

# KENEDIX

Office Investment Corporation

Ticker Symbol: 8972

Kenedix Real Estate Fund Management, Inc.

## Kenedix Office Investment Corporation

### 32nd Fiscal Period Results (Ended April 2021)

June 16, 2021



# METROPOLITAN AREA

# Table of contents

Section 1	32nd fiscal period (2021/4) management highlights and future initiatives	P. 2
Section 2	32nd fiscal period (2021/4) results, 33rd fiscal period (2021/10) earning forecasts and 34th fiscal period (2022/4) earning forecasts	P. 6
Section 3	Portfolio overview	P. 10
Section 4	External growth	P. 13
Section 5	Internal growth	P. 18
Section 6	Financial strategy	P. 29
Appendix	Supplemental material / data	P. 32

## Section 1

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32nd fiscal period (2021/4) management highlights  
and future initiatives

# 32nd fiscal period (2021/4) management highlights and future initiatives

32nd fiscal period (2021/4) DPU(actual) **15,384 yen**  $\pm 0.0\%$  period over period  
 $+1.3\%$  from initial forecast

AUM **440.1** bn yen

Sold KDX Hon-Atsugi Building that the occupancy had been weak

Net increase in monthly rent upon tenant turnover **+6.8** mn yen

Increase in unit rent at 76.3% of tenant turnover

Commitment line **+3.0** bn yen

Further reducing refinancing risk through the additional setting

Net gain on sale of 2 properties **929** mn yen

Providing the remainder to reserve for reduction entry after distributing a portion of the net gain on sale

Net increase in monthly rent upon rent revision **+9.9** mn yen

Accumulating successful results in rent revision under the COVID-19 pandemic

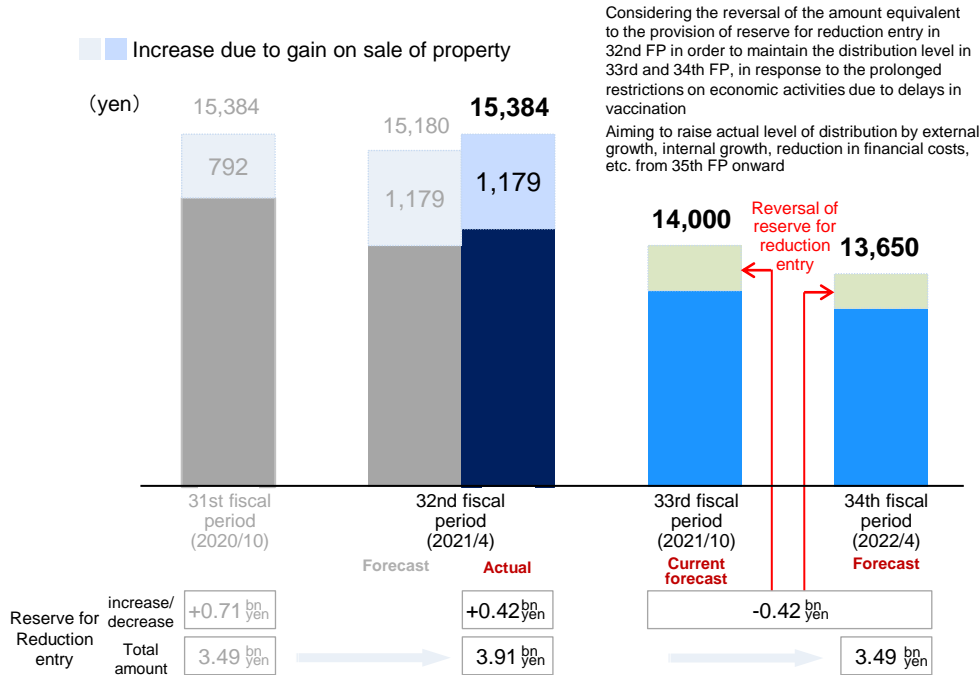
Credit rating (JCR) **AA- (Positive)**

Changed outlook due to evaluation of operation results etc.

## Future initiatives

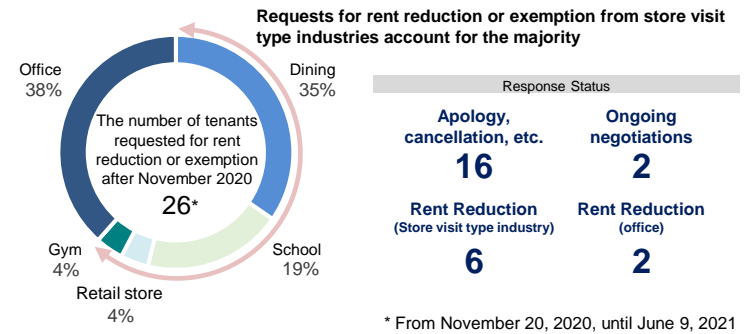
- Aim for sustainable growth through asset reshuffle and exploring quality property acquisition opportunities while keeping eyes on the real estate trading market
- Flexible leasing and management in response to diversifying demand while keeping an eye on trends in the office leasing market
- Focus on further reducing interest costs and diversification maturities while maintaining good relationships with financial institutions
- Aim for compatibility between sustainable growth and social responsibility through continuous initiatives for improving sustainability

# DPU history

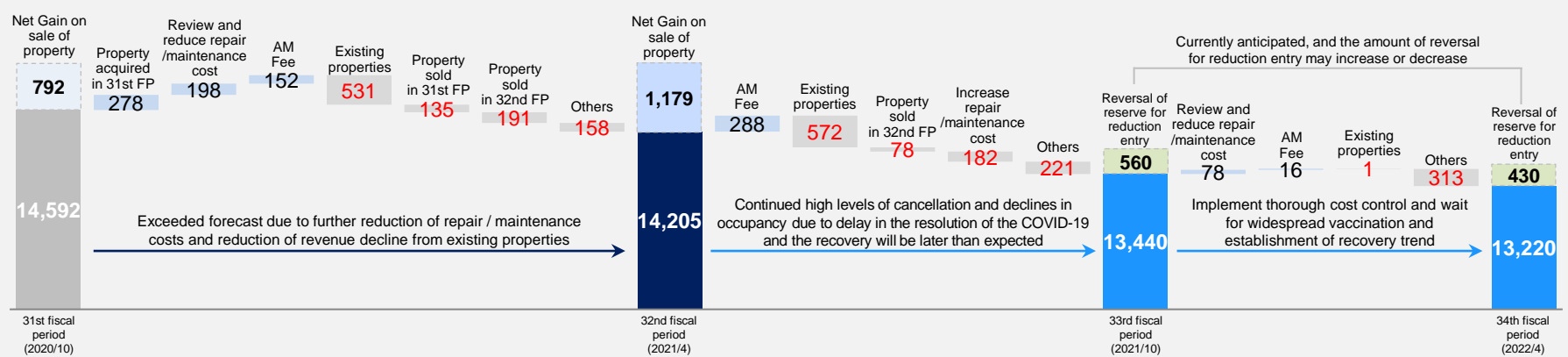


## Impacts of COVID-19

- 26 tenants requested for rent reduction or exemption in 6 months (of which for the second time was 11), and the number was reduced to 2 during ongoing negotiations
- Rent reductions are generally limited to a certain period of time, and the impact on earnings is limited



