



**Updated presentation material for 17th fiscal period**

**<Amended parts>**

**Updated the contents due to change of the Investment Corporation name, changes in the names of organization in the asset management company and changes in translation**

# KENEDIX Office Investment Corporation 17th Period Results (Ended October 2013)

February 2014

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Section 1

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Executive summary / highlights

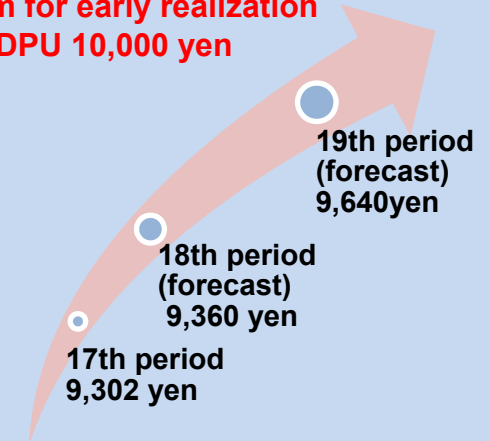
# Highlight of 17th period (2013/10) and public offering

	17th period (2013/10) highlights	Public offering in November, 2013
<b>External growth</b>	<p>Improvement in property quality through portfolio swap</p> <ul style="list-style-type: none"> <li>Acquisition of 3 properties located in central Tokyo (13.9 bn yen)</li> <li>Sale of Ikebukuro Nikko Bldg. → Gain on sale: 2.34 mn yen</li> </ul>	<p>Improvement in portfolio profitability and stability</p> <ul style="list-style-type: none"> <li>Acquisition of 5 office properties mainly located in central Tokyo (16.0 bn yen)</li> <li>Expansion in asset size (320.7 billion yen), total number of properties (89 properties) and tenants (1,050)</li> </ul>
<b>Financial strategy</b>	<p>Continuous reduction in financing costs and lender diversification</p> <ul style="list-style-type: none"> <li>Average interest rate → reduction from 1.88% to 1.77%</li> <li>New financial institutions in our lender formation → expansion from 10 to 14</li> <li>Issuance of fifth series corporate bond (1,800 mn yen)</li> </ul>	<p>Strengthened financial stability and secured acquisition capacity through lowering of LTV</p> <ul style="list-style-type: none"> <li>Lowering of LTV → from 47.5% to 44.4%</li> </ul>
<b>Internal growth</b>	<p>Improvement in area-based and rent-based occupancy rates</p> <ul style="list-style-type: none"> <li>Portfolio occupancy rate: → increasing from 93.9% (16th period) to 95.8% (17th period)</li> <li>Expected recovery of percentage change in rental revenue: → -0.9% (17th period) to 0.2% (18th period)</li> <li>Early leasing of KDX Nihonbashi Kabutocho Bldg. which has been our top priority issue and its contribution to revenue</li> </ul>	

## Turning to DPU growth stage

DPU expected to increase due to public offering and improvement in occupancy of existing properties

**Aim for early realization of DPU 10,000 yen**



## Increase in unitholder value through NAV increase

NAV accretive offering led to an increase in unitholder value (pre-offering NAV per unit: 426,000 yen)

# Public offering summary

## Summary of 5th public offering

Offering structure	Global offering (Japanese offering + Reg.S + 144A)
Launch date	October 24, 2013
Pricing date	November 6, 2013
Payment date	Public offering: November 13, 2013 Over-allotment ("OA"): December 10, 2013
Units outstanding	286,550 units (as of launch date)
Newly issued units	45,990 units (incl. OA options of 2,190 units) (16.0% of units outstanding)
Units outstanding after issuance of new units	332,540 units
Offer price	430,950 yen
Issue price	415,480 yen
Total issue price	19,107 mn yen

## Properties acquired in connection with public offering

- Acquired 5 highly competitive mid-sized properties located in central Tokyo within the Tokyo metropolitan area in connection with public offering

A-89 Office building

SIA Takanawadai Building



A-90 Office building

Ikebukuro 261 Building



A-91 Office building

DNI Mita Building



A-92 Office building

Akihabara SF Building



A-21 Office building

KDX Shinbashi Building  
(additional acquisition)



## Properties acquired in the 17th period

A-87 Office building

Itopia Nihonbashi SA Building



A-88 Office building

Welship Higashi-Shinjuku



C-4 Central urban retail

Ginza 4chome Tower



# Effects of public offering

		16th period (2013/4)	Properties acquired after 17th period (2013/10)	After public offering
<b>Improving portfolio profitability and stability (Note 1)</b>	Number of properties	<b>82 properties</b>	<b>8 properties</b>	<b>89 properties</b>
	Total acquisition price	<b>290.9 bn yen</b>	<b>29.8 bn yen</b>	<b>320.7 bn yen</b>
	Average NOI yield	<b>4.2%</b>	<b>5.1%</b>	<b>4.3%</b>
	Average NOI yield (after depreciation)	<b>3.1%</b>	<b>4.3%</b>	<b>3.2%</b>
	Occupancy rate	<b>93.8%</b>	<b>95.1%</b>	<b>94.1%</b>
	Number of tenants	<b>991</b>	<b>63</b>	<b>1,050</b>
<b>Strengthening financial stability and securing acquisition capacity (Note 2)</b>	LTV	<b>46.2%</b>		<b>44.4%</b>
	NAV per unit (Note 3)	<b>426,000 yen</b>		<b>435,000 yen</b>

**Notes:**

1. Average NOI yield and average NOI yield after depreciation are as of the end of the fiscal period for the 16th period (2013/4) and, for the properties acquired after the 17th period, are based on appraisal NOI included in the relevant appraisal report at the time of acquisition. Occupancy rate and number of tenants are as of the end of fiscal period for the 16th period (2013/4) and are as of July 31, 2013 for the properties acquired after the 17th period. For the calculation of a number of properties after the 5th public offering, KDX Shinbashi is counted as one for both existing portion and additional acquisition of compartmentalized portion.
2. Figures are estimates calculated based on relevant numbers as of the end of the fiscal period for the 16th period (2013/4) and as of December 10, 2013 for the properties acquired after the 17th period.
3. NAV per unit is calculated by subtracting the amount of DPU and is truncated to the nearest thousand yen. For NAV per unit after public offering, figures are estimates which are calculated by subtracting the amount of DPU for the 17th fiscal period.

# Future measures and DPU level

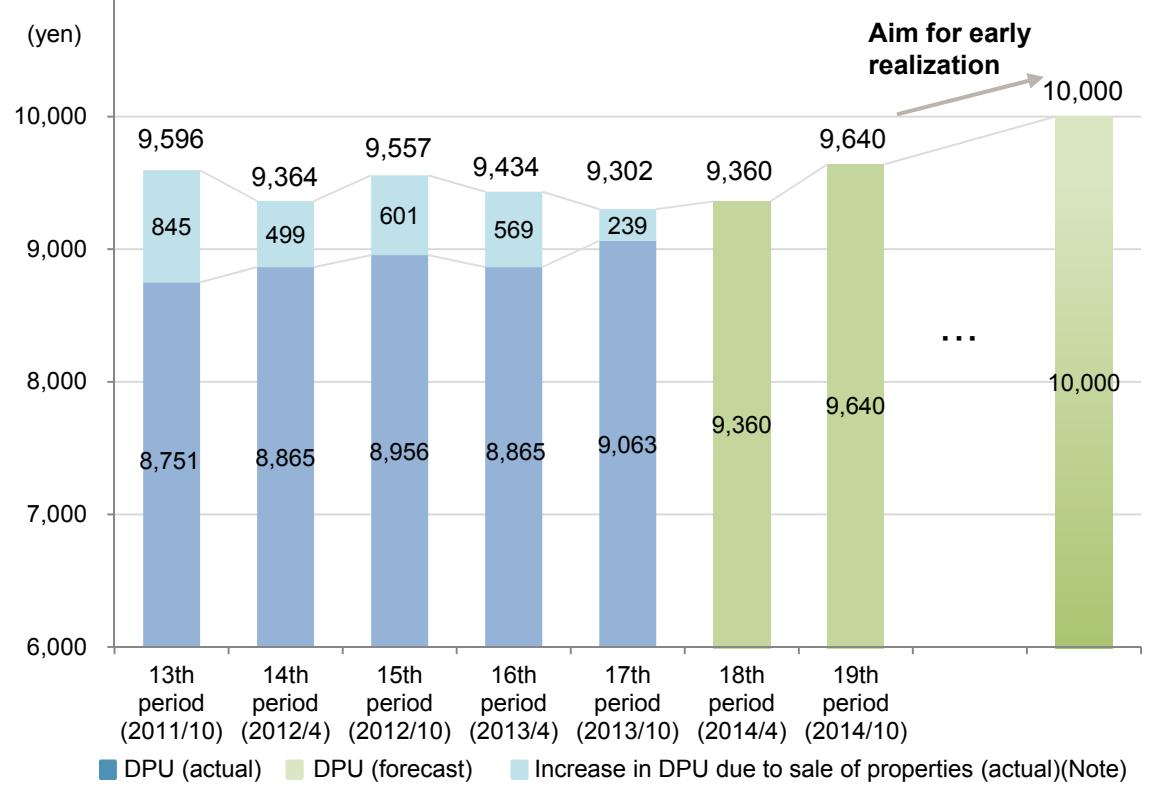
## Future measures

- External growth**
- Continuous focus on mid-sized office properties located in the Tokyo metropolitan area
  - Increase in DPU through the effective use of property acquisition capacity which is secured through public offering
  - Property acquisitions using our multiple pipelines including our proprietary network and co-investment with the sponsor
  - Property dispositions with adequate timing

- Internal growth**
- Improvement in rental conditions (rent-free period, asking rent and renewed rent levels)
  - Revenue contribution of KDX Nihonbashi Kabutocho Bldg. and leasing of KDX Shinbashi Bldg.
  - Maintain and improve customer satisfaction based on the 5th CS (Customer Satisfaction) survey

- Financial strategy**
- Increase in DPU as a result of continuous measures for interest cost reduction
  - Measures against potential risk of interest rate hike (Fixing interest rate and extending borrowing term)
  - Diversification of maturity

## Historical performance and forecast of DPU



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

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

	14th period (2012/4)	15th period (2012/10)	16th period (2013/4)	17th period (2013/10)	18th period (2014/4)
Reserve for reduction entry (million yen)	225	497	795	961	961
Reserve for reduction entry per unit (yen)	785	1,734	2,777	3,356	2,892

Notes:  
 1. Reserve for reduction entry is calculated as the sum of the reserve for reduction on the balance sheet as of the end of relevant fiscal period, plus an allocation to the reserve for reduction entry indicated on "Basis for calculating cash distributions" the minus a reversal of the reserve for reduction entry. Figures are truncated to the nearest million yen.  
 2. Reserve for reduction entry per unit is calculated by dividing the reserve for reduction entry by total units outstanding as of the end of each fiscal period (an estimate is used for the 18th period (2014/4)).

## Section 2

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17th period (2013/10) results and earning forecasts



# 17th period (2013/10) financial results: performance highlights **KENEDIX** Office Investment Corporation

(Unit: million yen)

Items	A	B	C	C-A	C-B
	16th period Apr, 2013 Actual	17th period Oct, 2013 Forecast (Sep 11)	17th period Oct, 2013 Actual	17th period (actual) vs 16th period (actual) Comparison Changes	17th period (actual) vs 17th period (forecast) Comparison Changes
<b>Operating revenue</b>	9,867	9,753	9,819	-48	65
Gain on sale of real estate properties	462	234	234	-227	0
Dividends	99	84	82	-16	-1
<b>Operating expense</b>	5,465	5,516	5,578	112	61
<b>Operating income</b>	4,401	4,236	4,240	-160	4
<b>Non-operating income</b>	2	4	2	0	-1
<b>Non-operating expense</b>	1,400	1,406	1,409	9	2
<b>Ordinary income</b>	3,003	2,833	2,832	-170	0
<b>Net income</b>	3,002	2,832	2,831	-170	0
<b>Provision of reserve for reduction entry</b>	298	165	165	-133	0
<b>Total distributions</b>	2,703	2,664	2,665	-37	0
<b>Distributions per unit</b>	9,434 yen	9,300 yen	9,302 yen	-132 yen	2 yen
<b>Total units outstanding</b>	286,550 units	286,550 units	286,550 units	0 units	0 units
<b>Leasing NOI</b>	6,228	6,357	6,352	124	-4
<b>FFO</b>	4,202	4,285	4,293	91	7
<b>Depreciation</b>	1,662	1,688	1,696	34	8
<b>Number of properties</b>	83 properties	85 properties	85 properties	2 properties	0 properties
<b>Total interest-bearing debt</b>	142,369	-	150,558	8,189	-
<b>LTV</b>	46.2%	-	47.5%	1.3%	-
<b>End-of-period book value</b>	290,593	-	302,127	11,534	-
<b>End-of-period appraisal value</b>	264,691	-	279,238	14,547	-
<b>Net assets</b>	150,653	-	150,781	128	-

## Major changes in the 17th period (2013/10) in comparison with 16th period (actual)

### Operating revenue: -48mn yen

- Utilities +170mn yen
- Rent/Common area charge +19mn yen  
(Properties acquired in the 17th period +151, properties acquired in the 16th period +70, properties sold in the 17th period -61, properties sold in the 16th period -81, existing properties -60)
- Gain on sale of real estate property -227 mn yen  
(16th period: Kanazawa Nikko Bldg. -80, KDX Yotsuya Bldg. -381)  
(17th period: Ikebukuro Nikko Bldg. +234)
- Dividend income -16 mn yen  
(TMK dividend -23, TK dividend +7)

### Operating expense: +112 mn yen

- Utilities +175 mn yen
- Repairs/maintenance -149 mn yen  
(KDX Nihonbashi Kabutocho Bldg -79, KDX Nagoya Ekimae -44 etc.)
- Taxes +30 mn yen  
(Properties acquired in the 15th period: property and city planning tax +41)
- Depreciation +34 mn yen  
(Properties acquired in the 17th period +24, properties acquired in the 16th period +6)
- Other +20 mn yen  
(5th CS survey expense + 12 etc.)

### Non-operating expense: +9 mn yen

- Increase in interest expense/decrease in interest rate on borrowings
- Corporate bonds for acquisitions in the 17th period

## Major changes in the 17th period (2013/10) in comparison with 17th period (forecast)

### Operating revenue: +65 mn yen

- Utilities +54 mn yen

### Operating expense: +61 mn yen

- Utilities +76 mn yen
- Repair/maintenance +12 mn yen
- Other -27 mn yen  
(brokerage commission / advertising expenses -18 etc.)

Notes:

1. Leasing NOI = Operating revenues - Gain/sale on sale of real estate properties - Dividends income - Expense related to rental business (excl. Depreciation)

2. FFO (Funds From Operation) = Net income + Depreciation - Gain on sale of real estate properties + Loss on sales of real estate properties

# 18th period (2014/4) / 19th period (2014/10): earnings forecast

(Unit: million yen)

Items	A	B	C	B-A	C-B
	17th period	18th period	19th period	18th period (forecast) vs 17th period (actual) Comparison Changes	19th period (forecast) vs 18th period (forecast) Comparison Changes
	Oct, 2013 Actual	Apr, 2014 E Forecast (Oct 24)	Oct, 2014 E Forecast (Oct 24)		
<b>Operating revenue</b>	9,819	10,177	10,433	358	255
Gain on sale of real estate properties	234	-	-	-234	-
Dividends	82	57	50	-25	-7
<b>Operating expense</b>	5,578	5,662	5,890	83	228
<b>Operating income</b>	4,240	4,515	4,543	274	27
<b>Non-operating income</b>	2	4	4	1	-
<b>Non-operating expense</b>	1,409	1,405	1,339	-4	-65
<b>Ordinary income</b>	2,832	3,114	3,207	281	93
<b>Net income</b>	2,831	3,112	3,206	281	93
Provision of reserve for reduction entry	165	-	-	-165	-
<b>Total distributions</b>	2,665	3,112	3,205	447	93
<b>Distributions per unit</b>	9,302 yen	9,360 yen	9,640 yen	58 yen	280 yen
<b>Total units outstanding</b>	286,550 units	332,540 units	332,540 units	45,990 units	0 units
<b>Leasing NOI</b>	6,352	7,008	7,072	655	64
<b>FFO</b>	4,293	4,894	4,992	600	98
<b>Depreciation</b>	1,696	1,781	1,786	84	5
<b>Number of properties</b>	85 properties	89 properties	89 properties	4 properties	0 properties
(reference) <b>Estimated property and city planning tax</b>	-	853	922		

Related information

Notes:

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

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

### Operating revenue: +358 mn yen

- Utilities -72 mn yen
- Rent/common area charge +691 mn yen  
(Properties acquired in the 17th/18th periods +671, existing/sold properties +20)
- Gain on sale of real estate property -234 mn yen  
(17th period: Ikebukuro Nikko Bldg. -234)
- Dividend income -25 mn yen  
(TMK dividend -18, TK dividend -7)

### Operating expense: +83 mn yen

- Utilities -77 mn yen
- Building maintenance fee +52 mn yen  
(Properties acquired in the 17th/18th periods +64, existing/sold properties -12)
- Depreciation +84 mn yen  
(Mainly properties acquired in the 17th/18th period)
- Asset management fee +21 mn yen

### Non-operating expense: -4 mn yen

- Decrease in interest rate -34 mn yen
- 5th PO: amortization of investment unit issuance costs +30 mn yen

## Major changes in the 19th period (2014/10) in comparison with 19th period (forecast)

### Operating revenue: +255 mn yen

- Utilities +133 mn yen
- Rent/common area charge +131 mn yen  
(Properties acquired in the 17th/18th periods +82, existing properties +48)
- Dividend income -7 mn yen

### Operating expense: +228 mn yen

- Utilities +97 mn yen
- Building maintenance fee +20 mn yen
- Taxes +69 mn yen  
(Properties acquired in the 17th/18th periods)
- Asset management fee +29 mn yen

### Non-operating expense: -65 mn yen

- Decrease in interest rate -46 mn yen
- 4th PO: Investment unit issuance costs fully amortized -18 mn yen

## Section 3

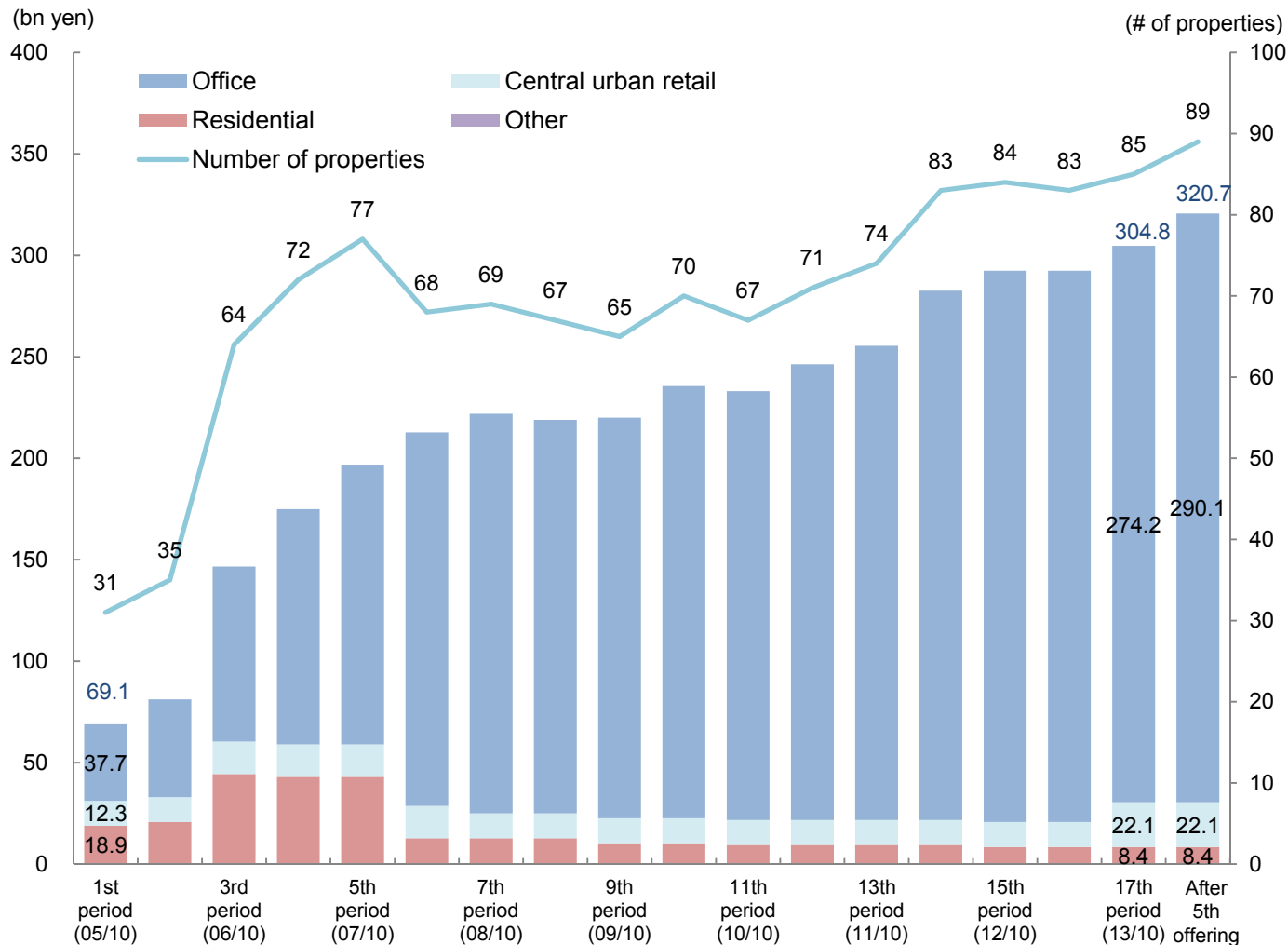
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### External growth

# Portfolio overview

- Focus on mid-sized office buildings in the Tokyo metropolitan area
- Achieved asset size of 320.7 billion yen through acquisition of properties totaling 29.8 bn yen in the 17th period (2013/4) and in connection with public offering

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

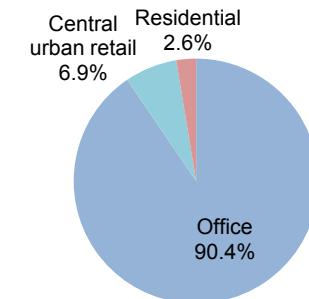


Note: Figures are truncated to the nearest ¥100 million.

Number of properties by property type

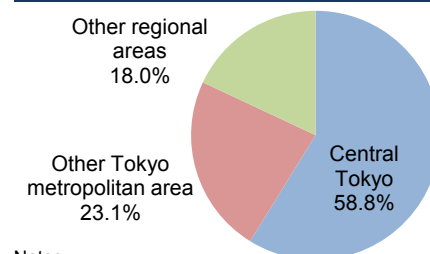
	End of 17th period (2013/10)	After the offering (as of Dec 10, 2013)
Office	79	83
Central urban retail	3	3
Residential	3	3
Total	85	89

Portfolio by property type (based on acquisition price)



Note: The percentage breakdown by property type based on the acquisition price after public offering (As of December 10, 2013) (Figures are rounded down to the first decimal place).

Office buildings by region (based on acquisition price)

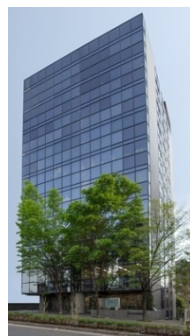
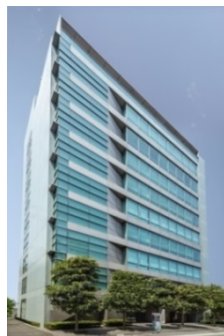


Notes:

1. After the public offering (As of December 10, 2013) (Figures are truncated to the first decimal place).
2. Central Tokyo represents Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards.

