



KENEDIX

Office Investment Corporation

22nd Fiscal Period

SEMIANNUAL REPORT
November 1, 2015-April 30, 2016

TSE 8972

About KDO

Kenedix Office Investment Corporation (KDO) is a dynamic, but proven, J-REIT focusing on investments in mid-sized office buildings in the Tokyo Metropolitan Area. Since listing on the Tokyo Stock Exchange (8972) over a decade ago, KDO has been a leading pioneer. Through steady expansion, KDO's portfolio has grown from 31 properties with a total acquisition price of 69.1 billion yen to 97 properties with a total acquisition price of 393.1 billion yen in April 2016.

As the No.1 J-REIT focusing on mid-sized office buildings, we will continue raising portfolio quality through asset reshuffle and other initiatives, while advancing performance with internal growth, backed by sound financial management.

ACHIEVEMENT 22nd fiscal period (ended April 2016)

External growth

Consistently expanding asset size while improving portfolio quality

Asset size

393.1 bn yen

of properties

97 properties

Balance of reserve for reduction entry

2.0 bn yen

Internal growth

Toward full-fledged growth in rent revenue through building solid results

Actual occupancy rate of office buildings

92.5 %

+2.0%
period over period

Change in rent level upon rent revision with existing tenants for office buildings based on monthly rent

+7.1 mn yen

Upward rent potential (proportion of contracts of office buildings below market rent) at the end of 22nd fiscal period

63.5 %

+5.1%
period over period

Financial strategy

Maintained stable financial position and continued to reduce interest expenses

Average interest rate

1.25 %

-0.14%
period over period

Average remaining period to maturity

4.7 years

+0.4 years
period over period

LTV

42.8 %

±0%
period over period

Appraisal profit

17.4 bn yen

+6.5 bn yen
period over period





**We Will Secure
Greater Portfolio
Profitability and Quality**

Leveraging Our Insight and Property Management
Expertise Backed by Our 10-Year Track Record

Naokatsu Uchida

Director and COO, General Manager of
Office REIT Division of
Kenedix Real Estate Fund Management, Inc.

Results for the 22nd Fiscal Period Include Concrete Outcomes of Our Initiatives for Future Growth

Six months ago, I mentioned our focus on laying the groundwork for future growth. Kenedix Office Investment Corporation (KDO) began to see the concrete results of these efforts take shape in the form of improved external growth, internal growth and financial management during the 22nd fiscal period, ended April 2016.

Turning first to external growth, we continued to cautiously make select investments and an asset reshuffle in the 22nd fiscal period. The property market remained overheated, but we were able to acquire two relatively new buildings in excellent locations, both through negotiated transactions. We also sold two older buildings for the asset reshuffle.

As of the end of the 22nd fiscal period, KDO's asset size has grown to 393.1 billion yen as a result of the asset reshuffle, while our total number of properties held steady at 97. In addition, the appraisal profit increased even as the average age of the properties in our portfolio decreased. As such, KDO was able to improve the quality of its portfolio. In addition, we increased retained earnings utilizing capital gains from the property dispositions,

thereby securing more robust funds for ensuring stable cash distributions per unit.

In internal growth, we have entered a phase of full-fledged internal growth. In addition to the rise in the actual occupancy rate in the 22nd period, we are seeing a steady rise in rent increases due to both increases in rent upon tenant turnover and progress in upward rent revisions with existing tenants.

With the steady rise in market rents and thanks to the effects of proactive asset reshuffle, the number of lease contracts with our tenants at rent levels below market rents is growing. This means there are more opportunities to successfully negotiate upward rent revisions. Accordingly, I'm seeing growing favorability for full-fledged internal growth.

In our financial strategy, we steadily advanced in terms of reducing interest expenses and extending borrowings periods, and continued stable financial management. These efforts are bringing more robust financial stability and, in March 2016, the outlook on our credit rating by Japan Credit Rating Agency, Ltd. (JCR) was changed from stable to positive. We are now working to

improve our rating from A+ to AA-. Furthermore, we issued ultra long-term investment corporation bonds in April 2016. The 12-year bonds carry an annual interest rate of just 0.9% and proudly marked the first issue of ultra long-term investment corporation bonds by a J-REIT with a single A-rating since the 2008 financial crisis.

The distribution per unit for the 22nd fiscal period was 10,707 yen,

207 yen higher than our March 2016 estimate of 10,500 yen per unit.

Distributions are growing steadily based on real performance, and we are approaching our goal, set a year ago, of distributions of 11,000 yen per unit.

We also set aside a 480 million yen as reserve for reduction entry for retained earnings. We will utilize this reserve to ensure distribution stability and its continuous growth.

Continue Select Investment and Asset Reshuffle to Boost Profit Growth

To pursue external growth, we will continue to make carefully select investments and asset reshuffles, thereby improving the quality of our portfolio. Given overheating in the office building transaction market, there are few opportunities to acquire properties at justifiable prices. We remain particularly wary of overpaying for assets. In the circumstances, however, we will strive to find promising property acquisition deals meeting our criteria by collaborating with the sponsor company, engaging in mutual transactions, and employing a variety of other methods.

To expand internal growth, we are striving to increase rental income. Thanks to the success of

our steady efforts, revenue growth is gaining momentum. Due to sequential expiry of free rent periods, we anticipate a rise in the actual occupancy rate. In addition, further increases in rents with new and existing tenants will, in turn, contribute to revenue growth. Also, we are planning property improvements as well as the renovations and air conditioning system upgrades carried out in the previous fiscal period. By strategically making smart capital expenditure, we aim to accelerate internal growth.

In terms of financial strategy, we will continue our policy of stable financial operations. While maintaining our loan-to-value (LTV) ratio at a conservative level, we will respond

nimbly to property acquisition opportunities. Furthermore, as we still have some borrowings with relatively high interest rates, we believe

that we can further reduce financing costs through refinancing and other means, and will continue working to bring down costs in this area.

Preparations for Future Market Changes

The environment for office buildings management is favorable. While external growth through new property acquisitions is difficult, current conditions allow us to reshuffle our assets and realize capital gains on the sales. Moreover, market rents are continuing their steady rise. Accordingly, rental income at existing properties is increasing, and we are seeing full-fledged internal growth.

At the same time, the Bank of Japan's negative interest rate has created additional room for lowering interest expenses. Since this environment will not last forever, to ensure stable distributions going forward, we will build up retained earnings while conditions are favorable

and prepare for changes in the external environment.

We seek to sustainably raise distributions, and we will also work to increase the reserve for reduction entry. In the future, this provision will, I believe, likely help position us to take advantage of even greater opportunities for investment in mid-sized office buildings.

Going forward, KDO aspires to meet the expectations of its investors as the No. 1 owner of mid-sized office buildings and fulfill its social mission of promoting mid-sized office buildings with heightened environmental value through such initiatives as reducing energy consumption.



Improved portfolio quality through asset reshuffle



“Doing Our Utmost to Expand Asset Size and Raise Quality”

The Asset Investment Department, as a division that specializes in asset acquisition, is charged with expanding asset size and raising asset quality. Although competition in the real estate market remains hot, we will remain flexible and nimble while considering asset reshuffles, investing carefully and maintaining the unique strengths that have served KDO so well.

In the ten years since I joined the Kenedix Group, I have gained experience in several leadership

positions. I was responsible for property acquisition at KDO, was involved with Kenedix Residential Investment Corporation when it was listed, and have served as a director at an affiliated company. In my new position as department general manager, I intend to both leverage this experience and take a fresh perspective. My mission, based on our growth strategy, is to expand our asset size, and I will do all I can to ensure success.

“External Growth in the 22nd Fiscal Period”

We continued to cautiously make select investments and asset reshuffle in the 22nd fiscal period. The property market remained overheated, but we were able to acquire two relatively new office buildings in excellent locations, Nittochi Toranomom Building and Nichigin-mae KD Building, both through negotiated transactions. We also sold KDX Toranomom Building and Toranomom Toyo Building.

Both of the disposed properties were old, with rent gaps that presented a risk of declining revenue. Built 53 years ago, Toranomom Toyo Building was the oldest building in the portfolio. In contrast, Nittochi Toranomom Building is the newest among our portfolio, and this acquisition brings upward rent potential.

Therefore, our portfolio quality was improved through mutual transaction in Toranomom, an area with a significant growth potential due to redevelopment.

Nichigin-mae KD Building is also relatively new. Like KDO’s three other Nagoya properties, this building is quite competitive, boasting good visibility on a main street. Moreover, we now have a mid-sized office building in each of Nagoya’s main business districts.

KDO’s asset size has grown to 393.1 billion yen

as a result of the asset reshuffle in the 22nd fiscal period, though our total number of properties held steady at 97. In addition, the appraisal profit increased from 10.9 billion yen in the 21st fiscal period to 17.4 billion yen in the 22nd. The asset reshuffle also decreased the average age of the properties in our portfolio, dropping from 22.5 years at the end of the 21st fiscal period to 21.2 years at the end of the 22nd. In addition, we were able to increase retained earnings utilizing capital gains from the property dispositions.

Akimitsu Uezu

General Manager,
Asset Investment Department,
Office REIT Division



External Growth

Asset Reshuffle in 22nd Fiscal Period (Ended April 2016)

The portfolio quality improved through mutual transaction in Toranomon, an area with a significant growth potential due to redevelopment.

Overview of asset reshuffle

Property acquisition



Nittochi Toranomon Building

Acquisition price	15,550 mn yen
Appraisal value at the time of acquisition	16,300 mn yen
Acquisition price/ Appraisal value	95.4%



Asset reshuffle

Property disposition




KDX Toranomon Building Toranomon Toyo Building

Total disposition price	15,420 mn yen
Total appraisal value at the time of acquisition	14,840 mn yen
Total disposition price / Total appraisal value	103.9%

Portfolio size expansion (Note 1)

Total acquisition price: +1,300mn yen

Increase in appraisal profit (Note 3)

Appraisal profit: +700mn yen

Rejuvenation of average building age (Note 2)

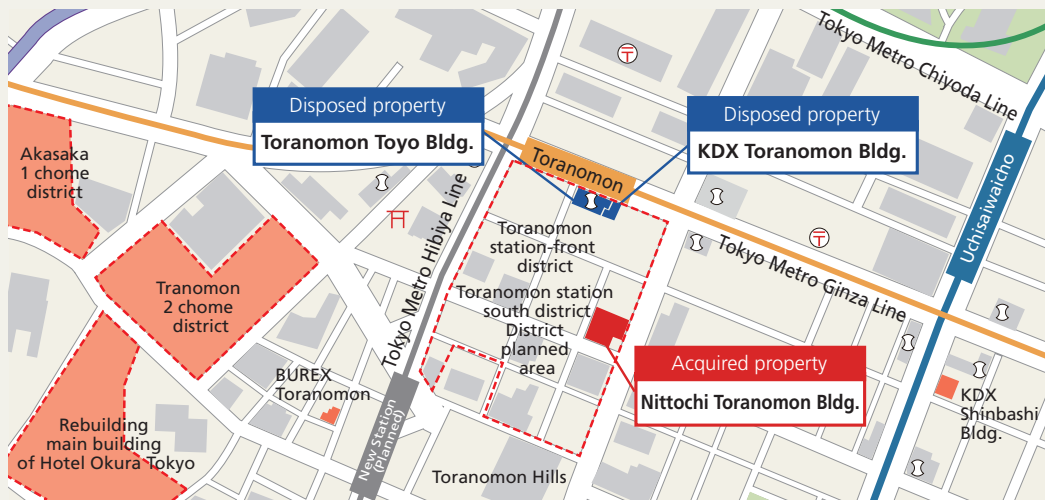
Portfolio average building age: -1.7 years

KDX Toranomon Bldg.: 27 years Nittochi Toranomon Bldg.: 2 years
 Toranomon Toyo Bldg.: 53 years

Increase in retained earnings

Gains from sales: 740mn yen
Reserve for reduction entry: +480mn yen

Map of property locations in Toranomon area



Note 1: Difference between the total acquisition price and the total disposition price

Note 2: Comparison between the weighted average building ages of the entire portfolio based on acquisition price, as of March 30 in 2016, before and after the said asset reshuffle (truncated to the first decimal place)

Note 3: Increase in appraisal profit/loss due to property transactions is calculated by adding the difference between the appraisal value as of the end of 22nd fiscal period (2016/4) and the acquisition price of properties acquired and subtracting/adding the difference (appraisal profit/loss) between the appraisal value and the book value of the properties disposed as of the end of 21st fiscal period (2015/10) (truncated to the nearest 100 million yen).

Properties Acquired in 22nd Fiscal Period (Ended April 2016)



Nittochi Toranomon Building

- Located in an area with a significant growth potential where a new Hibiya Line station will be constructed and multiple redevelopment projects are planned
- A 2-year old building with latest specifications and a vibration control structure

Location	Minato-ku, Tokyo	Completion date	October, 2013
Gross floor area	11,212.05 m ²	Occupancy rate at the time of acquisition (as of Mar. 30, 2016)	100%
Acquisition price	15,550 mn yen	Appraisal value at the time of acquisition	16,300 mn yen
NOI yield ^(Note1)	3.8%	Appraisal NOI yield ^(Note2)	3.9%
Transportation	About 3-minute walk from Toranomon Station (Tokyo Metro Ginza Line) About 7-minute walk from Kasumigaseki Station (Tokyo Metro Hibiya/Chiyoda/Marunouchi Lines) About 6-minute walk from Uchisaiwaicho Station (Toei Subway Mita Line)		

- Awarded the highest ratings from DBJ Green Building and CASBEE for its management/operation efforts to achieve superior environmental performance and energy conservation



Nichigin-mae KD Building

Location	Nagoya, Aichi	Completion date	September, 2006
Gross floor area	5,862.22 m ²	Occupancy rate at the time of acquisition (as of Mar. 30, 2016)	89.5%
Acquisition price	3,500 mn yen	Appraisal value at the time of acquisition	3,750 mn yen
NOI yield ^(Note1)	4.9%	Appraisal NOI yield ^(Note2)	5.2%
Transportation	About 2-minute walk from Marunouchi Station (Municipal Subway Sakura-dori/Tsurumai Lines) About 3-minute walk from Fushimi Station (Municipal Subway Higashiyama/Tsurumai Lines)		

- Located in the Fushimi area, widely recognized as a business district since long ago and accumulated with financial institutions and major corporations. Conveniently located within 2 minutes on foot from Marunouchi Station where Sakura-dori and Fushimi-dori
- The shape of each rental floor is almost rectangular, free from pillars and can be divided into up to 4 spaces to meet diverse tenant needs

Map of property locations in the major business districts of Nagoya



Note 1: NOI yield is calculated by dividing the estimated NOI (based on the Asset Management Company's estimate at the time of acquisition) by the acquisition price of the property, rounded to the first decimal place.

