



Kenedix Realty Investment Corporation (8972)

12th Period Results (April 2011)

June 16, 2011
Kenedix REIT Management, Inc.
<http://www.kdx-reit.com/eng/>

KRI strategy in the post: earthquake environment

| Post-earthquake market conditions for mid-sized offices | |
|---|---|
| Transaction Market | <ul style="list-style-type: none"> ■ Substantial decline in trading volume after the earthquake, though activities and information flows are recovering ■ The earthquake had limited impact on asset pricing, i.e., appraisal value. Cap rate expectation appears unchanged |
| Leasing Market | <ul style="list-style-type: none"> ■ Tenants are increasingly “selective” about office building quality <ul style="list-style-type: none"> ⇒ Location, age, technical specifications (including seismic resistance standards) ⇒ Rent levels may to have bottomed out for quality buildings ■ Tenants’ moving their main offices out of Tokyo is limited (Osaka, etc.) because of concentration risks |
| Financial Market | <ul style="list-style-type: none"> ■ Investors’ increasing appreciation of J-REITs: timely disclosure, information transparency, asset diversification, trading liquidity, etc. <ul style="list-style-type: none"> ⇒ Lenders’ positive attitude unchanged ⇒ Prices declined after 3.11, followed by strong recovery almost to the pre-earthquake levels in late March ■ BOJ doubled the J-REIT equity purchase facility after the earthquake ■ J-REIT follow-on offerings resumed |



| KRI Strategies |
|--|
| <p>New acquisitions</p> <ul style="list-style-type: none"> ■ Positive environment for acquisitions ■ Competitive advantages derived from focused strategy on “mid-sized office buildings” and solid acquisition track record with financing capability ■ Continued focus on central Tokyo, while targeting other major cities for selective investments |
| <p>Portfolio management</p> <ul style="list-style-type: none"> ■ Increased efficiency & work speed by internalizing property management functions ■ Economies of scale to achieve cost reductions in building maintenance and to optimize efficiency ■ Capital expenditure using sufficient construction budget |
| <p>Environmental / energy-saving initiatives</p> <ul style="list-style-type: none"> ■ Introduction of energy measures ■ Capital expenditure for electric reduction at peak time <ul style="list-style-type: none"> ⇒ earlier-than scheduled installation of LED etc. ■ Third-party assessments for initiatives <ul style="list-style-type: none"> ⇒ “DBJ Green Building” certificate |

SECTION 1

12th Period Results (April 30, 2011)

12th Period (2011/4) Financial results: Performance highlights

Actual performance and year-on-year comparison

(in millions of yen)

| | 11th period (2010/10) | 12th period (2011/4) | Variance | Major factors |
|--|--------------------------|-------------------------|----------|---|
| Operating income | 8,358 | 8,136 | -221 | (Refer to ①# in the table to the right) |
| Of which gain on sales of real estate properties | 116 | - | -116 | Gain on sale of KDX Shinjuku-Gyoen Bldg in 11th period |
| Operating expenses | 4,522 | 4,427 | -95 | (Refer to ②# in the table to the right) |
| Of which expenses related to rent business (excluding depreciation) | 2,377 | 2,360 | -17 | Decreased due to seasonal factors of utility (-73) etc. |
| Of which depreciation | 1,440 | 1,406 | -33 | Part of existing property is fully depreciated |
| Of which loss on sales of real estate properties | 64 | - | -64 | Loss on sale of Court Shin-Okachimachi in 11th period |
| Operating income | 3,835 | 3,709 | -125 | (Refer to ③# in the table to the right) |
| Non-operating expenses | 1,231 | 1,366 | 134 | - |
| Of which interest expense etc. | 1,205 | 1,352 | 146 | New borrowings during 12th period is ¥11.5billion |
| Extraordinary gains | - | 26 | 26 | Subsidy income (ecology renovation for KDX Shin-Yokohama Bldg) |
| Extraordinary losses | - | 61 | 61 | Loss on disaster (35), reduction of noncurrent assets (26) |
| Net income | 2,607 | 2,309 | -297 | - |
| Provision for reserve for reduction entry | 65 | - | -65 | In 11th period, accumulate 80% of gains on land sales of 2 properties |
| Distribution per unit | 10,881 yen | 9,891 yen | -990 yen | (number of units issued 233,550 units) |
| Leasing NOI (Net Operating Income) | 5,864 | 5,776 | -88 | - |
| FFO (Funds From Operation) | 3,995 | 3,716 | -279 | - |

(in millions of yen)
(Reference) Major components of variance

| | Property performance | | | Utility etc. |
|---|----------------------|-----------------|-------------------------|--------------|
| | Continuous holding | New acquisition | Sold during 11th period | |
| ① | -189 | 323 | -197 | -158 |
| ② | -73 | 148 | -101 | -70 |
| ③ | -117 | 176 | -96 | -89 |

* Leasing NOI = Rental revenues – Rental expenses + Depreciation expense for the period

* FFO (Funds From Operation) = Net income + Depreciation expense for the period – Gain on sales of real estate properties + Loss on sales of real estate properties

Comparison between forecasts and 12th period results

(in millions of yen)

| | Forecast (2010/12/13) | Actual Results | Variance | Major factors |
|--|--------------------------|----------------|----------|---|
| Operating revenue | 8,075 | 8,136 | 61 | Acquisition of Kitananajo SIA Bldg (+20M), Actual leasing results were better than the forecasts |
| Operating expenses | 4,429 | 4,427 | -2 | - |
| Operating income | 3,646 | 3,709 | 63 | - |
| Non-operating expenses | 1,378 | 1,366 | -12 | - |
| Of which interest expense etc. | 1,359 | 1,352 | -7 | Lower refinancing cost than the forecasts |
| Extraordinary gains/losses | - | -35 | -35 | Due to the East Japan Earthquake |
| Net income | 2,271 | 2,309 | 38 | - |
| Reversal of reserve for reduction entry | 65 | - | -65 | Planned reversal of reserve was cancelled |
| Distribution per unit (Yen) | 10,000 yen | 9,891 yen | -109 yen | - |

Recording E/O loss related to the East Japan Earthquake and special account for disaster loss

In accordance with "Income taxes treatment of various expenses incurred in relation to the East Japan Earthquake" (notice on law interpretation) issued by NTA on April 18, 2011, provision for special account for disaster loss of ¥30 million is recorded as deductible expense.

13th period (2011/10) /14th period (2012/4) Earnings forecasts (announced on July 5, 2011)

| Forecasts for 13th period / 14 th period | | | | (in millions of yen) |
|--|--|--|--|---|
| | 12th period results (2011/4) | 13th period forecasts (2011/10) | 14th period forecasts (2012/4) | Additional explanation |
| Operating income | 8,136 | 8,964 | 8,458 | |
| Of which gain on sales of real estate properties | - | 535 | - | 13th period, expected gain on sale from KDX Hirakawacho Bldg |
| Operating expenses | 4,427 | | | |
| Of which expenses related to rent business (excluding depreciation) | 2,360 | | | |
| Of which depreciation | 1,406 | 1,448 | 1,463 | |
| Operating income | 3,709 | 4,214 | 3,782 | |
| Non-operating expenses | 1,366 | | | |
| Of which interest expense etc. | 1,352 | 1,360 | 1,271 | |
| Ordinary income | 2,346 | 2,799 | 2,472 | |
| Extraordinary gains/losses | -35 | - | - | Disaster loss incurred in 12th period |
| Net income | 2,309 | 2,798 | 2,471 | |
| Provision for (reversal of) reserves for reduction entry | - | 130 | -195 | |
| Distribution per unit (yen) | 9,891 yen | 9,300 yen | 9,300 yen | (Number of units issued) 12th period:233,550 units, 13th-14th period: 286,550 units |
| (Ref.) Changes in number of properties | 67→71 properties | 71→74 properties | 74 properties | |
| (Ref.) Acquisition and disposition of properties | [Acquisition] • 2 properties of Kyodo Bldg (Ginza No.8, Honcho 1chome) • KDX Kobayashi-Doshomachi Bldg • Kitananajo SIA Bldg | [Acquisition] • 2 properties of Kyodo Bldg (Iidabashi, Shin-Nihonbashi) • P's Higashi-Shinagawa Bldg • Nihonbashi Dai-2 Bldg [Disposition] • KDX Hirakawacho Bldg | [Acquisition] [Disposition] none | |

Sale of Hirakawacho Bldg

Estimated decrease in NOI for 13th period due to sale of KDX Hirakawacho Bldg (on June 30, 2011) is ¥80 million

Internal reserves from gain from land sale

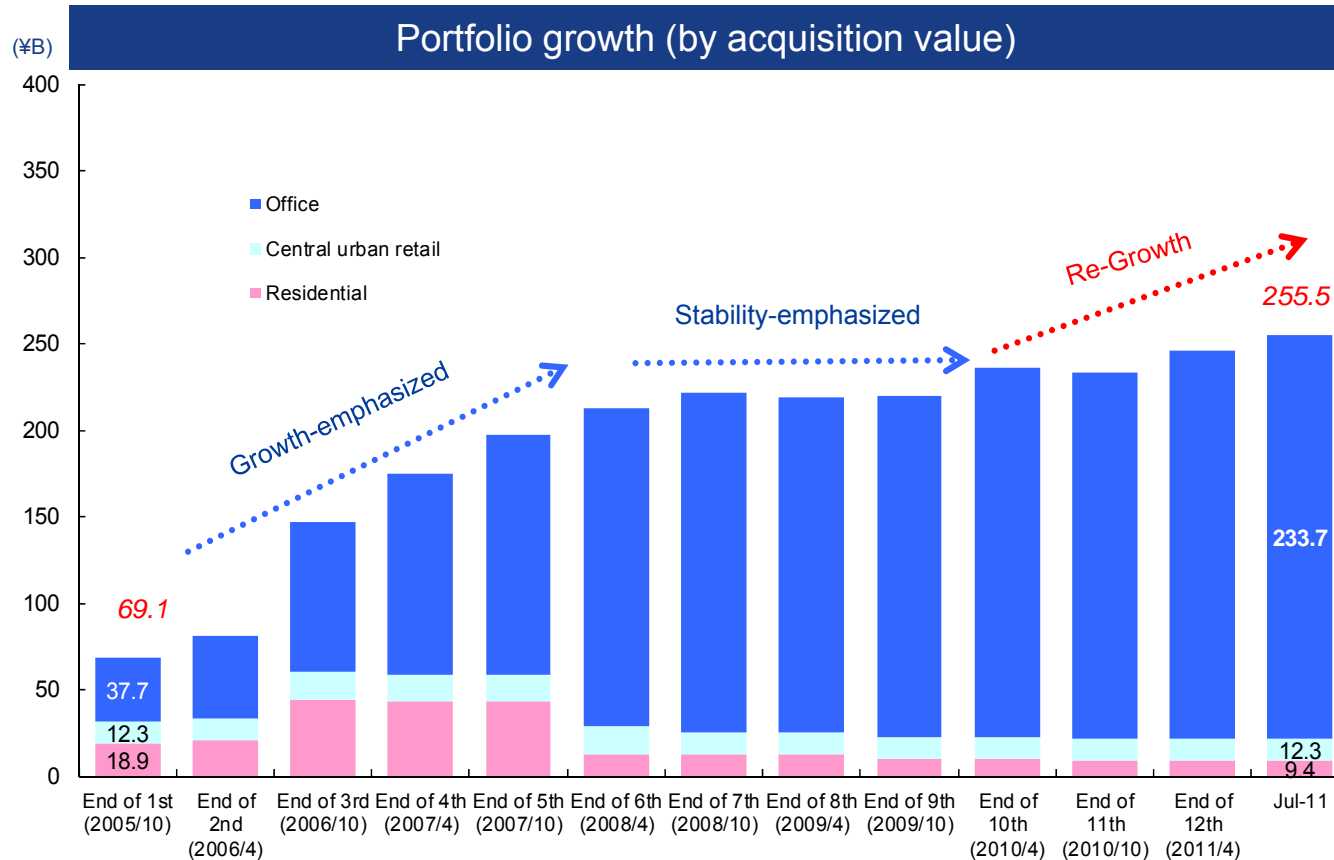
The assumption is made that the reserve for reduction entry will be accumulated related to the expected capital gains from the sale of KDX Hirakawacho Building (¥535 million) in the amount up to the reduction entry limit stipulated in Article 66-2 of the Special Taxation Measures Law (up to 80% of the gain on land sale) and to the extent it meets the conduit requirements stipulated in Article 67-15 of the Special Taxation Measures Law (more than 90% of distributable profit) and assumed a reserve for reduction entry in amount of ¥130 million for the 13th period.

Note: The above figures are projected under certain assumptions at this time, and actual net profit and distribution may differ from those projections due to changes in circumstances. Also, this projection is not intended to imply that the projected amount will be paid.

SECTION 2

External growth strategy

Portfolio that focuses on office buildings

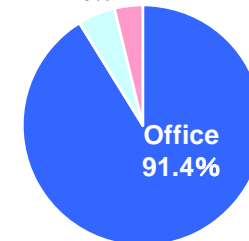


Portfolio overview
(as of July 31, 2011)

of properties: 74
Total size: ¥255.5B

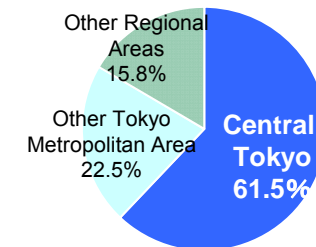
Portfolio breakdown by property type

Central urban retail 4.8%
Residential 3.6%

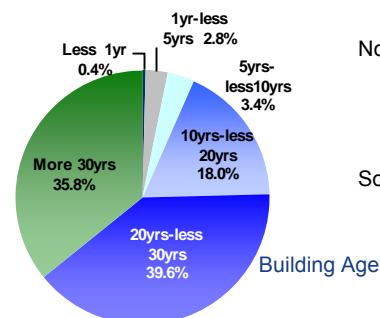
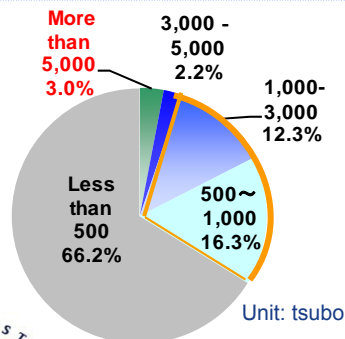


Office buildings: 68 properties
Total size: ¥233.7B

Portfolio breakdown by region (office buildings)



(Reference) Office market in Tokyo's 5 central wards (by number of buildings)



Note: The data is based on the office buildings that CBRE follows for analysis and does not cover all office buildings that are located within the 5 central wards in Tokyo (March 2011)

Source: "Mid-sized office building market trend", CBRE, May 2011 (report compiled at KDRM's request)

Notes :

- Total sizes are rounded to the nearest ¥100M
- The above percentages are calculated using the acquisition prices rounded to the first decimal place.
- Central Tokyo includes Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards

Acquisition/disposition in 12th period (2011/4)

- Focus on mid-sized office buildings in the Tokyo Metropolitan Areas
- Selective investments in other major cities

Total acquisitions in 12th period ¥13.2B

Tokyo Metropolitan Area ¥8.3B

Other Regional Areas ¥4.9B

Kitananajo SIA Building (acquisition)



Location: Kita-ku, Sapporo, Hokkaido
 GFA: 5,503.90 m²
 Year Built: October 1989
 Acquisition Price: ¥2,005M
 Acquisition Date: March 25, 2011
 Number of Tenant: 20
 (as of April 30, 2011)

- One-minute walk from Sapporo Station, facing the North Exit Plaza of the Station
- Standard floor space of 363m² (110 tsubo)



KDX Hirakawacho Building (disposition)



Location: Chiyoda-ku, Tokyo
 GFA: 8,002.97 m²
 Year Built: March 1988
 Acquisition Price: ¥5,180M
 Acquisition Date: August 1, 2005
 Sales Price: ¥5,800M
 Settlement Date: June 30, 2011

| | |
|-----------------------|---|
| Rental Revenue | ¥167,316 thousand (fiscal period ended 2011/4) |
| Number of End-Tenants | 18 (as of April 30, 2011) |
| Occupancy Ratio | 100.0% |

- Located at the heart of central Tokyo, Hirakawacho Chiyoda-ku
- The sales agreement was executed and sold as originally planned, despite occurrence of the earthquake
- Part of portfolio strategy for optimization of property mix by considering such factors as market trends, profitability and characteristics of individual assets
- Increase in cash (liquidity) positions for future asset acquisitions
- Sale price likely to exceed KRI's estimated book value, potentially resulting in profits from the transaction

Track record of property acquisition and disposition

Properties acquired during the 12th fiscal period

Total acquisition price ¥13.17B



Disposition



| Property name | Kyodo Building (Ginza No.8) | Kyodo Building (Honcho 1chome) | KDX Kobayashi-Doshomachi Building | Kitananajo SIA Building | (Reference) Total of 4 properties |
|---|-----------------------------|--------------------------------|-----------------------------------|-------------------------|-----------------------------------|
| Location | Chuo-ward, Tokyo | Chuo-ward, Tokyo | Chuo-ward, Osaka | Kita-ward, Sapporo | – |
| Acquisition date | Nov. 2011 | | Dec. 2010 | Mar. 2011 | – |
| Acquisition price (A) | ¥4.3B | ¥4.0B | ¥2.87B | ¥2.0B | ¥13.17B |
| Appraisal value at the time of acquisition(B) | ¥4.52B | ¥4.33B | ¥2.97B | ¥2.05B | ¥13.87B |
| Difference (A)- (B) | -4.9% | -7.6% | -3.4% | -2.2% | -5.0% |
| Seller | Third party | Third party | Related party | Third party | – |
| Appraisal NOI ¹ | ¥217.1M | ¥216.3M | ¥211.5M | ¥131.4M | ¥776.5M |
| Appraisal NOI/ Acquisition price | 5.1% | 5.4% | 7.4% | 6.6% | 5.9% |

| Property name | KDX Hirakawacho Building |
|----------------------------|---|
| Location | Chiyoda-ward, Tokyo |
| Settlement date | Contract date: 2011/4/5 Settlement date: 2011/6/30 |
| Sales price | ¥5.8B |
| Appraisal value (Apr 2011) | ¥4.91B |
| % of change | +18.1% |
| Buyer | Third party |
| Appraisal NOI ² | ¥253.3M |
| Appraisal NOI/ Sales price | 4.4% |


Note 1: Appraisal NOI is the net operating income (annual) for the direct capitalization method used in real estate appraisal report at the time of acquisition for each property.

Note 2: Appraisal NOI of KDX Hirakawacho Building is the net operating income (annual) for the direct capitalization method used in real estate appraisal report of April 30, 2011.

Note 3: Values are rounded down to the first decimal place. Ratios are rounded to the first decimal place.

Property acquired during the 13th fiscal period (2011/10)

Properties Acquired during the 13th period (acquired on July 22, 2011)

| | Kyodo Building (Iidabashi) | P's Higashi-Shinagawa Building | Nihonbashi Dai-2 Building | Kyodo Building (Shin- Nihonbashi) | Total |
|--|---|--|---|---|-----------|
| |  |  |  |  | |
| Acquisition Price (A) (¥M) | 4,670 | 4,590 | 2,710 | 2,300 | 14,270 |
| Appraisal Value (B) (¥M) (Note 1) | 4,750 | 4,770 | 2,850 | 2,480 | 14,850 |
| Difference (A)-(B) (%) | -1.7 | -3.8 | -4.9 | -7.3 | -3.9 |
| Appraisal NOI (%) | 5.2 | 5.7 | 6.1 | 5.5 | 5.6 |
| Total Leasable Area (m ²) | 4,429.22 | 7,107.50 | 3,992.60 | 2,658.79 | 18,188.11 |
| Location | Shinjuku ward, Tokyo | Shinagawa ward, Tokyo | Chuo ward, Tokyo | Chuo ward, Tokyo | — |

Note 1: Appraisal report of April 30, 2011

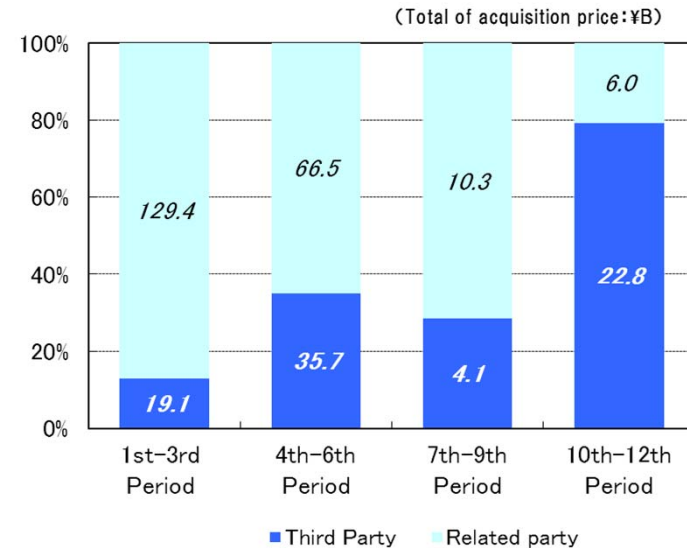
Note 2: Values are rounded down to the first decimal place. Ratios are rounded to the first decimal place.

