

Kenedix Realty Investment Corporation

13th Period Results (Ended October 2011)

p19: Updated the the credit rating outlook due to announcement by Japan Credit Rating Agency on February 14, 2012.


p45: Updated the “Key members” due to the personnel change for the Asset Management Company announced on February 2, 2012.

February 2012
Kenedix REIT Management, Inc.

<http://www.kdx-reit.com/eng/>



13th period topics and status of actions towards issues

Topics of 13th period (2011/10) Public offering and its effects	
Public offering	<ul style="list-style-type: none"> ■ Description of public offering Executed 4th public offering in July 2011 since its listing <ul style="list-style-type: none"> ▪ Capital raised: Approx. 14 billion yen (incl. third-party allotment) ▪ Use of proceeds: Acquisition of four office buildings and repayment of debts ⇒ Since the financial crisis, KRI acquired 13 properties for 43 billion yen. ■ Effect of lowering Interest-bearing debt ratio (LTV) <ul style="list-style-type: none"> At end of 12th period (2011/4): 43.0% At end of 13th period (2011/10): 40.3% 
Collateral release	<ul style="list-style-type: none"> ■ As of the payment date of the public offering (July 20, 2011), all interest-bearing debts including the existing borrowings became non-collateralized. ⇒ Secure flexibility and mobility of financial strategy

Status of actions towards issues
<p>Focusing on the two issues to maintain and improve dividends level</p> <p>① Investments in new properties</p> <ul style="list-style-type: none"> ■ Exhibit competitive advantage based on the track record of acquisitions Focus on portfolio deal (multiple properties in one deal) among increasing property information ⇒ 14th period property acquired on 2011/12/26 Acquisition price of property (8 properties): Total of 28.55 billion yen
<p>② Enhancement of financial base</p> <ul style="list-style-type: none"> ■ Diversified funding methods Issued Third Series Unsecured Investment Corporation Bonds in September 2011. ▪ Amount: 1.5 billion yen ⇒ Achieved diversification of funding by issuing bonds for the first time in 4.5 years ■ Prepared for redemption of investment corporation bond ⇒ Concluded a term loan commitment agreement for the maximum loan amount of 7 billion yen on Dec. 19, 2011 ■ Reduction of financial costs Achieved after continuous negotiations with financial institutions 12th period (2011/4) borrowing (actual): spread 1.42% 13th period (2011/10) borrowing (actual): spread 1.18% (-0.24%)

SECTION 1

13th Period Results (October 31, 2011)

13th period(2011/10) financial results: Performance highlights

- Acquired four properties (¥14,270 million) by issuing 53,000 new units in July 2011
- Gain on sales of KDX Hirakawacho Building of ¥545 million (of which, ¥303 million was set aside as reserve for reduction entry)

13th period indicators

Operating income

¥9,044 million
(+11.2%)

Gain on sales of real estate properties

¥ 545 million

Leasing NOI

¥ 5,980 million
(+3.5%)

Net income

¥ 3,052 million
(+32.2%)

Provision for reserve for reduction entry

¥ 303 million

Units issued

286,550 units
(+22.7%)

Distribution per unit

¥ 9,596
(-3.0%)

() is comparison with 12th period

(in millions of yen)

Account		A	B	C	C-B	C-
		12th period (2011/4) Actual	13th period (2011/10) Forecast (※)	13th period (2011/10) Actual	Changes (Actual vs Forecast)	Changes (12th vs 13th)
Ordinary income/loss	Operating revenues	8,136	8,964	9,044	a 80	① 907
	Of which gain on sales of real estate properties	-	535	545	10	② 545
	Operating expenses	4,427	4,750	4,618	-132	191
	Expenses related to rent business (excl. depreciation)	2,360	2,630	2,518	b -112	③ 158
	Depreciation	1,406	1,448	1,442	-6	④ 36
	Other	659	670	657	-13	-2
	Operating income	3,709	4,214	4,425	211	715
	Non-operating income	3	5	5	-	2
	Non-operating expenses	1,366	1,419	1,390	-29	24
	Interest expenses etc.	1,352	1,360	1,334	c -26	⑤ -17
Other	14	59	56	-3	⑥ 41	
Ordinary income	2,346	2,799	3,040	241	694	
X/O gains/losses	Extraordinary gains	26	-	13	⑦ 13	-12
Extraordinary losses	61	-	-	-	⑧ -61	
Net income	2,309	2,798	3,052	254	742	
Leasing NOI (Net Operating Income)		5,776	5,798	5,980	182	204
FFO (Funds From Operation)		3,716	3,711	3,950	239	234
Provision for reserve for reduction entry		-	130	303	173	303
Number of units issued		233,550units	286,550units	286,550units	0units	⑩ 53,000units
Distribution per unit		9,891yen	9,300yen	9,596yen	296yen	-295yen

12th vs 13th Comparison C-
Major factors

- ① Acquisition of 4 properties (318M), Gain from sales of RE properties (545M)
- ② Gains from sales of KDX Hirakawacho Building
- ③ Increase in fixed property taxes of properties acquired in 11th and 12th period
- ④ Acquisition of 4 properties (50M)
- ⑤ Cost reduction such as interest expenses
- ⑥ Amortization of new units issuance cost
- ⑦ 12th period: Subsidy income (26M), 13th period: Gain from donation of fixed assets (13M)
- ⑧ 12th period: Loss on reduction of noncurrent assets (26M), Provision for loss on disaster (35M)
- ⑩ Increase due to new issuance in July

Provision for reserve for reduction entry

Reserve for reduction entry was accumulated related to the capital gains from the sale of KDX Hirakawacho Building (¥545 million) sold as of June 30, 2011 to the extent it meets the conduit requirements stipulated in Article 67-15 of the Special Taxation Measures Law (more than 90% of distributable profit)

※Forecast as of July 5, 2011

Changes	13th period Actual vs Forecast	C-B Major factors
a	80	Cancellation penalty (+50), Restoration income (+20)
b	-112	Repair (-41), Agent commissions etc (-21), Building maintenance fees etc (-18)
c	-26	Lower than expected interest rate or costs

Factors of changes from 12th peiod				
Account	Owned	New acquisition	Sold during 13th	Total
① Operating revenues	157	318	-114	907
② Gains on sale of RE properties	-	-	545	545
③ Expenses related to rent business	120	58	-20	158
④ Depreciation	2	50	-16	36
Difference	35	210	467	715

* Leasing NOI = Rental revenues - Rental expenses + Depreciation expense for the period
 * FFO (Funds From Operation) = Net income + Depreciation expense for the period - Gain on sales of real estate properties + Loss on sales of real estate properties

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14th period (2012/4): Earnings forecast

➤ Acquired 8 properties (¥28.55 billion) with a new borrowing of ¥29 billion

(in millions of yen)

Account		A 13th period (2011/10) Actual	B 14th period (2012/4) Forecast (12/19)	B-A Variance
Ordinary income/loss	Operating revenues	9,044	9,033	① -11
	Of which gain on sales of real estate properties	545	-	-545
	Operating expenses	4,618	4,935	317
	Expenses related to rent business (excl. depreciation)	2,518	2,650	② 131
	Depreciation	1,442	1,563	③ 121
	Other	657	721	64
	Operating income	4,425	4,098	-327
	Non-operating income	5	5	-
	Non-operating expenses	1,390	1,577	187
	Interest expenses etc.	1,334	1,539	④ 205
Other	56	37	-19	
Ordinary income	3,040	2,525	-515	
X/O gains/losses	Extraordinary gains	13	-	-13
Extraordinary losses	-	-	-	
Net income	3,052	2,524	-528	
Leasing NOI (Net Operating Income)		5,980	6,383	403
FFO (Funds From Operation)		3,950	4,088	138
Number of properties		74	82	8
Provision for/reversal of reserve for reduction entry		303	(143)	-446
Number of units issued		286,550units	286,550units	0units
Distribution per unit		9,596yen	9,300yen	-296yen

Components of variance (excluding the effect of gain on sales in 13th period)				
	Owned prior to 12th period	Acquired/sold during 13th period	To acquire in 14th period	Total
①	-406	132	808	535

②	-40	21	148	131
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NOI	-366	111	660	404
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Note: Of which, decrease in operating revenues of KDX Harumi Bldg is 180 million yen.

- ③ Increase in depreciation of 98 million yen due to new acquisition in 14th period
- ④ Increase in finance cost due to a new borrowing of 29 billion yen for property acquisition

【Changes in reserve for reduction entry】

	11th period	12th period	13th period	14th period (forecast)
Provision	65	-	303	-
Reversal	-	-	-	143
Balance	65	65	368	225

[Reference]

Expected fixed property taxes for 14th period: ¥ 692 million

Expected fixed property taxes for 15th period: ¥ 881 million

Note: Above figures are projected under certain assumptions at this time, and actual net profit and distribution may differ from those projections due to changes in circumstances. Also, this projection is not intended to imply that the projected amount will be paid.

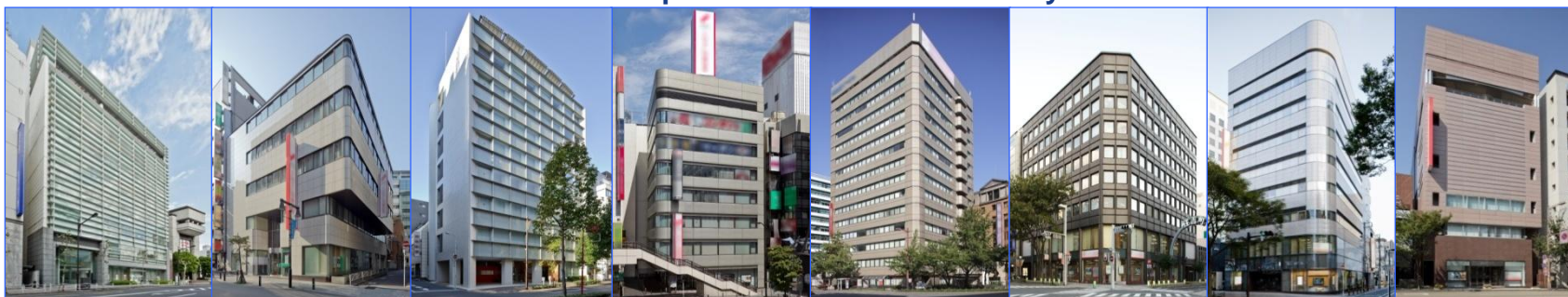
SECTION 2

External growth strategy

Properties acquired during 14th period (2012/4)

Acquisition of portfolio deal (multiple properties in one deal): Dec. 26, 2011

Total of Acquisition Price 28.55 billion yen



Property Name	Kabutocho Nikko Building	Ikebukuro Nikko Building	Kabutocho Nikko Building II	Tachikawa Ekimae Building	Nagoya Ekimae Sakura-dori Building	Nagoya Nikko Shoken Building	Sendai Nikko Building	Kanazawa Nikko Building	Total of 8 properties
Location	Chuo-ku, Tokyo	Toshima-ku, Tokyo	Chuo-ku, Tokyo	Tachikawa-shi, Tokyo	Nakamura-ku, Nagoya	Naka-ku, Nagoya	Aoba-ku, Sendai	Minamicho, Sendai	-
GFA	11,705.49㎡	3,223.75㎡	2,016.03㎡	2,896.48㎡	13,380.30㎡	14,308.76㎡	3,598.01㎡	4,497.22㎡	55,626.04㎡
Year built	November-1998	March-1986	October-2001	February-1990	April-1986	August-1974	March-1989	March-1989	-
Acquisition Price (A)	¥11.27B	¥1.65B	¥1.28B	¥1.26B	¥7.32B	¥4.15B	¥0.95B	¥0.64B	¥28.55B
Appraisal value at the time of acquisition (B)	¥13.5B	¥1.7B	¥1.54B	¥1.34B	¥7.73B	¥4.2B	¥1.01B	¥1.07B	¥32.09B
Difference (A9-(B))	-16.5%	-2.8%	-16.9%	-5.4%	-5.2%	-1.0%	-5.9%	-39.7%	-11.0%
Seller	Third party	Third party	Third party	Third party	Third party	Third party	Third party	Third party	-
Actual NOI (Note 1)	¥560M	¥99M	¥73M	¥87M	¥407M	¥264M	¥55M	¥87M	¥1,635M
Actual NOI / Acquisition Price	5.0%	6.0%	5.8%	6.9%	5.6%	6.4%	5.9%	13.5%	5.7%
Appraisal NOI (Note1)	¥643M	¥102M	¥80M	¥85M	¥436M	¥254M	¥69M	¥83M	¥1,755M
Appraisal NOI / Acquisition Price	5.7%	6.2%	6.3%	6.8%	6.0%	6.1%	7.3%	13.0%	6.1%

Note 1: Actual NOI (Annual) are based on property operating revenue and expenses (including property tax) which are based on contracts with existing tenants at the acquisition date.

Appraisal NOI are the net operating income (annual) for the direct capitalization method used in real estate appraisal report at the time of acquisition for each property.

Note 2: Values are rounded down to the first decimal place. Ratios are rounded to the first decimal place.

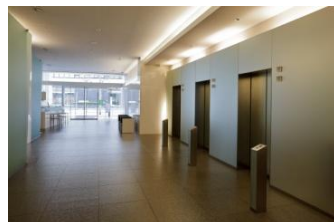
Note 3: Actual NOI and Actual NOI / Acquisition price are not disclosed with property that have 1 or 2 tenants.

Details of properties acquired during the 14th period (2012/4)

- Acquired portfolio deal (multiple properties in one deal)
Total acquisition price of 8 properties: 28.55 billion yen

(Tokyo Metropolitan Area 15.47billion yen, Other Regional Areas 13.08 billion yen)

Kabutocho Nikko Building



Location: Chuo-ku, Tokyo
 GFA: 11,705.49 m²
 Year built: Nov. 1998
 Acquisition price: ¥11,270M
 Architect:
 MITSUBISHI ESTATE CO, LTD.
 Construction company: TODA CORPORATION others
 PML: 4.23%
 Occupancy: 100% (Tenants: 1)
 (As of Oct. 31, 2011)

- 2-minute walk from “Kayabacho Station” on Tokyo Metro Hibiya and Tozai Lines, and walking distance from “Nihonbashi Station” on Tokyo Metro and Toei Subway Asakusa Lines
- Facing the Tokyo Stock Exchange across the street to the north
- Typical floor has a leasable area of approx. 929m² (approx. 281 tsubo)

Nagoya Ekimae Sakura-dori Building



Location: Nakamura-ku, Nagoya
 GFA: 13,380.30 m²
 Year built: Apr. 1986
 Acquisition price: ¥7,327M
 Architect:
 MITSUBISHI ESTATE CO, LTD.
 Construction company: TAKANAKA CORPORATION others
 PML: 12.13%
 Occupancy: 91.9% (Tenants: 17)
 (As of Oct. 31, 2011)

- Convenient access located at 2-minute walk from “Nagoya Station” on various JR Lines.
- Features notably high visibility located close to the traffic circle on the Sakura-dori Exit side and stands on a corner facing Sakura-dori
- Typical floor has a leasable area of approx. 542m² (approx. 164 tsubo)

Details of properties acquired during the 14th period (2012/4)

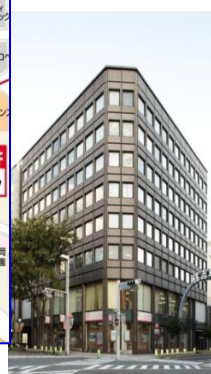
Ikebukuro Nikko Building

Location: Toshima-ku, Tokyo
 GFA: 3,223.75 m²
 Year built: Mar. 1986
 Acquisition price: ¥1,653M
 Architect: MITSUBISHI ESTATE CO, LTD.
 Construction company:
 TAKENAKA CORPORATION
 PML: 8.67%
 Occupancy: 100% (Tenants: 2)
 Closest station: Ikebukuro (4-minute walk)



Nagoya Nikko Shoken Building

Location: Naka-ku, Nagoya
 GFA: 14,308.76 m²
 Year built: Aug. 1974
 Acquisition price: ¥4,158M
 Architect: MITSUBISHI ESTATE CO, LTD.
 Construction company:
 Konoike Construction Co, Ltd.
 PML: 14.36%
 Occupancy: 93.4% (Tenants: 10)
 Closest station: Sakae (4-minute walk)



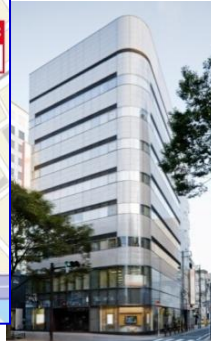
Kabutocho Nikko Building II

Location: Chuo-ku, Tokyo
 GFA: 2,016.03 m²
 Year built: Oct. 2001
 Acquisition price: ¥1,280M
 Architect: Kajima Corporation
 Construction company:
 Kajima Corporation
 PML: 6.15%
 Occupancy: 100% (Tenants: 4)
 Closest station: Kayabacho (2-minute walk)



Sendai Nikko Building

Location: Aoba-ku, Sendai
 GFA: 3,598.01 m²
 Year built: Mar. 1989
 Acquisition price: ¥950M
 Architect: MITSUBISHI ESTATE CO, LTD.
 Construction company:
 Kajima Corporation
 PML: 3.48%
 Occupancy: 75.4% (Tenants: 4)
 Closest station: Aoba-dori (1-minute walk)



Tachikawa Ekimae Building

Location: Tachikawa-shi, Tokyo
 GFA: 2,896.48 m²
 Year built: Feb. 1990
 Acquisition price: ¥1,267M
 Architect: MITSUBISHI ESTATE CO, LTD.
 Construction company:
 Kajima Corporation others
 PML: 3.34%
 Occupancy: 100.0% (Tenants: 5)
 Closest station: Tachikawa (2-minute walk)



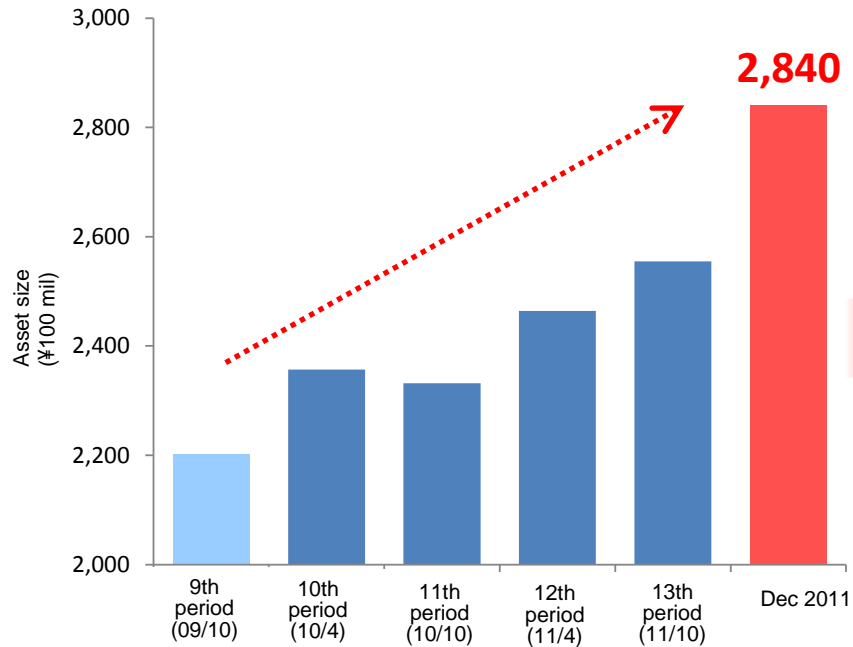
Kanazawa Nikko Building

Location: Minamicho, Kanazawa
 GFA: 4,497.22 m²
 Year built: Mar. 1989
 Acquisition price: ¥645M
 Architect: TAKENAKA CORPORATION
 Construction company:
 TAKENAKA CORPORATION
 PML: 2.61%
 Occupancy: 100.0% (Tenants: 2)
 Usage: Offices, Hotel



History of portfolio growth and its results

History of portfolio growth since November 2009



Summary of portfolio growth (Note 1)

	Owned at Oct 31, 2009 (Excl. properties already sold)	Owned at Dec 31, 2011 (Expected)	Increase (%)	New acquisition since 2009/11
Total number of tenants	795	957	+20%	162
Number of properties	62	82	+32%	20
Leasable area	248,779m ²	335,705m ²	+35%	86,926m ²
Annual NOI (NOI yield) (Note 2)	¥9.86 billion (4.6%)	¥13.83 billion (4.9%)	+40%	Approx. ¥4 billion (5.6%)

Note 1: Figures related to KDX Shin-Yokohama 381 Building Annex Tower (acquired in 10th period) are included in A47KDX Shin-Yokohama Building (acquired in 6th period).

