

Translation of Japanese Original

FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED April 30, 2023 (REIT)

(November 1, 2022, to April 30, 2023)

June 13, 2023

Kenedix Office Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 8972.

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1. PERFORMANCE FOR THE FISCAL PERIOD ENDED April 30, 2023 (November 1, 2022, to April 30, 2023)

(1) Business Results

(Amounts are rounded down to the nearest one million yen.)

(% indications are increase-decrease rate of period-over-period.)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the six months ended								
April 30, 2023	17,290	6.3	8,157	10.5	7,208	11.7	7,205	11.7
October 31, 2022	16,266	2.4	7,379	(0.6)	6,452	(0.7)	6,451	(0.7)

	Net Income per Unit	Return on Unitholders' Equity	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
For the six months ended	Yen	%	%	%
April 30, 2023	8,493	3.1	1.5	41.7
October 31, 2022	7,566	2.8	1.4	39.7

Note: The Investment Corporation implemented a two-for-one split of investment units with October 31, 2022, as the record date of the split and November 1, 2022, as the effective date. Net income per unit is calculated based on the assumption that the split of the investment units was implemented at the beginning of the fiscal period ended October 31, 2022.

(2) Distribution

	Distributions per Unit (Excluding Excess of Earnings)	Total Distributions (Excluding Excess of Earnings)	Distributions in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
For the six months ended	Yen	Millions of Yen	Yen	Millions of Yen	%	%
April 30, 2023	7,647	6,487	—	—	90.0	2.8
October 31, 2022	14,488	6,146	—	—	95.3	2.7

Note 1: Distributions per unit for the fiscal period ended April 30, 2023, are calculated by dividing the amount remaining after deducting the provision of reserve for reduction entry (718 million yen) from unappropriated retained earnings by the total number of investment units issued and outstanding. The main difference between distributions per unit and net income per unit is due to this calculation.

Note 2: Distributions per unit for the fiscal period ended October 31, 2022, are calculated by dividing the amount remaining after deducting the provision of reserve for reduction entry (304 million yen) from unappropriated retained earnings by the total number of investment units issued and outstanding. The main difference between distributions per unit and net income per unit is due to this calculation.

Note 3: The Investment Corporation implemented a two-for-one split of the investment units with October 31, 2022, as the record date of the split and November 1, 2022, as the effective date.

(3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
For the six months ended	Millions of Yen	Millions of Yen	%	Yen
April 30, 2023	474,274	230,482	48.6	271,657
October 31, 2022	473,013	229,562	48.5	270,573

Note: The Investment Corporation implemented a two-for-one split of investment units with October 31, 2022, as the record date of the split and November 1, 2022, as the effective date. Net assets per unit is calculated based on the assumption that the split of the investment units was implemented at the beginning of the fiscal period ended October 31, 2022.

This notice is an English-language translation of the original Japanese announcement on our website released on June 13, 2023. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

(4) Cash Flow Situations

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Period End
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the six months ended April 30, 2023	13,464	(903)	(6,145)	37,333
October 31, 2022	10,496	(13,525)	791	30,917

2. FORECAST OF RESULTS FOR THE FISCAL PERIODS ENDING October 31, 2023 (May 1, 2023, to October 31, 2023)

(% indications are increase-decrease rate of period-over-period.)

	Operating Revenues (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)		Distributions per Unit (Excluding Excess of Earnings)	Distributions in Excess of Earnings per Unit
		%		%		%		%	Yen	Yen
For the six months ending October 31, 2023	16,600	(4.0)	7,379	(9.5)	6,449	(10.5)	6,448	(10.5)	7,600	—

(Reference) Estimated net income per unit for the fiscal period ending October 31, 2023: 7,600 yen

Forecasted total number of investment units issued and outstanding as of October 31, 2023: 848,430 units

Forecasted average number of investment units during the fiscal period ending October 31, 2023: 848,430 units

Note: The Investment Corporation, Kenedix Residential Next Investment Corporation (“KDR”) and Kenedix Retail REIT Corporation (“KRR”; and KRR, KDO, and KDR are collectively referred to as “Each REIT”) announced that each of them has, at Each REIT’s Board of Directors Meeting held June 13, 2023, resolved to undertake an absorption-type merger, with November 1, 2023 as the effective date, whereby KDO will be the surviving corporation and KDR and KRR will be the dissolving corporations in the merger (the “Merger”), and have also executed a merger agreement (the “Merger Agreement”) on the same date. For the business result forecasts after the Merger, please refer to the press release “Notice Concerning the Operating Forecast and Distribution Forecast for the Fiscal Period Ending April 30, 2024 Following the Merger of Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation, and Kenedix Retail REIT Corporation” dated June 13, 2023 by Each REIT. For details of the Merger, please refer to “1. Operating Conditions (1) Operating Conditions ② Outlook for next fiscal period D. Important Subsequent Events after the Closing Date (a) Execution of the Merger Agreement by and among the Investment Corporation, KDR and KRR” on page 5 below.

*OTHER

(1) Changes in Accounting Policies • Changes in Accounting Estimate • Retrospective Restatement

(a) Changes concerning accounting policy accompanying amendments to accounting standards: No

(b) Changes other than (a): No

(c) Changes in accounting estimate: No

(d) Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

(a) Total number of investment units issued and outstanding at period end (including own investment units)

As of April 30, 2023: 848,430 units

As of October 31, 2022: 424,215 units

(b) Number of own investment units at period end

As of April 30, 2023: 0 units

As of October 31, 2022: 0 units

Note: Please refer to page 30, “Notes on Information per Unit” for the number of investment units as the base of the calculation of net income per unit.

* The financial report is not subject to audit by certified public accountants or audit corporations.

* Special Consideration

Readers are advised that the outlook on management conditions and other forward-looking statements contained herein are based on information currently available to the Investment Corporation and certain assumptions that the Investment Corporation considers to be reasonable. Actual management conditions, etc. may differ materially from these forecasts due to various factors.

In addition, the forecast figures are calculated as of the date of this document under the assumptions indicated in “Preconditions and Assumptions for the Thirty-Seventh Fiscal Period Ending October 31, 2023” on page 12, and the actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may differ from forecasts due to the change in the situation. Accordingly, the Investment Corporation does not guarantee payment of the forecast distributions.

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1. Operating Conditions

(1) Operating Conditions

① Operating conditions for the fiscal period under review

A. The Investment Corporation

The Investment Corporation was established on May 6, 2005, in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of the year 1951, including amendments thereafter) (“Investment Trust Act”). On July 21, 2005, the Investment Corporation was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange, Inc. (“the Tokyo Stock Exchange”) with a total of 75,400 investment units issued and outstanding (Securities Code: 8972). Subsequently, the Investment Corporation raised funds through public offerings and such as well as acquired and cancelled own investment units (4,295 units) during the previous fiscal period (fiscal period ended October 31, 2022) and implemented a split of its investment units with November 1, 2022, as the effective date. As a result, as of the end of the fiscal period under review (April 30, 2023), the number of investment units issued and outstanding totaled 848,430 units.

The Investment Corporation entrusts Kenedix Real Estate Fund Management, Inc. (“the Asset Management Company”) with its asset management and strives to maximize unitholder profits by securing stable earnings and sustainable growth of investment assets. To this end, the Investment Corporation adopts the basic policy of conducting flexible and dynamic investment that seeks to respond to the environment and market trends, endeavors to ensure a timely response to opportunities, and form a portfolio.

B. Investment Environment and Management Performance

(a) Investment Environment

During the fiscal period under review (fiscal period ended April 30, 2023), the Japanese economy saw a positive turn in the growth rate of real GDP. Despite high commodity prices, personal consumption remained strong and inbound demand is also expected to recover. It was reconfirmed that the economy supported by accommodative fiscal and monetary policies is maintaining a gradual recovery trend. On the other hand, it is necessary to pay attention to the future financial and interest rate trends such as fluctuation in the U.S. and European financial systems, which remain uneasy due to the occurrence of events such as the bankruptcy of U.S. regional banks and the relief merger of European financial institutions, and the Bank of Japan’s monetary policy.

In terms of the office leasing market, both the average vacancy rate and average rent (including for newly built office buildings) in Tokyo’s five central wards remained generally flat according to the data announced by Miki Shoji Co., Ltd. The slight decrease in vacancy rate was attributable to the progress in the conclusion of contracts for buildings completed within the past one year as well as the conclusion of contracts including large relocations for office expansion and floor expansion within the same building despite the occurrence of new vacancies due to office reduction and consolidation in April. Movements of tenants centering on Japanese companies also continue to be seen.

	October 2022	April 2023	Change
Average Vacancy Rate	6.44%	6.11%	(0.33%)
Average Rent	20,114 yen	19,896 yen	(218 yen)

Even in other major cities across Japan, the rise in average vacancy rate slowed down and both average vacancy rate and average rent remained generally flat except in some cities.

In the office building transaction market, the amount of sales information of prime mid-sized office buildings remains small, and investors are concentrating on limited sales projects. Therefore, cap rates remain at continuously low levels. As the investment appetite of domestic and overseas investors is generally strong and property transactions by real estate companies and other domestic and overseas investors as well as listed real estate investment corporations (J-REITs) and private REITs have continued to be conducted, no significant change has been seen in the willingness to invest in office buildings.

(b) Management Performance

The Investment Corporation sold an office building (KDX Kawasaki-Ekimae Hon-cho Building: Acquisition price 3,760 million yen, Sale price 4,508 million yen) during the fiscal period under review.

The overview of the portfolio at the end of the fiscal period under review (excluding the TK interest (Note 1)) is as follows.

	End of Previous Fiscal Period	End of Fiscal Period Under Review	Change
Number of Properties	98	97	(1)
Total Acquisition Price (Millions of yen)	457,076	453,316	(3,760)
Number of End Tenants for Office Buildings (Note 2) (Note 3)	1,189	1,208	+19

Percentage by Use (Acquisition Price Basis)

	End of Previous Fiscal Period	End of Fiscal Period Under Review	Change
Office Buildings	99.4%	99.4%	(0.0%)
Others	0.6%	0.6%	+0.0%

Occupancy Rate of Office Buildings

	End of Previous Fiscal Period	End of Fiscal Period Under Review	Change
Entire Office Building	97.8%	98.4%	+0.6%
Tokyo's Five Central Wards	98.7%	99.2%	+0.5%
Other Tokyo Metropolitan Areas	97.1%	97.8%	+0.7%
Regional Areas	97.4%	98.0%	+0.6%

Note 1: The initial investment amount for the TK interest is 1,107 million yen.

Note 2: When a tenant is leasing more than one property, it is counted as one tenant and the number of tenants is indicated accordingly.

Note 3: The number of end tenants for the entire portfolio is 1,209 as of the end of the fiscal period under review.

C. Capital Financing

(a) Status of Borrowings and Investment Corporation Bonds

During the fiscal period under review, the Investment Corporation undertook borrowings of 4,800 million yen for repayment of borrowings of the same amount that matured during the fiscal period.

The balance of interest-bearing debt at the end of the fiscal period under review is as follows.

Total borrowings	201,950 million yen
Short-term borrowings (Note 1)	300 million yen
Long-term borrowings (Note 1)	201,650 million yen
Investment corporation bonds	13,000 million yen
Balance of interest-bearing debt	214,950 million yen

Furthermore, interest rates for 112,550 million yen of long-term borrowings with floating interest rates have been practically fixed by utilizing interest rate swaps in order to hedge risk of rise in interest rates. As a result, the balance of long-term borrowings with fixed interest rates including 84,100 million yen of long-term borrowings with fixed interest rates was 196,650 million yen at the end of the fiscal period under review.

Long-term debt ratio (Note 2)	99.9%
Long-term fixed interest debt ratio (Note 3)	97.5%
Average remaining term of interest-bearing debt (Note 4)	3.7 years
Average interest rate of interest-bearing debt (Note 4)	0.82%
Interest-bearing debt ratio (Note 5)	45.3%

Note 1: Short-term borrowings refer to borrowings with a period of less than or equal to one year from the drawdown date to the repayment date.

However, the borrowings whose period until repayment date have surpassed one year because the repayment date one year from the drawdown date is not a business day and for which the repayment date has been moved to the following business day are included in short-term borrowings. Long-term borrowings refer to borrowings with a period of more than one year from the drawdown date to the repayment date. The same applies below.

Note 2: Long-term debt ratio = (Balance of long-term borrowings + Balance of investment corporation bonds) / (Total borrowings + Balance of investment corporation bonds) × 100

Long-term debt ratio is rounded to the first decimal place.

Note 3: Long-term fixed interest debt ratio = (Balance of long-term fixed interest rate borrowings + Balance of investment corporation bonds) / (Total borrowings + Balance of investment corporation bonds) × 100

The balance of long-term fixed interest rate borrowings includes long-term borrowings with floating interest rates effectively fixed by utilizing interest-rate swap agreements. Long-term fixed interest debt ratio is rounded to the first decimal place.

Note 4: Average remaining terms and average interest rates are the weighted average of the period-end remaining terms and interest rates including annual upfront fees based on the balance of interest-bearing debt. Average remaining terms are rounded to the first decimal place and average interest rates are rounded to the second decimal place, respectively.

Note 5: Interest-bearing debt ratio = Balance of interest-bearing debt at the end of fiscal period / Total assets at the end of fiscal period × 100

Interest-bearing debt ratio is rounded to the first decimal place.

(b) Status of Credit Rating

The status of the credit ratings as of the end of fiscal period under review (April 30, 2023) is as follows:

Credit Rating Agency	Details of the Ratings	
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating	AA (Outlook: Stable)
	Ratings on Bonds	AA

(c) Status of Shelf Registration

The Investment Corporation filed a shelf registration statement for investment corporation bonds (excluding short-term investment corporation bonds) on November 30, 2022. Details are as follows.

Planned Issue Amount	100,000 million yen
Planned Issuance Period	December 8, 2022, to December 7, 2024
Use of Funds	Acquisition funds for specified assets described in Article 2-1 of Investment Trust Act, repayment of borrowings, redemption of investment corporation bonds (including short-term investment corporation bonds), refund of lease and guarantee deposits, funds to pay for repairs and maintenance, working capital, etc.

D. Operating Results and Cash Distribution

As a result of the aforementioned management performance, the Investment Corporation reported operating revenues of 17,290 million yen, operating income of 8,157 million yen, ordinary income of 7,208 million yen and net income of 7,205 million yen for the fiscal period under review (fiscal period ended April 30, 2023).

Concerning the cash distributions for the fiscal period under review, special taxation measures for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of the year 1957, including amendments thereafter; “the Special Taxation Measures Act”)) are applied based on the cash distribution policies stipulated in the Articles of Incorporation. In addition, the Investment Corporation decided to apply the “Special Provisions for Taxation in Cases of Repurchase of Specified Assets” (Article 65-7 of the Special Taxation Measures Act) in the fiscal period under review and internally reserve part of the unappropriated retained earnings as reserve for reduction entry. Following this policy, the Investment Corporation distributed 6,487,944,201 yen, which is the amount remaining after deducting 718 million yen within the scope of application of the provisions of both Article 67-15 and Article 65-7 of the Special Taxation Measures Act as provision of reserve for reduction entry from unappropriated retained earnings. As a result, distribution per unit is 7,647 yen.

② Outlook for next fiscal period

A. External Growth Strategy

(a) Investment Criteria

The Investment Corporation continues to invest mainly in mid-sized office buildings in the Tokyo Metropolitan Area under the policy of capturing the trend and investing timely in a flexible and dynamic manner.

Distribution Target by Property Type

Office Buildings	Of office buildings, rental office buildings of which the main use under the Building Standard Act is office and for which the total floor area of the entire building stated in the certificate of all registered matters (“total floor area”) fulfills the following criteria (“mid-sized office building”). <ul style="list-style-type: none"> • Tokyo 23 wards Total floor area: 13,000 m² or less • Outside Tokyo 23 wards Total floor area: 20,000 m² or less 	80-100%
	Of office buildings, those that do not fall under the category of mid-sized office buildings	
Central Urban Retail Properties	Central urban retail properties with high tenant substitutability located in districts with a high degree of bustle	0-20%
Others	Land with leasehold (limited proprietary right of land) or buildings with floor area of which use under the Building Standards Act is not subject to investment in accordance with the Investment Corporation’s investment policy	

Distribution Target by Area

The Investment Corporation mainly invests in real estate, etc. located in the Tokyo Metropolitan area (Tokyo and its three neighboring prefectures: Kanagawa, Saitama and Chiba), which is the largest economic area and the most densely populated region in Japan. We also make some diversified investments in real estate in rural economic zones (major urban areas such as government-designated cities) to minimize risks seen when concentrating on a certain region, such as fluctuations in the local economy and real estate market, population fluctuation and natural disasters such as earthquakes and typhoons.

(b) Use of Sponsor Support

Moreover, when acquiring assets, the Investment Corporation will aim for the sound and stable growth of the portfolio by securing continuous opportunities for acquiring properties and flexible acquisition methods in utilizing the networks of the Asset Management Company and the support line of the Kenedix Group (Note) centering on Kenedix, Inc., a parent company of the Asset Management Company, Sumitomo Mitsui Finance and Leasing Co., Ltd. and SMFL MIRAI Partners Co., Ltd. through building multiple pipelines. Furthermore, based on the premise that the Investment Corporation can obtain opportunities for property acquisitions in the future, the Investment Corporation may invest in TK interest, etc., with the Kenedix Group and others on a conjoint basis. In addition, the Investment Corporation seeks to diversify acquisition methods (direct acquisition, equity investment and co-acquisition with the Kenedix Group, mutual transaction with a view of asset reshuffle, etc.) to secure tactful acquisition of properties such as investments in warehousing-related TK, etc., in cooperation with the Kenedix Group with consideration to the timing of funding or the consistency of the investment principles.

Note: Kenedix Group refers to the company group consisting of Kenedix, Inc. and its subsidiaries, related companies, etc. The same applies below.

B. Internal Growth Strategy

Taking into consideration economic and real estate market trends, the Investment Corporation adopts “a tenant-oriented approach which will lead to revenue” for its leasing activities with aims of ensuring a timely and flexible response as well as optimizing tenant satisfaction. Accordingly, the Investment Corporation seeks to aim to maintain/increase cash flow by offering office environments with high tenant satisfaction.

Based on the aim to become “the mid-sized office building of choice,” the Asset Management Company undertakes asset management activities as follows:

- Take measures to maintain and raise competitiveness of properties
- Tailor leasing management according to the market environment
- Apply careful control of management and operating costs by taking advantage of portfolio size
- Ensure appropriate response to relevant laws and regulations
- Develop a proactive response to environmental issues

C. Financial Strategy

The Investment Corporation continuously strives to improve the terms and conditions of existing borrowings, and aims for stable financial management by taking the following measures, etc.

- Reduce refinance risks by diversifying maturities of interest-bearing debts
- Have the procurement ratio of long-term fixed interest borrowings above a certain level
- Control the interest-bearing debt ratio (Note) in a conservative manner (the Investment Corporation will aim to keep the interest-bearing debt ratio to total assets (LTV) at around 45% level as a rule. However, it will also remain open to the option of increasing LTV to the upper 40% level in the event of debt financing conducted for the purpose of acquiring competitive properties or otherwise.)

