

Kenedix Office Investment Corporation

28th Fiscal Period Results (Ended April 2019)

June 13, 2019

(Ticker Symbol 8972)



Kenedix Real Estate Fund Management, Inc.

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Section 1

28th fiscal period (2019/4) management highlights
and future initiatives

28th fiscal period (2019/4) management highlights and future initiatives

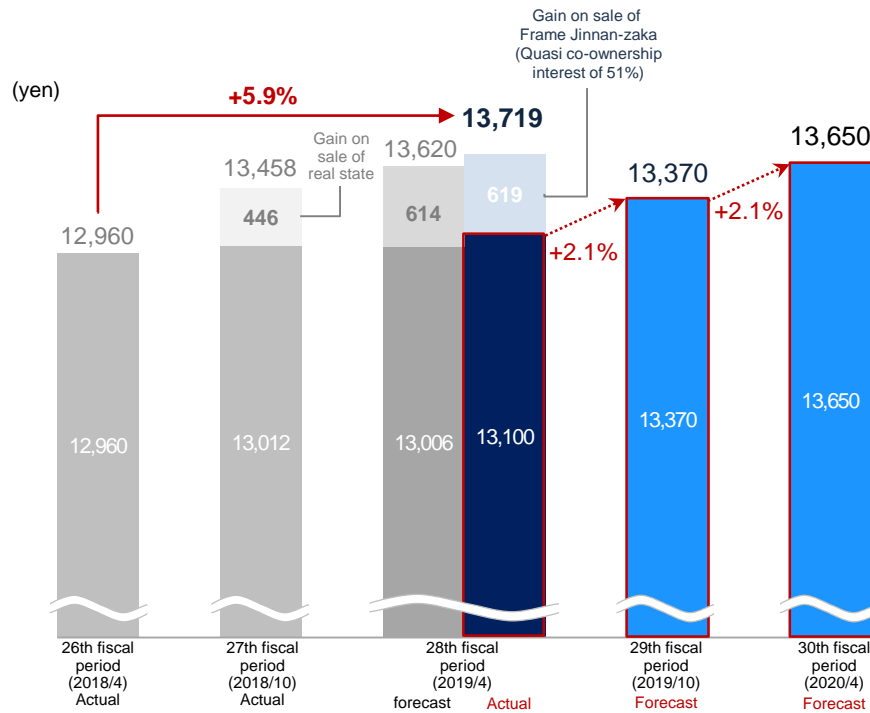
External Growth	AUM		Portfolio NOI yield after depreciation		Borrowing capacity for acquisition (in the case of LTV 45% limit)	
	415.8 bn yen	Continue strategic asset reshuffle and selective investment	After property acquisition (estimate) 3.8%	Improve the profitability through the acquisition of Chofu Center Building in 29th fiscal period	After property acquisition (estimate) Approx. 23.0 bn yen	Securement of flexibility for selective investment
	Future initiatives	<ul style="list-style-type: none"> • Aim for further growth through selective investment by utilizing borrowing capacity for acquisition • Enhance the portfolio quality through continuous asset reshuffle • Continuous, close attention to changes in the demand for office locations due to changes in work styles 				
Internal Growth	Occupancy rate		Unit rent increase rate upon tenant turnover		Increase in rent upon rent revision (Total monthly rent for 28th fiscal period)	
	99.2%	The occupancy rate remained high with the strong tenant demands	20.3%	Increased unit rent due to move-out of large tenant and strategic leasing activities	9.0 mn yen	Accumulated rent increase as a result of proactive upward rent negotiations
	Future initiatives	<ul style="list-style-type: none"> • Continuous rise in unit rent by maintaining high occupancy rate and tenant turnover • Decrease in rent gap through proactive upward rent negotiations • Property management responding to changes in work styles and advanced information and telecommunications technology 				
Financial Strategy	Interest-bearing debt average interest rate		LTV		Correspondent financial institutions	
	1.04%	Reduce financial cost through refinancing	After property acquisition (estimate) 42.1%	Issued KDO's first green bonds	After property acquisition 15 institutions	New borrowings from life insurance company and set up of a commitment line with three megabanks
	Future initiatives	<ul style="list-style-type: none"> • Reduce financial costs continuously through diversifying financing methods and borrowing periods • Raise funds through direct financing by using green bonds, etc. • Maintain stable financial management with a target LTV of 45% 				

Dividend and reserve for reduction entry

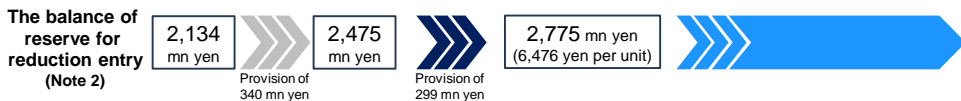
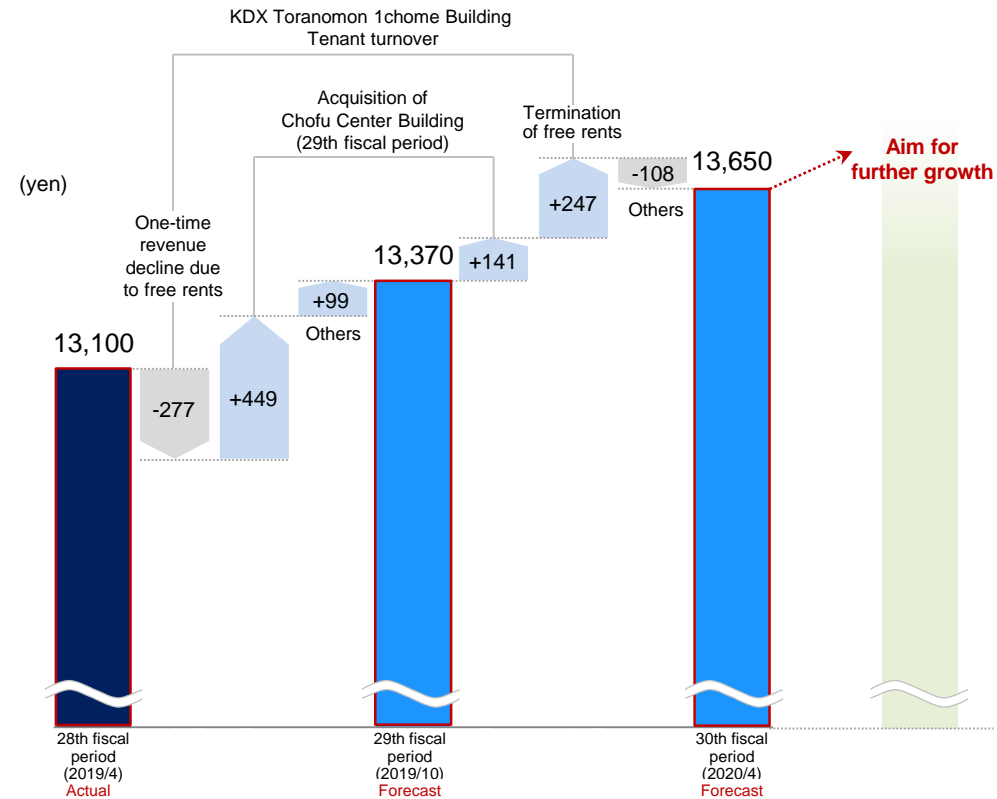
Raised dividend by approx. 5.9% year over year in 28th fiscal period (2019/4), and further accumulated reserve for reduction entry
 Normalized dividend steadily grew and is expected to achieve the target of 13,200 yen. Aim for further growth

DPU history (Note 1)

- Expect growth of 4% per annum or more based on dividend of 13,100 yen for 28th fiscal period excluding one-time increase due to gain on sale of real estate



Main factors for increase in forecasted DPU (Note 1)



Dividend excluding one-time increase due to gain on sale of real estate

Note 1: Figures per unit are calculated based on the number of investment units issued and outstanding as of the end of each fiscal period. The same applies hereinafter

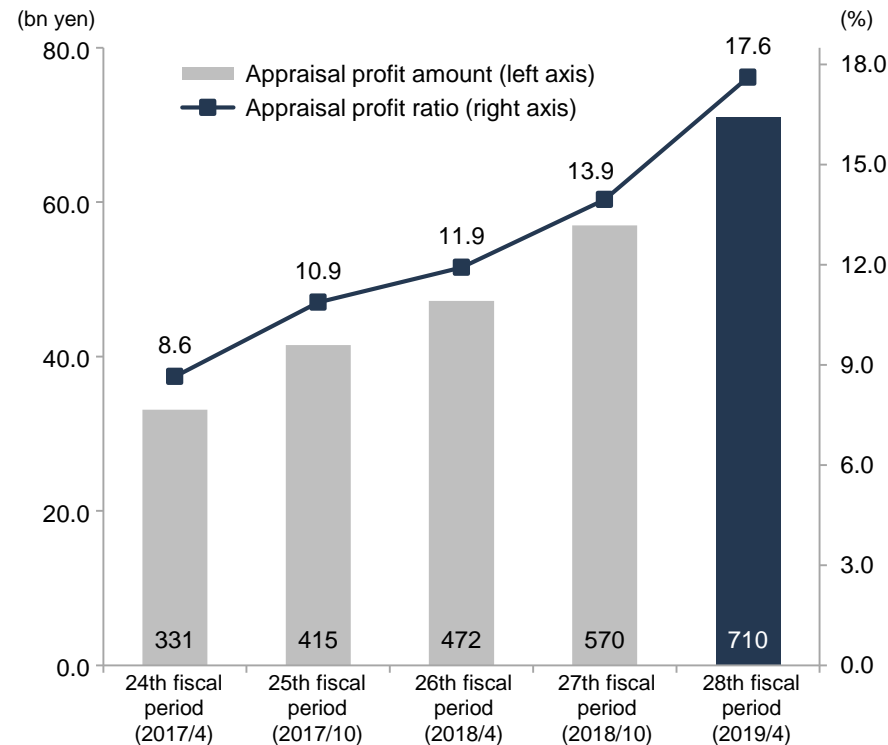
Note 2: The balance of reserve for reduction entry is calculated by either adding provision of reserve for reduction entry or subtracting reversal of reserve for reduction entry stated on Basis for Calculating Cash Distribution for the relevant fiscal period to/from the balance of reserve for reduction entry on the balance sheet as of the end of the relevant fiscal periods

Portfolio appraisal profit and NAV per unit

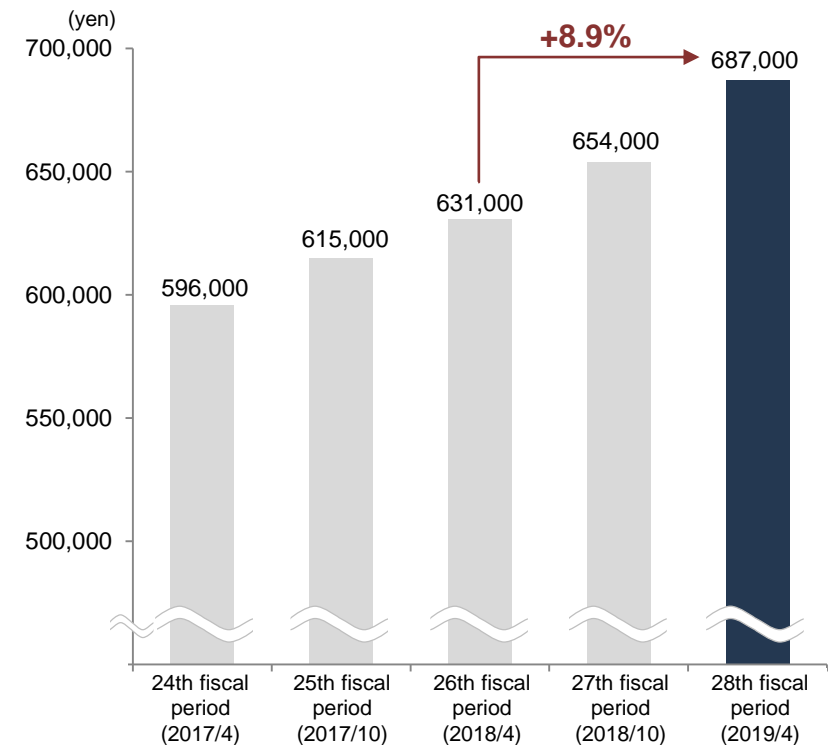
Appraisal profit expanded to 71.0 billion yen due to an increase in appraisal value and continuous asset reshuffle
 Raised NAV per unit by 8.9% year over year

Changes in portfolio appraisal profit amount and ratio (Note 1)

- Both appraisal profit amount and ratio reached a record high since listing at the end of 28th fiscal period (2019/4)



Changes in NAV per unit (Note 2)



Note 1: Appraisal profit amount is calculated by subtracting book values from appraisal values for all properties owned as of the end of relevant fiscal periods
 In addition, appraisal profit ratio is calculated by dividing appraisal profit amount by book value as of the end of relevant fiscal periods (rounded to the first decimal place)

Note 2: NAV per unit is truncated to the nearest thousand yen after subtracting the amount of DPU

Section 2

28th fiscal period (2019/4) results,
29th fiscal period (2019/10) earning forecasts and
30th fiscal period (2020/4) earning forecasts

Outline of 28th fiscal period (2019/4) financial results

Further increased revenues from the existing properties, and also improved rental NOI

Booked gain on sale same as previous fiscal period, contributing to growth of dividends and further accumulated reserve for reduction entry

28th fiscal period (2019/4) actual

(mn yen)

	27th fiscal period (2018/10) Actual	28th fiscal period (2019/4) Forecast (announced on Dec. 12, 2018)	28th fiscal period (2019/4) Actual	28th (actual) vs 27th (actual) Difference	28th (actual) vs 28th (forecast) Difference
	A	B	C	C-A	C-B
Operating revenue	15,420	15,246	15,212	① -208	① -34
Operating expense	8,271	8,099	8,039	② -232	② -59
Operating income	7,148	7,147	7,172	+24	+25
Ordinary income	6,109	6,137	6,179	+70	+42
Net income	6,107	6,136	6,178	+70	+42
DPU (yen)	13,458	13,620	13,719	+261	+99
Provision (+)/reversal (-) of reserve for reduction entry	+340	+299	+299	-	-
Gain/loss on sale of real estate	532	563	565	③ +32	+1
Rental NOI	10,055	10,073	10,084	+29	+11
Interest expense, etc.	998	974	957	④ -40	-16

Comparison against 27th fiscal period (2018/10) actual (see page 35 for details)

① Decrease in operating revenue	-208 mn yen
Increase in revenue from existing properties	+65 mn yen
Decrease in revenue from utility expense due to seasonal and other factors	-200 mn yen
Decrease in operating revenue of Senri LSC Bldg. Hall	-39 mn yen
Decrease in dividend income	-34 mn yen
② Decrease in operating expense	-232 mn yen
Decrease in repair/maintenance expense	-165 mn yen
Decrease in utility expense due to seasonal and other factors	-119 mn yen
Increase in brokerage fees	+42 mn yen
③ Booking and disappearance of gain on sale of real estate	+32 mn yen
④ Reduction in interest expense, etc.	-40 mn yen

Comparison against 28th fiscal period (2019/4) forecast (see page 35 for details)

① Decrease in operating revenue	-34 mn yen
Increase in revenue from existing properties	+35 mn yen
Decrease in revenue from utility expense due to seasonal and other factors	-68 mn yen
② Decrease in operating expense	-59 mn yen
Decrease in repair/maintenance expense	-18 mn yen
Decrease in utility expense due to seasonal and other factors	-41 mn yen

Outline of 29th (2019/10) and 30th (2020/4) fiscal periods earnings forecasts

Expect rental NOI to steadily increase thanks to contribution of property acquisition while expect decline in revenue and income due to disappearance of gain on sale

Boost up rental NOI through gradual resolution of temporary revenue decline from tenant turnover

29th (2019/10) and 30th (2020/4) fiscal periods forecasts (mn yen)

	28th fiscal period (2019/4) Actual	29th fiscal period (2019/10) Forecast	30th fiscal period (2020/4) Forecast	29th (forecast) vs 28th (actual) Difference	30th (forecast) vs 29th (forecast) Difference
	A	B	C	B-A	C-B
Operating revenue	15,212	15,048	15,099	① -164	① +50
Operating expense	8,039	8,324	8,260	② +285	② -64
Operating income	7,172	6,723	6,839	-449	+115
Ordinary income	6,179	5,730	5,850	-449	+119
Net income	6,178	5,729	5,849	-449	+119
DPU (yen)	13,719	13,370	13,650	-349	+280
Provision (+)/reversal (-) of reserve for reduction entry	+299	-	-	-	-
Gain/loss on sale of real estate	565	-	-	③ -565	-
Rental NOI	10,084	10,188	10,362	+104	+173
Interest expense, etc.	957	978	973	+20	-4

Comparison between 28th fiscal period (2019/4) actual and 29th fiscal period (2019/10) forecast (see page 36 for details)

① Decrease in operating revenue -164 mn yen

Decrease in revenue from existing properties (due to free rent period for large tenants, etc.)	-48 mn yen
Revenue contribution of an acquired property in 29th fiscal period	+224 mn yen
Increase in revenue from utility expense due to seasonal and other factors	+218 mn yen

② Increase in operating expense +285 mn yen

Increase in utility expense due to seasonal and other factors	+223 mn yen
Increase in taxes (the property acquired in 27th fiscal period, etc.)	+41 mn yen

③ Disappearance of gain on sale of real estate -565 mn yen

Comparison between 29th fiscal period (2019/10) forecast and 30th fiscal period (2020/4) forecast (see page 36 for details)

① Increase in operating revenue +50 mn yen

Revenue contribution of an acquired property in 29th fiscal period	+70 mn yen
Increase in revenue from an existing property (revenue contribution of large tenants, etc.)	+139 mn yen
Decrease in revenue from utility expense due to seasonal and other factors	-139 mn yen

② Decrease in operating expense -64 mn yen

Decrease in utility expense due to seasonal and other factors	-98 mn yen
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Memo

Section 3

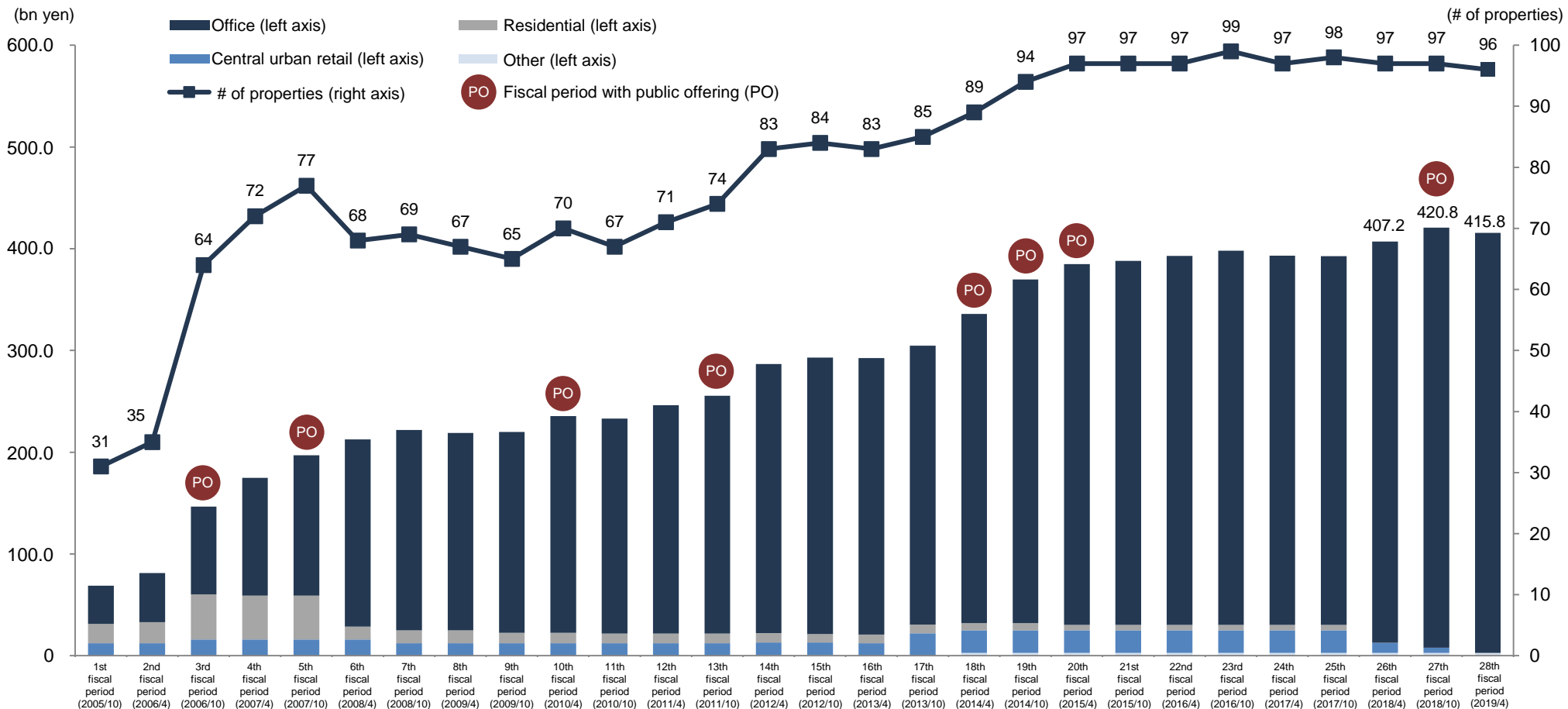
Portfolio overview

Portfolio growth and changes in the number of properties

Continue selective investment and asset reshuffle with improvement of the portfolio quality in mind

Aim for further growth by keeping an eye on real estate market trends while firmly maintaining investment criteria

Portfolio growth (based on total acquisition price) and the number of properties (Note 1) (Note 2)

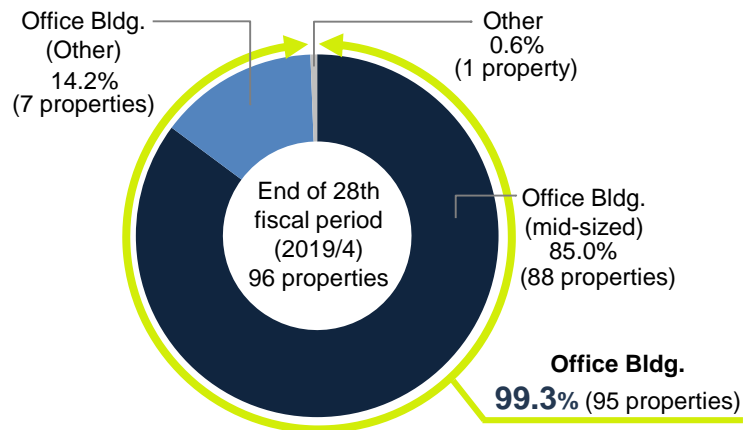


Note 1: The amount and the number of properties are shown as of the end of each fiscal period. Figures are truncated to the nearest 0.1 billion yen. Figures in this material are truncated to the nearest unit unless otherwise stated
 Note 2: Classification by use of owned properties has been changed from 26th fiscal period (2018/4) due to changes in the management guideline on December 1, 2017. The same applies hereinafter

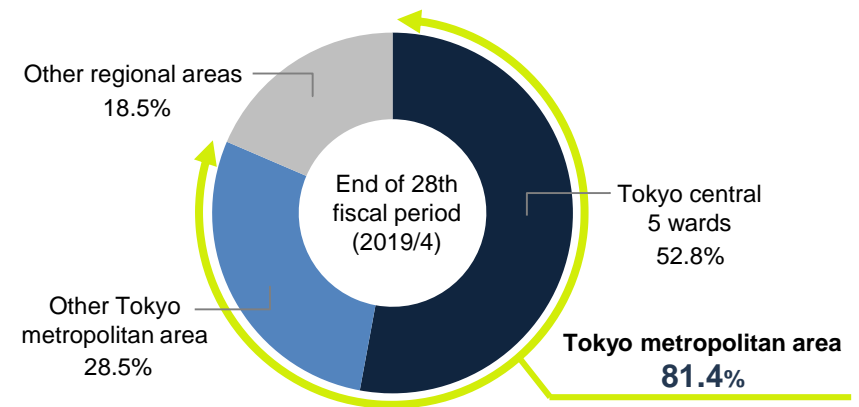
Portfolio diversification

Portfolio mainly consisted of mid-sized office buildings with advanced tenant diversification
Plan to maintain approx. 80% investment ratio in the Tokyo metropolitan area