Note 2: Annual NOI is calculated based on Actual figures of 13th period (2011/10) and current NOI of properties to be acquired in December 2011.

Property tax and urban planning tax of properties acquired in 12th and 13th periods are expensed.

(2010/4)



(2011/4)



(2011/10)



(Acquired in 2011/12)

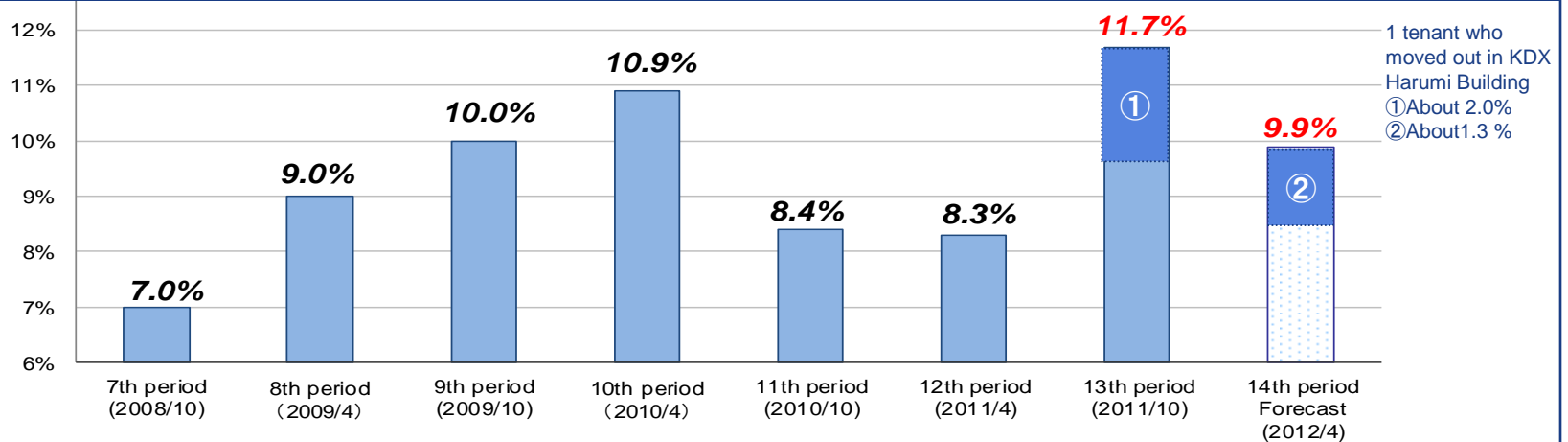


SECTION 3

Portfolio management strategy

Management of existing properties: Tenant turnover and occupancy (office)

Annualized turnover ratios for office tenants (actual and forecast)



Note : The ratio is calculated and annualized as follows: total leasable area of the tenants who cancelled the lease agreement during the six-month period from the beginning to end of each period / (Average leasable area of all office buildings owned by KRI as of each month-end during the relevant period) x 2. 14th period (2012/4) forecast is based on prior cancellation notices received in 13th period (2011/10). In addition, the properties acquired on Dec. 26, 2011 is not included.

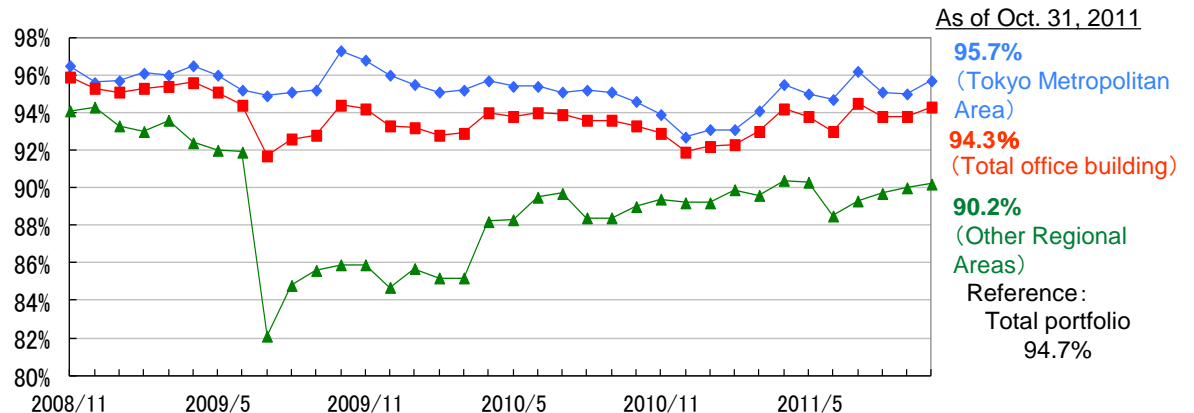
Changes in occupancy ratios for office tenants (by area)

Average monthly occupancy ratios in the last 3 years
(from 8th period to 13th period)

Total office building 93.8%

Tokyo Metropolitan Area 95.3%

Other Regional Areas 89.1%

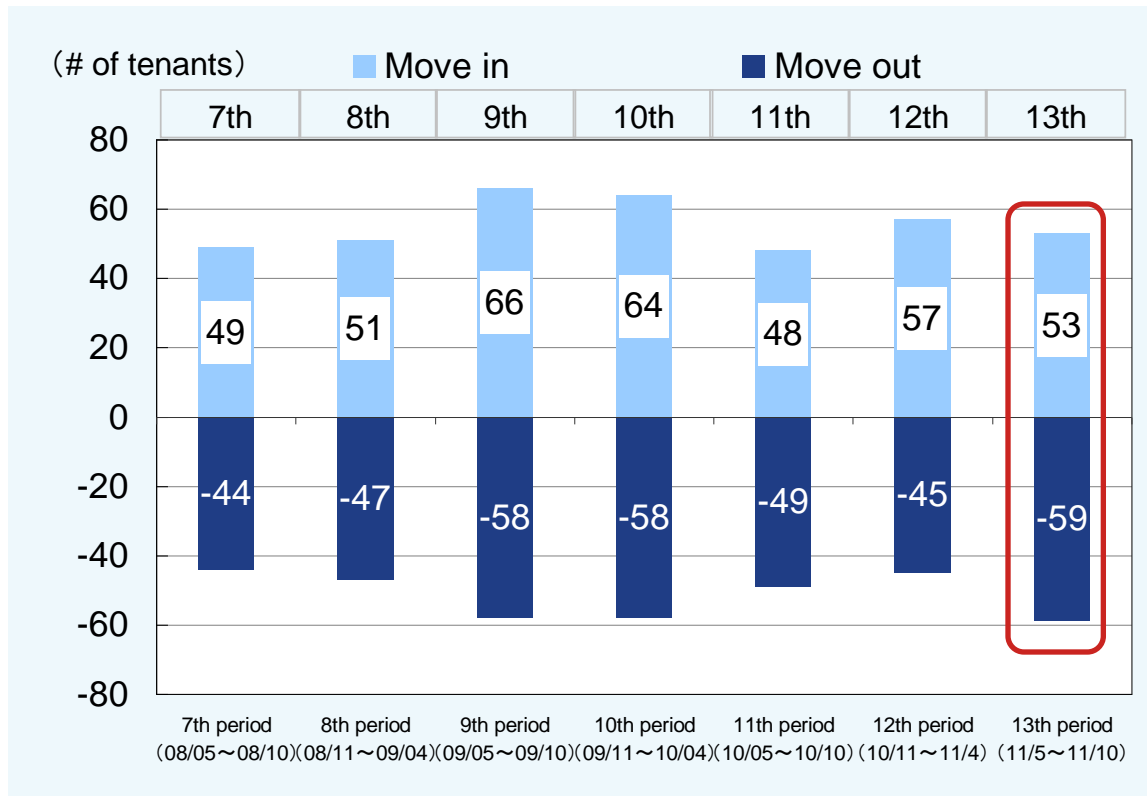


※The impact of the move-out of 1 tenant of KDX Harumi Building will be reflected for the occupancy ratios as of the end of Nov. and Dec. 2011

Management of existing properties: Tenant turnover for office tenants

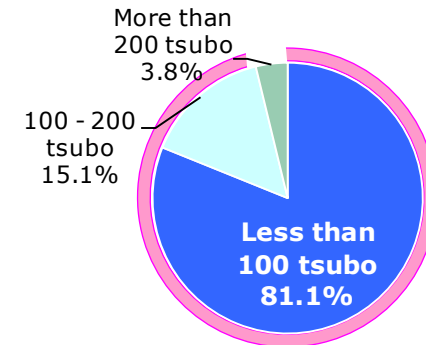
Trend of tenant turnover

- Result of move-in: Stable results for move-ins. 96.2% of the move-in tenants occupied less than 200 tsubo each.
- Result of move-out : Slightly increased from the previous period. 93.2% of the move-out tenants had occupied less than 200 tsubo each.
- Most of the tenant move-ins and move-outs are for the leased floor areas of less than 200 tsubo.

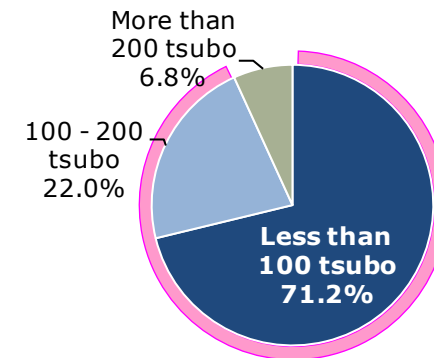


Note : Based on number of floors. If one tenant leases more than one floor, each floor is counted as one

Move in during 13th period (53 tenants)



Move out during 13th period (59 tenants)



Management of existing properties: Trends in new tenants and office rents for new tenants

Rents for new tenants

% change in rents between new & existing tenants and # of contracts

		8th period 2009/4	9th period 2009/10	10th period 2010/4	11th period 2010/10	12th period 2011/4	13th period 2011/10
Central Tokyo (5 wards)	Changes	0.0%	-19.3%	-22.8%	-19.0%	-20.9%	-24.4%
	Increase in rent	8	0	0	0	1	0
	Decrease in rent	9	17	16	18	16	20
Other Tokyo Metropolitan Area	Changes	-1.8%	-8.4%	-15.5%	-20.0%	-18.6%	-19.6%
	Increase in rent	4	3	1	0	0	0
	Decrease in rent	6	15	11	6	17	6
Other Regional Areas	Changes	-7.7%	-16.4%	-15.0%	-16.6%	-14.0%	-14.5%
	Increase in rent	4	2	6	1	1	0
	Decrease in rent	7	11	18	13	10	16
Total Office Buildings	Changes	-2.7%	-14.4%	-17.5%	-18.3%	-18.3%	-19.9%
	Increase in rent	16	5	7	1	2	0
	Decrease in rent	22	43	45	37	43	42

Notes : Ratios represent the simple percentage differences in average monthly rents (per tsubo) for existing tenants and new tenants in the respective buildings. The analysis excludes those buildings that were acquired during the relevant fiscal periods and based on floors for offices (above 2nd floor)

(Reference) Reasons for moving in office buildings

	8th period 2009/4	9th period 2009/10	10th period 2010/4	11th period 2010/10	12th period 2011/4	13th period 2011/10
Expansion	19	26	40	36	31	34
Scale down	12	17	14	6	18	9
Other /unknown	2	12	3	4	5	4

Note: Surveyed mainly on office floors on the 2nd floor or higher

(Reference) Changes in reasons for moving out of office buildings

	8th period 2009/4	9th period 2009/10	10th period 2010/4	11th period 2010/10	12th period 2011/4	13th period 2011/10	14th period 2012/4 (Forecast)
Expansion	4	2	4	9	7	9	7
Scale down	33	44	47	31	30	40	31
Other /unknown	6	6	4	5	7	6	6

Note: Residential floors are excluded from the survey

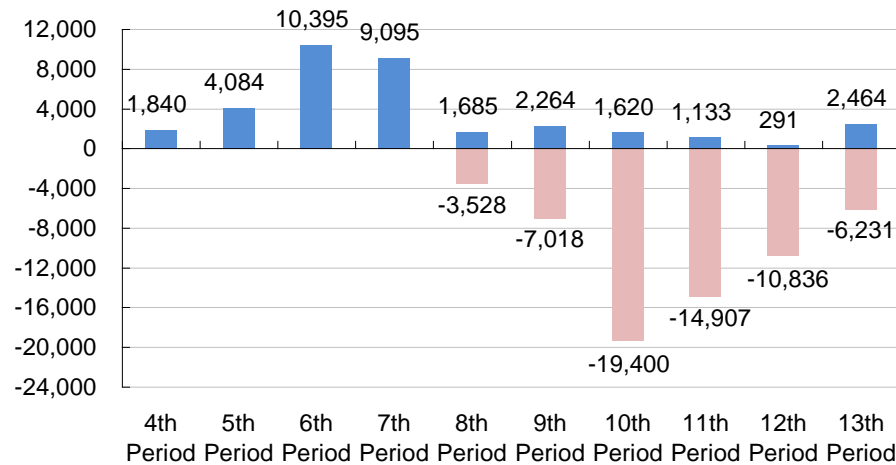
Management of existing properties: Change in rent for office building

Rent renewals

Status of rent renewals (% change, # of contracts)

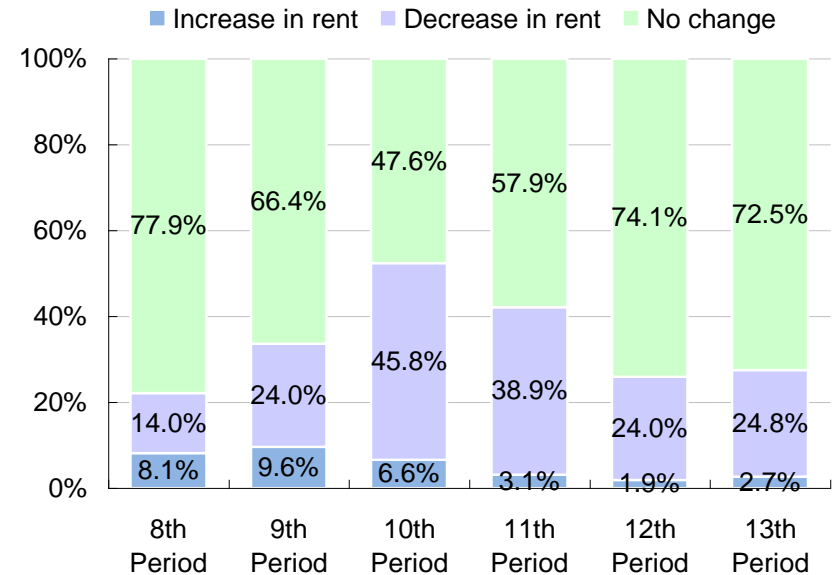
	8th Period (2009/4)	9th Period (2009/10)	10th Period (2010/4)	11th Period (2010/10)	12th Period (2011/4)	13th Period (2011/10)
Changes	-2.7%	-5.7%	-9.0%	-10.8%	-13.8%	-4.2%
Increase in rent	12	6	4	6	5	4
Decrease in rent	14	30	63	55	33	30

Note: Percentage change in rents are calculated by dividing the total monthly rents of those tenants who have renewed their leases with either decrease or increase in rental levels by total monthly rents before the renewal. Those tenants whose rents are unchanged at renewal are excluded

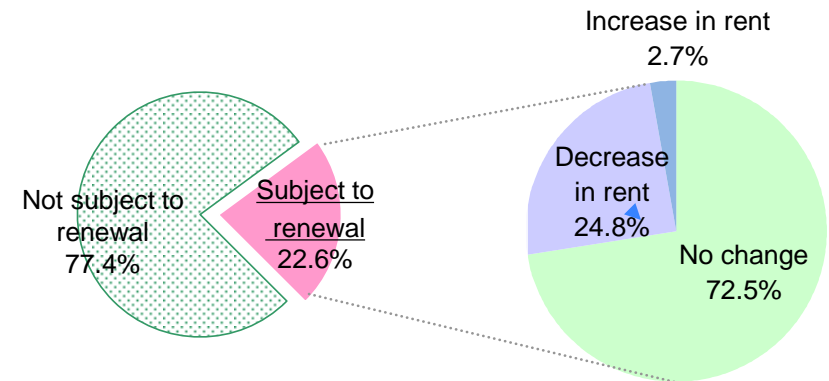


Note: The changes in monthly rent are summation of differences before and after the rent renewal and calculated separately for tenants with rent increase and decrease

13th period (2011/10): rent renewal trends for existing tenants



Note: Any renewed contracts, including contracts extended before the expiration date. Ratio calculation based on leased floor area



Management of existing properties: Rent average for office buildings and tenant diversification

Average Rent

Average rent level for office buildings

(Monthly rent/tsubo)	End of 10th period (2010/4)	End of 11th period (2010/10)	End of 12th period (2011/4)	End of 13th period (2011/10)	Changes compared with previous period end
Central Tokyo (5 wards)	¥19,900	¥19,300	¥18,900	¥18,300	-3.4%
Other Tokyo Metropolitan Area	¥14,300	¥14,100	¥13,700	¥13,500	-1.6%
Tokyo Metropolitan Area	¥18,000	¥17,600	¥17,200	¥16,700	-2.9%
Other Regional Areas	¥10,700	¥10,600	¥10,500	¥10,400	-0.6%
Total office buildings	¥17,000	¥16,600	¥16,200	¥15,700	-2.7%

Note: Average rent level covers offices mainly above 2nd floor of the 62 properties which the Investment Corporation has owned at the end of 10th period excluding KDX Shinjuku-Gyoen Building and KDX Hirakawa-cho Building which were sold in the 11th and 13th period. Starting from the 11th period, A-47KDX Shin-Yokohama 381 Building is calculated collectively with the KDX Shin-Yokohama 381 Building Annex Tower (A-65) as 1 property. The average rent level of each property is the value obtained by dividing the sum of the monthly rent (including common area charges) per each property by the total leased area of each property, and is rounded down to 100 yen.

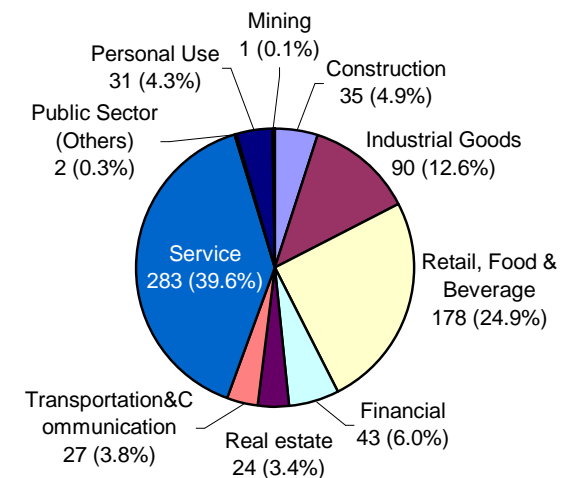
Tenant distribution in Tokyo Metropolitan Area (end of 13th period)

Rent per tsubo/rentable area	Less than 100 tsubo	100 - 200 tsubo	200 - 300 tsubo	300 - 400 tsubo	400 - 500 tsubo	500 - 1,000 tsubo	1,000 - 2,000 tsubo
¥30,000 - ¥40,000	2	1	1	-	-	-	-
¥20,000 - ¥30,000	35	24	8	2	-	2	1
¥10,000 - ¥20,000	177	88	26	7	3	6	2
Less than ¥10,000	37	4	2	2	-	-	-

Note: Based on rents as stated in lease agreements (including common area charges) for 430 office tenants in Tokyo Metropolitan Area

End tenants of office buildings

Variety of tenants (As of end of 13th period)



Note: Percentage figures in the above pie charts represent the proportion of each type of end tenants as a percentage of the total (714 tenants)

of end tenant (# of properties) **714 Tenants (68 properties)**

Share of the Largest Tenant **1.8%**

Total Share of the Top 3 Tenants **4.8%**

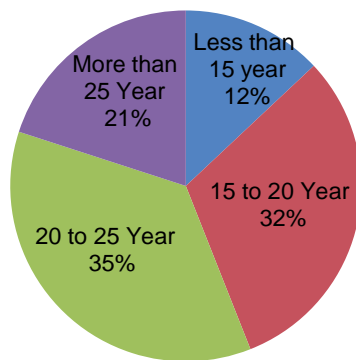
Note: The ratio of top-end tenants within the entire portfolio (based on leased area) Moreover, the number of end-tenants for our office buildings including 8 properties acquired on Dec. 26, 2011 was 748, the largest end tenant was 5.9% and top 3 end tenants were 9.1% as of the end of Oct., 31, 2011

Management of existing properties: Age and satisfaction level of office buildings

Building age and satisfaction level of office buildings

- Ranking of total satisfaction level and intention to stay: less than 15 year-old > 20 to 25 year-old > more than 25 year-old > 15 to 20 year-old
- KRI carries out renewal/renovation (value up) based on the maintenance cycle, the engineering report, and the results of the CS survey.

