asset reshuffle in and after 26th fiscal periods	+345mn yen
Increase in utility revenue due to seasonal and other factors	+176mn yen
② Increase in operating expense	+296mn yen
Increase in taxes	+76mn yen
Increase in utility expense due to seasonal and other factors	+138mn yen
Decrease in repair/maintenance expense	-198mn yen
Increase in asset management fee	+175mn yen
③ Booking and disappearance of gain on sale of real estate	-17mn yen

Comparison against 27th fiscal period (2018/10) forecasts (see page 35 for details)

① Increase in operating revenue	+86mn yen
Increase in dividend income	+26mn yen
Booking of cancellation penalty (Ginza 4chome Tower etc.)	+19mn yen
Increase in operating revenue of Senri LSC Building Hall	+18mn yen
② Reduction in interest expense, etc	-14mn yen

28th (2019/4) and 29th (2019/10) fiscal periods earnings forecasts

Expect to book gain on sale of real estate in the 28th fiscal period (2019/4), continuously increasing DPU and accumulating reserve for reduction entry

Disappearance of one-time earnings factors in the 29th fiscal period (2019/10), such as gain on sale of real estate and effects of property and city planning taxes

28th (2019/4) and 29th (2019/10) fiscal periods forecasts

(mn yen)

	27th fiscal period (2018/10) Actual	28th fiscal period (2019/4) Forecast	29th fiscal period (2019/10) Forecast	28th (forecast) vs 27th (actual) Difference	29th (forecast) vs 28th (forecast) Difference
	A	B	C	B-A	C-B
Operating revenue	15,420	15,246	14,739	① -173	① -507
Operating expense	8,271	8,099	8,193	② -172	② +93
Operating income	7,148	7,147	6,546	-0	-601
Ordinary income	6,109	6,137	5,529	+28	-608
Net income	6,107	6,136	5,527	+28	-608
DPU (yen)	13,458	13,620	12,900	+162	-720
Provision (+) / reversal (-) of reserve for reduction entry	+340	+299	-	-	-
Gain / loss on sale of real estate	532	563	-	③ +30	① -563
Rental NOI	10,055	10,073	9,999	+18	③ -74
Interest expense, etc.	998	974	1,003	-23	+29

Comparison between 27th fiscal period (2018/10) actual and 28th fiscal period (2019/4) forecasts

(see page 36 for details)

① Decrease in operating revenue	-173mn yen
Increase in revenues from existing properties	+29mn yen
Decrease in utility expense due to seasonal and other factors	-131mn yen
Disappearance of temporary gain on cancellation penalty, etc.	-57mn yen
② Decrease in operating expense	-172mn yen
Decrease in repair/maintenance expense	-146mn yen
Decrease in utility expense due to seasonal and other factors	-78mn yen
③ Booking and disappearance of gain on sale of real estate	+30mn yen

Comparison between 28th fiscal period (2019/4) forecasts and 29th fiscal period (2019/10) forecasts

(see page 36 for details)

① Disappearance of gain on sale of real estate	-563mn yen
② Increase in utility expense due to seasonal and other factors	+109mn yen
③ Decrease in rental NOI	-74mn yen
Disappearance of effects of property and city planning taxes on properties acquired in 26th and 27th fiscal periods	-42mn yen

Effects of property and city planning taxes mean that, by including the amount equivalent to property and city planning taxes on a property acquired for the initial fiscal period not in property-related expenses but in each acquisition price, NOI equivalent to such amount temporarily increase only in the relevant fiscal period

Memo

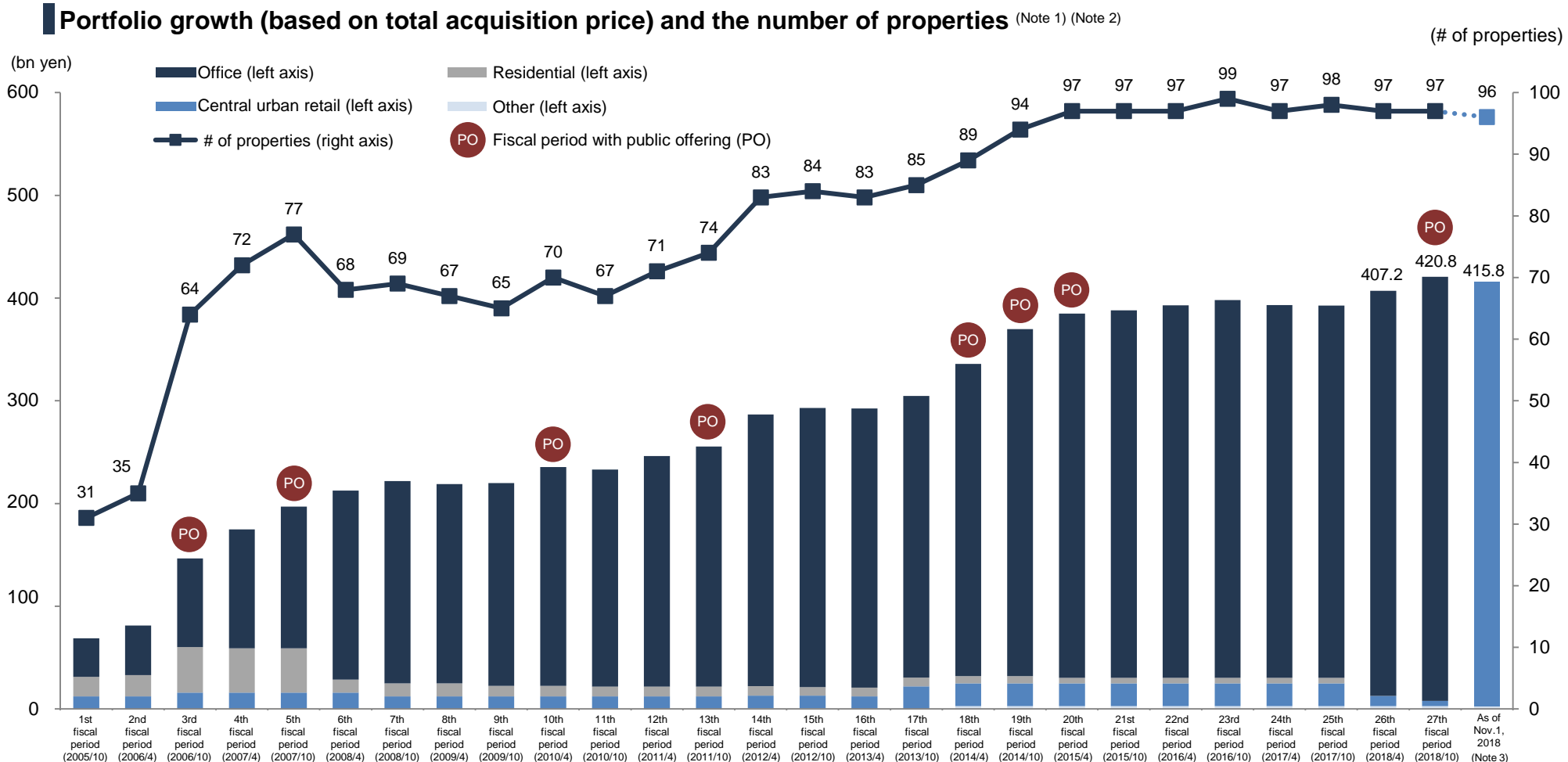
Section 3

Portfolio overview

Portfolio growth and changes in number of properties

Continue selective investment and asset reshuffle by keeping an eye on real estate market trends and opportunities

Expanded the portfolio to 415.8 billion yen through the first public offering in three and a half years and strategic asset reshuffle



Note 1: 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

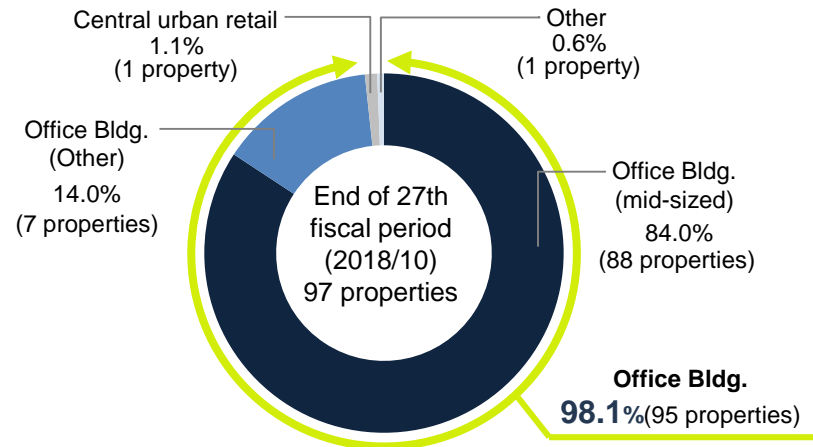
Note 2: Classification by use of owned properties has been changed from the 26th fiscal period (2018/4) due to changes in the management guideline on December 1, 2017. The same applies hereinafter

Note 3: The amount equivalent to the acquisition price of Frame Jinnan-zaka (quasi co-ownership interest: 51.0%) is subtracted from the total asset price as it was sold as of November 1, 2018

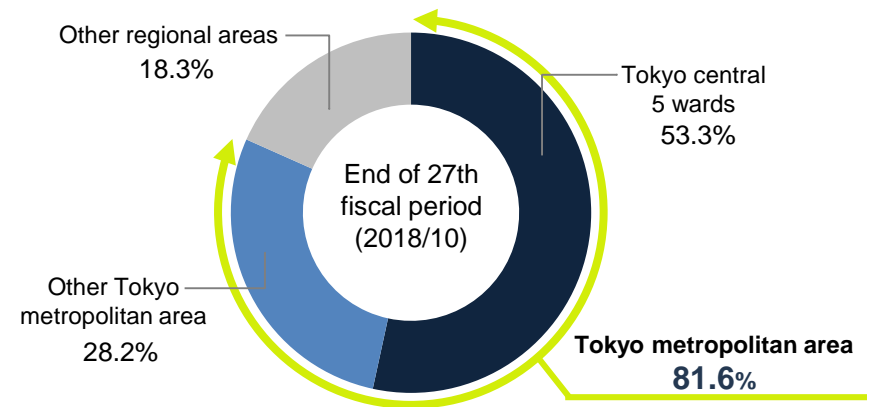
Portfolio diversification

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

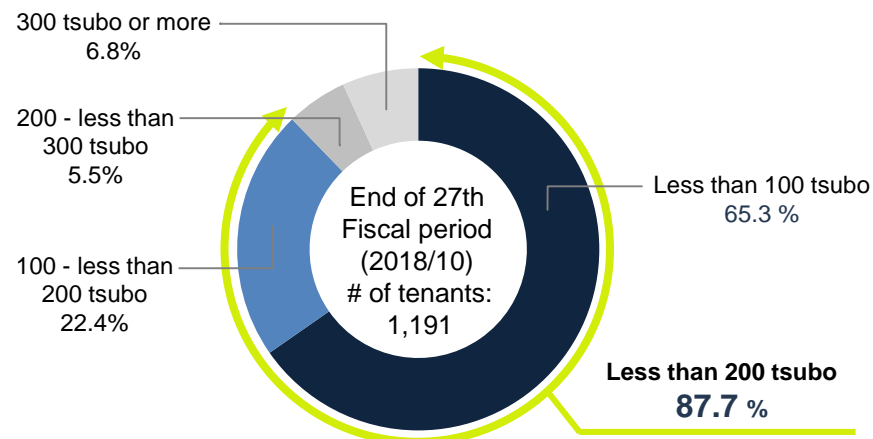
Breakdown by asset type (Note 1)



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

Asset reshuffle in the 27th fiscal period (2018/10)

Secured acquisition fund by the public offering and completed mutual transactions with a domestic general business corporation group
 Booked gain on sale of real estate for two consecutive fiscal periods, increasing DPU and accumulating reserve for reduction entry

Overview of asset reshuffle

Property acquired

CROSS PLACE Hamamatsucho



Properties sold

KDX Hamamatsucho Dai-2 Building



Frame Jinnan-zaka



Acquisition price	20,700mn yen	Total of Disposition price	12,550mn yen
Appraisal value	22,400mn yen (As of October 31, 2018)	Appraisal value	2,200mn yen (As of April 30, 2018)
NOI yield (actual)	4.1% (Note 2)	NOI yield (actual)	4.1% (Note 2)
NOI yield after depreciation (actual)	3.4% (Note 3)	NOI yield after depreciation (actual)	3.0% (Note 3)
Appraisal NOI yield	3.9% (Note 4)	Disposition price NOI yield	3.9% (Note 5)
Acquisition date	July 2, 2018	Disposition date	July 2, 2018 (quasi-co-ownership interest:49.0%) November 1, 2018 (quasi-co-ownership interest:51.0%)
Completion date	February, 2015	Completion date	April, 1992 March, 2005
Occupancy rate	100% (as of October 31, 2018)	Occupancy rate	100% (as of July 2, 2018) 100% (as of October 31, 2018)

Note 1: The figure is the sum of the appraisal values as of April 30, 2018 for the sale on July 2, 2018 and as of October 31, 2018 for the sale on November 1, 2018

Note 2: Actual NOI for the property acquired is calculated by annualizing the figures calculated assuming as if taxation on property and city planning taxes are imposed. Actual NOI for the properties sold are the sum of actual NOI for the 25th (2017/10) and the 26th (2018/4) fiscal periods. NOI yield (actual) is calculated by dividing the actual NOI (total) by acquisition price (total), respectively

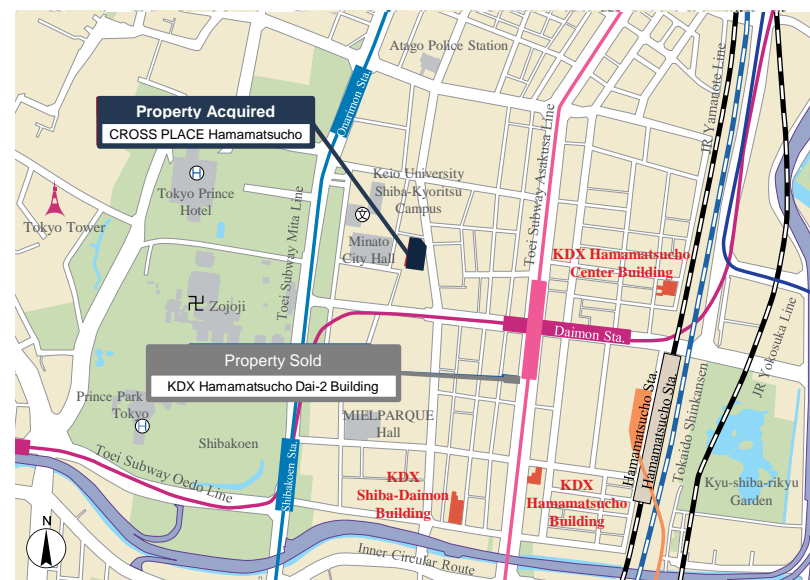
Note 3: NOI yield after depreciation (actual): Calculated by dividing Actual NOI after depreciation (actual NOI – depreciation expenses) by acquisition price

Note 4: Appraisal NOI yield: Calculated by dividing NOI calculated based on the direct capitalization method described in the relevant appraisal report as of October 31, 2018 by acquisition price

Note 5: Disposition price NOI yield: Calculated by dividing the actual NOI (total) by disposition price (total)

Background and effects of asset reshuffle

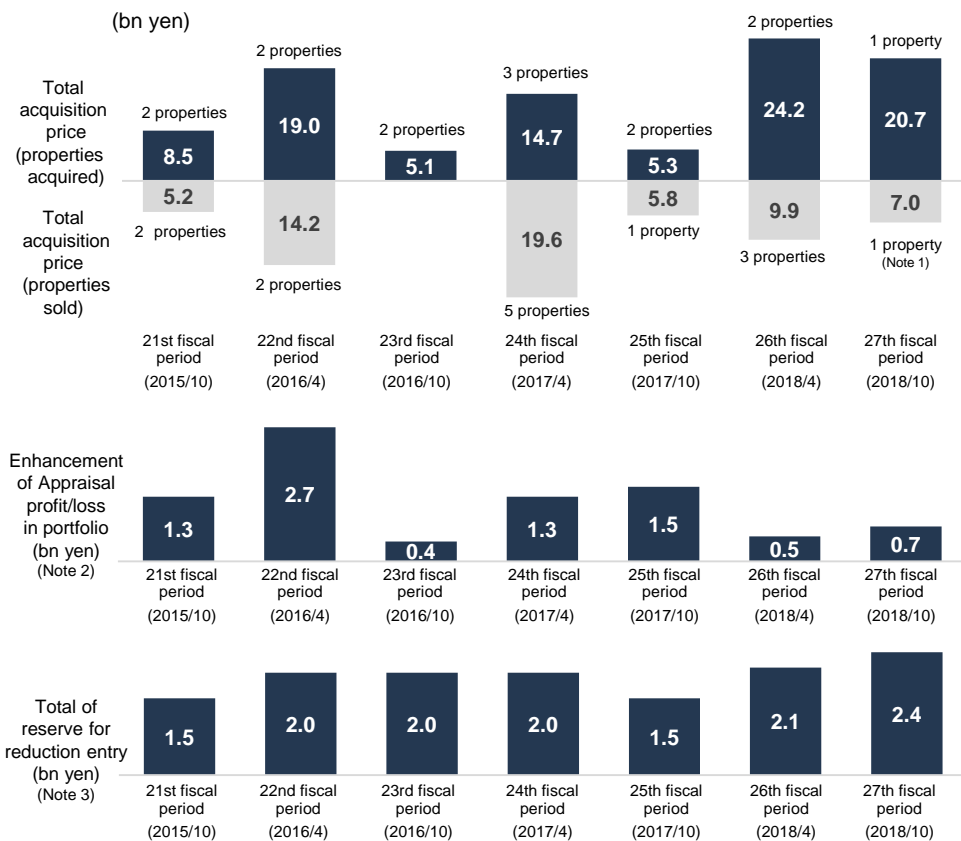
- Acquired “CROSS PLACE Hamamatsucho” that is a relatively new and prime property in central Tokyo at a price well below the appraisal value through mutual transactions
- Book gain on sale of real estate in the 27th (2018/10) and 28th (2019/4) fiscal periods following the sale of “KDX Hamamatsucho Dai-2 Building”, the relatively older and smaller asset with low visibility despite being located close to the Daimon station, and “Frame Jinnan-zaka” whose 20% or more of tenants are late-night restaurants
- Increased NOI after depreciation and rejuvenated the portfolio through the asset reshuffle



Trackrecord and effect of asset reshuffle in and after the 21st fiscal period (2015/10)

Achieved improvements of the portfolio profitability and quality through continuous strategic asset reshuffle based on selective investment
Accumulated amount of enhancement of appraisal profit/loss was 8.7 billion yen, and NOI yield after depreciation improved by 0.3%

Trackrecord of Properties acquired/sold



Effects of asset reshuffle from 20th to 27th fiscal periods

	End of 20th fiscal period (2015/4)	21st fiscal period (2015/10) ~ 27th fiscal period (2018/10)		End of 27th fiscal period (2018/10)	Portfolio growth
		Acquisition	Disposition		
Number of properties, AUM (Note 1)	97 properties 385.0 bn yen	14 properties 97.7 bn yen	14 properties 61.9 bn yen	97 properties 420.8 bn yen	+35.7 bn yen
Portfolio NOI yield (Note 4)	4.5%	4.0%	3.9%	4.8%	+0.3%
Portfolio NOI yield after depreciation (Note 4)	3.3%	3.3%	3.0%	3.6%	+0.3%
Reserve for reduction entry (Note 3)	1.1 bn yen	—	+1.3 bn yen	2.4 bn yen	+1.3 bn yen

Note 1: Frame Jinnan-zaka is not included in the number of properties sold in the 27th fiscal period as KDO holds 51.0% of the quasi co-ownership interest as of the end of the 27th fiscal period. Total acquisition price of properties sold in the 27th fiscal period (2018/10) and total acquisition price are calculated including the amount equivalent to quasi co-ownership interest of 49.0%

Note 2: For the properties acquired, appraisal profit is the difference between the appraisal value as of the end of the 27th fiscal period (2018/10) and the acquisition price. Enhancement of appraisal profit / loss in portfolio is calculated for each fiscal year in which acquisitions or dispositions are implemented by, if the difference between the appraisal value at disposition and the book value at disposition is positive, subtracting the difference from the appraisal profit, and if the difference is negative, the sum of the amount

Note 3: 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 stated on Basis for Calculating Cash Distribution for the relevant fiscal period to/from the balance of reserve for reduction entry on the balance sheet as of the end of the relevant fiscal period

Note 4: Portfolio NOI yield and Portfolio NOI yield after depreciation as of the end of the 20th fiscal period (2015/4) and the 27th fiscal period (2018/10) are calculated in accordance with Note 4 described on page 40 based on actual results for the relevant fiscal period. NOI yield and NOI yield after depreciation of the properties acquired from the 21st fiscal period (2015/10) through the 27th fiscal period (2018/10) are calculated in accordance with the above calculation method based on actual results of the relevant property for the 27th fiscal period (2018/10). Each yield of the properties sold is calculated by dividing the sum of actual NOI and NOI after depreciation for two previous fiscal periods from the fiscal period including disposition date by the sum of acquisition price, including disposition of 49.0% of quasi co-ownership interest in Frame Jinnan-zaka

Acquisition



Disposition



Track record of asset reshuffle

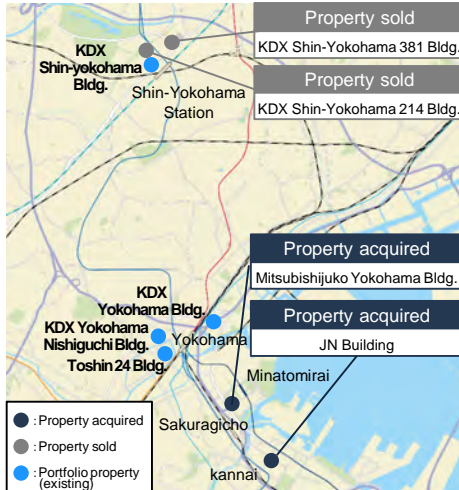
Asset reshuffle through mutual transactions with developers

Acquired prime properties from real estate developers, etc. through mutual transactions on a negotiation basis by capturing their acquisition needs

Property acquired	Properties sold	Property acquired	Property sold	Property acquired	Property sold	Property acquired	Properties sold
KDX Toranomon 1-chome Bldg.	KDX Toranomon Bldg. Toranomon Toyo Bldg.	ARK Mori Bldg. (Compartmentalized Ownership)	BUREX Toranomon	KDX Nishi-Shinbashi Bldg.	KDX Nihonbashi Kabutocho Bldg.	CROSS PLACE Hamamatsucho	KDX Hamamatsucho Dai-2 Building Frame Jinnan-zaka
							
Mar. 2016		Dec. 2016		Feb. 2017		Jul. and Nov. 2018	
							
Improved portfolio quality, including rejuvenating portfolio, by selling two relatively old buildings and acquiring a relatively new property with high specification		Acquired a highly competitive high-profile property with the fixed rent master lease scheme, and take efforts for revenue stability and increase in NOI		Disposed of a property which may decrease its profitability and acquired a property that can gain high competitiveness mainly due to opening of a new station in order to improve profitability		Disposed of a relatively old small-sized office building and a central urban retail property, and acquired a relatively new quality property in central Tokyo, with an aim to increase NOI after depreciation, etc.	