## Principal factors for changes in DPU in and after 31st (2020/10) period (yen)



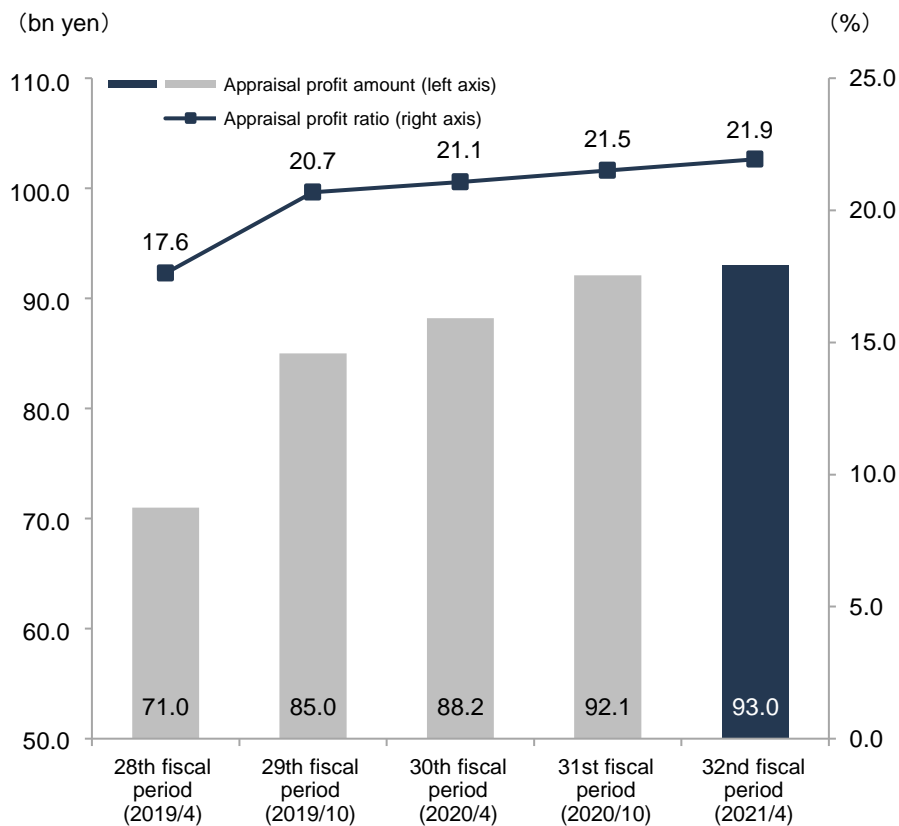
Note : Figures per unit are calculated based on the number of investment units issued and outstanding as of the end of each fiscal period. The same applies hereinafter

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

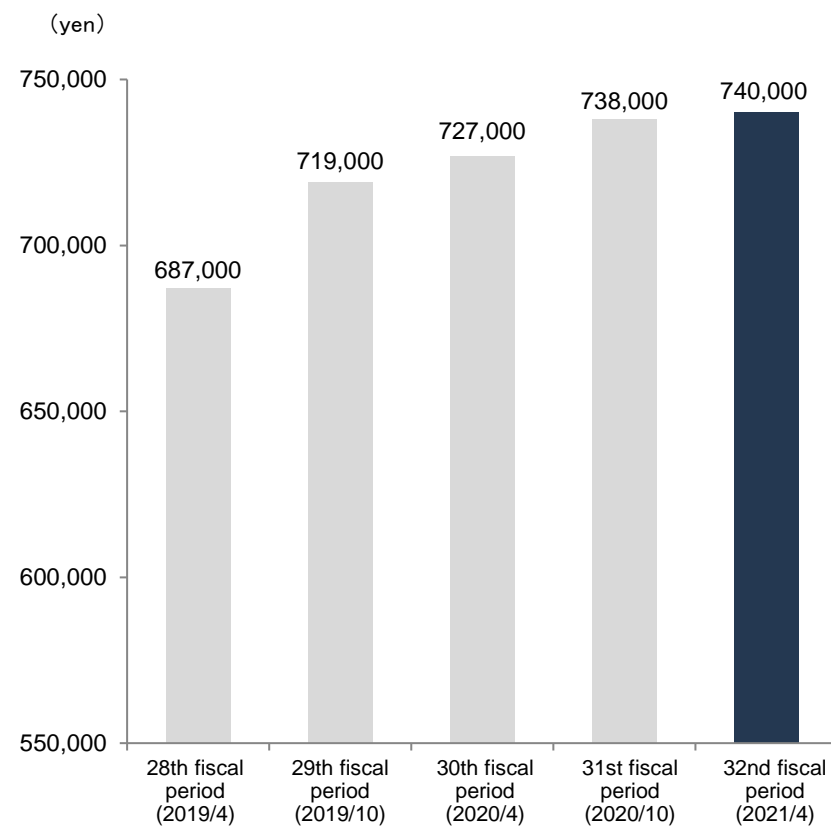
# Portfolio appraisal profit and NAV per unit

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

- Both appraisal profit amount and ratio reached a record high since listing at the end of 32nd fiscal period (2021/4)



## Changes in NAV per unit (Note 2)



Note 1: Appraisal profit amount is calculated by subtracting book values from appraisal values for all properties owned as of the end of relevant fiscal periods

In addition, appraisal profit ratio is calculated by dividing appraisal profit amount by book value as of the end of relevant fiscal periods (rounded to the first decimal place)

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

## Section 2

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32nd fiscal period (2021/4) results,  
33rd fiscal period (2021/10) earning forecasts and  
34th fiscal period (2022/4) earning forecasts

# Outline of 32nd fiscal period (2021/4) financial results

## 32nd fiscal period (2021/4) actual

(mn yen)

	31st fiscal period (2020/10) Actual	32nd fiscal period (2021/4) Forecast (announced on Dec. 14, 2020)	32nd fiscal period (2021/4) Actual	32nd (actual) vs 31st (actual) Difference	32nd (actual) vs 32nd (forecast) Difference
	A	B	C	C-A	C-B
Operating revenue	16,714	16,333	<b>16,301</b>	① -413	① -32
Operating expense	8,380	8,227	<b>8,310</b>	② -69	② +83
Operating income	8,334	8,106	<b>7,990</b>	-343	-115
Ordinary income	7,311	7,129	<b>7,017</b>	-293	-111
Net income	7,310	7,128	<b>7,016</b>	-293	-111
DPU (yen)	15,384	15,180	<b>15,384</b>	-	+204
Provision (+)/reversal (-) of reserve for reduction entry	+718	+622	<b>+423</b>	-	-
Gain/loss on sale of real estate	1,057	1,128	<b>929</b>	③ -128	③ -198
Rental NOI	11,019	10,740	<b>10,787</b>	-231	+47
Interest expense, etc.	964	939	<b>934</b>	-30	-4

## Comparison against 31st fiscal period (2020/10) actual

<b>① Decrease in operating revenue</b>	<b>-413 mn yen</b>
Revenue contribution of the property acquired in 31st fiscal period	+119 mn yen
Decrease in revenue from the properties sold in and after 31st fiscal period	-139 mn yen
Decrease in revenue from existing properties	-227 mn yen
Decrease in revenue from utility expense due to seasonal and other factors	-190 mn yen
<b>② Decrease in operating expense</b>	<b>-69 mn yen</b>
Decrease in utility expense due to seasonal and other factors	-152 mn yen
Decrease in repair/maintenance expense	-85 mn yen
<b>③ Gain / loss on sale of real estate</b>	<b>-128 mn yen</b>
Increase in gain on sale of the property	+70 mn yen
Booking of loss on sale of the property	-198 mn yen