Age distribution of office buildings owned by KRI (in number)

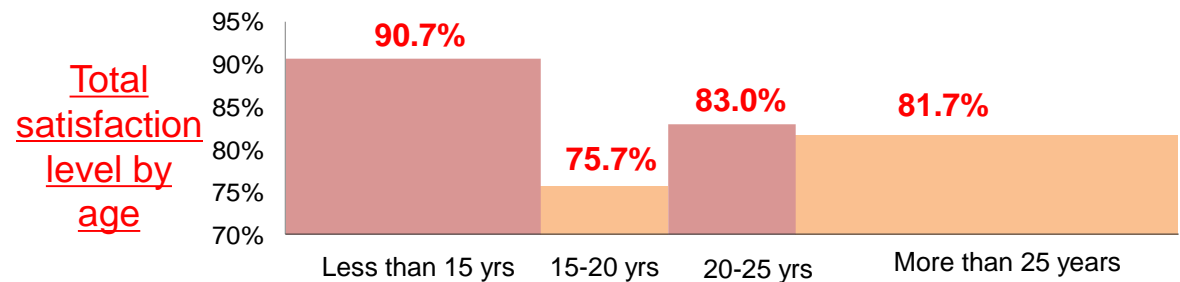


Average age: 21.6 years

※Weighted-average age of all 68 office buildings owned at the end of 13th period

KRI's regular maintenance cycle

	5yrs	10yrs	15yrs	20yrs	25yrs	30yrs	35yrs
Air conditioner			Renovation			Renovation	
Entrance				Renovation			
Toilet			Renovation			Renovation	
External wall /ceiling		Renewal				Renewal	
Elevator		Renewal			Renovation		



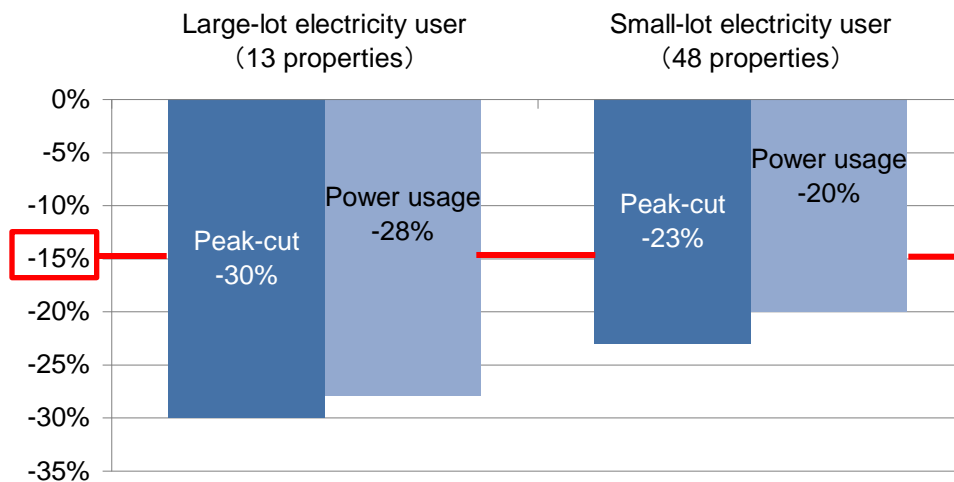
Note: The sum of "Satisfactory" and "Almost satisfactory" out of "Satisfactory", "Almost satisfactory", "No opinion", "Rather unsatisfactory", "Unsatisfactory." The ratio of top 2 out of 5-level evaluation.

Management of existing properties: Energy saving measure during the summer and the results

Actions towards electricity supply shortage in summer 2011 and the results

- Large-lot electricity user (over 500kW contracted supply): peak-cut by 30% and usage reduction by 28%
 - Small-lot electricity user (less than 500kW contracted supply): peak-cut by 23% and usage reduction by 20%
 - Active energy saving effort by tenants through the usage of air conditioner and lighting at their occupied areas
- ※Reduction ratio is an average of 2 months between July and August 2011. Peak-cut represents the reduction ratio against the volume designated by the government or contracted supply, and usage reduction is compared to the previous year.

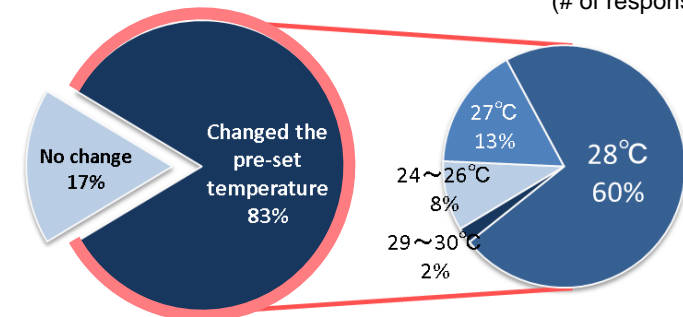
Results of energy saving during the summer



**Successfully reduced 15% electricity use in all properties classified as a large users
(no property was subject to penalty)**

Action by tenants (from 4th CS survey result)

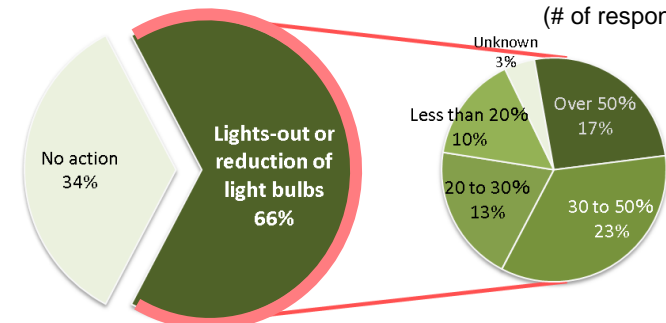
(# of response:379)



Over 80% tenants changed pre-set temperature of air conditioner

Lighting
(Ratio of lights-out or Reduction of light bulbs in occupied areas)

(# of response:379)

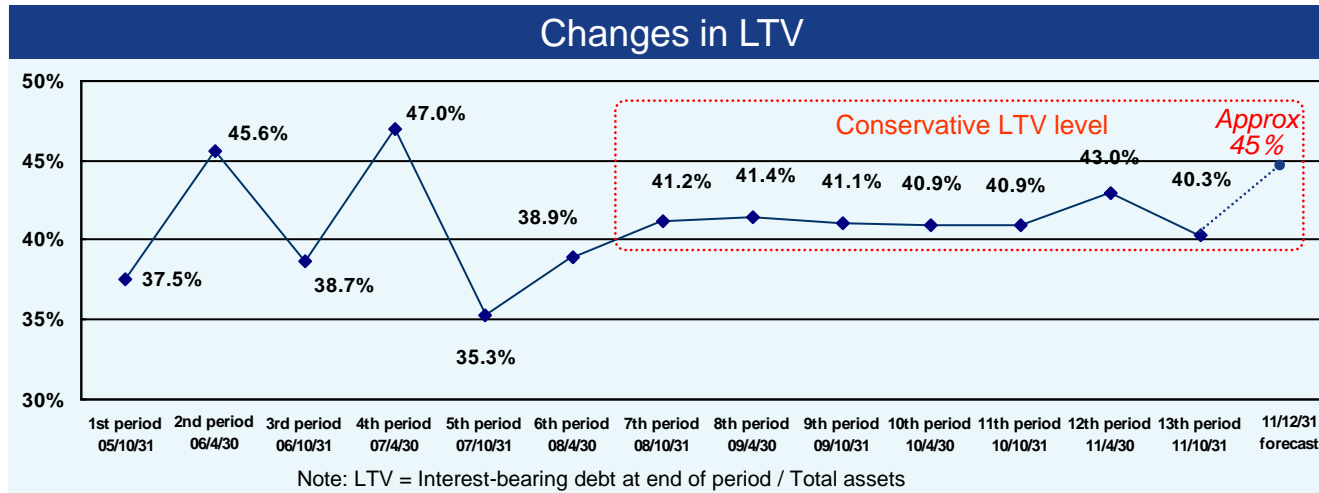


Over 60% tenants reduced light bulbs in occupied areas

SECTION 4

Financial Strategy

Stable financial management: Conservative LTV and diversification of debt maturity

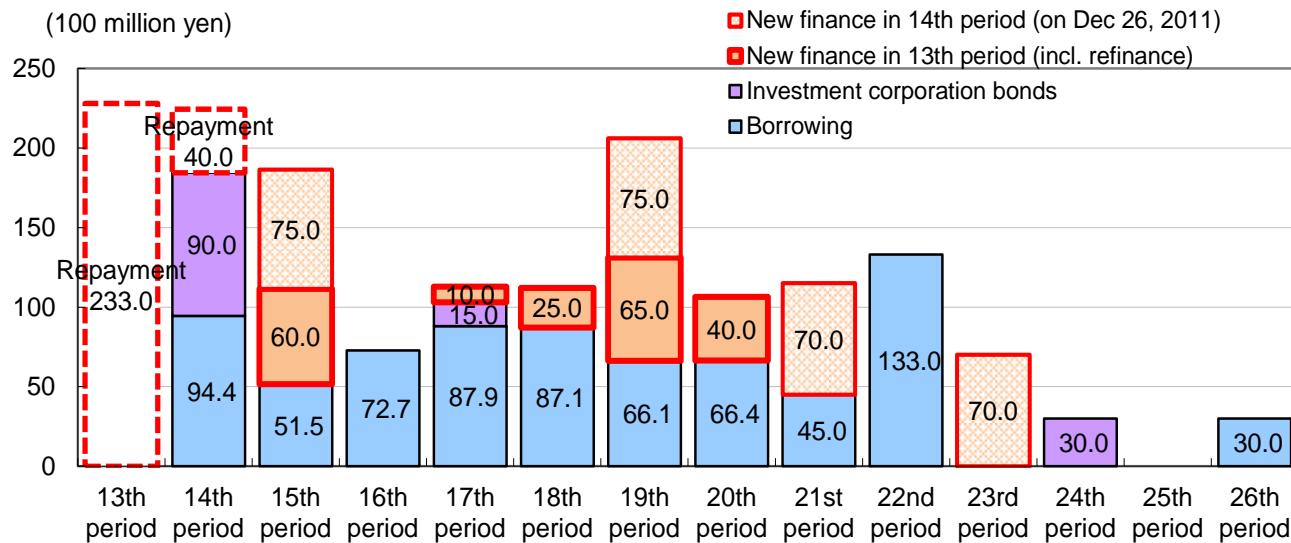


2011/7 All interest-bearing debts became non-collateralized or non-guaranteed

2011/9 Issued Third series unsecured investment corporation bonds (¥1.5 billion)

2011/12 Entered into a term loan commitment agreement for the maximum loan amount of 7 billion yen to prepare for redemption of First series bond

Diversification of debt maturity (As of December 26, 2011)



Credit ratings and investment corporation bonds (as of February 14, 2012)

Rating agency	Rating			
Japan Credit Rating Agency (JCR)	A	(Positive)		
Bonds	Size	Interest rate	Maturity	Maturity date
1st Bond	¥9B	1.74% p.a.	5 yrs	2012/3/15
2nd Bond	¥3B	2.37% p.a.	10 yrs	2017/3/15
3rd Bond	¥1.5B	1.59% p.a.	2 yrs	2013/9/13

Note: The chart illustrates total debt amounts that mature in each period (rounded to the first decimal place). The debts that were financed during 13th and 14th periods (including refinanced portions) are indicated in red box.

Stable financial management: Improvement of borrowing terms

Changes in borrowings

	8th period(09/4) and 9th period(09/10)	12th period (2011/4)	13th period (2011/10)	14th period Borrowed in 2011/12 (※)
Average life	1.8 years	3.4 years	2.4 years	3.1 years
Average spread	2.27%	1.42%	1.18%	1.07%
Amount	¥25 B	¥32.5 B	¥20 B	¥29 B

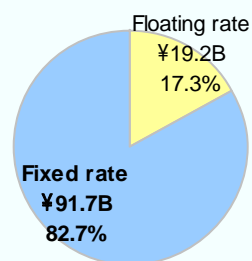
Note: Average life is weighted by borrowing amount (rounded to the first decimal place).
 • Average spread is weighted by borrowing amount and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place)
 • Amount represents the amount borrowed or refinanced during the period. The amounts borrowed and repaid during the same period (i.e. no outstanding balance at the end of the period) are not included.

※ Funding for property acquisition executed in Dec. 26, 2011

- Arranger: Sumitomo Mitsui Banking Corporation
Co-arranger: Development Bank of Japan
- Total amount: 29 billion yen
- Term: 10 months, 2 years 10 months, 3 years 10 months, and 4 years 10 months
- Participating financial institutions: 7

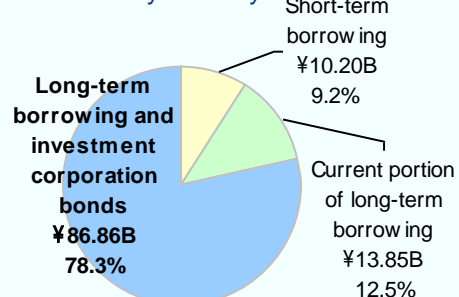
Fixed-rate debt/balance by maturity (as of October 31, 2011)

Proportion of floating-rate debt vs fixed-rate debt



Average interest rate *	1.76%
Average life	2.3 years
Proportion of L-T debt	90.8%

Debt balance by maturity

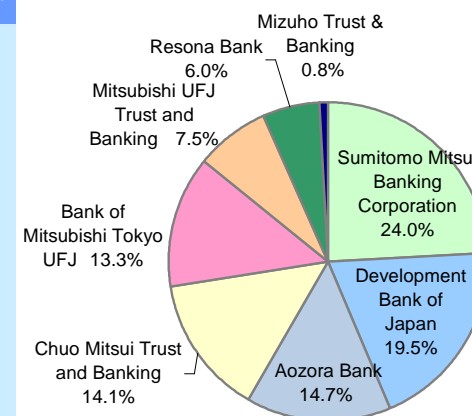


*Note: The average interest rate above does not include upfront fees (if included, 2.17%).
 "Fixed-rate debt" includes borrowings that were converted to fixed through interest rate swap.

Note: Borrowing amounts are rounded to the first decimal place.

Breakdown of lenders (As of December 26, 2011)

(in 100 million yen)	As of Oct 31, 2009	As of Dec 26, 2011
Sumitomo Mitsui Banking Corporation	194	294
Development Bank of Japan	120	239
Aozora Bank	120	180
Chuo Mitsui Trust and Banking	145	173
Bank of Tokyo Mitsubishi UFJ	98	163
Mitsubishi UFJ Trust and Banking	72	92
Resona Bank	43	73
Mizuho Trust & Banking	—	10
Norinchukin Bank	40	0
Total	852	1,224



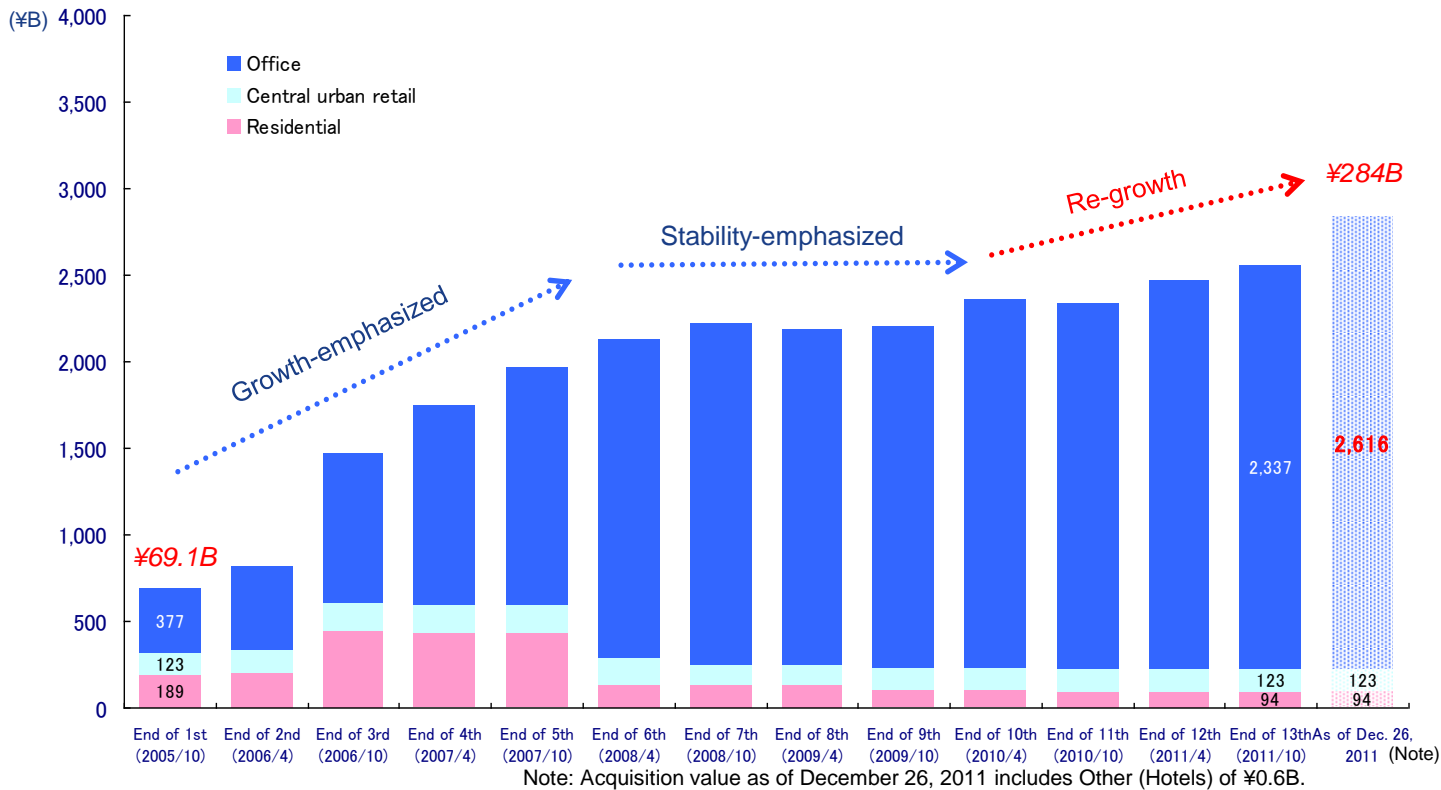
Note: Amounts less than 100 million yen are rounded to the nearest 100 million yen. The total amount at 2009/10/31 include borrowings from Citibank and Mitsui Sumitomo Insurance.

Memo

Appendix

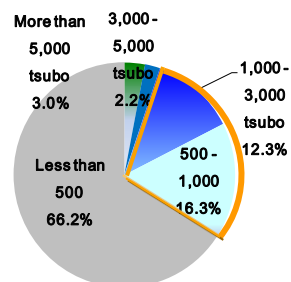
Portfolio that focuses on office buildings

Portfolio growth (by acquisition value)

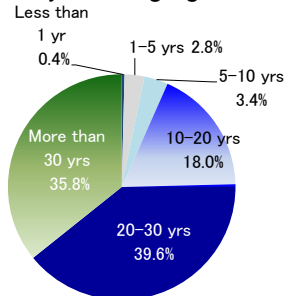


(Reference) Office market in Tokyo's 5 central wards (by number of buildings)

<By size (Total floor base)>



<By Building age>



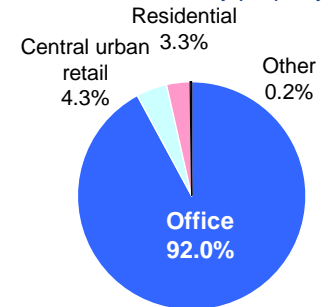
Note:
The data covers rental office buildings located in Tokyo's 5 wards that were surveyed by CB Richard Ellis Research Institute. (As of March 2011).

Source:
"Mid-sized office building market trend", CBRE, May 2011 (report compiled at KDRM's request.)