Property Acquisition Strategies going forward: original network and diversified investment structure

Expanding/deepening the original network

- Financial institutions
Relationships with lenders & securities companies for possible access to funds' exit opportunities
- Private investment funds
Potential opportunities in relation to debt maturities
- J-REITs
Potential off-market opportunities through close relationships with other REITs
- Corporations
Potential off-market transactions in relation to financial restructuring and/or off-balance sheet needs

Changes in ratio of Seller Type



Note: The point of acquisition of KDX Nagoya Sakae Building is deemed to be in the 6th period when the sale and purchase agreement for land and building was signed (April 25, 2008), and the total acquisition price of land and building (7.55 billion yen) is recorded as the acquisition price.

Diversified investment structure (TK investments)



*Japanese silent partnership

Disposition with a view to acquiring a new property

- Preference to disposition of residential and central urban retail assets
- Office buildings may be disposed based on room for asset replacement

Focusing on
"mid-sized office buildings"

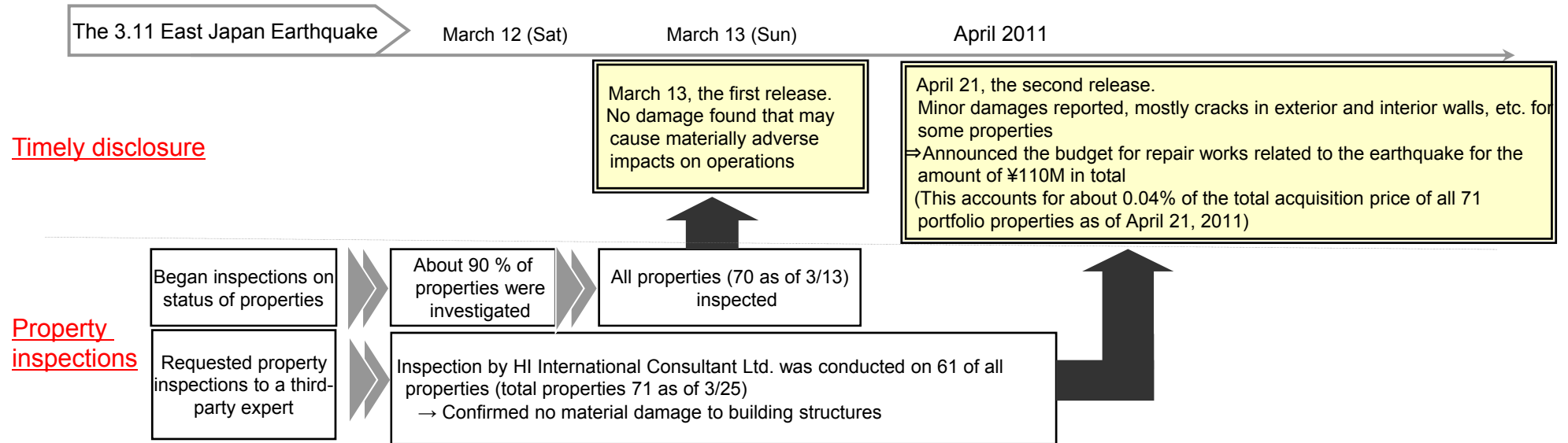
Memo

SECTION 3

Portfolio management strategy

Management of existing properties: Timely response to the East Japan Earthquake

Immediate response by internalizing PM functions



Repair, construction, etc

renewal/repair works commenced

<Timely assessment & reporting of damage>

<KDX Shinjuku Building>

March 11 (Fri.): initial report on human casualties (none) and initial report on damage survey received
 March 12 (Sat.): 2nd report on damage survey and, later on the same day, the final survey report received

<KDX Sendai Building>

March 11 (Fri.): received 3 reports on the same day
 March 12 (Sat.): received a progress report
 March 13 (Sun.): received a progress report, a direct report from the impacted site, followed by timely status updates
 March 14 (Mon.): received photos of the damaged areas, analyzed the pictures by the engineering group in the Property Management Division

<Crisis management for natural disasters>

- ✓ Timely reporting in a prescribed format for natural disaster situations
- ✓ How to respond to the earthquake intensity five or more in the seismic scale in areas where we hold assets
 → Crisis management system (earthquake, fire, terrorism) already in place to report “immediately” to the Asset Management Company

Management of existing properties: Material impacts from the earthquake

Total costs relating to the East Japan Earthquake

Budget for earthquake related construction works : ¥110M

- ① Construction works completed ¥5M
→ Recorded as extraordinary loss for fiscal period ended April 2011
- ② Anticipated cost for immediate repair and maintenance works ¥30M
→ Recorded as casualty loss reserves for fiscal period ended April 2011
- ③ Construction budget for fiscal period ending October 2011 ¥75M(note)
→ Details, including schedules, are to be determined
Note: This is an estimate, thus subject to substantial change in the future

KDX Sendai Building

Location: Aoba-ku Sendai, Miyagi
Year Built: February 1984



External stairs handrail
(4F apart)



photo: April 18

- EV・Parking machine repaired (March 14)
- External stairs handrail breakage
- External wall crack (partial damage on tiles)
- Internal wall crack

KDX Shin-Yokohama 381 Building

Location: Kohoku-ku Yokohama, Kanagawa
Year Built: March 1988



Before repair
(6F apart)



After repair

- Expansion joint hardware coming off・ related distortion and interior damage
- Cracks in rest room walls
- Cracks in other internal walls

Status of buildings built under old seismic resistance standards (note)

KDX Nihonbashi 313 Building

Location: Chuo-ku, Tokyo
Year Built: April 1974

- Expansion joint disconnect
- Wall cracks

Toranomon Toyo Building

Location: Minato-ku Tokyo
Year Built: August 1962

- No material damage.

Note: The building was built in compliance with the old seismic resistance standard.

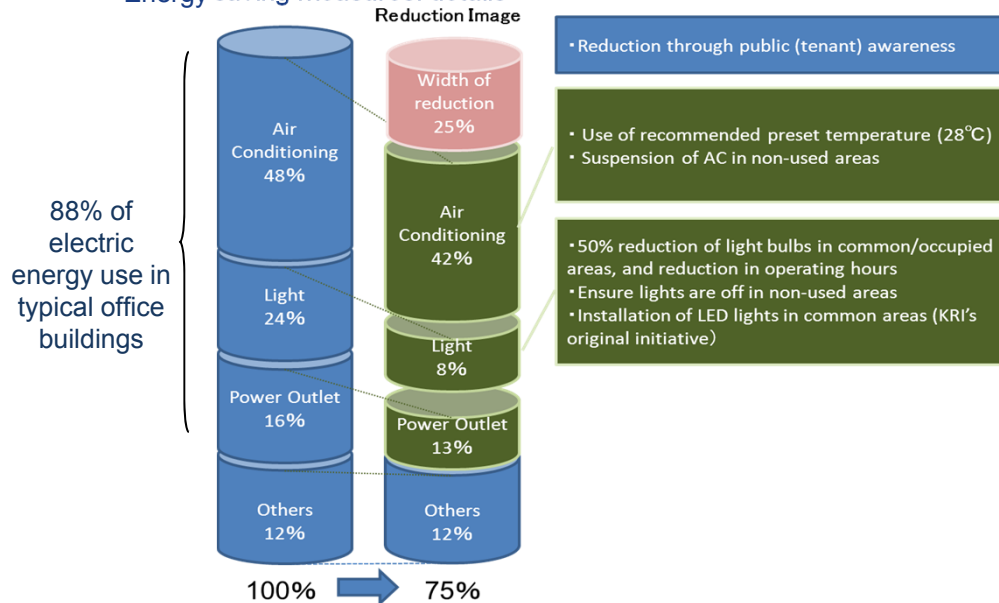
KDX Nihonbashi 313 Building received the antiseismic assessment result from an expert that the building has the quake resistance equivalent to those under the new seismic resistance standard. Toranomon Toyo Building completed antiseismic reinforcement work.

Management of existing properties: Energy saving measure in office buildings

How we respond to potential power shortage in summer 2011

- 15% reduction in energy consumption, mostly at properties with more than 500kW contracted supply within TEPCO and Tohoku EPCO areas
- Systematic energy saving measures in both common areas and occupied areas, at which over 80% of electric power used for air-conditioning, lighting and power outlets
- KRI seeks 15% energy reduction by basing its saving measures on the government recommendations that assume maximum of 25% reduction

Energy saving measures: details



Capex for energy savings during peak hours

① LED light in evacuation signs

→ installed in offices and central urban retails (64 properties)



② LED lights for down lights etc.

→ installed in EV halls, hallways, rest rooms and conference rooms (9 properties)



③ Motion detection sensor and others

→ installed lighting systems with motion detection sensors in stairways (6 properties)



Power savings by all of ① ~ ③ is expected to be about 78Kw (-73%)
(Before implementation: approx. 107Kw → After: approx. 29Kw)

Development of public awareness (Requesting energy saving to tenants)



Cooperation request



Campaign poster by Ministry of Environment



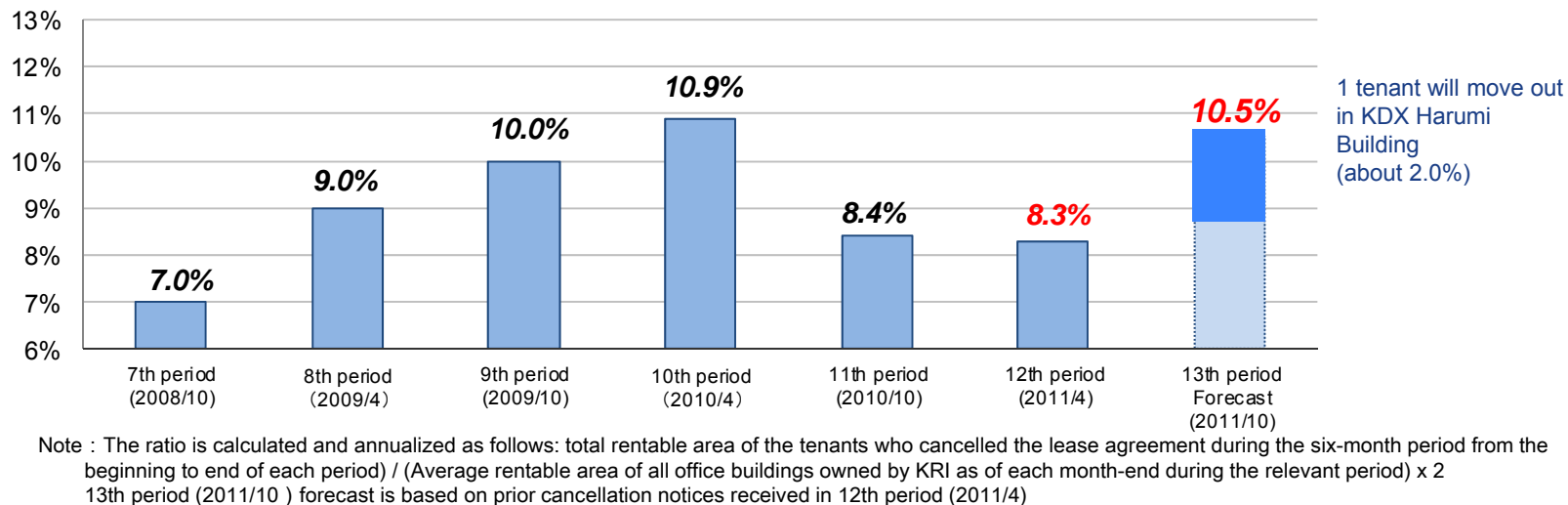
Promotional stickers by ECCJ

Anticipated timetable for energy savings in "large consumer" properties

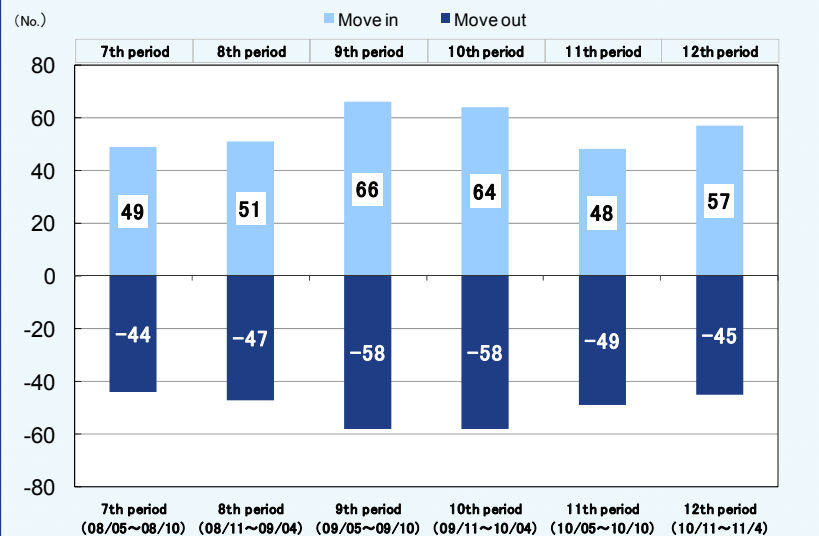
| | June | July | August | September | October |
|--|--|--|-----------------------|-----------------------|-----------------------|
| Government (Ministry of Economy, Trade and Industry) | ▲ Jun 1 Notification of large consumer property | Peak cutting period covered Jul 1 ~ Sep 22 (Weekday) From 9 to 20 (Tokyo Electric Power jurisdiction) | | | |
| KRI | Distribution • Notification of results of last year • Request document • Necessary tool • Power saving manual | single month data | Re-request | single month data | Re-request |
| Tenant | | Invoice | Re-request | Invoice | Re-request |
| | | | Performance reporting | Performance reporting | Performance reporting |
| | | | | | Report |
| | Posting changes and results of amount of electric use and use maximum electric power from June to October in the object building pavillion | | | | |

Management of existing properties: Tenant turnover and occupancy (office)

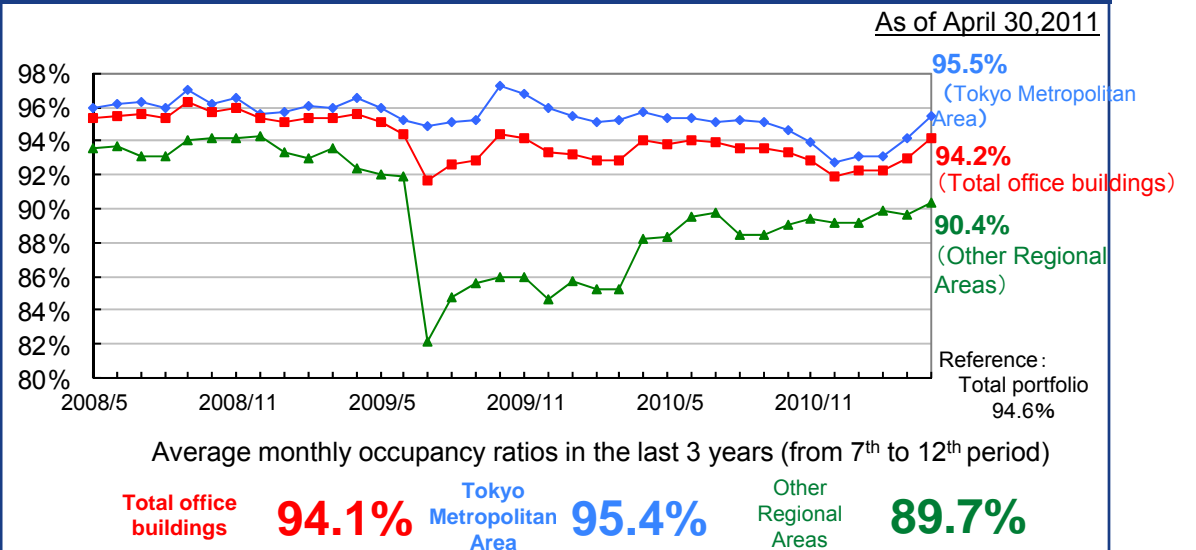
Annualized turnover ratios for office tenants (actual and forecast)



Number of tenant turnovers



Changes in office occupancy ratios (by area)



Note : Based on number of floors. If one tenant leases more than one floor, each floor is counted as one

Management of existing properties: Trends in office rents for new tenants

Rents for new tenants

% change in rents between new & previous tenants and # of contracts

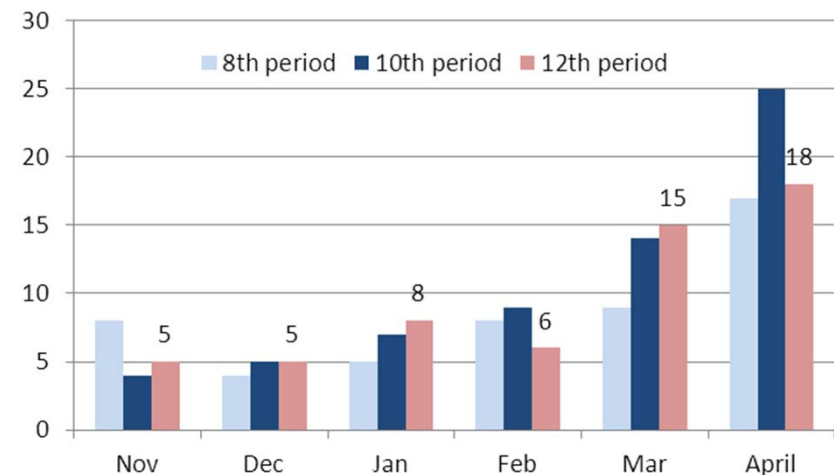
| | | 8 th period (2009/4) | 9 th period (2009/10) | 10 th period (2010/4) | 11 th period (2010/10) | 12 th period (2011/4) |
|-------------------------------|------------------|------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| Central Tokyo (5 wards) | Changes | 0.0% | -19.3% | -22.8% | -19.0% | -20.9% |
| | Increase in rent | 8 | 0 | 0 | 0 | 1 |
| | Decrease in rent | 9 | 17 | 16 | 18 | 16 |
| Other Tokyo Metropolitan Area | Changes | -1.8% | -8.4% | -15.5% | -20.0% | -18.6% |
| | Increase in rent | 4 | 3 | 1 | 0 | 0 |
| | Decrease in rent | 6 | 15 | 11 | 6 | 17 |
| Other Regional Areas | Changes | -7.7% | -16.4% | -15.0% | -16.6% | -14.0% |
| | Increase in rent | 4 | 2 | 6 | 1 | 1 |
| | Decrease in rent | 7 | 11 | 18 | 13 | 10 |
| Total of Office Buildings | Changes | -2.7% | -14.4% | -17.5% | -18.3% | -18.3% |
| | Increase in rent | 16 | 5 | 7 | 1 | 2 |
| | Decrease in rent | 22 | 43 | 45 | 37 | 43 |

Notes :

Ratios represent the simple percentage differences in average monthly rents (per tsubo) for previous tenants and new tenants in the respective buildings. The analysis excludes those buildings that were acquired during the relevant fiscal periods and based on floors for offices (above 2nd floor)

Nov-April monthly trends in new tenants (office)

(# of tenants)



Notes: Number of tenants whose lease contracts commenced during the above listed months. Those tenants who have occupied more than one floor are accounted by each floor

Management of existing properties: changes in office rent levels

Rent renewals

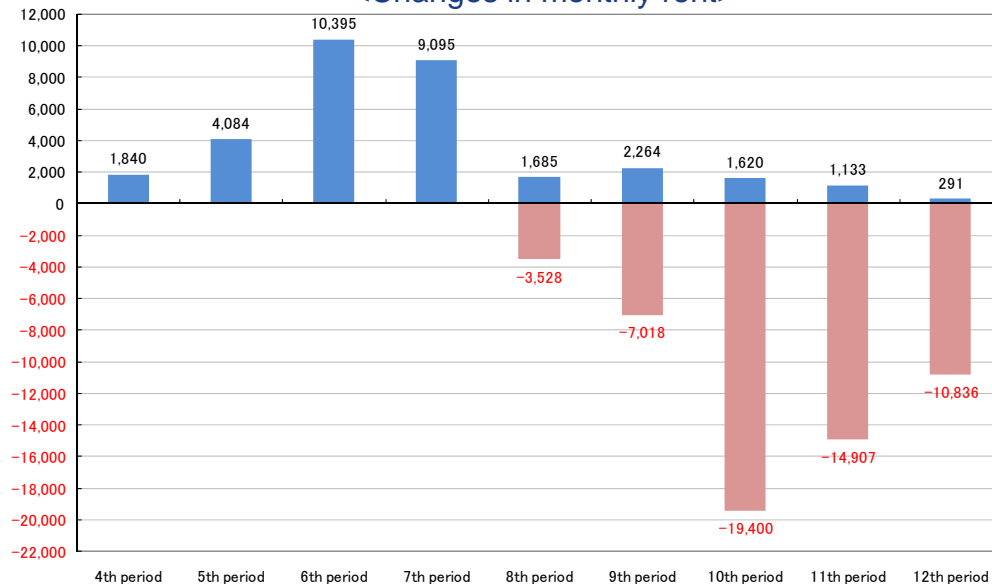
Status of rent renewals (# of contracts, % change)

| | 8 th period (2009/4) | 9 th period (2009/10) | 10 th period (2010/4) | 11 th period (2010/10) | 12 th period (2011/4) |
|------------------|------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| Changes | -2.7% | -5.7% | -9.0% | -10.8% | -13.8% |
| Increase in rent | 12 | 6 | 4 | 6 | 5 |
| Decrease in rent | 14 | 30 | 63 | 55 | 33 |

