Kenedix Office Investment Corporation | Kenedix Residential Next Investment Corporation | Kenedix Retail REIT Corporation

Investor Presentation for Merger

June 13, 2023

Thank you very much for taking time for our presentation.
I'm Hikaru Teramoto, President & CEO of Kenedix Real Estate Fund Management, Inc.

I'm Hiroaki Momoi, Head of Office REIT Department.

I'm Tetsu Kawashima, Head of Residential REIT Department.

I'm Moyuru Watanabe, Head of Retail REIT Department.

We would like to express our deepest gratitude for your continued support to Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation, and Kenedix Retail REIT Corporation, all of which we are entrusted with the management.

From now, I would like to explain the overview and rationale of the Merger of these three REITs as announced on June 13.

Please note that we call Kenedix Office Investment Corporation as KDO, Kenedix Residential Next Investment Corporation as KDR, and Kenedix Retail REIT Corporation as KRR, respectively.

Let us start the presentation.

Please turn to page 5 of the presentation material.

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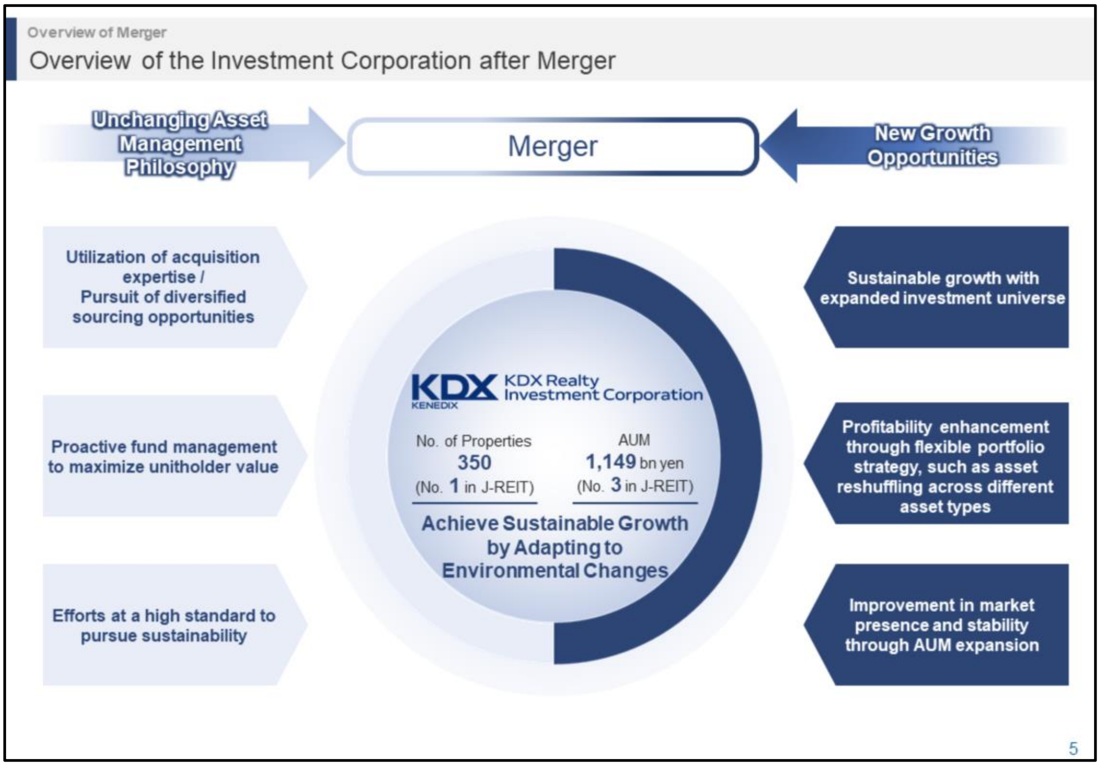
1. Overview of Merger



So far, each of the 3 REITs have focused on different asset types: KDO on mid-sized office buildings, KDR on residential properties and healthcare facilities, and KRR on shopping centers for daily needs. Each of the 3 REITs have continued to grow its AUM backed by the high recognition from the market for its unique management styles and sustainable growth performance. However, all of these three REITs are now facing challenges of how to ensure sustainable growth potential, amid the circumstances of difficulty in property acquisitions, investment unit prices trading below NAV for some time, and concerns of decline in the portfolio profitability that may be caused by rising interest rates and inflation.

Under these circumstances, we have decided to merge the 3 REITs for the purpose of pursuing new growth opportunities, while succeeding our unchanging asset management philosophy. As a result of the Merger, the New REIT will emerge as a REIT of greater presence with AUM of 1,149 billion yen, exceeding 1 trillion yen, as well as the most diversified portfolio in the J-REIT sector consisted of 350 properties of different asset types. The New REIT will expand the investment universe and is expected to be distinguished and return to a sustainable growth trajectory, with its structure that will enable flexibility with every possible environmental change.

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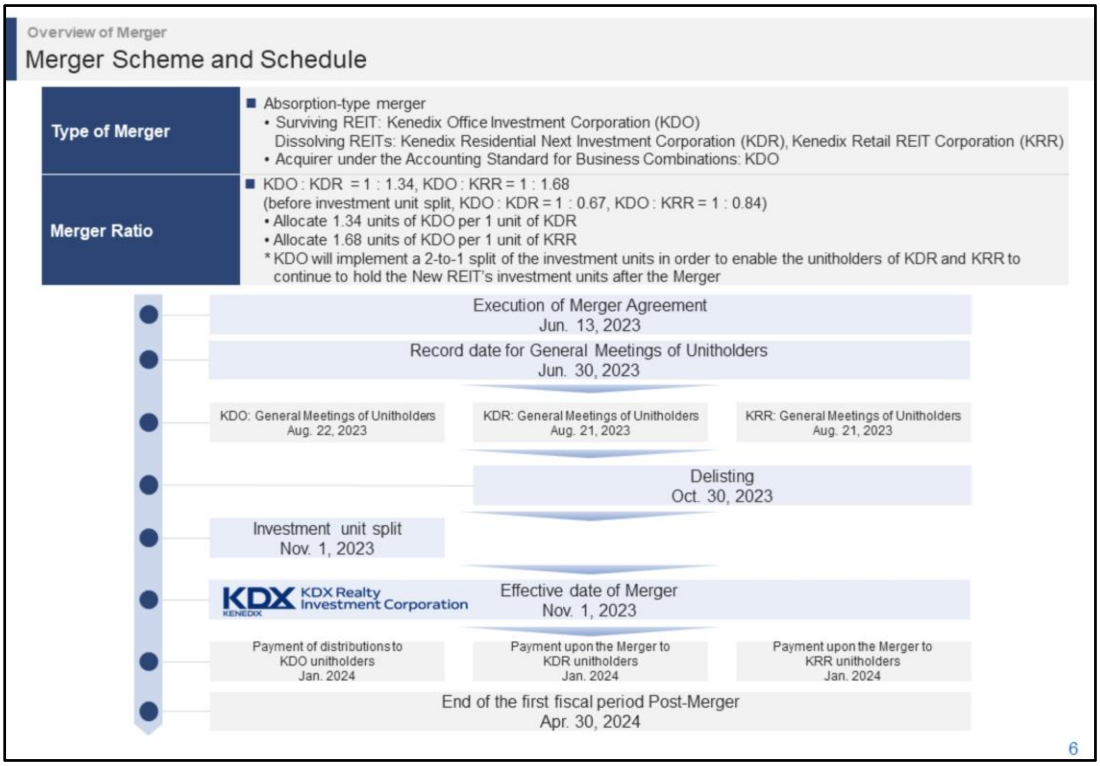

First, let me address the scheme and schedule of the Merger.

The name of the New REIT will be “KDX Realty Investment Corporation.”

This is an absorption-type merger and KDO will be the surviving REIT, while KDR and KRR will be the dissolving REITs. We judged that KDO being the surviving REIT is most effective in executing growth strategy that will contribute to maximize unitholder value because of its largest unrealized gain among the 3 REITs.

With regard to the merger ratio, 0.67 investment units of KDR and 0.84 investment units of KRR will be allocated per one unit of KDO. In order to avoid allocation of KDO units less than one unit to a large number of unitholders of both dissolving REITs, a 2-to-1 split of KDO units will be implemented with an effective date of November 1, 2023. Accordingly, 1.34 units and 1.68 units of KDO will be allocated to KDR unitholders and KRR unitholders, respectively.

The scheduled events of the Merger will include the record date for meetings of unitholders on June 30, followed by General Meetings of Unitholders of KDR and KRR on August 21, and of KDO on August 22. If the Merger is approved at each of these General Meetings of Unitholders, KDR and KRR will be delisted on October 30, and the merged New REIT will take off upon the name change from KDO on November 1.