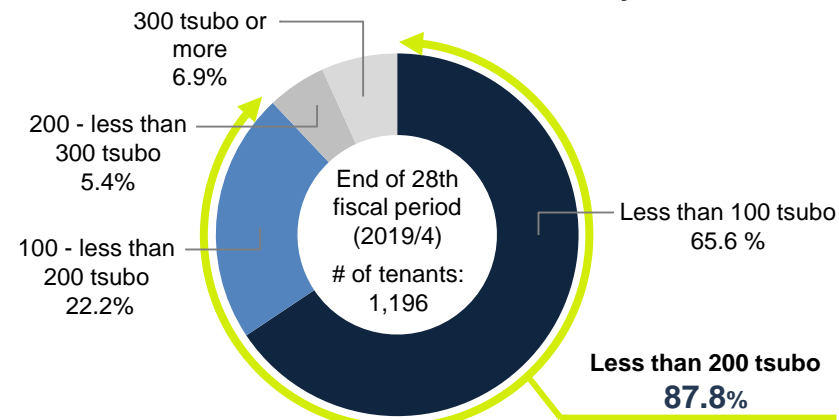
Breakdown by asset type (Note 1)



Breakdown by region (Note 2)



Breakdown of the number of tenants by leased floor area (Note 3)



Note 1: Portfolio breakdown by asset type based on acquisition price (truncated to the first decimal place)

Note 2: Portfolio breakdown by region based on acquisition price (truncated to the first decimal place)

Note 3: Based on the number of tenants in each office building. Tenants leasing more than one property are counted as 1 tenant for each building without aggregating by name-base

Memo

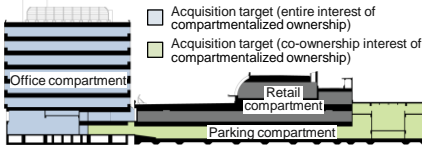
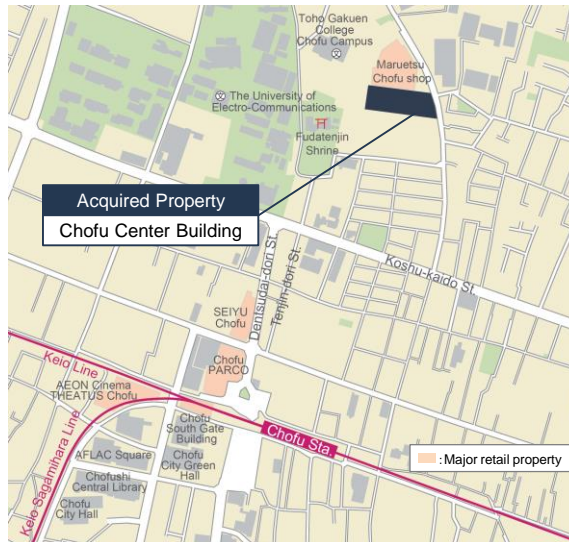
Section 4

External growth

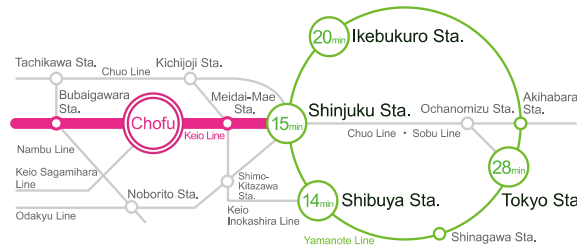
Acquired Property in 29th fiscal period (2019/10)

Improve portfolio quality and profitability through negotiated transaction supported by the sponsor
 Acquired the office building that can meet diverse tenant needs to increase the depth of the portfolio

Chofu Center Building (Acquired on June 14, 2019)



Acquisition price	8,700 mn yen
Appraisal value	9,920 mn yen (As of April 1, 2019)
NOI yield (estimate) (Note 1)	4.8%
NOI yield after depreciation (estimate) (Note 2)	4.3%
Appraisal NOI yield (Note 3)	5.5%
Total floor area (Note 4)	31,536.86 m ²
Completion date (Note 5)	January, 1995
Occupancy rate	100% (As of May 31, 2019)



Reasons for acquisition

- An office building located about nine minutes walk from “Chofu” Station which has good access to major stations in Tokyo and is located in a district where there are many commercial facilities, and adjacent to the residential area that meets the needs for close placement of residence and workplace
- Located on the Musashino Plateau, which is relatively resistant to earthquake, and equipped with emergency power generators which enables operations for 72 hours, having the possibility to meet the demand of tenants for BCP
- Highly convenient for tenants frequently using vehicles in the course of business as located close to the Chuo Expressway “Chofu IC” and equipped with parking space for 51 vehicles
- Acquired at a lower price, approx. 12% lower than the appraisal value, through information provision by Kenedix, the sponsor

Effects from the acquisition

DPU growth (Note 6)	Appraisal profit expansion (Note 7)	Improvement of Portfolio NOI yield after depreciation (Note 8)
Mid term estimate +390 yen per period	Appraisal upon acquisition +1.2 bn yen	End of 28th fiscal period (2019/4) 3.7% → After acquisition (estimate) 3.8%

Note 1: Calculated by dividing estimated NOI after excluding extraordinary factors calculated by the Asset Management Company for the year of acquisition by acquisition price (The figure is rounded to the first decimal place. For yields, the same applies hereinafter).
 Note 2: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by acquisition price
 Note 3: Calculated by dividing annualized net operating income (based on the direct capitalization method described in the appraisal report as of April 1, 2019) by acquisition price
 Note 4: Total floor area for the whole building is shown. The Property is comprised of total of 3 compartments of office, parking and retail shop & pool, and KDO acquired 61.17% of co-ownership interest in the Property's land, compartmentalized ownership of the entire office compartment, and 20.37% of co-ownership interest in compartmentalized ownership of parking compartment. Total occupied area of the office compartment is 18,015.20 m²
 Note 5: Completion date of compartmentalized ownership building of office compartment is shown
 Note 6: Calculated by subtracting estimated financial cost for debt borrowed to acquire property (3.0 billion yen) from the estimated NOI after depreciation of acquired property, then dividing that by the total number of investment units issued as of the end of 28th fiscal period (2019/4) (truncated to the nearest ten yen)
 Note 7: Difference between the appraisal value of the acquired property as of April 1, 2019 and the acquisition price is shown
 Note 8: Calculated based on portfolio NOI yield after depreciation and acquisition price as of the end of 28th fiscal period (2019/4) adding Acquired Property's estimated NOI after depreciation and acquisition price, respectively

Office building demand in major suburban cities

Focus on a corporate response and impact on office building market associated with changes in social environment
Pay close attention to changes in office building demand in major suburban cities as well as the future progress of polarized rental market in the Tokyo metropolitan area

Changes in office building demand that the Asset Management Company thinks of

Changes in social environment

Decline in working population due to falling birthrate

Emergence of the millennial generation, Penetration of the work style reform

Advanced technologies

Labor force participation by women and the elderly

Ensuring work-life balance

Popularization of mobile work and RPA (Note 2)

The demand for office buildings in major suburban cities (Note 1) meeting the changes in social environment may rise



Workplace near home



High traffic convenience



Good living convenience and highly bustling area

Features of preferred office buildings in major suburban cities

Overview of Chofu City where the acquired property is located (Note 3)



Owned properties and their overview in major suburban cities (Note 1)



	Location Nearest station	Population of the property's location (ten thousand persons)			Number of incoming and outgoing passengers at the nearest station (ten thousand persons)			Number of major office buildings supplied (since 2004)	Properties owned occupancy rate		
		2005	2015	(Increase rate)	2008	2017	(Increase rate)		End of 18th FP	End of 23th FP	End of 28th FP
1	Omiya-ku, Saitama Omiya Station	10.6	11.3	(+6.9%)	47.8	68.7	(+43.7%)	4	100%	100%	100%
2	Tachikawa Tachikawa Station	17.2	17.6	(+2.2%)	30.5	33.1	(+8.3%)	1	100%	100%	100%
3	Fuchu Fuchu Station	24.5	26.0	(+6.0%)	8.6	8.8	(+1.7%)	1	97.6%	85.2%	97.2%
4	Nakahara-ku, Kawasaki Musashi-Kosugi Station	21.0	24.7	(+17.6%)	37.5	46.4	(+23.7%)	2	95.9%	100%	100%
5	Funabashi Funabashi Station	56.9	62.2	(+9.3%)	27.1	27.6	(+1.8%)	1	100%	100%	100%

Note 1: "Major suburban cities" in this material refer to municipalities in the vicinity of the 23 wards of Tokyo where the Investment Corporation owns properties in the Tokyo Metropolitan and 3 prefectures and a certain office area is formed

Note 2: RPA is an abbreviation for Robotic Process Automation and is a technology that automates business processes on computers on behalf of people

Note 3: The sources of each data are as follows. Population trends: Statistics Bureau, MIC "Population Census"; Changes in the number of employees: Statistics Bureau, MIC "Economic Census" and "Establishment and Enterprise Census";

Number of incoming and outgoing passengers at the nearest station: MLTI "City Planning Survey"; Number of major office buildings supplied: CBRE Report

Note 4: Sapporo City, Sendai City, Nagoya City, Osaka City, and Fukuoka City

Section 5

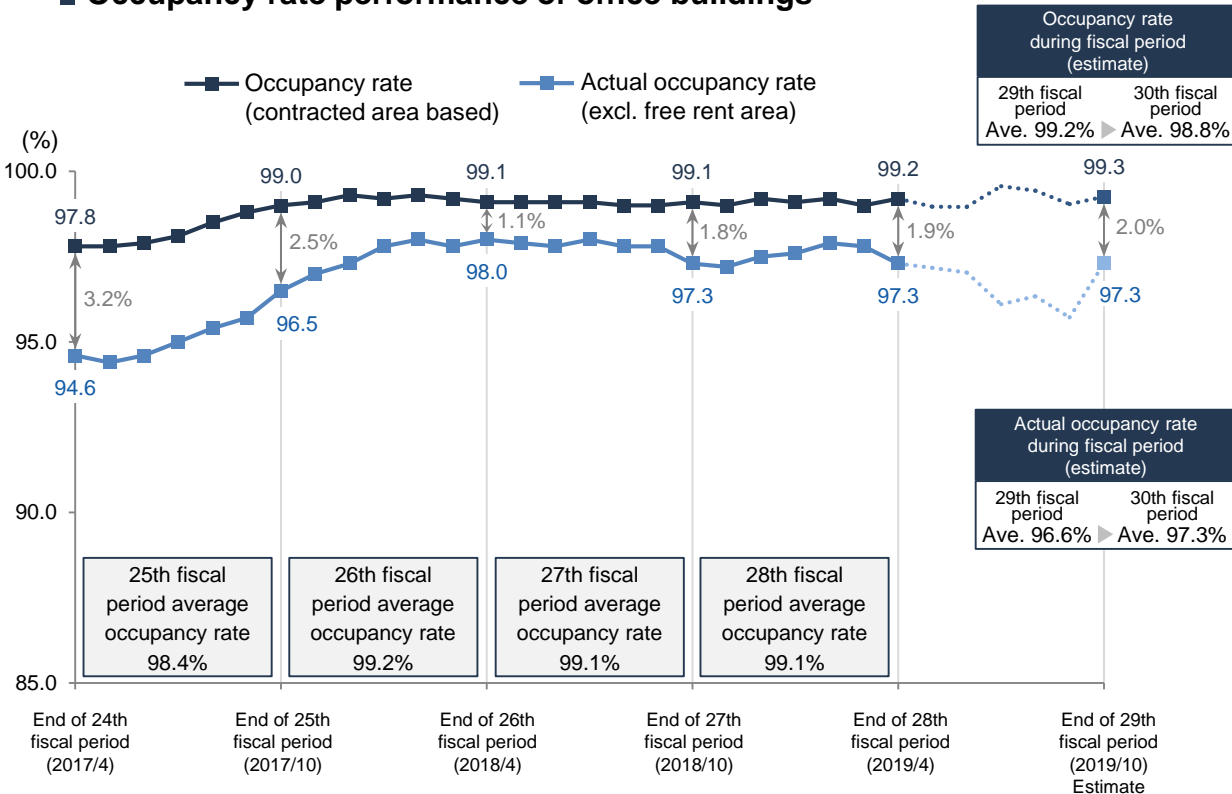
Internal growth

Changes in occupancy and turnover ratio for office buildings

The occupancy rate remained high with the strong tenant demand

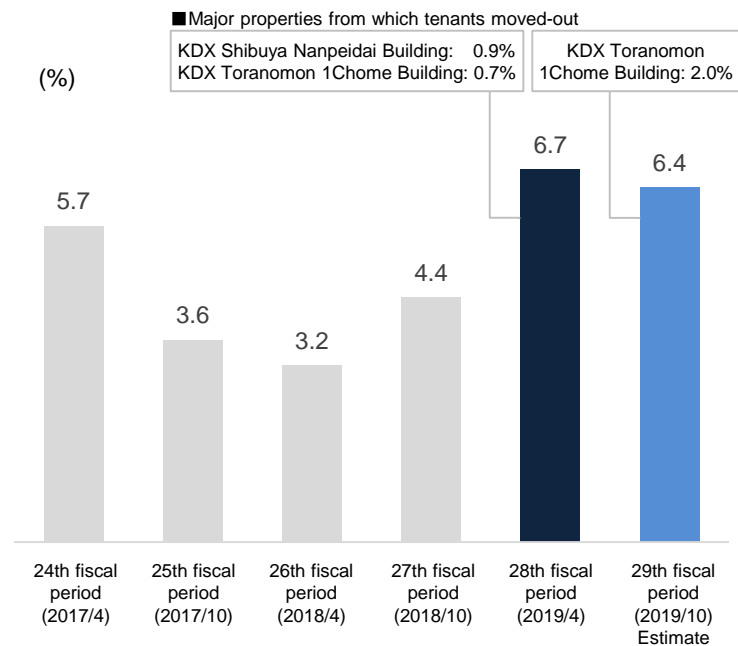
Despite increasing turnover ratio mainly due to move-out of the tenant occupying the whole property, achieved steady progress in filling vacancies

Occupancy rate performance of office buildings (Note 1)



Turnover ratio (annualized) of office buildings (Note 2) (Note 3)

- New tenants have been already determined for more than 80% of move-out areas in 28th fiscal period (2019/4)



Note 1: Occupancy rate (contracted area based) is calculated by dividing contract based leased area by leasable area, and actual occupancy rate (excl. free rent area) is calculated by subtracting free rent area from leased area then dividing that area by leasable area. The figures are rounded to the first decimal place. Average occupancy rate of office buildings during each fiscal period is a simple average of month-end occupancy rates of owned office buildings during each period. The estimated average (actual) occupancy rate for 29th fiscal period (2019/10) and 30th fiscal period (2020/4) is the figure that is used as part of the assumptions for the earnings forecasts

Note 2: Turnover ratio is calculated and annualized as follows: (Total leased area of the end-tenants who cancelled their lease agreements during the six-months period from the beginning to the end of each period) / (Average leasable area of all office buildings owned by KDO as of each month-end during the relevant period) x 2. Figures are rounded to the first decimal place

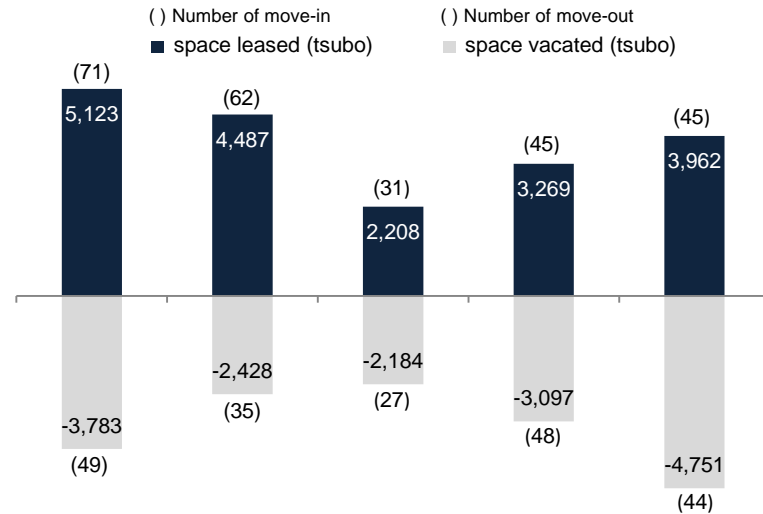
Note 3: Estimate for 29th fiscal period (2019/10) is based on the cancellation notice, etc. received by May 31, 2019

Trends in move-ins/outs and rent changes upon tenant turnover for office buildings

Steady progress in filling vacancies backed by a favorable rental property market
Continue to raise rent revenue due to free rent period reduction and rise in unit rent

Changes in main indices of tenant move-ins/outs

Tenant move-in and move-out areas and number of tenants (Note 1)



FR period (# of month) (Note 2)

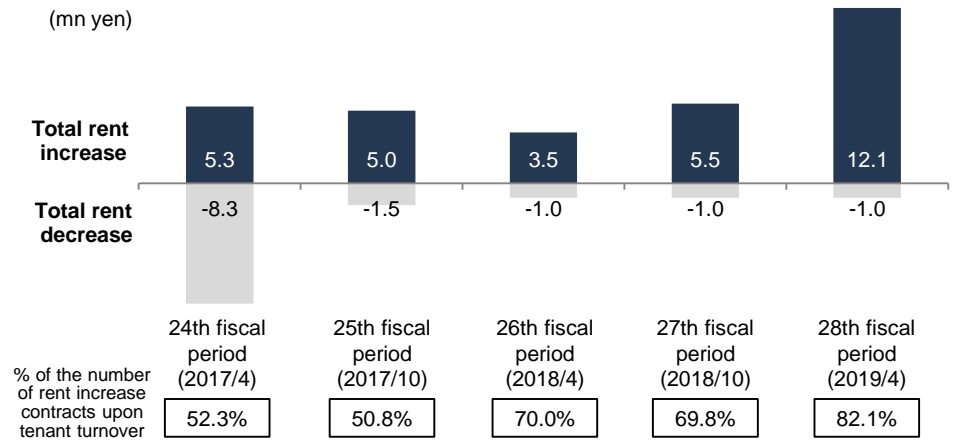
Area	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)	28th fiscal period (2019/4)
Tokyo Central 5 wards	4.3	3.6	3.6	2.4	1.9
Tokyo Metropolitan area (excluding Tokyo central 5 wards)	3.2	2.7	2.8	3.3	2.7
Other regional areas	4.6	2.7	2.5	1.7	0.9

excluding the impact of KDX Tranomon 1chome Building

1.2

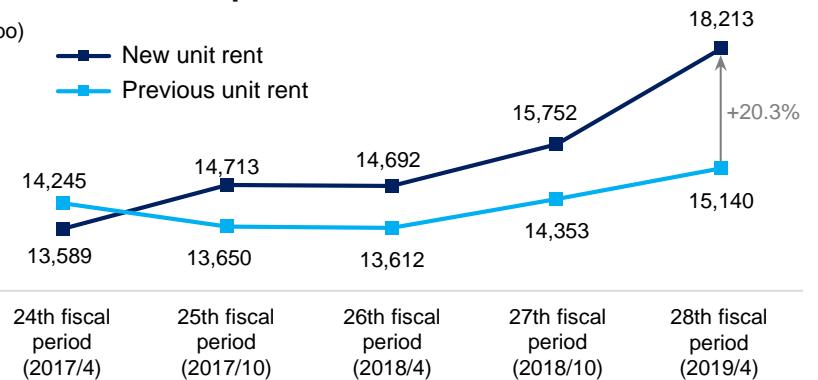
Changes in monthly rent upon tenant turnover (Note 3)

(mn yen)



Changes in unit rent upon tenant turnover (Note 4)

(yen/tsubo)



Note 1: The number of tenants and leased area are calculated based on floor. In case that an end-tenant move-out from/move-in to multiple floors, the number is counted by floor

Note 2: Rent-free period refers to a period from the start date of contract until the start date of contracted full rent. Above figures are monthly average and are expressed in terms of month by dividing by 30 days (truncated to the first decimal place). The analysis is based on office floors on the 2nd floor or above and excludes buildings that were newly acquired during the relevant fiscal periods

Note 3: Total amount of increases/decreases in monthly rent before and after rent revision for each fiscal period is respectively aggregated for the spaces where the rents paid by new tenants and by previous tenants can be compared

Note 4: New unit rent is an average unit rent calculated based on aggregated rents and areas for the spaces where rents paid by new tenants and by previous tenants can be compared for each fiscal period of "Tenant move-in and move-out areas and the number of tenants". Previous unit rent is an average unit price calculated based on aggregated previous rent units and areas for the spaces where new rent units are calculated

Leasing strategy to support internal growth

Aim to increase rent revenue by raising unit rent through tenant turnover

Respond to changes in work style of office workers and capture new needs for coworking space etc.

Tenant turnover at KDX Toranomon 1chome Building

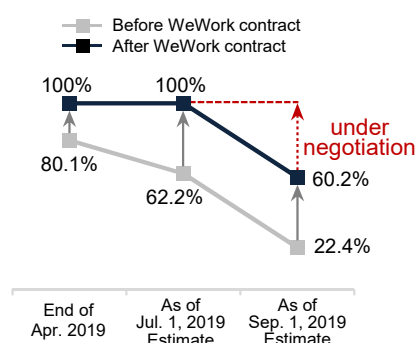


■ Tenant occupancy
(as of the end of April 2019)

11F	197.08	WeWork since Jul. 1, 2019
10F	246.13	Under negotiation with candidate tenants (vacant from Sep. 1, 2019)
9F	246.13	
8F	246.13	Occupied
7F	246.13	
6F	246.13	Under negotiation with candidate tenants (vacant from Sep. 1, 2019)
5F	246.13	
4F	246.13	WeWork since Apr. 26, 2019
3F	246.13	Occupied
2F	246.13	
1F	61.82	Occupied

*Leasable area (tsubo)

■ Occupancy rate
(Based on leased area)



Received cancellation notices from several tenants

- Continued to negotiate with several tenants whose rents were below the market level, but not reached agreements
- Sequentially received cancellation notices from the above tenants after September 2018, and expected occupancy rate to fall 22.4% as of September 1, 2019

Seek for new tenants

- Began negotiations with WeWork to obtain a contract in the process of seeking for tenants with an eye on the needs from coworking space aimed at raising new unit rent

3-4F/10-11F
(Move-out on Mar. 31 and Jun. 30, 2019)

Move-in of WeWork

- Concluded a long-term fixed lease agreement with unit rent 38.5% higher than the previous tenant on the conditions to bear part of move-in construction work expenses and provide a certain free rent period

5-6F/8-9F
(Move-out on Aug. 31, 2019)

Under negotiation with candidate tenants

- Currently continue negotiations to recover occupancy rate early and raise unit rent

Tenant turnover at KDX Shibuya Nanpeidai Building



- The tenant occupying the whole building decided to move to newly-built property
- Contracted with new tenant to lease the whole building without vacancy period and free rent period given the rarity of vacancy in the Shibuya area
- New contracted unit rent is higher than the estimated unit rent at the time of acquisition of the Property in August 2017 by approx. 10%

Increase rate due to tenant turnover (Note)

+20.9%

Appraisal value increase rate

28th fiscal period (2019/4)
Period over period **+2.4%**

Note: Calculated by dividing a difference between new and previous rents by previous rent (rounded to the first decimal place)

Efforts for the demand for coworking space and satellite office

- Flexibly capture the demand for coworking space and satellite office which are increasing the presence as influential tenant of office buildings in recent years, and respond to changes in social environment such as workstyle reform and telework development

wework

PLACE FOR ZXY WORK
ZXY



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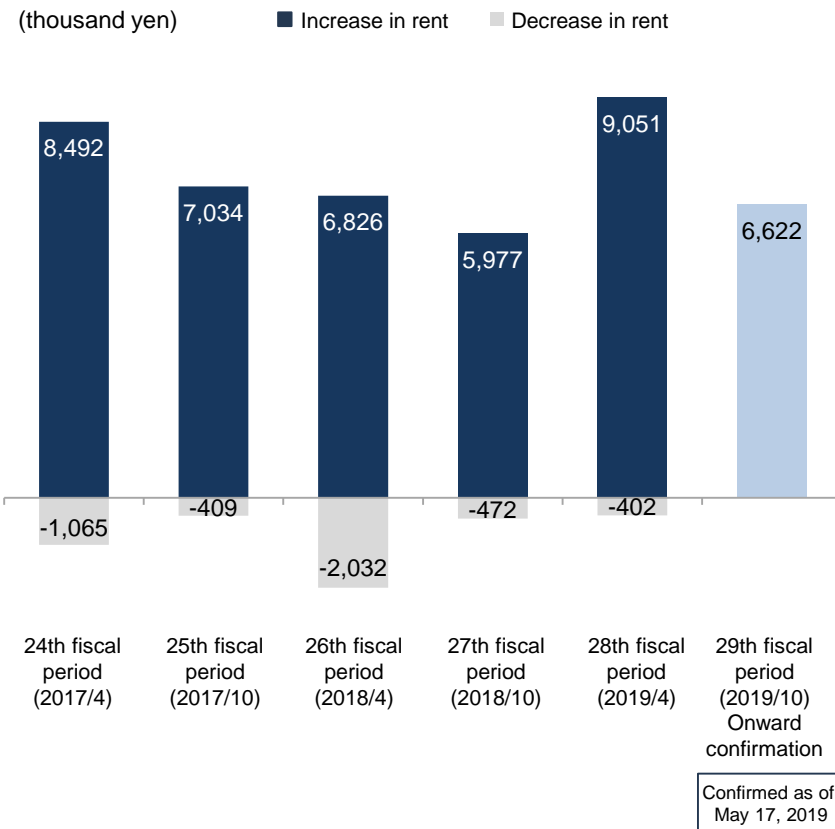
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Status of rent revisions with existing tenants