Portfolio overview (as of December 26, 2011)

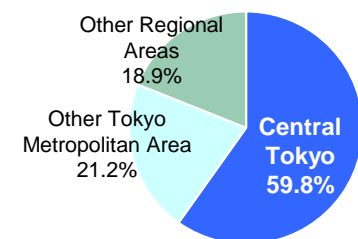
of properties: 82
Total size: ¥284.0B

Portfolio breakdown by property type



Office buildings: 75 properties
Total size: ¥261.6B

Portfolio breakdown by region (office buildings)



Notes:

- Total sizes are rounded to the nearest ¥100M.
- The above percentages are calculated using the acquisition prices rounded to the first decimal place.
- Central Tokyo includes Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards.

Property Acquisition Strategies going forward: Environmental recognition and diversified investment structure

Changes in number of property information and contents

Property information increased due to a track record of acquisitions

- Demonstrate an upward trend since August after temporary decrease due to earthquake
- Increasing in portfolio deals (multiple properties in one deal) from 2010 (Obtained info about 42 deals/236 buildings mainly from financial institutions)
- Increasing in information of property disposition related to redemption of CMBS and maturity of non-recourse loans

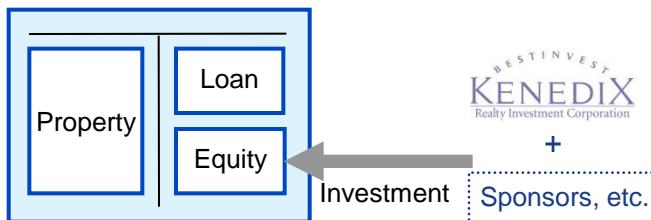
Disposition with a view to acquiring a new property

- Preference to disposition of residential and central urban retail assets
- Office buildings may be disposed based on room for asset replacement

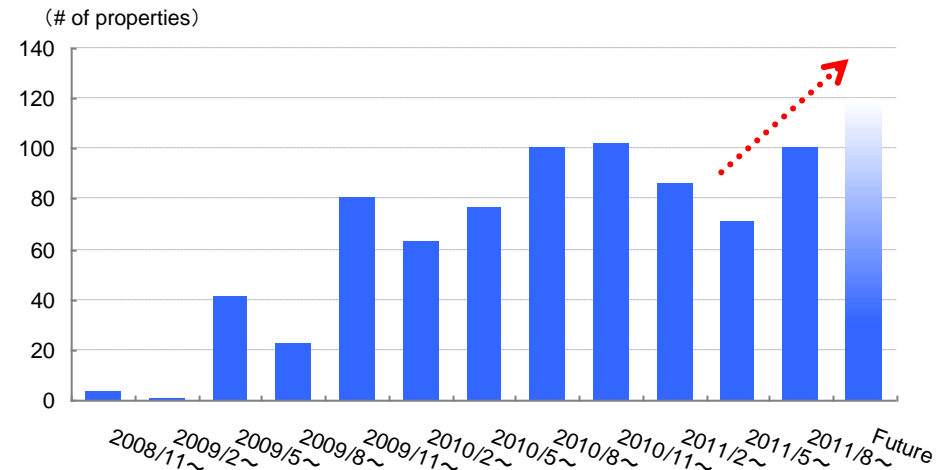
Focusing on "mid-sized office buildings"

Diversified investment structure (TK investments)

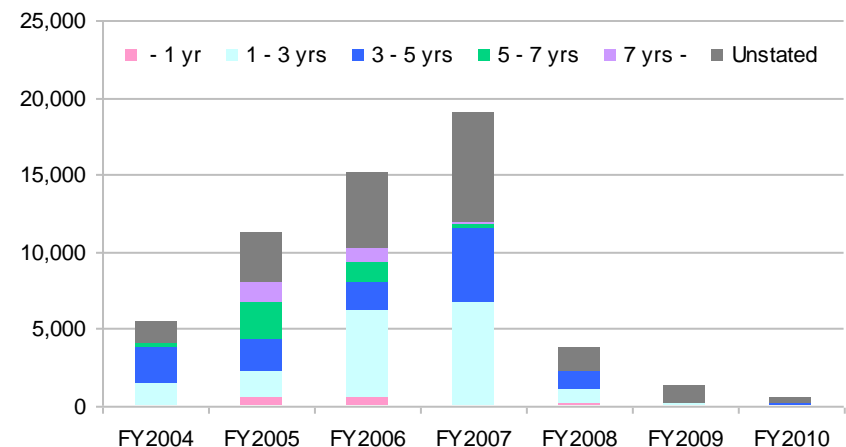
- Tokumei-kumiai investment etc. (Joint Investment with sponsors)
- Securing properties through warehousing fund



(Reference) Number of property information about office buildings (every 3 month)



(Reference) CMBS issues (by contract maturity, average maturity)



Note: Prepared by KDRM based on "2010 Trend Survey of Securitization Market" by JSDA

Appraisal values and cap rates as of the end of 13th period

No	Property name	Appraiser	Acquisition price	13th period					Cap rate		No	Property name	Appraiser	Acquisition price	13th period					Cap rate	
				Appraisal value	Book value	vs acquisition	vs 12th period	vs book value	End of 13th period	vs 12th period					Appraisal value	Book value	vs acquisition	vs 12th period	vs book value	End of 13th period	vs 12th period
A 1	KDX Nihonbashi 313 Building	Daiwa	5,940	6,920	6,130	16.5%	-3.5%	12.9%	4.8%	-0.1%	A 45	KDX Roppongi 228 Building	JREI	3,300	2,160	3,430	-34.5%	1.4%	-37.1%	4.8%	-0.1%
A 3	Higashi-Kayabacho Yuraku Building	JREI	4,450	5,220	4,373	17.3%	0.8%	19.4%	4.9%	-0.2%	A 46	Hiei Kudan-Kita Building	Daiwa	7,600	7,530	7,579	-0.9%	-0.4%	-0.7%	4.7%	-0.1%
A 4	KDX Hatchobori Building	Daiwa	3,680	3,420	3,357	-7.1%	1.2%	1.9%	5.0%	-0.1%	A 47	KDX Shin-Yokohama 381 Building	JREI	5,800	4,140	5,888	-28.6%	-1.7%	-29.7%	5.9%	0.1%
A 5	KDX Nakano-Sakaue Building	Daiwa	2,533	2,330	2,457	-8.0%	-0.9%	-5.2%	5.4%	-0.1%	A 48	KDX Kawasaki-Ekimae Hon-cho Building	JREI	5,760	3,410	3,817	-9.3%	0.0%	-10.7%	6.3%	0.0%
A 6	Harajuku FF Building	JREI	2,450	2,950	2,451	20.4%	1.4%	20.3%	5.6%	-0.1%	A 49	Nissou Dai-17 Building	JREI	2,710	1,590	2,632	-41.3%	-0.6%	-39.6%	5.8%	0.0%
A 7	FIK Minami Aoyama Building	JREI	2,270	2,150	2,252	-5.3%	1.9%	-4.6%	4.8%	-0.1%	A 50	Ikejiri-Oohashi Building	JREI	2,400	1,570	2,462	-34.6%	-3.1%	-36.2%	5.9%	-0.1%
A 8	Kanda Kihara Building	Daiwa	1,950	1,870	1,856	-4.1%	0.0%	0.7%	5.0%	-0.1%	A 51	KDX Hamacho Nakanohashi Building	JREI	2,310	1,700	2,357	-26.4%	1.2%	-27.9%	5.3%	-0.2%
A 12	Portus Center Building	Daiwa	5,570	4,590	4,638	-17.6%	0.0%	-1.0%	6.4%	0.0%	A 52	KDX Kanda Misaki-cho Building	JREI	1,380	976	1,377	-29.3%	-1.4%	-29.1%	5.3%	-0.1%
A 13	KDX Kojimachi Building	JREI	5,950	4,410	5,646	-25.9%	4.3%	-21.9%	4.4%	-0.2%	A 53	KDX Hakata-Minami Building	JREI	4,900	3,490	4,798	-28.8%	-5.4%	-27.3%	6.6%	0.1%
A 14	KDX Funabashi Building	JREI	2,252	1,950	2,416	-13.4%	-1.5%	-19.3%	6.1%	0.0%	A 54	KDX Kitahama Building	JREI	2,220	1,510	2,207	-32.0%	-9.6%	-31.6%	6.0%	0.0%
A 15	KDX Hamacho Building	JREI	2,300	2,360	2,260	2.6%	-1.3%	4.4%	5.2%	-0.2%	A 55	Shin-toshin Maruzen Building	JREI	2,110	1,610	2,161	-23.7%	2.5%	-25.5%	5.3%	-0.2%
A 16	Toshin 24 Building	JREI	5,300	4,200	5,156	-20.8%	-0.9%	-18.5%	5.7%	0.0%	A 56	KDX Jimbocho Building	JREI	2,760	1,860	2,910	-32.6%	3.9%	-36.1%	5.3%	-0.3%
A 17	KDX Ebisu Building	JREI	4,640	4,260	4,576	-8.2%	2.7%	-6.9%	4.9%	-0.3%	A 57	KDX Gobancho Building	JREI	1,951	1,530	1,987	-21.6%	3.4%	-23.0%	4.9%	-0.2%
A 18	KDX Omori Building	JREI	3,500	3,790	3,383	8.3%	3.8%	12.0%	5.3%	-0.2%	A 58	KDX Nagoya Sakae Building	Daiwa	7,550	4,730	7,564	-37.4%	0.4%	-37.5%	5.2%	0.0%
A 19	KDX Hamamatsucho Building	Daiwa	3,460	3,180	3,263	-8.1%	0.0%	-2.6%	4.7%	-0.1%	A 59	KDX Iwamoto-cho Building	JREI	1,864	1,340	1,808	-28.1%	0.8%	-25.9%	5.4%	-0.1%
A 20	KDX Kayabacho Building	JREI	2,780	2,880	2,829	3.6%	-9.4%	1.8%	5.3%	-0.1%	A 60	KDX Harumi Building	JREI	10,250	8,450	9,778	-17.6%	-15.5%	-13.6%	4.8%	-0.1%
A 21	KDX Shinbashi Building	JREI	2,690	2,850	2,651	5.9%	0.4%	7.5%	4.6%	-0.1%	A 61	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	1,850	2,257	-15.9%	-3.6%	-18.1%	4.7%	0.0%
A 22	KDX Shin-Yokohama Building	JREI	2,520	2,280	2,467	-9.5%	-2.6%	-7.6%	5.9%	0.0%	A 62	Koishikawa TG Building	JREI	3,080	3,330	3,147	8.1%	4.1%	5.8%	5.0%	-0.2%
A 23	KDX Yotsuya Building	JREI	1,950	2,460	1,980	26.2%	4.2%	23.6%	5.3%	-0.2%	A 63	Gotanda TG Building	JREI	2,620	2,660	2,820	1.5%	5.6%	-5.8%	5.3%	-0.2%
A 24	KDX Minami Semba Dai-1 Building	JREI	1,610	1,010	1,464	-37.3%	-4.7%	-31.1%	5.8%	0.0%	A 64	KDX Hihonbashi 216 Building	JREI	2,010	1,930	1,981	-4.0%	4.3%	-2.6%	4.7%	-0.2%
A 25	KDX Minami Semba Dai-2 Building	JREI	1,560	1,070	1,375	-31.4%	-5.3%	-22.2%	5.8%	0.0%	A 66	KDX Shinjuku Building	JREI	6,800	6,620	6,887	-2.6%	0.9%	-3.9%	4.5%	-0.2%
A 26	KDX Kiba Building	JREI	1,580	1,580	1,572	0.0%	1.9%	0.5%	5.6%	-0.2%	A 67	KDX Ginza 1chome Building	Daiwa	4,300	4,740	4,312	10.2%	3.3%	9.9%	4.5%	-0.1%
A 27	KDX Kajicho Building	Daiwa	2,350	2,320	2,396	-1.3%	1.8%	-3.3%	5.1%	-0.1%	A 68	KDX Nihonbashi Honcho Building	Daiwa	4,000	4,330	4,016	8.3%	0.0%	7.8%	4.8%	-0.1%
A 28	KDX Nogizaka Building	JREI	1,065	718	1,123	-32.6%	-13.8%	-36.1%	5.5%	0.0%	A 69	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,920	2,795	1.7%	-1.7%	4.4%	6.9%	0.0%
A 29	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,320	3,208	12.5%	0.0%	3.5%	5.2%	-0.1%	A 70	Kitananajo SIA Building	Daiwa	2,005	2,050	2,073	2.2%	0.0%	-1.1%	5.8%	0.0%
A 30	KDX Nishi-Gotanda Building	JREI	4,200	3,800	4,073	-9.5%	1.3%	-6.7%	5.1%	-0.1%	A 71	KDX Iidabashi Building	Daiwa	4,670	4,830	4,706	3.4%	1.7%	2.6%	4.9%	-0.1%
A 31	KDX Monzen-Nakacho Building	Daiwa	1,400	1,260	1,412	-10.0%	-0.8%	-10.8%	5.6%	0.0%	A 72	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,800	4,763	4.6%	0.6%	0.8%	5.1%	-0.1%
A 32	KDX Shiba-Daimon Building	JREI	6,090	5,010	6,221	-17.7%	2.7%	-19.5%	4.9%	-0.2%	A 73	KDX Hakozaeki Building	Daiwa	2,710	2,850	2,825	5.2%	0.0%	0.9%	5.2%	-0.1%
A 33	KDX Okachimachi Building	Daiwa	2,000	1,830	2,126	-8.5%	2.2%	-14.0%	5.1%	-0.1%	A 74	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,480	2,315	7.8%	0.0%	7.1%	4.7%	-0.1%
A 34	KDX Hon-Atsugi Building	Daiwa	1,305	1,070	1,183	-18.0%	0.0%	-9.6%	6.3%	0.0%	A	Office Building Subtotal		233,726	211,654	233,504	-9.4%	-0.4%	-9.4%	5.2%	-0.1%
A 35	KDX Hachioji Building	Daiwa	1,155	821	1,289	-28.9%	0.0%	-36.3%	5.9%	0.0%	B 3	Court Mejiro	JREI	1,250	952	1,170	-23.8%	0.1%	-18.9%	5.4%	-0.1%
A 36	KDX Niigata Building	JREI	1,305	899	1,446	-31.1%	3.1%	-37.9%	7.3%	0.0%	B 18	Venus Hibiya-gaoka	JREI	1,800	1,470	1,830	-18.3%	5.0%	-19.7%	6.8%	-0.3%
A 37	KDX Ochanomizu Building	JREI	6,400	6,400	6,663	0.0%	-0.9%	-4.0%	4.9%	0.0%	B 19	Residence Charmante Tsukishima	JREI	5,353	4,480	5,019	-16.3%	0.0%	-10.7%	5.3%	0.0%
A 38	KDX Nishi-Shinjuku Building	JREI	1,500	1,170	1,526	-22.0%	-4.1%	-23.3%	5.2%	-0.1%	B 34	Gradito Kawaguchi	JREI	1,038	971	1,005	-6.5%	3.6%	-3.4%	5.6%	-0.2%
A 39	KDX Toranomon Building	JREI	4,400	3,640	4,804	-17.3%	2.8%	-24.2%	4.4%	-0.1%	B	Residential Properties Subtotal		9,441	7,873	9,028	-16.6%	1.4%	-12.8%	5.6%	-0.1%
A 40	Toranomon Toyo Building	JREI	9,850	10,100	9,859	2.538%	4.2%	2.4%	4.5%	-0.2%	C 1	Frame Jinnan-zaka	JREI	9,900	9,280	9,864	-6.3%	-2.8%	-5.9%	4.6%	-0.1%
A 41	KDX Shinjuku 286 Building	JREI	2,300	2,120	2,333	-7.826%	1.0%	-9.2%	5.0%	-0.2%	C 2	KDX Yoyogi Building	JREI	2,479	1,910	2,522	-23.0%	-0.5%	-24.3%	5.3%	0.0%
A 42	Karasuma Building	Daiwa	5,400	5,020	5,410	-7.037%	0.0%	-7.2%	5.6%	0.0%	C	Central Urban Retail Subtotal		12,379	11,190	12,386	-9.6%	-2.4%	-9.7%	4.7%	-0.1%
A 44	KDX Sendai Building	Daiwa	2,100	1,440	2,172	-31.4%	0.0%	-33.7%	6.1%	0.0%		Total		255,546	230,717	254,919	-9.7%	-0.4%	-9.5%	5.2%	-0.1%

Note 1: Acquisition price, appraisal values, and book values are rounded down to the nearest ¥M. Ratios are rounded to the first decimal place.

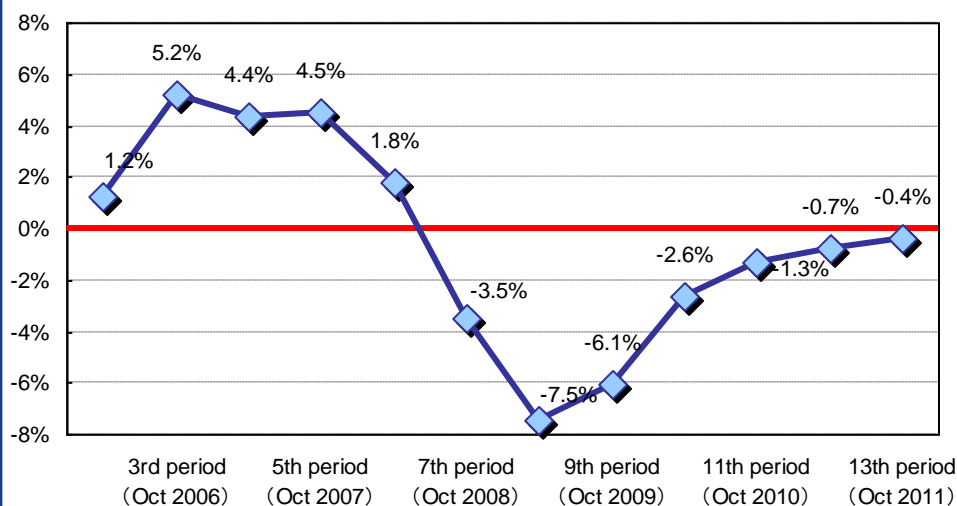
Note 2: Total cap rates for each property type are the weighted-average based on the acquisition prices.

The contents are provided solely for informational purposes and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products. Please see disclaimer in the final page of this documents.

Note 3: A-47 KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are indicated as one property.

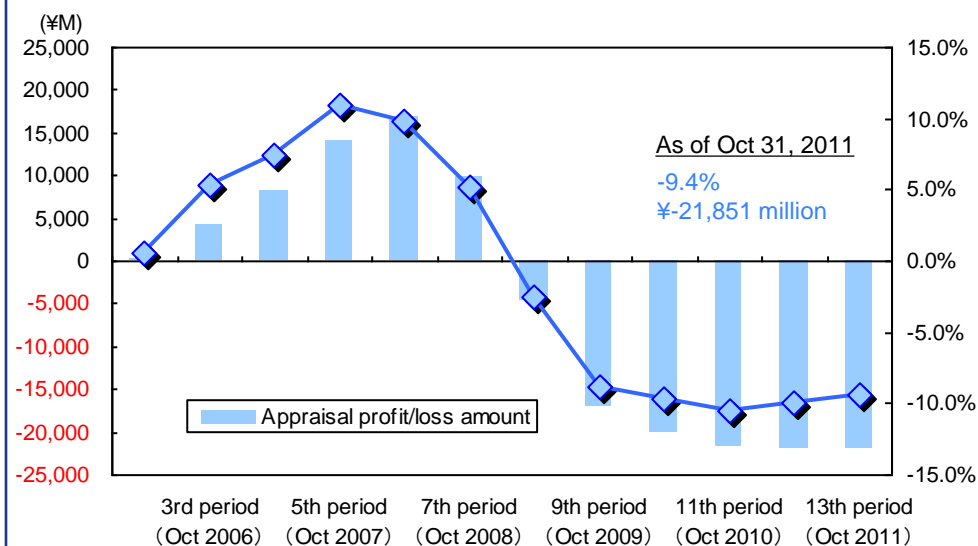
Historical appraisal value of office building

Historical variation for appraisal value of office



Note: Percentage change in appraisal values as of the end of each period compared with the previous period. Percentage change for the properties acquired during the period is calculated by using the appraisal value at the time of acquisition as the appraisal value as of the end of the previous period.

Historical appraisal profit/loss ratio and amount of office



Note: Appraisal profit/loss is calculated by subtracting office buildings' book values from appraisal values for respective period; the ratio by dividing the appraisal profit/loss by total book value.