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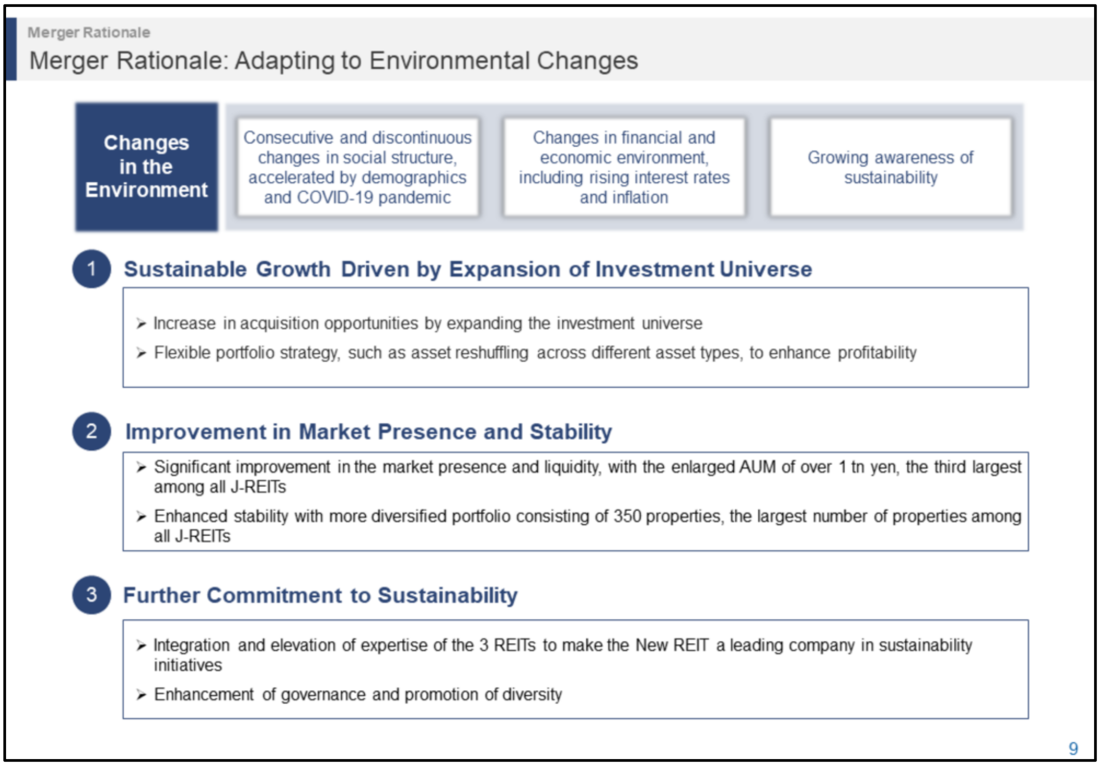
Overview of Merger

New REIT at a Glance

Key Metrics	KDO (Surviving REIT)	KDR (Dissolving REIT)	KRR (Dissolving REIT)	Properties to be Acquired	Properties to be Disposed of	New REIT (Post Merger and Asset Reshuffling)
AUM	453.3 bn yen	304.2 bn yen	270.3 bn yen	19.6 bn yen	9.9 bn yen (Anticipated disposal price)	1,149.8 bn yen
Number of Properties	97 properties	182 properties	70 properties	4 properties	2 properties	350 properties
Unrealized Gain	118.4 bn yen	-	-	2.0 bn yen	1.5 bn yen (Anticipated gain on sales)	119.2 bn yen
Market Capitalization	268.1 bn yen	228.8 bn yen	151.1 bn yen			Aim to increase
LTV (Total assets basis)	45.3%	50.2%	45.0%			43.5%
Borrowing Capacity (Assuming leveraging up to 50%)	44.3 bn yen	-	28.9 bn yen			155.7 bn yen
Credit Rating (JCR)	AA (Stable)	AA- (Stable)	AA- (Stable)			Aim to maintain or upgrade
End of Fiscal Periods	Apr. / Oct.	Jan. / Jul.	Mar. / Sep.			Apr. / Oct.

2. Merger Rationale



The current environment undergoes unprecedented and significant changes which J-REITs have never experienced, such as changes in social structure caused by the COVID-19 pandemic, and growing concerns over global inflation and shifts in fiscal policies attributable to geopolitical risks.

Under these circumstances, we would like to point out three points as rationale of the Merger: (i) Sustainable growth driven by expansion of investment universe, (ii) Improvement in market presence and stability, and (iii) Further commitment to sustainability.

I will go into details from next page on.

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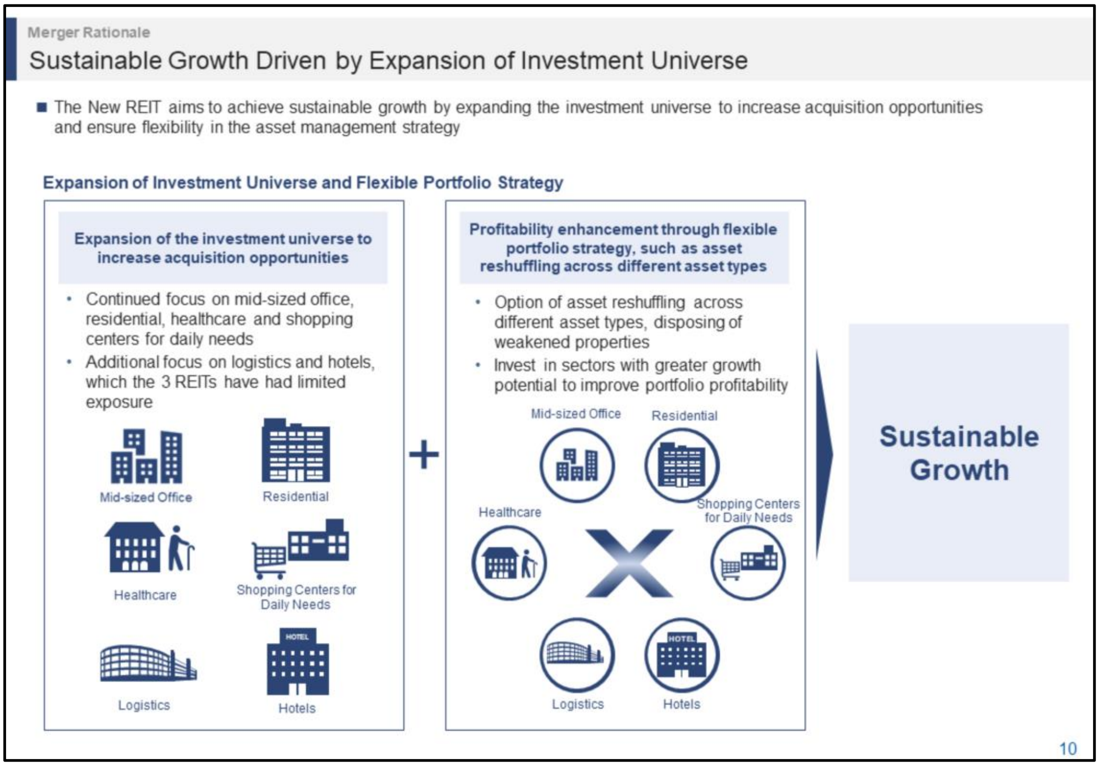

Let me start by the explanation with the “Expansion of Investment Universe.”

The Merger will help us expand the investment universe. While continuing to focus on mid-sized office buildings, residential properties and healthcare facilities, and shopping centers for daily needs, the New REIT will be able to access more extensive opportunities for acquisition of logistics facilities and hotels, which the 3 REITs have had limited exposure.

In addition, the New REIT may reshuffle the portfolio to dispose of relatively weakened properties with declining competitiveness and profitability. Asset reshuffling among different asset types, for example, replacement of a mid-sized office building with a hotel that is expected to continuously increase demand, will be an option to enhance profitability of the portfolio and achieve sustainable growth beyond what could be achieved through the current specialized strategy.

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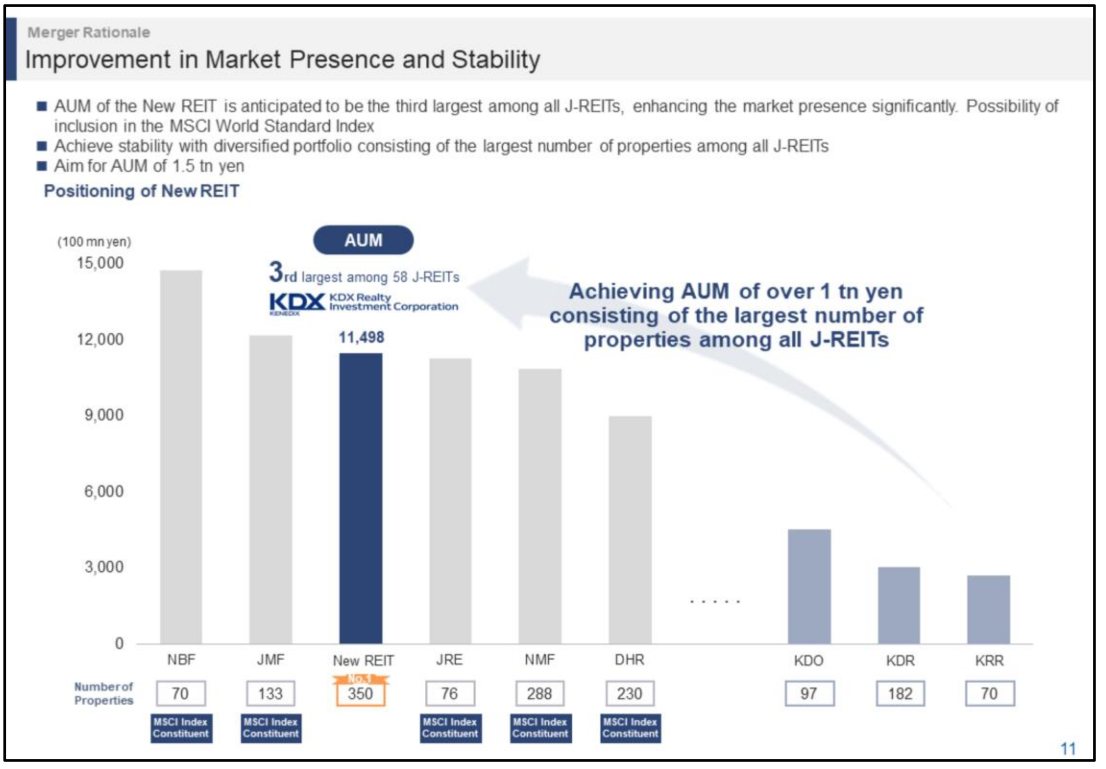
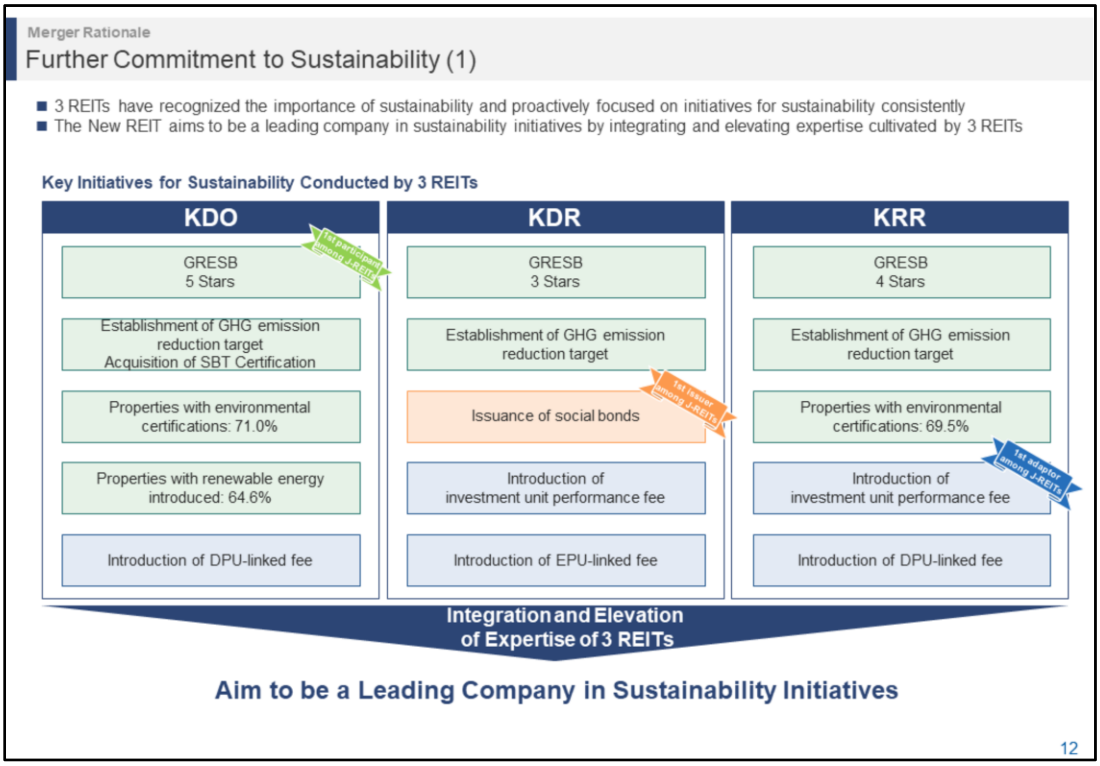