Asset reshuffle in Yokohama and Shibuya area

Asset reshuffle aimed for enhancement of location, property age, profitability and appraisal profit/loss with an eye on future competitiveness

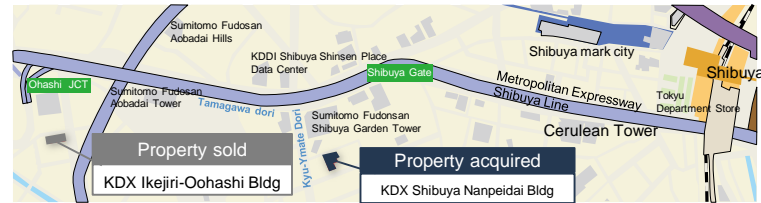


Properties acquired	Properties sold
Mitsubishijuko Yokohama Bldg. (quasi co-ownership interest) JN Building	KDX Shin-Yokohama 381 Bldg. KDX Shin-Yokohama 214 Bldg.
 Dec. 2017	 Oct. 2017
 Jan. 2018	 Dec. 2017
	

Conducted an asset reshuffle from "Shin-Yokohama" to "Minato Mirai 21" increasing recognition as site for office buildings and "Kannai" where public offices concentrate, and restructured the portfolio in the Yokohama area

Property acquired	Properties sold
KDX Shibuya Nanpeidai Building	KDX Ikejiri-Oohashi Bldg.
 Aug. 2017	 Feb. 2017
	

Disposed of a property with low profitability and appraisal loss, located away from Shibuya Station, at a relatively high price, and acquired a property located within walking distance from the Station aimed for locational improvement



Section 5

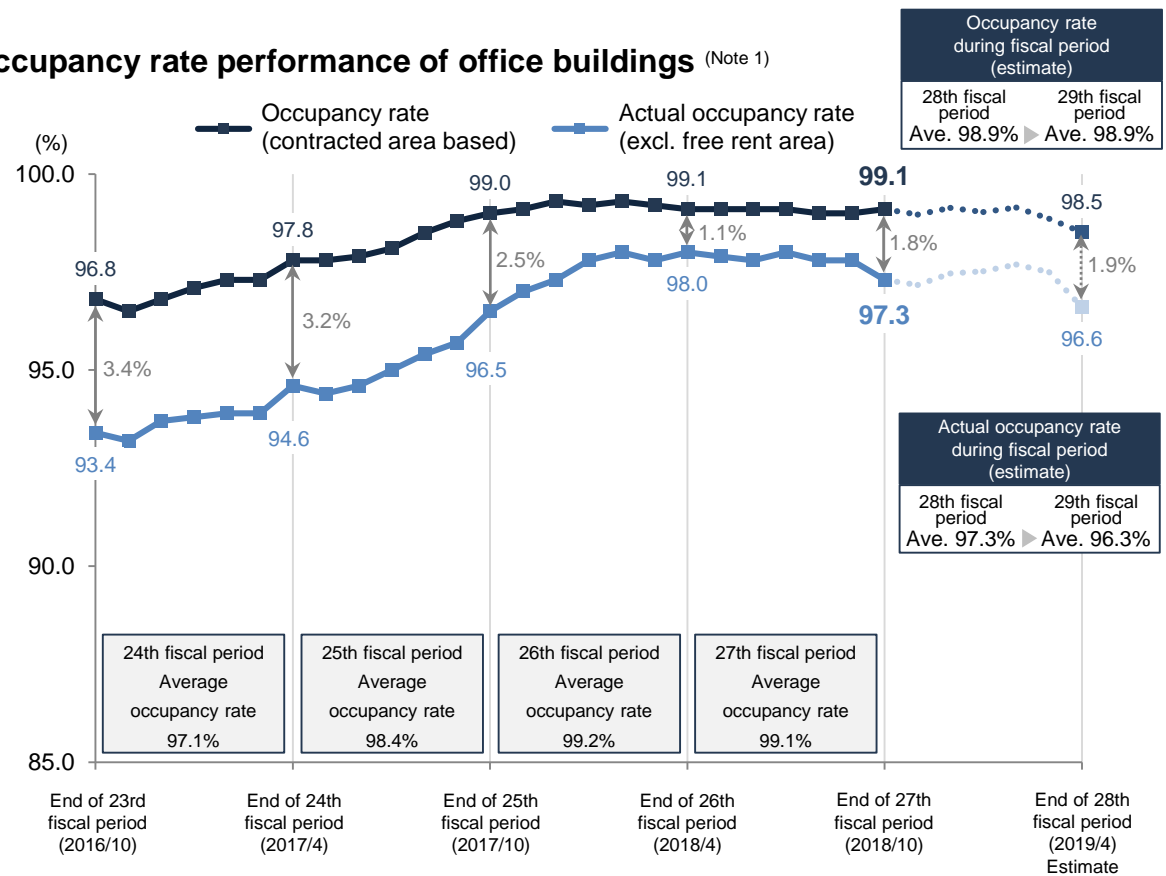
Internal growth

Changes in occupancy and turnover ratio for office buildings

The occupancy rate remained high with the strong tenant demand

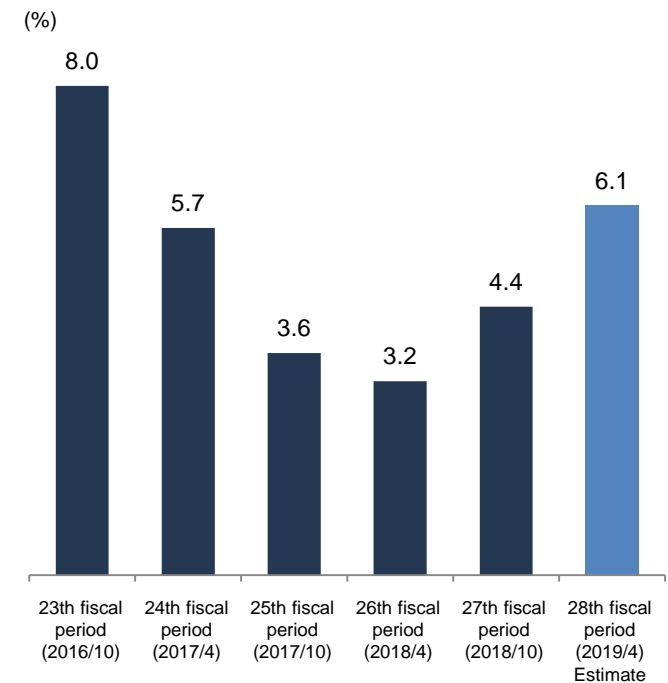
Seek opportunity for unit rent growth upon tenant turnover despite increasing turnover ratio

Occupancy rate performance of office buildings (Note 1)



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

- No turnover of major tenants (cancelled floor of over 1,000 tsubo) is expected for both of the actual and estimate



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 subtracting free rent area from leased area then dividing that 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 office buildings during each period. The estimated average occupancy rate for the 28th fiscal period (2019/4) and the 29th fiscal period (2019/10) is the figure that is used as part of the assumptions for the earnings forecasts

Note 2: Turnover ratio is calculated and annualized as follows: (Total leased area of the end-tenants who cancelled their 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: Estimate for the 28th fiscal period (2019/4) is based on the cancellation notice, etc. received by November 30, 2018

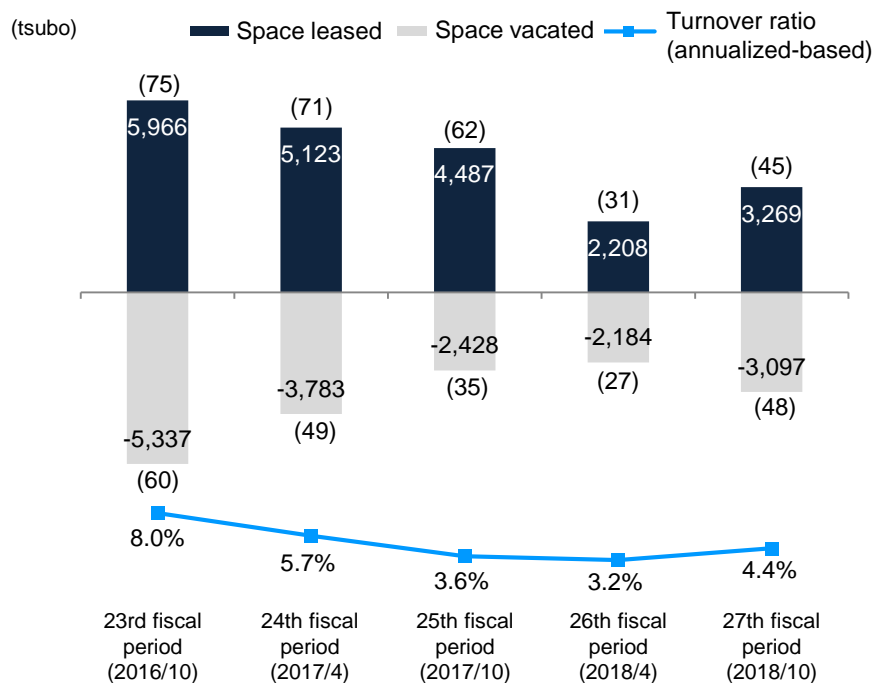
Trends in move-ins/outs and rent changes upon tenant turnover for office building

Steady progress in filling vacancies backed by a favorable rental property market

Rent revenue increased due to free rent period shortening and unit rent growing

Change in main indices of move-ins/outs

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



FR period (# of month) (Note2)

Area	23rd fiscal period (2016/10)	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)
Tokyo Metropolitan area (including Tokyo Central 5 wards)	4.3	3.7	3.1	3.2	3.0
Other regional areas	3.7	4.6	2.7	2.5	1.7

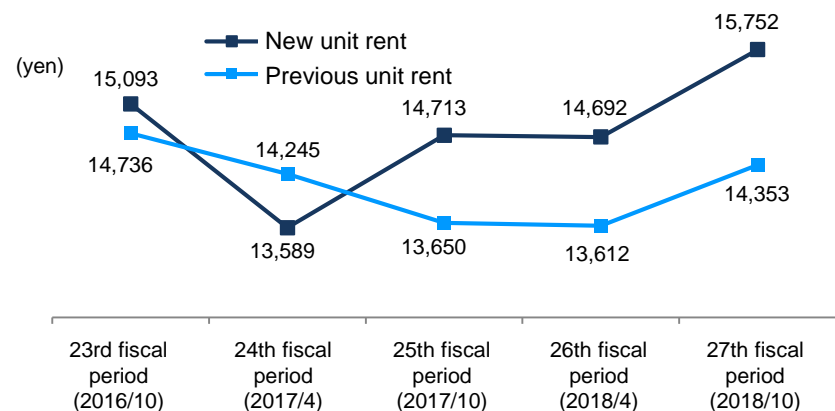
Note 1: The number of tenants and leased area are calculated based on floor. In case that an end-tenant move-out from/move-in to multiple floors, the number is counted by floor

Note 2: Rent-free period refers to a period from the start date of contract until the start date of contracted full rent. Above figures are monthly average and are expressed in terms of month by dividing by 30 days (truncated to the first decimal place). The analysis is based on office floors on the 2nd floor or above and excludes buildings that were newly acquired during the relevant fiscal periods

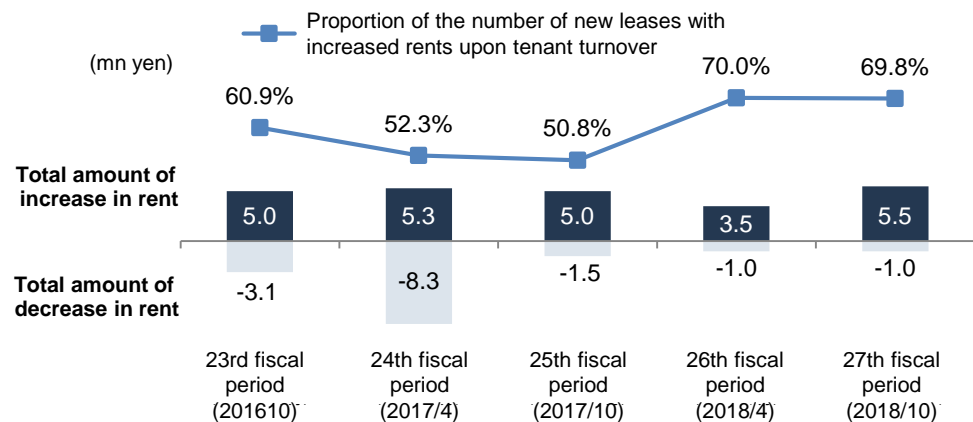
Note 3: New unit rent is an average unit rent calculated based on aggregated rents and areas for the spaces where rents paid by new tenants and by previous tenants can be compared for each fiscal period of "Turnover by leased area and the number of tenants." Previous unit rent is an average unit price calculated based on aggregated previous rent units and areas for the spaces where new rent units are calculated

Note 4: 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

Change in unit rent upon tenant turnover (Note 3)



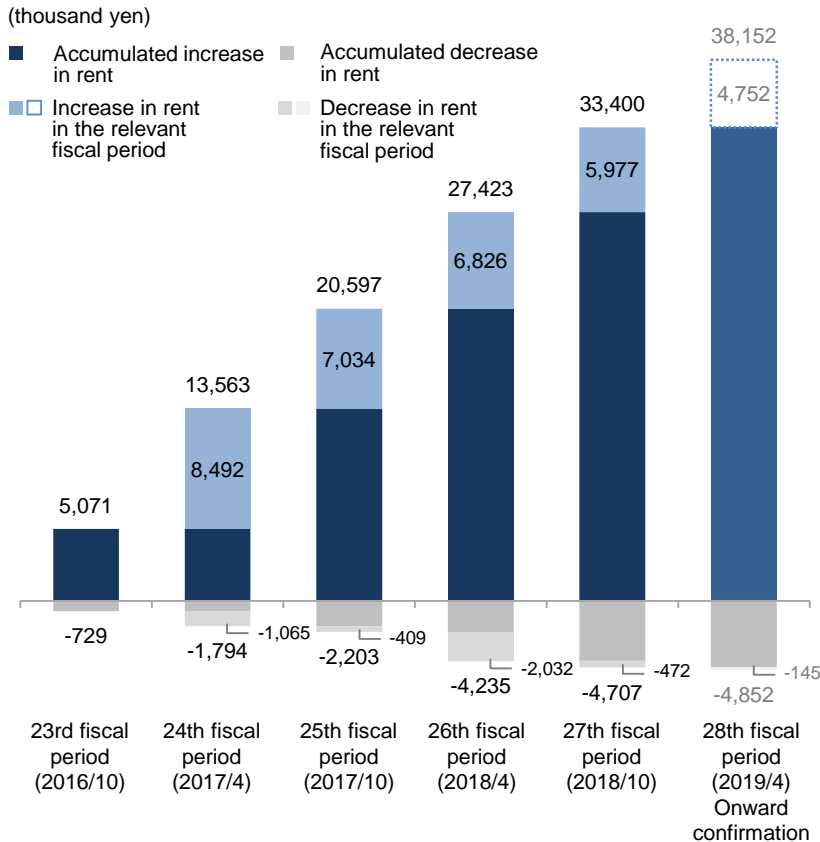
Increase/decrease in monthly rent upon tenant turnover (Note 4)



Status of rent revisions with existing tenants

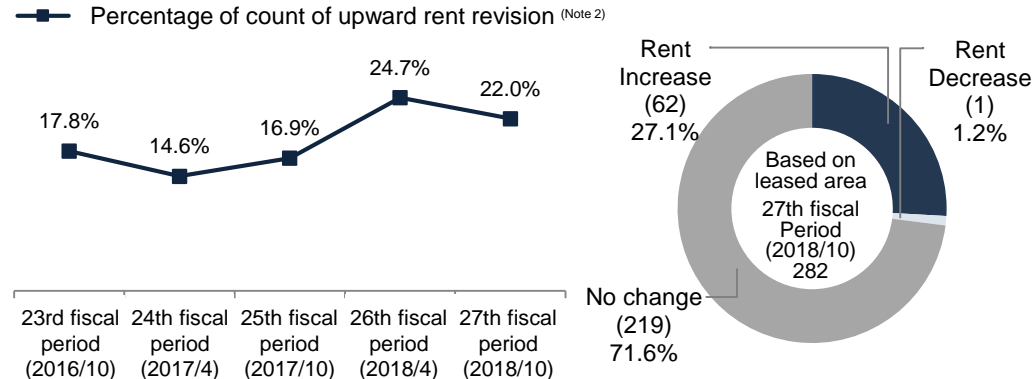
Upward rent trend seen and rooted in areas other than the Tokyo central 5 wards
Steady rent increase as a result of proactive upward rent negotiations

Changes in accumulated increase/decrease rent upon rent revisions (based on monthly rent) (Note 1)

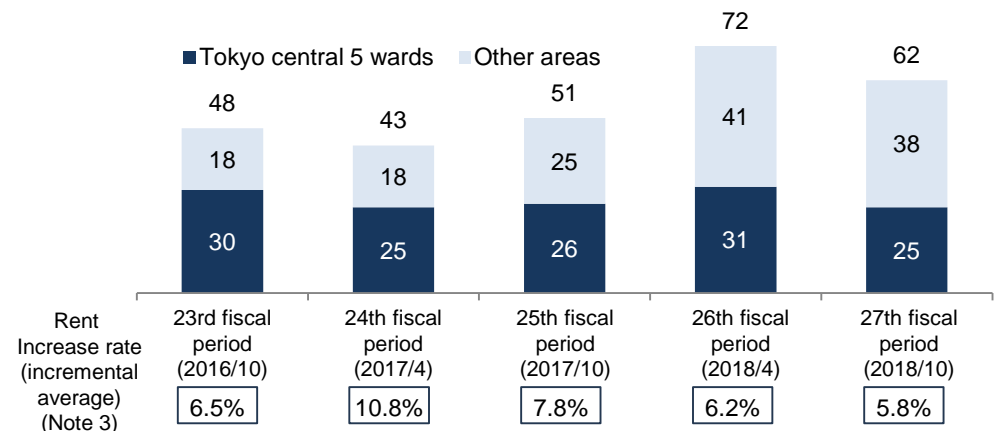


Confirmed as of November 30, 2018

Status of rent revisions (based on percentage of count and leased floor area)



Changes in count of rent increases and rent increase rate



Note 1: Difference in monthly rent before and after rent revision in each fiscal period is calculated by aggregating the change amount per contract in each fiscal period. Figures are rounded to the nearest thousand yen

Note 2: Calculated by dividing the count of upward rent revision by the total count of rent revisions for each fiscal period, comparing the monthly rent before and after rent revisions for the relevant fiscal period. Figures are rounded to the first decimal place

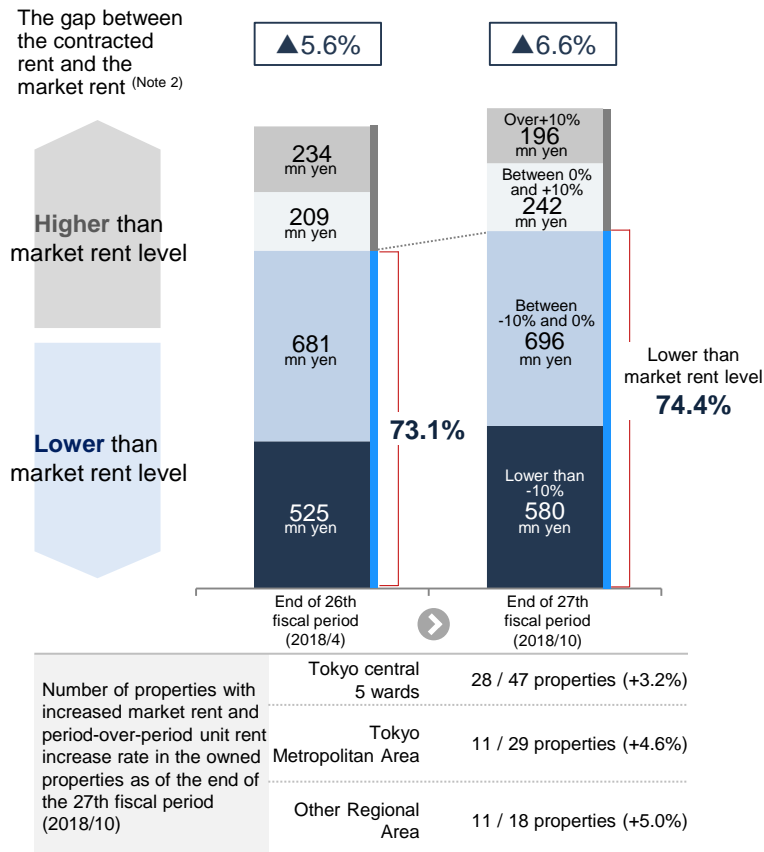
Note 3: Rent increase rate is calculated by dividing the sum of increase in monthly rent by the sum of monthly rent before revision. Figures are rounded to the first decimal place