Items of appraisal valuation	⇒End of 8th period (2009/4)	⇒End of 9th period (2009/10)	⇒End of 10th period (2010/4)	⇒End of 11th period (2010/10)	⇒End of 12th period (2011/4)	⇒End of 13th period (2011/10)
Change in cap rates (average)	0.2%	0.1%	0.0%	0.0%	0.0%	-0.1%
Change in appraisal mid- and long-term rents	5.1%→5.2%	5.3%→5.4%	5.4%→5.3%	5.3%→5.3%	5.3%→5.3%	5.3%→5.2%
	-4.3%	-4.5%	-2.5%	-1.5%	-1.2%	-2.0%

Note: Changes in mid- and long-term rent and cap rate (difference with value at the end of the previous period) of office buildings owned at the end of each period. Figures are based on weighted average acquisition price.

Changes for the properties acquired during the period are calculated by using the appraisal value at the time of acquisition as those as of the end of the previous period.

	⇒End of 8th period (2009/4)	⇒End of 9th period (2009/10)	⇒End of 10th period (2010/4)	⇒End of 11th period (2010/10)	⇒End of 12th period (2011/4)	⇒End of 13th period (2011/10)
Appraisal profit/loss amount (¥M)	-4,615	-16,958	-20,153	-21,696	-21,932	-21,851
Appraisal profit/loss ratio	-2.5%	-8.8%	-9.7%	-10.5%	-10.0%	-9.4%

※ "Change in appraisal value as of end of each period compared with the previous period", "appraisal profit/loss amount" and "appraisal profit/loss ratio" are based on office buildings owned at the end of 13th period and properties sold are excluded from the calculation. The appraisal profit/loss amount is rounded to the nearest ¥1M.

Portfolio overview (office buildings)

(As of October 31, 2011)

Office Buildings (68 properties)

Type	Area	No.	Name	Location	Acquisition Price (M) ¹	Year Built ²	Occupancy at end of 13th period (%) ³	Type	Area	No.	Name	Location	Acquisition Price (M) ¹	Year Built ²	Occupancy at end of 13th period (%) ³
Office Buildings	Tokyo Metropolitan Area	A-60	KDX Harumi Building	Chuo-ward, Tokyo	10,250	Feb-08	88.9%	Office Buildings	Tokyo Metropolitan Area	A-15	KDX Hamacho Building	Chuo-ward, Tokyo	2,300	Sep-93	95.0%
		A-40	Toranomon Toyo Building	Minato-ward, Tokyo	9,850	Aug-62	100.0%			A-41	KDX Shinjuku 286 Building	Shinjuku-ward, Tokyo	2,300	Aug-89	100.0%
		A-46	Hiei Kudan-Kita Building	Chiyoda-ward, Tokyo	7,600	Mar-88	98.8%			A-74	KDX Shin-Nihonbashi Building	Chuo-ward, Tokyo	2,300	Nov-02	100.0%
		A-66	KDX Shinjuku Building	Shinjuku-ward, Tokyo	6,800	May-93	100.0%			A-7	FIK Minami Aoyama Building	Minato-ward, Tokyo	2,270	Nov-88	100.0%
		A-37	KDX Ochanomizu Building	Chiyoda-ward, Tokyo	6,400	Aug-82	100.0%			A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	Apr-89	98.7%
		A-32	KDX Shiba-Daimon Building	Minato-ward, Tokyo	6,090	Jul-86	100.0%			A-61	KDX Hamamatsucho Dai-2 Building	Minato-ward, Tokyo	2,200	Apr-92	100.0%
		A-13	KDX Kojimachi Building	Chiyoda-ward, Tokyo	5,950	May-94	100.0%			A-55	Shin-toshin Maruzen Building	Shinjuku-ward, Tokyo	2,110	Jul-90	81.2%
		A-1	KDX Nihonbashi 313 Building	Chuo-ward, Tokyo	5,940	Apr-74	85.2%			A-64	KDX Nihonbashi 216 Building	Chuo-ward, Tokyo	2,010	Oct-06	100.0%
		A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5,800	Mar-88	93.0%			A-33	KDX Okachimachi Building	Taito-ward, Tokyo	2,000	Jun-88	100.0%
		A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	Sep-84	96.2%			A-57	KDX Gobancho Building	Chiyoda-ward, Tokyo	1,951	Aug-00	100.0%
		A-71	KDX Iidabashi Building	Shinjuku-ward, Tokyo	4,670	Mar-90	100.0%			A-8	Kanda Kihara Building	Chiyoda-ward, Tokyo	1,950	May-93	100.0%
		A-17	KDX Ebisu Building	Shibuya-ward, Tokyo	4,640	Jan-92	100.0%			A-23	KDX Yotsuya Building	Shinjuku-ward, Tokyo	1,950	Oct-89	100.0%
		A-72	KDX Higashi-Shinagawa Building	Shinagawa-ward, Tokyo	4,590	Jan-93	100.0%			A-59	KDX Iwamoto-cho Building	Chiyoda-ward, Tokyo	1,864	Mar-08	100.0%
		A-3	Higashi-Kayabacho Yuraku Building	Chuo-ward, Tokyo	4,450	Jan-87	100.0%			A-26	KDX Kiba Building	Koto-ward, Tokyo	1,580	Oct-92	100.0%
		A-39	KDX Toranomon Building	Minato-ward, Tokyo	4,400	Apr-88	100.0%			A-38	KDX Nishi-Shinjuku Building	Shinjuku-ward, Tokyo	1,500	Oct-92	100.0%
		A-67	KDX Ginza 1-chome Building	Chuo-ward, Tokyo	4,300	Nov-91	100.0%			A-31	KDX Monzen-Nakacho Building	Koto-ward, Tokyo	1,400	Sep-86	100.0%
		A-30	KDX Nishi-Gotanda Building	Shinagawa-ward, Tokyo	4,200	Nov-92	100.0%			A-52	KDX Kanda Misaki-cho Building	Chiyoda-ward, Tokyo	1,380	Oct-92	100.0%
		A-68	KDX Nihonbashi Honcho Building	Chuo-ward, Tokyo	4,000	Jan-84	100.0%			A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	May-95	100.0%
		A-48	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	Feb-85	100.0%			A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	Dec-85	100.0%
		A-4	KDX Hatchobori Building	Chuo-ward, Tokyo	3,680	Jun-93	100.0%			A-28	KDX Nogizaka Building	Minato-ward, Tokyo	1,065	May-91	100.0%
		A-18	KDX Omori Building	Ota-ward, Tokyo	3,500	Oct-90	100.0%			A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	Apr-09	100.0%
		A-19	KDX Hamamatsucho Building	Minato-ward, Tokyo	3,460	Sep-99	100.0%			A-12	Portus Center Building	Sakai, Osaka	5,570	Sep-93	90.1%
		A-45	KDX Roppongi 228 Building	Minato-ward, Tokyo	3,300	Apr-89	65.1%			A-42	Karasuma Building	Kyoto, Kyoto	5,400	Oct-82	99.2%
		A-62	Koishikawa TG Building	Bunkyo-ward, Tokyo	3,080	Nov-89	100.0%			A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	Jun-73	79.3%
		A-29	KDX Higashi-Shinjuku Building	Shinjuku-ward, Tokyo	2,950	Jan-90	83.3%			A-69	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	Jul-09	95.6%
		A-20	KDX Kayabacho Building	Chuo-ward, Tokyo	2,780	Oct-87	100.0%			A-54	KDX Kitahama Building	Osaka, Osaka	2,220	Jul-94	84.4%
		A-56	KDX Jimbocho Building	Chiyoda-ward, Tokyo	2,760	May-94	100.0%			A-44	KDX Sendai Building	Sendai, Miyagi	2,100	Feb-84	87.4%
		A-49	Nissou Dai-17 Building	Yokohama, Kanagawa	2,710	Jul-91	86.4%			A-70	Kitananajo SIA Building	Sapporo, Hokkaido	2,005	Oct-89	100.0%
		A-73	KDX Hakozaeki Building	Chuo-ward, Tokyo	2,710	Nov-93	83.3%			A-24	KDX Minami Semba Dai-1 Building	Osaka, Osaka	1,610	Mar-93	94.7%
		A-21	KDX Shinbashi Building	Minato-ward, Tokyo	2,690	Feb-92	100.0%			A-25	KDX Minami Semba Dai-2 Building	Osaka, Osaka	1,560	Sep-93	94.3%
		A-63	Gotanda TG Building	Shinagawa-ward, Tokyo	2,620	Apr-88	80.0%			A-36	KDX Niigata Building	Niigata, Niigata	1,305	Jul-83	64.6%
		A-5	KDX Nakano-Sakae Building	Nakano-ward, Tokyo	2,533	Aug-92	84.1%			Office Building (68 properties) Subtotal			233,726	Ave 21.6 year	94.3%
		A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	Sep-90	93.1%			Notes: 1 Acquisition price is based on the purchase price for trust beneficiary interests etc. acquired by KRI. 2 Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Oct. 31, 2011, and is rounded down to the nearest first decimal place. The weighted-average age of 74 properties held as of Oct. 31, 2011 is 20.6 years (As of Oct. 31, 2011). 3 Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 74 properties held as of Oct. 31, 2011 is 94.7%.					
A-6	Harajuku FF Building	Shibuya-ward, Tokyo	2,450	Nov-85	100.0%										
A-50	Ikejiri-Oohashi Building	Meguro-ward, Tokyo	2,400	Sep-88	54.9%										
A-27	KDX Kajicho Building	Chiyoda-ward, Tokyo	2,350	Mar-90	100.0%										
A-51	KDX Hamacho Nakanohashi Building	Chuo-ward, Tokyo	2,310	Sep-88	100.0%										
									Office Buildings						
									Other Regional Areas						

Portfolio overview (central urban retail/residential properties)

(As of October 31, 2011)

Central Urban Retail Properties (2 properties)

Type	Area	No.	Name	Location	Acquisition Price (M) ¹	Year Built ²	Occupancy at end of 13th period (%) ³
Central Urban Retail Properties	Tokyo Metropolitan Area	C-1	Frame Jinnan-zaka	Shibuya-ward, Tokyo	9,900	Mar-05	89.5%
		C-2	KDX Yoyogi Building	Shibuya-ward, Tokyo	2,479	Aug-91	100.0%
Central Urban Retail Properties (2 properties) Subtotal					12,379	Ave 9.3 years	91.6%

Residential Properties (4 properties)

Type	Area	No.	Name	Location	Acquisition Price (M) ¹	Year Built ²	Occupancy at end of 13th period (%) ³
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	Chuo-ward, Tokyo	5,353	Jan-04	100.0%
		B-3	Court Mejiro	Shinjuku-ward, Tokyo	1,250	Mar-97	100.0%
		B-34	Gradito Kawaguchi	Kawaguchi, Saitama	1,038	Feb-06	100.0%
	Other Regional Areas	B-18	Venus Hibarigaoka	Sapporo, Hokkaido	1,800	Mar-89	99.5%
Residential Properties (4 properties) Subtotal					9,441	Ave 11.3 years	99.7%

Notes:

1. Acquisition price is based on the purchase price for trust beneficiary interests etc. acquired by KRI.
2. Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Oct. 31, 2011, and is rounded down to the nearest first decimal place.
3. Occupancy ratio is calculated by dividing leased area by leasable area as of Oct. 31, 2011, and rounded to the first decimal place.

Reference: Historical cap rate (by asset type/annualized base)

	8th period	9th period	10th period	11th period	12th period	13th period
Office Buildings	5.5%	5.2%	5.1%	4.9%	4.7%	4.7%
Central Urban Retail	4.7%	4.6%	4.5%	4.5%	4.6%	4.1%
Residential	5.2%	5.0%	5.2%	4.8%	4.9%	4.7%
Total	5.4%	5.2%	5.1%	4.9%	4.7%	4.7%

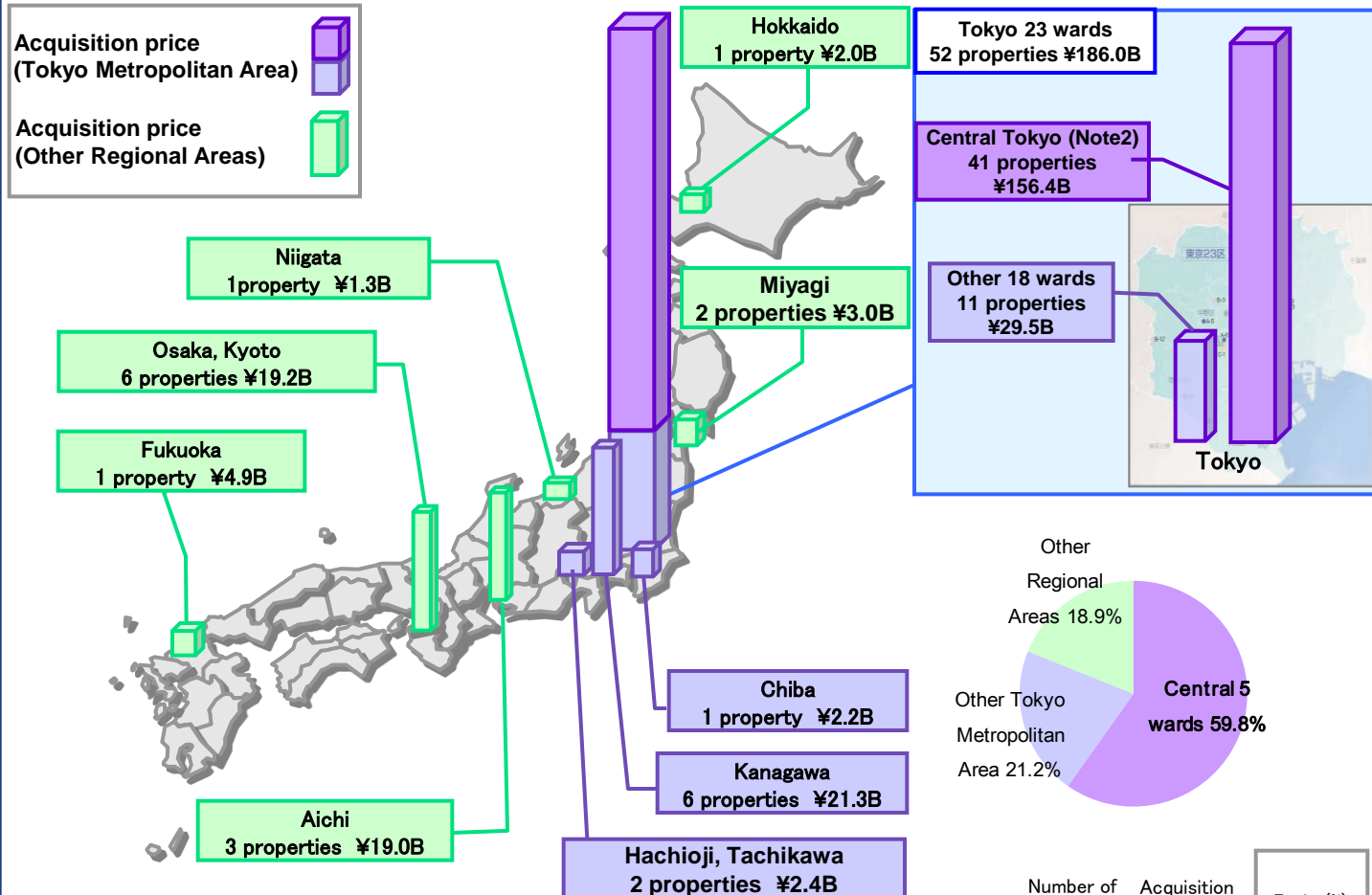
Notes:

1. Each ratio is after deduction of fixed property tax in each period
2. Each ratio is rounded to the first decimal place

Emphasis on mid-sized office buildings in Tokyo Metropolitan Area

(As of December 26, 2011)

Office portfolio: 75 properties, with a total acquisition price ¥261.6B

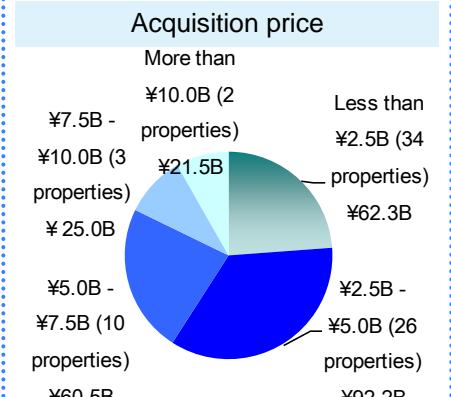


Notes:

1. Central Tokyo: Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards.
2. Acquisition price is rounded to the nearest ¥100M. Ratios indicate the total acquisition price of properties in each area in proportion to the total acquisition price for all properties combined and are rounded down to the first decimal place.

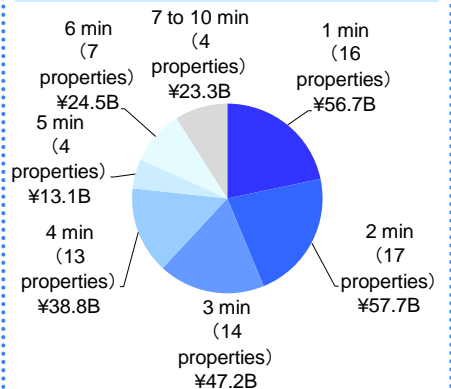
	Number of Property	Acquisition Price (¥B)	Ratio (%)
Tokyo Metropolitan Area	61	212.1	81.0
Other Regional Area	14	49.5	18.9
Total	75	261.6	100.0

Composition of office portfolio



Properties ¥2.5B to ¥7.5B consist 58.4%

Time required from the nearest station on foot



61.8% is less than 3 min. and 91.0% is less than 6 min.

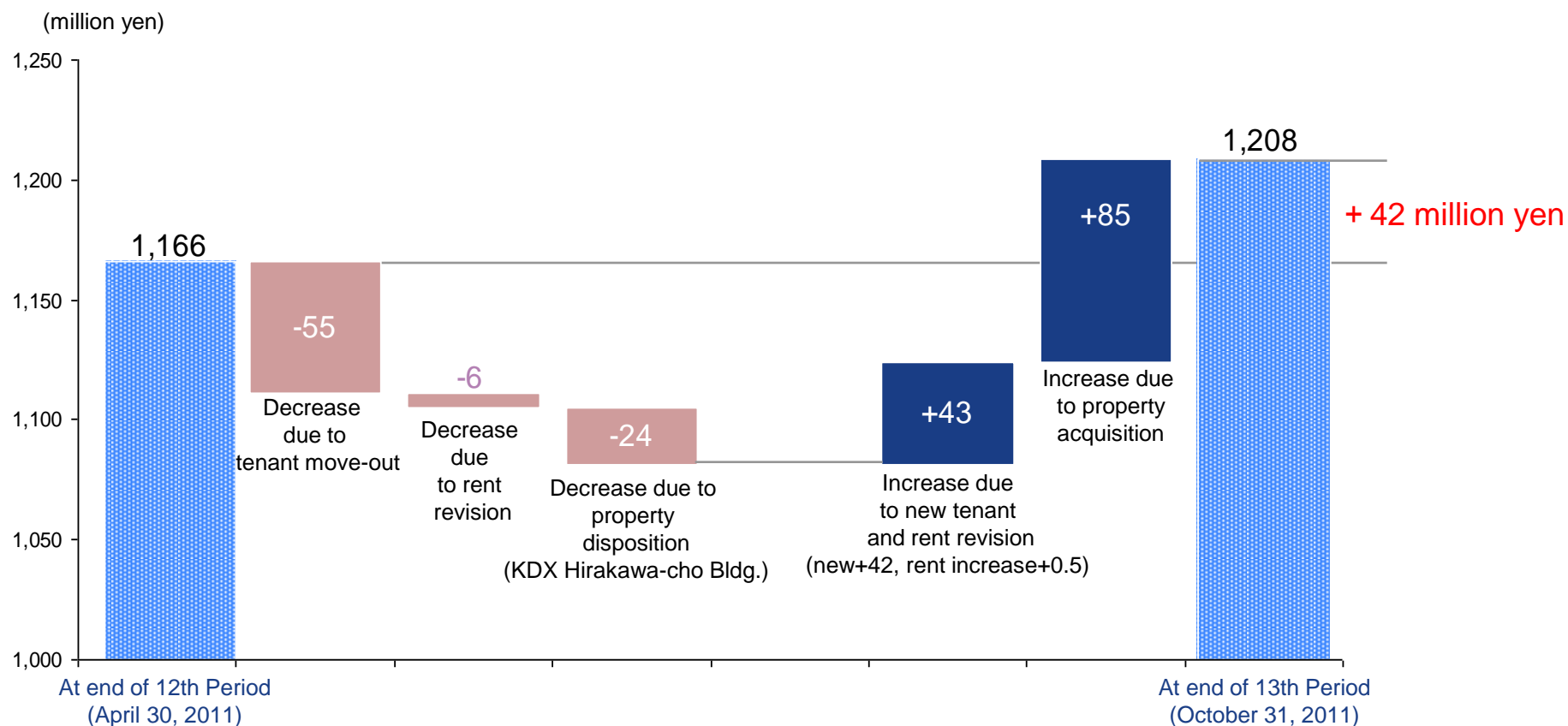
Note: Values show the total acquisition price of the properties in each category and the ratios indicate the total acquisition price of properties in each category in proportion to the total acquisition price for all properties combined.