It is expected that AUM of the New REIT will be the third largest among all J-REITs, standing at 1,149.8 billion yen, which will enhance the market presence significantly. As there will be a possibility of being included in the MSCI World Standard Index, one of the benchmarks preferred by institutional investors with a global portfolio, liquidity of investment units will be enhanced.

The integrated portfolio will contain 350 properties, the largest number of properties among all J-REITs, leading to the portfolio diversification that will further stabilize earnings.

We are determined to continue progressing toward growth even after the Merger. Our AUM target is 1.5 trillion yen, and we would like to achieve the target while maintaining discipline on the level of NOI yields and stable profits.

Our next topic will be “Further Commitment to Sustainability”. Please turn to page 12.



Based on the recognition of the importance of sustainability, all of the 3 REITs have actively taken initiatives to promote sustainability on a continuing basis.

For instance, KDO have made advanced efforts and was the first J-REIT to participate in GRESB Real Estate Assessment, which is now common to almost all major REITs.

The New REIT will integrate and elevate expertise of the 3 REITs, which have engaged in management of properties in different asset types, in order to be a leading company in the sector.

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The New REIT will introduce a new asset management fee structure linked to unitholders' interest and sustainability indicators. It will also reinforce the board structure with more supervisory directors to strengthen governance and more female ratio to promote diversity, solidifying further commitment to sustainability efforts.

The presenter now changes to Head of Office REIT Department Mr. Momoi, who concurrently serves as the Executive Director of the surviving REIT. He will explain the post-merger growth strategy and earnings forecast.

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3. Growth Strategy

Growth Strategy

Post-Merger Growth Strategy

1 Expand investment universe to acquire new growth opportunities

- Succession of investment policies of 3 REITs with continued focus on their targeted sectors
- Expansion of investment universe to seek new investment opportunities with growth potential

2 Enhance profitability through asset reshuffling

- Pursue both stability and growth in a changing environment with constant asset reshuffling that contributes to profitability
- Asset reshuffling in a timely manner to maximize unitholders' value

3 Implement active management to acquire upside revenues

- Maximize revenues from internal growth through active management and expand external growth opportunities
- Seek upside revenues through enhanced risk tolerance, along with stability

4 Securing financial flexibility and enhancing risk resilience

- Borrowing capacity for acquisition increased; control LTV level appropriately according to environmental changes
- Aim to further enhance risk resilience with strengthened balance sheet

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The four investment highlights for the New REIT's growth strategy are indicated on this page.

First is to expand the investment universe to acquire new growth opportunities.

While the 3 REITs have put focus on specific asset types, the New REIT will expand growth opportunities in asset types with greater growth potential, such as logistics facilities and hotels, which have not been primarily targeted by the 3 REITs.

Second is to enhance profitability through constant asset reshuffling adapting to environmental changes.

For example, some of our properties that face or may face decline in the profitability may be replaced by assets with growth potential. This asset reshuffling will help the New REIT to pursue both stability in earnings and growth amid the environmental changes and maximize unitholders' value, through realization of unrealized gains and improvement of portfolio quality.

Third is to implement active management to acquire upside revenues.

The 3 REITs have actively made efforts to enhance profitability of each of the owned properties through conversion, use of underutilized space and renovation, within the framework of the current specialized strategies. The New REIT can enjoy enhanced risk tolerance on the back of economies of scale and diversification of the portfolio, while succeeding know-how of active management, which will facilitate acquisition of low-occupancy or unoccupied properties on the premise of leasing up and will enable maximization of earnings from internal growth and further expansion of external growth opportunities.

Fourth and the last is to secure financial flexibility and enhance risk resilience. The LTV of the New REIT will be lowered from those of the 3 REITs on a pre-merger basis. This means that greater borrowing capacity will enable the New REIT to secure more capacity for acquisitions. The New REIT will retain the policy of controlling LTV properly according to environmental changes, which will both drive its external growth and help it secure a stable financial base.

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Growth Strategy

Expand Investment Universe to Acquire New Growth Opportunities

- Aim for further growth of portfolio by succeeding the current target focus and expanding the investment universe
- Pursue investment in areas optimal to each targeted sector without limiting targeted area in Japan
- There is no target value for the share of ownership by targeted sectors

Investment Policies by Targeted Sectors

	Asset Type	Ratio as of Merger	Supportive Demand / Ongoing Investment Policy
Unchanging Asset Management Philosophy	Mid-sized Office Buildings	38.7%	■ Stable demand backed by a large pool of potential tenants ■ Focus on the Tokyo metropolitan area and local core cities
	Residential Properties	27.6%	■ Stable demand in urban areas ■ Focus on area's ability to attract people in the Tokyo metropolitan area and local economic zones
	Shopping Centers for Daily Needs	23.9%	■ Stable demand for daily necessities ■ Invest mainly in four large metropolitan areas with relatively stable demographics
	Healthcare Facilities	7.1%	■ Growing demand in the aging society ■ Invest in consideration not only of locational characteristics, but of the level of costs incurred by residents and of ratio of remuneration received for nursing care services to the operator's income
New Growth Opportunities	Logistics Facilities	1.8%	■ Growing demand backed by accelerated growth of e-commerce amid COVID-19 pandemic ■ Invest in logistics facilities located near major roads and expressways, which provides good access to core cities
	Hotels	0.8%	■ Consistent expansion of demand, driven by the government's promotion of tourism ■ Focus on hotels in areas with tourist demand
	Others	-	■ Assets contributing to stabilization and growth of the portfolio ■ Sectors with stable demand or growth potential in environmental changes ■ Potential investment in complex facilities and properties in bulk transactions across multiple targeted sectors ■ Potential investment in assets contributing to sustainability

Notes: Ratio as of Merger in Mid-sized Office Buildings includes office buildings other than mid-sized office buildings owned by KDO.

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The asset management policies for the assets we have put focus on, such as mid-sized office buildings, residential properties and healthcare facilities, and shopping centers for daily needs, will remain unchanged. On top of that, the New REIT will seek new growth opportunities through enhanced investments in assets such as logistics facilities and hotels that are capable to address changes in the social environment.

The New REIT will not set targets of ratios by asset types, as it aims to ensure the flexibility to address changes.

It will neither set specific targets of ratios by area, because optimal locations vary by sector. The New REIT intends to make investments, leveraging expertise cultivated by the 3 REITs, in optimal areas by asset types.

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Growth Strategy

Enhance Profitability through Asset Reshuffling

- Continue asset reshuffling that enhances profitability, in pursuit of both stability and growth even under environmental changes
- Asset reshuffling in a timely manner to maximize unitholders' value
- Utilize gain on sales from asset reshuffling for distributions and internal reserves

Acquisition theme:
Acquisition of Growth Potential
Assets with growth potential in demand

Disposal theme:
Risk-off
Assets with weakened competitiveness and decreased profitability

Scheduled Asset Reshuffling

Properties to be Acquired (total anticipated acquisition price: 19,664 mn yen)




	River City 21 East Towers II (25% quasi co-ownership interest)	remm roppongi building (20% quasi co-ownership interest)	Akishima Distribution Center (Land)	York Mart Higashi-Michinobe
Anticipated acquisition price	9,232 mn yen	3,960 mn yen	1,872 mn yen	4,600 mn yen
Sector	Residential	Hotels	Logistics	Retail
Location	Chuo ward, Tokyo	Minato ward, Tokyo	Akishima, Tokyo	Kamagaya, Chiba
Appraisal value	10,775 mn yen	4,060 mn yen	2,300 mn yen	4,620 mn yen
Scheduled acquisition date	Nov. 1, 2023			Sep. 25, 2023

Properties to be Disposed of (total anticipated disposal price: 9,930 mn yen)


	Harajuku F.F. Building	KDX Nagoya Sakae Building
Anticipated disposal price	3,880 mn yen	6,050 mn yen
Sector	Office	Office
Location	Shibuya ward, Tokyo	Nagoya, Aichi
Appraisal value	3,880 mn yen	5,740 mn yen
Gain / loss on sales	1,388 mn yen	177 mn yen
Scheduled disposal date	Nov. 1, 2023	

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In association with the Merger, an asset reshuffling will be implemented. We will dispose of two properties, an aged single-tenanted office building with future risks of tenant vacate, and another office building suffering from low NOI yield after depreciation and unrealized loss. These assets will be disposed of at prices that will generate gain on sales. Meanwhile, we announced the acquisition of logistics facility and hotel, asset types to be newly focused after the Merger, as well as residential property in which renovation is planned to enhance profitability, and shopping center for daily needs that will bring stable revenues.

