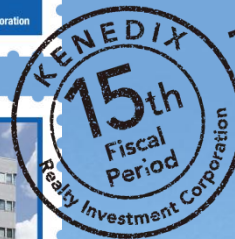


# KENEDIX Realty Investment Corporation

15th Period Results (Ended October 2012)

January 2013



p 35: Revised the depreciation amount for the 15th period in “Changes in depreciation and construction expenses (actual / estimate)”

KENEDIX Office Partners, INC.

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# Executive Summary (15th Period Highlights)

## Highlights in the 15th period (2012/10)

## Future efforts

External growth	<ul style="list-style-type: none"> <li>Increase portfolio quality through property acquisition and sales</li> </ul>									
	<table border="1"> <tr> <td>Acquisition</td> <td>3 office buildings in Tokyo Metropolitan Area</td> <td>¥10.8B</td> </tr> <tr> <td rowspan="3">Sales</td> <td>KDX Omori Bldg.</td> <td>¥4.2B</td> </tr> <tr> <td>Gradito Kawaguchi</td> <td>¥0.86B</td> </tr> <tr> <td>Kanazawa Nikko Bldg. (2012/11/1)</td> <td>¥0.78B</td> </tr> </table>	Acquisition	3 office buildings in Tokyo Metropolitan Area	¥10.8B	Sales	KDX Omori Bldg.	¥4.2B	Gradito Kawaguchi	¥0.86B	Kanazawa Nikko Bldg. (2012/11/1)
Acquisition	3 office buildings in Tokyo Metropolitan Area	¥10.8B								
Sales	KDX Omori Bldg.	¥4.2B								
	Gradito Kawaguchi	¥0.86B								
	Kanazawa Nikko Bldg. (2012/11/1)	¥0.78B								
Internal growth	<ul style="list-style-type: none"> <li>Secure revenue from existing properties by maintaining high occupancy ratios</li> <li>Occupancy ratio of our portfolio as of the end of the 15th period: 95.5% (average occupancy ratio during the 15th period: 94.3%(+1.8% compared to the previous period))</li> <li>Significant floor expansion (20 properties, 1,335.7 tsubo)</li> <li>Shorter rent-free period and vacancy periods (rent-free periods for office buildings in Tokyo Metropolitan Area reduced from 6.0 months to 3.9 months compared to the previous period)</li> </ul>									
Financial strategy	<ul style="list-style-type: none"> <li>Steady reduction in financial costs</li> <li>Interest rate of debt reduced from 2.02% to 1.96%</li> <li>Maintaining stable financial platform</li> <li>Conservative LTV levels: 45.8%</li> <li>Extend average life of debt from 2.5 years to 2.7 years</li> </ul>									

External growth	<ul style="list-style-type: none"> <li>Development of a quality portfolio through focusing investments in mid-sized office buildings in Tokyo Metropolitan Area</li> <li>Improve profitability and quality of our portfolio through property acquisition and sales</li> <li>Increase investment opportunities through joint investments with sponsor</li> </ul>
Internal growth	<ul style="list-style-type: none"> <li>Reduce move-out rate by reinforcing the relationship with existing tenants</li> <li>Improve rent conditions such as shorter rent-free periods</li> <li>Improve revenue through lease-up of key properties (KDX Nihonbashi Kabutocho Bldg. , KDX Harumi Bldg.)</li> </ul>
Financial strategy	<ul style="list-style-type: none"> <li>Ongoing reduction in financial costs</li> <li>Diversifying debt maturities and extending average life of debt</li> </ul>

Maintain / increase DPU level

## Section 1

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15th period results, DPU level

# 15th period (2012/10) financial results: Performance highlights

(in millions of yen)

Account		A	B	C	15th VS 14th comparison C-A		15th VS 15th (Forecast) comparison C-B	
		14th Period Apr-2012 Actual	15th Period Oct-2012 Forecast	15th Period Oct-2012 Actual	Change	Major Factors	Change	Major Factors
Ordinary income/losses	Operating revenues	9,090	9,882	10,212	1,122	•3 properties acquired in 15th period +106 •Gains from restoration fee of Nihonbashi Kabutocho Bldg +214 •Whole-period operation of 9 properties acquired in 14th period +415 •2 properties disposed in 15th period -163	330	•3 properties acquired in 15th period +106 •Gains from restoration fee Nihonbashi Kabutocho Bldg +214
	Of which gain on sales of real estate properties	-	597	595	595	•Gain on sale of KDX Omori Bldg. in 15th period	-1	
	Operating expenses	5,004	5,428	5,696	691		268	
	Expenses related to rent business (excl. Depreciation)	2,705	3,098	3,201	495	•Whole-period operation of 9 properties acquired in 14th period +194 •Restoration expense of Nihonbashi Kabutocho Bldg in 15th period +174	102	•Restoration expense of Nihonbashi Kabutocho Bldg in 15th period +174 •Utilities costs -91
	Depreciation	1,578	1,599	1,621	42	•Whole-period operation of 9 properties acquired in 14th period +46	21	•3 properties acquired in 15th period +22
	Others	719	729	874	154	•Loss on sale of Gradito Kawaguchi +151	144	•Loss on sale of Gradito Kawaguchi +151
	Operating income	4,086	4,454	4,516	430		62	
	Non-operating income	4	5	2	-1		-2	
	Non-operating expenses	1,539	1,472	1,508	-30		36	
	Interest expenses etc.	1,502	1,418	1,460	-42	•Decrease of interest rate and financing cost	42	•Prepayment of debt financing, amortization of financing cost •Increase in borrowing amount
Others	36	53	47	11	•Consumption tax included to expenses following property sale, etc. +13	-6		
Ordinary income	2,551	2,987	3,011	459		23		
X/O gains/losses								
Extraordinary gains	-	-	-	-		-		
Extraordinary losses	10	-	-	-10	•Legal settlement paid in 14th Period -10	0		
Net Income	2,540	2,985	3,009	469		24		
Leasing NOI (Net Operating Income)	6,384	6,186	6,416	31		229	•Acquisition, restoration, utilities costs in 15th period	
FFO (Funds From Operation)	4,119	3,988	4,187	68		198		
Number of properties	83	82	84	1	•5/11 Sale of Omori •6/26 Sale of Gradito Kawaguchi •9/21 Acquisition of Fuchu, Kasuga, Nakameguro	2	•6/26 Sale of Gradito Kawaguchi •9/21 Acquisition of Fuchu, Kasuga, Nakameguro	
Provision for reserve for reduction entry (Reversal)	(143)	291	271	414		-20		
Number of units issued	286,550	286,550	286,550	0		0		
Distribution per unit	9,364yen	9,400yen	9,557yen	193yen		157yen		

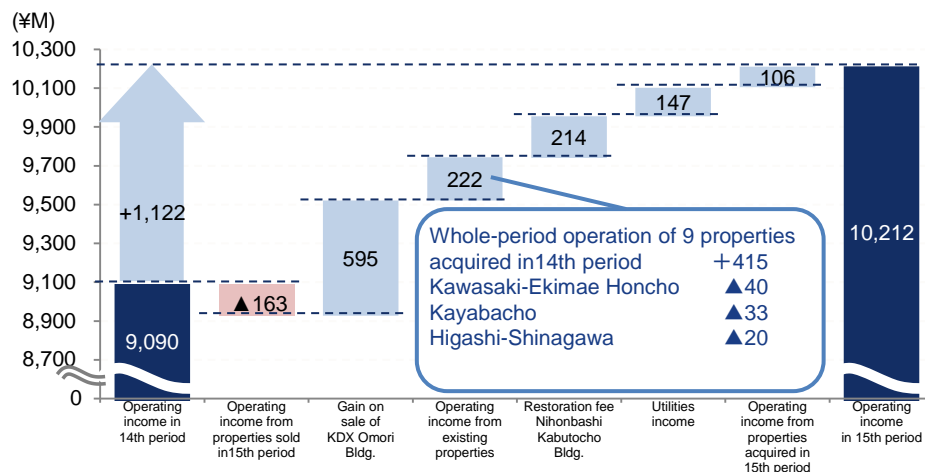
Note 1: Leasing NOI = Operating revenues - Gain on sales of real estate properties - Expense related to rental business (excl. Depreciation)

Note 2: 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

# 15th period (2012/10) results: Factors leading to increase/decrease compared to the previous period

## A. Operating income

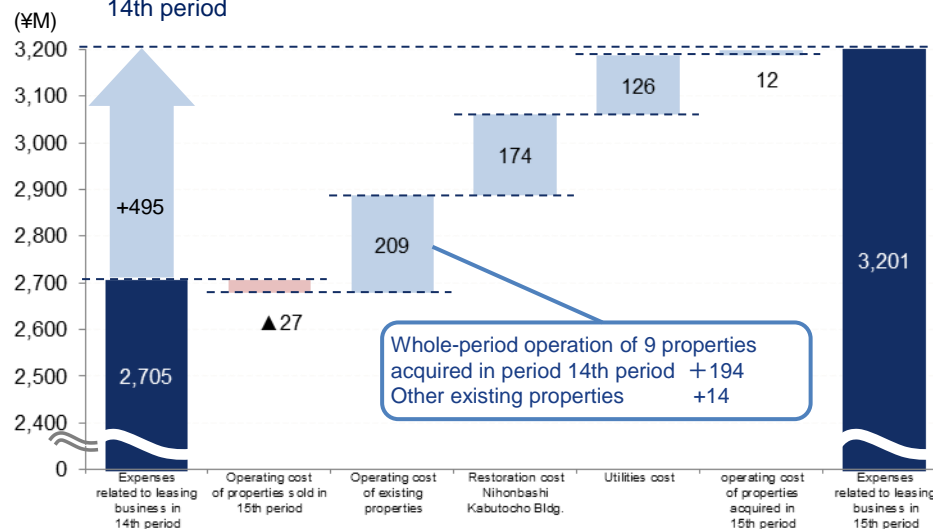
- Increase due to gain on sale of KDX Omori Bldg. in 15<sup>th</sup> period
- Increase due to gain from restoration fee Nihonbashi Kabutocho Bldg.
- Increase of 415 million due to whole-period operation of 9 properties acquired in 14<sup>th</sup> period



Note: Utilities reimbursement is not included in operating income

## B. Property-related expenses (not incl. depreciation and loss from property disposal)

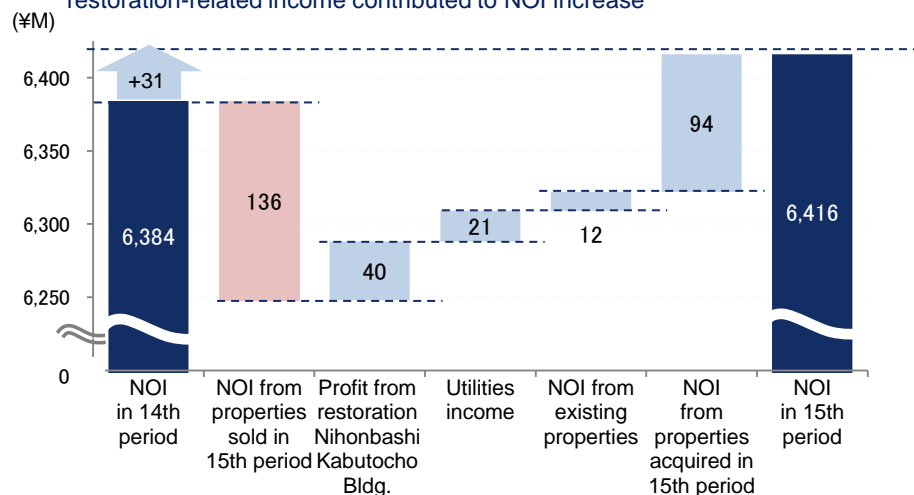
- Increase due to Nihonbashi Kabutocho Bldg.'s restoration cost
- Increase of 194 million due to whole-period operation of 9 properties acquired in 14<sup>th</sup> period



Note: Operating cost does not include utilities costs

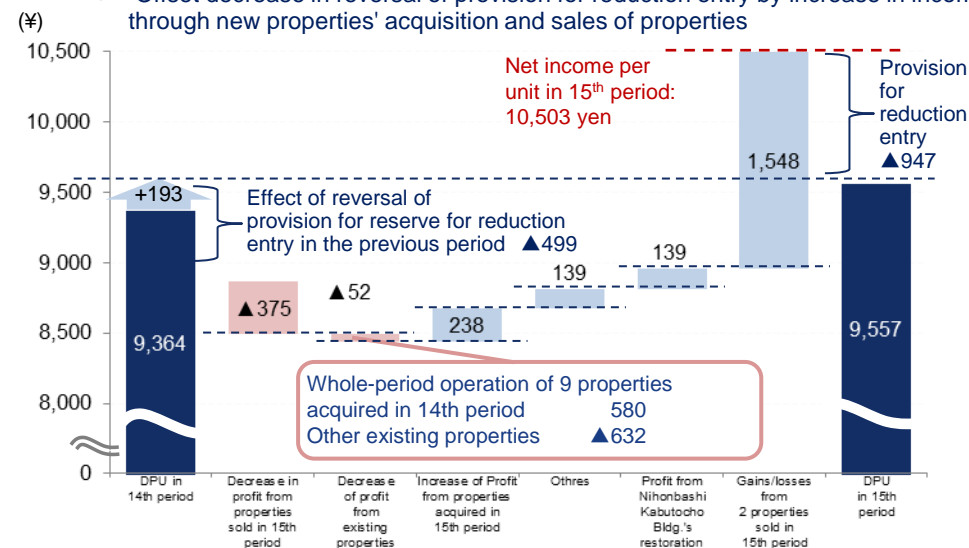
## C. Leasing NOI

- Decrease from sales of properties, but acquisition of new properties and restoration-related income contributed to NOI increase



## D. DPU

- Offset decrease in reversal of provision for reduction entry by increase in income through new properties' acquisition and sales of properties



Note: Profits and losses of properties after depreciation

# 16th period (2013/4): Earnings forecast

(in millions of yen)

Account	A	B	C	16th (Forecast) VS 15th comparison C-A		16th (Forecast) comparison C-B			
	15th Period Oct-2012 Actual	16th Period Apr-2013 Forecast (10/25)	16th Period Apr-2013 Forecast (12/12)	Change	Major Factors	Change	Major Factors		
Ordinary income/losses	Operating income/losses	Operating revenues	10,212	9,133	9,365	-847	• Nihonbashi Kabutocho Bldg -292 • Gain from restoration fee of Nihonbashi Kabutocho Bldg in 15th period -214 • Dividends from Senri Property TMK in 16th period +95	231	• Reflecting rent decrease and contract terminating situation at the end of 15th period
		Of which gain on sales of real estate properties	595	-	80	-515	• Gain on sale of Omori Bldg in 15th period • Gain on sale of Kanazawa Bldg in 16th period	80	• Gain on sale of Kanazawa Bldg in 16th Period +80
		Operating expenses	5,696	5,306	5,420	-275		114	
		Expenses related to rent business (excl. Depreciation)	3,201	2,946	3,015	-185	• Restoration expense of Nihonbashi Kabutocho Bldg in 15th period -174	68	• Advertising cost of Nihonbashi Kabutocho Bldg • Repair expense of Kabutocho Nikko Building
		Depreciation	1,621	1,646	1,673	52	• Whole-period operation of the 3 properties acquired in 15th period +46	27	
		Others	874	713	731	-142	• Loss on sale of Gradito Kawaguchi +151	18	
	Operating income	4,516	3,827	3,944	-571		117		
	Non-operating income/losses	Non-operating income	2	5	5	2		-	
		Non-operating expenses	1,508	1,394	1,402	-105		7	
		Interest expenses etc.	1,460	1,364	1,363	-97	• Decrease of interest rate and financing cost • Prepayment of debt financing, amortization of financing cost in 15th period	-1	
Others		47	30	39	-8		9		
Ordinary income	3,011	2,437	2,547	-464		109			
X/O gains/losses	Extraordinary gains	-	-	-	-		-		
	Extraordinary losses	-	-	-	-		-		
Net Income	3,009	2,435	2,545	-464		109			

Leasing NOI (Net Operating Income)	6,416	6,092	6,175
FFO (Funds From Operation)	4,187	4,082	4,139
Number of properties	84	84	83
Provision for reserve for reduction entry (Reversal)	271	-	-
Number of units issued	286,550	286,550	286,550
Distribution per unit	9,557yen	8,500yen	8,880yen

## Changes in amounts of provision for reserve for reduction entry

(in millions of yen)

	11th Period	12th Period	13th Period	14th Period	15th Period	16th Period (E)
Amount carried over from the previous period	-	65	65	368	225	497
Transfer	65	-	303	-	271	-
Reversal	-	-	-	143	-	-
Balance	65	65	368	225	497	497

- (Reference) Estimated Property & City planning tax  
16th period 809 million  
17th period 857million

1,734 yen/unit based on  
286,550 units

Note 1: Leasing NOI = Operating revenues - Gain on sales of real estate properties - Expense related to rental business (excl. Depreciation) - TMK dividends

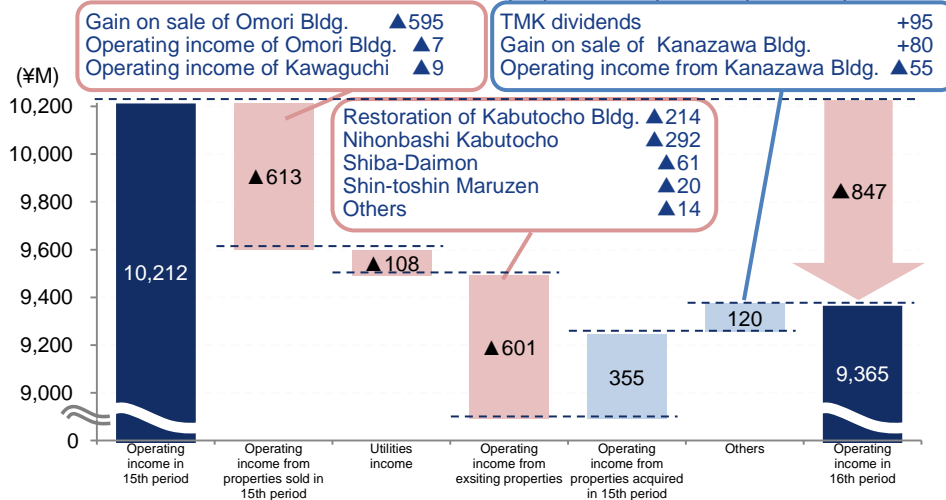
Note 2: FFO (Funds From Operation) = Net income + Depreciation expense for the period - Gain on sales of real estate properties + Loss on sales of real estate properties

# 16th period forecast (2013/4):

## Factors leading to increase/decrease from the 15th period

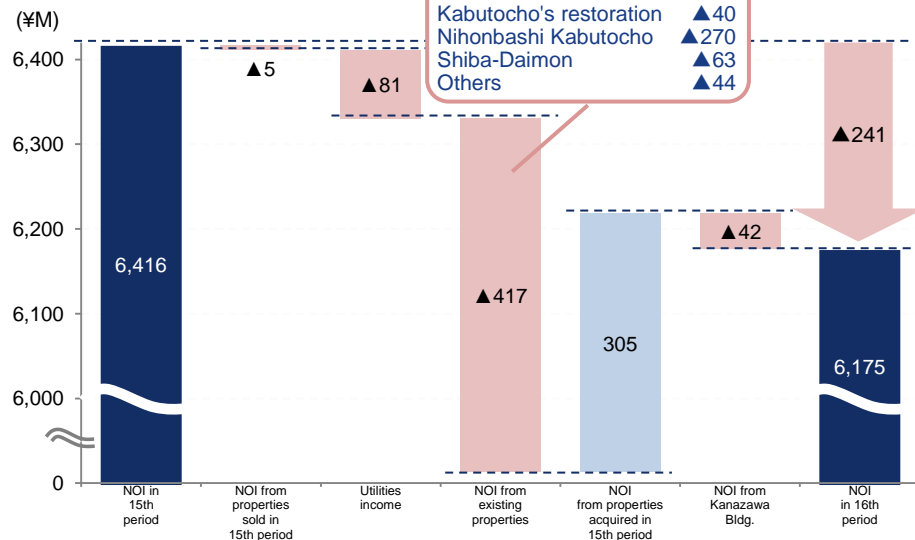
### A. Operating income

- 355 million increase due to contribution of properties acquired in previous period



Note: Properties income does not include income from utilities charges

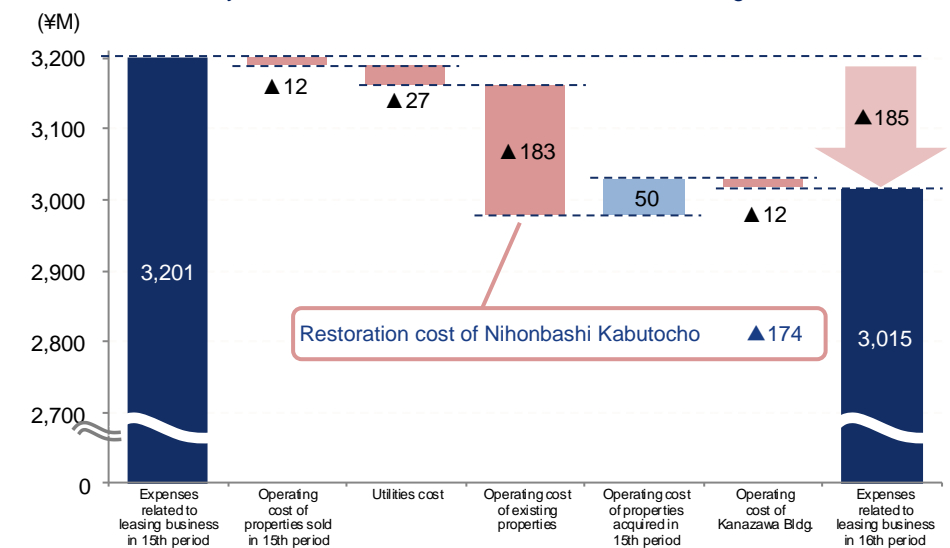
### C. Leasing NOI



- Notes:
1. TMK dividend is not included in NOI of 16<sup>th</sup> period
  2. Utilities revenue/cost is not included in NOI calculation.