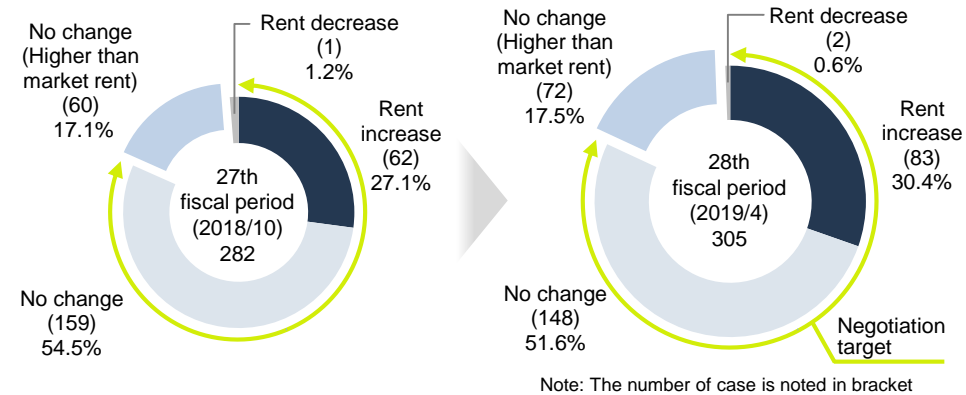
Further achieved upward rent revision and had a certain prospect for increase in rent revenues in and after the next fiscal period

Delivered steady results through negotiations on rent revisions based on detailed tenant analysis

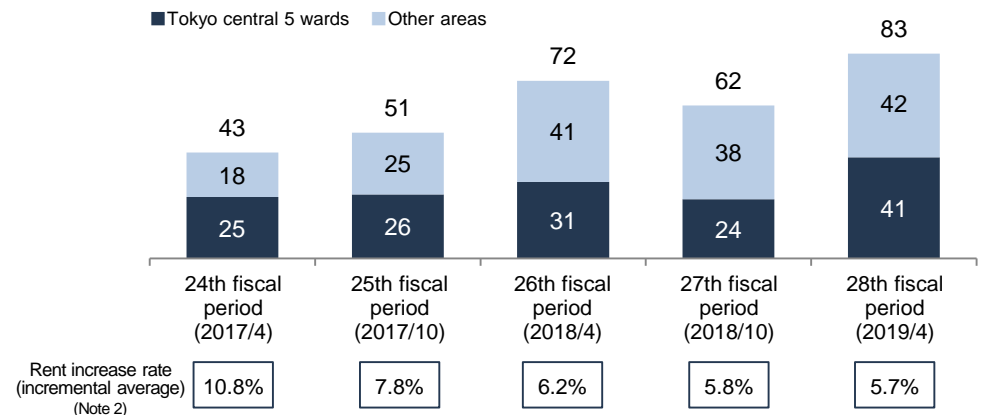
Changes in rent upon rent revisions (based on monthly rent) (Note 1)



Status of rent revisions (based on leased floor area)



Changes in the number of rent increase contracts and rent increase rate



Note 1: Difference in monthly rent before and after rent revision in each fiscal period is calculated by aggregating the change amount per contract in each fiscal period (rounded to the nearest thousand yen)

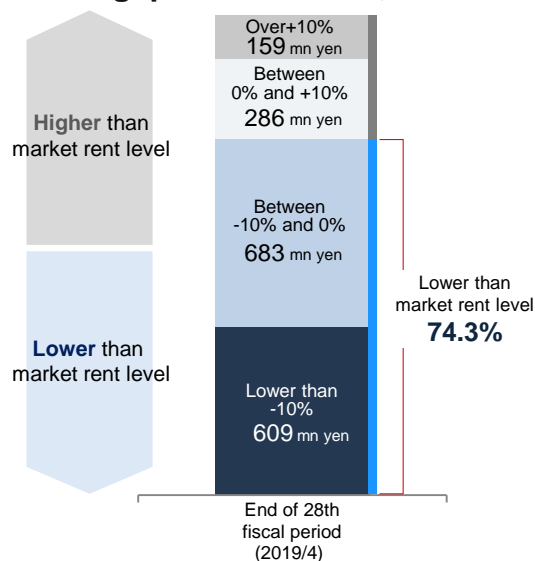
Note 2: Rent increase rate is calculated by dividing the sum of increase in monthly rent by the sum of monthly rent before revision (rounded to the first decimal place)

Rent gap of KDO office buildings

Market rent continued to rise and rent gap also remained at the high level

The negative balance of average rent gap is gradually reaching the largest level

Breakdown of rent gaps (based on monthly rent) (Note 1)



Number of owned properties with increased market rent and period-over-period unit rent increase rate

	End of 26th fiscal period (2018/4)	End of 27th fiscal period (2018/10)	End of 27th fiscal period (2018/10)	End of 28th fiscal period (2019/4)
Tokyo central 5 wards	28 / 47 properties (+3.2%)	23 / 48 properties (+3.1%)		
Tokyo Metropolitan Area (excl. Tokyo central 5 wards)	11 / 29 properties (+4.6%)	15 / 29 properties (+4.3%)		
Other Regional Area	11 / 18 properties (+5.0%)	9 / 18 properties (+5.6%)		

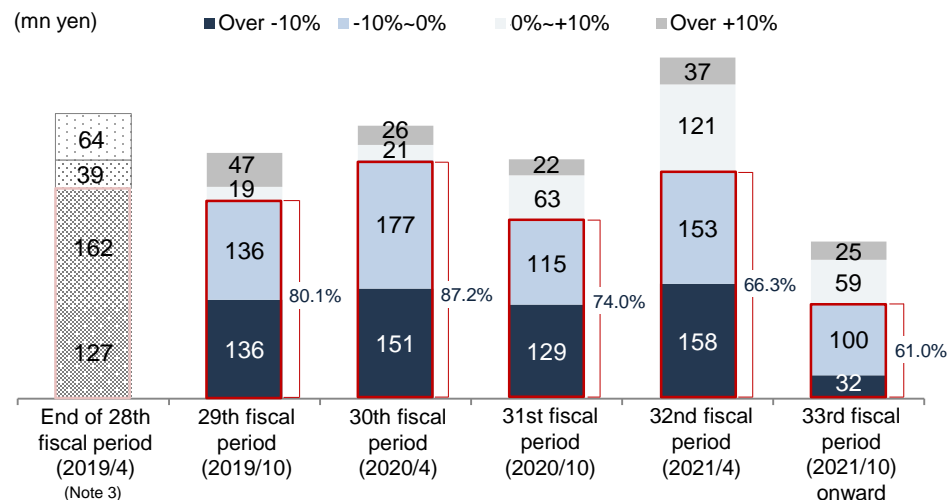
Note 1: A new contracted rent (standard floor) for each property estimated by CBRE as of the end of each fiscal period is deemed the market rent; the gap between the contracted rent for each tenant as of the end of the fiscal period and the market rent is recognized as a rent gap. No gap is classified into "Between 0% and +10%"

Note 2: Regarding the office buildings owned by KDO as of the end of 28th fiscal period (2019/4), distribution of the rent gaps between the contracted rent for each tenant and the market rent estimated by CBRE as of the end of 28th fiscal period (2019/4) by the timing of rent revisions for each tenant. The rents equal to market rents are classified into "Between 0% and +10%"

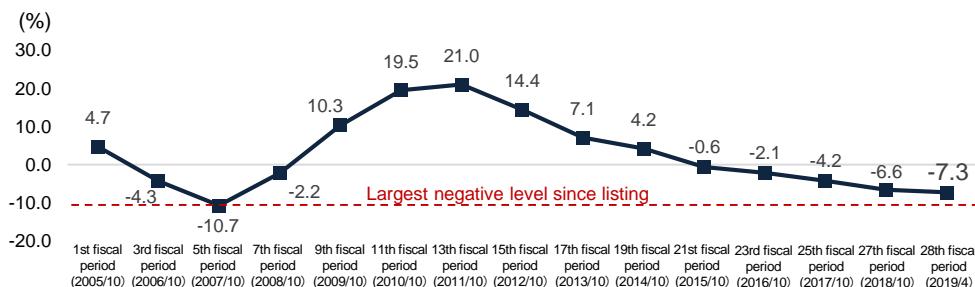
Note 3: Calculated as the weighted average, based on leasable floor area, of the gap rate between the average contracted rent of the standard floor for the office buildings owned by KDO as of the end of each fiscal period and the market rent for each property estimated by CBRE at the time of appraisal

Breakdown of rent gaps by rent revision schedule

(as of the end of 28th fiscal period (2019/4), based on monthly rent) (Note 1) (Note 2)



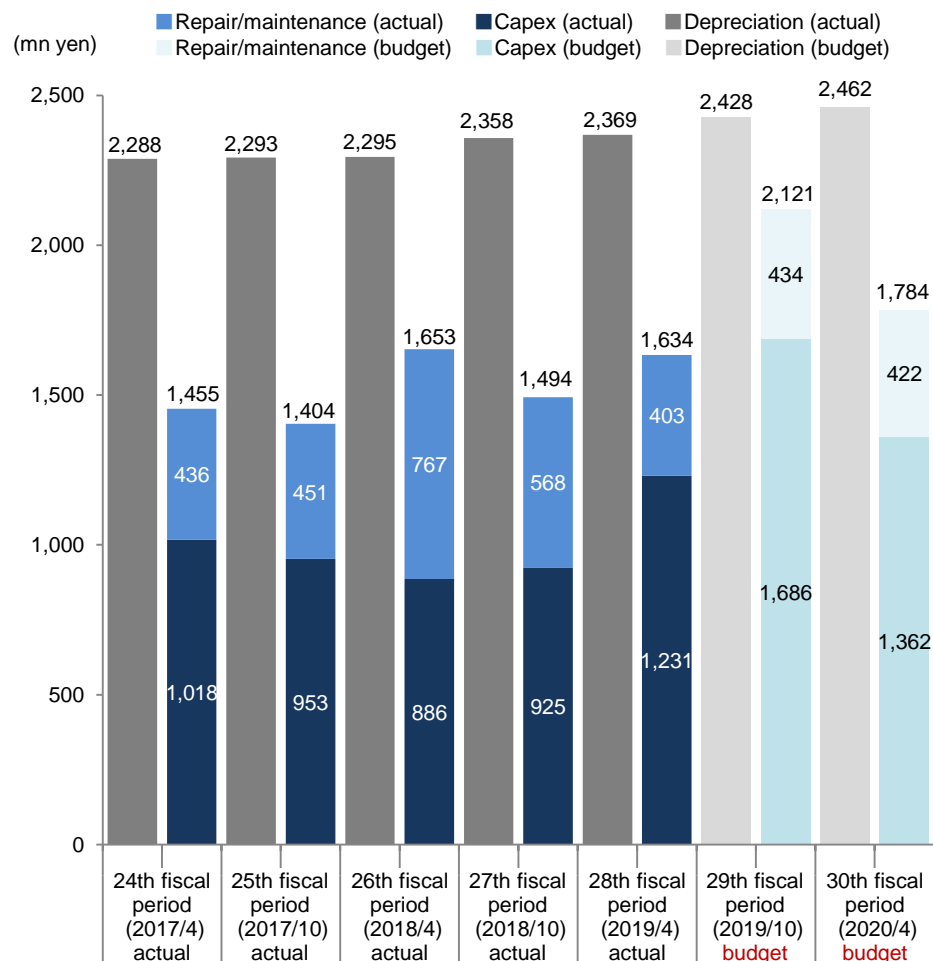
Historical average rent gaps (Note 3)



Construction expense (actual/budget)

Strategically allocate funds to value-upgrading works currently in order to improve the property profitability
Aim for significant increase in rent revenue in the future by booking one-time tenant move-in construction work budget in 29th fiscal period (2019/10)

Changes in depreciation and construction expense (actual/budget)



Repair/renovation work budget for 29th fiscal period (2019/10) (Note)

Items	Description of works	Estimated amount (mn yen)	Percentage of total expense (%)
Value-upgrading works	tenant and common areas	754	35.6%
Replacement works	Air-conditioning facilities	202	9.5%
	Other major facilities	465	21.9%
Eco-friendly works (Installation of LED lightings, etc.)		117	5.5%
Outer wall repair		182	8.6%
Maintenance/repair works		403	19.0%

29th fiscal period (2019/10) total	Percentage to depreciation expense (%)
2,121	87.4%

Note: Figures are approximate estimates as of the date in which repair plan was prepared

Properties to undergo major repair/renovation in 29th fiscal period (2019/10)

- Value-upgrading works (renovation of tenant areas, common areas, restrooms, etc.):
KDX Toranomon 1chome Building, KDX Sakura-dori Building, KDX Sapporo Kitaguchi Building, KDX Nakameguro Building
- Replacement works of air-conditioning facilities:
Senri Life Science Center Building, Pentel Building
- Outer wall repair
KDX Ebisu Building, KDX Sapporo Kitaguchi Building, Senri Life Science Center Building, KDX Yoyogi Building, KDX Hakata-Minami Building, KDX Nakameguro Building

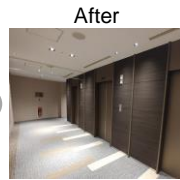
Initiatives for improving profitability

Aim for improving property competitiveness and tenant satisfaction through strategic value-upgrading works
Seek to raise properties profitability by continuously reducing cost as well

Renovation of common areas of KDX Shinjuku Building



- 25 years have passed since the completion, and unrenovated common areas became deteriorated and obsolete
- Considered it possible to raise rent by renovation because of high potential competitiveness
- Renovated restrooms, elevator hall, etc. to recover and improved the profitability



Return on investment (Note 1)

13.6%

Response based on the CS survey

Renovation of air-conditioning facilities at KDX Ikebukuro West Building



- Renovated air-conditioning facilities of the whole building to resolve frequent defects due to aging and improved tenant satisfaction

Addition of smoking room at KDX Ginza East Building



- Partially renovated trash area and added smoking room to separate smoking areas within the building

Renovation of elevators at KDX Okachimachi Building



- Together with renovation for preventive maintenance, renovated elevator interior including display board to improve aesthetics

Replacement works of security systems at KDX Nakano-Sakaue Building

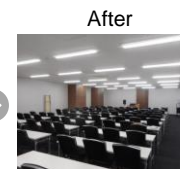


- Replaced the existing securities system using magnetic cards with one using contact-free IC cards to enhance conveniences for tenants

Renovation of tenant area on the first basement floor of KDX Utsunomiya Building



- The restaurant on the first basement floor moved out at the end of February 2019 due to decrease in sales
- Despite expectations for long-term vacancy on the back of difficulty in re-attraction of tenants for store use due to changes in the market environment, attracted rental conference rooms through strategic usage change
- Realized improvement of current tenant convenience and revival of profitability



Return on investment (Note 2)

15.7%

Continuous efforts for reduction in electricity cost (Note 3)

- Regularly made contract reviews of electricity cost that account for major ratio in property management expense
- Reduced the electricity charges by approx. 76 million yen per fiscal period in total through a contract reviews from 26th (2018/4) to 28th (2019/4) fiscal periods
- Lowering electricity charges through competitive bidding involving multiple companies is expected to further reduce electricity costs after switching power companies scheduled for October 2019

Outlook for reduction of electricity cost after the switching in Oct. 2019	Properties reviewed	Reduced amount (estimate)
	42 properties	Approx. 51 mn yen/period

Note 1: Calculated the whole building's rent increase per year based on the gap between unit rent of the office area as an appraisal value as of the end of 27th fiscal period (2018/10) which is after the completion of construction work and that as of the end of 26th fiscal period (2018/4) which is before the start of construction work and divided by construction expense (rounded to the first decimal place)

Note 2: Calculated the whole building's rent increase per year based on the gap between unit rent of the tenant moved in after construction work and that of the tenant moved out before construction work and divided by construction expense (rounded to the first decimal place)

Note 3: The gap between actual electricity charges over the past year and the electricity charges where the contract terms after review are applied to the electricity usage over the same period

End-tenants of KDO office buildings

The largest tenant occupies 2.4% of total leased floor area and each of tenants other than the top 5 occupies less than 1.0%

A highly diversified tenant base with the top 10 tenants occupying around 10% of the total leased floor area

List of top end-tenants for office buildings

(as of the end of 28th fiscal period (2019/4))

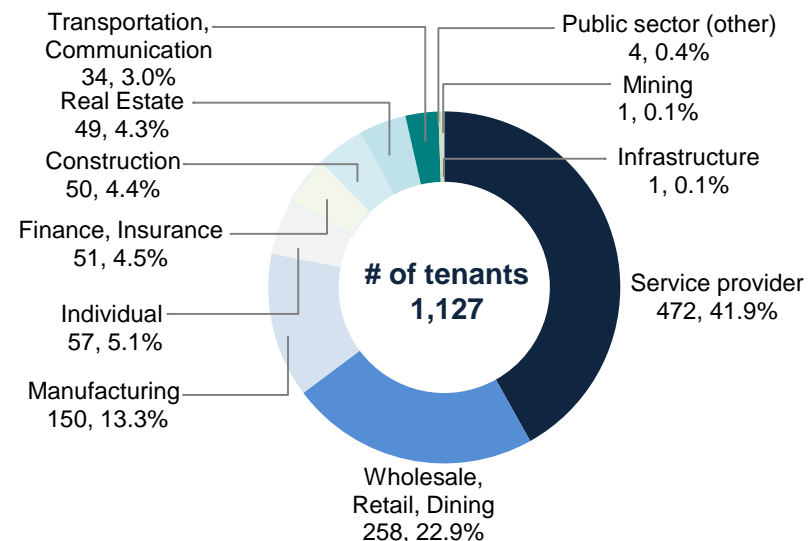
Tenant name	Leased area (tsubo)	% share of leased floor area (Note1)	Name of property
1 Mitsubishi Heavy Industries, Ltd.	3,408.4	2.4%	Mitsubishijuko Yokohama Bldg.
2 Tenant A (wholesale, retail and dining)	1,550.8	1.1%	KDX Kawasaki-Emimae Hon-cho Bldg.
3 Tenant B (service provider)	1,469.2	1.0%	KDX Musashi-Kosugi Bldg. KDX Hiroshima Bldg.
4 ADK Creative One Inc.	1,427.8	1.0%	KDX Toranomom 1 chome Bldg.
5 JASTEC Co., Ltd.	1,304.6	0.9%	KDX Takanawadai Bldg.
6 Yokohama City	1,237.7	0.9%	Mitsubishijuko Yokohama Bldg. KDX Yokohama Kannai Bldg.
7 Customer relation telemarketing, CO,LTD	1,201.3	0.9%	KDX Higashi Umeda Bldg.
8 Tenant C (service provider)	1,080.1	0.8%	KDX Musashi-Kosugi Bldg.
9 Medical Corporation DOYUKAI	1,022.4	0.7%	Koishikawa TG Bldg.
10 Tenant D (wholesale, retail and dining)	912.2	0.6%	Harajuku F.F. Bldg.
Total	14,614.5	10.4%	

Average rent for office buildings by area (Note 2)

	24th fiscal period (2017/4)	26th fiscal period (2018/4)	28th fiscal period (2019/4)
Tokyo metropolitan area	15,100 yen	15,700 yen	16,300 yen (+200 yen period over period)
Japan	14,300 yen	14,800 yen	15,300 yen (+100 yen period over period)

Tenant diversification by type of business

(based on # of tenants) (Note 3)



Note 1: Leased area of each end-tenant against total leased floor area of KDO portfolio as of the end of 28th fiscal period (2019/4) (rounded to the first decimal place)

Note 2: Average rent is calculated by dividing total amount of contracted rents of office buildings for each area as of the end of each fiscal period by the total leased floor area (rounded down to the nearest hundred yen)

Note 3: The chart shows the breakdown of tenants by type of business based on the total number of tenants in office portfolio (aggregated by name-base) as of the end of 28th fiscal period (2019/4) (rounded to the first decimal place)

Section 6

Efforts for ESG

Efforts for ESG ①

Efforts for Environment

GRESB Real Estate Assessment

- Acquired "Green Star" rating for 7 consecutive years as a result of our efforts for improving sustainability performance
- Earned the next highest-rated "4 Stars" in GRESB rating
- Participated from 2011 as the first J-REIT participant



DBJ Green Building Certification

- Acquired new certifications for four properties including KDX Ochanomizu Building in 28th fiscal period, and improved from "two stars" to "three stars" for four properties, including KDO Ikebukuro Building, mainly due to renovation of common areas
- A total of 24 properties in our portfolio were awarded DBJ Green Building Certification, including KDX Toranomon 1chome Bldg. which earned the highest-rated "five stars"



Certification for CASBEE for Real Estate

- ARK Mori Bldg., KDX Toranomon 1chome Bldg. KDX Karasuma Bldg., KDX Kobayashi-Doshomachi Bldg. and KDX Shinjuku Bldg. were ranked S, the highest rating, by CASBEE



BELS Certification

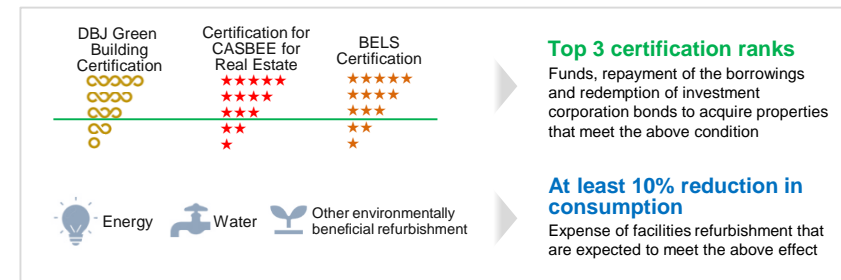
- In October 2014, KDX Musashi-Kosugi Bldg. was awarded a BELS Certification (three stars) for the first time in history as a J-REIT owned property
- In April 2016, KDX Iidabashi Square was awarded a BELS Certification (three stars)



Issuance of green bonds

- Issued KDO's first green bonds in February 2019 with an aim for committed efforts to improve sustainability and further contribution to development of the domestic green bond market by offering opportunities to the universe of investors who take active stance towards ESG investment
- Obtained the third-party evaluation from Sustainalytics and "Green 1" from Japan Credit Rating Agency, Ltd. ("JCR"), the highest evaluation in its "JCR Green Bond Evaluation"

Use of proceeds of green bonds



Outline of 10th Series Unsecured Investment Corporation Bonds (Green Bonds)

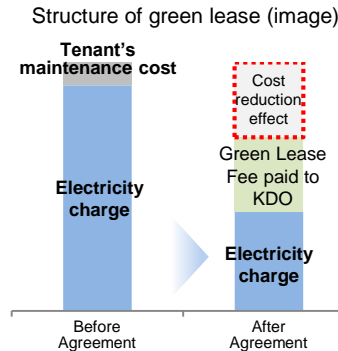
Issue date	February 15, 2019
Issued amount	2.0 billion yen
Term	5 years
Interest rate	0.390% per annum
Use of proceeds	Repayment of the borrowings to acquire KDX Kobayashi-Doshomachi Building and KDX Toranomon 1chome Building, awarded "three stars" and "five stars," respectively, of DBJ Green Building Certification

Efforts for ESG ②

Efforts for Social

Execution of green lease agreement

- Green lease agreement has a structure where KDO made LED lighting installation works for a tenant office space at the expense of KDO and a certain ratio of a reduced amount of electricity charges, etc. is paid back from tenant in return
- Concluded with 28 tenants in 6 properties since June 2015 as it allows both KDO and tenants to share economic merit and reduce environmental burden



Distribution of emergency action manual handbook

- Published a pocket-sized, portable emergency action manual handbook and distributed to tenants
- Contain various helpful information in an emergency across 17 pages, such as response to major earthquake, emergency relief activities, and how to use AED, etc.



