

**KENEDIX**

Kenedix Office Investment Corporation

2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo  
Security code: 8972

# Kenedix Office Investment Corporation

Semiannual Report 32nd Fiscal Period

November 1, 2020–April 30, 2021

**TOMO**



**METROPOLITAN AREA**

# Characteristics of Kenedix Office Investment Corporation

We seek to **maximize unitholder returns** by focusing on investing in and managing **mid-sized office buildings** in the **Tokyo metropolitan area** to generate stable profits and sustainably expand assets under management.

We recognize the importance of factoring **environmental, social, and governance (ESG)** considerations into real estate investment management. Strengthening efforts to help realize **social sustainability** is a key management priority.

## Investment management strategy of the Investment Corporation

Tokyo metropolitan area investment ratio <sup>(Note 1)</sup>

**81.3%**

Mid-sized office building investment ratio <sup>(Note 1)</sup>

**83.9%**

Maximizing unitholder returns

## Proactive acquisition of environmental certifications and assessments

Number of certified assessed properties <sup>(Note 2)</sup>

**42**

Percentage of total floor area <sup>(Note 2)</sup>

**57.1%**

Contributing to a sustainable environment



Image of a typical mid-sized office building

8–10 stories

Total floor area: 500–3,000 tsubo (roughly 1,600–9,900 m<sup>2</sup>)

Around 2 elevators

Around 100–150 tsubo (roughly 330–500 m<sup>2</sup>) per floor of rental area

Characteristics and attractiveness of mid-sized office buildings in the Tokyo metropolitan area

Abundant number of properties

**83.0%**

The ratio of mid-sized office buildings (total floor area of 500 tsubo or more but less than 3,000 tsubo (roughly 1,600–9,900 m<sup>2</sup>)) in the 5 central wards of Tokyo is 83.0%. <sup>(Source 1) (Note 3)</sup> There are many more mid-sized office buildings than large-sized office buildings, so there are many excellent investment opportunities, and mid-sized buildings are more efficient to operate than small-sized office buildings.

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### High liquidity

# 61.7%

Transaction prices for mid-sized office buildings range from approximately 1 billion yen to 10 billion yen, and such transactions account for 61.7% of all transactions (the percentage of trading volume consisting of transactions between 1 billion yen and 10 billion yen). Such properties are relatively actively traded. <sup>(Source 2)</sup>

### Broad tenant base

# 92.2%

The percentage of business establishments with fewer than 30 employees, which are the main users of mid-sized office buildings, is high at 92.2% in Tokyo. <sup>(Source 3)</sup> We therefore believe that even if vacancies occur, new tenants will be relatively easy to find and we will be able to maintain high occupancy rates.

### Favorable supply–demand balance in the leasing market

# 83%

The percentage of small and mid-sized buildings built 20 years or more ago in Tokyo's 23 wards (leased area basis) is 83%, and new supply is limited compared to large-sized office buildings. <sup>(Source 4)</sup> We are able to secure competitiveness by appropriately managing and operating these buildings, continuing to renovate their facilities, and performing construction work to upgrade their value.

Note 1: Shown as the ratio of the acquisition price for each category to the total acquisition price, rounded down to the first decimal place (as of the end of the 32nd fiscal period (Apr. 30, 2021)).

Note 2: The number of properties is counted without duplication in case a property has multiple certifications and assessments. The total floor area ratio is calculated without duplication by dividing certified floor area by total floor area of the portfolio (as of the end of the 32nd fiscal period (Apr. 30, 2021)).

Note 3: Percentage of the number of rental office buildings located in the 5 central wards of Tokyo that are surveyed by CBRE K.K. by building size (as of the end of September 30, 2016).

Source 1: Based on a survey conducted by CBRE K.K. at the request of the Asset Management Company.

Source 2: Compiled by the Asset Management Company based on “the number of office building transactions by transaction size (FY2008-FY2020)” from the “Real Estate Transactions Study” by Urban Research Institute Corporation, a think tank specializing in real estate in the Mizuho Financial Group.

Source 3: Compiled by the Asset Management Company based on “2014 Economic Census for Business Frame Tokyo (revised results) (as of March 27, 2017).”

Source 4: Compiled by the Asset Management Company based on “Tokyo 23 Wards | Office Stock Pyramid 2021” published by XYMAX REAL ESTATE INSTITUTE Corporation on January 15, 2021.

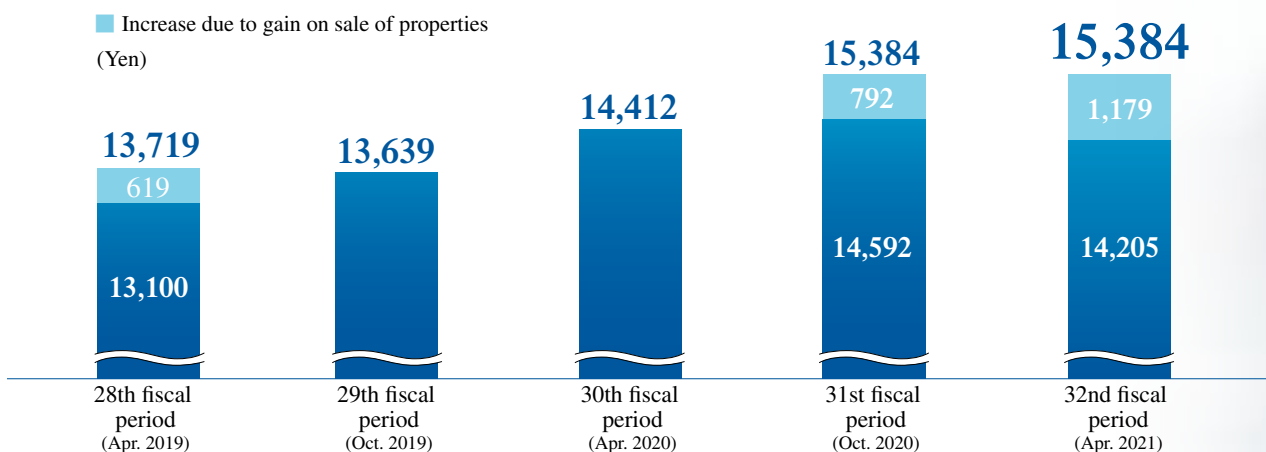
Refer to the following for the definitions of each term used in this document.

- “5 central wards of Tokyo” refers to Chiyoda, Chuo, Minato, Shinjuku, and Shibuya wards.
- “Tokyo metropolitan area” refers to Tokyo, Kanagawa, Saitama, and Chiba prefectures.
- “Other regional areas” refers to regional core cities such as government ordinance-designated cities.
- Kenedix Office Investment Corporation is referred to as “the Investment Corporation” or “KDO,” and Kenedix Real Estate Fund Management, Inc., “the Asset Management Company” or “KFM.”
- “Mid-sized office buildings” as defined by the Investment Corporation refers to rental office buildings whose main use under the Building Standards Act is for offices and whose total floor area of the entire building stated in the certificate of all registered elements fulfills the criteria of 13,000 m<sup>2</sup> or less in the 23 wards of Tokyo and 20,000 m<sup>2</sup> or less outside the 23 wards of Tokyo.

# Results for the 32nd Fiscal Period (Apr. 2021)

## 32nd fiscal period (Apr. 2021)

### Trend in distributions per unit (DPU)



## 32nd fiscal period (Apr. 2021) results

<p>AUM</p> <p><b>440.1</b> billion yen</p> <p>Sold KDX Hon-Atsugi Building, which had a persistently low occupancy rate</p>	<p>Gain on sale of real estate properties</p> <p><b>0.92</b> billion yen</p> <p>Part of the gain on the sale was distributed and the remainder was retained in internal reserves</p>	<p>Balance of reserve for reduction entry <sup>(Note)</sup></p> <p><b>3.91</b> billion yen</p> <p>Utilized to stabilize distributions in anticipation of a temporary revenue decline</p>
<p>Occupancy rate</p> <p><b>96.7%</b></p> <p>We are maintaining an occupancy rate above 96% despite the delay in gaining control over COVID-19 and declining occupancy</p>	<p>Increase in monthly rent from tenant turnover</p> <p><b>+6.8</b> million yen</p> <p>The level of rent charged has increased for 76.3% of new tenants</p>	<p>Increase in monthly rent upon rent revision</p> <p><b>+9.9</b> million yen</p> <p>Achieved rent increases even amid the COVID-19 pandemic</p>
<p>Average interest rate on interest-bearing debt</p> <p><b>0.94%</b></p> <p>Worked to reduce interest rate costs while maintaining good relationships with financial institutions</p>	<p>Interest-bearing debt ratio (LTV)</p> <p><b>43.4%</b></p> <p>Maintained stable financial base by keeping LTV at a conservative level</p>	<p>Commitment line</p> <p><b>+3.0</b> billion yen</p> <p>Reduced refinancing risk further through an increase in the commitment line</p>

Note: The reserve for reduction entry was calculated by adding the provision of reserve for reduction entry stated in Basis for Calculating Cash Distribution for the relevant fiscal period to the balance of reserve for reduction entry on the balance sheet as of the end of the relevant fiscal period.





## Status of credit rating

The investment results of the Investment Corporation were recognized. Japan Credit Rating Agency, Ltd. (JCR) changed its credit rating outlook to AA- (positive) on March 12, 2021.

We will strive to building an even stronger portfolio and improve the credit rating further through growth in AUM, while continuing stable financial management.

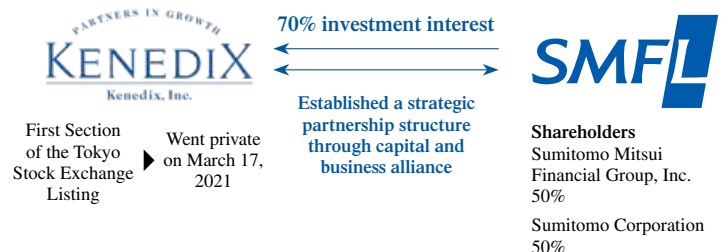


Japan Credit Rating Agency, Ltd.

## Strengthening support by sponsors

Kenedix, Inc., the sponsor of the Asset Management Company, has built a strategic partnership structure with Sumitomo Mitsui Finance and Leasing Co., Ltd. through a capital and business alliance.

One of the business synergies anticipated from building this partnership structure is strengthening the REIT and private placement fund businesses. We think this will lead to stronger financing and property acquisition capabilities for the Investment Corporation.



Strengthening REIT and Private Placement Fund Businesses	Expansion of New Business Domains	Strengthening Competitiveness by Sharing Experience, Knowledge, and Know-how through Mutual Exchange of Human Resources
Supplementation of Creditworthiness and Enhancement of Fund Raising Capacity	Sharing Know-how on SDGs Management	

# Message from the Management

Distributions per unit for the fiscal period under review (32nd fiscal period (Apr. 2021)) were 15,384 yen, on par with the previous fiscal period, and up 204 yen from the previous forecast of 15,180 yen<sup>(Note)</sup>, an increase of 1.3%.

KDX Shin-Nihonbashi Building was sold at the beginning of the period, resulting in recognition of a gain on the sale of around 1.12 billion yen. KDX Hon-Atsugi Building was sold at the end of the fiscal period, resulting in recognition of a loss on the sale of approximately 200 million yen. The two properties together resulted in a net gain of roughly 920 million yen. Around 500 million yen of this was returned as distributions and the remaining amount of roughly 420 million yen was provisioned to the reserve for reduction entry.

Note: As of December 14, 2020

KDX Shin-Nihonbashi Building was part of a mutual purchase and sale with a developer that was executed last year. The KDX Nihonbashi Honcho Building and KDX Nihonbashi Edo-dori Building were transferred as part of this transaction first. KDX Shin-Nihonbashi Building was transferred later, securing rental business income for a certain period of time.

KDX Hon-Atsugi Building, which was sold at the end of the period, continued to experience a slump in the occupancy rate. The decision to sell the property was made because we anticipated further deterioration in profitability due to higher repair costs in the future.

The series of asset reshuffling from the 31st fiscal period has resulted in a lower building age, better locations, and other improvements in portfolio quality. The recognition of gains on sale has made it possible to increase distributions for the second consecutive fiscal period and to increase the internal reserve.

## Jiro Takeda

Executive Director,  
Kenedix Office Investment Corporation

Director & COO, Head of Office REIT Department,  
Kenedix Real Estate Fund Management, Inc.



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## We achieved a 204-yen increase in distributions per unit (DPU) in the 32nd fiscal period, owing to agile, flexible asset management amid the COVID-19 pandemic.

In terms of internal growth, the occupancy rate was 96.7% as of April 30, 2021, a 1.4% decrease from the end of last fiscal period (October 31, 2020) and 1.3% less than the forecast of 98.0% six months ago.

I think the main reasons why the occupancy rate underperformed the forecast were a rise in the turnover ratio during the fiscal period and the continued high level of cancellation requests from tenants. The vacancy period was also longer than expected, mainly due to the time it took to refill large vacancies.

The sense of uncertainty in regard to the corporate business environment has not been eliminated amid conditions in which no clear end to the COVID-19 pandemic can be seen due to the repeated State of Emergency declarations. We therefore expect the turnover rate to remain at a high level for some time. However, vacancies are filling at a relatively steady rate in the small to medium-sized building category. Once progress is made on vaccinations and COVID-19 infections begin to decline, the tenant cancellation rate is also expected to gradually decline as the percentage of employees working in corporate offices increases. While the occupancy rate may temporarily decline in the future, we expect to be able to maintain it at a certain level.

While pressure from tenants to lower unit rent is increasing in leasing activities, we are negotiating to conclude leasing agreements that maintain new unit rent at the market level prior to COVID-19, in return for a longer free rent period.

We are therefore achieving an average increase of 1,317 yen per tsubo (roughly 3.3 m<sup>2</sup>) on 76.3% of rental units, out of the units that had tenant turnover, despite the prolonged impact from the COVID-19 pandemic.

Thus, while the free rent period has been slightly extended in refilling vacancies, the level of rent on new leasing agreements has not declined substantially, and this will consequently lead to growth in revenue from tenant turnover and resolution of the rent gap.

Regarding rent increases for existing tenants facing leasing

agreement renewal during the fiscal period, the property management company's persistence in negotiations in proposing increased rent amount on the remaining space to some clients who requested cancellation of some of their leased space amid the severe market environment during the pandemic resulted in higher rent on renewals for 36 tenants and 25.6% of the floor area. These results outperformed the previous fiscal period, despite the COVID-19 pandemic.

The trend towards a gradual decline in market rent has grown stronger amid an environment in which the timing for achieving control over the COVID-19 pandemic cannot be foreseen. Vacancy rates continue to rise as the trend toward shrinking offices due to the expansion of working from home continues. However, the importance of offices has recently been recognized anew.

As progress is made on vaccinations and corporate economic activities normalize, the trend toward workers returning to offices will grow stronger. We expect relocation activities to resume among companies that have frozen relocation plans amid the pandemic up to now and have been searching for a post-COVID-19 approach to the office. We think that the likelihood of a dramatic shrinkage in future office demand is weakening.

In light of these points and the fact that the supply of space in large office buildings is relatively limited this year and next, we expect the future office market to gradually transition from a gentle adjustment phase to a return to stability as the COVID-19 pandemic is brought under control.

Regarding the impact of the COVID-19 pandemic since the last results announcement, we received many requests for rent reduction over roughly six months, but the majority of newly agreed rent reductions are limited to a specific period of time and we expect the impact on revenues to be limited.

## Message from the Management

Moreover, we have continued preparations for introducing offices with interiors and furnishings that incorporate the concept of ABW (Activity Based Working) in the KDX Iidabashi Building as a TurnKey Office. This is one of our initiatives to respond to diversification of office needs.

Construction on this project began in January of this year and was completed this May.

The layout on each floor has been designed to capture a wide range of demand from small units of around 50 tsubo (roughly 165 m<sup>2</sup>) to somewhat larger units of around 180 tsubo (roughly 595 m<sup>2</sup>), while incorporating different design concepts on each floor.

Full-scale leasing has now resumed and we will strive to lease up units quickly as we utilize a variety of new marketing methods.

As part of our financial strategy, we concluded a total of 3.0 billion yen in new commitment line agreements with three financial institutions. This brought our total commitment line to 9.0 billion yen, and we are making further efforts to reduce refinancing risk.

We took advantage of the continued low interest rate environment to refinance a total of 19.7 billion yen, successfully extending the borrowing period while reducing interest. As a result, the average interest rate on all interest bearing debt was

0.94% at the end of this fiscal period, and the average remaining period to maturity was 4.7 years.

In terms of our credit rating, the investment record of the Investment Corporation was recognized. The Japan Credit Rating Agency, Ltd. (JCR) changed its rating of our investment corporation from AA- (stable) to AA- (positive), and a solid AA rating is now within sight.

We also continue to focus on sustainability initiatives. In terms of environment-related ratings and certifications, we obtained the BELS Certification for two properties this fiscal period, including the new KDX Shinbashi Ekimae Building.

Regarding reduction in energy usage through construction to install LED lighting, construction on the common areas is nearly complete. We are also making systematic progress on installing LED lighting in the dedicated sections. We worked on construction at 13 properties this fiscal period and this is expected to cut energy usage by around 600,000 kWh per year, according to estimates based on the manufacturer's specifications.

As already disclosed, Kenedix, Inc., the sponsor of the Asset Management Company, has built a strategic partnership structure with Sumitomo Mitsui Finance and Leasing Co., Ltd. through a capital and business alliance.

One of the business synergies anticipated from building this partnership structure is a stronger REIT and private fund business. We think this will lead to stronger financing and property acquisition capabilities for the Investment Corporation.

Since COVID-19 began spreading last year, there have been cases in which some have theorized that offices will no longer be needed over the medium and long term, due to the introduction of working from home with the spread of telecommuting. However, I feel that people have also come to recognize the many issues with working from home over time.


In one survey, 70% of workers who had experienced working from home responded that they wanted to work in the office three to four days a week, rather than mainly working at home.

Working from home can save on commuting time, improve work efficiency, and make it easier to achieve work-life balance. However, it is apparently becoming clear that these advantages are



We planned a TurnKey Office with an interior and furnishings that incorporate the concept of ABW in KDX Iidabashi Building. It was completed in May 2021.





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**It is important to accurately read the changes that the spread of telecommuting is causing in the vision of an office and in the functions desired in an office building, and provide attractive office space that meets those needs.**

accompanied by disadvantages such as a decline in productivity because workers cannot secure the space to concentrate while working, a weakening of the sense of affiliation with the company, and mental distress from stronger feelings of loneliness, among other factors.