# Properties acquired in the 17th period (2013/10)

## Properties acquired in the 17th period (2013/10)



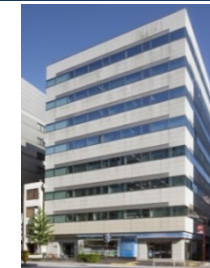
Property name	Itopia Nihonbashi SA Building	Welship Higashi-Shinjuku	Ginza 4chome Tower	Total (3 properties)
Location	Chuo ward, Tokyo	Shinjuku ward, Tokyo	Chuo ward, Tokyo	—
Gross floor area	7,362.25m <sup>2</sup>	5,907.00m <sup>2</sup>	6,787.33m <sup>2</sup>	20,056.58m <sup>2</sup>
Completion date	July, 1995	March, 1990	November, 2008	—
Occupancy rate (at the time of acquisition)(Note 1)	100.0%	90.2%	100.0%	—
Number of tenants (at the time of acquisition)(Note 1)	14	6	4	24
Acquisition price (A)	2,200 mn yen	1,900 mn yen	9,800 mn yen	13,900 mn yen
Appraisal value (at the time of acquisition)(B)	2,230 mn yen	2,140 mn yen	10,500 mn yen	14,870 mn yen
Difference between A and B ((A-B) / B)	-1.3%	-11.2%	-6.7%	-6.5%
Seller	Third party	Related party	Third party	—
Acquisition source	Support-line	Support-line	Support-line	—
Acquisition date	August 19, 2013	September 13, 2013	August 19, 2013	—
Projected NOI (Note 2)	134 mn yen	113 mn yen	399 mn yen	647 mn yen
NOI yield (Projected NOI / Acquisition price)	6.1%	6.0%	4.1%	4.7%
Appraisal NOI (Note 3)	122 mn yen	119 mn yen	428 mn yen	671 mn yen
Appraisal NOI yield (Appraisal NOI / Acquisition price)	5.6%	6.3%	4.4%	4.8%

Notes:

- Occupancy rate and number of tenants are as of July 31, 2013 which were disclosed at the time of acquisition.
- Projected NOI is an estimate for one year and is exclusive of extraordinary factors of the year of acquisition. Figures are truncated to the nearest million yen. Revenues are based on an expected occupancy rate which is based on the occupancy rate at the time of acquisition and any expected changes in occupancy. Expenses include property management fees, taxes and dues, repairs and maintenance expenses and insurance. Projected NOI yield is rounded to the first decimal place.
- Appraisal NOI is the net operating income (annualized) calculated in the direct capitalization method included in the relevant appraisal report at the time of acquisition. Amounts are truncated to the nearest million yen and appraisal NOI yield is rounded to the first decimal place.

# Properties acquired after public offering

## Properties acquired in connection with public offering



Property name	SIA Takanawadai Building	Ikebukuro 261 Building	DNI Mita Building	Akihabara SF Building	KDX Shinbashi Building (additional portion)	Total (5 properties)
Location	Minato ward, Tokyo	Toshima ward, Tokyo	Minato ward, Tokyo	Chiyoda ward, Tokyo	Minato ward, Tokyo	—
Gross floor area	9,265.03m <sup>2</sup>	3,848.18m <sup>2</sup>	5,007.98m <sup>2</sup>	2,979.14m <sup>2</sup>	3,960.22 m <sup>2</sup> (Note 4)	25,060.55m <sup>2</sup>
Completion date	October, 1985	March, 2009	March, 1993	December, 1973	February, 1992	—
Occupancy rate (at the time of acquisition)(Note 1)	89.5%	100.0%	90.8%	100.0%	100.0% (Note 4)	—
Number of end-tenants (at the time of acquisition)(Note 1)	8	10	10	8	2 (Note 4)	38
Acquisition price (A)	5,250 mn yen	3,900 mn yen	3,180 mn yen	2,600 mn yen	1,038 mn yen	15,968 mn yen
Appraisal value (at the time of acquisition)(B)	5,280 mn yen	4,180 mn yen	3,400 mn yen	2,710 mn yen	1,150 mn yen (Note 5)	16,720 mn yen
Difference between A and B ((A-B) / B)	-0.6%	-6.7%	-6.5%	-4.1%	-9.7%	-4.5%
Seller	Third party	Related party	Related party	Third party	Third party	—
Acquisition source	Asset Manager's proprietary network	Support-line	Exercise of preferential negotiation right	Asset Manager's proprietary network	Asset Manager's proprietary network	—
Acquisition date	November 19, 2013	November 18, 2013	November 18, 2013	November 19, 2013	December 2, 2013	—
Projected NOI (Note 2)	265 mn yen	199 mn yen	165 mn yen	127 mn yen	51 mn yen	809 mn yen
NOI yield (Projected NOI / Acquisition price)	5.0%	5.1%	5.2%	4.9%	5.0%	5.1%
Appraisal NOI (Note 3)	283 mn yen	196 mn yen	173 mn yen	133 mn yen	57 mn yen	845 mn yen
Appraisal NOI yield (Appraisal NOI / Acquisition price)	5.4%	5.0%	5.5%	5.1%	5.6%	5.3%

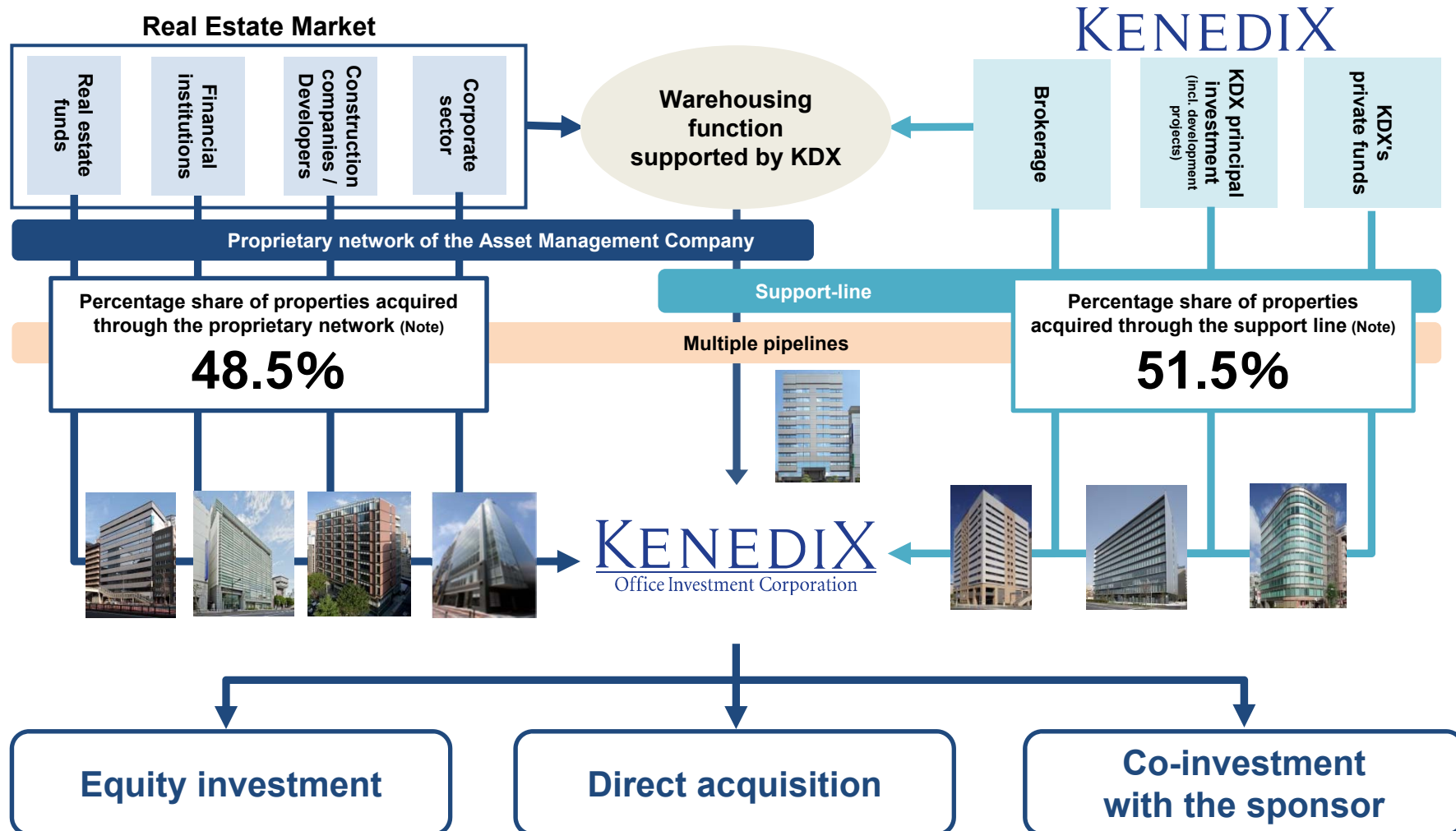
Notes:

- Occupancy rate and number of tenants for KDX Shinbashi Building are as of October 1, 2013 which were disclosed in the press release dated October 8, 2013. Occupancy rate and number of tenants for other 4 buildings are as of July 31, 2013 which were disclosed in the press release dated October 24, 2013.
- Projected NOI is an estimate for one year and is exclusive of extraordinary factors of the year of acquisition. Figures are truncated to the nearest million yen. Revenues are based on an expected occupancy rate which is based on the occupancy rate at the time of acquisition and any expected changes in occupancy. Expenses include property management fees, taxes, repairs and maintenance expenses and insurance. Projected NOI yield is rounded to the first decimal place.
- Appraisal NOI is the net operating income (annualized) calculated in the direct capitalization method included in the relevant appraisal report at the time of acquisition. Amounts are rounded down to the nearest million yen and appraisal NOI yield is rounded to the first decimal place.
- The area is for the entire property. Tenants for the additional portion are the Asset Management Company and Kenedix, Inc, the parent company of the Asset Management Company. Both companies terminated the lease contracts on November 30, 2013. The occupancy rate is 29.4% as of December 1, 2013.
- The trust beneficiary interest purchase and sale agreement with the seller fall under the category of forward commitment by investment corporations as stipulated in the "Annual Supervisory Policies for Financial Instruments Business Operators" determined by the Financial Services Agency of Japan and thus we have obtained the appraisal report as of the end of the 17th period (2013/10). The appraisal value as of the end of 17th period (2013/10) is same as that as of the acquisition date.

# Property sourcing and acquisition methods

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

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



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

## Section 4

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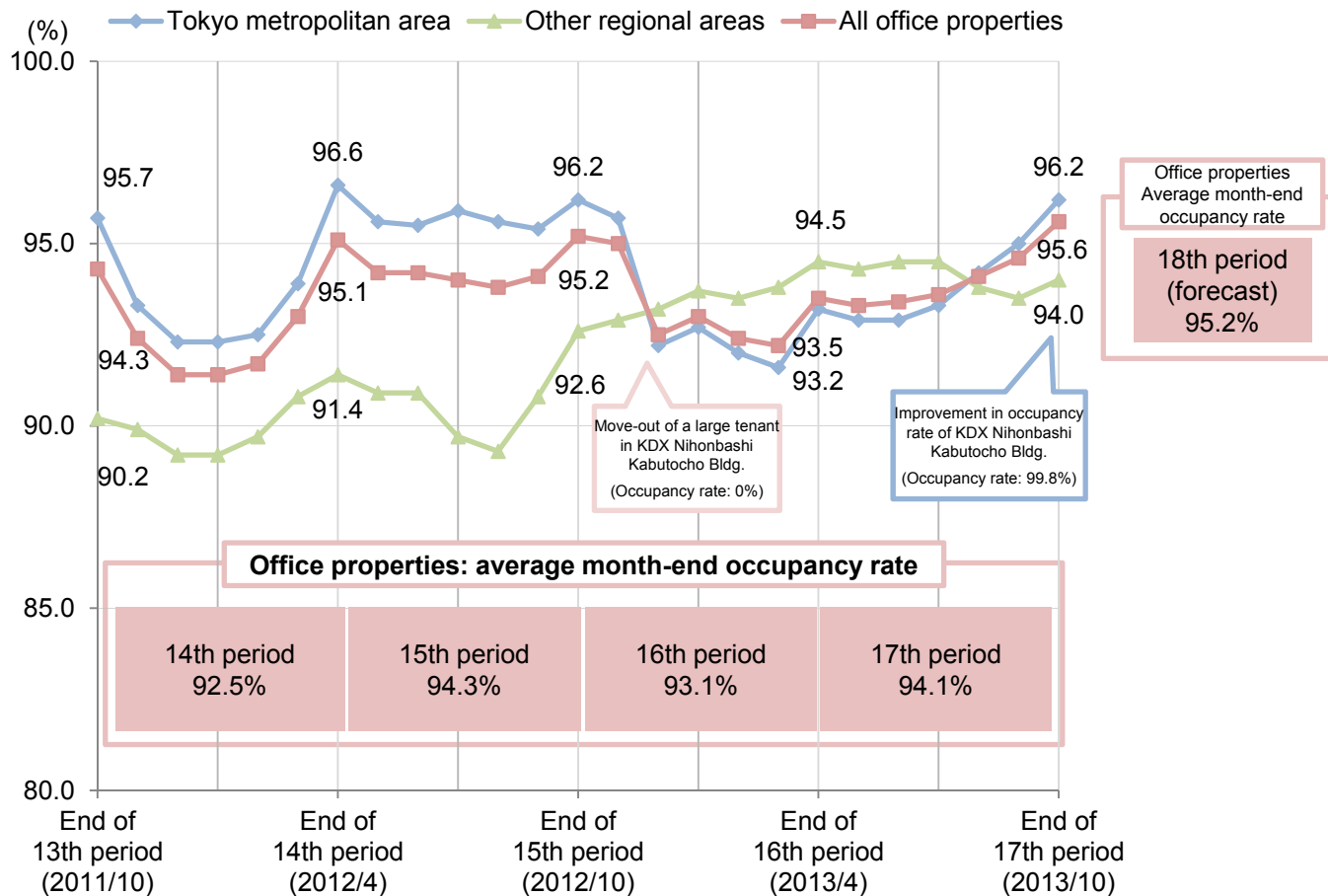
### Internal growth



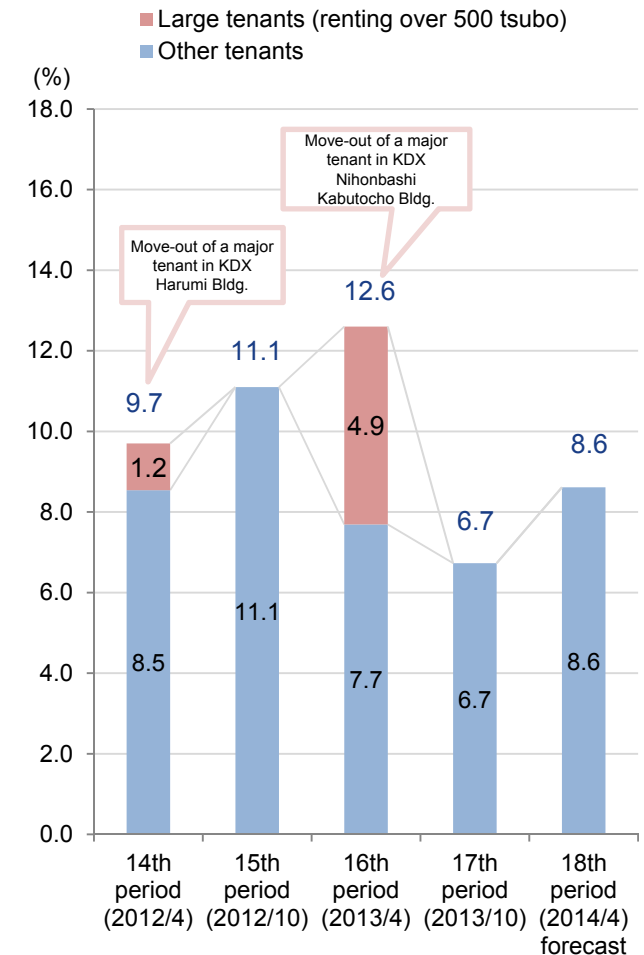
# Occupancy rate / turnover ratio of KDO's office buildings

- Steady performance of occupancy rate - aiming to improve rent conditions hereafter
- Continued downward trend in turnover ratio calming down for tenants excluding large tenants

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



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



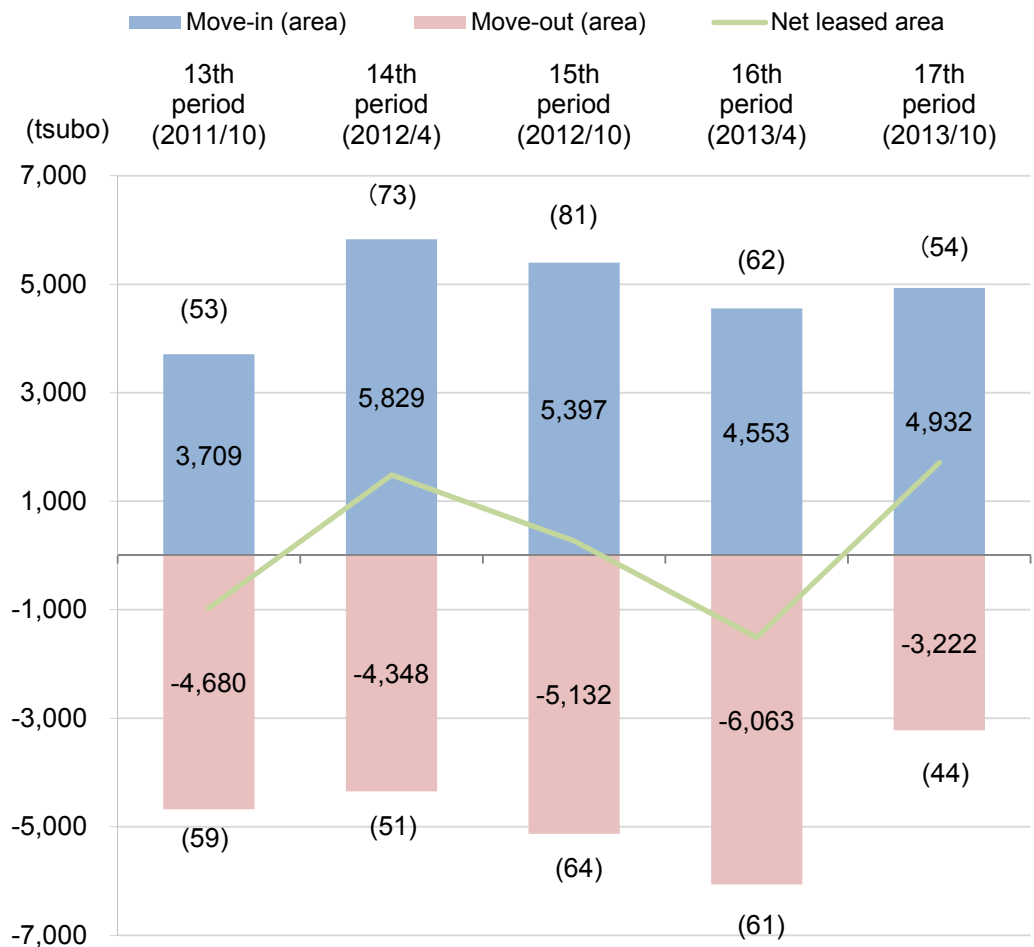
**Notes:**

1. Occupancy rate is calculated by dividing leased area by leasable area and is rounded to the first decimal place. Average month-end occupancy rate of office properties is a simple average of monthly-end occupancy rates for each period. The forecast occupancy rate for the 18th period (2014/4) is calculated based on the Asset Management Company's earnings forecast for the 18th period.
2. Annualized turnover ratio is calculated and annualized as follows: (total leasable area of the end-tenants who cancelled the lease agreement during the six-month period from the beginning to the end of each period) / (Average leasable area of all office buildings owned by KDO as of each month-end during the relevant period) x 2. Figure are rounded to the first decimal place.
3. The estimate for the 18th period (2014/4) is based on the cancellation notice received prior to the end of 17th period (2013/10). The turnover ratio is divided into two categories based on whether leased area of relevant tenants is above or less than 500 tsubo for each property.