Note 2: Appraisal NOI yield is calculated by dividing annualized net operating income (based on the direct capitalization method described in the relevant appraisal report at the time of acquisition) by the acquisition price, rounded to the first decimal place.

Toward full-fledged growth in rent revenue through building solid results



“Fully Committed to Increasing Asset Value and Profitability”

The Asset Management Department formulates asset management plans, manages the budgets and operating results of properties in the portfolio, oversees construction and handles other aspects of asset management.

Asset management at the Investment Corporation places particular emphasis on tenant satisfaction. Using more than ten years of knowhow in operating mid-sized office buildings, we implement measures precisely tailored to tenant needs in order to offer office environments that achieve high satis-

faction. By doing so, we strive to increase the occupancy rate and rental income.

I personally have experience in building management, property management, as well as asset management and acquisition. As department general manager, I will leverage my thorough knowledge of the office building business, from upstream to downstream, always remembering our responsibility to effectively manage portfolio assets as I do my utmost to increase asset value and profitability.

“Internal Growth in the 22nd Fiscal Period”

Mid-sized office buildings can pivot to meet changes in the market. Their profitability is particularly responsive to good management. The numbers are now bearing this out, a testament to the Investment Corporation’s management capabilities. Specifically, the actual occupancy rate, which excludes free rent periods, rose 2.0 percentage points to 92.5% for office buildings, while the occupancy rate, including free rent periods, rose to 96.8% at the end of 22nd fiscal period. We are also making significant progress in upward rent revisions. Upon rent revisions with existing tenants for office buildings, change in rent based on monthly rent increased by over 7 million yen. Furthermore, move-ins have exceeded move-outs in both numbers of tenants and leased area. With growing opportunities for upward rent revisions and improving occupancy rate, we have built solid results toward full-fledged growth in rent revenue.

Moreover, we renovated KDX Iidabashi Square between December 2015 and April 2016. We applied our extensive knowhow to this full-building renovation. As a result, we are making steady

progress in leasing the upgraded property, which is now approaching full occupancy.

Lastly, we continue to make progress in reducing our exposure to our largest tenants. This helps stabilize future revenue. Our single biggest end tenant accounted for only 1.2% of total leased floor area, while the share of the top 10 end tenants was down from 10.3% of total leased floor area at the end of the previous fiscal period to just 8.5% at the end of the 22nd fiscal period.

Chisei Kaji

General Manager,
Asset Management Department,
Office REIT Division

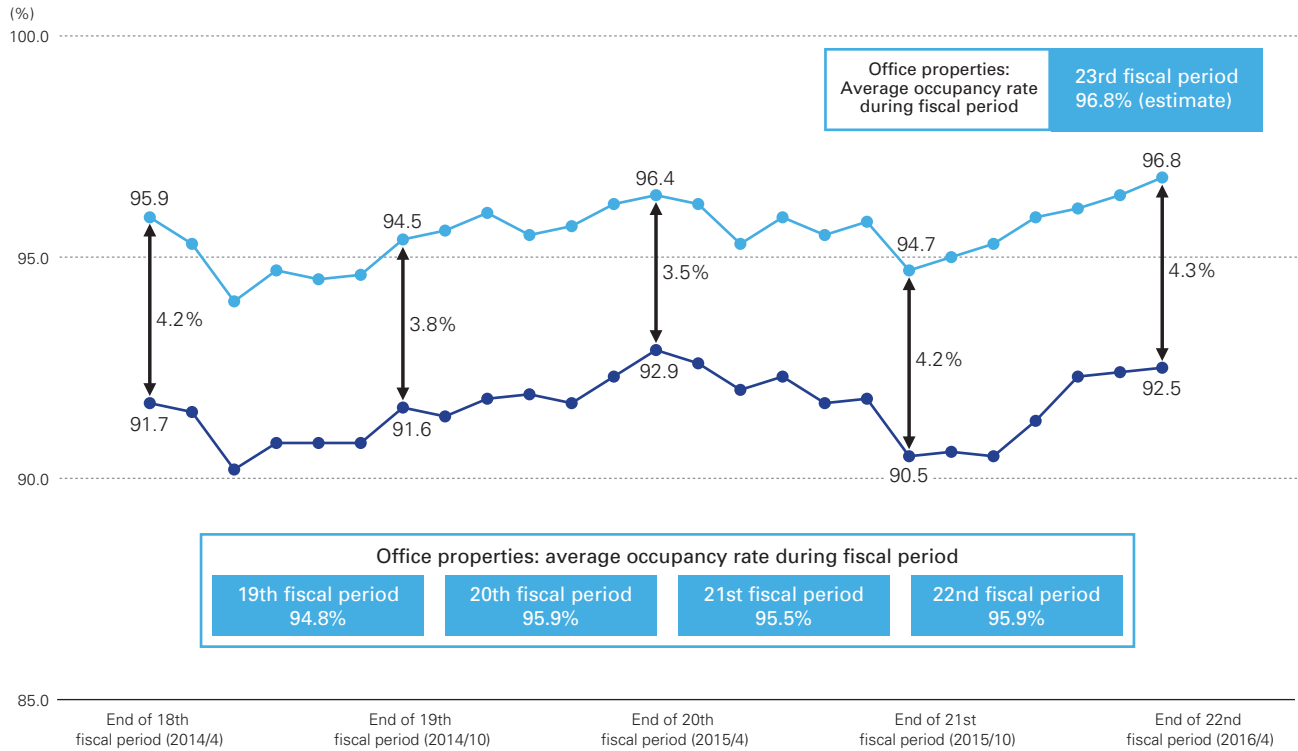


Internal Growth

Further Increase in Rent Revenues due to Synergies of Actual Occupancy Rate and Rises in Rent per Unit

Occupancy rate performance of office buildings (Note)

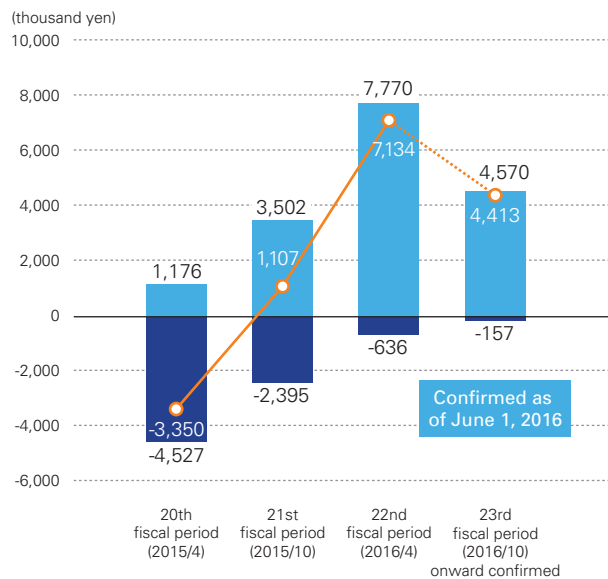
● Occupancy rate (contracted area based) ● Actual occupancy rate (excl. free rent area)



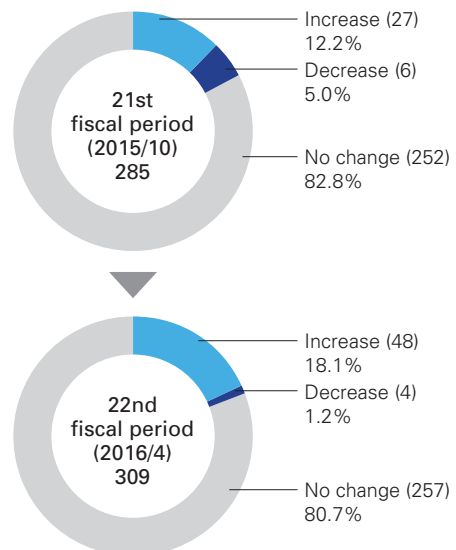
Note: Occupancy rate (contracted area based) is calculated by dividing the contract based leased area by leasable area and actual occupancy rate (excl. free rent area) is calculated by dividing the leased area subtracting the free rent area by leasable area. The figures are rounded to the first decimal place. Average occupancy rate of office buildings during fiscal period is a simple average of month-end occupancy rates of owned office buildings during each period. Furthermore, the estimated average occupancy rate for 23rd fiscal period (2016/10) is the figure that is used as one of the assumptions in the earnings forecast.

Change in rent upon rent revisions (based on monthly rent) (Note)

■ Increase in rent ■ Decrease in rent ○ Increase in rent - Decrease in rent

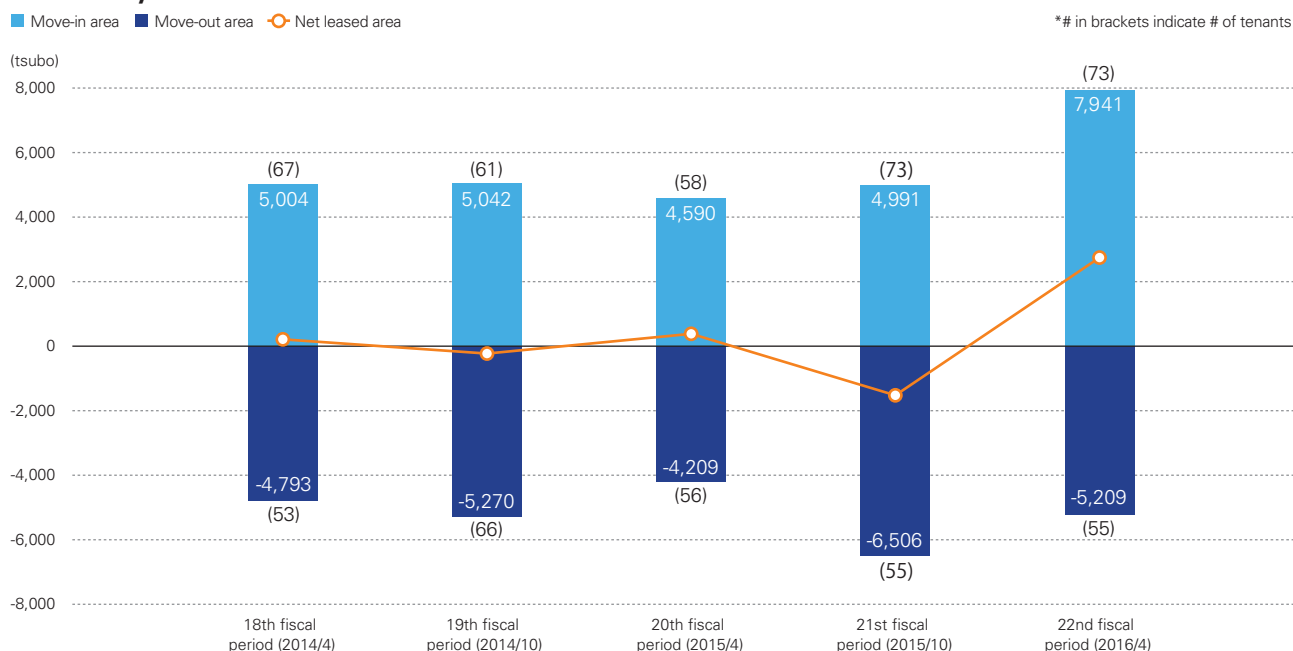


Status of rent revisions (based on leased area)



Note: Difference in monthly rent before and after rent revision, is calculated by aggregating the change amount per contract in each fiscal period. Figures are rounded to the nearest thousand yen.

Turnover by the number of tenants and leased area (Note)



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

Status of KDX Idabashi Square

Advance in leasing at better conditions with steady contribution of renovations

Change of leasing policies

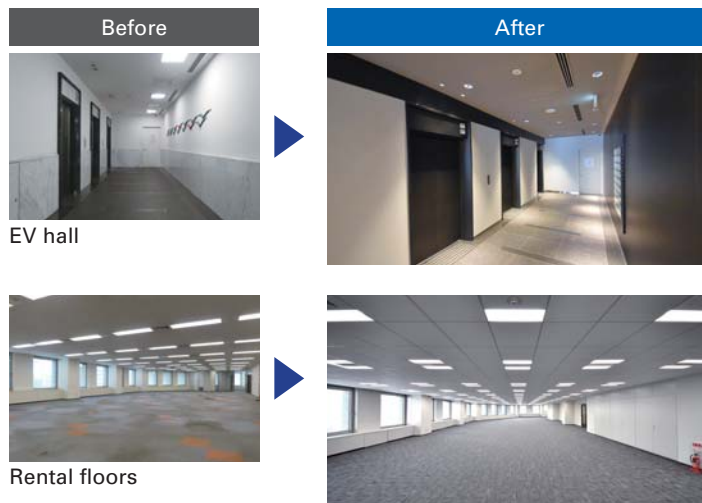
Priority of leasing target changed from a single tenant to multiple tenants

Prioritized negotiation with a candidate that wished to occupy the whole building at first, but shifted our priority to leasing to multiple tenants in consideration for the circumstances of the said candidate tenant, leasing conditions and the current market environment.

Proactive leasing activities

Prepared a promotion video and held preview tours (participated by 44 companies, 109 people) for candidate tenants.