This asset reshuffling reflects what are expected from the Merger as synergies: expansion of the investment universe to acquire new growth opportunities, enhancement of profitability through constant asset reshuffling, and implementation of active management to acquire upside revenues. The New REIT intends to achieve growth through a series of these kinds of efforts.

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Growth Strategy

Robust Pipeline

- Pipeline increased through expansion of the investment universe along with Kenedix Group's acquisition expertise ability and pursuit of diversified sourcing opportunities

Pipeline total of 21 properties worth more than 80 bn yen

	Property Name	Location	(Scheduled) Completion
Residential	Nakamarucho Project	Itabashi ward, Tokyo	Mar. 2024
	Higashi Yukigaya Residence	Ota ward, Tokyo	Apr. 1998
Total			2 properties
	Property Name	Location	Completion
Retail	Inageya Shinyuri Yonetty Ozenji-mae	Kawasaki, Kanagawa	Aug. 2015
	iias Kasugai (30% quasi co-ownership interest)	Kasugai, Aichi	(1) Aug. 2021 (2) Oct. 1991
	Other 5 properties		
Total			7 properties
Healthcare	3 properties		
Total			3 properties
Logistics	7 properties		
Total			7 properties
	Property Name	Location	Completion
Hotel	remm roppongi building (80% quasi co-ownership interest)	Minato ward, Tokyo	Feb. 2017
	Prince Hotel Okinawa Ocean View Ginowan	Ginowan, Okinawa	Jan. 2022
Total			2 properties


Nakamarucho Project


Higashi Yukigaya Residence


Inageya Shinyuri Yonetty Ozenji-mae


iias Kasugai (30% quasi co-ownership interest)


remm roppongi building (80% quasi co-ownership interest)


Prince Hotel Okinawa Ocean View Ginowan

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On this page, I would like to introduce a part of our pipeline, indicating properties that we are likely to acquire.

Our robust pipeline consists of 21 properties in various asset types, with aggregate value of more than 80 billion yen. Our plan is to ensure acquisition of these properties, leveraging equity financing monitoring the investment unit price, debt financing supported by the post-merger borrowing capacity, and proceeds from disposed properties, to make the portfolio grow and elevate the level of profits on a stabilized basis.

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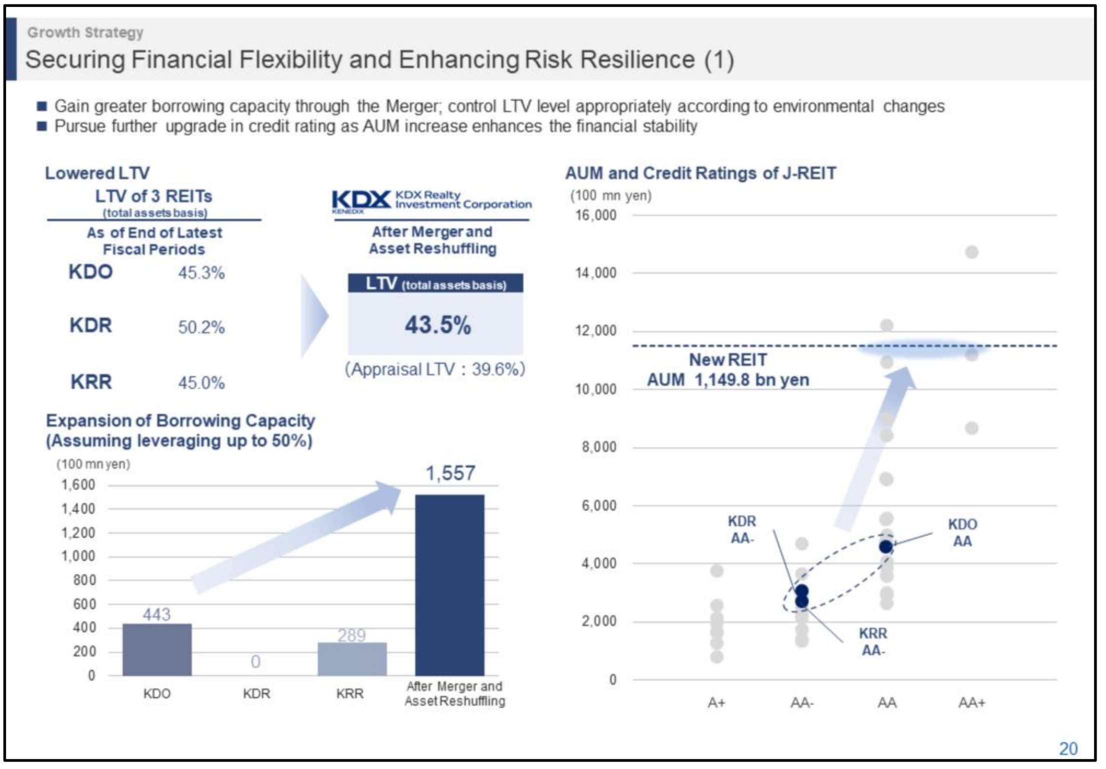
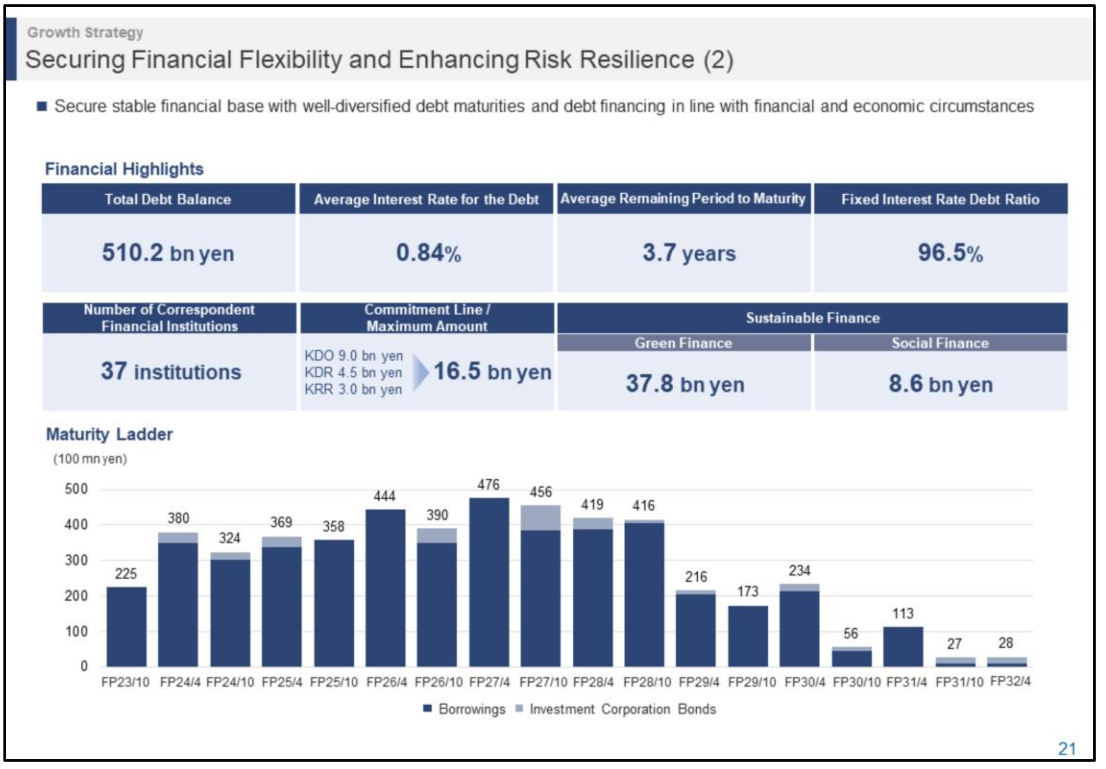


LTV of the New REIT will be 43.5%, significantly lowering from the pre-merger levels of the 3 REITs, as the portfolio of the New REIT will accept assets of KDR and KRR at market value. The borrowing capacity will be expanded to about 150 billion yen if LTV is raised to 50%.

In viewing the correlation between AUM and credit ratings, there may be potential upgrade of the credit rating after the Merger. We will stay focused on LTV control according to environmental changes and financial stability, with an aim to credit rating upgrade.

Let’s move on to page 21 for our next topic, financial highlights.



The New REIT will retain a strategy of solid financial management based on the solid relations with the lenders, by maintaining the standard of the fixed interest rate debt ratio and staggered maturities of interest-bearing debt.

In addition, the New REIT will reduce the borrowing cost for refinancing, which can be considered as one of the synergy effects of the Merger, by lowering borrowing costs of KDR and KRR, which is higher than that of KDO, to the level of KDO.

Please see page 23 for earnings forecast of the New REIT.