## Comparison against 32nd fiscal period (2021/4) forecast (announced on Dec. 14, 2020)

<b>① Decrease in operating revenue</b>	<b>-32 mn yen</b>
Increase in revenue from existing properties	+16 mn yen
Decrease in revenue from utility expense due to seasonal and other factors	-40 mn yen
<b>② Increase in operating expense</b>	<b>+83 mn yen</b>
Increase in utility expense due to seasonal and other factors	+32 mn yen
Decrease in repair/maintenance expense	-51 mn yen
<b>③ Booking of loss on sale of real estate</b>	<b>-198 mn yen</b>

(Reference)

The property acquired in 31st fiscal period: KDX Shinbashi Ekimae Building

The property sold in 31st fiscal period: KDX Nihonbashi Honcho Building, KDX Nihonbashi Edo-dori Building

The property sold in 32nd fiscal period: KDX Shin-Nihonbashi Building, KDX Hon-Atsugi Building



# 33rd (2021/10) and 34th (2022/4) fiscal periods earnings forecasts

## 33rd (2021/10) and 34th (2022/4) fiscal periods forecasts

	(mn yen)				
	32nd fiscal period (2021/4) Actual	33rd fiscal period (2021/10) Forecast	34th fiscal period (2022/4) Forecast	33rd (forecast) vs 32nd (actual) Difference	34th (forecast) vs 33rd (forecast) Difference
	A	B	C	B-A	C-B
Operating revenue	16,301	15,035	14,914	① -1,265	① -121
Operating expense	8,310	8,316	8,304	② +5	② -11
Operating income	7,990	6,719	6,609	-1,271	-110
Ordinary income	7,017	5,760	5,666	-1,256	-94
Net income	7,016	5,759	5,665	-1,256	-94
DPU (yen)	15,384	14,000	13,650	-1,384	-350
Provision (+)/reversal (-) of reserve for reduction entry	+423	-239	-184	-	-
Gain/loss on sale of real estate	929	-	-	③ -929	-
Rental NOI	10,787	10,353	10,274	-434	-78
Interest expense, etc.	934	950	934	+16	-15

## Comparison between 32nd fiscal period (2021/4) actual and 33rd fiscal period (2021/10) forecast

<b>① Decrease in operating revenue</b>	<b>-1,265 mn yen</b>
Disappearance of gain on sale of the property	-1,128 mn yen
Decrease in revenue from the properties sold in 32nd fiscal period	-33 mn yen
Decrease in revenue from existing properties	-245 mn yen
Increase in revenue from utility expense due to seasonal and other factors	+160 mn yen
<b>② Increase in operating expense</b>	<b>+5 mn yen</b>
Disappearance of loss on sale of the property	-198 mn yen
Increase in utility expense due to seasonal and other factors	+121 mn yen
Increase in taxes	+48 mn yen
Increase in repair/maintenance expense	+78 mn yen
Decrease in Asset management fee	-123 mn yen
<b>③ Gain/loss on sale of real estate</b>	<b>-929 mn yen</b>

## Comparison between 33rd fiscal period (2021/10) forecast and 34th fiscal period (2022/4) forecast

<b>① Decrease in operating revenue</b>	<b>-121 mn yen</b>
Decrease in revenue from utility expense due to seasonal and other factors	-87 mn yen
<b>② Decrease in operating expense</b>	<b>-11 mn yen</b>
Decrease in utility expense due to seasonal and other factors	-29 mn yen
Decrease in repair/maintenance expense	-33 mn yen
Increase in brokerage fee	+17 mn yen
Increase in taxes	+22 mn yen
Decrease in Asset management fee	-6 mn yen

Memo

## Section 3

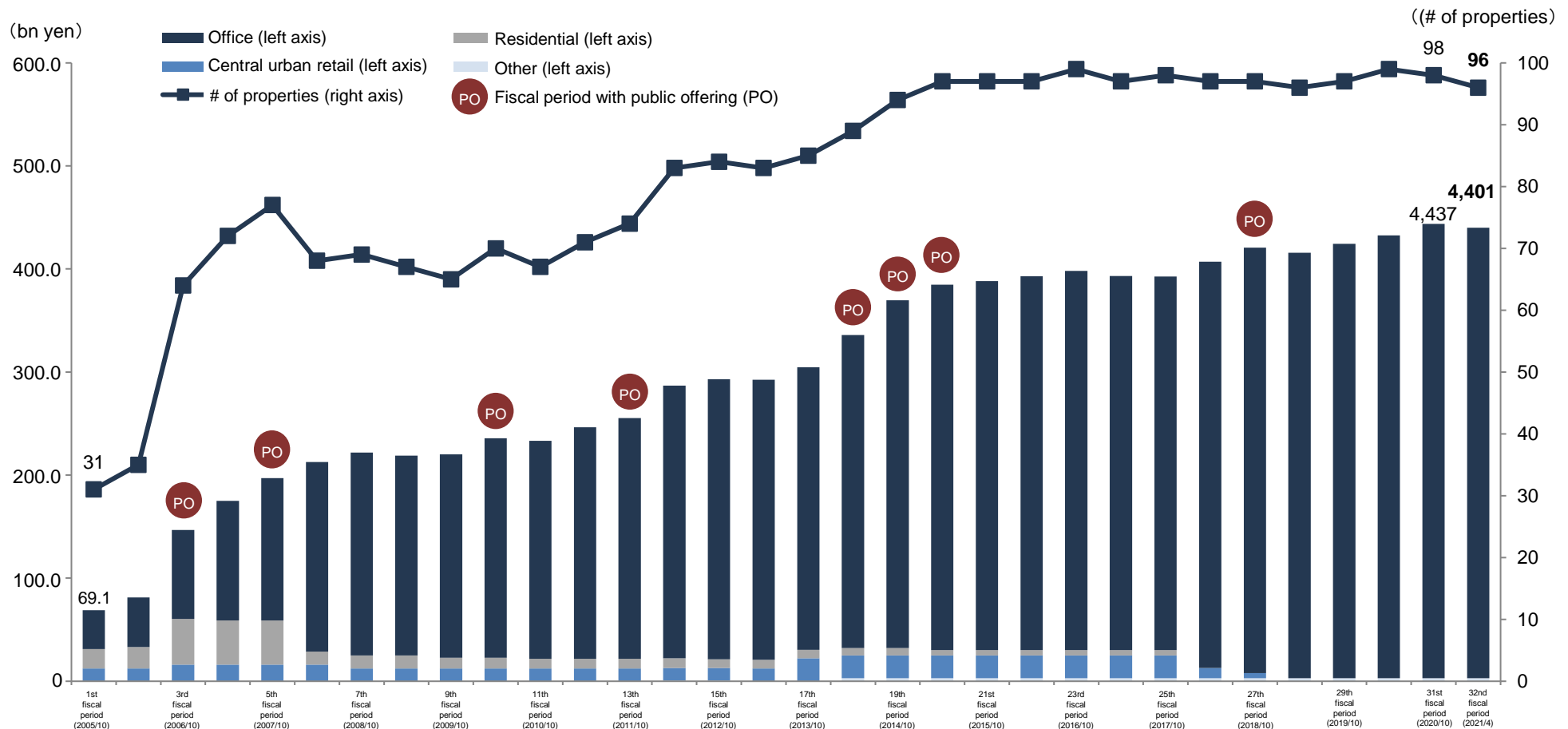
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### Portfolio overview