Implementation of renovation works



Effect of investment in renovation

Increase in NOI from the estimate at the time of acquisition (Note 1) **+42mn yen**

Increase in NOI / Total investment (Note 2) **8.9%**

Estimated NOI yield (Note 3) **5.2%**

Diversification of move-out risk

The number of tenants **1** ▶ **4** (contracted as of June 1, 2016)

Note 1: Difference between the NOI estimated by the Asset Management Company at the time of acquisition and the NOI assuming full occupancy. The said NOI assuming full occupancy is estimated based on the leasing terms and conditions contracted or described in the application forms; as regards the spaces currently under negotiation with candidate tenants, based on the conditions under the negotiation.

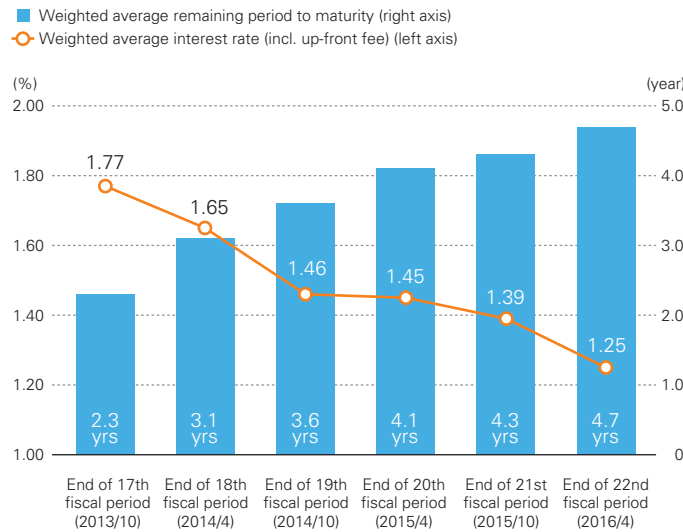
Note 2: Calculated by dividing the incremental NOI estimated at the time of acquisition by the total investment (total renovation cost).

Note 3: Calculated by dividing the estimated NOI with the full occupancy, mentioned in Note 1, by the sum of the book value as of the end of the 22nd fiscal period (2016/4) and the estimated capex for construction works for tenant's move-in as of June 1, 2016.

Financial Strategy

Reduced financial cost steadily while diversifying debt maturities and lengthening remaining period to maturity

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



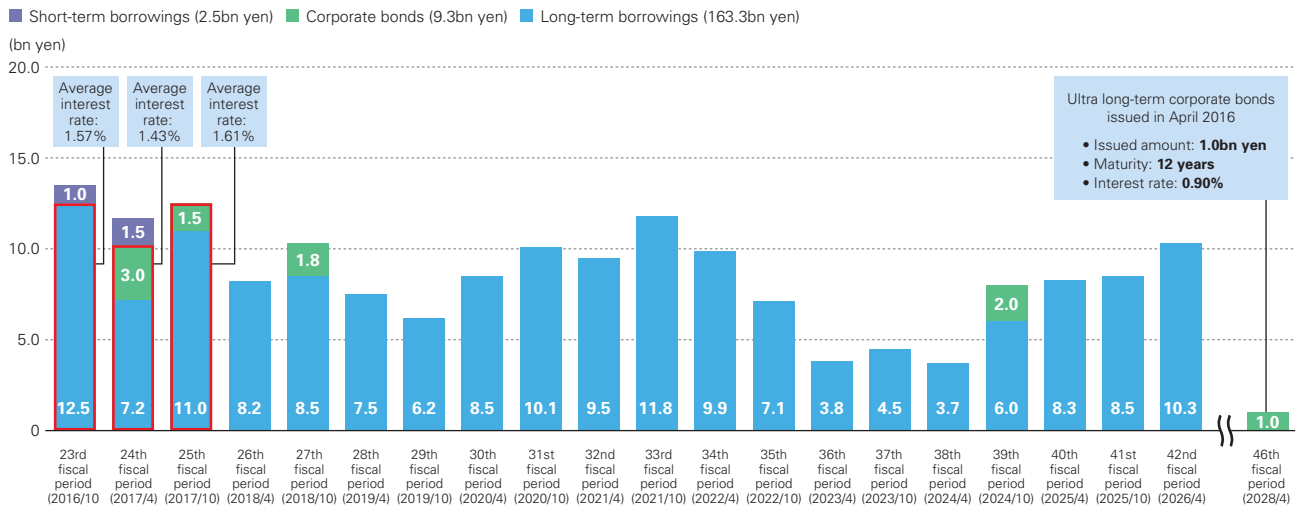
Note 1: Average remaining period to maturity and interest rate are weighted averages based on outstanding debts at the end of each fiscal period (Average remaining period to maturity and interest rate are rounded to the first and second decimal places respectively).

Refinance record for 22nd fiscal period (2016/4) (Total of 18.8bn yen) (Note 2)

	Before refinancing	After refinancing
Average interest rate	2.06%	0.88%
Average borrowing period	5.6 years	7.5 years

Note 2: Average interest rate and borrowing period are weighted average numbers of interest rate (including up-front fee) and borrowing period based on borrowing amount, respectively (rounded to the second/first decimal place).

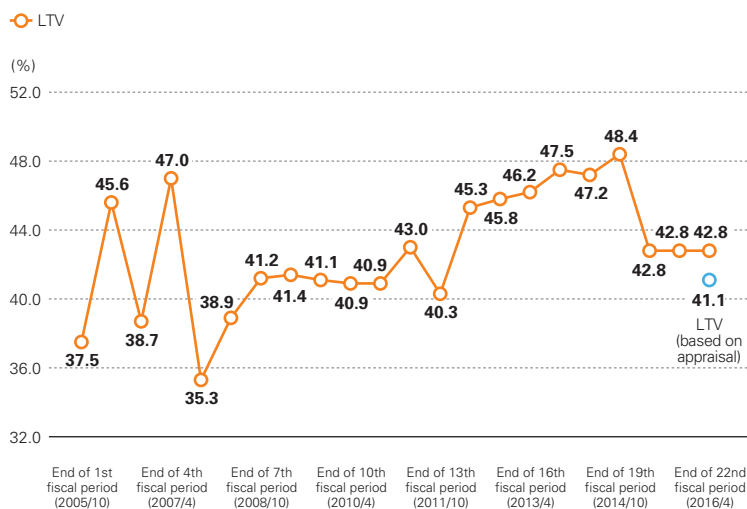
Diversification of debt maturities (as of the end of 22nd fiscal period (2016/4)) (Note 3)



Note 3: Average interest rate includes up-front fee.

Maintaining stable financial base by keeping conservative LTV and high fixed interest rate ratio

Historical LTV level (Note 4)



Note 4: LTV = the balance of Interest-bearing debt / Total assets, as of the end of relevant fiscal period (rounded to the first decimal place)

Credit rating (as of the end of 22nd fiscal period (2016/4))

- Rating outlook has changed from "stable" to "positive" on March 16, 2016

Rating agency:	Japan Credit Rating Agency (JCR)
Long-term issuer rating:	A+
Rating outlook:	Positive

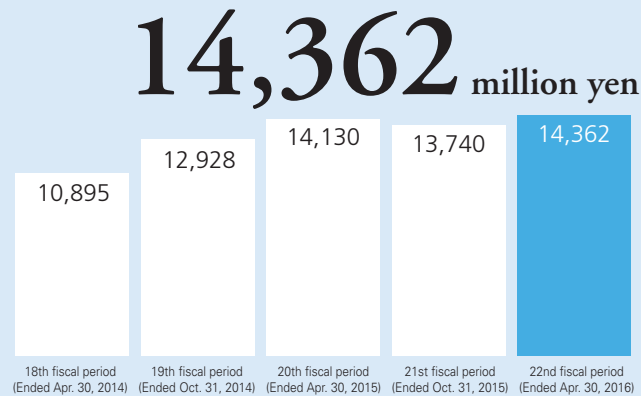
Long-term fixed interest debt ratio

(=Balance of long-term fixed interest rate borrowings and investment corporation bonds / Total borrowings and investment corporation bonds)

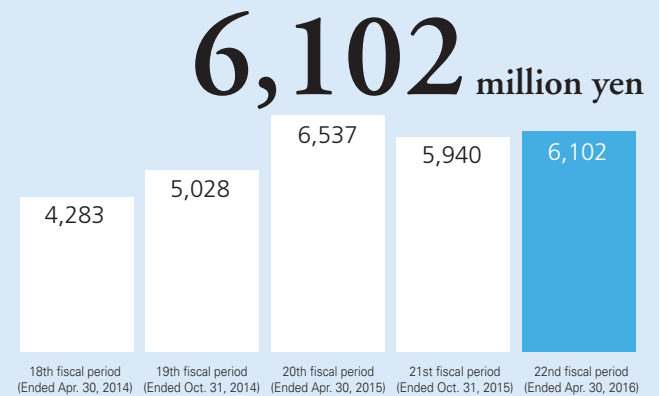
96.3%

Business Results

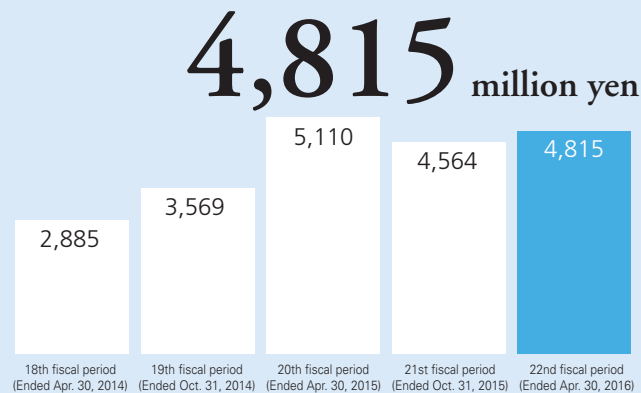
Operating Revenues



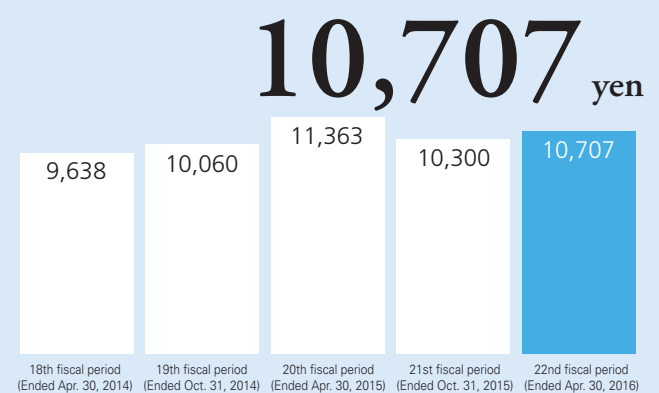
Operating Income



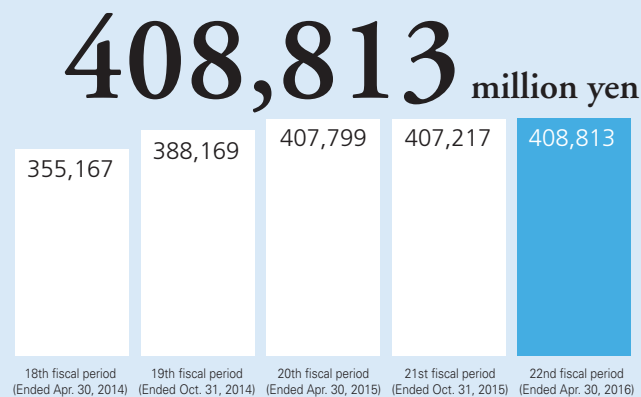
Net Income



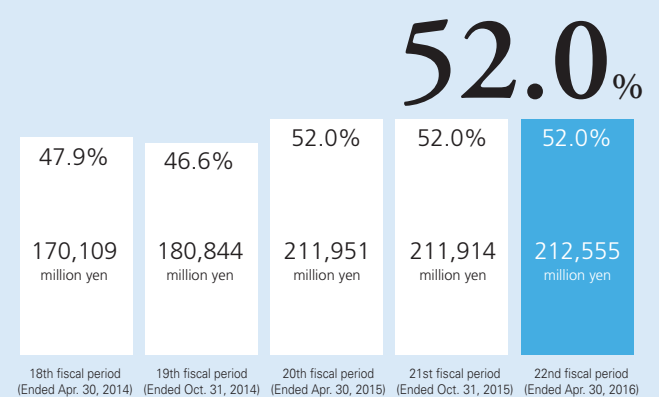
Distributions per Unit



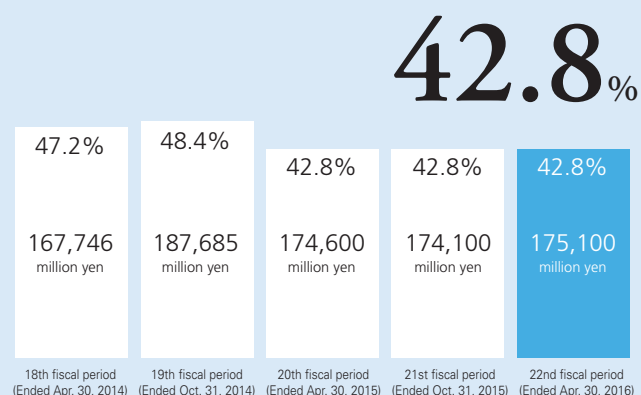
Total Assets



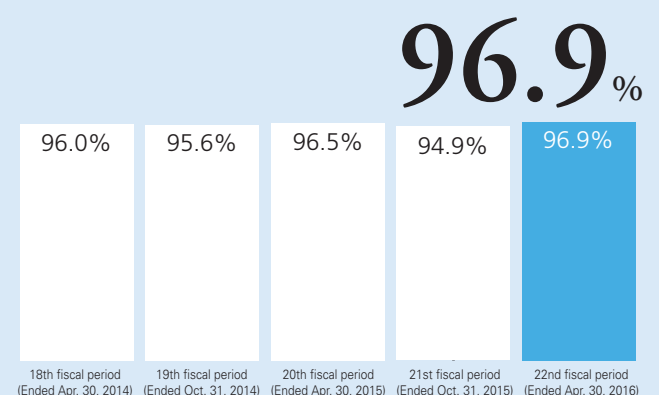
Net Assets Ratio & Unitholders' Equity



LTV Ratio & Interest-Bearing Debt



Portfolio Occupancy Rate



Portfolio (As of April 30, 2016)

The properties acquired during the 22nd fiscal period are marked with red boxes.