4. Earnings Forecast

Earnings Forecast

Earnings Forecast of New REIT

	Forecast for the First Fiscal Period Post-Merger (FP 2024/4)
Operating Revenues	38,752 mn yen
Operating Income	16,476 mn yen
Ordinary Income	13,902 mn yen
Net Income	39,183 mn yen
Reversal of Internal Reserves	1,841 mn yen
Total Distributions	15,743 mn yen

Net Income per Unit	9,458 yen
Reversal of Internal Reserves per Unit	444 yen
Distributions per Unit	3,800 yen

Notes: Negative goodwill arising from this merger is estimated at 26,638 mn yen, and the processing of negative goodwill is planned to be lump sum recorded in the fiscal year ending Apr. 2024 as extraordinary income. For more information, please refer to the assumptions for earnings forecast for Note of p.23-34.
"Internal Reserves" and "Reversal of Internal Reserves" are calculated on the premise that the amount of the negative goodwill and the reduction entry are recorded; however, since the negative goodwill is the estimated amount as of the date of this material, the amount of the internal reserves and reversal of internal reserves of the REIT after the Merger is not guaranteed.

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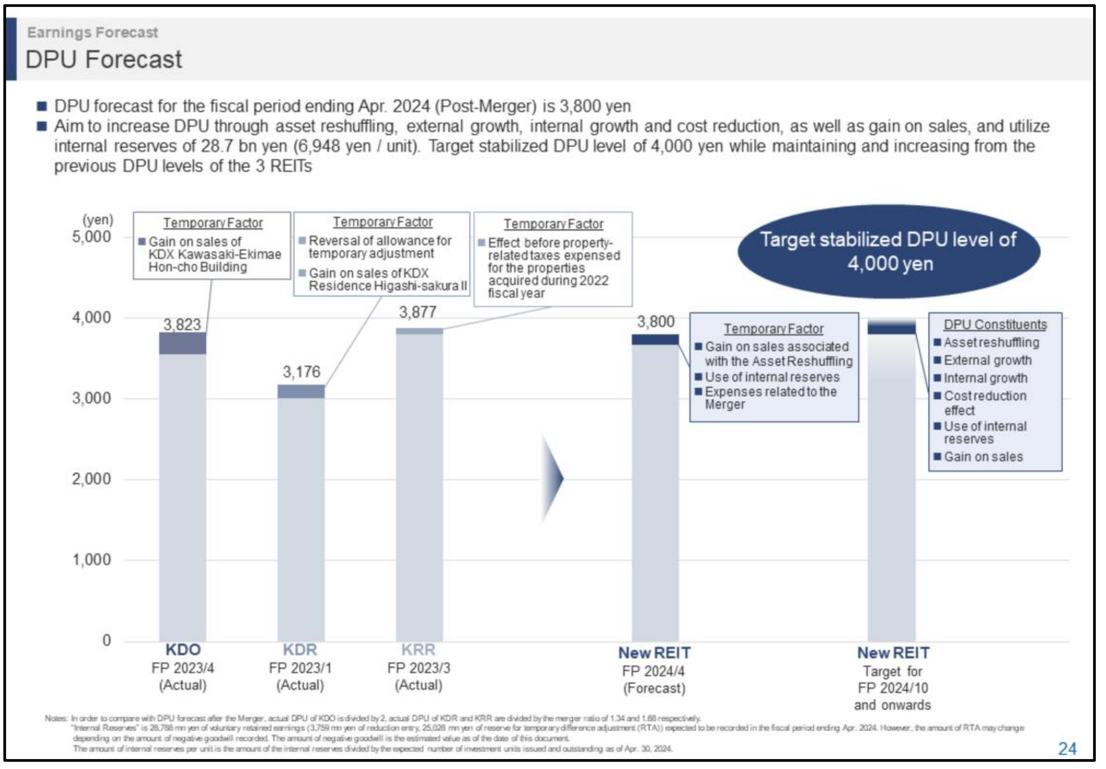
The earnings for the fiscal period ending April 2024, the first fiscal period post-merger, are forecasted as indicated in the table.

DPU for the fiscal period is forecasted at 3,800 yen upon reversal of internal reserves of 1.8 billion yen, considering temporary increase in expenses attributable to the Merger.

Please see page 24.



The comparison between the actual DPU of the 3 REITs prior to the Merger and forecasted DPU by the New REIT for the fiscal period ending April 2024 is shown in the graph. The forecast reflects the differences in pre-merger yields expected for each of the 3 REITs, the Merger ratio determined after negotiations, and various temporary factors related to the Merger.

For the fiscal period ending October 2024 and thereafter, when the temporary factors related to the Merger will be resolved, the New REIT will aim to increase DPU through active asset reshuffling among different asset types, accelerated external growth driven by borrowing capacity, maximization of revenues from internal growth by active management, and reduction in borrowing costs for refinancing, as well as utilization of internal reserves and gain on sales associated with the asset reshuffling. The New REIT will target stabilized DPU level of 4,000 yen while maintaining and increasing from the previous DPU levels of the 3 REITs.

This concludes our presentation about the Merger.

As mentioned at the beginning of this presentation, we will not only face difficulty in strategic outlining for growth, but rather face risks that our business may be scaled back or move backward if we aimlessly continue asset management in the same manner as before under the changing circumstances with greater uncertainties.

This Merger helps us build a more solid portfolio with capabilities of the 3 REITs integrated and be ready for a turnaround. Our decision on the Merger of the 3 REITs was driven by our aim to put the New REIT, an emergence of which can be considered as our second birth, on track for growth, by taking advantage of various opportunities arising out of uncertainties.

We sincerely ask every unitholder of the 3 REITs to give understanding of and approval to the Merger.

Appendix

Appendix

Strengths, Challenges and Benefits of Merger

	KDO	KDR	KRR
Strengths	■ Stability in occupancy and rent revenue, backed by the well-developed that of mid-sized offices ■ Sufficient unrealized gains and internal reserves that support stability in distributions	■ Well-diversified portfolio by area and by housing type, maintaining high occupancy rate ■ Continued rent increase even amid COVID-19 pandemic, followed by the recovery trend in internal growth among family type assets	■ Stable demand for shopping centers for daily needs ■ Utilization of active asset management by "one-stop" AM and PM services to execute diversified measures to enhance profitability
Challenges	■ Low investment unit price far below NAV per unit due to concerns over the office market outlook ■ Limited opportunities for external growth due to few acquisition opportunities and property prices remaining high	■ Potential decrease in acquisition opportunities, especially in residential properties, due to intensified competition, despite the track record in POs for the five consecutive years ■ Concern over cost increase in the situation of interest rate hike, due to relatively high LTV among all J-REITs	■ Stiffer competition in acquisition of shopping centers for daily needs in the post-COVID era, despite abundant pipelines ■ Long-term fixed rent bringing small room for internal growth, and even worse, concerns over cost increase due to inflation
Benefits of Merger	■ Improvement in valuation, driven by enhanced liquidity of investment units ■ Asset reshuffling across targeted sectors types to actualize unrealized gain and create opportunities for external growth	■ Improvement in valuation, driven by enhanced liquidity of investment units ■ Use of LTV, which is expected to be lowered through the Merger, and asset reshuffling among different asset types to create opportunities for external growth ■ Expectations for upgrading of credit ratings and reduction in debt cost	■ Improvement in valuation with the new portfolio, and opportunities for external growth with the decreased implied cap rate ■ Minimization of cost increase by acquisition of assets which are less impacted from inflation ■ DPU management through the acquisition of internal reserves ■ Expectations for upgrading of credit ratings and reduction in debt cost

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Outline of New Acquisition (1)

Residential | River City 21 East Towers II
(25% quasi co-ownership interest)

Residential facility located in the Tokyo metropolitan area that is high in rarity, and upside revenues can be expected through rent increase from renovation works

- Small family typed skyscraper residence located in a favorable living environment and good access to major business distinct and commercial area
- Stable rental demand is expected from married and family households commuting to Tokyo metropolitan area



Location	Chuo ward, Tokyo	**Appraisal Value**	10,775 mn yen
Anticipated Acquisition Price	9,232 mn yen	**Appraisal NOI**	390 mn yen
Completion	Aug. 2000	**Appraisal NOI Yield**	4.2%
Acquisition Route	Sponsor	**Leasable Units**	642 units
Access	About 8-minute walk from Tokyo Metro Yurakucho Line / Toei Oedo Line Tsukishima Station		

Hotels | remm roppongi building
(20% quasi co-ownership interest)

Located in the Roppongi area which is popular among foreign tourists; stable demand can be expected from both tourists and business use taking advantage of the location as a busy business district

- A newly built hotel completed in one of the best commercial areas in Japan. The building with 21 stories and 1 basement floor is occupied by remm roppongi and restaurant tenants
- The property's neighborhood is lined with large-sized offices and museum, and is expected to be in demand for both business and tourism



Location	Minato ward, Tokyo	**Appraisal Value**	4,060 mn yen
Anticipated Acquisition Price	3,960 mn yen	**Appraisal NOI**	142 mn yen
Completion	Feb. 2017	**Appraisal NOI Yield**	3.6%
Acquisition Route	Sponsor	**No. of Guest Rooms**	400 guest rooms
Access	About 1-minute walk from Tokyo Metro Hibiya Line / Toei Oedo Line Roppongi Station		

Appendix

Outline of New Acquisition (2)

Logistics — Akishima Distribution Center (Land)

Land ownership interest of a logistics facility with good traffic access

- Land ownership interest of a logistics facility that functions as a food processing center
- With convenient access to the Hachioji IC of Chuo Expressway and National Route 16, there is a potential use for wide-area, semi-wide-area, and regional delivery

Location	Akishima, Tokyo	Appraisal Value	2,300 mn yen
Anticipated Acquisition Price	1,872 mn yen	Appraisal NOI	74 mn yen
Gross Land Area	10,895.40 ㎡	Appraisal NOI Yield	4.0%
Acquisition Route	SMFL MIRAI Partners	Access	About 5.2km from Chuo Expressway Hachioji IC

Retail — York Mart Higashi-Michinobe

NSC catering to day-to-day needs of local area customers in the bedroom town in Tokyo metropolitan area

- NSC consisted of various large-scale stores including York Mart, a supermarket, an electronic appliance store and a drugstore
- Conveniently located surrounded by Tobu Urban Park Line and Shin-Keisei Line, and accessible from both Prefectural Route 8 (Funatori Line) and Prefectural Route 8 Bypass