Note: Percentage change in rents are calculated by dividing the total monthly rents of those tenants who have renewed their leases with either decrease or increase in rental levels by total monthly rents before the renewal. Those tenants whose rents are unchanged at renewal are excluded

(thousand of yen)

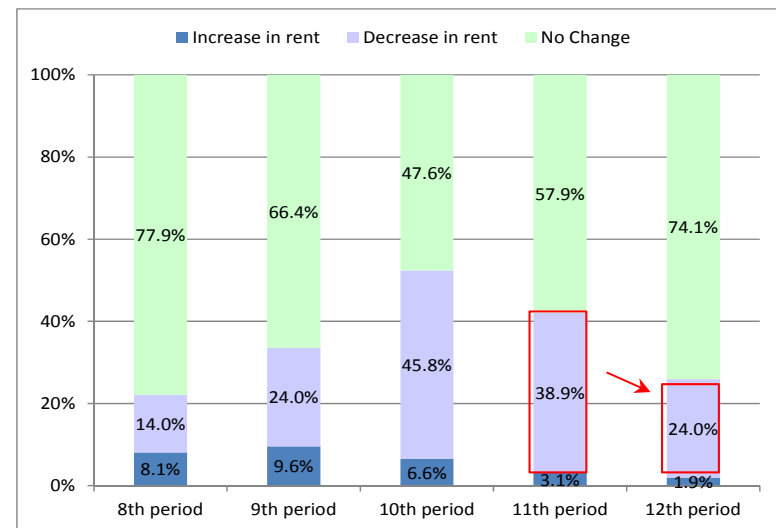
<Changes in monthly rent>



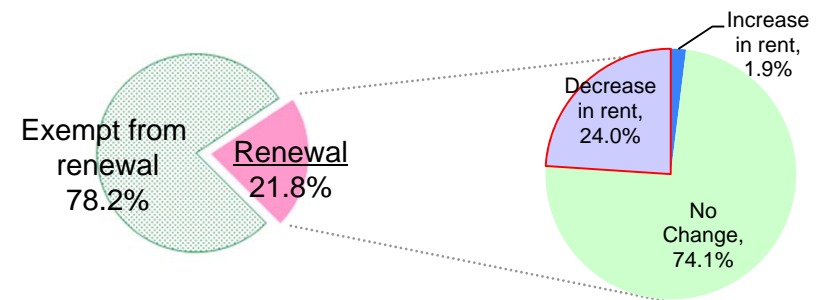
Note: The changes in monthly rent are summation of differences before and after the rent renewal and calculated separately for tenants with rent increase and decrease

12th period (2011/4): rent renewal trends for existing tenants

Declining "rent decrease" and increase in "no change"

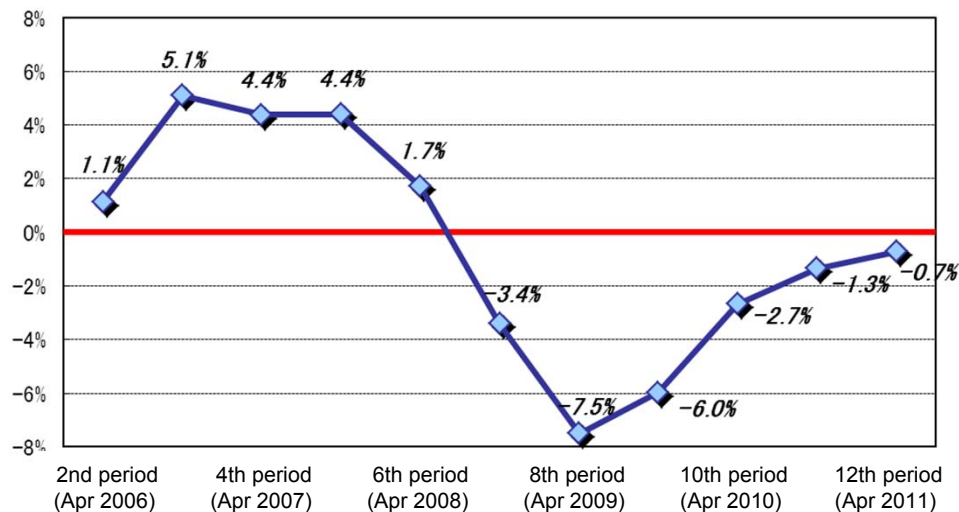


Note: Any renewed contracts, including contracts extended before the expiration date. Ratio calculation based on leased floor area



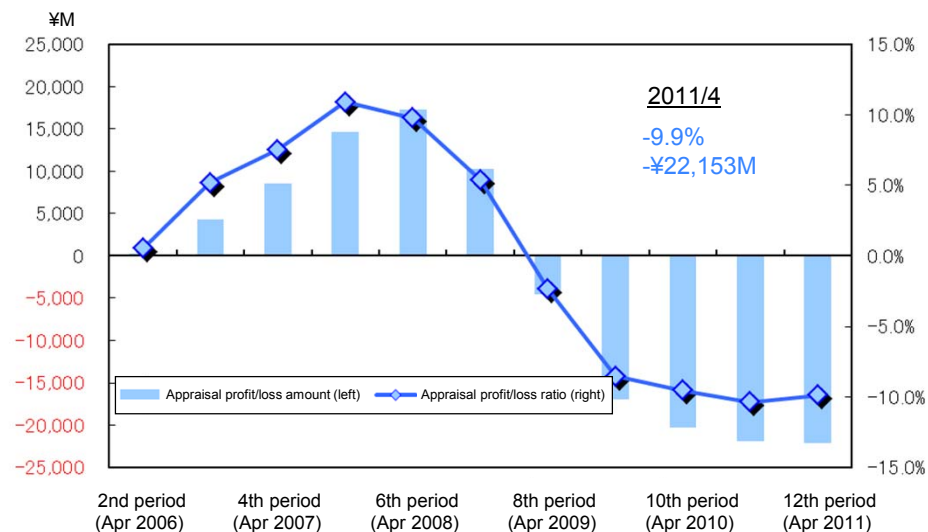
Historical appraisal value of office building

Historical variation for appraisal value of office



Note: Percentage change in appraisal values as of the end of each period compared with the previous period. The appraisal value for the properties that were acquired in the previous periods were the values as at the time of acquisition

Historical appraisal profit/loss ratio and amount of office



Note: Latent gain/loss is calculated by subtracting office properties' book values from appraisal values for respective periods; the ratio by dividing the latent gain/loss by total book value

| Items of appraisal valuation | End of 8 th Period (2009/4) | End of 9 th Period (2009/10) | End of 10 th Period (2010/4) | End of 11 th Period (2010/10) | End of 12 th Period (2011/4) |
|-------------------------------|--|---|---|--|---|
| Change in cap rates (average) | 0.2% | 0.1% | 0.0% | 0.0% | 0.0% |
| | (5.0%→5.2%) | (5.2%→5.3%) | (5.3%→5.3%) | (5.3%→5.3%) | (5.3%→5.3%) |

| | End of 8 th Period (2009/4) | End of 9 th Period (2009/10) | End of 10 th Period (2010/4) | End of 11 th Period (2010/10) | End of 12 th Period (2011/4) |
|-----------------------------------|--|---|---|--|---|
| Appraisal profit/loss amount (¥M) | -4,499 | -16,907 | -20,280 | -21,939 | -22,153 |
| Appraisal profit/loss ratio | -2.4% | -8.5% | -9.5% | -10.3% | -9.9% |

Note: Change in cap rate (difference with value at the end of the previous period) of office buildings end of each period. Based on acquisition price. The cap rate of buildings acquired in the each period is considered the value at the end of the previous period and calculated

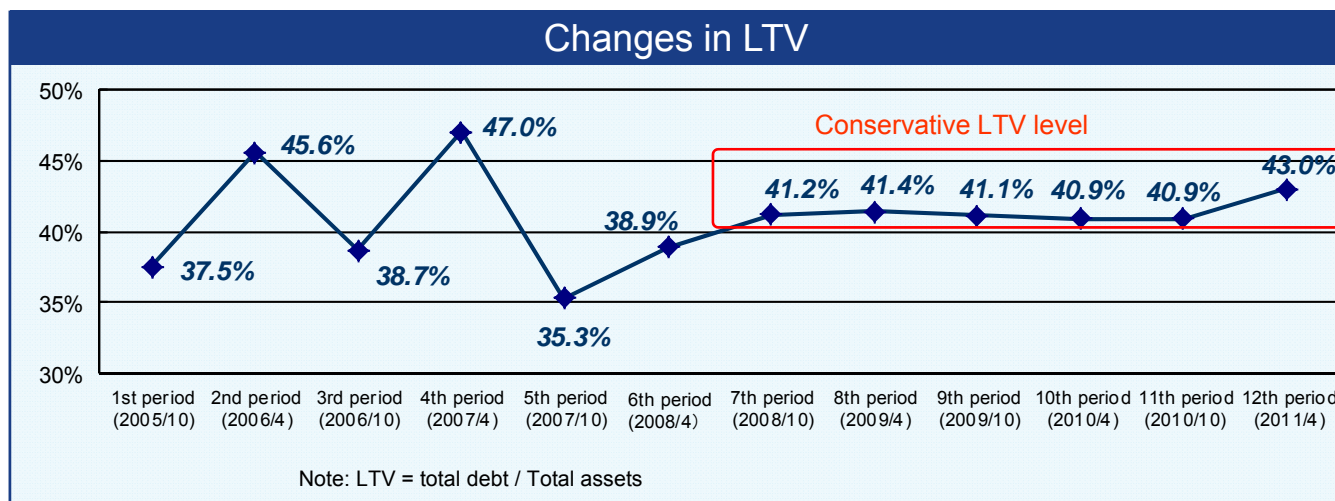
※ "Change in appraisal value as of end of each period compared with the previous period", "appraisal profit/loss amount", "appraisal profit/loss ratio" are based on office buildings 12th period excepted buildings sold. The Appraisal profit/loss amount is rounded to the nearest ¥1M

Memo

SECTION 4

Financial Strategy

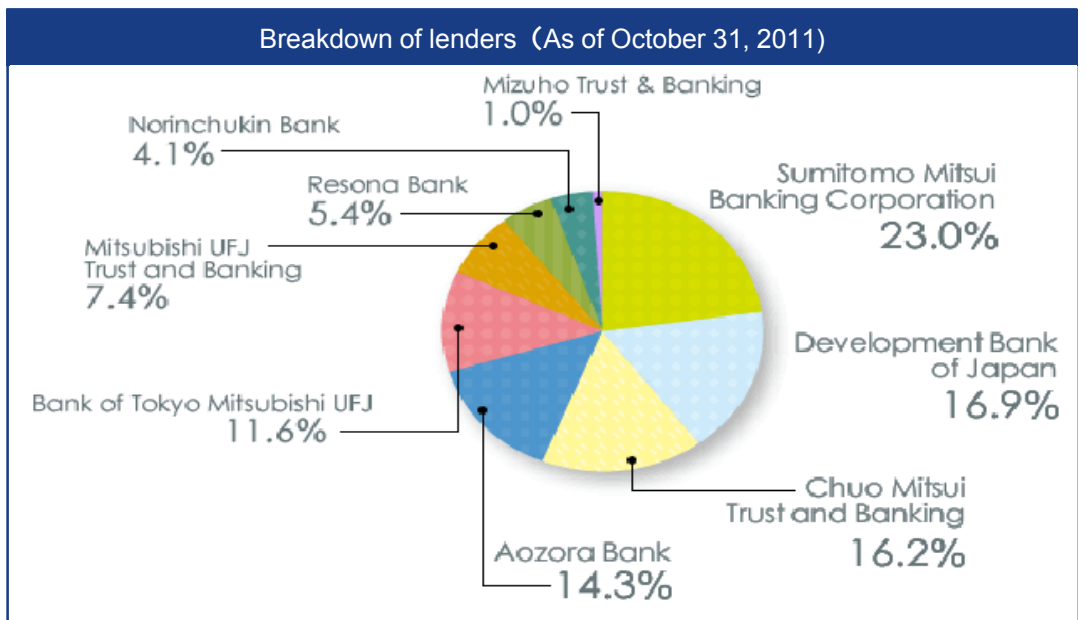
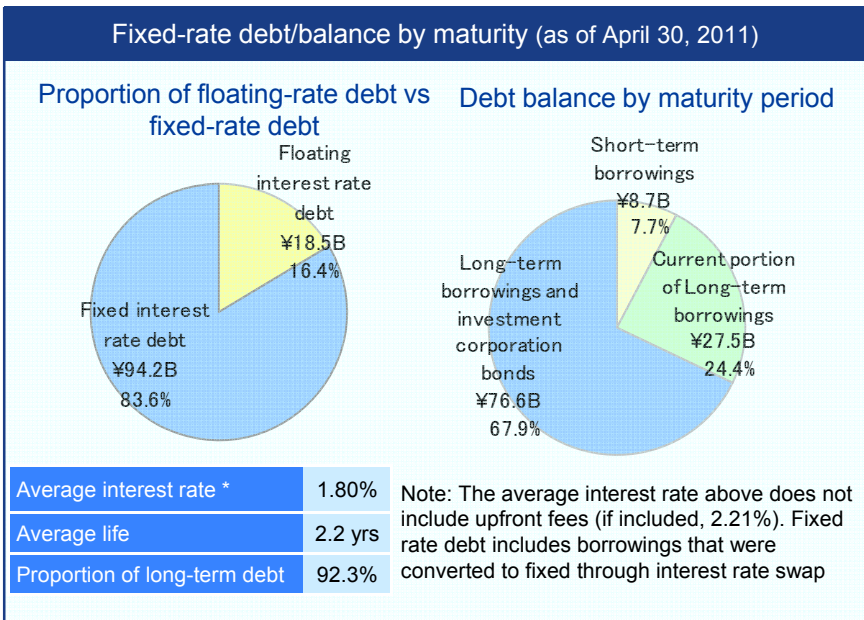
Stable financial management: conservative LTV and fixed-rate debts



Credit ratings and Investment Corporation bonds (as of April 30, 2011)

| Rating Agency | Rating |
|----------------------------------|------------|
| Japan Credit Rating Agency (JCR) | A (Stable) |

| Bonds | Size | Interest rate | Maturity | Maturity date |
|----------|-------|---------------|----------|---------------|
| 1st Bond | ¥9.0B | 1.74% | 5yrs | 2012/3/15 |
| 2nd Bond | ¥3.0B | 2.37% | 10yrs | 2017/3/15 |

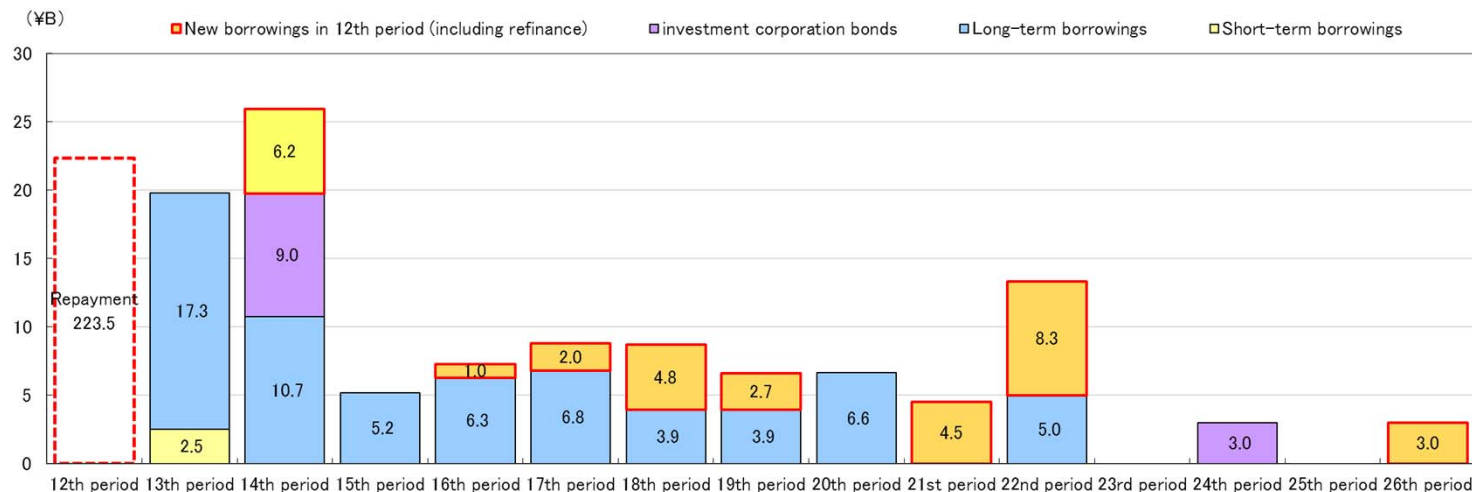


Note: borrowing amounts are rounded to the first decimal place

Note: Borrowing amounts are rounded to the first decimal place

Stable financial management: focus to diversify debt maturities

Diversification of debt maturities (as of April 30, 2011)



Average life 2.2yrs (*)

Average spread 1.28% (**)
(including upfront fee for borrowings)

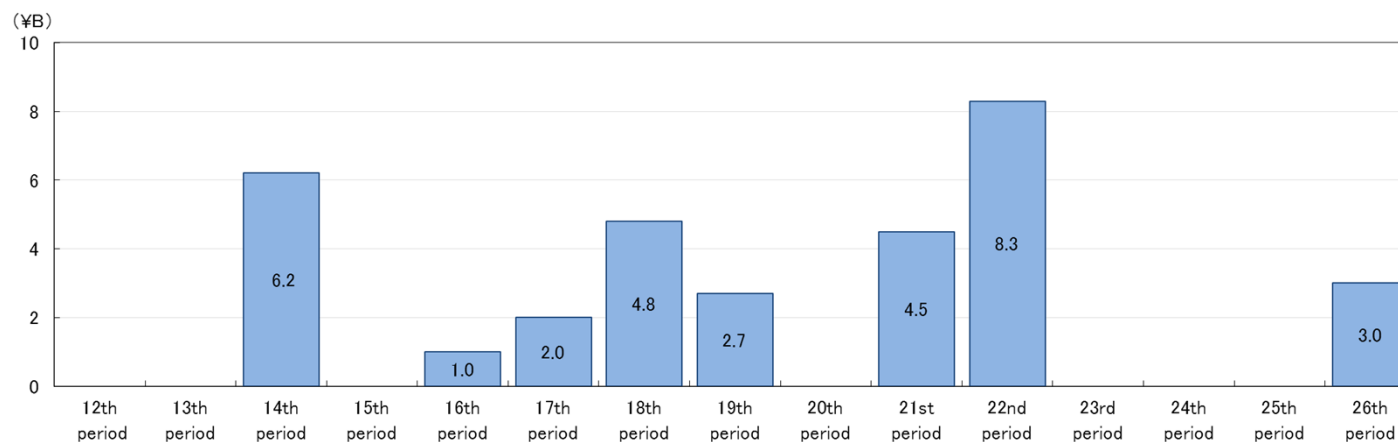
* Average life is weighted by borrowing amount (rounded to the first decimal place)

** The average spread is weighted by borrowing amount and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place)

Note: the chart illustrates total debt amounts that mature in each period (rounded to the first decimal place). The debts that were financed after 12th period (including refinanced portions) are highlighted in red box, indicating final maturity periods and repayment amounts (short-term refinances are shaded with light yellow)

Borrowings in 12th period ⇒ extension of debt maturities and reduction in spreads

Maturity diversification for borrowings in 12th period



Track record of borrowings in 12th period (2011/4)

Average life 3.4yrs (***)

Average spread 1.42% (****)
(including upfront fee for borrowings)

(Reference)