Sponsor's signing on to the Principles for Responsible Investment ("PRI") supported by the United Nations

- Kenedix, Inc., the parent company of the Asset Management Company, became a signatory to "the Principles for Responsible Investment (PRI)" supported by the United Nations
- The Investment Corporation and the Asset Management Company share the Kenedix Group's philosophy, promote sustainability initiatives and aim for compatibility between sustainable growth and social responsibility under the commitment to responsible investment

Signatory of:



Efforts for Governance

Asset management fee structure of the Asset Management Company

- Changed the asset management fee structure of Asset Management Fees I through III in 27th fiscal period to further enhance the linkage between the asset management fees and unitholder profits

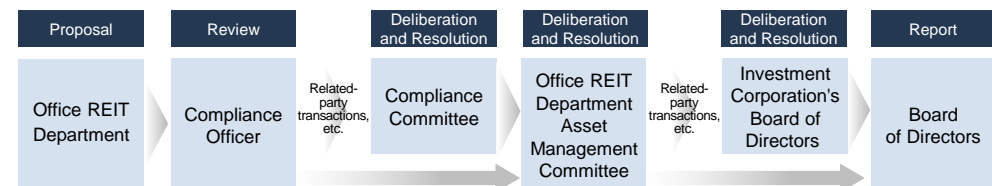
Asset Management Fee I	Total assets x 0.13%
Asset Management Fee II	Distribution per unit ^(Note 1) x 23,000
Asset Management Fee III	Increase in distribution per unit ^(Note 2) x Number of outstanding investment units x 10%
Acquisition Commission	Acquisition price x 0.5% (0.25% for acquisition from related parties)
Sale Commission	Sale price x 0.5% at a maximum

Note 1: When there is a loss carried forward, obtained by dividing the amount calculated by subtracting loss carried forward from income before income taxes before Asset Management Fees II and III by the number of outstanding investment units as of the end of the relevant fiscal period

Note 2: Obtained by subtracting simple average of DPU for the most recent 4 fiscal periods from DPU. If the amount subtracted does not exceed zero, Asset Management Fee III shall be zero

Decision-making process with transparency & check-and-balance system

- The Asset Management Company creates management guidelines of KDO, and sets forth basic investment management guidelines, including investment policy, related party transaction rules, distribution policy and disclosure policy, regarding the asset management of KDO
- Furthermore, as set forth in the management guidelines, the Asset Management Company creates asset management plans, etc. (including medium-term business plans and annual business plans as well as asset management plans) and makes decision of property acquisition, according to investment policy set forth in the management guidelines and related party transaction rules
- The decision-making flow for establishing and revising the management guidelines and asset management plans, etc. and that pertaining to acquisition and sale of assets are shown below



Memo

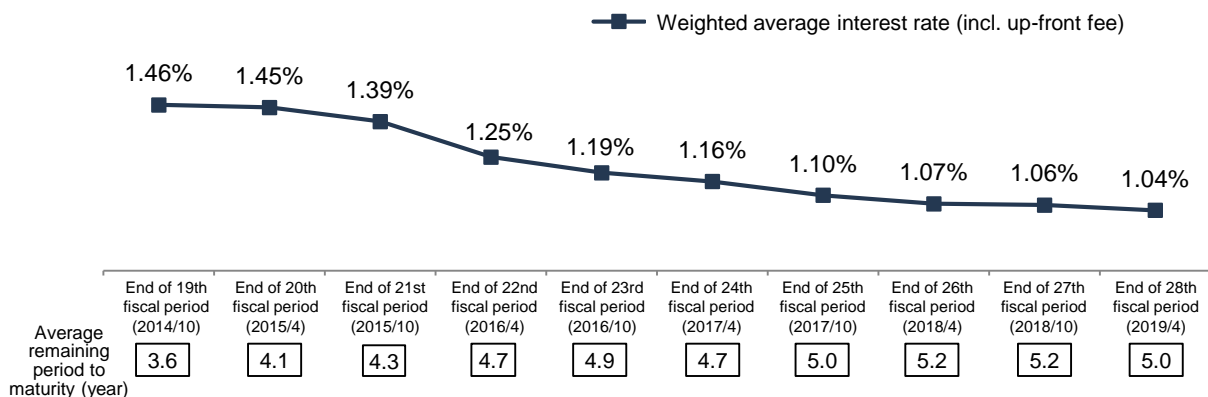
Section 6

Financial strategy

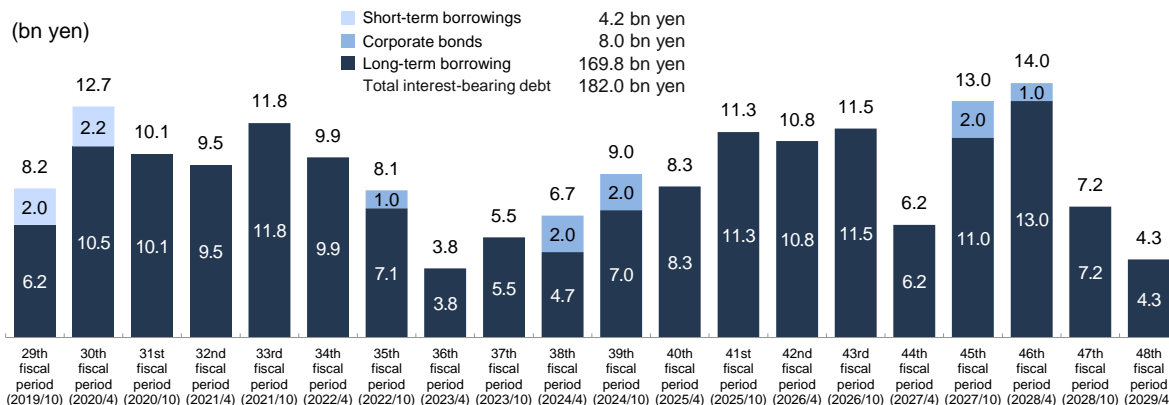
Status of debt financing

Decrease financial cost at refinancing while paying attention to the trend of interest rate and balancing borrowing period
 Seek to reduce refinancing risk through strategic diversification of debt maturities

Average interest rate and remaining period to maturity (Note 1)



Balance of interest-bearing debt by maturity



Refinance record for 28th fiscal period (2019/4) (Total amount of 10.0 bn yen) (Note 2)

- Reduced financial cost through refinancing and extended borrowing period

	Conditions before refinancing	Conditions after refinancing
Average interest rate	0.98%	0.60%
Average borrowing period	3.9 years	4.9 years

- Long-term borrowings account for 4.3 bn yen in the refinance (average interest rate of 0.94%, average borrowing period of 10.0 years)

Interest-bearing debt by maturity (excl. short-term borrowings)

	29th fiscal period (2019/10)	30th fiscal period (2020/4)	31st fiscal period (2020/10)	32nd fiscal period (2021/4)
Balance of debt maturing	6.2 bn yen	10.5 bn yen	10.1 bn yen	9.5 bn yen
Average financial cost	0.97%	0.94%	1.06%	1.24%

Major indices related to financial stability

Ratio of fixed interest rate (Note 3)	96.6%
Status of credit rating (JCR)	AA- (stable)

Note 1: Average interest rate and borrowing period are the weighted average based on the balance of debt outstanding as of the end of each fiscal period (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place)

Note 2: Average interest rate and borrowing period are the weighted average of the interest rate of borrowings (incl. up-front fee) and borrowing period based on the balance of borrowings, respectively (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place). Total borrowings that reached maturity in 28th fiscal period (2019/4) amount to 11.5 bn yen, of which 1.5 bn yen was repaid by cash on hand including the portion of proceeds of 10th unsecured investment corporation bonds

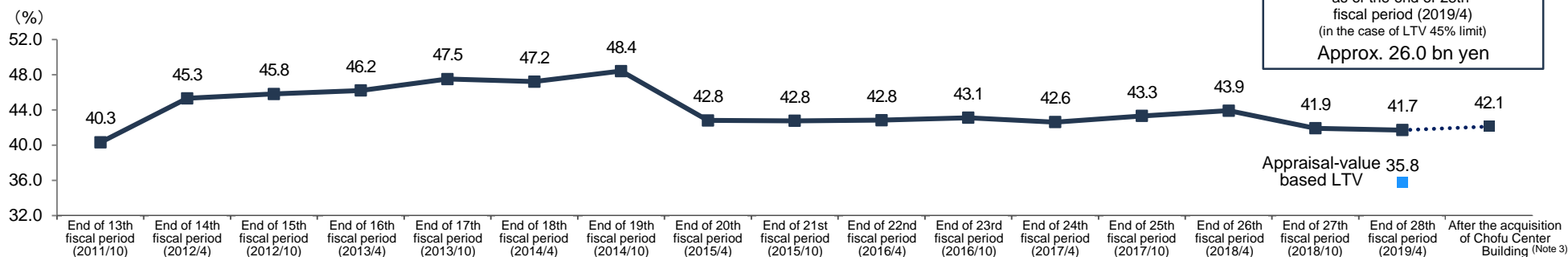
Note 3: Includes the borrowings with floating interest rate fixed by interest rate swap (rounded to the first decimal place)

Historical changes in LTV and status of interest-bearing debt financing

Maintain stable financial base by keeping LTV at a conservative level with a target of 45%

Newly executed a commitment line agreement with three megabanks as flexible financing methods against future funding needs

Historical LTV (interest-bearing debt ratio) level (Note 1)



Note 1: Interest-bearing debt ratio (LTV) is calculated by dividing the balance of interest-bearing debt by the amount of total assets as of the end of each fiscal period. Appraisal-value based LTV is calculated by dividing the balance of interest-bearing debt by the sum of the amount of total assets and appraisal profit/loss of owned properties as of the end of each fiscal period (rounded to the first decimal place)

Note 2: Estimated borrowing amount of debt which can be additionally procured from financial institutions or new issuance of investment corporation bonds for property acquisition by new debt financing, assuming that the LTV can be increased to a certain value

Note 3: LTV after the acquisition of Chofu Center Building on June 14, 2019 is calculated by dividing the sum of the balance of interest-bearing debt as of the end of the 28th fiscal period (2019/4) and the borrowing amount at the time of acquisition (3.0 billion yen) by total assets after the acquisition (estimates)

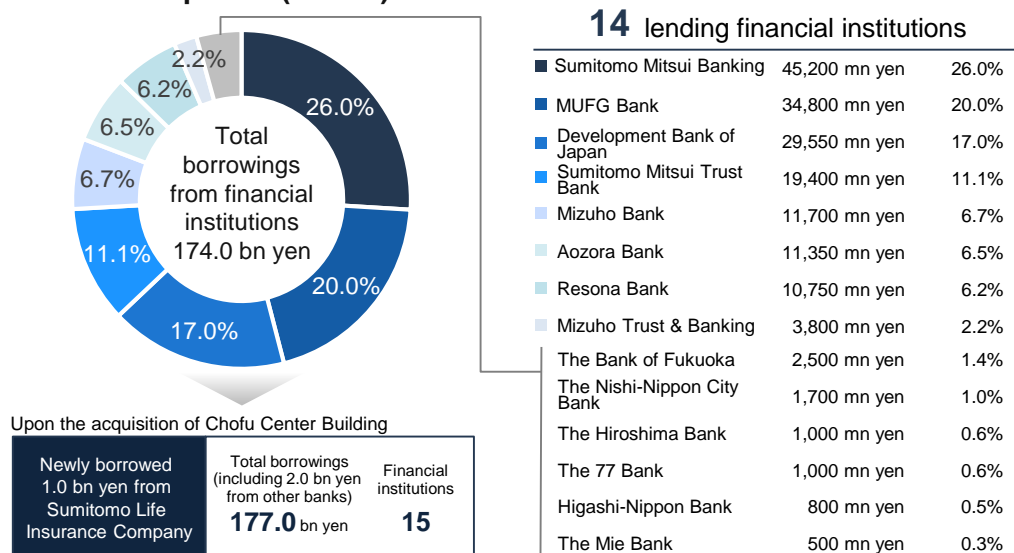
Investment corporation bonds issued as of the end of 28th fiscal period (2019/4) (total of 8.0 bn yen)

Corporate bonds	Issued period	Issued amount	Interest rate	Term
6th bonds	2014/7	2.0 bn yen	1.18%	10 years
7th bonds	2016/4	1.0 bn yen	0.90%	12 years
8th bonds	2017/7	1.0 bn yen	0.26%	5 years
9th bonds	2017/7	2.0 bn yen	0.64%	10 years
10th bonds (green bonds)	2019/2	2.0 bn yen	0.39%	5 years

Outline of the commitment line agreement (executed on May 31, 2019)

Maximum amount	6.0 bn yen
Contract period	June 3, 2019 to April 30, 2020
Use of proceeds	Acquisition of assets, Repayment of the existing borrowings and redemption of investment corporation bonds
Contract type	Syndication-type commitment line
Counterparty	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd.

Outstanding borrowings by financial institutions as of the end of 28th fiscal period (2019/4)



Memo

Appendix

Supplemental material / data

28th fiscal period (2019/4) financial results

Items	27th Fiscal Period	28th Fiscal Period	28th Fiscal Period	(mn yen)	
	(2018/10)	(2019/4)	(2019/4)	28th (actual) vs. 27th (actual)	28th (actual) vs. 28th (forecast)
	Actual	Forecast (announced on December 12, 2018)	Actual	Difference	Difference
	A	B	C	C-A	C-B
Operating revenue	15,420	15,246	15,212	-208	-34
Gain on sale of real estate	532	563	565	+32	+1
Dividend income	85	54	51	-34	-2
Operating expense	8,271	8,099	8,039	-232	-59
Operating income	7,148	7,147	7,172	+24	+25
Non-operating income	1	0	0	-0	+0
Non-operating expense	1,040	1,010	993	-46	-16
Ordinary income	6,109	6,137	6,179	+70	+42
Net income	6,107	6,136	6,178	+70	+42
Provision (+) / reversal (-) of reserve for reduction entry	+340	+299	+299	-	-
Total distributions	5,766	5,836	5,878	+111	+42
DPU (yen)	13,458	13,620	13,719	+261	+99
# of total units outstanding	428,510	428,510	428,510	0	0
Rental NOI ^(Note 1)	10,055	10,073	10,084	+29	+11
FFO ^(Note 2)	7,934	7,951	7,983	+49	+31
Depreciation	2,358	2,377	2,369	+11	-8
# of properties	97	96	96	-1	0
Total interest-bearing debt	183,050	-	182,050	-1,000	
LTV	41.9%	-	41.7%	-0.2%	
Book value (Period-end)	409,004	-	403,212	-5,792	
Appraisal value (Period-end)	466,045	-	474,257	+8,212	
Net assets	229,313	-	229,440	+126	

Comparison against 27th fiscal period (2018/10) actual

■ Operating revenue	-208 mn yen
• Rent / common area charge	+63 mn yen (Properties acquired: +165 (27th), Existing properties: +65, Properties sold: -167 (27th))
• Utilities	-200 mn yen
• Other revenues	-69 mn yen (Revenues from Senri LSC Hall operation: -39, Cancellation penalty: -23, Other: -5)
• Gain on sale of real estate	+32 mn yen (Gain on sale of properties sold in 27th (KDX Hamamatsucho Dai-2 Bldg., Frame Jinnan-zaka (quasi co-ownership interest of 49.0%)): -532 Gain on sale of property sold in 28th (Frame Jinnan-zaka (quasi co-ownership interest of 51.0%)): +565 (TK Dividend: KRF43 Shinjuku Sanei Bldg.))
• Dividend income	-34 mn yen
■ Operating expense	-232 mn yen
• Utilities	-119 mn yen
• Taxes	-1 mn yen
• Repair / maintenance cost	-165 mn yen
• Property / facility management fee	+4 mn yen
• Asset management fee	-10 mn yen
• Brokerage fee	+42 mn yen
• Depreciation	+11 mn yen
■ Non-operating expense	-46 mn yen
• Interest expense / financing-related expense	-40 mn yen
• Non-deductible consumption taxes, etc.	-6 mn yen

Comparison against 28th fiscal period (2019/4) forecast (announced on December 12, 2018)

■ Operating revenue	-34 mn yen
• Rent / common area charge	+35 mn yen (Existing properties: +35)
• Utilities	-68 mn yen
• Gain on sale of real estate	+1 mn yen (Gain on sale of property sold in 28th)
• Dividend income	-2 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	-59 mn yen
• Utilities	-41 mn yen
• Repair / maintenance cost	-18 mn yen
• Property / facility management fee	-12 mn yen
• Other expenses	+12 mn yen

Note 1: Rental NOI = Operating revenue – Gain on sale of real estate – Dividend income – Expenses related to rental business (excluding depreciation)

Note 2: FFO = Net income + Depreciation – Gain on sale of real estate + Loss on sale of real estate

29th (2019/10) and 30th (2020/4) fiscal periods earning forecasts

		(mn yen)				
	Items	28th Fiscal Period	29th Fiscal Period	30th Fiscal Period	29th (forecast) vs. 28th (actual)	30th (forecast) vs. 29th (forecast)
		(2019/4)	(2019/10)	(2020/4)	Difference	Difference
		A	B	C	B-A	C-B
P/L, etc.	Operating revenue	15,212	15,048	15,099	-164	+50
	Gain on sale of real estate	565	-	-	-565	-
	Dividend income	51	69	54	+17	-14
	Operating expense	8,039	8,324	8,260	+285	-64
	Operating income	7,172	6,723	6,839	-449	+115
	Non-operating income	0	0	0	-0	-
	Non-operating expense	993	993	989	-0	-4
	Ordinary income	6,179	5,730	5,850	-449	+119
	Net income	6,178	5,729	5,849	-449	+119
	Provision (+) / reversal (-) of reserve for reduction entry	+299	-	-	-	-
	Total distributions	5,878	5,729	5,849	-149	+119
	DPU (yen)	13,719	13,370	13,650	-349	+280
	# of total units outstanding	428,510	428,510	428,510	0	0
Related Information	Rental NOI ^(Note 1)	10,084	10,188	10,362	+104	+173
	FFO ^(Note 2)	7,983	8,158	8,312	+175	+155
	Depreciation	2,369	2,428	2,462	+58	+34
	# of properties	96	97	97	+1	0
	(Reference) Estimated property and city planning taxes	-	1,265	1,265		

Comparison between 28th fiscal period (2019/4) actual and 29th fiscal period (2019/10) forecast

■ Operating revenue	-164 mn yen
• Rent / common area charge	+175 mn yen (Property acquired: +224 (29th), Existing properties: -48)
• Utilities	+218 mn yen
• Other revenues	-9 mn yen (Cancellation penalty: -8, Revenues from Senri LSC Hall operation: +9, Other: -10)
• Gain on sale of real estate	-565 mn yen (Disappearance of gain on sale of property sold: -565 (28th))
• Dividend income	+17 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	+285 mn yen
• Depreciation	+58 mn yen (Property acquired: +20 (29th), Existing properties: +38)
• Utilities	+223 mn yen
• Taxes	+41 mn yen (Properties acquired: +13 (26th), Property acquired: +28 (27th), Property sold: -5 (28th), Existing properties: +5)
• Repair / maintenance cost	+7 mn yen
• Asset management fee	-75 mn yen
• Property / facility management fee	+16 mn yen
• Other expenses	+15 mn yen
■ Non-operating expense	-0 mn yen
• Interest expense / financing-related expense	+20 mn yen
• Non-deductible consumption taxes, etc.	-20 mn yen

Comparison between 29th fiscal period (2019/10) forecast and 30th fiscal period (2020/4) forecast

■ Operating revenue	+50 mn yen
• Rent / common area charge	+209 mn yen (Property acquired: +70 (29th), Existing properties: +139)
• Utilities	-139 mn yen
• Other revenues	-6 mn yen
• Dividend income	-14 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	-64 mn yen
• Depreciation	+34 mn yen
• Utilities	-98 mn yen
• Repair / maintenance cost	-9 mn yen
• Property / facility management cost	+35 mn yen
• Asset management fee	+11 mn yen
• Other expenses	-37 mn yen
■ Non-operating expense	-4 mn yen
• Interest expense / financing-related expense	-4 mn yen

Note 1: Rental NOI = Operating revenue – Gain on sale of real estate – Dividend income – Expenses related to rental business (excluding depreciation)

Note 2: FFO = Net income + Depreciation – Gain on sale of real estate + Loss on sale of real estate

Properties acquired / sold in and after 28th fiscal period (2019/4)

Property acquired



Property name	Chofu Center Building
Location	Chofu, Tokyo
Total floor area ^(Note 1)	31,536.86 m ²
Completion date ^(Note 2)	January 1995
Occupancy rate	100% (As of May 31, 2019)
# of tenants	7 (As of May 31, 2019)
Acquisition price	8,700 mn yen
Appraisal value	9,920 mn yen (As of April 1, 2019)
Seller	Domestic general business corporation
Acquisition route	Sponsor support (brokerage)
Acquisition date	June 14, 2019
NOI yield (estimate) ^(Note 3)	4.8%
NOI yield after depreciation (estimate) ^(Note 4)	4.3%
Appraisal NOI yield ^(Note 5)	5.5%

Note 1: Total floor area for the whole building is shown. The Property is comprised of total of 3 compartments of office, parking and retail shop & pool, and KDO acquired 61.17% of co-ownership interest in the Property's land, compartmentalized ownership of the entire office compartment, and 20.37% of co-ownership interest in compartmentalized ownership of parking compartment. Total occupied area of the office compartment is 18,015.20 m²

Note 2: Completion date of compartmentalized ownership building of office compartment is shown

Note 3: Calculated by dividing estimated NOI after excluding extraordinary factors calculated by the Asset Management Company for the year of acquisition by acquisition price (The figure is rounded to the first decimal place. For yields, the same applies hereinafter)

Note 4: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by acquisition price

Note 5: Calculated by dividing net operating income based on the direct capitalization method described in the appraisal report as of April 1, 2019 by acquisition price

Property sold



Property name	Frame Jinnan-zaka
Location	Shibuya-ku, Tokyo
Total floor area	6,302.58 m ²
Completion date	March 2005
Book value ^(Note 6)	9,136 mn yen
Disposition price ^(Note 7)	-
Difference from book value ^(Note 7) : (total disposition price – total book value) / total book value	-
Appraisal value ^(Note 8)	11,100 mn yen
Buyer	SPC composed by domestic general business corporation
Acquisition date	August 1, 2005
Disposition date	July 2, 2018 (49.0% of quasi co-ownership interest) November 1, 2018 (51.0% of quasi co-ownership interest)
NOI yield (actual) ^(Note 9)	4.0%
NOI yield after depreciation (actual) ^(Note 10)	2.9%
Disposition price NOI yield ^(Note 7)	-

Note 6: The total book value at disposition of each quasi co-ownership interest

Note 7: KDX Hamamatsucho Dai-2 Building sold on July 2, 2018 and each quasi co-ownership interest of Frame Jinnan-zaka were substantially sold to the same buyer, and disposition price of each property is not disclosed because the buyer has not given consent for disclosure

Note 8: The figure is the sum of the appraisal values as of April 30, 2018 for the sale on July 2, 2018 and as of October 31, 2018 for the sale on November 1, 2018

Note 9: Calculated by dividing the total actual NOI for 25th fiscal period (2017/10) and 26th fiscal period (2018/4) by acquisition price

Note 10: Calculated by dividing the total rental operating income (NOI after depreciation (actual)) for 25th fiscal period (2017/10) and 26th fiscal period (2018/4) by acquisition price

Track record of asset reshuffle

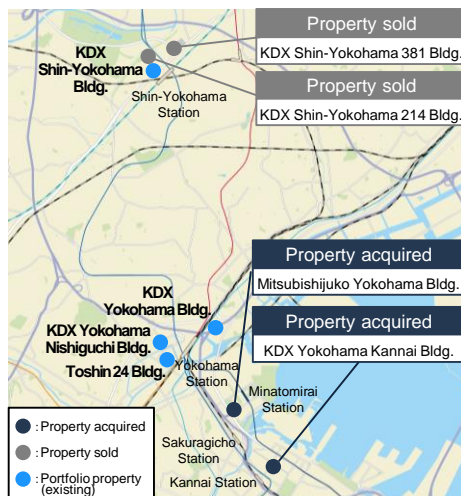
Asset reshuffle through mutual transactions with several developers, etc.