	No.	Property Name	Location	Acquisition Price (mn yen) <Note 1>	Year Built <Note 2>	Occupancy Rate <Note 3>
Office Building (Tokyo Metropolitan Area)	A-1	KDX Nihonbashi 313 Building	Chuo-ku, Tokyo	5,940	Apr. 1974	100.0%
	A-3	Higashi-Kayabacho Yuraku Building	Chuo-ku, Tokyo	4,450	Jan. 1987	100.0%
	A-4	KDX Hatchobori Building	Chuo-ku, Tokyo	3,680	Jun. 1993	100.0%
	A-5	KDX Nakano-Sakaue Building	Nakano-ku, Tokyo	2,533	Aug. 1992	91.7%
	A-6	Harajuku F.F. Building	Shibuya-ku, Tokyo	2,450	Nov. 1985	100.0%
	A-7	KDX Minami Aoyama Building	Minato-ku, Tokyo	2,270	Nov. 1988	100.0%
	A-8	Kanda Kihara Building	Chiyoda-ku, Tokyo	1,950	May 1993	100.0%
	A-13	KDX Kojimachi Building	Chiyoda-ku, Tokyo	5,950	May 1994	100.0%
	A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	Apr. 1989	100.0%
	A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	Sep. 1984	100.0%
	A-17	KDX Ebisu Building	Shibuya-ku, Tokyo	4,640	Jan. 1992	83.4%
	A-19	KDX Hamamatsucho Building	Minato-ku, Tokyo	3,460	Sep. 1999	100.0%
	A-20	KDX Kayabacho Building	Chuo-ku, Tokyo	2,780	Oct. 1987	100.0%
	A-21	KDX Shinbashi Building	Minato-ku, Tokyo	3,728	Feb. 1992	100.0%
	A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	Sep. 1990	78.7%
	A-26	KDX Kiba Building	Koto-ku, Tokyo	1,580	Oct. 1992	88.1%
	A-27	KDX Kajicho Building	Chiyoda-ku, Tokyo	2,350	Mar. 1990	100.0%
	A-29	KDX Higashi-Shinjuku Building	Shinjuku-ku, Tokyo	2,950	Jan. 1990	100.0%
	A-30	KDX Nishi-Gotanda Building	Shinagawa-ku, Tokyo	4,200	Nov. 1992	47.4%
	A-31	KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	Sep. 1986	100.0%
	A-32	KDX Shiba-Daimon Building	Minato-ku, Tokyo	6,090	Jul. 1986	100.0%
	A-33	KDX Okachimachi Building	Taito-ku, Tokyo	2,000	Jun. 1988	100.0%
	A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	May 1995	96.7%
	A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	Dec. 1985	85.5%
	A-37	KDX Ochanomizu Building	Chiyoda-ku, Tokyo	6,400	Aug. 1982	96.4%
	A-38	KDX Nishi-Shinjuku Building	Shinjuku-ku, Tokyo	1,500	Oct. 1992	100.0%
	A-41	KDX Shinjuku 286 Building	Shinjuku-ku, Tokyo	2,300	Aug. 1989	100.0%
	A-45	KDX Roppongi 228 Building	Minato-ku, Tokyo	3,300	Apr. 1989	100.0%
	A-46	Hiei Kudan-Kita Building	Chiyoda-ku, Tokyo	7,600	Mar. 1988	100.0%
	A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5,800	Mar. 1988	96.0%
	A-48	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	Feb. 1985	100.0%
	A-50	KDX Ikejiri-Oohashi Building	Meguro-ku, Tokyo	2,400	Sep. 1988	100.0%
	A-51	KDX Hamacho Nakanohashi Building	Chuo-ku, Tokyo	2,310	Sep. 1988	100.0%
	A-52	KDX Kanda Misaki-cho Building	Chiyoda-ku, Tokyo	1,380	Oct. 1992	100.0%
	A-55	Shin-toshin Maruzen Building	Shinjuku-ku, Tokyo	2,110	Jul. 1990	100.0%
A-56	KDX Jimbocho Building	Chiyoda-ku, Tokyo	2,760	May 1994	100.0%	
A-57	KDX Gobancho Building	Chiyoda-ku, Tokyo	1,951	Aug. 2000	100.0%	
A-59	KDX Iwamoto-cho Building	Chiyoda-ku, Tokyo	1,864	Mar. 2008	100.0%	
A-60	KDX Harumi Building	Chuo-ku, Tokyo	10,250	Feb. 2008	93.2%	
A-61	KDX Hamamatsucho Dai-2 Building	Minato-ku, Tokyo	2,200	Apr. 1992	100.0%	
A-62	Koishikawa TG Building	Bunkyo-ku, Tokyo	3,080	Nov. 1989	100.0%	
A-63	Gotanda TG Building	Shinagawa-ku, Tokyo	2,620	Apr. 1988	100.0%	
A-64	KDX Nihonbashi 216 Building	Chuo-ku, Tokyo	2,010	Oct. 2006	100.0%	
A-66	KDX Shinjuku Building	Shinjuku-ku, Tokyo	6,800	May 1993	98.3%	
A-67	KDX Ginza 1chome Building	Chuo-ku, Tokyo	4,300	Nov. 1991	98.2%	
A-68	KDX Nihonbashi Honcho Building	Chuo-ku, Tokyo	4,000	Jan. 1984	100.0%	
A-71	KDX Iidabashi Building	Shinjuku-ku, Tokyo	4,670	Mar. 1990	100.0%	
A-72	KDX Higashi-Shinagawa Building	Shinagawa-ku, Tokyo	4,590	Jan. 1993	88.4%	
A-73	KDX Hakozaki Building	Chuo-ku, Tokyo	2,710	Nov. 1993	100.0%	
A-74	KDX Shin-Nihonbashi Building	Chuo-ku, Tokyo	2,300	Nov. 2002	100.0%	
A-75	KDX Nihonbashi Kabutocho Building	Chuo-ku, Tokyo	11,270	Nov. 1998	100.0%	
A-78	KDX Tachikawa Ekimae Building	Tachikawa, Tokyo	1,267	Feb. 1990	100.0%	
A-83	KDX Fuchu Building	Fuchu, Tokyo	6,120	Mar. 1996	98.6%	
A-84	KDX Kasuga Building	Bunkyo-ku, Tokyo	2,800	Jun. 1992	100.0%	
A-85	KDX Nakameguro Building	Meguro-ku, Tokyo	1,880	Oct. 1985	85.5%	

	No.	Property Name	Location	Acquisition Price (mn yen) <Note 1>	Year Built <Note 2>	Occupancy Rate <Note 3>
Office Building (Tokyo Metropolitan Area)	A-86	KDX Omiya Building	Saitama, Saitama	2,020	Apr. 1993	100.0%
	A-87	Itopia Nihonbashi SA Building	Chuo-ku, Tokyo	2,200	Jul. 1995	100.0%
	A-88	KDX Shinjuku 6-chome Building	Shinjuku-ku, Tokyo	1,900	Mar. 1990	100.0%
	A-89	KDX Takanawadai Building	Minato-ku, Tokyo	5,250	Oct. 1985	94.0%
	A-90	KDX Ikebukuro Building	Toshima-ku, Tokyo	3,900	Mar. 2009	100.0%
	A-91	KDX Mita Building	Minato-ku, Tokyo	3,180	Mar. 1993	90.6%
	A-92	KDX Akihabara Building	Chiyoda-ku, Tokyo	2,600	Dec. 1973	100.0%
	A-93	KDX Iidabashi Square	Shinjuku-ku, Tokyo	4,350	Jan. 1994	47.7%
	A-94	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	May 2013	100.0%
	A-95	KDX Toyosu Grand Square (Note 4)	Koto-ku, Tokyo	8,666	Apr. 2008	100.0%
	A-96	KDX Takadanobaba Building	Toshima-ku, Tokyo	3,650	Oct. 1988	93.1%
	A-99	KDX Ikebukuro West Building	Toshima-ku, Tokyo	1,934	Jul. 1988	100.0%
	A-101	KDX Yokohama Building	Yokohama, Kanagawa	7,210	Mar. 1994	98.5%
	A-102	KDX Yokohama Nishiguchi Building	Yokohama, Kanagawa	2,750	Oct. 1988	100.0%
	A-103	KDX Shin-Yokohama 214 Building	Yokohama, Kanagawa	2,200	Nov. 1989	95.6%
	A-105	BUREX Toranomom	Minato-ku, Tokyo	1,750	Jul. 2011	100.0%
	A-107	KDX Ginza East Building	Chuo-ku, Tokyo	3,600	Aug. 1991	100.0%
	A-108	Pentel Building	Chuo-ku, Tokyo	3,350	Nov. 1990	94.9%
	A-109	KDX Hamamatsucho Center Building	Minato-ku, Tokyo	3,950	Dec. 1985	100.0%
A-112	Nittochi Toranomom Building	Minato-ku, Tokyo	15,550	Oct. 2013	100.0%	
Office Building (Other Regional Areas)	A-12	Portus Center Building	Sakai, Osaka	5,570	Sep. 1993	97.3%
	A-42	KDX Karasuma Building	Kyoto, Kyoto	5,400	Oct. 1982	99.3%
	A-44	KDX Sendai Building	Sendai, Miyagi	2,100	Feb. 1984	100.0%
	A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	Jun. 1973	97.5%
	A-54	KDX Kitahama Building	Osaka, Osaka	2,220	Jul. 1994	89.3%
	A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	Apr. 2009	100.0%
	A-69	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	Jul. 2009	100.0%
	A-70	KDX Sapporo Building	Sapporo, Hokkaido	2,005	Oct. 1989	100.0%
	A-79	KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	Apr. 1986	100.0%
	A-82	KDX Higashi Umeda Building	Osaka, Osaka	2,770	Jul. 2009	100.0%
	A-97	KDX Utsunomiya Building	Utsunomiya, Tochigi	2,350	Feb. 1999	100.0%
	A-98	KDX Hiroshima Building	Hiroshima, Hiroshima	1,300	Jan. 1990	90.5%
	A-100	Senri Life Science Center Building	Toyonaka, Osaka	13,000	Jun. 1992	95.7%
	A-104	KDX Minami-Honmachi Building	Osaka, Osaka	2,200	Dec. 2009	100.0%
A-106	KDX Sakura-dori Building	Nagoya, Aichi	5,900	Aug. 1992	98.2%	
A-110	KDX Shin-Osaka Building	Osaka, Osaka	4,550	May 1992	100.0%	
A-111	Nichigin-mae KD Building	Nagoya, Aichi	3,500	Sep. 2006	89.5%	
Office Building Subtotal (92 properties)				362,758	Avg. 22.0 years	96.8%
Central Urban Retail Properties	C-1	Frame Jinnan-zaka	Shibuya-ku, Tokyo	9,900	Mar. 2005	95.5%
	C-2	KDX Yoyogi Building	Shibuya-ku, Tokyo	2,479	Aug. 1991	100.0%
	C-4	Ginza 4chome Tower	Chuo-ku, Tokyo	9,800	Nov. 2008	100.0%
	Central Urban Retail Properties Subtotal (3 properties)				22,179	Avg. 10.9 years
Residential Property	B-19	Residence Charmante Tsukishima	Chuo-ku, Tokyo	5,353	Jan. 2004	100.0%
Residential Property Subtotal (1 property)				5,353	Avg. 12.2 years	100.0%
Other	D-2	Shinjuku 6chome Building (Land)	Shinjuku-ku, Tokyo	2,880	—	100.0%
	Other Subtotal (1 property)				2,880	—
Total (97 properties)				393,171	Avg. 21.2 years	96.9%
Investment Security	G.K. KRF 43 Silent Partnership Equity Interest		Shinjuku-ku, Tokyo	1,107	Dec. 1979	

- Notes: 1. Acquisition price is only the acquisition (investment) price of the real estate or trust beneficiary interests, etc. (excl. any expenses, taxes, etc.) acquired by KDO.
2. Year built shows the completion date recorded in the land register. The average value shown in the subtotal or total section is a weighted average number calculated based on acquisition price with a base date of April 30, 2016. Figures are truncated to the first decimal place.
3. Occupancy rate is calculated by dividing leased area as of April 30, 2016 by leasable area and is rounded to the first decimal place.
4. Acquisition price of KDX Toyosu Grand Square is calculated based on the 25% quasi co-ownership of the property.

Management Team

(As of April 30, 2016)



1 Naokatsu Uchida

Director and COO, General Manager of Office REIT Division

- Worked for Mitsubishi UFJ Trust and Banking Corporation for approximately 17 years (Real Estate Division, Real Estate Project Origination Division)
- After working for Joint Asset Management Co., Ltd. as CEO, joined Kenedix Office Partners, Inc. and was a member of the Financial Planning Division for approximately two years
- Appointed executive officer of Kenedix Office Investment Corp. (to the present) after serving as president of Kenedix Office Partners, Inc.
- Appointed Director and COO, General Manager of Office REIT Division on October 1, 2013

2 Akimitsu Uezu

General Manager of Asset Investment Dept., Office REIT Division

- Joined Investment Management Dept., Kenedix REIT Management, Inc. in July 2006 and worked for 2 years after having engaged in real estate transactions at judicial scrivener's office and real estate company
- Appointed General Manager of Asset Investment Dept., Office REIT Division on March 1, 2016 after having worked as General Manager of Asset Investment Dept., Kenedix Residential Partners and Director of Space Design

3 Chisei Kaji

General Manager of Asset Management Dept., Office REIT Division

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

4 Hikaru Teramoto

General Manager of Planning Dept., Office REIT Division

- After working for Sakura Bank for six years, worked at Sakura Securities, Daiwa Securities SMBC, and Goldman Sachs in investment banking business for ten years
- Joined Kenedix Office Partners, Inc. after having worked for Goldman Sachs Realty Japan
- Appointed General Manager of Financial Planning Division, Kenedix Office Partners, Inc. on August, 2012
- Appointed General Manager of Planning Dept., Office REIT Division on October 1, 2013

5 Tetsushi Ichikawa

General Manager of Finance & Accounting Dept.,
Business Administration Dept.