8th (2009/4) and 9th (2009/10) periods:
Average life 1.8yrs, spread 2.23%

*** Average life is weighted by borrowing amount (rounded to the first decimal place)

**** The average spread is weighted by borrowing amount and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place)

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Appendix

Track record of property acquisition after the financial crisis

Acquired 13 office buildings worth ¥43.1B after the financial crisis

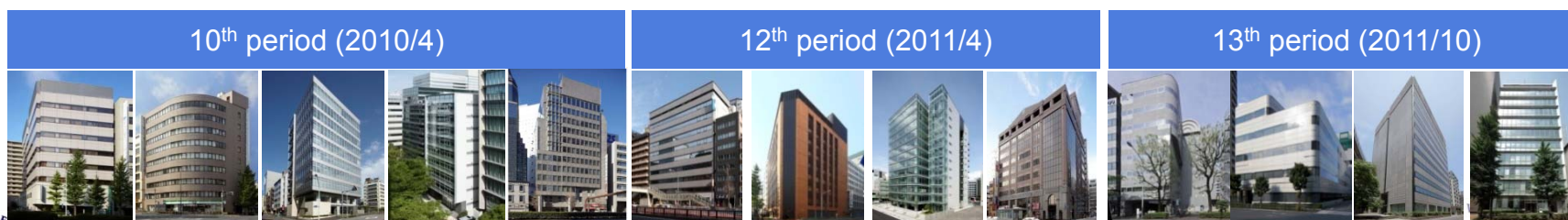
| | 10 th period (2010/4) | | | | | 12 th period (2011/4) | | | | 13 th period (2011/10) | | | | |
|---|-----------------------------------|---------------------|--|-----------------------------|-----------------------|----------------------------------|--------------------------------|-----------------------------------|-------------------------|-----------------------------------|--------------------------------|---------------------------|----------------------------------|--------|
| | Koishikawa TG Building | Gotanda TG Building | KDX Shin-Yokohama 381 Building (Annex Tower) | KDX Nihonbashi 216 Building | KDX Shinjuku Building | Kyodo Building (Ginza No.8) | Kyodo Building (Honcho 1chome) | KDX Kobayashi-Doshomachi Building | Kitananajo SIA Building | Kyodo Building (Iidabashi) | P's Higashi-Shinagawa Building | Nihonbashi Dai-2 Building | Kyodo Building (Shin-Nihonbashi) | Total |
| Acquisition Price (¥M) (A) | 3,080 | 2,620 | 1,100 | 2,010 | 6,800 | 4,300 | 4,000 | 2,870 | 2,005 | 4,670 | 4,590 | 2,710 | 2,300 | 43,055 |
| Appraisal Value at the time of acquisition (¥M) (B) | 3,260 | 2,830 | 1,210 | 2,110 | 7,420 | 4,520 | 4,330 | 2,970 | 2,050 | 4,750 | 4,770 | 2,850 | 2,480 | 45,550 |
| Difference (A)-(B) (%) | -5.5 | -7.4 | -9.1 | -4.7 | -8.4 | -4.9 | -7.6 | -3.4 | -2.2 | -1.7 | -3.8 | -4.9 | -7.3 | -5.5 |
| Appraisal NOI at the time of acquisition (%) | 5.8 | 6.3 | 6.8 | 5.3 | 5.3 | 5.1 | 5.4 | 7.4 | 6.6 | 5.2 | 5.7 | 6.1 | 5.5 | 5.7 |
| Acquisition Date | November 2009 | | | December 2009 | February 2010 | November 2010 | | December 2010 | March 2011 | July 2011 | | | | |
| Seller | Third party | Third party | Related party | Related party | Third party | Third party | Third party | Related party | Third party | Third party | Third party | Third party | Third party | |
| Acquisition Funds | Public offering and cash on hands | | | | New debt | New debt and cash on hands | | | | Public offering and cash on hands | | | | |

Asset Size (Note)

¥235.7 B (as of April 30, 2010)

¥246.4B (as of April 30, 2011)

¥255.5B (as of July 31, 2011)



Appraisal values and cap rates as of the end of 12th period

| No | Property Name | Appraiser | Acquisition price | 12th period | | | | | Cao Rate | |
|------|-----------------------------------|-----------|-------------------|-----------------|------------|----------------|----------------|---------------|--------------------|----------------|
| | | | | Appraisal value | Book value | vs acquisition | vs 11th period | vs book value | End of 12th period | vs 11th period |
| A 1 | KDX Nihonbashi 313 Building | Daiva | 5,940 | 7,170 | 6,147 | 20.7% | 0.0% | 16.6% | 4.9% | 0.0% |
| A 2 | KDX Hirakawacho Building | Daiva | 5,180 | 4,910 | 5,130 | -5.2% | 0.0% | -4.3% | 4.8% | 0.0% |
| A 3 | Higashi-Kayabacho Yuraku Building | JREI | 4,450 | 5,180 | 4,399 | 16.4% | -0.2% | 17.7% | 5.1% | 0.0% |
| A 4 | KDX Hatchobori Building | Daiva | 3,680 | 3,380 | 3,371 | -8.2% | 0.0% | 0.3% | 5.1% | 0.0% |
| A 5 | KDX Nakano-Sakae Building | Daiva | 2,533 | 2,350 | 2,451 | -7.2% | 0.0% | -4.1% | 5.5% | 0.0% |
| A 6 | Harajuku F.F Building | JREI | 2,450 | 2,910 | 2,446 | 18.8% | 1.7% | 19.0% | 5.7% | -0.1% |
| A 7 | FIK Minami Aoyama | JREI | 2,270 | 2,110 | 2,257 | -7.0% | -4.5% | -6.6% | 4.9% | -0.1% |
| A 8 | Kanda Kihira Building | Daiva | 1,950 | 1,870 | 1,863 | -4.1% | 0.0% | 0.4% | 5.1% | 0.0% |
| A 12 | Portus Center Building | Daiva | 5,570 | 4,590 | 4,682 | -17.6% | 0.0% | -2.0% | 6.4% | 0.0% |
| A 13 | KDX Kojimachi Building | JREI | 5,950 | 4,230 | 5,665 | -28.9% | -0.5% | -25.3% | 4.6% | 0.0% |
| A 14 | KDX Funabashi Building | JREI | 2,252 | 1,980 | 2,430 | -12.1% | -0.5% | -18.5% | 6.1% | 0.0% |
| A 15 | KDX Hamacho Building | JREI | 2,300 | 2,390 | 2,273 | 3.9% | 3.0% | 5.1% | 5.4% | -0.1% |
| A 16 | Toshin 24 Building | JREI | 5,300 | 4,240 | 5,148 | -20.0% | -1.9% | -17.7% | 5.7% | 0.0% |
| A 17 | Ebisu East 438 Building | JREI | 4,640 | 4,150 | 4,564 | -10.6% | -1.4% | -9.1% | 5.2% | 0.0% |
| A 18 | KDX Omori Building | JREI | 3,500 | 3,650 | 3,393 | 4.3% | 0.3% | 7.6% | 5.5% | 0.0% |
| A 19 | KDX Hamamatsucho Building | Daiva | 3,460 | 3,180 | 3,285 | -8.1% | 0.0% | -3.2% | 4.8% | 0.0% |
| A 20 | KDX Kayabacho Building | JREI | 2,780 | 3,180 | 2,838 | 14.4% | 3.6% | 12.0% | 5.4% | -0.1% |
| A 21 | KDX Shinbashi Building | JREI | 2,690 | 2,840 | 2,657 | 5.6% | 1.8% | 6.9% | 4.7% | 0.0% |
| A 22 | KDX Shin-Yokohama Building | JREI | 2,520 | 2,340 | 2,483 | -7.1% | -3.7% | -5.9% | 5.9% | -0.1% |
| A 23 | KDX Yotsuya Building | JREI | 1,950 | 2,360 | 1,998 | 21.0% | 3.5% | 18.1% | 5.5% | -0.1% |
| A 24 | KDX Minami Semba Dai-1 Building | JREI | 1,610 | 1,060 | 1,476 | -34.2% | -2.8% | -28.2% | 5.8% | 0.0% |
| A 25 | KDX Minami Semba Dai-2 Building | JREI | 1,560 | 1,130 | 1,379 | -27.6% | -1.7% | -18.1% | 5.8% | 0.0% |
| A 26 | KDX Kiba Building | JREI | 1,580 | 1,550 | 1,580 | -1.9% | 5.4% | -1.9% | 5.8% | -0.2% |
| A 27 | KDX Kajicho Building | Daiva | 2,350 | 2,280 | 2,403 | -3.0% | 2.2% | -5.2% | 5.2% | 0.0% |
| A 28 | KDX Nogizaka Building | JREI | 1,065 | 833 | 1,125 | -21.8% | 0.5% | -26.0% | 5.5% | 0.0% |
| A 29 | KDX Higashi-Shinjuku Building | Daiva | 2,950 | 3,320 | 3,175 | 12.5% | 2.5% | 4.5% | 5.3% | 0.0% |
| A 30 | KDX Nishi-Gotanda Building | JREI | 4,200 | 3,750 | 4,092 | -10.7% | 3.0% | -8.4% | 5.2% | 0.0% |
| A 31 | KDX Monzen-Nakacho Building | Daiva | 1,400 | 1,270 | 1,420 | -9.3% | 0.0% | -10.6% | 5.6% | 0.0% |
| A 32 | KDX Shiba-Daimon Building | JREI | 6,090 | 4,880 | 6,234 | -19.9% | 0.8% | -21.7% | 5.1% | -0.1% |
| A 33 | KDX Okachimachi Building | Daiva | 2,000 | 1,790 | 2,134 | -10.5% | 0.0% | -16.1% | 5.2% | 0.0% |
| A 34 | KDX Hon-Atsugi Building | Daiva | 1,305 | 1,070 | 1,202 | -18.0% | 0.0% | -11.0% | 6.3% | 0.0% |
| A 35 | KDX Hachioji Building | Daiva | 1,155 | 821 | 1,294 | -28.9% | 0.0% | -36.6% | 5.9% | 0.0% |
| A 36 | KDX Niigata Building | JREI | 1,305 | 872 | 1,455 | -33.2% | 0.5% | -40.1% | 7.3% | 0.0% |
| A 37 | KDX Ochanomizu Building | JREI | 6,400 | 6,460 | 6,690 | 0.9% | -1.1% | -3.4% | 4.9% | 0.0% |
| A 38 | KDX Nishi-Shinjuku Building | JREI | 1,500 | 1,220 | 1,530 | -18.7% | 0.8% | -20.3% | 5.3% | -0.1% |
| A 39 | KDX Toranomon Building | JREI | 4,400 | 3,540 | 4,816 | -19.5% | 3.5% | -26.5% | 4.5% | -0.1% |
| A 40 | Toranomon Toyo Building | JREI | 9,850 | 9,690 | 9,867 | -1.6% | -0.8% | -1.8% | 4.7% | 0.0% |
| A 41 | KDX Shinjuku 286 Building | JREI | 2,300 | 2,100 | 2,340 | -8.7% | 2.4% | -10.3% | 5.2% | -0.1% |

| No | Property Name | Appraiser | Acquisition price | 12th period | | | | | Cao Rate | |
|--------------|--------------------------------------|-----------|-------------------|-----------------|----------------|----------------|----------------|---------------|--------------------|----------------|
| | | | | Appraisal value | Book value | vs acquisition | vs 11th period | vs book value | End of 12th period | vs 11th period |
| A 42 | Karasuma Building | Daiva | 5,400 | 5,020 | 5,431 | -7.0% | 0.0% | -7.6% | 5.6% | 0.0% |
| A 44 | KDX Sendai Building | Daiva | 2,100 | 1,440 | 2,167 | -31.4% | -2.0% | -33.6% | 6.1% | 0.0% |
| A 45 | KDX Roppongi 228 Building | JREI | 3,300 | 2,130 | 3,440 | -35.5% | -1.4% | -38.1% | 4.9% | -0.1% |
| A 46 | Hiei Kudan-Kita Building | Daiva | 7,600 | 7,560 | 7,594 | -0.5% | -1.0% | -0.5% | 4.8% | 0.0% |
| A 47 | KDX Shin-Yokohama 381 Building | JREI | 5,800 | 4,210 | 5,899 | -27.4% | -0.9% | -28.6% | 5.8% | -0.1% |
| A 48 | KDX Kawasaki-Ekimae Hon-cho Building | JREI | 3,760 | 3,410 | 3,843 | -9.3% | 0.0% | -11.3% | 6.3% | 0.0% |
| A 49 | Nissou Dai-17 Building | JREI | 2,710 | 1,600 | 2,645 | -41.0% | -2.4% | -39.5% | 5.8% | 0.0% |
| A 50 | Ikejiri-Ohashi Building | JREI | 2,400 | 1,620 | 2,471 | -32.5% | 1.3% | -34.5% | 6.0% | -0.2% |
| A 51 | KDX Hamacho Nakanohashi Building | JREI | 2,310 | 1,680 | 2,365 | -27.3% | -0.6% | -29.0% | 5.5% | -0.1% |
| A 52 | KDX Kanda Misaki-cho Building | JREI | 1,380 | 990 | 1,381 | -28.3% | 1.0% | -28.3% | 5.4% | -0.1% |
| A 53 | KDX Hakata-Minami Building | JREI | 4,900 | 3,690 | 4,819 | -24.7% | -3.9% | -23.4% | 6.5% | 0.0% |
| A 54 | KDX Kitahama Building | JREI | 2,220 | 1,670 | 2,224 | -24.8% | 0.0% | -24.9% | 6.0% | 0.0% |
| A 55 | Shin-toshin Maruzen Building | JREI | 2,110 | 1,570 | 2,160 | -25.6% | 0.6% | -27.3% | 5.5% | -0.1% |
| A 56 | KDX Jimbocho Building | JREI | 2,760 | 1,790 | 2,914 | -35.1% | -13.9% | -38.6% | 5.6% | 0.0% |
| A 57 | KDX Gobancho Building | JREI | 1,951 | 1,480 | 1,997 | -24.1% | 0.0% | -25.9% | 5.1% | -0.1% |
| A 58 | KDX Nagoya-Sakae Building | Daiva | 7,550 | 4,710 | 7,630 | -37.6% | 0.0% | -38.3% | 5.2% | 0.0% |
| A 59 | KDX Iwamoto-cho Building | JREI | 1,864 | 1,330 | 1,821 | -28.7% | 1.5% | -27.0% | 5.5% | -0.2% |
| A 60 | KDX Horumi Building | JREI | 10,250 | 10,000 | 9,845 | 2.4% | 5.7% | 1.6% | 4.9% | 0.1% |
| A 61 | KDX Hamamatsucho Dai-2 Building | Daiva | 2,200 | 1,920 | 2,261 | -12.7% | 0.0% | -15.1% | 4.7% | 0.0% |
| A 62 | Koishikawa TG Building | JREI | 3,080 | 3,200 | 3,153 | 3.9% | -1.2% | 1.5% | 5.2% | 0.0% |
| A 63 | Gotanda TG Building | JREI | 2,620 | 2,520 | 2,812 | -3.8% | -1.9% | -10.4% | 5.5% | 0.0% |
| A 64 | KDX Nihonbashi 216 Building | JREI | 2,010 | 1,850 | 1,992 | -8.0% | -7.0% | -7.2% | 4.9% | -0.1% |
| A 66 | KDX Shinjuku Building | JREI | 6,800 | 6,560 | 6,872 | -3.5% | -6.4% | -4.5% | 4.7% | 0.1% |
| A 67 | Kyodo Building (Ginza No.8) | Daiva | 4,300 | 4,590 | 4,323 | 6.7% | 1.5% | 6.2% | 4.6% | 0.0% |
| A 68 | Kyodo Building (Honcho 1 chome) | Daiva | 4,000 | 4,330 | 4,024 | 8.3% | 0.0% | 7.6% | 4.9% | 0.0% |
| A 69 | KDX Kobayashi-Doshomachi Building | JREI | 2,870 | 2,970 | 2,847 | 3.5% | 0.0% | 4.3% | 6.9% | 0.0% |
| A 70 | Kitananagi SIA Building | Daiva | 2,005 | 2,050 | 2,034 | 2.2% | 0.0% | 0.8% | 5.8% | 0.0% |
| A | Office Building Subtotal | | 224,636 | 202,536 | 224,688 | -9.8% | -0.7% | -9.9% | 5.3% | 0.0% |
| B 3 | Court Mejiro | JREI | 1,250 | 951 | 1,182 | -23.9% | 0.1% | -19.6% | 5.5% | -0.1% |
| B 18 | Venus Hibarigaoka | JREI | 1,800 | 1,400 | 1,852 | -22.2% | -1.4% | -24.4% | 7.1% | 0.0% |
| B 19 | Residence Charmante Tsukishima | JREI | 5,353 | 4,480 | 5,064 | -16.3% | 0.0% | -11.5% | 5.3% | -0.8% |
| B 34 | Gradito Kawaguchi | JREI | 1,038 | 937 | 1,014 | -9.7% | -2.3% | -7.7% | 5.6% | 0.0% |
| B | Residential Subtotal | | 9,441 | 7,768 | 9,114 | -17.7% | -0.5% | -14.8% | 5.7% | -0.5% |
| C 1 | Frame Jiman-zaka | JREI | 9,900 | 9,550 | 9,853 | -3.5% | -2.1% | -3.1% | 4.7% | 0.0% |
| C 2 | KDX Yoyogi Building | JREI | 2,479 | 1,920 | 2,530 | -22.6% | 1.1% | -24.1% | 5.3% | 0.0% |
| C | Central Urban Retail Subtotal | | 12,379 | 11,470 | 12,383 | -7.3% | -1.5% | -7.4% | 4.8% | 0.0% |
| Total | | | 246,456 | 221,774 | 246,187 | -10.0% | 0.8% | -9.9% | 5.3% | 0.0% |

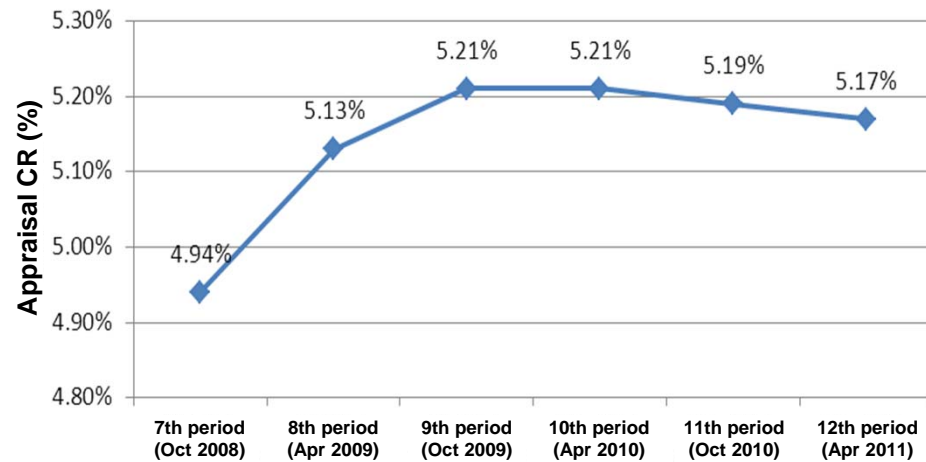
Notes:

1. Acquisition prices, appraisal values, and book values are rounded down to nearest ¥M. Ratios are rounded to the first decimal place
2. Total cap rates for each property type are the weighted-average based on the acquisition prices
3. KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are indicated as one property

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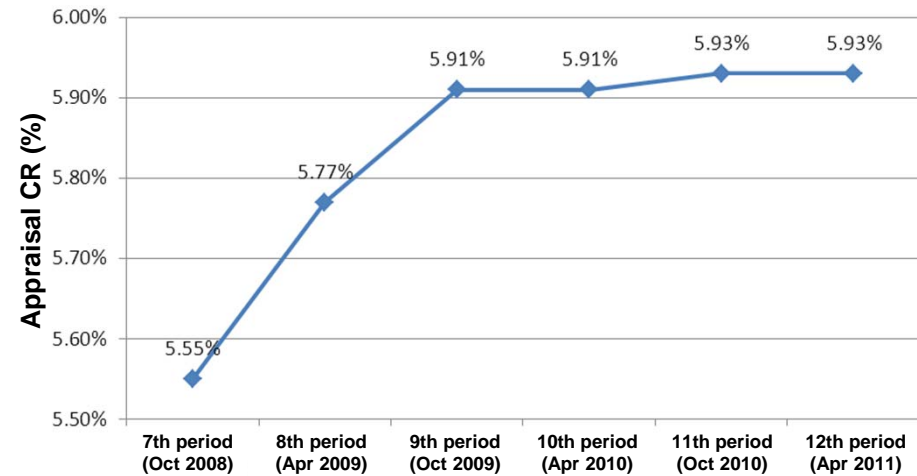
Changes of Office Buildings' Appraisal Value at the End of Periods

Changes in average appraisal cap rates of office buildings (Tokyo Metropolitan Area)



Note :The average cap rates are calculated as weighted averages of the acquisition price of the 47 properties KRI held in Tokyo Metropolitan Area through 7th period to 12th period . KDX Shin-Yokohama 381 Building is excluded from calculation due to the consolidated operation of its existing building and newly-developed building.

Changes in average appraisal cap rates of office buildings (Other Regional Areas)



Note: The average cap rates are calculated as weighted averages of the acquisition price of the 9 properties that KRI held in Other Regional Areas through 7th Period to 12th Period.