At present, amid the COVID-19 pandemic, I do not feel that many companies are attempting to establish workplace environments based mainly on permanently working from home through relocation. Many companies are keeping the percentage of employees working in the office low as a temporary emergency measure to ensure the safety of employees. Those companies are considering the functions and vision of a post-COVID-19 office while waiting for COVID-19 to be brought under control. Post-COVID-19, we anticipate that companies will make concurrent use of satellite offices, shared offices, workation (work vacation) facilities, and other locations in addition to the main office and home, to achieve a good balance according to the type of business and type of work.

Even after COVID-19 is brought under control, companies that have developed a fresh recognition of the importance of the office will presumably need a certain amount of extra seats in the main office if they are trying to ensure freedom in work locations. Even if the widespread telecommuting causes more decentralization of workplaces, this is not expected to cause a substantial decline in office demand. We think we can maintain the profitability and value of office buildings by fully meeting the diversified office needs and providing office spaces that are attractive in terms of the soft aspects and not just the hard aspects.

There has been no change in our basic policy concerning future initiatives.

First, in terms of external growth, a notable deterioration in the financing environment was not seen even after COVID-19 became widespread. While the tough environment for property acquisition persists, we will strive to achieve sustainable growth

by continuing to keep a close eye on trends in market purchases and sales while focusing on asset reshuffling and finding excellent acquisition opportunities.

In terms of internal growth, as the pace of vaccinations accelerates, we will focus on the potential for gradual resumption of relocation plans by companies that have been searching for a vision of the office, post-COVID-19. We will engage in agile leasing and adapt investment to the diversification in demand.

Our financial strategy is to maintain good relationships with financial institutions while also utilizing the stronger creditworthiness of the Kenedix Group achieved through capital alliances of our sponsor. We will continue to reduce interest costs even further with an awareness of even distribution of repayment dates.

For ESG, we will continue initiatives aimed at improving sustainability and will strive to achieve both sustainable growth and fulfill our corporate social responsibilities.

We intend to target improvement in shareholder value, expressed in terms of distributions and net asset value (NAV), through such initiatives.




I ask for your continued support of Kenedix Office Investment Corporation in the future.

# Sustainability Initiatives

To achieve sustained growth of the Kenedix Group along with stakeholders and society, we have established material issues and **five key areas** to pursue. We aim to contribute to the achievement of the sustainable development goals (SDGs) through initiatives aimed at solving to these material issues.



## Key area 1 Contribution to a sustainable environment (as of Apr. 30, 2021)

Environmental certifications		Indicator Data							
<p><b>GRESB Real Estate Assessment</b></p>  <p>Acquired Green Star rating for 9 consecutive years. 4 Stars in GRESB Rating (the second-highest level).</p>	<p><b>Certification for CASBEE for Real Estate</b></p>  <p>A total of 21 properties have obtained certification, 10 properties as S rank and 11 properties as A rank.</p>	<p>Acquisition of environmental certifications and other assessments <sup>(Note 1)</sup></p> <p><b>42 properties</b> <b>57.1%</b></p> <p>Our active and continuous pursuit of creating green buildings has resulted in a majority of the properties in our portfolio obtaining environmental certifications, in terms of the percentage of floor space.</p>	<p>Percentage of buildings converted to LED lighting in common areas (based on the number of buildings)</p> <p><b>Approximately 95%</b></p> <p>We are actively working to reduce energy usage by converting lighting fixtures to LED in common areas, rental units, etc.</p>						
<p><b>DBJ Green Building Certification</b></p>  <p>A total of 25 properties have obtained the certification, including KDX Toranomon 1home Building which has earned five stars, the top rating.</p>	<p><b>BELS Certification</b></p>  <p>Two new properties obtained certification during the 32nd fiscal period (Apr. 2021). This brought the total number of certified properties to four.</p>	<p>Business operator classification system</p> <p><b>S class</b></p> <table border="1"> <thead> <tr> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>★</td> <td>★</td> <td>★</td> </tr> </tbody> </table> <p>We obtained the S rank (excellent operator) certification under the business operator classification system of the Ministry of Economy, Trade and Industry for the third consecutive year.</p>	FY2018	FY2019	FY2020	★	★	★	<p>Percentage reduction compared to the goal of a 1% average annual reduction in energy usage per production unit over five years <sup>(Note 2)</sup></p> <p><b>3.1%</b></p> <p>We targeted an average reduction in energy usage per production unit of 1% or more annually over the past five years, and achieved our reduction goal.</p>
FY2018	FY2019	FY2020							
★	★	★							

Note 1: The number of properties is counted without duplication in cases where a property has multiple certifications and assessments. Total floor area ratio is calculated without duplication by dividing certified floor area by total floor area of the portfolio.  
Note 2: The average reduction per production unit over the five years from FY2016 to FY2020 was 3.1%.

## Key area 2 Commitment to a diverse society

### Installation of AEDs



We are actively working to install automatic external defibrillators (AEDs). They are available not only for the tenants but for residents of neighboring communities as well. This is displayed on the AED stickers and the location of the AEDs is registered on administrative maps, and elsewhere.

AED installation status (as of Apr. 30, 2021)	No. of properties	Based on the number of buildings
	<b>94</b>	<b>98.9%</b>

### Cooperating with communities in bicycle sharing



We have offered sections of 7 property sites to serve as bicycle parking for bicycle sharing. Cooperation on this project will enhance convenience for tenants and local residents. The need to use this space will increase more during the COVID-19 pandemic.

Results of bicycle sharing use at KDX Nishi-Shinbashi Building <sup>(Note)</sup>
<b>3,946 times/month on average</b>

Note: Total average number of rentals and returns from Nov. 2020 to Apr. 2021.



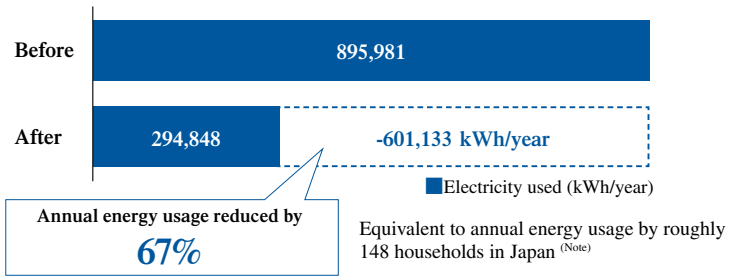


## Key area 3 Fulfilling our responsibilities to stakeholders



Regarding reduction in energy usage through installation of LED lighting, LED lighting in common areas has been generally completed, while LED lighting in rental areas has been systematically upgraded to 28.9% of the properties owned (based on leasable area). In 32nd fiscal period (Apr. 2021), 13 properties were converted to LED lighting in rental areas, reducing annual power consumption by 67%.

### Energy reduction through installation of LED lighting in rental areas



Note: Calculated by the Asset Management Company based on “Annual Energy Consumption, Amount Paid, and CO<sub>2</sub> Emissions per Household (Nationwide)” in the Annual Energy Consumption, Amount Paid, and CO<sub>2</sub> Emissions per Household (Nationwide) (Revised).

## Key area 4 Attractive working environment



“Recruiting, employee retention, and career advancement” is one of our material issues. We have established various development programs and benefits based on the policy that human resources are an important management resource for expert investment management. Employees of the Kenedix Group are encouraged to acquire various kinds of qualifications. A support system was established to assist with the cost of obtaining recommended qualifications and supportive qualifications in order to develop skills, encourage career building, and improve organizational vitality.

### Main qualifications held

(as of December 31, 2020)

Real estate notaries	164	Tax accountants	5
ARES (real estate securitization) certified masters	78	Chartered members of the Securities Analysts Association of Japan	15
Certified real estate consulting masters	23	Administrative scribes	2
Certified building administrators (CBA)	28	Judicial scrivener	1
Licensed senior architects	13	Administrative managers	12
Real estate appraisers	9	Condominium property managers	9
Certified public accountants (Japan)	6	Loan operations managers	14
Certified public accountants (USCPA)	2	Attorneys	2

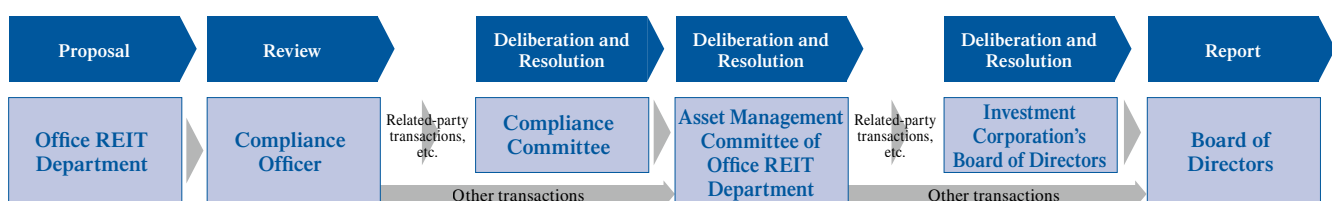
Note: Calculated based on Group employees directly employed by Kenedix, Inc.

## Key area 5 Responsible organization



A rigorous process must be followed for transactions with related parties. These transactions are screened by a compliance officer based on the Office REIT Department’s rules on transactions involving related parties. The Compliance Committee and the Office REIT Department Asset Management Committee then deliberate and approve them by resolution. Once this is completed, the Investment Corporation’s Board of Directors deliberates and approves them and the executive officers provide consent by resolution. The Asset Management Company’s decision-making process is shown in the diagram at right, in principle. Requiring a highly transparent decision-making process for investment management according to these rules has established a framework that functions well as a check on the Asset Management Company of the Investment Corporation.

### Asset Management Company’s decision-making process



# Initiatives Aimed at External Growth

Two office buildings were sold during the 32nd fiscal period (Apr. 2021). The decision was made based on collective consideration of building age, profitability, unrealized gains/losses, and other relevant factors. We have grown AUM to 96 properties valued at 440.1 billion yen while steadily engaging in strategic asset reshuffling.



## Overview of asset reshuffling during the 31st fiscal period (Oct. 2020) and the 32nd fiscal period (Apr. 2021)



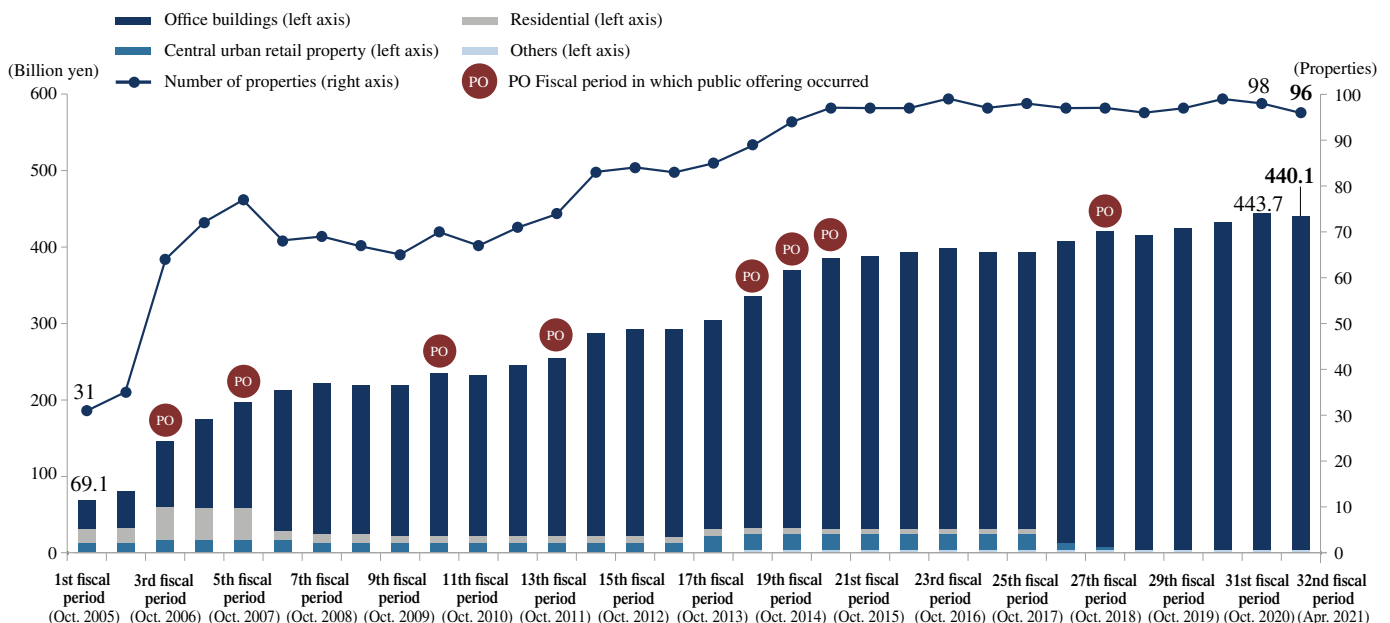
- Assets were reshuffled to achieve a lower building age, improve location, and improve the portfolio in other ways.
- Recognition of gains on sales has increased distributions and boosted internal reserves for two consecutive fiscal periods.
- We are considering using part of the reserve for reduction entry to raise distributions for the 33rd fiscal period (Oct. 2021) onward.

	31st fiscal period (Oct. 2020)	32nd fiscal period (Apr. 2021)
<b>Gains on sales of properties acquired</b> (Note 1)	<b>1.05 bn yen</b>	<b>0.92 bn yen</b>
<b>Distribution per unit</b>	<b>+792 yen</b>	<b>+1,179 yen</b>
<b>Provision of reserve for reduction entry</b> (Note 2)	<b>+0.71 bn yen</b>	<b>+0.42 bn yen</b>

Note 1: Gains on sales of properties are estimated based on the book value and selling expenses, etc. The gain for 32nd fiscal period (Apr. 2021) was calculated by deducting the loss on sale of KDX Hon-Atsugi Building from the gain on sale of the KDX Shin-Nihonbashi Building.

Note 2: The amount is the provision of reserve for reduction entry stated in Basis for Calculating Cash Distribution for the relevant fiscal periods.

## Assets under management (AUM) (total asset value) and number of owned properties



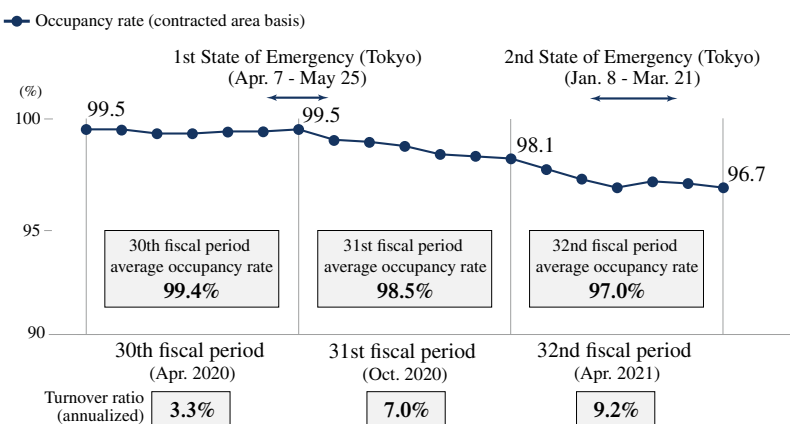


# Initiatives Aimed at Internal Growth

Cancellations are remaining at a high level and the occupancy rate continues to decline as gaining control over COVID-19 is delayed. However, there are continuing opportunities to increase rent through tenant turnover and tenacious negotiations with existing tenants on rent revisions have been successful, so we have steadily secured increases in rent.



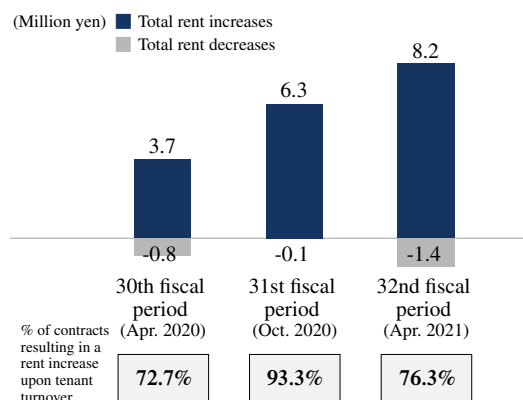
## Trend in office building occupancy rate and turnover ratio (annualized) (Note 1) (Note 2)



Note 1: Occupancy rate (contracted area basis) is calculated by dividing contract-based leased 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.

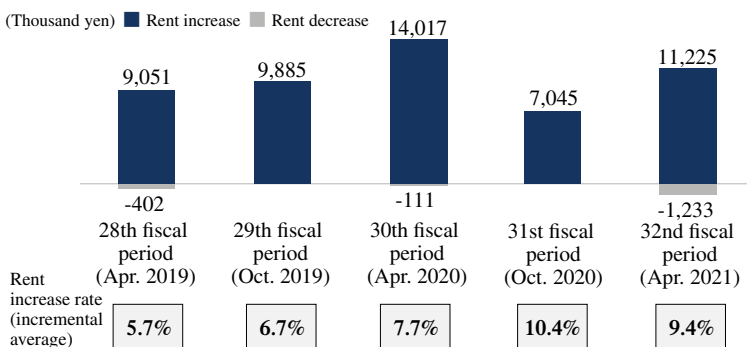
Note 2: Turnover ratio is calculated and annualized as follows: (Total leased area of the end tenants who cancelled their lease agreements during the six months period from the beginning to the end of each period) / (Average leasable area of all office buildings owned by KDO as of each month end during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

## Increase in monthly rent from tenant turnover (Note)



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

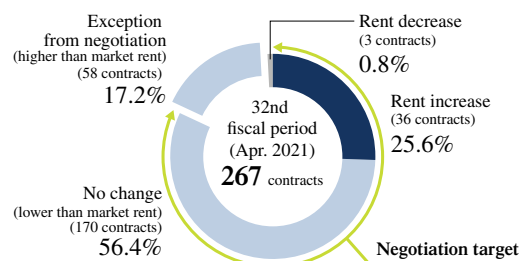
## Trend in (monthly) rent increases and decreases due to rent revisions (Note 1) (Note 2)



Note 1: Difference in monthly rent before and after rent revision in each fiscal period is calculated by aggregating the change in amount per contract in each fiscal period (rounded to the nearest thousand yen). The changes in rent upon rent revisions do not include the amount in response to requests for rent reduction or exemption, etc. due to temporary revenue decline resulting from the COVID-19 pandemic (temporary rent decrease and temporary rent increase to recover such decrease).

Note 2: The rent increase rate is calculated by dividing the sum of increases in monthly rent by the sum of monthly rent before revisions (rounded to the first decimal place).