Location	Kamagaya, Chiba	Appraisal Value	4,620 mn yen
Anticipated Acquisition Price	4,600 mn yen	Appraisal NOI	216 mn yen
Completion	Oct. 2009	Appraisal NOI Yield	4.7%
Main Tenant	York Co., Ltd.	Gross Floor Area	8,210.02 ㎡
Acquisition Route	SMFL MIRAI Partners	Gross Land Area	8,317.59 ㎡

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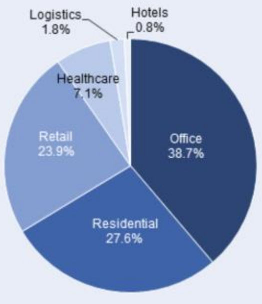
Appendix

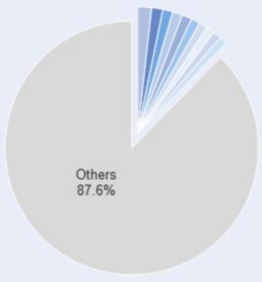
Post-Merger Portfolio

By Asset Types



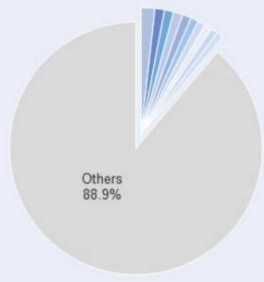
Top 10 Properties

Top 10 Properties
12.4%



Top 10 Tenants
(based on rents)

Top 10 Tenants
11.1 %



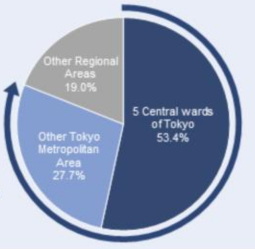
Appendix

Post-Merger Portfolio by Area

Portfolio

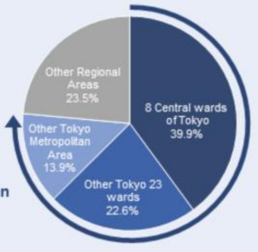
Tokyo Metropolitan Area
68.3%

Office



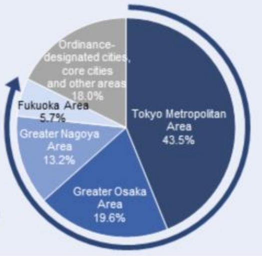
Tokyo Metropolitan Area
81.0%

Residential



Tokyo Metropolitan Area
76.5%

Retail



Four Major Metropolitan Areas
82.0%

Priorities of Property Consideration within Asset Management Company

		KDX Realty Investment Corporation	Kenedix Private Investment Corporation
Offices	Mid-sized Offices	1st	2nd
	Other Offices	2nd	1st
Residential		1st	2nd
Healthcare		1st	-
Retail/Service	Retail	1st	2nd
	Service	2nd	1st
Hotels		2nd	1st
Logistics		1st	2nd

Criteria for "Mid-sized"

Location	Floor area per building
Tokyo 23 wards	2,000 ㎡ or more and 13,000 ㎡ or less
Outside Tokyo 23 wards	3,000 ㎡ or more and 20,000 ㎡ or less

Criteria for Property Type

	Store with the largest floor area
Retail	Store selling goods and products
Service	Store providing services

Appendix

Asset Management Fee Structure

Asset Management Fee Structure (Pre-Merger)

KDO

AM Fee I	AM Fee II	AM Fee III
Total assets ×0.13%	DPU ×23,000	DPU increase × Number of outstanding investment units×10.0%
Acquisition Fee	**Disposition Fee**	**Merger Fee**
Acquisition price ×1.0%	Gain on sales ×10.0%	Appraisal value of assets to be succeeded ×1.0% (maximum)

KDR

AM Fee I	AM Fee II	AM Fee III
Total assets ×0.27% (annual rate)	Distributable amount × Earnings per unit ×0.00145%	Vs. TSE REIT Index Performance × Market capitalization ×0.15%
Acquisition Fee	**Disposition Fee**	**Merger Fee**
Acquisition price ×1.0%	Disposition price ×0.5%	Appraisal value of assets to be succeeded ×1.0% (maximum)

KRR

AM Fee I	AM Fee II	AM Fee III
Total assets ×0.27% (annual rate)	Net income ×DPU ×0.0013%	Investment unit excess return× Market capitalization ×0.1%
Acquisition Fee	**Disposition Fee**	**Merger Fee**
Acquisition price ×1.0%	Disposition price ×0.5%	Appraisal value of assets to be succeeded ×1.0% (maximum)

Asset Management Fee Structure (Post-Merger)

New REIT

AM Fee I	AM Fee II	ESG Performance-linked Fee	Investment Unit Performance Fee
Total assets×0.12%	Distributable amount*× EPU*×0.002% (*after deducting gain on sales)	Total assets×0.004%× 1.2～0.8 (linked to status of GRESB Assessment)	Total assets×0.001%× (1+ excess return of the unit)

Acquisition Fee	Disposition Fee	Merger Fee
Acquisition price×1.0%	Gain on sales×10.0%	Appraisal value of assets to be succeeded ×1.0% (maximum)

Appendix

Goodwill

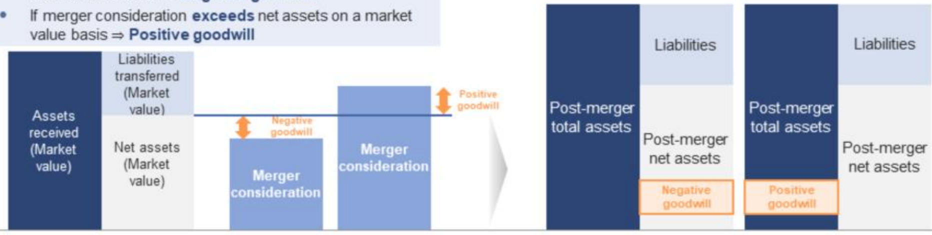
Goodwill Occurrence

KDR+KRR market value BS (as of Oct. 31, 2023)

Merger consideration

BS of New REIT

- If merger consideration is **fewer than** net assets on a market value basis ⇒ **Negative goodwill**
- If merger consideration **exceeds** net assets on a market value basis ⇒ **Positive goodwill**



Impact of Fluctuation in KDO's Investment Unit Price

Merger consideration=

KDO's investment unit price (as of the effective date) × 2,446,037 units (= Number of units newly issued)

If, after the merger announcement, the investment unit price of KDO

- **rises**⇒"Negative goodwill" **will decrease** or "Positive goodwill" **will increase**
- **drops**⇒ "Negative goodwill" **will increase** or "Positive goodwill" **will decrease**

Accounting/Financial Processing of Goodwill

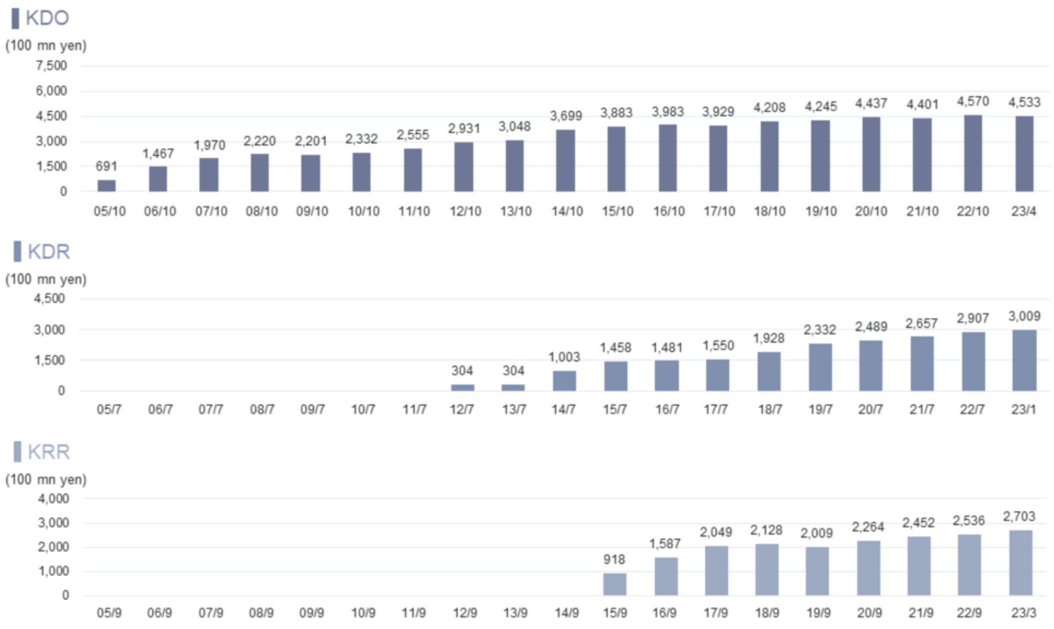
	Negative goodwill	Positive goodwill
Processing on BS	Recording an amount not allocated to distribution for the 1st post-merger fiscal period in net assets as reserve for temporary difference adjustment (RTA)	Recording as intangible fixed assets
Processing on PL	Recording as extraordinary income for the 1st post-merger fiscal period	Regular reversal as operating expenses within 20 years
Impact on distribution	■ Reversal of more than 1% of RTA originally reserved on a continued basis, which is to be allocated to distribution ■ Use of negative goodwill as a source of distribution flexibly, added to net income	Allocation of an amount of reserve for reduction entry equivalent to goodwill amortization to distribution

Overview of 3 REITs

Name	KDO	KDR	KRR
Representative (Executive Director)	Hiroaki Momoi	Tetsu Kawashima	Moyuru Watanabe
Supervisory Directors	Yoshihiro Morishima / Takahiro Seki / Akiko Tokuma	Osamu Chiba / Satoshi Ogawa / Osamu Utsunomiya	Yoshitoshi Yasu / Akiko Yamakawa
Securities Code	8972	3278	3453
Listing Date	Jul. 21, 2005	Apr. 26, 2012	Feb. 10, 2015
Fiscal Period	End of Apr. and Oct.	End of Jan. and Jul.	End of Mar. and Sep.
Total Number of Investment Units	848,430 units	1,070,433 units	602,177 units
Unitholders' Capital	217,970 mn yen	130,379 mn yen	138,058 mn yen
Asset Manager	Kenedix Real Estate Fund Management, Inc.		
Asset Custodian	Mizuho Trust & Banking Co., Ltd.		
Administrator for Unitholders' Register	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited	Mizuho Trust & Banking Co., Ltd.
Administrative Agent (Accounting Business)	Mitsubishi UFJ Trust and Banking Corporation	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd.
Administrative Agent (Institutional Administration)	Mizuho Trust & Banking Co., Ltd.		
Administrative Agent for Investment Corporation Bond	Sumitomo Mitsui Banking Corporation / MUFG Bank, Ltd.	Sumitomo Mitsui Trust Bank, Limited / MUFG Bank, Ltd.	Sumitomo Mitsui Trust Bank, Limited / MUFG Bank, Ltd.