# Tenant turnover trend for KDO's office buildings

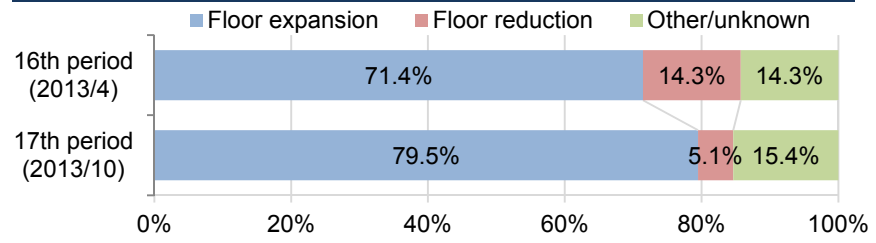
- "Move-in" exceeds "move-out" in terms of both number and area for the 17th period (2013/10)
- Average move-in/move-out area is approximately 100 tsubo; tenant movement observed among mid-sized office buildings

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



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

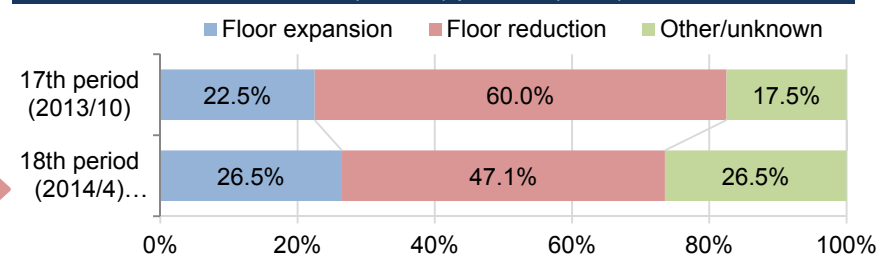
Reasons for move-in for the 17th period (2013/10) (Note)



Average contracted floor area for incoming tenants (tsubo)

	16th period (2013/04)	17th period (2013/10)
Floor expansion	85.4	94.7
Floor reduction	70.7	85.6

Reasons for move-out for the 17th (2013/10) and 18th (2014/4) periods (Note)



Average cancelled floor area for exiting tenants (tsubo)

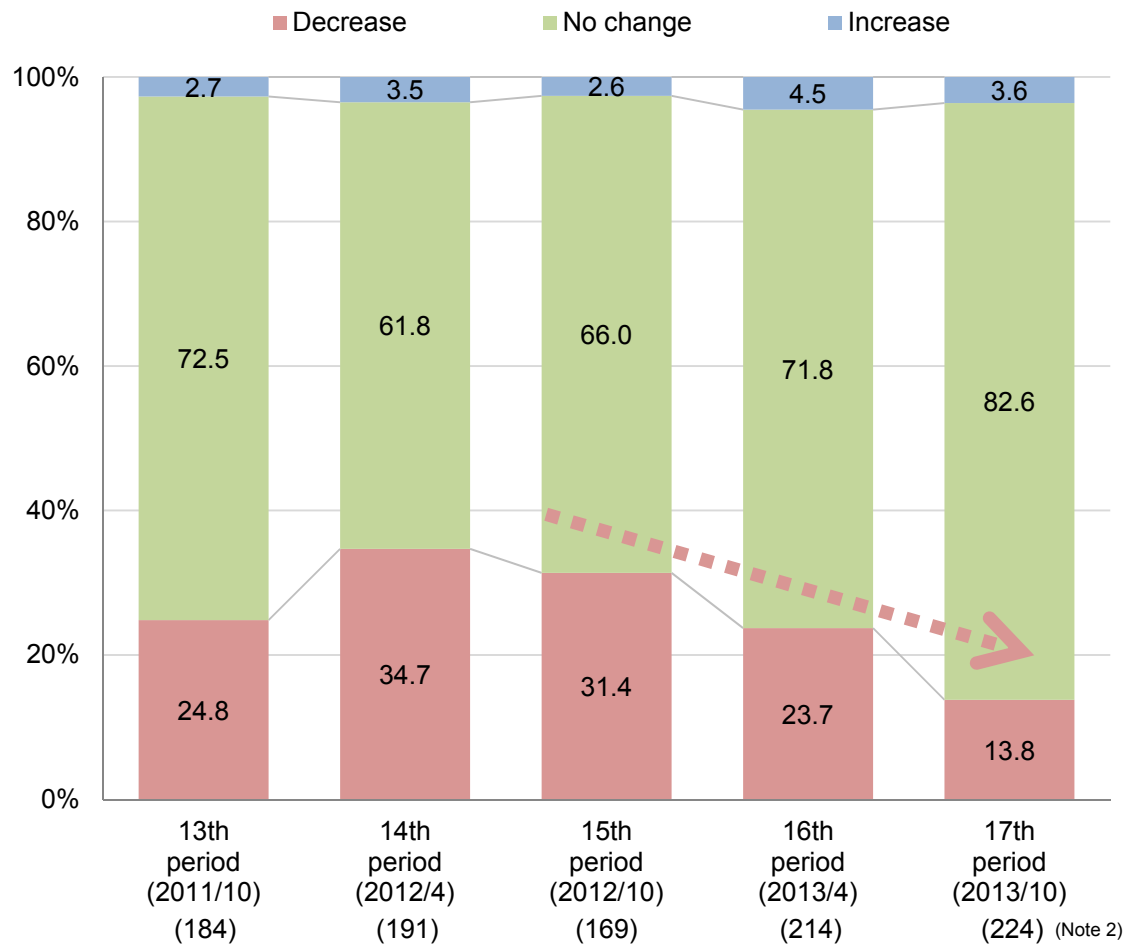
	17th period (2013/10)	18th period (2014/4) forecast
Floor expansion	78.6	99.5
Floor reduction	82.4	110.1

Note: The above data is based on a survey by the Asset Management company with regard to reasons of office relocation for relevant tenants. We classify responses of the survey into three categories; "Expansion", "Reduction" and "Other/unknown". For move-in, the figures are based on the number of tenants on office floors on the 2nd floor or above. For move-out, figures are based on the number of tenants on all floors except for residential units. 18

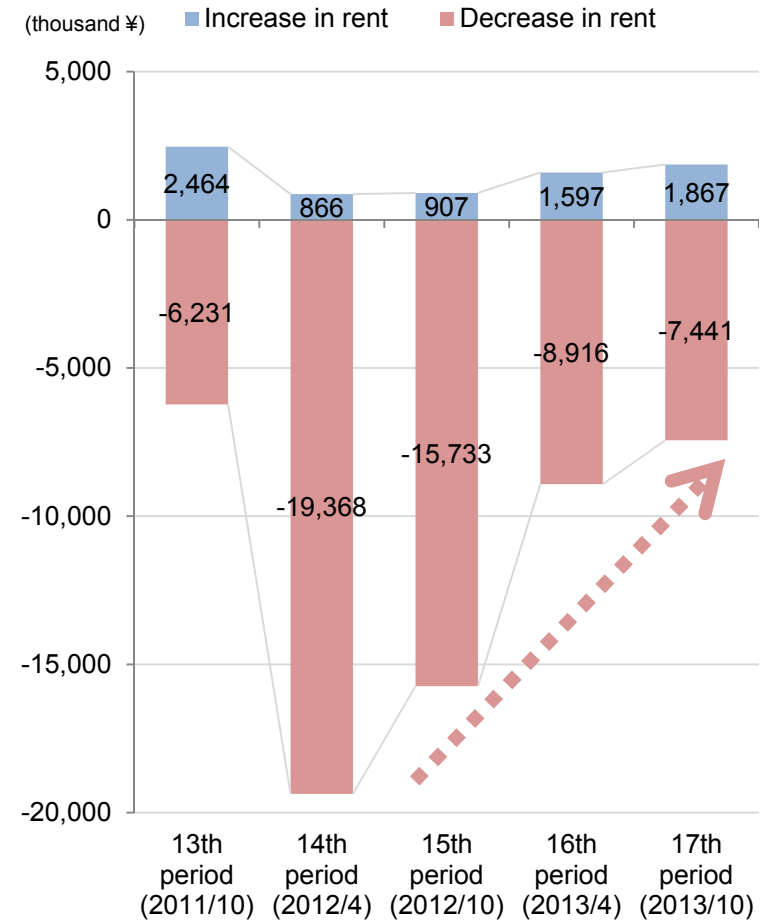
# Renewed rent level of KDO's office buildings

- For status of rent revision; reducing in "Decrease" and increasing in "No change"
- Continued contraction trend for the amount of decrease in rent; amount of increase in rent improving

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



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



Notes:

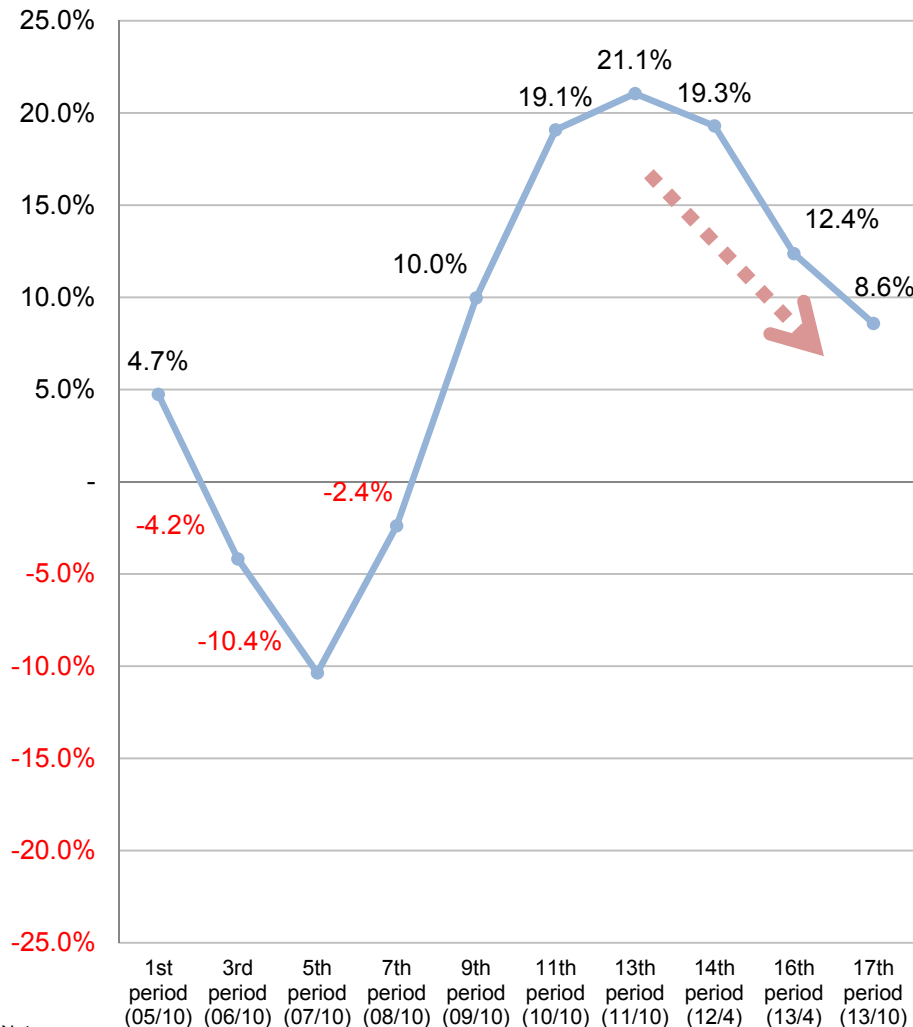
1. Above figures are for any renewed or revised contracts during relevant periods and such contracts are summarized by the status of rent revision (increase / decrease / no change). The percentages are based on leased floor area and are rounded to the first decimal place.
2. Figures indicate number of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

Note: The above figures are the monthly rent level difference before and after the rent revision and are calculated separately for each tenant. Numbers are rounded to the nearest ¥1,000

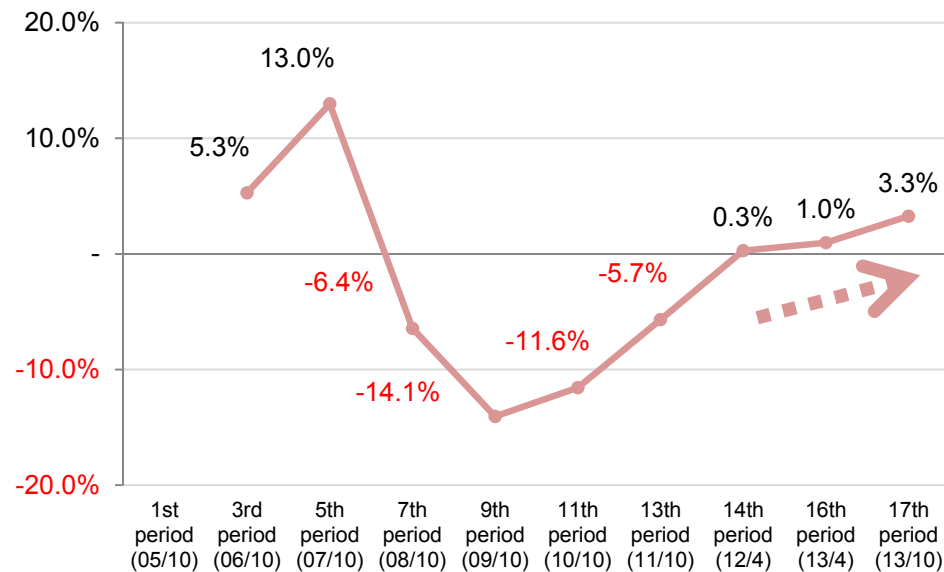
# Rent gap of KDO's office properties

- Rent gap shrinking from a peak of 21.1% to 8.6%
- Increase in average market rent by 3.3% (period-over-period)

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



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



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

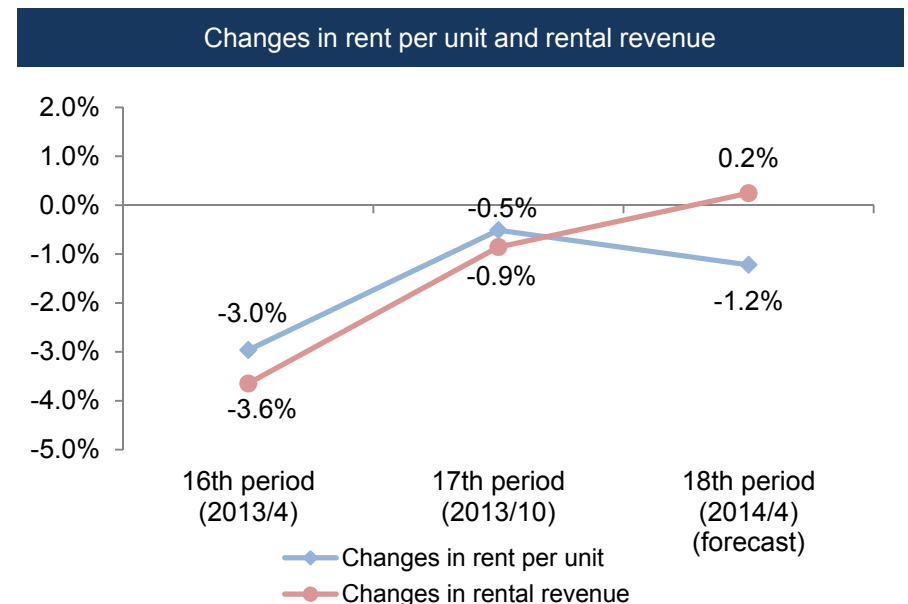
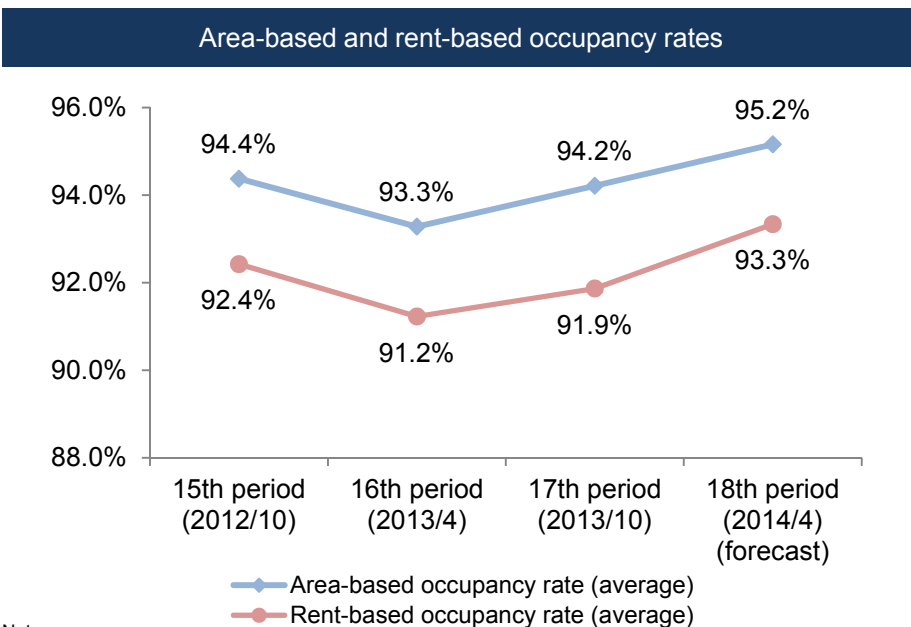
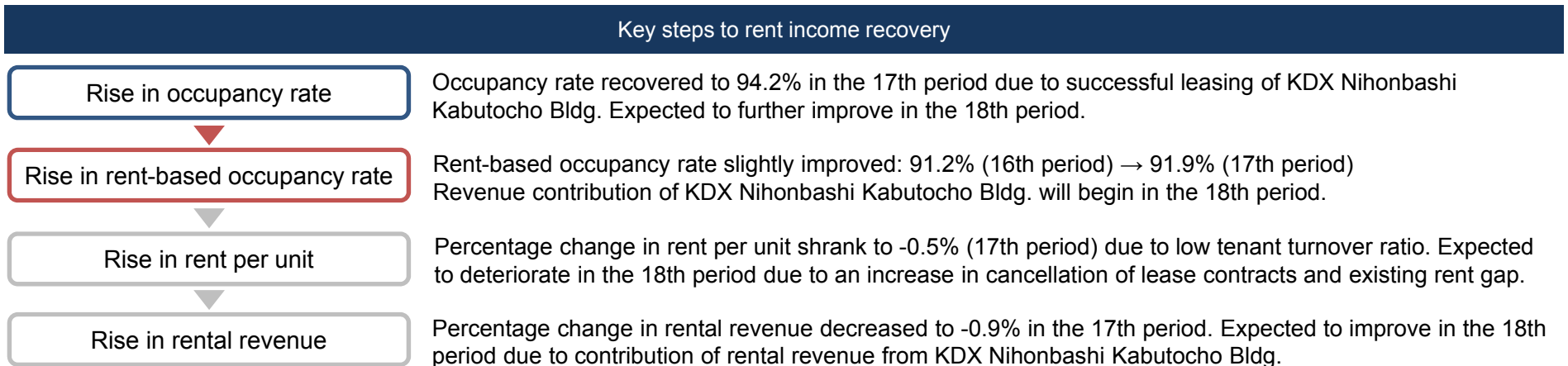
Data point	14th period (2012/4)	16th period (2013/4)	17th period (2013/10)
# of subject properties	76	77	79
Increase	—	13	23
No change	57	61	54
Decrease	19	3	2

Notes:

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

# Key steps to rental revenue recovery for KDO's properties KENEDIX Office Investment Corporation

- Area-based and rent-based occupancy rates bottomed out in the 16th period (2013/4) and will improve in the 17th period (2013/10) and thereafter
- Extent of decrease in percentage change in rent per unit shrank in the 17th period



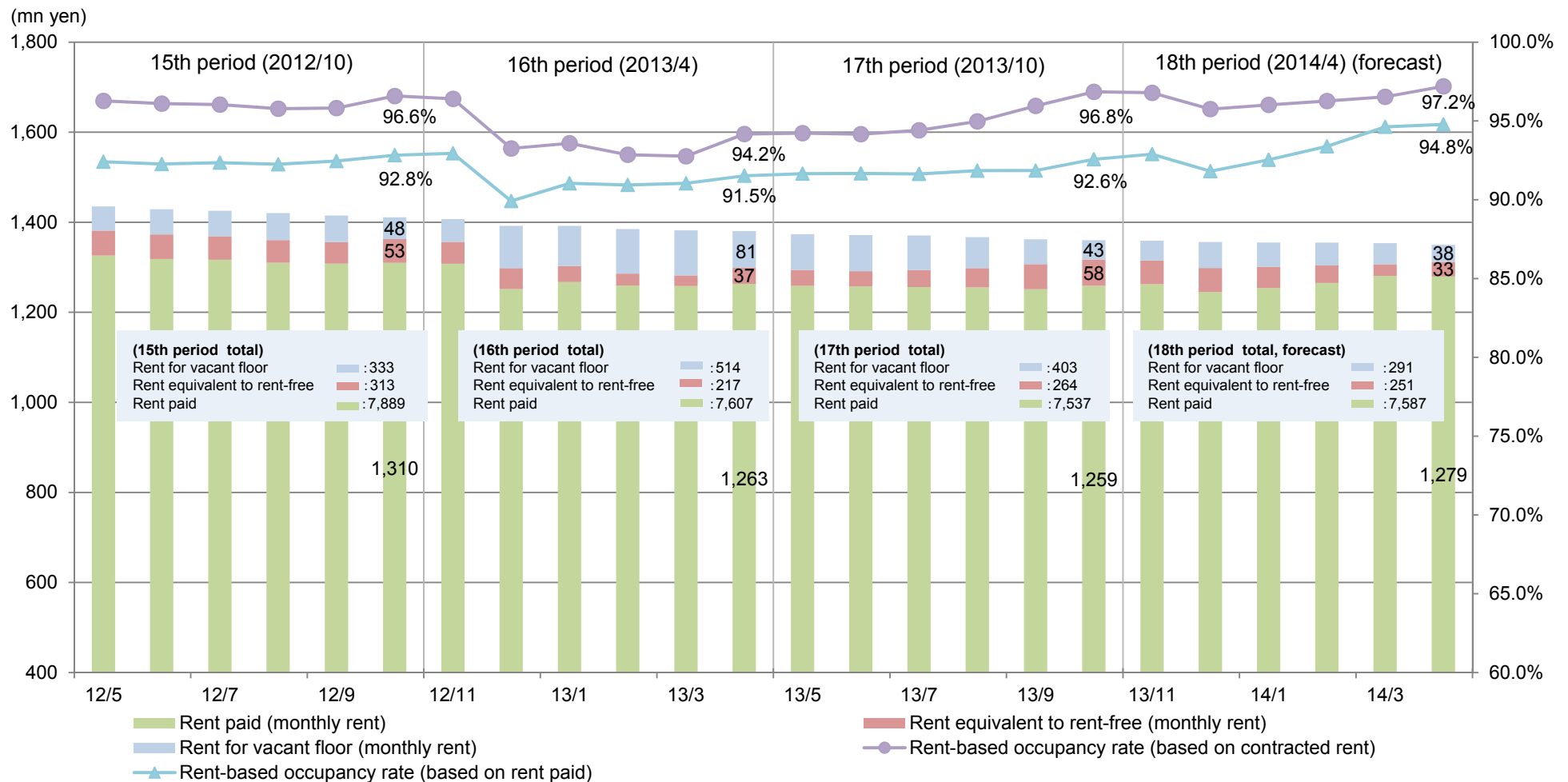
**Notes:**

1. Based on 78 properties that KDO owned from the beginning of the 15th period (2012/10), excluding properties sold. Rental revenue includes common area charges.
2. Rent-based occupancy rate is a monthly average of rents paid (contracted rents minus rents equivalent to rent free period) divided by total potential rent (contracted rent plus minimum rent expected for vacant floor).
3. Percentage change in rent per unit is calculated by taking the change in rent from the end of the previous fiscal period to the current fiscal period.

# Rents and rent-based occupancy rates for KDO's properties

- Area-based occupancy rate recovered in the 17th period (2013/10) after a large leasing contract cancellation of (KDX Nihonbashi Kabutocho Bldg.)
- Total monthly rent expected to improve in the 18th period (2014/4), period-over-period, due to improvement in rent-based occupancy rate

Trends in rent and rent-based occupancy rate



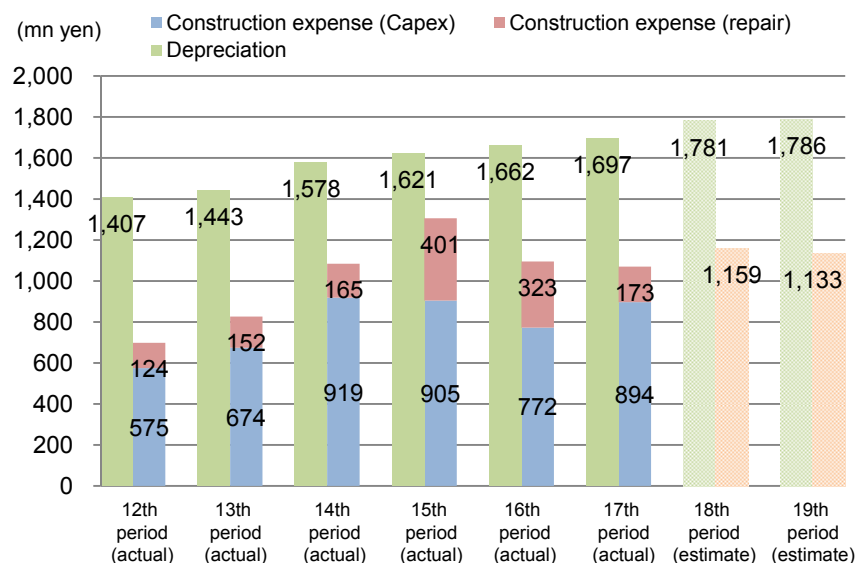
Notes:

1. The above figures reflect the 78 properties (excluding the properties sold) held at the beginning of the 15th period (2012/10). The rents include common area charges.
2. The rent-based occupancy rates are calculated by dividing the contract rent or the rent paid (the contract rent – the portion of rent that is not paid due to the rent-free period) by the total potential rent (the contracted rent + the minimum rent expected for new tenants to move in).

# Measures for maintaining / improving quality of properties KENEDIX Office Investment Corporation

- Strengthening competitiveness by implementing aggressive measures for maintaining and improving quality of properties
- Maintaining quality of maintenance and reducing maintenance cost by standardizing building maintenance standard

Changes in depreciation and construction expense (actual/estimate)



Major repair/renovation works during 18th (2014/04) and 19th (2014/10) periods (Note)

Items	18th period		19th period	
	Estimated expense (million yen)	Percentage of total expenses (%)	Estimated expense (million yen)	Percentage of total expenses (%)
Maintenance works	506	43.7	466	27.1
Renewal of air conditioning	486	41.9	174	15.4
Other works	20	1.8	292	11.7
Value-upgrading works	191	16.5	0	0
Works described in ER	97	8.4	234	20.6
Energy saving works	0	0	100	8.8
<b>Total (18th period)</b>	<b>1,159</b>	<b>65.1</b>	<b>1,133</b>	<b>63.5</b>

Note: Estimated expense is an approximate estimate as of the date in which repair schedule is prepared. Minor repair works are not included above.