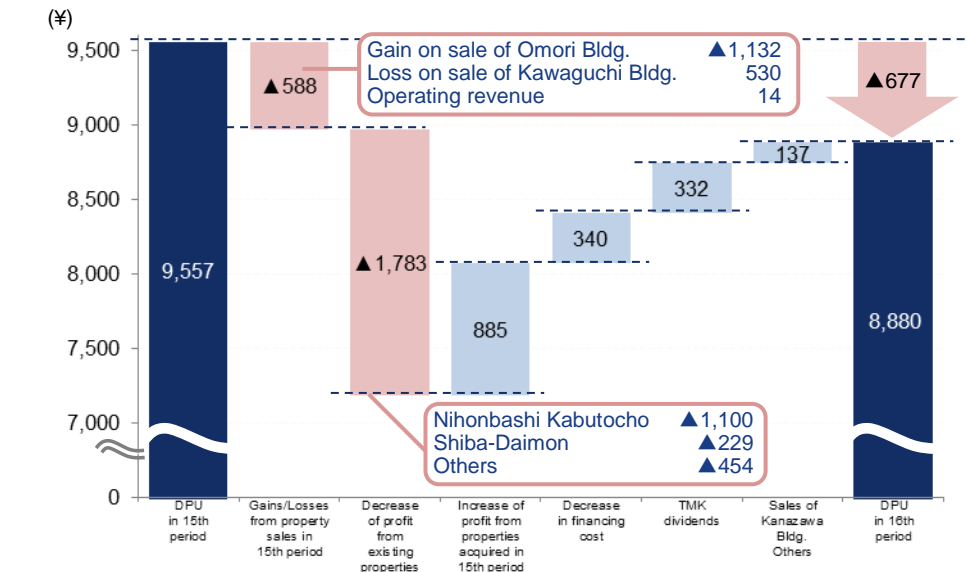
### B. Property-related expenses (not incl. depreciation and loss from property disposal)

- Decrease mainly due to reduction of Nihonbashi Kabutocho Bldg's restoration cost



Note: Operating cost does not include utilities costs

### D. DPU



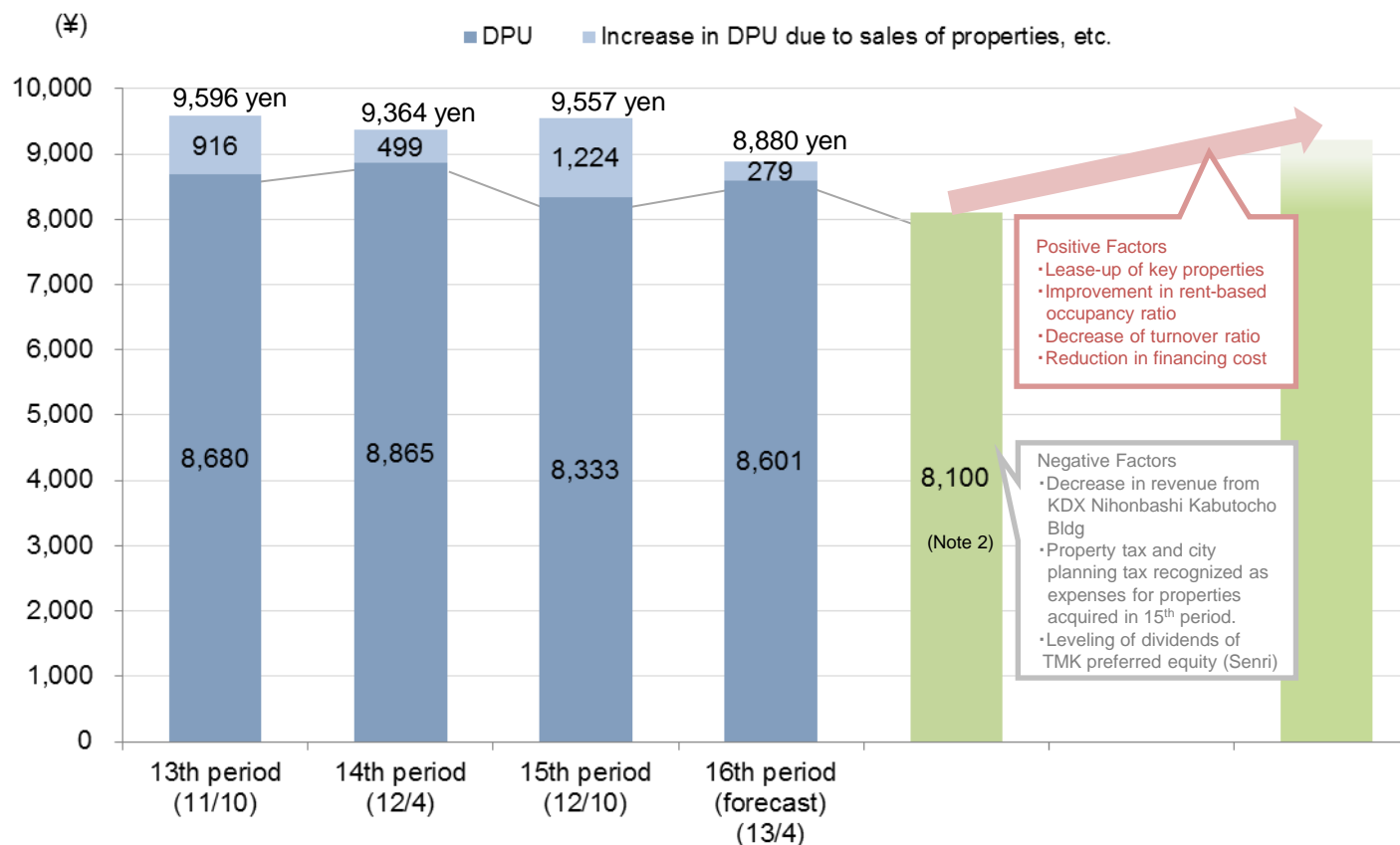
Note: Profits and losses of properties after depreciation



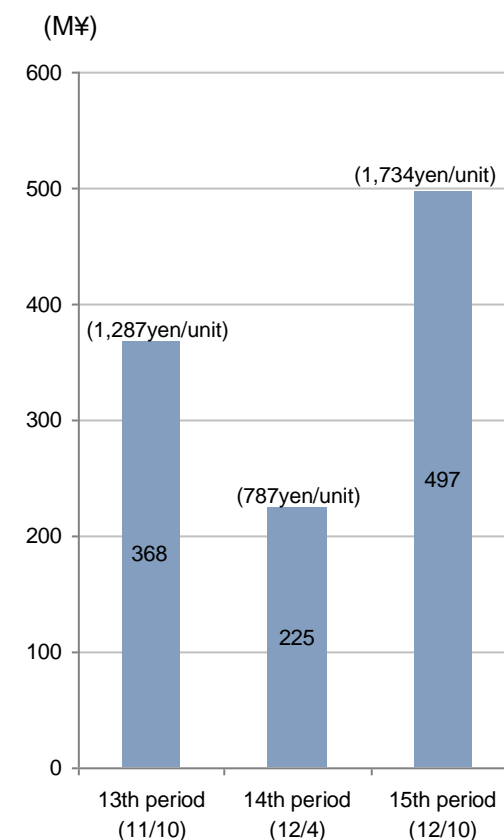
# Future DPU level

- Aiming to increase DPU level through lease-up of KDX Nihonbashi Kabutocho Bldg.
- Provision for reserve for reduction entry kept in case of one-time losses

Future trend of DPU level



Changes in balance / amounts of Provision for Reserve for Reduction Entry



Notes:

1. Actual DPU for the 13th-15th periods and forecasted DPU for the 16th period
2. DPU level in the future simply calculated by adding only negative impacts to the 16th period

Notes:

1. Balance / amounts of Provision for reserve for reduction entry are at the end of each period and rounded down to the nearest millions.
2. Figures in parenthese are calculated as Provision for reserve for reduction entry at the end of each period divided by total outstanding units (286,550 units) and rounded down to the nearest integer.

Section 2

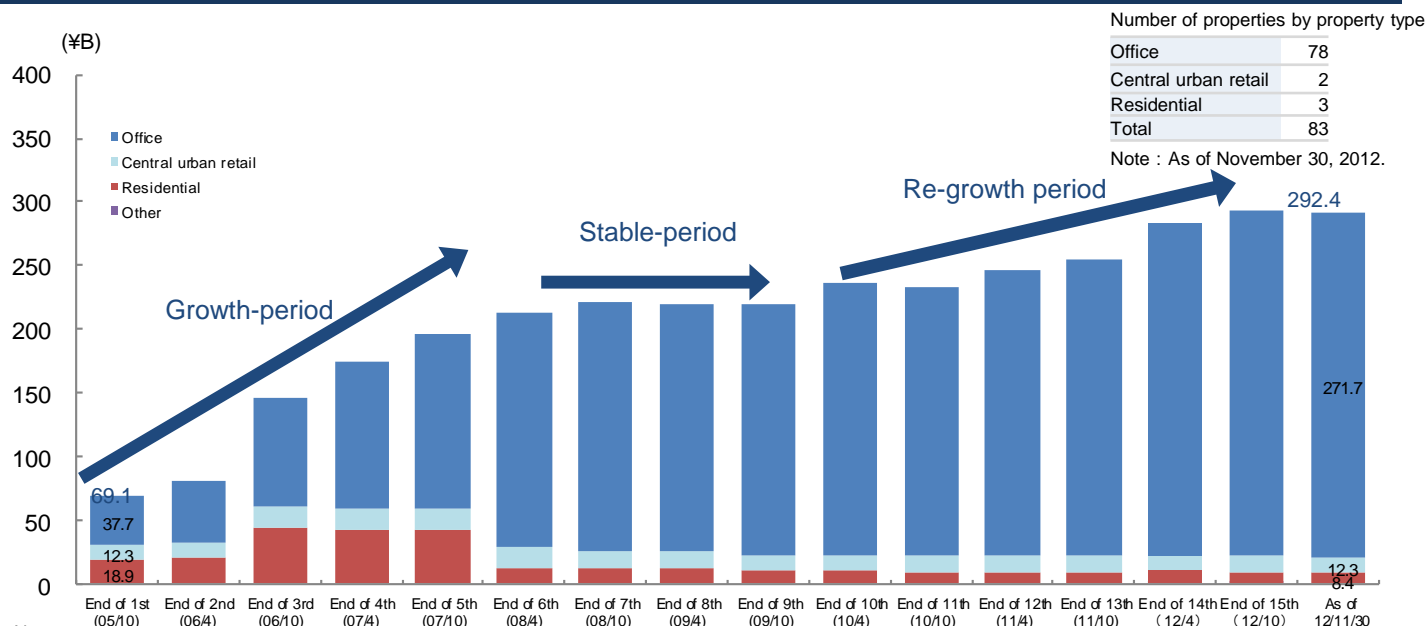
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External Growth

# Portfolio Characteristics

- Portfolio focusing on mid-sized office buildings in the Tokyo Metropolitan Area
- AUM has quadrupled since the listing

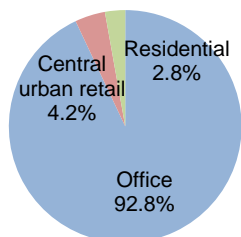
## Portfolio growth (by acquisition price)



Notes

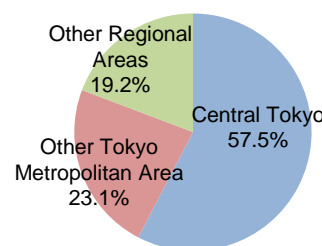
1. Figures are rounded down to the nearest ¥100 million.
2. Central Tokyo represents Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards.
3. The figures for the 14<sup>th</sup> and 15<sup>th</sup> periods include ¥645 million of Kanazawa Nikko Building (classified into "Others"), which was sold on November 1, 2012.

## By property type (by acquisition price)



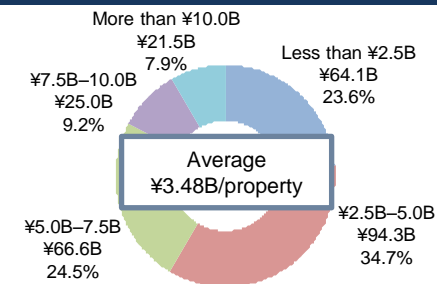
Note: The percentage breakdown by property type based on the acquisition price as of the end of November 2012 (rounded to the first decimal place).

## By region (Office buildings, by acquisition price)



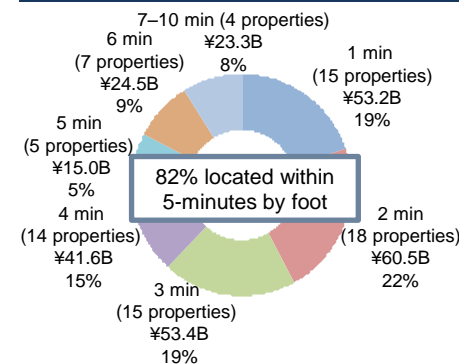
Note: As of the end of the 15th period (2012/10).

## By acquisition price (Office buildings)



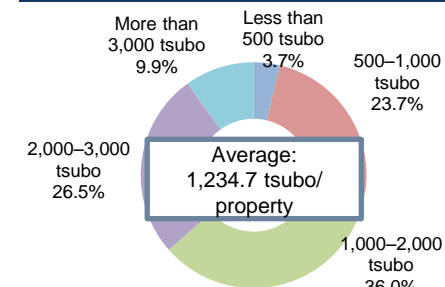
Note: As of the end of the 15th period (2012/10).

## By distance from the nearest station (Office buildings)



Note: As of the end of the 15th period (2012/10).

## By office building size (based on leasable floor area)



Note: As of the end of the 15th period (2012/10).

# Acquisition of properties during the 15th period (2012/10)

- Acquisition of office buildings in Tokyo Metropolitan Area contributing to improvement in profitability and quality of portfolio through

## Properties acquired during the 15th period (2012/10)



Property Name	Fuchu South Building	Kasuga Business Center Building	Nakameguro Business Center Building	Total of 3 properties
Location	Fuchu-shi, Tokyo	Bunkyo-ku, Tokyo	Meguro-ku, Tokyo	-
Gross floor area	16,647.00m <sup>2</sup>	6,444.31m <sup>2</sup>	3,455.90m <sup>2</sup>	26,547.21m <sup>2</sup>
Occupancy ratio	98.2%	95.7%	100.0%	-
Number of tenants	32	12	5	49
Year built	March 1996	June 1992	October 1985	-
Acquisition price	¥6.12B	¥2.80B	¥1.88B	¥10.80B
Appraisal value at the time of acquisition	¥6.55B	¥2.97B	¥2.22B	¥11.74B
Difference between Acquisition price and Appraisal price (Acquisition price - Appraisal value at acquisition)/Appraisal value at acquisition	-6.6%	-5.7%	-15.3%	-8.0%
Seller	Third party			-
Actual NOI (Note)	¥420M	¥178M	¥149M	¥748M
Actual NOI/Acquisition price	6.9%	6.4%	8.0%	6.9%
Appraisal NOI (Note)	¥389M	¥168M	¥130M	¥688M
Appraisal NOI/Acquisition price	6.4%	6.0%	6.9%	6.4%

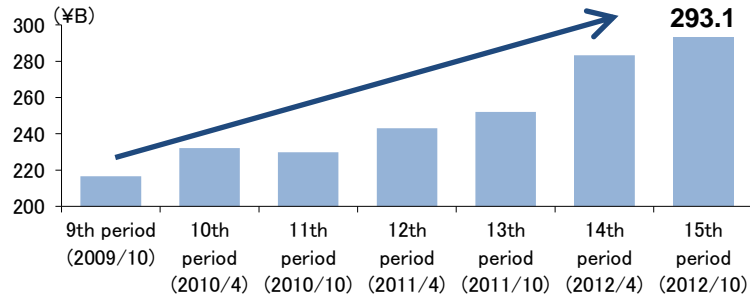
Note:

- Occupancy ratio and number of tenants are as of August 31, 2012 which was released at the time of acquisition.
- Actual NOI shows the Net Operating Income (annualized) estimated based on the Operating income and Operating expenses (after property & city planning tax) of relevant properties under the existing contracts with tenants as of September 21, 2012.
- Appraisal NOI is the Net Operating Income (annualized) calculated on the direct capitalization method. This is stated in the appraisal report released at the time of acquisition.
- For Actual NOI and Appraisal NOI, amounts less than one million yen are omitted, and percentages are rounded to the first decimal place.

# History of portfolio growth and its results

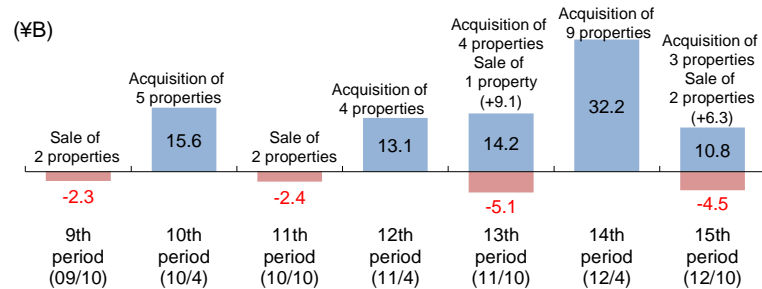
- Improvement in portfolio profitability achieved by continuous property acquisitions

Portfolio growth



Note: Figures are rounded down to the nearest ¥100 million.

Results of property acquisitions/sales



Notes

- KDX Shin-Yokohama 381 Building Annex Tower (acquired in the 10th period) is counted as one property. Investment securities (acquired in the 14th period) is excluded.
- Figures are rounded down to the nearest ¥100 million.

Details of portfolio growth

	Properties owned at the end of 9th period (2009/10) (Excl. properties already sold)	Properties owned at the end of 15th period (2012/10)	Increase (%)	New acquisition since 2009/11
Total number of tenants	791	1,014	28%	223
Number of properties	60	84	40%	24
Leasable area	242,139m <sup>2</sup>	351,153m <sup>2</sup>	45%	109,014m <sup>2</sup>
Total acquisition price (Note 1)	¥209.0B	¥293.1B	40%	¥84.0B
Annual NOI (NOI yield) (Note 2-6)	¥8.6B (4.1%)	¥13.2B (4.5%)	53%	¥4.6B (5.5%)

Notes

- Acquisition price is rounded down to the nearest ¥100 million
- Data for KDX Shin-Yokohama 381 Bldg. Annex Tower (Acquired in the 10th period) is included in the data for A47 KDX Shin-Yokohama 381 Bldg. (acquired in the 6th period).
- For A82 View Flex Umeda Building acquired in the 14th period, property tax and city planning tax are not imposed in the first year of acquisition but are assumed as imposed for the calculation
- For the properties acquired in the 15th period, calculations are made based on actual NOI at the time of acquisition. Property tax and city planning tax are not imposed in the first year of acquisition but are assumed as imposed for the calculation
- Annual NOI is annualized based on the actual NOI data in the 15th period (12/10)
- NOI yield are rounded to the first decimal place.



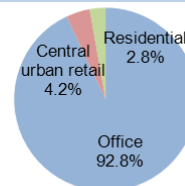
Note: We have sold Kanazawa Nikko Bldg. on November 1, 2012

# Future Investment Policy

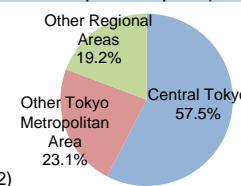
- Emphasis on mid-sized office buildings in Tokyo Metropolitan Area
- Aim to further improve profitability and quality of portfolio through asset replacement

	Acquisition policy	Disposition policy
Office buildings in Tokyo Metropolitan Area	<ul style="list-style-type: none"> <li>• Continue making new investments mainly into mid-sized office buildings in Tokyo Metropolitan Area</li> <li>• Acquisition of properties with NOI yields higher than existing properties</li> <li>• Acquired three mid-sized office buildings worth ¥10.8B in Tokyo Metropolitan Area from a third party during the 15th period</li> </ul>  <p>Fuchu South Bldg.      Kasuga Business Center Bldg.      Nakameguro Business Center Bldg.</p>	<ul style="list-style-type: none"> <li>• Central urban retail properties and residential properties are given higher priority for disposal as KRI places more emphasis on office buildings</li> <li>• Main targets are regional properties, small-sized properties and properties with declining profitability</li> <li>• Disposal at a favourable price</li> <li>• Disposal of properties to aim to improve profitability and quality of portfolio</li> </ul>  <p>KDX Omori Bldg. (Office)      Gradito Kawaguchi (Residential)      Kanazawa Nikko Bldg. (Others, disposed during 16th period)</p>
Office buildings in Other Regional Areas	<ul style="list-style-type: none"> <li>• Invest in competitive properties with careful consideration of portfolio breakdown by area</li> </ul>	<h3>Change in Management Guidelines</h3> <ul style="list-style-type: none"> <li>• Changed the target investment ratio by asset type on Sep 1, 2012 to further promote investing mainly in office buildings</li> <li>• Target investment ratio for office buildings: more than 80% (previously more than 50%)</li> <li>• Target investment ratio for Tokyo Metropolitan Area: more than 70% (No change)</li> </ul>
Non-office buildings	<ul style="list-style-type: none"> <li>• In principle, no new investment</li> </ul>	
TK investment Preferred equity	<ul style="list-style-type: none"> <li>• Keep exploring investment opportunities to secure investment return and future property acquisition</li> <li>• Target properties have to satisfy KRI's investment criteria</li> <li>• Considering joint investments with sponsor, etc.</li> </ul>	

By property type (by acquisition price)



By region (office buildings, by acquisition price)



(As of November 31, 2012)

## Section 3

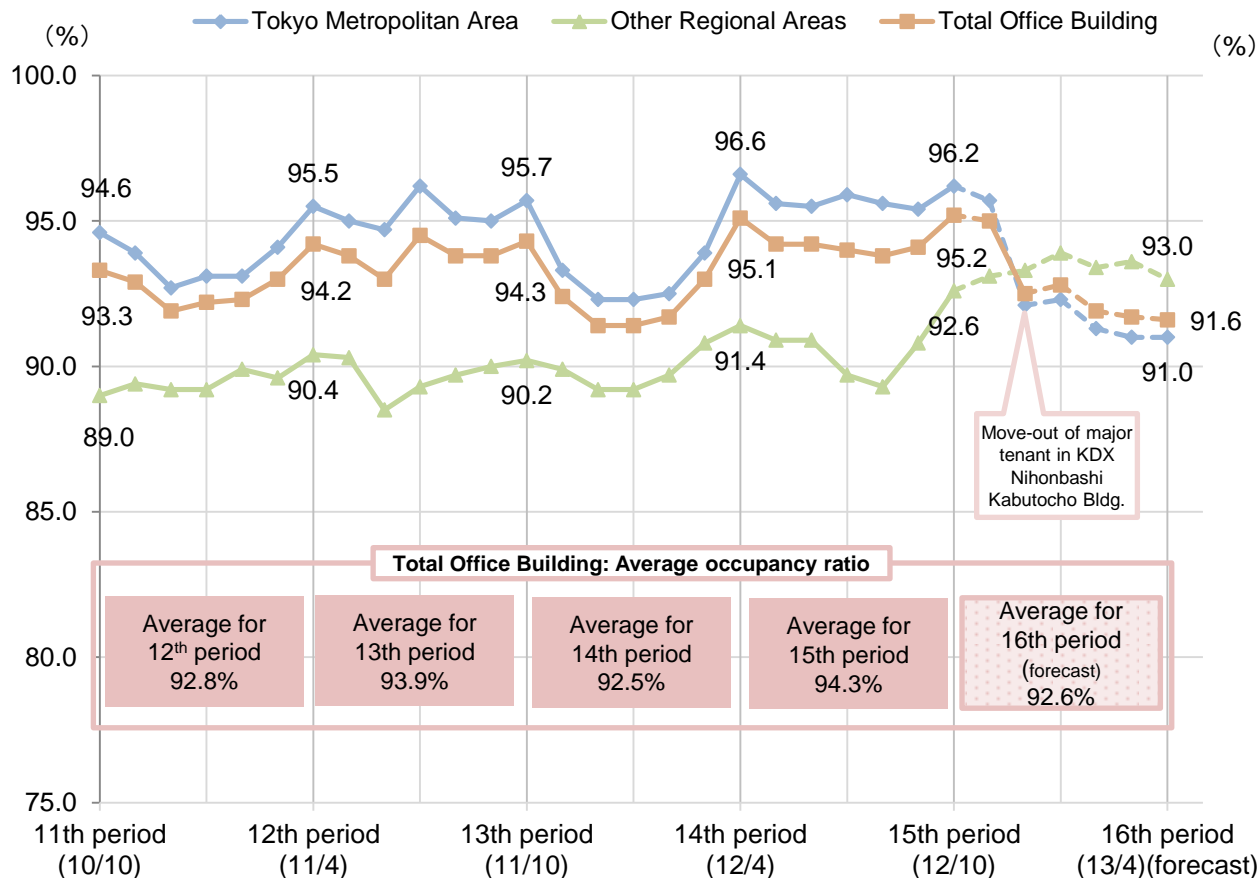
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### Internal Growth

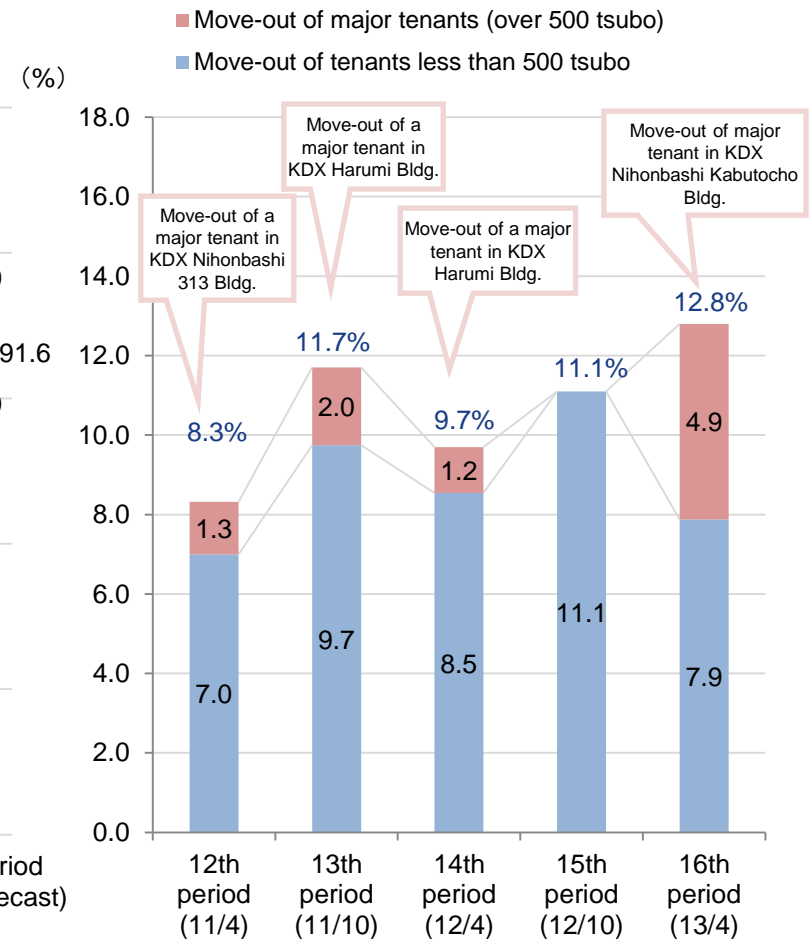
# Occupancy ratio and turnover ratio for office buildings