Rent gap of KDO office buildings

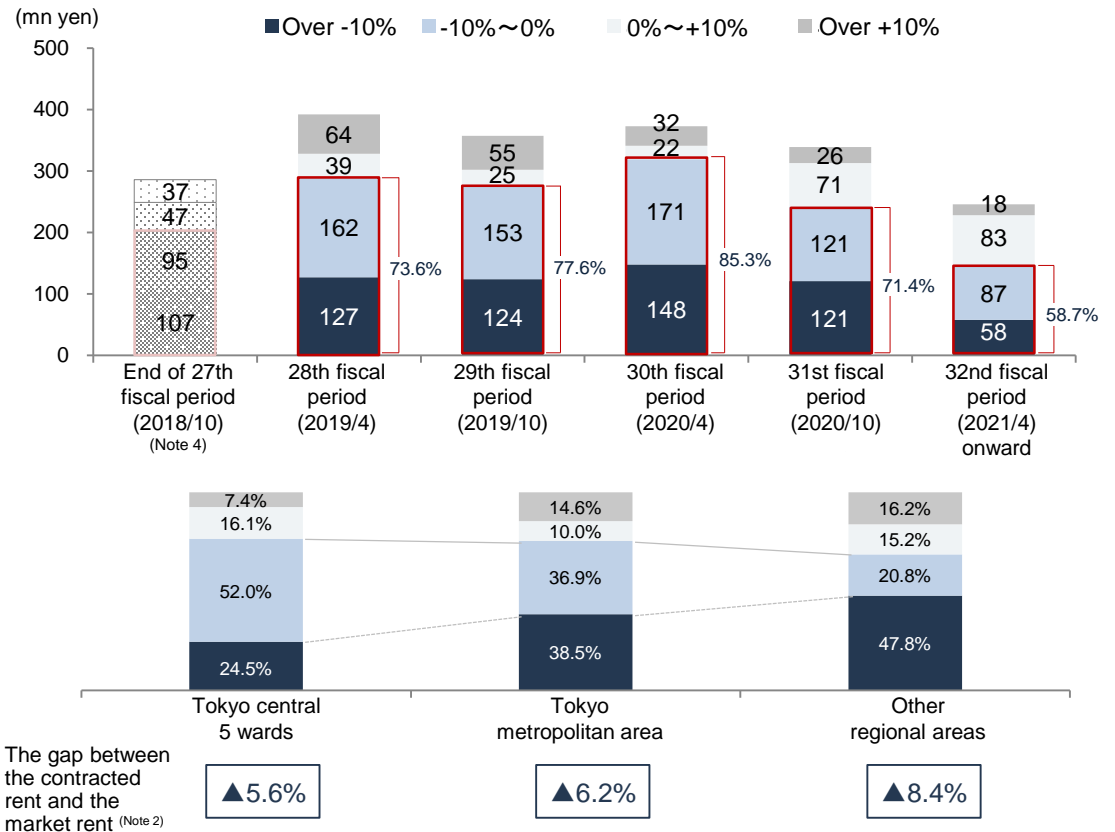
Market rent continues to rise, particularly in regional areas

Further focus on upward rent revisions in other regional areas where the rent gap is widening

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



Breakdown of rent gaps by rent revision schedule and within respective areas (as of the end of the 27th fiscal period (2018/10), based on monthly rent) (Note 1) (Note 3)



Note 1: A new contracted rent (standard floor) for each property estimated by CBRE as of the end of each fiscal period is deemed the market rent; the gap between the contracted rent for each tenant as of the end of the fiscal period and the market rent is recognized as a rent gap. No gap is classified into "Between 0% and +10%"

Note 2: 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 owned by KDO as of the end of each fiscal period and the market rent for each property estimated by CBRE at the time of appraisal

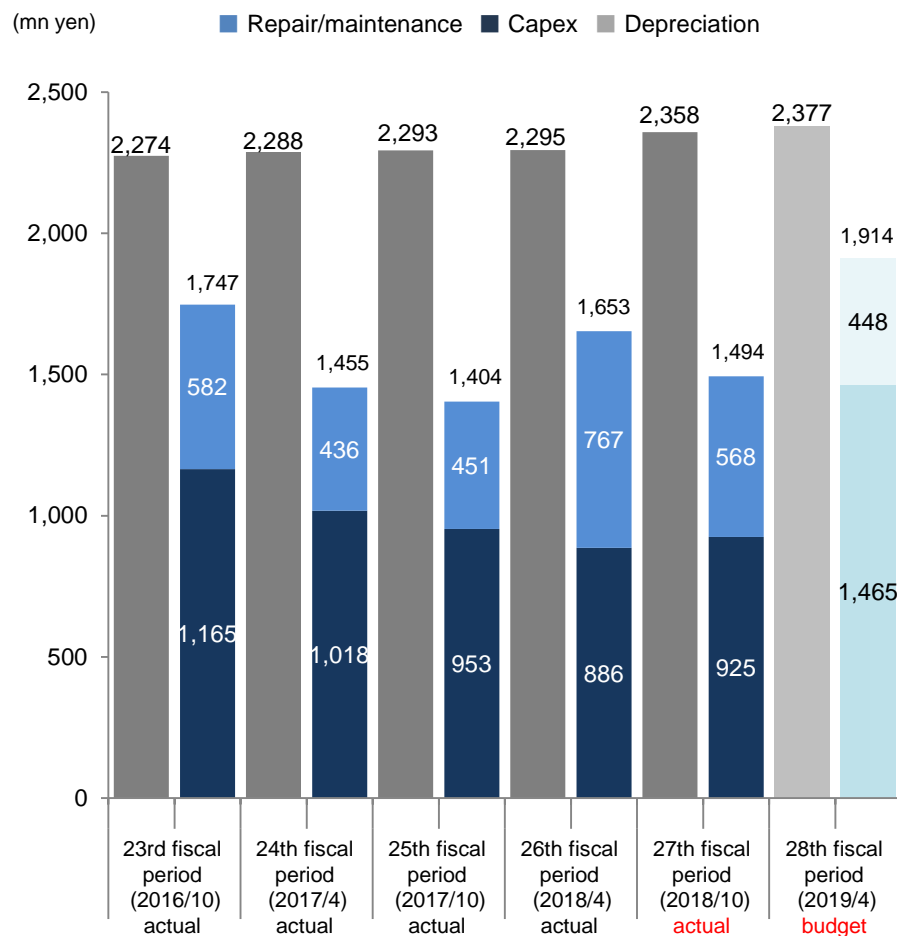
Note 3: Regarding the office buildings owned by KDO as of the end of the 27th fiscal period (2018/10), distribution of the rent gaps between the contracted rent for each tenant and the market rent estimated by CBRE as of the end of the 27th fiscal period (2018/10) by the timing of rent revisions for each tenant and within respective areas. The rents equal to market rents are classified into "Between 0% and +10%"

Note 4: The breakdown of rent gaps for the contracts that planned to expire in the 27th fiscal period (2018/10) as of the end of the 26th fiscal period (2018/4)

Construction expense (actual/budget)

Strategically allocated funds for value-upgrading works aimed at increasing the property profitability level in the current fiscal period
Continuously strive to reduce energy cost and environmental burden by installing LED lightings, etc.

Changes in depreciation and construction expense (actual/budget)



Repair/renovation work budget for the 28th fiscal period (2019/4) (Note)

Items	Description of works	Estimated amount (mn yen)	Percentage of total expense (%)
Value-upgrading works	(including common areas)	747	39.0%
Replacement works	Air-conditioning facilities	111	5.8%
	Other major facilities	442	23.1%
Eco-friendly works (Installation of LED lightings, etc.)		135	7.1%
Outer wall repair		69	3.6%
Maintenance / repair works		410	21.4%

28th fiscal period (2019/4) total	Percentage to depreciation expense (%)
1,914	80.5%

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

Properties to undergo major repair/renovation for the 28th fiscal period (2019/4)

- Value-upgrading works (renovation of common areas, restrooms, etc.):
KDX Sakura-dori Building, KDX Sapporo Kitaguchi Building, KDX Sapporo Building
KDX Kojimachi Building, KDX Utsunomiya Building, KDX Hatchobori Building,
KDX Karasuma Building, Pentel Building
- Replacement works of air-conditioning facilities:
KDX Utsunomiya Building, Pentel Building, KDX Fuchu Building
- Outer wall repair:
KDX Funabashi Building, KDX Sapporo Kitaguchi Building

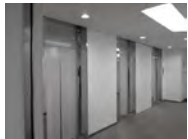
Value-upgrading works and their effects

Achieved internal growth by improving property competitiveness and tenant satisfaction through strategic value-upgrading works
Contributed to increase in asset value such as appraisal value as a result of improvement in profitability

KDX Nishi-Shinbashi Building (completed in August 2018)



Before



After



Average rent
increase rate (Note 1)
+10.4%

Reinforced restored property competitiveness by the first large-scale renovation since the completion

- Planned value-upgrading works to enhance competitiveness that exhibits a declining trend due to deterioration and obsolescence of building equipment not upgraded as 26 years had passed since the completion
- Succeeded in upward rent revision with an average rent increase rate of over 10% due to recovery and rise in competitiveness through renovation of rest rooms, elevator hall, etc.

KDX Shinjuku 286 Building (completed in April 2018)



Before



After



Excess rate of new
contracted rent against
market rent before
renovation (Note 2)
+13.3%

Value-upgrading works leveraging the customer satisfaction (CS) survey

- Planned value-upgrading works to increase contracted rent, etc. based on the analysis of customer requests found in the CS survey
- Successfully increased new contracted rent through renovation of rest rooms, entrance hall and other common areas

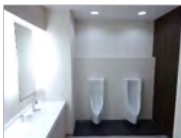
KDX Omiya Building (completed in March 2018)



Before



After



Average rent
increase rate (Note 1)
+6.9%

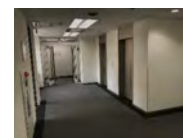
Improvement in service qualities to tenants by gradual value-upgrading works

- After partially upgrading entrance hall and other common areas, fully renovated rest rooms that had not been upgraded and become obsolete
- Succeeded in upward rent revision with an average rent increase rate of more than 6% through rent negotiations highlighting improved appearance and comfort

KDX Funabashi Building (completed in April 2018)



Before



After



Rent increase rate
through tenant turnover
(Note 3)
+32.7%

Value-upgrading works with an eye on the potential of well-located building

- In order to respond to the growing needs for suburban office in the Funabashi area, planned value-upgrading works on the Property directly connected to the station via pedestrian walkways
- Significantly increased unit rent after tenant turnover compared to that of the previous tenant

Note 1: For the tenants whose rents were revised upward after renovation, calculated by dividing monthly rent after revision by monthly rent before revision (rounded to the first decimal place)

Note 2: A new contracted unit rent for the Property estimated by CBRE as of the end of the 26th fiscal period (2018/4) is deemed the market rent before renovation; calculated by dividing the gap from the new contracted unit rent after renovation by the market rent before renovation (rounded to the first decimal place)

Note 3: Calculated by dividing the gap between the new contracted unit rent after renovation and the previous unit rent by the previous unit rent (rounded to the first decimal place)

End-tenants of KDO office buildings

The largest tenant occupies 2.4% of total leased floor area, and tenants other than the top 5 each occupy less than 1.0%
A highly diversified tenant base with the top 10 tenants occupying around 10% of the total leased floor area

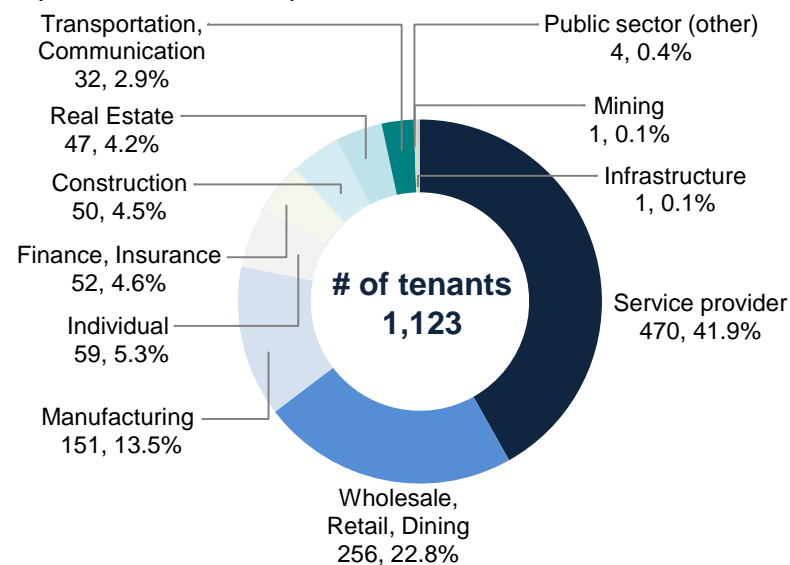
List of top end-tenants for office buildings (as of the end of the 27th fiscal period (2018/10))

Tenant name	Leased area (tsubo)	% share of leased floor area (Note1)	Name of property
1 Mitsubishi Heavy Industries, Ltd	3,408.4	2.4%	Mitsubishijuko Yokohama Bldg.
2 Tenant A (wholesale, retail and dining)	1,550.8	1.1%	KDX Kawasaki-Emimae Hon-cho Bldg.
3 Tenant B (service provider)	1,469.2	1.0%	KDX Musashi-Kosugi Bldg. KDX Hiroshima Bldg.
4 ADK Arts Inc.	1,427.8	1.0%	KDX Toranomom 1 chome Bldg.
5 JASTEC Co., Ltd.	1,304.6	0.9%	KDX Takanawadai Bldg.
6 Yokohama City	1,237.7	0.9%	Mitsubishijuko Yokohama Bldg. JN Bldg.
7 Customer relation telemarketing, CO,LTD	1,201.3	0.9%	KDX Higashi Umeda Bldg.
8 Tenant C (service provider)	1,080.1	0.8%	KDX Musashi-Kosugi Bldg.
9 Medical Corporation DOYUKAI	1,022.4	0.7%	Koishikawa TG Bldg.
10 Tenant D (wholesale, retail and dining)	912.2	0.6%	Harajuku F.F. Bldg.
Total	14,614.5	10.3%	

Average rent for office buildings by area (as of the end of the 27th fiscal period (2018/10)) (Note 2)

	23rd fiscal period (2016/10)	25th fiscal period (2017/10)	27th fiscal period (2018/10)
Tokyo metropolitan area	15,000 yen	15,400 yen	16,100 yen (+400 yen period over period)
Japan	14,300 yen	14,500 yen	15,200 yen (+400 yen period over period)

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 27th fiscal period (2018/10). 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 the 27th fiscal period (2018/10). Figures are rounded to the first decimal place

Efforts for ESG①

Efforts for Environment

GRESB Real Estate Assessment (Note 1)

- Acquired "Green Star" rating for 7 consecutive years as a result of our efforts for improving sustainability performance
- Earned the next highest-rated "4 Stars" in GRESB rating
- Participated from 2011 as the first J-REIT participant



DBJ Green Building Certification (Note 2)

- Acquired new certifications for two properties including CROSS PLACE Hamamatsucho Bldg (four stars) in the 27th fiscal period
- A total of 20 properties in our portfolio were awarded DBJ Green Building Certification, including KDX Toranomon 1chome Bldg. which earned Property with the best class environmental and social awareness (five stars)



Certification for CASBEE for Real Estate (Note 3)

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

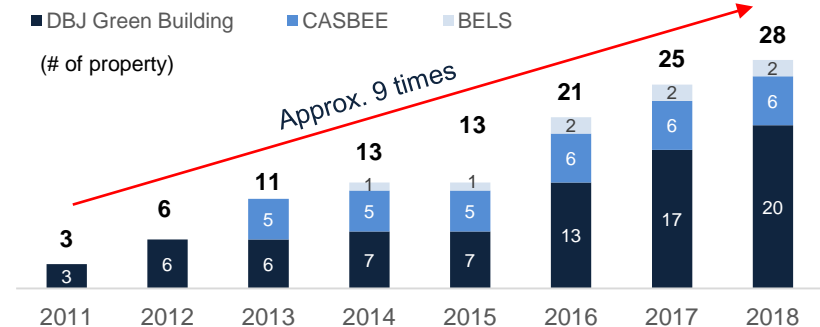


BELS Certification (Note 4)

- In October 2014, KDX Musashi-Kosugi Bldg. was awarded a BELS Certification (three stars) for the first time in history as a J-REIT owned property
- In April 2016, KDX Iidabashi Square was awarded a BELS Certification (three stars)



Changes in the total number of properties that acquired certifications (Note 5)



Installation of LED lightings

- Convert lighting in common area / tenant area and emergency lights (including emergency guide lights) to LED to actively promote reduction of light bulb replacement costs and electricity expenses

Installation of LED lightings in common area
Approx. **97%** completed (Note 6)

- 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
- Note 2: 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"
- Note 3: 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
- Note 4: 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
- Note 5: Based on the properties owned as of November 1, 2018. Properties acquiring more than one certification and assessment are counted as one property for each certification and assessment without aggregating by name-base
- Note 6: As of November 1, 2018, installation of LED lightings in common area (including partial installation) is completed at 92 properties (excluding Shinjuku 6chome Building (Land))

Efforts for ESG②

Efforts for Social

Support on Japan for UNHCR

- KDO has been supporting Japan for UNHCR, which is the official support contact point in Japan on behalf of UNHCR, a refugee support organization of United Nations, by providing a space for the “UN Refugee Assistance Campaign”, showing their advertising video on the “digital signage” of KDX Toranomom 1chome Building both for free
- In November 2018, the letter of appreciation was given by Japan for UNHCR to KDO





KDO and the Asset Management Company will continue to support the initiatives towards SDGs (Sustainable Development Goals) through supporting the activities of Japan for UNHCR

Provision of relief goods to Mindanao Children's Library

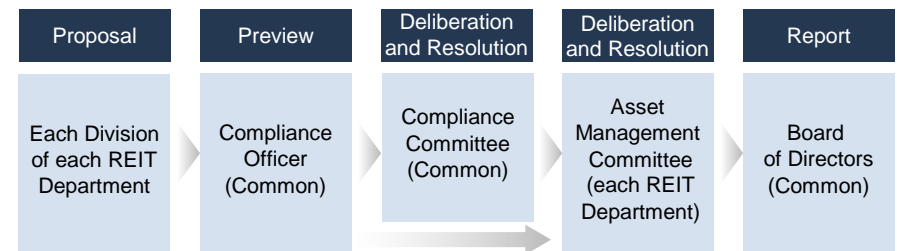
- Kenedix Group internally collects relief goods and sends them to Mindanao Children's Library on a regular basis. We receive warm greetings from the children in Mindanao



Efforts for Governance

Decision-making process

- As an asset management company entrusted with asset management by KDO, Kenedix Real Estate Fund Management, Inc. ("the Asset Management Company") creates management guidelines of the Office REIT Department ("the Management Guidelines"), and sets forth basic investment management guidelines, including investment policy, related party transaction rules, distribution policy and disclosure policy, regarding the asset management of KDO
- Furthermore, as set forth in the Management Guidelines, the Asset Management Company creates asset management plans, etc. (including medium-term business plans and annual business plans other than asset management plans). It also selects investment properties and makes decisions to acquire them, according to investment policy set forth in the Management Guidelines and related party transaction rules
- The decision-making flow for establishing and revising the Management Guidelines and asset management plans, etc. are shown below. Also, the decision-making flow pertaining to acquisition and sale of assets are shown below. Through pursuing highly transparent decision-making flow of the investment management pursuant to these policies and rules, the Asset Management Company is striving to assist in the appropriate functioning of KDO's check-and-balance system over the Asset Management Company



	Compliance Committee	AM Committee
External member (lawyer)	●	
External member (real estate appraiser) (Note)		●

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

Memo

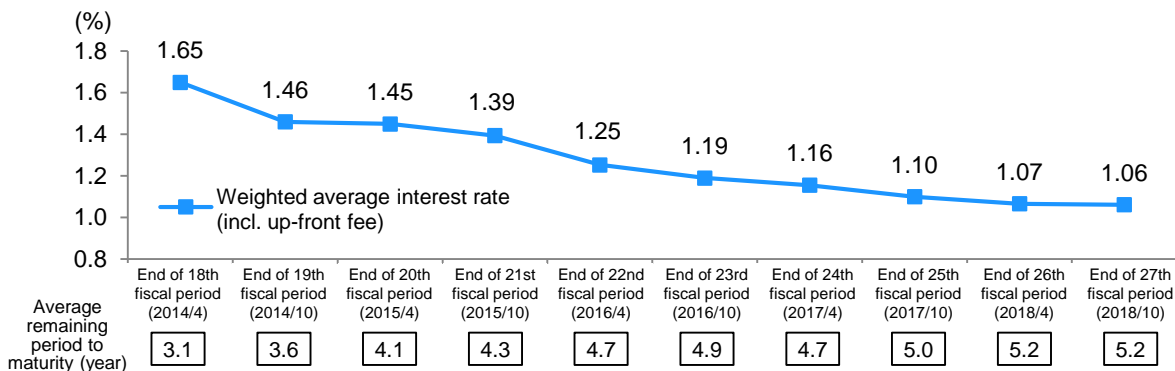
Section 6

Financial strategy

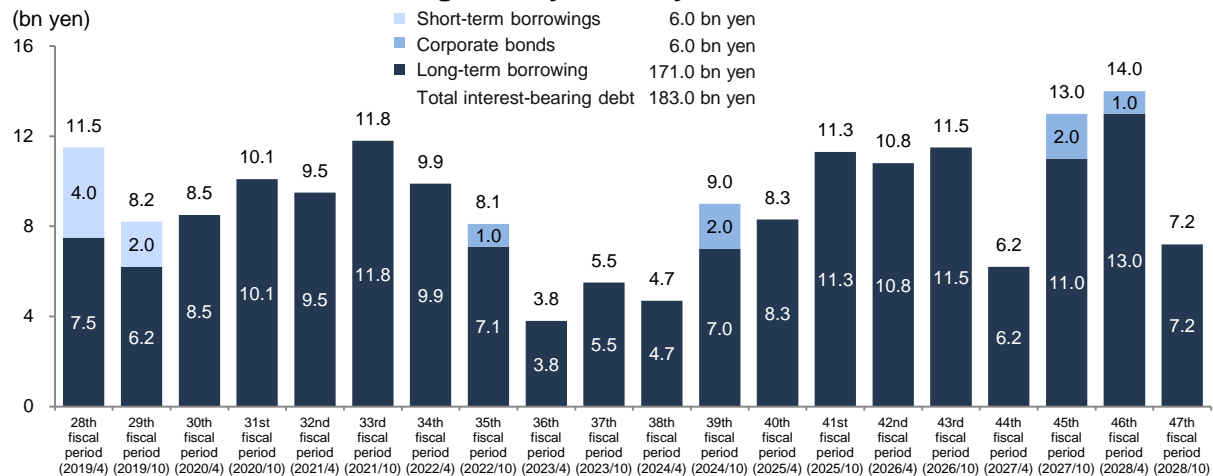
Status of debt financing

Reduce financial cost and expand borrowing period at refinancing while paying attention to the trend of interest rate
Reduced refinancing risk through strategic diversification of debt maturities