Moreover, the Investment Corporation will undertake stable fund procurement based on existing favorable relations with financial institutions, especially major banks, aiming for more robust financial management. In addition, the Investment Corporation aspires to pay attention to the share of each bank and consider as appropriate the introduction of transactions with new banks based on comparison with the conditions with currently transacting banks.

Note: Interest-bearing debt ratio = Balance of interest-bearing debt at the end of fiscal period / Total assets at the end of fiscal period×100

D. Important Subsequent Events after the Closing Date**(a) Execution of the Merger Agreement by and among the Investment Corporation, KDR and KRR**

The Investment Corporation, KDR and KRR announced that each of them has, at Each REIT’s Board of Directors Meeting held June 13, 2023, resolved to undertake the Merger with November 1, 2023 as the effective date, and have also executed the Merger Agreement on the same date.

i. Purpose of the Merger

The Japanese economy is making a moderate recovery as movement restrictions to prevent the spread of COVID-19 infections was removed, and its economic and social activities are being normalized. However, there are uncertain factors in the economic conditions in and outside Japan such as changes in the global affairs, emergence of geopolitical risks and effects of economic sanctions related to these risks as a result of the invasion of Ukraine by Russia, continuous global inflation related to rising commodity prices and fuel costs, increase of the policy interest rates by major countries, and bankruptcies of overseas financial institutions.

In such environment, the current real estate investment trust securities market (the “J-REIT market”) is unstable and affected by the concern for rising operational costs due to inflation and the fear for the rise in the long-term interest rates due to future changes of the monetary policies by the Bank of Japan.

The asset management company of Each REIT, the Asset Management Company was established as follows: Kenedix Residential Partners, Inc. established in March 2011 merged with Kenedix Office Partners, Inc. and Kenedix Advisors, Inc. (both established in November 2003) in October 2013 in an absorption-type merger, and changed its corporate name to the current name of the asset management company. Each REIT has received sponsor support from Kenedix Group and has achieved operational results.

Each REIT has implemented various measures to ensure the acquisition of stable profits and the continued growth of investment assets by leveraging each characteristic.

However, the real estate market’s evaluations of the mid-sized office buildings, which are the Investment Corporation’s main investment target, have not changed because of their scarcity and liquidity. Thus, the capitalization rate remains low and it remains hard to acquire mid-sized office buildings. Moreover, recently, unit prices of the Investment Corporation are significantly below NAV per unit due to the concern for the market outlook regarding secondary vacancies and rent decline due to large supplies of large office buildings, and there are limited opportunities for external growth that involve public offering. Therefore, there are issues with ensuring continued future growth. As for KDR, although KDR has conducted public offerings for five consecutive years, there is the possibility that the acquisition competition may escalate and the acquisition opportunities may decrease due to the relatively stable profitability of residential properties, and recently unit price is below NAV per unit. Moreover, KDR’s LTV is relatively high in the J-REIT market, and KDR has concerns regarding the increase in costs when interest rates are rising. As for KRR, although KRR has a rich real estate pipeline, it has been increasingly difficult to acquire shopping centers for daily needs since the COVID-19 pandemic. In addition, there are concerns over increase in costs caused by inflation, and there are issues such as limited room for the future internal growth as a whole due to the long-term fixed rents.

Moreover, Each REIT is watching the trends of interest levels and price levels such as costs of utilities, which may have an impact on the profitability of their portfolios in the future, and Each REIT recognizes this situation as their common issues.

In such circumstances, Each REIT agreed to start negotiation for merger and carefully deliberated on the issues in order to deal with the issues described above, respond flexibly to environmental changes and attain continued growth. As a result, Each REIT came to the same conclusion that the Merger will contribute to maximize unitholders’ value by leading to the continued growth by expanding investment target sectors, improving their presence and stability in the market by increasing the sizes of their assets, and enabling more commitment for sustainability. Therefore, the Merger Agreement was made and entered into by and among Each REIT.

Each Investment Corporation considers that the Merger has the following rationale:

(i) Sustainable growth driven by expansion of investment universe

The New REIT (defined below) will continue to focus on their main investment target, i.e. mid-sized office buildings, residential properties, healthcare facilities, and shopping centers for daily needs, and it will start to additionally focus on logistics facilities and hotels, in which Each REIT has conducted only limited investments until now, to increase opportunities for acquisitions. In addition, the Merger will enable asset reshuffling among different asset types, disposing of properties with less competitiveness or profitability, allow flexibly to the changes of the external environment surrounding the real estate market, and activate the investments in the investment target sectors that are expected to grow, and thus leading to the improvement of portfolio profitability. As described above, the New REIT aims to attain continued growth beyond the boundary of the strategic management for the existing specialized REIT through a strategic management that ensures a wide range of opportunities for acquisitions and flexibility related to the expansion of the investment target sectors.

(ii) Improvement in the market presence and ability

Through the Merger, the asset size of the investment corporation after the Merger (the “New REIT”) will be ranked third in the J-REIT market (Note 1) and this will significantly improve the presence in the market and liquidity of investment units, and the portfolio is expected to own a total of 350 (Note 2) properties after the Merger. Having the largest expected number of properties in the J-REIT market will enhance diversification and contribute to improve the stability of the portfolio. In addition, a property manager that leverages the advantage of its scale will contribute to increase resilience against the pressure of the rising costs.

(iii) Further commitment to sustainability

Each REIT has recognized sustainability as a significant issue and has taken the initiative in implementing various initiatives. Specifically, the Investment Corporation has become the first investment corporation in the J-REIT market to participate in GRESB Real Estate Assessment, KDR was the first J-REIT to issue social bonds, and KRR was the first J-REIT to introduce investment unit performance fee. The New REIT plans to integrate and elevate expertise accumulated by Each REIT through the Merger and aims to be a leading company in the sustainability initiatives. Moreover, the New Investment Corporation plans to further enforce the sustainability initiatives under the management system with a high degree of specialization and diversity by introducing a new management fee structure that is linked to unitholder value and sustainability metric, improving governance through the enhancement of supervisory officers, and promoting diversity.

Note 1: The amount of asset size after the Merger is calculated by totaling the asset size of Each REIT. The asset size of the Investment Corporation is assumed to be the total of acquisition price of the properties in the portfolio as of April 30, 2023, plus the acquisition (scheduled) price reflecting the acquisitions and sales (including one that are scheduled) of the properties from May 1, 2023 to the effective date of the Merger. The asset size of KDR and KRR is considered to be the appraisal values of the properties as of the end of the latest fiscal period (relating to KDR, as of January 31, 2023 (provided, however, that, this includes the acquisitions of Sunny Life Tachikawa and Rehabili-home Bon Sejour Minamisenzoku; relating to KRR, as of March 31, 2023). The asset sizes of the other investment corporations in the J-REIT market are calculated based on the asset sizes including any properties that the other investment corporations announced the acquisition and sale thereof in the J-REIT market as of April 30, 2023 (acquisition (scheduled) price basis). Therefore, it is not guaranteed that the New REIT after the Merger will have the third largest asset size in the J-REIT market as of the effective date of the Merger. In regard to the asset size after the Merger, because it is planned that assets of KDR and KRR will be succeeded at market price based on the purchase method by the Investment Corporation as the acquiring corporation, the asset size will not be a simple sum of the total (scheduled) acquisition price of the Investment Corporation and the total appraisal values of KDR and KRR as of the end of the latest accounting period.

Note 2: The number of properties of the portfolio after the Merger is based on the number of properties of the Investment Corporation, KDR and KRR as of the date hereof and reflecting the change in the number of the acquisitions and sales of the properties (including ones that are scheduled) by the effective date of the Merger. KDX Chofu Building is treated as one property in the calculation of the number of properties of the portfolio after the Merger though the Investment Corporation owns its office tower and KRR owns its retail wing respectively as of June 13, 2023. The numbers of the properties of the other investment corporations in the J-REIT market is calculated based on the number of properties including those that the other investment corporations announced acquisition and sale thereof in the J-REIT market as of April 30, 2023. Therefore, it is not guaranteed that the portfolio of the New REIT after the Merger will have the largest number of properties in the J-REIT market as of the effective date of the Merger.

ii. Form of the Merger

The Investment Corporation will be the surviving corporation under an absorption-type merger and KDR and KRR will be dissolved in the Merger.

iii. Allocation ratio etc.

	The Investment Corporation (Surviving corporation in the absorption-type merger)	KDR (Dissolving corporation in the absorption-type merger)	KRR (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1.34	1.68
		(Reference) Before the Investment Unit Split 0.67	(Reference) Before the Investment Unit Split 0.84

Note 1: The number of the Investment Corporation's new investment units to be issued as a result of the Merger (the number of units taking into account the Investment Unit Split of the Investment Corporation): 2,446,037

Note 2: For details of the investment unit split refer to "iv. Split of Investment Units" below. The same applies hereinafter.

iv. Split of Investment Units

The Merger will be effected by way of an absorption-type merger with the Investment Corporation as the surviving corporation, with KDR and KRR having a merger ratio of 0.67 and 0.84, respectively, against one for the Investment Corporation, before taking into account the Split of Investment Units. However, with this merger ratio, 0.67 Investment Corporation's investment units will be allotted against one KDR investment unit and 0.84 Investment Corporation's investment units will be allotted against one KRR investment unit, resulting in a number of KDR and KRR unitholders that will receive Investment Corporation's investment units of less than one unit. For this reason, in order to enable the unitholders of KDR and KRR to continue to hold the Investment Corporation's investment units after the Merger, we decided to split the Investment Corporation's investment units at a ratio of two investment units per one investment unit, for the purpose of providing at least one Investment Corporation's investment unit to all unitholders of KDR and KRR. As a result of the Split of Investment Units, KDR unitholders will be allotted 1.34 Investment Corporation's investment units after the Split of Investment Units against each KDR investment unit, and KRR unitholders will be allotted 1.68 Investment Corporation's investment units after the Split of Investment Units against each KRR investment unit.

(i) Method of Split of Investment Units

The Investment Corporation will implement a two for one split of the investment units held by unitholders of the Investment Corporation stated or recorded on the registry of unitholders as of Tuesday, October 31, 2023, which is the day preceding the effective date of the Merger. The Split of Investment Units will become effective on Wednesday, November 1, 2023, which is the effective date of the Merger, provided that the merger agreement pertaining to the Merger has not been terminated or expired by the day before the effective date of the Merger.

(ii) Number of Investment Units to be Increased by the Split of Investment Units

- 1) Total number of Investment Corporation's investment units issued 848,430 units and outstanding before the Split of Investment Units:
- 2) Number of investment units to be increased through the Split of Investment Units: 848,430 units
- 3) Total number of Investment Corporation's investment units issued 1,696,860 units and outstanding after the Split of Investment Units:
- 4) Total number of Investment Corporation's investment units issued 4,142,897 units (Note 1) and outstanding after the Merger:
- 5) Total number of authorized investment units after the Split of Investment Units and the Merger: 20,000,000 units (Note 2)

Note 1: The number of investment units will be calculated based on the assumption that one KDR investment unit will be allotted 1.34 Investment Corporation's investment units after the Split of Investment Units for all of KDR's issued investment units as of June 13, 2023 (1,070,433 units), and one KRR investment unit will be allotted 1.68 Investment Corporation's investment units after the Split of Investment Units for all of KRR's issued investment units as of June 13, 2023 (602,177 units).

Note 2: The current total number of authorized Investment Corporation's investment units is 4,000,000 units. However, in connection with the Split of Investment Units, the Articles of Incorporation of the Investment Corporation will be partially amended and the total number of authorized investment units will be changed as of the effective date of the Merger.

(iii) Effect on the information per unit of the Investment Corporation

The information per unit for the fiscal period under assuming that the Split of Investment Units was conducted at the beginning of this fiscal period is described as follows.

- 1) Net Assets per Unit: 135,828 yen
- 2) Net Income per Unit: 4,246 yen

v. Delivery of Payment upon the Merger

In addition to the above mentioned investment units, the Investment Corporation intends to pay unitholders of KDR and KRR (the unitholders stated or recorded in the final unitholders' registers of KDR and KRR on the day before the effective date of the Merger (excluding Each REIT and unitholders of KDR and KRR who has demanded the purchase of their investment units pursuant to Article 149-3 of the Investment Trusts Act (excluding those who have withdrawn such demand for purchase) (hereinafter referred to as the "Unitholders Subject to Allocation")), in lieu of cash distributions (distributions of profits) for the last fiscal period of KDR and KRR which ends the day before the effective date of the Merger, the Payment upon the Merger in the form of cash distributions based on distributable income of KDR and KRR for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from a division of the amount of distributable income of KDR and KRR on the date before the effective date of the Merger by the number of issued investment units of KDR and KRR on that date as reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation. The Payment upon the Merger will be paid within a reasonable period from the effective date of the Merger.

vi. Overview of the Previous Fiscal Period for KDR and KRR

Overview of the Previous Fiscal Period (ending January 31, 2023) for KDR

Business	: To invest assets mainly in specified assets as set forth in the Investment Trust Act
Operating Revenues	: 9,936 million yen
Net Profit	: 4,593 million yen
Total Assets	: 327,014 million yen
Total liabilities	: 175,381 million yen
Net assets	: 151,632 million yen

Overview of the Previous Fiscal Period (ending March 31, 2023) for KRR

Business	: To invest assets mainly in specified assets as set forth in the Investment Trust Act
Operating Revenues	: 9,924 million yen
Net Profit	: 3,922 million yen
Total Assets	: 287,569 million yen
Total liabilities	: 145,002 million yen
Net Assets	: 142,566 million yen

vii. Time of the Merger

Effective date of the Merger: November 1, 2023 (planned)

(b) Decision of the disposition of properties

The Investment Corporation executed the Sales and Purchase Agreement regarding the disposition of the following properties (The anticipated disposition properties are hereinafter referred to as the “Anticipated Disposition Properties”) as of June 13, 2023, and decided to dispose the Anticipated Disposition Properties. The execution of disposition of the Anticipated Disposition Properties is subject to the entry into force of the Merger.

Property name	Type of property	Location	Anticipated disposition price (millions yen) (Note 1)	Contract date	Scheduled date of disposition	Buyer (Note 2)
Harajuku F.F. Building	Trust beneficiary interest	Shibuya-ku, Tokyo	3,880	June 13, 2023	November 1, 2023	Kenedix, Inc.
KDX Nagoya Sakae Building	Real estate (Note 3)	Nagoya, Aichi	6,050	June 13, 2023	November 1, 2023	Kenedix, Inc.

Note 1: Anticipated disposition price excludes the acquisition expenses, property taxes, city planning taxes and consumption taxes.

Note 2: Under the Sales and Purchase Agreement for trust beneficiary interest in the Anticipated Disposition Properties, the buyer may dispose the buyer's position under the the Sales and Purchase Agreement for trust beneficiary interest in the Anticipated Disposition Properties to a special purpose company formed by the buyer or its affiliate that satisfies certain requirements such as financial resources to pay the sale price. Therefore, the filal buyer may change from Kenedix, Inc. to a special purpose company formed by Kenedix, Inc. or an affiliate of Kenedix, Inc.

Note 3: KDX Nagoya Sakae Building is owend as real estate as of June 13, 2023. However, the Investment Corporation has agreed with the Buyer that the Investment Corporation will entrust KDX Nagoya Sakae Building by the scheduled date of disposition.

Note 4: The execution of disposition is subject to the entry into force of the Merger.

Note 5: The Sales and Purchase Agreement for trust beneficiary interest in the Anticipated Disposition Properties fall under the forward commitments, etc. by The Investment Corporation as specified in the Financial Services Agency “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” are applicable. If The Investment Corporation violate any of the provisions of the Transaction Agreement for trust beneficiary interest in the Anticipated Disposition Properties and then the Sales and Purchase Agreement is cancelled for the reason that purposes of the Transaction Agreement cannot be fulfilled due to such violation, The Investment Corporation shall pay a certain ratio of the transaction price from which consumption taxes, etc. are excluded as a penalty fee. Such penalty fee is set at 5% from June 13, 2023 to August 21, 2023 and 10% from August 22, 2023 to November 1, 2023.

(Reference Information)

(a) Sale of Asset

The Investment Corporation sold the following silent partnership equity interest on May 31, 2023.

Date of Sale	Asset Name	Asset Sold	Real Estate in Trust	Buyer	Sale Price (Millions of Yen) (Note 4)
May 31, 2023	G. K. KRF43 Silent Partnership Equity Interest (50.0% equity interest) (Note 1) (Note 2)	Equity interest in silent partnership investing in real estate in trust beneficiary interest	Shinjuku Sanei Building	Not disclosed (Note 3)	1,150

Note 1: Interests in a silent partnership operated by G.K. KRF43 are indicated.

Note 2: The percentage of silent partnership equity interest specified in the sale contract is shown.

Note 3: Not disclosed because the consent of the buyer has not been obtained.

Note 4: Sale costs and distributions payable are excluded.

(2) Risk Factors

Following risks are added to the “Investment Risks” as described in the latest Securities Report submitted on January 27, 2023.

A. Risk that the Anticipated Disposition Properties cannot be disposed

If there is a significant change in the economic environment or if precondition as stipulated in the Sales and Purchase Agreement is not fulfilled due to other circumstances, etc., the disposition of the Anticipated Disposition Properties for which the Sales and Purchase Agreement was executed on June 13, 2023 may not be executed. In such a case, the Investment Corporation may not realize the profit intended by the disposition of the Anticipated Disposition Properties and may cause damage to the unitholders.

B. Risk concerning a series of initiatives for the merger of the Investment Corporation

The Investment Corporation has executed the Merger Agreement with KDR and KRR on June 13, 2023. However, there is no guarantee that the Merger will be realized. Furthermore, the terms and conditions of the Merger may be changed in the process of future discussions and deliberations. If the Merger is not realized or the terms and conditions of the Merger are changed, the market price of the investment Units may be affected. Also, even if the Merger is realized, there is no guarantee that the Investment Corporation will be able to achieve the objectives contemplated in the Merger and a series of related transactions.

(3) Outlook

Forecast for the thirty-seventh fiscal period (May 1, 2023, to October 31, 2023) is presented as follows.

Thirty-seventh fiscal period (May 1, 2023, to October 31, 2023)

Operating Revenues	16,600 million yen
Operating Income	7,379 million yen
Ordinary Income	6,449 million yen
Net Income	6,448 million yen
Distributions per Unit	7,600 yen
Excess of Earnings	- yen

For preconditions and assumptions of the outlook, please refer to the following “Preconditions and Assumptions for the Thirty-Seventh Fiscal Period Ending October 31, 2023.”

Note: Forecast figures above are calculated based on certain assumptions. Readers are advised that actual net income and distributions per unit may differ significantly from forecasts due to a variety of reasons. Accordingly, the Investment Corporation does not guarantee payment of the forecast distributions per unit.