Note: Amount is rounded down to the nearest 100 million yen. Percentages are rounded down to the first decimal place.

Management of existing properties: Major factors of changes in monthly rent revenue

Factors of changes in monthly rent revenue

- Compared to those at the end of the 12th Period, the monthly rent increased by 42 million yen
- Increased due to acquisition of properties (+85 million yen)
- Decreased primarily due to move-out (-55 million yen)



Note: Movement of monthly rents. Revenues from parking lot and billboards are not included.

Management of existing properties: The 4th tenant satisfaction survey results

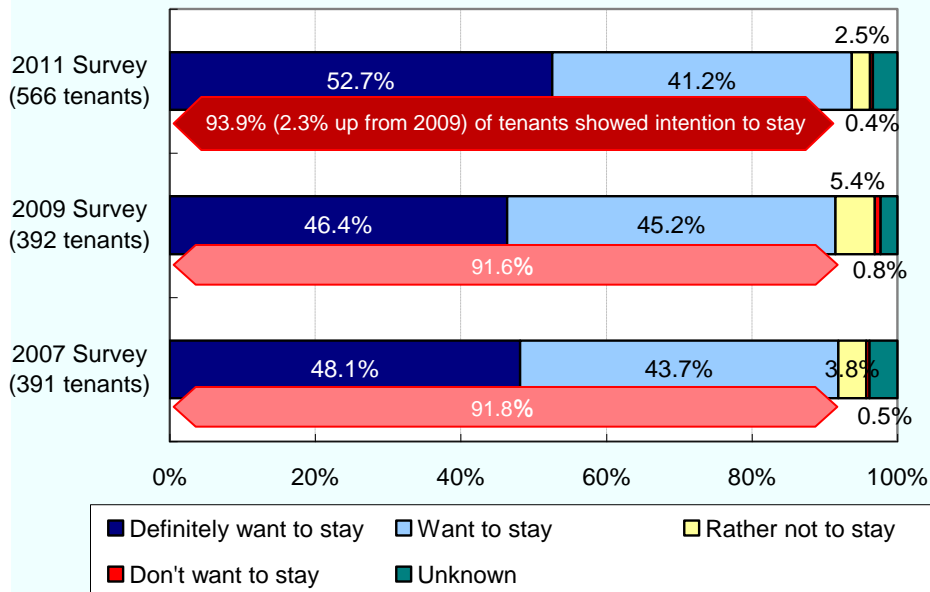
CS=Summary of tenant satisfaction survey

- In cooperation with J.D. Power Asia Pacific, Questionnaires about facilities, functions, and services, etc. are conducted to customers (tenants) in 68 office buildings owned at the end of the 13th period concurrently
- High collection rate: General affairs 566 (collection rate 88%, +6% compared to the 3rd survey) and employees 3,175 (85%, +2% compared to the 3rd survey)

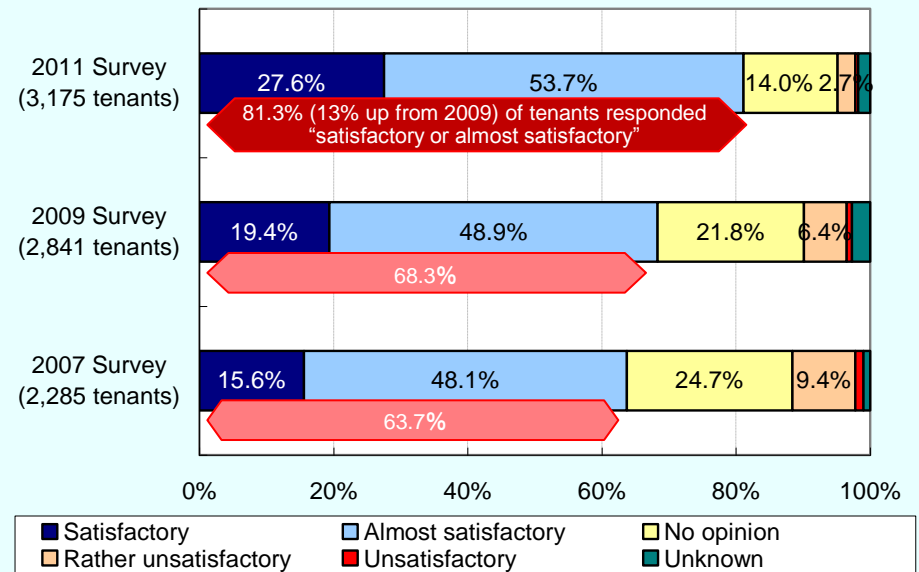
	First	Second	Third	Fourth
Timing	2005/12 (2nd period)	2007/7 (5th period)	2009/7 (9th period)	2011/9 (13th period)
# of subject properties (note)	20	44	58	69

Note: Subject properties include an central urban retail properties

< Maintain high motivation of continuous occupancy >



< Increasing overall satisfaction level >

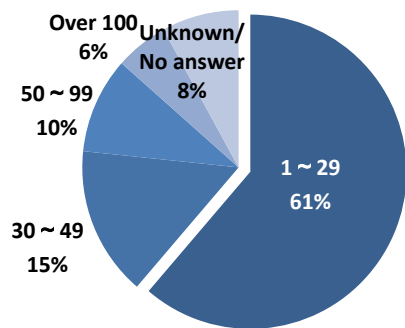


Management of existing properties: Tenant profile

Survey on tenants profile

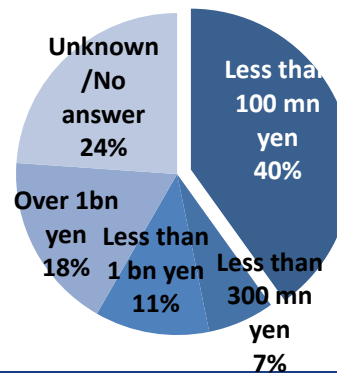
- Carried out a questionnaire for tenants as part of the latest CS survey (566 responses received)
- Obtained information about number of employees, capital, stock listing status etc.

Number of employees



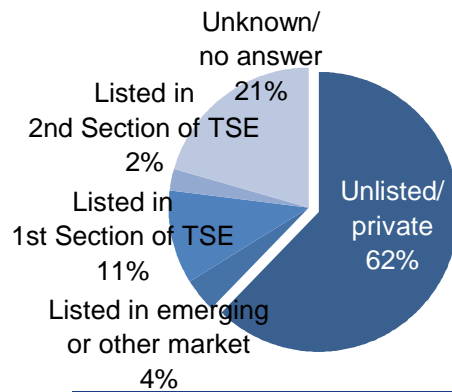
Less than 30 employees

Capital



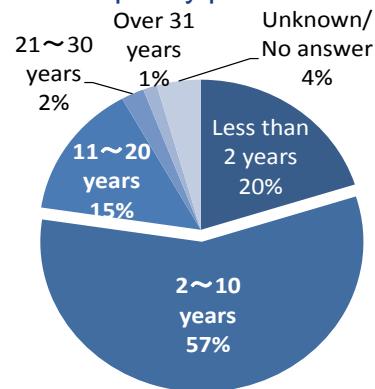
Less than 100 million yen of capital

Listing status



Unlisted/Private

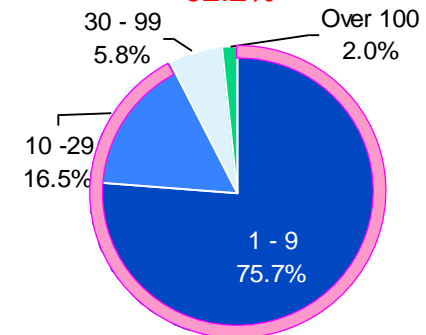
Occupancy period



Occupancy period 2 to 10 years

(Reference) Number of offices by number of employees per office (Tokyo)

Less than 30 employees
92.2%



Source: Prepared by KRI based on "2009 Economic census – Report on the basic survey results of Tokyo" by Statistics Division of Bureau of General Affairs, TMG

Management of existing properties: Energy saving measure and environmental initiatives

Energy saving measures: details

Take measures on a portfolio basis focusing on air conditioner and lightings which account for about 80% of total energy usage.

【Hardware】

■ Renew air conditioning system

- Renew air conditioner
- Use heat exchanging air fan
- Renew ventilation system

■ Renew evacuation signs and install motion detection sensor

- LED light in evacuation signs
- Install motion detection sensor (toilet, office kitchen, stair case)

■ Renew lighting system

- LED light for common space down lights
- LED lights for occupied areas

【Software】

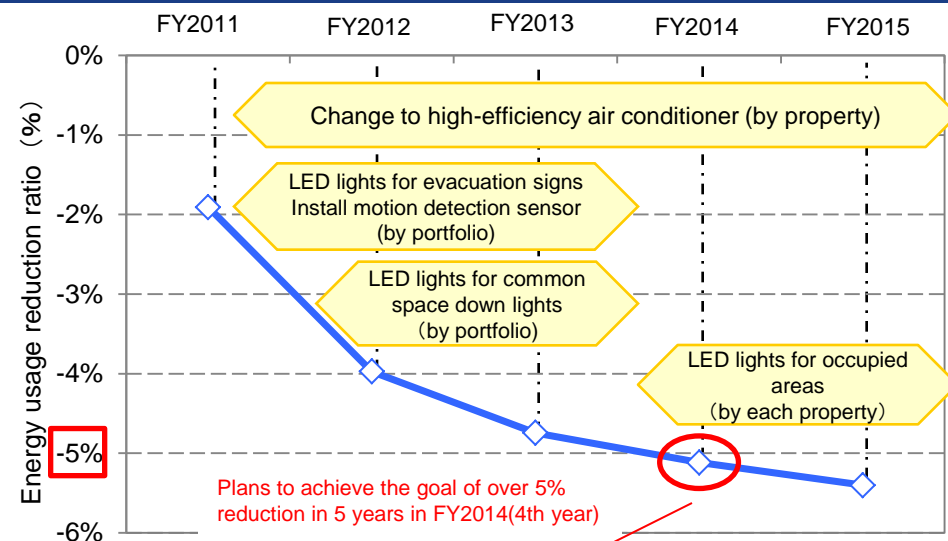
■ Public (tenant) awareness

- Prepare cooperation request for energy saving
 - Pre-set temperature at 28°C
 - Reduction of lights or lights-out
 - Energy saving on OA equipment
- Energy saving posters
 - put up posters in common space on each floor
- Distribute energy saving manual

■ Questionnaire on energy saving

- Carried out a questionnaire on energy saving in the 4th CS Survey

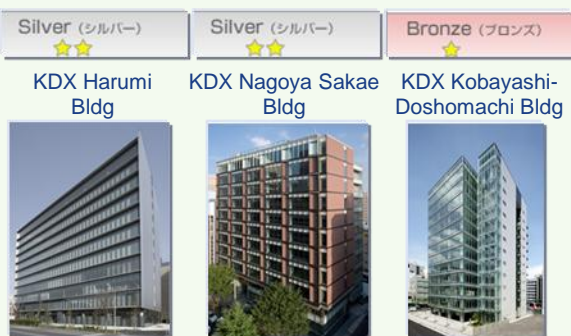
5-year energy usage reduction plan



KRI's environmental initiatives

Received DBJ Green Building certification

Received DBJ Green Building certification for the 3 properties below on June 9, 2011 as the first J-REIT recipient.



Participation in GRESB evaluation (Asset management company)

GRESB is a benchmark to analyze and evaluate sustainability of real estate companies, REIT and private real estate fund in terms of environmental and social performance.



Global Real Estate Sustainability Benchmark

Top-5 Listed Companies

Company	Score	MP*	IM*
1. Keppel Land Limited	59	61	57
2. CapitaMall Trust	51	81	38
3. Japan Prime Realty Investment Corp.	43	36	46
4. Kenedix REIT	39	13	51
5. CapitaLand Limited	35	71	18
Regional Average	29	32	28

*MP: Management & Policy *IM: Implementation & Measurement

※Source : Excerpt from GRESB "RESEARCH REPORT 2011 Regional Results/ Asia"

Environmental policies

1. Compliance with environmental laws and regulations
2. Promotion of energy conservation measures
3. Reduction of environmental burden
4. Disclosure of environmental information
5. Environmental education

Environment-focused HP

Created "Environmental Initiative" page
<http://www.kdx-reit.com/environment/index.html>

Stable financial management: Borrowing list (as of October 31, 2011)

	Lender	Balance (¥M)	Drawdown date	Last repayment date
Short-term borrowings	The Norinchukin Bank	1,500	2011/4/18	2011/11/30 (Note 1)
	Mitsubishi UFJ Trust and Banking Corporation	2,700	2011/1/31	2012/1/31
	Mitsubishi UFJ Trust and Banking Corporation	1,500	2011/7/29	2012/7/31
	Aozora Bank, Ltd.	3,500	2011/10/31	2012/10/31
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2011/10/31	2012/10/31
	Short-term borrowings subtotal	10,200		
Current portion of long-term borrowings	The Norinchukin Bank	2,500	2006/12/1	2011/11/30 (Note 1)
	Sumitomo Mitsui Banking Corporation	2,500	2008/1/10	2012/1/10
	Sumitomo Mitsui Banking Corporation	450	2009/2/27	2012/2/29 (Note 2)
	The Chuo Mitsui Trust and Banking Co., Ltd.	2,000	2007/4/2	2012/4/2
	Aozora Bank, Ltd.	1,500	2009/4/30	2012/4/27
	Resona Bank, Ltd.	1,500	2008/6/30	2012/6/30
	Development Bank of Japan Inc.	900	2009/2/27	2012/8/31 (Note 2)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500	2010/10/29	2012/10/31
Current portion of long-term borrowings subtotal	13,850			

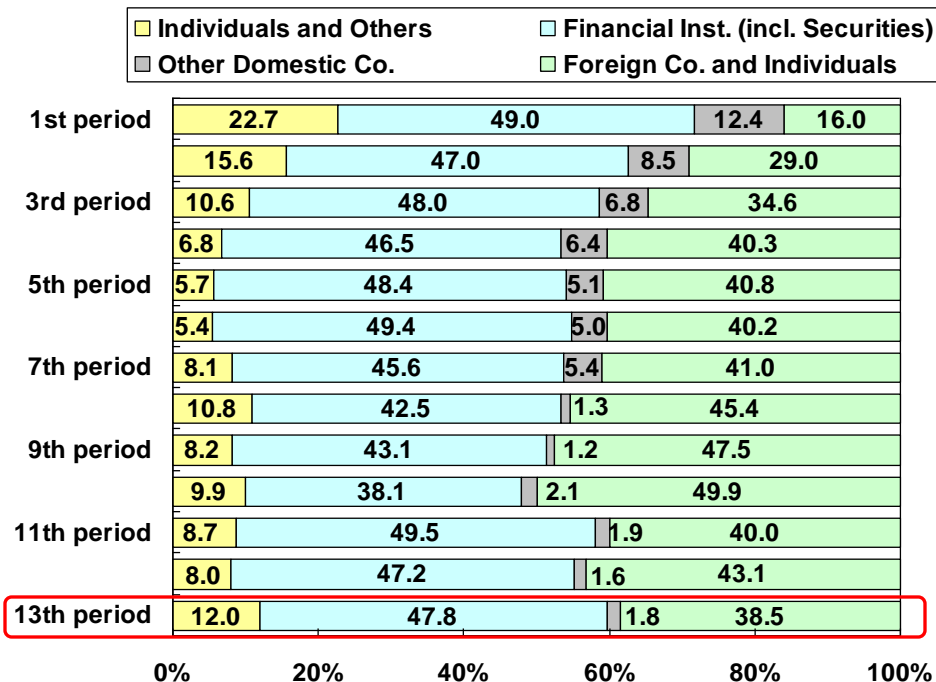
	Lender	Balance (¥M)	Draw down date	Last repayment date
Long-term borrowings	Resona Bank, Ltd.	500	2009/12/8	2012/12/8
	Development Bank of Japan Inc.	3,000	2008/6/30	2012/12/28
	The Chuo Mitsui Trust and Banking Co., Ltd.	1,000	2010/1/13	2013/1/15
	Aozora Bank, Ltd.	1,500	2010/2/18	2013/2/18
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2011/4/28	2013/4/30
	Resona Bank, Ltd.	500	2010/7/30	2013/7/31
	Development Bank of Japan Inc.	3,000	2006/9/1	2013/8/31
	Aozora Bank, Ltd.	2,000	2011/3/31	2013/9/30
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2011/9/30	2013/9/30
	Sumitomo Mitsui Banking Corporation	920	2009/10/26	2013/10/26 (Note 2)
	Sumitomo Mitsui Banking Corporation	1,840	2009/10/30	2013/10/30 (Note 2)
	Resona Bank, Ltd.	500	2010/10/29	2013/10/31
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (1,500), The Chuo Mitsui Trust and Banking Co., Ltd. (800), Aozora Bank, Ltd. (400)	2,700	2010/11/12	2013/11/12
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (500), The Chuo Mitsui Trust and Banking Co., Ltd. (200), Aozora Bank, Ltd. (100)	800	2010/12/1	2013/11/12
	The Chuo Mitsui Trust and Banking Co., Ltd.	3,700	2010/7/30	2014/1/31
	Sumitomo Mitsui Banking Corporation	1,300	2011/1/31	2014/1/31
	The Chuo Mitsui Trust and Banking Co., Ltd.	2,500	2011/9/30	2014/3/31
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2011/7/13	2014/7/14
	Sumitomo Mitsui Banking Corporation (2,200), The Chuo Mitsui Trust and Banking Co., Ltd. (1,000), Resona Bank, Ltd. (300)	3,500	2011/7/29	2014/7/31
	Sumitomo Mitsui Banking Corporation	3,700	2010/7/30	2014/7/31
	The Chuo Mitsui Trust and Banking Co., Ltd.	1,000	2011/9/1	2014/8/29
	The Chuo Mitsui Trust and Banking Co., Ltd.	2,700	2011/3/22	2014/9/22
	Mizuho Trust & Banking Co., Ltd.	1,000	2011/9/30	2014/9/30
	Sumitomo Mitsui Banking Corporation	1,104	2010/1/29	2015/1/30 (Note 2)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	2011/8/31	2015/2/27
	Sumitomo Mitsui Banking Corporation (2,070), Development Bank of Japan Inc. (1,530), The Chuo Mitsui Trust and Banking Co., Ltd. (900), Aozora Bank, Ltd. (450)	4,950	2010/2/18	2015/2/18 (Note 2)
	Sumitomo Mitsui Banking Corporation	2,500	2011/9/30	2015/3/31
	Sumitomo Mitsui Banking Corporation	1,850	2010/4/2	2015/4/2 (Note 2)
	Aozora Bank, Ltd.	3,000	2011/2/28	2015/8/31
	Aozora Bank, Ltd.	1,500	2011/4/28	2015/10/31
	Sumitomo Mitsui Banking Corporation (1,200), Resona Bank, Ltd. (800)	2,000	2010/11/12	2015/11/12
	Sumitomo Mitsui Banking Corporation (800), Resona Bank, Ltd. (200)	1,000	2010/12/1	2015/11/12
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	2011/1/31	2016/1/29
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	2011/2/28	2016/1/29
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	2011/3/31	2016/1/29
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2011/4/28	2016/1/29
	Resona Bank, Ltd.	1,000	2011/3/31	2016/3/31
	Development Bank of Japan Inc.	5,000	2006/5/1	2016/4/30
	Development Bank of Japan Inc.	2,300	2010/11/12	2017/11/12
	Development Bank of Japan Inc.	700	2010/12/1	2017/11/12
Long-term borrowings subtotal	73,364			
Total	97,414			

Notes:

1. Already repaid on the repayment date (not refinanced)
2. Repayment Method: repayment of every 6 month (amortization)
3. The amount is rounded to the first decimal place.