- Occupancy ratio showing steady performance; aiming to maintain the current high level of occupancy ratio and to improve rent conditions hereafter
- Turnover ratio expected to drop in the 16th period (excluding the move-out of large tenant)

Changes in occupancy ratios for office buildings (by region) (Note 1,2)



Annualized turnover ratios for office buildings (Note 3,4)



Notes:

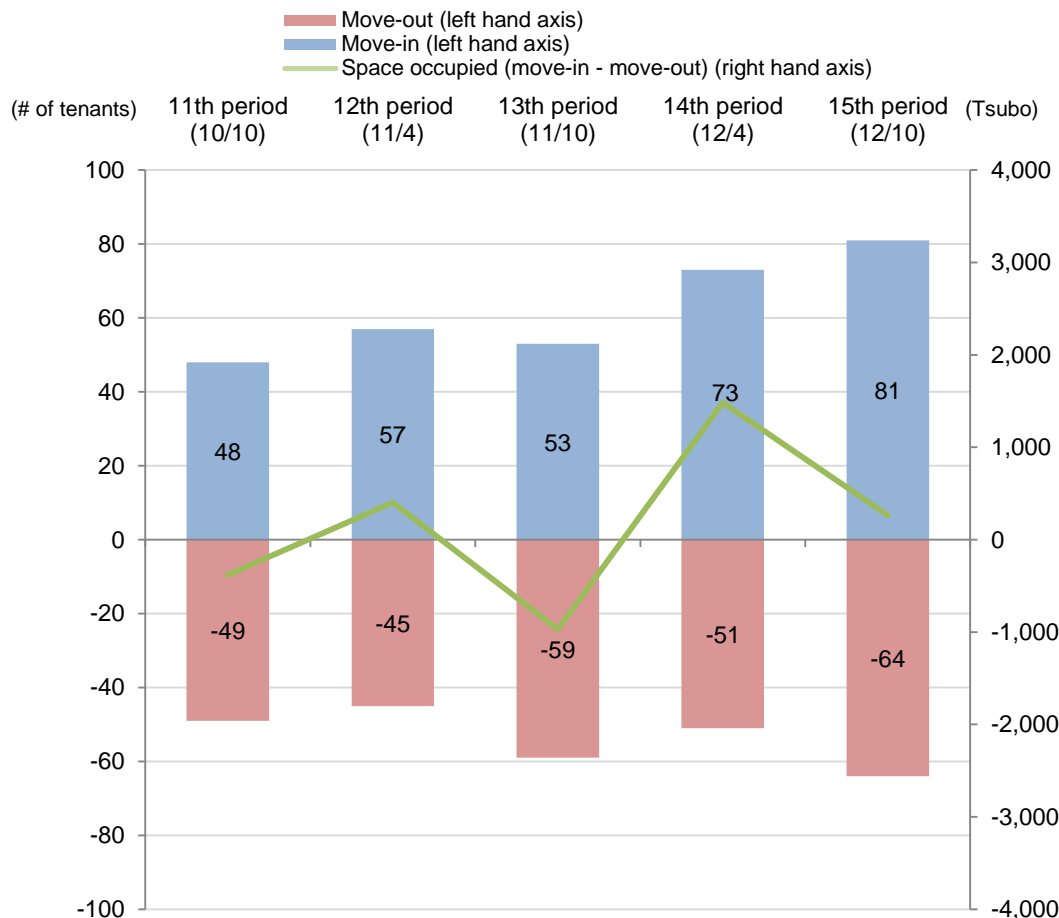
1. Occupancy ratios for the 16th period are estimated based on figures that KRI uses for earning forecasts for the 16th period.
2. The influence of the move-out of a major tenant in KDX Nihonbashi Kabutocho Bldg. during the 16th period starts to have an effect on occupancy ratio from the end of December 2012. The ratio of the portion of contracted floor area for this tenant to the office total leased floor area as of the end of the 15th period is 2.6%.
3. 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.
4. Numbers for the 16th period (2013/4) are estimated based on the cancellation notice received during the 15th period (2012/10). Breakdown of turnover ratio is computed based on leased floor area of relevant tenant for each property.



# Tenant turnover trend for office buildings

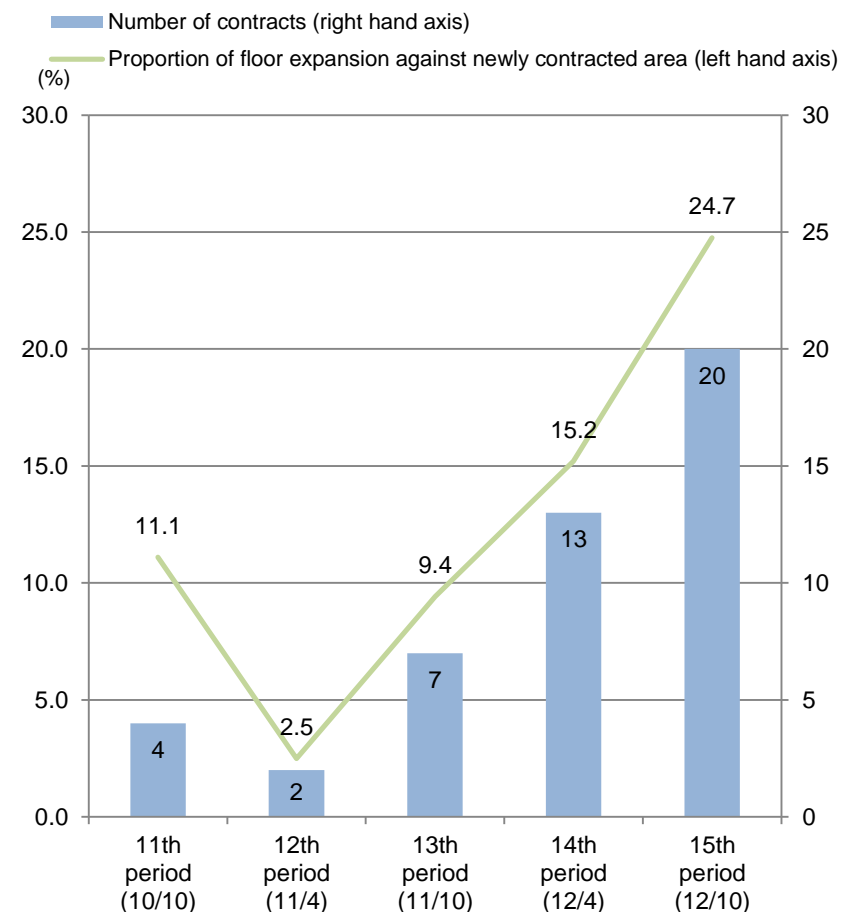
- Newly occupied area exceeded vacated area in the 15th period (2012/10)
- Floor expansion accounts for an increasing proportion of move-ins

Number and leased floor area of move-ins/move-outs for office buildings



Note: Number and leased floor area are separately measured for each floor. If one tenant leases more than 1 floor, the leased floor area are added and subtracted for each floor.

Floor expansion and its proportion against total newly-contracted areas in relevant period



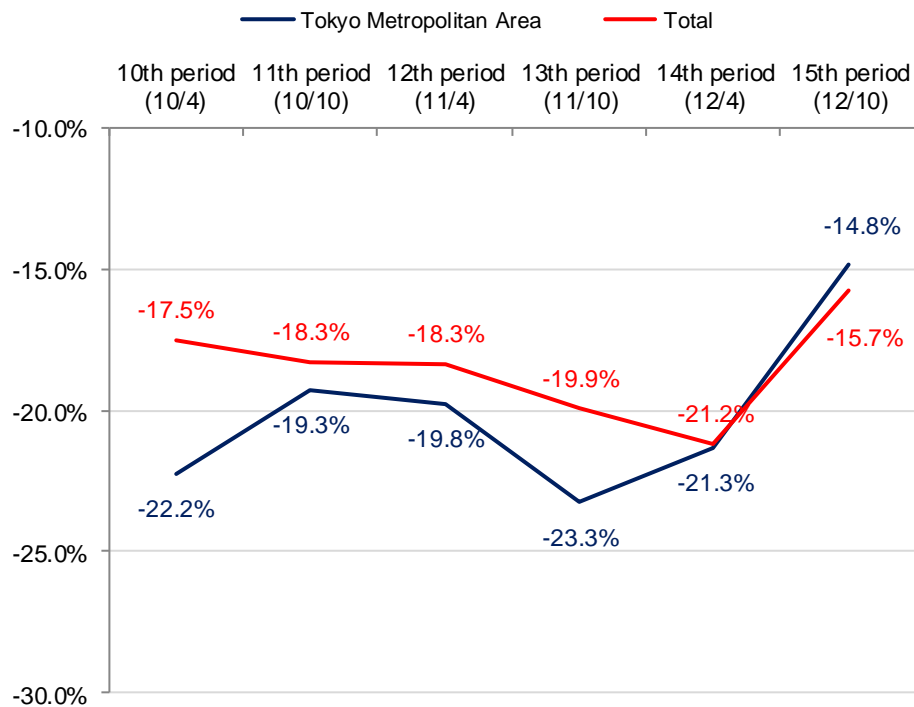
Notes:

1. Number of expanded floors in the same building takes into account new tenants which contracted and has moved in during relevant periods. The number includes tenants that are affiliated with existing tenants.
2. Proportion of expanded floors in the same building against newly contracted area in relevant period only takes into account newly contracted floor area.

# Changes in rents for new tenants and down-time periods

- Reduced changes in rents for new tenants
- Shortened rent-free period; down-time period continues declining trend

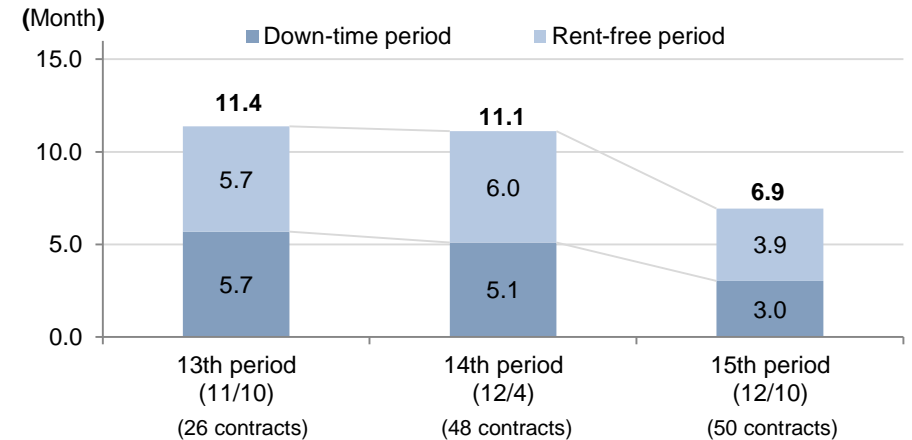
## Percentage change in rents for new tenants



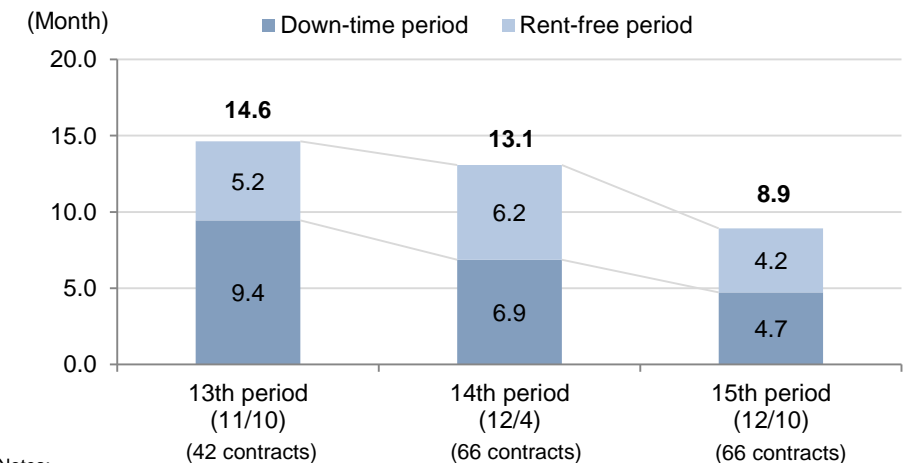
**Notes:**

1. Above figures represent the simple percentage differences in average monthly rents (per tsubo) for existing tenants and new tenants in the respective buildings.
2. The analysis is based on office floors on the 2nd floor or above and excludes buildings that were newly acquired during the relevant fiscal periods.

## Down-time period · Rent-free period (Tokyo Metropolitan Area)



## Down-time period · Rent-free period (Office portfolio)



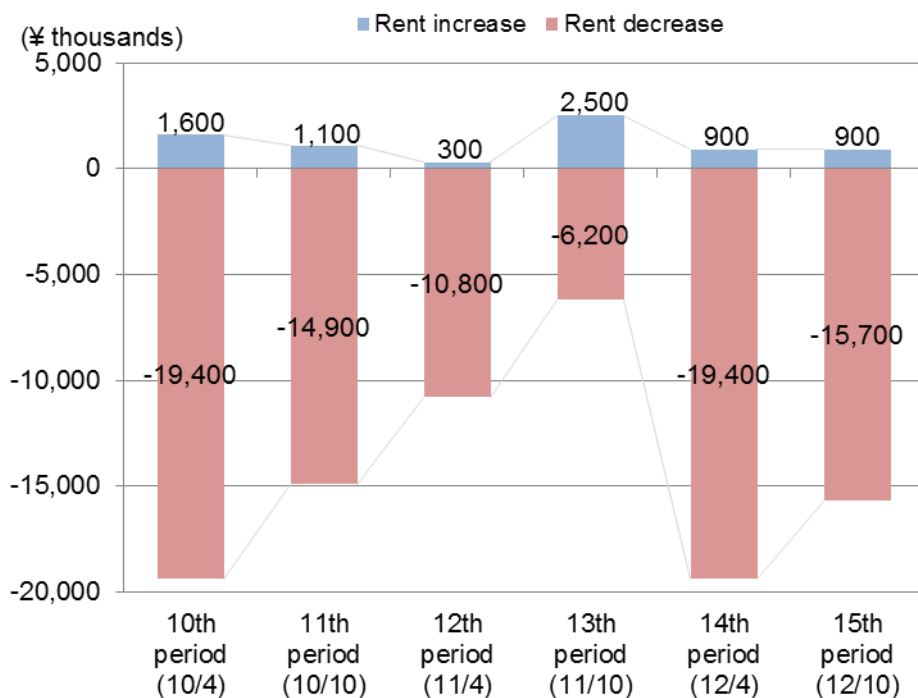
**Notes:**

1. Down-time period refers to a period from the cancellation date of contract by previous tenant until the start date of new contract by new tenant for newly contract floor area for relevant period. Rent-free period refers to a period from the start date of contract until the start date of contracted full rent. Above figures are monthly average and are expressed in terms of month by dividing by 30 days.
2. The analysis is based on office floors on the 2nd floor or above and excludes buildings that were newly acquired during the relevant fiscal periods.
3. Figures in brackets represent number of relevant contracts.

# Rent renewal trends for office buildings

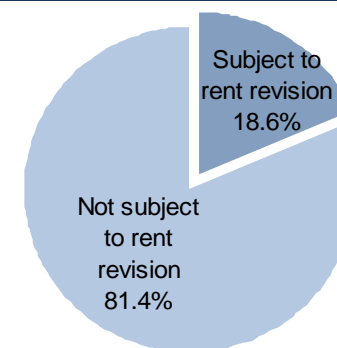
- Increased the proportion of "No change in rent" and decreased the proportion of "Decrease in rent" for rent revision
- Reduced the extent of decline in rent renewal

Changes in rent renewal (based on monthly rent)



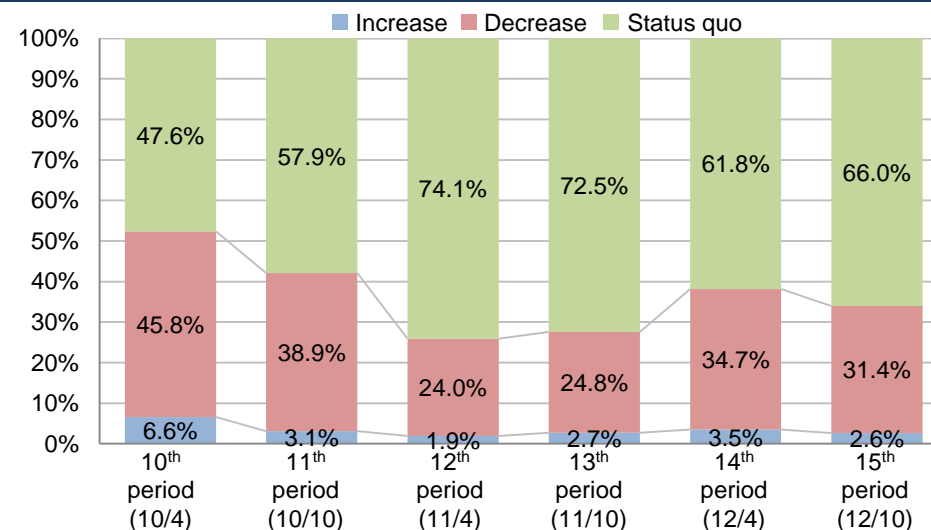
Note: The changes in monthly rent are differences before and after the rent revision and calculated separately for each tenant. Numbers are rounded to the nearest ¥100,000

Rent revision during 15th period (based on leased floor area)



Note: Based on the leased floor area that is either renewed or revised during the 15th period, including that renewed before the renewal deadline

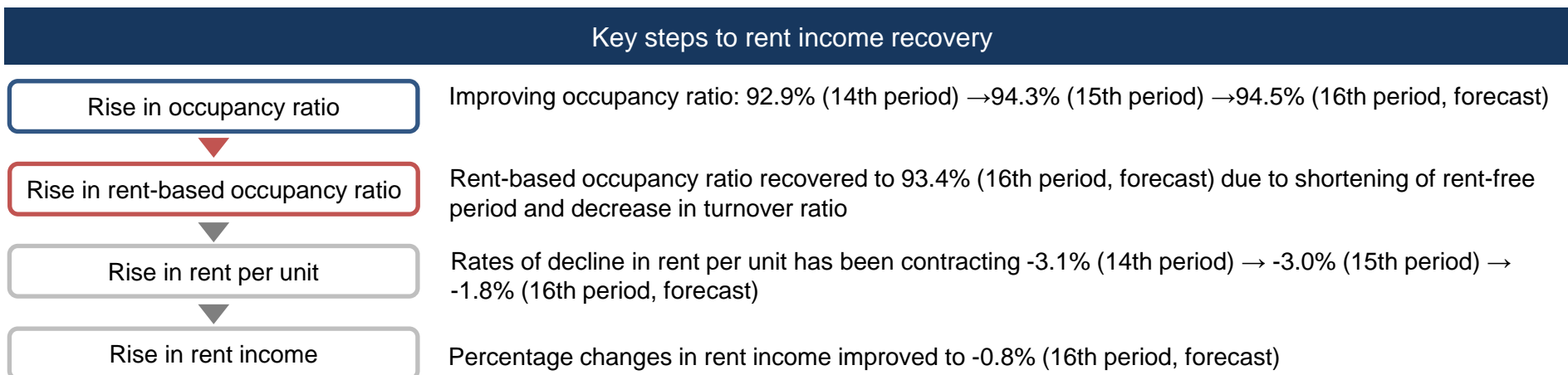
Status of rent revision (based on leased floor area)



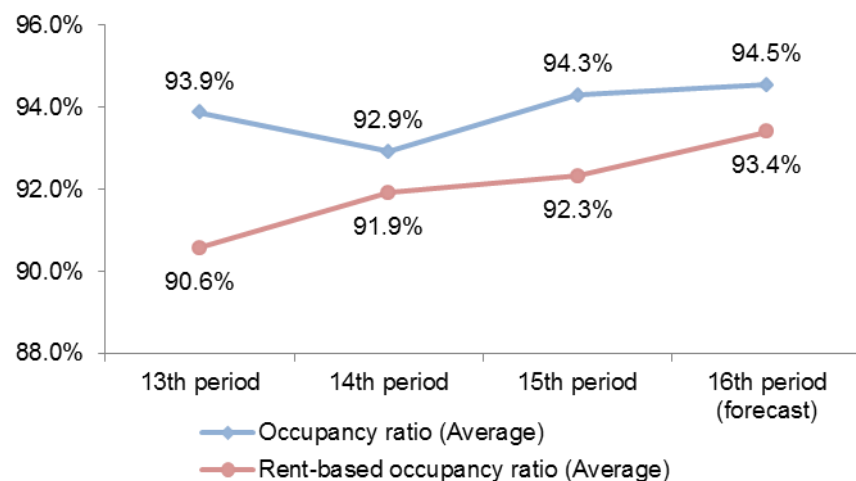
Note: Takes into account any renewed or revised contract during corresponding periods. Ratio based on leased floor area

# Key steps to rental income recovery for office buildings

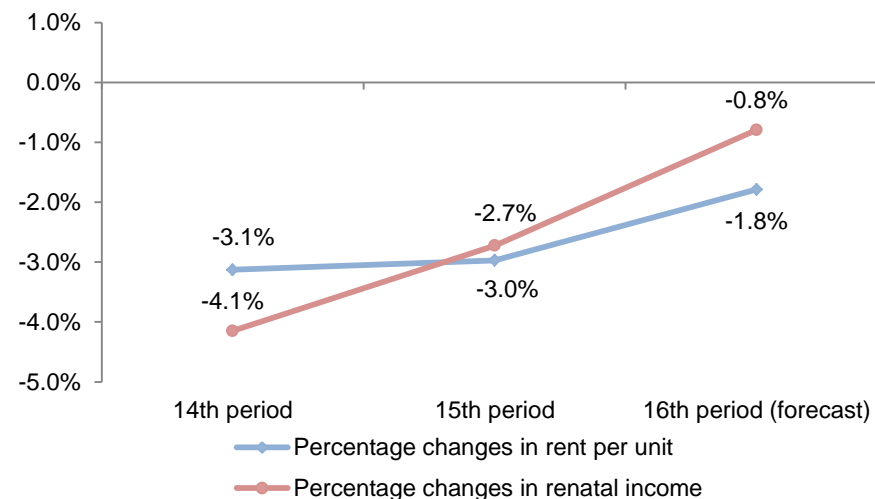
- Rent income almost hitting the bottom as a result of improvement in occupancy ratio, rent-based occupancy ratio
- Rent per tsubo still continues to decline but the rate of decline is contracting



**Changes in occupancy ratio and rent-based occupancy ratio**



**Rent per unit and percentage changes in rental income**

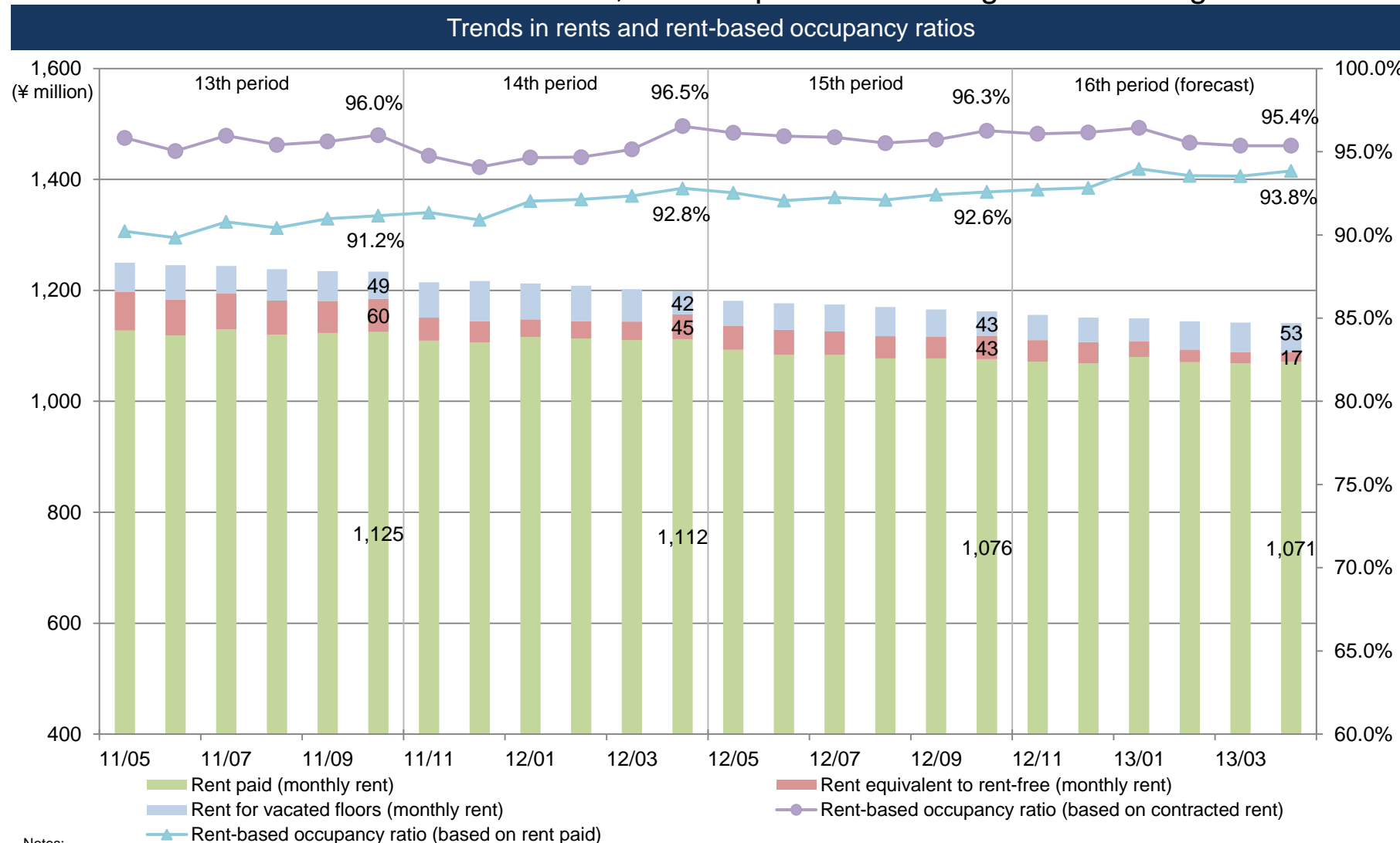


**Notes:**

1. Based on 68 properties that KRI owns from the beginning of the 13th period (11/10), excluding properties sold over the period. Rent includes common area fees.
2. Rent-based occupancy ratio is a monthly average of rents paid (contracted rents – rents equivalent to rent-free) divided by total potential rent (contracted rent + minimum rent expected for the new tenants to move in).
3. Percentage changes in rent per unit is calculated by taking a change from the end of previous period.