Acquired prime properties from real estate developers, etc. through mutual transactions on a negotiation basis by capturing their acquisition needs

Property acquired	Properties sold	Property acquired	Property sold	Property acquired	Property sold	Property acquired	Properties sold
KDX Toranomon 1chome Bldg.	KDX Toranomon Bldg. Toranomon Toyo Bldg.	ARK Mori Bldg. (Compartmentalized Ownership)	BUREX Toranomon	KDX Nishi-Shinbashi Bldg.	KDX Nihonbashi Kabutocho Bldg.	KDX Hamamatsucho Place	KDX Hamamatsucho Dai-2 Bldg. Frame Jinnan-zaka
							
Mar. 2016		Dec. 2016		Feb. 2017		Jul. and Nov. 2018	
							
Improved portfolio quality, including rejuvenating portfolio, by selling two relatively old buildings and acquiring a relatively new property with high specification		Acquired a highly competitive high-profile property with a fixed rent master lease scheme, and take efforts for revenue stability and increase in NOI		Disposed of a property which may decrease its profitability in the future and acquired a property that can gain high competitiveness mainly due to opening of a new station in order to improve profitability		Disposed of a relatively old small-sized office building and a central urban retail property, and acquired a relatively new quality property in central Tokyo, with an aim to increase NOI after depreciation, etc.	




Asset reshuffle in Yokohama and Shibuya area

Asset reshuffle aimed for improvement of location, property age, profitability and appraisal profit/loss with an eye on future competitiveness



Properties acquired	Properties sold
Mitsubishijuko Yokohama Bldg. (quasi co-ownership interest) KDX Yokohama Kannai Bldg.	KDX Shin-Yokohama 381 Bldg. KDX Shin-Yokohama 214 Bldg.
 Dec. 2017	 Oct. 2017
 Jan. 2018	 Dec. 2017
	

Conducted an asset reshuffle from "Shin-Yokohama" to "Minato Mirai 21" increasing recognition as site for office buildings and "Kannai" where public offices concentrate, and restructured the portfolio in Yokohama area

Property acquired	Property sold
KDX Shibuya Nanpeidai Bldg.	KDX Ikejiri-Oohashi Bldg.
 Aug. 2017	 Feb. 2017
	

Disposed of a property with low profitability and appraisal loss, located away from Shibuya Station, at a relatively high price, and acquired a property located within walking distance from the Station aimed for locational improvement

Portfolio overview (1)

(as of the end of 28th fiscal period (2019/4))

Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) ^(Note 1)	Completion date ^(Note 2)	End of 28th fiscal period occupancy rate (%) ^(Note 3)
Office Buildings	Tokyo Metropolitan Area	A001	KDX Nihonbashi 313 Building	Chuo-ku, Tokyo	5,940	1974/4	100.0
		A003	Higashi-Kayabacho Yuraku Building	Chuo-ku, Tokyo	4,450	1987/1	100.0
		A004	KDX Hatchobori Building	Chuo-ku, Tokyo	3,680	1993/6	100.0
		A005	KDX Nakano-Sakaue Building	Nakano-ku, Tokyo	2,533	1992/8	100.0
		A006	Harajuku F.F. Building	Shibuya-ku, Tokyo	2,450	1985/11	100.0
		A007	KDX Minami Aoyama Building	Minato-ku, Tokyo	2,270	1988/11	100.0
		A008	Kanda Kihara Building	Chiyoda-ku, Tokyo	1,950	1993/5	100.0
		A013	KDX Kojimachi Building	Chiyoda-ku, Tokyo	5,950	1994/5	100.0
		A014	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	100.0
		A016	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	100.0
		A017	KDX Ebisu Building	Shibuya-ku, Tokyo	4,640	1992/1	100.0
		A019	KDX Hamamatsucho Building	Minato-ku, Tokyo	3,460	1999/9	100.0
		A020	KDX Kayabacho Building	Chuo-ku, Tokyo	2,780	1987/10	100.0
		A021	KDX Shinbashi Building	Minato-ku, Tokyo	3,728	1992/2	100.0
		A022	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	100.0
		A026	KDX Kiba Building	Koto-ku, Tokyo	1,580	1992/10	100.0
		A027	KDX Kajicho Building	Chiyoda-ku, Tokyo	2,350	1990/3	100.0
		A029	KDX Higashi-Shinjuku Building	Shinjuku-ku, Tokyo	2,950	1990/1	100.0
		A030	KDX Nishi-Gotanda Building	Shinagawa-ku, Tokyo	4,200	1992/11	100.0
		A031	KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	1986/9	100.0
		A032	KDX Shiba-Daimon Building	Minato-ku, Tokyo	6,090	1986/7	100.0
		A033	KDX Okachimachi Building	Taito-ku, Tokyo	2,000	1988/6	100.0
		A034	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	1995/5	80.5
		A035	KDX Hachioji Building	Hachioji, Tokyo	1,155	1985/12	100.0
		A037	KDX Ochanomizu Building	Chiyoda-ku, Tokyo	6,400	1982/8	96.4
		A038	KDX Nishi-Shinjuku Building	Shinjuku-ku, Tokyo	1,500	1992/10	100.0
		A041	KDX Shinjuku 286 Building	Shinjuku-ku, Tokyo	2,300	1989/8	100.0
		A046	Hiei Kudan-Kita Building	Chiyoda-ku, Tokyo	7,600	1988/3	97.5
		A048	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	1985/2	100.0
		A051	KDX Hamacho Nakanohashi Building	Chuo-ku, Tokyo	2,310	1988/9	100.0
		A055	Shin-toshin Maruzen Building	Shinjuku-ku, Tokyo	2,110	1990/7	100.0
		A056	KDX Jimbocho Building	Chiyoda-ku, Tokyo	2,760	1994/5	100.0
		A059	KDX Iwamoto-cho Building	Chiyoda-ku, Tokyo	1,864	2008/3	100.0
A060	KDX Harumi Building	Chuo-ku, Tokyo	10,250	2008/2	100.0		
A062	Koishikawa TG Building	Bunkyo-ku, Tokyo	3,080	1989/11	100.0		
A063	KDX Gotanda Building	Shinagawa-ku, Tokyo	2,620	1988/4	100.0		

Type	Area	No.	Name	Location	Acquisition price (mn yen) ^(Note 1)	Completion date ^(Note 2)	End of 28th fiscal period occupancy rate (%) ^(Note 3)
Office Buildings	Tokyo Metropolitan Area	A064	KDX Nihonbashi 216 Building	Chuo-ku, Tokyo	2,010	2006/10	100.0
		A066	KDX Shinjuku Building	Shinjuku-ku, Tokyo	6,800	1993/5	100.0
		A067	KDX Ginza 1chome Building	Chuo-ku, Tokyo	4,300	1991/11	100.0
		A068	KDX Nihonbashi Honcho Building	Chuo-ku, Tokyo	4,000	1984/1	100.0
		A071	KDX Iidabashi Building	Shinjuku-ku, Tokyo	4,670	1990/3	100.0
		A072	KDX Higashi-Shinagawa Building	Shinagawa-ku, Tokyo	4,590	1993/1	85.1
		A073	KDX Hakozaki Building	Chuo-ku, Tokyo	2,710	1993/11	100.0
		A074	KDX Shin-Nihonbashi Building	Chuo-ku, Tokyo	2,300	2002/11	100.0
		A078	KDX Tachikawa Ekimae Building	Tachikawa, Tokyo	1,267	1990/2	100.0
		A083	KDX Fuchu Building	Fuchu, Tokyo	6,120	1996/3	97.2
		A084	KDX Kasuga Building	Bunkyo-ku, Tokyo	2,800	1992/6	100.0
		A085	KDX Nakameguro Building	Meguro-ku, Tokyo	1,880	1985/10	100.0
		A086	KDX Omiya Building	Saitama, Saitama	2,020	1993/4	100.0
		A087	Itopia Nihonbashi SA Building	Chuo-ku, Tokyo	2,200	1995/7	100.0
		A088	KDX Shinjuku 6-chome Building	Shinjuku-ku, Tokyo	1,900	1990/3	100.0
		A089	KDX Takanawadai Building	Minato-ku, Tokyo	5,250	1985/10	100.0
		A090	KDX Ikebukuro Building	Toshima-ku, Tokyo	3,900	2009/3	100.0
		A091	KDX Mita Building	Minato-ku, Tokyo	3,180	1993/3	100.0
		A092	KDX Akihabara Building	Chiyoda-ku, Tokyo	2,600	1973/12	100.0
		A093	KDX Iidabashi Square	Shinjuku-ku, Tokyo	4,350	1994/1	100.0
		A094	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	2013/5	100.0
		A095	KDX Toyosu Grand Square	Koto-ku, Tokyo	8,666	2008/4	100.0
		A096	KDX Takadanobaba Building	Toshima-ku, Tokyo	3,650	1988/10	100.0
		A099	KDX Ikebukuro West Building	Toshima-ku, Tokyo	1,934	1988/7	100.0
		A101	KDX Yokohama Building	Yokohama, Kanagawa	7,210	1994/3	100.0
		A102	KDX Yokohama Nishiguchi Building	Yokohama, Kanagawa	2,750	1988/10	100.0
		A107	KDX Ginza East Building	Chuo-ku, Tokyo	3,600	1991/8	100.0
		A108	Pentel Building	Chuo-ku, Tokyo	3,350	1990/11	100.0
		A109	KDX Hamamatsucho Center Building	Minato-ku, Tokyo	3,950	1985/12	100.0
		A112	KDX Toranomon 1chome Building	Minato-ku, Tokyo	15,550	2013/10	100.0
		A113	KDX Shin-Nihonbashi Ekimae Building	Chuo-ku, Tokyo	3,829	1992/5	100.0
		A114	KDX Nihonbashi Edo-dori Building	Chuo-ku, Tokyo	1,350	1985/3	100.0
		A115	ARK Mori Building	Minato-ku, Tokyo	4,169	1986/3	100.0
A116	KDX Nishi-Shinbashi Building	Minato-ku, Tokyo	8,400	1992/8	100.0		
A117	BR Gotanda	Shinagawa-ku, Tokyo	2,200	1991/9	100.0		
A119	KDX Shibuya Nanpeidai Building	Shibuya-ku, Tokyo	3,500	2003/12	100.0		

Note 1: Acquisition price is only the acquisition (investment) price of the trust beneficiary interest, etc. (excluding any expenses, taxes, etc.) acquired by KDO. Figures are truncated to the nearest million yen

Note 2: Completion date shows the newly-built year-month recorded in the real estate register. The average value shown in the subtotal or total section is a weighted average value calculated based on acquisition price with a base date of the end of 28th fiscal period (2019/4). Figures are truncated to the first decimal place

Note 3: Occupancy rate is calculated by dividing leased area as of the end of 28th fiscal period (2019/4) by leasable area and is rounded to the first decimal place

Portfolio overview (2)

(as of the end of 28th fiscal period (2019/4))

Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) ^(Note 1)	Completion date (Note 2)	End of 28th fiscal period occupancy rate (%) ^(Note 3)
Office Buildings	Tokyo Metropolitan Area	A120	KDX Yoyogi Building	Shibuya-ku, Tokyo	2,479	1991/8	100.0
		A121	Ginza 4chome Tower	Chuo-ku, Tokyo	9,800	2008/11	98.2
		A122	Mitsubishijuko Yokohama Building	Yokohama, Kanagawa	14,720	1994/2	100.0
		A123	KDX Yokohama Kannai Building	Yokohama, Kanagawa	9,500	2007/9	100.0
		A124	KDX Hamamatsucho Place	Minato-ku, Tokyo	20,700	2015/2	100.0
	Other Regional Areas	A012	Portus Center Building	Sakai, Osaka	5,570	1993/9	94.1
		A042	KDX Karasuma Building	Kyoto, Kyoto	5,400	1982/10	100.0
		A044	KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	100.0
		A053	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	99.5
		A054	KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	100.0
		A058	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	2009/4	100.0
		A069	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	2009/7	100.0
		A070	KDX Sapporo Building	Sapporo, Hokkaido	2,005	1989/10	100.0
		A079	KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	1986/4	100.0
		A082	KDX Higashi Umeda Building	Osaka, Osaka	2,770	2009/7	100.0
		A097	KDX Utsunomiya Building	Utsunomiya, Tochigi	2,350	1999/2	100.0
		A098	KDX Hiroshima Building	Hiroshima, Hiroshima	1,300	1990/1	100.0
		A100	Senri Life Science Center Building	Toyonaka, Osaka	13,000	1992/6	99.4
		A104	KDX Minami-Honmachi Building	Osaka, Osaka	2,200	2009/12	93.7
A106	KDX Sakura-dori Building	Nagoya, Aichi	5,900	1992/8	100.0		
A110	KDX Shin-Osaka Building	Osaka, Osaka	4,550	1992/5	100.0		
A111	KDX Nagoya Nichigin-mae Building	Nagoya, Aichi	3,500	2006/9	100.0		
A118	KDX Sapporo Kitaguchi Building	Sapporo, Hokkaido	1,800	1992/9	100.0		
Office Buildings (95 properties) Subtotal					412,955	Ave. 23.4 yrs	99.2

Others (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) ^(Note 1)	Completion date (Note 2)	End of 28th fiscal period occupancy rate (%) ^(Note 3)
Others	Tokyo Metropolitan Area	D002	Shinjuku 6chome Building (Land)	Shinjuku-ku, Tokyo	2,880	-	100.0
Others (1 property) Subtotal					2,880	-	100.0
(96 properties, excl. investment securities) Total					415,835	Ave. 23.4 yrs	99.2%

• The total number of end tenants for 95 office buildings is 1,196 (1,127 if tenants are aggregated based on their names)

Investment Security (1 security)

Type	Name	Location of specified asset	Acquisition price (mn yen)	Completion date of specified asset
Investment Security	Silent partnership equity interest of G.K. KRF 43	Shinjuku-ku, Tokyo	1,107	1979/12
Investment Security (1 security) Total			1,107	

Historical rent-based NOI yield (by asset type, annualized-based)^{(Note 4) (Note 5)} (%)

	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)	28th fiscal period (2019/4)
Office buildings	4.7	4.7	4.8	4.8	4.9
Central urban retail properties	3.9	4.3	3.4	3.5	-
Residential property	4.2	3.8	3.5	-	-
Others	4.3	4.3	4.3	4.3	4.3
Total	4.6	4.7	4.8	4.8	4.9

Note 1: Acquisition price is only the acquisition (investment) price of the trust beneficiary interest, etc. (excluding any expenses, taxes, etc.) acquired by KDO. Figures are truncated to the nearest million yen

Note 2: Completion date shows the newly-built year-month recorded in the real estate register. The average value shown in the subtotal or total section is a weighted average value calculated based on acquisition price with a base date of the end of 28th fiscal period (2019/4). Figures are truncated to the first decimal place

Note 3: Occupancy rate is calculated by dividing leased area as of the end of 28th fiscal period (2019/4) by leasable area and is rounded to the first decimal place

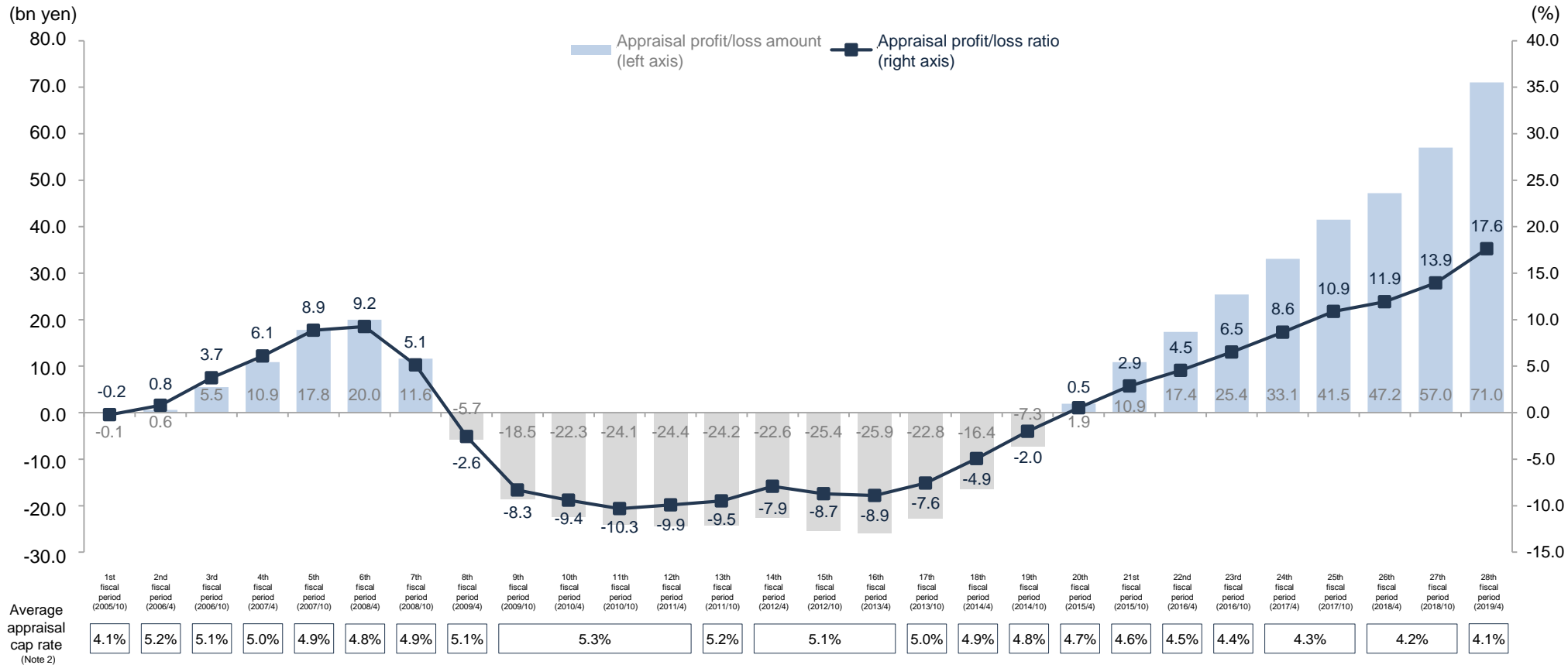
Note 4: NOI yield calculation for the properties without taxation on property and city planning taxes in the year of acquisition are assumed as if they are imposed. Acquisition price for newly acquired / sold properties is calculated by multiplying the ratio of actual operating days to the relevant fiscal period's operating days

Note 5: Each yield is rounded to the first decimal place

Historical appraisal profit/loss of portfolio

Appraisal profit increased to 71.0 bn yen as a result of increase in appraisal value and proactive asset reshuffle

Historical changes in portfolio's appraisal profit/loss amount and ratio and average appraisal cap rate (Note 1)



Note 1: Portfolio appraisal profit/loss amount is the sum of differences between appraisal value and book value for the properties owned as of the end of relevant fiscal period. Appraisal profit/loss ratio is calculated by dividing appraisal profit/loss by book value as of the end of relevant fiscal period. Figures are rounded to the first decimal place

Note 2: Average appraisal cap rate is a weighted average based on appraisal value for the properties owned as of the end of relevant fiscal period and listed in the appraisal report with the base date for appraisal as of the end of each fiscal period. Figures are rounded to the first decimal place

Appraisal value and cap rate as of the end of 28th fiscal period (2019/4) (1)

No.	Name	Acquisition date	Acquisition price (mn yen)	Appraiser	End of 28th fiscal period (As of Apr. 30, 2019)				End of 27th fiscal period (As of Oct. 31, 2018)		Period-end appraisal value		Direct capitalization method cap rate
					Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization method cap rate	Appraisal value vs Book value (Note 1)	Appraisal value (mn yen)	Direct capitalization method cap rate	Difference	Increase-decrease rate (Note 1)	Difference
			(A)		(B)	(C)	(D)	(C) / (B)-1	(E)	(F)	(C)-(E)	(C) / (E)-1	(D)-(F)
A001	KDX Nihonbashi 313 Building	2005/8	5,940	Daiwa	5,770	6,740	3.9%	16.8%	6,740	3.9%	-	-	-
A003	Higashi-Kayabacho Yuraku Building	2005/8	4,450	JREI	4,009	5,290	4.1%	32.0%	5,170	4.2%	120	2.3%	-0.1%
A004	KDX Hatchobori Building	2005/8	3,680	Daiwa	3,295	3,390	4.2%	2.9%	3,380	4.2%	10	0.3%	-
A005	KDX Nakano-Sakaue Building	2005/8	2,533	Daiwa	2,352	2,500	4.4%	6.3%	2,500	4.4%	-	-	-
A006	Harajuku F.F. Building	2005/8	2,450	JREI	2,406	3,330	4.5%	38.4%	3,260	4.6%	70	2.1%	-0.1%
A007	KDX Minami Aoyama Building	2005/8	2,270	JREI	2,206	2,860	4.0%	29.6%	2,790	4.1%	70	2.5%	-0.1%
A008	Kanda Kihara Building	2005/8	1,950	Daiwa	1,760	1,690	4.2%	-4.0%	1,680	4.2%	10	0.6%	-
A012	Portus Center Building	2005/9	5,570	Daiwa	3,927	5,240	5.6%	33.4%	5,090	5.6%	150	2.9%	-
A013	KDX Kojimachi Building	2005/11	5,950	JREI	5,534	5,300	3.6%	-4.2%	5,150	3.7%	150	2.9%	-0.1%
A014	KDX Funabashi Building	2006/3	2,252	JREI	2,276	2,740	5.1%	20.4%	2,660	5.2%	80	3.0%	-0.1%
A016	Toshin 24 Building	2006/5	5,300	JREI	4,798	5,230	4.3%	9.0%	5,080	4.4%	150	3.0%	-0.1%
A017	KDX Ebisu Building	2006/5	4,640	JREI	4,352	5,390	3.9%	23.8%	5,250	4.0%	140	2.7%	-0.1%
A019	KDX Hamamatsucho Building	2006/5	3,460	Daiwa	3,046	3,490	3.8%	14.5%	3,410	3.9%	80	2.3%	-0.1%
A020	KDX Kayabacho Building	2006/5	2,780	JREI	2,678	2,930	4.3%	9.4%	2,760	4.4%	170	6.2%	-0.1%
A021	KDX Shinbashi Building	2006/5	3,728	JREI	3,716	5,170	3.6%	39.1%	4,950	3.7%	220	4.4%	-0.1%
A022	KDX Shin-Yokohama Building	2006/5	2,520	JREI	2,244	2,790	4.8%	24.3%	2,600	4.9%	190	7.3%	-0.1%
A026	KDX Kiba Building	2006/6	1,580	JREI	1,418	1,220	4.8%	-14.0%	1,220	4.9%	-	-	-0.1%
A027	KDX Kajicho Building	2006/7	2,350	Daiwa	2,242	2,320	4.2%	3.4%	2,270	4.3%	50	2.2%	-0.1%
A029	KDX Higashi-Shinjuku Building	2006/9	2,950	Daiwa	2,978	4,040	4.3%	35.6%	3,950	4.4%	90	2.3%	-0.1%
A030	KDX Nishi-Gotanda Building	2006/12	4,200	JREI	3,756	3,790	4.2%	0.9%	3,680	4.3%	110	3.0%	-0.1%
A031	KDX Monzen-Nakacho Building	2007/1	1,400	Daiwa	1,288	1,140	4.7%	-11.5%	1,120	4.8%	20	1.8%	-0.1%
A032	KDX Shiba-Daimon Building	2007/3	6,090	JREI	5,919	5,310	4.1%	-10.3%	5,130	4.2%	180	3.5%	-0.1%
A033	KDX Okachimachi Building	2007/3	2,000	Daiwa	2,026	2,080	4.2%	2.6%	2,020	4.3%	60	3.0%	-0.1%
A034	KDX Hon-Atsugi Building	2007/3	1,305	Daiwa	1,119	1,300	5.4%	16.1%	1,290	5.5%	10	0.8%	-0.1%
A035	KDX Hachioji Building	2007/3	1,155	Daiwa	1,197	1,190	5.1%	-0.7%	1,160	5.2%	30	2.6%	-0.1%
A037	KDX Ochanomizu Building	2007/4	6,400	JREI	6,312	7,370	3.9%	16.7%	7,090	4.0%	280	3.9%	-0.1%
A038	KDX Nishi-Shinjuku Building	2007/4	1,500	JREI	1,503	1,550	4.3%	3.1%	1,480	4.4%	70	4.7%	-0.1%
A041	KDX Shinjuku 286 Building	2007/6	2,300	JREI	2,351	2,750	3.9%	16.9%	2,690	4.0%	60	2.2%	-0.1%
A042	KDX Karasuma Building	2007/6	5,400	Daiwa	5,116	5,530	4.8%	8.1%	5,500	4.8%	30	0.5%	-
A044	KDX Sendai Building	2007/6	2,100	Daiwa	1,923	1,900	5.4%	-1.2%	1,900	5.4%	-	-	-
A046	Hiei Kudan-Kita Building	2008/2	7,600	Daiwa	7,438	8,050	3.8%	8.2%	7,910	3.9%	140	1.8%	-0.1%
A048	KDX Kawasaki-Ekimae Hon-cho Building	2008/2	3,760	JREI	3,450	3,150	4.7%	-8.7%	3,130	4.8%	20	0.6%	-0.1%
A051	KDX Hamacho Nakanohashi Building	2008/2	2,310	JREI	2,226	2,030	4.4%	-8.8%	1,970	4.5%	60	3.0%	-0.1%
A053	KDX Hakata-Minami Building	2008/2	4,900	JREI	4,444	4,780	5.7%	7.6%	4,500	5.8%	280	6.2%	-0.1%