## Review of standard for building maintenance and reduction in maintenance costs

- Undertook review of specification for building maintenance for 64 properties in our portfolio and standardized the standard which were varied property to property in order to manage quality of maintenance at a constant level
- Reduction in maintenance costs by 340 million yen as a result of the review

- Subject properties

**64 properties**  
83% of office buildings in the portfolio as of the date of the review (Note 1)

- Major items under review

Specification for cleaning of common areas  
Specification for equipment inspection

- Change in maintenance costs

**-34 mn yen/year**  
**(-4.6%)**(Note 2)

Notes:

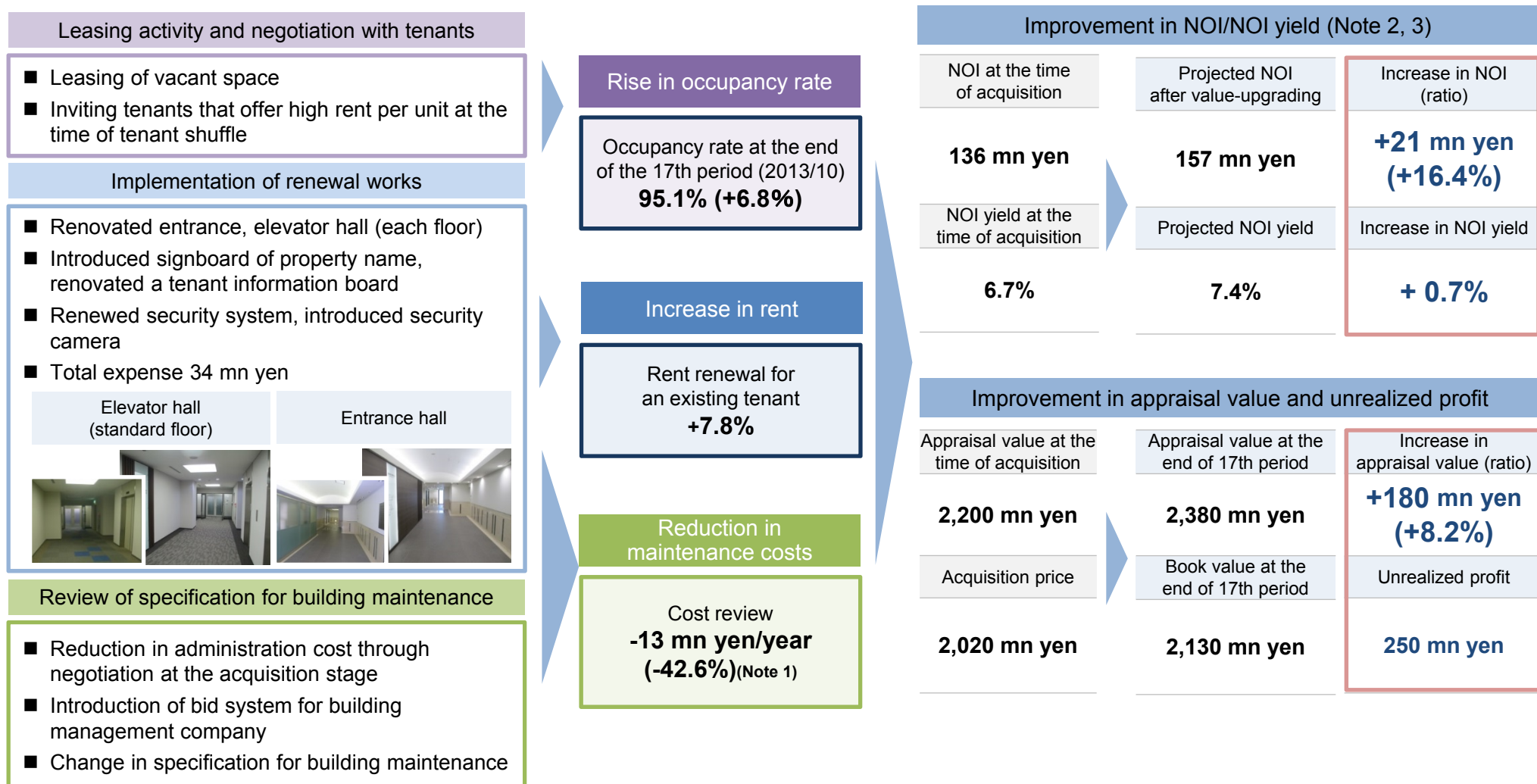
1. Calculated based on the office buildings in our portfolio as of the date in which we began review of specification for property maintenance.

2. Calculated by comparing annualized monthly contract amounts before and after the review for subject properties. No assurances are given with respect to future cash flow. Figures are truncated to the nearest million yen.

# Measures for maintaining / improving quality of properties (KDX Omiya Bldg. case)

- Achieved value-upgrading of the property by taking multi-dimensional approach over short period after acquisition

Effects of value-upgrading measures for KDX Omiya Bldg. (acquired on March 26, 2013)



Notes:

- Total amount of reduction in maintenance cost and of increase in rent are estimates that take into account changes in contract amount (annualized) based on contracts as of November 30, 2013. No assurance is given with respect to future maintenance costs and rent. Of the 13 million yen reduction in administration cost, 8.5 million yen comes from the introduction of fully automated operation.
- NOI and NOI yield as of the acquisition date are calculated based on annualized operating income and operating expense as of March 26, 2013. NOI and NOI yield after value-upgrading are estimates calculated using annualized operating income and operating expense based on contracts as of November 30, 2013. No assurance is given with respect to future NOI and NOI yield.
- NOI is truncated to the nearest million. NOI yield is rounded down to the first decimal place.



# End tenants for KDO's office buildings

- Largest end-tenant occupies 2.2% of total leased floor area
- Top 10 end-tenants occupy 10.7% of total leased floor area

List of top end tenants (as of the end of 17th period (2013/10))

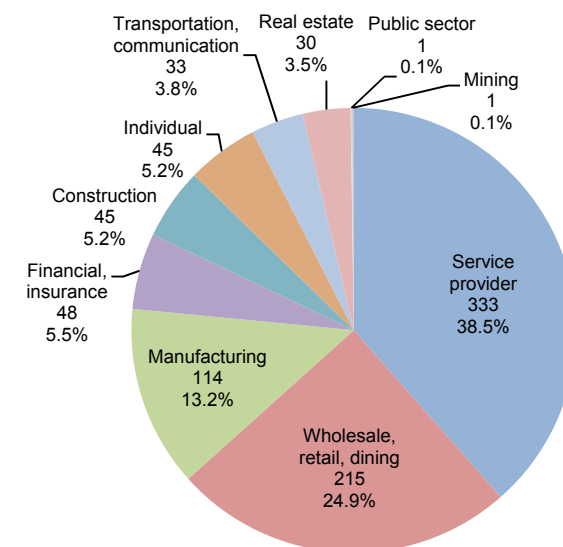
	Tenant name	Leased floor area (tsubo)	Percentage share of leased floor area (Note 1)	Properties occupied
1	SMBC Nikko Securities (financial services)	2,333.6	2.2	•Kabutocho Nikko Bldg II •Tachikawa Ekimae Bldg •KDX Nagoya Ekimae Bldg •Nagoya Nikko Shoken Bldg •Sendai Nikko Bldg
2	Tenant A (service provider)	1,550.3	1.5	•KDX Kawasaki Ekimae Honcho Bldg
3	Bank of Tokyo Mitsubishi UFJ (financial services)	1,188.1	1.1	•Harajuku FF Bldg •Toranomom Toyo Bldg
4	Kenedix (real estate)	1,144.1	1.1 (Note 2)	•KDX Shinbashi Bldg •KDX Nihonbashi Kabutocho Bldg
5	Medical Corporation DOYUKAI (service provider)	1,022.4	1.0	•Koishikawa TG Bldg
6	Tenant B (wholesales, retail, and dining)	863.7	0.8	•Harajuku FF Bldg
7	Tenant C (manufacturing)	816.6	0.8	•KDX Hatchobori Bldg •KDX Kobayashi-Doshomachi Bldg
8	Tenant D (financial services)	781.8	0.8	•KDX Harumi Bldg
9	Kodak Japan (wholesales, retail, and dining)	755.4	0.7	•KDX Ochanomizu Bldg
10	Tenant E (manufacturing)	685.2	0.7	•KDX Nihonbashi 313 Bldg
	<b>Total</b>	<b>11,141.3</b>	<b>10.7</b>	

Average rent by area as of the end of the 17th period (2013/10)

	# of Properties	Average rent (yen/tsubo) (Note 1)	Percentage change (period-over-period)
Tokyo metropolitan area	64	15,100	-1.4%
Japan	79	14,300	-1.0%

Note: Average rent is a weighted average by area and is truncated to the nearest ¥100.

Tenant diversification (based on # of tenants)



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

Notes

1. Based on leased floor area of each tenant against total portfolio leased floor area as of the end of the 17th period (2013/10). Numbers are rounded to the first decimal place.
2. Percentage shares of leased floor area for KDX Shinbashi Bldg. and KDX Nihonbashi Kabutocho Bldg. are 0.3% and 0.8% respectively. On November 31, 2013, Kenedix cancelled the lease contract for KDX Shinbashi Bldg.

## Section 5

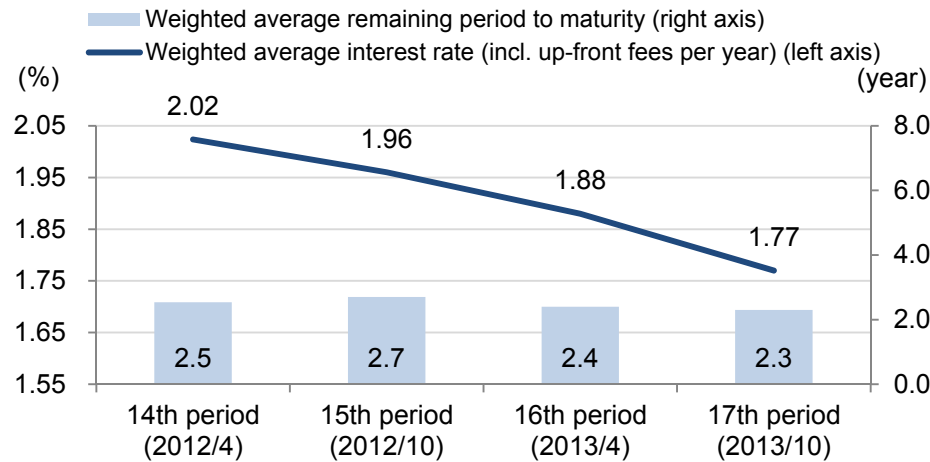
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### Financial strategy

# Interest rate of debt and diversification of maturity dates

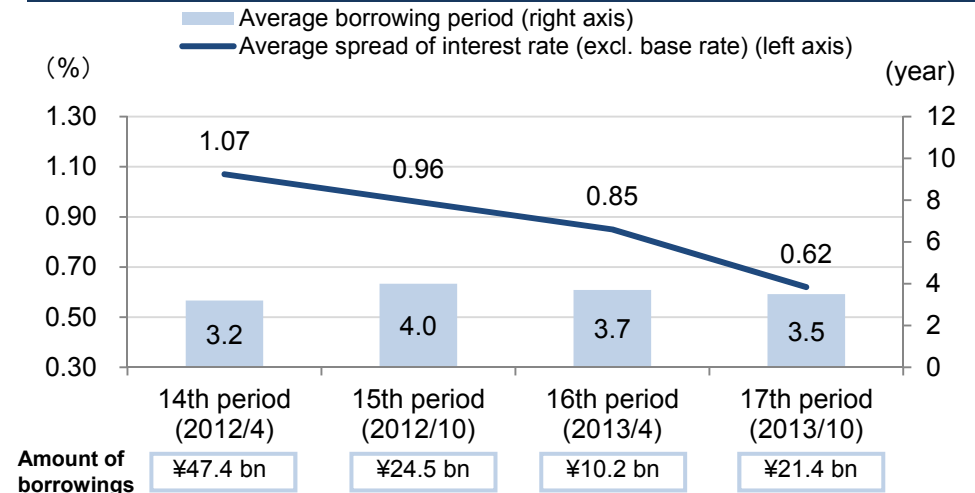
- Steadily reducing financing costs
- Maintaining stable financial base with longer maturity dates and fixed interest rate

Changes in average remaining period to maturity / interest rate



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

Changes in average borrowing period / spread of interest rate

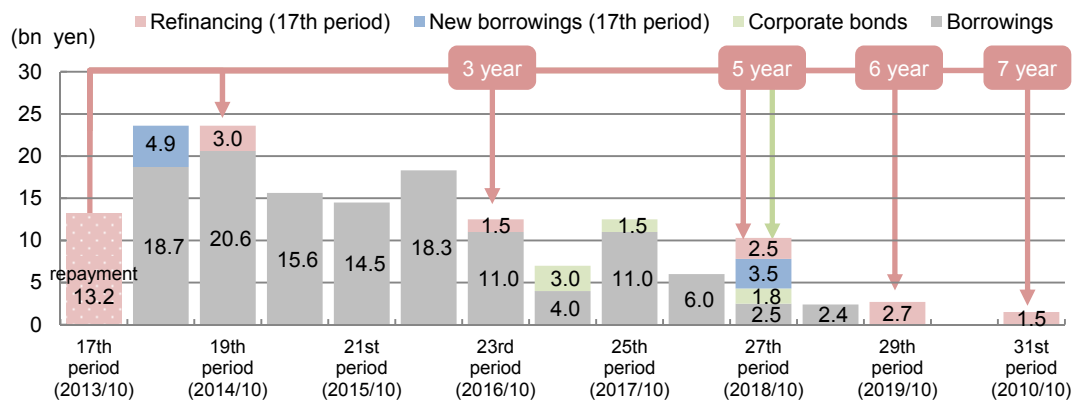


Amount of borrowings

Notes:

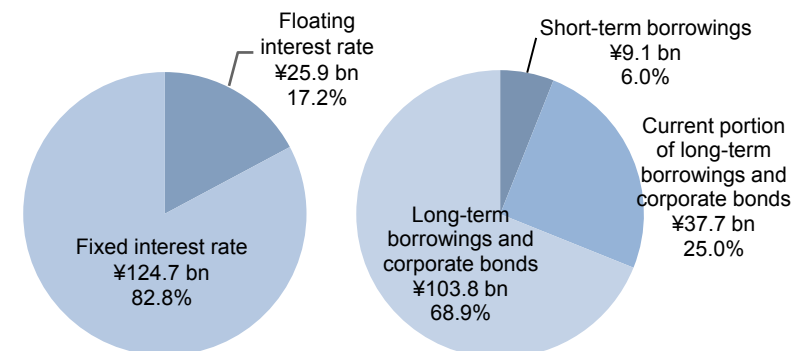
1. Average borrowing term is a weighted average based on amount of borrowings (rounded to the first decimal place).
2. Average interest rate is weighted by amount of new borrowings and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place).
3. Borrowings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

Diversification of debt maturities as of the end of the 17th period (2013/10)



Note: The chart illustrates total debt amounts that mature in each period, including repayment of a part of principle based on contract (rounded to the first decimal place).

Fixing interest rates and extending terms of debt as of the end of the 17th period (2013/10) (Note)

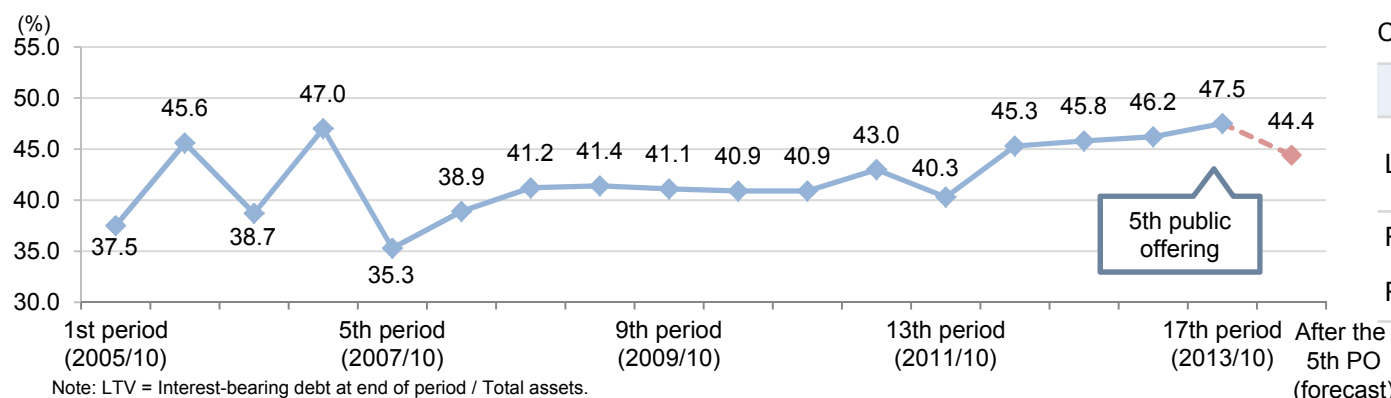


Note: Fixed rate includes borrowings that are fixed through interest rate swap but excludes those that are hedged by interest rate cap (numbers are rounded to the first decimal place).

# LTV and lenders

- LTV lowered to 44.4% due to public offering – continue to operate LTV at upper limit of in the high 40%
- Further expanded our lender formation from 10 to 14 financial institutions

LTV performance



Status of credit ratings

Credit rating agency: Japan Credit Rating Agency (JCR)

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

List of financial institutions based on outstanding borrowings as of the end of the 17th period (2013/10)

	Name	Outstanding borrowings (mn yen)	Ratio (%) (Note)
1	Sumitomo Mitsui Banking	36,898	25.6
2	Development Bank of Japan	24,160	16.7
3	Aozora Bank	21,350	14.8
4	Sumitomo Mitsui Trust Bank	17,650	12.2
5	The Bank of Tokyo-Mitsubishi UFJ	17,200	11.9
6	Mitsubishi UFJ Trust & Banking	9,200	6.4
7	Resona Bank	8,300	5.8
8	Mizuho Bank	3,000	2.1
9	Mizuho Trust & Banking	3,000	2.1
10	The Bank of Fukuoka	1,500	1.0
11	The Nishi-Nippon City Bank	700	0.5
12	The Hiroshima Bank	500	0.3
13	The 77 Bank	500	0.3
14	The Higashi-Nippon Bank	300	0.2
Total borrowings		144,258	100.0
Corporate bonds		6,300	-
Total interest bearing debt		150,558	-

17th period (2013/10)  
4 newly added banks

List of corporate bonds

	Amount (mn yen)	Maturity (year)	Issue date	Redemption date
Second Series Corporate Bonds	3,000	10	2007/3/15	2017/3/15
Fourth Series Corporate Bonds	1,500	5.5	2012/3/8	2017/9/8
Fifth Series Corporate Bonds Issued in 17th period (2013/10)	1,800	5	2013/9/12	2018/9/12
Total	6,300	-		

Note: Ratio is rounded to first decimal place.

## Appendices

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# Portfolio overview 1 (as of the end of the 17th period (2013/10))

## Office Buildings (79 properties)

Type	Area	No.	Name	Location	Acquisition price	Year built	17th period	Type	Area	No.	Name	Location	Acquisition price	Year built	17th period
					(¥ mn) (Note 1)	(Note 2)	occupancy rate (%) (Note 3)						(¥ mn) (Note 1)	(Note 2)	occupancy rate (%) (Note 3)
Office Buildings	Tokyo Metropolitan Area	A-1	KDX Nihonbashi 313 Building	Chuo-ward, Tokyo	5,940	1974/4	100.0	Office Buildings	Tokyo Metropolitan Area	A-46	Hiei Kudan-Kita Building	Chiyoda-ward, Tokyo	7600	1988/3	100.0
		A-3	Higashi-Kayabacho Yuraku Building	Chuo-ward, Tokyo	4,450	1987/1	100.0			A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5800	1988/3	99.2
		A-4	KDX Hatchobori Building	Chuo-ward, Tokyo	3,680	1993/6	100.0			A-48	KDX Kawasaki-Ekimaie Hon-cho Building	Kawasaki, Kanagawa	3760	1985/2	100.0
		A-5	KDX Nakano-Sakaue Building	Nakano-ward, Tokyo	2,533	1992/8	100.0			A-49	Nissou Dai-17 Building	Yokohama, Kanagawa	2710	1991/7	81.7
		A-6	Harajuku F.F. Building	Shibuya-ward, Tokyo	2,450	1985/11	100.0			A-50	KDX Ikejiri-Oohashi Building	Meguro-ward, Tokyo	2400	1988/9	91.3
		A-7	FIK Minami Aoyama	Minato-ward, Tokyo	2,270	1988/11	100.0			A-51	KDX Hamacho Nakanohashi Building	Chuo-ward, Tokyo	2310	1988/9	100.0
		A-8	Kanda Kihara Building	Chiyoda-ward, Tokyo	1,950	1993/5	76.2			A-52	KDX Kanda Misaki-cho Building	Chiyoda-ward, Tokyo	1380	1992/10	73.7
		A-13	KDX Kojimachi Building	Chiyoda-ward, Tokyo	5,950	1994/5	100.0			A-55	Shin-toshin Maruzen Building	Shinjuku-ward, Tokyo	2110	1990/7	100.0
		A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	100.0			A-56	KDX Jimbocho Building	Chiyoda-ward, Tokyo	2760	1994/5	100.0
		A-15	KDX Hamacho Building	Chuo-ward, Tokyo	2,300	1993/9	88.7			A-57	KDX Gobancho Building	Chiyoda-ward, Tokyo	1951	2000/8	100.0
		A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	91.1			A-59	KDX Iwamoto-cho Building	Chiyoda-ward, Tokyo	1864	2008/3	100.0
		A-17	KDX Ebisu Building	Shibuya-ward, Tokyo	4,640	1992/1	83.4			A-60	KDX Harumi Building	Chuo-ward, Tokyo	10250	2008/2	71.2
		A-19	KDX Hamamatsucho Building	Minato-ward, Tokyo	3,460	1999/9	100.0			A-61	KDX Hamamatsucho Dai-2 Building	Minato-ward, Tokyo	2200	1992/4	87.5
		A-20	KDX Kayabacho Building	Chuo-ward, Tokyo	2,780	1987/10	100.0			A-62	Koishikawa TG Building	Bunkyo-ward, Tokyo	3080	1989/11	100.0
		A-21	KDX Shinbashi Building	Minato-ward, Tokyo	2,690	1992/2	100.0			A-63	Gotanda TG Building	Shinagawa-ward, Tokyo	2620	1988/4	100.0
		A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	92.9			A-64	KDX Nihonbashi 216 Building	Chuo-ward, Tokyo	2010	2006/10	100.0
		A-26	KDX Kiba Building	Koto-ward, Tokyo	1,580	1992/10	100.0			A-66	KDX Shinjuku Building	Shinjuku-ward, Tokyo	6800	1993/5	88.3
		A-27	KDX Kajicho Building	Chiyoda-ward, Tokyo	2,350	1990/3	100.0			A-67	KDX Ginza 1 chome Building	Chuo-ward, Tokyo	4300	1991/11	100.0
		A-28	KDX Nogizaka Building	Minato-ward, Tokyo	1,065	1991/5	100.0			A-68	KDX Nihonbashi Honcho Building	Chuo-ward, Tokyo	4000	1984/1	100.0
		A-29	KDX Higashi-Shinjuku Building	Shinjuku-ward, Tokyo	2,950	1990/1	100.0			A-71	KDX Iidabashi Building	Shinjuku-ward, Tokyo	4670	1990/3	100.0
		A-30	KDX Nishi-Gotanda Building	Shinagawa-ward, Tokyo	4,200	1992/11	100.0			A-72	KDX Higashi-Shinagawa Building	Shinagawa-ward, Tokyo	4590	1993/1	100.0
		A-31	KDX Monzen-Nakacho Building	Koto-ward, Tokyo	1,400	1986/9	100.0			A-73	KDX Hakozaki Building	Chuo-ward, Tokyo	2710	1993/11	100.0
		A-32	KDX Shiba-Daimon Building	Minato-ward, Tokyo	6,090	1986/7	92.9			A-74	KDX Shin-Nihonbashi Building	Chuo-ward, Tokyo	2300	2002/11	100.0
		A-33	KDX Okachimachi Building	Taito-ward, Tokyo	2,000	1988/6	100.0			A-75	KDX Nihonbashi Kabutocho Building	Chuo-ward, Tokyo	11270	1998/11	99.8
		A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	1995/5	89.0			A-77	Kabutocho Nikko Building II	Chuo-ward, Tokyo	1280	2001/10	100.0
		A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	1985/12	100.0			A-78	Tachikawa Ekimaie Building	Tachikawa, Tokyo	1267	1990/2	100.0
		A-37	KDX Ochanomizu Building	Chiyoda-ward, Tokyo	6,400	1982/8	100.0			A-83	Fuchu South Building	Fuchu, Tokyo	6120	1996/3	97.2
		A-38	KDX Nishi-Shinjuku Building	Shinjuku-ward, Tokyo	1,500	1992/10	100.0			A-84	KDX Kasuga Building	Bunkyo-ward, Tokyo	2800	1992/6	92.4
		A-39	KDX Toranomon Building	Minato-ward, Tokyo	4,400	1988/4	100.0			A-85	KDX Nakameguro Building	Meguro-ward, Tokyo	1880	1985/10	100.0
		A-40	Toranomon Toyo Building	Minato-ward, Tokyo	9,850	1962/8	96.9			A-86	KDX Oriya Building	Saitama, Saitama	2020	1993/4	95.1
		A-41	KDX Shinjuku 286 Building	Shinjuku-ward, Tokyo	2,300	1989/8	100.0			A-87	Itopia Nihonbashi SA Building	Chuo-ward, Tokyo	2200	1995/7	100.0
		A-45	KDX Roppongi 228 Building	Minato-ward, Tokyo	3,300	1989/4	63.1			A-88	Welship Higashi-Shinjuku	Shinjuku-ward, Tokyo	1900	1990/3	100.0

Notes:

1. Acquisition price is the purchase price of the trust beneficiary interest etc. acquired by KDO.
2. Year built shows the completion date recorded in land register. The average value shown in subtotal section is a weighted average number calculated based on acquisition prices with a base date of October 31, 2013, and is truncated to the first decimal place.
3. Occupancy rate is calculated by dividing leased area as of October 31, 2013 by leasable area and is rounded to the first decimal place.