- Worked for Sumitomo Mitsui Trust Bank for 15 years (Engaged in real estate finance, etc.)
- Joined Kenedix after having engaged in real estate investment banking and having served as director responsible for asset management business at Touchstone Capital Securities
- Appointed General Manager of Finance & Accounting Dept. on October 1, 2013 after serving as General Manager of Finance Group for Kenedix Residential Partners
- Appointed General Manager of Business Administration Dept. on April 1, 2015 (concurrent)

Organizational Changes

We have split "Investment Management Department" into "Asset Investment Department" responsible for the asset investment business and "Asset Management Department" responsible for the asset management business on March 1, 2016, aiming to more clearly define the duties of each department and establish a framework for faster decision making to bolster our investment and management capabilities.

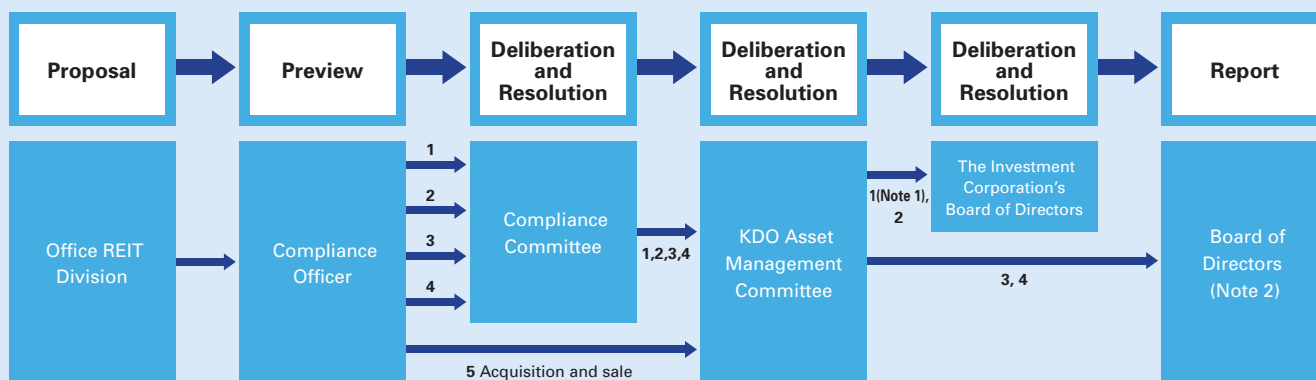
Corporate Governance

Investment and Management Decision-making System

As the asset management company, Kenedix Real Estate Fund Management (KFM) creates guidelines governing our asset management. These asset management guidelines define our investment policy, rules concerning transactions with related parties, distribution policy and disclosure policy.

The structure of the decision-making process is outlined below.

Decision-making Process



- 1: Related-party Transaction (acquisition and sale)** **3: Establishing and revising management guidelines**
2: Establishing and revising asset management plans **4: Transaction the Compliance Officer judges as the need and one outside management guidelines**

(Notes 1) In case that the said transaction falls under the prescribed minor transaction, the said transaction is implemented with the resolution of approval of KDO Asset Management Committee, without requirement of the resolution for approval of the Investment Corporation's Board of Directors and the consent of the Executive Director of the Investment Corporation based on the said resolution.

(Notes 2) The above 3 and 4 are also reported to the Investment Corporation's Board of Directors.

Environmental Initiatives

KFM undertakes investment management operations in accordance with the following environmental policies.

Environmental Policies

1. Compliance with Environmental Laws and Regulations

KFM will promote environment-friendly investment management operations by adhering to environmental laws and regulations.

2. Promotion of Energy Conservation Measures

KFM will systematically advance energy conservation measures at its managed properties, maintaining a strong awareness of the importance of natural and energy resources.

3. Reduction of Environmental Burden

KFM will undertake initiatives to reduce CO₂ and waste emissions as well as promote recycling at its managed properties, underscoring its commitment to alleviating its environmental burden. In addition, KFM will take sufficient care when handling harmful substances and environmental pollutants.

4. Disclosure of Environmental Information

KFM will work to disclose necessary information to a variety of concerned parties including investors, tenants and business partners, in such areas as its environmental policies and measures.

5. Environmental Education

KFM will take steps to improve the environmental consciousness of its officers and employees through internal education.

Thanks to continuous efforts, we have won a range of certifications, including the highest ranked Green Star rating from the Global Real Estate Sustainability Benchmark (GRESB) surveys for four consecutive years.



Financial Section

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Financial Summary (Unaudited)

Historical Operating Trends
For the 18th–22nd Fiscal Periods

Period	Unit	18th Period (as of Apr. 30, 2014)	19th Period (as of Oct. 31, 2014)	20th Period (as of Apr. 30, 2015)	21st Period (as of Oct. 31, 2015)	22nd Period (as of Apr. 30, 2016)
Operating revenues	mn yen	10,895	12,928	14,130	13,740	14,362
(Rental revenues)	mn yen	10,330	11,295	12,836	13,226	12,812
Operating expenses	mn yen	6,611	7,899	7,593	7,800	8,260
(Property-related expenses)	mn yen	5,047	5,557	6,377	6,668	6,533
Operating income	mn yen	4,283	5,028	6,537	5,940	6,102
Ordinary income	mn yen	2,887	3,570	5,111	4,565	4,816
Net income (a)	mn yen	2,885	3,569	5,110	4,564	4,815
Total assets (b)	mn yen	355,167	388,169	407,799	407,217	408,813
(Period-on-period change)	%	(+12.1)	(+9.3)	(+5.1)	(-0.1)	(+0.4)
Interest-bearing debt (c)	mn yen	167,746	187,685	174,600	174,100	175,100
(Period-on-period change)	%	(+11.4)	(+11.9)	(-7.0)	(-0.3)	(+0.6)
Unitholders' equity (d)	mn yen	170,109	180,844	211,951	211,914	212,555
(Period-on-period change)	%	(+12.8)	(+6.3)	(+17.2)	(-0.0)	(+0.3)
Unitholders' capital	mn yen	166,261	176,632	206,199	206,199	206,199
(Period-on-period change)	%	(+13.0)	(+6.2)	(+16.7)	(0.0)	(0.0)
Number of investment units issued and outstanding (e)	unit	332,540	355,010	404,885	404,885	404,885
Unitholders' equity per unit (d)/(e)	yen	511,546	509,407	523,484	523,394	524,977
Total distribution (f)	mn yen	3,205	3,571	4,600	4,170	4,335
Distribution per unit (f)/(e)	yen	9,638	10,060	11,363	10,300	10,707
(Earnings distributed per unit)	yen	9,638	10,060	11,363	10,300	10,707
(Distribution in excess of earnings per unit)	yen	—	—	—	—	—
Return on assets (annualized) (Notes 1 and 2)	%	0.9 (1.7)	1.0 (1.9)	1.3 (2.6)	1.1 (2.2)	1.2 (2.4)
Return on net assets (annualized) (Notes 2 and 3)	%	1.8 (3.6)	2.0 (4.0)	2.6 (5.2)	2.2 (4.3)	2.3 (4.6)
Net assets ratio at end of period (d)/(b)	%	47.9	46.6	52.0	52.0	52.0
(Period-on-period change)	%	(+0.3)	(-1.3)	(+5.4)	(+0.1)	(-0.0)
Interest-bearing debt ratio at end of period (c)/(b)	%	47.2	48.4	42.8	42.8	42.8
(Period-on-period change)	%	(-0.3)	(+1.1)	(-5.5)	(-0.1)	(+0.1)
Payout ratio (Note 4) (f)/(a)	%	111.0	100.0	90.0	91.3	90.0
Other references						
Number of properties	properties	89	94	97	97	97
Total leasable floor area	m ²	386,659.01	437,233.24	453,999.44	453,681.06	457,774.90
Occupancy ratio at end of period	%	96.0	95.6	96.5	94.9	96.9
Depreciation expenses for the period	mn yen	1,826	2,022	2,221	2,218	2,230
Capital expenditures for the period	mn yen	711	550	329	469	1,120
Leasing NOI (Net Operating Income) (Note 5)	mn yen	7,109	7,760	8,680	8,775	8,509
FFO (Funds From Operation) (Note 6)	mn yen	5,031	7,116	6,909	6,487	6,302
FFO per unit (Note 7)	yen	15,130	20,045	17,065	16,023	15,565

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 18th Fiscal Period are calculated based on a period of 181 days, 184 days for the 19th Fiscal Period, 181 days for the 20th Fiscal Period, 184 days for the 21st Fiscal Period, 182 days for the 22nd 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 – Rental expenses + Depreciation expenses for the period

6. FFO = Net income + Depreciation expenses for the period – Gain on sale of real estate property + Loss on sale of real estate property

7. FFO per unit = FFO / Number of investment units issued and outstanding (figures below ¥1 rounded down)

8. Where applicable, figures are rounded down to the nearest million.



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Independent Auditor's Report

The Board of Directors
Kenedix Office Investment Corporation

We have audited the accompanying financial statements of Kenedix Office Investment Corporation, which comprise the balance sheet as at April 30, 2016, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenedix Office Investment Corporation as at April 30, 2016, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

July 28, 2016
Tokyo, Japan

Balance Sheets

Kenedix Office Investment Corporation
As of April 30, 2016 and October 31, 2015

	In thousands of yen	
	As of April 30, 2016	As of October 31, 2015
ASSETS		
Current assets:		
Cash and bank deposits (Notes 3 and 13)	¥ 20,602,996	¥ 22,587,773
Rental receivables	341,787	338,287
Consumption tax refundable	53,578	—
Other current assets (Note 8)	59,744	97,212
Total current assets	21,058,105	23,023,272
Property and equipment, at cost: (Notes 4 and 15)		
Land	273,049,253	271,537,963
Buildings and structures (Note 6)	136,422,576	132,688,163
Machinery and equipment	2,041,893	1,905,006
Tools, furniture and fixtures	514,082	503,925
Less-accumulated depreciation	(27,295,009)	(25,521,651)
Net property and equipment	384,732,795	381,113,406
Other assets:		
Ground leasehold (Note 15)	352,460	353,234
Investment securities (Note 13)	1,089,761	1,100,235
Corporate bond issuance costs	42,378	34,102
Unit issuance costs	110,641	167,122
Other assets (Note 15)	1,427,315	1,426,091
Total assets	¥408,813,455	¥407,217,462
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Trade and other payables	¥ 1,170,894	¥ 1,372,165
Short-term debt and current portion of long-term debt (Notes 5 and 13)	22,200,000	33,300,000
Current portion of corporate bonds (Notes 5 and 13)	3,000,000	—
Deposits received	54,160	46,840
Rents received in advance	2,115,825	1,958,661
Other current liabilities	91,257	497,937
Total current liabilities	28,632,136	37,175,603
Non-current liabilities:		
Corporate bonds (Notes 5 and 13)	6,300,000	8,300,000
Long-term debt (Notes 5 and 13)	143,600,000	132,500,000
Leasehold and security deposits received	17,721,596	17,327,076
Other non-current liabilities	4,328	—
Total non-current liabilities	167,625,924	158,127,076
Total liabilities	¥196,258,060	¥195,302,679
Net Assets		
Unitholders' equity		
Unitholders' capital	206,199,946	206,199,946
Units authorized: 2,000,000 units		
Units issued and outstanding: 404,885 units		
As of April 30, 2016 and October 31, 2015, respectively		
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,544,522	1,150,495
Retained earnings	4,815,255	4,564,342
Total surplus	6,359,777	5,714,837
Total unitholders' equity	212,559,723	211,914,783
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 14)	(4,328)	—
Total valuation and translation adjustments	(4,328)	—
Total net assets (Note 9)	212,555,395	211,914,783
Total liabilities and net assets	¥408,813,455	¥407,217,462

See accompanying notes to the financial statements.

Statements of Income and Retained Earnings

Kenedix Office Investment Corporation

For the period from November 1, 2015 to April 30, 2016 and the period from May 1, 2015 to October 31, 2015

	In thousands of yen	
	From November 1, 2015 to April 30, 2016	From May 1, 2015 to October 31, 2015
Operating revenues:		
Rental revenues (Note 11)	¥12,812,029	¥13,226,032
Gain on sale of real estate property (Note 11)	1,510,169	461,366
Dividends income	40,015	53,278
Total operating revenues	14,362,213	13,740,676
Operating expenses:		
Property-related expenses (Note 11)	6,533,203	6,668,992
Loss on sale of real estate property (Note 11)	766,005	165,691
Asset management fees	759,990	753,003
Administrative service and custodian fees	78,413	78,538
Other operating expenses	122,520	134,223
Total operating expenses	8,260,131	7,800,447
Operating income	6,102,082	5,940,229
Non-operating expenses:		
Interest expense	993,892	1,058,112
Financing-related expenses	183,756	220,018
Amortization of unit issuance costs	56,481	56,481
Amortization of corporate bond issuance costs	5,263	5,312
Others, net	46,171	34,701
Total non-operating expenses	1,285,563	1,374,624
Ordinary income	4,816,519	4,565,605
Income before income taxes	4,816,519	4,565,605
Income taxes (Note 8)	1,264	1,263
Net income	4,815,255	4,564,342
Retained earnings at the end of period	¥ 4,815,255	¥ 4,564,342

See accompanying notes to the financial statements.