# Portfolio growth and changes in the number of properties

- Aim for sustainable growth through asset reshuffle and exploring quality property acquisition opportunities as a basic policy continuously

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



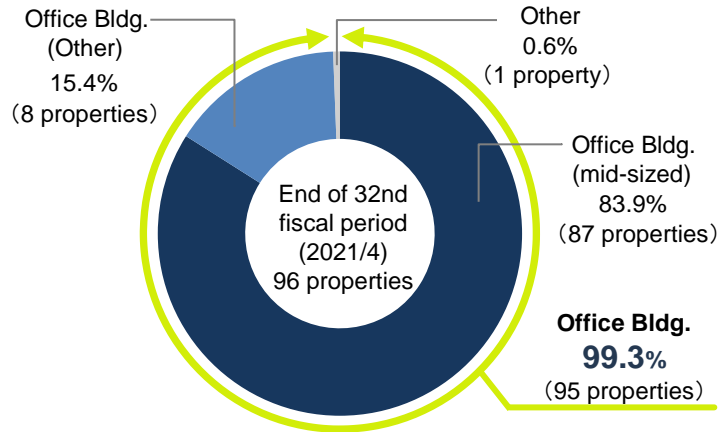
Note 1: The amount and the number of properties are shown as of the end of each fiscal period. Figures are truncated to the nearest 0.1 billion yen. Figures in this material are truncated to the nearest unit unless otherwise stated

Note 2: Classification by use of owned properties has been changed from 26th fiscal period (2018/4) due to changes in the management guideline on December 1, 2017. The same applies hereinafter

# Portfolio diversification

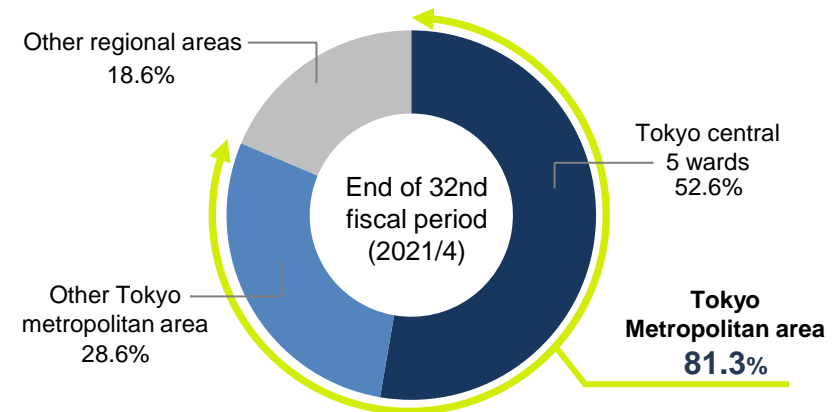
## Breakdown by asset type (Note 1)

- Portfolio mainly consisted of mid-sized office buildings with advanced tenant diversification

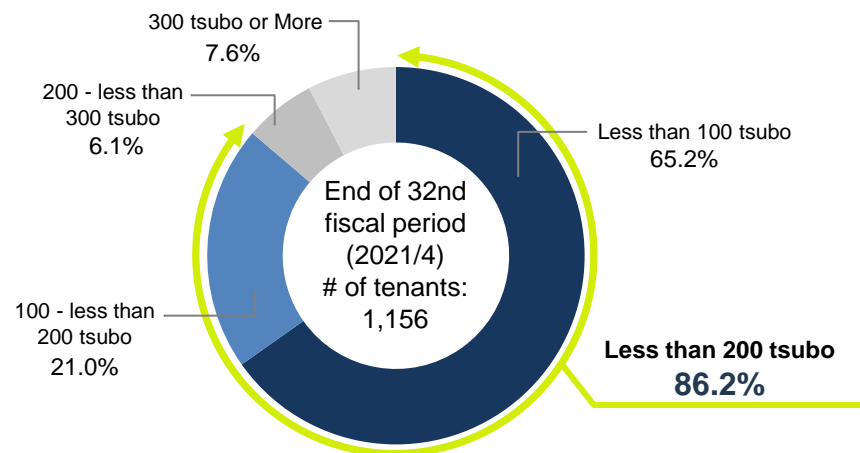


## Breakdown by region (Note 2)

- Plan to maintain approx. 80% investment ratio in the Tokyo metropolitan area



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



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

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

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

## Section 4

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### External growth

# Properties sold in 32nd fiscal period (2021/4)

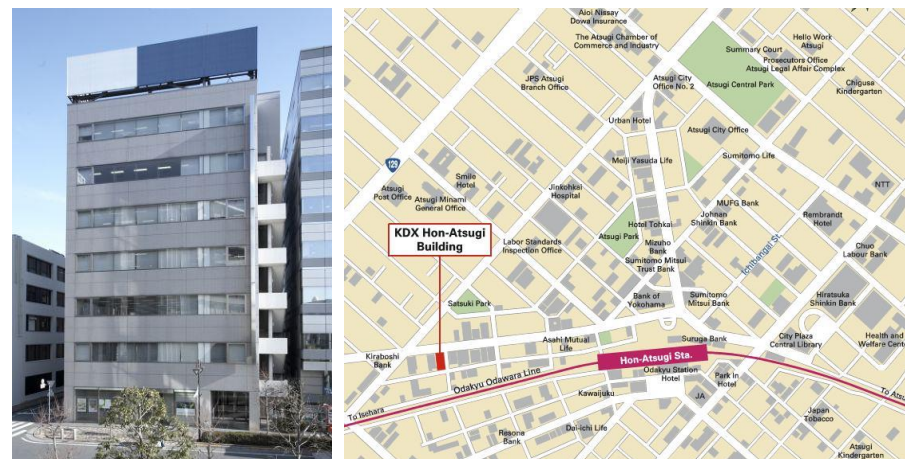
## KDX Shin-Nihonbashi Building



- The Property is an office building, approximately 3 minutes on foot from Mitsukoshimae Station on the Tokyo Metro Ginza Line and the Hanzomon Line and approximately 6 minutes on foot from Shin-Nihombashi Station on the JR Sobu Main Line
- Acquired KDX Shinbashi Ekimae Building, which is relatively new with excellent traffic convenience by asset reshuffle through mutual transaction with a developer
- By implementing the acquisition first and then implementing the sale later, rental revenue could be maximized and the gain on sale leveled.