Portfolio overview (office buildings)

(As of Jun 15, 2011)

Office Buildings (65 properties)

| Area | No. | Name | Location | Acquisition Price (¥M) ¹ | Year built ² | Occupancy at end of 12th period (%) ³ |
|--|------|--------------------------------------|-----------------------|-------------------------------------|-------------------------|--|
| Office Building Tokyo Metropolitan Area | A-60 | KDX Harumi Building | Chuo-ward, Tokyo | 10,250 | Feb-08 | 98.2% |
| | A-40 | Toranomon Toyo Building | Minato-ward, Tokyo | 9,850 | Aug-62 | 100.0% |
| | A-46 | Hiei Kudan-Kita Building | Chiyoda-ward, Tokyo | 7,600 | Mar-88 | 95.9% |
| | A-66 | KDX Shinjuku Building | Shinjuku-ward, Tokyo | 6,800 | May-93 | 100.0% |
| | A-37 | KDX Ochanomizu Building | Chiyoda-ward, Tokyo | 6,400 | Aug-82 | 100.0% |
| | A-32 | KDX Shiba-Daimon Building | Minato-ward, Tokyo | 6,090 | Jul-86 | 100.0% |
| | A-13 | KDX Kojimachi Building | Chiyoda-ward, Tokyo | 5,950 | May-94 | 100.0% |
| | A-1 | KDX Nihonbashi 313 Building | Chuo-ward, Tokyo | 5,940 | Apr-74 | 71.8% |
| | A-47 | KDX Shin-Yokohama 381 Building | Yokohama, Kanagawa | 5,800 | Mar-88 | 89.5% |
| | A-16 | Toshin 24 Building | Yokohama, Kanagawa | 5,300 | Sep-84 | 84.7% |
| | A-2 | KDX Hirakawacho Building | Chiyoda-ward, Tokyo | 5,180 | Mar-88 | 100.0% |
| | A-17 | Ebisu East 438 Building | Shibuya-ward, Tokyo | 4,640 | Jan-92 | 100.0% |
| | A-3 | Higashi-Kayabacho Yuraku Building | Chuo-ward, Tokyo | 4,450 | Jan-87 | 100.0% |
| | A-39 | KDX Toranomon Building | Minato-ward, Tokyo | 4,400 | Apr-88 | 100.0% |
| | A-67 | Kyodo Building (Ginza No.8) | Chuo-ward, Tokyo | 4,300 | Nov-91 | 100.0% |
| | A-30 | KDX Nishi-Gotanda Building | Shinagawa-ward, Tokyo | 4,200 | Nov-92 | 100.0% |
| | A-68 | Kyodo Building (Honcho 1 chome) | Chuo-ward, Tokyo | 4,000 | Jan-84 | 100.0% |
| | A-48 | KDX Kawasaki-Ekimae Hon-cho Building | Kawasaki, Kanagawa | 3,760 | Feb-85 | 100.0% |
| | A-4 | KDX Hatchobori Building | Chuo-ward, Tokyo | 3,680 | Jun-93 | 100.0% |
| | A-18 | KDX Omori Building | Ota-ward, Tokyo | 3,500 | Oct-90 | 100.0% |
| | A-19 | KDX Hamamatsucho Building | Minato-ward, Tokyo | 3,460 | Sep-99 | 100.0% |
| | A-45 | KDX Roppongi 228 Building | Minato-ward, Tokyo | 3,300 | Apr-89 | 65.1% |
| | A-62 | Koishikawa TG Building | Bunkyo-ward, Tokyo | 3,080 | Nov-89 | 100.0% |
| | A-29 | KDX Higashi-Shinjuku Building | Shinjuku-ward, Tokyo | 2,950 | Jan-90 | 100.0% |
| | A-20 | KDX Kayabacho Building | Chuo-ward, Tokyo | 2,780 | Oct-87 | 100.0% |
| | A-56 | KDX Jimbocho Building | Chiyoda-ward, Tokyo | 2,760 | May-94 | 74.8% |
| | A-49 | Nissou Dai-17 Building | Yokohama, Kanagawa | 2,710 | Jul-91 | 86.4% |
| | A-21 | KDX Shinbashi Building | Minato-ward, Tokyo | 2,690 | Feb-92 | 100.0% |
| | A-63 | Gotanda TG Building | Shinagawa-ward, Tokyo | 2,620 | Apr-88 | 80.0% |
| | A-5 | KDX Nakano-Sakaue Building | Nakano-ward, Tokyo | 2,533 | Aug-92 | 100.0% |
| | A-22 | KDX Shin-Yokohama Building | Yokohama, Kanagawa | 2,520 | Sep-90 | 93.1% |
| | A-6 | Harajuku F.F. Building | Shibuya-ward, Tokyo | 2,450 | Nov-85 | 100.0% |
| | A-50 | Ikejiri-Ohashi Building | Meguro-ward, Tokyo | 2,400 | Sep-88 | 74.4% |
| | A-27 | KDX Kajicho Building | Chiyoda-ward, Tokyo | 2,350 | Mar-90 | 100.0% |
| | A-51 | KDX Hamacho Nakanohashi Building | Chuo-ward, Tokyo | 2,310 | Sep-88 | 100.0% |
| | A-15 | KDX Hamacho Building | Chuo-ward, Tokyo | 2,300 | Sep-93 | 100.0% |
| | A-41 | KDX Shinjuku 286 Building | Shinjuku-ward, Tokyo | 2,300 | Aug-89 | 100.0% |

| Area | No. | Name | Location | Acquisition Price (¥M) ¹ | Year built ² | Occupancy at end of 12th period (%) ³ |
|--|----------------------|-----------------------------------|----------------------|-------------------------------------|-------------------------|--|
| Office Building Tokyo Metropolitan Area | A-7 | FIK Minami Aoyama Building | Minato-ward, Tokyo | 2,270 | Nov-88 | 100.0% |
| | A-14 | KDX Funabashi Building | Funabashi, Chiba | 2,252 | Apr-89 | 100.0% |
| | A-61 | KDX Hamamatsucho Dai-2 Building | Minato-ward, Tokyo | 2,200 | Apr-92 | 100.0% |
| | A-55 | Shin-toshin Maruzen Building | Shinjuku-ward, Tokyo | 2,110 | Jul-90 | 100.0% |
| | A-64 | KDX Nihonbashi 216 Building | Chuo-ward, Tokyo | 2,010 | Oct-06 | 100.0% |
| | A-33 | KDX Okachimachi Building | Taito-ward, Tokyo | 2,000 | Jun-88 | 100.0% |
| | A-57 | KDX Gobancho Building | Chiyoda-ward, Tokyo | 1,951 | Aug-00 | 100.0% |
| | A-8 | Kabnda Kihara Building | Chiyoda-ward, Tokyo | 1,950 | May-93 | 93.5% |
| | A-23 | KDX Yotsuya Building | Shinjuku-ward, Tokyo | 1,950 | Oct-89 | 100.0% |
| | A-59 | KDX Iwamoto-cho Building | Chiyoda-ward, Tokyo | 1,864 | Mar-08 | 100.0% |
| | A-26 | KDX Kiba Building | Koto-ward, Tokyo | 1,580 | Oct-92 | 100.0% |
| | A-38 | KDX Nishi-Shinjuku Building | Shinjuku-ward, Tokyo | 1,500 | Oct-92 | 87.6% |
| | A-31 | KDX Monzen-Nakacho Building | Koto-ward, Tokyo | 1,400 | Sep-86 | 84.3% |
| | A-52 | KDX Kanda Misaki-cho Building | Chiyoda-ward, Tokyo | 1,380 | Oct-92 | 86.9% |
| | A-34 | KDX Hon-Atsugi Building | Atsugi, Kanagawa | 1,305 | May-95 | 100.0% |
| | A-35 | KDX Hachioji Building | Hachioji, Tokyo | 1,155 | Dec-85 | 100.0% |
| | A-28 | KDX Nogizaka Building | Minato-ward, Tokyo | 1,065 | May-91 | 56.2% |
| Office Building Other Regional Areas | A-58 | KDX Nagoya Sakae Building | Nagoya, Aichi | 7,550 | Apr-09 | 93.7% |
| | A-12 | Portus Center Building | Sakai, Osaka | 5,570 | Sep-93 | 95.8% |
| | A-42 | Karasuma Building | Kyoto, Kyoto | 5,400 | Oct-82 | 94.2% |
| | A-53 | KDX Hakata-Minami Building | Fukuoka, Fukuoka | 4,900 | Jun-73 | 75.4% |
| | A-69 | KDX Kobayashi-Doshomachi Building | Osaka, Osaka | 2,870 | Jul-09 | 91.0% |
| | A-54 | KDX Kitahama Building | Osaka, Osaka | 2,220 | Jul-94 | 92.8% |
| | A-44 | KDX Sendai Building | Sendai, Miyagi | 2,100 | Feb-84 | 99.1% |
| | A-70 | Kitananajo SIA Building | Sapporo, Hokkaido | 2,005 | Oct-89 | 100.0% |
| | A-24 | KDX Minami Semba Dai-1 Building | Osaka, Osaka | 1,610 | Mar-93 | 95.6% |
| | A-25 | KDX Minami Semba Dai-2 Building | Osaka, Osaka | 1,560 | Sep-93 | 100.0% |
| A-36 | KDX Niigata Building | Niigata, Niigata | 1,305 | Jul-83 | 66.7% | |
| Office Building (65 properties) Subtotal | | | | 224,636 | Ave 21.4 years | 94.2% |

Notes :

- Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation
- Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Apr.30, 2011, and is rounded down to the nearest first decimal place. The weighted-average age of the 71 properties held as of Apr.30, 2011 is 20.4 years (As of Apr. 30, 2011)
- Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 71 properties held as of Apr.30,2011 is 94.6%

Portfolio overview (central urban retail/residential properties)

(As of Jun 15, 2011)

Central Urban Retail Properties (2 properties)

| Type | Area | No. | Name | Location | Acquisition Price (¥M) ¹ | Year built ² | Occupancy at end of 12th period (%) ³ |
|---------------------------------|---|-----|---------------------|---------------------|-------------------------------------|-------------------------|--|
| Central Urban Retail Properties | Tokyo Metropolitan Area | C-1 | Frame Jinnan-zaka | Shibuya-ward, Tokyo | 9,900 | Mar-05 | 100.0% |
| | | C-2 | KDX Yoyogi Building | Shibuya-ward, Tokyo | 2,479 | Aug-91 | 100.0% |
| | Central Urban Retail Properties (2 properties) Subtotal | | | | 12,379 | Ave 8.8 years | 100.0% |

Reference: Historical cap rate (by asset type / annualized base)

Residential properties (4 properties)

| Type | Area | No. | Name | Location | Acquisition Price (¥M) ¹ | Year built ² | Occupancy at end of 12th period (%) ³ |
|--|-------------------------|------|--------------------------------|----------------------|-------------------------------------|-------------------------|--|
| Residential Properties | Tokyo Metropolitan Area | B-19 | Residence Charmante Tsukishima | Chuo-ward, Tokyo | 5,353 | Jan-04 | 100.0% |
| | | B-3 | Court Mejiro | Shinjuku-ward, Tokyo | 1,250 | Mar-97 | 91.3% |
| | | B-34 | Gradito Kawaguchi | Kawaguchi, Saitama | 1,038 | Feb-06 | 100.0% |
| | Other Regional Areas | B-18 | Venus Hibarigaoka | Sapporo, Hokkaido | 1,800 | Mar-89 | 96.7% |
| Residential Properties (4 properties) Subtotal | | | | 9,441 | Ave 10.8 years | 97.5% | |

| | 7th period | 8th period | 9th period | 10th period | 11th period | 12th period |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Office Buildings | 5.3% | 5.5% | 5.2% | 5.1% | 4.9% | 4.7% |
| Central Urban Retail Properties | 4.8% | 4.7% | 4.6% | 4.5% | 4.5% | 4.6% |
| Residential Properties | 5.3% | 5.2% | 5.0% | 5.2% | 4.8% | 4.9% |
| Total | 5.3% | 5.4% | 5.2% | 5.1% | 4.9% | 4.7% |

Notes:

- 1 Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation
- 2 Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Apr.30, 2011, and is rounded down to the nearest first decimal place.
- 3 Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place.

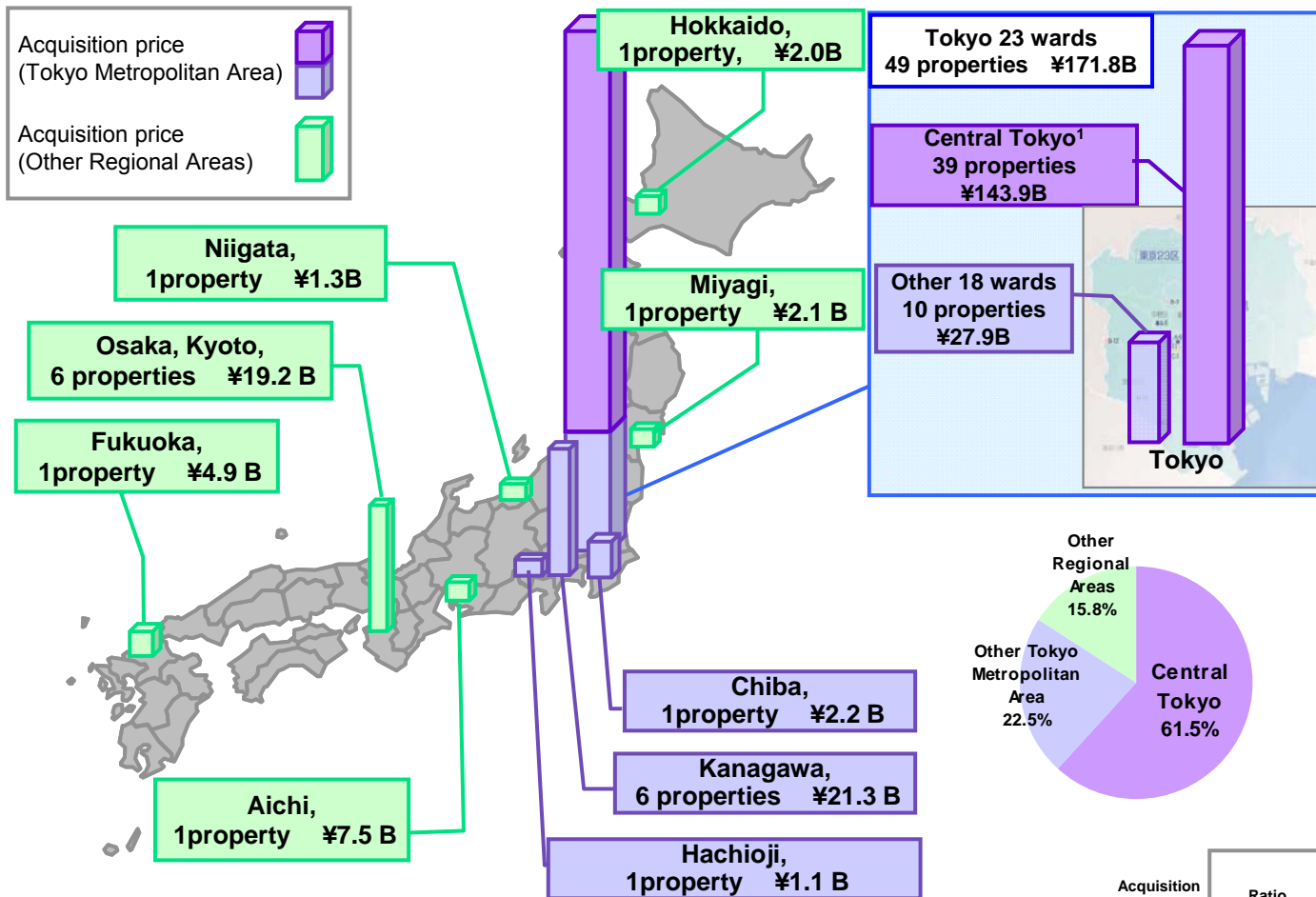
Notes:

- 1 Each ratio is after deduction of fixed property tax in each period
- 2 Each ratio is rounded to the first decimal place

Emphasis on mid-sized office buildings in Tokyo Metropolitan Area

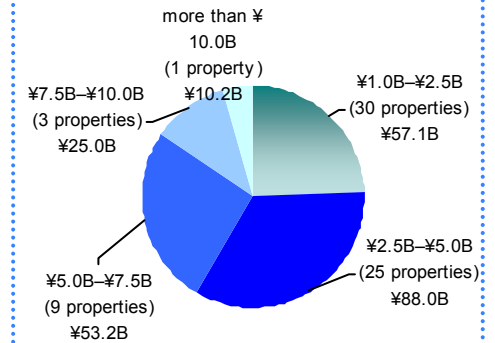
(As of July 31, 2011)

Office portfolio: 68 properties, with a total acquisition price ¥233.7B

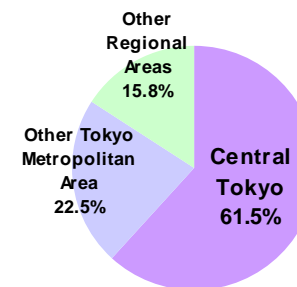


Composition of office portfolio

Acquisition price



Properties ¥2.5B to ¥7.5B consist 60.4%



- Notes :
- 1 Central Tokyo : Chiyoda, Chuo, Minato, Shibuya and Shinjuku
 - 2 Acquisition price is rounded to the nearest ¥100M. Ratios indicate the total acquisition price of properties in each area in proportion to the total acquisition price for all properties combined and are rounded down to the first decimal place

| | Number of Property | Acquisition Price (¥B) | Ratio (%) |
|-------------------------|--------------------|------------------------|--------------|
| Tokyo Metropolitan Area | 57 | 196.6 | 84.1 |
| Other Regional Areas | 11 | 37.0 | 15.8 |
| Total | 68 | 233.7 | 100.0 |

Values show the total acquisition price of the properties in each category and the ratios indicate the total acquisition price of properties in each category in proportion to the total acquisition price for all properties combined

Note: Amount is rounded down to the nearest million yen. Percentages are rounded down to the first decimal place.

Management of existing properties: Rent and tenants of office buildings

Average Rent

Average rent for office buildings

| (Monthly rent per tsubo) | End of 10th period (2010/4) | End of 11th period (2010/10) | Changes compared with 2009/10 | End of 12th period (2011/4) | Changes compared with 2010/4 |
|--------------------------------------|-----------------------------|------------------------------|-------------------------------|-----------------------------|------------------------------|
| Central Tokyo (5 wards) | ¥19,900 | ¥19,300 | △2.9% | ¥18,900 | △2.3% |
| Other Tokyo Metropolitan Area | ¥14,300 | ¥14,100 | △1.4% | ¥13,700 | △3.1% |
| Other Regional Areas | ¥10,700 | ¥10,600 | △1.3% | ¥10,500 | △0.7% |
| Total office buildings | ¥17,000 | ¥16,600 | △2.4% | ¥16,200 | △2.3% |

Note: Average rent level covers offices mainly above 2nd floor of the 61 properties which the Investment Corporation has owned at the end of 10th period excluding KDX Shinjuku-Gyoen Building which was sold in the 11th period. Starting from the 11th period, A-47KDX Shin-Yokohama 381 Building is calculated collectively with the KDX Shin-Yokohama 381 Building Annex Tower (A-65) as 1 property. The average rent level of each property is the value obtained by dividing the sum of the monthly rent (including common area charges) per each property by the total leased area of each property, and is rounded down to 100 yen.

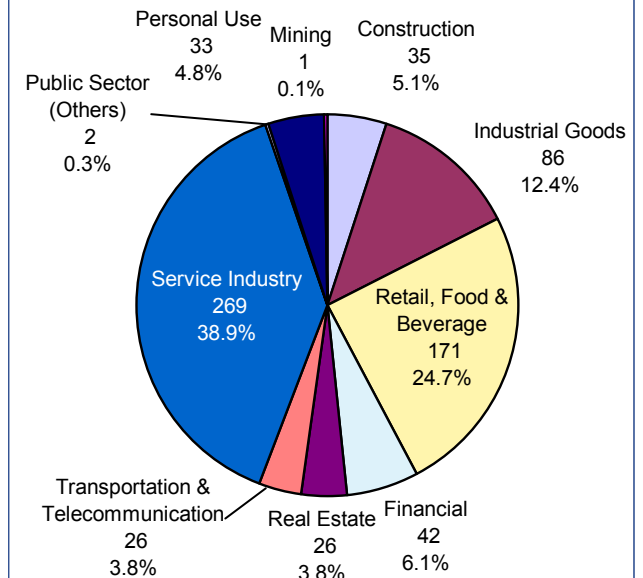
Tenant distribution in Tokyo Metropolitan Area (end of 12th period)

| Rent/space | 100 tsubo | 100 to 200 tsubo | 200 to 300 tsubo | 300 to 400 tsubo | 400 to 500 tsubo | 500 to 1,000 tsubo | 1,000 to 2,000 tsubo |
|----------------|------------|------------------|------------------|------------------|------------------|--------------------|----------------------|
| ¥30,000~40,000 | 2 | 1 | 1 | — | — | — | 1 |
| ¥20,000~30,000 | 41 | 31 | 9 | 3 | — | 2 | — |
| ¥10,000~20,000 | 165 | 79 | 16 | 7 | 5 | 5 | 2 |
| ~¥10,000 | 30 | 2 | 2 | 2 | — | — | — |

Note: Based on rents as stated in lease agreements (including common area charges) for 406 office tenants in Tokyo Metropolitan Area

End tenants of office buildings

Variety of tenants (As of end of 12th period)



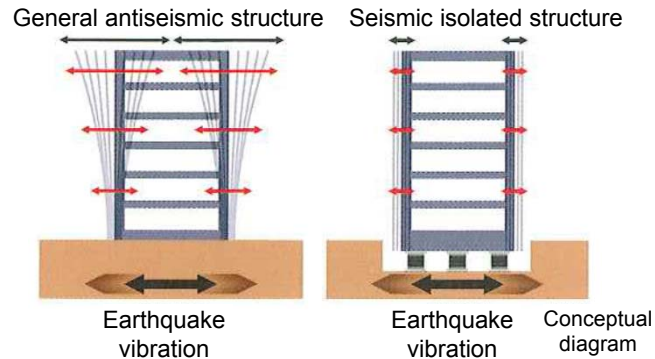
Note: Percentage figures in the above pie charts represent the proportion of each type of end tenants as a percentage of the total (691 tenants)

| | |
|--|-----------------------------|
| Number of Tenants (Number of Properties) | 691 Tenants (65 Properties) |
| Share of the Largest Tenant | 1.9% |
| Total Share of the Top 3 Tenants | 5.1% |

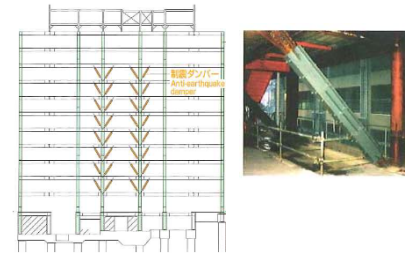
Note: The ratio of top-end tenants within the entire portfolio (based on leased area)

Management of existing property: antiseismic structure of owned property (case examples)

Seismic isolation structure



Seismic control structure



Antiseismic inforcement



KDX Nagoya Sakae Building

Location: Naka-ku, Nagoya, Aichi
Year Built: April 2009



Adopt seismic isolation structure by incorporating seismic isolation device between lower base and upper base

KDX Omori Building

Location: Ota-ku, Tokyo
Year Built: October 1990



- Buildings with seismic isolation structure for aboveground floors
- Seismic isolation device is installed in foundation of underground floor

KDX Harumi Building

Location: Chuo-ku, Tokyo
Year Built: February 2008



Adopt seismic control structure with seismic damper installed in second floor through ninth floor

Toranomon Toyo Building

Location: Minato-ku, Tokyo
Year Built: August 1962



- The oldest property in the portfolio
- Built before new earthquake resistance standard became effective
→ Previous owner:
Completed antiseismic reinforcement work by Taisei Corporation in October 2005

Management of existing properties—earthquake-proof etc.