# Trends for rents and rent-based occupancy ratios for office buildings (existing properties)

- Rent-based occupancy ratio (based on rent paid) continues to rise due to shortening of rent-free period
- Total rent is still on a downward trend, but rent paid shows a sign of bottoming out



**Notes:**

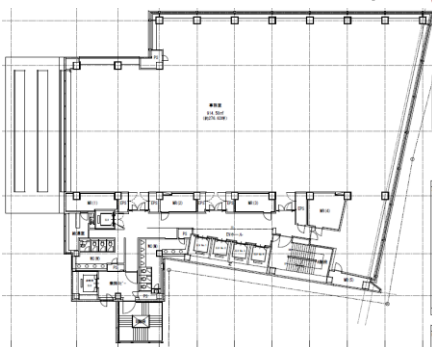
1. The above figures reflect the 68 properties (excluding the properties sold) held at the beginning of the 13<sup>th</sup> period (2011/10); the rents include common area fees
2. The rent-based occupancy ratios are calculated by dividing the contract rent or the paid rent (the contract rent – the portion of rent that is not paid due to the rent-free period) by the total potential rent (the contract rent + the minimum rent expected for new tenants to move in)

# Leasing situation of KDX Nihonbashi Kabutocho Bldg.

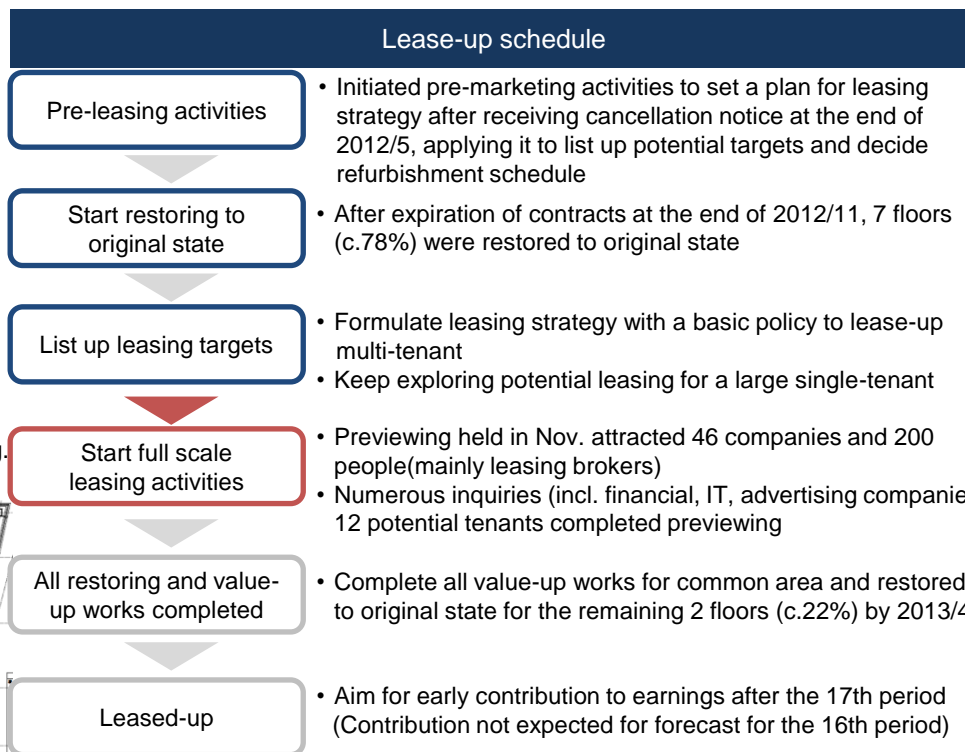
- Aim to lease-up for early contribution to earnings by leveraging excellent location and property specifications



A75 KDX Nihonbashi Kabutocho Bldg.  
(former: Kabutocho Nikko Bldg.)

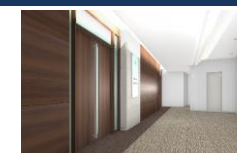


Location : Chuo-ku Tokyo  
 Total floor area : 11,705.49m<sup>2</sup>  
 Number of floors : B1F8  
 Leasable area on standard floors : c.914m<sup>2</sup>(c.276 tsubo)

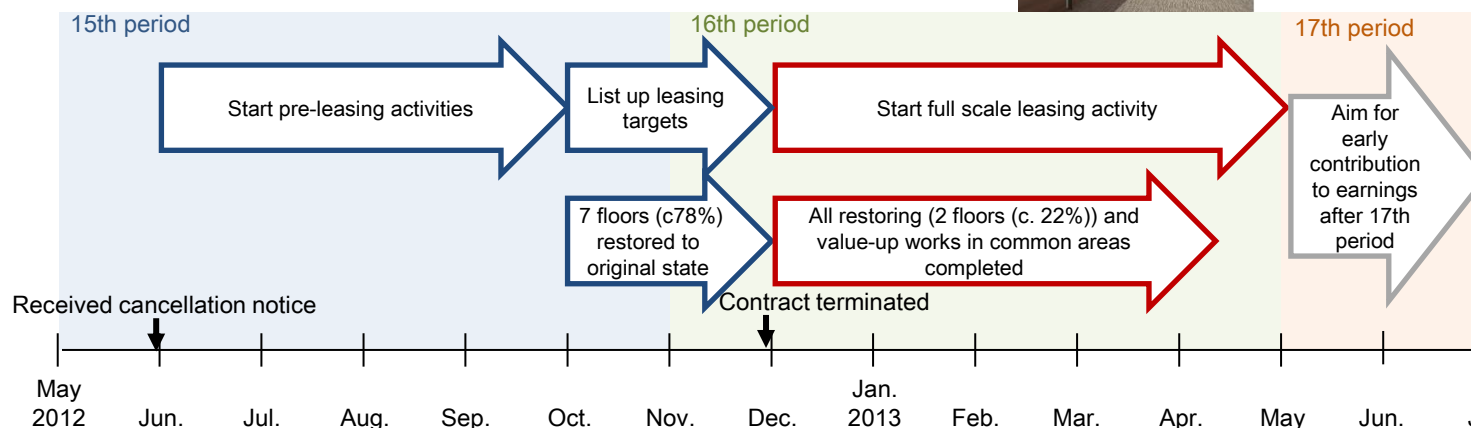


Property description	
Transportation	<ul style="list-style-type: none"> <li>2 minutes walk from "Kayabacho" Station of Tokyo Metro Lines</li> <li>Walking distance from "Nihombashi" Station of Tokyo Metro Lines &amp; Tokyo Municipal Subway Asakusa Line</li> </ul>
Specifications	<ul style="list-style-type: none"> <li>14 years old (built: 1998/11)</li> <li>Individual air conditioning, electronic security service, OA floors, 6 elevators, and open parking lots and mechanical parking (for 40 cars)</li> <li>Flexible layout possible due to a small number of center pillars</li> <li>Ceiling height of 2,700mm for standard floor and floor height of 150mm for OA floors</li> </ul>

### Example of value-up works in common area



Renovated elevator hall on standard floor



# End tenants for office buildings (as of end of the 15<sup>th</sup> period (2012/10))

- Largest tenant occupy c.3%, top 10 tenants collectively occupy c.11% of the total leasable area (as of 2012/12/1)
- Average rent for office buildings stands at ¥14,900/tsubo, less than ¥15,000/tsubo for majority

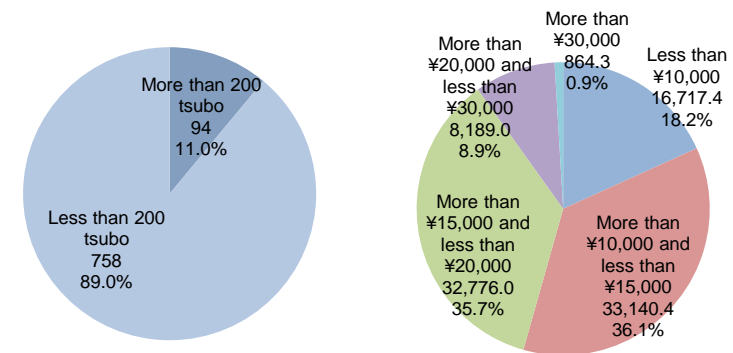
List of top end tenants				
	Name of tenant	Leased floor area (tsubo)	Ratio of leased floor area (%) (Note 1)	Properties occupied
1	SMBC Nikko Securities	5,298.7 (2,929.2) (Note 2)	5.2 (2.9)(Note 2)	•KDX Nihonbashi Kabutocho Bldg. (2.3%, 2,369.5 tsubo) •Ikebukuro Nikko Bldg •Kabutocho Nikko Bldg II •Tachikawa Ekimae Bldg •Nagoya Ekimae Sakura-dori Bldg •Nagoya Nikko Shoken Bldg •Sendai Nikko Bldg
2	Company A (service)	1,550.3	1.5	•KDX Kawasaki Ekimae Honcho Bldg
3	Bank of Tokyo Mitsubishi UFJ	1,188.1	1.2	•Toranomom Toyo Bldg •Harajuku FF Bldg
4	Kodak Japan	1,022.8	1.0	•KDX Ochanomizu Bldg •KDX Monzen-Nakacho Bldg
5	Company B (service)	1,022.4	1.0	•Koishikawa TG Bldg
6	Company C (wholesale/retail/restaurant)	863.7	0.9	•Harajuku FF Bldg
7	Company D (manufacturer)	816.6	0.8	•KDX Kobayashi-Doshomachi Bldg
8	Company E (finance/insurance)	781.8	0.8	•KDX Harumi Bldg
9	Company F (manufacturer)	685.2	0.7	•KDX Nihonbashi 313 Bldg
10	Company G (service)	669.4	0.7	•KDX Higashi-Shinjuku Bldg
	<b>Total</b>	<b>13,899.0</b> (11,529.5) (Note 2)	<b>13.7</b> (11.4)(Note 2)	

Notes:  
 1. Based on leased floor area for each tenant against total portfolio leased floor area as of the end of the 15th period. Rounded to first decimal place  
 2. The ratio of leased floor area for SMBC Nikko Securities and top 10 tenants decrease to 2.9% (2,929.2 tsubo) and 11.4% (11,529.5 tsubo) respectively after the termination of lease contract for KDX Nihonbashi Kabutocho Bldg by SMBC Nikko Securities (2012/11/30).

Reference: Average rent by area			
	Number of properties	Average rent (Yen/tsubo) (Note 1)	Percentage changes from the previous period
Tokyo Metropolitan Area	63	15,900	-3.5%
Japan	78	14,900	-2.8%

Note: Average rent is weighted-averaged for each area. Rounded to the nearest ¥100

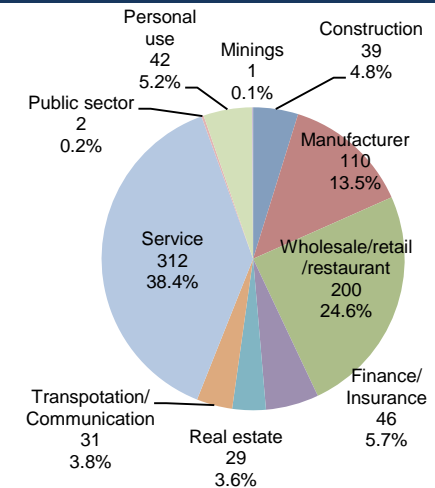
By leased floor area (based on # of tenants)      By contracted rent (based on leased floor area)



Note: Based on the total number of tenants in office buildings

Note: Based on the total leased area (tsubo) of the office portfolio (aggregated by name-base)

By type of tenant (based on # of tenant)



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)

## Section 4

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### Financial strategy

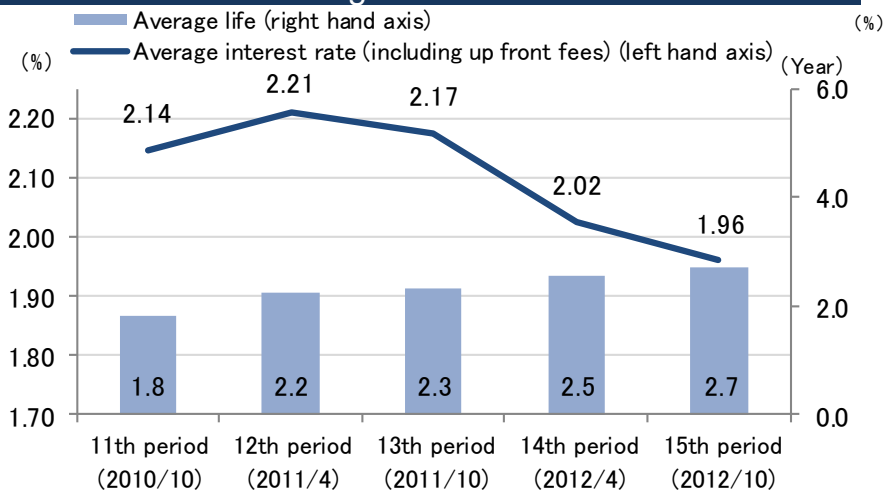


# Interest rate level of debt and LTV level

(As of the end of 15th period (2012/10))

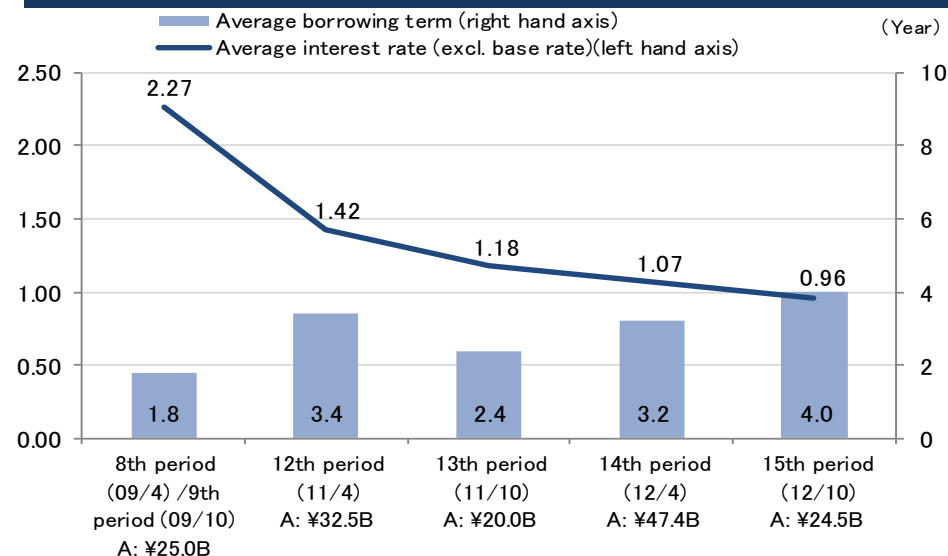
- Achieved steady decline in financing cost and extending the average life of debt
- Maintaining LTV at conservative level

### Changes in average interest rate /average life of to debt



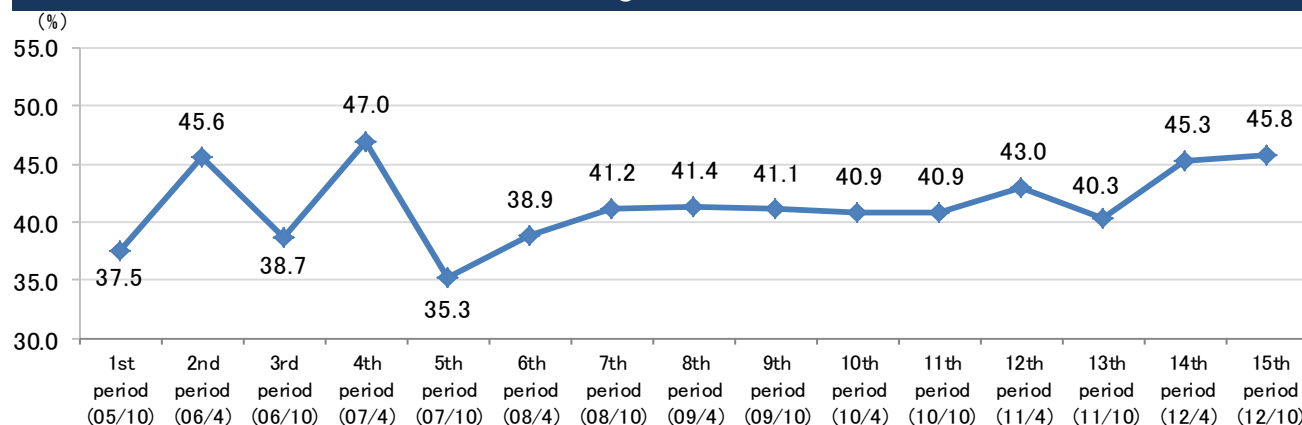
Note: • Average interest rate and average life are weighted based on outstanding interest-bearing debts at the end of each fiscal period.  
• Average interest rate (including up front fees) and average life are rounded to the second and first decimal place respectively.

### Changes in borrowings in the relevant periods



Note: • Average borrowing term 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).  
• Borrowings that are repaid within the same period are not included for the calculation

### Changes in LTV



Note: LTV = Interest-bearing debt at end of period / Total assets

### Credit ratings

Rating Agency: Japan Credit Rating Agency (JCR)

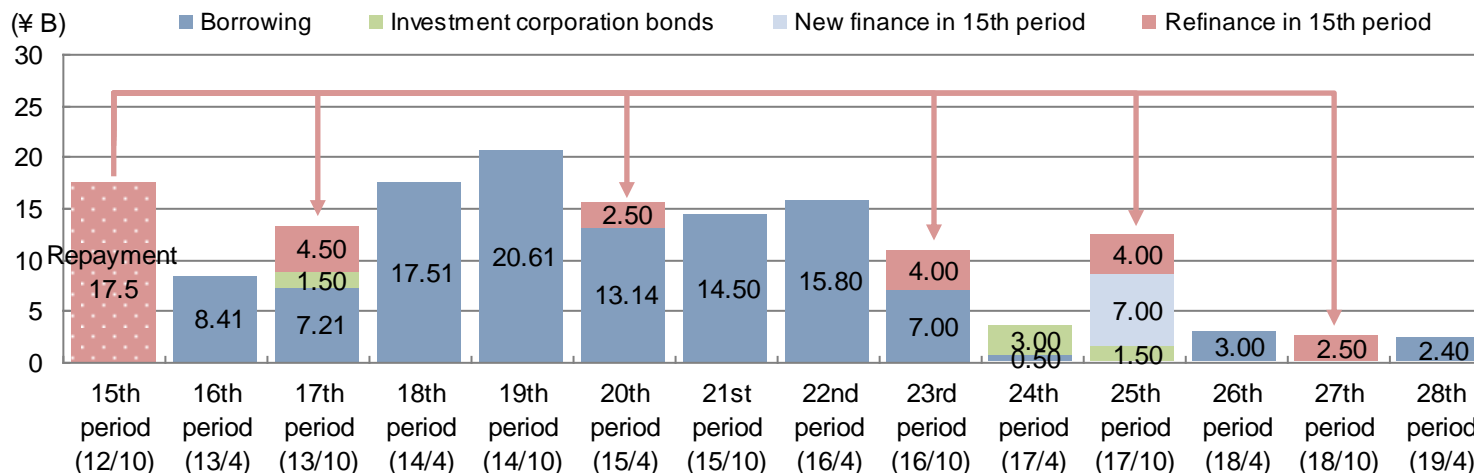
	Rating
• Long-term senior debt	A (Outlook: Positive)
• Issue Credit Rating • Preliminary rating for bonds registered for issuance	A

# Status of interest-bearing debt and lenders

(As of the end of 15th period (2012/10))

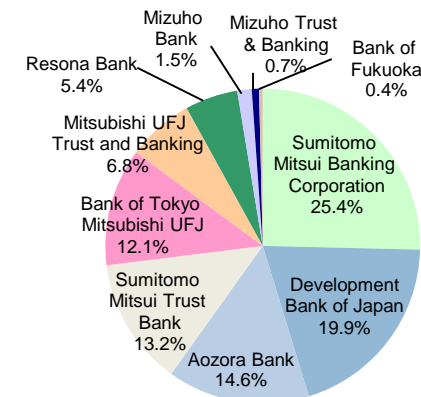
- Refinance of ¥17.5B and new finance of ¥7.0B by carefully considering maturities
- Maintaining financial stability by fixing rate and extending terms of debt

## Diversification of debt maturity

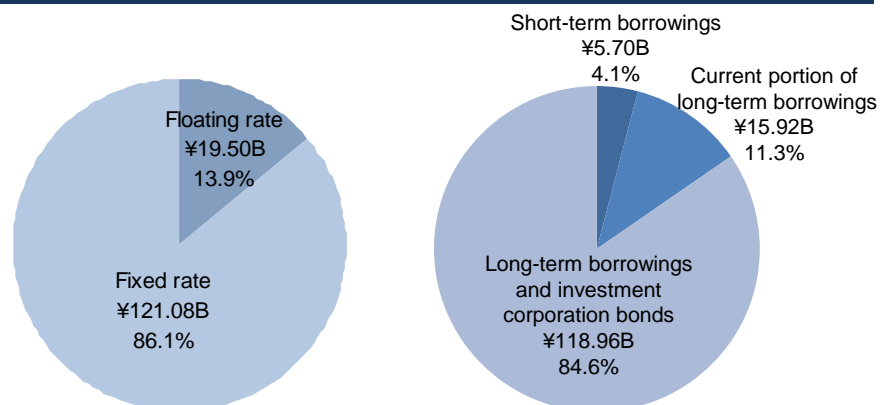


Note: The chart illustrates total debt amounts that reach maturity in each period, including repayment of a part of principle based on contract (rounded to the second decimal place).

## Breakdown of lenders



## Fixing rate and extending terms of debt



Note: •Fixed rate includes borrowings that are fixed through interest rate swap.  
•Borrowing amounts are rounded to the second decimal place.

## List of lenders

	Lenders	Outstanding borrowings (¥B)
1	Sumitomo Mitsui Banking Corporation	34.16
2	Development Bank of Japan	26.75
3	Aozora Bank	19.68
4	Sumitomo Mitsui Trust Bank	17.70
5	Bank of Tokyo Mitsubishi UFJ	16.30
6	Mitsubishi UFJ Trust and Banking	9.20
7	Resona Bank	7.30
8	Mizuho Bank	2.00
9	Mizuho Trust & Banking	1.00
10	Bank of Fukuoka	0.50
	<b>Total</b>	<b>134.58</b>

Note: The interest-bearing debt at the end of 15th period is ¥140.58B including investment corporation bonds (totaling ¥6.0B). (Amounts are rounded to the second decimal place.)