Location	Chuo-ku, Tokyo	Difference between sale price and book value:(Sale price – book value) / book value	1,229 mn yen
Completion date	November 2002	Appraisal value (As of October 31, 2020)	3,140 mn yen
Total floor area	3,712.25㎡	Buyer	Mitsui Fudosan Co., Ltd.
Sale price	3,200 mn yen	Date of acquisition	July 22, 2011
Book value (Note)	1,971 mn yen	Date of sale	November 2, 2020

## KDX Hon-Atsugi Building



- The Property is an office building, approximately 5 minutes on foot from Hon-Atsugi Station on Odakyu Odawara Line
- Decided the sell of the property while keeping an eye on a stagnant occupancy rate and further decline risks in profitability is due to an increase in operating expenses (e.g., repairs)
- Aimed to avoid the impact on distributions for the fiscal period ended April 30,2021 through the total of gain on sale of KDX Shin-Nihonbashi Building

Location	Atsugi, Kanagawa	Difference between sale price and book value:(Sale price – book value) / book value	-180 mn yen
Completion date	May 1995	Appraisal value (As of October 31, 2020)	1,190 mn yen
Total floor area	3,603.63㎡	Buyer	Tosei Corporation
Sale price	935 mn yen	Date of acquisition	March 1, 2007
Book value (Note)	1,115 mn yen	Date of sale	April 30, 2021

Note : The figures indicate the book values as of date of sale (rounded down to the million)

# Outline of the asset reshuffle in and after 31st fiscal period (2020/10)



- Asset reshuffle contributes to improving the quality of the portfolio by rejuvenating the building age and improving the location, etc.
- Increase distributions and accumulate reserve for reduction entry by booking gains on sales for 2 consecutive fiscal years
- Consider using part of the reserve for reduction entry to raise distributions for the 33rd fiscal period(2021/10) onward

<b>Gain on sale of property</b> (Note 1)	31st fiscal period (2020/10)	32nd fiscal period (2021/4)
	<b>1.05<sup>bn</sup> yen</b>	<b>0.92<sup>bn</sup> yen</b>
	▼	▼
<b>DPU</b>	31st fiscal period (2020/10)	32nd fiscal period (2021/4)
	<b>+792yen</b>	<b>+1,179yen</b>
	+	+
<b>Provision of reserve for reduction entry</b> (Note 2)	31st fiscal period (2020/10)	32nd fiscal period (2021/4)
	<b>+0.71<sup>bn</sup> yen</b>	<b>+0.42<sup>bn</sup> yen</b>







































Note 1: Gain on sale of property is estimated based on the book value and selling expenses, etc. The gain for 32nd fiscal period (2021/4) is calculated by deducting the loss on sale of KDX Hon-Atsugi Building from the gain on sale of the KDX Shin-Nihonbashi Building

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



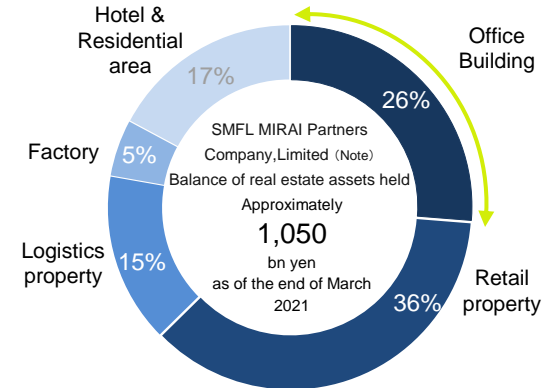
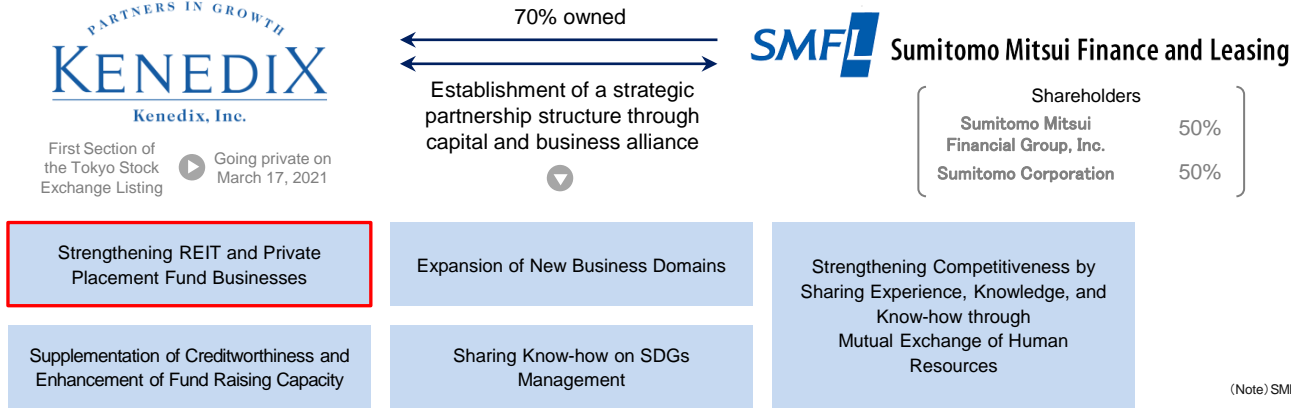
# Track record of asset reshuffle in and after 21st fiscal period (2015/10)

- Steadily establish a track record of strategic asset reshuffle after comprehensively evaluating building age, profitability, appraisal profit/loss, etc.

21st Fiscal Period (2015/10)	22nd Fiscal Period (2016/4)	23rd Fiscal Period (2016/10)	24th Fiscal Period (2017/4)	25th Fiscal Period (2017/10)	26th Fiscal Period (2018/4)	27th Fiscal Period (2018/10)	28th Fiscal Period (2019/4)	29th Fiscal Period (2019/10)	30th Fiscal Period (2020/4)	31st Fiscal Period (2020/10)	32nd Fiscal Period (2021/4)	Total acquisition price
KDX Hamamatsucho Center Bldg. 	KDX Nagoya Nichigin-mae Bldg. 	KDX Shin-Nihonbashi Ekimae Bldg. 	BR Gotanda (Compartmentalized ownership - Partial land leasehold) 	KDX Sapporo Kitaguchi Bldg. 	Mitsubishijuku Yokohama Bldg. (Quasi-co-ownership interest) 	KDX Hamamatsucho Place 		KDX Chofu Bldg. (Compartmentalized ownership) 	KDX Tosabori Bldg. 	KDX Shinbashi Ekimae Bldg. 		Acquisition <b>18</b> Properties <b>131.0</b> bn yen
KDX Shin-Osaka Bldg. 	KDX Toranomon 1chome Bldg. 	KDX Nihonbashi Edo-dori Bldg. 	ARK Mori Bldg. (Compartmentalized ownership) 	KDX Nishi-Shinbashi Bldg. 	KDX Shibuya Nanpeidai Bldg. 	KDX Yokohama Kannai Bldg. 			KDX Kanda Ekimae Bldg. 			
	Mutual transaction		Mutual transaction	Mutual transaction		Mutual transaction				Mutual transaction		
Nagoya Nikko Shoken Bldg. 	KDX Toranomon Bldg. 		BUREX Toranomon 	KDX Nihonbashi Kabutocho Bldg. 	KDX Shin-Yokohama 381 Bldg. 	KDX Ikejiri-Oohashi Bldg. 	KDX Shin-Yokohama 214 Bldg. 	Frame Jinnan-zaka (Quasi-co-ownership interest: 49%) 	Frame Jinnan-zaka (Quasi-co-ownership interest: 51%) 	KDX Nihonbashi Honcho Bldg. 	KDX Hon-Atsugi Bldg. 	Disposition <b>19</b> Properties <b>75.9</b> bn yen
KDX Nogizaka Bldg. 	Toranomon Toyo Bldg. 		KDX Roppongi 228 Bldg. 	KDX Gobancho Bldg. 	KDX Kanda Misaki-cho Bldg. 	Residence Charmante Tsukishima 	KDX Hamamatsucho Dai-2 Bldg. 			KDX Nihonbashi Edo-dori Bldg. 	KDX Shin-Nihonbashi Bldg. 	