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



Balance of interest-bearing debt by maturity



Note 1: Average interest rate and borrowing period are the weighted average based on the balance of debt outstanding as of the end of each fiscal period (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place)

Note 2: Average interest rate and borrowing period are the weighted average of the interest rate of borrowings (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). Total borrowings that reached maturity in the 27th fiscal period (2018/10) amount to 11.5 bn yen, of which 1.0 bn yen was repaid by cash on hand

Note 3: Includes the borrowings with floating interest rate fixed by interest rate swap (rounded to the first decimal place)

Refinance record for the 27th fiscal period (2018/10) (Total amount of 10.5 bn yen) (Note 2)

- Reduced financial cost through refinancing and extended borrowing period

	Conditions before refinancing	Conditions after refinancing
Average interest rate	1.02%	0.92%
Average borrowing period	4.3 years	7.9 years

- Long-term borrowings account for 8.5 bn yen in the refinance (average interest rate of 1.06%, average borrowing period of 9.6 years)

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

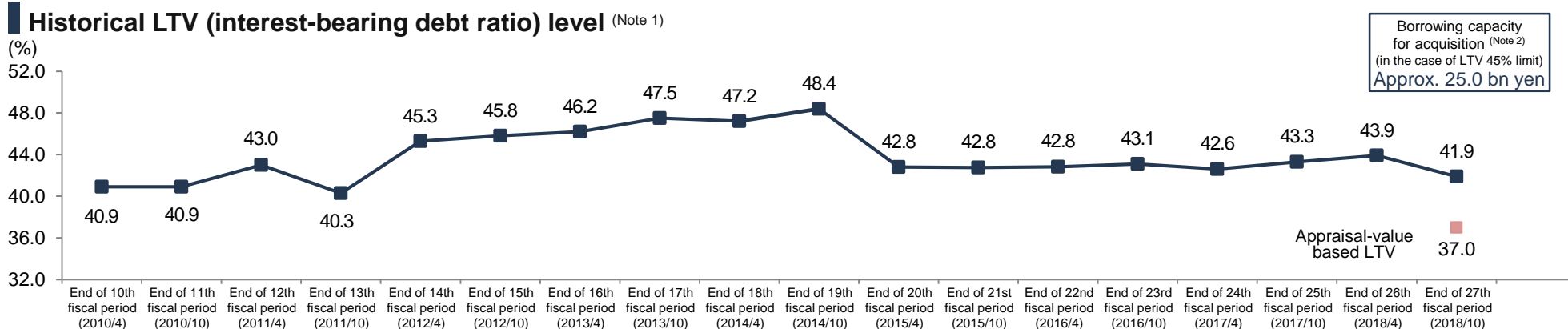
	28th fiscal period (2019/4)	29th fiscal period (2019/10)	30th fiscal period (2020/4)	31st fiscal period (2020/10)
Balance of debt maturing	7.5 bn yen	6.2 bn yen	8.5 bn yen	10.1 bn yen
Average financial cost	1.30%	0.97%	1.08%	1.06%

Major indices related to financial stability

Ratio of fixed interest rate (Note 3)	96.0%
Status of credit rating (JCR)	AA-(stable)

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

Decreased LTV level through the May 2018 public offering and secured borrowing capacity to acquire properties
 Maintain stable financial management with a target LTV of 45%



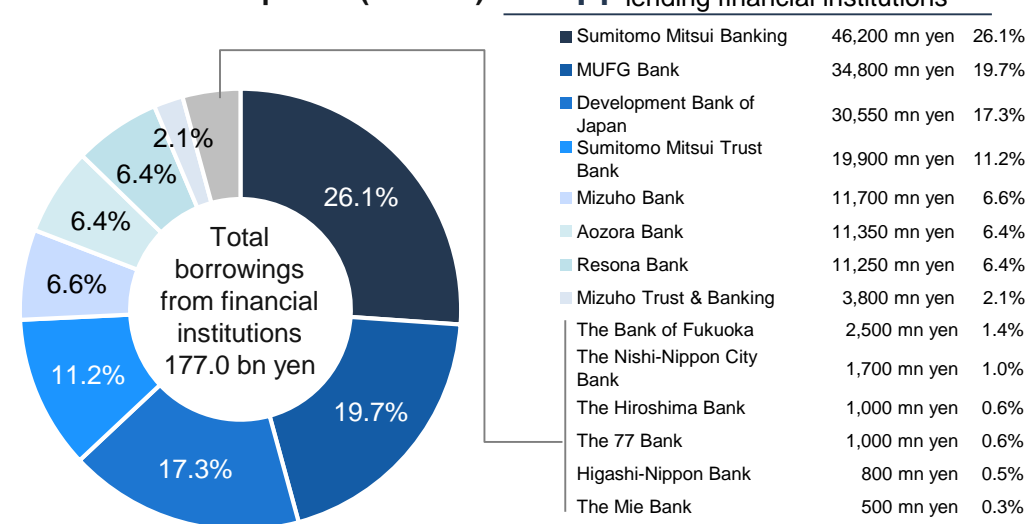
Note 1: Interest-bearing debt ratio (LTV) is calculated by dividing the balance of interest-bearing debt by the amount of total assets as of the end of each fiscal period. Appraisal-value based LTV is calculated by dividing the balance of interest-bearing debt by the sum of the amount of total assets and appraisal profit/loss of owned properties as of the end of each fiscal period (rounded to the first decimal place)
 Note 2: Estimated borrowing amount of debt which can be additionally procured from financial institutions or new issuance of investment corporation bonds for property acquisition by new debt financing, assuming that the LTV can be increased to a certain value

Investment corporation bonds issued as of the end of the 27th fiscal period (2018/10) (total of 6.0 bn yen) (Note 3)

Corporate bonds	Issued period	Issued amount	Interest rate	Term
6th bonds	2014/7	2.0 bn yen	1.18%	10 years
7th bonds	2016/4	1.0 bn yen	0.90%	12 years
8th bonds	2017/7	1.0 bn yen	0.26%	5 years
9th bonds	2017/7	2.0 bn yen	0.64%	10 years

Note 3: KDO redeemed the full amount of the Fifth Series Investment Corporate Bonds by cash in September 2018

Outstanding borrowings by financial institutions as of the end of the 27th fiscal period (2018/10)



Memo

Appendix

Supplemental material / data

27th fiscal period (2018/10) financial results

Items	26th Fiscal Period	27th Fiscal Period	27th Fiscal Period	(mn yen)	
	(2018/4)	(2018/10)	(2018/10)	27th (actual) vs. 26th (actual)	27th (actual) vs. 27th (forecast)
	Actual	Forecast (announced on June 15, 2018)	Actual	Difference	Difference
	A	B	C	C-A	C-B
Operating revenue	14,823	15,334	15,420	+597	+86
Gain on sale of real estate	550	527	532	-17	+4
Dividend income	50	58	85	+34	+26
Operating expense	7,974	8,279	8,271	+296	-7
Operating income	6,848	7,054	7,148	+300	+93
Non-operating income	0	0	1	+0	+0
Non-operating expense	1,019	1,056	1,040	+21	-15
Ordinary income	5,829	5,998	6,109	+279	+110
Net income	5,828	5,997	6,107	+279	+110
Provision (+) / reversal (-) of reserve for reduction entry	+581	+340	+340	-	-
Total distributions	5,247	5,656	5,766	+519	+110
DPU (yen)	12,960	13,200	13,458	+498	+258
# of total units outstanding	404,885	428,510	428,510	+23,625	0
Rental NOI (Note 1)	9,539	10,002	10,055	+515	+52
FFO (Note 2)	7,574	7,842	7,934	+359	+91
Depreciation	2,295	2,372	2,358	+63	-14
# of properties	97	97	97	0	0
Total interest-bearing debt	185,850	-	183,050	-2,800	-
LTV	43.9%	-	41.9%	-2.0%	-
Book value (Period-end)	396,308	-	409,004	+12,696	-
Appraisal value (Period-end)	443,523	-	466,045	+22,522	-
Net assets	213,642	-	229,313	+15,671	-

Comparison against 26th fiscal period (2018/4) actual

Operating revenue	+597 mn yen	
• Rent / common area charge	+379 mn yen	(Properties acquired: +322 (27th), +192 (26th), Existing properties: +33, Properties sold: -63 (26th), -105 (27th))
• Utilities	+176 mn yen	
• Other revenues	+25 mn yen	
• Gain on sale of real estate	-17 mn yen	(Disappearance of gain on properties sold in 26th (KDX Ikejiri-Oohashi Bldg., KDX Shin-Yokohama 214 Bldg., Residence Charmante Tsukishima): -550 Gain on properties sold in 27th (KDX Hamamatsucho Dai-2 Bldg., Frame Jinnan-zaka (quasi co-ownership interest of 49.0%)): +532)
• Dividend income	+34 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
Operating expense	296 mn yen	
• Utilities	+138 mn yen	
• Taxes	+76 mn yen	
• Repair / maintenance cost	-198 mn yen	
• Property / facility management fee	+22 mn yen	
• Asset management fee	+175 mn yen	
• Other expenses	+83 mn yen	
Non-operating expense	+21 mn yen	
• Interest expense / financing-related expense	+14 mn yen	
• Non-deductible consumption taxes, etc.	+7 mn yen	

Comparison against 27th fiscal period (2018/10) forecasts (announced on June 15, 2018)

Operating revenue	+86 mn yen	
• Rent / common area charge	-9 mn yen	(Existing properties: -10, Properties sold: +1 (27th))
• Utilities	+7 mn yen	
• Other revenues	+58 mn yen	(Cancellation penalty: +19, Revenues from Senri LSC Hall operation: +18)
• Gain on sale of real estate	+4 mn yen	(Properties sold in 27th)
• Dividend income	+26 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
Operating expense	-7 mn yen	
• Utilities	-96 mn yen	
• Repair / maintenance cost	+103 mn yen	
• Other expenses	-14 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

28th fiscal period (2019/4) and 29th fiscal period (2019/10) earning forecasts

Items	27th Fiscal Period	28th Fiscal Period	29th Fiscal Period	(mn yen)	
	(2018/10)	(2019/4)	(2019/10)	28th (forecast) vs. 27th (actual)	29th (forecast) vs. 28th (forecast)
	Actual	Forecast	Forecast	Difference	Difference
	A	B	C	B-A	C-B
Operating revenue	15,420	15,246	14,739	-173	-507
Gain on sale of real estate	532	563	-	+30	-563
Dividend income	85	54	62	-31	+8
Operating expense	8,271	8,099	8,193	-172	+93
Operating income	7,148	7,147	6,546	-0	-601
Non-operating income	1	0	0	-0	-
Non-operating expense	1,040	1,010	1,017	-30	+7
Ordinary income	6,109	6,137	5,529	+28	-608
Net income	6,107	6,136	5,527	+28	-608
Provision (+) / reversal (-) of reserve for reduction entry	+340	+299	-	-	-
Total distributions	5,766	5,836	5,527	+69	-308
DPU (yen)	13,458	13,620	12,900	+162	-720
# of total units outstanding	428,510	428,510	428,510	0	0
Related Information					
Rental NOI (Note 1)	10,055	10,073	9,999	+18	-74
FFO (Note 2)	7,934	7,951	7,941	+17	-9
Depreciation	2,358	2,377	2,413	+19	+35
# of properties	97	96	96	-1	0
(Reference) Estimated property and city planning taxes	-	1,223	1,265		

Comparison between 27th fiscal period (2018/10) actual and 28th fiscal period (2019/4) forecasts

■ Operating revenue	-173 mn yen	
• Rent / common area charge	+27 mn yen	(Property acquired: +165 (27th), Properties sold: -167 (27th and 28th), Existing properties: +29)
• Utilities	-131 mn yen	
• Other revenues	-68 mn yen	(Cancellation penalty (Ginza 4chome Tower, etc.): -32, Revenues from Senri LSC Hall operation: -25, Other: -11)
• Gain on sale of real estate	+30 mn yen	(Disappearance of gain on sale of properties sold: -532 (27th), Gain on sale of property sold (Frame Jinnan-zaka (quasi co-ownership interest of 51.0%)): +563 (28th))
• Dividend income	-31 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	-172 mn yen	
• Depreciation	+19 mn yen	(Property acquired: +25 (27th), Properties sold: -45 (27th and 28th), Other: +39)
• Utilities	-78 mn yen	
• Taxes	-2 mn yen	(Properties acquired: +13 (26th), Properties sold: -18 (27th and 28th), Existing properties: +3)
• Repair / maintenance cost	-146 mn yen	
• Asset management fee	-17 mn yen	
• Property / facility management fee	+16 mn yen	
• Other expenses	+36 mn yen	
■ Non-operating expense	-30 mn yen	
• Interest expense / financing-related expense	-23 mn yen	
• Non-deductible consumption taxes, etc.	-7 mn yen	

Comparison between 28th fiscal period (2019/4) forecasts and 29th fiscal period (2019/10) forecasts

■ Operating revenue	-507 mn yen	
• Rent / common area charge	-83 mn yen	(Existing properties (Decrease in revenue based on conservative estimate): -83)
• Utilities	+130 mn yen	
• Other revenues	+1 mn yen	
• Gain on sale of real estate	-563 mn yen	(Disappearance of gain on sale of property: -563 (28th))
• Dividend income	+8 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	+93 mn yen	
• Utilities	+109 mn yen	
• Taxes	+42 mn yen	
• Asset management fee	-78 mn yen	
• Other expenses	+20 mn yen	
■ Non-operating expense	+7 mn yen	
• Interest expense / financing-related expense	+29 mn yen	
• Non-deductible consumption taxes, etc.	-22 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

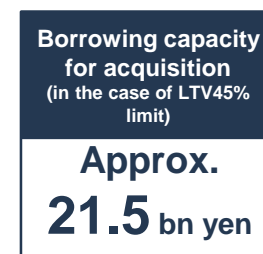
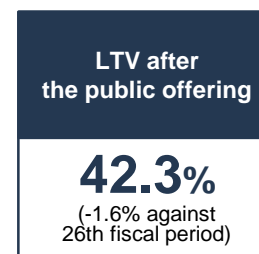
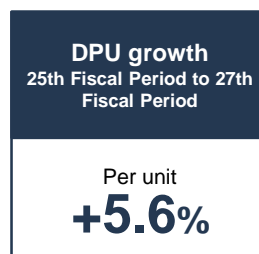
Summary of the May 2018 Public Offering (Note 1)

Summary of the public offering

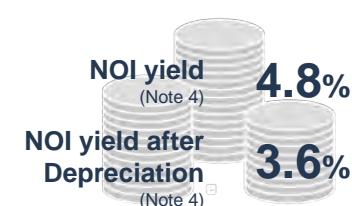
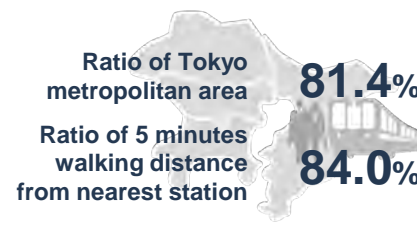
Offering structure	Domestic public offering
Number of investment units issued and outstanding before the offering	404,885 units
Total number of new investment units issued	23,625 units (incl. third-party allotment)
Number of investment units issued and outstanding after the offering	428,510 units (incl. third-party allotment)
Issue price	646,425 yen
Paid-in value (issue amount)	625,209 yen
Aggregate paid-in value (total issue amount)	14,770 mn yen (incl. third-party allotment)
Launch date	May 14, 2018
Pricing date	May 21, 2018
Payment date	Public offering: May 28, 2018 Third-party allotment: June 15, 2018

Effects of the public offering (Note 2)

- Acquisition of a prime property in central Tokyo through mutual transaction
- Stable growth of DPU and increase of reserve for reduction entry by utilizing gain on sale
- Generation of borrowing capacity for acquisition due to a decrease in LTV level and securement of flexibility for selective investment



Portfolio after the public offering (Note 3)



Note 1: This page is a reprint of the materials used at the briefing on the financial results for the 26th fiscal period (2018/4). Some figures shown in "Effects of public offering" and "Portfolio after the public offering," including notes, on this page are the estimates as of May 14, 2018

Note 2: LTV after the public offering is calculated by dividing the balance of interest-bearing debt at the end of the 26th fiscal period (2018/4) by the estimated total assets after the public offering. Borrowing capacity for acquisition is estimated borrowing amounts of debt which can be additionally procured from financial institutions or new issuance of investment corporation bonds for property acquisition by new debt financing, assuming that the LTV can be increased to a certain value

Note 3: "After the public offering" refers to when the payment of the May 2018 public offering (incl. the subsequent third-party allotment), the acquisition and disposition through mutual transaction scheduled in and after the 27th fiscal period (2018/10) have completed

Note 4: NOI yield and NOI yield after depreciation after the public offering are calculated by dividing "actual amounts for the 26th fiscal period (2018/4)" for the owned properties at the end of the 26th fiscal period (2018/4), and "Estimated amounts after excluding extraordinary factors for the year of the acquisition" for the property acquired in the 27th fiscal period (2018/10) by acquisition price, respectively

Properties acquired / sold in and after the 27th fiscal period (2018/10)

Property acquired



Property name	CROSS PLACE Hamamatsucho
Location	Minato-ku, Tokyo
Total floor area	12,280.77 m ²
Completion date	February 2015
Occupancy rate	100% (as of October 31, 2018)
# of tenants	15 (as of October 31, 2018)
Acquisition price	20,700 mn yen
Appraisal value	22,400 mn yen (as of October 31, 2018)
Seller	Domestic general business corporation
Acquisition route	Proprietary network of the Asset Management Company
Acquisition date	July 2, 2018
Estimated NOI yield ^(Note 1)	3.7%
Estimated NOI yield after depreciation ^(Note 2)	3.0%
Appraisal NOI yield ^(Note 3)	3.9%

Properties sold



Property name	KDX Hamamatsucho Dai-2 Bldg.	Frame Jinnan-zaka
Location	Minato-ku, Tokyo	Shibuya-ku, Tokyo
Total floor area	2,478.90 m ²	6,302.58 m ²
Completion date	April 1992	March 2005
Book value ^(Note 4)	2,230 mn yen	9,136 mn yen
Total disposition price	12,550 mn yen	
Difference from book value: (total disposition price – total book value) / total book value	10.4%	
Appraisal value	2,200 mn yen (as of April 30, 2018)	11,100 mn yen ^(Note 5)
Buyer	Domestic general business corporation	SPC composed by domestic general business corporation
Acquisition date	September 1, 2008	August 1, 2005
Disposition date	July 2, 2018	July 2, 2018 (49.0% of quasi co-ownership interest) November 1, 2018 (51.0% of quasi co-ownership interest)
NOI yield (actual) ^(Note 6)	4.3%	4.0%
NOI yield after depreciation (actual) ^(Note 7)	3.8%	2.9%
Disposition price NOI yield ^(Note 8)	3.9%	

Note 1: Estimated NOI yield: Calculated by dividing estimated NOI after excluding extraordinary factors calculated by the Asset Management Company for the year of the acquisition by acquisition price (The figure is rounded to the first decimal place. For yields, the same applies hereinafter)

Note 2: Estimated NOI yield after depreciation: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by acquisition price

Note 3: Appraisal NOI yield: Calculated by dividing “NOI calculated based on the direct capitalization method described in the appraisal report as of October 31, 2018” by acquisition price

Note 4: The value of KDX Hamamatsu-cho Dai-2 Building is the book value as of the date of sale. The value of Frame Jinnan-zaka is the total amount of the book value of the co-ownership interest of 49.0% sold on July 2, 2018 and the estimated book value at disposal of the remaining 51.0% as of October 31, 2018

Note 5: The figure is the sum of the appraisal values as of April 30, 2018 for the sale on July 2, 2018 and as of October 31, 2018 for the sale on November 1, 2018

Note 6: NOI yield (actual): Calculated by dividing the total actual NOI for the 25th fiscal period (2017/10) and 26th fiscal period (2018/4) by acquisition price, respectively

Note 7: NOI yield after depreciation (actual): Calculated by dividing the total rental operating income (NOI after depreciation (actual)) for the 25th fiscal period (2017/10) and 26th fiscal period (2018/4) by acquisition price, respectively

Note 8: Disposition price NOI yield: Calculated by dividing the total actual NOI for the 25th fiscal period (2017/10) and 26th fiscal period (2018/4) by total disposition price

Portfolio overview (1)

(as of the end of the 27th fiscal period (2018/10))

Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) ^(Note 1)	Completion date ^(Note 2)	End of 27th fiscal period occupancy rate (%) ^(Note 3)
Office Buildings	Tokyo Metropolitan Area	A001	KDX Nihonbashi 313 Building	Chuo-ku, Tokyo	5,940	1974/4	100.0
		A003	Higashi-Kayabacho Yuraku Building	Chuo-ku, Tokyo	4,450	1987/1	100.0
		A004	KDX Hatchobori Building	Chuo-ku, Tokyo	3,680	1993/6	100.0
		A005	KDX Nakano-Sakaue Building	Nakano-ku, Tokyo	2,533	1992/8	98.2
		A006	Harajuku F.F. Building	Shibuya-ku, Tokyo	2,450	1985/11	100.0
		A007	KDX Minami Aoyama Building	Minato-ku, Tokyo	2,270	1988/11	100.0
		A008	Kanda Kihara Building	Chiyoda-ku, Tokyo	1,950	1993/5	100.0
		A013	KDX Kojimachi Building	Chiyoda-ku, Tokyo	5,950	1994/5	100.0
		A014	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	100.0
		A016	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	94.1
		A017	KDX Ebisu Building	Shibuya-ku, Tokyo	4,640	1992/1	100.0
		A019	KDX Hamamatsucho Building	Minato-ku, Tokyo	3,460	1999/9	100.0
		A020	KDX Kayabacho Building	Chuo-ku, Tokyo	2,780	1987/10	100.0
		A021	KDX Shinbashi Building	Minato-ku, Tokyo	3,728	1992/2	100.0
		A022	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	100.0
		A026	KDX Kiba Building	Koto-ku, Tokyo	1,580	1992/10	100.0
		A027	KDX Kajicho Building	Chiyoda-ku, Tokyo	2,350	1990/3	100.0
		A029	KDX Higashi-Shinjuku Building	Shinjuku-ku, Tokyo	2,950	1990/1	100.0
		A030	KDX Nishi-Gotanda Building	Shinagawa-ku, Tokyo	4,200	1992/11	100.0
		A031	KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	1986/9	100.0
		A032	KDX Shiba-Daimon Building	Minato-ku, Tokyo	6,090	1986/7	100.0
		A033	KDX Okachimachi Building	Taito-ku, Tokyo	2,000	1988/6	100.0
		A034	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	1995/5	84.5
		A035	KDX Hachioji Building	Hachioji, Tokyo	1,155	1985/12	100.0
		A037	KDX Ochanomizu Building	Chiyoda-ku, Tokyo	6,400	1982/8	100.0
		A038	KDX Nishi-Shinjuku Building	Shinjuku-ku, Tokyo	1,500	1992/10	100.0
		A041	KDX Shinjuku 286 Building	Shinjuku-ku, Tokyo	2,300	1989/8	100.0
		A046	Hiei Kudan-Kita Building	Chiyoda-ku, Tokyo	7,600	1988/3	99.8
		A048	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	1985/2	100.0
		A051	KDX Hamacho Nakanohashi Building	Chuo-ku, Tokyo	2,310	1988/9	100.0
		A055	Shin-toshin Maruzen Building	Shinjuku-ku, Tokyo	2,110	1990/7	100.0
		A056	KDX Jimbocho Building	Chiyoda-ku, Tokyo	2,760	1994/5	100.0
		A059	KDX Iwamoto-cho Building	Chiyoda-ku, Tokyo	1,864	2008/3	100.0
A060	KDX Harumi Building	Chuo-ku, Tokyo	10,250	2008/2	90.7		
A062	Koishikawa TG Building	Bunkyo-ku, Tokyo	3,080	1989/11	100.0		
A063	KDX Gotanda Building	Shinagawa-ku, Tokyo	2,620	1988/4	100.0		

Type	Area	No.	Name	Location	Acquisition price (mn yen) ^(Note 1)	Completion date ^(Note 2)	End of 27th fiscal period occupancy rate (%) ^(Note 3)
Office Buildings	Tokyo Metropolitan Area	A064	KDX Nihonbashi 216 Building	Chuo-ku, Tokyo	2,010	2006/10	100.0
		A066	KDX Shinjuku Building	Shinjuku-ku, Tokyo	6,800	1993/5	98.3
		A067	KDX Ginza 1chome Building	Chuo-ku, Tokyo	4,300	1991/11	100.0
		A068	KDX Nihonbashi Honcho Building	Chuo-ku, Tokyo	4,000	1984/1	88.3
		A071	KDX Iidabashi Building	Shinjuku-ku, Tokyo	4,670	1990/3	100.0
		A072	KDX Higashi-Shinagawa Building	Shinagawa-ku, Tokyo	4,590	1993/1	100.0
		A073	KDX Hakozaki Building	Chuo-ku, Tokyo	2,710	1993/11	100.0
		A074	KDX Shin-Nihonbashi Building	Chuo-ku, Tokyo	2,300	2002/11	100.0
		A078	KDX Tachikawa Ekimae Building	Tachikawa, Tokyo	1,267	1990/2	100.0
		A083	KDX Fuchu Building	Fuchu, Tokyo	6,120	1996/3	98.2
		A084	KDX Kasuga Building	Bunkyo-ku, Tokyo	2,800	1992/6	100.0
		A085	KDX Nakameguro Building	Meguro-ku, Tokyo	1,880	1985/10	100.0
		A086	KDX Omiya Building	Saitama, Saitama	2,020	1993/4	100.0
		A087	Itoia Nihonbashi SA Building	Chuo-ku, Tokyo	2,200	1995/7	100.0
		A088	KDX Shinjuku 6-chome Building	Shinjuku-ku, Tokyo	1,900	1990/3	100.0
		A089	KDX Takanawadai Building	Minato-ku, Tokyo	5,250	1985/10	100.0
		A090	KDX Ikebukuro Building	Toshima-ku, Tokyo	3,900	2009/3	100.0
		A091	KDX Mita Building	Minato-ku, Tokyo	3,180	1993/3	100.0
		A092	KDX Akihabara Building	Chiyoda-ku, Tokyo	2,600	1973/12	100.0
		A093	KDX Iidabashi Square	Shinjuku-ku, Tokyo	4,350	1994/1	100.0
		A094	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	2013/5	100.0
		A095	KDX Toyosu Grand Square	Koto-ku, Tokyo	8,666	2008/4	100.0
		A096	KDX Takadanobaba Building	Toshima-ku, Tokyo	3,650	1988/10	100.0
		A099	KDX Ikebukuro West Building	Toshima-ku, Tokyo	1,934	1988/7	100.0
		A101	KDX Yokohama Building	Yokohama, Kanagawa	7,210	1994/3	97.5
		A102	KDX Yokohama Nishiguchi Building	Yokohama, Kanagawa	2,750	1988/10	100.0
		A107	KDX Ginza East Building	Chuo-ku, Tokyo	3,600	1991/8	100.0
		A108	Pentel Building	Chuo-ku, Tokyo	3,350	1990/11	100.0
		A109	KDX Hamamatsucho Center Building	Minato-ku, Tokyo	3,950	1985/12	100.0
		A112	KDX Toranomon 1chome Building	Minato-ku, Tokyo	15,550	2013/10	100.0
		A113	KDX Shin-Nihonbashi Ekimae Building	Chuo-ku, Tokyo	3,829	1992/5	100.0
		A114	KDX Nihonbashi Edo-dori Building	Chuo-ku, Tokyo	1,350	1985/3	100.0
		A115	ARK Mori Building	Minato-ku, Tokyo	4,169	1986/3	100.0
A116	KDX Nishi-Shinbashi Building	Minato-ku, Tokyo	8,400	1992/8	100.0		
A117	BR Gotanda	Shinagawa-ku, Tokyo	2,200	1991/9	100.0		
A119	KDX Shibuya Nanpeidai Building	Shibuya-ku, Tokyo	3,500	2003/12	100.0		

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: Completion date shows the newly-built year-month recorded in the real estate register. The average value shown in the subtotal or total section is a weighted average value calculated based on acquisition price with a base date of the end of the 27th fiscal period (2018/10). Figures are truncated to the first decimal place

Note 3: Occupancy rate is calculated by dividing leased area as of the end of the 27th fiscal period (2018/10) by leasable area and is rounded to the first decimal place

Portfolio overview (2) (as of the end of the 27th fiscal period (2018/10))

Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 27th fiscal period occupancy rate (%) (Note 3)
Metropolitan Area	Tokyo	A120	KDX Yoyogi Building	Shibuya-ku, Tokyo	2,479	1991/8	100.0
		A121	Ginza 4chome Tower	Chuo-ku, Tokyo	9,800	2008/11	98.2
		A122	Mitsubishijuko Yokohama Building	Yokohama, Kanagawa	14,720	1994/2	100.0
		A123	JN Building	Yokohama, Kanagawa	9,500	2007/9	100.0
		A124	CROSS PLACE hamamatsucho	Minato-ku, Tokyo	20,700	2015/2	100.0
Other Regional Areas	Office Buildings	A012	Portus Center Building	Sakai, Osaka	5,570	1993/9	100.0
		A042	KDX Karasuma Building	Kyoto, Kyoto	5,400	1982/10	100.0
		A044	KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	100.0
		A053	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	95.1
		A054	KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	100.0
		A058	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	2009/4	100.0
		A069	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	2009/7	100.0
		A070	KDX Sapporo Building	Sapporo, Hokkaido	2,005	1989/10	100.0
		A079	KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	1986/4	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	89.0
		A098	KDX Hiroshima Building	Hiroshima, Hiroshima	1,300	1990/1	100.0
		A100	Senri Life Science Center Building	Toyonaka, Osaka	13,000	1992/6	99.8
A104	KDX Minami-Honmachi Building	Osaka, Osaka	2,200	2009/12	96.4		
A106	KDX Sakura-dori Building	Nagoya, Aichi	5,900	1992/8	100.0		
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	100.0		
A118	KDX Sapporo Kitaguchi Building	Sapporo, Hokkaido	1,800	1992/9	100.0		
Office Buildings (95 properties) Subtotal					412,995	Ave. 22.9 yrs	99.1

Central Urban Retail Property (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 27th fiscal period occupancy rate (%) (Note 3)
Central Urban Retail Property	Tokyo Metropolitan Area	C001	Frame Jinnan-zaka	Shibuya-ku, Tokyo	5,049	2005/3	100.0
Central Urban Retail Property (1 property) Subtotal					5,049	13.5 yrs	100.0

Others (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 27th fiscal period occupancy rate (%) (Note 3)
Others	Tokyo Metropolitan Area	D002	Shinjuku 6chome Building (Land)	Shinjuku-ku, Tokyo	2,880	-	100.0
Others (1 property) Subtotal					2,880	-	100.0
(97 properties, excl. investment securities) Total					420,884	Ave. 22.8 yrs	99.1%

- The total number of end tenants for 95 office buildings is 1,191 (1,123 if tenants are aggregated based on their names)

Investment Security (1 security)

Type	Name	Location of specified asset	Acquisition price (mn yen)	Completion date 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)

	23rd fiscal period (2016/10)	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)
Office buildings	4.5	4.7	4.7	4.8	4.8
Central urban retail properties	4.2	3.9	4.3	3.4	3.5
Residential property	4.1	4.2	3.8	3.5	—
Others	4.3	4.3	4.3	4.3	4.3
Total	4.5	4.6	4.7	4.8	4.8

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. The acquisition price of Frame Jinnan-zaka represents the amounts equivalent to 51% of quasi co-ownership interest held as of the end of the 27th fiscal period (2018/10)

Note 2: Completion date shows the newly-built year-month recorded in the real estate register. The average value shown in the subtotal or total section is a weighted average value calculated based on acquisition price with a base date of the end of the 27th fiscal period (2018/10). Figures are truncated to the first decimal place

Note 3: Occupancy rate is calculated by dividing leased area as of the end of the 27th fiscal period (2018/10) by leasable area and is rounded to the first decimal place

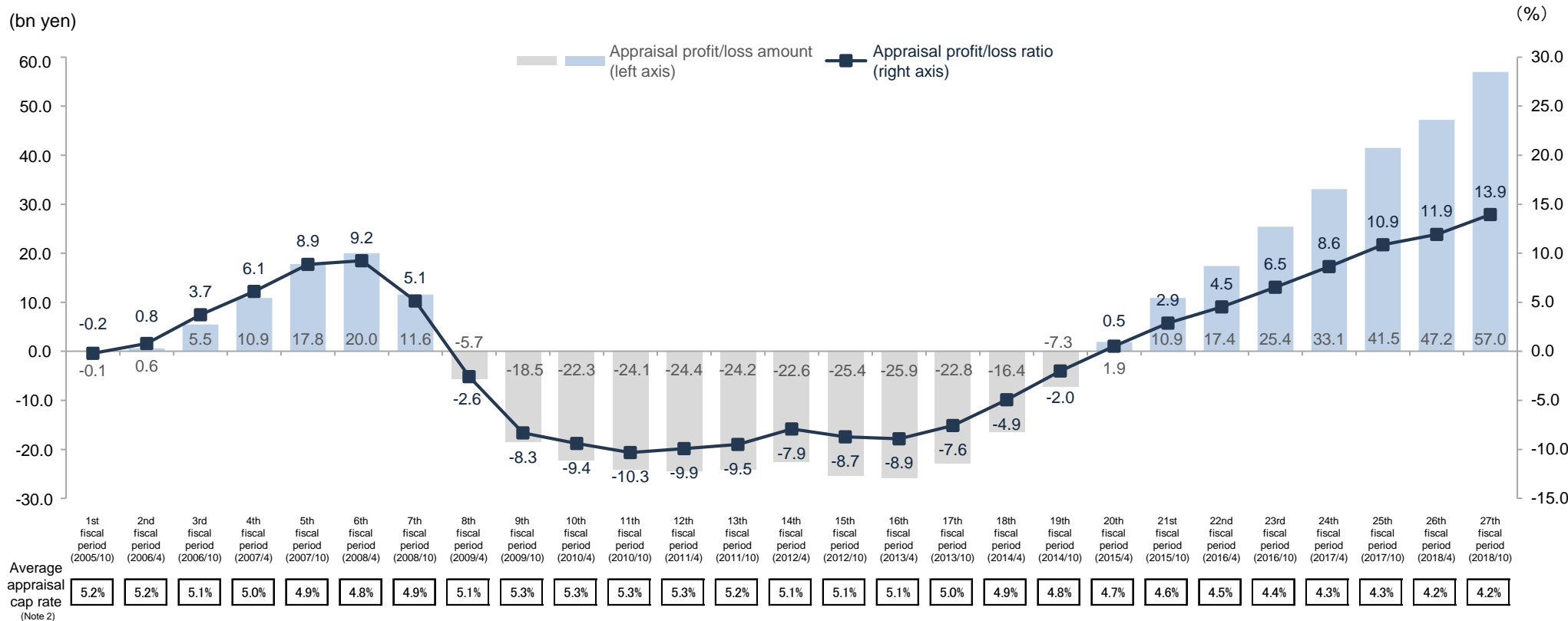
Note 4: NOI yield calculation for the properties without taxation on property and city planning taxes in the year of acquisition are assumed as if they are imposed. Acquisition price for newly acquired / sold properties is calculated by multiplying the ratio of actual operating days to the relevant fiscal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

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

Historical appraisal profit/loss of portfolio

Appraisal profit increased to 57 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

Appraisal value and cap rate as of the end of the 27th fiscal period (2018/10) (1)

No.	Name	Acquisition date	Acquisition price (mn yen)	Appraiser	End of the 27th fiscal period (As of Oct. 31, 2018)				End of the 26th fiscal period (As of Apr. 30, 2018)		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)	(C)	(D)	(C) / (B)-1	(E)	(F)	(C) - (E)	(C) / (E)-1	(D) - (F)
A001	KDX Nihonbashi 313 Building	2005/8	5,940	Daiwa	5,789	6,740	3.9%	16.4%	6,740	3.9%	-	-	-
A003	Higashi-Kayabacho Yuraku Building	2005/8	4,450	JREI	4,035	5,170	4.2%	28.1%	5,050	4.3%	120	2.4%	-0.1%
A004	KDX Hatchobori Building	2005/8	3,680	Daiwa	3,260	3,380	4.2%	3.7%	3,360	4.2%	20	0.6%	-
A005	KDX Nakano-Sakaue Building	2005/8	2,533	Daiwa	2,363	2,500	4.4%	5.8%	2,470	4.4%	30	1.2%	-
A006	Harajuku F.F. Building	2005/8	2,450	JREI	2,397	3,260	4.6%	36.0%	3,140	4.7%	120	3.8%	-0.1%
A007	KDX Minami Aoyama Building	2005/8	2,270	JREI	2,213	2,790	4.1%	26.0%	2,710	4.2%	80	3.0%	-0.1%
A008	Kanda Kihara Building	2005/8	1,950	Daiwa	1,767	1,680	4.2%	-5.0%	1,680	4.2%	-	-	-
A012	Portus Center Building	2005/9	5,570	Daiwa	3,965	5,090	5.6%	28.3%	5,080	5.6%	10	0.2%	-
A013	KDX Kojimachi Building	2005/11	5,950	JREI	5,488	5,150	3.7%	-6.2%	4,980	3.8%	170	3.4%	-0.1%
A014	KDX Funabashi Building	2006/3	2,252	JREI	2,248	2,660	5.2%	18.3%	2,550	5.3%	110	4.3%	-0.1%
A016	Toshin 24 Building	2006/5	5,300	JREI	4,822	5,080	4.4%	5.3%	4,970	4.5%	110	2.2%	-0.1%
A017	KDX Ebisu Building	2006/5	4,640	JREI	4,369	5,250	4.0%	20.1%	5,080	4.1%	170	3.3%	-0.1%
A019	KDX Hamamatsucho Building	2006/5	3,460	Daiwa	3,051	3,410	3.9%	11.7%	3,400	3.9%	10	0.3%	-
A020	KDX Kayabacho Building	2006/5	2,780	JREI	2,671	2,760	4.4%	3.3%	2,660	4.5%	100	3.8%	-0.1%
A021	KDX Shinbashi Building	2006/5	3,728	JREI	3,726	4,950	3.7%	32.8%	4,750	3.8%	200	4.2%	-0.1%
A022	KDX Shin-Yokohama Building	2006/5	2,520	JREI	2,252	2,600	4.9%	15.5%	2,420	4.9%	180	7.4%	-
A026	KDX Kiba Building	2006/6	1,580	JREI	1,426	1,220	4.9%	-14.5%	1,210	5.0%	10	0.8%	-0.1%
A027	KDX Kajicho Building	2006/7	2,350	Daiwa	2,256	2,270	4.3%	0.6%	2,260	4.3%	10	0.4%	-
A029	KDX Higashi-Shinjuku Building	2006/9	2,950	Daiwa	2,997	3,950	4.4%	31.8%	3,790	4.4%	160	4.2%	-
A030	KDX Nishi-Gotanda Building	2006/12	4,200	JREI	3,783	3,680	4.3%	-2.7%	3,650	4.4%	30	0.8%	-0.1%
A031	KDX Monzen-Nakacho Building	2007/1	1,400	Daiwa	1,297	1,120	4.8%	-13.7%	1,120	4.8%	-	-	-
A032	KDX Shiba-Daimon Building	2007/3	6,090	JREI	5,949	5,130	4.2%	-13.8%	5,020	4.3%	110	2.2%	-0.1%
A033	KDX Okachimachi Building	2007/3	2,000	Daiwa	2,033	2,020	4.3%	-0.7%	2,020	4.3%	-	-	-
A034	KDX Hon-Atsugi Building	2007/3	1,305	Daiwa	1,117	1,290	5.5%	15.4%	1,290	5.5%	-	-	-
A035	KDX Hachioji Building	2007/3	1,155	Daiwa	1,209	1,160	5.2%	-4.1%	1,120	5.2%	40	3.6%	-
A037	KDX Ochanomizu Building	2007/4	6,400	JREI	6,326	7,090	4.0%	12.1%	6,850	4.1%	240	3.5%	-0.1%
A038	KDX Nishi-Shinjuku Building	2007/4	1,500	JREI	1,510	1,480	4.4%	-2.0%	1,450	4.5%	30	2.1%	-0.1%
A041	KDX Shinjuku 286 Building	2007/6	2,300	JREI	2,349	2,690	4.0%	14.5%	2,620	4.1%	70	2.7%	-0.1%
A042	KDX Karasuma Building	2007/6	5,400	Daiwa	5,094	5,500	4.8%	8.0%	5,270	4.8%	230	4.4%	-
A044	KDX Sendai Building	2007/6	2,100	Daiwa	1,938	1,900	5.4%	-2.0%	1,860	5.4%	40	2.2%	-
A046	Hiei Kudan-Kita Building	2008/2	7,600	Daiwa	7,456	7,910	3.9%	6.1%	7,900	3.9%	10	0.1%	-
A048	KDX Kawasaki-Ekimaie Hon-cho Building	2008/2	3,760	JREI	3,485	3,130	4.8%	-10.2%	3,100	4.9%	30	1.0%	-0.1%
A051	KDX Hamacho Nakanohashi Building	2008/2	2,310	JREI	2,240	1,970	4.5%	-12.1%	1,970	4.5%	-	-	-
A053	KDX Hakata-Minami Building	2008/2	4,900	JREI	4,472	4,500	5.8%	0.6%	4,250	5.9%	250	5.9%	-0.1%

Appraisal value and cap rate as of the end of the 27th fiscal period (2018/10) (2)