*Notes are shown on page 44

Appraisal value and cap rate as of the end of 28th fiscal period (2019/4) (2)

No.	Name	Acquisition date	Acquisition price (mn yen)	Appraiser	End of 28th fiscal period (As of Apr. 30, 2019)				End of 27th fiscal period (As of Oct. 31, 2018)		Period-end appraisal value		Direct capitalization method cap rate
					Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization method cap rate	Appraisal value vs Book value (Note 1)	Appraisal value (mn yen)	Direct capitalization method cap rate	Difference	Increase-decrease rate (Note 1)	Difference
			(A)		(B)	(C)	(D)	(C) / (B)-1	(E)	(F)	(C)-(E)	(C) / (E)-1	(D)-(F)
A054	KDX Kitahama Building	2008/2	2,220	JREI	2,038	1,660	5.1%	-18.6%	1,640	5.2%	20	1.2%	-0.1%
A055	Shin-toshin Maruzen Building	2008/2	2,110	JREI	2,076	1,690	4.3%	-18.6%	1,680	4.4%	10	0.6%	-0.1%
A056	KDX Jimbocho Building	2008/3	2,760	JREI	2,843	2,470	4.2%	-13.1%	2,420	4.3%	50	2.1%	-0.1%
A058	KDX Nagoya Sakae Building	2008/4	7,550	Daiwa	6,531	5,440	4.4%	-16.7%	5,290	4.5%	150	2.8%	-0.1%
A059	KDX Iwamoto-cho Building	2008/5	1,864	JREI	1,623	1,580	4.3%	-2.7%	1,540	4.4%	40	2.6%	-0.1%
A060	KDX Harumi Building	2008/6	10,250	JREI	8,672	8,680	4.0%	0.1%	8,510	4.1%	170	2.0%	-0.1%
A062	Koishikawa TG Building	2009/11	3,080	JREI	2,972	3,550	4.2%	19.4%	3,460	4.3%	90	2.6%	-0.1%
A063	KDX Gotanda Building	2009/11	2,620	JREI	2,683	3,380	4.3%	26.0%	3,300	4.4%	80	2.4%	-0.1%
A064	KDX Nihonbashi 216 Building	2009/12	2,010	JREI	1,817	2,430	3.8%	33.7%	2,260	3.9%	170	7.5%	-0.1%
A066	KDX Shinjuku Building	2010/2	6,800	JREI	6,921	10,000	3.5%	44.5%	9,460	3.6%	540	5.7%	-0.1%
A067	KDX Ginza 1chome Building	2010/11	4,300	Daiwa	4,158	5,740	3.6%	38.0%	5,740	3.6%	-	-	-
A068	KDX Nihonbashi Honcho Building	2010/11	4,000	Daiwa	3,931	4,830	4.0%	22.9%	4,670	4.0%	160	3.4%	-
A069	KDX Kobayashi-Doshomachi Building	2010/12	2,870	JREI	2,019	2,810	7.3%	39.2%	2,700	7.3%	110	4.1%	-
A070	KDX Sapporo Building	2011/3	2,005	Daiwa	1,985	2,630	4.8%	32.4%	2,590	4.9%	40	1.5%	-0.1%
A071	KDX Iidabashi Building	2011/7	4,670	Daiwa	4,487	5,670	4.0%	26.4%	5,530	4.1%	140	2.5%	-0.1%
A072	KDX Higashi-Shinagawa Building	2011/7	4,590	Daiwa	4,679	4,520	4.2%	-3.4%	4,500	4.2%	20	0.4%	-
A073	KDX Hakozaki Building	2011/7	2,710	Daiwa	2,657	3,320	4.4%	24.9%	3,300	4.4%	20	0.6%	-
A074	KDX Shin-Nihonbashi Building	2011/7	2,300	Daiwa	2,013	3,040	3.8%	51.0%	2,920	3.8%	120	4.1%	-
A078	KDX Tachikawa Ekimae Building	2011/12	1,267	JREI	1,318	1,730	4.9%	31.2%	1,700	5.0%	30	1.8%	-0.1%
A079	KDX Nagoya Ekimae Building	2011/12	7,327	JREI	7,962	10,000	4.0%	25.6%	9,690	4.1%	310	3.2%	-0.1%
A082	KDX Higashi Umeda Building	2012/3	2,770	Daiwa	2,396	3,740	4.3%	56.1%	3,660	4.4%	80	2.2%	-0.1%
A083	KDX Fuchu Building	2012/9	6,120	Daiwa	5,813	8,430	4.7%	45.0%	8,250	4.8%	180	2.2%	-0.1%
A084	KDX Kasuga Building	2012/9	2,800	JREI	2,673	4,000	4.1%	49.6%	3,730	4.2%	270	7.2%	-0.1%
A085	KDX Nakameguro Building	2012/9	1,880	Daiwa	1,846	3,030	4.3%	64.1%	2,880	4.4%	150	5.2%	-0.1%
A086	KDX Omiya Building	2013/3	2,020	Daiwa	2,160	3,020	5.0%	39.8%	2,950	5.0%	70	2.4%	-
A087	Itoya Nihonbashi SA Building	2013/8	2,200	Daiwa	2,237	2,980	4.2%	33.2%	2,940	4.3%	40	1.4%	-0.1%
A088	KDX Shinjuku 6-chome Building	2013/9	1,900	Daiwa	1,863	3,090	4.2%	65.8%	3,030	4.3%	60	2.0%	-0.1%
A089	KDX Takanawadai Building	2013/11	5,250	JREI	5,546	6,640	4.1%	19.7%	6,480	4.2%	160	2.5%	-0.1%
A090	KDX Ikebukuro Building	2013/11	3,900	Daiwa	3,626	4,950	3.9%	36.5%	4,870	4.0%	80	1.6%	-0.1%
A091	KDX Mita Building	2013/11	3,180	JREI	3,117	3,700	4.0%	18.7%	3,460	4.1%	240	6.9%	-0.1%
A092	KDX Akihabara Building	2013/11	2,600	JREI	2,512	3,170	3.9%	26.2%	3,090	4.0%	80	2.6%	-0.1%
A093	KDX Iidabashi Square	2014/1	4,350	Daiwa	4,869	6,050	4.0%	24.2%	6,010	4.0%	40	0.7%	-
A094	KDX Musashi-Kosugi Building	2014/3	12,000	JREI	11,041	16,300	4.0%	47.6%	15,800	4.1%	500	3.2%	-0.1%
A095	KDX Toyosu Grand Square	2014/5	8,666	Daiwa	7,971	9,610	4.5%	20.6%	9,540	4.6%	70	0.7%	-0.1%

*Notes are shown on page 44

Appraisal value and cap rate as of the end of 28th fiscal period (2019/4) (3)

No.	Name	Acquisition date	Acquisition price (mn yen)	Appraiser	End of 28th fiscal period (As of Apr. 30, 2019)				End of 27th fiscal period (As of Oct. 31, 2018)		Period-end appraisal value		Direct capitalization method cap rate
					Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization method cap rate	Appraisal value vs Book value (Note 1)	Appraisal value (mn yen)	Direct capitalization method cap rate	Difference	Increase-decrease rate (Note 1)	Difference
			(A)		(B)	(C)	(D)	(C) / (B)-1	(E)	(F)	(C)-(E)	(C) / (E)-1	(D)-(F)
A096	KDX Takadanobaba Building	2014/5	3,650	Daiwa	3,624	4,350	4.3%	20.0%	4,350	4.4%	-	-	-0.1%
A097	KDX Utsunomiya Building	2014/5	2,350	Daiwa	2,302	2,570	5.6%	11.6%	2,520	5.7%	50	2.0%	-0.1%
A098	KDX Hiroshima Building	2014/9	1,300	JREI	1,368	1,760	5.3%	28.6%	1,680	5.4%	80	4.8%	-0.1%
A099	KDX Ikebukuro West Building	2014/9	1,934	Daiwa	2,052	2,290	4.2%	11.6%	2,090	4.3%	200	9.6%	-0.1%
A100	Senri Life Science Center Building	2014/10	13,000	Daiwa	12,570	13,500	4.5%	7.4%	13,500	4.6%	-	-	-0.1%
A101	KDX Yokohama Building	2014/10	7,210	Daiwa	7,474	8,800	4.3%	17.7%	8,790	4.4%	10	0.1%	-0.1%
A102	KDX Yokohama Nishiguchi Building	2014/12	2,750	Daiwa	2,704	3,230	4.4%	19.4%	3,150	4.5%	80	2.5%	-0.1%
A104	KDX Minami-Honmachi Building	2014/12	2,200	JREI	2,022	3,120	4.3%	54.3%	3,040	4.4%	80	2.6%	-0.1%
A106	KDX Sakura-dori Building	2015/1	5,900	Daiwa	6,373	8,300	4.6%	30.2%	8,290	4.6%	10	0.1%	-
A107	KDX Ginza East Building	2015/3	3,600	JREI	3,645	3,880	4.0%	6.4%	3,830	4.1%	50	1.3%	-0.1%
A108	Pentel Building	2015/3	3,350	Daiwa	3,573	3,877	3.9%	8.5%	3,874	3.9%	3	0.1%	-
A109	KDX Hamamatsucho Center Building	2015/9	3,950	Daiwa	4,020	4,450	3.7%	10.7%	4,330	3.8%	120	2.8%	-0.1%
A110	KDX Shin-Osaka Building	2015/9	4,550	Daiwa	4,547	5,100	4.1%	12.1%	5,100	4.1%	-	-	-
A111	KDX Nagoya Nichigin-mae Building	2016/3	3,500	JREI	3,463	4,260	4.1%	23.0%	4,200	4.2%	60	1.4%	-0.1%
A112	KDX Toranomon 1chome Building	2016/3	15,550	JREI	15,434	21,500	3.2%	39.3%	17,800	3.4%	3,700	20.8%	-0.2%
A113	KDX Shin-Nihonbashi Ekimae Building	2016/8	3,829	JREI	3,933	4,220	3.7%	7.3%	4,110	3.8%	110	2.7%	-0.1%
A114	KDX Nihonbashi Edo-dori Building	2016/8	1,350	JREI	1,383	1,500	4.1%	8.4%	1,480	4.2%	20	1.4%	-0.1%
A115	ARK Mori Building	2016/12	4,169	Daiwa	4,187	4,550	3.6%	8.6%	4,430	3.7%	120	2.7%	-0.1%
A116	KDX Nishi-Shinbashi Building	2017/2	8,400	Daiwa	8,518	9,130	3.5%	7.2%	9,090	3.5%	40	0.4%	-
A117	BR Gotanda	2017/4	2,200	JREI	2,298	2,510	4.2%	9.2%	2,450	4.3%	60	2.4%	-0.1%
A118	KDX Sapporo Kitaguchi Building	2017/7	1,800	Daiwa	1,891	2,060	4.8%	8.9%	2,060	4.8%	-	-	-
A119	KDX Shibuya Nanpeidai Building	2017/8	3,500	Daiwa	3,560	3,800	3.6%	6.7%	3,710	3.6%	90	2.4%	-
A120	KDX Yoyogi Building	2005/9	2,479	JREI	2,426	2,310	4.5%	-4.8%	2,250	4.6%	60	2.7%	-0.1%
A121	Ginza 4chome Tower	2013/8	9,800	JREI	9,499	14,100	3.2%	48.4%	13,600	3.3%	500	3.7%	-0.1%
A122	Mitsubishijuko Yokohama Building	2017/12	14,720	Daiwa	14,716	14,900	4.0%	1.2%	14,900	4.0%	-	-	-
A123	KDX Yokohama Kannai Building	2018/1	9,500	Daiwa	9,765	10,100	4.1%	3.4%	9,860	4.2%	240	2.4%	-0.1%
A124	KDX Hamamatsucho Place	2018/7	20,700	Daiwa	20,715	23,100	3.4%	11.5%	22,400	3.5%	700	3.1%	-0.1%
Subtotal: Office Buildings (Note 2)			412,955		400,239	470,727	4.1%	17.6%	456,954	4.2%	13,773	3.0%	-0.1%
D002	Shinjuku 6chome Building (Land)	2014/4	2,880	Daiwa	2,973	3,530	3.5%	18.7%	3,430	3.6%	100	2.9%	-0.1%
Subtotal: Others (Note 2)			2,880		2,973	3,530	3.5%	18.7%	3,430	3.6%	100	2.9%	-0.1%
Total (Note 2)			415,835		403,212	474,257	4.1%	17.6%	460,384	4.2%	13,873	3.0%	-0.1%

Note 1: Ratios for appraisal value vs book value and increase-decrease rate are rounded to the first decimal place

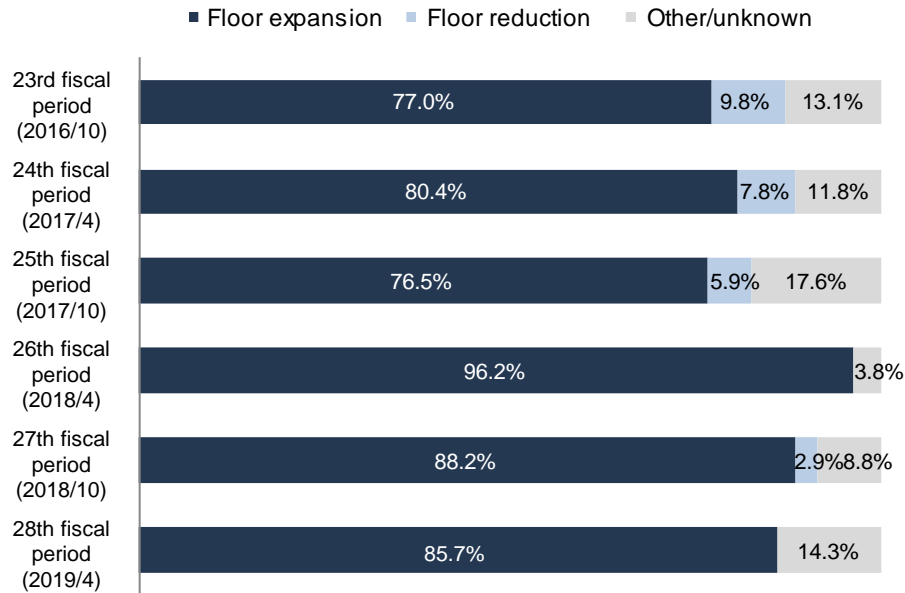
Note 2: Cap rates for subtotals and the entire portfolio are weighted averages based on appraisal values

Reasons for moving-in/out

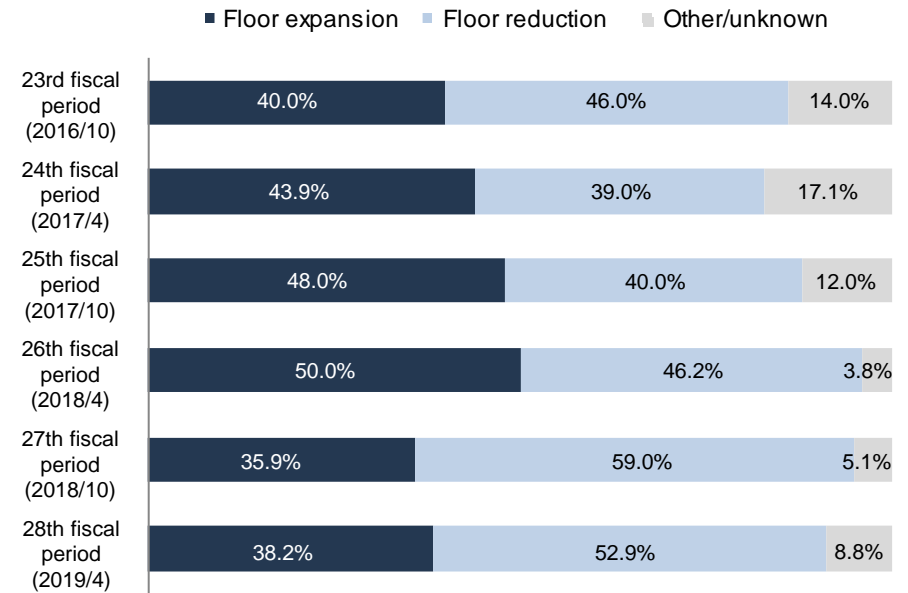
While move-outs for floor reduction purposes have been on the rise, the percentage of move-ins for floor expansion purposes has remained high.

The occupancy rate also remained high, confirming broad tenant base in the mid-sized office building market

Reasons for moving into our properties ^(Note)



Reasons for moving out of our properties ^(Note)



Average contracted floor area of incoming tenants (tsubo)

	23rd fiscal period (2016/10)	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)	28th fiscal period (2019/4)
Floor expansion	84.4	79.0	80.9	76.7	83.7	93.0
Floor reduction	96.4	39.1	126.7	-	97.9	-

Average cancelled floor area of exiting tenants (tsubo)

	23rd fiscal period (2016/10)	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)	27th fiscal period (2018/10)	28th fiscal period (2019/4)
Floor expansion	108.7	119.6	124.1	81.2	91.0	169.7
Floor reduction	107.8	79.7	63.1	87.6	60.1	118.8

Note: The above data is based on the survey compiled by the Asset Management Company with regard to reasons for office relocation of relevant tenants. We classify responses of the survey into three categories; "Floor expansion", "Floor reduction" and "Other/unknown" and calculate the ratio of respective categories to the all cases. For move-in, the figures are based on the number of tenants on office floors on the second floor or above. For move-out, the figures are based on the number of tenants on all floors except for residential floors

Overview of 7th CS survey results (August 2017)

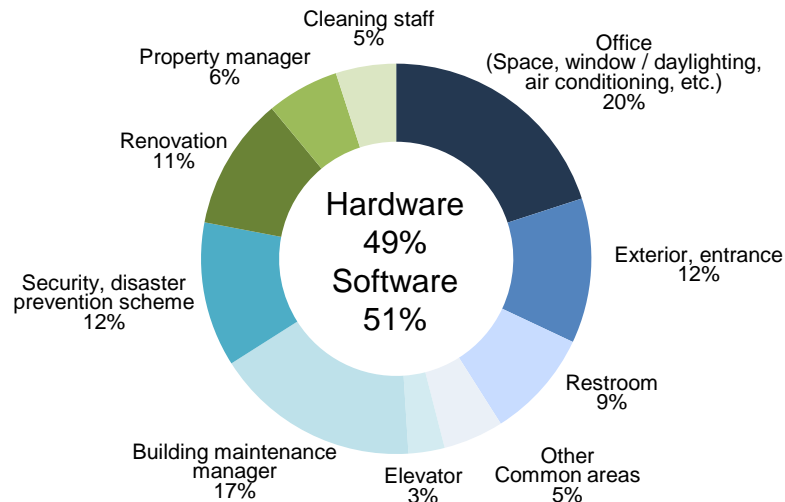
High intention for continuous occupancy even at aged buildings
 Competitiveness dependent on timely equipment upgrade and renovation
 Plan to implement 8th CS survey in August 2019

CS survey overview

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

Timing	6th survey Aug. 2015 (21st fiscal period)	7th survey Aug. 2017 (25th fiscal period)
# of properties	85 properties	89 properties
# of distributions	Person in charge: 884 Employee: 4,736	Person in charge: 973 Employee: 5,052
Collection rate	Person in charge: 82% Employee: 78%	Person in charge: 81% Employee: 81%

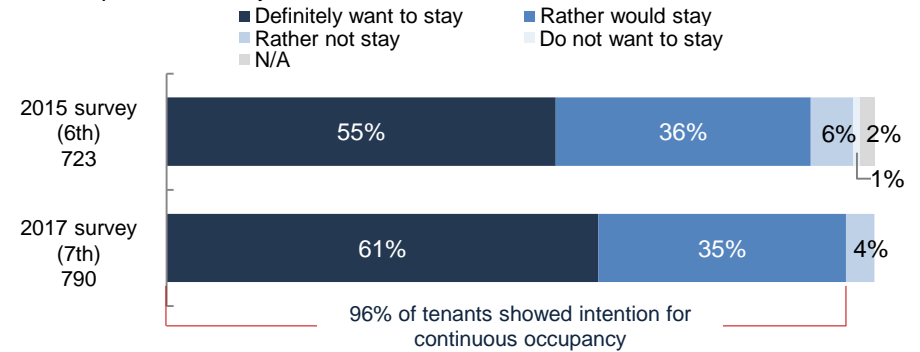
7th CS survey results: reasons for satisfaction (Note)



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

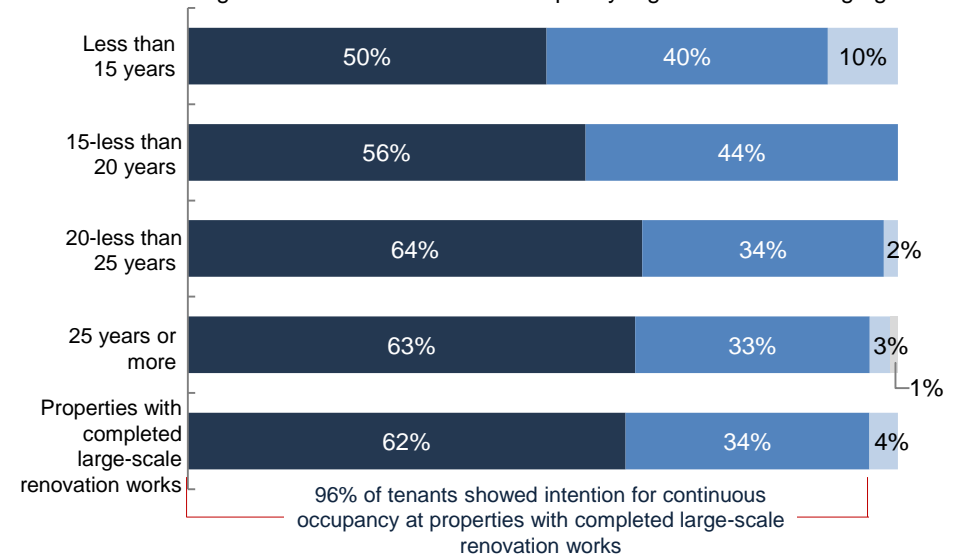
Intention for continuous occupancy (Note)

- The ratio of tenants with intention for continuous occupancy increased by 5% from the previous survey



Intention for continuous occupancy by building age (Note)

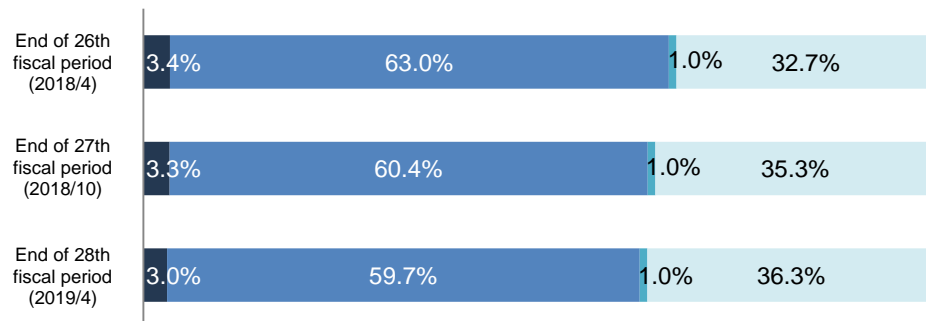
- Confirmed high intention for continuous occupancy regardless of building age



KDO unitholders (as of the end of 28th fiscal period (2019/4))

Changes in unit holding ratio by type of unitholders (Note)

■ Individuals and others ■ Financial inst. (incl. securities cos.) ■ Other domestic cos. ■ Foreign cos. and individuals