Preconditions and Assumptions for the Thirty-Seventh Fiscal Period Ending October 31, 2023,

Item	Preconditions and Assumptions
Calculation Period	<ul style="list-style-type: none"> ● The thirty-seventh fiscal period (May 1, 2023, to October 31, 2023) (184 days) <p>*Assuming that the effectiveness of this merger will take place on November 1, 2023.</p>
Property Portfolio	<ul style="list-style-type: none"> ● It is assumed that the Investment Corporation owns 97 properties that are composed of real estate and trust beneficiary interest in real estate as of the date of this document. It is assumed that there will be no changes of assets in the property portfolio by the end of the thirty-seventh fiscal period ending October 31, 2023. ● The Investment Corporation also holds the TK equity other than above, but it is assumed that G.K. KRF43 Silent Partnership Equity Interest will be sold as described in the “Notice Concerning Sale of Investment Asset (Silent Partnership Equity Interest)” announced on April 20, 2023. ● The actual results may fluctuate due to changes in the property portfolio.
Operating Revenues	<ul style="list-style-type: none"> ● Rental revenues are estimated based on valid leasing agreements as of June 13, 2023, and by considering variable factors, such as seasonal factors against the backdrop of historical performance, as well as the recent real estate market conditions, in addition to the difference in number of operating days due to changes in existing investment assets described in Property Portfolio. ● Dividends received of 39 million yen for the thirty-seventh fiscal period ending October 31, 2023 have been assumed with regard to the TK equity stated in the above “Property Portfolio.” ● Forecasts are based on the assumption that there will be no rent in arrears or non-payments from tenants. ● With the sale of G.K. KRF43 Silent Partnership Equity Interest (50% equity interest) on May 31, 2023, 545 million yen is expected to be recorded as gain on sale of securities in the thirty-seventh fiscal period ending October 31, 2023.
Operating Expenses	<ul style="list-style-type: none"> ● Expenses related to rental business other than depreciation are based on the historic expenses, adjusted to reflect expense variables including seasonal factors. ● An amount of 1,490 million yen for the thirty-seventh fiscal period ending October 31, 2023 has been assumed for property and facility management fees (property management and building maintenance fees, etc.). ● An amount of 1,478 million yen for the thirty-seventh fiscal period ending October 31, 2023 has been assumed for taxes and public dues (property tax and city-planning tax, etc.). ● An amount of 2,581 million yen for the thirty-seventh fiscal period ending October 31, 2023 has been assumed for depreciation expense. ● An amount of 481 million yen for the thirty-seventh fiscal period ending October 31, 2023 has been assumed for repairs, maintenance and renovation expenses. Repairs, maintenance and renovation expenses are estimated based on the amounts budgeted by the Asset Management Company for each property and considered essential for the period. Actual repairs, maintenance and renovation expenses for the fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies. ● In general, property tax and city planning tax are allocated to the seller and buyer on a pro rata basis at the time of acquisition settlement. In the case of the Investment Corporation, an amount equivalent to the portion allocated to the purchaser is included in the acquisition cost of the property. ● An amount of 95 million yen for the thirty-seventh fiscal period ending October 31, 2023 has been assumed for the temporary merger expenses.
Non-Operating Expenses	<ul style="list-style-type: none"> ● Interest payable (including financing related expenses, etc.) of 912 million yen for the thirty-seventh fiscal period ending October 31, 2023.
Extraordinary Profit/Loss	<ul style="list-style-type: none"> ● Extraordinary profit/loss is not assumed.
Borrowings and Investment Corporation Bonds	<ul style="list-style-type: none"> ● The balance of the borrowings and the investment corporation bonds as of June 13, 2023, is 201,950 million yen and 13,000 million yen, respectively. ● Of the borrowings as of June 13, 2023, a total of 9,800 million yen in borrowings is due for repayment during the thirty-seventh fiscal period ending October 31, 2023. However, it is assumed that all borrowings will be refinanced. ● Of the investment corporation bonds as of June 13, 2023, it is assumed that no investment corporation bonds will mature by the end of the thirty-seventh fiscal period ending October 31, 2023.
Total Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> ● The total number of investment units issued and outstanding is assumed to be 848,430 units, which is the total number of investment units issued and outstanding as of April 30, 2023. ● It is assumed that there will be no change until the end of the thirty-seventh fiscal period ending October 31, 2023.
Distributions per Unit	<ul style="list-style-type: none"> ● Distributions per unit are calculated in accordance with the Cash Distribution Policies outlined in the Investment Corporation’s Articles of Incorporation. ● Actual distributions per unit may differ significantly from forecast figures due to a variety of reasons including changes in investment assets, rental revenues impacted by tenant turnover or incidence of major unforeseen renovation expense.

Item	Preconditions and Assumptions
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> ● The Investment Corporation does not currently anticipate distributions in excess of earnings.
Other	<ul style="list-style-type: none"> ● Forecasts are based on the assumption that any revisions to regulatory requirements, taxation, accounting standards, public listing regulations or requirements of the Investment Trusts Association, Japan will not impact forecast figures. ● Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.

2. Financial Statements

(1) Balance Sheets

	(Thousands of Yen)	
	Thirty-Fifth Fiscal Period (As of October 31, 2022)	Thirty-Sixth Fiscal Period (As of April 30, 2023)
Assets		
Current assets		
Cash and deposits	20,376,036	26,871,012
Cash and deposits in trust	11,745,529	11,636,598
Accounts receivable-trade	396,242	352,851
Prepaid expenses	112,649	74,513
Other	13,240	9,398
Total current assets	32,643,699	38,944,374
Noncurrent assets		
Property, plant and equipment		
Buildings	19,208,618	17,314,188
Accumulated depreciation	(7,768,708)	(7,122,069)
Buildings, net	11,439,910	10,192,119
Structures	44,224	39,836
Accumulated depreciation	(22,699)	(23,007)
Structures, net	21,524	16,828
Machinery and equipment	464,676	463,508
Accumulated depreciation	(336,018)	(348,262)
Machinery and equipment, net	128,658	115,245
Tools, furniture and fixtures	106,355	102,389
Accumulated depreciation	(83,487)	(84,747)
Tools, furniture and fixtures, net	22,868	17,642
Land	30,128,905	27,918,010
Buildings in trust	130,699,106 *2	131,523,808 *2
Accumulated depreciation	(42,535,054)	(44,709,397)
Buildings in trust, net	88,164,051	86,814,411
Structures in trust	429,675	435,544
Accumulated depreciation	(235,561)	(248,540)
Structures in trust, net	194,114	187,004
Machinery and equipment in trust	2,123,432	2,245,231
Accumulated depreciation	(1,038,762)	(1,105,353)
Machinery and equipment in trust, net	1,084,669	1,139,878
Tools, furniture and fixtures in trust	748,177	766,142
Accumulated depreciation	(458,579)	(484,568)
Tools, furniture and fixtures in trust, net	289,597	281,574
Land in trust	305,091,543	305,091,543
Total property, plant and equipment	436,565,845	431,774,258
Intangible assets		
Land leasehold	285,257	285,257
Land leasehold in trust	345,329	344,554
Other	57	39
Total intangible assets	630,644	629,852
Investments and other assets		
Investment securities	1,138,413	1,136,228
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	122,889	122,889
Long-term prepaid expenses	1,034,645	932,240
Other	813,924	678,437

(Thousands of Yen)

	Thirty-Fifth Fiscal Period (As of October 31, 2022)	Thirty-Sixth Fiscal Period (As of April 30, 2023)
Total investments and other assets	3,119,872	2,879,795
Total noncurrent assets	440,316,362	435,283,905
Deferred assets		
Investment corporation bond issuance costs	53,346	45,754
Total deferred assets	53,346	45,754
Total assets	473,013,408	474,274,035
Liabilities		
Current Liabilities		
Accounts payable	1,737,357	1,527,774
Short-term loans payable	300,000	300,000
Current portion of investment corporation bonds	—	2,000,000
Current portion of long-term loans payable	14,300,000	19,700,000
Accounts payable-other	559,553	801,842
Accrued expenses	101,839	106,022
Income taxes payable	831	1,509
Accrued consumption taxes	308,775	437,597
Advances received	2,774,028	2,874,538
Deposits received	4,987	16,180
Others	—	566
Total current liabilities	20,087,373	27,766,031
Noncurrent liabilities		
Investment corporation bonds	13,000,000	11,000,000
Long-term loans payable	187,350,000	181,950,000
Tenant leasehold and security deposits	2,284,874	2,196,875
Tenant leasehold and security deposits in trust	20,728,309	20,875,109
Other	537	3,548
Total noncurrent liabilities	223,363,720	216,025,533
Total liabilities	243,451,094	243,791,565
Net assets		
Unitholders' equity		
Unitholders' capital	220,970,508	220,970,508
Deduction from unitholders' capital	(2,999,551) *4	(2,999,551) *4
Unitholders' capital, net	217,970,957	217,970,957
Surplus		
Voluntary reserve		
Reserve for reduction entry	4,326,003	4,630,856
Total voluntary reserve	4,326,003	4,630,856
Unappropriated retained earnings (undisposed loss)	6,451,096	7,206,005
Total surplus	10,777,100	11,836,861
Total unitholders' equity	228,748,057	229,807,819
Valuation and translation adjustments		
Deferred gains or losses on hedges	814,256	674,650
Total valuation and translation adjustments	814,256	674,650
Total net assets	229,562,314 *1	230,482,469 *1
Total liabilities and net assets	473,013,408	474,274,035

(2) Statements of Income

	(Thousands of Yen)	
	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
Operating revenues		
Rental revenues	13,841,688 *1	13,896,892 *1
Other rental revenues	2,119,236 *1	2,176,002 *1
Gain on sales of real estate, etc.	240,982 *2	1,168,433 *2
Dividends income	64,462	49,385
Total operating revenue	16,266,370	17,290,713
Operating expenses		
Property related expenses	7,707,795 *1	7,793,647 *1
Asset management fees	976,930	1,117,455
Directors' compensation	6,300	6,300
Asset custody fees	23,870	24,075
Administrative service fees	59,530	61,419
Audit fees	12,800	13,200
Other operating expenses	99,583	116,749
Total operating expenses	8,886,810	9,132,847
Operating income	7,379,560	8,157,866
Non-operating income		
Interest income	45	45
Dividends and redemption-prescription	383	271
Interest on refund	525	2
Total non-operating income	954	319
Non-operating expenses		
Interest expenses	732,865	725,038
Interest expenses on investment corporation bonds	35,987	35,691
Borrowing related expenses	139,175	131,494
Amortization of investment corporation bond issuance costs	7,659	7,592
Other	12,386	49,566
Total non-operating expenses	928,074	949,384
Ordinary income	6,452,439	7,208,802
Income before income taxes	6,452,439	7,208,802
Income taxes-current	1,349	3,154
Income taxes-deferred	(6)	(140)
Total income taxes	1,343	3,014
Net income	6,451,096	7,205,788
Retained earnings brought forward	—	217
Unappropriated retained earnings (undisposed loss)	6,451,096	7,206,005

(3) Statements of Unitholders' Equity

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022)

(Thousands of Yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus
				Reserve for reduction entry	Total voluntary reserve		
Balance at beginning of period	220,970,508	-	220,970,508	3,828,434	3,828,434	6,496,709	10,325,143
Changes during the period							
Provision of reserve for reduction entry				497,569	497,569	(497,569)	-
Distribution from surplus						(5,999,140)	(5,999,140)
Net income						6,451,096	6,451,096
Acquisition of own investment units							
Cancellation of own investment units		(2,999,551)	(2,999,551)				
Items other than unitholders' equity, net							
Total changes during the period	-	(2,999,551)	(2,999,551)	497,569	497,569	(45,612)	451,956
Balance at end of period	* 220,970,508	(2,999,551)	217,970,957	4,326,003	4,326,003	6,451,096	10,777,100

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Own investment units	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	-	231,295,652	468,158	468,158	231,763,810
Changes during the period					
Provision of reserve for reduction entry		-			-
Distribution from surplus		(5,999,140)			(5,999,140)
Net income		6,451,096			6,451,096
Acquisition of own investment units	(2,999,551)	(2,999,551)			(2,999,551)
Cancellation of own investment units	2,999,551	-			-
Items other than unitholders' equity, net			346,097	346,097	346,097
Total changes during the period	-	(2,547,594)	346,097	346,097	(2,201,496)
Balance at end of period	-	228,748,057	814,256	814,256	229,562,314

Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023)

(Thousands of Yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus
				Reserve for reduction entry	Total voluntary reserve		
Balance at beginning of period	220,970,508	(2,999,551)	217,970,957	4,326,003	4,326,003	6,451,096	10,777,100
Changes during the period							
Provision of reserve for reduction entry				304,852	304,852	(304,852)	-
Distribution from surplus						(6,146,026)	(6,146,026)
Net income						7,205,788	7,205,788
Items other than unitholders' equity, net							
Total changes during the period	-	-	-	304,852	304,852	754,908	1,059,761
Balance at end of period	* 220,970,508	(2,999,551)	217,970,957	4,630,856	4,630,856	7,206,005	11,836,861

	Unitholders' equity	Valuation and translation adjustments		Total net assets
	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	228,748,057	814,256	814,256	229,562,314
Changes during the period				
Provision of reserve for reduction entry	-			-
Distribution from surplus	(6,146,026)			(6,146,026)
Net income	7,205,788			7,205,788
Items other than unitholders' equity, net		(139,605)	(139,605)	(139,605)
Total changes during the period	1,059,761	(139,605)	(139,605)	920,155
Balance at end of period	229,807,819	674,650	674,650	230,482,469

(4) Basis for Calculating Cash Distribution

(Unit: Yen)

	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
I. Unappropriated retained earnings at the end of fiscal period under review	6,451,096,681	7,206,005,509
II. Total distribution amount	6,146,026,920	6,487,944,210
(Distributions per unit)	(14,488)	(7,647)
III. Voluntary reserve (provision)		
Provision of reserve for reduction entry	304,852,318	718,061,299
IV. Retained earnings brought forward to the next period	217,443	-
Method of calculating the distribution amount	<p>In accordance with the policy stipulated in Article 35 (1) of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Act and shall be up to the amount of its profits as the ceiling. Following this policy, the Investment Corporation has decided to distribute 6,146,026,920 yen, which is part of the amount remaining after deducting the provision of reserve for reduction entry stipulated in Article 65-7 of the Special Taxation Measures Act from unappropriated retained earnings, as profit distribution.</p> <p>In addition, the Investment Corporation decided not to distribute cash in excess of distributable profit, stipulated in Article 35 (2) of its Articles of Incorporation.</p>	<p>In accordance with the policy stipulated in Article 35 (1) of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Act and shall be up to the amount of its profits as the ceiling. Following this policy, the Investment Corporation has decided to distribute 6,487,944,210 yen, which is the amount remaining after deducting the provision of reserve for reduction entry stipulated in Article 65-7 of the Special Taxation Measures Act from unappropriated retained earnings, as profit distribution.</p> <p>In addition, the Investment Corporation decided not to distribute cash in excess of distributable profit, stipulated in Article 35 (2) of its Articles of Incorporation.</p>

(5) Statements of Cash Flows

(Thousands of Yen)

	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
Cash flows from operating activities		
Income before income taxes	6,452,439	7,208,802
Depreciation	2,631,665	2,617,548
Amortization of long-term prepaid expenses	117,004	119,860
Interest income	(45)	(45)
Interest expenses	768,853	760,730
Amortization of investment corporation bond issuance expenses	7,659	7,592
Decrease (increase) in accounts receivable-trade	(116,515)	43,391
Decrease (increase) in prepaid expenses	(41,429)	38,136
Increase (decrease) in accounts payable	205,756	(209,465)
Increase (decrease) in accounts payable-other	(19,922)	242,170
Increase (decrease) in accrued consumption taxes	89,892	128,821
Increase (decrease) in advances received	(71,540)	100,510
Increase (decrease) in deposits received	(2,211)	11,192
Changes in property, plant and equipment held in trust from sale	1,350,357	-
Changes in property, plant and equipment from sale	-	3,189,768
Decrease (increase) in long-term prepaid expenses	(107,663)	(17,456)
Other	(11,589)	(19,499)
Subtotal	11,252,712	14,222,057
Interest income received	45	45
Interest expenses paid	(755,906)	(756,547)
Income taxes paid	(801)	(837)
Net cash provided by (used in) operating activities	10,496,050	13,464,718
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,668,262)	(74,720)
Purchase of property, plant and equipment in trust	(11,021,726)	(746,370)
Payments of tenant leasehold and security deposits	(30,007)	(191,634)
Proceeds from tenant leasehold and security deposits	172,628	121,410
Payments of tenant leasehold and security deposits in trust	(551,922)	(697,843)
Proceeds from tenant leasehold and security deposits in trust	1,302,971	656,121
Payments of restricted bank deposits in trust	(31,536)	(2,513)
Proceeds from restricted bank deposits in trust	302,201	32,441
Net cash provided by (used in) investing activities	(13,525,653)	(903,109)
Cash flows from financing activities		
Proceeds from short-term loans payable	7,800,000	-
Repayment of short-term loans payable	(16,100,000)	-
Proceeds from long-term loans payable	26,750,000	4,800,000
Repayment of long-term loans payable	(8,650,000)	(4,800,000)
Proceeds of investment corporation bond issuance	990,148	-
Redemption of investment corporation bonds	(1,000,000)	-
Purchase of own investment units	(3,000,300)	-
Dividends paid	(5,998,599)	(6,145,636)
Net cash provided by (used in) financing activities	791,248	(6,145,636)
Net increase (decrease) in cash and cash equivalents	(2,238,355)	6,415,972
Cash and cash equivalents at the beginning of period	33,156,349	30,917,994
Cash and cash equivalents at the end of period	30,917,994 *	37,333,966 *