# Portfolio overview 2 (as of the end of the 17th period (2013/10))

## Office Buildings (79 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	17th period occupancy rate (%) (Note 3)
Office Buildings	Other Regional Areas	A-12	Portus Center Building	Sakai, Osaka	5,570	1993/9	95.8
		A-24	KDX Minami Sembai Dai-1 Building	Osaka, Osaka	1,610	1993/3	90.4
		A-25	KDX Minami Sembai Dai-2 Building	Osaka, Osaka	1,560	1993/9	82.2
		A-36	KDX Niigata Building	Niigata, Niigata	1,305	1983/7	63.7
		A-42	Karasuma Building	Kyoto, Kyoto	5,400	1982/10	94.3
		A-44	KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	91.5
		A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	93.9
		A-54	KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	92.8
		A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	2009/4	100.0
		A-69	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	2009/7	100.0
		A-70	Kitananajo SIA Building	Sapporo, Hokkaido	2,005	1989/10	89.8
		A-79	KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	1986/4	100.0
		A-80	Nagoya Nikko Shoken Building	Nagoya, Aichi	4,158	1974/8	98.0
		A-81	Sendai Nikko Building	Sendai, Miyagi	950	1989/3	87.7
		A-82	KDX Higashi Umeda Building	Osaka, Osaka	2,770	2009/7	100.0
Office Buildings (79 properties) Subtotal					274,218	Ave. 23.2 yrs	95.6

## Total (85 properties, excluding investment securities)

Portfolio (85 properties) Total	304,800	Ave. 21.8 yrs	95.8
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Note: The total number of end tenants for 79 office buildings is 899 (865 if tenants are aggregated based on their names).

## Investment Securities (2 properties)

Type	Name	Location	Acquisition price (¥ mn)	Year built
Investment Securities	Senri Property TMK Preferred Securities	Toyonaka, Osaka	891	1992/6
	TK equity interest of G.K. KRF 31 (Note 4)	Minato-ward, Tokyo	200	1993/3
Investment Securities (2) Total			1,091	

## Property Sold (1 property)

Type	Area	No.	Name	Location	Acquisition price (¥ mn)	Sale price (¥ mn)
Office Buildings	Tokyo Metropolitan Area	A-76	Ikebukuro Nikko Building	Toshima-ward, Tokyo	1,653	1,970

Notes:

1. Acquisition price is the purchase price of the trust beneficiary interest etc. acquired by KDO.
2. Year built shows the completion date recorded in land register book. The average value shown in subtotal section is a weighted average number calculated based on acquisition prices with a base date of October 31, 2013, and is truncated to the first decimal place.
3. Occupancy rate is calculated by dividing leased area as of October 31, 2013 by leasable area and is rounded to the first decimal place.
4. KDO acquired DNI Mita Building on November 18, 2013 and is scheduled to receive a refund for the TK equity investment in the 18th period (2014/4).

## Central Urban Retail Properties (3 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	17th period occupancy rate (%) (Note 3)
Central Urban Retail Properties	Tokyo Metropolitan Area	C-1	Frame Jinnan-zaka	Shibuya-ward, Tokyo	9,900	2005/3	100.0
		C-2	KDX Yoyogi Building	Shibuya-ward, Tokyo	2,479	1991/8	100.0
		C-4	Ginza 4chome Tower	Chuo-ward, Tokyo	9,800	2008/11	100.0
Central Urban Retail Properties (3 properties) Subtotal					22,179	Ave. 8.4 yrs	100.0

## Residential Properties (3 properties)

Type	Area	No.	Name	Location	Acquisition price (¥ mn) (Note 1)	Year built (Note 2)	17th period occupancy rate (%) (Note 3)
Residential Properties	Tokyo Metropolitan Area	B-3	Court Mejiro	Shinjuku-ward, Tokyo	1,250	1997/3	100.0
		B-19	Residence Charmante Tsukishima	Chuo-ward, Tokyo	5,353	2004/1	100.0
	Other Regional Areas	B-18	Venus Hibirigaoka	Sapporo, Hokkaido	1,800	1989/3	94.2
Residential Properties (3 properties) Subtotal					8,403	Ave. 14.0 yrs	96.7

## Historical rent-based NOI yield (by asset type, annualized-based) (%)

	13th period (2011/10)	14th period (2012/4)	15th period (2012/10)	16th period (2013/4)	17th period (2013/10)
Office building	4.7	4.6	4.4	4.3	4.2
Central urban retail	4.1	4.1	4.1	4.3	4.3
Residential	4.7	4.7	4.5	4.6	4.5
Others	—	14.2	13.6	-7.0	—
Total	4.7	4.6	4.5	4.3	4.2

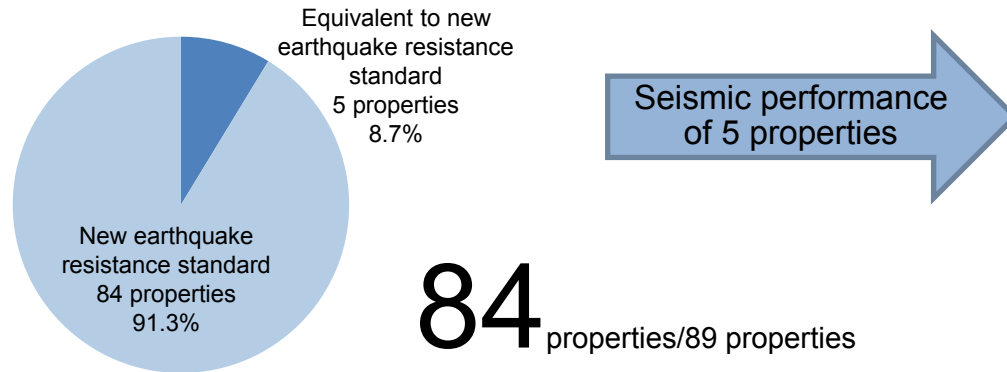
Notes:

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

# Seismic resistance of KDO's properties (as of Dec 2, 2013)

- All 89 properties comply with new earthquake resistance standard or its equivalent

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



\* Based on leasable floor area as of the end of October 2013.

Portfolio PML

**4.87** %

Properties that comply with equivalent standard of new earthquake resistance standard

Implemented earthquake-resistance reinforcement



A40 Toranomom Toyo Building



A53 KDX Hakata-Minami Building



A92 Akihabara SF Building

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



A1 KDX Nihonbashi 313 Building

Seismic review by Nihon Sekkei



A80 Nagoya Nikko Shoken Building

Seismic review by Mitsubishi Estate

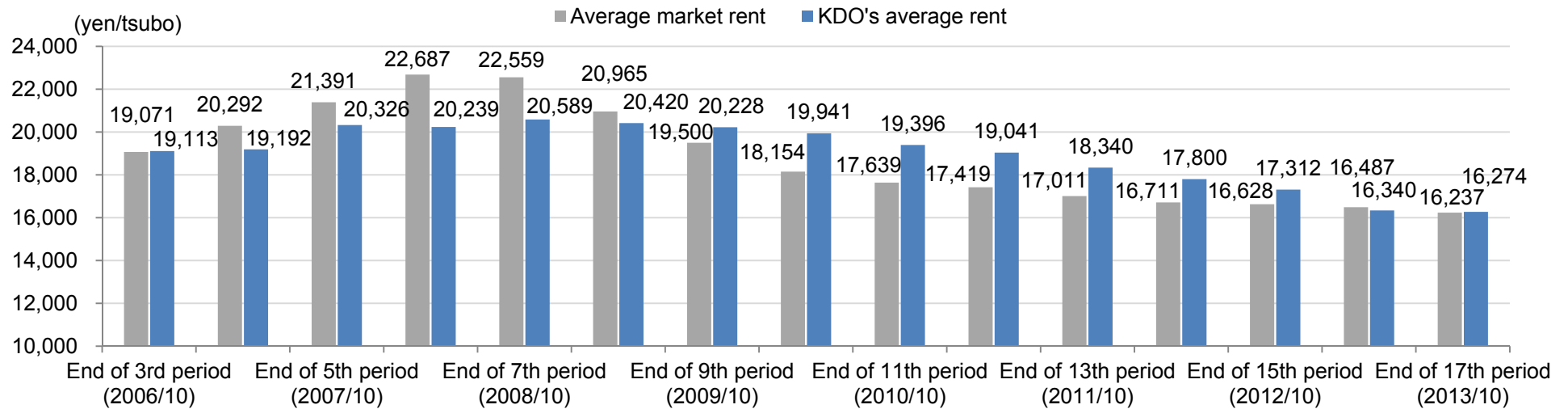
Notes:

- "New Earthquake Resistance Standard" was formulated based on the revision of enforcement order of Building Standard Law in 1981. The anti-seismic performance of buildings has been greatly improved since the enforcement of the law due to the newly added provisions including the following:
  - A: New provision on tie-hoop ratio of Reinforced-Concrete Pillars (above 0.2%).
  - B: Resetting horizontal seismic coefficient and elastic shear modulus, etc.
  - C: New requirement of the secondary design in seismic calculation.
- PML value is as of October 2013 and is based on the research implemented by Sompo Japan Nipponkoa Risk Management.
- PML is probable maximum loss due to earthquake. PML can be divided into PML of an individual property and PML of the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = severe earthquake which the probability of happening in 50 years is 10%) that could happen during the life-span of the property (50 years), to the replacement cost of the estimated restoration expenses.

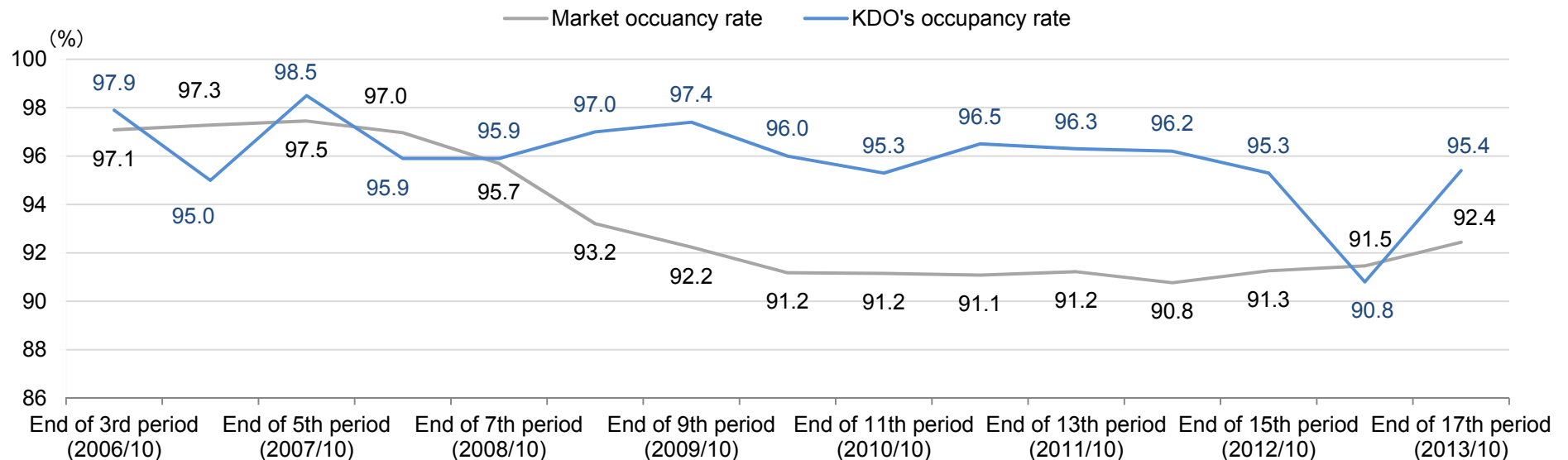


# KDO's average rent and occupancy rate of office buildings: comparison with market average

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



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



Notes:

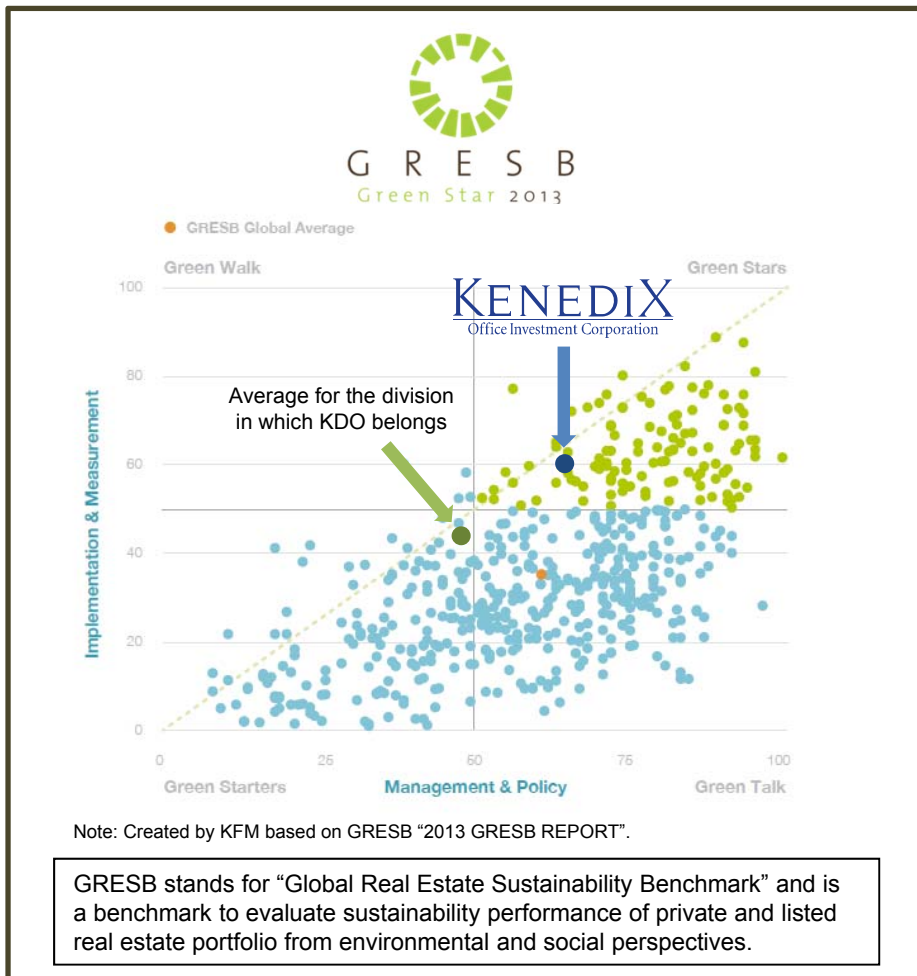
1. Average market rent and market occupancy rate refer to the average values of Tokyo central 5 wards published by Miki Shoji.
2. KDO's average rent and occupancy rate refer to the average values of KDO's office buildings in Tokyo central 5 wards which we own as of the end of each period.

# Environmental initiatives and energy-saving measures

- Received the "Green Star" designation, the highest available, from GRESB for two consecutive years, ranking 1st in the Japanese office building division
- Steady results of continuous energy-saving measures

## Designation from GRESB

- Our initiatives to improve sustainability performance of our office buildings are highly regarded



## Track record of our major energy-saving measures

Hardware side	Software side
<ul style="list-style-type: none"> <li>■ Upgrade to high-efficiency air conditioning</li> <li>■ Installation of LED guiding lights / downlights</li> <li>■ Introduction of motion sensors</li> </ul>	<ul style="list-style-type: none"> <li>■ Outreach to tenants                             <ul style="list-style-type: none"> <li>• Distribution of request letters for cooperation on saving electricity</li> <li>• Decrease lights uses</li> <li>• Use of posters to present energy-saving measures</li> </ul> </li> </ul>

Achieved energy reduction rate of approximately 22% (Note)

Note: Energy reduction rate is calculated by comparing energy usage during first half of FY2009 (April to September) and FY2013 (April to September) for 53 properties in which we have implemented energy-saving measures

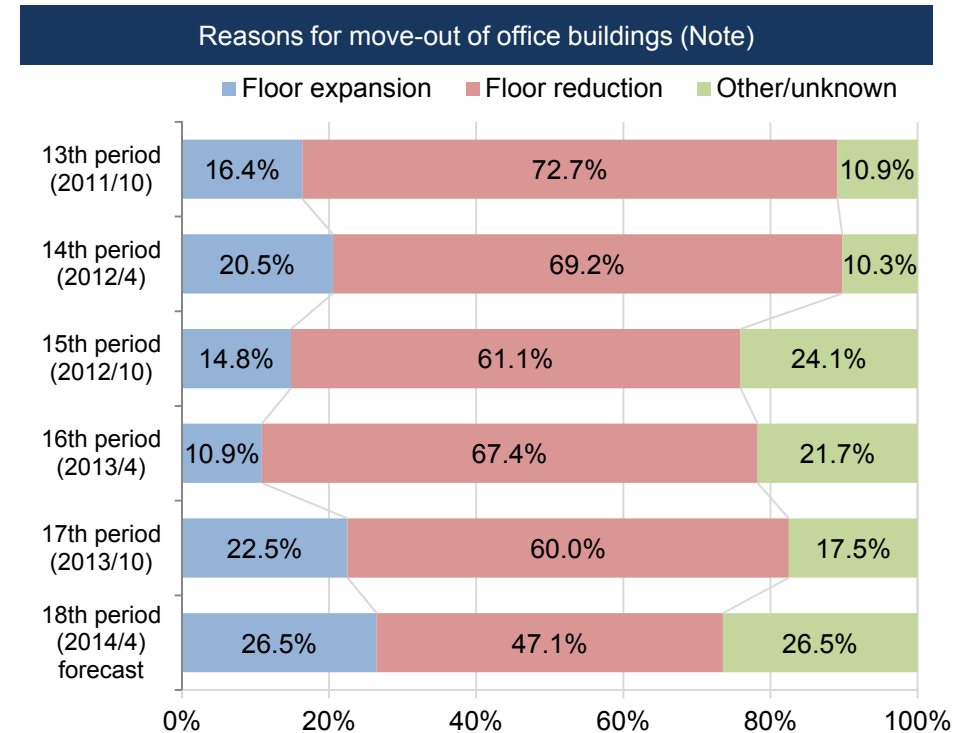
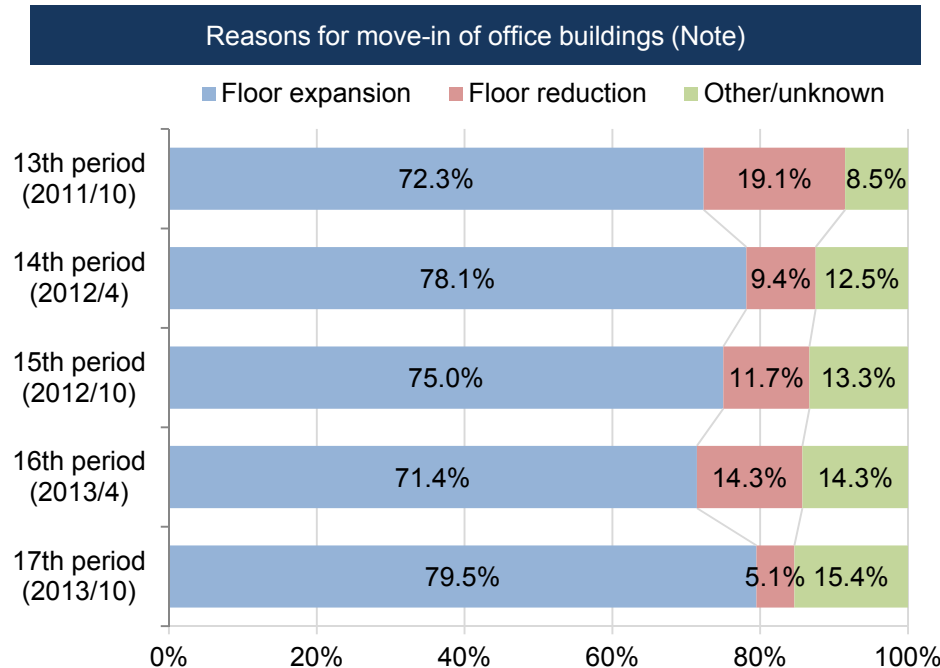
## Future energy-saving measures

To replace lights in exclusive area and fluorescent lamps with LED lights	To seek an environment in which tenants can engage in energy-saving measures together with us
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Implementation of further energy-saving measures

# Reasons for move-in/-out of KDO's office buildings

- Move-ins mainly for expansion purposes; More move-outs due to need for greater floor space (limited vacant space in our properties)
- Average lease cancellation area is approximately 100 tsubo for exiting tenants; the move observed among mid-sized office buildings



■ Average contracted floor area of incoming tenants (tsubo)