PML of Portfolio: 5.30% (74 properties held)

※ PML according to Research Result by NKSJ Risk Management, Inc. as of June 2011.

Seismic Safety Standard on Property Acquisition

Properties to be acquired should meet the New Standard for Earthquake Resistant Design (1981)
The PML (Probable Maximum Loss) for Each newly acquired property should be under 20%, the portfolio PML should be kept less than 10% after acquisition.

However, Investment objects include properties which:

1. Are still Profitable even after the Earthquake Insurance contract.
2. Will reach the standard above after seismic reinforcement work.

Ensuring the Safety of existing Properties

Condition assessments are conducted after acquisition of new properties, such as Deterioration diagnosis of buildings, Survey of compliance to Building Standards Law, Surveys of hazardous materials that the building contains, Soil survey as well as the formulation of short-term and long-term repair plan.
Such surveys are commissioned to external institutions to ensure their professionalism, objectivity and transparency.
Furthermore, the reassessment of property's condition and renewal of short-term & long-term repair plans are conducted towards properties acquired for a considerable long time.

Notes

- 1 [New standard for Earthquake Resistant Design was formulated on the base of the revision of enforcement order of Building Standard Law in 1981.
The anti-seismic performance of buildings has been greatly improved since the enforcement of the law due to the newly added provisions such as
 - ① New provision on tie-hoop ratio of Reinforced-Concrete Pillars (above 0.2%);
 - ② Resetting of horizontal seismic coefficient and elastic shear modulus, etc.
 - ③ New requirement on the secondary design in seismic calculation
- 2 PML (Probable Maximum Loss) can be divided into PML of individual property and PML of the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = the probability of which happening in 50 years is 10%) that could happen during the life-span of the property (50 years =), to the refinancing cost of the estimated restoration expenses.

Management of existing property: Environment responsive (Implementation of third-party assessment)

Getting certified under DBJ Green Building Rating System



<Outline of DBJ Green Building Rating System>

Certification for environmentally- and socially-conscious property (“Green Building”) based on four ratings using the total scoring model developed by DBJ.

KDX Harumi Building



KDX Nagoya Sakae Building



KDX Kobayashi-Doshomachi Building



| Ratings | Description (image) |
|-----------------|--|
| Platinum | One of the leading Japanese buildings with excellent approaches to environmental and social consciousness. |
| Gold | Buildings with extremely forward-looking approaches to environmental and social consciousness. |
| Silver | Buildings with highly forward-looking approaches to environmental and social consciousness. |
| Bronze | Buildings with forward-looking approaches to environmental and social consciousness. |

| | |
|------------------|-------------------------|
| Location | Chuo-ku, Tokyo |
| Structure | S/SRC |
| Floors | B1 11F |
| GFA | 12,694.32m ² |
| Year Built | February 2008 |
| Acquisition date | June 30, 2008 |

| | |
|------------------|--|
| Location | Naka-ku, Nagoya, Aichi |
| Structure | S |
| Floors | 11F |
| GFA | 9,594.00m ² |
| Year Built | April 2009 |
| Acquisition date | (Land) April 25, 2008 (Bldg) July 1, 2009 |

| | |
|------------------|-------------------------|
| Location | Chuo-ku, Osaka, Osaka |
| Structure | S/SRC |
| Floors | B1 F12 |
| GFA | 10,723.83m ² |
| Year Built | July 2009 |
| Acquisition date | December 1, 2010 |

Stable financial management : Borrowing list

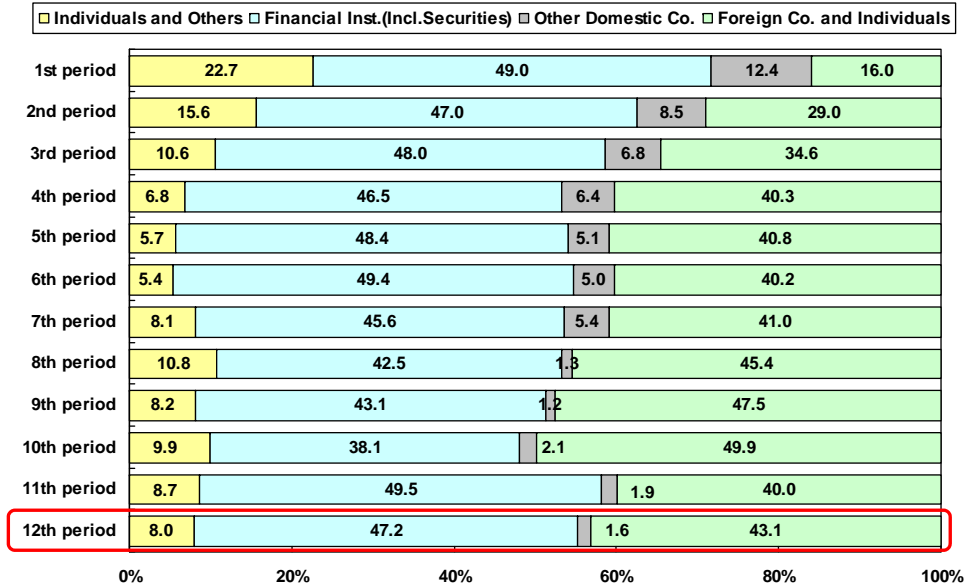
As of April 30, 2011

| | Lender | Balance (MM) | Drawdown date | Last repayment date | |
|---|---|----------------|---------------|---------------------|------|
| Short-term borrowings | Mitsubishi UFJ Trust and Banking Corporation | 1,500 | 2010/7/30 | 2011/7/31 | |
| | Mitsubishi UFJ Trust and Banking Corporation | 1,000 | 2010/10/29 | 2011/10/31 | |
| | Mitsubishi UFJ Trust and Banking Corporation | 2,700 | 2011/1/31 | 2012/1/31 | |
| | Mitsubishi UFJ Trust and Banking Corporation | 2,000 | 2011/3/25 | 2012/3/23 | |
| | The Norinchukin Bank | 1,500 | 2011/4/18 | 2011/11/30 | |
| Short-term borrowing subtotal | | 8,700 | | | |
| Current portion of long-term borrowings | Mitsubishi UFJ Trust and Banking Corporation | 1,000 | 2006/7/14 | 2011/7/13 | |
| | Sumitomo Mitsui Banking Corporation (2,200) , The Chuo Mitsui Trust and Banking Co.,Ltd. (1,000) , Resona Bank., Ltd. (300) | 3,500 | 2008/7/31 | 2011/7/31 | |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd | 1,500 | 2008/2/29 | 2011/8/31 | |
| | The Chuo Mitsui Trust and Banking Co., Ltd | 1,000 | 2008/9/1 | 2011/9/1 | |
| | Sumitomo Mitsui Banking Corporation (3,000) , The Chuo Mitsui Trust and Banking Co., Ltd.(2000) | 5,000 | 2008/3/31 | 2011/9/30 | |
| | Aozora Bank.,Ltd | 3,500 | 2009/4/30 | 2011/10/31 | |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd | 1,500 | 2010/10/26 | 2011/10/31 | |
| | The Chuo Mitsui Trust and Banking Co., Ltd | 1,000 | 2008/5/1 | 2011/11/1 | |
| | The Norinchukin Bank | 2,500 | 2006/12/1 | 2011/11/30 | |
| | Sumitomo Mitsui Banking Corporation | 2,500 | 2008/1/10 | 2012/1/10 | |
| | Sumitomo Mitsui Banking Corporation | 460 | 2009/2/27 | 2012/2/29 | Note |
| The Chuo Mitsui Trust and Banking Co., Ltd. | 2,000 | 2007/4/2 | 2012/4/2 | | |
| Aozora Bank., Ltd | 2,000 | 2009/4/30 | 2012/4/27 | | |
| Current portion of long-term borrowings subtotal | | 27,460 | | | |
| Long-term borrowings | Resona Bank., Ltd. | 1,500 | 2008/6/30 | 2012/6/30 | |
| | Development Bank of Japan Inc. | 920 | 2009/2/27 | 2012/8/31 | Note |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd | 2,500 | 2010/10/29 | 2012/10/31 | |
| | Resona Bank., Ltd. | 500 | 2009/12/8 | 2012/12/8 | |
| | Development Bank of Japan Inc. | 3,000 | 2008/6/30 | 2012/12/28 | |
| | The Chuo Mitsui Trust and Banking Co., Ltd. | 1,000 | 2010/1/13 | 2013/1/15 | |
| | Aozora Bank., Ltd | 1,500 | 2010/2/18 | 2013/2/18 | |
| | Mitsubishi UFJ Trust and Banking Corporation | 1,000 | 2011/4/28 | 2013/4/30 | |
| | Resona Bank., Ltd. | 500 | 2010/7/30 | 2013/7/31 | |
| | Development Bank of Japan Inc. | 3,000 | 2006/9/1 | 2013/8/31 | |
| | Aozora Bank., Ltd | 2,000 | 2011/3/31 | 2013/9/30 | |
| | Sumitomo Mitsui Banking Corporation | 940 | 2009/10/26 | 2013/10/26 | Note |
| | Sumitomo Mitsui Banking Corporation | 1,880 | 2009/10/30 | 2013/10/30 | Note |
| | Resona Bank., Ltd. | 500 | 2010/10/29 | 2013/10/31 | |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd(1,500), The Chuo Mitsui Trust and Banking Co., Ltd.(800), Aozora Bank., Ltd(400) | 2,700 | 2010/11/12 | 2013/11/12 | 3yr |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd(500), The Chuo Mitsui Trust and Banking Co., Ltd.(200), Aozora Bank., Ltd(100) | 800 | 2010/12/1 | 2013/11/12 | 3yr |
| | The Chuo Mitsui Trust and Banking Co., Ltd. | 3,700 | 2010/7/30 | 2014/1/31 | |
| | Sumitomo Mitsui Banking Corporation | 1,300 | 2011/1/31 | 2014/1/31 | |
| | Sumitomo Mitsui Banking Corporation | 3,700 | 2010/7/30 | 2014/7/31 | |
| | The Chuo Mitsui Trust and Banking Co., Ltd. | 2,700 | 2011/3/22 | 2014/9/22 | |
| | Sumitomo Mitsui Banking Corporation | 1,128 | 2010/1/29 | 2015/1/30 | Note |
| | Sumitomo Mitsui Banking Corporation (2,128) , Development Bank of Japan Inc.(1,573), The Chuo Mitsui Trust and Banking Co., Ltd.(925), Aozora Bank., Ltd(463) | 5,088 | 2010/2/18 | 2015/2/18 | Note |
| | Sumitomo Mitsui Banking Corporation | 1,900 | 2010/4/2 | 2015/4/2 | Note |
| | Aozora Bank., Ltd | 3,000 | 2011/2/28 | 2015/8/31 | |
| | Aozora Bank., Ltd | 1,500 | 2011/4/28 | 2015/10/31 | |
| | Sumitomo Mitsui Banking Corporation (1,200) , Resona Bank., Ltd.(800) | 2,000 | 2010/11/12 | 2015/11/12 | 5yr |
| | Sumitomo Mitsui Banking Corporation (800) , Resona Bank., Ltd.(200) | 1,000 | 2010/12/1 | 2015/11/12 | 5yr |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd | 800 | 2011/1/31 | 2016/1/29 | | |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd | 500 | 2011/2/28 | 2016/1/29 | | |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd | 2,000 | 2011/3/31 | 2016/1/29 | | |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd | 1,000 | 2011/4/28 | 2016/1/29 | | |
| Resona Bank., Ltd. | 1,000 | 2011/3/31 | 2016/3/31 | | |
| Development Bank of Japan Inc. | 5,000 | 2006/5/1 | 2016/4/30 | | |
| Development Bank of Japan Inc. | 2,300 | 2010/11/12 | 2017/11/12 | 7yr | |
| Development Bank of Japan Inc. | 700 | 2010/12/1 | 2017/11/12 | 7yr | |
| Long-term borrowings subtotal | | 64,556 | | | |
| Total | | 100,716 | | | |

- Notes:
- 1 Repayment Method: repayment of every 6 months (amortization)
 - 2 The amount are rounded to the first decimal place

KRI Unitholders

Change in investment units by unitholders



Type of unitholders End of 12th (as of 2011/4/30)

| | # of Unitholders | Ratio (%) | # of Units held (unit) | Ratio (%) |
|--------------------------------------|------------------|---------------|------------------------|---------------|
| Individual and Others | 6,297 | 94.9% | 18,795 | 8.0% |
| Financial Inst.(Incl.Securityes co.) | 47 | 0.7% | 110,317 | 47.2% |
| Other Domestic Co. | 99 | 1.5% | 3,757 | 1.6% |
| Foreign Co. and Individuals | 193 | 2.9% | 100,681 | 43.1% |
| Total | 6,636 | 100.0% | 233,550 | 100.0% |

Note: Rounded to the first decimal place

Top 10 unitholders at end of 12th period (as of 2011/4/30)

| Name | # of units held (unit) | (%) |
|--|------------------------|---------------|
| Japan Trustee Services Bank, Ltd. (Trust Acct.) | 40,952 | 17.53% |
| Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.) | 28,880 | 12.36% |
| The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.) | 23,230 | 9.94% |
| The Master Trust Bank of Japan, Ltd. (Trust Acct.) | 8,181 | 3.50% |
| Nomura Bank (Luxembourg) S.A. | 7,098 | 3.03% |
| The Bank of NY Treaty JASDEC Account | 7,012 | 3.00% |
| BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV | 5,900 | 2.52% |
| State Street Bank and Trust Company 505223 | 3,785 | 1.62% |
| BNP PARIBAS SECURITIES SERVICES SINGAPORE/BP2S SYDNEY/JASDEC/AUSTRALIANRESIDENTS | 3,708 | 1.58% |
| The Chase Manhattan Bank N.A. London SL omnibus account | 3,076 | 1.31% |
| | 131,822 | 56.44% |

Note: Rounded to the second decimal place

(Reference) Reporting of major unitholders

| Name | Submitted on | # of units held (unit) |
|---|--------------|------------------------|
| DIAM Co., Ltd | 2011/5/30 | 25,723 |
| DIAM Co., Ltd | | 25,723 |
| Mizuho Asset Management Co., Ltd | 2011/2/7 | 22,648 |
| Mizuho Asset Management Co., Ltd. | | 16,107 |
| Sinko Investment Trust Management Co., Ltd. | | 6,541 |
| Nomura Securities Co., Ltd. | 2011/2/21 | 15,352 |
| Nomura Asset Management Co., Ltd. | | 12,822 |
| NOMURA INTERNATIONAL PLC | | 1,616 |
| Nomura Securities Co., Ltd. | | 714 |
| NOMURA SECURITIES INTERNATIOAL, Inc. | | 200 |
| The Sumitomo Trust and Banking Co.,Ltd | 2011/1/21 | 13,760 |
| Nikko Asset Management Co., LTd. | | 13,760 |
| Fidelity Investments Japan Limited | 2010/12/22 | 12,546 |
| Fidelity Investments Japan Limited | | 8,536 |
| FMR LLC | | 4,010 |

Notes:

- Report submitted after PO on 2009/11/16 to 2011/5/30(excluding unitholders that have less than 10,000 units)
- Total unitholders increased from 200,000 units to 233,550 units due to PO on 2009/11/16

Disclosure and IR activities

IR activities for Individual Investors

Disclosure using KRI website

Opening communication page towards private investors starting mail delivery service

| Items | 12th period (Apr 2011) Access |
|-------------------------------|-------------------------------|
| Top page | 47,678 |
| List of portfolio | 8,409 |
| Press Release | 7,393 |
| Disclosure Materials | 6,591 |
| KDRM Site top | 4,089 |
| Distributions | 3,843 |
| Others (occupancy ratio etc.) | 13,666 |

Page of "Investor Relations"



Mail delivery service



IR seminar and large meeting for individual investors

Attending events follows including WEB seminar (Number of Participants: **totalled approx. 347**)

| Events Attended | Date | Venue |
|--|------------|---|
| J-REIT Fair for Individual Investors (Sponsored by ARES) | 2011/3/11 | Tokyo International Form |
| Web Briefing Sessions towards Individual Investors (Operated by Nomura Investor Relations) | 2011/2/22 | Website |
| J-REIT Fair in Osaka (Sponsored by Tokyo Stock Exchange) | 2011/1/29 | Osaka Business Park MATSUSHITA IMP HALL |
| Seminar for Individual Investors (Operated by Nomura Investor Relations) | 2010/12/20 | Nomura Main Building |

IR activities for Domestic and International Investors

Using KRI website in English / 1on1 meetings

Disclosure in English website on same day (Press release and Financial results)

【Reference】 Number of meetings (Including conference calls)

| 11th period IR | |
|----------------------------------|------------|
| Domestic Institutional Investor | 44 |
| Domestic regional investors | 5 |
| International Investors (Europe) | 15 |
| International Investors (US) | 27 |
| International Investors (Asia) | 25 |
| Total | 116 |

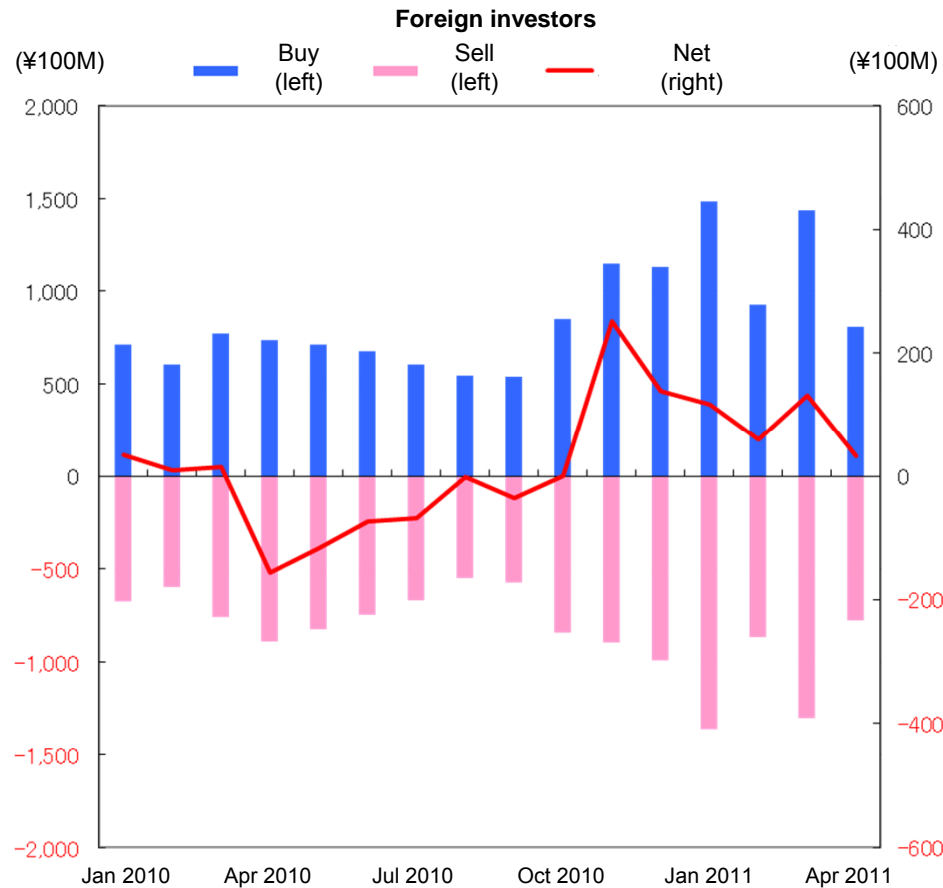
IR through website & Paper media

- NIKKEI News Paper (Electronic version) 「J-REIT Special Edition」
- Toyo Keizai (Weekly) (Issuance started on 2010/12/20)