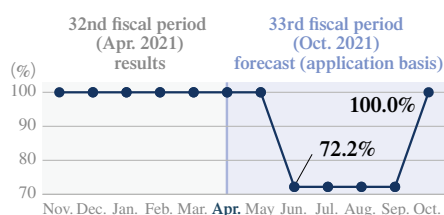
## Status of rent revisions (based on leased floor area) (Note)



Note: "Market rent" in this graph is the new contracted rent (standard floor) for each property estimated by CBRE as of the end of each fiscal period.

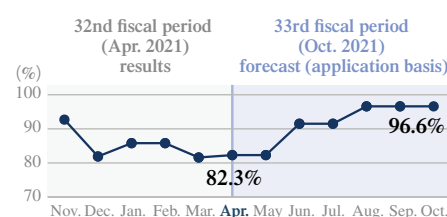
## Changes in occupancy for properties focused on leasing

### KDX Harumi Building



- A succession of cancellation notices were received from tenants on 5 floors. Although the occupancy rate is expected to temporarily decline to the 50% level in the future, full occupancy is anticipated by the end of 33rd fiscal period (Oct. 31, 2021).

### KDX Hamamatsucho Place



- We expected the number of cancellations to increase and the occupancy rate at the end of 32nd fiscal period to decline to less than 70% due to deterioration in business results, but anticipate generally full occupancy by the end of the 33rd fiscal period (Oct. 31, 2021).

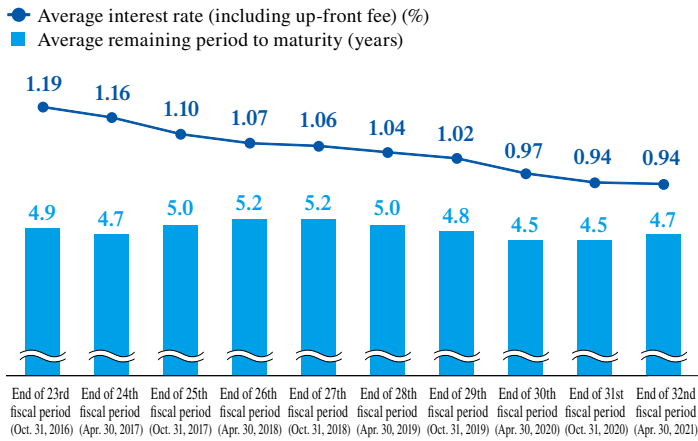
We engage in proactive, flexible tenant solicitations to quickly fill vacancies in properties where a low occupancy rate is anticipated due to cancellations.

# Financial Strategy

## Status of interest-bearing debt financing

We continue to decrease interest costs when refinancing while paying attention to the trend in interest rates.

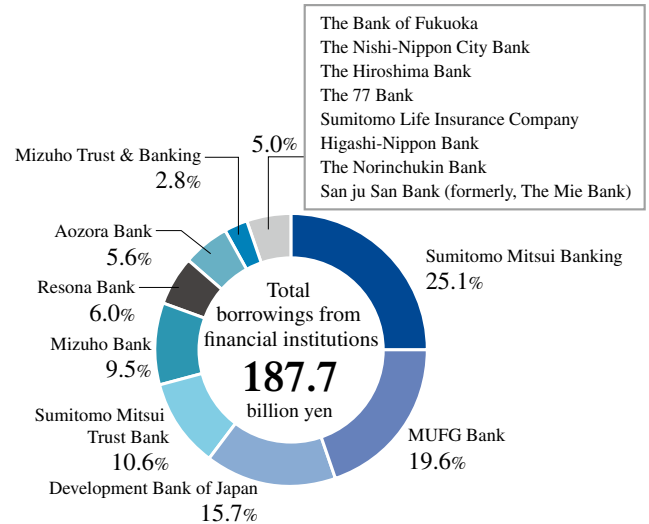
### Average interest rate and average remaining period to maturity of interest-bearing debt <sup>(Note)</sup>



Note: The average interest rate and borrowing period are the weighted averages 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).

### Outstanding borrowings from financial institutions as of the end of the 32nd fiscal period (Apr. 30, 2021)

16 lending financial institutions



## Major indices related to financial stability (the end of the 32nd fiscal period (Apr. 30, 2021))

We will maintain a stable financial position by engaging in conservative management practices while ensuring sufficient liquidity.

### Interest-bearing debt ratio (LTV) <sup>(Note 1)</sup>

**43.4%**

Maintain stable financial base with a target of 45%

### Fixed interest rate ratio <sup>(Note 2)</sup>

**96.6%**

Continue to hedge against a potential rise in interest rates

### Credit rating status

**AA- (Positive)**

Japan Credit Rating Agency, Ltd. (JCR)

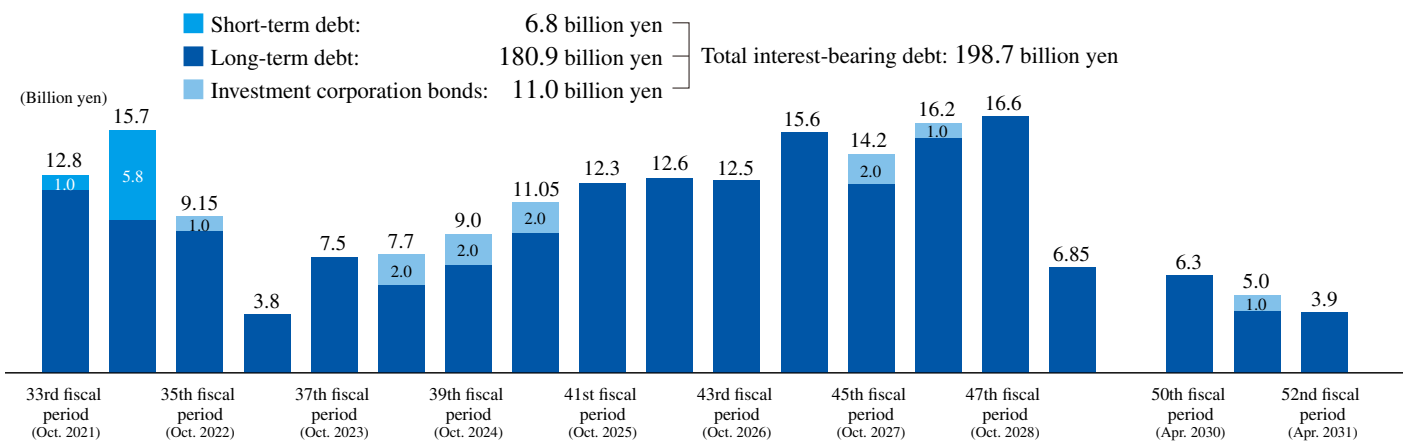
Note 1: The Interest-bearing debt ratio (LTV) is the balance of interest-bearing debt at the end of the fiscal period divided by total assets at the end of the fiscal period.

Note 2: Includes borrowings fixed by interest rate swaps.

## Diversification of interest-bearing debt maturities

We seek to reduce refinancing risk by strategically diversifying debt maturities.

### Balance of interest-bearing debt by maturity (as of Apr. 30, 2021)





# Financial Summary (Unaudited)

Historical Operating Trends  
For the 28th-32nd Fiscal Periods

Period	Unit	28th Period (Apr. 2019)	29th Period (Oct. 2019)	30th Period (Apr. 2020)	31st Period (Oct. 2020)	32nd Period (Apr. 2021)
Operating revenues	millions of yen	15,212	15,027	15,272	16,714	<b>16,301</b>
(Rental revenues)	millions of yen	14,595	14,959	15,215	15,583	<b>15,119</b>
Operating expenses	millions of yen	8,039	8,199	8,132	8,380	<b>8,310</b>
(Property-related expenses)	millions of yen	6,880	7,092	7,008	7,086	<b>6,880</b>
Operating income	millions of yen	7,172	6,828	7,140	8,334	<b>7,990</b>
Ordinary income	millions of yen	6,179	5,845	6,177	7,311	<b>7,017</b>
Net income (a)	millions of yen	6,178	5,844	6,175	7,310	<b>7,016</b>
Total assets (b)	millions of yen	436,753	439,773	447,707	459,719	<b>457,505</b>
(Period-on-period change)	%	(-0.1)	(+0.7)	(+1.8)	(+2.7)	<b>(-0.5)</b>
Interest-bearing debt (c)	millions of yen	182,050	185,050	192,050	201,750	<b>198,750</b>
(Period-on-period change)	%	(-0.5)	(+1.6)	(+3.8)	(+5.1)	<b>(-1.5)</b>
Unitholders' equity (d)	millions of yen	229,440	229,276	229,589	230,665	<b>230,981</b>
(Period-on-period change)	%	(+0.1)	(-0.1)	(+0.1)	(+0.5)	<b>(+0.1)</b>
Unitholders' capital	millions of yen	220,970	220,970	220,970	220,970	<b>220,970</b>
(Period-on-period change)	%	(0.0)	(0.0)	(0.0)	(0.0)	<b>(0.0)</b>
Number of investment units issued and outstanding (e)	unit	428,510	428,510	428,510	428,510	<b>428,510</b>
Unitholders' equity per unit (d)/(e)	yen	535,437	535,054	535,786	538,295	<b>539,034</b>
Total distribution (f)	millions of yen	5,878	5,844	6,175	6,592	<b>6,592</b>
Distribution per unit (f)/(e)	yen	13,719	13,639	14,412	15,384	<b>15,384</b>
(Earnings distributed per unit)	yen	13,719	13,639	14,412	15,384	<b>15,384</b>
(Distribution in excess of earnings per unit)	yen	—	—	—	—	<b>—</b>
Return on assets (annualized) (Notes 1 and 2)	%	1.4 (2.9)	1.3 (2.6)	1.4 (2.8)	1.6 (3.2)	<b>1.5 (3.1)</b>
Return on net assets (annualized) (Notes 2 and 3)	%	2.7 (5.4)	2.5 (5.1)	2.7 (5.4)	3.2 (6.3)	<b>3.0 (6.1)</b>
Net assets ratio at end of period (d)/(b)	%	52.5	52.1	51.3	50.2	<b>50.5</b>
(Period-on-period change)	%	(+0.1)	(-0.4)	(-0.9)	(-1.1)	<b>(+0.3)</b>
Interest-bearing debt ratio at end of period (c)/(b)	%	41.7	42.1	42.9	43.9	<b>43.4</b>
(Period-on-period change)	%	(-0.2)	(+0.4)	(+0.8)	(+1.0)	<b>(-0.4)</b>
Payout ratio (Note 4) (f)/(a)	%	95.1	99.9	99.9	90.1	<b>93.9</b>
Other references						
Number of properties	properties	96	97	99	98	<b>96</b>
Total leasable floor area	m <sup>2</sup>	468,528.20	480,328.18	488,127.53	488,010.71	<b>482,299.10</b>
Occupancy rate at end of period	%	99.2	99.5	99.5	98.1	<b>96.7</b>
Depreciation expenses for the period	millions of yen	2,369	2,419	2,470	2,523	<b>2,548</b>
Capital expenditures for the period	millions of yen	1,231	1,426	1,485	1,251	<b>1,420</b>
Leasing NOI (Net Operating Income) (Note 5)	millions of yen	10,084	10,287	10,676	11,019	<b>10,787</b>
FFO (Funds from Operation) (Note 6)	millions of yen	7,983	8,265	8,646	8,776	<b>8,635</b>
FFO per unit (Note 7)	yen	18,630	19,287	20,178	20,480	<b>20,153</b>

- Notes: 1. Return on assets = Ordinary income / {(Total assets at beginning of period + Total assets at end of period) / 2} × 100  
2. Annualized values for the 28th Fiscal Period are calculated based on a period of 181 days, 184 days for the 29th Fiscal Period, 182 days for the 30th Fiscal Period, 184 days for the 31st Fiscal Period, and 181 days for the 32nd Fiscal Period.  
3. Return on net assets = Net income / {(Total net assets at beginning of period + Total net assets at end of period) / 2} × 100  
4. Payout ratio is rounded down to the first decimal place.  
5. Leasing NOI = Rental revenues – Property-related expenses + Depreciation expenses for the period  
6. FFO = Net income + Depreciation expenses for the period – Gain on sale of real estate properties + Loss on sale of real estate properties  
7. FFO per unit = FFO / Number of investment units issued and outstanding (figures below ¥1 rounded down)

# Kenedix Office Investment Corporation

## Balance Sheet

As of April 30, 2021

	As of April 30, 2021		As of October 31, 2020	
	In thousands of yen			
<b>Assets</b>				
Current assets				
Cash and deposits (Notes 4 and 16)	¥	18,455,256	¥	16,128,897
Cash and deposits in trust (Notes 4 and 16)		11,859,877		12,042,095
Operating accounts receivable		255,807		336,234
Prepaid expenses		70,834		109,949
Other		10,879		13,766
<b>Total current assets</b>		<b>30,652,654</b>		<b>28,630,942</b>
Non-current assets				
Property, plant and equipment (Notes 5 and 18)				
Buildings		18,026,779		17,975,653
Accumulated depreciation		(6,832,965)		(6,526,749)
Buildings, net		11,193,814		11,448,903
Structures		43,564		43,564
Accumulated depreciation		(19,020)		(17,805)
Structures, net		24,543		25,759
Machinery and equipment		442,289		435,359
Accumulated depreciation		(297,207)		(284,721)
Machinery and equipment, net		145,082		150,638
Tools, furniture and fixtures		100,902		99,918
Accumulated depreciation		(72,220)		(68,421)
Tools, furniture and fixtures, net		28,681		31,496
Land		27,520,902		27,520,902
Buildings in trust (Note 8)		127,845,813		128,754,352
Accumulated depreciation		(36,476,702)		(35,161,391)
Buildings in trust, net		91,369,111		93,592,960
Structures in trust		386,893		379,369
Accumulated depreciation		(199,805)		(191,656)
Structures in trust, net		187,087		187,712
Machinery and equipment in trust		1,930,865		1,876,485
Accumulated depreciation		(855,126)		(850,091)
Machinery and equipment in trust, net		1,075,738		1,026,394
Tools, furniture and fixtures in trust		649,345		561,026
Accumulated depreciation		(378,890)		(365,732)
Tools, furniture and fixtures in trust, net		270,454		195,294
Land in trust		291,876,758		293,726,525
Construction in progress in trust		12,750		6,150
<b>Total property, plant and equipment, net</b>		<b>423,704,925</b>		<b>427,912,737</b>
Intangible assets (Note 5)				
Leasehold right (Note 18)		285,257		285,257
Leasehold right in trust (Note 18)		347,652		348,426
Other		137		540
<b>Total intangible assets</b>		<b>633,047</b>		<b>634,225</b>
Investments and other assets				
Investment securities (Note 16)		1,134,996		1,137,526
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		122,889		122,889
Long-term prepaid expenses		1,182,675		1,183,120
Other (Notes 11,16 and 17)		12,662		21,676
<b>Total investments and other assets</b>		<b>2,463,223</b>		<b>2,475,213</b>
<b>Total non-current assets</b>		<b>426,801,196</b>		<b>431,022,176</b>
Deferred assets				
Investment corporation bond issuance costs		51,419		57,394
Investment unit issuance costs		-		9,171
<b>Total deferred assets</b>		<b>51,419</b>		<b>66,565</b>
<b>Total assets</b>	¥	<b>457,505,270</b>	¥	<b>459,719,684</b>



	As of April 30, 2021	As of October 31, 2020
	In thousands of yen	
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥ 1,658,337	¥ 1,496,596
Short-term loans payable (Notes 7 and 16)	6,800,000	12,500,000
Current portion of long-term loans payable (Notes 7,16 and 17)	21,700,000	23,000,000
Accounts payable–other	594,832	679,554
Accrued expenses	76,731	79,227
Income taxes payable	813	756
Accrued consumption taxes	476,580	304,821
Advances received	2,851,496	2,678,412
Deposits received	12,260	3,799
<b>Total current liabilities</b>	<b>34,171,052</b>	<b>40,743,168</b>
<b>Non-current liabilities</b>		
Investment corporation bonds (Notes 7 and 16)	11,000,000	11,000,000
Long-term loans payable (Notes 7, 16 and 17)	159,250,000	155,250,000
Tenant leasehold and security deposits	2,065,341	2,007,851
Tenant leasehold and security deposits in trust	19,525,890	19,640,709
Other (Notes 16 and 17)	511,308	412,880
<b>Total non-current liabilities</b>	<b>192,352,540</b>	<b>188,311,441</b>
<b>Total liabilities</b>	<b>226,523,593</b>	<b>229,054,609</b>
<b>Net Assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	220,970,508	220,970,508
<b>Surplus</b>		
<b>Voluntary retained earnings</b>		
Reserve for reduction entry	3,493,596	2,775,335
<b>Total voluntary retained earnings</b>	<b>3,493,596</b>	<b>2,775,335</b>
<b>Unappropriated retained earnings</b>	<b>7,016,251</b>	<b>7,310,459</b>
<b>Total surplus</b>	<b>10,509,848</b>	<b>10,085,794</b>
<b>Total unitholders' equity</b>	<b>231,480,356</b>	<b>231,056,303</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges (Notes 16 and 17)	(498,680)	(391,228)
<b>Total valuation and translation adjustments</b>	<b>(498,680)</b>	<b>(391,228)</b>
<b>Total net assets (Note 12)</b>	<b>230,981,676</b>	<b>230,665,074</b>
<b>Total liabilities and net assets</b>	<b>¥ 457,505,270</b>	<b>¥ 459,719,684</b>

See accompanying notes to the financial statements.