	13th period (2011/10)	14th period (2012/4)	15th period (2012/10)	16th period (2013/4)	17th period (2013/10)
Floor expansion	70.6	82.9	82.5	85.4	94.7
Floor reduction	70.0	83.5	61.8	70.7	85.6
Other/unknown	72.5	155.6	87.8	77.3	230.8

■ Average cancelled floor area (tsubo)

	13th period (2011/10)	14th period (2012/4)	15th period (2012/10)	16th period (2013/4)	17th period (2013/10)	18th period (2014/4) forecast
Floor expansion	56.4	54.9	73.4	144.5	78.6	99.5
Floor reduction	90.3	135.8	107.2	141.2	82.4	110.1
Other/unknown	73.4	58.0	71.1	96.2	73.4	132.7

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

# Overview of the 5th CS survey results

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

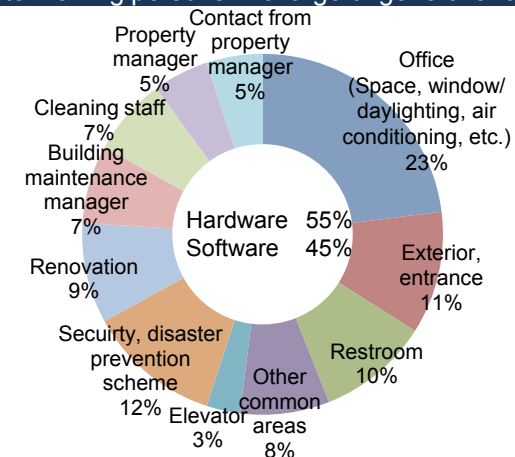
## CS survey overview

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

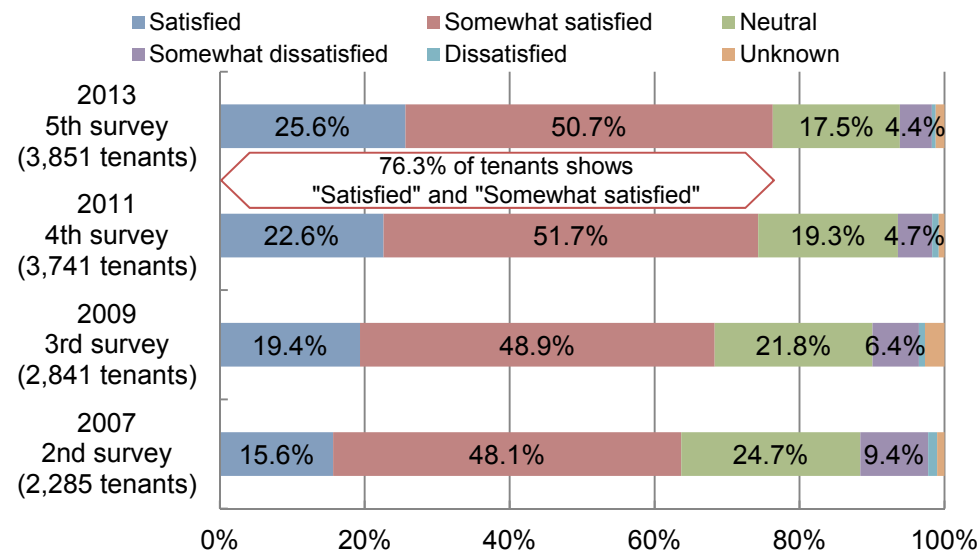
Timing	4th survey September, 2011 (13th period)	5th survey August, 2013 (16th period)
# of subject properties (Note)	69 properties	77 properties
# of distributions	Persons in charge: 640 Employees: 3,730	Persons in charge: 746 Employees: 3,743
Collection rate	Persons in charge: 88% Employees: 85%	Persons in charge: 89% Employees: 85%

Note: Includes 1 central urban retail property.

## 5th CS survey results: reasons for satisfaction (Interviewing persons in charge of general affairs)

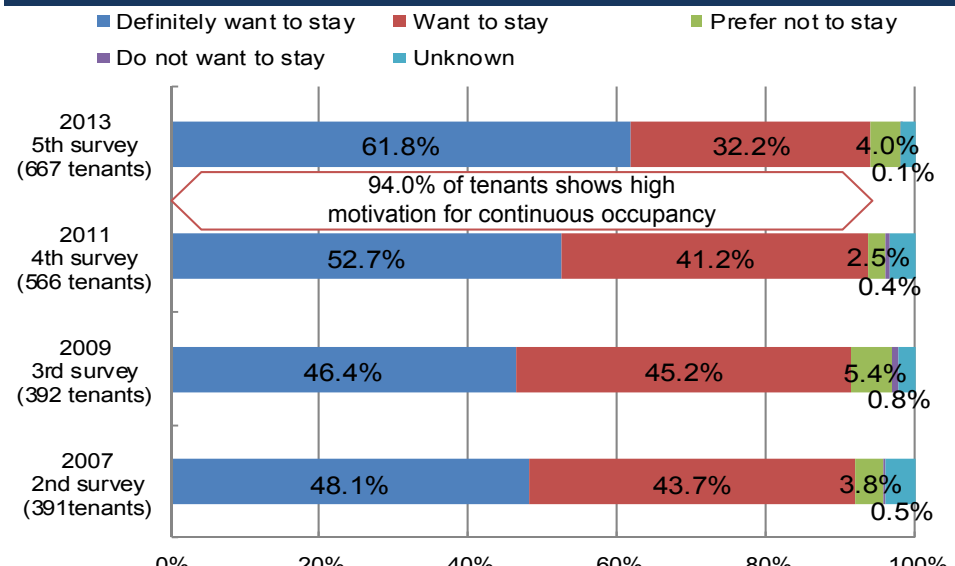


## Overall satisfaction (Overall CSI) (Note)



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

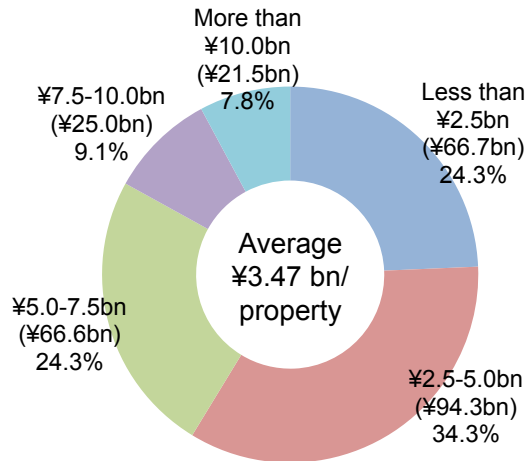
## Motivation for continuous occupancy (Note)



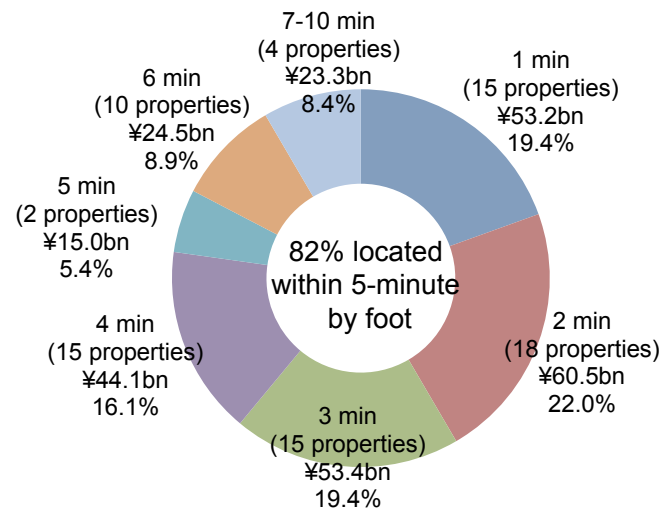
Note: Result of survey that interviewed persons in charge of general affairs and employees

# Characteristics of KDO's properties (as of the end of the 17th period (2013/10))

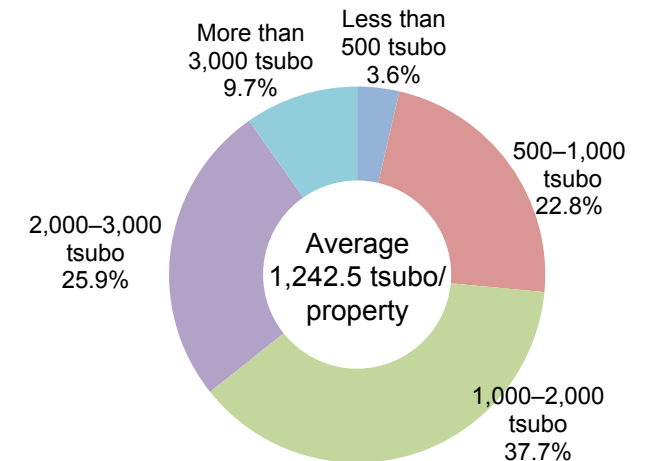
## 1 By acquisition price



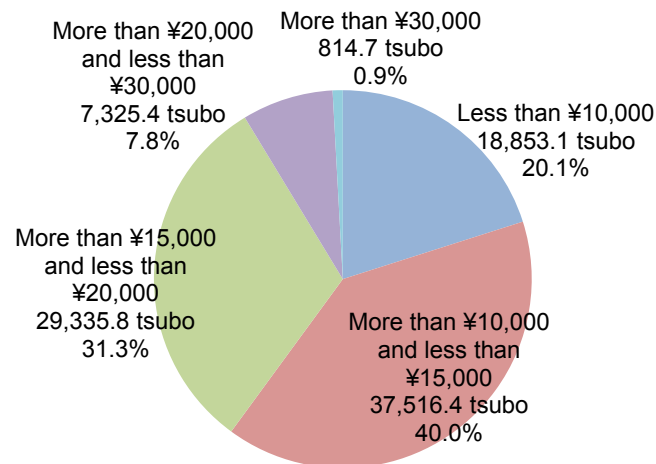
## 2 By distance from the nearest station



## 3 By size (based on leasable floor area)

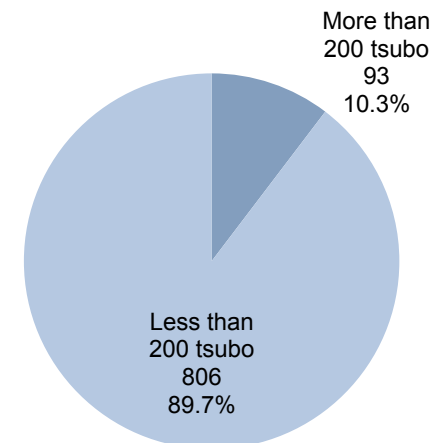


## 4 By contracted rent (based on leased floor area) (Note)



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

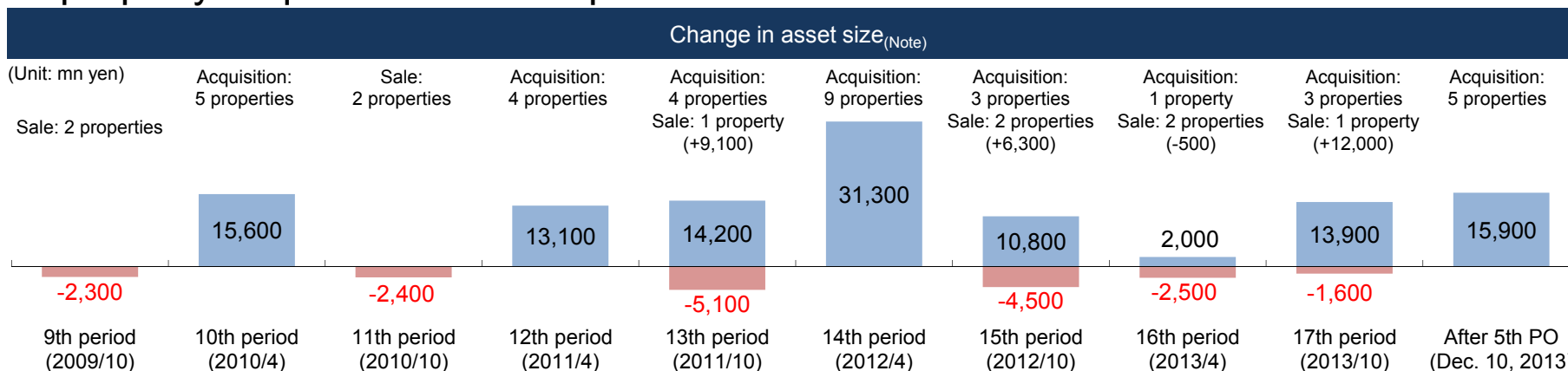
## 5 By leased floor area (based on # of tenants) (Note)



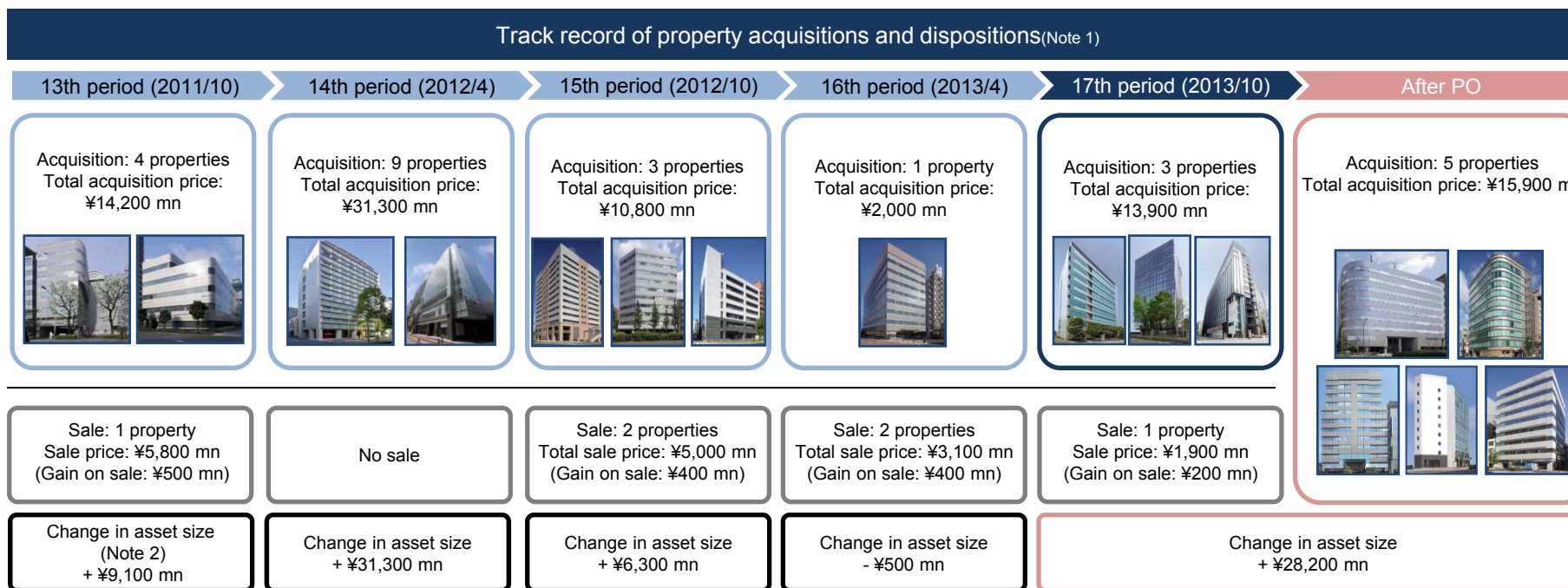
Note: Based on the number of tenants in each office building

# Improvement in portfolio quality and expansion of asset size

- Achieved external growth and strengthening of portfolio through well-timed property acquisitions and dispositions



Note: Change in asset size is calculated based on acquisition price and is truncated to the nearest 100 million yen.

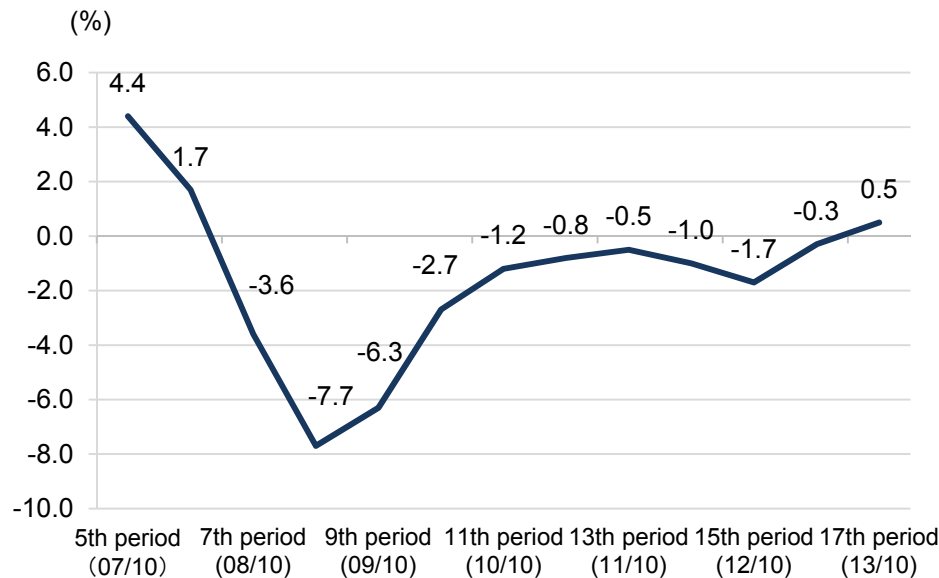


**Notes**

- Figures are truncated to the nearest 100 million yen
- Change in asset size is calculated based on acquisition price.

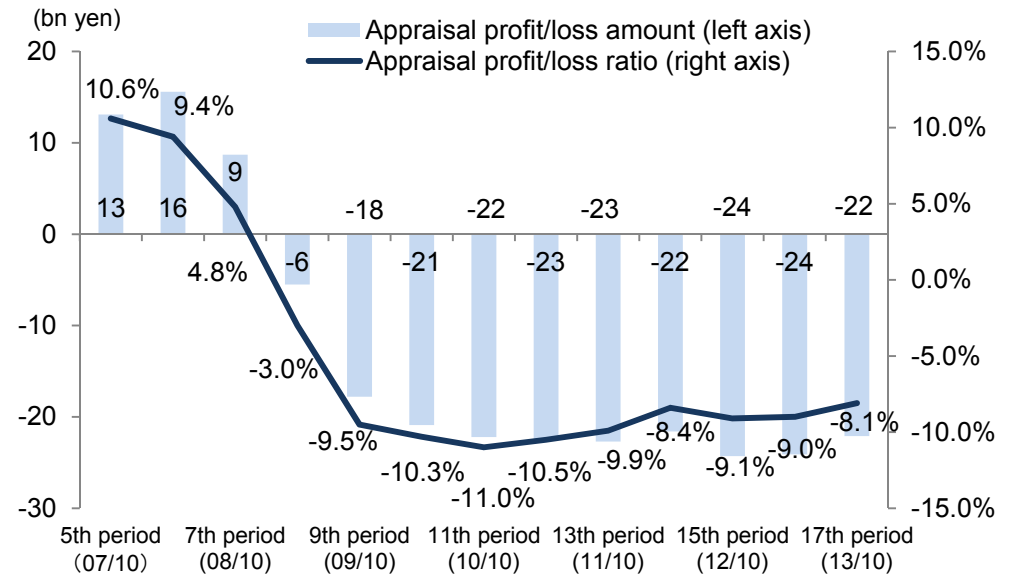
# Historical appraisal value of office buildings

## Office buildings: Percentage changes in appraisal value



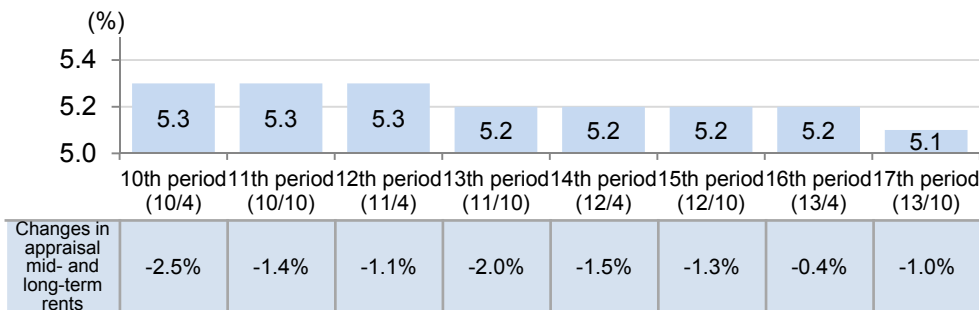
Notes:  
 1. Figures are changes in appraisal value at the end of each period (period-over-period).  
 2. For the properties acquired during each period, the appraisal value at the time of acquisition is used as the appraisal value as of the end of the previous period.

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



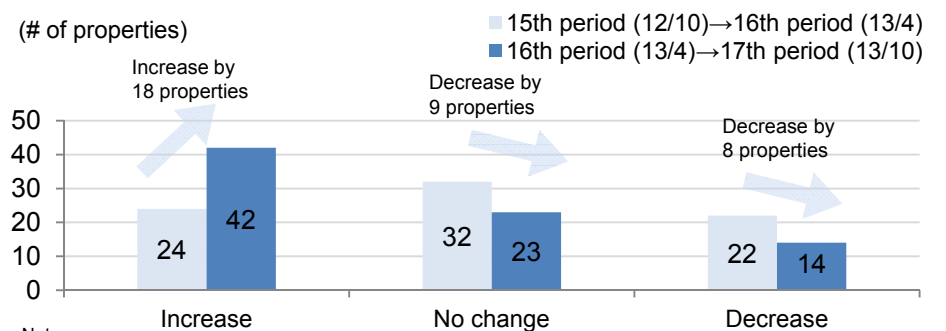
Note: Appraisal profit/loss is calculated by subtracting book values from appraisal values for office properties owned at the end of each period. The ratio is calculated by dividing the appraisal profit/loss by the total book value.