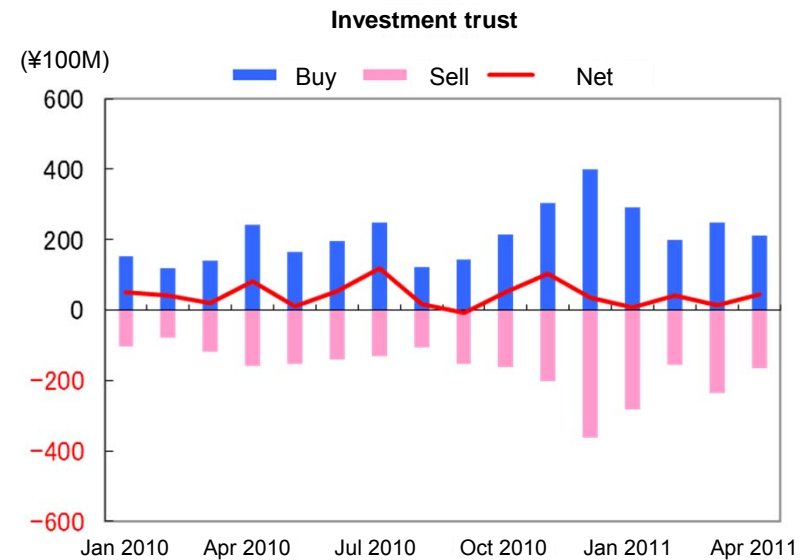
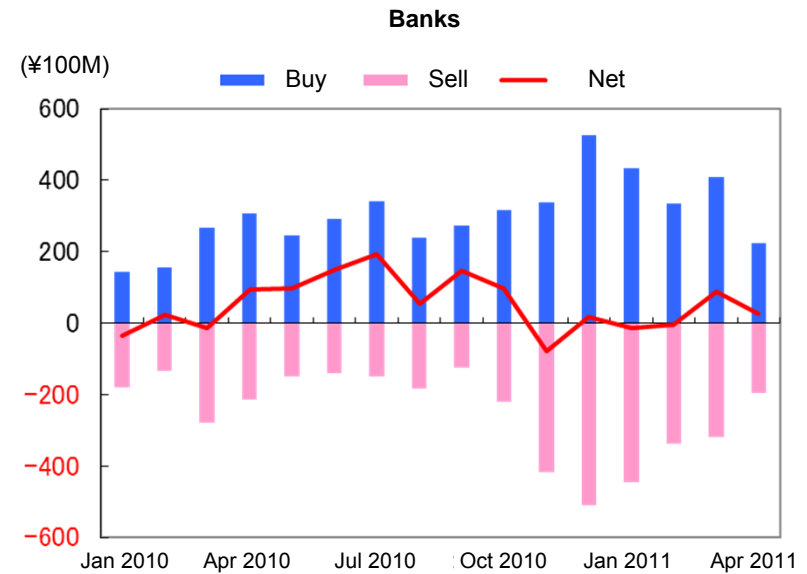


J-REIT market (Investors trend)

Trading Value by Investor Type (J-REIT)

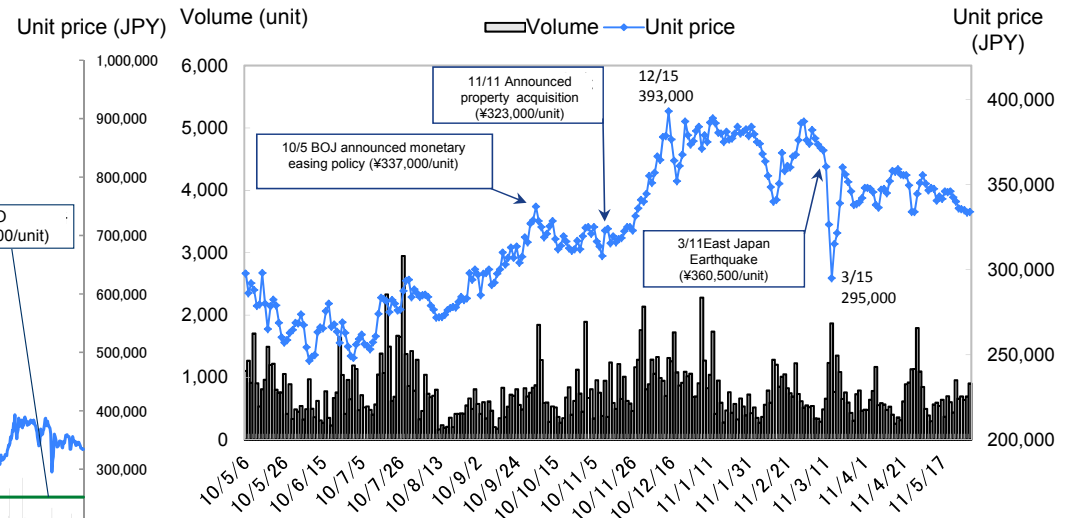
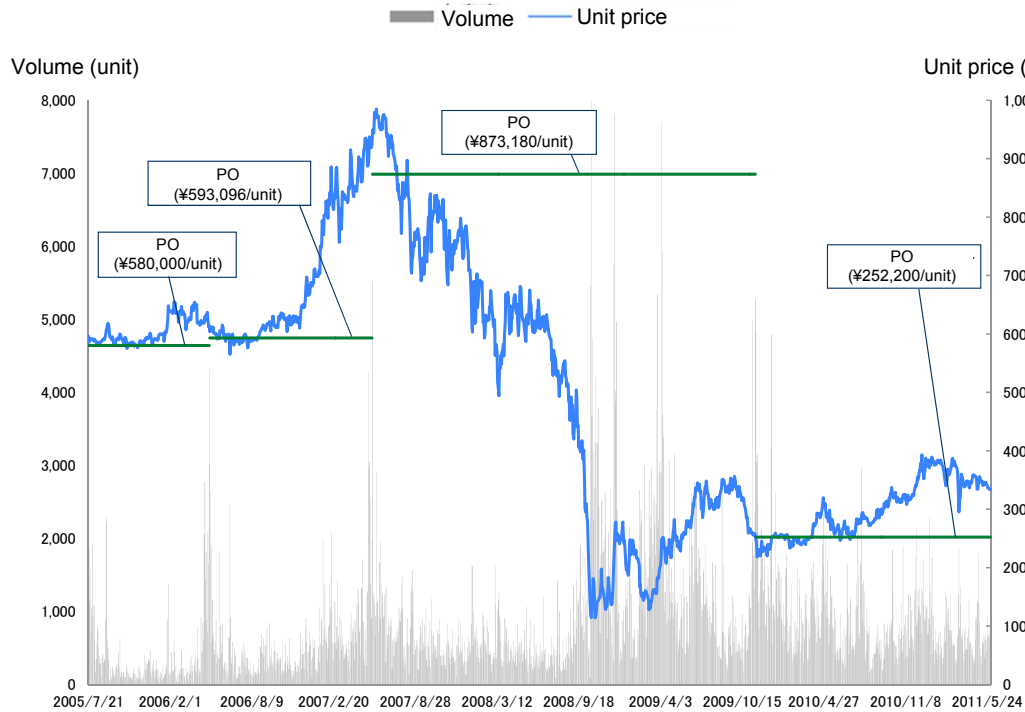


Source: Tokyo Stock Exchange (Data from 2010/01 to 2011/04)



Unit price performance/Transaction volume since IPO

Kenedix Realty Investment Corporation (KRI) price/volume performance



Note: Date from 2010/5/6 to 2011/5/30. Investment Unit Price based on Closing price.

Notes:

- 1 Period : IPO to 2011/5/31
- 2 Price: Closing price (excluding over 8,000 trading volume (2008/10/20:19,728 units))

- As of Jun 15th, 2011
 - Highest price (trading price): ¥988,000 (2007/5/31)
 - Lowest price (trading price): ¥100,300 (2008/10/20)
- Average Trading Volume during 2011: 716 Units (2011/1/4~2011/5/31)

Summary financial results for 12th period (Apr 2011)

- Income statement and Cash flow statement

Comparison between 12th period (to Apr. 2011) and 11th period (to Oct. 2010)

| | 11th period | 12th period | Difference | Note |
|--|-------------|-------------|------------|---|
| Rental and other operating revenues | 7,159 | 7,208 | 49 | |
| Rental revenues-real estate | 5,861 | 5,908 | 47 | New properties +293M |
| Common area charges | 1,298 | 1,300 | 2 | |
| Other lease business revenue | 1,082 | 928 | -154 | |
| Parking space rental revenues | 242 | 250 | 8 | |
| Utility charge reimbursements | 742 | 583 | -159 | Due to seasonal variability of Electricity charges etc. |
| Miscellaneous | 98 | 69 | -29 | |
| Total rental and other operating revenues A | 8,242 | 8,136 | -106 | |
| Gain on sale etc. | 116 | - | -116 | Gain on sales of KDX Shinjuku-Gyoen Building |
| Operating revenues | 8,358 | 8,136 | -221 | |
| Property management fee | 804 | 811 | 7 | |
| Utilities | 634 | 561 | -73 | Due to seasonal factors of utility (-73) etc |
| Taxes | 648 | 643 | -5 | |
| Repairs and maintenance cost | 149 | 123 | -26 | |
| Others (*1) | 140 | 220 | 80 | Lease fee of KDX Kobayashi-Doshomachi Building \33M, brokerage etc |
| Depreciation | 1,440 | 1,406 | -33 | Decrease due to as part of existing property is fully depreciated |
| Total expense related to rent business B | 3,817 | 3,767 | -50 | New properties +171M |
| Rental business profit (A-B) | 4,424 | 4,369 | -55 | |
| Net operating Income (NOI) | 5,864 | 5,776 | -88 | |
| Loss on disposal of real estate | 64 | - | -64 | Loss on sale of Court Shin-Okachimachi in the 11th FY |
| Asset management fee | 458 | 448 | -10 | |
| Others (*2) | 182 | 211 | 29 | Management fee, Arromney fee etc |
| Operating expenses | 4,522 | 4,427 | -95 | |
| Operating income | 3,835 | 3,709 | -125 | |
| Non operating income | 4 | 3 | -1 | |
| Interest expenses | 879 | 935 | 56 | Total new borrowing during the 12th FY is \11.5 billion |
| Interest expense on investment corporation bonds | 114 | 113 | -1 | |
| Borrowing related expense | 211 | 303 | 92 | Total new borrowing during the 12th FY is \11.5 billion |
| Amortization of investment corporation bond issuance costs | 5 | 5 | - | |
| Amortization of investment unit issuance costs | 8 | 8 | - | |
| Other non-operating expenses | 11 | 0 | -10 | |
| Non-operating expenses | 1,231 | 1,366 | 135 | |
| Ordinary income | 2,608 | 2,346 | -262 | |
| Subsidy | - | 26 | 26 | Subsidy income (ecology renovation for KDX Shin-Yokohama Bldg) |
| Extraordinary income | - | 26 | 26 | |
| Loss on disaster | - | 35 | 35 | Cost of repairs on impaired fixed assets due to the East Japan Earthquake of 2011 |
| Loss on reduction of noncurrent assets | - | 26 | 26 | Due to energy-saving construction of KDX Shin-Yokohama Building |
| Extraordinary loss | - | 61 | 61 | |
| Income before income taxes | 2,608 | 2,311 | -297 | |
| Income taxes | 0 | 1 | 1 | |
| Net income | 2,607 | 2,309 | -298 | |
| Retained earnings brought forward | 0 | 0 | - | |
| Unappropriated retained earnings | 2,607 | 2,310 | -297 | |

Basis for calculating cash distribution (¥)

| | 11th period | 12th period |
|---|---------------|---------------|
| I Retained earnings at the end of period | 2,607,121,406 | 2,310,063,344 |
| II Total distribution | 2,541,257,550 | 2,310,043,050 |
| (Distribution per unit) | (10,881) | (9,891) |
| III Voluntary retained earnings | - | - |
| Provision for reserve for reduction entry | 65,795,848 | - |
| IV Retained earnings bring to next period | 68,008 | 20,294 |

Notes:

- 1 Other expenses: Insurance: trust fee etc
- 2 Other operating expenses: Director's compensation, asset custody fees, administrative fees. Numbers showing differences is rounded

Cash flow statement (¥M)

| | 11th period | 12th period |
|--|-------------|-------------|
| Net cash provided by operating activities | 6,664 | 3,546 |
| Net cash provided by investing activities | -615 | -13,701 |
| Net cash provided by financing activities | -2,966 | 7,607 |
| Net increase in cash and cash equivalents | 3,081 | -2,547 |
| Cash and cash equivalents at beginning of period | 12,285 | 15,367 |
| Cash and cash equivalents at end of period | 15,367 | 12,820 |

The contents are provided solely for informational purposes and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products.
Please see disclaimer in the final page of this documents.

Summary financials for 12th period (Apr 2011)

- Balance sheet

| | 11th period As of Oct. 31, 2010 | | 12th period As of Apr. 30, 2011 | |
|--|---------------------------------|--------------|---------------------------------|--------------|
| | (¥M) | (%) | (¥M) | (%) |
| Current assets | 16,528 | 6.6 | 14,352 | 5.5 |
| Cash and bank deposits | 10,416 | | 7,925 | |
| Entrusted deposits | 5,828 | | 5,869 | |
| Other current assets | 283 | | 557 | |
| Fixed assets | 234,489 | 93.4 | 247,529 | 94.5 |
| Property, plant and equipment | 233,438 | | 245,826 | |
| Buildings | 13,660 | | 13,456 | |
| Land | 29,104 | | 29,104 | |
| Buildings in trust | 56,730 | | 61,259 | |
| Lands in trust | 133,943 | | 142,006 | |
| Intangible assets | 286 | | 361 | |
| Leasehold right | 285 | | 285 | |
| Leasehold right in trust | - | | 74 | |
| Right of using water facilities in trust | 1 | | 1 | |
| Investment and other assets | 764 | | 1,341 | |
| Leasehold and gurantee deposits | 11 | | 134 | |
| Long-term prepaid expenses | 752 | | 1,207 | |
| Deffered assets | 61 | 0.0 | 47 | 0.0 |
| Investment corporation bond issuance costs | 27 | | 22 | |
| Investment unit issuance expenses | 33 | | 25 | |
| Total asset | 251,080 | 100.0 | 261,928 | 100.0 |
| Current liabilities | 43,881 | 17.5 | 47,942 | 18.3 |
| Accounts payables | 499 | | 409 | |
| Short-term loans payable | 41,550 | | 36,160 | |
| Current portion of investment corporation bond | - | | 9,000 | |
| Other account payables | 212 | | 208 | |
| Provision for loss on disaster | - | | 30 | |
| Advanced received | 1,166 | | 1,872 | |
| Derivative liabilities | 7 | | - | |
| Others | 445 | | 261 | |
| Fixed liabilities | 71,466 | 28.5 | 78,481 | 30.0 |
| Investment corporation bonds | 12,000 | | 3,000 | |
| Long-term loans payable | 49,017 | | 64,555 | |
| Tenant leasehold and security deposit | 1,547 | | 1,521 | |
| Tenant leasehold security deposit in trust | 8,902 | | 9,403 | |
| Liabilities | 115,347 | 45.9 | 126,423 | 48.3 |
| Total unitholders' capital | 133,129 | | 133,129 | |
| Reserve for reduction entry | - | | 65 | |
| Unappropriated retained earnings | 2,607 | | 2,309 | |
| Unrealized gain from deferred hedge transactions | -4 | | - | |
| Equities | 135,732 | 54.1 | 135,505 | 51.7 |
| Toal liabilities and unitholders' equity | 251,080 | 100.0 | 261,928 | 100.0 |

Property, plant and equipment: +¥12,388M
4 New properties in 12th period

Short-term loans payable: -¥5,390M
Decrease mainly due to transferring to long-term payable

Long-term Loans Payable: +¥15,538M
Increase mainly due to new borrowing for property acquisitions

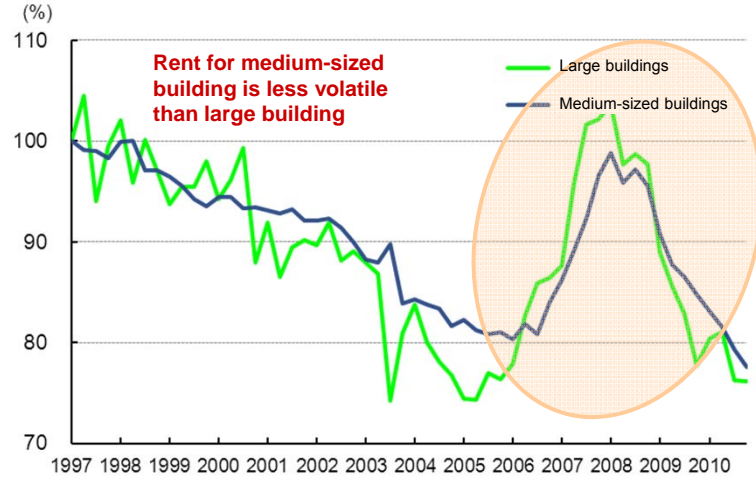
Reserve for reduction entry due to advance acquisition of land: +¥65M

Key indicators

| | 11th period | 12th period | Difference | Note |
|--|--------------------------|--------------------------|-------------------------|---|
| Unitholders' equity per share of common stocks | ¥581,170 | ¥580,199 | ¥-971 | |
| Interest bearing debt ratio at end of period | 40.9% | 43.0% | +2.2% | New borrowing during the 12th period ¥11.5B |
| Unitholders' equity to total asset | 54.1% | 51.7% | -2.3% | |
| Number of properties at end of period | 67 | 71 | +4 | 4 New properties in the 12th period |
| Total leasable floor | 267,737.33m ² | 286,237.93m ² | +18,500.6m ² | 4 New properties in the 12th period |
| Occupancy ratio at end of period | 93.6% | 94.6% | +1.0% | |

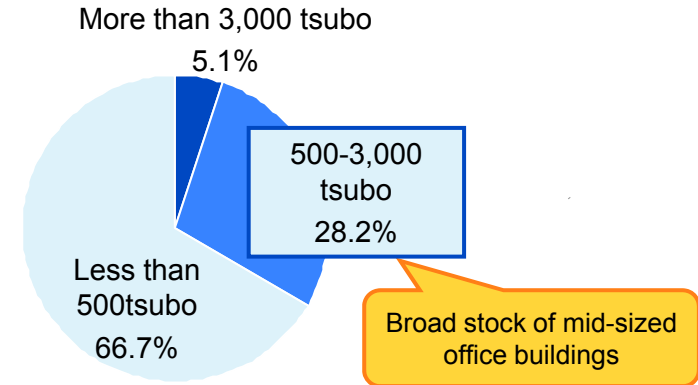
(Reference data 1) Office building market environment

1. 23 wards of Tokyo: rent level for large buildings and medium-sized buildings



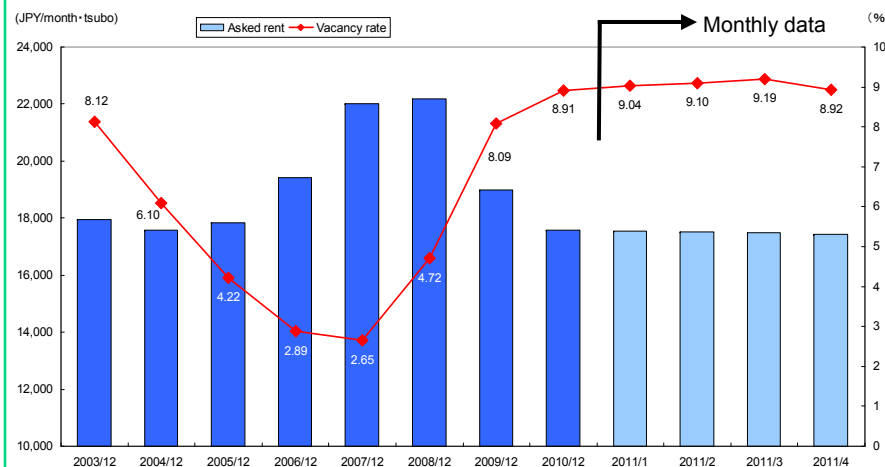
Note: Large building is a building with a gross floor area of 3,000 tsubo or more, while medium-sized building is a building with a gross floor area of 1,000 to 3,000 tsubo
 Source: Created by KDX based on the data compiled by CBRE (the latest values as of 2011/3)

2. Break down of office buildings by GFA (tsubo)



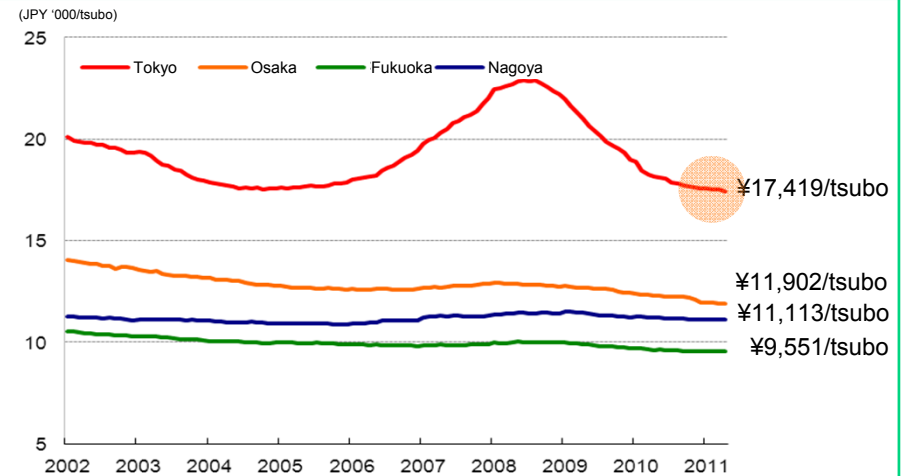
Note: The above data covers rental office buildings located in Tokyo's central 5 wards that were surveyed by CB Richard Ellis Research Institute. The above data may not include the data of all properties in the said 5 wards (as of 2011/03)
 Source: Survey conducted by CB Richard Ellis Research Institute based on KRI's request "Market survey of Midium-sized building" (2011/05)