# Outline of our sponsor

## Strengthen support by sponsors



(Note) SMFL MIRAI Partners Company, Limited is a wholly-owned subsidiary of Sumitomo Mitsui Finance and Leasing Company, Limited

## Fund management by Kenedix Group (as of the end of March 2021)

REIT (main sponsor) 1,054.1 bn yen				Private fund	REIT (sub sponsor)
Kenedix Real Estate Fund Management, Inc. (100% owned by Kenedix, Inc.)				Kenedix Investment Partners, Inc. Kenedix, Inc.	Premier Investment Corporation Japan Logistics Fund, Inc. Overseas REIT
Mid-sized office buildings, etc. 442.5 bn yen (Note 1)	Residential & healthcare properties & accommodation 262.3 bn yen	Retail properties & retail distribution centers 226.7 bn yen	Large-sized office buildings & accommodation 122.4 bn yen	Various asset types 1,027.1 bn yen (Note 2)	Various asset types 302.5 bn yen
<b>KENEDIX</b> Office Investment Corporation Kenedix Office Investment Corporation Listed in Jul. 2005	<b>KENEDIX</b> Residential NEXT Investment Corporation Kenedix Residential Next Investment Corporation Listed in Apr. 2012	<b>KENEDIX</b> Retail REIT Corporation Kenedix Retail REIT Corporation Listed in Feb. 2015	<b>KENEDIX</b> Private Investment Corporation Kenedix Private Investment Corporation		
				Various private funds	Japan Logistics Fund, Inc. Overseas REIT

Note 1: Include silent partnership equity interest of 1.1 bn yen

Note 2: Include consolidated real estate of 110.9 bn yen

## Diversifying the Kenedix/Group's Business Domains



From July 1, 2021, Property management business, etc.



Operation of an investment-type crowdfunding platform for real estate | Issuance of digital securities using blockchain (in preparation)

## Section 5

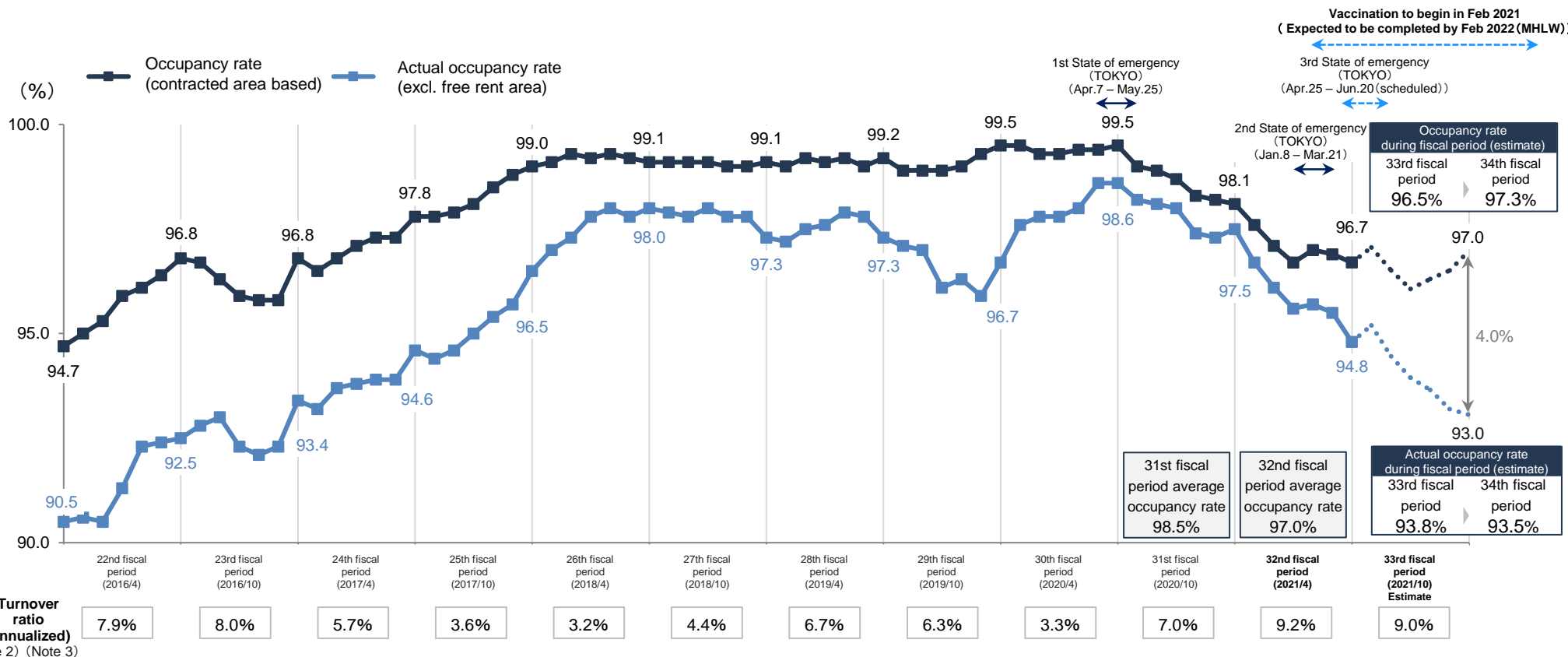
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### Internal growth

# Changes in occupancy and turnover ratio for office buildings

- Continued high levels of cancellation and declines in occupancy due to delay in the resolution of the COVID-19 and gradual recovery expected as vaccination spreads

## Occupancy rate performance (Note 1) and turnover ratio (annualized) of office buildings



Note 1: Occupancy rate (contracted area based) is calculated by dividing contract based leased area by leasable area, and actual occupancy rate (excl. free rent area) is calculated by subtracting free rent area from leased area then dividing that area by leasable area. The figures are rounded to the first decimal place. Average occupancy rate of office buildings during each fiscal period is a simple average of month-end occupancy rates of owned office buildings during each period. The estimated average (actual) occupancy rate for 33rd fiscal period (2021/10) and 34th fiscal period (2022/4) is the figure that is used as part of the assumptions for the earnings forecasts

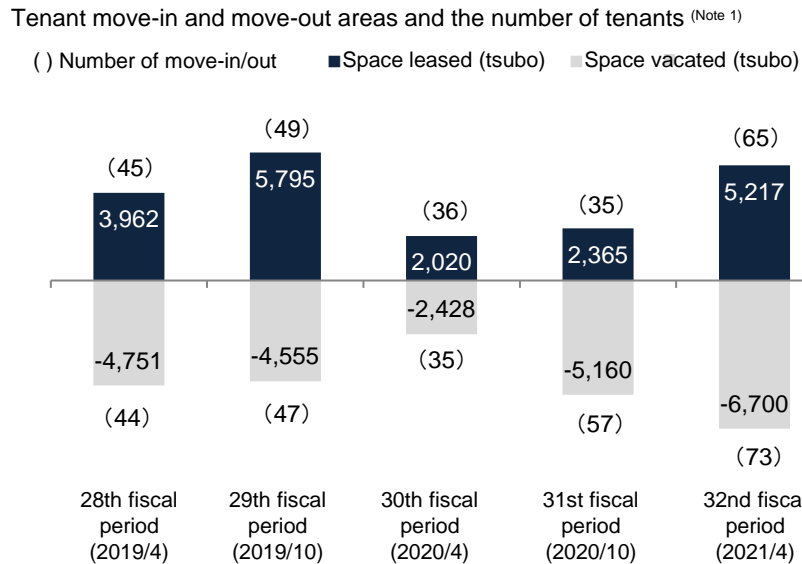
Note 2: Turnover ratio is calculated and annualized as follows: (Total leased area of the end-tenants who cancelled their lease agreements during the six-months period from the beginning to the end of each period) / (Average leasable area of all office buildings owned by KDO as of each month-end during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