(6) Notes on Going Concern

Not applicable

(7) Important Accounting Standards

1. Evaluation standards and evaluation method of assets	<p>Securities</p> <p>Other securities</p> <p>Share with no market price, etc.</p> <p>Cost method through moving-average method</p> <p>Concerning silent partnership (<i>tokumei kumiai</i>) (TK) interests, the method of incorporating the amount of equity equivalent to the portion that corresponds to the net gain or loss of TK is added.</p>
2. Depreciation of fixed assets	<p>(1) Property, plant and equipment (includes trust assets)</p> <p>The straight-line method is applied.</p> <p>Useful lives of the assets ranging are as follows:</p> <p>Buildings: 2 to 49 years</p> <p>Structures: 2 to 45 years</p> <p>Machinery and equipment: 3 to 17 years</p> <p>Tools, furniture and fixtures: 3 to 20 years</p> <p>(2) Intangible assets (includes trust assets)</p> <p>The straight-line method is applied.</p> <p>Land leasehold: Fixed term land leasehold is amortized over a contractual period of 48 years and 9 months under the straight-line method.</p> <p>(3) Long-term prepaid expenses</p> <p>The straight-line method is applied.</p>
3. Accounting policies for deferred assets	<p>(1) Investment unit issuance costs</p> <p>Unit issuance costs are amortized over a period of 3 years.</p> <p>(2) Investment corporation bond issuance costs</p> <p>Bond issuance costs are amortized by applying the straight-line method for the entire redemption period.</p>
4. Accounting standards for revenues and expenses	<p>(1) Accounting method for property tax, etc.</p> <p>Property-related taxes including property taxes and city planning taxes, etc. are imposed on properties on a calendar-year basis. These taxes are generally charged to rental expenses for said fiscal period for the portion of such taxes corresponding to said period.</p> <p>In connection with the acquisition of real estate or trust beneficiary interests in real estate during the fiscal period under review, the Investment Corporation included its pro rata property portion for the year in the acquisition cost of each property and not as rental expenses. The amount of property tax, etc. included in the acquisition cost of real estate, etc. was 28,034 thousand yen in the thirty-fifth fiscal period and none in the thirty-sixth fiscal period.</p> <p>(2) Standard for recording revenue</p> <p>The main content of the performance obligation regarding the revenue from contracts with the customers of the Investment Corporation and the normal point of time when satisfying the said performance obligation (normal point of time when recognizing revenue) are as follows.</p> <ol style="list-style-type: none"> 1. Sale of real estate, etc. <p>For the revenue from sale of real estate, etc., revenue is recorded when the buyer who is a customer gains control of the real estate by performing the obligation of handover stipulated in the contract for real estate sales.</p> <ol style="list-style-type: none"> 2. Utility charge reimbursement <p>For utility charge reimbursement, revenue is recorded in accordance with the supply of electricity, tap water, etc. to the lessee who is a customer based on the lease agreement of real estate, etc. and the content of agreement incidental to it.</p> <p>Of the utility charge reimbursement, for those that are determined to fall under the category of an agent by the Investment Corporation, the net amount obtained by deducting the amount paid to other related parties supplying electricity, gas, etc. from the amount received as the fee of electricity, gas, etc. is recognized as revenue.</p>

5. Accounting for hedges	<p>(1) Hedge accounting method The deferred hedge method is applied for interest-rate swap transactions. However, the special treatment is applied for the interest rate swaps that meet the requirements for special treatment.</p> <p>(2) Hedging instruments and risks hedged Hedge instruments The Investment Corporation enters into interest-rate swap transactions.</p> <p>Risks hedged Interest rates on debt.</p> <p>(3) Hedging policy The Investment Corporation enters into derivative transactions based on its risk management policies with the objective of hedging risks in accordance with its Articles of Incorporation.</p> <p>(4) Method of evaluating the effectiveness of hedging During the period from the commencement of hedging to the point at which effectiveness is assessed, the Investment Corporation compares the cumulative total of market changes in the targeted objects of hedging or cash flow changes with the cumulative total of market changes in the hedging instruments or cash flow changes. The Investment Corporation then makes a decision based on the changes and other factors of the two. However, concerning the interest-rate swaps that meet the requirements for special treatment, the evaluation of effectiveness is omitted.</p>
6. The scope of cash and cash equivalents on statements of cash flows	For the purpose of cash flow statements, cash and cash equivalents consist of cash on hand, deposits received that can be withdrawn on demand, and short-term investments with original maturities of 3 months or less, that are readily convertible to known amounts of cash and present insignificant risk of a change in value.
7. Other accounting policies utilized in the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in the Investment Corporation's balance sheets and statements of income. Important line items included in accounting for financial assets and liabilities in the Investment Corporation's balance sheet are as follows:</p> <ol style="list-style-type: none"> 1. Cash and deposits in trust 2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust 3. Land leasehold in trust 4. Lease and guarantee deposits in trust 5. Tenant leasehold and security deposits in trust <p>(2) Accounting method for non-deductible consumption tax Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>

(8) Notes on Financial Statements

(Notes on Balance Sheets)

*1. Minimum unitholders' equity pursuant to Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Thousands of Yen)

	Thirty-Fifth Fiscal Period (as of October 31, 2022)	Thirty-Sixth Fiscal Period (as of April 30, 2023)
	50,000	50,000

*2. The amount of advanced depreciation of property, plant and equipment acquired by government subsidy, etc.

(Thousands of Yen)

	Thirty-Fifth Fiscal Period (as of October 31, 2022)	Thirty-Sixth Fiscal Period (as of April 30, 2023)
Buildings in trust	26,230	26,230

3. Commitment line agreement

The Investment Corporation has concluded a commitment line agreement with bank of account, etc. (Thousands of Yen)

	Thirty-Fifth Fiscal Period (as of October 31, 2022)	Thirty-Sixth Fiscal Period (as of April 30, 2023)
Maximum amount	9,000,000	9,000,000
Drawn credit facility	-	-
Balance	9,000,000	9,000,000

*4. Status of cancellation of own investment units

	Thirty-Fifth Fiscal Period (as of October 31, 2022)	Thirty-Sixth Fiscal Period (as of April 30, 2023)
Total number of units cancelled	4,295 units	4,295 units
Total amount of cancellation	2,999,551 thousand yen	2,999,551 thousand yen

(Notes on Statements of Income)

*1. Breakdown of real estate rental business profit and loss (Thousands of Yen)

	Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022)	Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023)
A. Rental and other operating revenues		
Rental revenues		
Leasing income	12,335,332	12,439,185
Common area charges	1,506,356	1,457,707
Subtotal	13,841,688	13,896,892
Other rental revenues		
Parking space rental revenues	507,846	516,938
Utility charge reimbursement	1,268,984	1,286,335
Miscellaneous	342,405	372,728
Subtotal	2,119,236	2,176,002
Total rental and other operating revenues	15,960,925	16,072,895
B. Rental and other operating expenses		
Property-related expenses		
Property management fees and facility management fees	1,482,699	1,509,353
Utilities	1,445,057	1,552,159
Taxes	1,369,695	1,392,970
Repairs and maintenance costs	398,775	351,470
Insurance	20,280	20,500
Trust fees	30,194	30,127
Others	329,428	319,516
Depreciation	2,631,665	2,617,548
Total rental and other operating expenses	7,707,795	7,793,647
C. Rental operating profit (A – B)	8,253,129	8,279,248

*2. Gain and loss on sale of real estate, etc.

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022)

(Thousands of Yen)

KDX Kiba Building	
Revenue from sale of real estate, etc.	1,650,000
Cost of real estate, etc. sold	1,350,357
Other sales expenses	58,659
Gain on sale of real estate, etc.	240,982

Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023)

(Thousands of Yen)

KDX Kawasaki-Ekimae Hon-cho Building	
Revenue from sale of real estate, etc.	4,508,100
Cost of real estate, etc. sold	3,189,768
Other sales expenses	149,898
Gain on sale of real estate, etc.	1,168,433

(Notes on Statements of Changes in Unitholders' Equity)

* Total number of authorized investment units and total number of investment units issued and outstanding

	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
Total number of authorized investment units	2,000,000 units	4,000,000 units
Total number of investment units issued and outstanding	424,215 units	848,430 units

(Notes on Statements of Cash Flow)

* Reconciliation of balance sheet items to cash and cash equivalents at end of period in the cash flows statements

(Thousands of Yen)

	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
Cash and deposits	20,376,036	26,871,012
Cash and deposits in trust	11,745,529	11,636,598
Restricted bank deposits held in trust (Note)	(1,203,571)	(1,173,644)
Cash and cash equivalents	30,917,994	37,333,966

Note: Restricted bank deposits held in trust are retained for repayment of tenant leasehold and security deposits held in trust.

(Notes on Lease Transactions)

Operating lease transactions

(Lessor)

(Thousands of Yen)

	Thirty-Fifth Fiscal Period (as of October 31, 2022)	Thirty-Sixth Fiscal Period (as of April 30, 2023)
Unearned lease payments		
Due within one year	3,478,791	3,522,908
Due after one year	7,628,983	7,066,262
Total	11,107,775	10,589,171

(Notes on Financial Instruments)

1. Items with Regard to the Current Status of Financial Instruments

(1) Action Policy with Regard to Financial Instruments

The Investment Corporation procures essential funds for acquiring properties and undertaking the repayment of loans primarily through bank loans and the issuance of investment corporation bonds and new investment units. The Investment Corporation makes use of derivative instruments primarily as a risk hedge against interest rate fluctuations and to lessen interest payments. In addition, it is company policy to not conduct speculative derivative transactions. Management of surplus funds is undertaken in a prudent manner that considers fully such factors as safety, liquidity, interest rate conditions and cash flows.

(2) Financial Instruments and Respective Risks

Investment securities are TK interests, which are subject to credit risk of the issuer and risk of fluctuation of value of real estate, etc.

Loans and investment corporation bonds are used primarily for procuring funds necessary for the acquisition of properties and have a repayment date of a maximum of about 7 years and 11 months following the closing date. Although a certain portion of said liabilities are subject to risk of interest rate fluctuation, the Investment Corporation utilizes derivative instruments in order to hedge against such risks.

Derivative instruments are interest rate swaps. The Investment Corporation hedges against risk of fluctuation in interest rates by fixing its interest payments for funds procured on a floating-interest-rate basis. With regard to hedge accounting methods, hedging instruments and hedged items, hedge policy, and the method of evaluation of hedge effectiveness, please refer to “5. Accounting for hedges” in “(7) Important Accounting Standards.”

(3) Risk Management Structure with Regard to Financial Instruments

A. Management of Market Risk (Risk Associated with Fluctuations in Interest Rates and Others)

The Investment Corporation uses interest rate swap transactions to minimize risks associated with interest payment rate fluctuations on funds procured. The Investment Corporation will periodically grasp the value of real estate, etc. and financial condition, etc. of the issuer with regard to investment securities.

B. Management of Liquidity Risk (Risk of Defaulting on Payments by the Due Date) Associated with Funds Procurement

Although loans and other liabilities are subject to liquidity risks, the Investment Corporation reduces such risks by spreading out payment due dates and by using diversified fund procurement methods. Liquidity risk is also managed by such means as regularly checking the balance of cash reserves.

(4) Supplemental Explanation of Items with Regard to Fair Value of Financial Instruments

Because the factors incorporated into the calculation of fair value of financial instruments are subject to change, differing assumptions are adopted which may alter fair value. Moreover, the contract amounts, etc. of derivative transactions in “2. Items with Regard to Fair Value of Financial Instruments” do not indicate the market risk of derivative transactions.

2. Items with Regard to Fair Value of Financial Instruments

The book value per the balance sheet, fair values, as well as their difference are as follows. Moreover, because “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are settled with cash in the short term, the fair value can be considered as equivalent to the book value. Therefore, the notes for them have been omitted.

Thirty-Fifth Fiscal Period (as of October 31, 2022)

(Thousands of Yen)

	Book Value	Fair Value	Difference
(1) Current portion of investment corporation bonds	-	-	-
(2) Current portion of long-term loans payable	14,300,000	14,338,060	38,060
(3) Investment corporation bonds	13,000,000	12,971,800	(28,200)
(4) Long-term loans payable	187,350,000	186,596,720	(753,279)
Total	214,650,000	213,906,580	(743,419)
Derivative transaction	814,256	814,256	-

Thirty-Sixth Fiscal Period (as of April 30, 2023)

(Thousands of Yen)

	Book Value	Fair Value	Difference
(1) Current portion of investment corporation bonds	2,000,000	1,999,400	(600)
(2) Current portion of long-term loans payable	19,700,000	19,716,952	16,952
(3) Investment corporation bonds	11,000,000	10,949,200	(50,800)
(4) Long-term loans payable	181,950,000	181,467,672	(482,327)
Total	214,650,000	214,133,225	(516,774)
Derivative transaction	674,650	674,650	-

* Net claims and liabilities arisen from derivative transactions are shown in the net amount and items that will be liabilities in net when totaled are indicated using parenthesis.

Note 1: Items with regard to the calculation method of financial instrument fair value, investment securities and derivative transactions.

Liabilities

(1) Current portion of investment corporation bonds and (3) investment corporation bonds

The fair value of investment corporation bonds is based on market price. The fair value of those for which no market price is available is based on the quoted price obtained from counterparty financial institutions, etc.

(2) Current portion of long-term loans payable and (4) long-term loans payable

The fair value of long-term borrowings is calculated based on the present value that discounts the total amount of principal and interest by using the estimated interest rate in the event that the Investment Corporation conducts new borrowings of the same type. Among long-term borrowings with floating interest rates, said borrowings, which are subject to special treatment of interest rate swaps, are calculated by discounting the total amount of principal and interest, which is handled together with applicable interest rate swaps, by the rationally estimated interest rate in the case that the same type of borrowings is undertaken.

Derivative Transactions

Please refer to the following “Notes on Derivative Transactions.”

Note 2: Redemption schedule of investment corporation bonds and repayment schedule of loans after the closing date

Thirty-Fifth Fiscal Period (as of October 31, 2022)

(Thousands of Yen)

	Due within 1 yr.	1-2 yrs.	2-3 yrs.	3-4 yrs.	4-5 yrs.	More than 5 yrs.
Investment corporation bonds	-	4,000,000	2,000,000	2,000,000	3,000,000	2,000,000
Long-term loans payable	14,300,000	25,600,000	29,950,000	30,800,000	38,500,000	62,500,000
Total	14,300,000	29,600,000	31,950,000	32,800,000	41,500,000	64,500,000

Thirty-Sixth Fiscal Period (as of April 30, 2023)

(Thousands of Yen)

	Due within 1 yr.	1-2 yrs.	2-3 yrs.	3-4 yrs.	4-5 yrs.	More than 5 yrs.
Investment corporation bonds	2,000,000	4,000,000	-	2,000,000	4,000,000	1,000,000
Long-term loans payable	19,700,000	27,050,000	32,900,000	37,800,000	33,100,000	51,100,000
Total	21,700,000	31,050,000	32,900,000	39,800,000	37,100,000	52,100,000

(Notes on Derivative Transactions)

1. Items that do not apply hedge accounting

Thirty-Fifth Fiscal Period (as of October 31, 2022) and Thirty-Sixth Fiscal Period (as of April 30, 2023): Not applicable

2. Items that apply hedge accounting

Thirty-Fifth Fiscal Period (as of October 31, 2022)

(Thousands of Yen)

Hedge accounting method	Type of derivative transactions	Main target of risk hedge	Contracted amount		Fair value	Calculation method for applicable fair value
				More than 1 yr.		
Principle method	Interest rate swap transactions Fixed rate payable・Floating rate receivable	Long-term loans payable	82,450,000	79,950,000	814,256	Based on the quoted price obtained from counterparty financial institutions.
Special treatment of interest rate swaps	Interest rate swap transactions Fixed rate payable・Floating rate receivable	Long-term loans payable	30,100,000	27,100,000	*	-
Total			112,550,000	107,050,000	814,256	-

* Special treatment of interest-rate swaps is reported at the fair value of applicable long-term loans payable. This is because such swaps are handled together with hedged long-term loans payable.

Thirty-Sixth Fiscal Period (as of April 30, 2023)

(Thousands of Yen)

Hedge accounting method	Type of derivative transactions	Main target of risk hedge	Contracted amount		Fair value	Calculation method for applicable fair value
				More than 1 yr.		
Principle method	Interest rate swap transactions Fixed rate payable・Floating rate receivable	Long-term loans payable	82,450,000	77,950,000	674,650	Based on the quoted price obtained from counterparty financial institutions.
Special treatment of interest rate swaps	Interest rate swap transactions Fixed rate payable・Floating rate receivable	Long-term loans payable	30,100,000	25,400,000	*	-
Total			112,550,000	103,350,000	674,650	-

* Special treatment of interest rate swaps is reported at the fair value of applicable long-term loans payable. This is because such swaps are handled together with hedged long-term loans payable.

(Notes on Revenue Recognition)

1. Information on the Breakdown of Revenue from Contracts with Customers

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022)

	Revenue from contracts with customers *1	Net sales to external customers
Revenue from sale of real estate, etc.	1,650,000 thousand yen	*2 240,982 thousand yen
Utility charge reimbursement	1,268,984 thousand yen	1,268,984 thousand yen
Other	- thousand yen	14,756,403 thousand yen
Total	2,918,984 thousand yen	16,266,370 thousand yen

*1 The rental revenues, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amount as they are not applied to the Revenue Recognition Accounting Standard. Moreover, the main revenue from contracts with customers are revenue from sale of real estate, etc. and utility charge reimbursement.

*2 Revenue from sale of real estate, etc. is recorded as gain and loss on sale of real estate, etc. in the statement of income. Therefore, the amount calculated by deducting the cost of real estate, etc. sold and other sales expenses from the revenue from sale of real estate, etc. is indicated.

Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023)

	Revenue from contracts with customers *1	Net sales to external customers
Revenue from sale of real estate, etc.	4,508,100 thousand yen	*2 1,168,433 thousand yen
Utility charge reimbursement	1,286,335 thousand yen	1,286,335 thousand yen
Other	- thousand yen	14,835,944 thousand yen
Total	5,794,435 thousand yen	17,290,713 thousand yen

*1 The rental revenues, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amount as they are not applied to the Revenue Recognition Accounting Standard. Moreover, the main revenue from contracts with customers are revenue from sale of real estate, etc. and utility charge reimbursement.

*2 Revenue from sale of real estate, etc. is recorded as gain and loss on sale of real estate, etc. in the statement of income. Therefore, the amount calculated by deducting the cost of real estate, etc. sold and other sales expenses from the revenue from sale of real estate, etc. is indicated.

2. Information Utilized as the Base for Understanding Revenue from Contracts with Customers

The information is as described in the notes on important accounting standards for the thirty-fifth fiscal period (May 1, 2022, to October 30, 2022) and the thirty-sixth fiscal period (November 1, 2022, to April 30, 2023).

3. Information on Relationship of Fulfillment of Performance Obligations Based on Contracts with Customers with Cashflow Generated from Said Contracts and Amount and Period of Revenue Expected to Be Recognized in the Next Calculation Period or Thereafter from Contracts with Customers Existing at the End of the Current Calculation Period

(1) Balance of contract assets and contract liabilities, etc.

	Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022)	Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023)
Claims generated from contracts with customers (balance at beginning of fiscal period)	247,784 thousand yen	324,473 thousand yen
Claims generated from contracts with customers (balance at end of fiscal period)	324,473 thousand yen	309,606 thousand yen
Contract assets (balance at beginning of fiscal period)	- thousand yen	- thousand yen
Contract assets (balance at end of fiscal period)	- thousand yen	- thousand yen
Contract liabilities (balance at beginning of fiscal period)	- thousand yen	- thousand yen
Contract liabilities (balance at end of fiscal period)	- thousand yen	- thousand yen

(2) Transaction value allocated to remaining performance obligations

Not applicable for the thirty-fifth fiscal period (May 1, 2022, to October 31, 2022) and the thirty-sixth fiscal period (November 1, 2022, to April 30, 2023).

With regard to utility charge reimbursements, as the Investment Corporation has the right to receive from customers an amount directly corresponding to the value for the lessees, or customers, of sections for which performance is complete by the end of the fiscal period, the amount it has the right to claim is recognized as revenue in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

(Notes on Segment and Related Information)

1. Segment Information

Disclosure is omitted because the Investment Corporation has been engaged in the real estate leasing business as a sole business and it has no reportable segment subject to disclosure.

2. Related Information

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022)

(1) Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category account for over 90% of the operating revenues on the statement of income.