## Appendix

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# Portfolio overview 1

## Office Buildings (78 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) Note 1	Year Built Note 2	Occupancy at end of 15th period (%) Note 3	Type	Area	No.	Name	Location	Acquisition Price (¥M) Note 1	Year Built Note 2	Occupancy at end of 15th period (%) 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-45	KDX Roppongi 228 Building	Minato-ward, Tokyo	3,300	1989/4	54.4%			
		A-3	Higashi-Kayabacho Yuraku Building	Chuo-ward, Tokyo	4,450	1987/1	89.1%			A-46	Hiei Kudan-Kita Building	Chiyoda-ward, Tokyo	7,600	1988/3	100.0%			
		A-4	KDX Hatchobori Building	Chuo-ward, Tokyo	3,680	1993/6	100.0%			A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5,800	1988/3	91.7%			
		A-5	KDX Nakano-Sakaue Building	Nakano-ward, Tokyo	2,533	1992/8	100.0%			A-48	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	1985/2	100.0%			
		A-6	Harajuku F.F. Building	Shibuya-ward, Tokyo	2,450	1985/11	100.0%			A-49	Nissou Dai-17 Building	Yokohama, Kanagawa	2,710	1991/7	86.4%			
		A-7	FIK Minami Aoyama	Minato-ward, Tokyo	2,270	1988/11	88.4%			A-50	Ikejiri-Ohashi Building	Meguro-ward, Tokyo	2,400	1988/9	100.0%			
		A-8	Kanda Kihara Building	Chiyoda-ward, Tokyo	1,950	1993/5	100.0%			A-51	KDX Hamacho Nakanohashi Building	Chuo-ward, Tokyo	2,310	1988/9	100.0%			
		A-13	KDX Kojimachi Building	Chiyoda-ward, Tokyo	5,950	1994/5	100.0%			A-52	KDX Kanda Misaki-cho Building	Chiyoda-ward, Tokyo	1,380	1992/10	100.0%			
		A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	100.0%			A-55	Shin-toshin Maruzen Building	Shinjuku-ward, Tokyo	2,110	1990/7	100.0%			
		A-15	KDX Hamacho Building	Chuo-ward, Tokyo	2,300	1993/9	100.0%			A-56	KDX Jimbocho Building	Chiyoda-ward, Tokyo	2,760	1994/5	100.0%			
		A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	100.0%			A-57	KDX Gobancho Building	Chiyoda-ward, Tokyo	1,951	2000/8	100.0%			
		A-17	KDX Ebisu Building	Shibuya-ward, Tokyo	4,640	1992/1	100.0%			A-59	KDX Iwamoto-cho Building	Chiyoda-ward, Tokyo	1,864	2008/3	100.0%			
		A-19	KDX Hamamatsucho Building	Minato-ward, Tokyo	3,460	1999/9	100.0%			A-60	KDX Harumi Building	Chuo-ward, Tokyo	10,250	2008/2	70.3%			
		A-20	KDX Kayabacho Building	Chuo-ward, Tokyo	2,780	1987/10	100.0%			A-61	KDX Hamamatsucho Dai-2 Building	Minato-ward, Tokyo	2,200	1992/4	87.6%			
		A-21	KDX Shinbashi Building	Minato-ward, Tokyo	2,690	1992/2	100.0%			A-62	Koishikawa TG Building	Bunkyo-ward, Tokyo	3,080	1989/11	100.0%			
		A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	95.4%			A-63	Gotanda TG Building	Shinagawa-ward, Tokyo	2,620	1988/4	100.0%			
		A-23	KDX Yotsuya Building	Shinjuku-ward, Tokyo	1,950	1989/10	100.0%			A-64	KDX Nihonbashi 216 Building	Chuo-ward, Tokyo	2,010	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	6,800	1993/5	100.0%			
		A-27	KDX Kajicho Building	Chiyoda-ward, Tokyo	2,350	1990/3	100.0%			A-67	KDX Ginza 1-chome Building	Chuo-ward, Tokyo	4,300	1991/11	100.0%			
		A-28	KDX Nogizaka Building	Minato-ward, Tokyo	1,065	1991/5	78.1%			A-68	KDX Nihonbashi Honcho Building	Chuo-ward, Tokyo	4,000	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	4,670	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	4,590	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	2,710	1993/11	100.0%			
		A-32	KDX Shiba-Daimon Building	Minato-ward, Tokyo	6,090	1986/7	82.8%			A-74	KDX Shin-Nihonbashi Building	Chuo-ward, Tokyo	2,300	2002/11	100.0%			
		A-33	KDX Otachimachi Building	Taito-ward, Tokyo	2,000	1988/6	100.0%			A-75	KDX Nihonbashi Kabutocho Building	Chuo-ward, Tokyo	11,270	1998/11	100.0%			
		A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	1995/5	86.0%			A-76	Ikebukuro Niiko Building	Toshima-ward, Tokyo	1,653	1986/3	100.0%			
		A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	1985/12	100.0%			A-77	Kabutocho Niiko Building II	Chuo-ward, Tokyo	1,280	2001/10	100.0%			
		A-37	KDX Ochanomizu Building	Chiyoda-ward, Tokyo	6,400	1982/8	90.1%			A-78	Tachikawa Ekimae Building	Tachikawa-ward, Tokyo	1,267	1990/2	100.0%			
		A-38	KDX Nishi-Shinjuku Building	Shinjuku-ward, Tokyo	1,500	1992/10	100.0%			A-83	Fuchu South Building	Fuchu, Tokyo	6,120	1996/3	98.2%			
		A-39	KDX Toranomon Building	Minato-ward, Tokyo	4,400	1988/4	100.0%			A-84	Kasuga Business Center Building	Bunkyo-ward, Tokyo	2,800	1992/6	95.7%			
		A-40	Toranomon Toyo Building	Minato-ward, Tokyo	9,850	1962/8	96.9%			A-85	Nakameguro Business Center Building	Meguro-ward, Tokyo	1,880	1985/10	100.0%			
		A-41	KDX Shinjuku 286 Building	Shinjuku-ward, Tokyo	2,300	1989/8	100.0%											

### Notes:

1. Acquisition price is the purchase price of the trust beneficiary interests etc. acquired by KRI.
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, 2012, and is rounded down to the first decimal place.
3. Occupancy ratio is calculated by dividing leased floor area by leasable floor area and is rounded to the first decimal place.

# Portfolio overview 2

## Office Buildings (78 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) Note 1	Year Built Note 2	Occupancy at end of 15th period (%) Note 3
Office Buildings	Other Regional Areas	A-12	Portus Center Building	Sakai, Osaka	5,570	1993/9	89.5%
		A-24	KDX Minami Sembu Dai-1 Building	Osaka, Osaka	1,610	1993/3	77.7%
		A-25	KDX Minami Sembu Dai-2 Building	Osaka, Osaka	1,560	1993/9	100.0%
		A-36	KDX Niigata Building	Niigata, Niigata	1,305	1983/7	67.5%
		A-42	Karasuma Building	Kyoto, Kyoto	5,400	1982/10	99.2%
		A-44	KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	93.8%
		A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	93.3%
		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	91.3%
		A-70	Kitananajo SIA Building	Sapporo, Hokkaido	2,005	1989/10	100.0%
		A-79	Nagoya Ekimae Sakura - dori Building	Nagoya, Aichi	7,327	1986/4	93.8%
		A-80	Nagoya Nikko Shoken Building	Nagoya, Aichi	4,158	1974/8	98.0%
		A-81	Sendai Nikko Building	Sendai, Miyagi	950	1989/3	75.4%
A-82	View Flex Umeda Building	Osaka, Osaka	2,770	2009/7	95.5%		
Office Building (78 properties) Subtotal					271,701	Avg. 22.3 yrs	95.2%

## Central Urban Retail Properties (2 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) Note 1	Year Built Note 2	Occupancy at end of 15th period (%) 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%
Central Urban Retail Properties (2 properties) Subtotal					12,379	Avg. 10.3 yrs	100.0%

## Residential Properties (3 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) Note 1	Year Built Note 2	Occupancy at end of 15th period (%) 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 Hibarigaoka	Sapporo, Hokkaido	1,800	1989/3	96.1%
Residential Properties (3 properties) Subtotal					8,403	Avg. 13.0 yrs	97.8%

Notes:

1. Acquisition price is the purchase price of trust beneficiary interests etc. acquired by KRI.
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, 2012, and is rounded down to the first decimal place.
3. Occupancy ratio is calculated by dividing leased floor area by leasable floor area and is rounded to the first decimal place.

## Others (1 property, sold on November 1, 2012)

Type	Area	No.	Name	Location	Acquisition Price (¥M) Note 1	Year Built Note 2	Occupancy at end of 15th period (%) Note 3
Other Property	Other Regional Areas	D-1	Kanazawa Nikko Building	Kanazawa, Ishikawa	645	1989/3	100.0%
Other Property (1 property) Subtotal					645	Avg. 23.6 yrs	100.0%

## Total (84 properties, excluding investment security)

Portfolio (84 properties) Total					293,128	Avg. 21.5 yrs	95.5%
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Note: The total number of end tenants for 78 office buildings is 852 (812 if tenants are aggregated by name-base)

## Investment Security (1 property)

Type	Name	Location	Acquisition Price (¥M)	Year Built
Investment Security	Senri Property TMK Preferred Securities	Toyonaka, Osaka	891	1992/6

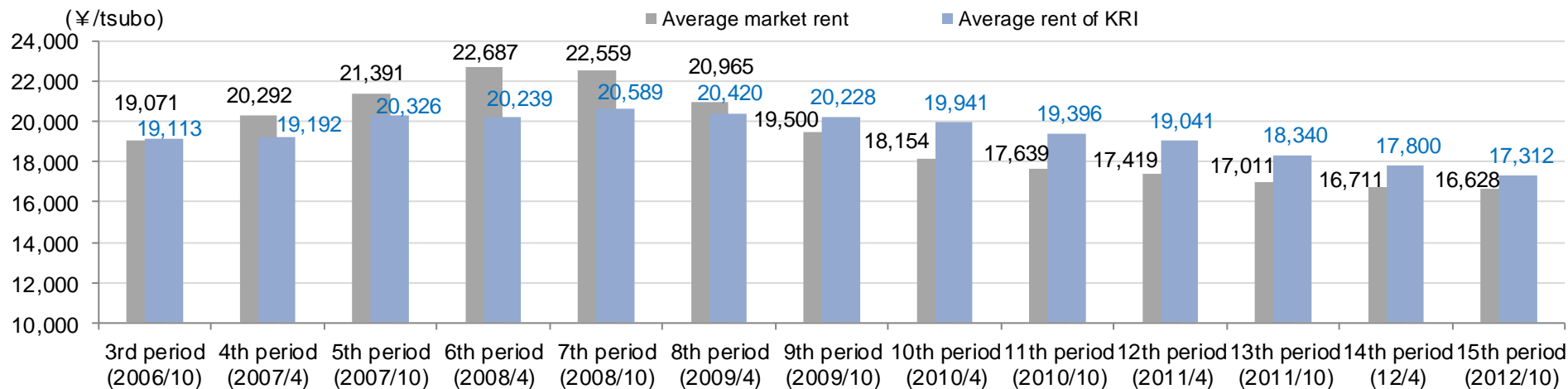
## Properties sold during the 15th period (2 properties)

Properties sold during the 15th period (12/10)

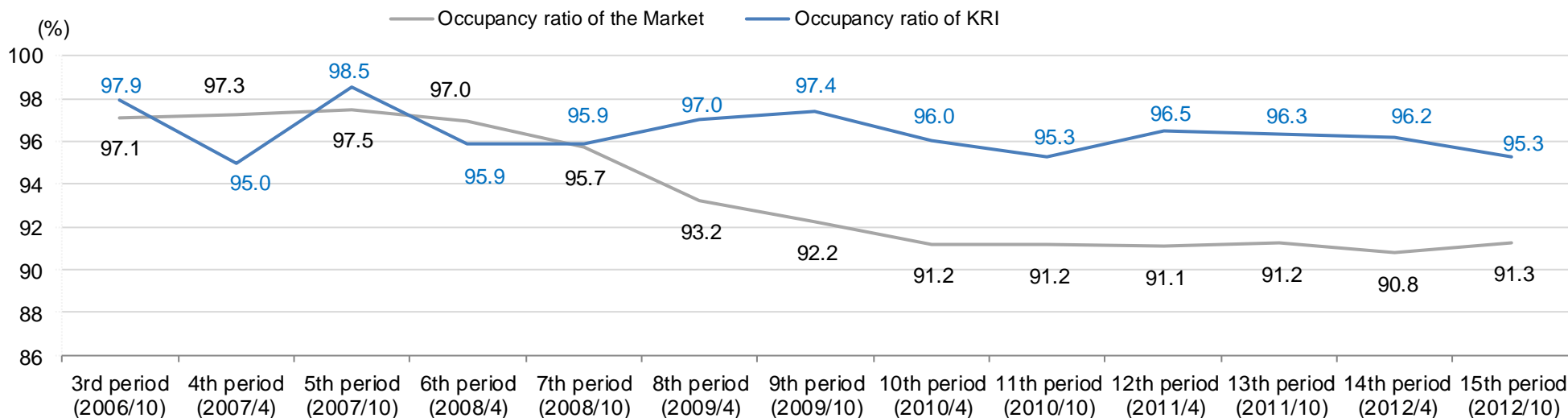
Type	Area	No.	Name	Location	Acquisition Price (¥M)	Sale Price (¥M)	Date of Sale
Office Buildings	Tokyo Metropolitan Area	A-18	KDX Omori Building	Ota-ward, Tokyo	3,500	4,200	2012/5/11
Residential Properties		B-34	Gradito Kawaguchi	Kawaguchi, Saitama	1,038	860	2012/6/26

# Changes in the average rent and occupancy ratio of office buildings at the end of each period

Average rent of KRI office buildings compared with average market rents (Tokyo central 5 wards)



Occupancy ratio of KRI office buildings compared with the market (Tokyo central 5 wards)



Notes:

1. Average market rent and occupancy ratio of the market refers to the average values of Tokyo central 5 wards published by Miki Shoji.
2. Average rent and occupancy ratio of KRI refers to the average values of office buildings in Tokyo central 5 wards held at end of each period.

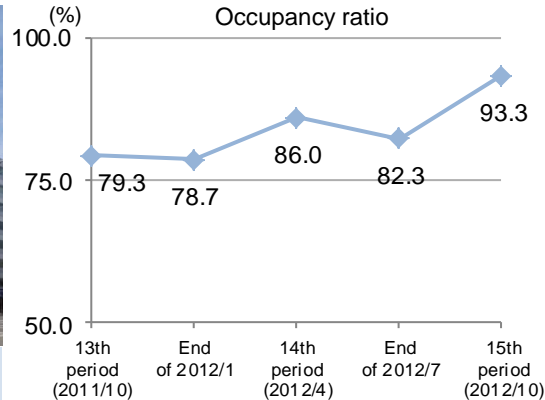
# Leasing situations of other buildings

- Successfully maintaining/improving occupancy ratio through implementation of specific leasing plans for each property

Measures for properties with low-occupancy ratio 1:  
 KDX Hakata-Minami Bldg



A53 KDX Hakata-Minami Bldg

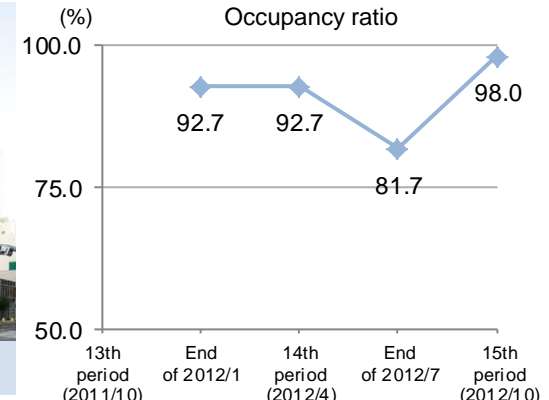


- Occupancy ratio improved to 93.3% as a result of revised leasing plan (upgrade of common area and effective floor partitioning)

Measures for properties with low-occupancy ratio 2:  
 Nagoya Nikko Shoken Bldg



A80 Nagoya Nikko Shoken Bldg

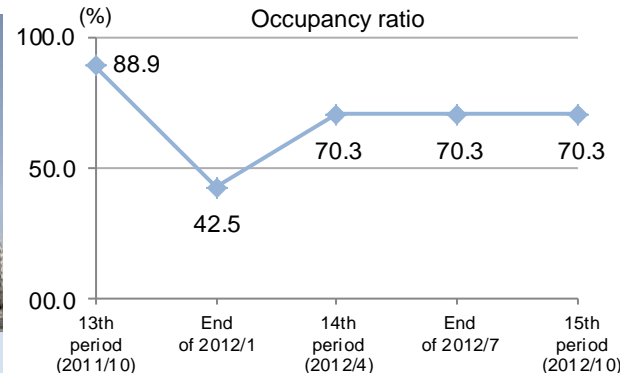


- Invited a company managing conference centers to vacated floors (the basement floor which was vacated for a period of time and a portion of 7th floor which vacated during the 15th period) through the asset management company's own network leading to a rise in occupancy ratio

Other major properties focusing on leasing activity 1:  
 KDX Harumi Bldg



A60 KDX Harumi Bldg



- During the previous period, occupancy ratio improved to 70.3% as a result of introduction of new tenants for three floors
- Leasing activities are challenging under the influence of move-outs of large tenants in the neighboring large-size building
- Continue to put effort in leasing activities to improve the occupancy ratio

Other major properties focusing on leasing activity 2:  
 Nagoya Ekimae Sakura-dori Bldg



A79 Nagoya Ekimae Sakura-dori Bldg

- Occupancy ratio at the end of 15th period (12/10) was 93.8%
- Need to strengthen competitiveness of the property as Nagoya station area is undergoing redevelopment program replacing a number of large buildings

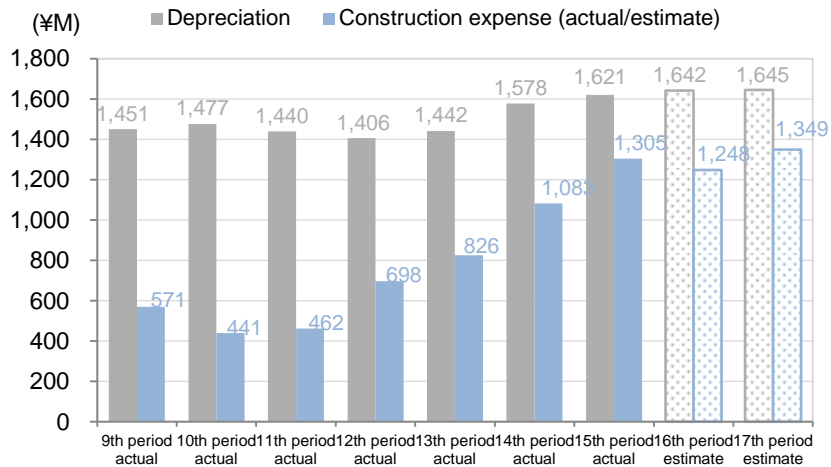


- Renovating air conditioning system from 15th to 17th period to compete with newer buildings' specifications
- Initiating repair works of entrance, common area, and exterior of the building
- Considering changing name of the building to KDX brand name

# Measures for maintaining/improving quality of properties

- Implementing CS survey and strategic measures to maintain/improve property value
- Achieved a reduction in construction expense through economies of scale

## Changes in depreciation and construction expense (actual/estimate)



(As of Oct 31, 2012)

## Implemented renovation works for energy-saving purposes taking advantage of economies of scale

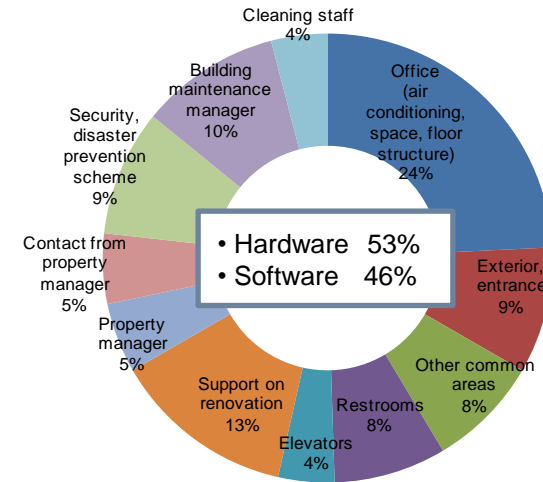
- Introduced LED downlights and guiding/emergency lights for passages and stairs (with motion censor) in 55 properties

	Before renovation	After renovation	Amount of reduction
Annual electricity consumption (KW/yr) (Note 1)	1,271,417	469,998	801,456
Annual electricity bill (¥M/yr) (Note 2)	33.278	9.881	16.835
Annual CO2 emission (t/yr) (Note 3)	546.8	202.1	344.4

Notes:

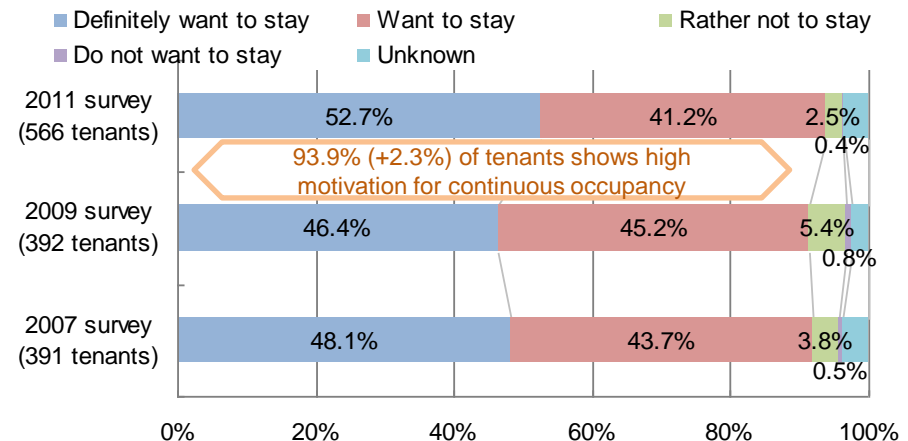
1. Estimated 4,380h/yr for LED downlights and 8,760h/yr for guiding lights for passages and stairs (assuming lighting of 12hours/day for 365 days in one year).
2. Estimated electricity price of ¥21 Kw/h.
3. Estimated CO2 emission coefficient of 0.43kg-CO2/kWh.

## The result of the 4th CS survey: reasons of satisfaction



Note: Breakdown of tenant satisfaction based on the 4th CS survey that KRI implemented in September, 2011 (interviewed the people in charge of general affairs)

## High motivation for continuous occupancy



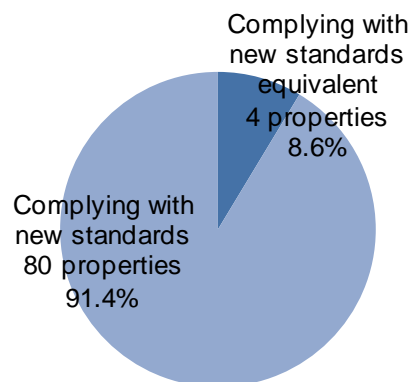
Note: Percentage based on answers to a question regarding continuous occupancy in tenant satisfaction surveys in 2007, 2009, and 2011 (interviewed the people in charge of general affairs).



# Quake-resistance (as of the end of the 15th period (2012/10))

- All properties in KRI portfolio complying with the new earthquake resistance standards or new standards equivalent

Percentage share of properties complying with the new standards (based on total leasable floor area)



Quake-resistance of the remaining 4 properties

**80** /84 properties

Portfolio PML

**4.89** % (84 properties)

Properties complying with standards equivalent to the new earthquake resistance standards

Implemented earthquake-resistant reinforcement



A40 Toranomon Toyo Bldg.



A53 KDX Hakata-Minami Bldg.

Properties complying with new standards equivalent



A1 KDX Nihonbashi 313 Bldg.



A80 Nagoya Nikko Shoken Bldg.

Seismic check-up report by Nihon Sekkei

Seismic check-up report by Mitsubishi Estate

※ Portfolio PML excluding Kanazawa Nikko Bldg. which was sold on November 1, 2012 is 4.92% (as of October 2012)

Notes:

- "New Earthquake Resistance Standards" was formulated on the basis of 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 such as ① New provision on tie-hoop ratio of Reinforced-Concrete Pillars (above 0.2%); ② Resetting of horizontal seismic coefficient and elastic shear modulus, etc. ③ New requirement on the secondary design in seismic calculation.
- PML values are based on the research implemented by NKSJ Risk Management as of September 2012.
- PML is the probable maximum loss due to the earthquake. PML can be divided into PML of an individual property and PML of the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = severe earthquake which the probability of happening in 50 years is 10%) that could happen during the life-span of the property (50 years), to the replacement cost of the estimated restoration expenses.