Note 3: Estimate for 33rd fiscal period (2021/10) is based on the cancellation notice, etc. received by May 31, 2021

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

- Moves ahead of cancellation will continue, but occupancy demand is also firmly confirmed. Opportunities to increase revenues by raising unit rents continued to be firm

## Changes in main indicators of tenant move-ins/outs



## Free rent period (# of month) (Note 2)

	28th fiscal period (2019/4)	29th fiscal period (2019/10)	30th fiscal period (2020/4)	31st fiscal period (2020/10)	32nd fiscal period (2021/4)
Tokyo Central 5 wards	1.9	2.9	1.4	1.8	2.7
Tokyo Metropolitan area (excluding Tokyo central 5 wards)	2.7	2.2	1.9	1.5	2.7
Other regional areas	0.9	1.7	1.0	1.3	1.3

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

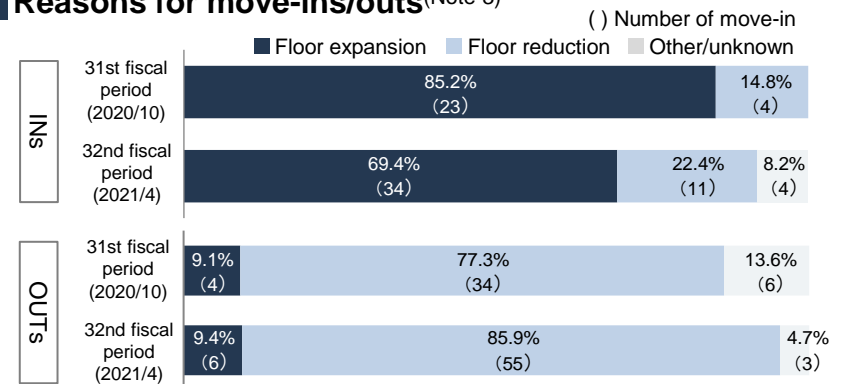
Note 2: Free rent period refers to a period from the start date of contract until the start date of contracted full rent. Figures are expressed as a simple average in terms of month by dividing by 30 days (rounded to the first decimal place). The analysis is based on office floors on the 2nd floor or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

Note 3: The above data is based on the survey compiled by the Asset Management Company with regard to reasons for office relocation of relevant tenants. We classify responses of the survey into three categories; "Floor expansion", "Floor reduction" and "Other/unknown" and calculate the ratio of respective categories to the all cases. For move-in, the figures are based on the number of tenants on office floors on the second floor or above. For move-out, the figures are based on the number of tenants on all floors except for residential floors

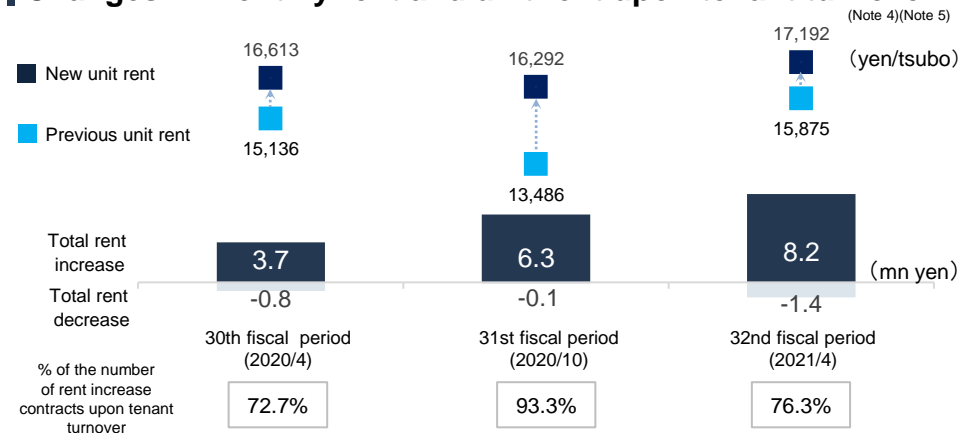
Note 4: Total amount of increases/decreases in monthly rent before and after tenant turnover for each fiscal period is respectively aggregated for the spaces where the rents paid by new tenants and by previous tenants can be compared

Note 5: New unit rent is an average unit rent calculated based on aggregated unit rents and areas for the spaces where rents paid by new tenants and by previous tenants can be compared for each fiscal period of "Tenant move-in and move-out areas and the number of tenants". Previous unit rent is an average unit rent calculated based on aggregated previous unit rents and areas for the spaces where new unit rents are calculated

## Reasons for move-ins/outs (Note 3)



## Changes in monthly rent and unit rent upon tenant turnover

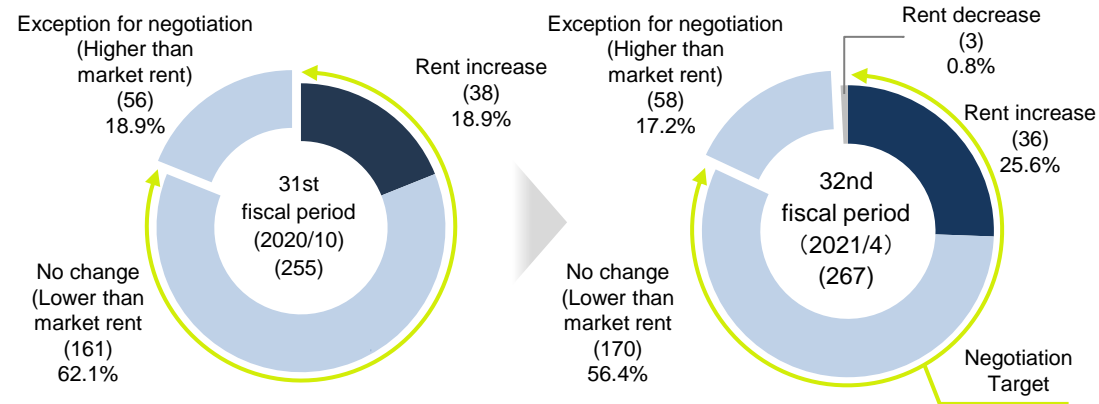
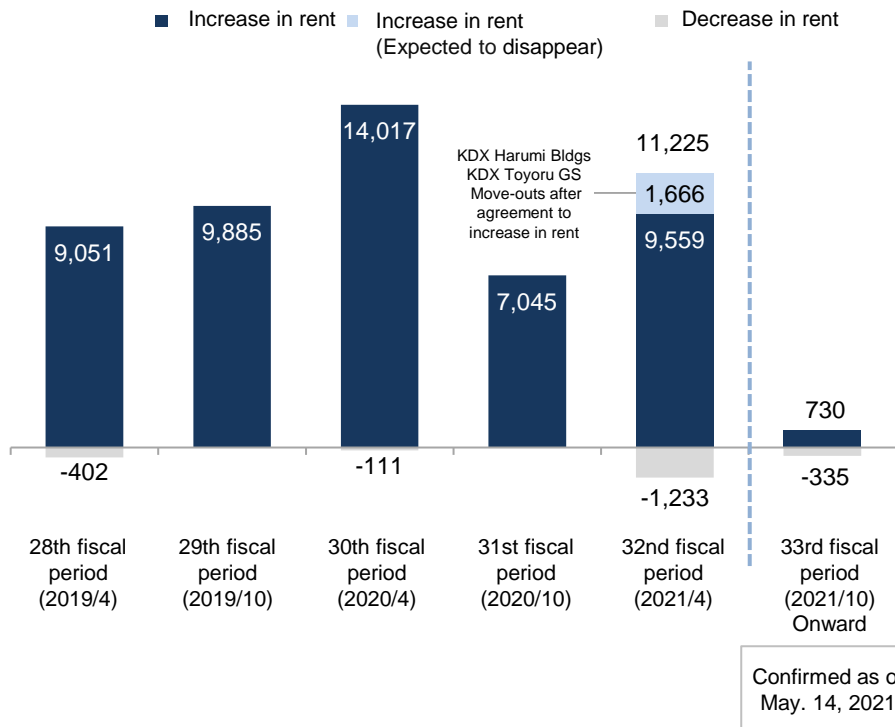