Number of unitholders

	End of 26th fiscal period (2018/4)	End of 27th fiscal period (2018/10)	End of 28th fiscal period (2019/4)
Individuals and Others	4,776	4,901	4,569
Financial Inst. (Incl. Securities Cos.)	City / Trust Bank	11	10
	Regional Bank	26	26
	Credit Union and Others	46	61
	Life / Nonlife, Securities	25	24
	Total	108	121
Other Domestic Cos.	94	111	108
Foreign Cos. and Individuals	257	268	273
Total	5,235	5,401	5,073

Note: Ratios are rounded to the first decimal place

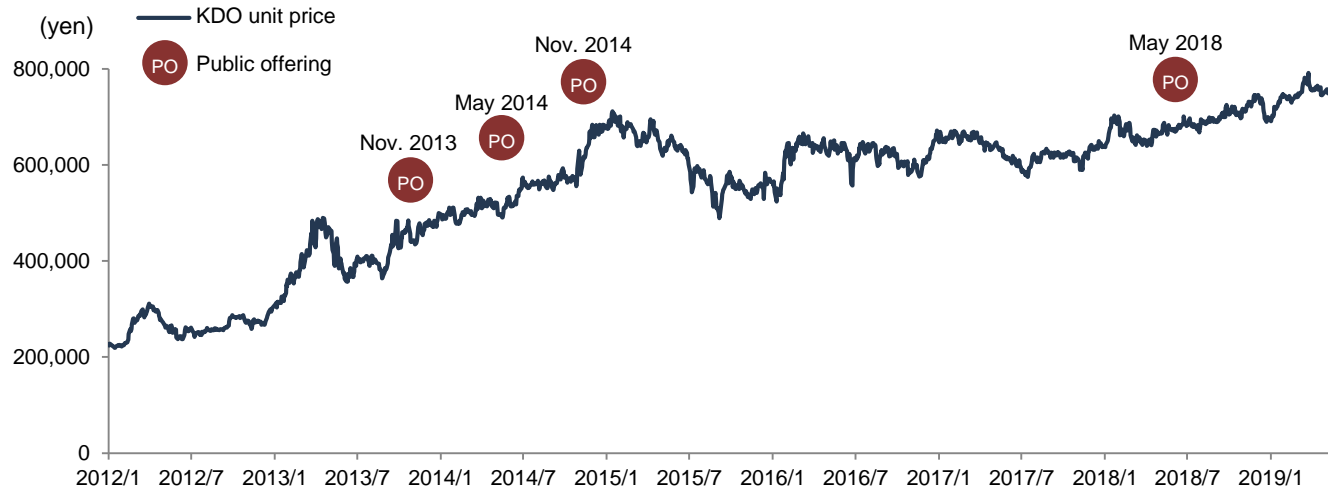
Top 10 unitholders (Note)

Name	# of units held (unit)	Percentage share
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	83,425	19.5%
Japan Trustee Services Bank, Ltd. (Trust Acct.)	66,881	15.6%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	19,634	4.6%
J.P. MORGAN BANK LUXEMBOURG S.A. 384500	17,239	4.0%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	16,134	3.8%
Nomura Bank (Luxembourg) S.A.	8,163	1.9%
SMBC Nikko Securities Inc.	7,249	1.7%
State Street Bank and Trust Company 505001	7,214	1.7%
The Bank of New York Mellon 140044	6,912	1.6%
BNYM AS AGT/CLTS 10 PERCENT	6,249	1.5%
Total	239,100	55.8%

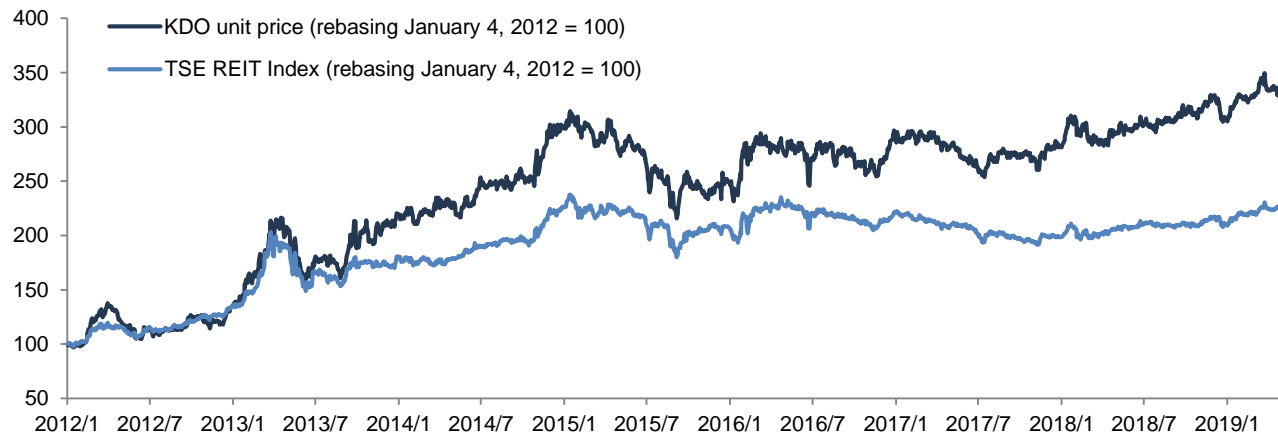
Historical changes in unit price

KDO unit price has continued to outperform TSE REIT Index

Historical changes in unit price (Jan. 4, 2012 – May 31, 2019)



Comparison between rebased unit price and TSE REIT Index (Jan. 4, 2012 – May 31, 2019)



Inclusion into indices

- FTSE EPRA/NAREIT Global Real Estate Investors index



- S&P Global Property Index/
S&P Global REIT Index

S&P Dow Jones Indices

An S&P Global Division

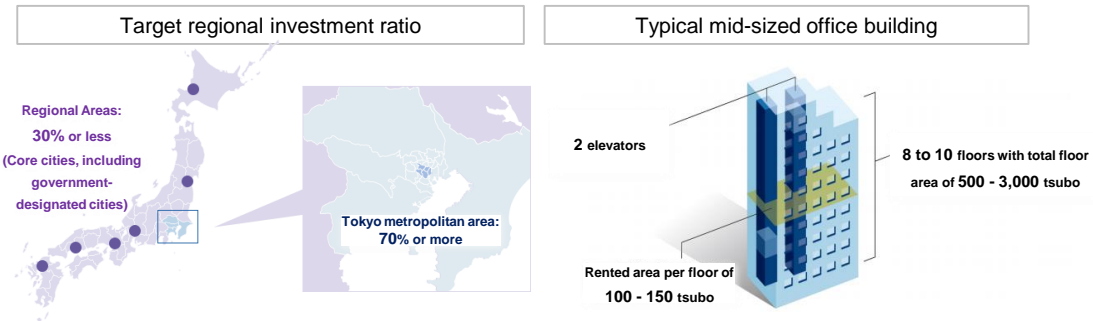
- TSE REIT Core Index
(started on March 26, 2018)



Overview of Kenedix Office Investment Corporation

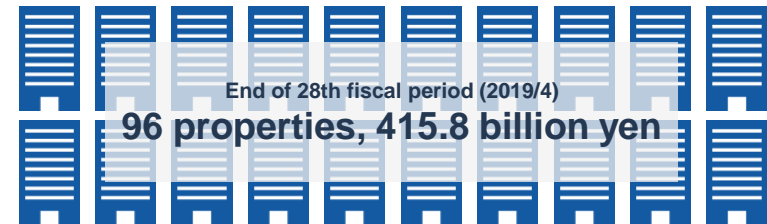
1 Investment management strategy centered on Tokyo metropolitan area and mid-sized office buildings

- Investing in and managing mainly mid-sized office buildings in the Tokyo metropolitan area (major cities in Tokyo Metropolitan, Kanagawa, Saitama, and Chiba Prefectures) where economic activities are densely integrated with abundant tenant demand and rich stocks of properties



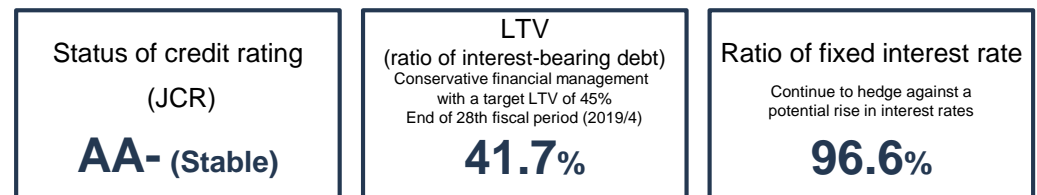
2 Has successfully managed assets for more than a decade and the asset size has grown to over 400 billion yen

- Listed in July 2005 sponsored by one of the major independent real estate investment management companies in Japan
- The largest scale among office J-REITs in terms of the number of portfolio properties
- Highly stable portfolio thanks to diverse tenants and limited revenue impact from large end-tenants vacating



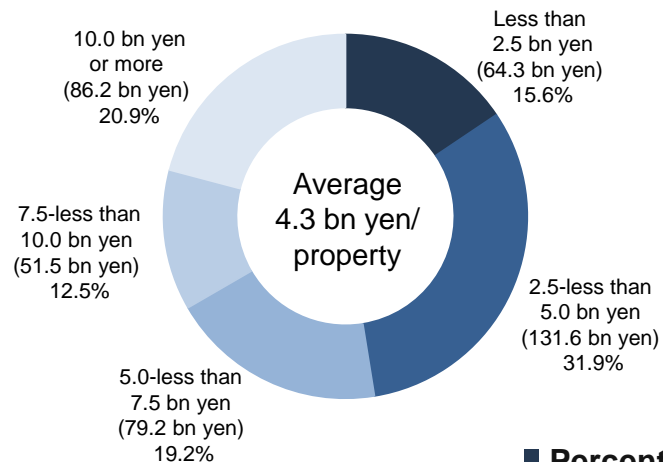
3 High creditworthiness and stable financial position

- Credit rating that satisfies Bank of Japan's purchase criteria
- LTV down after public offering in May 2018
- Ratio of fixed interest rate maintained high against a potential rise in interest rates

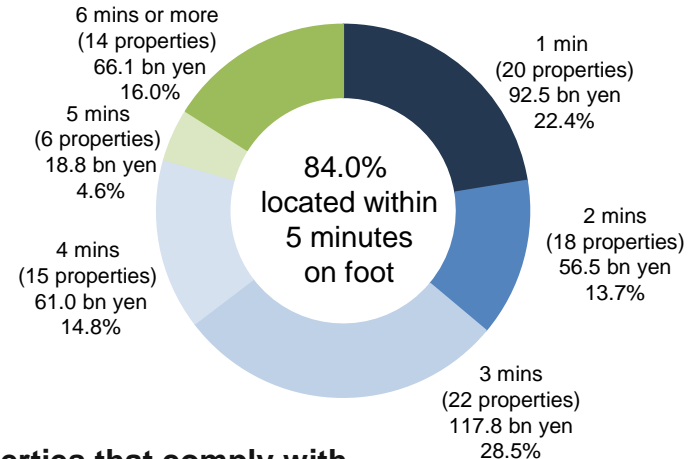


Characteristics of KDO office buildings (as of the end of 28th fiscal period (2019/4))

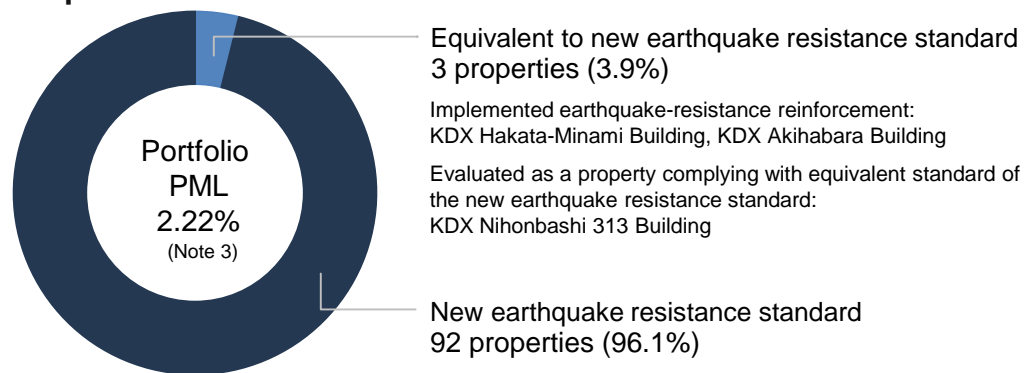
By acquisition price (based on acquisition price, office buildings)



By distance from the nearest station on foot (based on acquisition price, office buildings)



Percentage share of our properties that comply with new earthquake resistance standard (Note 1) (Note 2)



Note 1: "New Earthquake Resistance Standard" was formulated based on the revision of enforcement order of Building Standard Law in 1981 (cabinet order No. 144 on April 24, 1981). The anti-seismic performance of buildings has been greatly improved since the enforcement of the law due to the newly added provisions including the followings: New provision on tie-hoop ratio of Reinforced-Concrete Pillars (0.2% or more); Resetting of horizontal seismic coefficient to elastic shear modulus; New requirement on the secondary design in seismic calculation
 Confirmed that seismic isolation/mitigation oil dampers for buildings manufactured by KYB corporation and Kayaba System Machinery Co., Ltd. as non-conforming products to the evaluation standards etc. approved by the Ministry of Land, Infrastructure, Transport and Tourism were not installed in any of the properties held as of June 13, 2019

Note 2: Percentage share is calculated based on leasable area as of the end of 28th fiscal period (2019/4). For the properties owned through quasi co-ownership interest, leasable area for such portion is used in calculation

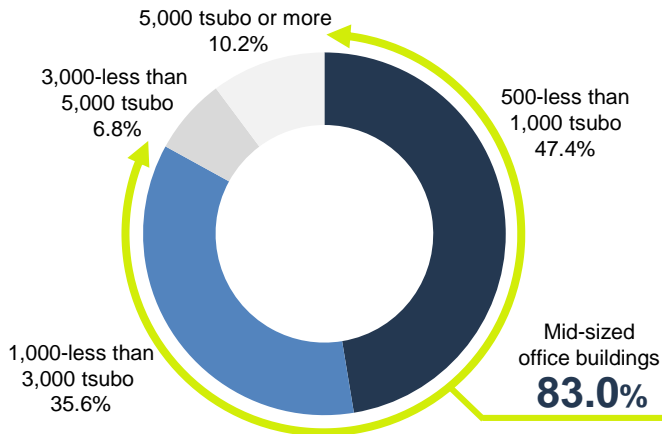
Note 3: PML value is as of April 2019 and is based on the research implemented by Sompo Risk Management Inc. PML value is probable maximum loss ratio due to an earthquake. PML value can be divided into ratios of an individual property and the entire portfolio, respectively. Although there is no unified definition of PML value, we define PML value here as ratio of loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = severe earthquake of which the probability of happening in 50 years is 10%) that could happen during the lifespan of a property (50 years = expected lifetime of general property), to replacement value of estimated restoration expenses

Characteristics of mid-sized office building market

A wide selection of prime properties available

Expect to generate stable rent revenues given a broad tenant base

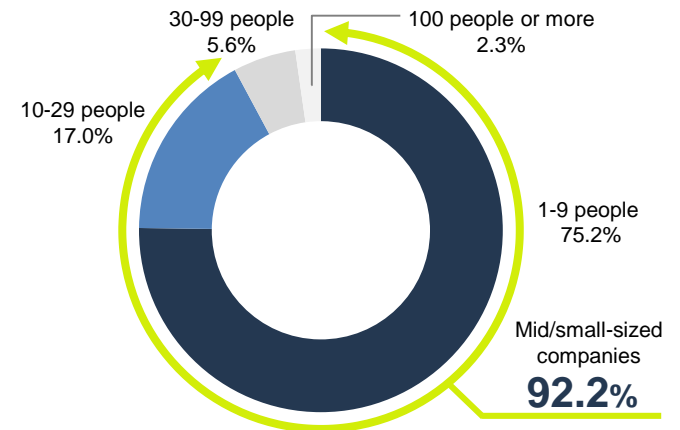
Office market by total floor area (proportion of number of buildings) (Note 1)



Note 1: The above data is the proportion of number of buildings based on size. It covers rental office buildings located in Tokyo central 5 wards that were surveyed by CBRE (as of the end of September 2016)

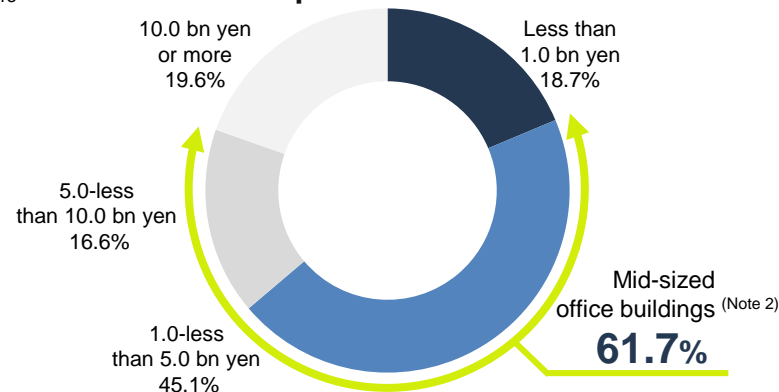
Source: Based on the survey CBRE conducted at the request of the Asset Management Company

Business office by the number of employees (Tokyo)



Source: Compiled by the Asset Management Company based on "2014 Economic Census for Business Frame Tokyo (revised results) (as of March 27, 2017)"

of office building transactions by transaction price

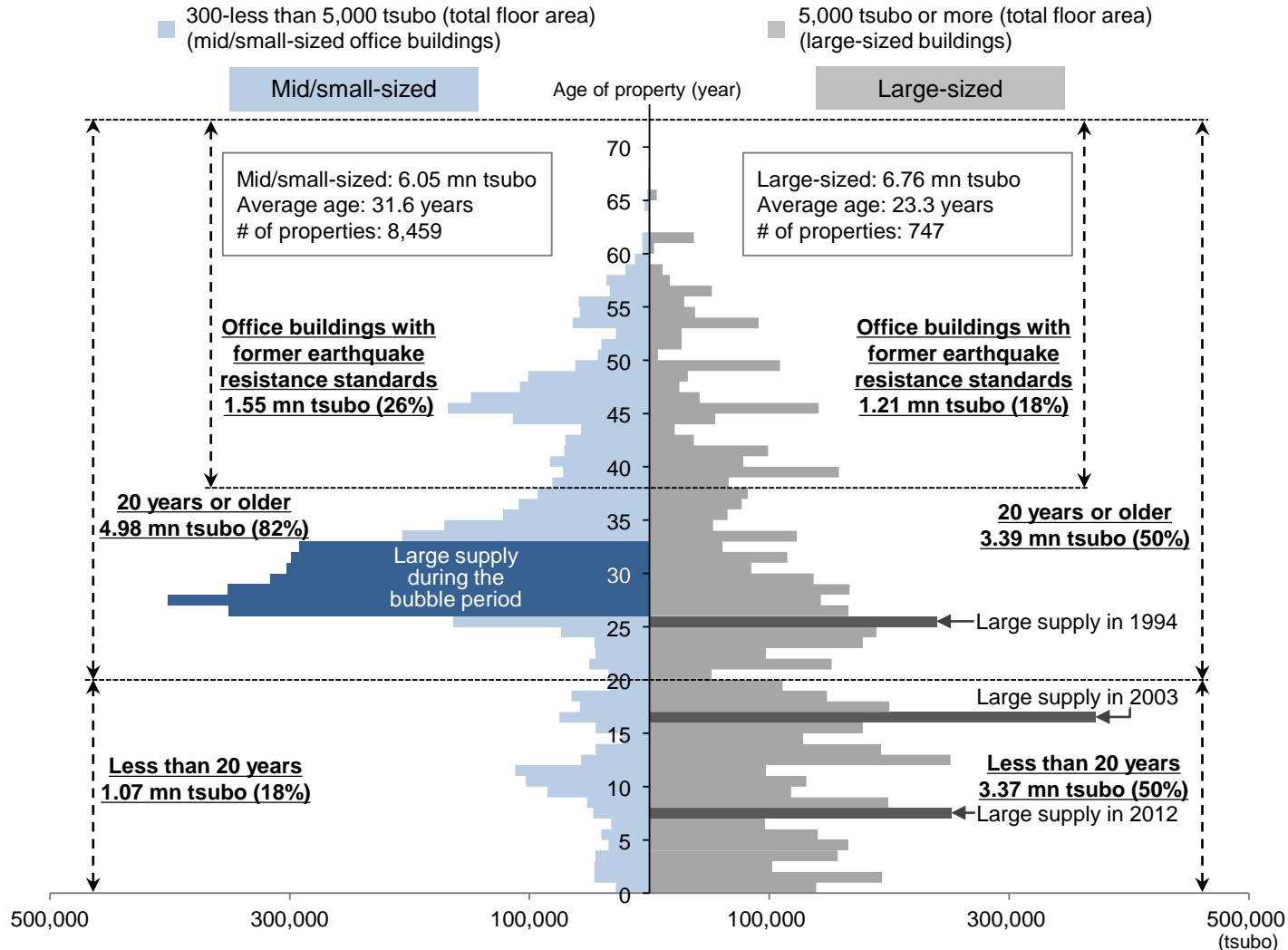


Note 2: The transaction prices of mid-sized office buildings are generally around 1.0 bn yen to 10.0 bn yen

Source: Compiled by the Asset Management Company based on "the number of office building transactions by transaction size (FY2008-FY2018)" from "Real Estate Transactions Study" by Urban Research Institute Corporation, a think tank specializing in real estate in Mizuho Financial Group

Tokyo 23 wards office stock by size and age

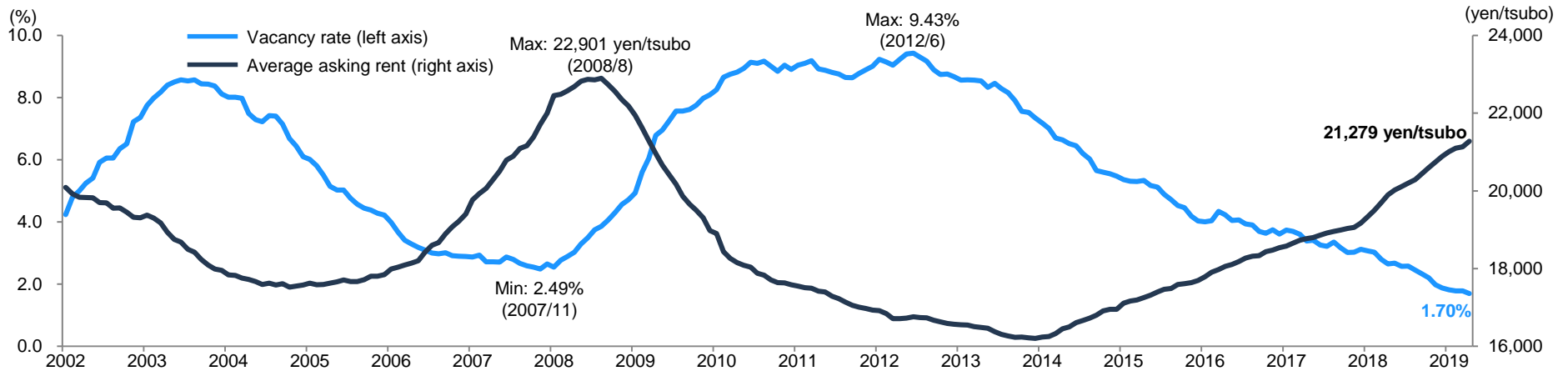
Approx. 80% of mid/small-sized office buildings are 20 years or older and new supply is limited
 Proper repair/maintenance and management are important in order to keep mid/small-sized office buildings competitive



Source: Compiled by the Asset Management Company based on "Tokyo 23 Wards | Office Stock Pyramid 2019" published by XYMAX REAL ESTATE INSTITUTE Corporation on January 23, 2019