# Energy-saving measures and environmental initiatives

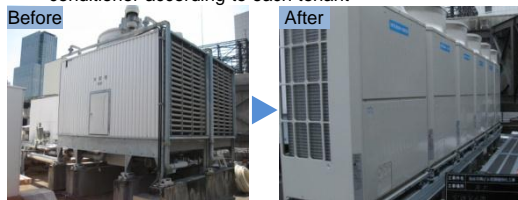
- Reduced energy consumption through well-planned and proactive renovation works
- Received the best rating of “Green Star” from GRESB Survey 2012

## Measures for energy-saving

- Upgrading to high-efficiency air conditioners continues to be a major energy-saving measure but LED appliances are also introduced from 2011 to buildings greater than 10 years as price and performance of such appliances became attractive
- Achieved 6.5% reduction in energy consumption compared to FY2009

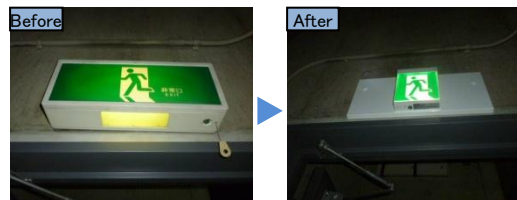
### Example of "Upgrading to high-efficiency air conditioner" (Sendai Nikko Building)

- Changing air conditioning system from central system to zone system which enables to operate air conditioner according to each tenant



### Example of "Upgrading to high-intensity guiding light" (Higashi-Kayabacho Yuraku Building)

- Energy (electricity) consumption reduced by 90% by changing fluorescent guiding lights to LED lights



## Energy consumption reduction effect of energy-saving measures implemented through 11th to 15th periods (Calculated value)

Energy-saving measures	Upgrading to high-efficiency air conditioner	Upgrading to high-intensity guiding light	Upgrading lighting in common area to LED lights	Introduction of lighting with motion sensor etc.	Total
11th/12th periods (FY2010)	108.3 kl	-	-	16.8 kl	125.1 kl
13th/14th periods (FY2011)	275.5 kl	77.5 kl	11.3 kl	38.5 kl	402.8 kl
15th period (2012/5)	239.1 kl	-	206.2 kl	-	445.3 kl
Reduction (crude oil equivalent)	622.9 kl	77.5 kl	217.5 kl	55.3 kl	973.2 kl

Reduction in energy consumption compared to FY2009 (Entire portfolio) 6.5 %

Adopted as “Best Practice” on the website of Green Building Online Portal of the Ministry of Land, Infrastructure, Transport and Tourism



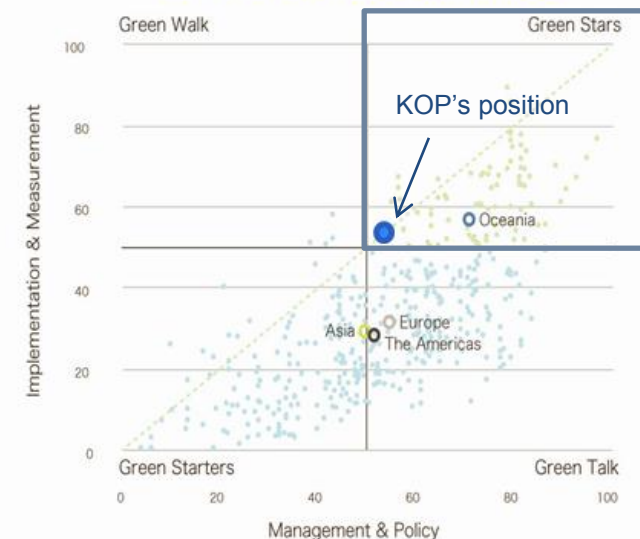
- Our energy-saving renovating initiatives for the entire portfolio were adopted as “Best Practice” on the website of Green Building Online Portal of the Ministry of Land, Infrastructure, Transport and Tourism

Reference URL  
[http://tochi.mlit.go.jp/kankyo/bestpractice/data/2009\\_nagoya.pdf](http://tochi.mlit.go.jp/kankyo/bestpractice/data/2009_nagoya.pdf) (Japanese only)

Introduced on the website

## Assessment from third party

- Received the highest rank in GRESB Survey 2012
- Kenedix Office Partners', the Asset Management Company, (“KOP”) has received a high evaluation on the sustainability performances for the portfolio of KRI



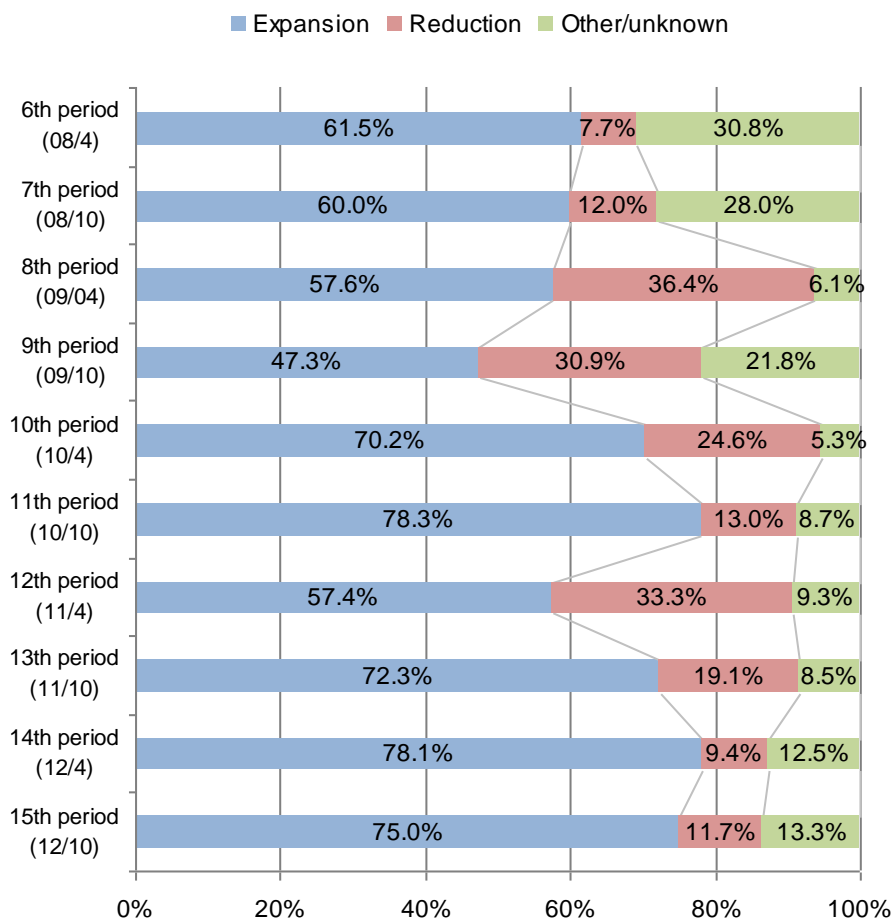
Source: Created by KOP based on GRESB “2012 GRESB REPORT”

Note: GRESB is a benchmark to analyze and evaluate sustainability of real estate companies, REITs and private real estate funds in terms of environmental and social performance

# Reasons of move-in/-out for office buildings

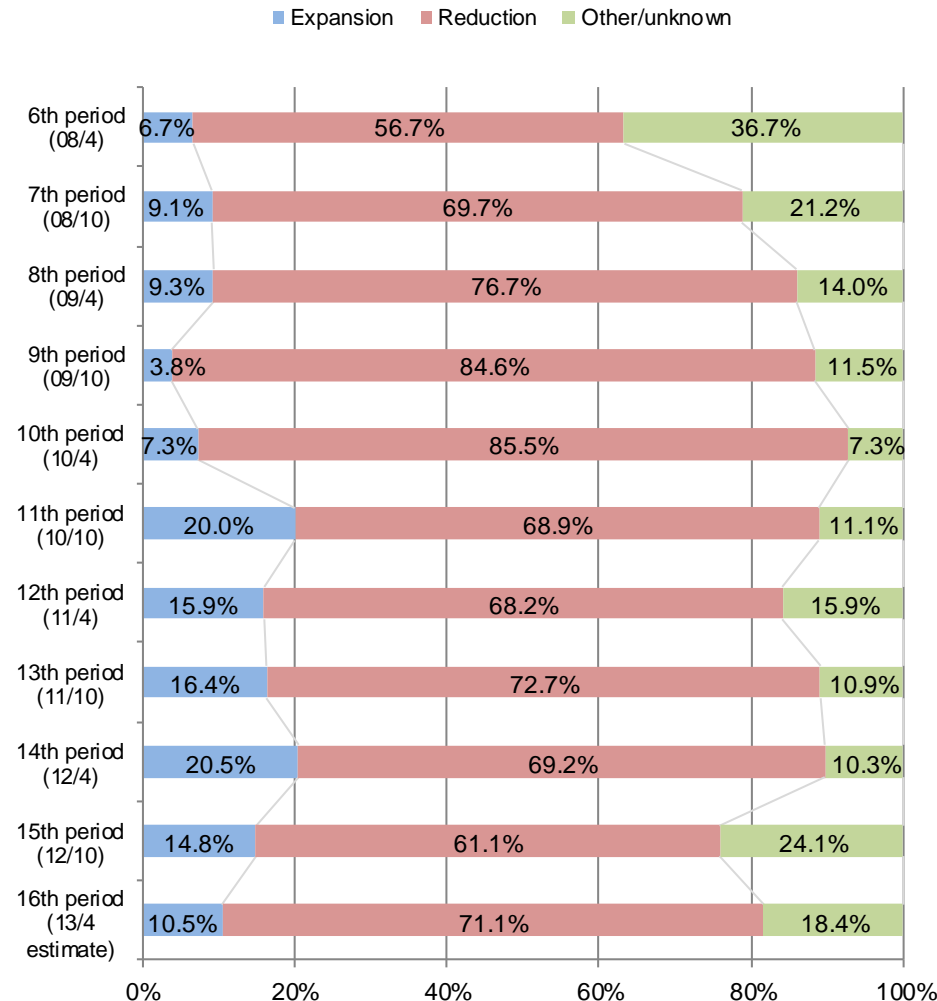
- Expansion motives remain high for move-ins
- Reduction motives occupy the majority for move-outs

Reasons of move-in for office buildings



Note: Percentage ratio based on the number of tenants on office floors on the 2nd floor or above.

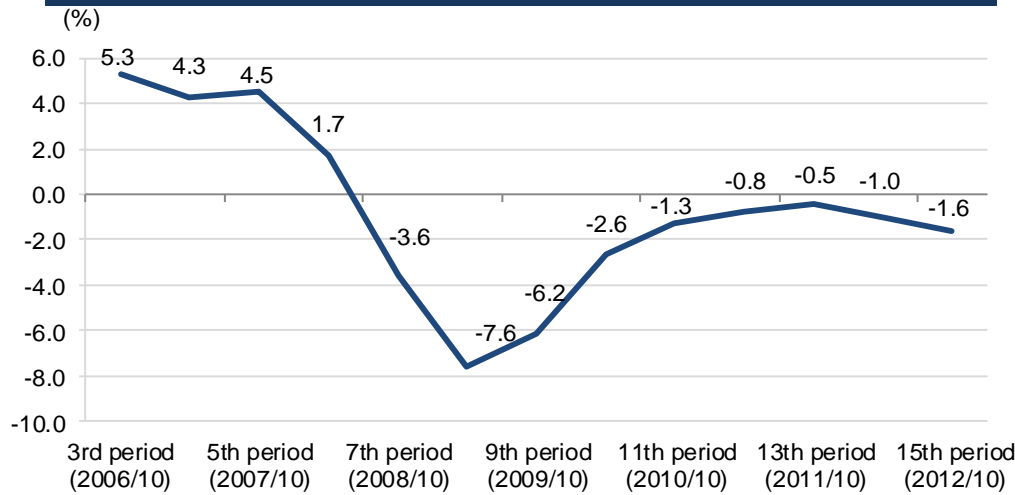
Reasons of move-out for office buildings



Note: Percentage ratio based on the number of tenants on all floors except for residential floors.

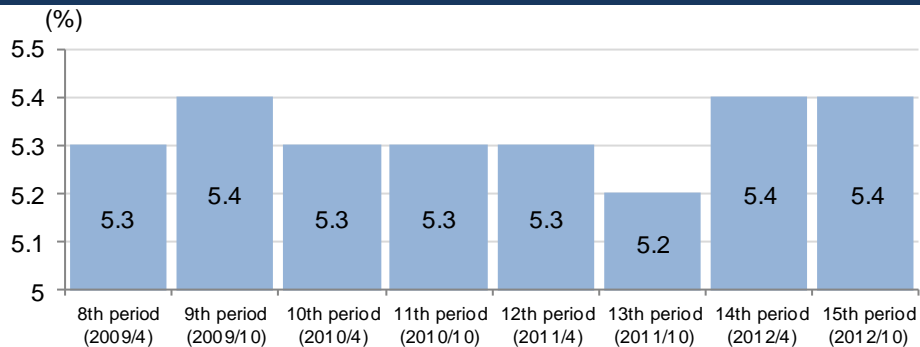
# Historical appraisal value of office buildings

### Changes in appraisal value of office buildings



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

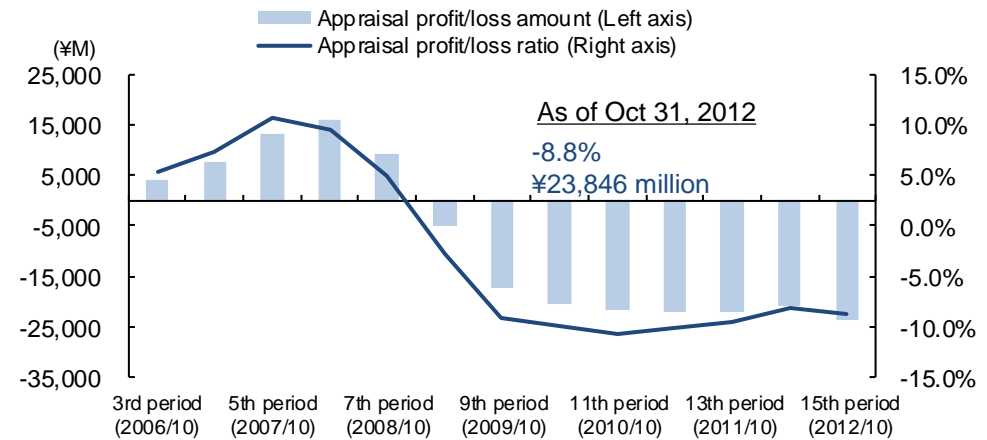
### Changes in average appraisal cap rate



Changes in appraisal mid- and long-term rents	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)	15th period (2012/10)
	-4.4%	-4.6%	-2.5%	-1.5%	-1.1%	-2.0%	-1.5%	-1.7%

Notes:  
1. Changes in mid- and long-term rent and cap rate (average) of appraisal office buildings owned at the end of each period.  
2. Figures are based on weighted average acquisition price.  
3. Changes for the properties acquired during each period are calculated by using the rent and cap rate at the time of acquisition as the values of the end of the previous period.

### Changes in appraisal profit/loss amount and profit/loss ratio of office buildings



	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)	End of 14th period (2012/4)	End of 15th period (2012/10)
Appraisal profit/loss amount (¥M)	-5,117	-17,406	-20,504	-21,925	-22,189	-22,257	-21,096	-23,846
Appraisal Profit/loss ratio	-2.8%	-9.2%	-10.0%	-10.8%	-10.3%	-9.7%	-8.1%	-8.8%

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

Note: "Changes in appraisal value as of end of the 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 15th period and properties that were sold are excluded from the calculation (The appraisal profit/loss amount is rounded to the nearest ¥1M).

# Appraisal values and cap rates as of the end of the 15th period 1

No	Name of property	Appraiser	Acquisition price	15th period						Cap rate	
				Appraisal value	Book value	vs acquisition	vs 14th period	vs book value	End of 15th period	vs 14th period	
A 1	KDX Nihonbashi 313 Building	Daiwa	5,940	6,380	6,082	7.4%	0.0%	4.9%	4.7%	-0.1%	
A 3	Higashi-Kayabacho Yuraku Building	JREI	4,450	5,010	4,328	12.6%	-3.5%	15.8%	4.9%	0.0%	
A 4	KDX Hatchobori Building	Daiwa	3,680	3,440	3,340	-6.5%	0.0%	3.0%	5.0%	0.0%	
A 5	KDX Nakano-Sakae Building	Daiwa	2,533	2,250	2,443	-11.2%	-1.7%	-7.9%	5.3%	-0.1%	
A 6	Harajuku F.F. Building	JREI	2,450	2,980	2,443	21.6%	0.0%	22.0%	5.6%	0.0%	
A 7	FIK Minami Aoyama	JREI	2,270	2,190	2,247	-3.5%	3.3%	-2.6%	4.8%	0.0%	
A 8	Kanda Kihara Building	Daiwa	1,950	1,800	1,842	-7.7%	-3.7%	-2.3%	5.0%	0.0%	
A 12	Portus Center Building	Daiwa	5,570	4,610	4,532	-17.2%	0.2%	1.7%	6.4%	0.0%	
A 13	KDX Kojimachi Building	JREI	5,950	4,400	5,619	-26.1%	0.0%	-21.7%	4.4%	0.0%	
A 14	KDX Funabashi Building	JREI	2,252	1,950	2,383	-13.4%	-1.0%	-18.2%	6.1%	0.0%	
A 15	KDX Hamacho Building	JREI	2,300	2,280	2,249	-0.9%	-3.8%	1.4%	5.2%	0.0%	
A 16	Toshin 24 Building	JREI	5,300	4,010	5,087	-24.3%	-3.6%	-21.2%	5.7%	0.0%	
A 17	KDX Ebisu Building	JREI	4,640	4,150	4,546	-10.6%	-1.2%	-8.7%	4.9%	0.0%	
A 19	KDX Hamamatsucho Building	Daiwa	3,460	3,170	3,227	-8.4%	-0.3%	-1.8%	4.6%	-0.1%	
A 20	KDX Kayabacho Building	JREI	2,780	2,420	2,861	-12.9%	-10.0%	-15.4%	5.3%	0.0%	
A 21	KDX Shinbashi Building	JREI	2,690	2,640	2,689	-1.9%	-2.2%	-1.8%	4.6%	0.0%	
A 22	KDX Shin-Yokohama Building	JREI	2,520	2,240	2,435	-11.1%	-1.3%	-8.0%	5.9%	0.0%	
A 23	KDX Yotsuya Building	JREI	1,950	2,460	1,971	26.2%	-0.4%	24.8%	5.3%	0.0%	
A 24	KDX Minami Semba Dai-1 Building	JREI	1,610	1,000	1,451	-37.9%	-2.0%	-31.1%	5.8%	0.0%	
A 25	KDX Minami Semba Dai-2 Building	JREI	1,560	1,010	1,362	-35.3%	-3.8%	-25.9%	5.8%	0.0%	
A 26	KDX Kiba Building	JREI	1,580	1,410	1,551	-10.8%	-1.4%	-9.1%	5.7%	0.1%	
A 27	KDX Kajicho Building	Daiwa	2,350	2,360	2,378	0.4%	1.7%	-0.8%	5.0%	-0.1%	
A 28	KDX Nogizaka Building	JREI	1,065	696	1,122	-34.6%	-3.7%	-38.0%	5.6%	0.1%	
A 29	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,320	3,180	12.5%	0.0%	4.4%	5.1%	-0.1%	
A 30	KDX Nishi-Gotanda Building	JREI	4,200	3,730	4,104	-11.2%	-1.3%	-9.1%	5.1%	0.0%	
A 31	KDX Monzen-Nakacho Building	Daiwa	1,400	1,130	1,398	-19.3%	-3.4%	-19.2%	5.5%	-0.1%	
A 32	KDX Shiba-Daimon Building	JREI	6,090	4,510	6,170	-25.9%	-8.9%	-26.9%	4.9%	0.0%	
A 33	KDX Okachimachi Building	Daiwa	2,000	1,800	2,114	-10.0%	-2.7%	-14.9%	5.0%	-0.1%	
A 34	KDX Hon-Atsugi Building	Daiwa	1,305	1,070	1,163	-18.0%	0.0%	-8.0%	6.3%	0.0%	
A 35	KDX Hachioji Building	Daiwa	1,155	831	1,277	-28.1%	0.0%	-35.0%	5.9%	0.0%	
A 36	KDX Niigata Building	JREI	1,305	889	1,459	-31.9%	-2.7%	-39.1%	7.3%	0.0%	
A 37	KDX Ochanomizu Building	JREI	6,400	6,230	6,624	-2.7%	-4.7%	-5.9%	4.7%	-0.2%	
A 38	KDX Nishi-Shinjuku Building	JREI	1,500	1,130	1,577	-24.7%	0.0%	-28.3%	5.2%	0.0%	
A 39	KDX Toranomon Building	JREI	4,400	3,380	4,780	-23.2%	-2.3%	-29.3%	4.4%	0.0%	
A 40	Toranomon Toyo Building	JREI	9,850	10,300	9,844	4.6%	2.0%	4.6%	4.5%	0.0%	
A 41	KDX Shinjuku 286 Building	JREI	2,300	2,190	2,387	-4.8%	2.3%	-8.3%	5.0%	0.0%	
A 42	Karasuma Building	Daiwa	5,400	4,960	5,374	-8.1%	-1.4%	-7.7%	5.6%	0.0%	
A 44	KDX Sendai Building	Daiwa	2,100	1,410	2,149	-32.9%	-2.1%	-34.4%	6.1%	0.0%	
A 45	KDX Roppongi 228 Building	JREI	3,300	2,160	3,433	-34.5%	0.0%	-37.1%	4.8%	0.0%	
A 46	Hiei Kudan-Kita Building	Daiwa	7,600	7,400	7,633	-2.6%	0.3%	-3.1%	4.6%	-0.1%	
A 47	KDX Shin-Yokohama 381 Building	JREI	5,800	3,990	5,864	-42.2%	-1.5%	-32.0%	5.8%	-0.1%	
A 48	KDX Kawasaki-Ekimaie Hon-cho Building	JREI	3,760	2,990	3,762	-20.5%	0.0%	-20.5%	6.1%	0.0%	
A 49	Nissou Dai-17 Building	JREI	2,710	1,570	2,606	-42.1%	-1.9%	-39.8%	5.8%	0.0%	

Notes:

1. Acquisition price, appraisal value and book value are rounded down to the nearest ¥1M (ratios are rounded to the first decimal place).
2. KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are counted as one property.