No.	Name	Acquisition date	Acquisition price (mn yen)	Appraiser	End of the 27th fiscal period (As of Oct. 31, 2018)				End of the 26th fiscal period (As of Apr. 30, 2018)		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)	(C)	(D)	(C) / (B)-1	(E)	(F)	(C) — (E)	(C) / (E)-1	(D) — (F)
A054	KDX Kitahama Building	2008/2	2,220	JREI	2,049	1,640	5.2%	-20.0%	1,620	5.3%	20	1.2%	-0.1%
A055	Shin-toshin Maruzen Building	2008/2	2,110	JREI	2,085	1,680	4.4%	-19.4%	1,680	4.4%	-	-	-
A056	KDX Jimbocho Building	2008/3	2,760	JREI	2,848	2,420	4.3%	-15.0%	2,360	4.4%	60	2.5%	-0.1%
A058	KDX Nagoya Sakae Building	2008/4	7,550	Daiwa	6,596	5,290	4.5%	-19.8%	5,260	4.5%	30	0.6%	-
A059	KDX Iwamoto-cho Building	2008/5	1,864	JREI	1,636	1,540	4.4%	-5.9%	1,510	4.5%	30	2.0%	-0.1%
A060	KDX Harumi Building	2008/6	10,250	JREI	8,732	8,510	4.1%	-2.5%	8,470	4.2%	40	0.5%	-0.1%
A062	Koishikawa TG Building	2009/11	3,080	JREI	2,982	3,460	4.3%	16.0%	3,460	4.3%	-	-	-
A063	KDX Gotanda Building	2009/11	2,620	JREI	2,698	3,300	4.4%	22.3%	3,210	4.5%	90	2.8%	-0.1%
A064	KDX Nihonbashi 216 Building	2009/12	2,010	JREI	1,828	2,260	3.9%	23.6%	2,200	4.0%	60	2.7%	-0.1%
A066	KDX Shinjuku Building	2010/2	6,800	JREI	6,932	9,460	3.6%	36.5%	8,810	3.7%	650	7.4%	-0.1%
A067	KDX Ginza 1chome Building	2010/11	4,300	Daiwa	4,168	5,740	3.6%	37.7%	5,710	3.6%	30	0.5%	-
A068	KDX Nihonbashi Honcho Building	2010/11	4,000	Daiwa	3,922	4,670	4.0%	19.1%	4,670	4.0%	-	-	-
A069	KDX Kobayashi-Doshomachi Building	2010/12	2,870	JREI	2,070	2,700	7.3%	30.4%	2,670	6.4%	30	1.1%	0.9%
A070	KDX Sapporo Building	2011/3	2,005	Daiwa	1,919	2,590	4.9%	34.9%	2,490	4.9%	100	4.0%	-
A071	KDX Iidabashi Building	2011/7	4,670	Daiwa	4,503	5,530	4.1%	22.8%	5,500	4.1%	30	0.5%	-
A072	KDX Higashi-Shinagawa Building	2011/7	4,590	Daiwa	4,705	4,500	4.2%	-4.4%	4,490	4.2%	10	0.2%	-
A073	KDX Hakozaki Building	2011/7	2,710	Daiwa	2,668	3,300	4.4%	23.7%	3,300	4.4%	-	-	-
A074	KDX Shin-Nihonbashi Building	2011/7	2,300	Daiwa	2,035	2,920	3.8%	43.5%	2,830	3.8%	90	3.2%	-
A078	KDX Tachikawa Ekimae Building	2011/12	1,267	JREI	1,323	1,700	5.0%	28.4%	1,650	5.1%	50	3.0%	-0.1%
A079	KDX Nagoya Ekimae Building	2011/12	7,327	JREI	7,972	9,690	4.1%	21.5%	9,420	4.2%	270	2.9%	-0.1%
A082	KDX Higashi Umeda Building	2012/3	2,770	Daiwa	2,431	3,660	4.4%	50.5%	3,660	4.4%	-	-	-
A083	KDX Fuchu Building	2012/9	6,120	Daiwa	5,840	8,250	4.8%	41.3%	7,930	4.8%	320	4.0%	-
A084	KDX Kasuga Building	2012/9	2,800	JREI	2,692	3,730	4.2%	38.5%	3,630	4.3%	100	2.8%	-0.1%
A085	KDX Nakameguro Building	2012/9	1,880	Daiwa	1,855	2,880	4.4%	55.2%	2,770	4.4%	110	4.0%	-
A086	KDX Omiya Building	2013/3	2,020	Daiwa	2,175	2,950	5.0%	35.6%	2,850	5.0%	100	3.5%	-
A087	Itopia Nihonbashi SA Building	2013/8	2,200	Daiwa	2,243	2,940	4.3%	31.0%	2,860	4.3%	80	2.8%	-
A088	KDX Shinjuku 6-chome Building	2013/9	1,900	Daiwa	1,873	3,030	4.3%	61.7%	3,030	4.3%	-	-	-
A089	KDX Takanawadai Building	2013/11	5,250	JREI	5,555	6,480	4.2%	16.6%	6,170	4.3%	310	5.0%	-0.1%
A090	KDX Ikebukuro Building	2013/11	3,900	Daiwa	3,653	4,870	4.0%	33.3%	4,830	4.0%	40	0.8%	-
A091	KDX Mita Building	2013/11	3,180	JREI	3,128	3,460	4.1%	10.6%	3,460	4.2%	-	-	-0.1%
A092	KDX Akihabara Building	2013/11	2,600	JREI	2,522	3,090	4.0%	22.5%	3,090	4.1%	-	-	-0.1%
A093	KDX Iidabashi Square	2014/1	4,350	Daiwa	4,895	6,010	4.0%	22.8%	5,700	4.0%	310	5.4%	-
A094	KDX Musashi-Kosugi Building	2014/3	12,000	JREI	11,143	15,800	4.1%	41.8%	15,400	4.2%	400	2.6%	-0.1%
A095	KDX Toyosu Grand Square	2014/5	8,666	Daiwa	8,042	9,540	4.6%	18.6%	9,440	4.6%	100	1.1%	-

Appraisal value and cap rate as of the end of the 27th fiscal period (2018/10) (3)

No.	Name	Acquisition date	Acquisition price (mn yen)	Appraiser	End of the 27th fiscal period (As of Oct. 31, 2018)				End of the 26th fiscal period (As of Apr. 30, 2018)		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)	(C)	(D)	(C) / (B)-1	(E)	(F)	(C)-(E)	(C) / (E)-1	(D)-(F)
A096	KDX Takadanobaba Building	2014/5	3,650	Daiwa	3,639	4,350	4.4%	19.5%	4,330	4.4%	20	0.5%	-
A097	KDX Utsunomiya Building	2014/5	2,350	Daiwa	2,243	2,520	5.7%	12.3%	2,500	5.7%	20	0.8%	-
A098	KDX Hiroshima Building	2014/9	1,300	JREI	1,382	1,680	5.4%	21.5%	1,640	5.5%	40	2.4%	-0.1%
A099	KDX Ikebukuro West Building	2014/9	1,934	Daiwa	2,054	2,090	4.3%	1.7%	2,090	4.3%	-	-	-
A100	Senri Life Science Center Building	2014/10	13,000	Daiwa	12,687	13,500	4.6%	6.4%	13,500	4.6%	-	-	-
A101	KDX Yokohama Building	2014/10	7,210	Daiwa	7,522	8,790	4.4%	16.8%	8,790	4.4%	-	-	-
A102	KDX Yokohama Nishiguchi Building	2014/12	2,750	Daiwa	2,710	3,150	4.5%	16.2%	3,150	4.5%	-	-	-
A104	KDX Minami-Honmachi Building	2014/12	2,200	JREI	2,042	3,040	4.4%	48.8%	2,940	4.5%	100	3.4%	-0.1%
A106	KDX Sakura-dori Building	2015/1	5,900	Daiwa	6,191	8,290	4.6%	33.9%	8,240	4.6%	50	0.6%	-
A107	KDX Ginza East Building	2015/3	3,600	JREI	3,648	3,830	4.1%	5.0%	3,740	4.2%	90	2.4%	-0.1%
A108	Pentel Building	2015/3	3,350	Daiwa	3,560	3,874	3.9%	8.8%	3,803	3.9%	71	1.9%	-
A109	KDX Hamamatsucho Center Building	2015/9	3,950	Daiwa	4,026	4,330	3.8%	7.5%	4,300	3.8%	30	0.7%	-
A110	KDX Shin-Osaka Building	2015/9	4,550	Daiwa	4,553	5,100	4.1%	12.0%	5,060	4.1%	40	0.8%	-
A111	KDX Nagoya Nichigin-mae Building	2016/3	3,500	JREI	3,487	4,200	4.2%	20.4%	4,120	4.3%	80	1.9%	-0.1%
A112	KDX Toranomon 1chome Building	2016/3	15,550	JREI	15,481	17,800	3.4%	15.0%	17,100	3.5%	700	4.1%	-0.1%
A113	KDX Shin-Nihonbashi Ekimae Building	2016/8	3,829	JREI	3,943	4,110	3.8%	4.2%	4,070	3.9%	40	1.0%	-0.1%
A114	KDX Nihonbashi Edo-dori Building	2016/8	1,350	JREI	1,387	1,480	4.2%	6.7%	1,440	4.3%	40	2.8%	-0.1%
A115	ARK Mori Building	2016/12	4,169	Daiwa	4,185	4,430	3.7%	5.8%	4,430	3.7%	-	-	-
A116	KDX Nishi-Shinbashi Building	2017/2	8,400	Daiwa	8,520	9,090	3.5%	6.7%	9,070	3.5%	20	0.2%	-
A117	BR Gotanda	2017/4	2,200	JREI	2,303	2,450	4.3%	6.3%	2,400	4.4%	50	2.1%	-0.1%
A118	KDX Sapporo Kitaguchi Building	2017/7	1,800	Daiwa	1,805	2,060	4.8%	14.1%	1,960	4.8%	100	5.1%	-
A119	KDX Shibuya Nanpeidai Building	2017/8	3,500	Daiwa	3,568	3,710	3.6%	4.0%	3,710	3.6%	-	-	-
A120	KDX Yoyogi Building	2005/9	2,479	JREI	2,435	2,250	4.6%	-7.6%	2,210	4.7%	40	1.8%	-0.1%
A121	Ginza 4chome Tower	2013/8	9,800	JREI	9,533	13,600	3.3%	42.7%	13,600	3.3%	-	-	-
A122	Mitsubishijuku Yokohama Building	2017/12	14,720	Daiwa	14,746	14,900	4.0%	1.0%	14,900	4.0%	-	-	-
A123	JN Building	2018/1	9,500	Daiwa	9,818	9,860	4.2%	0.4%	9,860	4.2%	-	-	-
A124	CROSS PLACE Hamamatsucho (Note 2)	2018/7	20,700	Daiwa	20,790	22,400	3.5%	7.7%	22,400	3.5%	-	-	-
Subtotal: Office Buildings (Note 3)			412,955		401,378	456,954	4.2%	13.8%	449,273	4.2%	7,681	1.7%	-
C001	Frame Jinnan-zaka (Note 4)	2005/8	5,049	JREI	4,652	5,661	3.7%	21.7%	5,661	3.7%	-	-	-
Subtotal: Central Urban Retail Property (Note 3)			5,049		4,652	5,661	3.7%	21.7%	5,661	3.7%	-	-	-
D002	Shinjuku 6chome Building (Land)	2014/4	2,880	Daiwa	2,973	3,430	3.6%	15.4%	3,350	3.7%	80	2.4%	-0.1%
Subtotal: Others (Note 3)			2,880		2,973	3,430	3.6%	15.4%	3,350	3.7%	80	2.4%	-0.1%
Total (Note 3)			420,884		409,004	466,045	4.2%	13.9%	458,284	4.2%	7,761	1.7%	-

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

Note 2: For the properties newly acquired in the 27th fiscal period (2018/10), 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

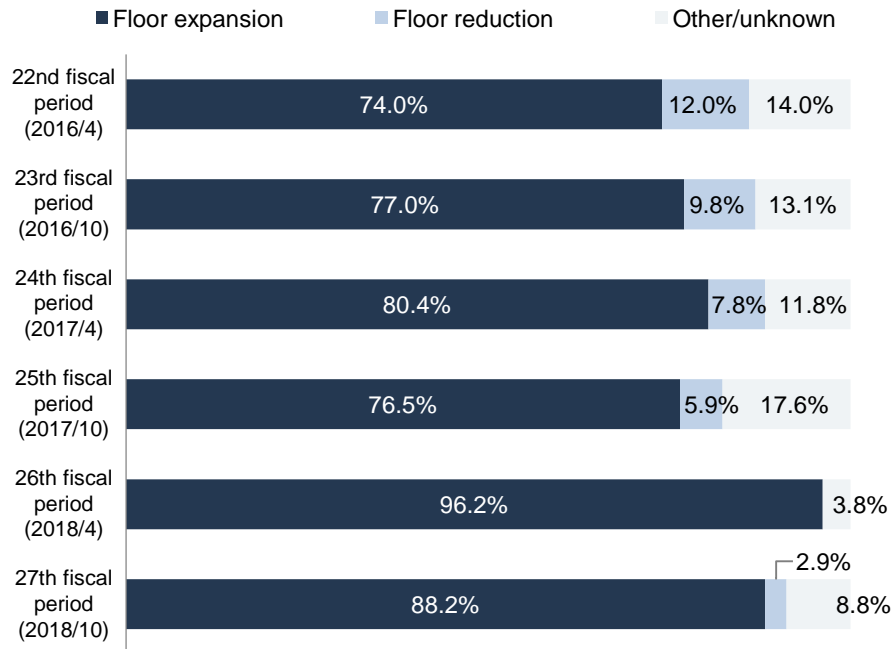
Note 3: Cap rates for subtotals and the entire portfolio are weighted averages based on appraisal values

Note 4: The acquisition price and appraisal value of Frame Jinnan-zaka represent the amounts equivalent to 51% of quasi co-ownership interest

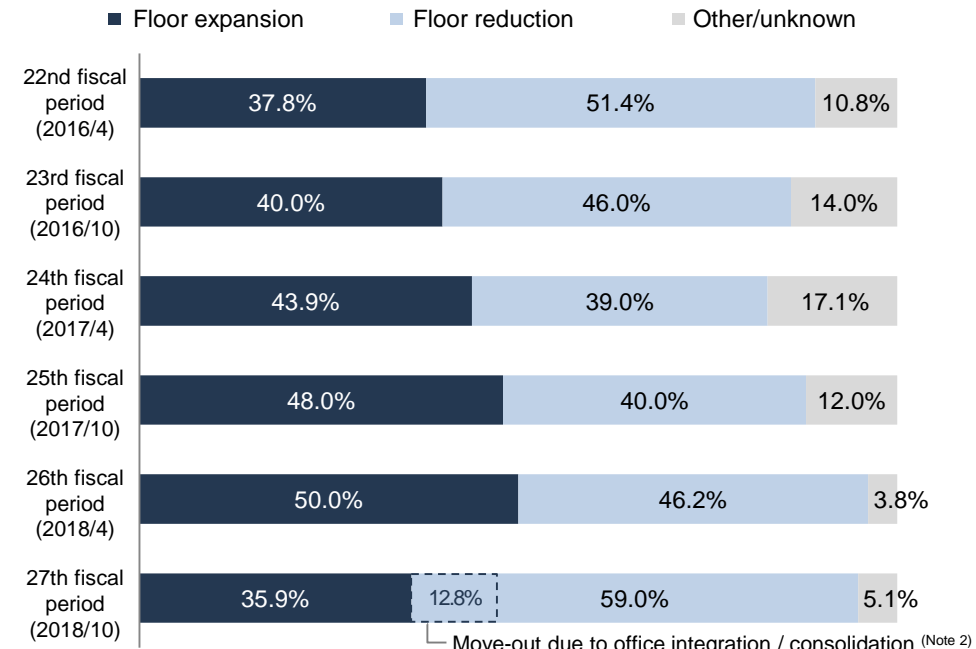
Reasons for moving-in/out

The percentage of move-ins for floor expansion purposes has remained high
 Manifestation of the movement of office integration / consolidation became apparent in the current fiscal period, move-outs for floor reduction purposes has been on the rise

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)

	23rd fiscal period (2016/10)	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)
Floor expansion	84.4	79.0	80.9	76.7	83.7
Floor reduction	96.4	39.1	126.7	-	97.9

Average cancelled floor area of exiting tenants (tsubo)

	23rd fiscal period (2016/10)	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)
Floor expansion	108.7	119.6	124.1	81.2	91.0
Floor reduction	107.8	79.7	63.1	87.6	60.1

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" and calculate the ratio of respective categories to the all cases. 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 59.0% of tenants who answered "Floor reduction" as the reason for moving out during the 27th fiscal period (2018/10), about 12.8% of them moved out to integrate/consolidate their offices targeting optimization of office functions

Overview of the 7th CS survey results (Aug. 2017)

High intention for continuous occupancy even at aged buildings

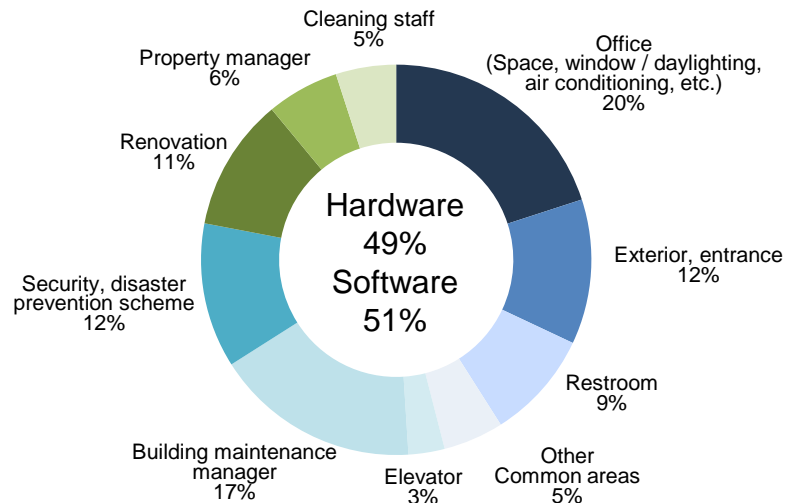
Competitiveness dependent on timely equipment upgrade and renovation

CS survey overview

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

Timing	6th survey Aug. 2015 (21st fiscal period)	7th survey Aug. 2017 (25th fiscal period)
# of properties	85 properties	89 properties
# of distributions	Person in charge: 884 Employee: 4,736	Person in charge: 973 Employee: 5,052
Collection rate	Person in charge: 82% Employee: 78%	Person in charge: 81% Employee: 81%

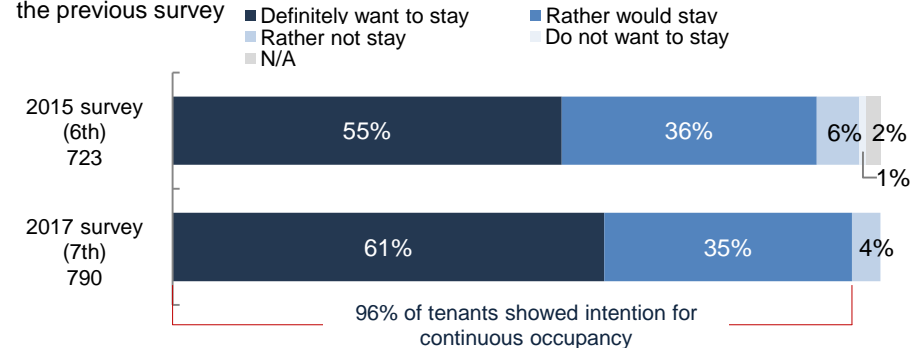
7th CS survey results: reasons for satisfaction (Note)



Note: Result on survey that interviewed persons in charge of general affairs

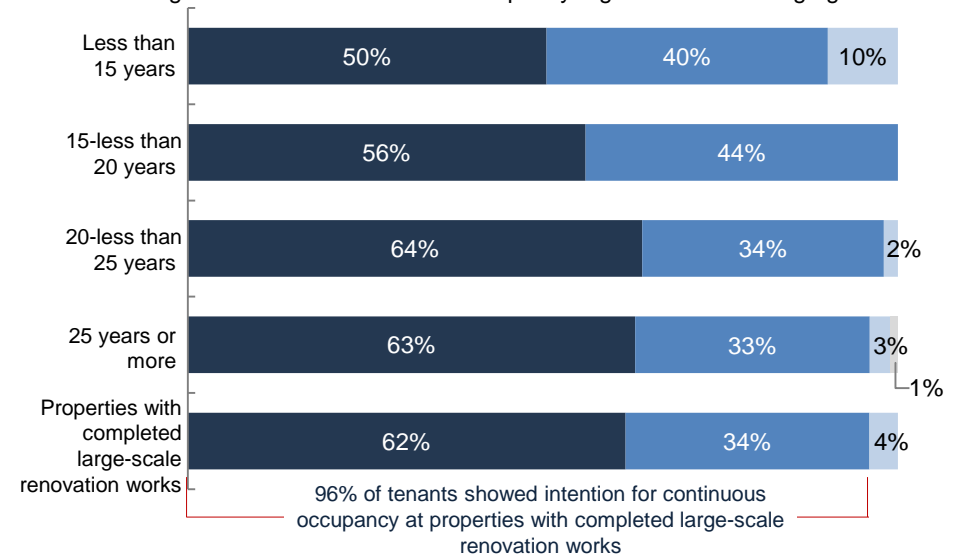
Intention for continuous occupancy (Note)

- The ratio of tenants with intention for continuous occupancy increased by 5% from the previous survey



Intention for continuous occupancy by building age (Note)

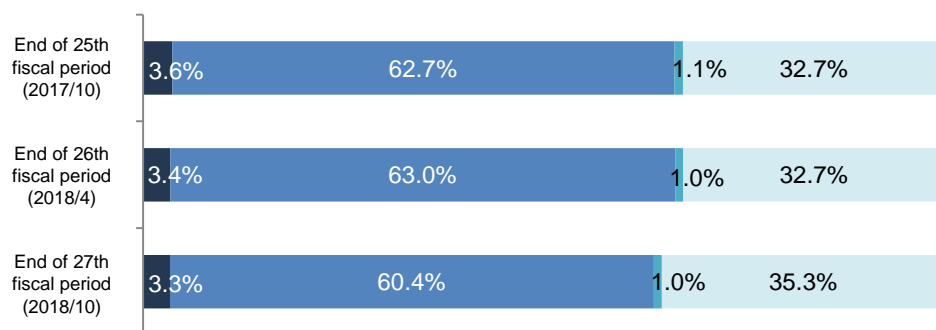
- Confirmed high intention for continuous occupancy regardless of building age



KDO unitholders (as of the end of the 27th fiscal period (2018/10))

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

■ Individuals and others ■ Financial inst. (incl. securities cos.) ■ Other domestic cos. ■ Foreign cos. and individuals



Number of unitholders

	End of 25th fiscal period (2017/10)	End of 26th fiscal period (2018/4)	End of 27th fiscal period (2018/10)
Individuals and Others	5,056	4,776	4,901
Financial Inst. (Incl. Securities Cos.)	City / Trust Bank	10	11
	Regional Bank	21	26
	Credit Union and Others	44	46
	Life / Nonlife, Securities	23	25
	Total	98	108
Other Domestic Cos.	104	94	111
Foreign Cos. and Individuals	252	257	268
Total	5,510	5,235	5,401