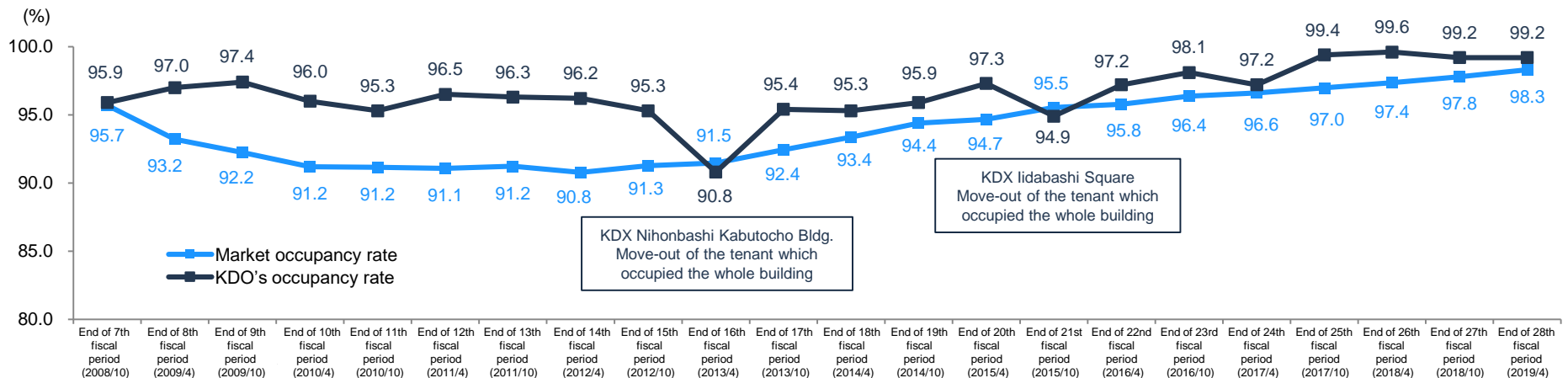
Office building market (1)

Change in asking rent and vacancy rate in Tokyo central 5 wards (Jan. 2002 – Apr. 2019) (Note 1)



Note 1: Include office buildings with a standard floor area of 100 tsubo or more in Tokyo business districts (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards)
Source: Miki Shoji "Office Market Data Tokyo Business Area"

Comparison of occupancy rates of KDO office buildings and market average (Note 2) (Note 3)

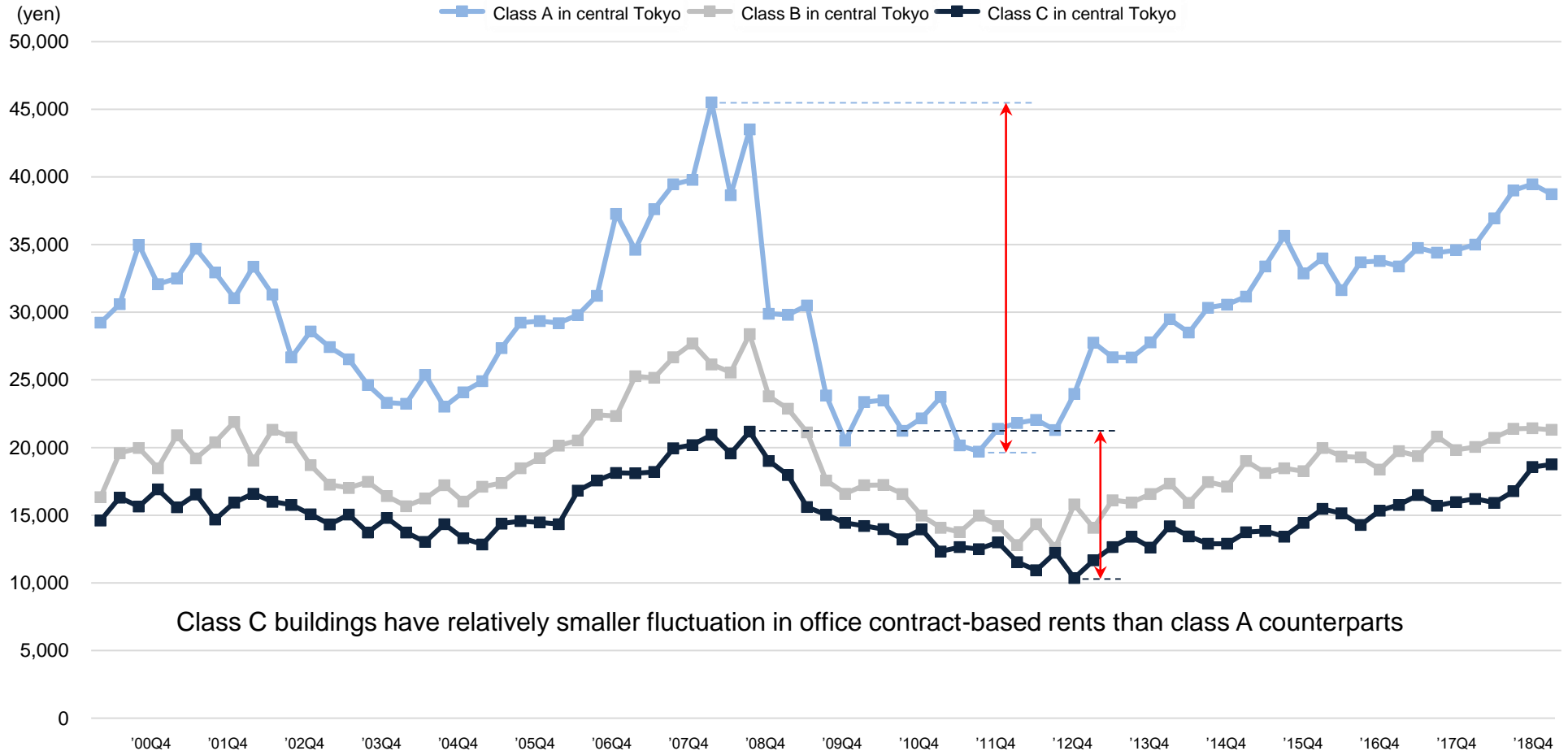


Note 2: Market occupancy rate refers to the average value of Tokyo central 5 wards for each corresponding month published by Miki Shoji

Note 3: KDO's average occupancy rate refers to the weighted average occupancy rate of the office buildings in Tokyo central 5 wards that KDO owns as of the end of each fiscal period

Office building market (2)

Central Tokyo Class A, B, and C office contract-based rent / month · tsubo (excluding common area charges) (Note 1) (Note 2)



Note 1: Central Tokyo: Major office district in Tokyo central 5 wards and adjacent areas ("Gotanda/Osaki", "Kita-shinagawa/Higashi-shinagawa", "Yushima/Hongo/Koraku", and "Meguro-ku")

Note 2: Class A building: Total floor area of at least 10,000 tsubo, single-floor area of at least 300 tsubo, and up to 15 years old

Class B building: Building with single-floor area of at least 200 tsubo but has become outside the scope of A-class (including those that have grown older than 15 years)

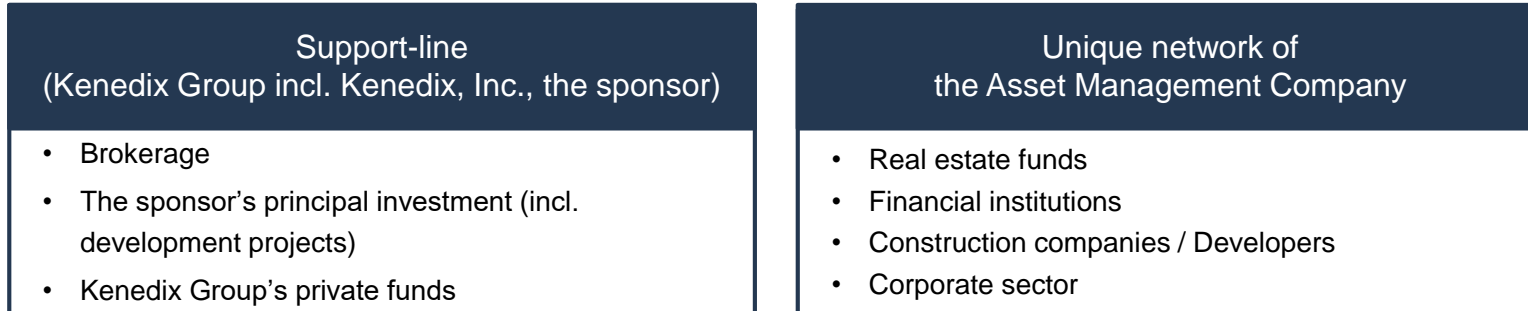
Class C building: Single floor area of at least 100 tsubo and less than 200 tsubo (no restriction in terms of building age)

Source: Sanko Estate and NLI Research Institute

Property sourcing and acquisition methods

Acquisition track record supported by our property sourcing network using multiple pipelines
 Surely capture a wide variety of acquisition opportunities through our diversified acquisition methods

Multiple pipelines



Diversified acquisition methods

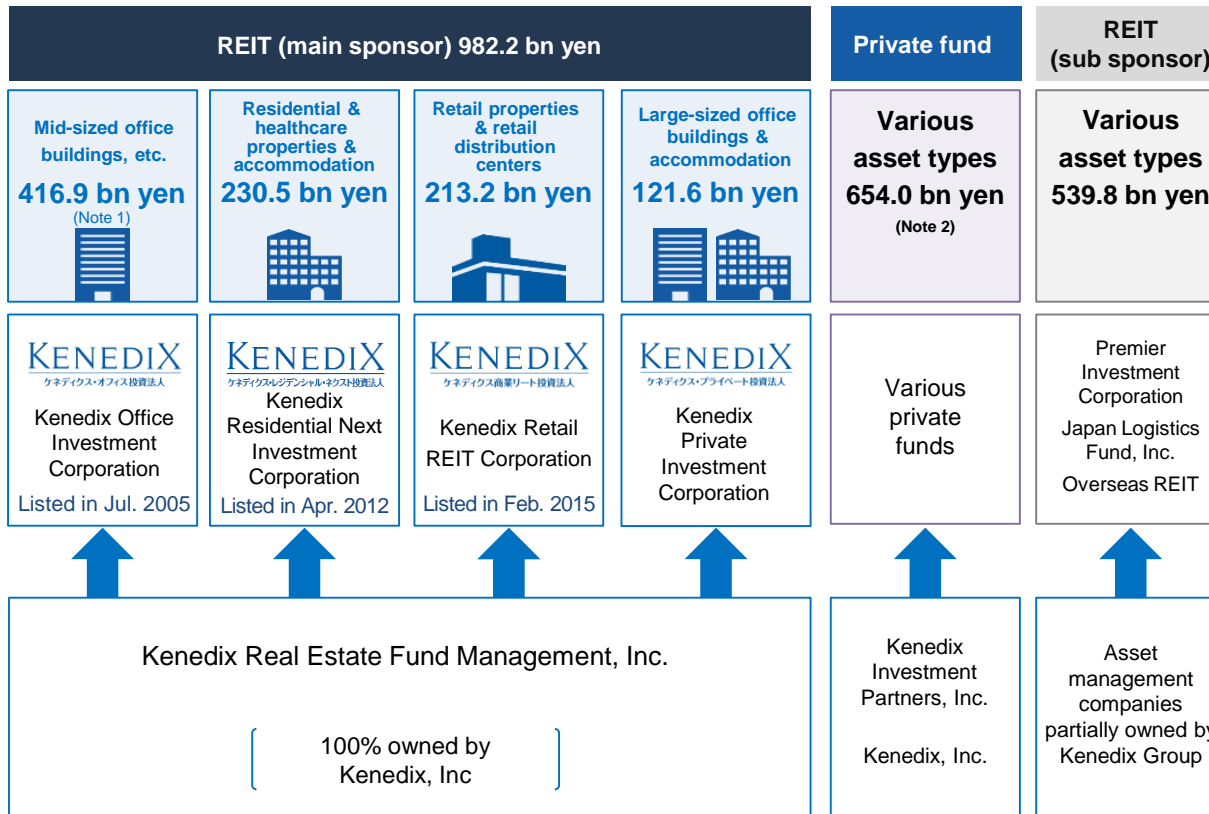


Note: Percentage share of properties is calculated by the sum of acquisition price for each acquisition source divided by the total acquisition price for the properties which KDO owns as of the end of 28th fiscal period (2019/4). Figures are rounded to the first decimal place

Our sponsor

Total AUM of 2,176.1 billion yen, with approx. 14 years in J-REIT management experience
 One of major independent real estate investment management companies in Japan, managing multiple J-REITs

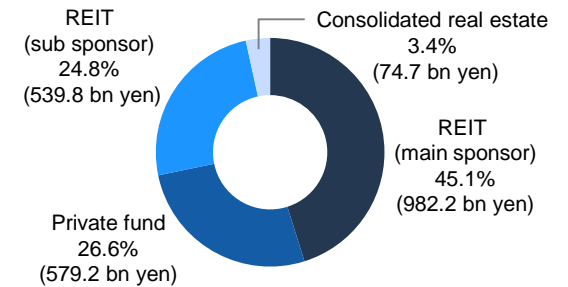
Fund management by Kenedix Group (as of the end of March 2019)



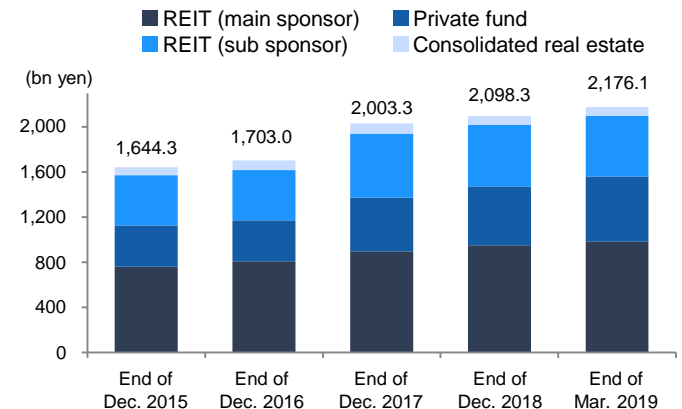
Note 1: Include silent partnership equity interest of 1.1 bn yen
 Note 2: Include consolidated real estate of 74.7 bn yen

Kenedix Group's assets under management

Total **2,176.1** bn yen
 (as of the end of March 2019)

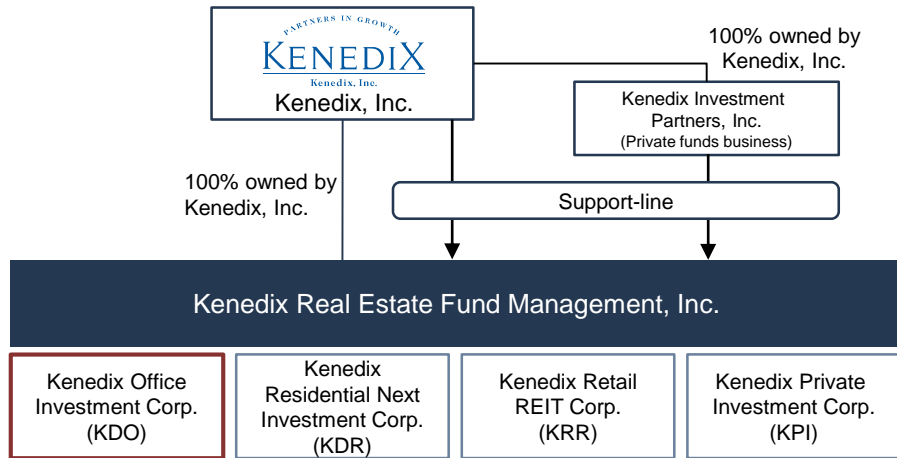


Asset under management



Allocation rule for property information in the Group and management guidelines

Kenedix Group's fund management structure



KDO management guidelines

Targeting portfolio		Target investment ratio
Office buildings	Of office buildings, rental office buildings whose main use under the Building Standards Act is office and whose total floor area ^(Note 1) of the entire building fulfills the following: • Tokyo 23 wards: Total floor area 13,000 m ² or less • Outside Tokyo 23 wards: Total floor area 20,000 m ² or less	80%~100%
Central urban retail properties	Of office buildings, those that do not fall under the category of the above Retail properties with high tenant substitutability located in highly bustling districts ^(Note 2)	0%~20%
Others	Land with third-party leasehold (limited proprietary right of land) or buildings with floor area whose use under the Building Standards Act is not subject to investment ^(Note 3) that are not office buildings or central urban retail properties	

Note 1: Total floor area of the entire building stated in the certificate of all registered matters

Note 2: Tokyo central 5 wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku) or central parts of government-designated cities

Note 3: Residential properties, logistics and warehouse facilities, amusement parks, medical, nursing and health care-related facilities and golf courses

Overview of preferential study rights for property information

- For mid-sized office buildings ^(Note 1), KDO's main investment targets, KDO will have the first opportunity to consider property acquisition among the other REITs if the following conditions are satisfied:

Location	Total floor area per building (m ²)
Tokyo 23 wards	2,000 or more, 13,000 or less
Outside Tokyo 23 wards	3,000 or more, 20,000 or less

	Office REIT Dept. Kenedix Office Investment Corp.	Residential REIT Dept. Kenedix Residential Next Investment Corp.	Retail REIT Dept. Kenedix Retail REIT Corp.	Private REIT Dept. Kenedix Private Investment Corp.
Mid-sized office buildings	1st	-	-	2nd
Other office buildings	2nd	-	-	1st
Residential properties	-	1st	-	2nd
Central urban retail/service properties ^(Note 2)	3rd	-	1st / 2nd	2nd / 1st
Logistics facilities	-	-	1st	-

Note 1: Office building refers to a property or an asset backed by that in which office use weighs the largest share of total floor area based on floor area use in accordance with the Building Standards Law

Note 2: Retail property is categorized as "retail property" if retail stores occupy the largest floor area and as "service property" if service stores occupy the largest floor area. KRR and KPI have the first and second preferential study rights, respectively, in "retail property". KPI and KRR have the first and second preferential study rights, respectively, in "service property"

Organization chart of the Asset Management Company (as of June 13, 2019)

Organization chart



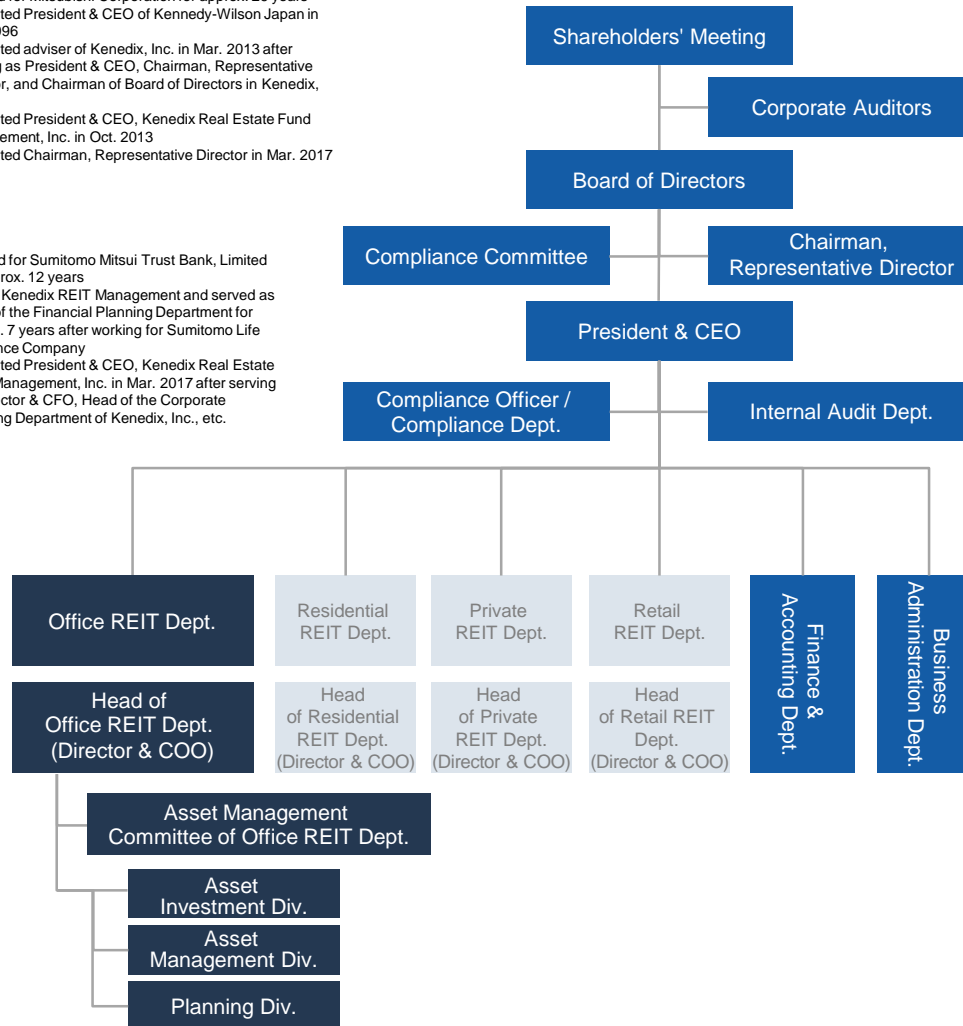
Ryosuke Homma
Chairman,
Representative Director

- Worked for Mitsubishi Corporation for approx. 26 years
- Appointed President & CEO of Kennedy-Wilson Japan in Oct. 1996
- Appointed adviser of Kenedix, Inc. in Mar. 2013 after serving as President & CEO, Chairman, Representative Director, and Chairman of Board of Directors in Kenedix, Inc.
- Appointed President & CEO, Kenedix Real Estate Fund Management, Inc. in Oct. 2013
- Appointed Chairman, Representative Director in Mar. 2017



Masahiko Tajima
President & CEO

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 12 years
- Joined Kenedix REIT Management and served as Head of the Financial Planning Department for approx. 7 years after working for Sumitomo Life Insurance Company
- Appointed President & CEO, Kenedix Real Estate Fund Management, Inc. in Mar. 2017 after serving as Director & CFO, Head of the Corporate Planning Department of Kenedix, Inc., etc.



Office REIT Department: Key members



Jiro Takeda
Director & COO,
Head of Office REIT Dept.

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 7 years
- Joined Kenedix as Head of Fund Management Div. 1 and served for approx. 3 years after working for Sanko Estate Co., Ltd., GMAC Commercial Mortgage Japan, K.K. and Hudson Japan, K.K.
- Appointed Head of Planning Div., Office REIT Dept., Kenedix Real Estate Fund Management, Inc. on Mar. 29, 2017
- Appointed Director & COO, Head of Office REIT Dept. on Apr. 1, 2018



Hiroshi Sato
Head of
Asset Investment Div.,
Office REIT Dept.

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 12 years
- Joined Kenedix, Inc. in Feb. 2007
- Appointed Head of Private Fund Dept. and Head of Investment Management Div., Private Fund Dept., Kenedix Real Estate Fund Management, Inc. in Oct. 2013
- Appointed Head of Asset Investment Div., Office REIT Dept. on Mar. 1, 2018



Chisei Kaji
Head of
Asset Management Div.,
Office REIT Dept.

- Worked for Mitsui Fudosan Building Management for approx. 9 years (Sales Division and others)
- Joined Kenedix, Inc. after having engaged in asset management for approx. 10 years at Tokyo Realty Investment Management, Inc.
- Appointed Head of Asset Management Div., Office REIT Dept., Kenedix Real Estate Fund Management, Inc. on Mar. 1, 2016 after having worked in Investment Management Div. Office REIT Dept. for approx. 1 year



Hiroaki Momoi
Head of
Planning Div.,
Office REIT Dept.

- Worked for Nippon Life Insurance Company, Real Estate Division for approx. 9 years
- Joined Kenedix, Inc. in Aug. 2014 after working for Secured Capital Japan Co., Ltd.
- Appointed Head of Planning Div., Office REIT Dept., Kenedix Real Estate Fund Management, Inc. on Apr. 1, 2018 after having worked in Planning Div., Office REIT Dept. and Finance & Accounting Dept. for approx. 3 and a half years



Tetsushi Ichikawa
Head of
Finance & Accounting Dept.,
Business Administration Dept.

- Worked for Sumitomo Mitsui Trust Bank, Limited for approx. 15 years (Engaged in real estate finance, etc.)
- Joined Kenedix, Inc. after having engaged in real estate investment banking and having served as director responsible for asset management business at Touchstone Capital Securities Co., Ltd.
- Appointed Head of Finance & Accounting Dept., Kenedix Real Estate Fund Management, Inc. on Oct. 1, 2013 after serving as Head of Finance Group for Kenedix Residential Partners, Inc.
- Appointed Head of Business Administration Dept. on Apr. 1, 2015 (concurrent)

Disclaimer

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Please be aware that matters described herein may change or cease to exist without prior notice of any kind. This document contains forward-looking statements and anticipations of future results, based on current assumptions and beliefs in light of currently available information and resources. Risks and uncertainties, both known and unknown, including those relating to the future performance of the real estate market in Japan, interest rate fluctuations, competitive scenarios, and changing regulations or taxation, may cause Kenedix Office Investment Corporation (KDO)'s actual results, performance, achievements and financial performance to be materially different from those explicitly or implicitly expressed in this document.

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Revised editions of this document will be posted on our website (<https://www.kdo-reit.com/en/>) if there should be major corrections going forward.