# Appraisal values and cap rates as of the end of the 15th period 2

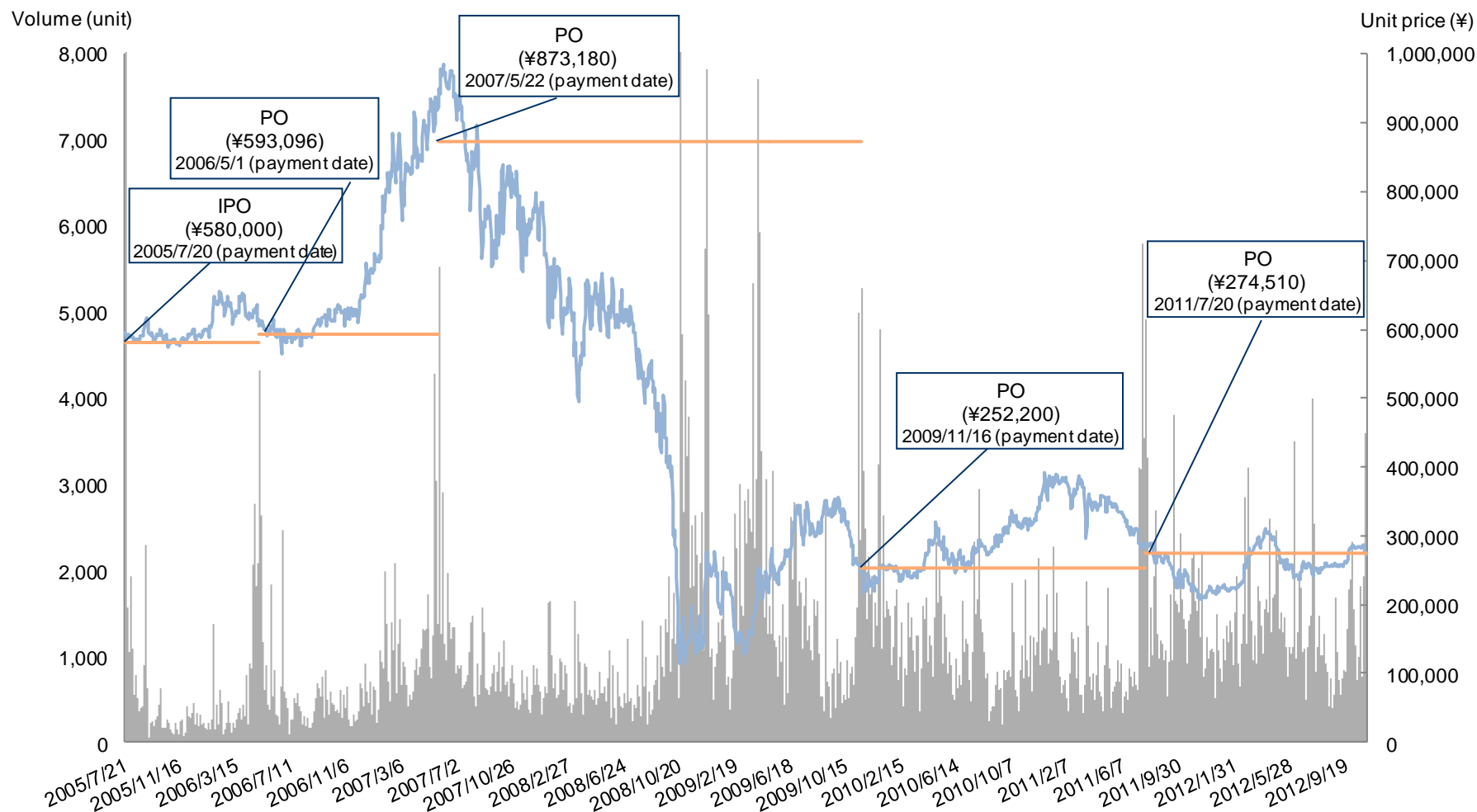
No	Name of property	Appraiser	Acquisition price	15th period					Cap rate	
				Appraisal value	Book value	vs acquisition	vs 14th period	vs book value	End of 15th period	vs 14th period
A 50	Ikejiri-Oohashi Building	JREI	2,400	1,460	2,443	-39.2%	-2.7%	-40.3%	5.8%	0.0%
A 51	KDX Hamacho Nakanohashi Building	JREI	2,310	1,700	2,341	-26.4%	0.0%	-27.4%	5.3%	0.0%
A 52	KDX Kanda Misaki-cho Building	JREI	1,380	940	1,373	-31.9%	-4.2%	-31.6%	5.3%	0.0%
A 53	KDX Hakata-Minami Building	JREI	4,900	3,470	4,792	-29.2%	0.3%	-27.6%	6.6%	0.0%
A 54	KDX Kitahama Building	JREI	2,220	1,520	2,185	-31.5%	-0.7%	-30.5%	6.0%	0.0%
A 55	Shin-toshin Maruzen Building	JREI	2,110	1,550	2,154	-26.5%	-1.3%	-28.1%	5.3%	0.0%
A 56	KDX Jimbocho Building	JREI	2,760	1,860	2,897	-32.6%	-0.5%	-35.8%	5.3%	0.0%
A 57	KDX Gobancho Building	JREI	1,951	1,440	1,979	-26.2%	-4.0%	-27.2%	4.9%	0.0%
A 58	KDX Nagoya Sakae Building	Daiwa	7,550	4,760	7,421	-37.0%	0.2%	-35.9%	5.2%	0.0%
A 59	KDX Iwamoto-cho Building	JREI	1,864	1,310	1,789	-29.8%	-3.0%	-26.8%	5.3%	-0.1%
A 60	KDX Harumi Building	JREI	10,250	8,240	9,624	-19.6%	0.1%	-14.4%	4.8%	0.0%
A 61	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	1,860	2,284	-15.5%	0.0%	-18.6%	4.6%	-0.1%
A 62	Koishikawa TG Building	JREI	3,080	3,040	3,125	-1.3%	-3.5%	-2.7%	5.0%	0.0%
A 63	Gotanda TG Building	JREI	2,620	2,580	2,804	-1.5%	-0.4%	-8.0%	5.3%	0.0%
A 64	KDX Hihonbashi 216 Building	JREI	2,010	1,790	1,962	-10.9%	-7.3%	-8.8%	4.7%	0.0%
A 66	KDX Shinjuku Building	JREI	6,800	6,400	6,875	-5.9%	-3.0%	-6.9%	4.5%	0.0%
A 67	KDX Ginza 1chome Building	Daiwa	4,300	4,850	4,298	12.8%	1.9%	12.8%	4.4%	-0.1%
A 68	KDX Nihonbashi Honcho Building	Daiwa	4,000	4,300	4,015	7.5%	0.0%	7.1%	4.8%	0.0%
A 69	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,760	2,702	-3.8%	-4.5%	2.1%	7.0%	0.0%
A 70	Kitananajo SIA Building	Daiwa	2,005	2,050	2,081	2.2%	0.0%	-1.5%	5.7%	-0.1%
A 71	KDX Iidabashi Building	Daiwa	4,670	4,910	4,682	5.1%	1.7%	4.9%	4.8%	-0.1%
A 72	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,800	4,917	4.6%	0.0%	-2.4%	5.0%	-0.1%
A 73	KDX Hakozaeki Building	Daiwa	2,710	2,850	2,891	5.2%	0.0%	-1.4%	5.2%	0.0%
A 74	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,440	2,285	6.1%	-1.6%	6.8%	4.6%	-0.1%
A 75	KDX Nihonbashi Kabutocho Building	JREI	11,270	12,100	11,311	7.4%	-10.4%	7.0%	4.8%	0.2%
A 76	Ikebukuro Nikko Building	JREI	1,653	1,700	1,672	2.8%	0.0%	1.6%	5.5%	0.0%
A 77	Kabutocho Nikko Building II	JREI	1,280	1,550	1,285	21.1%	0.6%	20.6%	5.0%	0.0%
A 78	Tachikawa Ekimae Building	JREI	1,267	1,330	1,312	5.0%	-0.7%	1.3%	5.9%	0.0%
A 79	Nagoya Ekimae Sakura – dori Building	JREI	7,327	7,800	7,432	6.5%	0.9%	4.9%	5.1%	0.0%
A 80	Nagoya Nikko Shoken Building	JREI	4,158	4,050	4,222	-2.6%	-3.6%	-4.1%	5.5%	0.0%
A 81	Sendai Nikko Building	JREI	950	1,030	1,060	8.4%	2.0%	-2.9%	5.9%	0.0%
A 82	View Flex Umeda Building	Daiwa	2,770	3,250	2,847	17.3%	0.3%	14.1%	5.1%	0.0%
A 83	Fuchu South Building	MAIC	6,120	6,560	6,208	7.2%	0.2%	5.7%	5.5%	-0.1%
A 84	Kasuga Business Center Building	MAIC	2,800	2,980	2,845	6.4%	0.3%	4.7%	5.2%	-0.1%
A 85	Nakameguro Business Center Building	MAIC	1,880	2,230	1,911	18.6%	0.5%	16.6%	5.3%	-0.1%
<b>A</b>	<b>Office building subtotal</b>		<b>272,701</b>	<b>247,306</b>	<b>271,151</b>	<b>-9.0%</b>	<b>-1.6%</b>	<b>-8.8%</b>	<b>5.4%</b>	<b>0.0%</b>
B 3	Court Mejiro	JREI	1,250	956	1,166	-23.5%	1.7%	-18.0%	5.4%	-0.1%
B 18	Venus Hibarigaoka	JREI	1,800	1,540	1,788	-14.4%	1.3%	-13.9%	6.5%	-0.1%
B 19	Residence Charmante Tsukishima	JREI	5,353	4,520	4,939	-15.6%	0.9%	-8.5%	5.2%	-0.1%
<b>B</b>	<b>Residential properties subtotal</b>		<b>8,403</b>	<b>7,016</b>	<b>7,893</b>	<b>-16.5%</b>	<b>1.1%</b>	<b>-11.1%</b>	<b>5.5%</b>	<b>-0.1%</b>
C 1	Frame Jinnan-zaka	JREI	9,900	9,230	9,759	-6.8%	1.5%	-5.4%	4.4%	-0.1%
C 2	KDX Yoyogi Building	JREI	2,479	1,920	2,537	-22.6%	0.5%	-24.3%	5.3%	0.0%
<b>C</b>	<b>Central urban retail properties subtotal</b>		<b>12,379</b>	<b>11,150</b>	<b>12,296</b>	<b>-9.9%</b>	<b>1.4%</b>	<b>-9.3%</b>	<b>4.6%</b>	<b>-0.1%</b>
D 1	Kanazawa Nikko Building	JREI	645	1,090	679	69.0%	1.9%	60.5%	7.4%	0.1%
<b>D</b>	<b>Others subtotal</b>		<b>645</b>	<b>1,090</b>	<b>679</b>	<b>69.0%</b>	<b>1.9%</b>	<b>60.5%</b>	<b>7.4%</b>	<b>0.1%</b>
	<b>Total</b>		<b>293,128</b>	<b>266,562</b>	<b>292,021</b>	<b>-5.6%</b>	<b>3.0%</b>	<b>-8.7%</b>	<b>5.4%</b>	<b>0.0%</b>

Notes:

1. Acquisition price, appraisal value and book value are rounded down to the nearest ¥1M (ratios are rounded to the first decimal place).
2. Total cap rate for each property type are based on the weighted average of acquisition price.

# Unit price and trading volume since IPO

Kenedix Realty Investment Corporation (KRI) price/volume performance (from the listing to October 31, 2012)

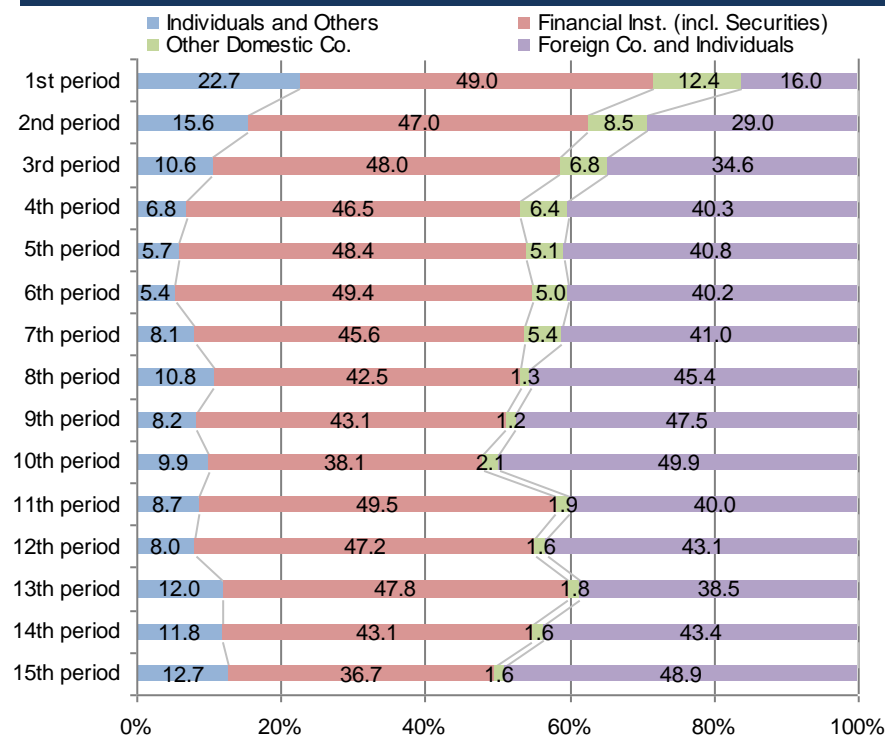


Note: Excluding over 8,000 trading volume (2008/10/20:19,728 units)

- As of Oct 31, 2012,  
 Highest price (trading price): ¥988,000 (2007/5/31)  
 Lowest price (trading price): ¥100,300 (2008/10/20)
- Average trading volume during 2011/11/1~2012/10/31: 1,095 units

# KRI Unitholders (as of the end of the 15th period (2012/10))

## Change in share of investment units by unitholders



Note: Ratios are rounded to the first decimal place.

## Type of unitholders

Type of unitholders	# of Unitholders	Ratio (%)	# of Units held (unit)	Ratio (%)
Individual and Others	9,138	95.8%	36,504	12.7%
Financial Inst. (Incl. Securities co.)	49	0.5%	105,245	36.7%
Other Domestic Co.	136	1.4%	4,672	1.6%
Foreign Co. and Individuals	212	2.2%	140,129	48.9%
<b>Total</b>	<b>9,535</b>	<b>100.0%</b>	<b>286,550</b>	<b>100.0%</b>

Note: Ratios are rounded to the first decimal place.

## Top 10 unitholders

Name	# of units held (unit)	Share of outstanding units(%)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	43,096	15.03%
The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	19,108	6.66%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	17,406	6.07%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	11,789	4.11%
The Bank of NY Treaty JASDEC Account	11,066	3.86%
JP Morgan Chase & Co. 385174	8,420	2.93%
Nomura Bank (Luxembourg) S.A.	7,517	2.62%
Goldman Sachs & Co. Regular Account	6,480	2.26%
State Street Bank and Trust Company	5,978	2.08%
State Street Bank and Trust Company 505104	5,358	1.86%
<b>Total</b>	<b>136,218</b>	<b>47.53%</b>

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

## Reference: Reporting of major unitholders (as of the end of November 2012)

Name	Submitted on	# of units held (unit)
Sumitomo Mitsui Trust Bank, Limited	2012/11/12	19,971
Nikko Asset Management Co., Ltd.		9,747
Sumitomo Mitsui Trust Asset Management		9,464
Sumitomo Mitsui Trust Bank, Limited		760
Mizuho Asset Management Co., Ltd.	2012/11/7	19,092
Mizuho Asset Management Co., Ltd.		9,096
Shinko Asset Management Co., Ltd.		9,996
CBRE Clarion Securities LLC	2012/8/31	15,297
DIAM Co., Ltd.	2012/8/20	13,393
Nomura Securities Co., Ltd.	2012/10/22	12,915
Nomura Asset Management Co., Ltd.		12,168
Nomura Securities Co., Ltd.		747

Notes:

1. Reports submitted after PO on 2009/11/16 to 2012/11/30 (unitholders that have more than 10,000 units).
2. 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.



# Summary of financial results for 15th period (2012/10)

## - Income statement, etc.

### Comparison between 14th (2012/4) and 15th (2012/10) periods

		14th period (¥ M)	15th period (¥ M)	Change (¥ M)	Major Factors
Ordinary income/loss	Rental and other operating revenues	8,071	8,224	152	
	Rental revenues	6,581	6,664	82	Whole-period operation of the 9 properties acquired in 14th period
	Common area charges	1,490	1,559	69	
	Other rental revenue	1,018	1,393	374	
	Parking space rental revenues	271	286	15	
	Utility charge reimbursements	621	769	147	Seasonal change
	Miscellaneous	125	337	211	Gain from restoration fee for KDX Nihonbashi Kabutocho Bldg.
	Total rental and other operating revenues A	9,090	9,617	526	
	Gain on sale of real state property	-	595	595	Gain on sale of KDX Omori Bldg. in 15th period
	Operating revenues	9,090	10,212	1,122	
	Property management fee and facility management fee	911	937	25	
	Utilities	663	790	126	Increase in fuel cost adjustment
	Taxes	724	823	98	Increase for the properties acquired in 2011
	Repairs and maintenance	165	400	235	Restoration expense for KDX Nihonbashi Kabutocho Bldg.
	Others (Note 1)	240	249	9	
Depreciation	1,578	1,621	42	Whole-period operation of the 9 properties acquired in 14th period	
Total rental and other operating expenses B	4,284	4,822	537		
Rental business profit (A-B)	4,805	4,795	-10		
Net operating income (NOI)	6,384	6,416	31		
Loss on sale of real estate property	-	151	151	Loss on sale of Gradito Kaw aguchi in 15th period	
Asset management fee	491	548	57		
Others (Note 2)	228	174	-54	Professional fee, property investigation cost, IR cost etc.	
Operating expenses	5,004	5,696	691		
Operating income	4,086	4,516	430		
Non-operating income/loss	Non-operating income	4	2	-1	
	Interest expenses	948	1,031	82	Increase in new borrowings
	Interest expense on investment corporation bonds	110	62	-47	Redemption of 1st corporate bond in 14th period
	Financing-related expenses	444	366	-77	Decrease in originating fee of borrowings
	Amortization of corporate bond issuance costs	9	6	-2	
	Amortization of unit issuance costs	27	27	-	
	Other non-operating expenses	-	13	13	Undeductible amount for consumption tax calculation
Non-operating expenses	1,539	1,508	-30		
Ordinary income	2,551	3,011	459		
X/O gain/loss	Settlement fee for law suits	10	-	-10	
	Extraordinary loss	10	-	-10	
	Income before income taxes	2,541	3,011	469	
Income taxes	1	1	0		
	Net income	2,540	3,009	469	
Retained earnings brought forward	0	0	0		
	Retained earnings at the end of period	2,540	3,009	469	

### Basis for calculating cash distribution (unit: yen)

	14th period	15th period
I Retained earnings at the end of period	2,540,386,573	3,009,927,991
II Reversal of voluntary reserves		
Reversal of reserve for reduction entry	143,000,000	-
III Total distribution	2,683,254,200	2,738,558,350
(Distribution per unit)	(9,364)	(9,557)
IV Provision of voluntary reserve		
Provision for reserve for reduction entry	-	271,247,024
V Retained earnings to be carried forward	132,373	122,617

### Cash flow statement

	14th period (¥ M)	15th period (¥ M)
Cash flows from operating activities	4,144	8,739
Cash flows from investing activities	-32,217	-12,283
Cash flows from financing activities	23,664	526
Net change in cash and cash equivalents	-4,408	-3,017
Cash and cash equivalents at the beginning of period	17,928	13,519
Cash and cash equivalents at the end of period	13,519	10,501

#### Notes:

1. Insurance, trust fees, etc.
2. Director's compensation, asset custody fees, administrative fees, auditor's fees, etc.
3. Numbers showing changes are rounded down to the nearest ¥1M.

# Summary of financial results for 15th period (2012/10)

## - Balance sheet, etc.

	14th period		15th period	
	As of April 30, 2012		As of October 31, 2012	
	(¥ M)	(%)	(¥ M)	(%)
<b>Asset</b>				
Current assets	14,487	4.8	12,019	3.9
Cash and bank deposits	6,924		4,042	
Cash and bank deposits in trust	7,095		7,471	
Other current assets	467		505	
Noncurrent assets	288,673	95.2	294,626	96.1
Property, plant and equipment	285,755		291,662	
Buildings	13,112		13,046	
Land	29,104		29,104	
Buildings in trust	70,697		72,676	
Land in trust	172,834		176,829	
Construction in progress in trust	6		6	
Intangible assets	359		358	
Leasehold right	285		285	
Leasehold right in trust	73		72	
Right of using water facilities in trust	0		0	
Investment and other assets	2,558		2,604	
Investment securities	896		896	
Leasehold and guarantee deposits	133		133	
Long-term prepaid expenses	1,528		1,574	
Deferred assets	123	0.0	89	0.0
Corporate bond issuance costs	39		32	
Unit issuance costs	83		56	
<b>Total assets</b>	<b>303,284</b>	<b>100.0</b>	<b>306,734</b>	<b>100.0</b>
<b>Liability</b>				
Current liabilities	29,490	9.7	23,924	7.8
Account payables	604		709	
Short-term loans payables	14,700		5,700	
Current portion of corporate bonds	-		1,500	
Current portion of long-term loans payable	11,880		14,000	
Other account payables	170		184	
Advance received	1,887		1,482	
Others	247		347	
Noncurrent liabilities	123,730	40.8	132,420	43.2
Corporate bonds	6,000		4,500	
Long-term loans payables	104,792		114,881	
Tenant leasehold and security deposits	1,541		1,544	
Tenant leasehold and security deposits in trust	11,395		11,494	
<b>Total liabilities</b>	<b>153,221</b>	<b>50.5</b>	<b>156,345</b>	<b>51.0</b>
<b>Equity</b>				
Total unitholders' capital	147,153		147,153	
Reserve for reduction entry	368		225	
Retained earnings	2,540		3,009	
<b>Total unitholders' equity</b>	<b>150,063</b>	<b>49.5</b>	<b>150,389</b>	<b>49.0</b>
<b>Total liabilities and unitholders' equity</b>	<b>303,284</b>	<b>100.0</b>	<b>306,734</b>	<b>100.0</b>

Key indicators				
	14th period	15th period	Change	Note
Unitholders equity per unit	¥523,688	¥524,828	¥+1,140	
Interest bearing debt ratio at the end of each period	45.3%	45.8%	+0.5%	
Unitholders' equity to total asset ratio	49.5%	49.0%	-0.5%	
Number of properties at the end of each period	83	84	+1	3 properties acquired 2 properties sold
Total leasable floor area	340,589.96㎡	351,153.72㎡	+10,563.76㎡	3 properties acquired 2 properties sold
Occupancy ratio at the end of each period	95.4%	95.5%	+0.1%	

Reference: Historical rent based NOI yield (by asset type/annualized base)							
	9th period	10th period	11th period	12th period	13th period	14th period	15th period
Office building	5.2%	5.1%	4.9%	4.7%	4.7%	4.6%	4.4%
Central urban retail	4.6%	4.5%	4.5%	4.6%	4.1%	4.1%	4.1%
Residential	5.0%	5.2%	4.8%	4.9%	4.7%	4.7%	4.5%
Others	-	-	-	-	-	14.2%	13.6%
<b>Total</b>	<b>5.2%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>4.6%</b>	<b>4.5%</b>

### Notes:

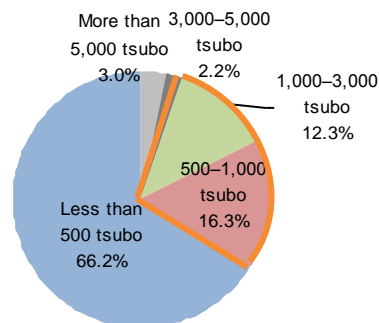
- NOI yield is calculated by assuming that the property tax and city planning tax are imposed for properties that does not impose the property tax and city planning tax due to the first year of acquisition. Acquisition price for the newly acquired properties and the initial acquisition price for the sold properties is calculated by dividing actual operating days to operating days in the each period.
- Each ratio is rounded to the first decimal place.

# Mid-sized office building market

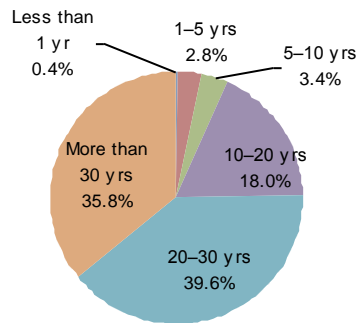
- Most abundant in terms of number of properties / potential tenants in Tokyo Metropolitan Area
- Relatively less rent volatile compared to large-sized office buildings

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

By size (based on total floor area)



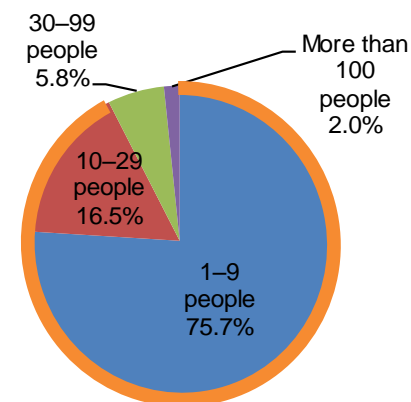
By building age



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).

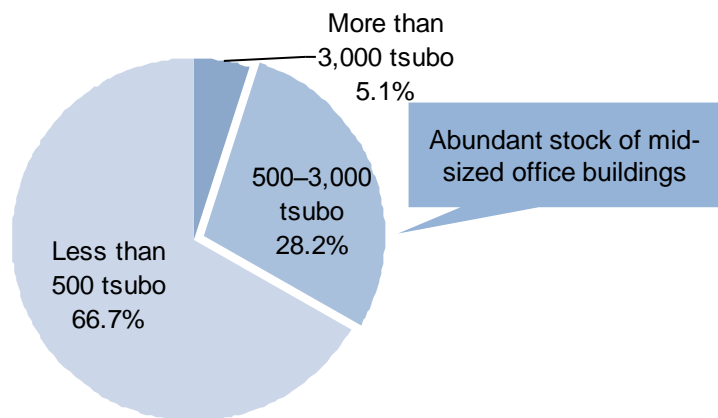
Source: Survey conducted by CB Richard Ellis Research Institute based on KOP's request "Market survey of Medium-sized buildings"(2011/5)

Offices by number of employees in Tokyo



Source: Created by KOP based on data from 2009 Economic census-basic survey for Tokyo

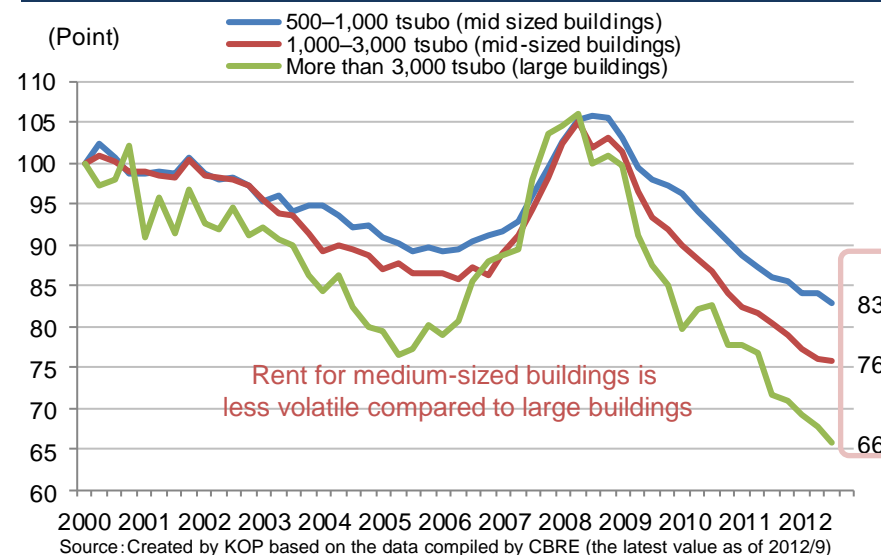
Breakdown of office buildings by GFA (Tokyo 23 wards)



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).