# Kenedix Office Investment Corporation

## Statement of Income and Retained Earnings

For the period from November 1, 2020 to April 30, 2021

	From November 1, 2020 to April 30, 2021	From May 1, 2020 to October 31, 2020
In thousands of yen		
Operating revenues		
Rent revenue – real estate (Note 14)	¥ 13,508,875	¥ 13,757,065
Other lease business revenue (Note 14)	1,610,737	1,826,092
Gain on sale of real estate properties (Note 14)	1,128,423	1,057,790
Dividends income	53,089	73,522
<b>Total operating revenues</b>	<b>16,301,126</b>	<b>16,714,470</b>
Operating expenses		
Expenses related to rent business (Note 14)	6,880,711	7,086,783
Loss on sale of real estate properties (Note 14)	198,923	–
Asset management fees	1,044,945	1,110,211
Directors' compensation	8,400	8,400
Asset custody fees	23,742	23,431
Administrative service fees	59,231	58,207
Audit fees	12,800	12,800
Other operating expenses	81,527	80,234
<b>Total operating expenses</b>	<b>8,310,282</b>	<b>8,380,067</b>
<b>Operating income</b>	<b>7,990,843</b>	<b>8,334,402</b>
Non-operating income		
Interest income	49	69
Gain on forfeiture of unclaimed dividends	398	309
Interest on refund	4	3
<b>Total non-operating income</b>	<b>453</b>	<b>382</b>
Non-operating expenses		
Interest expenses	776,153	805,749
Interest expenses on investment corporation bonds	33,249	30,712
Financing-related expenses	125,161	128,471
Amortization of investment corporation bond issuance costs	5,975	5,551
Amortization of investment unit issuance costs	9,171	9,171
Other non-operating expenses	24,044	43,783
<b>Total non-operating expenses</b>	<b>973,755</b>	<b>1,023,438</b>
<b>Ordinary income</b>	<b>7,017,541</b>	<b>7,311,346</b>
<b>Income before income taxes</b>	<b>7,017,541</b>	<b>7,311,346</b>
Income taxes (Note 11)		
Current	1,299	1,115
Deferred	(9)	11
<b>Total income taxes</b>	<b>1,290</b>	<b>1,126</b>
<b>Net income</b>	<b>7,016,251</b>	<b>7,310,219</b>
Retained earnings brought forward	–	240
<b>Unappropriated retained earnings</b>	<b>¥ 7,016,251</b>	<b>¥ 7,310,459</b>

See accompanying notes to the financial statements.



# Kenedix Office Investment Corporation

## Statement of Changes in Net Assets

For the period from November 1, 2020 to April 30, 2021

	Unitholders' equity (Note 6)						Valuation and translation adjustments	Total net assets
	Surplus					Total unitholders' equity	Deferred gains or losses on hedges	
	Unitholders' capital	Reserve for reduction entry	Voluntary retained earnings	Unappropriated retained earnings (Note 21)	Total surplus			
In thousands of yen								
Balance as of April 30, 2020	¥ 220,970,508	¥ 2,775,335	¥ 6,175,926	¥ 8,951,261	¥ 229,921,769	¥ (332,017)	¥ 229,589,752	
Changes during the fiscal period								
Dividends of surplus	-	-	(6,175,686)	(6,175,686)	(6,175,686)	-	(6,175,686)	
Net income	-	-	7,310,219	7,310,219	7,310,219	-	7,310,219	
Net changes of items other than unitholders' equity	-	-	-	-	-	(59,211)	(59,211)	
Total changes during the fiscal period	-	-	1,134,533	1,134,533	1,134,533	(59,211)	1,075,322	
Balance as of October 31, 2020	¥ 220,970,508	¥ 2,775,335	¥ 7,310,459	¥ 10,085,794	¥ 231,056,303	¥ (391,228)	¥ 230,665,074	
Changes during the fiscal period								
Provision of reserve for reduction entry	-	718,261	(718,261)	-	-	-	-	
Dividends of surplus	-	-	(6,592,197)	(6,592,197)	(6,592,197)	-	(6,592,197)	
Net income	-	-	7,016,251	7,016,251	7,016,251	-	7,016,251	
Net changes of items other than unitholders' equity	-	-	-	-	-	(107,451)	(107,451)	
Total changes during the fiscal period	-	718,261	(294,208)	424,053	424,053	(107,451)	316,601	
Balance as of April 30, 2021	¥ 220,970,508	¥ 3,493,596	¥ 7,016,251	¥ 10,509,848	¥ 231,480,356	¥ (498,680)	¥ 230,981,676	

See accompanying notes to the financial statements.

## Kenedix Office Investment Corporation Statement of Cash Flows

For the period from November 1, 2020 to April 30, 2021

	From November 1, 2020 to April 30, 2021	From May 1, 2020 to October 31, 2020
	In thousands of yen	
Cash flows from operating activities		
Income before income taxes	¥ 7,017,541	¥ 7,311,346
Depreciation	2,549,244	2,523,749
Amortization of long-term prepaid expenses	116,505	118,931
Interest income	(49)	(69)
Interest expenses	809,403	836,461
Amortization of investment unit issuance costs	9,171	9,171
Amortization of investment corporation bond issuance costs	5,975	5,551
Decrease (increase) in operating accounts receivable	80,426	(58,776)
Decrease (increase) in prepaid expenses	39,114	(35,348)
Increase (decrease) in operating accounts payable	(290,597)	287,784
Increase (decrease) in accounts payable–other	(80,554)	189,242
Increase (decrease) in accrued consumption taxes	171,759	(73,292)
Increase (decrease) in advances received	173,084	(143,064)
Increase (decrease) in deposits received	8,460	(3,426)
Decrease in property, plant and equipment in trust due to sale	3,086,836	5,287,017
Decrease (increase) in long-term prepaid expenses	(116,060)	(151,900)
Other, net	(15,521)	(14,249)
Subtotal	13,564,741	16,089,127
Interest income received	49	69
Interest expenses paid	(811,899)	(829,217)
Income taxes paid	(764)	(835)
Net cash provided by (used in) operating activities	12,752,128	15,259,143
Cash flows from investing activities		
Purchases of property, plant and equipment	(45,815)	(28,038)
Purchases of property, plant and equipment in trust	(1,168,428)	(17,408,155)
Purchase of intangible assets	(27)	–
Repayments of tenant leasehold and security deposits	(28,160)	(111,848)
Proceeds from tenant leasehold and security deposits	181,075	99,089
Repayments of tenant leasehold and security deposits in trust	(954,679)	(623,681)
Proceeds from tenant leasehold and security deposits in trust	1,004,016	1,296,269
Payments of restricted deposits in trust	(20,285)	–
Proceeds from restricted deposits in trust	9,631	89,059
Net cash provided by (used in) investing activities	(1,022,674)	(16,687,305)
Cash flows from financing activities		
Proceeds from short-term loans payable	5,800,000	4,000,000
Repayments of short-term loans payable	(11,500,000)	(1,000,000)
Proceeds from long-term loans payable	13,900,000	16,800,000
Repayments of long-term loans payable	(11,200,000)	(11,100,000)
Proceeds from issuance of investment corporation bonds	–	992,122
Payments of investment corporation bond issuance costs	(3,228)	–
Dividends paid	(6,592,738)	(6,174,673)
Net cash provided by (used in) financing activities	(9,595,966)	3,517,449
Net increase (decrease) in cash and cash equivalents	2,133,486	2,089,287
Cash and cash equivalents at the beginning of period	26,433,973	24,344,686
Cash and cash equivalents at the end of period (Note 4)	¥ 28,567,460	¥ 26,433,973

See accompanying notes to the financial statements.

# Kenedix Office Investment Corporation

## Notes to the Financial Statements

For the period from November 1, 2020 to April 30, 2021

### 1. ORGANIZATION AND BASIS OF PRESENTATION

#### Organization

Kenedix Office Investment Corporation (“the Investment Corporation”) is a real estate investment corporation whose units are listed on the Tokyo Stock Exchange. The Investment Corporation is engaged in the ownership and operation of selected mainly office buildings in Japan, with a focus on mid-sized office buildings in the Tokyo metropolitan area. The Investment Corporation was incorporated on May 6, 2005 as an investment corporation under the Law Concerning Investment Trusts and Investment Corporations of Japan, or “the Investment Trust Law.” On July 21, 2005, the Investment Corporation was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange with a total of 75,400 investment units issued and outstanding (Securities Code: 8972). Subsequently, the Investment Corporation raised funds through eight public offerings. Pursuant to the Investment Trust Law, the Investment Corporation is externally managed by a registered asset management company, Kenedix Real Estate Fund Management, Inc. (“the Asset Management Company”), a subsidiary of Kenedix, Inc. (“Kenedix”). In concert with the Asset Management Company, the Investment Corporation strives to maximize cash distribution to investors by securing stable earnings and sustainable investment growth. To this end, the Investment Corporation adopts a dynamic and flexible investment stance that accurately reflects its environment and market trends, and endeavors to ensure a timely response to each and every opportunity.

During the period ended October 31, 2020, the Investment Corporation acquired one office building (KDX Shinbashi Ekimae Building\*): acquisition price of ¥16,300 million) and sold two office buildings (KDX Nihonbashi Honcho Building: initial acquisition price of ¥4,000 million, and KDX Nihonbashi Edo-dori Building: initial acquisition price of ¥1,350 million) with a disposition price of ¥6,550 million.

During the period ended April 30, 2021, the Investment Corporation sold two office buildings (KDX Shin-Nihonbashi Building: initial acquisition price of 2,300 million yen, and KDX Hon-Atsugi Building: initial acquisition price of 1,305 million yen) with a disposition price of ¥4,135 million.

At the end of the thirty-first and thirty-second fiscal periods (fiscal periods ended October 31, 2020 and April 30, 2021), the Investment Corporation had total unitholders’ capital of ¥220,970 million with 428,510 investment units outstanding, respectively. The Investment Corporation owned a portfolio of 98 properties (consisting of 97 office buildings and one other property) and 96 properties (consisting of 95 office buildings and one other property) with total acquisition prices of ¥443,785 million and ¥440,180 million at the end of the thirty-first and thirty-second fiscal periods, respectively. The occupancy ratios were approximately 98.1% and 96.7% at the end of the thirty-first and thirty-second fiscal periods, respectively.

(\* ) The property name was changed from “Shinbashi M-SQUARE Bright” to “KDX Shinbashi Ekimae Building” on February 1, 2021.

#### Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Act of Japan, the Financial Instruments and Exchange Law of Japan and related regulations, and in conformity with accounting principles and practices generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of the International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements are basically a translation of the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by the Investment Corporation and filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made to the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. The Investment Corporation’s fiscal period is a six-month period that ends at the end of April and the end of October each year. The Investment Corporation does not prepare consolidated financial statements because it has no subsidiaries.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (A) Securities

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method. Concerning silent partnership (*tokumei kumiai*, “TK”) interests, the method of incorporating the amount of equity equivalent to the portion that corresponds to the net gain or loss of the TK is adopted.

### (B) Property, Plant and Equipment (including trust assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

	From November 1, 2020 to April 30, 2021	From May 1, 2020 to October 31, 2020
Buildings	2–49 years	2–49 years
Structures	2–45 years	2–45 years
Machinery and equipment	3–17 years	3–17 years
Tools, furniture and fixtures	3–20 years	3–20 years

### (C) Intangible Assets (including trust assets)

Intangible assets are amortized by the straight-line method.

Leasehold right: Fixed-term land leasehold is amortized over a contractual period of 48 years and 9 months under the straight-line method.

### (D) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized by the straight-line method.

### (E) Investment Unit Issuance Costs

Investment unit issuance costs are amortized over a period of three years under the straight-line method.

### (F) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized over a maturity period under the straight-line method.

### (G) Accounting Treatment of Trust Beneficiary Interests in Real Estate

For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan, all assets and liabilities in trust are recorded in the relevant balance sheets and statements of income and retained earnings.

### (H) Revenue Recognition

Operating revenues consist of rental revenues including base rents, common area charges and other operating revenues, which include utility charge reimbursement, parking space rental revenues and other miscellaneous revenues. Rental revenues are generally recognized on an accrual basis over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts can be reasonably estimated. Reimbursements from tenants including utility charge reimbursements are recorded on a gross basis and such amounts are recorded both as revenues and expenses during the fiscal period.

(I) Taxes on Property, Plant and Equipment

Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to the said period. Under Japanese tax rules, the seller of property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is generally reimbursed by the purchaser for these accrued property-related tax liabilities.

When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥38,663 thousand as of October 31, 2020. There were no capitalized property-related taxes as of April 30, 2021. In subsequent calendar years, such property-related taxes are charged as operating expenses in the fiscal period to which the installments of such taxes correspond.

(J) Income Taxes

Deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using the statutory tax rates.

(K) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

(L) Derivative Financial Instruments

The Investment Corporation utilizes interest-rate swap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Investment Corporation deferred recognition of gains or losses resulting from changes in fair value of interest-rate swap contracts because these contracts met the criteria for deferral hedging accounting. However, the Investment Corporation adopted special treatment for interest-rate swap contracts if they met the criteria for hedging accounting under this treatment. The hedge effectiveness for the interest-rate swap contracts is assessed each fiscal period except for those that meet the criteria of special treatment.

(M) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.

(N) Presentation of Amounts

Amounts of less than one thousand yen have been truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan. Unless otherwise noted, amounts are rounded down and ratios are rounded off in the accompanying financial statements.

Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

### 3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New accounting standards and implementation guidance issued but not yet effective are as follows:

- “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 issued on March 26, 2021)

#### (1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and issued “Revenue from Contracts with Customers” (IFRS 15 (IASB) and Topic 606 (FASB)) in May 2014. Given the situation where IFRS 15 is applied from fiscal years beginning on or after January 1, 2018 and that Topic 606 is applied from fiscal years beginning after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and issued them together with the implementation guidance.

The basic policy of the ASBJ when it developed the accounting standards for revenue recognition was to specify the accounting standards, incorporating the basic principles of IFRS 15 as a starting point, from the perspective of comparability between financial statements, which is one of the benefits of maintaining compatibility with IFRS 15. The basic policy also stipulates that if there is an item to which consideration should be given, such as practices that have been conducted thus far in Japan, alternative treatments will be added to the extent to which comparability is not impaired.

#### (2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending October 31, 2021.

#### (3) Impact of applying the accounting standards

The impact of applying “Accounting Standard for Revenue Recognition” and its guidance on the financial statements is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 issued on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 31, 2020)

#### (1) Overview

The IASB and the FASB have established detailed guidance regarding fair value measurement (IFRS 13 “Fair Value Measurement” (IASB) and Topic 820 “Fair Value Measurement” (FASB)). The ASBJ repeatedly considered the guidance regarding fair value of financial instruments and disclosure in order to improve the comparability with such international accounting standards, and issued “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

#### (2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending October 31, 2021.

#### (3) Impact of applying the accounting standards

The impact of applying the “Accounting Standard for Fair Value Measurement” and its guidance on the financial statements is currently under evaluation.



#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of April 30, 2021 and October 31, 2020.

	As of April 30, 2021	As of October 31, 2020
	In thousands of yen	
Cash and deposits	¥ 18,455,256	¥ 16,128,897
Cash and deposits in trust	11,859,877	12,042,095
Restricted deposits in trust (Note)	(1,747,673)	(1,737,018)
Cash and cash equivalents in trust	¥ 28,567,460	¥ 26,433,973

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

#### 5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets consist of the following as of April 30, 2021.

Type of asset	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Depreciation		Net balance at the end of period	Remarks
					Accumulated depreciation	Depreciation for the period		
(in thousands of yen)								
Buildings	¥ 17,975,653	¥ 51,126	¥ –	¥ 18,026,779	¥ 6,832,965	¥ 306,215	¥ 11,193,814	
Structures	43,564	–	–	43,564	19,020	1,215	24,543	
Machinery and equipment	435,359	6,930	–	442,289	297,207	12,485	145,082	
Tools, furniture and fixtures	99,918	984	–	100,902	72,220	3,799	28,681	
Land	27,520,902	–	–	27,520,902	–	–	27,520,902	
Subtotal	46,075,399	59,040	–	46,134,439	7,221,414	323,715	38,913,025	
Property, plant and equipment								
Buildings in trust	¥ 128,754,352	¥ 1,127,268	¥ 2,035,806	¥ 127,845,813	¥ 36,476,702	¥ 2,129,795	¥ 91,369,111	Note
Structures in trust	379,369	12,120	4,596	386,893	199,805	12,255	187,087	
Machinery and equipment in trust	1,876,485	122,127	67,747	1,930,865	855,126	58,995	1,075,738	
Tools, furniture and fixtures in trust	561,026	99,907	11,588	649,345	378,890	23,276	270,454	
Land in trust	293,726,525	–	1,849,767	291,876,758	–	–	291,876,758	Note
Construction in progress in trust	6,150	6,600	–	12,750	–	–	12,750	
Subtotal	425,303,909	1,368,023	3,969,506	422,702,425	37,910,525	2,224,323	384,791,900	
Total property, plant and equipment	471,379,308	1,427,063	3,969,506	468,836,865	45,131,939	2,548,039	423,704,925	
Intangible assets								
Leasehold right	¥ 290,050	¥ –	¥ –	¥ 290,050	¥ 4,792	¥ –	¥ 285,257	
Leasehold right in trust	363,784	–	–	363,784	16,132	774	347,652	
Other	6,278	27	–	6,306	6,169	431	137	
Total intangible assets	660,113	27	–	660,141	27,094	1,205	633,047	
Total	¥ 472,039,421	¥ 1,427,091	¥ 3,969,506	¥ 469,497,006	¥ 45,159,033	¥ 2,549,244	¥ 424,337,972	

Note: The amount of decrease during the period is primarily attributable to the sales of the two real estate properties.

Property, plant and equipment and intangible assets consist of the following as of October 31, 2020.

Type of asset	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Depreciation		Net balance at the end of period	Remarks
					Accumulated depreciation	Depreciation for the period		
(in thousands of yen)								
Buildings	¥ 17,951,815	¥ 23,838	¥ –	¥ 17,975,653	¥ 6,526,749	¥ 305,591	¥ 11,448,903	
Structures	43,564	–	–	43,564	17,805	1,215	25,759	
Machinery and equipment	432,209	3,150	–	435,359	284,721	12,359	150,638	
Tools, furniture and fixtures	96,841	3,077	–	99,918	68,421	3,730	31,496	
Land	27,520,902	–	–	27,520,902	–	–	27,520,902	
Subtotal	46,045,333	30,065	–	46,075,399	6,897,698	322,896	39,177,700	
Property, plant and equipment								
Buildings in trust	¥ 126,874,865	¥ 2,682,955	¥ 803,468	¥ 128,754,352	¥ 35,161,391	¥ 2,109,983	¥ 93,592,960	Notes 1 and 2
Structures in trust	362,902	16,466	–	379,369	191,656	11,770	187,712	
Machinery and equipment in trust	1,741,678	140,227	5,421	1,876,485	850,091	56,086	1,026,394	
Tools, furniture and fixtures in trust	528,530	37,006	4,510	561,026	365,732	21,610	195,294	
Land in trust	283,648,781	14,774,582	4,696,837	293,726,525	–	–	293,726,525	Notes 1 and 2
Construction in progress in trust	–	6,150	–	6,150	–	–	6,150	
Subtotal	413,156,757	17,657,388	5,510,237	425,303,909	36,568,871	2,199,450	388,735,037	
Total property, plant and equipment	459,202,091	17,687,453	5,510,237	471,379,308	43,466,570	2,522,346	427,912,737	
Intangible assets								
Leasehold right	¥ 290,050	¥ –	¥ –	¥ 290,050	¥ 4,792	¥ –	¥ 285,257	
Leasehold right in trust	363,784	–	–	363,784	15,357	774	348,426	
Other	6,278	–	–	6,278	5,738	627	540	
Total intangible assets	660,113	–	–	660,113	25,888	1,402	634,225	
Total	¥ 459,862,205	¥ 17,687,453	¥ 5,510,237	¥ 472,039,421	¥ 43,492,458	¥ 2,523,749	¥ 428,546,962	

Note1: The amount of increase during the period is primarily attributable to the acquisition of the one real estate property.