## Changes in average appraisal cap rate



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

## Office buildings: Changes in appraisal value



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

# Appraisal values and cap rates as of the end of the 17th period

No	Property name	Appraiser	Acquisition price (mn yen)	End of 17th period (As of Oct 31, 2013)				End of 16th period (As of Apr 30, 2013)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	Direct capitalization method cap rate (D)	Appraisal value vs book value (C)÷(B)-1	Appraisal value (mn yen) (E)	Direct capitalization method cap rate (F)	Changes (C)-(E)	% changes (C)÷(E)-1	Changes (D)-(F)
			(A)									
A01	KDX Nihonbashi 313 Building	Daiwa	5,940	6,030	6,470	4.6%	7.3%	6,400	4.7%	70	1.1%	-0.1%
A03	Higashi-Kayabacho Yuraku Building	JREI	4,450	4,281	4,780	4.9%	11.7%	4,940	4.9%	-160	-3.2%	-
A04	KDX Hatchobori Building	Daiwa	3,680	3,421	3,390	4.9%	-0.9%	3,440	5.0%	-50	-1.5%	-0.1%
A05	KDX Nakano-Sakaue Building	Daiwa	2,533	2,426	2,270	5.1%	-6.4%	2,250	5.2%	20	0.9%	-0.1%
A06	Harajuku F.F. Building	JREI	2,450	2,424	3,030	5.4%	25.0%	3,030	5.5%	-	-	-0.1%
A07	FIK Minami Aoyama	JREI	2,270	2,236	2,240	4.7%	0.1%	2,190	4.8%	50	2.3%	-0.1%
A08	Kanda Kihara Building	Daiwa	1,950	1,837	1,710	4.9%	-7.0%	1,740	5.0%	-30	-1.7%	-0.1%
A12	Portus Center Building	Daiwa	5,570	4,447	4,680	6.3%	5.2%	4,610	6.4%	70	1.5%	-0.1%
A13	KDX Kojimachi Building	JREI	5,950	5,670	4,350	4.3%	-23.3%	4,320	4.4%	30	0.7%	-0.1%
A14	KDX Funabashi Building	JREI	2,252	2,349	1,950	6.1%	-17.0%	1,950	6.1%	-	-	-
A15	KDX Hamacho Building	JREI	2,300	2,214	2,200	5.2%	-0.7%	2,200	5.2%	-	-	-
A16	Toshin 24 Building	JREI	5,300	5,023	4,000	5.7%	-20.4%	4,000	5.7%	-	-	-
A17	KDX Ebisu Building	JREI	4,640	4,533	4,200	4.7%	-7.4%	4,120	4.9%	80	1.9%	-0.2%
A19	KDX Hamamatsucho Building	Daiwa	3,460	3,186	3,160	4.5%	-0.8%	3,150	4.6%	10	0.3%	-0.1%
A20	KDX Kayabacho Building	JREI	2,780	2,826	2,430	5.1%	-14.0%	2,420	5.3%	10	0.4%	-0.2%
A21	KDX Shinbashi Building	JREI	2,690	2,676	2,380	4.6%	-11.1%	2,640	4.6%	-260	-9.8%	-
A22	KDX Shin-Yokohama Building	JREI	2,520	2,397	2,160	5.9%	-9.9%	2,160	5.9%	-	-	-
A24	KDX Minami Semba Dai-1 Building	JREI	1,610	1,498	983	5.9%	-34.4%	978	5.9%	5	0.5%	-
A25	KDX Minami Semba Dai-2 Building	JREI	1,560	1,339	978	5.8%	-27.0%	990	5.8%	-12	-1.2%	-
A26	KDX Kiba Building	JREI	1,580	1,529	1,370	5.5%	-10.4%	1,420	5.6%	-50	-3.5%	-0.1%
A27	KDX Kajicho Building	Daiwa	2,350	2,355	2,330	4.9%	-1.1%	2,360	5.0%	-30	-1.3%	-0.1%
A28	KDX Nogizaka Building	JREI	1,065	1,111	680	5.3%	-38.8%	700	5.4%	-20	-2.9%	-0.1%
A29	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,145	3,340	5.0%	6.2%	3,340	5.1%	-	-	-0.1%
A30	KDX Nishi-Gotanda Building	JREI	4,200	4,048	3,750	5.1%	-7.4%	3,680	5.2%	70	1.9%	-0.1%
A31	KDX Monzen-Nakacho Building	Daiwa	1,400	1,379	1,140	5.4%	-17.4%	1,120	5.5%	20	1.8%	-0.1%
A32	KDX Shiba-Daimon Building	JREI	6,090	6,194	4,510	4.9%	-27.2%	4,380	5.0%	130	3.0%	-0.1%
A33	KDX Okachimachi Building	Daiwa	2,000	2,099	1,850	4.9%	-11.9%	1,820	5.0%	30	1.6%	-0.1%
A34	KDX Hon-Atsugi Building	Daiwa	1,305	1,146	1,050	6.2%	-8.4%	1,040	6.3%	10	1.0%	-0.1%
A35	KDX Hachioji Building	Daiwa	1,155	1,272	979	5.8%	-23.0%	914	5.9%	65	7.1%	-0.1%
A36	KDX Niigata Building	JREI	1,305	1,436	886	7.3%	-38.3%	892	7.3%	-6	-0.7%	-
A37	KDX Ochanomizu Building	JREI	6,400	6,571	6,180	4.7%	-6.0%	6,170	4.7%	10	0.2%	-
A38	KDX Nishi-Shinjuku Building	JREI	1,500	1,565	1,130	5.1%	-27.8%	1,130	5.2%	-	-	-0.1%
A39	KDX Toranomon Building	JREI	4,400	4,754	3,380	4.4%	-28.9%	3,380	4.4%	-	-	-
A40	Toranomon Toyo Building	JREI	9,850	9,818	10,300	4.5%	4.9%	10,300	4.5%	-	-	-
A41	KDX Shinjuku 286 Building	JREI	2,300	2,369	2,250	4.7%	-5.0%	2,210	4.8%	40	1.8%	-0.1%
A42	Karasuma Building	Daiwa	5,400	5,321	4,990	5.5%	-6.2%	4,960	5.6%	30	0.6%	-0.1%
A44	KDX Sendai Building	Daiwa	2,100	2,113	1,460	6.0%	-30.9%	1,410	6.1%	50	3.5%	-0.1%
A45	KDX Roppongi 228 Building	JREI	3,300	3,426	2,120	4.8%	-38.1%	2,120	4.8%	-	-	-
A46	Hiei Kudan-Kita Building	Daiwa	7,600	7,598	7,450	4.5%	-2.0%	7,440	4.6%	10	0.1%	-0.1%
A47	KDX Shin-Yokohama 381 Building (Note 3)	JREI	5,800	5,771	4,010	5.8%	-30.5%	3,970	5.8%	40	1.0%	-
A48	KDX Kawasaki-Ekimae Hon-cho Building	JREI	3,760	3,704	2,990	6.1%	-19.3%	2,990	6.1%	-	-	-
A49	Nissou Dai-17 Building	JREI	2,710	2,580	1,570	5.8%	-39.2%	1,570	5.8%	-	-	-
A50	KDX Ikejiri-Oohashi Building	JREI	2,400	2,431	1,500	5.5%	-38.3%	1,490	5.6%	10	0.7%	-0.1%
A51	KDX Hamacho Nakanohashi Building	JREI	2,310	2,317	1,770	5.1%	-23.6%	1,720	5.3%	50	2.9%	-0.2%
A52	KDX Kanda Misaki-cho Building	JREI	1,380	1,368	959	5.1%	-29.9%	924	5.3%	35	3.8%	-0.2%
A53	KDX Hakata-Minami Building	JREI	4,900	4,752	3,310	6.5%	-30.4%	3,450	6.6%	-140	-4.1%	-0.1%



# Appraisal values and cap rates as of the end of the 17th period

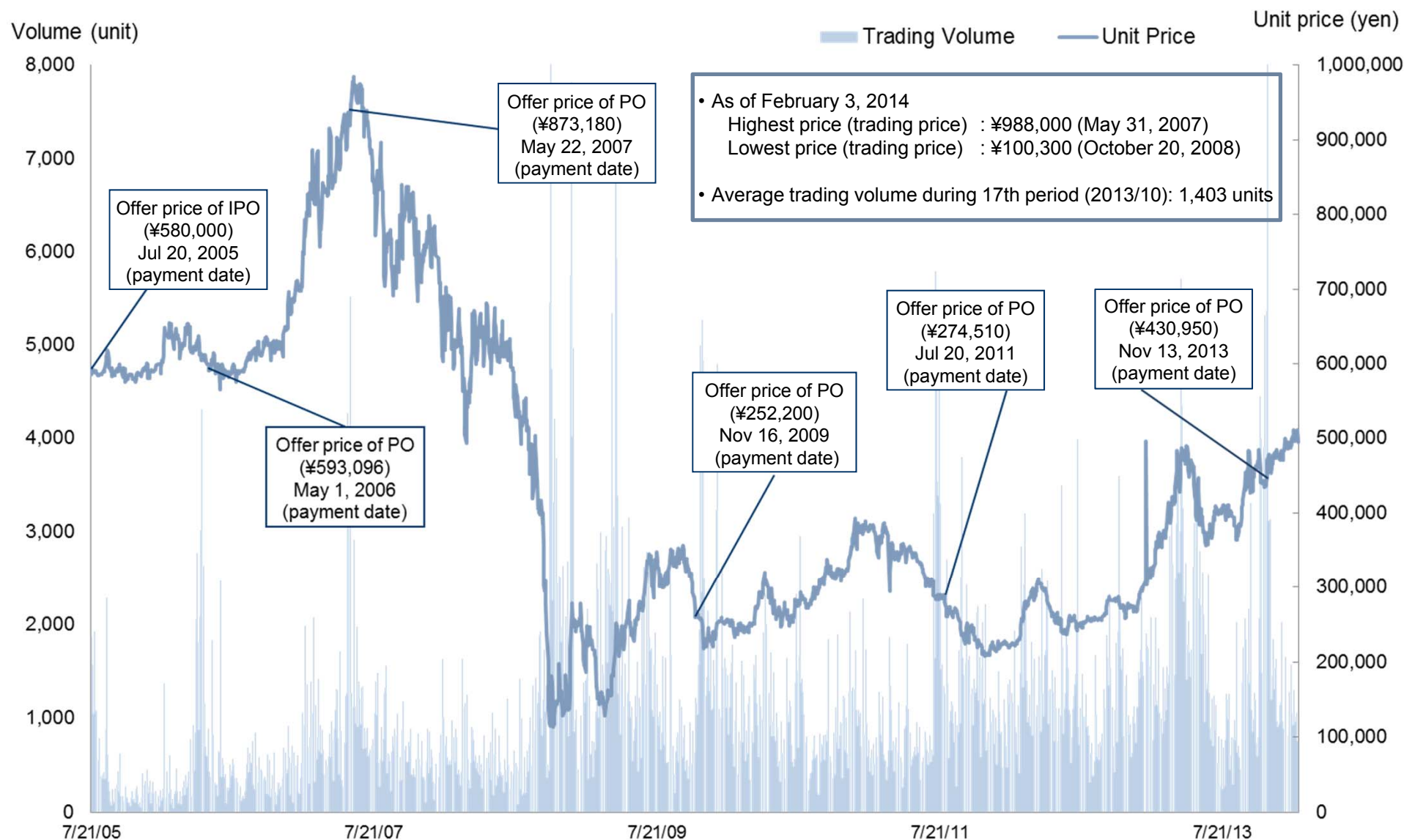
No	Property name	Appraiser	Acquisition price (mn yen)	End of 17th period (As of Oct 31, 2013)				End of 16th period (As pf Apr 30, 2013)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	Direct capitalization method cap rate (D)	Appraisal value vs book value (C)-(B)-1	Appraisal value (mn yen) (E)	Direct capitalization method cap rate (F)	Changes (C)-(E)	% changes (C)-(E)-1	Changes (D)-(F)
			(A)									
A54	KDX Kitahama Building	JREI	2,220	2,158	1,530	6.0%	-29.1%	1,530	6.0%	-	-	-
A55	Shin-toshin Maruzen Building	JREI	2,110	2,138	1,550	5.2%	-27.5%	1,550	5.3%	-	-	-0.1%
A56	KDX Jimbocho Building	JREI	2,760	2,878	1,940	5.0%	-32.6%	1,890	5.2%	50	2.6%	-0.2%
A57	KDX Gobancho Building	JREI	1,951	1,959	1,370	4.7%	-30.1%	1,380	4.8%	-10	-0.7%	-0.1%
A58	KDX Nagoya Sakae Building	Daiwa	7,550	7,289	4,800	5.1%	-34.1%	4,780	5.2%	20	0.4%	-0.1%
A59	KDX Iwamoto-cho Building	JREI	1,864	1,763	1,330	5.2%	-24.6%	1,310	5.3%	20	1.5%	-0.1%
A60	KDX Harumi Building	JREI	10,250	9,486	8,250	4.8%	-13.0%	8,250	4.8%	-	-	-
A61	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	2,274	1,870	4.5%	-17.8%	1,860	4.6%	10	0.5%	-0.1%
A62	Koishikawa TG Building	JREI	3,080	3,099	3,190	4.9%	2.9%	3,040	5.0%	150	4.9%	-0.1%
A63	Gotanda TG Building	JREI	2,620	2,780	2,570	5.1%	-7.6%	2,580	5.3%	-10	-0.4%	-0.2%
A64	KDX Nihonbashi 216 Building	JREI	2,010	1,939	1,840	4.5%	-5.1%	1,810	4.7%	30	1.7%	-0.2%
A66	KDX Shinjuku Building	JREI	6,800	6,851	6,420	4.5%	-6.3%	6,400	4.5%	20	0.3%	-
A67	KDX Ginza 1chome Building	Daiwa	4,300	4,276	5,000	4.3%	16.9%	4,860	4.4%	140	2.9%	-0.1%
A68	KDX Nihonbashi Honcho Building	Daiwa	4,000	3,997	4,350	4.7%	8.8%	4,350	4.8%	-	-	-0.1%
A69	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,596	2,720	7.0%	4.8%	2,760	7.0%	-40	-1.4%	-
A70	Kitanajo SIA Building	Daiwa	2,005	2,050	2,050	5.6%	-0.0%	2,050	5.7%	-	-	-0.1%
A71	KDX Iidabashi Building	Daiwa	4,670	4,653	5,040	4.7%	8.3%	4,940	4.8%	100	2.0%	-0.1%
A72	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,873	4,870	4.9%	-0.1%	4,800	5.0%	70	1.5%	-0.1%
A73	KDX Hakozaeki Building	Daiwa	2,710	2,850	2,850	5.1%	-0.0%	2,850	5.2%	-	-	-0.1%
A74	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,241	2,480	4.5%	10.6%	2,480	4.6%	-	-	-0.1%
A75	KDX Nihonbashi Kabutocho Building	JREI	11,270	11,497	11,600	4.6%	0.9%	11,600	4.6%	-	-	-
A77	Kabutocho Nikko Building II	JREI	1,280	1,272	1,560	4.9%	22.6%	1,550	5.0%	10	0.6%	-0.1%
A78	Tachikawa Ekimae Building	JREI	1,267	1,311	1,370	5.8%	4.4%	1,330	5.9%	40	3.0%	-0.1%
A79	KDX Nagoya Ekimae Building	JREI	7,327	7,826	7,600	5.1%	-2.9%	7,700	5.1%	-100	-1.3%	-
A80	Nagoya Nikko Shoken Building	JREI	4,158	4,249	4,050	5.5%	-4.7%	4,050	5.5%	-	-	-
A81	Sendai Nikko Building	JREI	950	1,051	1,030	5.8%	-2.0%	1,030	5.9%	-	-	-0.1%
A82	KDX Higashi Umeda Building	Daiwa	2,770	2,784	3,350	5.0%	20.3%	3,320	5.1%	30	0.9%	-0.1%
A83	Fuchu South Building	Daiwa	6,120	6,156	6,700	5.4%	8.8%	6,600	5.5%	100	1.5%	-0.1%
A84	KDX Kasuga Building	JREI	2,800	2,864	3,290	4.9%	14.8%	3,200	5.0%	90	2.8%	-0.1%
A85	KDX Nakameguro Building	Daiwa	1,880	1,900	2,260	5.0%	18.9%	2,230	5.1%	30	1.3%	-0.1%
A86	KDX Omiya Building	Daiwa	2,020	2,137	2,380	5.7%	11.3%	2,200	5.8%	180	8.2%	-0.1%
A87	Itopia Nihonbashi SA Building (Note 4)	Daiwa	2,200	2,225	2,270	4.9%	2.0%	2,230	5.0%	40	1.8%	-0.1%
A88	Welship Higashi-Shinjuku (Note 4)	Daiwa	1,900	1,915	2,140	4.9%	11.7%	2,140	4.9%	-	-	-
	<b>Office buildings subtotal</b>		<b>274,218</b>	<b>272,363</b>	<b>250,235</b>	<b>5.1%</b>	<b>-8.1%</b>	<b>249,078</b>	<b>5.1%</b>	<b>1,157</b>	<b>0.5%</b>	<b>-0.0%</b>
B03	Court Mejiro	JREI	1,250	1,146	973	5.3%	-15.2%	973	5.3%	-	-	-
B18	Venus Hibarigaoka	JREI	1,800	1,745	1,560	6.4%	-10.6%	1,560	6.4%	-	-	-
B19	Residence Charmante Tsukishima	JREI	5,353	4,847	4,600	5.1%	-5.1%	4,600	5.1%	-	-	-
	<b>Residential properties subtotal</b>		<b>8,403</b>	<b>7,739</b>	<b>7,133</b>	<b>5.4%</b>	<b>-7.8%</b>	<b>7,133</b>	<b>5.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>
C01	Frame Jinnan-zaka	JREI	9,900	9,643	9,420	4.3%	-2.3%	9,230	4.4%	190	2.1%	-0.1%
C02	KDX Yoyogi Building	JREI	2,479	2,519	1,950	5.2%	-22.6%	1,920	5.3%	30	1.6%	-0.1%
C04	Ginza 4chome Tower (Note 4)	JREI	9,800	9,854	10,500	4.0%	6.5%	10,500	4.0%	-	-	-
	<b>Others subtotal</b>		<b>22,179</b>	<b>22,018</b>	<b>21,870</b>	<b>4.3%</b>	<b>-0.7%</b>	<b>21,650</b>	<b>4.6%</b>	<b>220</b>	<b>1.0%</b>	<b>-0.3%</b>
	<b>Total</b>		<b>304,800</b>	<b>302,122</b>	<b>279,238</b>	<b>5.0%</b>	<b>-7.6%</b>	<b>277,861</b>	<b>5.1%</b>	<b>1,377</b>	<b>0.5%</b>	<b>-0.1%</b>

Notes:

1. Acquisition price, appraisal value and book value are truncated to the nearest million yen (ratios are rounded to the first decimal place).
2. Total cap rate for each property type is a weighted average value based on acquisition price.
3. KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are counted as one property.
4. For the properties newly acquired in the 17th period (2013/10), the appraisal values included in the relevant appraisal report obtained at the time of acquisition are considered as the appraisal values as of the 16th period (2013/4) in calculating the change in appraisal value (period-over-period).

# Unit price and trading volume since IPO

KDO unit price and trading volume performance (from the listing to February 3, 2014)



Note: Excluding trading volume that exceeds 8,000 units (2008/10/20:19,728 units)

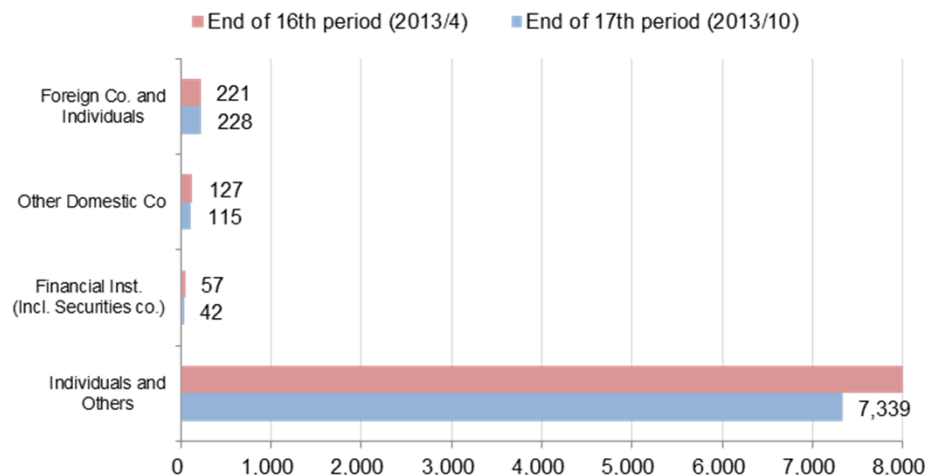
# KDO Unitholders (as of the end of the 17th period (2013/10))

## Change in % share of investment units by unitholders



Note: Figures are rounded to the first decimal place.

## Type of unitholders



End of 16th period: 9,101 in total    End of 17th period: 7,724 in total

## Top 10 unitholders

Name	# of units held (unit)	Percentage share (%) (Note 1)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	45,429	15.85
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	21,793	7.60
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	19,244	6.71
The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	18,830	6.57
The Bank of NY Treaty JASDEC Account	10,828	3.77
State Street Bank and Trust Company (Note 2)	6,948	2.42
JP Morgan Chase & Co. 385174	6,820	2.38
State Street Bank and Trust Company (Note 3)	6,424	2.24
Nomura Bank (Luxembourg) S.A.	6,176	2.15
State Street Bank and Trust Company 505223	5,501	1.91
<b>Total</b>	<b>147,993</b>	<b>51.64</b>

Notes:

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

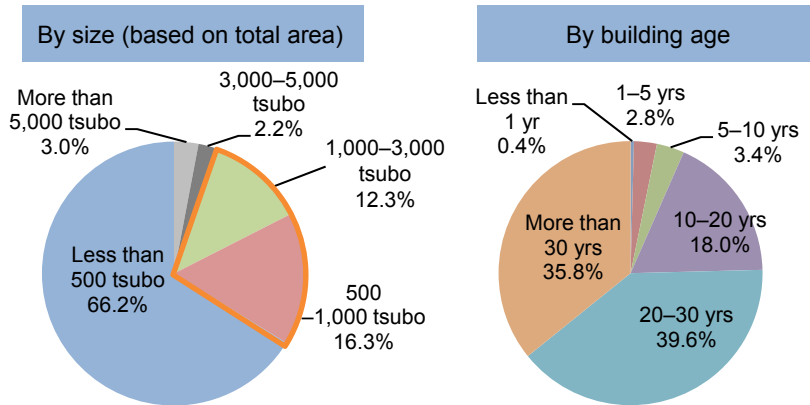
## Reference: Reporting of major unitholders (as of the end of December 5, 2013)

Name	Submitted on	# of units held (unit)
Mizuho Asset Management Co., Ltd.	2013/11/8	25,994
Mizuho Asset Management Co., Ltd.		12,540
Mizuho Securities Co., Ltd.		286
Shinko Asset Management Co., Ltd.		13,168
Sumitomo Mitsui Trust Bank, Limited	2013/12/5	19,834
The Sumitomo Trust Bank, Limited		742
Sumitomo Mitsui Trust Asset Management		9,853
Nikko Asset Management Co., Ltd.		9,239
DIAM Co., Ltd.	2013/10/18	15,679
CBRE Clarion Securities LLC	2012/8/31	15,297
Nomura Securities Co., Ltd.	2013/4/5	14,366
Nomura Securities Co., Ltd.		384
NOMURA INTERNATIONAL PLC		938
Nomura Asset Management Co., Ltd.		13,044

# Mid-sized office building market

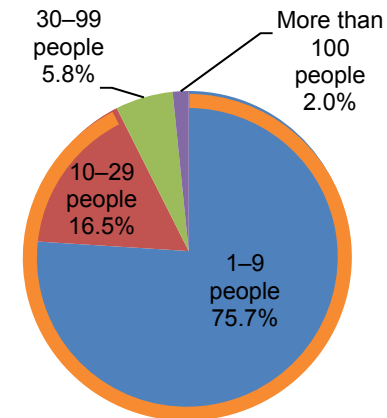
- Most abundant in terms of number of properties and potential tenants in Tokyo metropolitan area
- Relatively less rent volatile compared to large-sized buildings

Office market in Tokyo central 5 wards (based on number of buildings)



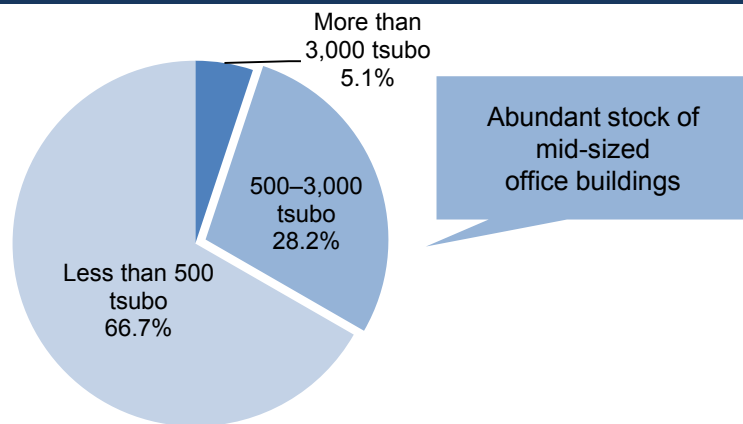
Note: The above data covers rental office buildings located in Tokyo 23 wards that were surveyed by CB Richard Ellis Research Institute (as of 2011/3).  
Source: Survey conducted by CB Richard Ellis Research Institute based on KFM's request "Market survey of Medium-sized buildings (2011/5)"