Appendix

Track Record of 3 REITs (AUM)

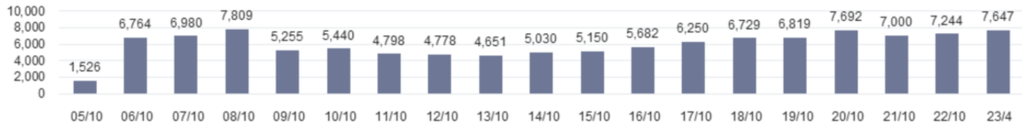


35

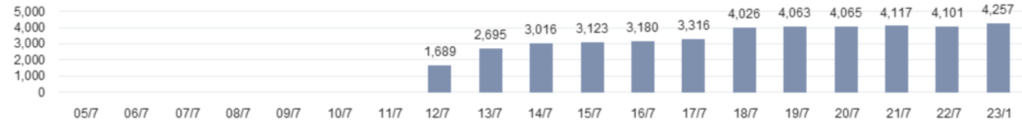
Appendix

Track Record of 3 REITs (DPU)

KDO



KDR



KRR

Notes

Overall

Figures are rounded down to the nearest unit unless otherwise specified in this presentation. However, percentage and years are rounded to the first decimal place. Therefore, the sum of the values for each item may not match the total.
Unless otherwise specified, AUM and Number of Properties are calculated based on the results as of Apr. 30, 2023 (excluding G.K. KRF43 owned by KDO), and AUM is calculated based on (anticipated) acquisition price. However, the assets which the New REIT receives from KDR and KRR upon the Merger is calculated based on the appraisal values obtained from the most recent appraisal reports. For details of the AUM for the New REIT, please refer to Note 2 for p. 5.

p. 5

(Note 1) The "Merger" means the absorption-type merger between KDO as surviving REIT, KDR and KRR as dissolving REITs expected to be effective as of Nov. 1, 2023. The same shall apply hereinafter.

(Note 2) Number of properties of the New REIT is calculated by aggregating the number of properties of each REIT with taking into account the number of properties to be acquired and that of properties to be disposed of. KDX Chofu Building, the office compartment and the retail compartment of which are owned by KDO and KRR, respectively, is counted as one property. AUM of the New REIT is calculated by adding, as a total of anticipated acquisition prices, (i) the sum of the acquisition prices of properties, as anticipated in the portfolio of KDO as of Apr. 30, 2023, to which the anticipated acquisition prices of the three properties out of the four properties to be acquired (except York Mart Higashi-Michinobe) are added and from which the acquisition prices of the two properties to be disposed of are subtracted, (ii) the sum of the total appraisal value of the assets owned by KDR as of Jan. 31, 2023 and the total acquisition prices of the two properties acquired by KDR on Mar. 1, 2023 and Mar. 29, 2023, respectively, and (iii) the sum of the total appraisal value of KRR as of Mar. 31, 2023 and the appraisal value of the property to be acquired by KRR on Sep. 25, 2023 (York Mart Higashi-Michinobe). The same shall apply hereinafter.

(Note 3) The rankings of the number of properties and AUM in J-REIT are based on the comparison between the number of properties and AUM of the New REIT and those of other REITs (on a basis of (anticipated) acquisition prices) as of Apr. 30, 2023, including the properties the completion of acquisition or disposal of which are announced as of that date. Thus, there is no guarantee that the portfolio of the New REIT will have the largest number of properties and the third largest AUM in the market as of the effective date of the Merger. The same shall apply hereinafter.

p. 6

(Note 1) The merger schedule is based on the timeline planned as of the date of this document, and may be changed.

(Note 2) KRR will, in association with the Merger, submit a proposal to change the term of its 17th fiscal period from six months from Apr. 1, 2023 to Sep. 30, 2023, to seven months from Apr. 1, 2023 to Oct. 31, 2023, to a General Meeting of Unitholders scheduled on Aug. 21, 2023.

p. 7

(Note 1) "Asset Reshuffling" refers to the acquisition of the Properties to be Acquired and disposal of the Properties to be Disposed of as detailed in p.17. Out of the Properties to be Acquired, York Mart Higashi-Michinobe is a property to be acquired by KRR on Sep. 25, 2023, prior to the effective date of the Merger, as described in KRR's press release "Notice Concerning Acquisition of Property (York Mart Higashi-Michinobe)" dated Jun. 13, 2023.

Notes

p. 7 (Continued)

(Note 2) For details of the "Properties to be Acquired" and "Properties to be Disposed of," please refer to p.17.

(Note 3) "Unrealized Gain" is represented by a total of differences between the book value and the market value of respective properties held by each of the 3 REITs as of Apr. 30, 2023. Unrealized gain regarding the Properties to be Acquired is calculated by subtracting the anticipated acquisition price from the appraisal value stated on the appraisal report as of May 1, 2023. Anticipated gain on sales regarding the Properties to be Disposed of is calculated based on the differences between the anticipated disposal price and the estimated book value of each of such Properties to be Disposed of as of the relevant scheduled disposal date, with disposal-related expenses taken into consideration. Unrealized gain earned by the dissolving REITs are not specified given that such unrealized gain will be incorporated into the calculation of the AUM of the New REIT on a fair value basis.

(Note 4) "Market Capitalization" is based on the closing price at Tokyo Stock Exchange, Inc. (the "TSE") as of May 31, 2023.

(Note 5) "LTV (Total assets basis)" is calculated by dividing the total balance of interest-bearing debt as of the end of each fiscal period by the total assets as of the end of each fiscal period. LTV (total assets basis) of the New REIT is calculated based on the estimates of the balance of interest-bearing debt as of Apr. 30, 2023 and total asset of the New REIT (for the calculation of the total assets of the New REIT used for calculating LTV of the New REIT, the book value of total asset subtracting the book value of the Properties to be Disposed of is used for the total assets owned by KDO as of the end of the latest fiscal period, and the same calculation of the AUM of the New REIT specified in the Notes 2 for p.5 is used for the rest of the properties), taking into account the Merger and the Asset Reshuffling. Therefore, there is no guarantee that the LTV indicated in this document is achieved as of the effective date of the Merger.

(Note 6) "Borrowing capacity" refers to the amount of assets that can be acquired when each REIT acquires assets by procuring additional debt through borrowings from financial institutions and issuance of investment corporation bonds until LTV reaches to 50%. The same shall apply hereinafter. We do not guarantee or promise that debt can be raised or the property can be acquired.

(Note 7) "Credit Rating (JCR)" is represented by the long-term issuer credit rating obtained by each of the 3 REITs from Japan Credit Rating Agency, Ltd. ("JCR") as of May 31, 2023.

(Note 8) KRR will, in association with the Merger, submit a proposal to change its fiscal period to the General Meeting of Unitholders scheduled on Aug. 21, 2023. For details, please refer to Note 2 for p.6.

p. 11

(Note 1) AUM and Number of Properties of KDO, KDR, KRR and other J-REITs other than the New REIT are based on the results as of Apr. 30, 2023. NBF, JMF, JRE, NMF and DHR stand for Nippon Building Fund Inc., Japan Metropolitan Fund Investment Corporation, Japan Real Estate Investment Corporation, Nomura Real Estate Master Fund, Inc. and Daiwa House REIT Investment Corporation, respectively.

(Note 2) "MSCI World Standard Index" refers to an indicator calculated and published by MSCI Inc., with 1,507 constituents from 23 developed markets including Japan as of May 31, 2023.

Notes

<u>p. 12</u>

(Note 1) "GRESB" means "GRESB Real Estate Assessment", an annual benchmark assessment established primarily by major European pension fund groups, which led the Principles for Responsible Investment (PRI), in 2009 that measures ESG (environment, society and governance) considerations in the real estate sector. The same shall apply hereinafter.

(Note 2) "GHG" stands for green house gas.

(Note 3) "SBT" stands for "Science Based Targets" and indicates a target of GHG emission reduction, as certified by "Science Based Targets initiative", an international joint initiative established in 2015 by CDP, the United Nations Global Compact, The World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

(Note 4) "Properties with environmental certifications" means properties receiving either of the following environmental certifications: DBJ Green Building Certification, Certification for CASBEE for Real Estate, or "Building-Housing Energy-efficiency Labeling System (BELS) Certification". "Environmental certifications" means these certifications or assessments.

(Note 5) The ratio of properties with environmental certifications refers to the ratio of properties acquiring any environmental certification(s) to all the properties of each of the 3 REITs on a gross floor area basis. A property acquiring more than one environmental certificate is counted as one.

(Note 6) "DBJ Green Building Certification" is a program launched by Development Bank of Japan Inc. in Apr. 2011 for the purpose of supporting properties which give proper care to environment and society ("Green Building"). The program evaluates, certifies and supports properties which are required by society and economy, based on comprehensive assessment of properties, including evaluation of various factors ranging from properties' environmental features to their communication with stakeholders, in terms of disaster prevention and proper care for surrounding communities. The same shall apply hereinafter.