(2) Information about each geographic area

① Net sales

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenues on the statement of income.

② Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about each major customer

Disclosure is omitted because net sales to a single external customer account for less than 10% of the operating revenues on the statement of income.

Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023)

(1) Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category account for over 90% of the operating revenues on the statement of income.

(2) Information about each geographic area

① Net sales

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenues on the statement of income.

② Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about each major customer

Disclosure is omitted because net sales to a single external customer account for less than 10% of the operating revenues on the statement of income.

(Notes on Tax-effect Accounting)

1. Significant components of deferred tax assets and liabilities

(Thousands of Yen)

	Thirty-Fifth Fiscal Period (as of October 31, 2022)	Thirty-Sixth Fiscal Period (as of April 30, 2023)
Deferred tax assets		
Enterprise tax payable	37	177
Amortization of land leasehold in trust	5,806	6,049
Deferred gains or losses on hedges	168	1,294
Subtotal deferred tax assets	6,012	7,521
Valuation allowance	(5,974)	(7,344)
Total deferred tax assets	37	177

2. Significant components causing difference between statutory income tax rate and the effective tax rate after tax effect accounting

(Unit: %)

	Thirty-Fifth Fiscal Period (as of October 31, 2022)	Thirty-Sixth Fiscal Period (as of April 30, 2023)
Statutory tax rate	31.46	31.46
(Adjustments)		
Deductible cash distributions	(29.97)	(28.31)
Provision amount of reserve for reduction entry	(1.49)	(3.13)
Others	0.01	0.03
Effective tax rate	0.02	0.04

(Notes on Related-party Transactions)

1. Parent Company, Major corporate Unitholders and Other

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022) and Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023):
Not applicable

2. Affiliated Companies and Other

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022) and Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023):
Not applicable

3. Fellow Subsidiary Companies and Other

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022) and Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023):
Not applicable

4. Directors, Major Individual Unitholders and Other

Thirty-Fifth Fiscal Period (May 1, 2022, to October 31, 2022) and Thirty-Sixth Fiscal Period (November 1, 2022, to April 30, 2023):
Not applicable

(Notes on Real Estate for Rental Purposes)

The Investment Corporation owns real estate for rental purposes mainly in the Tokyo Metropolitan Area for the purpose of generating rental revenue.

The book value per balance sheet for the fiscal period under review, changes during the period and fair value concerning the above real estate for rental purposes are as follows.

(Thousands of Yen)

	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
Book value		
Balance at beginning of period	426,967,143	437,196,489
Changes during the period	10,229,346	(4,792,379)
Balance at end of period	437,196,489	432,404,110
Fair value at the end of period	553,221,000	551,161,000

Note 1: Book value excludes accumulated depreciation from acquisition costs.

Note 2: Fair value at the end of the fiscal period is the appraisal value determined by outside appraisers. Fair value at the end of the fiscal period under review of Harajuku F.F. Building and KDX Nagoya Sakae Building that are scheduled to be sold on November 1, 2023 respectively are calculated based on the anticipated sale price (Harajuku F.F. Building: 3,880 million yen; KDX Nagoya Sakae Building: 6,050 million yen) in the transaction agreements on June 13, 2023.

Note 3: Among changes in the amount of real estate for rental purposes that occurred during the thirty-fifth fiscal period, the principal increase/decrease factors were the acquisitions of 1 real estate property and trust beneficiary interest in real estate of 1 property totaling 13,346,136 thousand yen, sale of trust beneficiary interest in real estate of 1 property totaling 1,350,357 thousand yen and depreciation amounting to 2,631,665 thousand yen. For the thirty-sixth fiscal period, the principal increase/decrease factors were the sale of 1 real estate property totaling 3,189,768 thousand yen and depreciation amounting to 2,617,548 thousand yen.

Income and loss for real estate for rental purposes are listed in “Notes on the Statements of Income.”

(Notes on Information per Unit)

	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
Net Assets per unit	270,573 yen	271,657 yen
Net income per unit	7,566 yen	8,493 yen

Note 1: Net income per unit is calculated by dividing net income by the weighted average (based on number of days) number of units. Net income per unit after adjusting for diluted investment units is not included because there were no dilutive investment units.

Note 2: The Investment Corporation implemented a two-for-one split of the investment units with October 31, 2022, as the record date of the split and November 1, 2022, as the effective date. Net assets per unit and net income per unit are calculated based on the assumption that the split was implemented at the beginning of the thirty-fifth fiscal period.

Note 3: The basis of calculation for the net income per unit is as follows.

	Thirty-Fifth Fiscal Period May 1, 2022, to October 31, 2022	Thirty-Sixth Fiscal Period November 1, 2022, to April 30, 2023
Net income (Thousands of Yen)	6,451,096	7,205,788
Amount not vested in ordinary unitholders (Thousands of Yen)	-	-
Net income for ordinary investment units (Thousands of Yen)	6,451,096	7,205,788
Average number of investment units during the period (unit)	852,530	848,430

(Notes on Important Subsequent Events)

Execution of the Merger Agreement by and among the Investment Corporation, KDR and KRR

The Investment Corporation, KDR and KRR announced that each of them has, at Each Investment Corporation's Board of Directors Meeting held June 13, 2023, resolved to undertake the Merger with November 1, 2023 as the effective date, and have also executed the Merger Agreement on the same date.

i. Purpose of the Merger

The Japanese economy is making a moderate recovery as movement restrictions to prevent the spread of COVID-19 infections was removed, and its economic and social activities are being normalized. However, there are uncertain factors in the economic conditions in and outside Japan such as changes in the global affairs, emergence of geopolitical risks and effects of economic sanctions related to these risks as a result of the invasion of Ukraine by Russia, continuous global inflation related to rising commodity prices and fuel costs, increase of the policy interest rates by major countries, and bankruptcies of overseas financial institutions.

In such environment, the current real estate investment trust securities market (the "J-REIT market") is unstable and affected by the concern for rising operational costs due to inflation and the fear for the rise in the long-term interest rates due to future changes of the monetary policies by the Bank of Japan.

The asset management company of Each REIT, the Asset Management Company was established as follows: Kenedix Residential Partners, Inc. established in March 2011 merged with Kenedix Office Partners, Inc. and Kenedix Advisors, Inc. (both established in November 2003) in October 2013 in an absorption-type merger, and changed its corporate name to the current name of the asset management company. Each REIT has received sponsor support from Kenedix Group and has achieved operational results.

Each REIT has implemented various measures to ensure the acquisition of stable profits and the continued growth of investment assets by leveraging each characteristic.

However, the real estate market's evaluations of the mid-sized office buildings, which are the Investment Corporation's main investment target, have not changed because of their scarcity and liquidity. Thus, the capitalization rate remains low and it remains hard to acquire mid-sized office buildings. Moreover, recently, unit prices of the Investment Corporation are significantly below NAV per unit due to the concern for the market outlook regarding secondary vacancies and rent decline due to large supplies of large office buildings, and there are limited opportunities for external growth that involve public offering. Therefore, there are issues with ensuring continued future growth. As for KDR, although KDR has conducted public offerings for five consecutive years, there is the possibility that the acquisition competition may escalate and the acquisition opportunities may decrease due to the relatively stable profitability of residential properties, and recently unit price is below NAV per unit. Moreover, KDR's LTV is relatively high in the J-REIT market, and KDR has concerns regarding the increase in costs when interest rates are rising. As for KRR, although KRR has a rich real estate pipeline, it has been increasingly difficult to acquire shopping centers for daily needs since the COVID-19 pandemic. In addition, there are concerns over increase in costs caused by inflation, and there are issues such as limited room for the future internal growth as a whole due to the long-term fixed rents.

Moreover, Each REIT is watching the trends of interest levels and price levels such as costs of utilities, which may have an impact on the profitability of their portfolios in the future, and Each REIT recognizes this situation as their common issues.

In such circumstances, Each REIT agreed to start negotiation for merger and carefully deliberated on the issues in order to deal with the issues described above, respond flexibly to environmental changes and attain continued growth. As a result, Each REIT came to the same conclusion that the Merger will contribute to maximize unitholders' value by leading to the continued growth by expanding investment target sectors, improving their presence and stability in the market by increasing the sizes of their assets, and enabling more commitment for sustainability. Therefore, the Merger Agreement was made and entered into by and among Each REIT.

Each Investment Corporation considers that the Merger has the following rationale:

(i) Sustainable growth driven by expansion of investment universe

The New REIT (defined below) will continue to focus on their main investment target, i.e. mid-sized office buildings, residential properties, healthcare facilities, and shopping centers for daily needs, and it will start to additionally focus on logistics facilities and hotels, in which Each REIT has conducted only limited investments until now, to increase opportunities for acquisitions. In addition, the Merger will enable asset reshuffling among different asset types, disposing of properties with less competitiveness or profitability, allow flexibly to the changes of the external environment surrounding the real estate market, and activate the investments in the investment target sectors that are expected to grow, and thus leading to the improvement of portfolio profitability. As described above, the New REIT aims to attain continued growth beyond the boundary of the strategic management for the existing specialized REIT through a strategic management that ensures a wide range of opportunities for acquisitions and flexibility related to the expansion of the investment target sectors.

(ii) Improvement in the market presence and ability

Through the Merger, the asset size of the investment corporation after the Merger (the “New REIT”) will be ranked third in the J-REIT market (Note 1) and this will significantly improve the presence in the market and liquidity of investment units, and the portfolio is expected to own a total of 350 (Note 2) properties after the Merger. Having the largest expected number of properties in the J-REIT market will enhance diversification and contribute to improve the stability of the portfolio. In addition, a property manager that leverages the advantage of its scale will contribute to increase resilience against the pressure of the rising costs.

(iii) Further commitment to sustainability

Each REIT has recognized sustainability as a significant issue and has taken the initiative in implementing various initiatives. Specifically, the Investment Corporation has become the first investment corporation in the J-REIT market to participate in GRESB Real Estate Assessment, KDR was the first J-REIT to issue social bonds, and KRR was the first J-REIT to introduce investment unit performance fee. The New REIT plans to integrate and elevate expertise accumulated by Each REIT through the Merger and aims to be a leading company in the sustainability initiatives. Moreover, the New Investment Corporation plans to further enforce the sustainability initiatives under the management system with a high degree of specialization and diversity by introducing a new management fee structure that is linked to unitholder value and sustainability metric, improving governance through the enhancement of supervisory officers, and promoting diversity.

Note 1: The amount of asset size after the Merger is calculated by totaling the asset size of Each REIT. The asset size of the Investment Corporation is assumed to be the total of acquisition price of the properties in the portfolio as of April 30, 2023, plus the acquisition (scheduled) price reflecting the acquisitions and sales (including one that are scheduled) of the properties from May 1, 2023 to the effective date of the Merger. The asset size of KDR and KRR is considered to be the appraisal values of the properties as of the end of the latest fiscal period (relating to KDR, as of January 31, 2023 (provided, however, that, this includes the acquisitions of Sunny Life Tachikawa and Rehabili-home Bon Sejour Minamisenzoku; relating to KRR, as of March 31, 2023). The asset sizes of the other investment corporations in the J-REIT market are calculated based on the asset sizes including any properties that the other investment corporations announced the acquisition and sale thereof in the J-REIT market as of April 30, 2023 (acquisition (scheduled) price basis). Therefore, it is not guaranteed that the New REIT after the Merger will have the third largest asset size in the J-REIT market as of the effective date of the Merger. In regard to the asset size after the Merger, because it is planned that assets of KDR and KRR will be succeeded at market price based on the purchase method by the Investment Corporation as the acquiring corporation, the asset size will not be a simple sum of the total (scheduled) acquisition price of the Investment Corporation and the total appraisal values of KDR and KRR as of the end of the latest accounting period.

Note 2: The number of properties of the portfolio after the Merger is based on the number of properties of the Investment Corporation, KDR and KRR as of the date hereof and reflecting the change in the number of the acquisitions and sales of the properties (including ones that are scheduled) by the effective date of the Merger. KDX Chofu Building is treated as one property in the calculation of the number of properties of the portfolio after the Merger though the Investment Corporation owns its office tower and KRR owns its retail wing respectively as of June 13, 2023. The numbers of the properties of the other investment corporations in the J-REIT market is calculated based on the number of properties including those that the other investment corporations announced acquisition and sale thereof in the J-REIT market as of April 30, 2023. Therefore, it is not guaranteed that the portfolio of the New REIT after the Merger will have the largest number of properties in the J-REIT market as of the effective date of the Merger.

ii. Form of the Merger

The Investment Corporation will be the surviving corporation under an absorption-type merger and KDR and KRR will be dissolved in the Merger.

iii. Allocation ratio etc.

	The Investment Corporation (Surviving corporation in the absorption-type merger)	KDR (Dissolving corporation in the absorption-type merger)	KRR (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1.34	1.68
		(Reference) Before the Investment Unit Split 0.67	(Reference) Before the Investment Unit Split 0.84

Note 1: The number of the Investment Corporation’s new investment units to be issued as a result of the Merger (the number of units taking into account the Investment Unit Split of the Investment Corporation): 2,446,037

Note 2: For details of the investment unit split refer to “iv. Split of Investment Units” below. The same applies hereinafter.

iv. Split of Investment Units

The Merger will be effected by way of an absorption-type merger with the Investment Corporation as the surviving corporation, with KDR and KRR having a merger ratio of 0.67 and 0.84, respectively, against one for the Investment Corporation, before taking into account the Split of Investment Units. However, with this merger ratio, 0.67 Investment Corporation's investment units will be allotted against one KDR investment unit and 0.84 Investment Corporation's investment units will be allotted against one KRR investment unit, resulting in a number of KDR and KRR unitholders that will receive Investment Corporation's investment units of less than one unit. For this reason, in order to enable the unitholders of KDR and KRR to continue to hold the Investment Corporation's investment units after the Merger, we decided to split the Investment Corporation's investment units at a ratio of two investment units per one investment unit, for the purpose of providing at least one Investment Corporation's investment unit to all unitholders of KDR and KRR. As a result of the Split of Investment Units, KDR unitholders will be allotted 1.34 Investment Corporation's investment units after the Split of Investment Units against each KDR investment unit, and KRR unitholders will be allotted 1.68 Investment Corporation's investment units after the Split of Investment Units against each KRR investment unit.

(i) Method of Split of Investment Units

The Investment Corporation will implement a two for one split of the investment units held by unitholders of the Investment Corporation stated or recorded on the registry of unitholders as of Tuesday, October 31, 2023, which is the day preceding the effective date of the Merger. The Split of Investment Units will become effective on Wednesday, November 1, 2023, which is the effective date of the Merger, provided that the merger agreement pertaining to the Merger has not been terminated or expired by the day before the effective date of the Merger.

(ii) Number of Investment Units to be Increased by the Split of Investment Units

- 1) Total number of Investment Corporation's investment units issued 848,430 units and outstanding before the Split of Investment Units:
- 2) Number of investment units to be increased through the Split of 848,430 units Investment Units:
- 3) Total number of Investment Corporation's investment units issued 1,696,860 units and outstanding after the Split of Investment Units:
- 4) Total number of Investment Corporation's investment units issued 4,142,897 units (Note 1) and outstanding after the Merger:
- 5) Total number of authorized investment units after the Split of 20,000,000 units (Note 2) Investment Units and the Merger:

Note 1: The number of investment units will be calculated based on the assumption that one KDR investment unit will be allotted 1.34 Investment Corporation's investment units after the Split of Investment Units for all of KDR's issued investment units as of June 13, 2023 (1,070,433 units), and one KRR investment unit will be allotted 1.68 Investment Corporation's investment units after the Split of Investment Units for all of KRR's issued investment units as of June 13, 2023 (602,177 units).

Note 2: The current total number of authorized Investment Corporation's investment units is 4,000,000 units. However, in connection with the Split of Investment Units, the Articles of Incorporation of the Investment Corporation will be partially amended and the total number of authorized investment units will be changed as of the effective date of the Merger.

(iii) Effect on the information per unit of the Investment Corporation

The information per unit for the fiscal period under assuming that the Split of Investment Units was conducted at the beginning of this fiscal period is described as follows.

- 1) Net Assets per Unit: 135,828 yen
- 2) Net Income per Unit: 4,246 yen

v. Delivery of Payment upon the Merger

In addition to the above mentioned investment units, the Investment Corporation intends to pay unitholders of KDR and KRR (the unitholders stated or recorded in the final unitholders' registers of KDR and KRR on the day before the effective date of the Merger (excluding Each REIT and unitholders of KDR and KRR who has demanded the purchase of their investment units pursuant to Article 149-3 of the Investment Trusts Act (excluding those who have withdrawn such demand for purchase) (hereinafter referred to as the "Unitholders Subject to Allocation")), in lieu of cash distributions (distributions of profits) for the last fiscal period of KDR and KRR which ends the day before the effective date of the Merger, the Payment upon the Merger in the form of cash distributions based on distributable income of KDR and KRR for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from a division of the amount of distributable income of KDR and KRR on the date before the effective date of the Merger by the number of issued investment units of KDR and KRR on that date as reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation. The Payment upon the Merger will be paid within a reasonable period from the effective date of the Merger.

vi. Overview of the Previous Fiscal Period for KDR and KRR

Overview of the Previous Fiscal Period (ending January 31, 2023) for KDR

Business	: To invest assets mainly in specified assets as set forth in the Investment Trust Act
Operating Revenues	: 9,936 million yen
Net Profit	: 4,593 million yen
Total Assets	: 327,014 million yen
Total liabilities	: 175,381 million yen
Net assets	: 151,632 million yen

Overview of the Previous Fiscal Period (ending March 31, 2023) for KRR

Business	: To invest assets mainly in specified assets as set forth in the Investment Trust Act
Operating Revenues	: 9,924 million yen
Net Profit	: 3,922 million yen
Total Assets	: 287,569 million yen
Total liabilities	: 145,002 million yen
Net Assets	: 142,566 million yen

vii. Time of the Merger

Effective date of the Merger: November 1, 2023 (planned)

(9) Changes in the Total Number of Investment Units Issued and Outstanding

Changes in the total number of investment units issued and outstanding and unitholders' capital in the last 5 years from the fiscal period under review are summarized in the following table.

Date	Particulars	Total Number of Investment Units Issued and Outstanding (Units)		Unitholders' Capital (Millions of Yen)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
May 28, 2018	Public offering	22,500	427,385	14,067	220,267	(Note 1)
June 15, 2018	Third-party allotment	1,125	428,510	703	220,970	(Note 2)
September 30, 2022	Cancellation	(4,295)	424,215	(2,999)	217,970	(Note 3)
November 1, 2022	Investment unit split	424,215	848,430	-	217,970	(Note 4)

Note 1: The Investment Corporation undertook an additional issue of new investment units (public offering) with the aim of procuring a portion of funds for the acquisition of new properties. The offer price was 646,425 yen per unit with an issue amount of 625,209 yen per unit.

Note 2: The Investment Corporation undertook an additional issue of new investment units with an issue amount of 625,209 yen per unit by way of third-party allotment with the aim of procuring a portion of funds for the acquisition of new properties.