3. Changes in the offered rent and vacancy ratio in Central Tokyo



Note: Survey covers buildings with more than 100 tsubo in Tokyo's central 5 wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)
 Source: Miki Shoji "Latest Office Building Markets in Tokyo's central 5 wards" (the latest values as of 2011/4)

4. Changes in rent levels by region



Note: Targeting the properties with a gross floor area of 100 tsubo or more in Tokyo's central 5 wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)
 Source: Created by KRI based on the data compiled by Miki Shoji (the latest values as of 2011/4)

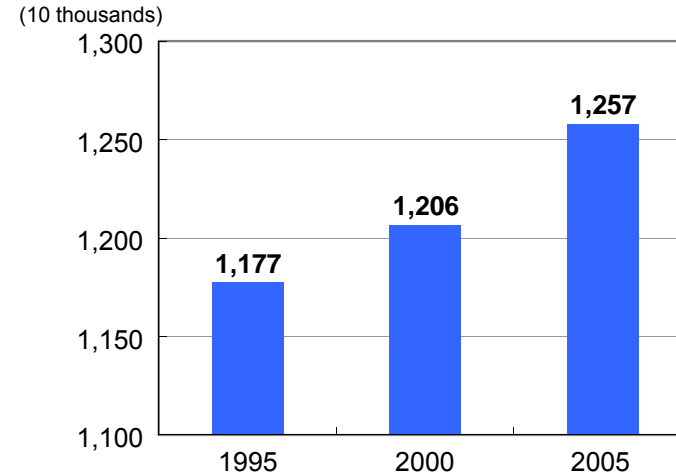
(Reference data 2) About Tokyo Metropolitan Area

1. Economic foundation etc. of Tokyo

| (Timing) | (Item) | Japan | Tokyo |
|-----------------|---|-------------|------------|
| 2008 | Nominal GDP | ¥494,198.7B | ¥89,714.9B |
| 2006 | # of office | 5,910,000 | 690,000 |
| 2006 | # of employee | 58.63M | 8.7M |
| October 1, 2009 | Total Population | 127,51M | 12.86 |
| October 1, 2009 | Population of productive age (15-64years old) | 81.49M | 8.65M |

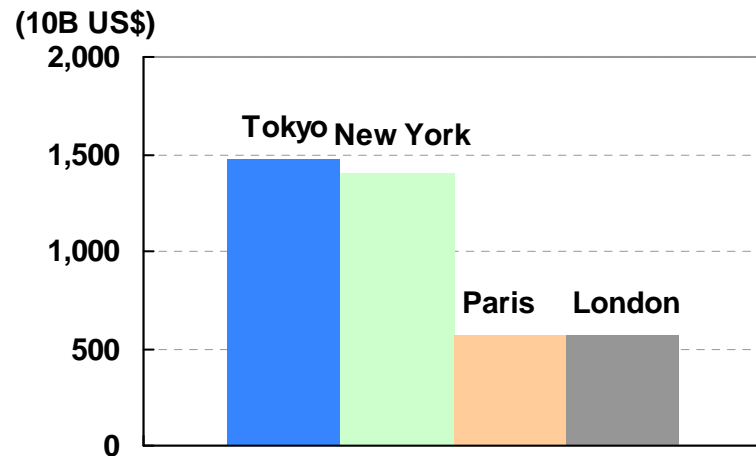
Source: Created by KDRM based on the data compiled by "Kurashi to toukei 2010(Life and statistics 2010)" on the Tokyo metropolitan government website

2. Population transition of Tokyo



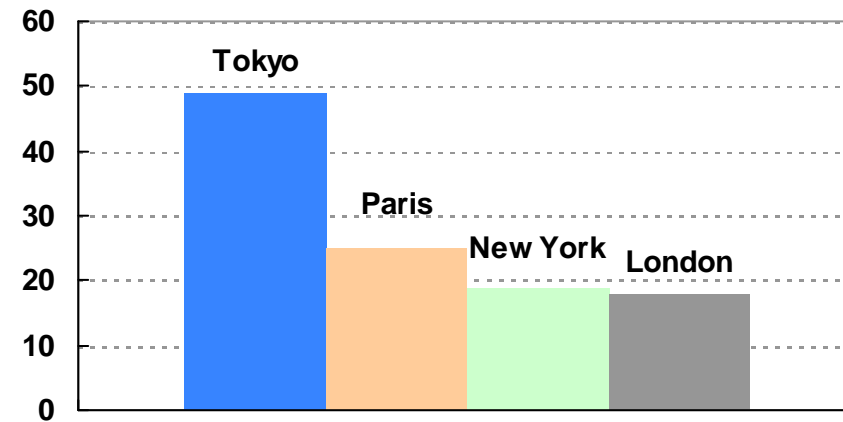
Source: Created by KDRM on the data compiled by Ministry of Internal Affairs and Communications Statistics Bureau, "Japan Statistical Handbook 2010"

3. Gross Metropolitan Products estimate (2008)



Source: UK Economic Outlook November 2009, PricewaterhouseCoopers
Note: Figures are calculated by PricewaterhouseCoopers at PPP

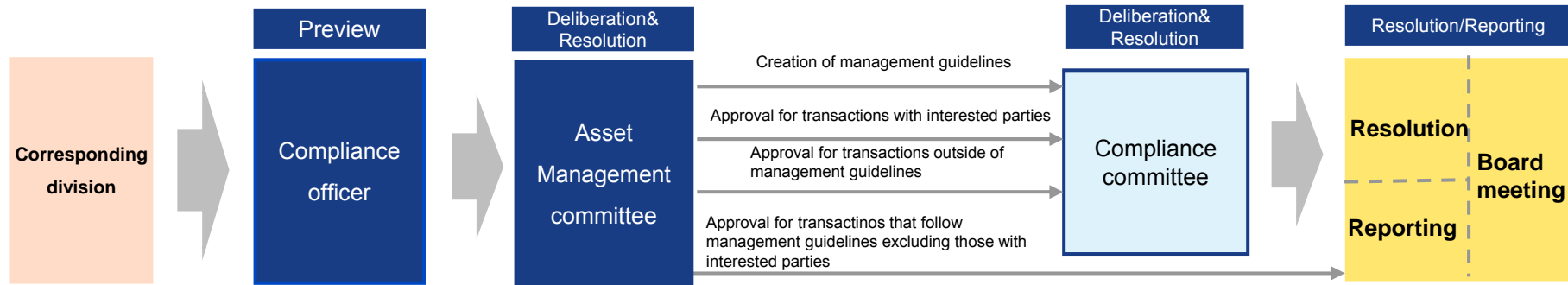
4. No. of Headquarters of Fortune 500 companies (2010)



Source: Fortune Global 500, 2009, Fortune Magazine

Management Structure of Asset Management Company

Decision-making process



Rules on transactions with interested parties

- **Transactions with interested parties**
 - Asset acquisition: Must not acquire properties for **more than appraised price** (except for properties pre-acquired by Kenedix Inc. pursuant to the MOU)
 - Asset disposal: Must not sell properties for **less than appraised price**

<Reference>

Meetings held by the various committees, Board of Directors of the Asset Management Company / Investment Corporation

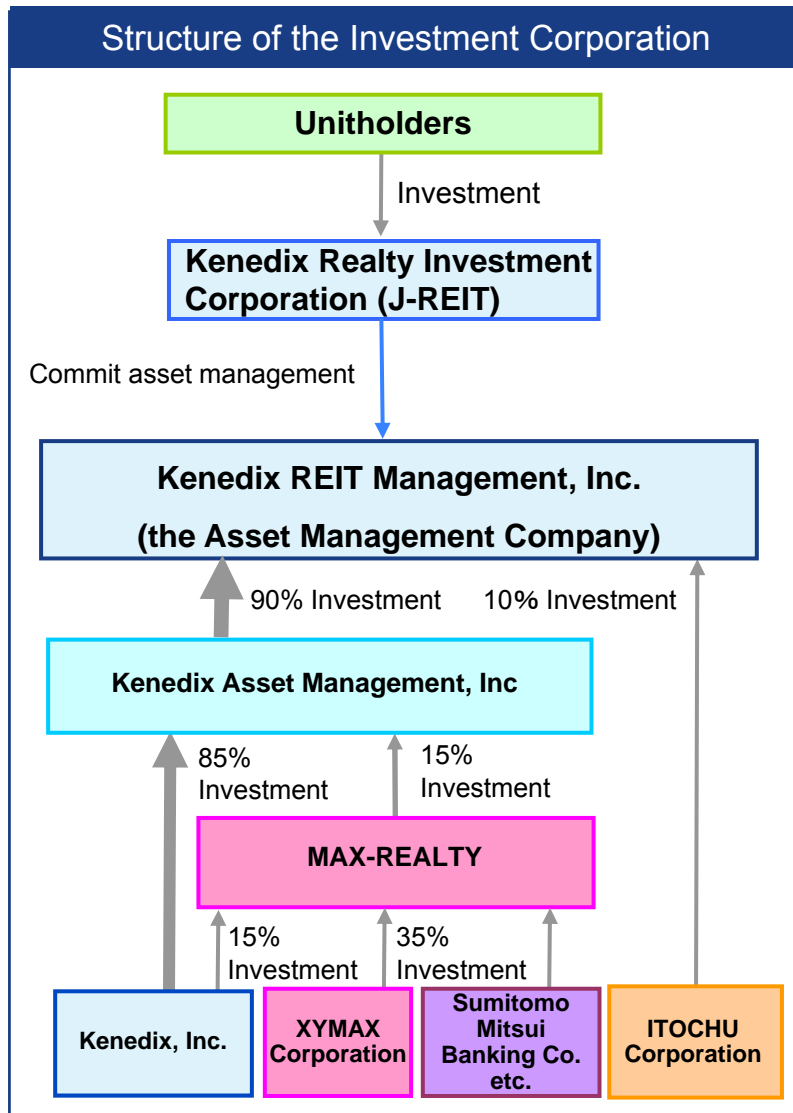
| | 7 th Period | 8 th Period | 9 th Period | 10 th Period | 11 th Period | 12 th Period |
|--|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Compliance committee | 9 | 8 | 8 | 10 | 7 | 7 |
| Asset management committee | 52 | 44 | 36 | 39 | 32 | 37 |
| Board of directors | 10 | 8 | 10 | 12 | 11 | 9 |
| Board of directors of Investment Corporation | 7 | 8 | 8 | 8 | 8 | 7 |

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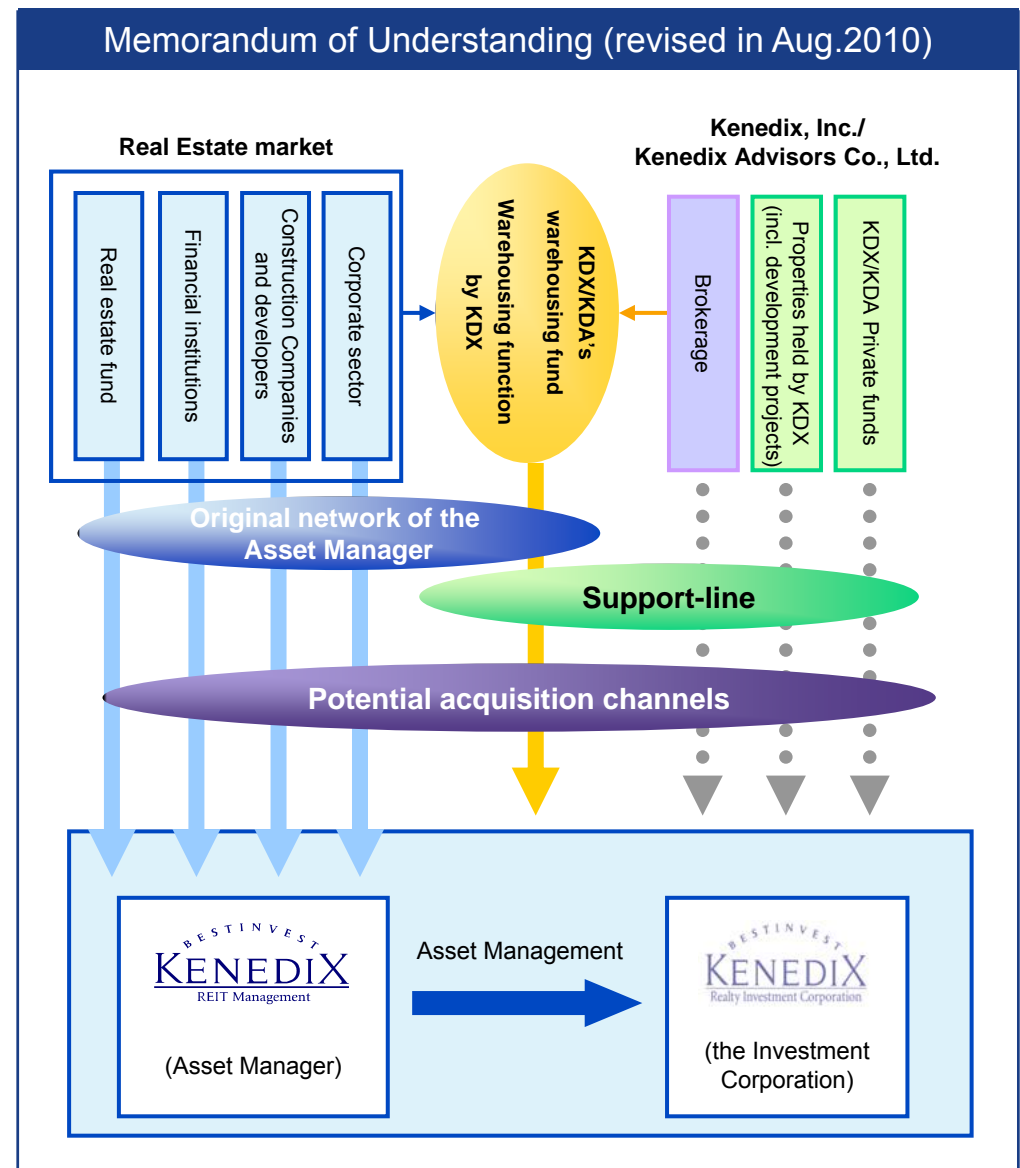
Asset management company's management fee structure

- **Asset management fee**
 - Management fee I : 0.15% of total assets
 - Management fee II : 3.0% of distributable amount each fiscal period
 - Acquisition fee : 0.5% of acquisition price (0.25% if interested parties)
 - Disposition fee : capped at 0.5% of transfer price
- **Property management fees**
 - Rental management fee: 2% of rent revenues + 2% of operating revenues from the property (after deducting operating expenses and before deducting depreciation)
 - Management transfer fee: amount determined in proportion to the acquisition/sale price (e.g. ¥1-3B → ¥2M, ¥5-10B → ¥2.4M)
 - Construction supervision fee: amount determined in proportion to the construction costs (e.g. ¥1-5M → 5%, ¥10-100M → ¥450,000 + 3%)

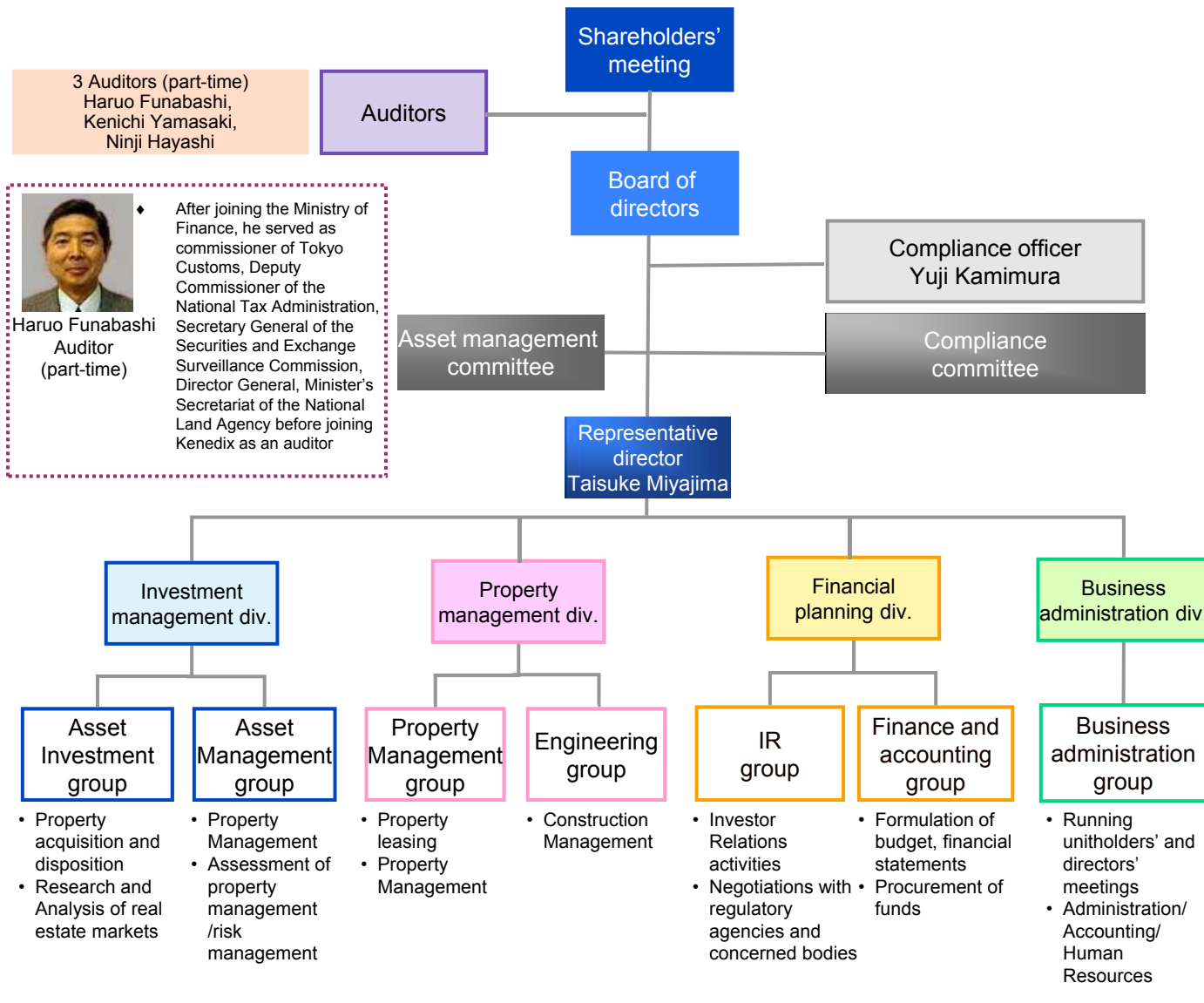
Change in shareholders of AM and Memorandum of Understanding



Note: MAX-REALTY is an asset management company founded by XYMAX Corporation, Sumitomo Mitsui Banking Corporation and others, based on the concept of "combining real estate and finance consulting knowledge in to one."



Kenedix REIT Management, Inc. -Organizational chart



Haruo Funabashi
Auditor (part-time)

After joining the Ministry of Finance, he served as commissioner of Tokyo Customs, Deputy Commissioner of the National Tax Administration, Secretary General of the Securities and Exchange Surveillance Commission, Director General, Minister's Secretariat of the National Land Agency before joining Kenedix as an auditor

Key members

Taisuke Miyajima
CEO & President

- Worked for **Mitsubishi Trust and Banking** (debt capital market group, Los Angeles branch). Seven years of experience in real estate investment advisory division after joining Kenedix, Inc.
- Transferred to Kenedix REIT Management to become CEO and president

Koju Komatsu
General Manager,
Investment Management Division

- Worked for c.7 years for **Chuo Mitsui Trust and Banking** (Property Sales Department, Property Investment Advisory Department, Asset Finance Department)
- Worked for **Cititrust & Banking** before joining Kenedix, Inc.
- Property appraiser

Masashi Ohwa
Director & General Manager,
Property Management Division

- Worked for **Asahi Urban Development Corporation, Nihonjisho**, others before he joined Kenedix
- Executive Officer & General Manager of REIT Management Division, Kenedix Advisors before joining Kenedix REIT Management

Masahiko Tajima
Director & General Manager,
Financial Planning Division

- Worked for 12 years at **Chuo Mitsui Trust and Banking**, where he was responsible for securitization
- Joined Kenedix, Inc. after 4 years of experience in various securitized paper investments at **Sumitomo Life Insurance**

Yuuji Kamimura
Compliance Officer

- Worked for 27 years at **Shinsei Bank, Ltd.**
- Joined Kenedix REIT Management after 8 years of experience as a compliance officer at Shinsei Bank.

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