Statements of Changes in Net Assets

Kenedix Office Investment Corporation

For the period from November 1, 2015 to April 30, 2016 and the period from May 1, 2015 to October 31, 2015

	In thousands of yen						
	Unitholders' equity					Valuation and translation adjustments	Total
	Unitholders' capital	Surplus			Total unitholders' equity		
		Voluntary retained earnings	Retained earnings	Total surplus			
Reserve for reduction entry							
Balance as of April 30, 2015	¥206,199,946	¥640,811	¥5,110,392	¥5,751,203	¥211,951,149	—	¥211,951,149
Changes during the fiscal period							
Provision of reserve for reduction entry	—	509,684	(509,684)	—	—	—	—
Payments of dividends	—	—	(4,600,708)	(4,600,708)	(4,600,708)	—	(4,600,708)
Net income	—	—	4,564,342	4,564,342	4,564,342	—	4,564,342
Total changes during the fiscal period	—	509,684	(546,050)	(36,366)	(36,366)	—	(36,366)
Balance as of October 31, 2015	¥206,199,946	¥1,150,495	¥4,564,342	¥5,714,837	¥211,914,783	—	¥211,914,783
Changes during the fiscal period							
Provision of reserve for reduction entry	—	394,027	(394,027)	—	—	—	—
Payments of dividends	—	—	(4,170,315)	(4,170,315)	(4,170,315)	—	(4,170,315)
Net income	—	—	4,815,255	4,815,255	4,815,255	—	4,815,255
Net changes of items other than unitholder's equity	—	—	—	—	—	(4,328)	(4,328)
Total changes during the fiscal period	—	394,027	250,913	644,940	644,940	(4,328)	640,612
Balance as of April 30, 2016	¥206,199,946	¥1,544,522	¥4,815,255	¥6,359,777	¥212,559,723	¥(4,328)	¥212,555,395

See accompanying notes to the financial statements.

Statements of Cash Flows

Kenedix Office Investment Corporation

For the period from November 1, 2015 to April 30, 2016 and the period from May 1, 2015 to October 31, 2015

	In thousands of yen	
	From November 1, 2015 to April 30, 2016	From May 1, 2015 to October 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income taxes	¥ 4,816,519	¥ 4,565,605
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,470,695	2,494,805
Interest income	(697)	(738)
Interest expense	993,892	1,058,112
Changes in assets and liabilities:		
Rental receivables	(3,500)	(16,372)
Consumption tax refundable	(53,578)	—
Accrued consumption tax	(407,556)	159,196
Trade and other payables	(203,532)	41,052
Rents received in advance	157,163	(149,339)
Property and equipment due to sale	14,591,896	5,309,142
Others, net	(123,666)	(145,670)
Subtotal	22,237,636	13,315,793
Interest income received	697	738
Cash payments of interest expense	(989,130)	(1,070,731)
Cash payments of income taxes	(869)	(925)
Net cash provided by (used in) operating activities	21,248,334	12,244,875
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(20,403,242)	(9,078,473)
Purchase of intangible assets	(5,913)	—
Proceeds from leasehold and security deposits received	1,851,210	1,100,651
Payments of leasehold and security deposits received	(1,496,099)	(1,180,848)
Payments of restricted bank deposits	(600,262)	(59,130)
Proceeds from restricted bank deposits	—	108,411
Net cash provided by (used in) investing activities	(20,654,306)	(9,109,389)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term debt	1,500,000	1,000,000
Payments of short-term debt	(1,500,000)	(1,500,000)
Proceeds from long-term debt	18,300,000	14,500,000
Payments of long-term debt	(18,300,000)	(14,500,000)
Proceeds from issuance of corporate bonds	990,472	—
Payment of dividends	(4,169,538)	(4,599,589)
Net cash provided by (used in) financing activities	(3,179,066)	(5,099,589)
Net change in cash and cash equivalents	(2,585,038)	(1,964,103)
Cash and cash equivalents at the beginning of period	21,760,581	23,724,684
Cash and cash equivalents at the end of period (Note3)	¥ 19,175,543	¥ 21,760,581

See accompanying notes to the financial statements.

Notes to Financial Statements

Kenedix Office Investment Corporation

For the period from November 1, 2015 to April 30, 2016 and the period from May 1, 2015 to October 31, 2015

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 ownership and operation of selected office buildings, residential and retail properties 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 seven public offerings and other means including global 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, 2015, the Investment Corporation acquired one office building (Hamamatsucho Center Building: acquisition price of ¥3,950 million) located in the Tokyo Metropolitan Area, one office building (Shin Osaka Center Building: acquisition price of ¥4,550 million) located in Other Regional Areas, and sold Nagoya Nikko Shoken Building (initial acquisition price of ¥4,158 million) and KDX Nogizaka Building (initial acquisition price of ¥1,065 million) (with a total combined disposition price of ¥5,760 million).

During the period ended April 30, 2016, the Investment Corporation acquired one office buildings (Nittochi Toranomom Building: acquisition price of ¥15,550 million) located in the Tokyo Metropolitan Area, one office building (Nichigin-mae KD Building: acquisition price of ¥3,500 million) located in Other Regional Areas, and sold KDX Toranomom Building (initial acquisition price of ¥4,400 million) and Toranomom Toyo Building (initial acquisition price of ¥9,850 million) (with a total combined disposition price of ¥15,420 million).

At the end of the twenty-first and twenty-second fiscal periods, the Investment Corporation had total unitholders' capital of ¥206,200 million with 404,885 investment units outstanding, respectively. The Investment Corporation owned a portfolio of 97 properties (consisting of 92 office buildings, one residential property, three central urban retail properties and one other property) with total acquisition prices of ¥388,371 million and ¥393,171 million at the end of the twenty-first and twenty-second fiscal periods, respectively. The occupancy ratios were approximately 94.9% and 96.9% at the end of the twenty-first and twenty-second fiscal periods, respectively.

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 AND EQUIPMENT

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

	From November 1, 2015 to April 30, 2016	From May 1, 2015 to October 31, 2015
Buildings and structures	2-49 years	2-49 years
Machinery and equipment	3-17 years	3-17 years
Tools, furniture and fixtures	3-20 years	3-20 years

(C) UNIT ISSUANCE COSTS

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

(D) CORPORATE BOND ISSUANCE COSTS

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

(E) 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.

(F) GROUND LEASEHOLD

Fixed term leaseholds on the building and special agreements on building sales are amortized over a contractual period of 48 years and 9 months under the straight-line method.

(G) REVENUE RECOGNITION

Operating revenues consist of rental revenues including base rents, common area charges, and other operating revenues, which include utility charge reimbursements, 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.

(H) TAXES ON PROPERTY 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 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 ¥83,802 thousand and ¥13,308 thousand as of April 30, 2016 and October 31, 2015 respectively. 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.

(I) 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.

(J) 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.

(K) DERIVATIVE FINANCIAL INSTRUMENTS

The Investment Corporation utilizes interest-rate swap and interest-rate cap 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 and interest-rate cap contracts because these contracts met the criteria for deferral hedging accounting. However, the Investment Corporation adopted special treatment for interest-swap and interest-rate cap contracts if they met the criteria for hedging accounting under this treatment, whereby the net amount to be paid or received under the interest-rate swap and interest-rate cap contract is added to or deducted from the interest on the assets or liabilities for which the swap and cap contract was executed. The hedge effectiveness for the interest-rate swap and interest-rate cap contract is assessed each fiscal period except for those that meet the criteria of special treatment.

(L) 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.

(M) ROUNDING OF AMOUNTS PRESENTED

Amounts have been truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan, whereas amounts have been rounded to the nearest million in the accompanying financial statements. Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of April 30, 2016 and: October 31, 2015

	In thousands of yen	
	As of April 30, 2016	As of October 31, 2015
Cash and bank deposits	¥20,602,996	¥22,587,773
Restricted bank deposits (Note)	(1,427,453)	(827,192)
Cash and cash equivalents	¥19,175,543	¥21,760,581

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

4. SCHEDULE OF PROPERTY AND EQUIPMENT

	In millions of yen					
	As of April 30, 2016			As of October 31, 2015		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land	¥273,049	¥ —	¥273,049	¥271,538	¥ —	¥271,538
Buildings and structures	136,423	26,134	110,289	132,688	24,428	108,260
Machinery and equipment	2,042	895	1,147	1,905	835	1,070
Tools, furniture and fixtures	514	266	248	504	259	245
Total	¥412,028	¥27,295	¥384,733	¥406,635	¥25,522	¥381,113

5. SHORT-TERM DEBT, LONG-TERM DEBT AND CORPORATE BONDS

The following summarizes short-term debt, long-term debt and corporate bonds outstanding as of April 30, 2016:

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In millions of yen)
Short-term debt	July 31, 2015	July 31, 2016	0.51%	¥ 1,000
	March 31, 2016	March 31, 2017	0.45%	1,500
Current portion of long-term debt	July 31, 2013	July 29, 2016	0.57%	¥ 1,500
	December 26, 2011	October 31, 2016	1.42%	2,500
	December 26, 2011	October 31, 2016	1.44%	2,500
	December 26, 2011	October 31, 2016	1.44%	2,000
	October 31, 2012	October 31, 2016	1.06%	2,500
	October 31, 2012	October 31, 2016	1.05%	1,500
	November 12, 2015	November 30, 2016	0.49%	2,000
	March 28, 2012	March 28, 2017	1.36%	500
	December 10, 2012	December 12, 2016	0.98%	500
	December 28, 2012	December 28, 2016	1.01%	2,000
	January 15, 2013	January 15, 2017	0.97%	1,000
	January 31, 2014	January 31, 2017	0.67%	1,200
	Subtotal			
Long-term debt	November 12, 2010	November 12, 2017	2.02%	¥ 2,300
	December 1, 2010	November 12, 2017	2.21%	700
	March 28, 2012	March 28, 2019	1.77%	1,400
	March 28, 2012	March 28, 2019	1.77%	1,000
	June 29, 2012	June 30, 2017	1.29%	1,500
	September 21, 2012	September 21, 2017	1.16%	5,000
	September 21, 2012	September 21, 2017	1.16%	1,000
	September 21, 2012	September 21, 2017	1.16%	1,000
	October 31, 2012	October 31, 2017	1.10%	2,500
	October 31, 2012	October 31, 2018	1.25%	2,500
	December 28, 2012	December 28, 2017	1.09%	500
	December 28, 2012	December 29, 2017	1.09%	500
	March 26, 2013	March 26, 2018	1.04%	1,000
	March 26, 2013	March 26, 2018	1.04%	1,000
	July 31, 2013	July 31, 2018	0.67%	500

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In millions of yen)
Long-term debt	August 19, 2013	August 19, 2018	0.95%	¥ 1,000
	August 19, 2013	August 19, 2018	0.95%	1,000
	August 19, 2013	August 19, 2018	0.95%	500
	August 19, 2013	August 19, 2018	0.95%	500
	August 19, 2013	August 19, 2018	0.97%	500
	August 30, 2013	August 31, 2018	1.08%	700
	August 30, 2013	August 31, 2018	1.08%	500
	August 30, 2013	August 31, 2018	1.08%	300
	August 30, 2013	August 31, 2020	1.42%	1,500
	September 30, 2013	September 30, 2019	1.06%	1,800
	September 30, 2013	September 30, 2019	1.06%	900
	October 31, 2013	October 31, 2018	0.89%	500
	November 12, 2013	November 12, 2018	0.82%	1,000
	November 12, 2013	November 12, 2020	1.07%	2,000
	November 12, 2013	November 12, 2020	1.07%	500
	November 29, 2013	November 30, 2020	1.12%	1,000
	November 29, 2013	November 30, 2020	1.12%	900
	November 29, 2013	November 30, 2018	0.84%	200
	January 10, 2014	January 31, 2021	1.21%	1,300
	January 31, 2014	January 31, 2021	1.13%	2,300
	January 31, 2014	January 31, 2020	0.93%	3,700
	March 12, 2014	March 12, 2018	0.75%	2,250
	March 12, 2014	March 31, 2019	0.78%	450
	March 12, 2014	March 12, 2020	0.92%	1,800
	March 12, 2014	March 12, 2023	1.36%	1,800
	March 20, 2014	March 12, 2020	0.91%	3,000
	March 20, 2014	September 20, 2021	1.01%	4,000
	March 20, 2014	March 20, 2022	1.20%	3,000
	March 20, 2014	March 12, 2023	1.35%	2,000
	March 31, 2014	March 31, 2019	0.76%	2,500
	April 22, 2014	October 31, 2020	0.95%	2,900
	July 10, 2014	July 10, 2019	0.64%	500
	July 10, 2014	July 10, 2021	0.90%	2,000
	July 10, 2014	July 10, 2021	0.90%	500
	July 14, 2014	July 31, 2019	0.68%	1,000
	July 31, 2014	July 31, 2019	0.62%	1,000
	July 31, 2014	July 31, 2020	0.74%	2,700
	July 31, 2014	October 31, 2020	0.76%	300
	July 31, 2014	July 31, 2022	1.01%	2,200
	August 29, 2014	July 31, 2019	0.65%	1,000
	September 1, 2014	August 31, 2021	0.89%	800
	September 1, 2014	August 31, 2021	0.89%	500
	September 3, 2014	August 31, 2022	0.98%	1,000
	September 3, 2014	August 31, 2022	0.98%	950
	September 22, 2014	September 30, 2020	0.80%	2,700
	September 30, 2014	September 30, 2021	0.89%	1,000
	October 31, 2014	October 31, 2021	0.80%	3,000
	October 31, 2014	October 31, 2023	1.07%	2,000
	October 31, 2014	October 31, 2023	1.13%	1,500
	October 31, 2014	October 31, 2023	1.07%	1,000
October 31, 2014	October 31, 2024	1.26%	2,000	
October 31, 2014	October 31, 2024	1.26%	1,000	
January 30, 2015	January 31, 2021	0.71%	1,500	
January 30, 2015	January 31, 2025	1.16%	1,500	
February 18, 2015	February 28, 2022	0.91%	1,250	
February 18, 2015	February 28, 2022	0.91%	350	
February 18, 2015	February 29, 2024	1.16%	1,700	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In millions of yen)	
Long-term debt	February 18, 2015	February 28, 2025	1.31%	¥ 1,250	
	February 27, 2015	February 28, 2025	1.15%	2,100	
	March 12, 2015	February 28, 2025	1.22%	1,000	
	March 31, 2015	March 31, 2025	1.27%	2,500	
	April 30, 2015	April 30, 2022	0.83%	2,300	
	August 31, 2015	August 31, 2022	0.87%	500	
	August 31, 2015	August 31, 2022	0.87%	500	
	August 31, 2015	August 31, 2022	0.87%	500	
	August 31, 2015	August 31, 2022	0.87%	500	
	August 31, 2015	August 31, 2022	0.87%	500	
	September 30, 2015	September 30, 2024	1.07%	2,000	
	October 30, 2015	October 31, 2024	0.99%	1,000	
	October 30, 2015	October 30, 2025	1.11%	1,500	
	October 30, 2015	October 30, 2025	1.11%	2,000	
	October 30, 2015	October 30, 2025	1.11%	2,500	
	October 30, 2015	October 30, 2025	1.12%	2,500	
	November 12, 2015	November 30, 2025	1.17%	1,000	
	January 29, 2016	January 31, 2022	0.59%	2,500	
	January 29, 2016	January 31, 2022	0.64%	500	
	January 29, 2016	January 29, 2026	1.07%	2,000	
	January 29, 2016	January 29, 2026	1.02%	1,800	
	February 18, 2016	February 18, 2026	1.00%	1,000	
	February 18, 2016	February 18, 2026	1.00%	500	
	March 30, 2016	March 31, 2019	0.17%	1,000	
	March 31, 2016	March 31, 2026	0.90%	1,000	
	April 28, 2016	April 30, 2024	0.65%	2,000	
	April 28, 2016	April 30, 2026	0.84%	2,000	
	April 28, 2016	April 30, 2026	0.87%	1,000	
	Subtotal				143,600
	Current portion of Corporate bonds	March 15, 2007	March 15, 2017	2.37%	¥ 3,000
	Subtotal				3,000
	Corporate bonds	March 8, 2012	September 8, 2017	2.00%	1,500
		September 12, 2013	September 12, 2018	1.00%	1,800
	July 25, 2014	July 25, 2024	1.18%	2,000	
	April 28, 2016	April 28, 2028	0.90%	1,000	
Subtotal				6,300	
Total				¥175,100	