Note 3: The Investment Corporation acquired own investment units through the market purchase on the Tokyo Stock Exchange pursuant to a discretionary trading contract pertaining to the acquisition of own investment units with a securities company from June 15, 2022, to September 9, 2022. As for the acquired own investment units (4,295 units), the Investment Corporation cancelled all the acquired units on September 30, 2022, based on the resolution at its board of directors' meeting held on September 22, 2022.

Note 4: The Investment Corporation implemented a two for one split of its investment units owned by the investors stated or recorded in the final unitholder registry as of October 31, 2022, with such date as the record date and November 1, 2022, as the effective date.

3. Reference Information

(1) Information Concerning Price of Assets in the Property Portfolio, Etc.

① Component of Assets

Asset Class	Type	Area	Thirty-Fifth Fiscal Period (as of October 31, 2022)		Thirty-Sixth Fiscal Period (as of April 30, 2023)	
			Total Amount Held (Millions of Yen) (Note 1)	Ratio (%) (Note 2)	Total Amount Held (Millions of Yen) (Note 1)	Ratio (%) (Note 2)
Real Estate	Office Buildings	Tokyo Metropolitan Area	26,807	5.7	23,439	4.9
		Other Regional Areas	15,219	3.2	15,105	3.2
	Total for Office Buildings		42,027	8.9	38,545	8.1
Total for Real Estate			42,027	8.9	38,545	8.1
Trust Beneficiary Interest in Real Estate	Office Buildings	Tokyo Metropolitan Area	322,131	68.1	321,021	67.7
		Other Regional Areas	70,064	14.8	69,863	14.7
	Total for Office Buildings		392,195	82.9	390,885	82.4
	Others	Tokyo Metropolitan Area	2,973	0.6	2,973	0.6
	Total for Others		2,973	0.6	2,973	0.6
Total of Trust Beneficiary Interests in Real Estate			395,169	83.5	393,859	83.0
Investment Securities (Note 3)			1,138	0.2	1,136	0.2
Bank Deposits and Other Assets			34,678	7.3	40,733	8.6
Total Assets			473,013	100.0	474,274	100.0

Note 1: "Total Amount Held" is the amount allocated in the balance sheets at the end of the fiscal period (figures are on a net book value basis after deducting depreciation) and rounded down to the nearest million yen.

Note 2: "Ratio" is the ratio of the amount allocated in the balance sheets to the total assets, rounded to the first decimal place.

Note 3: Interests in a silent partnership operated by G.K. KRF43 are indicated.

	Thirty-Fifth Fiscal Period (as of October 31, 2022)		Thirty-Sixth Fiscal Period (as of April 30, 2023)	
	Amount (Millions of Yen)	Ratio (%)	Amount (Millions of Yen)	Ratio (%)
Total Liabilities	243,451	51.5	243,791	51.4
Total Net Assets	229,562	48.5	230,482	48.6
Total Assets	473,013	100.0	474,274	100.0

② Details of Investment Assets

A. Major Components of Investment Securities

Details of investment assets held by the Investment Corporation as of April 30, 2023, are as follows.

Name	Area	Asset Class	Number of Units	Book Value (Millions of Yen)		Appraisal Value (Millions of Yen) (Note 1)		Ratio (%) (Note 2)	Appraisal profit/loss (Millions of Yen)
				Unit Price	Amount	Unit Price	Amount		
Interests in a silent partnership operated by G.K. KRF43 (Note 3)	Domestic Area	Interests in a silent partnership	-	-	1,136	-	1,136	0.2	-
Total			-	-	1,136	-	1,136	0.2	-

Note 1: Book value is stated as the appraisal value.

Note 2: "Ratio" is the ratio of the amount allocated in the balance sheets to the total assets, rounded to the first decimal place.

Note 3: The asset under management is the trust beneficiary interest in real estate of Shinjuku Sanei Building.

B. Property List

(a) Value of Investment Properties and the Investment Ratio

(Unit: Millions of Yen)

Type	Area	No.	Property Name	Acquisition Price (Note 1)	Amount on the Balance Sheet (Note 2)	Appraisal Value at the End of Thirty-Sixth Fiscal Period					Appraiser (Note 4)	Ratio (%) (Note 5)	
						(Note 3)	Direct Capitalization Method		Discounted Cash Flow Method				
							Value	Overall Capitalization Rate (%)	Value	Discount Rate (%)			Terminal Capitalization Rate (%)
		A-1	KDX Nihonbashi 313 Building	5,940	5,584	7,110	7,330	3.7	7,020	3.5	3.9	B	1.3
		A-3	KDX Higashi-Kayabacho Sanyo Building (Note 6)	4,450	3,906	5,340	5,360	3.8	5,310	3.5	3.8	A	1.0
		A-4	KDX Hatchobori Building	3,680	3,195	3,580	3,640	4.0	3,550	3.8	4.2	B	0.8
		A-5	KDX Nakano-Sakae Building	2,533	2,301	2,510	2,540	4.2	2,490	4.0	4.4	B	0.6
		A-6	Harajuku F.F. Building	2,450	2,338	3,880	3,880	4.2	3,880	3.9	4.2	A	0.5
		A-7	KDX Minami Aoyama Building	2,270	2,173	2,870	2,870	3.6	2,860	3.3	3.6	A	0.5
		A-8	KDX Kanda Kitaguchi Building	1,950	1,728	1,640	1,670	4.0	1,620	3.8	4.2	B	0.4
		A-13	KDX Kojimachi Building	5,950	5,398	5,540	5,530	3.3	5,540	3.0	3.3	A	1.3
		A-14	KDX Funabashi Building	2,252	2,138	3,150	3,170	4.7	3,130	4.4	4.8	A	0.5
		A-16	Toshin 24 Building	5,300	4,764	5,760	5,750	3.9	5,770	3.6	3.9	A	1.2
		A-17	KDX Ebisu Building	4,640	4,245	6,270	6,240	3.6	6,300	3.2	3.6	A	1.0
		A-19	KDX Hamamatsucho Building	3,460	3,053	3,590	3,710	3.6	3,540	3.4	3.8	B	0.8
		A-20	KDX Kayabacho Building	2,780	2,601	3,360	3,370	4.0	3,340	3.6	4.1	A	0.6
		A-21	KDX Shinbashi Building	3,728	3,647	5,670	5,670	3.3	5,660	3.0	3.3	A	0.8
		A-22	KDX Shin-Yokohama Building	2,520	2,090	2,690	2,690	4.4	2,690	4.1	4.4	A	0.6
		A-27	KDX Kajicho Building	2,350	2,237	2,320	2,380	4.0	2,290	3.8	4.2	B	0.5
		A-29	KDX Higashi-Shinjuku Building	2,950	2,843	4,190	4,290	4.1	4,140	3.9	4.3	B	0.7
		A-30	KDX Nishi-Gotanda Building	4,200	3,560	3,700	3,740	3.9	3,650	3.7	4.0	A	0.9
		A-31	KDX Monzen-Nakacho Building	1,400	1,219	1,150	1,190	4.5	1,130	4.3	4.7	B	0.3
		A-32	KDX Shiba-Daimon Building	6,090	5,737	6,380	6,370	3.8	6,380	3.5	3.8	A	1.3
		A-33	KDX Okachimachi Building	2,000	1,976	2,100	2,150	4.0	2,080	3.8	4.2	B	0.4
		A-35	KDX Hachioji Building	1,155	1,123	1,240	1,260	4.9	1,230	4.7	5.1	B	0.3
		A-37	KDX Ochanomizu Building	6,400	6,393	8,450	8,450	3.6	8,450	3.3	3.6	A	1.4
		A-38	KDX Nishi-Shinjuku Building	1,500	1,511	1,560	1,560	4.0	1,560	3.7	4.0	A	0.3
		A-41	KDX Shinjuku 286 Building	2,300	2,336	2,910	2,900	3.6	2,910	3.3	3.6	A	0.5
		A-46	Hiei Kudan-Kita Building	7,600	7,347	8,450	8,700	3.6	8,340	3.4	3.8	B	1.7
		A-51	KDX Hamacho Nakanohashi Building	2,310	2,151	2,180	2,180	4.1	2,180	3.8	4.1	A	0.5
		A-55	Shin-toshin Maruzen Building	2,110	2,014	1,720	1,720	4.0	1,710	3.6	4.1	A	0.5
		A-56	KDX Jimbocho Building	2,760	2,773	2,360	2,370	3.9	2,340	3.5	4.0	A	0.6
		A-59	KDX Iwamoto-cho Building	1,864	1,529	1,690	1,680	4.0	1,700	3.7	4.0	A	0.4
		A-60	KDX Harumi Building	10,250	8,122	8,590	8,600	3.6	8,580	3.3	3.6	A	2.3
		A-62	Koishikawa TG Building	3,080	3,011	3,400	3,400	3.9	3,400	3.6	3.9	A	0.7
		A-63	KDX Gotanda Building	2,620	2,609	3,620	3,620	4.0	3,620	3.7	4.0	A	0.6
		A-64	KDX Nihonbashi 216 Building	2,010	1,742	2,910	2,920	3.5	2,900	3.2	3.5	A	0.4
		A-66	KDX Shinjuku Building	6,800	6,872	10,500	10,500	3.2	10,500	2.9	3.2	A	1.5
		A-67	KDX Ginza 1chome Building	4,300	4,073	5,960	6,120	3.4	5,890	3.2	3.6	B	0.9
		A-71	KDX Iidabashi Building	4,670	4,715	5,790	5,920	3.9	5,730	3.7	4.1	B	1.0
		A-72	KDX Higashi-Shinagawa Building	4,590	4,536	4,860	4,960	4.0	4,810	3.8	4.2	B	1.0
		A-73	KDX Hakoziaki Building	2,710	2,577	3,610	3,660	4.2	3,590	4.0	4.4	B	0.6
		A-78	KDX Tachikawa Ekimae Building	1,267	1,314	1,910	1,910	4.6	1,910	4.3	4.6	A	0.3
		A-83	KDX Fuchu Building	6,120	5,788	8,730	8,950	4.5	8,630	4.3	4.7	B	1.4
		A-84	KDX Kasuga Building	2,800	2,589	4,280	4,280	3.8	4,280	3.5	3.8	A	0.6

Type	Area	No.	Property Name	Acquisition Price (Note 1)	Amount on the Balance Sheet (Note 2)	Appraisal Value at the End of Thirty-Sixth Fiscal Period					Appraiser (Note 4)	Ratio (%) (Note 5)			
						(Note 3)	Direct Capitalization Method		Discounted Cash Flow Method						
							Value	Overall Capitalization Rate (%)	Value	Discount Rate (%)			Terminal Capitalization Rate (%)		
Office Buildings	Tokyo Metropolitan Area	A-85	KDX Nakameguro Building	1,880	1,857	3,530	3,580	4.1	3,510	3.9	4.3	B	0.4		
		A-86	KDX Omiya Building	2,020	2,076	3,210	3,260	4.8	3,190	4.6	5.0	B	0.4		
		A-87	Nihonbashi Horidomecho First	2,200	2,236	3,180	3,230	4.0	3,160	3.8	4.2	B	0.5		
		A-88	KDX Shinjuku 6-chome Building	1,900	1,933	3,310	3,390	4.0	3,280	3.8	4.2	B	0.4		
		A-89	KDX Takanawadai Building	5,250	5,511	7,160	7,160	3.8	7,160	3.5	3.8	A	1.2		
		A-90	KDX Ikebukuro Building	3,900	3,426	5,240	5,360	3.7	5,190	3.5	3.9	B	0.9		
		A-91	KDX Mita Building	3,180	3,112	4,270	4,290	3.7	4,240	3.4	3.7	A	0.7		
		A-92	KDX Akihabara Building	2,600	2,440	3,300	3,300	3.6	3,300	3.3	3.6	A	0.6		
		A-93	KDX Iidabashi Square	4,350	4,696	6,340	6,470	3.8	6,290	3.6	4.0	B	1.0		
		A-94	KDX Musashi-Kosugi Building	12,000	10,248	19,300	19,300	3.8	19,200	3.5	3.8	A	2.6		
		A-95	KDX Toyosu Grand Square	8,666	7,383	9,930	10,100	4.3	9,850	4.1	4.5	B	1.9		
		A-96	KDX Takadanobaba Building	3,650	3,528	4,750	4,810	4.1	4,720	3.8	4.3	B	0.8		
		A-99	KDX Ikebukuro West Building	1,934	1,957	2,620	2,680	4.0	2,590	3.8	4.2	B	0.4		
		A-101	KDX Yokohama Building	7,210	7,206	9,900	10,200	4.2	9,770	4.0	4.4	B	1.6		
		A-102	KDX Yokohama Nishiguchi Building	2,750	2,585	3,590	3,670	4.2	3,550	4.0	4.4	B	0.6		
		A-107	KDX Ginza East Building	3,600	3,602	4,170	4,160	3.7	4,170	3.4	3.7	A	0.8		
		A-108	Pentel Building	3,350	3,579	4,221	4,297	3.7	4,188	3.5	3.9	B	0.7		
		A-109	KDX Hamamatsucho Center Building	3,950	3,995	4,610	4,750	3.5	4,550	3.3	3.7	B	0.9		
		A-112	KDX Toranomon 1Chome Building	14,616	14,732	25,100	25,000	2.9	25,100	2.6	2.9	A	3.2		
		A-113	KDX Shin-Nihonbashi Ekimae Building	3,829	3,939	4,700	4,690	3.3	4,700	3.0	3.3	A	0.8		
		A-115	ARK Mori Building	4,169	4,187	5,040	5,240	3.4	4,960	3.2	3.6	B	0.9		
		A-116	KDX Nishi-Shinbashi Building	8,400	8,460	9,330	9,600	3.3	9,210	3.1	3.5	B	1.9		
		A-117	BR Gotanda	2,200	2,265	2,590	2,640	3.9	2,540	3.5	4.1	A	0.5		
		A-119	KDX Shibuya Nanpeidai Building	3,500	3,524	3,830	3,920	3.4	3,790	3.4	3.6	B	0.8		
		A-120	KDX Yoyogi Building	2,479	2,372	2,420	2,420	4.2	2,420	3.7	4.3	A	0.5		
		A-121	Ginza 4chome Tower	9,800	9,287	15,600	15,600	2.9	15,600	2.6	2.9	A	2.2		
		A-122	Mitsubishijuku Yokohama Building	14,720	14,467	14,800	15,000	3.8	14,700	3.3	4.0	B	3.2		
		A-123	KDX Yokohama Kannai Building	9,500	9,411	10,400	10,700	3.9	10,200	3.7	4.1	B	2.1		
		A-124	KDX Hamamatsucho Place	20,700	20,123	23,900	24,600	3.2	23,600	3.0	3.4	B	4.6		
		A-125	KDX Chofu Building	8,700	8,977	10,300	10,300	4.3	10,200	3.9	4.4	A	1.9		
		A-127	KDX Kanda Ekimae Building	3,300	3,387	3,590	3,610	3.3	3,570	3.0	3.3	A	0.7		
		A-128	KDX Shinbashi Ekimae Building	16,300	16,273	21,100	21,100	2.7	21,100	2.4	2.7	A	3.6		
		A-130	KDX Edobashi Building (Note 6)	9,600	9,796	10,300	10,300	3.2	10,200	2.9	3.2	A	2.1		
		Office Buildings	Other Regional Areas	A-12	Portus Center Building	5,570	3,754	4,950	5,130	5.4	4,870	5.2	5.6	B	1.2
				A-42	KDX Karasuma Building	5,400	4,959	6,100	6,270	4.6	6,020	4.4	4.8	B	1.2
A-44	KDX Sendai Building			2,100	1,805	1,910	1,920	5.1	1,900	5.1	5.3	B	0.5		
A-53	KDX Hakata-Minami Building			4,900	4,200	5,470	5,510	5.3	5,420	5.0	5.4	A	1.1		
A-54	KDX Kitahama Building			2,220	1,973	1,770	1,770	4.7	1,770	4.2	4.8	A	0.5		
A-58	KDX Nagoya Sakae Building			7,550	5,984	5,740	5,860	4.2	5,690	4.0	4.4	B	1.7		
A-69	KDX Kobayashi-Doshomachi Building			2,870	1,627	2,920	2,950	7.8	2,890	3.9	11.7	A	0.6		
A-70	KDX Sapporo Building			2,005	1,905	2,790	2,860	4.6	2,760	4.4	4.8	B	0.4		
A-79	KDX Nagoya Ekimae Building			7,327	7,790	10,400	10,400	3.6	10,400	3.3	3.6	A	1.6		
A-82	KDX Higashi Umeda Building			2,770	2,135	4,130	4,210	4.1	4,100	3.9	4.3	B	0.6		
A-97	KDX Utsunomiya Building			2,350	2,142	2,690	2,680	5.3	2,690	5.1	5.5	B	0.5		
A-98	KDX Hiroshima Building			1,300	1,302	1,980	1,980	4.9	1,980	4.6	4.9	A	0.3		
A-100	Senri Life Science Center Building			13,000	11,945	13,900	14,100	4.3	13,800	4.1	4.5	B	2.9		
A-104	KDX Minami-Honmachi Building			2,200	1,845	3,290	3,270	3.9	3,300	3.6	3.9	A	0.5		
A-106	KDX Sakura-dori Building			5,900	6,594	8,600	8,730	4.4	8,540	4.2	4.6	B	1.3		
A-110	KDX Shin-Osaka Building			4,550	4,485	5,560	5,710	4.0	5,500	3.8	4.2	B	1.0		
A-111	KDX Nagoya Nichigin-mae Building			3,500	3,273	4,310	4,310	3.7	4,310	3.4	3.7	A	0.8		
A-118	KDX Sapporo Kitaguchi Building			1,800	2,092	2,460	2,540	4.6	2,420	4.4	4.8	B	0.4		

Type	Area	No.	Property Name	Acquisition Price (Note 1)	Amount on the Balance Sheet (Note 2)	Appraisal Value at the End of Thirty-Sixth Fiscal Period					Appraiser (Note 4)	Ratio (%) (Note 5)	
						Direct Capitalization Method		Discounted Cash Flow Method					
						Value	Overall Capitalization Rate (%)	Value	Discount Rate (%)	Terminal Capitalization Rate (%)			
Office Buildings	Other Regional Areas	A-126	KDX Tosabori Building	5,000	5,057	4,950	4,960	3.8	4,930	3.5	3.8	A	1.1
		A-129	KDX Sendai Honcho Building	6,360	6,476	6,500	6,780	4.6	6,380	4.4	4.8	B	1.4
		A-131	KDX Kobe Building (Note 6)	3,450	3,617	3,620	3,750	4.3	3,560	4.0	4.4	B	0.8
Subtotal of Office Buildings (96 properties)				450,436	429,430	547,191	553,617	-	543,658	-	-	-	99.4
Others	Tokyo Metropolitan Area	D-2	Shinjuku 6chome Building (Land)	2,880	2,973	3,660	3,690	3.3	3,650	3.2	3.3	B	0.6
Subtotal of Others Properties (1 property)				2,880	2,973	3,660	3,690	-	3,650	-	-	-	0.6
Total of 97 properties				453,316	432,404	550,851	557,307	-	547,308	-	-	-	100.0

Note 1: Acquisition prices are the purchase prices for trust beneficiary interests or properties acquired by the Investment Corporation (excluding acquisition costs, property tax, city planning tax, consumption tax, etc., rounded down to the nearest million yen.).