Note2: The amount of decrease during the period is primarily attributable to the sales of the two real estate properties.

## 6. UNITHOLDERS' EQUITY

Total number of authorized investment units and total number of investment units issued and outstanding are as follows:

	From November 1, 2020 to April 30, 2021	From May 1, 2020 to October 31, 2020
Total number of authorized investment units	2,000,000	2,000,000
Total number of investment units issued and outstanding	428,510	428,510

## 7. SHORT-TERM LOANS PAYABLE, LONG-TERM LOANS PAYABLE AND INVESTMENT CORPORATION BONDS

The following summarizes short-term loans payable, long-term loans payable and investment corporation bonds outstanding as of April 30, 2021:

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Short-term loans payable	August 31, 2020	August 31, 2021	0.323%	¥ 1,000,000
	November 30, 2020	November 30, 2021	0.376%	1,000,000
	November 30, 2020	November 30, 2021	0.326%	500,000
	January 29, 2021	January 29, 2022	0.378%	1,300,000
	January 29, 2021	January 29, 2022	0.328%	500,000
	February 26, 2021	February 26, 2022	0.378%	2,000,000
	March 31, 2021	March 31, 2022	0.327%	500,000
<b>Subtotal</b>				<b>6,800,000</b>
Current portion of long-term loans payable	July 10, 2014	July 10, 2021	0.903%	¥ 2,000,000
	July 10, 2014	July 10, 2021	0.903%	500,000
	September 1, 2014	August 31, 2021	0.885%	800,000
	September 1, 2014	August 31, 2021	0.885%	500,000
	March 20, 2014	September 20, 2021	1.013%	4,000,000
	September 30, 2014	September 30, 2021	0.893%	1,000,000
	October 31, 2014	October 31, 2021	0.802%	3,000,000
	January 29, 2016	January 31, 2022	0.590%	2,500,000
	January 29, 2016	January 31, 2022	0.640%	500,000
	February 18, 2015	February 28, 2022	0.907%	1,250,000
	February 18, 2015	February 28, 2022	0.907%	350,000
	March 20, 2014	March 20, 2022	1.199%	3,000,000
	April 30, 2015	April 30, 2022	0.825%	2,300,000
<b>Subtotal</b>				<b>21,700,000</b>
Long-term loans payable	March 12, 2014	March 12, 2023	1.358%	¥ 1,800,000
	March 20, 2014	March 12, 2023	1.349%	2,000,000
	July 31, 2014	July 31, 2022	1.014%	2,200,000
	September 3, 2014	August 31, 2022	0.979%	1,000,000
	September 3, 2014	August 31, 2022	0.979%	950,000
	October 31, 2014	October 31, 2023	1.071%	2,000,000
	October 31, 2014	October 31, 2023	1.126%	1,500,000
	October 31, 2014	October 31, 2023	1.071%	1,000,000
	October 31, 2014	October 31, 2024	1.257%	2,000,000
	October 31, 2014	October 31, 2024	1.259%	1,000,000
	January 30, 2015	January 31, 2025	1.161%	1,500,000
	February 18, 2015	February 29, 2024	1.157%	1,700,000
	February 18, 2015	February 28, 2025	1.314%	1,250,000
	February 27, 2015	February 28, 2025	1.153%	2,100,000
	March 12, 2015	February 28, 2025	1.218%	1,000,000
	March 31, 2015	March 31, 2025	1.266%	2,500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
August 31, 2015	August 31, 2022	0.872%	500,000	
September 30, 2015	September 30, 2024	1.065%	2,000,000	
October 30, 2015	October 31, 2024	0.989%	1,000,000	



Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Long-term loans payable	October 30, 2015	October 30, 2025	1.114%	¥ 1,500,000
	October 30, 2015	October 30, 2025	1.114%	2,000,000
	October 30, 2015	October 30, 2025	1.114%	2,500,000
	October 30, 2015	October 30, 2025	1.121%	2,500,000
	November 12, 2015	November 30, 2025	1.173%	1,000,000
	January 29, 2016	January 29, 2026	1.074%	2,000,000
	January 29, 2016	January 29, 2026	1.024%	1,800,000
	February 18, 2016	February 18, 2026	0.998%	1,000,000
	February 18, 2016	February 18, 2026	0.998%	500,000
	March 31, 2016	March 31, 2026	0.898%	1,000,000
	April 28, 2016	April 30, 2024	0.654%	2,000,000
	April 28, 2016	April 30, 2026	0.835%	2,000,000
	April 28, 2016	April 30, 2026	0.865%	1,000,000
	July 29, 2016	July 31, 2026	0.613%	1,500,000
	August 2, 2016	July 31, 2026	0.544%	1,000,000
	October 31, 2016	October 31, 2024	0.668%	1,000,000
	October 31, 2016	October 31, 2026	0.876%	2,500,000
	October 31, 2016	October 31, 2026	0.760%	1,000,000
	October 31, 2016	October 31, 2026	0.734%	4,000,000
	October 31, 2016	October 31, 2026	0.826%	1,500,000
	December 12, 2016	November 30, 2026	0.982%	500,000
	December 28, 2016	December 28, 2026	0.950%	1,500,000
	January 16, 2017	January 31, 2027	0.860%	500,000
	January 31, 2017	January 31, 2027	0.853%	700,000
	March 28, 2017	March 31, 2027	0.850%	500,000
	June 30, 2017	June 30, 2027	0.849%	1,500,000
	August 10, 2017	July 28, 2027	0.800%	3,500,000
	August 31, 2017	August 31, 2023	0.544%	1,000,000
	September 21, 2017	March 31, 2024	0.555%	1,000,000
	September 21, 2017	September 30, 2025	0.680%	1,500,000
	September 21, 2017	March 31, 2027	0.732%	1,000,000
	September 21, 2017	September 21, 2027	0.873%	1,000,000
	September 21, 2017	September 30, 2027	0.851%	2,500,000
	October 31, 2017	October 31, 2027	0.810%	2,500,000
	November 13, 2017	November 13, 2027	0.931%	3,000,000
	December 7, 2017	November 30, 2027	0.899%	1,400,000
	December 7, 2017	November 30, 2027	0.820%	1,200,000
	December 7, 2017	November 30, 2027	0.969%	1,000,000
	December 7, 2017	November 30, 2027	0.939%	1,000,000
	December 7, 2017	November 30, 2027	0.869%	1,000,000
	December 7, 2017	November 30, 2027	0.899%	800,000
	December 7, 2017	November 30, 2027	0.869%	600,000
	December 28, 2017	December 28, 2025	0.744%	500,000
	December 28, 2017	December 28, 2026	0.878%	500,000
	December 28, 2017	December 28, 2027	0.864%	500,000
	March 12, 2018	March 31, 2028	0.914%	1,500,000
	March 26, 2018	March 31, 2027	0.808%	1,000,000
March 26, 2018	March 31, 2028	0.902%	1,000,000	
July 31, 2018	July 31, 2028	0.988%	500,000	
August 20, 2018	August 31, 2025	0.696%	500,000	
August 20, 2018	August 31, 2028	1.003%	1,000,000	
August 20, 2018	August 31, 2028	1.003%	1,000,000	
August 20, 2018	August 31, 2028	1.003%	500,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Long-term loans payable	August 20, 2018	August 31, 2028	0.966%	¥ 500,000
	August 31, 2018	August 31, 2025	0.700%	500,000
	August 31, 2018	August 31, 2025	0.723%	300,000
	August 31, 2018	August 31, 2028	1.012%	700,000
	October 31, 2018	October 31, 2028	1.013%	1,500,000
	October 31, 2018	October 31, 2028	0.910%	1,000,000
	October 31, 2018	October 31, 2028	1.013%	500,000
	March 28, 2019	March 31, 2029	0.838%	1,400,000
	March 29, 2019	March 31, 2029	0.839%	2,950,000
	June 14, 2019	June 30, 2023	0.246%	500,000
	June 14, 2019	December 28, 2026	0.517%	500,000
	June 14, 2019	April 30, 2027	0.605%	1,000,000
	June 14, 2019	March 31, 2029	0.725%	1,000,000
	July 10, 2019	July 31, 2023	0.230%	500,000
	July 31, 2019	July 31, 2022	0.291%	1,000,000
	July 31, 2019	July 31, 2023	0.295%	1,000,000
	July 31, 2019	April 30, 2027	0.554%	1,000,000
	July 31, 2019	April 30, 2027	0.554%	1,000,000
	September 30, 2019	September 30, 2026	0.489%	1,000,000
	September 30, 2019	March 31, 2027	0.531%	900,000
	September 30, 2019	March 31, 2027	0.425%	800,000
	January 31, 2020	January 31, 2025	0.406%	700,000
	January 31, 2020	January 31, 2027	0.526%	1,500,000
	January 31, 2020	January 31, 2029	0.675%	1,500,000
	March 12, 2020	February 28, 2026	0.361%	1,800,000
	March 31, 2020	March 31, 2028	0.642%	1,000,000
	June 30, 2020	June 30, 2028	0.646%	2,000,000
	June 30, 2020	June 30, 2028	0.646%	2,000,000
	June 30, 2020	June 30, 2028	0.646%	700,000
	June 30, 2020	June 30, 2028	0.510%	2,000,000
	July 31, 2020	July 31, 2028	0.636%	2,700,000
	August 31, 2020	August 31, 2030	0.705%	1,500,000
	September 30, 2020	September 30, 2025	0.396%	1,000,000
	September 30, 2020	September 30, 2027	0.511%	1,000,000
	September 30, 2020	September 30, 2030	0.738%	700,000
	October 30, 2020	April 30, 2027	0.542%	1,400,000
	October 30, 2020	October 31, 2030	0.803%	1,500,000
	October 30, 2020	October 31, 2030	0.803%	300,000
	November 12, 2020	April 30, 2027	0.552%	1,300,000
	November 12, 2020	November 12, 2030	0.808%	700,000
	November 12, 2020	November 12, 2030	0.808%	500,000
	November 30, 2020	May 31, 2027	0.516%	200,000
November 30, 2020	November 30, 2030	0.763%	900,000	
November 30, 2020	November 30, 2030	0.763%	800,000	
November 30, 2020	November 30, 2030	0.763%	200,000	
January 29, 2021	January 31, 2024	0.287%	1,000,000	
January 29, 2021	January 31, 2028	0.527%	1,200,000	
January 29, 2021	January 31, 2030	0.678%	2,300,000	
January 29, 2021	January 31, 2030	0.678%	2,000,000	
January 29, 2021	January 31, 2030	0.678%	2,000,000	
January 29, 2021	November 30, 2030	0.755%	800,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
<b>Subtotal</b>				<b>159,250,000</b>
Investment corporation bonds	July 25, 2014	July 25, 2024	1.180%	¥ 2,000,000
	April 28, 2016	April 28, 2028	0.900%	1,000,000
	July 19, 2017	July 19, 2022	0.260%	1,000,000
	July 19, 2017	July 16, 2027	0.640%	2,000,000
	February 15, 2019	February 15, 2024	0.390%	2,000,000
	January 30, 2020	January 30, 2025	0.250%	2,000,000
	October 20, 2020	October 18, 2030	0.610%	1,000,000
<b>Subtotal</b>				<b>11,000,000</b>
<b>Total</b>				<b>¥ 198,750,000</b>

The following summarizes short-term loans payable, long-term loans payable and investment corporation bonds outstanding as of October 31, 2020:

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Short-term loans payable	January 31, 2020	January 31, 2021	0.319%	¥ 500,000
	January 31, 2020	January 31, 2021	0.319%	500,000
	January 31, 2020	January 31, 2021	0.259%	4,200,000
	January 31, 2020	January 31, 2021	0.259%	800,000
	March 12, 2020	February 28, 2021	0.359%	2,000,000
	March 31, 2020	March 31, 2021	0.309%	500,000
	June 30, 2020	June 30, 2021	0.359%	1,000,000
	June 30, 2020	June 30, 2021	0.309%	1,000,000
	June 30, 2020	June 30, 2021	0.309%	1,000,000
	August 31, 2020	August 31, 2021	0.315%	1,000,000
<b>Subtotal</b>				<b>12,500,000</b>
Current portion of long-term loans payable	November 12, 2013	November 12, 2020	1.074%	¥ 2,000,000
	November 12, 2013	November 12, 2020	1.074%	500,000
	November 29, 2013	November 30, 2020	1.122%	1,000,000
	November 29, 2013	November 30, 2020	1.122%	900,000
	November 29, 2019	November 30, 2020	0.359%	1,000,000
	November 29, 2019	November 30, 2020	0.309%	500,000
	November 29, 2019	November 30, 2020	0.319%	200,000
	January 10, 2014	January 31, 2021	1.205%	1,300,000
	January 31, 2014	January 31, 2021	1.130%	2,300,000
	January 30, 2015	January 31, 2021	0.710%	1,500,000
	July 10, 2014	July 10, 2021	0.903%	2,000,000
	July 10, 2014	July 10, 2021	0.903%	500,000
	September 1, 2014	August 31, 2021	0.885%	800,000
	September 1, 2014	August 31, 2021	0.885%	500,000
	March 20, 2014	September 20, 2021	1.013%	4,000,000
	September 30, 2014	September 30, 2021	0.893%	1,000,000
	October 31, 2014	October 31, 2021	0.802%	3,000,000
<b>Subtotal</b>				<b>23,000,000</b>
Long-term loans payable	March 12, 2014	March 12, 2023	1.358%	¥ 1,800,000
	March 20, 2014	March 20, 2022	1.199%	3,000,000
	March 20, 2014	March 12, 2023	1.349%	2,000,000
	July 31, 2014	July 31, 2022	1.014%	2,200,000
	September 3, 2014	August 31, 2022	0.979%	1,000,000
	September 3, 2014	August 31, 2022	0.979%	950,000
	October 31, 2014	October 31, 2023	1.071%	2,000,000
	October 31, 2014	October 31, 2023	1.126%	1,500,000



Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Long-term loans payable	October 31, 2014	October 31, 2023	1.071%	¥ 1,000,000
	October 31, 2014	October 31, 2024	1.257%	2,000,000
	October 31, 2014	October 31, 2024	1.259%	1,000,000
	January 30, 2015	January 31, 2025	1.161%	1,500,000
	February 18, 2015	February 28, 2022	0.907%	1,250,000
	February 18, 2015	February 28, 2022	0.907%	350,000
	February 18, 2015	February 29, 2024	1.157%	1,700,000
	February 18, 2015	February 28, 2025	1.314%	1,250,000
	February 27, 2015	February 28, 2025	1.153%	2,100,000
	March 12, 2015	February 28, 2025	1.218%	1,000,000
	March 31, 2015	March 31, 2025	1.266%	2,500,000
	April 30, 2015	April 30, 2022	0.825%	2,300,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	August 31, 2015	August 31, 2022	0.872%	500,000
	September 30, 2015	September 30, 2024	1.065%	2,000,000
	October 30, 2015	October 31, 2024	0.989%	1,000,000
	October 30, 2015	October 30, 2025	1.114%	1,500,000
	October 30, 2015	October 30, 2025	1.114%	2,000,000
	October 30, 2015	October 30, 2025	1.114%	2,500,000
	October 30, 2015	October 30, 2025	1.121%	2,500,000
	November 12, 2015	November 30, 2025	1.173%	1,000,000
	January 29, 2016	January 31, 2022	0.590%	2,500,000
	January 29, 2016	January 31, 2022	0.640%	500,000
	January 29, 2016	January 29, 2026	1.074%	2,000,000
	January 29, 2016	January 29, 2026	1.024%	1,800,000
	February 18, 2016	February 18, 2026	0.998%	1,000,000
	February 18, 2016	February 18, 2026	0.998%	500,000
	March 31, 2016	March 31, 2026	0.898%	1,000,000
	April 28, 2016	April 30, 2024	0.654%	2,000,000
	April 28, 2016	April 30, 2026	0.835%	2,000,000
	April 28, 2016	April 30, 2026	0.865%	1,000,000
	July 29, 2016	July 31, 2026	0.613%	1,500,000
	August 2, 2016	July 31, 2026	0.544%	1,000,000
	October 31, 2016	October 31, 2024	0.668%	1,000,000
	October 31, 2016	October 31, 2026	0.876%	2,500,000
	October 31, 2016	October 31, 2026	0.760%	1,000,000
	October 31, 2016	October 31, 2026	0.734%	4,000,000
	October 31, 2016	October 31, 2026	0.826%	1,500,000
	December 12, 2016	November 30, 2026	0.982%	500,000
	December 28, 2016	December 28, 2026	0.950%	1,500,000
	January 16, 2017	January 31, 2027	0.860%	500,000
	January 31, 2017	January 31, 2027	0.853%	700,000
	March 28, 2017	March 31, 2027	0.850%	500,000
	June 30, 2017	June 30, 2027	0.849%	1,500,000
	August 10, 2017	July 28, 2027	0.800%	3,500,000
	August 31, 2017	August 31, 2023	0.544%	1,000,000
September 21, 2017	March 31, 2024	0.555%	1,000,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Long-term loans payable	September 21, 2017	September 30, 2025	0.680%	¥ 1,500,000
	September 21, 2017	March 31, 2027	0.732%	1,000,000
	September 21, 2017	September 21, 2027	0.873%	1,000,000
	September 21, 2017	September 30, 2027	0.851%	2,500,000
	October 31, 2017	October 31, 2027	0.810%	2,500,000
	November 13, 2017	November 13, 2027	0.931%	3,000,000
	December 7, 2017	November 30, 2027	0.899%	1,400,000
	December 7, 2017	November 30, 2027	0.820%	1,200,000
	December 7, 2017	November 30, 2027	0.969%	1,000,000
	December 7, 2017	November 30, 2027	0.939%	1,000,000
	December 7, 2017	November 30, 2027	0.869%	1,000,000
	December 7, 2017	November 30, 2027	0.899%	800,000
	December 7, 2017	November 30, 2027	0.869%	600,000
	December 28, 2017	December 28, 2025	0.744%	500,000
	December 28, 2017	December 28, 2026	0.878%	500,000
	December 28, 2017	December 28, 2027	0.864%	500,000
	March 12, 2018	March 31, 2028	0.914%	1,500,000
	March 26, 2018	March 31, 2027	0.808%	1,000,000
	March 26, 2018	March 31, 2028	0.902%	1,000,000
	July 31, 2018	July 31, 2028	0.988%	500,000
	August 20, 2018	August 31, 2025	0.696%	500,000
	August 20, 2018	August 31, 2028	1.003%	1,000,000
	August 20, 2018	August 31, 2028	1.003%	1,000,000
	August 20, 2018	August 31, 2028	1.003%	500,000
	August 20, 2018	August 31, 2028	0.966%	500,000
	August 31, 2018	August 31, 2025	0.700%	500,000
	August 31, 2018	August 31, 2025	0.723%	300,000
	August 31, 2018	August 31, 2028	1.012%	700,000
	October 31, 2018	October 31, 2028	1.013%	1,500,000
	October 31, 2018	October 31, 2028	0.910%	1,000,000
	October 31, 2018	October 31, 2028	1.013%	500,000
	March 28, 2019	March 31, 2029	0.838%	1,400,000
	March 29, 2019	March 31, 2029	0.839%	2,950,000
	June 14, 2019	June 30, 2023	0.246%	500,000
	June 14, 2019	December 28, 2026	0.517%	500,000
	June 14, 2019	April 30, 2027	0.605%	1,000,000
	June 14, 2019	March 31, 2029	0.725%	1,000,000
	July 10, 2019	July 31, 2023	0.230%	500,000
	July 31, 2019	July 31, 2022	0.291%	1,000,000
	July 31, 2019	July 31, 2023	0.295%	1,000,000
	July 31, 2019	April 30, 2027	0.554%	1,000,000
	July 31, 2019	April 30, 2027	0.554%	1,000,000
	September 30, 2019	September 30, 2026	0.489%	1,000,000
	September 30, 2019	March 31, 2027	0.531%	900,000
	September 30, 2019	March 31, 2027	0.425%	800,000
	January 31, 2020	January 31, 2025	0.406%	700,000
	January 31, 2020	January 31, 2027	0.526%	1,500,000
	January 31, 2020	January 31, 2029	0.675%	1,500,000
	March 12, 2020	February 28, 2026	0.361%	1,800,000
	March 31, 2020	March 31, 2028	0.642%	1,000,000
June 30, 2020	June 30, 2028	0.646%	2,000,000	
June 30, 2020	June 30, 2028	0.646%	2,000,000	
June 30, 2020	June 30, 2028	0.646%	700,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Long-term loans payable	June 30, 2020	June 30, 2028	0.510%	¥ 2,000,000
	July 31, 2020	July 31, 2028	0.636%	2,700,000
	August 31, 2020	August 31, 2030	0.705%	1,500,000
	September 30, 2020	September 30, 2025	0.396%	1,000,000
	September 30, 2020	September 30, 2027	0.511%	1,000,000
	September 30, 2020	September 30, 2030	0.738%	700,000
	October 30, 2020	April 30, 2027	0.542%	1,400,000
	October 30, 2020	October 31, 2030	0.803%	1,500,000
	October 30, 2020	October 31, 2030	0.803%	300,000
<b>Subtotal</b>				<b>155,250,000</b>
Investment corporation bonds	July 25, 2014	July 25, 2024	1.180%	¥ 2,000,000
	April 28, 2016	April 28, 2028	0.900%	1,000,000
	July 19, 2017	July 19, 2022	0.260%	1,000,000
	July 19, 2017	July 16, 2027	0.640%	2,000,000
	February 15, 2019	February 15, 2024	0.390%	2,000,000
	January 30, 2020	January 30, 2025	0.250%	2,000,000
	October 20, 2020	October 18, 2030	0.610%	1,000,000
<b>Subtotal</b>				<b>11,000,000</b>
<b>Total</b>				<b>¥ 201,750,000</b>