KRI Unitholders

Change in investment units by unitholders



Note: Rounded to the first decimal place

Type of unitholders at the end of 13th period (as of 2011/10/31)

Type of unitholders	# of Unitholders	Ratio (%)	# of Units held (unit)	Ratio (%)
Individual and Others	8,685	95.6%	34,256	12.0%
Financial Inst. (Incl. Securities co.)	60	0.7%	136,919	47.8%
Other Domestic Co.	135	1.5%	5,186	1.8%
Foreign Co. and Individuals	202	2.2%	110,189	38.5%
Total	9,082	100.0%	286,550	100.0%

Note: Rounded to the first decimal place

Top 10 unitholders at the end of 13th period (as of 2011/10/31)

Name	# of units held (unit)	(%)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	57,799	20.17%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	29,841	10.41%
The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	26,102	9.10%
Nomura Bank (Luxembourg) S.A.	9,620	3.35%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	9,535	3.32%
Goldman Sachs International	6,763	2.36%
The Bank of NY Treaty JASDEC Account	5,452	1.90%
State Street Bank and Trust Company 505223	4,430	1.54%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV	3,787	1.32%
Goldman Sachs & Co. Regular Account	3,733	1.30%
Total	157,062	54.81%

Note: Rounded down to the second decimal place

(Reference) Reporting of major unitholders

Name	Submitted on	# of units held (unit)
DIAM Co., Ltd.	10/6/2011	34,585
DIAM Co., Ltd.		34,585
Mizuho Asset Management Co., Ltd.	8/5/2011	22,069
Mizuho Asset Management Co., Ltd.		15,617
Sinko Investment Trust Management Co., Ltd.		6,452
Nomura Securities Co., Ltd.	8/4/2011	15,916
Nomura Asset Management Co., Ltd.		15,092
Nomura Securities Co., Ltd.		544
NOMURA INTERNATIONAL PLC		280
CBRE Clarion Securities LLC	9/5/2011	15,564
The Sumitomo Trust and Banking Co., Ltd.	1/21/2011	13,760
Nikko Asset Management Co., Ltd.		13,760

Note:

- Report submitted after PO on 2009/11/16 to 2011/10/6 (excluding unitholders that have less than 10,000 units)
- Total unitholders increased from 233,550 units to 284,950 units due to PO on 2011/7/20, and further increased to 286,550 units due to third-party allotment on 2011/8/8.

Disclosure and IR activities

IR Activities for Individual Investors

Disclosure using KRI website

Timely disclosure through website

Items	13th period (Oct 2011) Access
Top page	49,971
List of portfolio	9,458
Press Release	9,312
Disclosure Materials	8,436
Distributions	5,310
KDRM Site top	4,441
Others (occupancy ratio etc.)	14,270

Created new page for
“Environmental Initiatives”



IR through magazines

Magazines
Monthly Property Management (September issue) Special feature on “J-REIT”
Monthly Property Management (December issue) Special feature on “Value of Mid- and Small-sized Buildings”



IR fair/seminar for individual investors

Attending events below including WEB seminars

Events attended	Date
Nikkei IR Fair 2011 Business Research Web Seminar (Organized by Nikkei Cross Media Promotion Bureau)	2011/8/31
J-REIT Fair for Individual Investors 2011 (Sponsored by ARES)	2011/11/26



IR Activities for Domestic and International Investors

Using KRI website in English/1on1 meetings

Disclosure in English website on same day (Press release and Financial results)

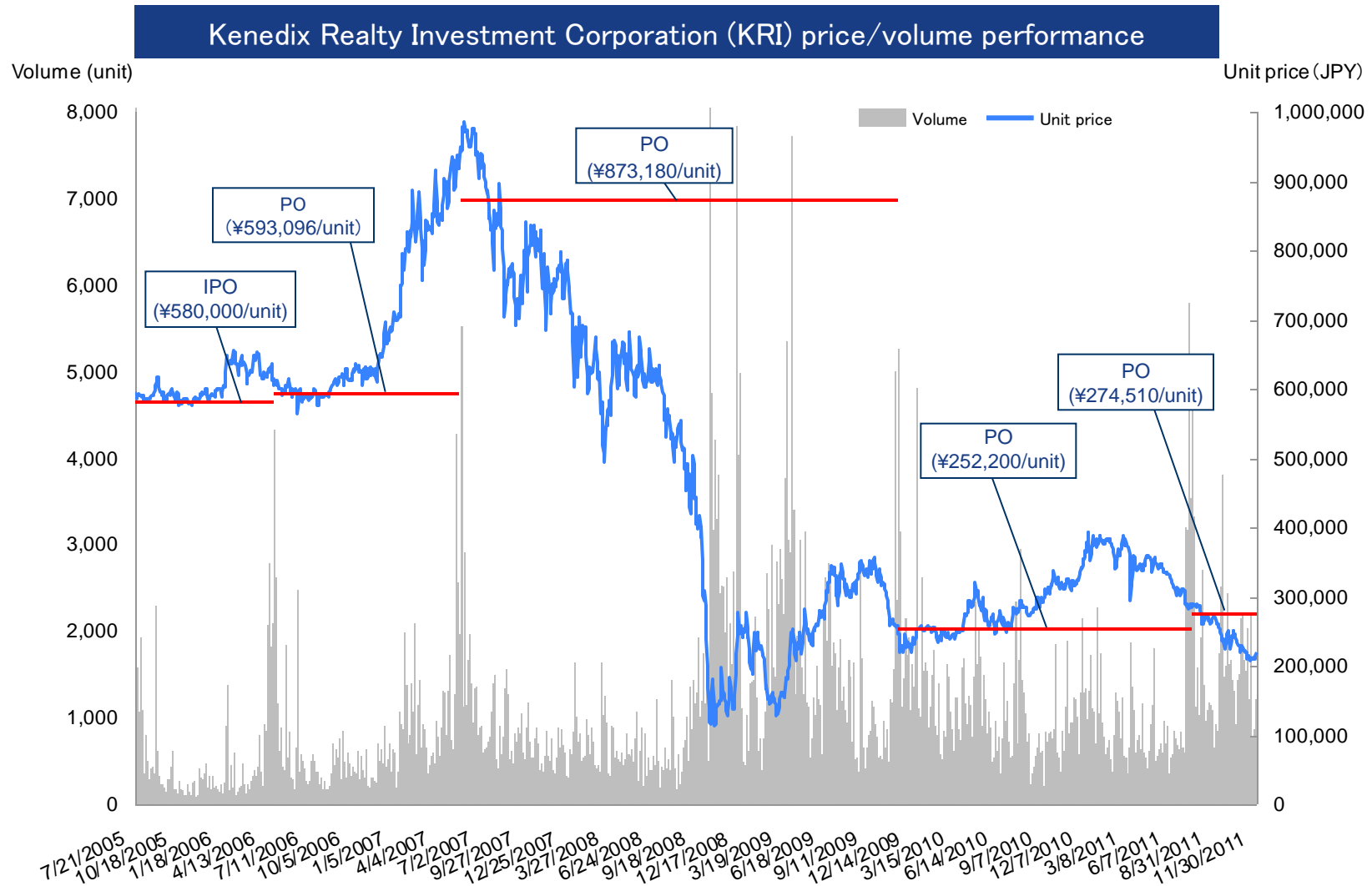
【Reference】 Number of meetings (including conference calls)

	13th period IR (Incl. PO road show)
Domestic Institutional Investor	69
Domestic regional investors	5
International investors (Europe)	5
International investors (US)	29
International investors (Asia)	45
Total	153

Conference for domestic/international investors

Events attended	Date
Panel discussion by REIT Management (Sponsored by Barclays Capital Securities)	2011/9/7
The 8th Japan Conference (Sponsored by Merrill Lynch Japan Securities)	2011/9/14
Macquarie Real Estate Tour (Sponsored by Macquarie Capital Securities (Japan))	2011/11/29
Tokyo Property Conference 2011 (Sponsored by SMBC Nikko Securities)	2011/11/30
Nomura Investment & Global Real Estate Forum 2011 (Sponsored by Nomura Securities)	2011/12/2

Unit price performance since IPO



• As of December 19, 2011
 Highest price (trading price): ¥988,000 (2007/5/31)
 Lowest price (trading price): ¥100,300 (2008/10/20)
 • Average Trading Volume during 2011: 1,031 Units
 (2011/1/4~2011/11/30)

- Notes:
- 1 Period: IPO to 2011/11/30
 - 2 Price: Closing price
 - 3 Excluding over 8,000 trading volume (2008/10/20:19,728 units)

Memo

Summary financial results for 13th period (October 2011)

- Income statement, etc.

Comparison between 12th (Apr 2011) and 13th period (Oct 2011)

	12th period	13th period	Difference	Note
Ordinary income/loss				
Rental and other operating revenues	7,208	7,475	267	
Rental revenues-real estate	5,908	6,121	213	New properties+226 Existing properties+62 Properties sold-76
Common area charges	1,300	1,353	53	New properties+40 Existing properties+38 Properties sold-25
Other lease business revenue	928	1,023	94	
Parking space rental revenues	250	249	0	
Utility charge reimbursements	583	633	49	New properties+22 Existing properties+36 Properties sold-9
Miscellaneous	94	140	45	Cancellation penalty+29 Restoration income+19
Total rental and other operating revenues A	8,136	8,498	362	
Gain on sale etc.	-	545	545	Gain on sale of KDX Hirakawacho Building
Operating revenues	8,136	9,044	907	
Property management fee	811	832	20	New properties+15
Utilities	561	617	56	New properties+26 Existing properties+26 Properties sold-9
Taxes	643	703	60	Fixed property tax for the properties acquired in the 11th and 12th period
Repairs and maintenance cost	123	152	28	Work on external wall etc.
Others (* 1)	220	212	-8	
Depreciation	1,406	1,442	36	New properties+50 Existing properties+2 Properties sold-16
Total expenses related to rent business B	3,767	3,961	194	
Rental business profit (A-B)	4,369	4,537	168	
Net operating income (NOI)	5,776	5,980	204	
Asset management fee	448	487	39	Due to profit increase
Others (* 2)	211	169	-41	Property research expenses-15, IR expenses-12
Operating expenses	4,427	4,618	191	
Operating income	3,709	4,425	715	
Non-operating income/loss				
Non-operating income	3	5	2	
Interest expenses	935	919	-16	Due to lowered interest rates as a result of collateral release
Interest expense on investment corporation bonds	113	117	3	
Borrowing related expense	303	298	-5	
Amortization of investment corporation bonds issuance costs	5	6	1	Increase due to issuance of third series investment corporation bonds
Amortization of investment unit issuance costs	8	27	18	Increase due to issuance of new investment units in 13th period
Other non-operating expenses	0	22	21	Non-deductible consumption taxes due to sales of properties, etc.
Non-operating expenses	1,366	1,390	24	
Ordinary income	2,346	3,040	694	
Special ordinary income/loss				
Subsidy	26	-	-26	
Gain from donation of fixed assets	-	13	13	Received air-conditioning equipment in Frame Jinnan-zaka
Extraordinary income	26	13	-13	
Loss on disaster	35	-	-35	
Loss on reduction of noncurrent assets	26	-	-26	
Extraordinary loss	61	0	-61	
Income before income taxes	2,311	3,054	742	
Income taxes	1	1	-	
Net income	2,309	3,052	742	
Retained earnings brought forward	0	0	-	
Unappropriated retained earnings	2,310	3,052	742	

Comparison of 14th period forecast (as of 7/5 vs 12/19)

Account		A 14th period (2012/4) Forecast as of 7/5	B 14th period (2012/4) Forecast as of 12/19	B-C Differences
Ordinary income/loss	Operating revenues	8,458	9,033	575
	Of which gain on sales of real estate properties	-	-	-
	Operating expenses	4,675	4,935	260
	Expenses related to rent business (excl. depreciation)	2,531	2,650	119
	Depreciation	1,463	1,563	100
Other	681	721	40	
	Operating income	3,782	4,098	316
Non-operating income/loss	Non-operating income	5	5	-
	Non-operating expenses	1,315	1,577	262
	Interest expenses etc.	1,271	1,539	268
	Other	44	37	-7
	Ordinary income	2,472	2,525	53
	Net income	2,471	2,524	53
	Leasing NOI (Net Operating Income)	5,927	6,383	456
	FFO(Funds From Operation)	3,934	4,088	154
	Number of properties	74	82	8
	Provision for/reversal of reserve for reduction er	(195)	(143)	52
	Number of units issued	286,550units	286,550units	0units
	Distribution per unit	9,300yen	9,300yen	0yen

December 19, 2011

Decided to acquire 8 properties (¥28.55B) in the 14th period with the borrowing of ¥29B.

Notes:

- Other expenses: Insurance, trust fees, etc.
 - Other operating expenses: Director's compensation, asset custody fees, administrative fees, auditor's fees, etc.
- ※ Numbers showing differences are rounded to the nearest ¥100M

Summary financial results for 13th period (October 2011)

- Balance sheet, etc

	12th period		13th period	
	As of Apr 30, 2011	As of Oct 31, 2011	As of Apr 30, 2011	As of Oct 31, 2011
	(M)	(%)	(M)	(%)
Current assets	14,352	5.5	18,589	6.8
Cash and bank deposit	7,925		12,349	
Entrusted deposits	5,869		5,989	
Other current assets	557		251	
Fixed assets	247,529	94.5	256,241	93.2
Property, plant and equipment	245,826		254,561	
Buildings	13,456		13,248	
Land	29,104		29,104	
Buildings in trust	61,259		64,090	
Land in trust	142,006		148,116	
Construction in progress in trust	0		1	
Intangible assets	361		360	
Leasehold right	285		285	
Leasehold right in trust	74		74	
Right of using water facilities in trust	1		0	
Investment and other assets	1,341		1,319	
Leasehold and guarantee deposits	134		133	
Long-term prepaid expenses	1,207		1,185	
Deferred assets	47	0.0	142	0.1
Investment corporation bond issuance costs	22		30	
Investment unit issuance expenses	25		111	
Total assets	261,928	100.0	274,973	100.0

Current liabilities	47,942	18.3	35,412	12.9
Account payables	409		556	
Short-term loans payable	36,160		24,050	
Current portion of investment corporation bond	9,000		9,000	
other account payables	208		246	
Provision for loss on disaster	30		2	
Advance received	1,872		1,281	
Others	261		275	
Fixed liabilities	78,481	30.0	89,288	32.5
Investment corporation bonds	3,000		4,500	
Long-term loans payable	64,555		73,364	
Tenant leasehold and security deposit	1,521		1,556	
Tenant leasehold and security deposit in trust	9,403		9,868	
Total liabilities	126,423	48.3	124,700	45.4
Total unitholders' capital	133,129		147,153	
Reserve for reduction entry	65		65	
Unappropriated retained earnings	2,309		3,052	
Total equities	135,505	51.7	150,272	54.6
Total liabilities and unitholders' equity	261,928	100.0	274,973	100.0

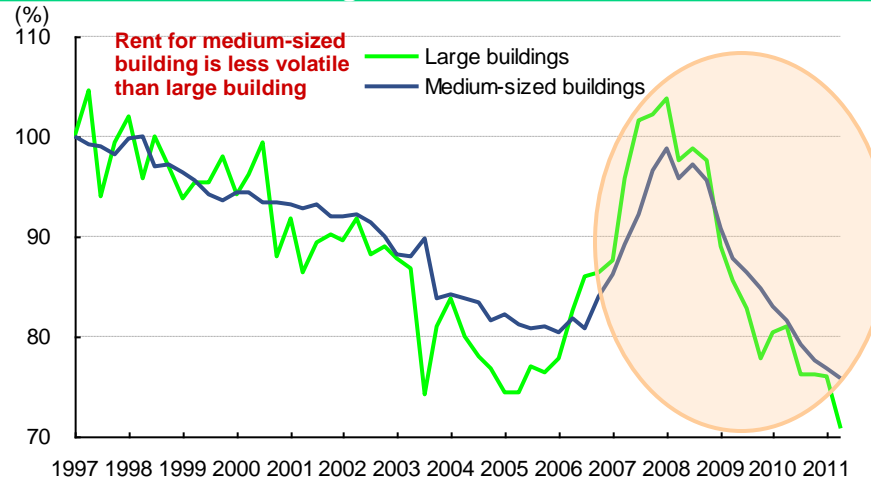
Key indicators				
	12th period	13th period	Difference	Note
Unitholders equity per unit	¥580,199	¥524,419	¥-55,780	Issuance of new investment unit
Interest-bearing debt ratio at end of period	43.0%	40.3%	-2.7%	Issuance of new investment unit, early repayment
Unitholders' equity to total asset	51.7%	54.6%	+2.9	Issuance of new investment unit
Number of properties at end of period	71	74	+3	4 properties acquired, 1 property sold
Total leasable floor	286,237.93m ²	300,016.89m ²	+13,778.96m ²	4 properties acquired
Occupancy ratio at end of period	94.6%	94.7%	+0.1%	

Basis for calculating cash distribution (¥)		
	12th period	13th period
I Retained earnings at the end of period	2,310,063,344	3,052,837,677
II Total distribution	2,310,043,050	2,749,733,800
(Distribution per unit)	(9,891)	(9,596)
III Voluntary retained earnings		
Provision for reserve for reduction entry	-	303,000,000
IV Retained earnings to be carried forward	20,294	103,877

Cash flow statement (¥M)		
	12th period	13th period
Net cash provided by operating activities	3,546	9,434
Net cash provided by investing activities	-13,701	-14,138
Net cash provided by financing activities	7,607	9,812
Net increase in cash and cash equivalents	-2,547	5,107
Cash and cash equivalents at beginning of period	15,367	12,820
Cash and cash equivalents at end of period	12,820	17,928

(Reference data 1) Office building market environment

1. 23 wards of Tokyo: rent level for large buildings and medium-sized buildings

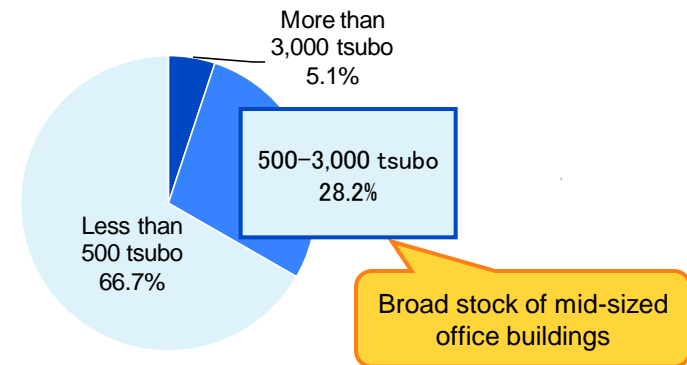


1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

Note: Large building is a building with a gross floor area of 3,000 tsubo or more, while medium sized building is a building with a gross floor area of 1,000 to 3,000 tsubo

Source: Created by KDX based on the data compiled by CBRE (the latest values as of 2011/9)

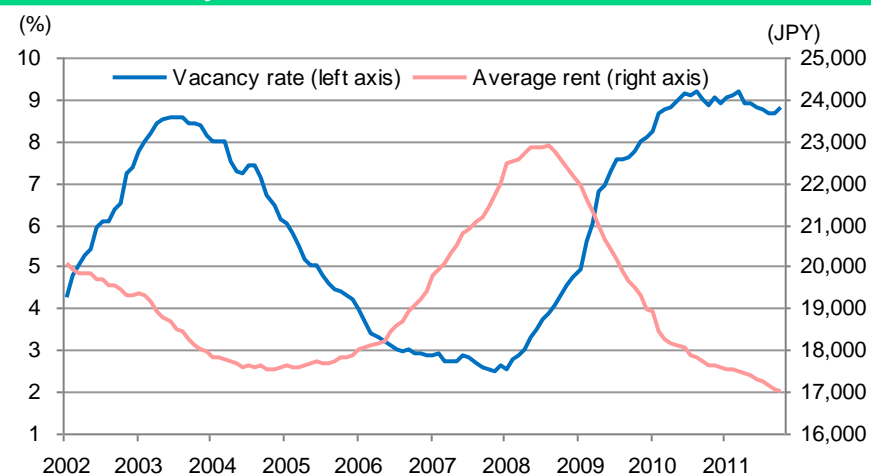
2. Breakdown of office buildings by GFA (tsubo)



Note: The above data covers rental office buildings located in Tokyo's 23 wards that were surveyed by CB Richard Ellis Research Institute. The above data may not include the data of all properties in the 23 wards (as of 2011/3).