Note: Ratios are rounded to the first decimal place

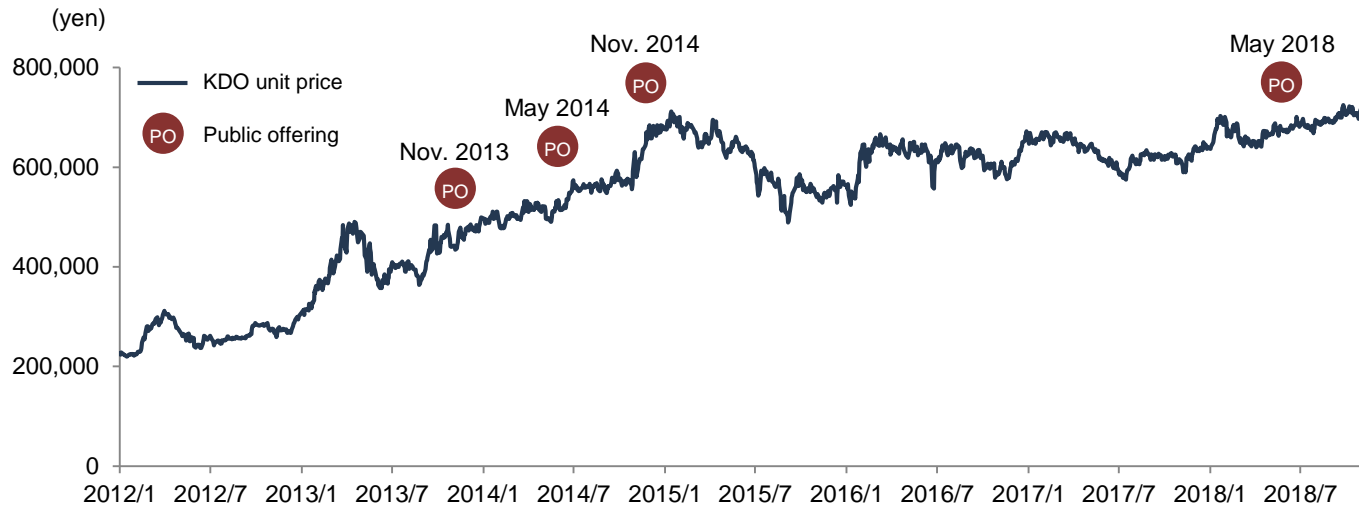
Top 10 unitholders (Note)

Name	# of units held (unit)	Percentage share
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	85,714	20.0%
Japan Trustee Services Bank, Ltd. (Trust Acct.)	75,720	17.7%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	21,459	5.0%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	21,237	5.0%
JP MORGAN CHASE BANK 385628	12,051	2.8%
Nomura Bank (Luxembourg) S.A.	11,517	2.7%
State Street Bank and Trust Company 505001	7,546	1.8%
State Street Bank and Trust Company 505012	6,177	1.4%
The Bank of New York Mellon Corporation 140044	6,149	1.4%
State Street Bank and Trust Company 505223	5,749	1.3%
Total	253,319	59.1%

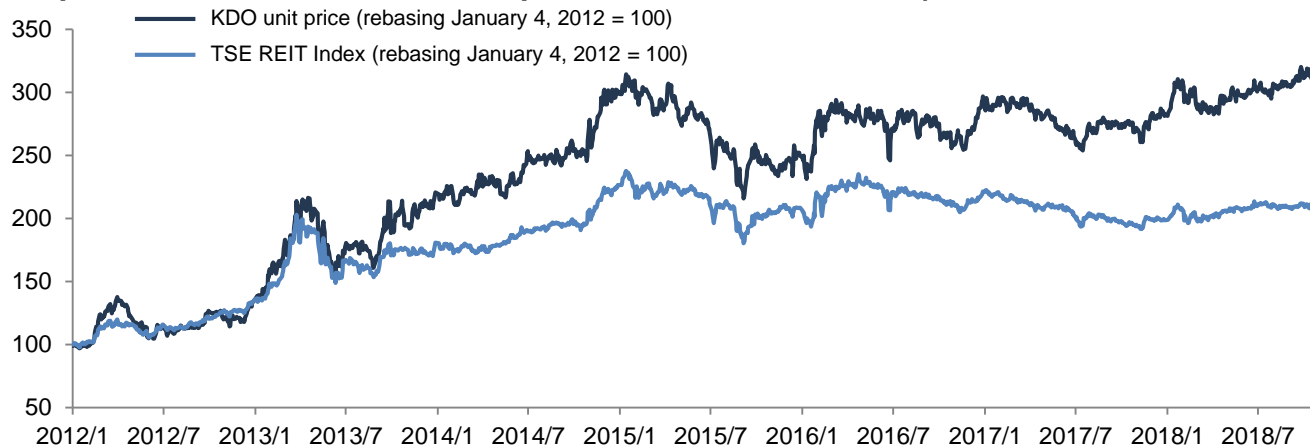
Historical changes in unit price

KDO unit price has continued to outperform TSE REIT Index

Historical changes in unit price (Jan. 4, 2012 – Nov. 30, 2018)



Comparison between rebased unit price and TSE REIT Index (Jan. 4, 2012 – Nov. 30, 2018)



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

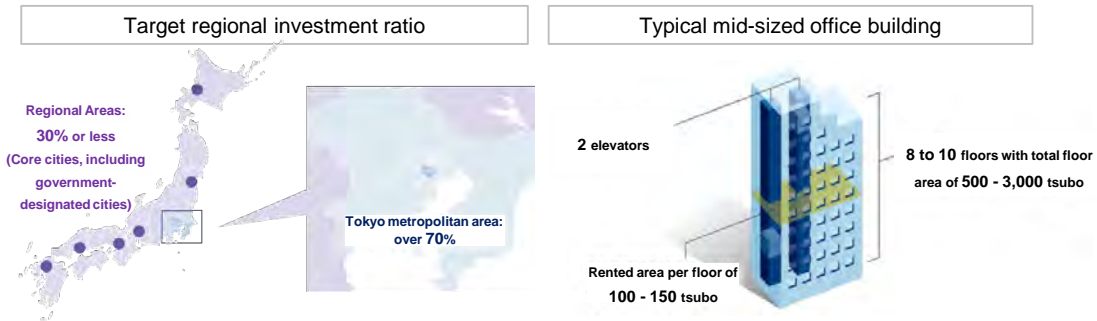
- TSE REIT Core Index
(started on March 26, 2018)



Overview of Kenedix Office Investment Corporation

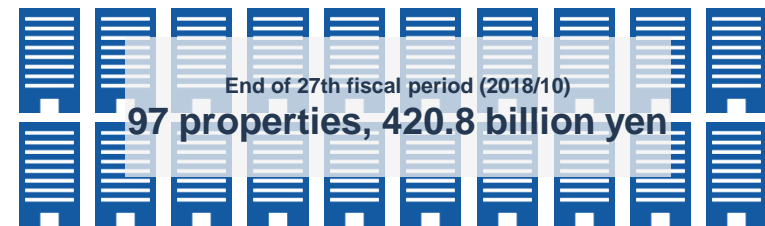
1 Investment management strategy centered on Tokyo metropolitan area and mid-sized office buildings

- Investing in and managing mainly mid-sized office buildings in the Tokyo metropolitan area (major cities in Tokyo Metropolitan, Kanagawa, Saitama, and Chiba Prefectures) where economic activities are densely integrated with abundant tenant demand and rich stocks of properties



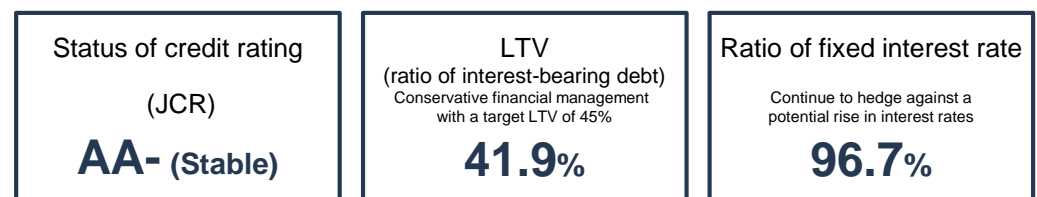
2 Has successfully managed assets for more than a decade and the asset size has grown to over 400 billion yen

- Listed in July 2005 sponsored by one of the major independent real estate investment management companies in Japan
- The largest among office J-REITs in terms of the number of portfolio properties
- Highly stable portfolio thanks to diverse tenants and limited revenue impact from large end-tenants vacating



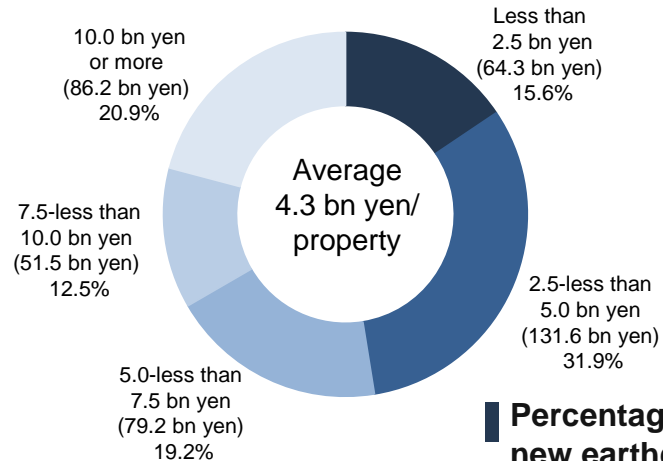
3 High creditworthiness and stable financial position

- Credit rating that satisfies Bank of Japan's purchase criteria
- LTV down after public offering in May 2018
- Ratio of fixed interest rate maintained high against a potential rise in interest rates

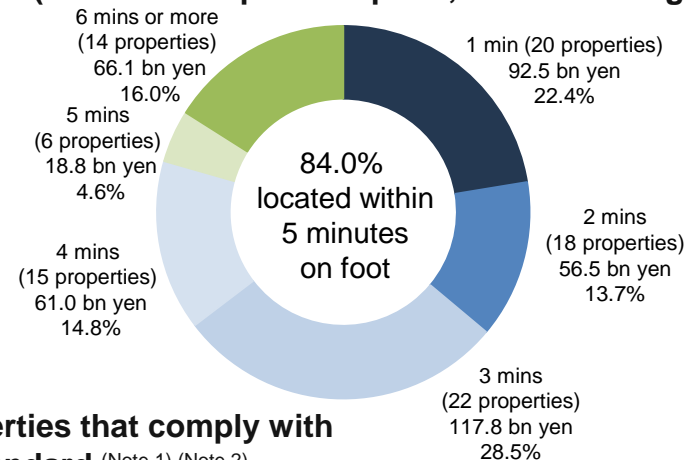


Characteristics of KDO office buildings (as of the end of the 27th fiscal period (2018/10))

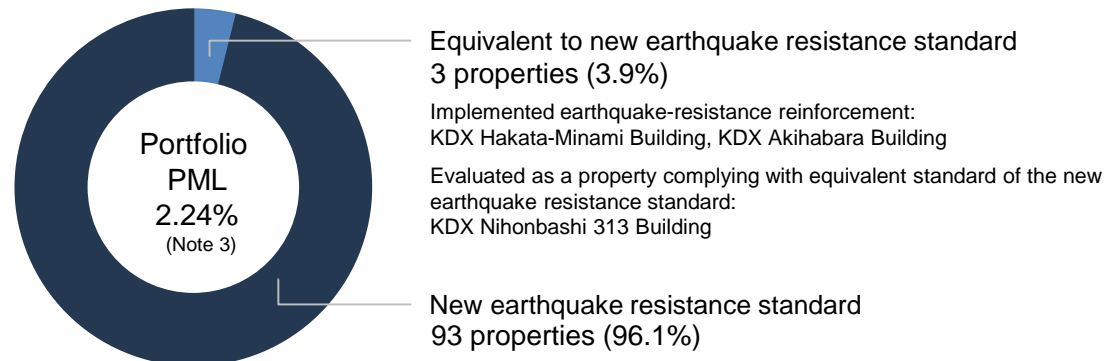
By acquisition price (based on acquisition price, office buildings)



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



Percentage share of our properties that comply with new earthquake resistance standard (Note 1) (Note 2)



Note 1: "New Earthquake Resistance Standard" was formulated based on the revision of enforcement order of Building Standard Law in 1981 (cabinet order No. 144 on April 24, 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
Confirmed that seismic isolation/mitigation oil dampers for buildings manufactured by KYB corporation and Kayaba System Machinery Co., Ltd. as non-conforming products to the evaluation standards etc. approved by the Ministry of Land, Infrastructure, Transport and Tourism are not installed in any of the properties held as of December 13, 2018

Note 2: Percentage share is calculated based on leasable area as of the end of the 27th fiscal period (2018/10). For the properties owned through quasi co-ownership interest, leasable area for such portion is used in calculation

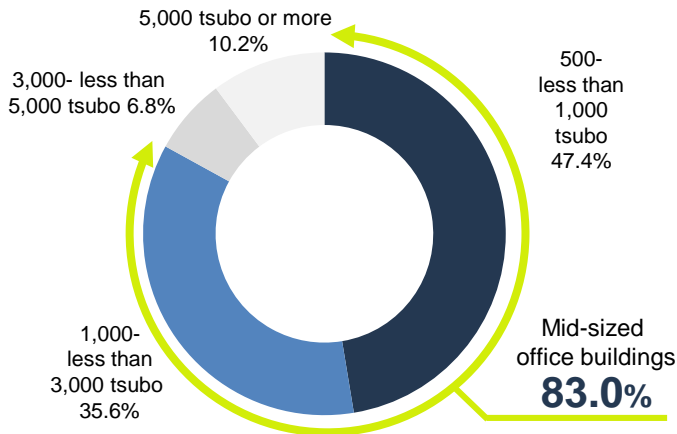
Note 3: PML value is as of October 2018 and is based on the research implemented by Sompo Risk Management Inc. PML value is probable maximum loss ratio due to an earthquake. PML value can be divided into ratios of an individual property and the entire portfolio, respectively. Although there is no unified 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 = expected lifetime of general property), to replacement value of estimated restoration expenses

Characteristics of mid-sized office building market

A wide selection of prime properties available

Expect to generate stable rent revenues given a broad tenant base

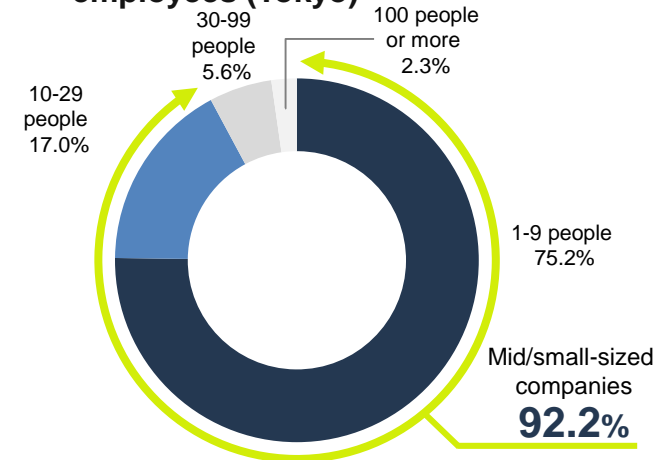
Office market by total floor area (proportion of number of buildings) (Note 1)



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

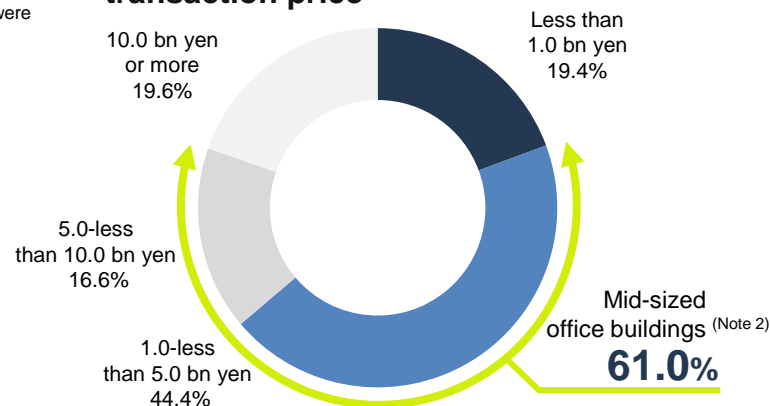
Source: Based on the survey CBRE conducted at the request of the Asset Management Company

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

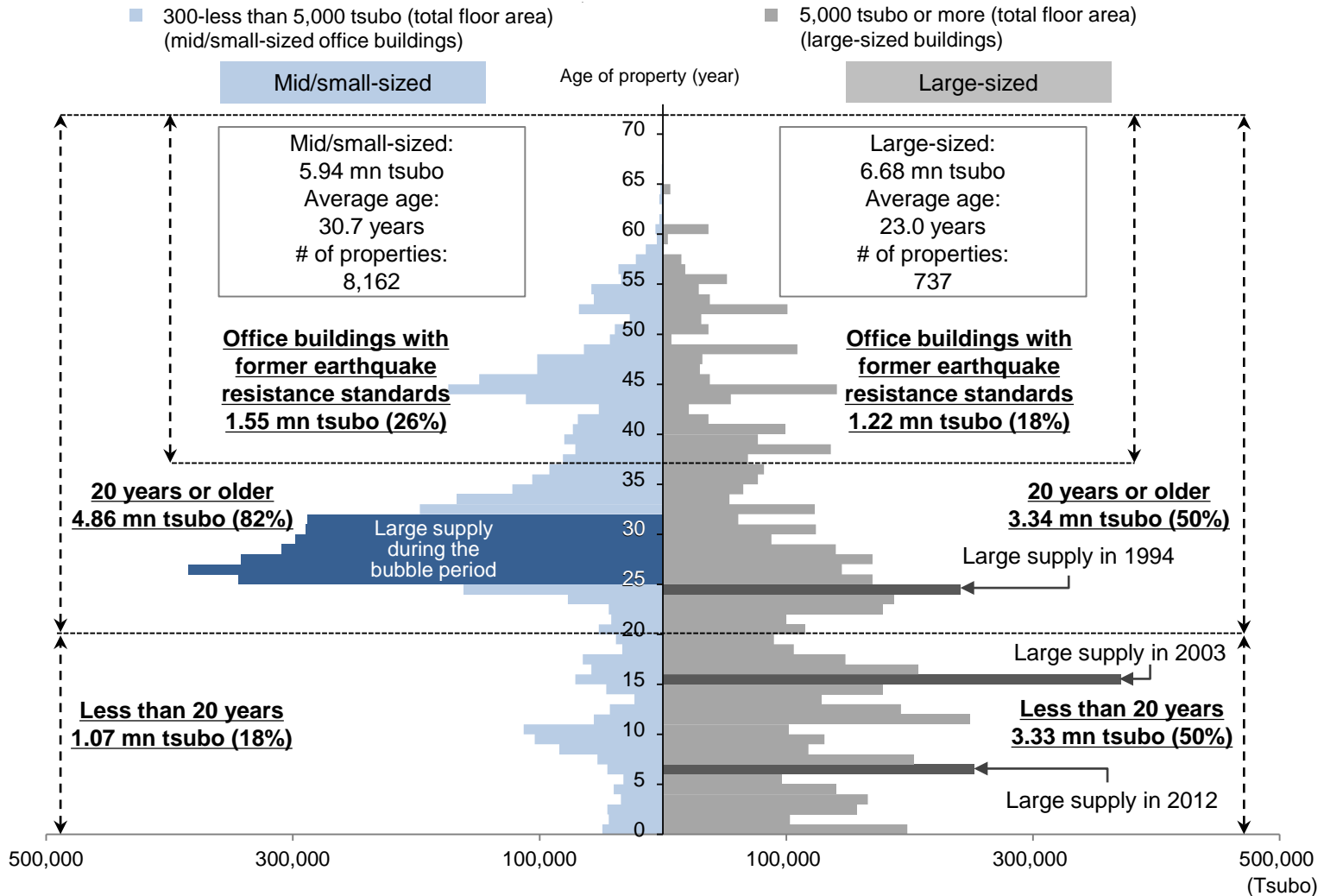


Note 2: The transaction prices of mid-sized office buildings are generally around 1.0 bn yen to 10.0 bn yen

Source: Compiled by the Asset Management Company based on "the number of office building transactions by transaction size (FY2008FY2017)" 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

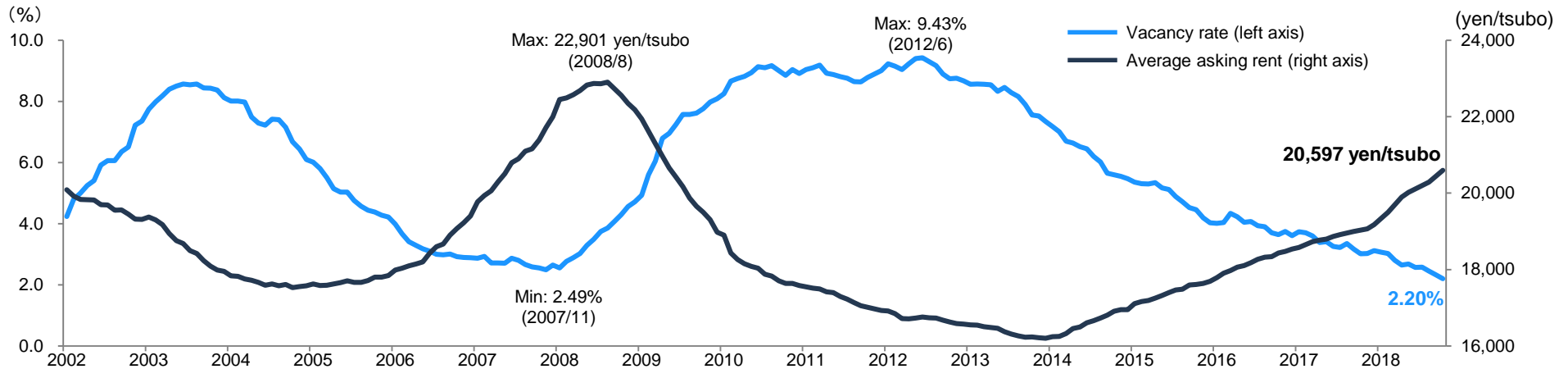
Approx. 80% of mid/small-sized office buildings are 20 years or older; new supply is limited
 Proper repair/maintenance and management are important in order to keep mid/small-sized office buildings competitive