## 8. REDUCTION ENTRY

The amount of reduction entry of property, plant and equipment acquired by government subsidy is as follows:

	As of April 30, 2021	As of October 31, 2020
	In thousands of yen	
Buildings in trust	¥ 26,230	¥ 26,230

## 9. COMMITMENT LINE AGREEMENT

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

	As of April 30, 2021	As of October 31, 2020
	In thousands of yen	
Maximum amount	¥ 6,000,000	¥ 6,000,000
Drawn credit facility	–	–
Balance	¥ 6,000,000	¥ 6,000,000

## 10. PER UNIT INFORMATION

	From November 1, 2020 to April 30, 2021	From May 1, 2020 to October 31, 2020
	Yen	
Net asset value per unit	¥ 539,034	¥ 538,295
Net income per unit	¥ 16,373	¥ 17,059
Weighted-average number of units (units)	428,510	428,510

The weighted-average number of units outstanding of 428,510 as of April 30, 2021 and October 31, 2020, respectively, was used for the computation of the amount of net income per unit. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

## 11. INCOME TAXES

The Investment Corporation is subject to corporate income taxes at a regular statutory rate of approximately 31%. However, the Investment Corporation may deduct from its taxable income amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measures Law of Japan. Under this law, the Investment Corporation must meet a number of tax requirements, including a requirement that it currently distribute in excess of 90% of its net income for the fiscal period in order to be able to deduct such amounts. If the Investment Corporation does not satisfy all of the requirements, the entire taxable income of the Investment Corporation will be subject to regular corporate income taxes. The Investment Corporation distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥6,592 million for the fiscal periods ended April 30, 2021 and October 31, 2020, respectively. Therefore, such distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rate on the Investment Corporation's income was 0.02% for the fiscal periods ended April 30, 2021 and October 31, 2020, respectively. The following table summarizes the significant differences between the statutory tax rate and the effective tax rate.

	From November 1, 2020 to April 30, 2021	From May 1, 2020 to October 31, 2020
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(29.55)	(28.37)
Provision of reserve for reduction entry	(1.90)	(3.09)
Others	0.01	0.01
Effective tax rate	0.02%	0.02%

The significant components of deferred tax assets and liabilities as of April 30, 2021 and October 31, 2020 are as follows:

	As of April 30, 2021	As of October 31, 2020
In thousands of yen		
Deferred tax assets		
Enterprise tax payable	¥ 33	¥ 24
Amortization of leasehold right	5,075	4,831
Deferred gains or losses on hedges	160,857	129,892
Subtotal	165,966	134,748
Valuation allowance	(165,932)	(134,723)
Total deferred tax assets	¥ 33	¥ 24

## 12. NET ASSETS

The Investment Corporation issues only non-par value units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. The Investment Corporation is required to maintain net assets of at least ¥50 million as required by the Investment Trust Act.

## 13. RELATED-PARTY TRANSACTIONS

(1) Parent Company, Major Corporate Unitholders and Other

Thirty-second fiscal period (From November 1, 2020 to April 30, 2021) and Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)

: Not applicable

(2) Affiliated Companies and Other

Thirty-second fiscal period (From November 1, 2020 to April 30, 2021) and Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)

: Not applicable

(3) Fellow Subsidiary Companies and Other

Thirty-second fiscal period (From November 1, 2020 to April 30, 2021) and Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)

: Not applicable



(4) Directors, Major Individual Unitholders and Other

Thirty-second fiscal period (From November 1, 2020 to April 30, 2021) and Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)

: Not applicable

#### 14. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, AND GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY

Rent revenue – real estate, expenses related to rent business, and gain and loss on sale of real estate property for the fiscal periods from November 1, 2020 to April 30, 2021 and from May 1, 2020 to October 31, 2020 consist of the following:

	From November 1, 2020 to April 30, 2021	From May 1, 2020 to October 31, 2020
In thousands of yen		
Rental and other operating revenues		
Rent revenue – real estate		
Rental revenues	¥ 11,882,196	¥ 12,051,161
Common area charges	1,626,678	1,705,904
Subtotal	13,508,875	13,757,065
Others:		
Parking space rental revenues	495,509	507,703
Utility charge reimbursement	895,090	1,085,419
Miscellaneous	220,136	232,969
Subtotal	1,610,737	1,826,092
Total rental and other operating revenues	¥ 15,119,613	¥ 15,583,157
Property-related expenses		
Expenses related to rent business		
Property management fees and facility management fees	¥1,438,342	¥ 1,436,668
Utilities	887,792	1,039,948
Taxes	1,302,176	1,316,730
Repairs and maintenance	356,093	441,103
Insurance	19,514	19,286
Trust fees	30,152	40,734
Others	297,808	269,173
Depreciation	2,548,829	2,523,136
Total expenses related to rent business	¥ 6,880,711	¥ 7,086,783
Gain and loss on sale of real estate properties		
KDX Nihonbashi Honcho Building		
Revenue from sale of investment properties	¥ —	¥ 5,000,000
Cost of investment properties	—	3,905,680
Other sales expenses	—	154,834
Gain on sale of real estate properties	¥ —	¥ 939,484
KDX Nihonbashi Edo-dori Building		
Revenue from sale of investment properties	¥ —	¥ 1,550,000
Cost of investment properties	—	1,381,337
Other sales expenses	—	50,356
Gain on sale of real estate properties	¥ —	¥ 118,305

KDX Shin-Nihonbashi Building		
Revenue from sale of investment properties	¥ 3,200,000	¥ —
Cost of investment properties	1,971,004	—
Other sales expenses	100,571	—
<b>Gain on sale of real estate properties</b>	<b>¥ 1,128,423</b>	<b>¥ —</b>
KDX Hon-Atsugi Building		
Revenue from sale of investment properties	¥ 935,000	¥ —
Cost of investment properties	1,115,831	—
Other sales expenses	18,091	—
<b>Loss on sale of real estate properties</b>	<b>¥ 198,923</b>	<b>¥ —</b>

## 15. LEASES

The Investment Corporation, as lessor, has entered into leases whose fixed monthly rents are due in advance with lease terms of generally two years for office buildings. The future minimum rental revenues under existing non-cancelable operating leases as of April 30, 2021 and October 31, 2020 are as follows:

	As of April 30, 2021	As of October 31, 2020
	In thousands of yen	
Due within one year	¥ 3,250,060	¥ 3,168,087
Due after one year	7,850,178	8,183,583
<b>Total</b>	<b>¥ 11,100,238</b>	<b>¥ 11,351,671</b>

## 16. FINANCIAL INSTRUMENTS

Thirty-second fiscal period (From November 1, 2020 to April 30, 2021)

### (A) Overview

#### (1) Policy for financial instruments

The Investment Corporation procures essential funds for acquiring properties and undertaking the repayment of loans primarily through bank loans and the issuance of investment corporation bonds and new investment units. The Investment Corporation uses derivatives for the purpose of hedging its exposure to changes in interest rates and does not enter into derivatives for speculative or trading purposes. Management of surplus funds is undertaken in a prudent manner that considers fully such factors as safety, liquidity, interest-rate conditions and cash flows.

#### (2) Types of financial instruments and related risk

Investment securities, which are Japanese silent partnership (*tokumei kumiai*, “TK”) interests, are exposed to credit risk of the issuer and risk of fluctuation of value of its property.

Loans payable and investment corporation bonds are used primarily for procuring funds necessary for the acquisition of properties and have a redemption date of a maximum of approximately 9 years and 7 months following the accounting date. Although a certain portion of said liabilities are subject to interest-rate fluctuation risk, the Investment Corporation utilizes derivatives (interest-rate swap transactions) in order to reduce such risk.

Interest-rate swap transactions are used as derivative financial instruments. Utilizing interest-rate swap transactions, the Investment Corporation fixes its interest expense for long-term loans payable bearing interest at a variable rate. With regard to hedge accounting methods, hedging instruments and hedged items, hedge policy, and the assessment of the effectiveness of hedging activities, please see Note 2(L) “Derivative Financial Instruments.”

#### (3) Risk management for financial instruments

##### (a) Monitoring of market risk (the risks arising from fluctuations in interest rates and others)

The Investment Corporation uses interest-rate swap transactions in order to minimize risk arising from fluctuations in interest rates on funds procured. The Investment Corporation periodically reviews the value of the property and financial condition of the issuer with regard to investment securities.

**(b) Monitoring of liquidity risk (the risk that the Investment Corporation may not be able to meet its obligations on scheduled due dates) associated with procurement of funds**

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

**(4) Supplementary explanation of the estimated fair value of financial instruments**

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value. Moreover, the contract amounts, etc. of derivative transactions in “(B) Estimated Fair Value of Financial Instruments” do not indicate the market risk of derivative transactions.

**(B) Estimated Fair Value of Financial Instruments**

The carrying value of financial instruments on the balance sheet as of April 30, 2021 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Refer to \*2 below).

	Carrying value	Estimated fair value	Difference
	In thousands of yen		
(1) Cash and deposits	¥ 18,455,256	¥ 18,455,256	¥ –
(2) Cash and deposits in trust	11,859,877	11,859,877	–
Subtotal	30,315,133	30,315,133	–
(1) Short-term loans payable	6,800,000	6,800,000	–
(2) Current portion of investment corporation bonds	–	–	–
(3) Current portion of long-term loans payable	21,700,000	21,756,816	56,816
(4) Investment corporation bonds	11,000,000	11,019,300	19,300
(5) Long-term loans payable	159,250,000	160,294,270	1,044,270
Subtotal	¥ 198,750,000	¥ 199,870,386	¥ 1,120,386
Derivative transactions(*)	(498,680)	(498,680)	–

(\*)The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing the net liability position.

\*1 Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Cash and deposits in trust

Since these items are settled in a short period of time, their carrying value approximates fair value.

Liabilities

(1) Short-term loans payable

Since these items are settled in a short period of time, their carrying value approximates fair value.

(2) Current portion of investment corporation bonds and (4) Investment corporation bonds

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

(3) Current portion of long-term loans payable and (5) Long-term loans payable

The fair value of long-term loans payable is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans were entered into. The fair value of long-term loans payable bearing interest at a variable rate, which is subject to fixed interest rates resulting from interest-rate swaps and special treatment applied to said swaps, is based on the present value of the total of principal and interest, which is handled together with the applicable interest-rate swaps, discounted by the interest rate to be applied if similar loans were entered into.

Derivative Transactions

Please refer to Note 17 “DERIVATIVE TRANSACTIONS.”

\*2 Financial instruments for which it is extremely difficult to determine the fair value

Classification	Carrying value (In thousands of yen)
Investment securities	¥ 1,134,996

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above TK interests are not included in the preceding table.

\*3 Redemption schedule for receivables

	Due within 1 year or less (In thousands of yen)
Cash and deposits	¥ 18,455,256
Cash and deposits in trust	11,859,877
<b>Total</b>	<b>¥ 30,315,133</b>

\*4 Redemption schedule for loans payable and investment corporation bonds

	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
In thousands of yen						
Short-term loans payable	¥ 6,800,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bonds	–	1,000,000	2,000,000	4,000,000	–	4,000,000
Long-term loans payable	21,700,000	11,950,000	13,200,000	16,050,000	24,900,000	93,150,000
<b>Total</b>	<b>¥ 28,500,000</b>	<b>¥ 12,950,000</b>	<b>¥ 15,200,000</b>	<b>¥ 20,050,000</b>	<b>¥ 24,900,000</b>	<b>¥ 97,150,000</b>

Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)

## (A) Overview

### (1) Policy for financial instruments

The Investment Corporation procures essential funds for acquiring properties and undertaking the repayment of loans primarily through bank loans and the issuance of investment corporation bonds and new investment units. The Investment Corporation uses derivatives for the purpose of hedging its exposure to changes in interest rates and does not enter into derivatives for speculative or trading purposes. Management of surplus funds is undertaken in a prudent manner that considers fully such factors as safety, liquidity, interest-rate conditions and cash flows.

### (2) Types of financial instruments and related risk

Investment securities, which are Japanese silent partnership (*tokumei kumiai*, “TK”) interests, are exposed to credit risk of the issuer and risk of fluctuation of value of its property.

Loans payable and investment corporation bonds are used primarily for procuring funds necessary for the acquisition of properties and have a redemption date of a maximum of approximately 10 years following the accounting date. Although a certain portion of said liabilities are subject to interest-rate fluctuation risk, the Investment Corporation utilizes derivatives (interest-rate swap transactions) in order to reduce such risk.

Interest-rate swap transactions are used as derivative financial instruments. Utilizing interest-rate swap transactions, the Investment Corporation fixes its interest expense for long-term loans payable bearing interest at a variable rate. With regard to hedge accounting methods, hedging instruments and hedged items, hedge policy, and the assessment of the effectiveness of hedging activities, please see Note 2(L) “Derivative Financial Instruments.”

### (3) Risk management for financial instruments

#### (a) Monitoring of market risk (the risks arising from fluctuations in interest rates and others)

The Investment Corporation uses interest-rate swap transactions in order to minimize risk arising from fluctuations in interest rates on funds procured. The Investment Corporation periodically reviews the value of the property and financial condition of the issuer with regard to investment securities.

**(b) Monitoring of liquidity risk (the risk that the Investment Corporation may not be able to meet its obligations on scheduled due dates) associated with procurement of funds**

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

**(4) Supplementary explanation of the estimated fair value of financial instruments**

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value. Moreover, the contract amounts, etc. of derivative transactions in “(B) Estimated Fair Value of Financial Instruments” do not indicate the market risk of derivative transactions.

**(B) Estimated Fair Value of Financial Instruments**

The carrying value of financial instruments on the balance sheet as of October 31, 2020 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Refer to \*2 below).

	Carrying value	Estimated fair value	Difference
In thousands of yen			
(1) Cash and deposits	¥ 16,128,897	¥ 16,128,897	¥ –
(2) Cash and deposits in trust	12,042,095	12,042,095	–
Subtotal	28,170,992	28,170,992	–
(1) Short-term loans payable	12,500,000	12,500,000	–
(2) Current portion of investment corporation bonds	–	–	–
(3) Current portion of long-term loans payable	23,000,000	23,057,531	57,531
(4) Investment corporation bonds	11,000,000	11,011,000	11,000
(5) Long-term loans payable	155,250,000	156,906,399	1,656,399
Subtotal	¥ 201,750,000	¥ 203,474,930	¥ 1,724,930
Derivative transactions(*)	(391,228)	(391,228)	–

(\*)The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing the net liability position.

\*1 Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Cash and deposits in trust

Since these items are settled in a short period of time, their carrying value approximates fair value.

Liabilities

(1) Short-term loans payable

Since these items are settled in a short period of time, their carrying value approximates fair value.

(2) Current portion of investment corporation bonds and (4) Investment corporation bonds

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

(3) Current portion of long-term loans payable and (5) Long-term loans payable

The fair value of long-term loans payable is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans were entered into. The fair value of long-term loans payable bearing interest at a variable rate, which is subject to fixed interest rates resulting from interest-rate swaps and special treatment applied to said swaps, is based on the present value of the total of principal and interest, which is handled together with the applicable interest-rate swaps, discounted by the interest rate to be applied if similar loans were entered into.