Breakdown of office buildings by number of employees (Tokyo)



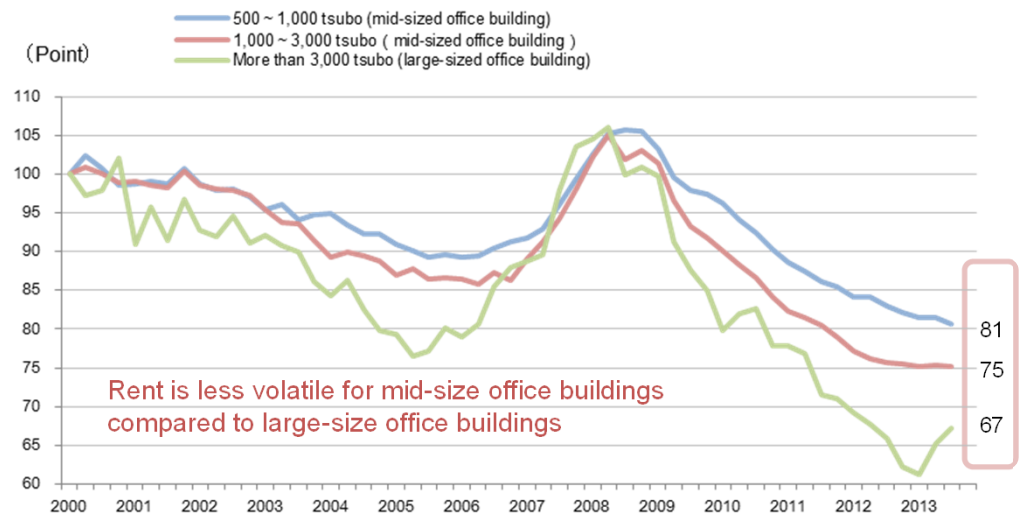
Source: Created by KFM based on "2009 Economic census-basic survey for Tokyo"

Breakdown of office buildings by GFA (Tokyo 23 wards)



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

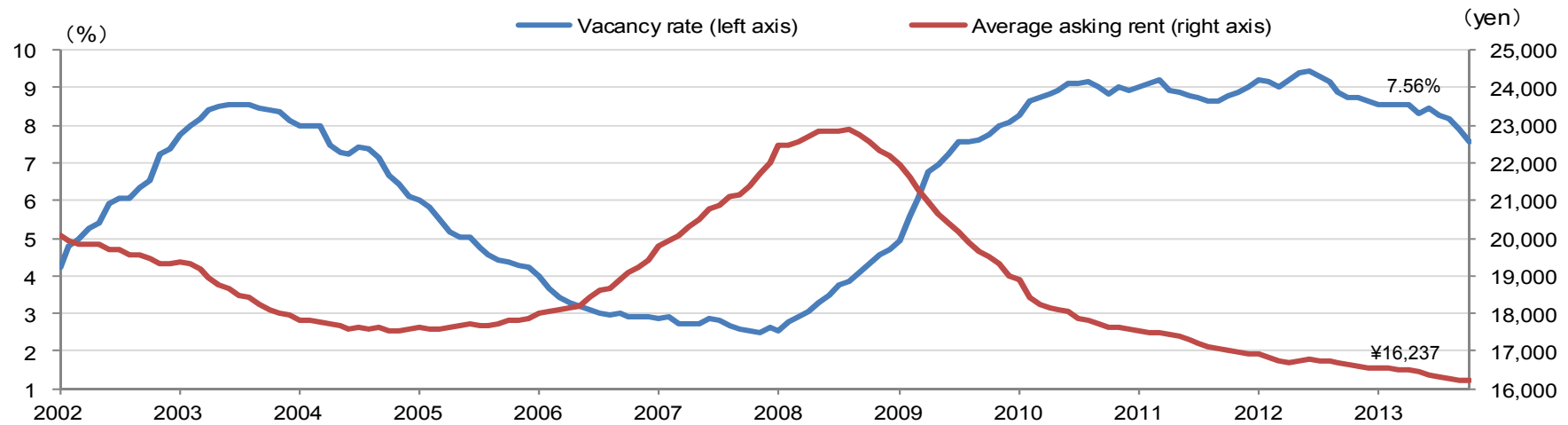
Tokyo 23 wards: rent level by GFA



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

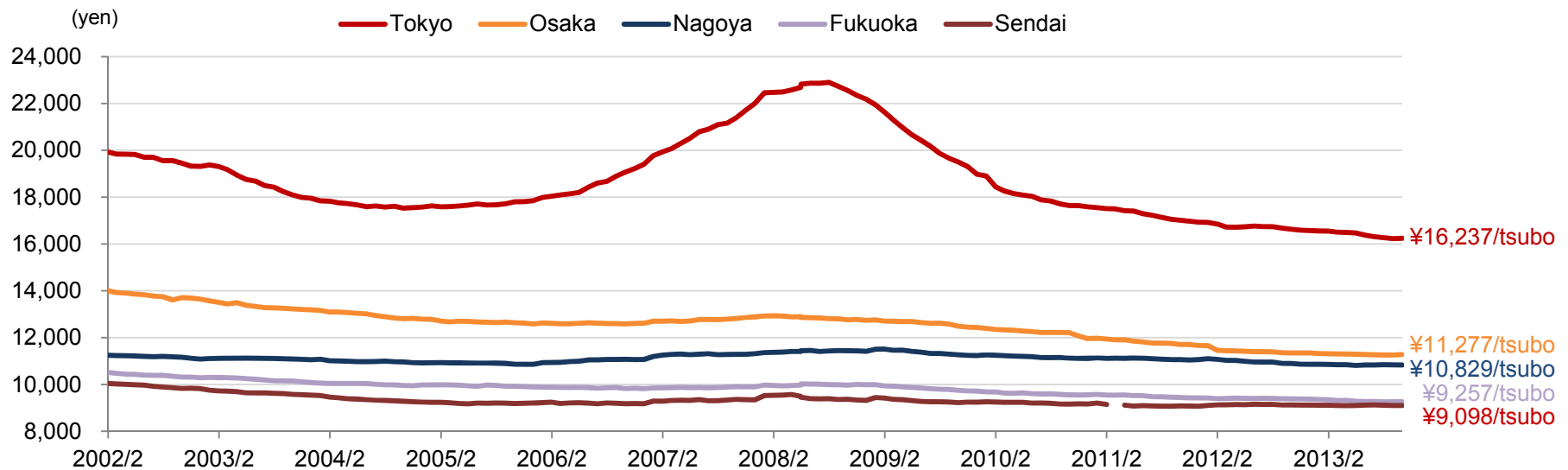
# Reference data 1

Changes in asking rent and vacancy rate in Tokyo central 5 wards (from Jan 2002 to Oct 2013)



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

Changes in rent levels by region (from Feb 2002 to Oct 2013)



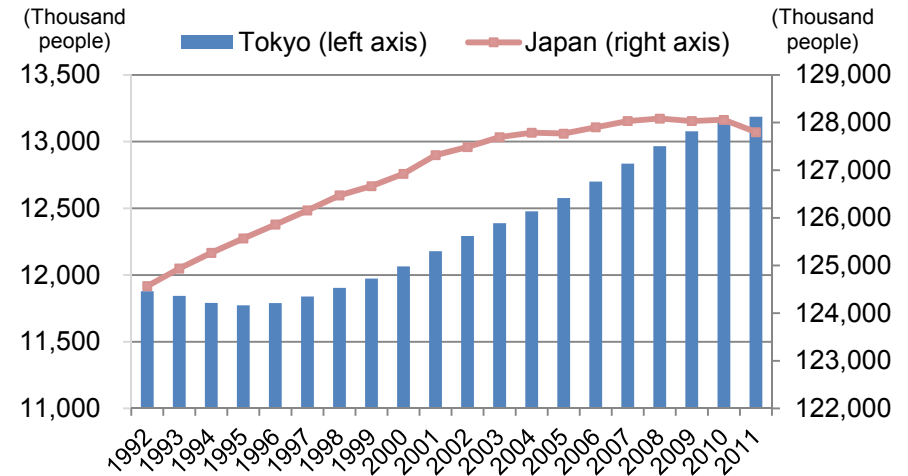
Note: Rent data of business districts and its sub areas. Tokyo covers office buildings with standard floor area over 100 tsubo in central Tokyo (Chiyoda, Chuo, Minato, Shinjuku and Shibuya).  
Source: Created by KFM based on the data compiled by Miki Shoji (from February 2002 to October 2013)

# Reference data 2

Economic foundations of Tokyo			
	Japan	Tokyo	Date
Gross Production (Nominal GDP)	¥474,040.2 bn	¥85,201.6 bn (#1 in Japan: 17.8%)	FY 2009
# of offices	6,040,000	690,000 (#1 in Japan: 11.5%)	July 1, 2009
# of employees	62.86 mn	9.52 mn (#1 in Japan)	July 1, 2009
Total population	127.79 mn	13.18 mn (#1 in Japan)	Oct 1, 2011
Population of productive age (15–64 years old)	81.03 mn	8.85 mn (#1 in Japan: 10.9%)	Oct 1, 2010

Source: National Census and "Kurashi to toukei 2012 (Life and statistics 2012)" on the Tokyo metropolitan government website.

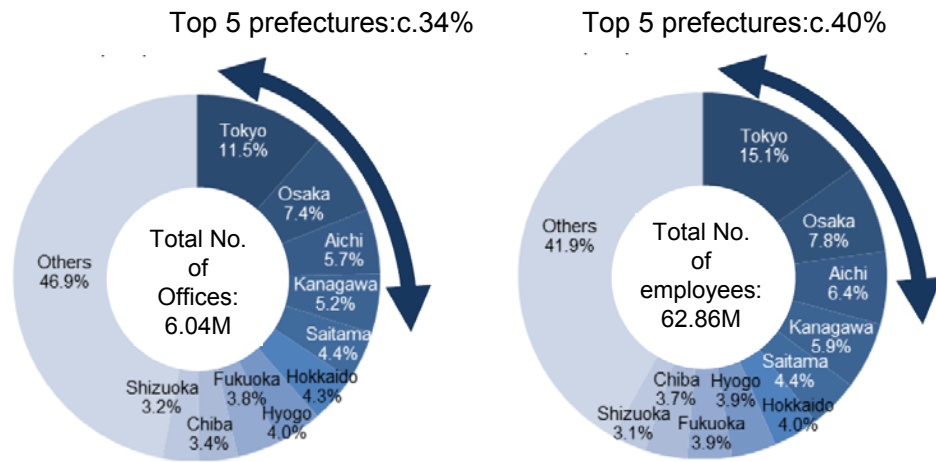
## Change in population of Tokyo and Japan (1992-2011)



Note: 2011 is estimate.

Source: "Change in population 1872---2012(Tokyo and Japan)", Bureau of General Affairs, Tokyo Metropolitan Government

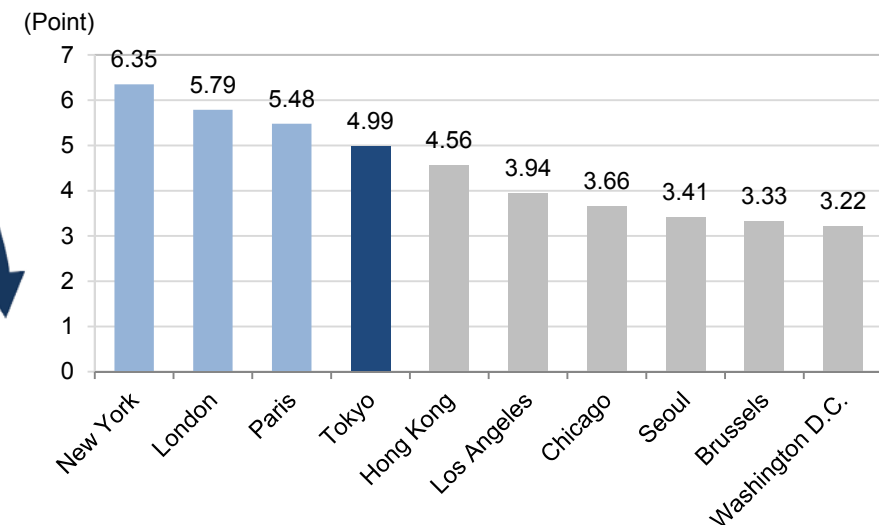
## Breakdown of number of offices and employees by prefecture (2009)



Note: Data of top 10 prefectures listed in each chart.

Source: MIAC, Statistics Bureau "2009 Economic census-basic survey" (June, 2011)

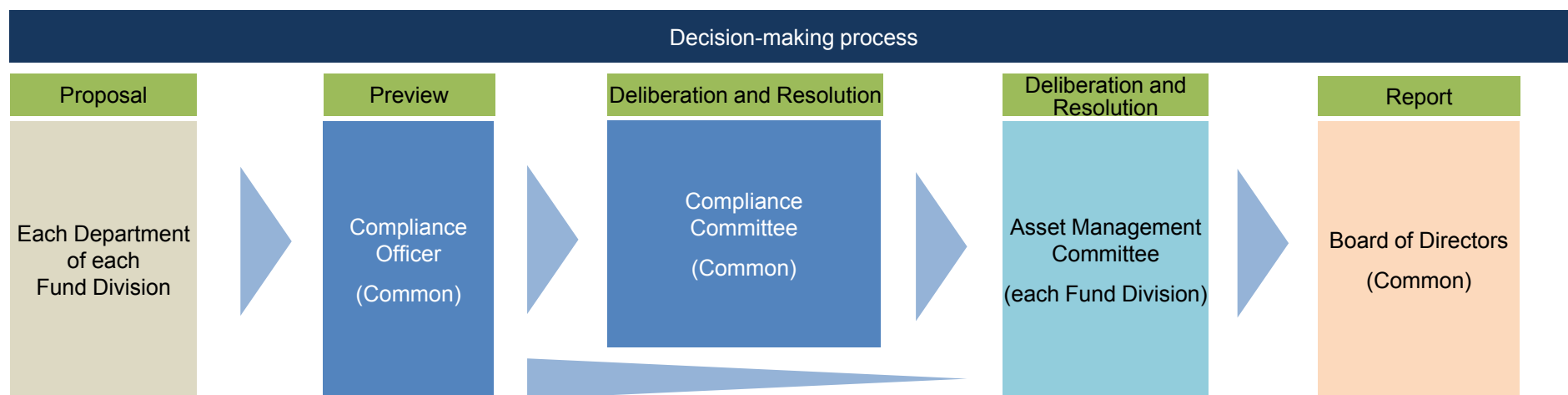
## Global Cities Index (A.T. Kearney Global Cities Index (2012))



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

Source: 2012 Global Cities Index and Emerging Cities Outlook

# Management structure of KFM



## Constituent members of Decision Making Body

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

Note: Certain proposals such as borrowings do not require attendance of external members (real estate appraiser)

## Rules on transactions with interested parties

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

## Asset management company's management fee structure

### ■ Asset management fees

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

### ■ Property management fees

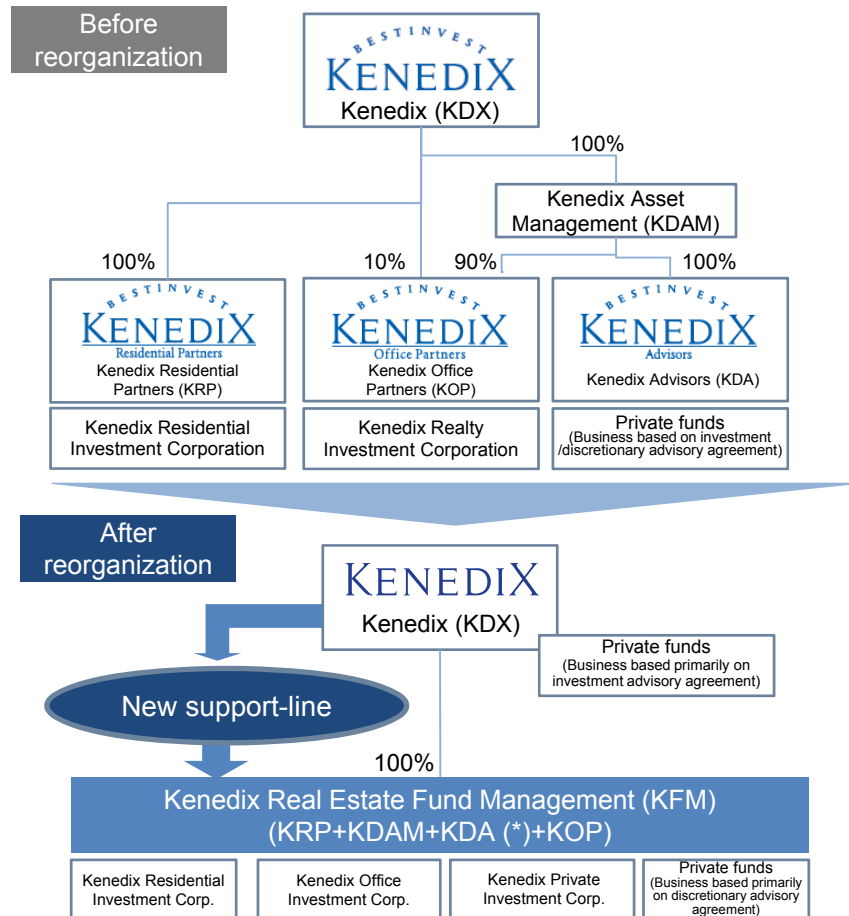
Rental management fee	2% of rent revenues + 2% of operating revenues from the property (after deducting operating expenses and before deducting depreciation)
Management transfer fee	Amount determined in proportion to the acquisition/sale price (e.g. ¥1-3 bn → ¥2 mn, ¥5-10 bn → ¥2.4 mn)
Construction supervision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

# Reorganization of Kenedix Group

## Purpose of reorganization

- Consolidate the real estate asset management know-how throughout the Group
- Increase the asset management capability and competitiveness of the Kenedix Group by strategically strengthening the resources deployed in the acquisition and management of real estate investment targets
- Build up a structure that contributes to the benefit of our client investors by reinforcing our internal management systems
- Improve the efficiency of the asset management operations within the Kenedix Group

## Overview of reorganization (Note)



Note: Before reorganization and after organization refer to July 10, 2013 and December 1, 2013 respectively.

## Overview of preferential study rights for property information

- For office buildings (Note 1) which are KDO's main investment targets, Office REIT Division of KFM will have the first opportunity to consider an acquisition if the following conditions are satisfied:

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

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

Notes:

1. Office building refers to properties where floor area for office use is the largest share of total floor area based on floor area use in accordance with the Building Standards Law.
2. Specifically for properties with GFA below 20,000m<sup>2</sup> for Tokyo 23 ward and below 30,000m<sup>2</sup> for outside of Tokyo 23 wards.



# Organization chart of KFM

## Organization chart



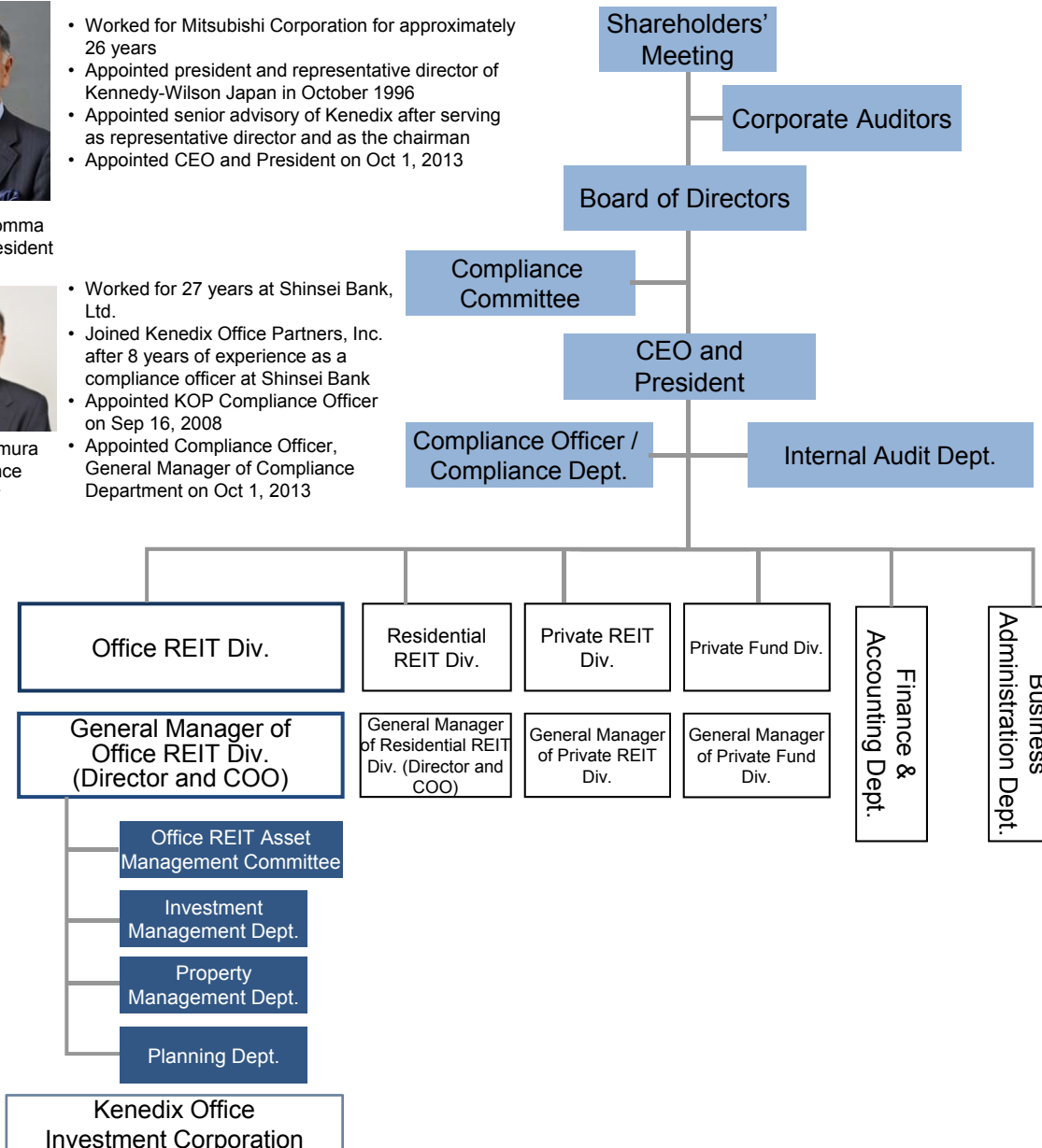
Ryosuke Homma  
CEO and President

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



Yuuji Kamimura  
Compliance Officer

- Worked for 27 years at Shinsei Bank, Ltd.
- Joined Kenedix Office Partners, Inc. after 8 years of experience as a compliance officer at Shinsei Bank
- Appointed KOP Compliance Officer on Sep 16, 2008
- Appointed Compliance Officer, General Manager of Compliance Department on Oct 1, 2013



## Office REIT Div. Key members



Naokatsu Uchida  
Director and COO,  
General Manager  
of Office REIT Div.

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



Keisuke Sato  
General Manger of  
Investment Management Dept.  
Office REIT Division

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



Fumihiko Shimodome  
General Manger of  
Property Management Dept.  
Office REIT Division

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



Hikaru Teramoto  
General Manager of  
Planning Dept.  
Office REIT Division

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

## Finance & Accounting Dept.



Tetsushi Ichikawa  
General Manager of Finance  
& Accounting Dept.

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

Note: Changed in names of organizations on February 3, 2014

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