Source: Compiled by the Asset Management Company based on "Tokyo 23 Wards New Supply of Office Buildings & Office Pyramid 2018" published by XYMAX REAL ESTATE INSTITUTE Corporation on December 7, 2017

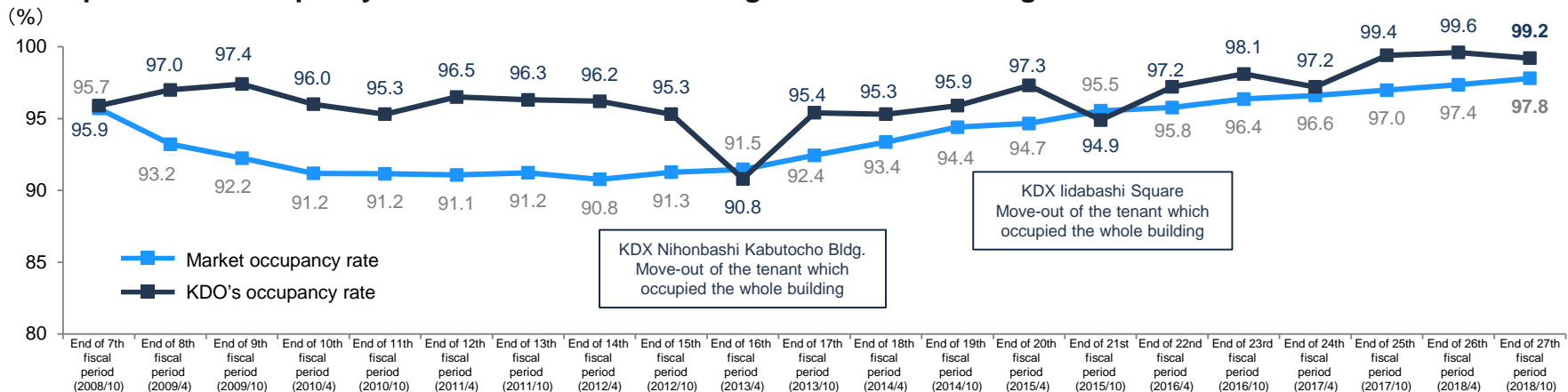
Office building market (1)

Change in asking rent and vacancy rate in Tokyo central 5 wards (Jan 2002 - Oct 2018) (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)"

Comparison of occupancy rates of KDO office buildings and market average (Note 2) (Note 3)

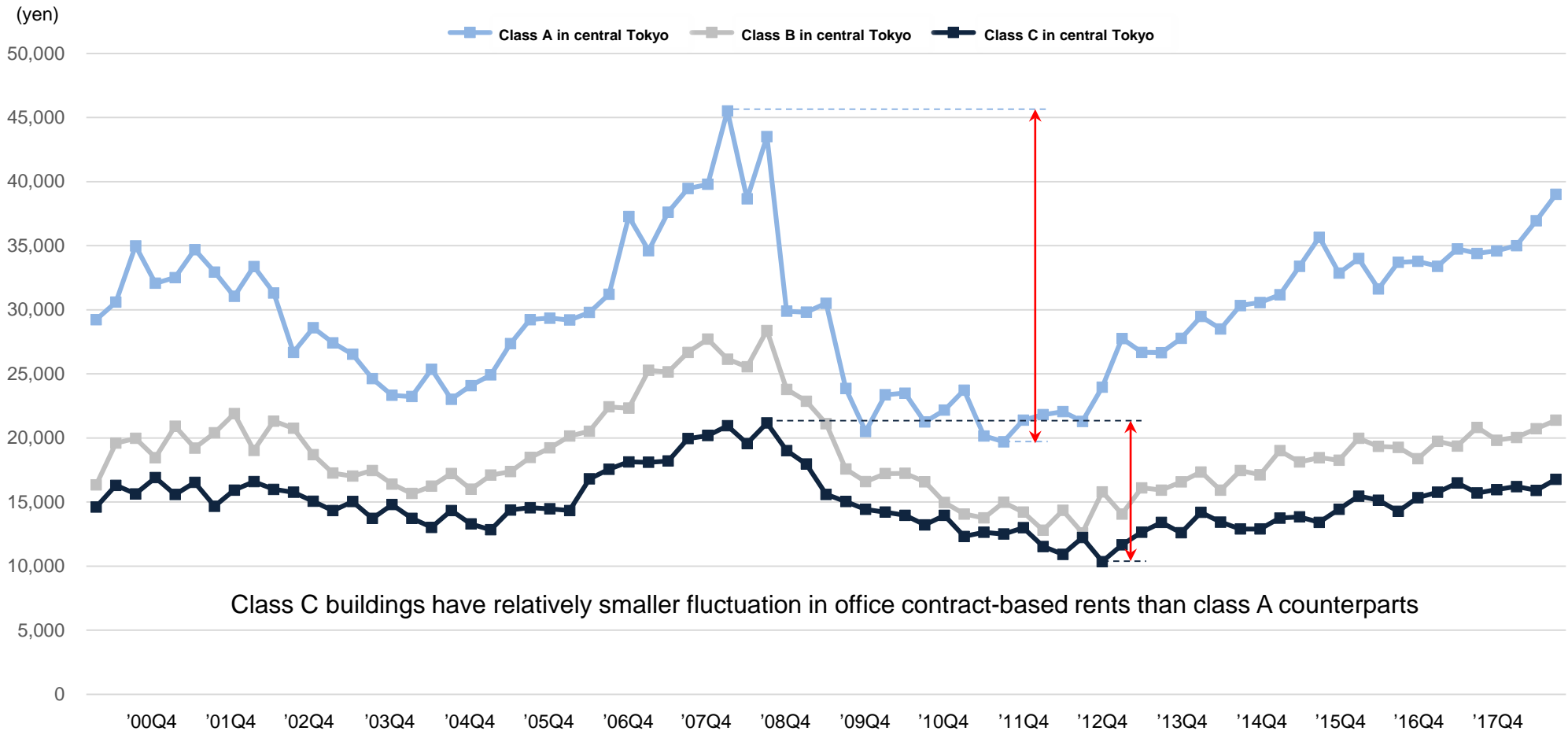


Note 2: Market occupancy rate refers to the average value of Tokyo central 5 wards for each corresponding month published by Miki Shoji

Note 3: KDO's average occupancy rate refers to the weighted average occupancy rate of the office buildings in Tokyo central 5 wards that KDO owns as of the end of each fiscal period

Office building market (2)

Central Tokyo Class A, B, and C office contract-based rent / month·tsubo (excluding common area charges) (Note 1) (Note 2)



Note 1: Central Tokyo: Major office district in five key wards in central Tokyo and adjacent areas ("Gotanda/Osaki", "Kita-shinagawa/Higashi-shinagawa", "Yushima/Hongo/Koraku", and "Meguro Ward")

Note 2: Class A building: Total floor area of at least 10,000 tsubo, single-floor area of at least 300 tsubo, and up to 15 years old

Class B building: Building with single-floor area of at least 200 tsubo but has become outside the scope of A-class (including those that have grown older than 15 years)

Class C building: Single floor area of at least 100 tsubo and less than 200 tsubo (no restriction in terms of building age)

Source: Sanko Estate and NLI Research Institute

Property sourcing and acquisition methods

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

Multiple pipelines

Support-line
 (Kenedix Group incl. Kenedix, Inc., the sponsor)

- Brokerage
- The sponsor's principal investment (incl. development projects)
- Kenedix Group's private funds

Unique network of the Asset Management Company

- Real estate funds
- Financial institutions
- Construction companies / Developers
- Corporate sector

Diversified acquisition methods

Joint acquisition with Kenedix Group



Mitsubishijuku Yokohama Bldg.
 (quasi co-ownership interest)

Utilizing bridge funds



KDX Mita Bldg.

Brokerage by sponsor



JN Bldg.

Acquisition through corporate acquisition



KDX Shin-Nihonbashi Ekimae Bldg.

Strategic mutual transaction with developers, etc.



KDX Toranomom 1chome Bldg.



CROSS PLACE Hamamatsucho

Equity Investment



Senri Life Science Center Bldg.

Percentage share of properties acquired from related parties (Note)

43.5%

Percentage share of properties acquired from third parties (Note)

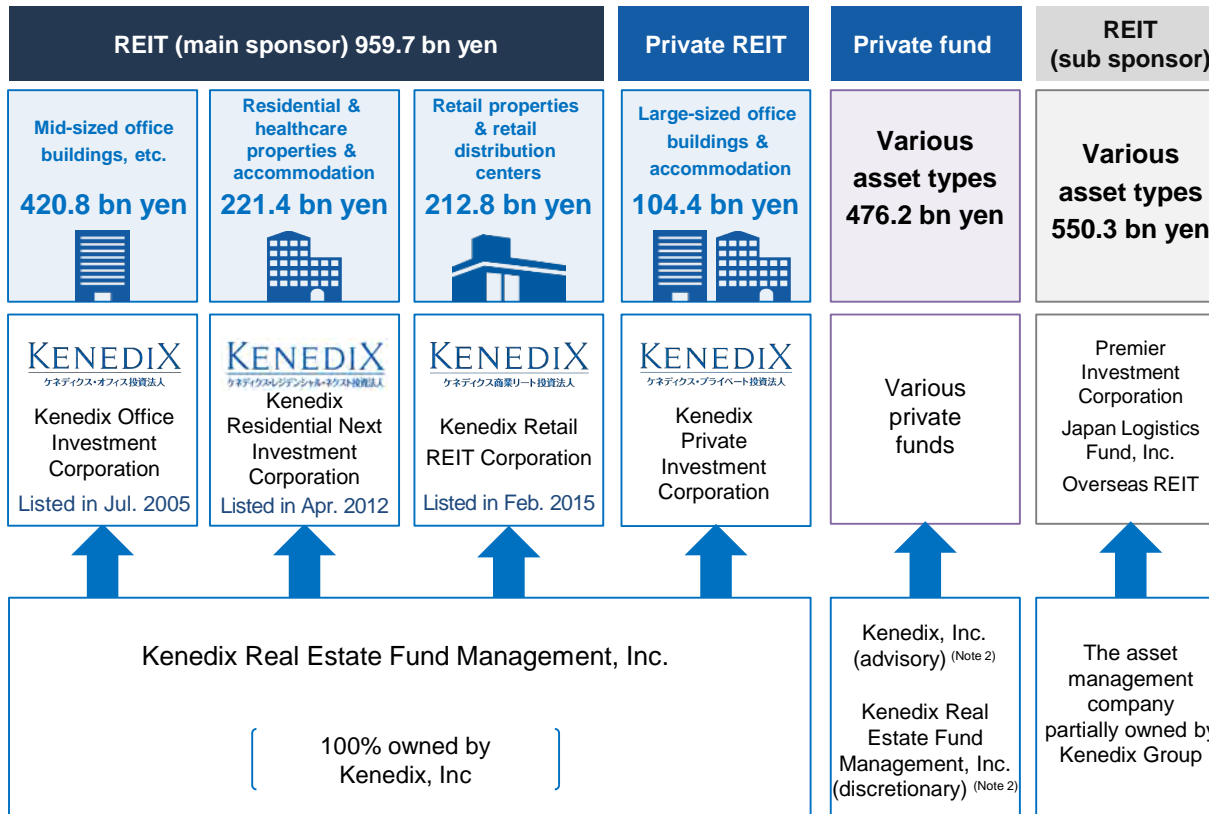
56.5%

Note: Percentage share of properties is calculated by the sum of acquisition price for each acquisition source divided by the total acquisition price for the properties which KDO owns as of the end of the 27th fiscal period (2018/10). Figures are rounded to the first decimal place

Our sponsor

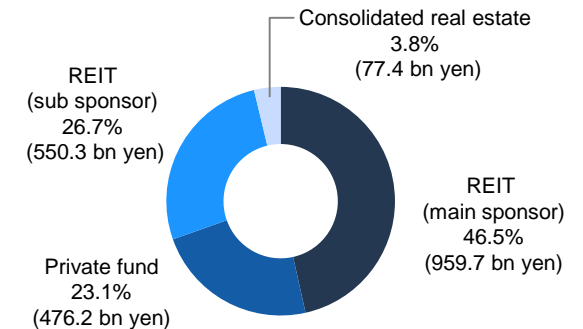
Total AUM of 2,063.7 billion yen, with more than 13 years in J-REIT management experience
 One of the major independent real estate investment management companies in Japan, managing multiple J-REITs

Fund management by Kenedix Group (as of the end of September 2018) (Note 1)

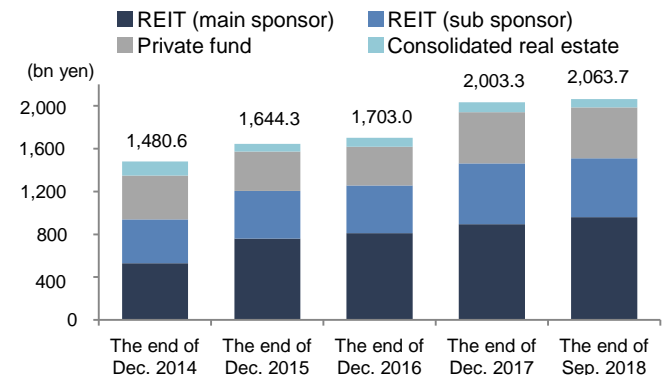


Kenedix Group's assets under management

Total **2,063.7** bn yen
 (as of the end of September 2018)



Asset under management

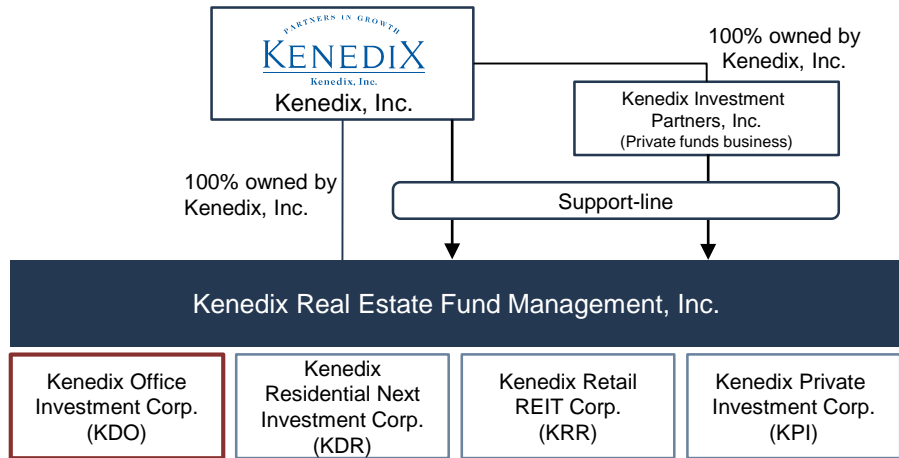


Note 1: Exclude consolidated real estate

Note 2: The Asset Management Business concerning the private placement fund of Kenedix, Inc. and Kenedix Real Estate Fund Management, Inc. were transferred to "Kenedix Investment Partners, Inc." as of November 1, 2018

Allocation rule for property information in the Group and management guidelines

Kenedix Group's fund management structure



KDO management guidelines

Targeting portfolio		Target investment ratio
Office buildings	Of office buildings, rental office buildings whose main use under the Building Standards Act is office and whose total floor area ^(Note 1) of the entire building fulfills the following: • Tokyo 23 wards: Total floor area 13,000 m ² or less • Outside Tokyo 23 wards: Total floor area 20,000 m ² or less	80%~100%
	Of office buildings, those that do not fall under the category of the above	
Central urban retail properties	Retail properties with high tenant substitutability located in highly bustling districts ^(Note 2)	0%~20%
Others	Land with third-party leasehold (limited proprietary right of land) or buildings with floor area whose use under the Building Standards Act is not subject to investment ^(Note 3) that are not office buildings or central urban retail properties	

Note 1: Total floor area of the entire building stated in the certificate of all registered matters

Note 2: Tokyo central 5 wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku) or central parts of government-designated cities

Note 3: Residential properties, logistics and warehouse facilities, amusement parks, medical, nursing and health care-related facilities and golf courses

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 other REITs if the following conditions are satisfied:

Location	Total 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 Next Investment Corp.	Retail REIT Dept. Kenedix Retail REIT Corp.	Private REIT Dept. Kenedix Private Investment Corp.
Mid-sized office buildings	1st	-	-	2nd
Other office buildings	2nd	-	-	1st
Residential properties	-	1st	-	2nd
Central urban retail properties ^(Note 2)	3rd	-	1st / 2nd	2nd / 1st
Logistics facilities	-	-	1st	-

Note 1: Office building refers to a property or an asset backed by that 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: 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 study rights, respectively, in "retail property". KPI and KRR have the first and second preferential study rights, respectively, in "service property"

Organization chart of the Asset Management Company (as of December 13, 2018)

Organization chart



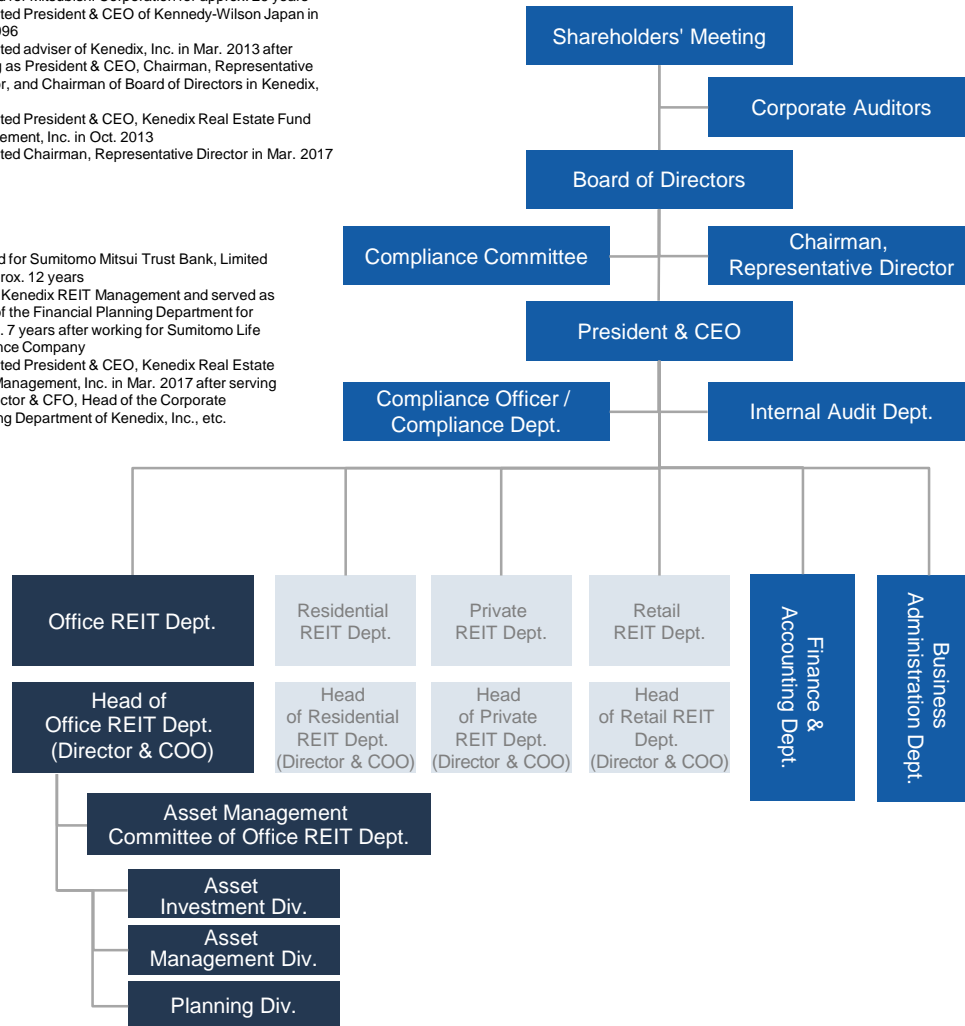
Ryosuke Homma
Chairman,
Representative Director

- 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, 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 served as Head of the Financial Planning Department for approx. 7 years after working for Sumitomo Life Insurance Company
- Appointed President & CEO, Kenedix Real Estate Fund Management, Inc. in Mar. 2017 after serving as Director & CFO, Head of the Corporate Planning Department of Kenedix, Inc., etc.



Office REIT Department: Key members



Jiro Takeda
Director & COO,
Head of Office REIT Dept.

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 7 years
- Joined Kenedix as Head of Fund Management Div. 1 and served for approx. 3 years 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., Kenedix Real Estate Fund Management, Inc. on Mar. 29, 2017
- Appointed Director & COO, Head of Office REIT Dept. on Apr. 1, 2018



Hiroshi Sato
Head of
Asset Investment Div.,
Office REIT Dept.

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 12 years
- Joined Kenedix, Inc. in Feb. 2007
- Appointed Head of Private Fund Dept. and Head of Investment Management Div., Private Fund Dept., Kenedix Real Estate Fund Management, Inc. in Oct. 2013
- Appointed Head of Asset Investment Div., Office REIT Dept. on Mar. 1, 2018



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, 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., Kenedix Real Estate Fund Management, Inc. on Mar. 1, 2016 after having worked in Investment Management Div. Office REIT Dept. for approx. 1 year



Hiroaki Momoi
Head of
Planning Div.,
Office REIT Dept.

- Worked for Nippon Life Insurance Company, Real Estate Division for approx. 9 years
- Joined Kenedix, Inc. in Aug. 2014 after working for Secured Capital Japan Co., Ltd.
- Appointed Head of Planning Div., Office REIT Dept., Kenedix Real Estate Fund Management, Inc. on Apr. 1, 2018 after having worked in Planning Div., Office REIT Dept. and Finance & Accounting Dept. for approx. 3 and a half years



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, Inc. 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., Kenedix Real Estate Fund Management, Inc. 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)

Disclaimer

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

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Revised editions of this document will be posted on our website (<https://www.kdo-reit.com/en/>) if there should be major corrections going forward.