Note 2: Figures of less than 1 million are rounded down from the amounts on the balance sheet.

Note 3: Appraisal values at the end of fiscal period are based on the asset valuation method and standards outlined in the Investment Corporation's Articles of Incorporation and regulations formulated by the Investment Trusts Association, Japan. Appraisal values are transcribed from valuation reports prepared by Japan Real Estate Institute and Daiwa Real Estate Appraisal Co., Ltd.

Note 4: Appraisals of the properties were entrusted to two appraisers: Japan Real Estate Institute and Daiwa Real Estate Appraisal Co., Ltd. In the table, the appraisers are referred to as "A" for Japan Real Estate Institute and "B" for Daiwa Real Estate Appraisal Co., Ltd.

Note 5: Figures are the acquisition price of each asset as a percentage of the total acquisition prices for the portfolio rounded to the first decimal place. The figures entered in the subtotal and total columns are those obtained by dividing the subtotal (total) of acquisition prices of properties corresponding to each subtotal and total column by the total acquisition price of the entire assets (97 properties).

Note 6: The property name has been changed as follows. The same applies below.

Property No.	New Property Name	Former Property Name	Effective Date
A-3	KDX Higashi-Kayabacho Sanyo Building	Higashi-Kayabacho Yuraku Building	May 1, 2023
A-130	KDX Edobashi Building	Edobashi Building	February 1, 2023
A-131	KDX Kobe Building	Shionogi Kobe Building	February 1, 2023

(b) Property Distribution

Distribution by Property Types

Type	Number of Properties	Acquisition Price (Millions of Yen)	Ratio (Note) (%)
Office Buildings	96	450,436	99.4
Others	1	2,880	0.6
Total	97	453,316	100.0

Geographic Distribution

Area	Number of Properties	Acquisition Price (Millions of Yen)	Ratio (Note) (%)
Tokyo Metropolitan Area	76	361,194	79.7
Other Regional Areas	21	92,122	20.3
Total	97	453,316	100.0

Property Distribution by Acquisition Price

Acquisition Price (Millions of Yen)	Number of Properties	Acquisition Price (Millions of Yen)	Ratio (Note) (%)
Less than 1,000	-	-	-
1,000 - 2,499	29	57,777	12.7
2,500 - 4,999	38	133,519	29.5
5,000 - 7,499	15	90,617	20.0
7,500 - 9,999	8	69,816	15.4
10,000 - 12,499	2	22,250	4.9
12,500 - 14,999	3	42,336	9.3
15,000 - 17,499	1	16,300	3.6
17,500 - 19,999	-	-	-
20,000 or more	1	20,700	4.6
Total	97	453,316	100.0

Note: "Ratio" refers to the percentage of the acquisition price by each category to the acquisition price of the entire portfolio.

Figures are rounded to the first decimal place. Accordingly, the sum total of each item may be less than 100%.

(c) Overview of Investment Real Estate Properties and Trust Real Estate

Type	Area	No.	Property Name	Site Area (m ²) (Note 1)	Usage (Note 2)	Total Floor Area (m ²) (Note 3)	Type of Structure (Note 4)	Completion Date (Note 5)	PML (%) (Note 6)
Office Buildings	Tokyo Metropolitan	A-1	KDX Nihonbashi 313 Building	1,047.72	Offices	8,613.09	SRC B2F9	April 1974	6.8
		A-3	KDX Higashi-Kayabacho Sanyo Building	773.43	Offices	5,916.48	SRC B1F9	January 1987	7.0
		A-4	KDX Hatchobori Building	992.20	Offices	4,800.43	SRC · RC B1F8	June 1993	7.0
		A-5	KDX Nakano-Sakaue Building	1,235.16	Offices, Retail Shops Residence, Garage Storage	6,399.42	SRC B1F11	August 1992	5.0
		A-6	Harajuku F.F. Building	708.35	Retail Shops, Offices Parking	3,812.44	SRC F11	November 1985	4.4
		A-7	KDX Minami Aoyama Building	369.47	Offices, Retail Shops Residence	1,926.98	SRC B1F9	November 1988	6.7
		A-8	KDX Kanda Kitaguchi Building	410.18	Offices	2,393.94	SRC · RC · S B1F8	May 1993	5.4
		A-13	KDX Kojimachi Building	612.17	Offices, Retail Shops	5,323.81	SRC B2F9	May 1994	4.7
		A-14	KDX Funabashi Building	1,180.41	Offices, Retail Shops	5,970.12	SRC B1F8	April 1989	7.8
		A-16	Toshin 24 Building	1,287.16	Offices, Retail Shops Parking	8,483.17	SRC B1F8	September 1984	7.9
		A-17	KDX Ebisu Building	724.22	Offices, Retail Shops	4,394.58	SRC B1F7	January 1992	7.6
		A-19	KDX Hamamatsucho Building	504.26	Offices, Retail Shops Parking	3,592.38	S F9	September 1999	7.4
		A-20	KDX Kayabacho Building	617.17	Offices, Parking	3,804.86	SRC F8	October 1987	7.0
		A-21	KDX Shinbashi Building	536.11	Offices, Retail Shops Parking	3,960.22	SRC · S B1F8	February 1992	7.7
		A-22	KDX Shin-Yokohama Building	705.00	Offices, Retail Shops Parking	6,180.51	S B1F9	September 1990	9.3
		A-27	KDX Kajicho Building	526.43	Offices, Retail Shops	3,147.70	SRC B1F8	March 1990	6.5
		A-29	KDX Higashi-Shinjuku Building	1,340.97	Offices Storage, Parking	7,885.40	SRC B1F9	January 1990	6.8
		A-30	KDX Nishi-Gotanda Building	684.41	Offices, Parking	5,192.87	SRC B1F8	November 1992	8.0
		A-31	KDX Monzen-Nakacho Building	580.99	Offices, Retail Shops	2,668.91	SRC F8	September 1986	6.4
		A-32	KDX Shiba-Daimon Building	1,188.28	Offices	7,824.03	SRC B1F9	July 1986	7.0
		A-33	KDX Okachimachi Building	239.72	Offices	1,882.00	S F10	June 1988	7.7
		A-35	KDX Hachioji Building	460.62	Offices, Parking Retail Shops	2,821.21	SRC F9	December 1985	5.5
		A-37	KDX Ochanomizu Building	1,515.28	Offices, Storage Retail Shops, Parking Mechanical Room	7,720.08	SRC B1F7	August 1982	8.5
		A-38	KDX Nishi-Shinjuku Building	626.06	Offices, Parking	2,017.63	RC F5	October 1992	8.9
		A-41	KDX Shinjuku 286 Building	421.70	Offices, Parking	3,432.04	SRC · RC B1F9	August 1989	6.4
		A-46	Hiei Kudan-Kita Building	1,844.83	Offices, Retail Shops Office Room Parking, Storage	11,425.31	SRC · S B1F11	March 1988	5.0
		A-51	KDX Hamacho Nakanohashi Building	462.29	Offices	3,280.41	SRC F9	September 1988	6.9
		A-55	Shin-toshin Maruzen Building	457.64	Offices, Retail Shops Parking	3,439.37	SRC B1F8	July 1990	6.5
		A-56	KDX Jimbocho Building	465.92	Offices	3,292.13	SRC B1F8	May 1994	6.3
		A-59	KDX Iwamoto-cho Building	266.86	Offices Residential Complex	1,618.65	S F9	March 2008	8.4
		A-60	KDX Harumi Building	2,230.69	Offices, Retail Shops	12,694.32	S · SRC B1F11	February 2008	2.8
		A-62	Koishikawa TG Building	1,250.42	Offices, Clinic, Parking	5,862.02	SRC B1F8	November 1989	6.8
		A-63	KDX Gotanda Building	582.90	Offices, Garage	4,440.61	SRC B1F9	April 1988	8.1
		A-64	KDX Nihonbashi 216 Building	307.77	Offices	1,871.62	SRC F9	October 2006	6.9
		A-66	KDX Shinjuku Building	1,118.12	Offices, Retail Shops Parking	10,348.02	S · RC B4F11	May 1993	4.8
A-67	KDX Ginza 1chome Building	678.24	Offices, Bank	4,724.62	SRC F9	November 1991	6.9		
A-71	KDX Iidabashi Building	967.38	Offices, Parking	5,422.64	SRC B1F8	March 1990	6.4		
A-72	KDX Higashi-Shinagawa Building	3,115.45	Offices	10,138.65	S · RC B1F5	January 1993	8.1		
A-73	KDX Hakozaki Building	971.83	Offices, Parking	6,332.48	SRC B1F10	November 1993	6.9		
A-78	KDX Tachikawa Ekimae Building	464.95	Offices	2,896.48	S B1F8	February 1990	3.5		
A-83	KDX Fuchu Building	2,400.00	Offices, Parking	16,647.00	SRC · S B1F14	March 1996	2.7		
A-84	KDX Kasuga Building	1,319.24	Offices, Retail Shops Parking	6,444.31	SRC B1F10	June 1992	6.4		
A-85	KDX Nakameguro Building	730.26	Offices	3,455.90	SRC F7	October 1985	6.9		

Type	Area	No.	Property Name	Site Area (m ²) (Note 1)	Usage (Note 2)	Total Floor Area (m ²) (Note 3)	Type of Structure (Note 4)	Completion Date (Note 5)	PML (%) (Note 6)		
Office Buildings	Tokyo Metropolitan	A-86	KDX Omiya Building	775.67	Offices, Retail Shops Parking, Residence	5,055.50	①S・SRC B1F8 ②S F3	April 1993	3.8		
		A-87	Nihonbashi Horidomecho First	1,193.91	Offices, Residence Parking	7,362.25	SRC B1F10	July 1995	6.8		
		A-88	KDX Shinjuku 6-chome Building	1,072.03	Offices, Retail Shops, Parking	5,907.00	SRC・RC B2F10	March 1990	5.2		
		A-89	KDX Takanawadai Building	2,546.89	Offices	9,265.03	SRC B1F9	October 1985	6.5		
		A-90	KDX Ikebukuro Building	472.94	Offices, Retail Shops Parking	3,848.18	S・RC B1F10	March 2009	4.7		
		A-91	KDX Mita Building	548.72	Offices, Retail Shops Garage	5,007.98	S・SRC B3F11	March 1993	4.8		
		A-92	KDX Akihabara Building	374.88	Retail Shops, Offices	2,979.14	SRC B1F9	December 1973	7.9		
		A-93	KDX Iidabashi Square	1,341.98	Offices, Parking	6,764.37	SRC B1F8	January 1994	6.6		
		A-94	KDX Musashi-Kosugi Building	3,210.09	Offices, Retail Shops	16,094.14	S B1F11	May 2013	7.0		
		A-95	KDX Toyosu Grand Square	20,403.07	Offices, Retail Shops	63,419.60	S F11	April 2008	6.8		
		A-96	KDX Takadanobaba Building	1,511.58	Offices, Parking	6,576.07	SRC・RC B2F7	October 1988	6.9		
		A-99	KDX Ikebukuro West Building	603.21	Offices, Retail Shops, Parking	3,477.86	SRC F10	July 1988	5.7		
		A-101	KDX Yokohama Building	2,499.38	Offices, Parking	15,894.75	SRC・S B1F11	March 1994	8.8		
		A-102	KDX Yokohama Nishiguchi Building	1,029.45	Offices	6,556.59	SRC B1F9	October 1988	6.2		
		A-107	KDX Ginza East Building	1,216.99	Offices, Parking	6,413.60	SRC B1F9	August 1991	5.6		
		A-108	Pentel Building	2,502.63	Offices, Bank, Residence	18,880.89	S・SRC B3F14	November 1990	6.4		
		A-109	KDX Hamamatsucho Center Building	835.83	Offices, Garage	3,981.69	SRC F7	December 1985	8.0		
		A-112	KDX Toranomon 1Chome Building	1,449.82	Offices, Retail Shops Parking	11,212.05	S・SRC B1F11	October 2013	7.4		
		A-113	KDX Shin-Nihonbashi Ekimae Building	531.64	Offices, Parking	4,254.07	SRC B1F10	May 1992	5.8		
		A-115	ARK Mori Building	39,602.42	Offices	177,486.95	RC・SRC・S B4F37	March 1986	2.2		
		A-116	KDX Nishi-Shinbashi Building	1,406.56	Offices, Garage	8,851.60	SRC B1F11	August 1992	5.2		
		A-117	BR Gotanda	914.80	Offices, Parking	7,395.72	SRC・S B2F11	September 1991	7.8		
		A-119	KDX Shibuya Nanpeidai Building	1,276.02	Offices	2,832.58	S F4	December 2003	7.4		
		A-120	KDX Yoyogi Building	228.74	Retail Shops, Offices	1,269.06	SRC F8	August 1991	5.1		
		A-121	Ginza 4chome Tower	688.52	Retail Shops, Offices, Parking	6,787.33	S B1F13	November 2008	5.9		
		A-122	Mitsubishijuku Yokohama Building	10,100.58	Offices, Retail Shops	109,472.69	S・SRC B2F34	February 1994	3.5		
		A-123	KDX Yokohama Kannai Building	1,687.26	Offices, Parking	15,883.21	S・SRC・RC B2F14	September 2007	1.1		
		A-124	KDX Hamamatsucho Place	1,917.71	Offices	12,280.77	S F10	February 2015	0.4		
		A-125	KDX Chofu Building	13,265.06	Offices, Parking	31,536.86	SRC・RC B1F7	January 1995	7.2		
		A-127	KDX Kanda Ekimae Building	435.14	Offices	2,543.00	S F8	February 1991	6.2		
		A-128	KDX Shinbashi Ekimae Building	874.36	Offices, Clinic, Retail Shops	7,327.63	S・SRC B1F11	September 2018	4.6		
		A-130	KDX Edobashi Building	924.00	Offices	8,076.42	SRC B1F10	November 1986	6.5		
		Other Regional Areas		A-12	Portus Center Building	13,936.63	Offices, Retail Shops Storage, Parking	79,827.08	SRC・S B2F25	September 1993	3.6
				A-42	KDX Karasuma Building	1,788.67	Offices	12,632.68	SRC B1F8	October 1982	1.0
				A-44	KDX Sendai Building	987.78	Offices	5,918.30	SRC B1F10	February 1984	1.3
A-53	KDX Hakata-Minami Building			1,826.25	Offices, Retail Shops Parking	13,238.16	SRC B1F9	June 1973	0.9		
A-54	KDX Kitahama Building			751.92	Offices, Storage Parking	4,652.96	S F10	July 1994	2.3		
A-58	KDX Nagoya Sakae Building			1,192.22	Offices, Retail Shops	9,594.00	S F11	April 2009	0.3		
A-69	KDX Kobayashi-Doshomachi Building (Note 7)			1,561.04	Offices, Garage Retail Shops	10,723.83	S・SRC B1F12	July 2009	2.7		
A-70	KDX Sapporo Building			819.44	Offices	5,503.90	SRC B1F9	October 1989	1.3		
A-79	KDX Nagoya Ekimae Building			1,354.10	Offices, Retail Shops	13,380.30	S・SRC B2F15	April 1986	3.7		
A-82	KDX Higashi Umeda Building			804.50	Offices, Retail Shops Parking	6,805.76	S・SRC B1F10	July 2009	2.2		
A-97	KDX Utsunomiya Building			1,412.00	Offices, Retail Shops Parking	7,742.18	S・SRC B1F10	February 1999	0.1		
A-98	KDX Hiroshima Building			706.78	Offices, Parking Tower	5,718.83	SRC B1F10	January 1990	1.1		
A-100	Senri Life Science Center Building			5,911.08	Offices, Retail Shops Parking	49,260.78	SRC・S B3F21	June 1992	1.1		

Type	Area	No.	Property Name	Site Area (m ²) (Note 1)	Usage (Note 2)	Total Floor Area (m ²) (Note 3)	Type of Structure (Note 4)	Completion Date (Note 5)	PML (%) (Note 6)
Office Buildings	Other Regional Areas	A-104	KDX Minami-Honmachi Building	882.96	Offices, Retail Shops Garage	7,694.03	S · RC B1F12	December 2009	2.4
		A-106	KDX Sakura-dori Building	2,420.43	Offices, Retail Shops Lounge, Storage	19,680.16	S B1F18	August 1992	3.8
		A-110	KDX Shin-Osaka Building	1,016.54	Offices, Parking Retail Shops	7,987.35	SRC B1F11	May 1992	3.3
		A-111	KDX Nagoya Nichigin-mae Building	732.14	Offices	5,862.22	S B1F10	September 2006	4.3
		A-118	KDX Sapporo Kitaguchi Building	782.69	Offices	4,639.44	SRC · RC B1F9	September 1992	1.8
		A-126	KDX Tosabori Building	993.68	Offices, Garage	8,307.73	SRC B1F10	October 1987	3.3
		A-129	KDX Sendai Honcho Building	1,995.04	Offices, Retail Shops	13,049.82	SRC B1F12	November 1984	1.0
		A-131	KDX Kobe Building	1,290.18	Offices	8,501.91	S · SRC B1F10	May 1992	2.0
Subtotal of Office Buildings (96 properties)				-	-	-	-	Avg. 27.0 yrs.	-
Other	Tokyo Metropolitan Area	D-2	Shinjuku 6chome Building (Land)	1,355.13	-	-	-	-	-
Subtotal of Others Properties (1 property)				-	-	-	-	-	-
Total of 97 properties				-	-	-	-	Avg. 27.0 yrs.	3.1

Note 1: Site area data is based on figures recorded in the land register (including relevant figures for land leasehold, if any). Data may not match with the actual current status. In the case of buildings with compartmentalized ownership, the figure indicates the site area of the entire land subject to site rights.

Note 2: Usage is based on data recorded in the land register. For buildings with compartmentalized ownership, the usage type of exclusively owned area is shown.

Note 3: Total floor area is based on figures recorded in the land register and does not include related structures. The total floor area for the entire building is reported for compartmentalized ownership.

Note 4: Type of structure data is based on data recorded in the land register. For buildings with compartmentalized ownership, the structure and the number of floors of the entire building that includes the compartmentalized ownership is shown. The following abbreviations are used to report data relating to structure and the number of floors:

SRC: Steel-Reinforced Concrete; RC: Reinforced Concrete; S: Steel Frame; B: Below Ground Level; F: Above Ground Level.

For example: B2F9: Two floors below ground level and nine floors above ground level.

Note 5: Completion date is the date of construction completion recorded in the land register. Average age subtotal and total data are calculated using the weighted average based on acquisition prices as of April 30, 2023, and are rounded down to the first decimal place.

Note 6: Probable Maximum Loss (PML) data is based on a survey provided by Sampo Risk Management Inc. as of April 30, 2023.

Note 7: KDX Kobayashi Doshomachi Building includes the fixed-term land leasehold with a special agreement to transfer building.