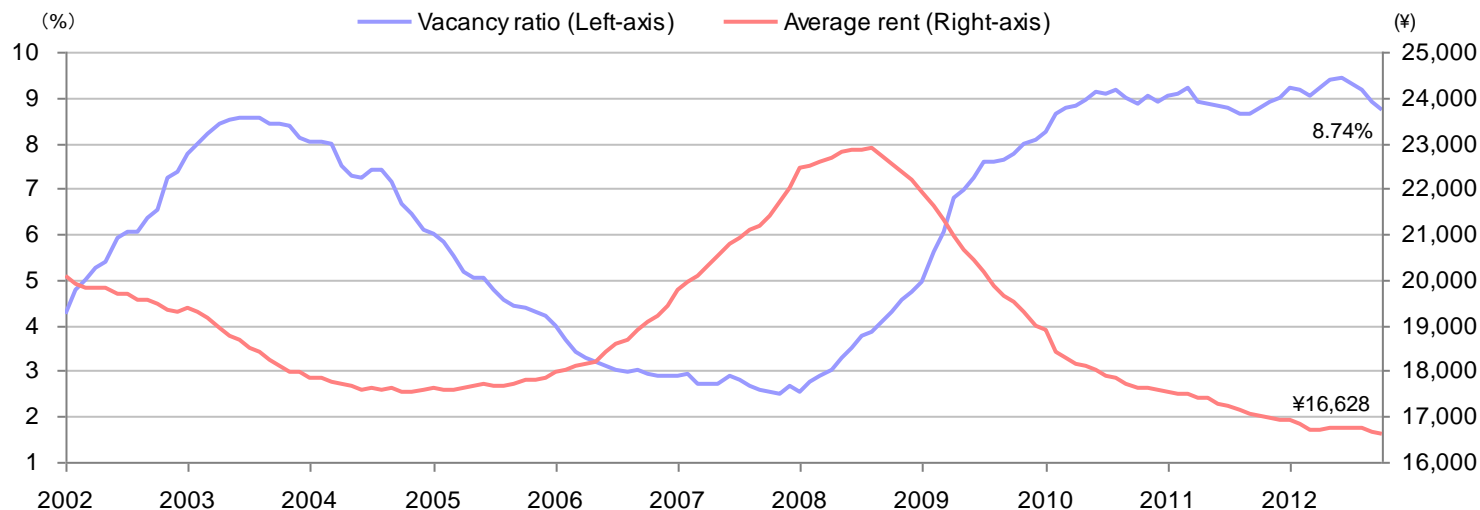
Source: Survey conducted by CB Richard Ellis Research Institute based on KOP's request "Market survey of Medium-sized buildings"(2011/5)

Tokyo 23 wards: rent level by total floor area



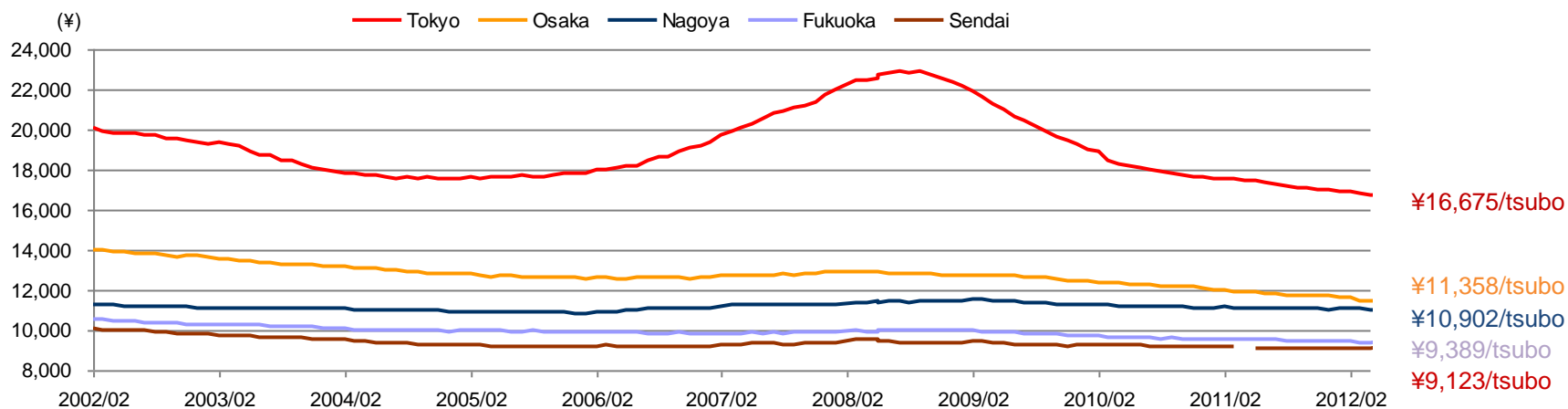
# Reference data 1

Changes in the offered rent and vacancy ratio in Tokyo central 5 wards (from 2002/1 to 2012/10)



Note: Covers buildings with GFA of more than 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 2002/1 to 2012/10)

Changes in rent levels by region



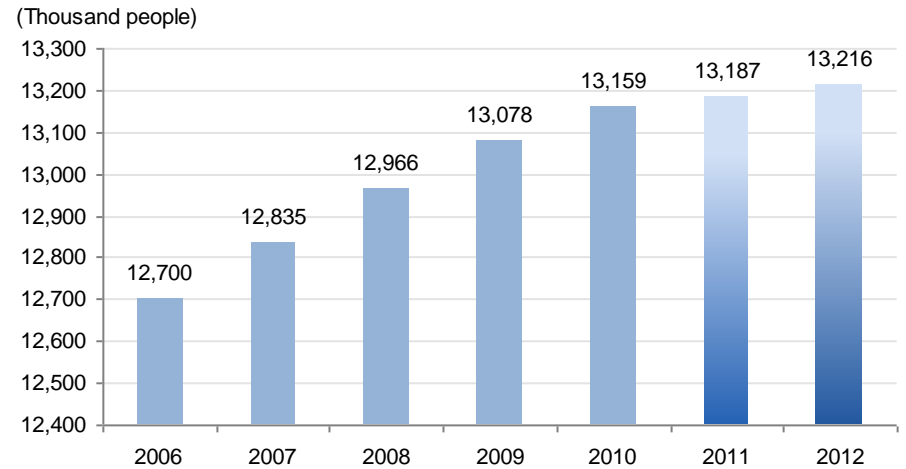
Note: Rent data for business district and sub area. Tokyo covers the buildings with GFA of more than 100 tsubo in central 5 wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya)  
 Source: Created by KOP based on the data compiled by Miki Shoji (the latest values as of 2012/10)

# Reference data 2

Economic foundation etc. of Tokyo			
	Japan	Tokyo	Date
Gross Production (Nominal GDP)	¥474,040.2B	¥85,201.6B (#1 in Japan: 17.8%)	FY 2009
# of offices	6,040,000	690,000 (#1 in Japan: 11.5%)	July 1, 2009
# of employees	62.86M	9.52M (#1 in Japan)	July 1, 2009
Total population	128.05M	13.15M (#1 in Japan)	October 1, 2010
Population of productive age (15–64 years old)	81.03M	8.85M (#1 in Japan: 10.9%)	October 1, 2010

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

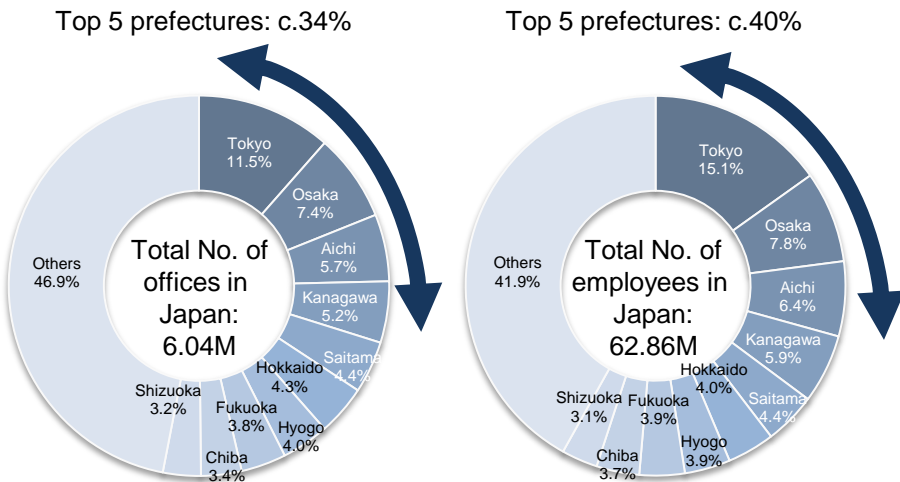
## Population transition of Tokyo



Note: Figures after 2011 are estimates.

Source: “Change in population (2011)” and “Population of Tokyo (Estimates)”, Bureau of General Affairs, Tokyo Metropolitan Government

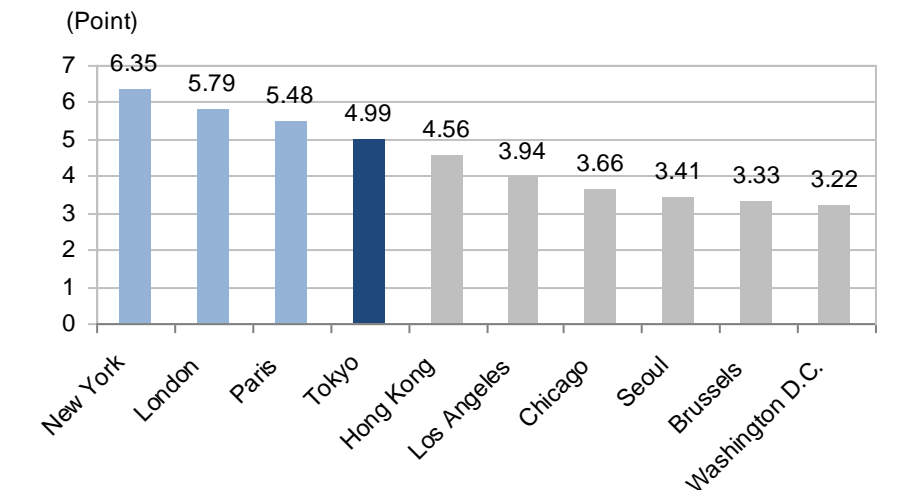
## Breakdown of number of offices and employees by prefecture (2009)



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

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

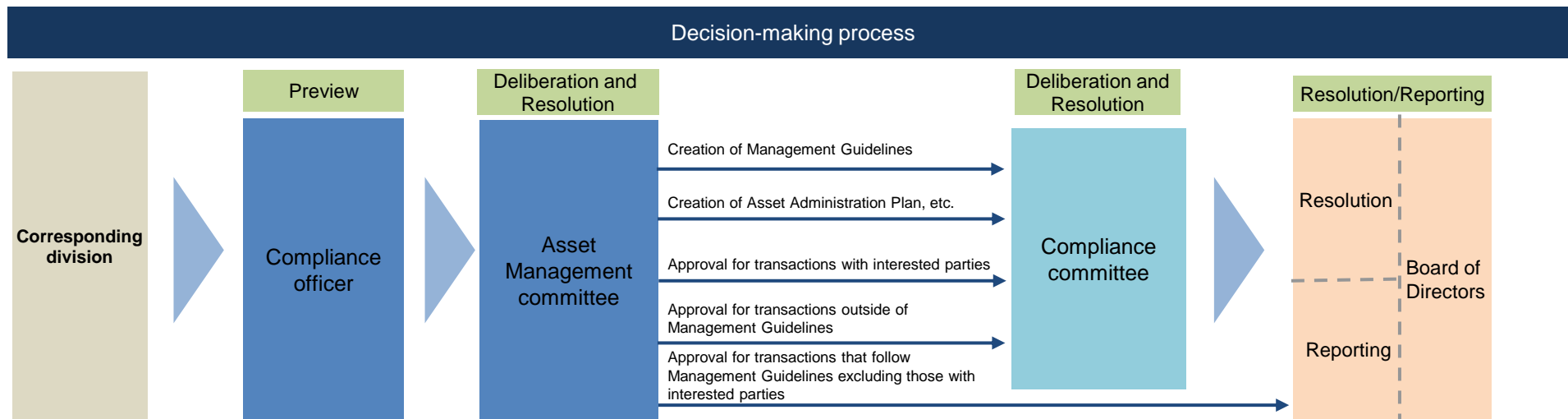
## Global Cities Index (A.T. Kearney Global Cities Index, 2012)



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 the Asset Management Company BEST INVEST KENEDIX Realty Investment Corporation



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

	8th period	9th period	10th period	11th period	12th period	13th period	14th period	15th period
Compliance committee	8	8	10	7	7	8	6	7
Asset Management committee	44	36	39	32	37	44	40	40
Board of Directors	8	10	12	11	9	11	9	12
Board of Directors of Investment Corporation	8	8	8	8	7	9	10	8

## Rules on transactions with interested parties

Asset acquisition	Must not acquire properties for more than appraisal value (except for properties pre-acquired by Kenedix Inc. pursuant to the MOU)
Asset disposal	Must not sell properties for less than appraisal value

## Asset Management Company's management fee structure

### ● Asset management fee

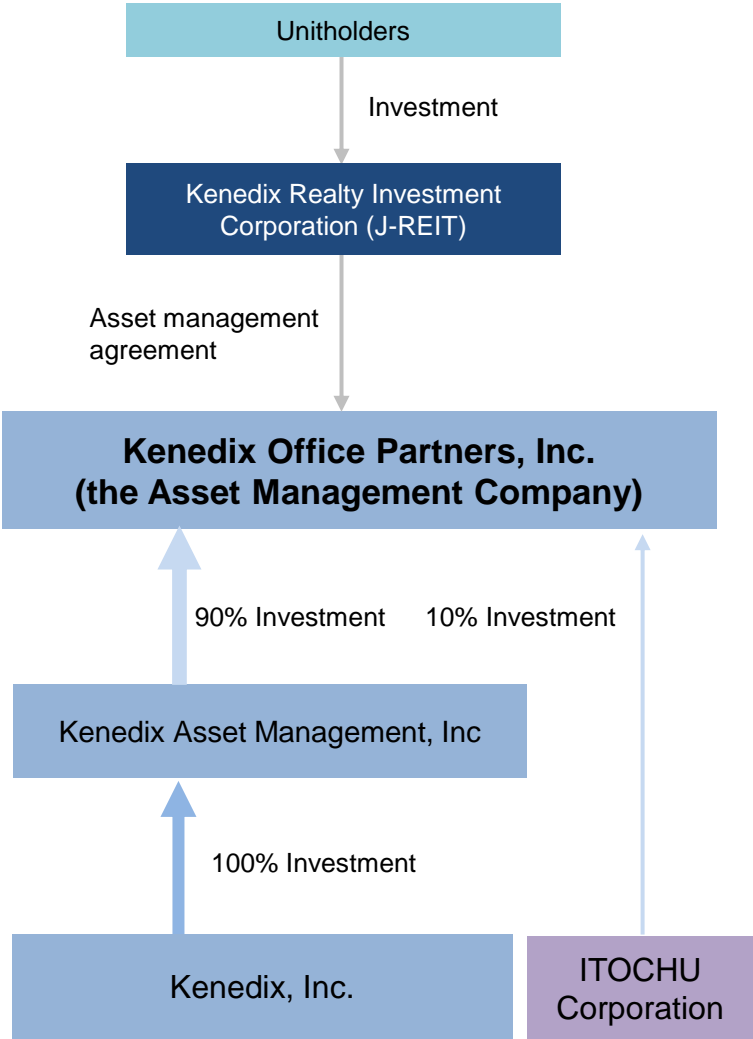
Management fee I	0.15% of total assets
Management fee II	3.0% of distributable amount each fiscal period
Acquisition fee	0.5% of acquisition price (0.25% if interested parties)
Disposition fee	Capped at 0.5% of sale price

### ● Property management fees

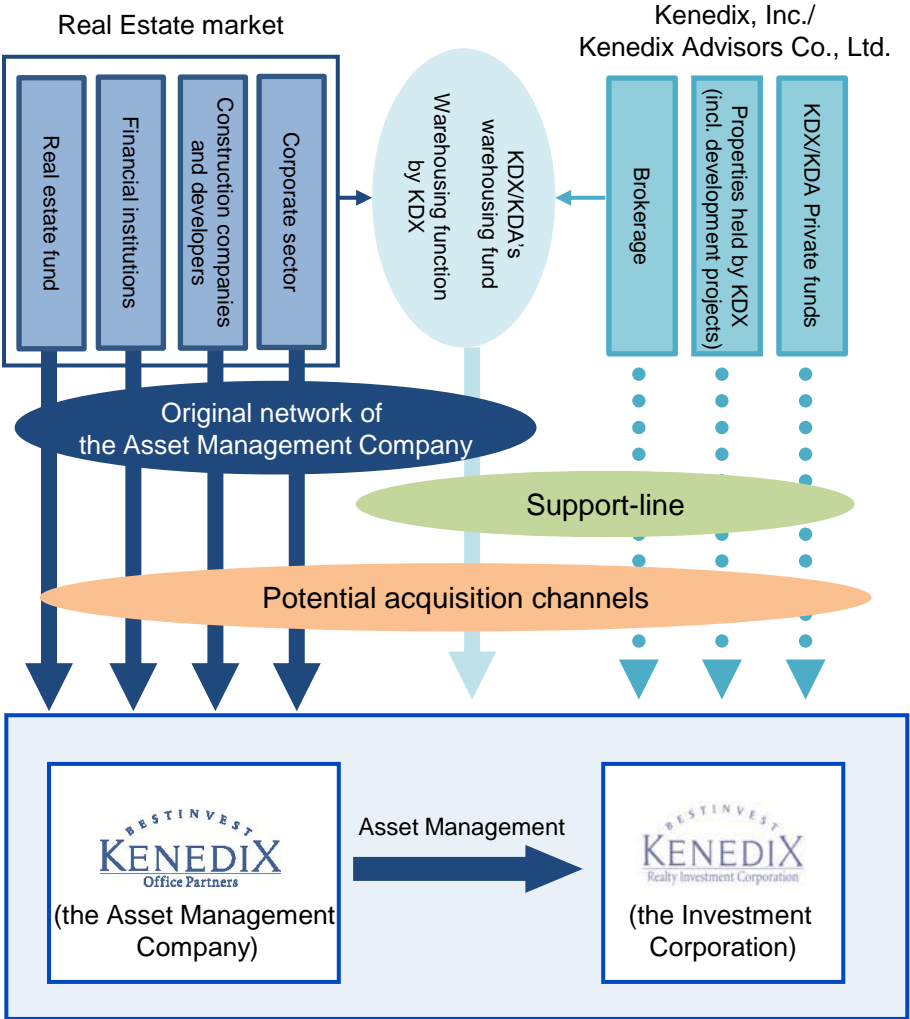
Rental management fee	2% of rent revenues + 2% of operating revenues from the property (after deducting operating expenses and before deducting depreciation)
Management transfer fee	Amount determined in proportion to the acquisition/sale price (e.g. ¥1-3B → ¥2M, ¥5-10B → ¥2.4M)
Construction supervision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

# Structure of the Asset Management Company's Sponsor and Memorandum of Understanding

## Structure of the Sponsor

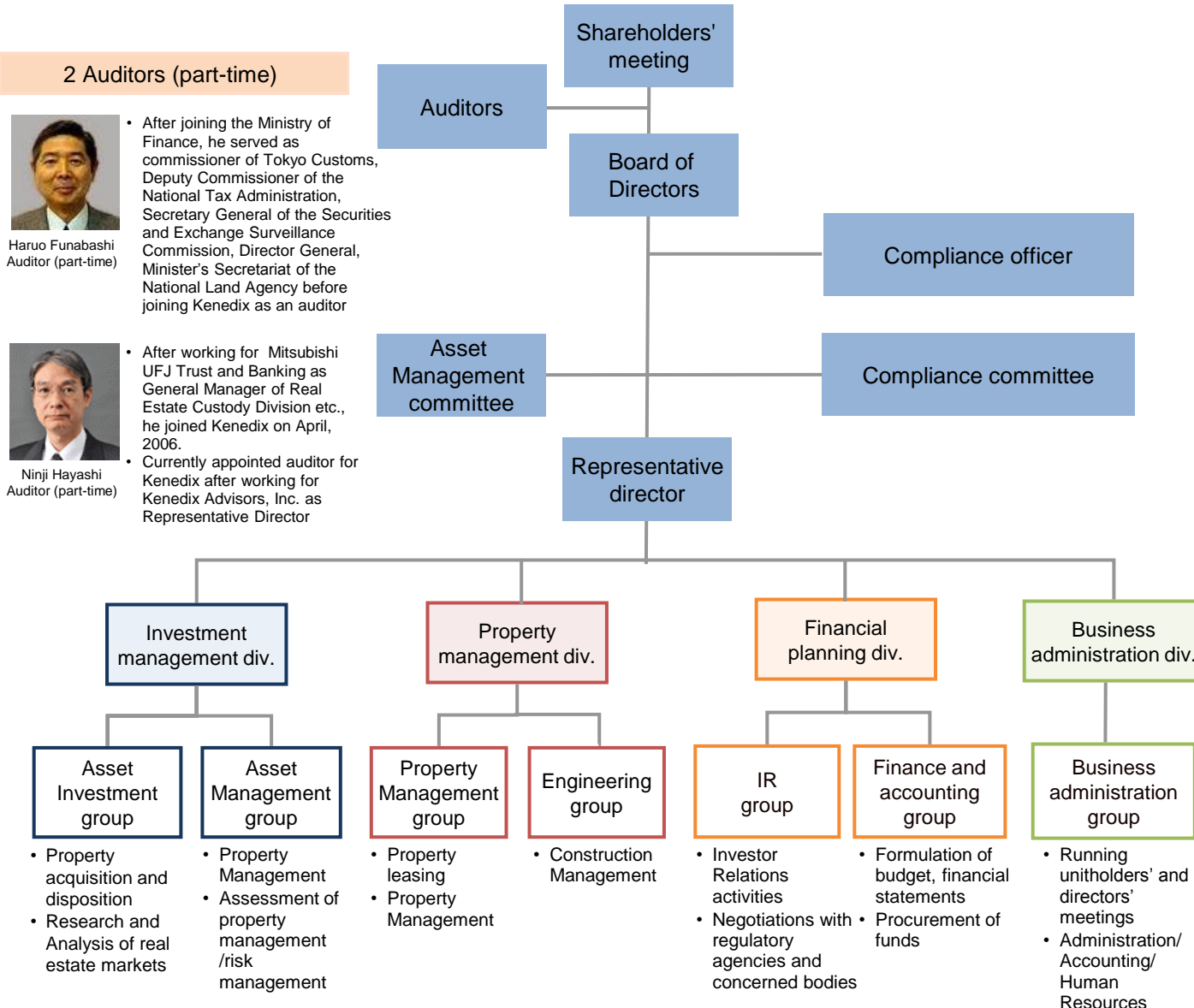


## Memorandum of Understanding



# Kenedix Office Partners, Inc.: Organizational chart

## Organization chart



## Key members



Naokatsu Uchida  
Representative director

- 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



Keisuke Sato  
Director & General Manager of Investment Management 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
- Transferred to Kenedix Office Partners, Inc. as a General Manager of Financial Planning Division
- Appointed General Manager of Investment Management Division on Aug 1, 2012



Fumihiko Shimodome  
Director & General Manager of Property Management 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



Hikaru Teramoto  
Director & General Manager of Financial Planning 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



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 Compliance Officer on Sep 16, 2008



# Disclaimer

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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.**