Source: Survey conducted by CB Richard Ellis Research Institute based on KRI's request "Market survey of Medium-sized building"(2011/5)

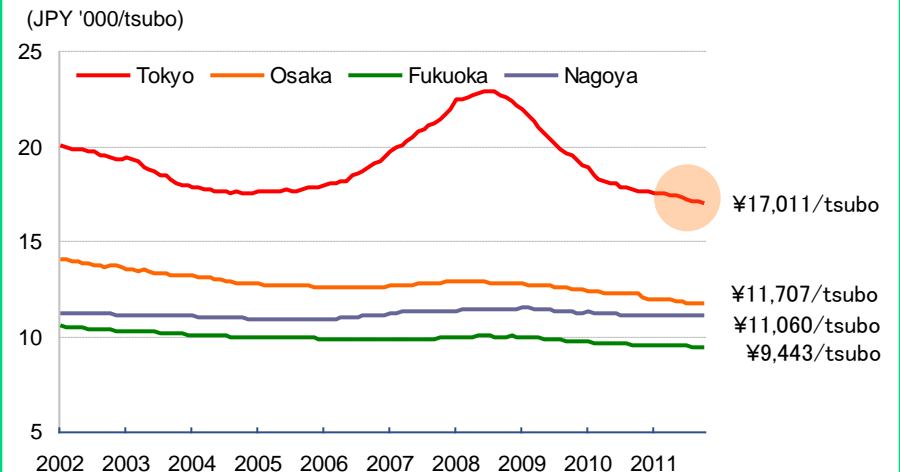
3. Changes in the offered rent and vacancy ratio in Central Tokyo



Note: Survey covers buildings with more than 100 tsubo in Tokyo's central 5 wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya)

Source: Miki Shoji "Latest Office Building Markets in Tokyo's central 5 wards" (the latest values as of 2011/10)

4. Changes in rent levels by region



Note: Targeting the properties with a gross floor area of 100 tsubo or more in Tokyo's central 5 wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)

Source: Created by KRI based on the data compiled by Miki Shoji (the latest values as of 2011/10)

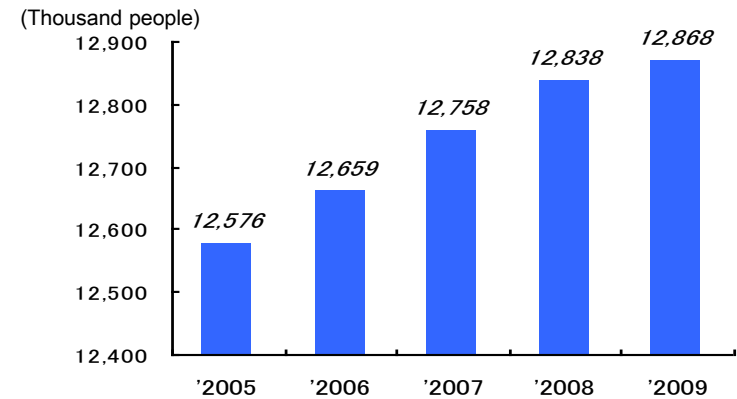
(Reference data 2) About Tokyo Metropolitan Area

1. Economic foundation etc. of Tokyo

(Timing)	(Item)	Japan	Tokyo
2008	Nominal GDP	¥494,198.7B	¥89,714.9B
2006	# of office	5,910,000	690,000
2006	# of employee	58.63M	8.7M
October 1, 2009	Total Population	127.51M	12.86M
October 1, 2009	Population of productive age (15-64years old)	81.49M	8.65M

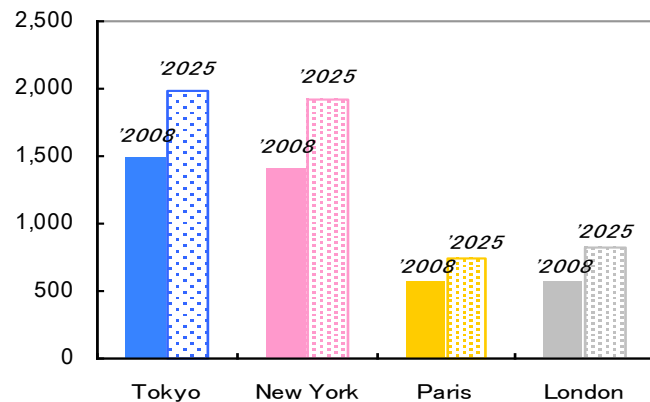
Source: Created by KDRM based on the data compiled by "Kurashi to toukei 2011 (Life and statistics 2011)" on the Tokyo metropolitan government website

2. Population transition of Tokyo



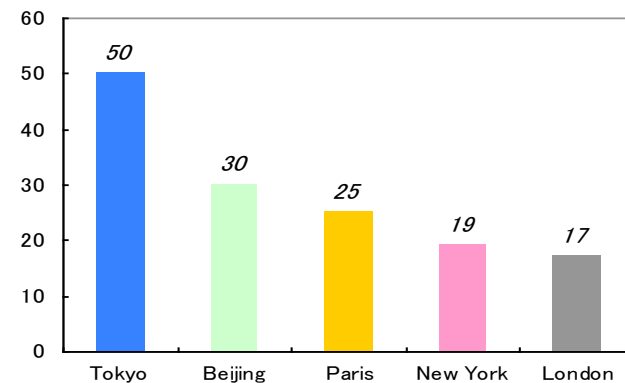
Source: Created by KDRM on the data compiled by Ministry of Internal Affairs and Communications Statistics Bureau, "Japan Statistical Handbook 2010"

3. Gross Metropolitan Products estimate (2008)



Source: UK Economic Outlook November 2009, PricewaterhouseCoopers
Note: Figures are calculated by PricewaterhouseCoopers at PPP

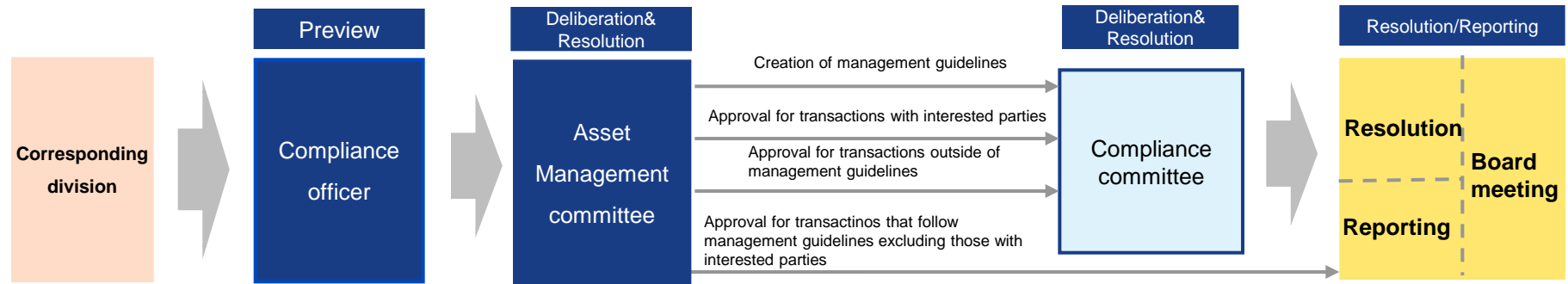
4. No. of Headquarters of Fortune 500 companies (2010)



Source: Fortune Global 500, 2010, Fortune Magazine

Management Structure of Asset Management Company

Decision-making process



Rules on transactions with interested parties

- **Transactions with interested parties**
 - Asset acquisition: Must not acquire properties for **more than appraised price** (except for properties pre-acquired by Kenedix Inc. pursuant to the MOU)
 - Asset disposal: Must not sell properties for **less than appraised price**

<Reference>

Meetings held by the various committees, Board of Directors of the Asset Management Company / Investment Corporation

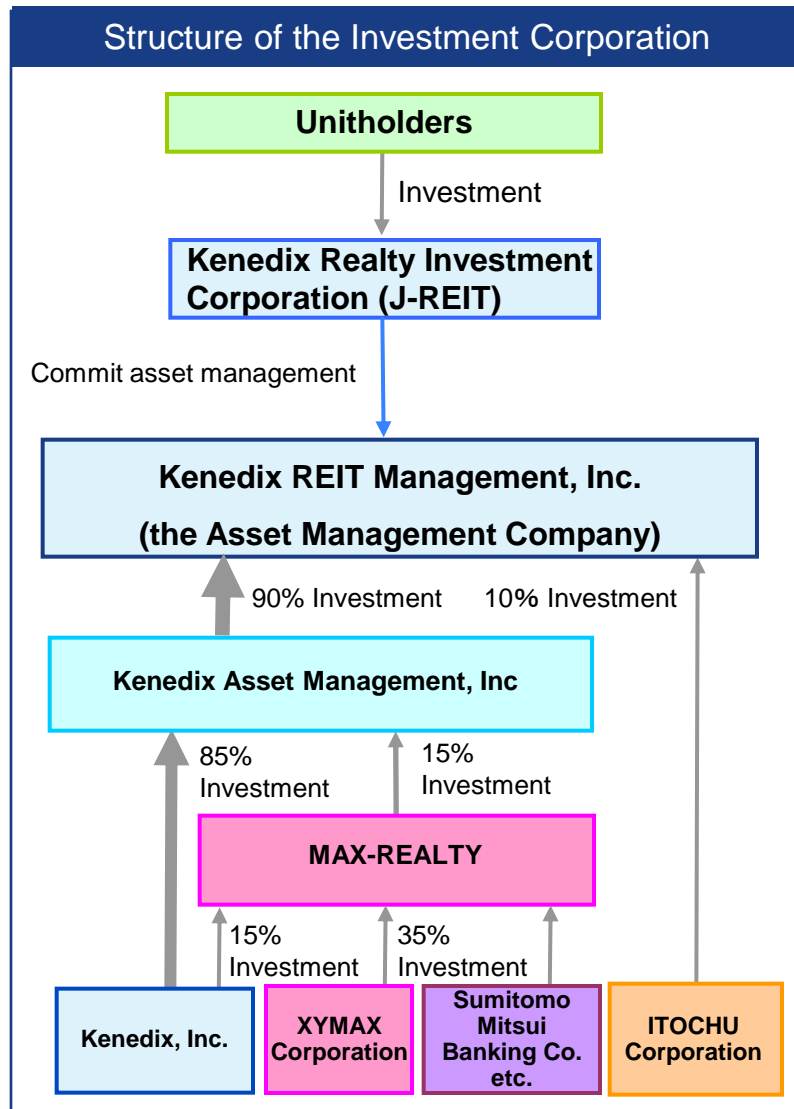
	8 th Period	9 th Period	10 th Period	11 th Period	12 th Period	13 th Period
Compliance committee	8	8	10	7	7	8
Asset management committee	44	36	39	32	37	44
Board of directors	8	10	12	11	9	11
Board of directors of Investment Corporation	8	8	8	8	7	9

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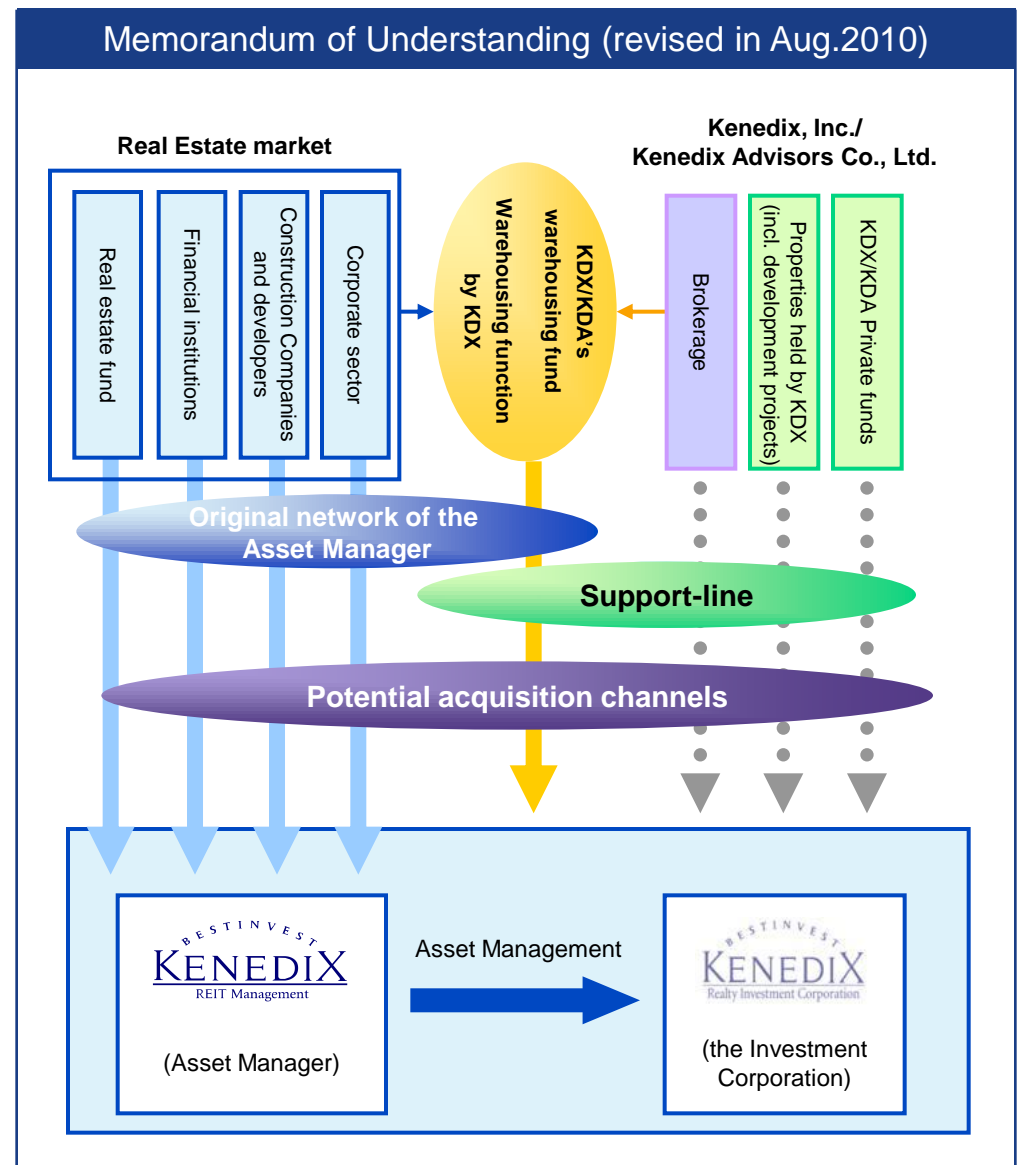
Asset management company's management fee structure

- **Asset management fee**
 - 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 transfer 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. ¥1-3B → ¥2M, ¥5-10B → ¥2.4M)
 - Construction supervision fee: amount determined in proportion to the construction costs (e.g. ¥1-5M → 5%, ¥10-100M → ¥450,000 + 3%)

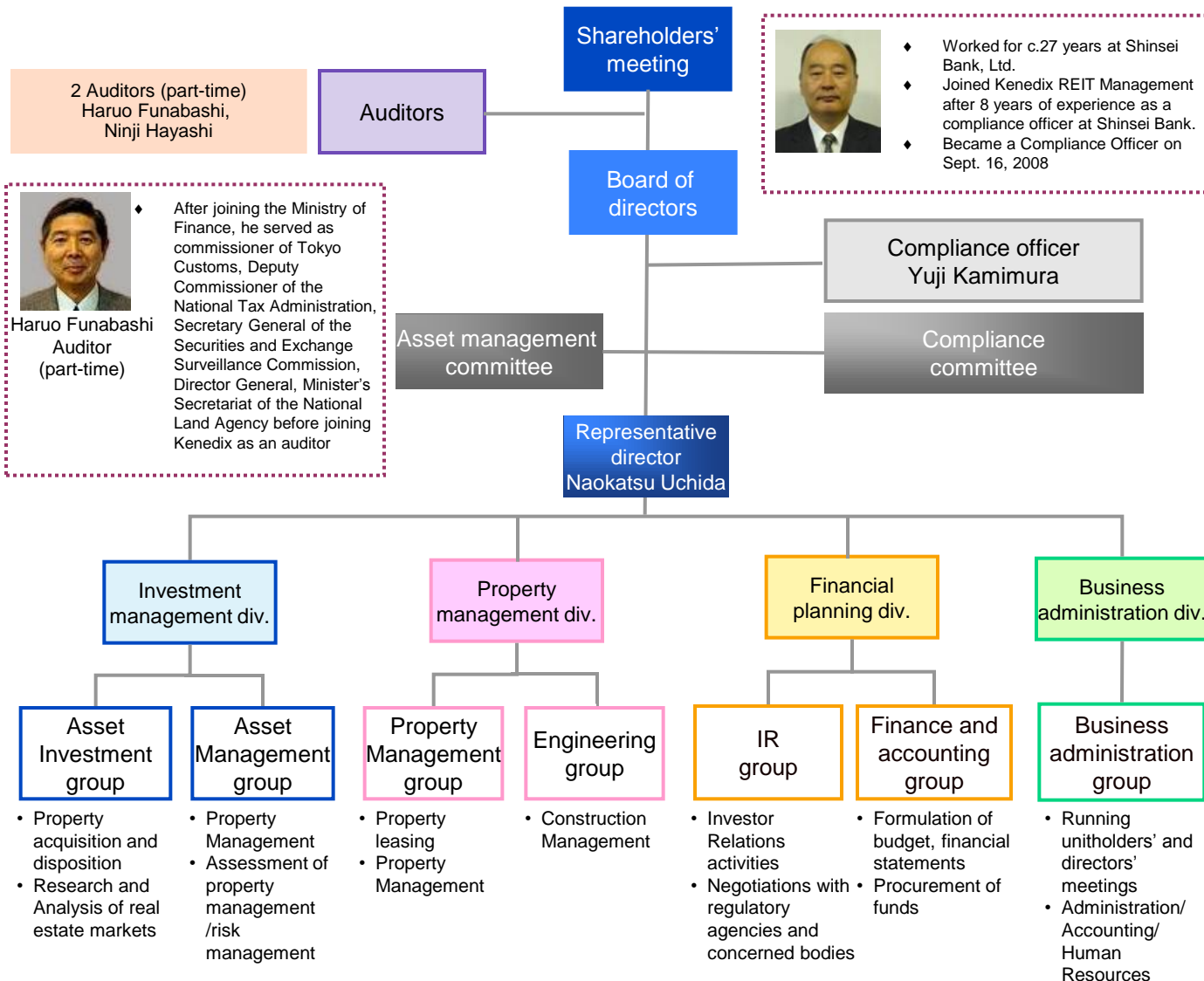
Change in shareholders of AM and Memorandum of Understanding



Note: MAX-REALTY is an asset management company founded by XYMAX Corporation, Sumitomo Mitsui Banking Corporation and others, based on the concept of "combining real estate and finance consulting knowledge in to one."



Kenedix REIT Management, Inc. -Organizational chart



Key members



Naokatsu Uchida
CEO & President

- Worked for c. 17 years at Mitsubishi Trust and Banking (Real Estate, Real Estate Project Origination, others)
- CEO & President of Joint Asset Management before joining Kenedix REIT Management and worked for c.2 years in Financial Planning Div.
- Became CEO & President of Kenedix REIT Management on Feb. 2, 2012



Koju Komatsu
Director & General Manager,
Investment Management Div.

- Worked for c.7 years at Chuo Mitsui Trust and Banking (Property Sales Dep., Property Investment Advisory Dep., Asset Finance Dep.)
- Worked for Cititrust & Banking before joining Kenedix, Inc.
- Property appraiser
- Became a General Manager of Investment Management Div. on Sept. 15, 2009 after working as a Compliance Officer



Masashi Ohwa
Director & General Manager,
Property Management Div.

- Worked for c.16 years at Asahi Urban Development Corporation,
- Worked for Nihonjisho, others before joining Kenedix, Inc.
- Executive Officer & General Manager of REIT Management Div., Kenedix Advisors before joining Kenedix REIT Management
- Became a General Manager of Property Management Div. on Mar. 1, 2008



Keisuke Sato
General Manager,
Financial Planning Div.

- Worked for c.9 years at Tokyu Land Corporation (Urban Development Div.)
- Worked for JPMorgan Securities Japan, Prudential Real Estate Investors, other before joining Kenedix, Inc.
- Property appraiser
- Became General Manager of Financial Planning Div. of Kenedix REIT Management on Feb. 2, 2012



Taisuke Miyajima
Director (part-time)

- Worked for Mitsubishi Trust and Banking (debt capital market group, Los Angeles branch). 7 years of experience in real estate investment advisory division after joining Kenedix, Inc.
- Transferred from Kenedix and became CEO & President of the Asset Management Company. Currently, Executive Director of the Investment Corporation and Corporate Advisor of Kenedix, Inc.

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