Derivative Transactions

Please refer to Note 17 “DERIVATIVE TRANSACTIONS.”



\*2 Financial instruments for which it is extremely difficult to determine the fair value

Classification	Carrying value (In thousands of yen)
Investment securities	¥ 1,137,526

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above TK interests are not included in the preceding table.

\*3 Redemption schedule for receivables

	Due within 1 year or less (In thousands of yen)
Cash and deposits	¥ 16,128,897
Cash and deposits in trust	12,042,095
Total	¥ 28,170,992

\*4 Redemption schedule for loans payable and investment corporation bonds

	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
In thousands of yen						
Short-term loans payable	¥ 12,500,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bonds	–	1,000,000	–	4,000,000	2,000,000	4,000,000
Long-term loans payable	23,000,000	18,050,000	11,300,000	11,700,000	21,350,000	92,850,000
Total	¥ 35,500,000	¥ 19,050,000	¥ 11,300,000	¥ 15,700,000	¥ 23,350,000	¥ 96,850,000

## 17. DERIVATIVE TRANSACTIONS

The following summarizes the contracted amount and the fair value of interest-rate swap contracts as of April 30, 2021:

(1) Hedge accounting not applied  
Not applicable

(2) Hedge accounting applied

Hedge accounting method	Type of derivative transactions	Hedged items	Contracted amount (In thousands of yen) Maturing after 1 year		Fair value (In thousands of yen)	Calculation method for applicable fair value
Principle method	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	¥ 69,850,000	¥ 69,850,000	¥ (498,680)	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	55,950,000	37,250,000	*	
Total			¥ 125,800,000	¥ 107,100,000	¥ (498,680)	

(\*)Interest-rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable.

The following summarizes the contracted amount and the fair value of interest-rate swap contracts as of October 31, 2020:

- (1) Hedge accounting not applied  
Not applicable

- (2) Hedge accounting applied

Hedge accounting method	Type of derivative transactions	Hedged items	Contracted amount (In thousands of yen) Maturing after 1 year		Fair value (In thousands of yen)	Calculation method for applicable fair value
Principle method	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	¥ 55,950,000	¥ 55,950,000	¥ (391,228)	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	65,450,000	44,150,000	*	
Total			¥ 121,400,000	¥ 100,100,000	¥ (391,228)	

(\*)Interest-rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable.

## 18. INVESTMENT AND RENTAL PROPERTIES

Thirty-second fiscal period (From November 1, 2020 to April 30, 2021)

The Investment Corporation owns real estate for rental purposes mainly in the Tokyo metropolitan area for the purpose of generating rental revenues.

The carrying value in the balance sheets and corresponding fair value of those properties are as follows:

Carrying value (In thousands of yen)			Fair value
As of October 31, 2020	Net change	As of April 30, 2021	As of April 30, 2021 (In thousands of yen)
¥ 428,546,523	¥ (4,208,574)	¥ 424,337,948	¥ 517,402,000

\*1: The carrying value represents the acquisition cost less accumulated depreciation.

\*2: Fair value at the end of the fiscal period is the appraisal value determined by outside appraisers.

\*3: Among changes in the amount of real estate for rental purposes that occurred during the fiscal period under review, principal increase/decrease factors were the sales of two properties totaling ¥3,086,836 thousand and depreciation amounting to ¥2,548,829 thousand.

Income and loss in the fiscal period ended April 30, 2021 for real estate for rental purposes is listed in Note 14 “BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, AND GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY.”

Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)

The Investment Corporation owns real estate for rental purposes mainly in the Tokyo metropolitan area for the purpose of generating rental revenues.

The carrying value in the balance sheets and corresponding fair value of those properties are as follows:

Carrying value (In thousands of yen)			Fair value
As of April 30, 2020	Net change	As of October 31, 2020	As of October 31, 2020 (In thousands of yen)
¥ 418,669,303	¥ 9,877,219	¥ 428,546,523	¥ 520,792,000

\*1: The carrying value represents the acquisition cost less accumulated depreciation.

\*2: Fair value at the end of the fiscal period is the appraisal value determined by outside appraisers. Fair value at the end of the fiscal period under review of KDX Shin-Nihonbashi Building that was sold on November 2, 2020 is calculated based on the sale price (¥3,200,000 thousand) in the transaction agreement on June 26, 2020.

\*3: Among changes in the amount of real estate for rental purposes that occurred during the fiscal period under review, principal increase/decrease factors were the acquisition of one property totaling ¥16,430,044 thousand, the sales of two properties totaling ¥5,287,017 thousand and depreciation amounting to ¥2,523,136 thousand.

Income and loss in the fiscal period ended October 31, 2020 for real estate for rental purposes is listed in Note 14 “BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, AND GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY.”

## 19. SEGMENT AND RELATED INFORMATION

Thirty-second fiscal period (From November 1, 2020 to April 30, 2021)

### (A) Segment Information

Disclosure is omitted because the real estate leasing business is the Investment Corporation’s sole business and it has no reportable segment subject to disclosure.

### (B) Related Information

#### (1) Information about each product and service

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

#### (2) Information about each geographic area

##### (a) Net sales

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

##### (b) Property, plant and equipment

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

#### (3) Information about each major customer

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

Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)

### (A) Segment Information

Disclosure is omitted because the real estate leasing business is the Investment Corporation’s sole business and it has no reportable segment subject to disclosure.

### (B) Related Information

#### (1) Information about each product and service

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

(2) Information about each geographic area

(a) Net sales

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

(b) Property, plant and equipment

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

(3) Information about each major customer

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

## **20. SIGNIFICANT SUBSEQUENT EVENTS**

Not applicable

## 21. DISTRIBUTIONS

	Thirty-second fiscal period (From November 1, 2020 to April 30, 2021)	Thirty-first fiscal period (From May 1, 2020 to October 31, 2020)
	(Yen)	(Yen)
I. Retained earnings at the end of period	¥ 7,016,251,384	¥ 7,310,459,769
II. Total distributions	¥ 6,592,197,840	¥ 6,592,197,840
Distributions per unit	¥ 15,384	¥ 15,384
III. Voluntary reserve (provision)		
Provision of reserve for reduction entry	¥423,945,058	¥718,261,929
IV. Retained earnings brought forward to the next period	¥ 108,486	¥ -
Method of calculating distribution amount	<p>In accordance with the policy stipulated in Article 35 (1) of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, and shall be up to the amount of its profits as the ceiling. Following this policy, the Investment Corporation has decided that, of the amount remaining after the provision of reserve for reduction entry as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation is deducted from unappropriated retained earnings, it shall distribute part of the outstanding ¥6,592,197,840 as profit distribution.</p> <p>In addition, the Investment Corporation decided not to distribute cash in excess of distributable profit, stipulated in Article 35 (2) of its Articles of Incorporation.</p>	<p>In accordance with the policy stipulated in Article 35 (1) of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, and shall be up to the amount of its profits as the ceiling. Following this policy, the Investment Corporation has decided that, of the amount remaining after the provision of reserve for reduction entry as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation is deducted from unappropriated retained earnings, it shall distribute the outstanding ¥6,592,197,840 as profit distribution.</p> <p>In addition, the Investment Corporation decided not to distribute cash in excess of distributable profit, stipulated in Article 35 (2) of its Articles of Incorporation.</p>



## Independent Auditor's Report

The Board of Directors  
Kenedix Office Investment Corporation

### Opinion

We have audited the accompanying financial statements of Kenedix Office Investment Corporation (the Company), which comprise the balance sheet as at April 30, 2021, and the statement of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

July 29, 2021

向井 誠 

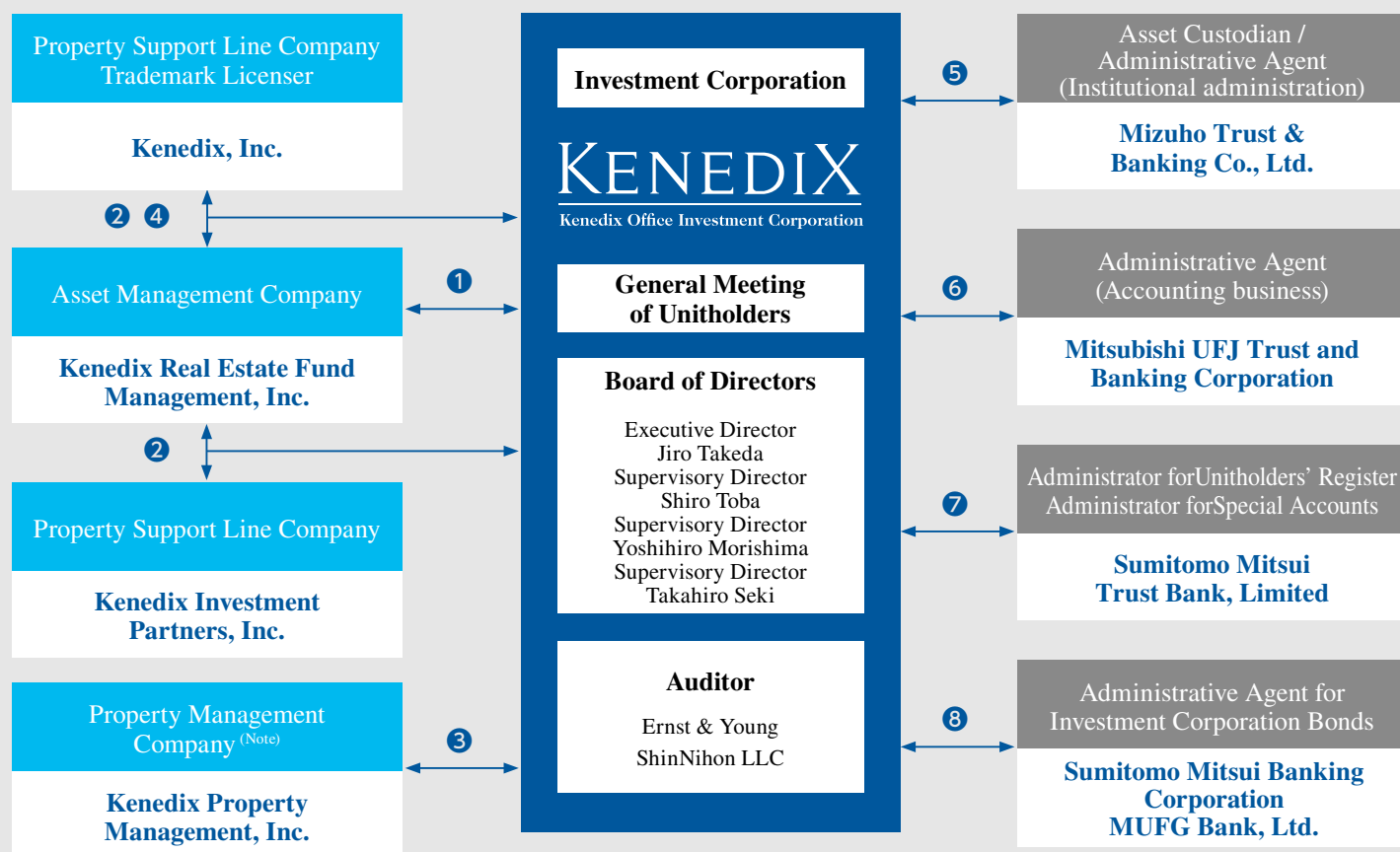
Makoto Mukai  
Designated Engagement Partner  
Certified Public Accountant

吉田 雅彦 

Masahiko Yoshida  
Designated Engagement Partner  
Certified Public Accountant

# Unitholders' Information

## Structure of Investment Corporation as of the end of the 32nd fiscal period (April 30, 2021)

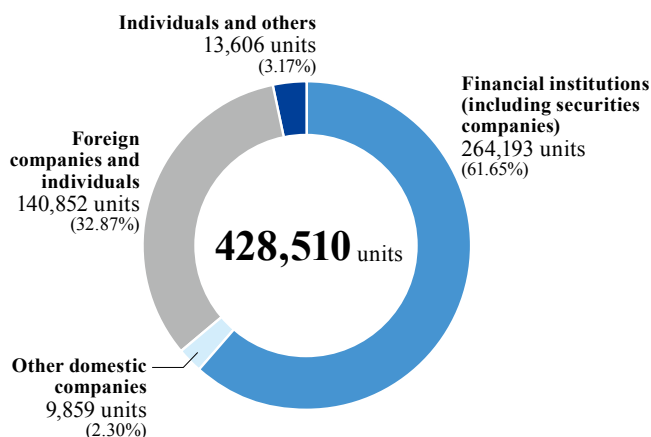


- ① Asset management agreement
- ② Memorandum of Understanding on providing real estate information
- ③ Property management agreement
- ④ Trademark licensing agreement
- ⑤ Asset custodian agreement / Administrative agency agreement (Institutional administration)
- ⑥ Administrative agency agreement (Accounting business)
- ⑦ Unitholder registry administrator agreement/Special accounts administration agreement
- ⑧ Financial agency agreement

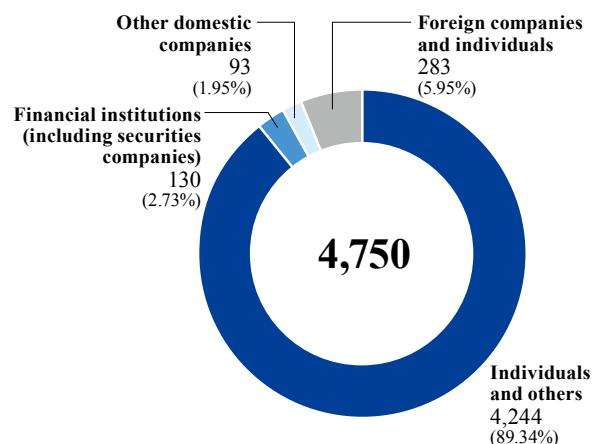
Note: Several properties are not under the property management of Kenedix Property Management, Inc.

## Unitholder structure as of the end of the 32nd fiscal period (April 30, 2021)

Percentage of investment units by type of unitholder

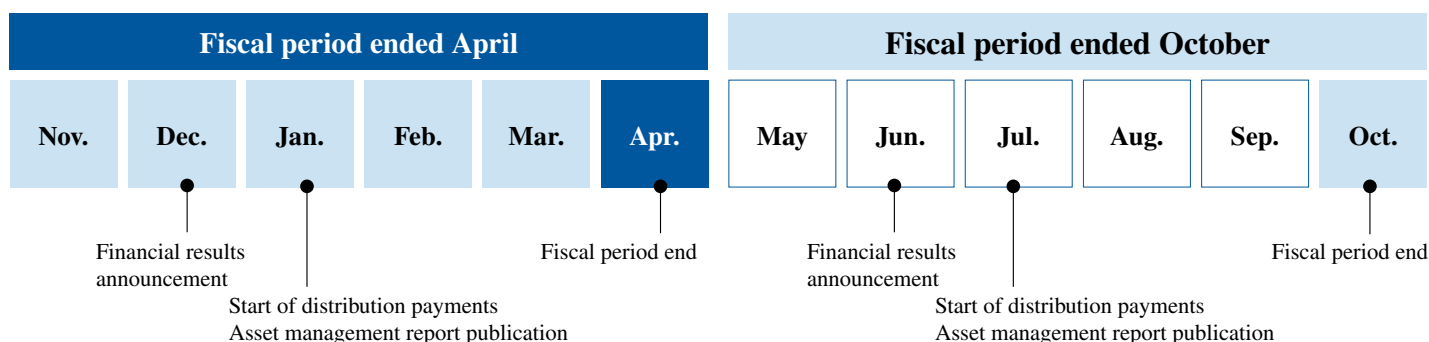


Percentage of unitholders by type of unitholder



Note: Ratios rounded down to the second decimal place.

## IR schedule



## Unitholder memorandum

<b>Fiscal period ends</b>	April 30 and October 31 of each year
<b>General Meeting of Unitholders</b>	In principal, at least once every two years
<b>Unitholder fixed date for voting</b>	Prescribed in Article 16 of the Articles of Incorporation
<b>Distribution payment dates</b>	April 30 and October 31 (within three months from payment fixed date)
<b>Listing</b>	Tokyo Stock Exchange (Securities code: 8972)
<b>Newspaper for public announcements</b>	Nihon Keizai Shimbun (Nikkei)
<b>Unitholder registry and special account administrator</b>	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
<b>Postal address and telephone inquiries</b>	Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 8-4 Izumi 2-chome, Suginami-ku, Tokyo Toll-free tel: 0120 782 031

## Receipt of Distribution

<b>During receipt period</b>	Take your distribution receipt to the head or branch offices of Japan Post Bank Co., Ltd. or post offices (bank agents).
<b>After receipt period</b>	Specify the receipt method on the back of the distribution receipt and mail it to the Stock Transfer Agency Division of Sumitomo Mitsui Trust Bank, Limited, or receive distributions at a branch of the bank.
<b>Receiving future distributions</b>	Distributions can be paid by remittances to bank or ordinary postal savings accounts. If transfer designations or other procedures are preferred, you should, in principle, contact the brokerage with which you have an account. If you do not have a brokerage account and have a special account, contact Sumitomo Mitsui Trust Bank, Limited, the institution for managing special accounts.
<b>Exclusion</b>	Under the Articles of Incorporation of KDO, you cannot receive distributions after three years have passed since distribution payments start, so please receive them as soon as possible.