The following summarizes short-term debt, long-term debt and corporate bonds outstanding as of October 31, 2015:

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In millions of yen)
Short-term debt	April 2, 2015	March 31, 2016	0.53%	¥ 1,500
	July 31, 2015	July 31, 2016	0.53%	1,000
Current portion of long-term debt	November 12, 2010	November 12, 2015	1.79%	¥ 1,200
	November 12, 2010	November 12, 2015	1.79%	800
	December 1, 2010	November 12, 2015	1.32%	800
	December 1, 2010	November 12, 2015	1.32%	200
	January 31, 2011	January 29, 2016	1.94%	800
	February 28, 2011	January 29, 2016	1.95%	500
	March 31, 2011	January 29, 2016	1.91%	2,000
	April 28, 2011	January 29, 2016	1.89%	1,000
	January 10, 2012	January 29, 2016	1.27%	2,500
	February 18, 2013	February 18, 2016	0.84%	1,500
	March 31, 2011	March 31, 2016	1.22%	1,000
	May 1, 2006	April 30, 2016	2.73%	5,000
	April 30, 2013	April 30, 2016	0.67%	1,000

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In millions of yen)
Current portion of long-term debt	July 31, 2013	July 29, 2016	0.57%	¥ 1,500
	December 26, 2011	October 31, 2016	1.44%	2,500
	December 26, 2011	October 31, 2016	1.42%	2,500
	December 26, 2011	October 31, 2016	1.44%	2,000
	October 31, 2012	October 31, 2016	1.06%	2,500
	October 31, 2012	October 31, 2016	1.05%	1,500
Subtotal				33,300
Long-term debt	November 12, 2010	November 12, 2017	2.02%	¥ 2,300
	December 1, 2010	November 12, 2017	2.21%	700
	March 28, 2012	March 28, 2017	1.36%	500
	March 28, 2012	March 28, 2019	1.77%	1,400
	March 28, 2012	March 28, 2019	1.77%	1,000
	June 29, 2012	June 30, 2017	1.29%	1,500
	September 21, 2012	September 21, 2017	1.16%	5,000
	September 21, 2012	September 21, 2017	1.16%	1,000
	September 21, 2012	September 21, 2017	1.16%	1,000
	October 31, 2012	October 31, 2017	1.10%	2,500
	October 31, 2012	October 31, 2018	1.25%	2,500
	December 10, 2012	December 12, 2016	0.98%	500
	December 28, 2012	December 28, 2016	1.01%	2,000
	December 28, 2012	December 28, 2017	1.09%	500
	December 28, 2012	December 29, 2017	1.09%	500
	January 15, 2013	January 15, 2017	0.97%	1,000
	March 26, 2013	March 26, 2018	1.04%	1,000
	March 26, 2013	March 26, 2018	1.04%	1,000
	July 31, 2013	July 31, 2018	0.67%	500
	August 19, 2013	August 19, 2018	0.95%	1,000
	August 19, 2013	August 19, 2018	0.95%	1,000
	August 19, 2013	August 19, 2018	0.95%	500
	August 19, 2013	August 19, 2018	0.97%	500
	August 19, 2013	August 19, 2018	0.95%	500
	August 30, 2013	August 31, 2018	1.08%	700
	August 30, 2013	August 31, 2018	1.08%	500
	August 30, 2013	August 31, 2018	1.08%	300
	August 30, 2013	August 31, 2020	1.42%	1,500
	September 30, 2013	September 30, 2019	1.06%	1,800
	September 30, 2013	September 30, 2019	1.06%	900
	October 31, 2013	October 31, 2018	0.89%	500
	November 12, 2013	November 12, 2018	0.82%	1,000
	November 12, 2013	November 12, 2020	1.07%	2,000
	November 12, 2013	November 12, 2020	1.07%	500
	November 29, 2013	November 30, 2018	0.84%	200
	November 29, 2013	November 30, 2020	1.12%	1,000
	November 29, 2013	November 30, 2020	1.12%	900
	January 10, 2014	January 31, 2021	1.21%	1,300
	January 31, 2014	January 31, 2017	0.67%	1,200
	January 31, 2014	January 31, 2020	0.93%	3,700
	January 31, 2014	January 31, 2021	1.13%	2,300
March 12, 2014	March 12, 2018	0.75%	2,250	
March 12, 2014	March 31, 2019	0.78%	450	
March 12, 2014	March 12, 2020	0.92%	1,800	
March 12, 2014	March 12, 2023	1.36%	1,800	
March 20, 2014	March 12, 2020	0.91%	3,000	
March 20, 2014	September 20, 2021	1.01%	4,000	
March 20, 2014	March 20, 2022	1.20%	3,000	
March 20, 2014	March 12, 2023	1.35%	2,000	
March 31, 2014	March 31, 2019	0.76%	2,500	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In millions of yen)
Long-term debt	April 22, 2014	October 31, 2020	0.95%	¥ 2,900
	July 10, 2014	July 10, 2019	0.64%	500
	July 10, 2014	July 10, 2021	0.90%	2,000
	July 10, 2014	July 10, 2021	0.90%	500
	July 14, 2014	July 31, 2019	0.68%	1,000
	July 31, 2014	July 31, 2019	0.62%	1,000
	July 31, 2014	July 31, 2020	0.74%	2,700
	July 31, 2014	October 31, 2020	0.76%	300
	July 31, 2014	July 31, 2022	1.01%	2,200
	August 29, 2014	July 31, 2019	0.65%	1,000
	September 1, 2014	August 31, 2021	0.89%	800
	September 1, 2014	August 31, 2021	0.89%	500
	September 3, 2014	August 31, 2022	0.98%	1,000
	September 3, 2014	August 31, 2022	0.98%	950
	September 22, 2014	September 30, 2020	0.80%	2,700
	September 30, 2014	September 30, 2021	0.89%	1,000
	October 31, 2014	October 31, 2021	0.80%	3,000
	October 31, 2014	October 31, 2023	1.07%	2,000
	October 31, 2014	October 31, 2023	1.13%	1,500
	October 31, 2014	October 31, 2023	1.07%	1,000
	October 31, 2014	October 31, 2024	1.26%	2,000
	October 31, 2014	October 31, 2024	1.26%	1,000
	January 30, 2015	January 31, 2021	0.71%	1,500
	January 30, 2015	January 31, 2025	1.16%	1,500
	February 18, 2015	February 28, 2022	0.91%	1,250
	February 18, 2015	February 28, 2022	0.91%	350
	February 18, 2015	February 29, 2024	1.16%	1,700
	February 18, 2015	February 28, 2025	1.31%	1,250
	February 27, 2015	February 28, 2025	1.15%	2,100
	March 12, 2015	February 28, 2025	1.22%	1,000
	March 31, 2015	March 31, 2025	1.27%	2,500
	April 30, 2015	April 30, 2022	0.83%	2,300
	August 31, 2015	August 31, 2022	0.87%	500
	August 31, 2015	August 31, 2022	0.87%	500
	August 31, 2015	August 31, 2022	0.87%	500
August 31, 2015	August 31, 2022	0.87%	500	
August 31, 2015	August 31, 2022	0.87%	500	
August 31, 2015	August 31, 2022	0.87%	500	
September 30, 2015	September 30, 2024	1.06%	2,000	
October 30, 2015	October 31, 2024	0.99%	1,000	
October 30, 2015	October 30, 2025	1.11%	1,500	
October 30, 2015	October 30, 2025	1.11%	2,000	
October 30, 2015	October 30, 2025	1.11%	2,500	
October 30, 2015	October 30, 2025	1.12%	2,500	
Subtotal				132,500
Corporate bonds	March 15, 2007	March 15, 2017	2.37%	¥ 3,000
	March 8, 2012	September 8, 2017	2.00%	1,500
	September 12, 2013	September 12, 2018	1.00%	1,800
	July 25, 2014	July 25, 2024	1.18%	2,000
Subtotal				8,300
Total				¥174,100

6. REDUCTION ENTRY

The amount of reduction entry of property and equipment acquired by government subsidy

	In thousands of yen	
	As of April 30, 2016	As of October 31, 2015
Buildings and structures	¥26,230	¥26,230

7. PER UNIT INFORMATION

	Yen	
	From November 1, 2015 to April 30, 2016	From May 1, 2015 to October 31, 2015
Net asset value per unit	¥524,977	¥523,395
Net income per unit	¥ 11,893	¥ 11,273
Weighted average number of units (units)	404,885	404,885

The weighted average number of units outstanding of 404,885 as of April 30, 2016 and October 31, 2015, 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.

8. INCOME TAXES

The Investment Corporation is subject to corporate income taxes at a regular statutory rate of approximately 32%. 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 ¥4,335 million (deducting ¥480 million as the provision of reserve for reduction entry) and ¥4,170 million (deducting ¥394 million as the provision of reserve for reduction entry) for the periods ended April 30, 2016, and October 31, 2015. 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 0.03% for the fiscal periods ended April 30, 2016 and October 31, 2015. The following table summarizes the significant differences between the statutory tax rate and the effective tax rate:

	From November 1, 2015 to April 30, 2016	From May 1, 2015 to October 31, 2015
Statutory tax rate	32.31%	32.31%
Deductible cash distributions	(29.08)	(29.51)
Provision of reserve for reduction entry	(3.22)	(2.79)
Others	0.02	0.02
Effective tax rate	0.03%	0.03%

The significant components of deferred tax assets and liabilities as of April 30, 2016 and October 31, 2015 were as follows:

	In thousands of yen	
	As of April 30, 2016	As of October 31, 2015
Deferred tax assets:		
Enterprise tax payable	¥ 31	¥ 32
Deferred gains or losses on hedges	1,374	—
Amortization of leasehold rights	2,663	2,460
Subtotal deferred tax assets	4,068	2,492
Valuation allowance	4,037	2,460
Total deferred tax assets	¥ 31	¥ 32

Revision of amount of deferred tax assets and deferred tax liabilities due to change in the tax rate of income taxes

The Act on Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act on Partial Revision of the Local Tax Act, etc. (Act No. 13 of 2016) were enacted in the Diet session on March 29, 2016, which include lowering of the tax rate of income taxes, starting from accounting periods starting on or after April 1, 2016. In accordance with this, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities is changed from the previous 32.31% to 31.74%. The impact from the tax rate change is minimal.

9. 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.