(Note 7) "CASBEE" is an evaluation system for rating the environmental performance of buildings, developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. The system rates the overall environmental performance of buildings from two perspectives: evaluation of the environmental quality and performance of buildings themselves and external environmental impact building bring about. The same shall apply hereinafter.

(Note 8) "Building-Housing Energy-efficiency Labeling System (BELS) Certification" is a third-party certification system to rate houses and buildings in accordance with duty to make effort to label energy saving performance in the Act on Improving Energy Consumption Performance for Architectural Structures (Act No.53 of 2015, as amended). Houses and buildings are evaluated based on the value of BEI (Building Energy Index) derived from the primary energy consumption based on the building energy consumption performance standard set by the government. The same shall apply hereinafter.

(Note 9) "Properties with renewable energy introduced" means buildings at which CO_2 emissions from electricity consumption have been reduced to net zero after a switch to the electricity derived from effectively renewable energy (certified as Non-Fossil Fuel Energy with Tracking Information etc.). The same shall apply hereinafter.

(Note 10) The ratio of properties with renewable energy introduced refers to the ratio of properties (62 office buildings, based on the number of properties) into which renewable energy is introduced to all the properties in the portfolio (96 office buildings).

(Note 11) "Social bonds" refers to bonds for which the entire amount of the procured funds is allocated only to initial partial or full investment into new or existing eligible social projects and reflecting or is compliant with the four core requirements of the social bond principles.

Notes

p. 13

(Note 1) This slide indicates the plan as of the date of this document, not representing what has been determined as of the same date. The plan may be changed later.

(Note 2) "Ratio of Female Board Directors" refers to a ratio of female executive directors and supervisory directors of the New REIT. However, this is an assumption as of the date of this material, and there is no guarantee that this is consistent with the actual percentage.

p. 16

(Note) "Ratio as of Merger" describes the ratio of the assets in each asset type of the New REIT at the time of the Merger and is calculated using the same method as the calculation for the price of each asset for the AUM of the New REIT in Note 2 for p. 5.

p. 17

(Note 1) "Anticipated acquisition price" and "Appraisal value" of River City 21 East Towers II and remm roppongi building indicate those of quasi co-ownership interest to be acquired by the New REIT (River City 21 East Towers II: 25% quasi co-ownership interest, remm roppongi building: 20% quasi co-ownership interest). The same shall apply hereinafter.

(Note 2) "Gain / loss on sales" of Properties to be Disposed of is calculated by deducting the estimated book value on the scheduled disposal date and transaction costs from the anticipated disposal price of each Property to be Disposed of.

p. 18

(Note 1) The New REIT does not have a specific plan to acquire the properties mentioned on this slide as of the date of this material, and there is no guarantee that it can acquire them in the future.

(Note 2) "Kenedix Group" refers to a company group consisted of Kenedix, Inc., a parent company of Kenedix Real Estate Fund Management, Inc., and its subsidiaries and affiliates, etc.

(Note 3) The completion dates of iias Kasugai (1) and (2) refer to the date of the main building and that of the existing parking structure, respectively.

p. 19

(Note 1) "Assumed increase in NOI" of Unicus Ina is based on NOI that is expected to increase driven by construction of a new building for restaurant, and the increase rate is calculated by dividing NOI with estimated increase included by NOI based on the budgeted NOI without estimated increase considered.

(Note 2) The percentage of the increase for average unit price of contract rent of KDX Residence Akihabara II is calculated based on the unit rent prices of which is calculated as the total of monthly rent divided by the total leased floor area as of Apr. 30, 2023 and as the total of monthly rent divided by the total leased floor area as of Jan. 31, 2022.

Notes

p. 19 (Continued)

(Note 3) The percentage of the increase for average unit price of contract rent of River City 21 East Towers II is calculated, for the units renovated as of May 17, 2023, based on the unit rent prices of which is calculated as the total of monthly rent before the completion of the renovation divided by the total leased floor area and as the total of monthly rent after the completion of the renovation divided by the total leased floor area.

p. 20

(Note 1) "LTV (total assets basis)" is calculated by dividing the balance of interest-bearing debt as of the end of the latest fiscal period and after the Merger and the Asset Reshuffling by the total assets as of the end of the latest fiscal period and after the Merger and the Asset Reshuffling, respectively. Appraisal LTV is calculated by dividing the balance of interest-bearing debt after the Merger and the Asset Reshuffling by the total of the total assets and unrealized gain/loss on the assets in the portfolio after the Merger and the Asset Reshuffling. Please refer to Note 2 for p.5 and Note 3 for p.7, respectively, for how to calculate the total assets and unrealized gain of the New REIT.

(Note 2) "AUM and Credit Ratings of J-REIT" is the comparison of the AUM (as of Apr. 30, 2023) and credit ratings (as of May 31, 2023). Credit ratings are long-term issuer ratings granted by JCR, and J-REITs that have no credit ratings granted by JCR are not included in this chart.

p. 21

(Note 1) Figures in "Financial Highlights" are represented by estimates after the Merger and Asset Reshuffling, based on financial information of each of the 3 REITs as of Apr. 30, 2023.

(Note 2) "Average Remaining Period to Maturity" is calculated as weighted averages of the number of years from Apr. 30, 2023 to the repayment or redemption date for each loan and each investment corporation bond, based on the amount of loan and the outstanding balance of the investment corporation bond.

(Note 3) "Fixed Interest Rate Debt Ratio" refers to the total amount of borrowings and investment corporation bonds that were substantially fixed by fixed interest rates or interest rate swaps among borrowings and investment corporation bonds as of Apr. 30, 2023 divided by the total amount of borrowings and investment corporation bonds as of Apr. 30, 2023.

(Note 4) "Borrowings" in "Maturity Ladder" indicates the total amounts of long-term borrowings and short-term borrowings.

(Note 5) "Total Debt Balance" is the total balance of interest-bearing debt of each of the 3 REITs as of Apr. 30, 2023.

(Note 6) "Green Finance" indicates the total of the balances of green loans and green bonds, while "Social Finance" the total of the balances of social loans and social bonds.

p. 23-24

(Note) Please refer to the press release "Notice Concerning Operating Results and Distributions Forecasts for the Fiscal Period Ending Apr. 30, 2024, Following the Merger of Kenedix Office Investment Corporation, Kenedix Residential NEXT Investment Corporation and Kenedix Retail REIT Corporation" announced by KDO, KDR and KRR as of June 13, 2023, for the assumptions for earnings forecast.

Notes

p. 27-28

(Note 1) "Appraisal NOI" of River City 21 East Towers II and remm roppongi building indicate those of quasi co-ownership interest to be acquired by the New REIT (River City 21 East Towers II: 25% quasi co-ownership interest, remm roppongi building: 20% quasi co-ownership interest).

(Note 2) "Appraisal NOI" means net operating income based on the direct capitalization method in the appraisal report as of the appraisal date on May 1, 2023, and "Appraisal NOI yield" of each Property to be Acquired is calculated according to the following formula:

Appraisal NOI Yield = Appraisal NOI of each Property to be Acquired as on the appraisal report ÷ Anticipated acquisition price of each Property to be Acquired

(Note 3) "Completion", "Gross Land Area" and "Gross Floor Area" of the properties are based on specifications on the respective registers. The same shall apply hereinafter.

p. 30

(Note) "5 Central wards of Tokyo" refers to Chiyoda ward, Chuo ward, Minato ward, Shinjuku ward and Shibuya ward; "8 Central wards of Tokyo" refers to Chiyoda ward, Chuo ward, Minato ward, Shinjuku ward, Shibuya ward, Meguro ward, Setagaya ward and Shinagawa ward; "Tokyo Metropolitan Area" refers to Tokyo, Kanagawa, Saitama and Chiba Prefectures; "Other Tokyo Metropolitan Area" refers to Tokyo Metropolitan Area other than "Tokyo 23 wards" or "5 Central wards of Tokyo"; "Other Regional Areas" refer to regional urban areas such as ordinance-designated cities; "Four Major Metropolitan Areas" refer to Tokyo Metropolitan Area, Greater Osaka Area, Greater Nagoya Area and Fukuoka Area; "Greater Osaka Area" refers to Osaka, Kyoto, Hyogo, Nara and Shiga Prefectures; "Greater Nagoya Area" refers to Aichi, Gifu and Mie Prefectures; and "Fukuoka Area" refers to Fukuoka Prefecture.

p. 32

(Note) KDO will submit a proposal for the changes of the articles of incorporation to the KDO's General Meeting of Unitholders scheduled on Aug. 22, 2023 in order to introduce a new asset management fee structure subject to the condition that the Merger takes effect. The content of the new asset management fee structure is an assumption as of the date of this material and is subject to change in the future.

p. 34

(Note 1) Indicating data of the 3 REITs as of Apr. 30, 2023.

(Note 2) KRR will, in association with the Merger, submit a proposal to change its fiscal period to the General Meeting of Unitholders scheduled on Aug. 21, 2023. For details, please refer to Note 2 for p.6.

p. 36

(Note) KDO implemented a 2-to-1 split of the investment unit with an effective date of Nov. 1, 2022. The actual DPU from the fiscal period ended Oct. 31, 2005 to the fiscal period ended Oct. 31, 2022 are indicated in the chart and reflects such unit split.

Disclaimer

Notes regarding this document

- This document is intended to provide information on the absorption-type merger with Kenedix Office Investment Corporation ("KDO") as the surviving corporation, Kenedix Residential Next Investment Corporation ("KDR") and Kenedix Retail REIT Corporation ("KRR"; KDO, KDR and KRR are referred to collectively as the "REITs") as the dissolving corporations. It is not intended to solicit or recommend investment in or encourage the purchase of any particular product. You may incur losses related to fluctuations in the prices of the REITs' investment units as a result of any fluctuations in the trading market, interest rates, real estate market, and other factors, or a decrease in rental income relating to the real property underlying the investment units. When making any investment decision with respect of the REITs' investment units, investors must make their investment decisions based on their own determinations and assume full responsibility for their own investment decisions.
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