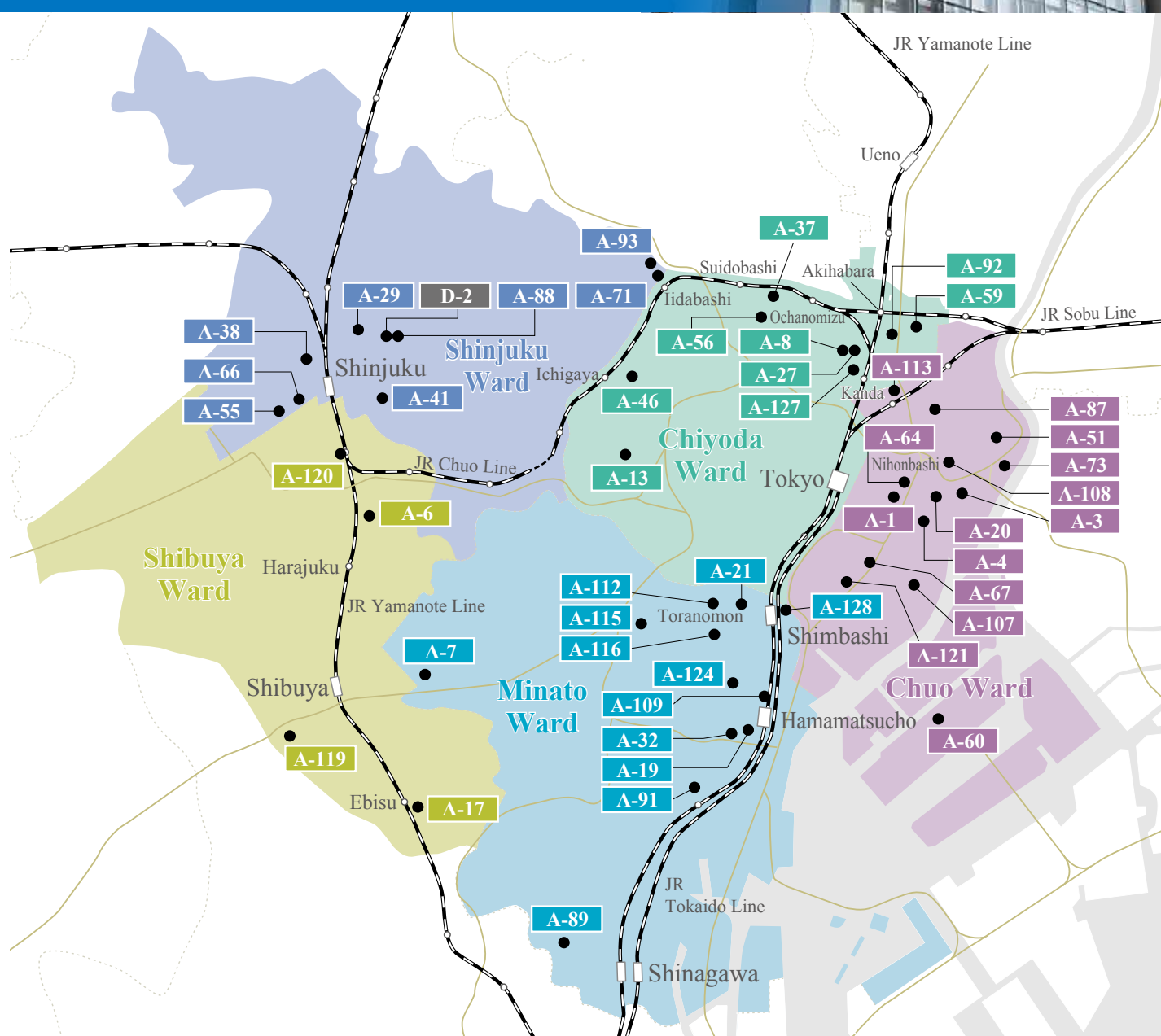


## Tokyo metropolitan area (central 5 wards)

# 48

 properties

(as of April 30, 2021)



See our website for further details on owned properties.  
List of Properties URL: <https://www.kdo-reit.com/en/portfolio/list.html>





A-1

KDX Nihonbashi  
313 Building



A-3

Higashi-  
Kayabacho  
Yuraku Building



A-4

KDX Hatchobori  
Building



A-20

KDX Kayabacho  
Building



A-51

KDX Hamacho  
Nakanohashi  
Building



A-60

KDX Harumi  
Building



A-64

KDX Nihonbashi  
216 Building



A-67

KDX Ginza  
1chome Building



A-73

KDX Hakozaki  
Building



A-87

Nihonbashi  
Horidomecho  
First



A-107

KDX Ginza East  
Building



A-108

Pentel Building



A-113

KDX  
Shin-Nihonbashi  
Ekimae Building



A-121

Ginza 4chome  
Tower



A-7

KDX Minami  
Aoyama Building



A-19

KDX  
Hamamatsucho  
Building



A-21

KDX Shinbashi  
Building



A-32

KDX Shiba-  
Daimon Building



A-89

KDX  
Takanawadai  
Building



A-91

KDX Mita  
Building



A-109

KDX  
Hamamatsucho  
Center Building



A-112

KDX Toranomom  
1chome Building



A-115

ARK Mori  
Building



A-116

KDX  
Nishi-Shinbashi  
Building



A-124

KDX  
Hamamatsucho  
Place



A-128

KDX Shinbashi  
Ekimae Building



A-8

KDX Kanda  
Kitaguchi  
Building



A-13

KDX Kojimachi  
Building



A-27

KDX Kajicho  
Building



A-37

KDX  
Ochanomizu  
Building



A-46

Hiei Kudan-Kita  
Building



A-56

KDX Jimbocho  
Building



A-59

KDX Iwamoto-  
cho Building



A-92

KDX Akihabara  
Building



A-127

KDX Kanda  
Ekimae Building



A-29

KDX  
Higashi-Shinjuku  
Building



A-38

KDX  
Nishi-Shinjuku  
Building



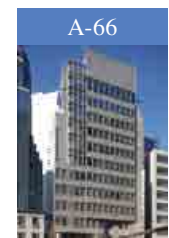
A-41

KDX Shinjuku  
286 Building



A-55

Shin-toshin  
Maruzen Building



A-66

KDX Shinjuku  
Building



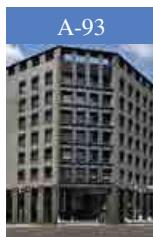
A-71

KDX Iidabashi  
Building



A-88

KDX Shinjuku  
6-chome Building



A-93

KDX Iidabashi  
Square



A-6

Harajuku F.F.  
Building



A-17

KDX Ebisu  
Building



A-119

KDX Shibuya  
Nanpeidai Building



A-120

KDX Yoyogi  
Building



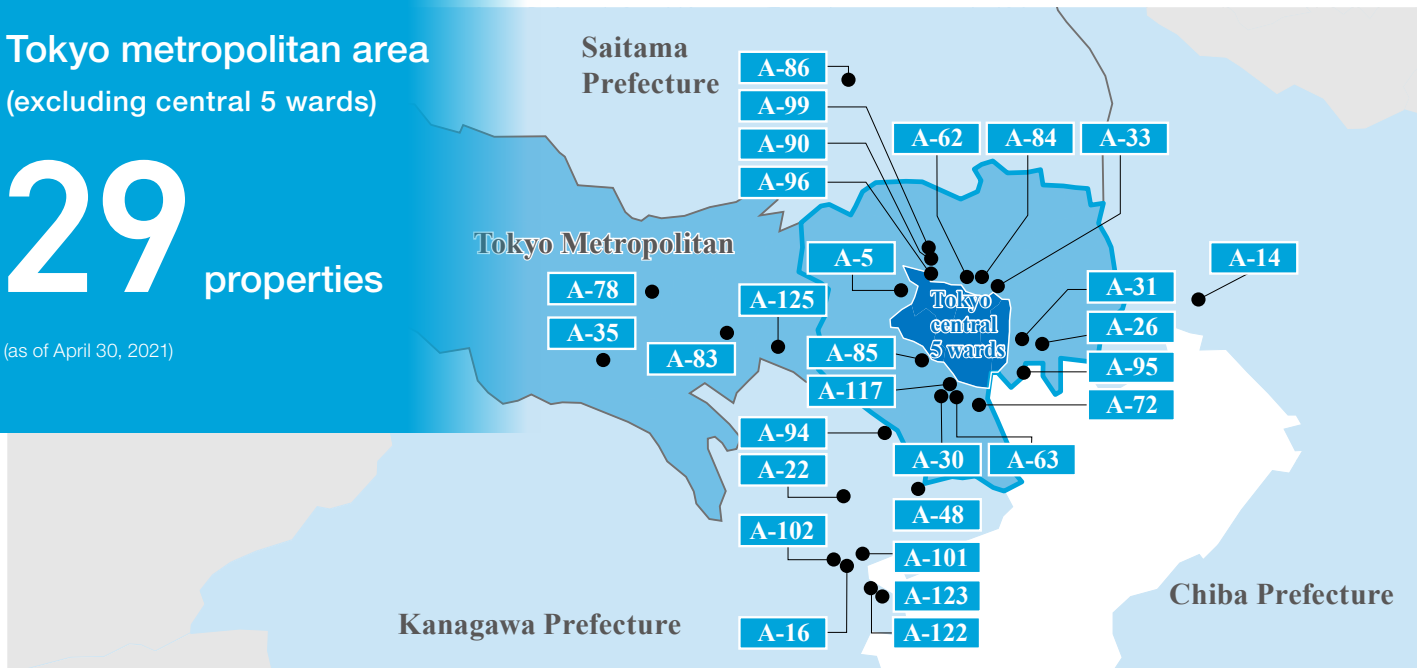
D-2

Shinjuku 6chome  
Building (Land)

Tokyo metropolitan area  
(excluding central 5 wards)

29 properties

(as of April 30, 2021)



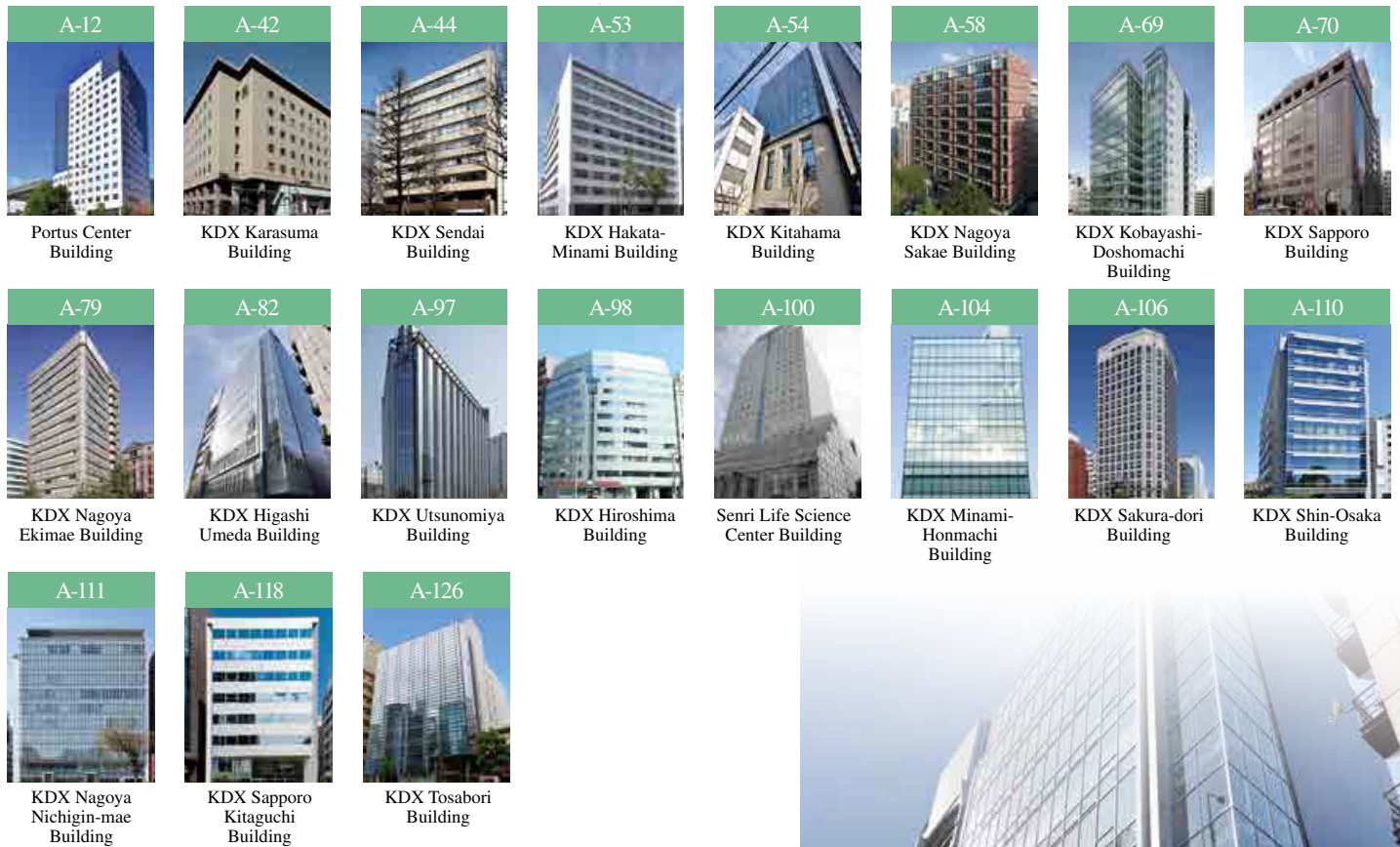
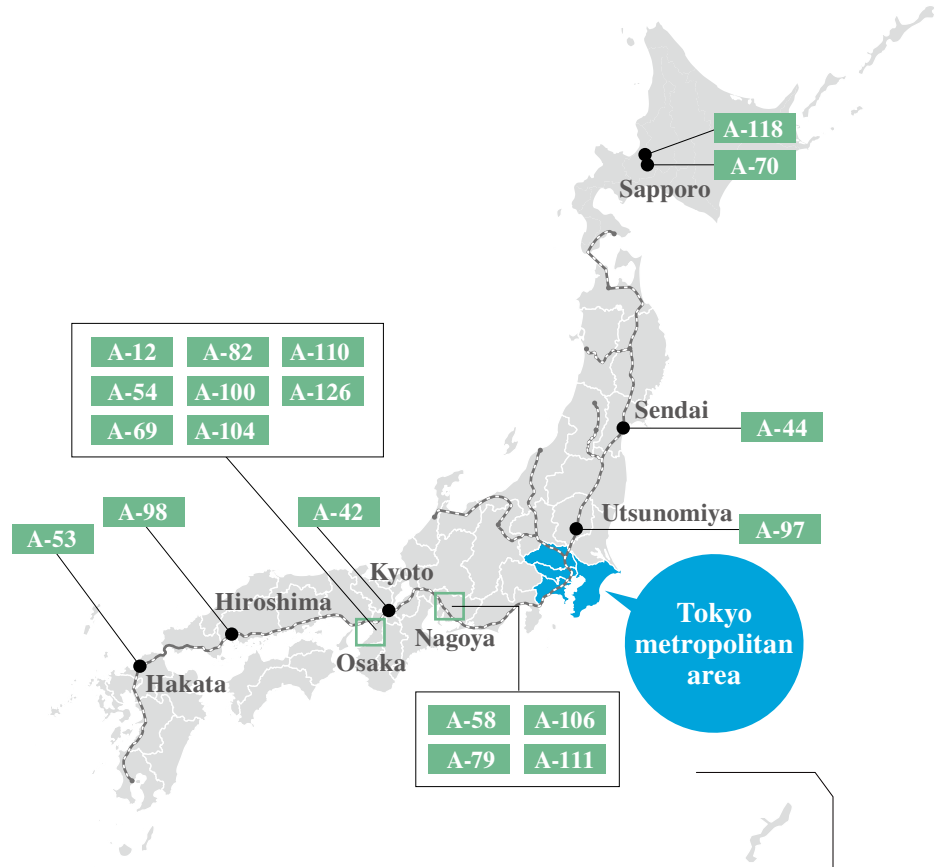
<b>A-5</b>  KDX Nakano-Sakaue Building	<b>A-14</b>  KDX Funabashi Building	<b>A-16</b>  Toshin 24 Building	<b>A-22</b>  KDX Shin-Yokohama Building	<b>A-26</b>  KDX Kiba Building	<b>A-30</b>  KDX Nishi-Gotanda Building	<b>A-31</b>  KDX Monzen-Nakacho Building	<b>A-33</b>  KDX Okachimachi Building
<b>A-35</b>  KDX Hachioji Building	<b>A-48</b>  KDX Kawasaki-Ekimae Hon-cho Building	<b>A-62</b>  Koishikawa TG Building	<b>A-63</b>  KDX Gotanda Building	<b>A-72</b>  KDX Higashi-Shinagawa Building	<b>A-78</b>  KDX Tachikawa Ekimae Building	<b>A-83</b>  KDX Fuchu Building	<b>A-84</b>  KDX Kasuga Building
<b>A-85</b>  KDX Nakameguro Building	<b>A-86</b>  KDX Omiya Building	<b>A-90</b>  KDX Ikebukuro Building	<b>A-94</b>  KDX Musashi-Kosugi Building	<b>A-95</b>  KDX Toyosu Grand Square	<b>A-96</b>  KDX Takadanobaba Building	<b>A-99</b>  KDX Ikebukuro West Building	<b>A-101</b>  KDX Yokohama Building
<b>A-102</b>  KDX Yokohama Nishiguchi Building	<b>A-117</b>  BR Gotanda	<b>A-122</b>  Mitsubishijuko Yokohama Building	<b>A-123</b>  KDX Yokohama Kannai Building	<b>A-125</b>  KDX Chofu Building			



## Other regional areas

# 19 properties

(as of April 30, 2021)



# TurnKey Office

## Initiatives for diversifying office needs

A TurnKey Office equipped with interior and office furnishings that incorporates the ABW (Activity Based Working) concept was completed in KDX Iidabashi Building in May 2021.

A TurnKey Office is an office space fully equipped with the necessary office furnishings in advance.

A tenant only needs to turn the key to be ready to begin work.

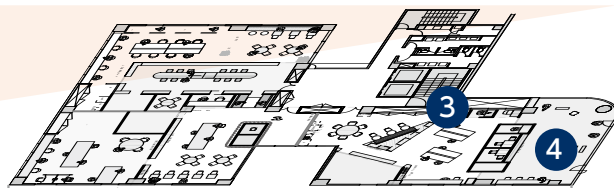


KDX Iidabashi Building

### Layout Concept of TurnKey Office

#### 6F Library, Residential, Session

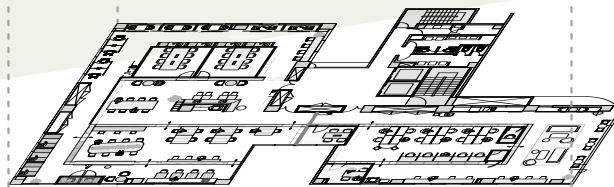
Library, Residential, and Session. Those office layouts designed with different images for each of the three rooms.



Residential

#### 5F Library

The layout with large shelves and lots of space for concentration creates a calm, library like atmosphere.



Library

#### 4F Session

By opening and closing the partitions and curtains, the space can be made into closed or open spaces, enabling a variety of work styles.



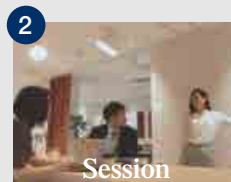
Session

### ABW (Activity Based Working)

Workstyles in which people can freely choose the optimal work environment for the nature of their work make it possible for someone to work alone and concentrate, or meet with colleagues and share ideas.



Concentration



Session



Communication



Amenities

Scan to see the TurnKey Office promotional video.