(d) Details of the Tenants

Type	Area	No.	Property Name	Total Leasable Floor Area (m ²) (Note 1)	Total Leased Floor Area (m ²) (Note 2)	No. of Leasable Residential Units (Note 3)	No. of Leased Residential Units (Note 4)	No. of Tenants (Note 5)	Occupancy Rate (%) (Note 6)	Rental and Other Operating Revenues (Thousands of Yen) (Note 7)	Tenant Leasehold and Security Deposits (Thousands of Yen) (Note 8)	
Office Buildings	Tokyo Metropolitan Area	A-1	KDX Nihonbashi 313 Building	5,732.83	5,732.83	-	-	16	100.0	205,138	279,304	
		A-3	KDX Higashi-Kayabacho Sanyo Building	4,379.20	4,379.20	-	-	9	100.0	96,117	218,776	
		A-4	KDX Hatchobori Building	3,323.14	3,323.14	-	-	4	100.0	112,751	113,595	
		A-5	KDX Nakano-Sakaue Building	4,286.99	4,210.70	19	18	27	98.2	96,382	112,462	
		A-6	Harajuku F.F. Building	3,071.15	3,071.15	-	-	2	100.0	110,547	144,075	
		A-7	KDX Minami Aoyama Building	1,810.19	1,577.01	-	-	7	87.1	76,279	80,304	
		A-8	KDX Kanda Kitaguchi Building	1,918.23	1,918.23	-	-	10	100.0	52,405	76,040	
		A-13	KDX Kojimachi Building	3,719.37	3,719.37	-	-	9	100.0	145,233	225,852	
		A-14	KDX Funabashi Building	3,845.90	3,845.90	-	-	23	100.0	118,726	168,975	
		A-16	Toshin 24 Building	6,616.68	6,616.68	-	-	20	100.0	183,432	281,050	
		A-17	KDX Ebisu Building	3,072.34	3,072.34	-	-	5	100.0	153,638	271,232	
		A-19	KDX Hamamatsucho Building	2,724.35	2,724.35	-	-	9	100.0	102,463	134,922	
		A-20	KDX Kayabacho Building	3,019.94	3,019.94	-	-	7	100.0	100,090	147,764	
		A-21	KDX Shinbashi Building	2,803.96	2,803.96	-	-	9	100.0	127,102	233,484	
		A-22	KDX Shin-Yokohama Building	4,768.94	4,768.94	-	-	23	100.0	93,620	169,960	
		A-27	KDX Kajicho Building	2,564.79	2,564.79	-	-	10	100.0	63,896	99,777	
		A-29	KDX Higashi-Shinjuku Building	5,859.92	5,859.92	-	-	6	100.0	143,150	129,753	
		A-30	KDX Nishi-Gotanda Building	3,883.02	3,883.02	-	-	12	100.0	117,333	155,305	
		A-31	KDX Monzen-Nakacho Building	2,008.74	2,008.74	-	-	6	100.0	48,139	48,898	
		A-32	KDX Shiba-Daimon Building	5,997.36	5,691.76	-	-	8	94.9	175,561	248,760	
		A-33	KDX Okachimachi Building	1,792.54	1,792.54	-	-	2	100.0	66,155	112,850	
		A-35	KDX Hachioji Building	2,159.05	2,159.05	-	-	10	100.0	51,513	54,947	
		A-37	KDX Ochanomizu Building	5,861.72	5,861.72	-	-	9	100.0	184,994	319,412	
		A-38	KDX Nishi-Shinjuku Building	1,593.59	1,593.59	-	-	10	100.0	51,934	83,284	
		A-41	KDX Shinjuku 286 Building	2,445.22	2,445.22	-	-	9	100.0	56,443	98,615	
		A-46	Hiei Kudan-Kita Building	6,908.96	6,908.96	-	-	15	100.0	244,315	362,991	
		A-48	KDX Kawasaki-Ekimae Hon-cho Building	-	-	-	-	-	-	-	165,329	-
		A-51	KDX Hamacho Nakanohashi Building	2,237.07	2,237.07	-	-	9	100.0	72,798	100,572	
		A-55	Shin-toshin Maruzen Building	1,912.24	1,912.24	-	-	6	100.0	55,293	76,475	
		A-56	KDX Jimbocho Building	2,323.44	2,323.44	-	-	6	100.0	74,968	104,865	
		A-59	KDX Iwamoto-cho Building	1,529.70	1,529.70	3	3	8	100.0	50,620	71,316	
		A-60	KDX Harumi Building	9,294.00	9,294.00	-	-	11	100.0	247,861	375,491	
		A-62	Koishikawa TG Building	3,934.35	3,934.35	-	-	2	100.0	127,035	155,102	
		A-63	KDX Gotanda Building	3,157.04	3,157.04	-	-	10	100.0	109,355	153,786	
		A-64	KDX Nihonbashi 216 Building	1,615.20	1,615.20	-	-	8	100.0	68,916	110,414	
		A-66	KDX Shinjuku Building	5,801.65	5,801.65	-	-	23	100.0	265,651	337,646	
		A-67	KDX Ginza 1chome Building	3,573.59	3,573.59	-	-	4	100.0	152,918	193,218	
		A-71	KDX Iidabashi Building	4,350.61	4,350.61	-	-	12	100.0	181,817	189,096	
		A-72	KDX Higashi-Shinagawa Building	7,117.94	7,117.94	-	-	6	100.0	172,216	258,535	
		A-73	KDX Hakozaeki Building	3,992.60	3,992.60	-	-	8	100.0	127,564	174,298	
		A-78	KDX Tachikawa Ekimae Building	1,613.25	1,613.25	-	-	5	100.0	60,887	111,199	
		A-83	KDX Fuchu Building	10,151.50	10,151.50	-	-	41	100.0	277,196	490,538	
		A-84	KDX Kasuga Building	4,348.15	4,348.15	-	-	11	100.0	116,215	170,421	
		A-85	KDX Nakameguro Building	2,726.69	2,726.69	-	-	7	100.0	107,077	184,008	
		A-86	KDX Omiya Building	3,833.49	3,743.79	1	-	16	97.7	127,554	210,534	
		A-87	Nihonbashi Horidomecho First	3,106.42	3,106.42	8	8	13	100.0	107,958	124,557	
		A-88	KDX Shinjuku 6-chome Building	4,037.44	4,037.44	-	-	6	100.0	100,572	101,393	
		A-89	KDX Takanawadai Building	6,970.54	6,970.54	-	-	7	100.0	205,121	284,173	
		A-90	KDX Ikebukuro Building	3,110.77	2,779.21	-	-	6	89.3	146,139	181,495	
		A-91	KDX Mita Building	3,331.65	3,087.78	-	-	11	92.7	123,481	169,409	
A-92	KDX Akihabara Building	2,288.02	2,288.02	-	-	8	100.0	51,181	135,359			
A-93	KDX Iidabashi Square	4,571.92	4,571.92	-	-	9	100.0	191,825	344,276			
A-94	KDX Musashi-Kosugi Building	12,978.57	11,238.48	-	-	13	86.6	419,776	815,442			
A-95	KDX Toyosu Grand Square	11,797.84	11,106.45	-	-	14	94.1	321,504	448,596			
A-96	KDX Takadanobaba Building	4,596.20	4,596.20	-	-	11	100.0	147,870	171,670			
A-99	KDX Ikebukuro West Building	2,532.71	2,532.71	-	-	7	100.0	78,104	72,815			
A-101	KDX Yokohama Building	10,877.60	10,613.36	-	-	27	97.6	294,984	444,923			
A-102	KDX Yokohama Nishiguchi Building	4,985.72	4,985.72	-	-	14	100.0	123,494	179,886			
A-107	KDX Ginza East Building	4,400.92	4,400.92	-	-	12	100.0	116,557	157,025			
A-108	Pentel Building	4,346.66	4,346.66	5	5	10	100.0	143,279	206,128			
A-109	KDX Hamamatsucho Center Building	3,052.76	3,052.76	-	-	8	100.0	119,144	179,069			
A-112	KDX Toranomom 1chome Building	8,179.00	8,179.00	-	-	3	100.0	515,453	664,014			
A-113	KDX Shin-Nihonbashi Ekimae Building	3,279.09	3,279.09	-	-	10	100.0	113,061	196,054			
A-115	ARK Mori Building	2,442.60	2,442.60	-	-	-	-	1 (Note 9)	N/A (Note 10)	N/A (Note 10)		
A-116	KDX Nishi-Shinbashi Building	5,735.58	5,735.58	-	-	7	100.0	230,756	313,015			
A-117	BR Gotanda	3,320.24	3,320.24	-	-	6	100.0	111,901	120,339			
A-119	KDX Shibuya Nanpeidai Building	2,205.33	2,205.33	-	-	1	100.0	97,295	176,681			
A-120	KDX Yoyogi Building	1,173.55	1,173.55	-	-	10	100.0	72,178	106,034			
A-121	Ginza 4chome Tower	5,624.23	5,624.23	-	-	4	100.0	301,565	338,450			
A-122	Mitsubishijuku Yokohama Building	13,495.34	13,236.08	-	-	21	98.1	420,650	664,809			
A-123	KDX Yokohama Kannai Building	10,052.67	10,052.67	-	-	11	100.0	320,110	434,917			
A-124	KDX Hamamatsucho Place	9,325.18	9,325.18	-	-	12	100.0	509,714	991,560			
A-125	KDX Chofu Building	11,834.73	11,834.73	-	-	7	100.0	287,422	276,740			
A-127	KDX Kanda Ekimae Building	2,175.29	2,175.29	-	-	7	100.0	76,452	87,180			
A-128	KDX Shinbashi Ekimae Building	5,403.25	5,403.25	-	-	8	100.0	367,233	715,040			
A-130	KDX Edobashi Building	5,695.70	5,000.70	-	-	6	87.8	178,788	253,224			

Type	Area	No.	Property Name	Total Leasable Floor Area (m ²) (Note 1)	Total Leased Floor Area (m ²) (Note 2)	No. of Leasable Residential Units (Note 3)	No. of Leased Residential Units (Note 4)	No. of Tenants (Note 5)	Occupancy Rate (%) (Note 6)	Rental and Other Operating Revenues (Thousands of Yen) (Note 7)	Tenant Leasehold and Security Deposits (Thousands of Yen) (Note 8)
Office Buildings	Other Regional Areas	A-12	Portus Center Building	11,501.01	10,014.07	-	-	30	87.1	239,928	285,655
		A-42	KDX Karasuma Building	8,730.26	8,429.67	-	-	41	96.6	231,793	310,023
		A-44	KDX Sendai Building	3,948.03	3,831.53	-	-	30	97.0	96,834	175,855
		A-53	KDX Hakata-Minami Building	10,112.80	10,112.80	-	-	52	100.0	223,416	308,831
		A-54	KDX Kitahama Building	4,007.96	4,007.96	-	-	14	100.0	77,160	106,464
		A-58	KDX Nagoya Sakae Building	6,923.12	6,923.12	-	-	17	100.0	207,536	286,502
		A-69	KDX Kobayashi-Doshomachi Building	7,072.26	7,072.26	-	-	8	100.0	212,312	223,146
		A-70	KDX Sapporo Building	3,779.73	3,610.82	-	-	18	95.5	115,278	152,985
		A-79	KDX Nagoya Ekimae Building	7,904.22	7,904.22	-	-	19	100.0	338,509	534,080
		A-82	KDX Higashi Umeda Building	4,994.88	4,994.88	-	-	4	100.0	147,030	149,964
		A-97	KDX Utsunomiya Building	5,278.51	5,278.51	-	-	26	100.0	135,772	150,843
		A-98	KDX Hiroshima Building	4,001.53	3,675.34	-	-	22	91.8	78,680	100,658
		A-100	Senri Life Science Center Building	17,155.65	17,155.65	-	-	63	100.0	685,015	959,733
		A-104	KDX Minami-Honmachi Building	5,280.02	5,280.02	-	-	16	100.0	112,703	166,416
		A-106	KDX Sakura-dori Building	12,314.52	12,314.52	-	-	36	100.0	328,216	531,558
		A-110	KDX Shin-Osaka Building	5,985.76	5,813.51	-	-	19	97.1	168,667	221,965
		A-111	KDX Nagoya Nichigin-mae Building	4,363.96	4,245.39	-	-	15	97.3	124,586	172,326
A-118	KDX Sapporo Kitaguchi Building	3,319.16	3,319.16	-	-	16	100.0	86,971	112,441		
A-126	KDX Tosabori Building	5,635.38	5,635.38	-	-	12	100.0	132,298	220,597		
A-129	KDX Sendai Honcho Building	8,886.10	8,599.50	-	-	44	96.8	204,155	284,339		
A-131	KDX Kobe Building	5,669.71	5,669.71	-	-	21	100.0	106,023	127,760		
Subtotal of Office Buildings (97 properties)				493,472.72	485,565.99	36	34	1,283	98.4	16,004,028	23,014,600
Others	Tokyo Metropolitan Area	D-2	Shinjuku 6Chome Building (Land)	1,355.13	1,355.13	-	-	1	100.0	68,866	57,385
Subtotal of Others Properties (1 property)				1,355.13	1,355.13	-	-	1	100.0	68,866	57,385
Total of 98 properties				494,827.85	486,921.12	36	34	1,284 (Note 11)	98.4	16,072,895	23,071,985

Note 1: Total leasable floor area refers to the leasable floor area for a building (aggregate total of the leasable floor area of each building in the case of more than one building), excluding land (including land for one-story parking) identified in lease agreements or construction completion plans, etc. However, the indicated figure of rentable area for Pentel Building includes leasable area for land stated in the lease agreement. The indicated figure of leasable area for Shinjuku 6chome Building (Land) is leasable area stated in the land lease agreement.

Note 2: Total leased floor area refers to the area identified in lease agreements with end tenants or sub-lease agreements.

Note 3: The number of leasable residential units refers to the portion of the building used for residential purposes.

Note 4: The number of leased residential units refers to the number of residential units among leasable residential units for which lease agreements with end tenants or sub-lease agreements are signed.

Note 5: The number of tenants refers to the actual number of end tenants for each property.

Note 6: Occupancy rate is calculated by dividing leased floor area by total leasable floor area. Figures are rounded to the first decimal place. The figures entered in the subtotal and total columns are those obtained by dividing the subtotal (total) of total leased floor area by the subtotal (total) of total leasable floor area of properties corresponding to each subtotal and total column.

Note 7: Rental and other operating revenues refer to the total amount of revenues generated during the fiscal period under review from real estate rental operations including leasing revenues, common charges and parking revenues rounded down to the nearest thousand yen.

Note 8: Tenant leasehold and security deposits refer to the total of the balances of security deposits held (including net security deposits in the case of discount) and guarantee deposits, both identified in lease agreements or sub-lease agreements, with the figure rounded down to the nearest thousand yen.

Note 9: Since we have concluded a building lease agreement and a property management agreement with Mori Building Co., Ltd., a master lessee, the total number of tenants is indicated as 1.

Note 10: Figures are not disclosed because the company that is a master lessee and a property manager has not given consent.

Note 11: The number presented does not reflect the adjustment for end-tenants who are overlapping in multiple properties.

(2) Capital Expenditures

① Planned Capital Expenditures

Major capital expenditure plans for renovation of properties held by the Investment Corporation for the thirty-seventh fiscal period (May 1, 2023, to October 31, 2023) are as follows. Planned capital expenditures may include portions classified into expenses for accounting purposes as a result.

Property Name (Location)	Purpose	Schedule	Planned Amount of Capital Expenditures (Millions of Yen)		
			Total	Paid in the Fiscal Period under Review	Total Amount Previously Paid
KDX Karasuma Building (Kyoto, Kyoto)	Renewal of air-conditioning system, etc.	May 2023 to October 2023	259	-	-
KDX Fuchu Building (Fuchu, Tokyo)	Upgrade of common area, etc.	As above	84	-	-
KDX Kasuga Building (Bunkyo-ku, Tokyo)	Upgrade of common area, etc.	As above	77	-	-
Senri Life Science Center Building (Toyonaka, Osaka)	Upgrade of exclusively owned area, etc.	As above	55	-	-
KDX Nakameguro Building (Meguro-ku, Tokyo)	Upgrade of exclusively owned area, etc.	As above	21	-	-

Note: The planned amounts of capital expenditures are rounded down to the nearest million yen.

② Capital Expenditures During the Fiscal Period under Review (Fiscal Period Ended April 30, 2023)

The Investment Corporation undertook the following major capital expenditures. In the fiscal period under review (fiscal period ended April 30, 2023), the Investment Corporation completed works across its entire portfolio totaling 997 million yen. The total construction cost amounted to 1,348 million yen including 351 million yen for repairs, maintenance and renovation expenses in the fiscal period under review.

Property Name (Location)	Purpose	Term	Amount of Capital Expenditures (Millions of Yen)
Portus Center Building (Sakai, Osaka)	Renovation of elevator, etc.	November 2022 to April 2023	123
KDX Edobashi Building (Chuo-ku, Tokyo)	Upgrade of common area, etc.	As above	97
KDX Shin-Osaka Building (Osaka, Osaka)	Renovation of external wall, etc.	As above	63
KDX Nagoya Ekimae Building (Nagoya, Aichi)	Renewal of transformer equipment, etc.	As above	61
KDX Fuchu Building (Fuchu, Tokyo)	Upgrade of common area, etc.	As above	58
KDX Kanda Ekimae Building (Chiyoda-ku, Tokyo)	Upgrade of common area, etc.	As above	33
KDX Sapporo Kitaguchi Building (Sapporo, Hokkaido)	Renovation of mechanical parking lot, etc.	As above	32
Other			526
Portfolio Total			997

Note: The amounts of the capital expenditures are rounded down to the nearest million yen.

③ Reserved Amount for Long-Term Repairs, Maintenance and Renovation Plans

Not Applicable

(3) Overview of Major Tenants

① Information concerning major real estate properties

There were no major real estate properties with rental and other operating revenues exceeding 10% of total rental and other operating revenues for the fiscal period under review (fiscal period ended April 30, 2023).

② Information concerning major tenants

A. Tenant which holds more than 10% of the total leased area: Not applicable

B. Reference: Major end tenants

(As of April 30, 2023)

	Name of End Tenant	Property Name	Leased Floor Area (m ²)	Percentage of Total Leased Floor Area (Note 1)
1	Mitsubishi Heavy Industries, Ltd.	Mitsubishijuko Yokohama Building	11,267.43	2.3
2	WeWork Japan G.K.	KDX Toranomom 1Chome Building	6,347.27	1.3
3	JASTEC Co., Ltd.	KDX Takanawadai Building	4,892.89	1.0
4	Japan Pension Service	KDX Chofu Building	4,710.40	1.0
5	N / A (Note 2)	KDX Kobayashi-Doshomachi Building	4,324.10	0.9
Subtotal			31,542.09	6.5
Total Portfolio			486,921.12	100.0

Note 1: Percentage of total leased floor area refers to the floor area leased to each end tenant as a proportion of total leased floor area. Figures are rounded to the first decimal place.

Note 2: Not disclosed because the tenant has not given consent.