10. RELATED-PARTY TRANSACTIONS

1. PARENT COMPANY, CORPORATE UNITHOLDERS' AND OTHER

Twenty-second Fiscal Period (November 1, 2015 to April 30, 2016) and Twenty-first Fiscal Period (May 1, 2015 to October 31, 2015): Not applicable

2. AFFILIATED COMPANIES AND OTHER

Twenty-second Fiscal Period (November 1, 2015 to April 30, 2016) and Twenty-first Fiscal Period (May 1, 2015 to October 31, 2015): Not applicable

3. FELLOW SUBSIDIARY COMPANIES AND OTHER

Twenty-second Fiscal Period (November 1, 2015 to April 30, 2016) and Twenty-first Fiscal Period (May 1, 2015 to October 31, 2015): Not applicable

4. DIRECTORS, INDIVIDUAL UNITHOLDERS' AND OTHER

Twenty-second Fiscal Period (November 1, 2015 to April 30, 2016) and Twenty-first Fiscal Period (May 1, 2015 to October 31, 2015): Not applicable

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

Rental and other operating revenues, property-related expenses, gain and loss on sale of real estate property for the periods from November 1, 2015 to April 30, 2016 and from May 1, 2015 to October 31, 2015 consist of the following:

	In thousands of yen	
	From November 1, 2015 to April 30, 2016	From May 1, 2015 to October 31, 2015
Rental and other operating revenues:		
Rental revenues	¥ 9,117,586	¥ 9,124,877
Common area charges	1,930,493	1,981,677
Subtotal	11,048,079	11,106,554
Others:		
Parking space rental revenues	471,916	472,738
Utility charge reimbursement	990,852	1,131,096
Miscellaneous	301,182	515,644
Subtotal	1,763,950	2,119,478
Total rental and other operating revenues	¥12,812,029	¥13,226,032
Property-related expenses:		
Property management fees and facility management fees	¥ 1,251,483	¥ 1,261,503
Depreciation	2,230,747	2,218,871
Utilities	1,071,935	1,232,969
Taxes	1,112,600	1,097,079
Insurance	17,492	18,325
Repairs and maintenance	451,262	497,904
Trust fees	32,130	52,439
Others	365,554	289,902
Total property-related expenses	¥ 6,533,203	¥ 6,668,992
Gain on sale of real estate property:		
Revenue from sale of investment property	11,470,000	4,800,000
Cost of investment property	9,899,061	4,214,661
Other sales expenses	60,770	123,973
Gain on sale of real estate property	1,510,169	461,366
Loss on sale of real estate property:		
Revenue from sale of investment property	3,950,000	960,000
Cost of investment property	4,692,834	1,094,481
Other sales expenses	23,171	31,210
Loss on sale of real estate property	¥ 766,005	¥ 165,691

12. 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 and residential properties and with lease terms ranging from two to ten years for retail properties. The future minimum rental revenues under existing non-cancelable operating leases as of April 30, 2016 and October 31, 2015 are as follows:

	In thousands of yen	
	As of April 30, 2016	As of October 31, 2015
Due within one year	¥ 1,486,303	¥ 1,759,328
Due after one year	9,544,086	9,540,266
Total	¥11,030,389	¥11,299,594

13. FINANCIAL INSTRUMENTS

Twenty-second Fiscal Period (November 1, 2015 to April 30, 2016)

(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 corporate 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.

Debt and corporate bonds are used primarily for procuring funds necessary for the acquisition of properties and have a redemption date of a maximum of approximately 12 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 and interest-rate cap transactions) in order to reduce such risk.

Interest-rate swap and interest-rate cap transactions are used as derivative financial instruments. Utilizing interest-rate swap and interest-rate cap transaction, the Investment Corporation fixes its interest expense for long-term debt 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(K) "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 and interest-rate cap 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.

(B) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments on the balance sheet as of April 30, 2016 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).

	In thousands of yen		
	Carrying value	Estimated fair value	Difference
① Cash and bank deposits	¥ 20,602,996	¥ 20,602,996	¥ —
Subtotal	20,602,996	20,602,996	—
① Short-term debt	2,500,000	2,500,000	—
② Corporate bonds (including current portion of corporate bonds)	9,300,000	9,486,050	186,050
③ Long-term debt (including current portion of long-term debt)	163,300,000	165,889,327	2,589,327
Subtotal	¥175,100,000	¥177,875,377	¥2,775,377
Derivative Transactions (*)	(4,328)	(4,328)	—

(*) The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing 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 bank deposits

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

LIABILITIES

① Short-term debt

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

② Corporate bonds

The fair value of corporate bonds is based on quoted market prices.

③ Long-term debt

The fair value of long-term debt 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 debt 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 14 "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	¥1,089,761

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 bank deposits	¥20,602,996
Total	¥20,602,996

*4: REDEMPTION SCHEDULE FOR DEBT AND CORPORATE BONDS

	In thousands of yen					
	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
Short-term debt	¥ 2,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Corporate bonds	3,000,000	1,500,000	1,800,000	—	—	3,000,000
Long-term debt	¥19,700,000	¥19,250,000	¥16,050,000	¥14,700,000	¥19,600,000	¥74,000,000

Twentieth-first Fiscal Period (May 1, 2015 to October 31, 2015)

(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 corporate 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.

Debt and corporate bonds are used primarily for procuring funds necessary for the acquisition of properties and have a redemption date of a maximum of approximately ten 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 and interest-rate cap transactions) in order to reduce such risk.

Interest-rate swap and interest-rate cap transactions are used as derivative financial instruments. Utilizing interest-rate swap and interest-rate cap transactions, the Investment Corporation fixes its interest expense for long-term debt 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 (K) "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 and interest-rate cap 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 funds procurement

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.

(B) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments on the balance sheet as of October 31, 2015 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).

	In thousands of yen		
	Carrying value	Estimated fair value	Difference
① Cash and bank deposits	¥ 22,587,773	¥ 22,587,773	¥ —
Subtotal	22,587,773	22,587,773	—
① Short-term debt	2,500,000	2,500,000	—
② Corporate bonds (including current portion of corporate bonds)	8,300,000	8,474,360	174,360
③ Long-term debt (including current portion of long-term debt)	163,300,000	163,761,383	461,383
Subtotal	¥174,100,000	¥174,735,743	¥635,743
Derivative Transactions (*)	—	—	—

(*) The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing 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 bank deposits

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

LIABILITIES

① Short-term debt

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

② Corporate bonds

The fair value of corporate bonds is based on quoted market prices.

③ Long-term debt

The fair value of long-term debt 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 debt bearing interest at variable rates, 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 14 "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	¥1,100,235

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 bank deposits	¥22,587,773
Total	¥22,587,773

***4: REDEMPTION SCHEDULE FOR DEBT AND CORPORATE BONDS**

	In thousands of yen					
	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
Short-term debt	¥ 2,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Corporate bonds	—	4,500,000	1,800,000	—	—	2,000,000
Long-term debt	¥30,800,000	¥16,200,000	¥16,750,000	¥12,750,000	¥18,600,000	¥68,200,000

14. DERIVATIVE TRANSACTIONS

The following summarizes the contracted amount and the fair value of interest-rate swap and the interest-rate cap contracts as of April 30, 2016:

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)		Fair value (In thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Principle method	Interest-rate swaps: Receive/floating and pay/fixed	Long-term debt	¥ 1,000,000	¥ 1,000,000	¥(4,328)	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 debt	¥109,350,000	¥102,150,000	*	
Special treatment of interest-rate caps	Interest-rate caps transaction	Long-term debt	2,000,000	500,000	*	
Total			¥112,350,000	¥103,650,000	¥(4,328)	

(*) Interest-rate swaps and interest-rate caps 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 debt.

The following summarizes the contracted amount and the fair value of interest-rate swap and the interest-rate cap contracts as of October 31, 2015:

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)		Fair value (In thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Special treatment of interest-rate swaps	Interest-rate swaps: Receive/floating and pay/fixed	Long-term debt	¥ 98,050,000	¥92,050,000	*	—
Special treatment of interest-rate caps	Interest-rate caps transaction	Long-term debt	3,000,000	500,000	*	—
Total			¥101,050,000	¥92,550,000		

(*) Interest-rate swaps and interest-rate caps 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 debt.

15. INVESTMENT AND RENTAL PROPERTIES

Twenty-second Fiscal Period (November 1, 2015 to April 30, 2016)

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, 2016 (In thousands of yen)	
As of October 31, 2015	Net change	As of April 30, 2016		
¥381,466,641	¥3,618,614	¥385,085,255	¥402,555,000	

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

2: The fair value is the appraisal value or the survey 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 increases and decreases were the acquisition of two properties totaling ¥19,321,019 thousand, the sale of two properties totaling ¥14,591,896 thousand and depreciation amounting to ¥2,230,747 thousand.

Income and loss in the fiscal period ended April 30, 2016 for real estate for rental purposes is listed in Note 11. "BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY".

Twenty-first Fiscal Period (May 1, 2015 to October 31, 2015)

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, 2015 (In thousands of yen)
As of April 30, 2015	Net change	As of October 31, 2015	
¥379,905,814	¥1,560,827	¥381,466,641	¥392,422,000

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

2: The fair value is the appraisal value or the survey 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 increases and decreases were the acquisition of two properties totaling ¥8,621,306 thousand, the sale of two properties totaling ¥5,309,142 thousand and depreciation amounting to ¥2,218,871 thousand.

Income and loss in the fiscal period ended October 31, 2015 for real estate for rental purposes is listed in Note 11. "BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY".

16. SEGMENT AND RELATED INFORMATION

Twenty-second Fiscal Period(November 1, 2015 to April 30, 2016)

(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 revenue on the statement of income.

(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 revenue on the statement of income.

(b) Property and equipment

Disclosure is omitted because the amount of property and equipment located in Japan accounts for over 90% of the amount of property 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 revenue on the statement of income.

Twenty-first Fiscal Period (May 1, 2015 to October 31, 2015)

(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 revenue on the statement of income.

(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 revenue on the statement of income.

(b) Property and equipment

Disclosure is omitted because the amount of property and equipment located in Japan accounts for over 90% of the amount of property 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 revenue on the statement of income.

17. SUBSEQUENT EVENTS

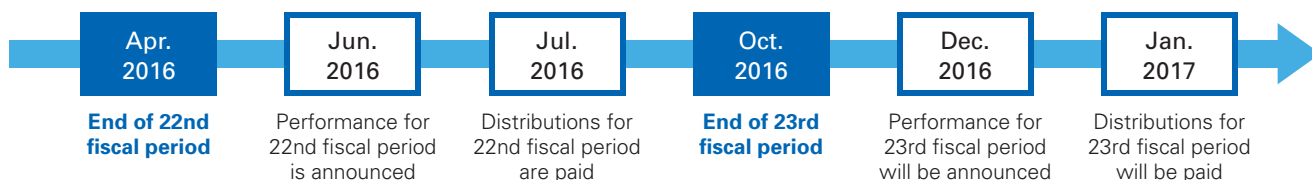
Not applicable.

Unitholders' Information

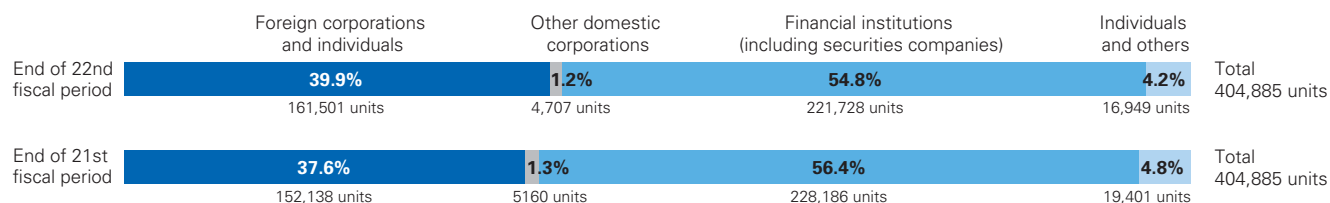
Kenedix Office Investment Corporation

Fiscal Periods: Six months ending April 30 and October 31
 Stock Listing: Real Estate Investment Trust Market of the Tokyo Stock Exchange (Securities Code: 8972)
 Transfer Agent: Sumitomo Mitsui Trust Bank, Limited
 Auditor: Ernst & Young ShinNihon LLC

IR Schedule (22nd and 23rd fiscal periods)



General Breakdown of Unitholders



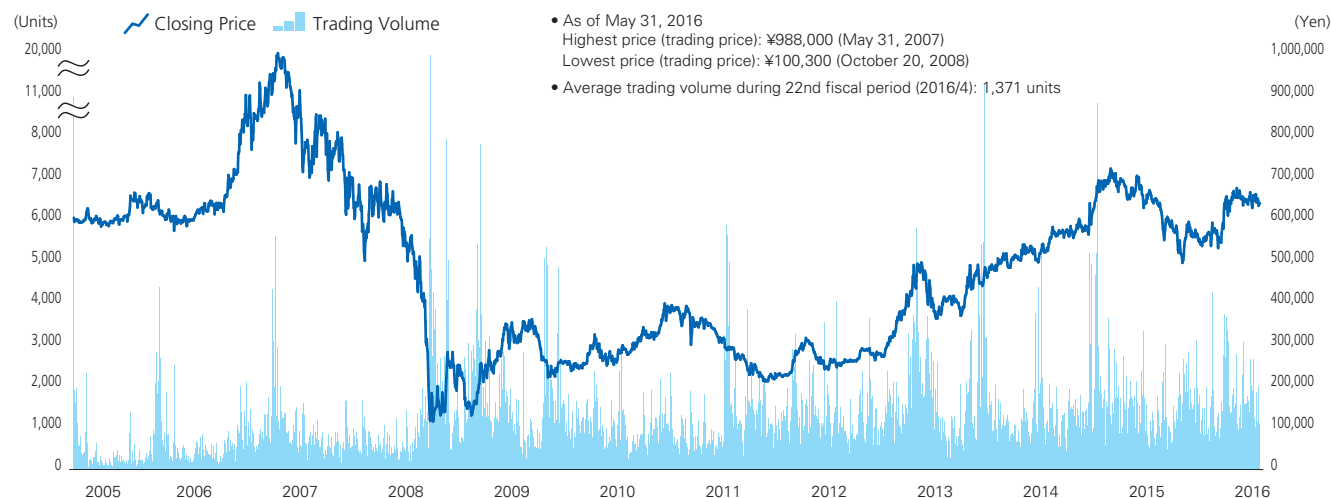
Notes: The ratios are rounded to the first decimal place.

Top Ten Unitholders (As of April 30, 2016)

Name	# of Units Held (Unit)	Percentage Share (Note)
Japan Trustee Services Bank, Ltd. (Trust Account)	65,256	16.11%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	57,244	14.13%
The Master Trust Bank of Japan, Ltd. (Trust Account)	43,003	10.62%
Nomura Bank (Luxemburg) S.A.	23,109	5.70%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	19,533	4.82%
The Bank of New York Mellon SA/NV 10	11,643	2.87%
State Street Bank and Trust Company 505223	8,951	2.21%
State Street Bank and Trust Company 505001	6,289	1.55%
MSIP CLIENT SECURITIES	5,529	1.36%
State Street Bank and Trust Company	5,475	1.35%
Total	246,032	60.76%

Note: The ratios are rounded down to the second decimal place.

Unit Price and Trading Volume





<http://www.kdo-reit.com/en/>

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