# Status of rent revisions with existing tenants

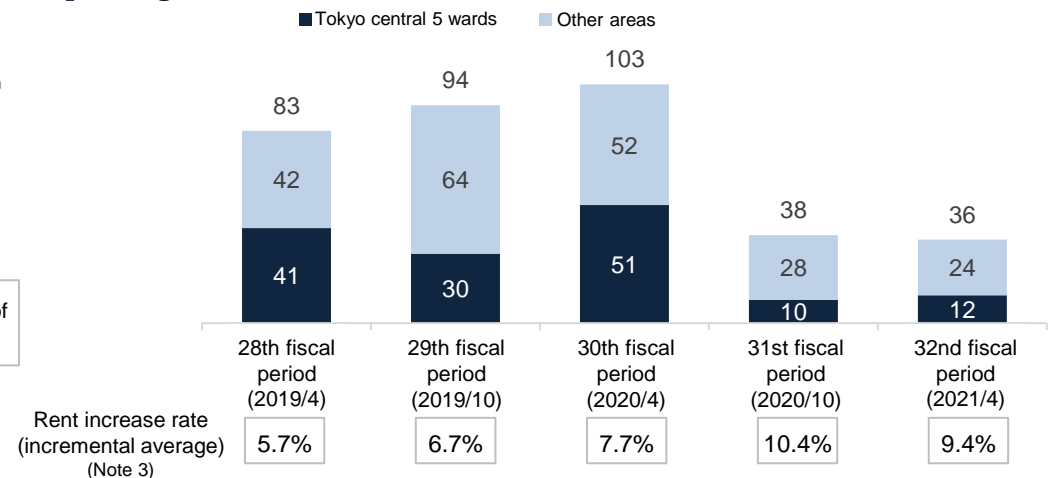
• Tenacious negotiations with tenants have been successful, and we have steadily accumulated results of increase in rent

## Changes in rent upon rent revisions (based on monthly rent) (Note 1) | Status of rent revisions (based on leased floor area) (Note 2)

(thousand yen)



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



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

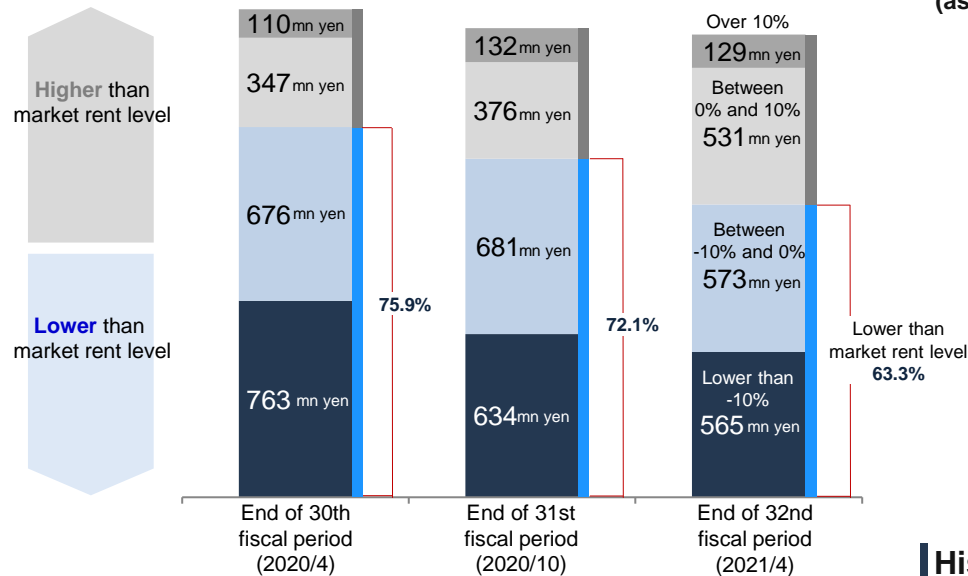
Note 2: "Market rent" in this graph is a new contracted rent (standard floor) for each property estimated by CBRE as of the end of each fiscal period

Note 3: Rent increase rate is calculated by dividing the sum of increase in monthly rent by the sum of monthly rent before revision (rounded to the first decimal place)

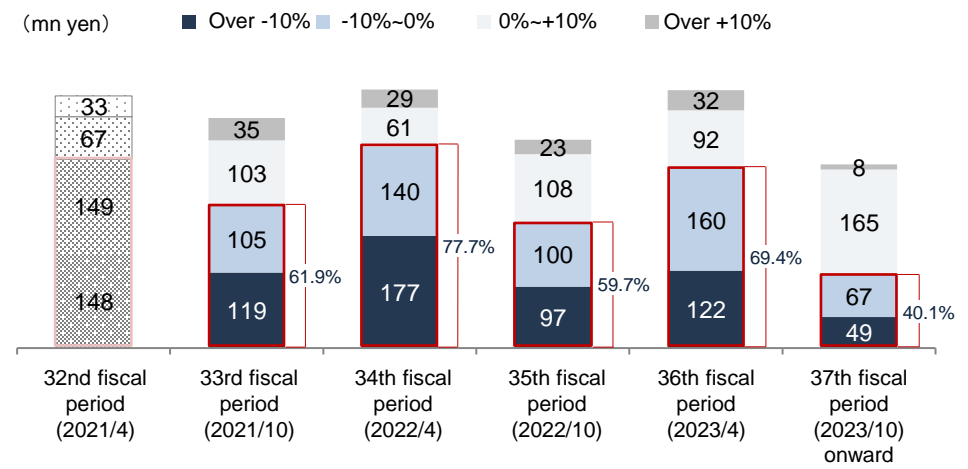
# Rent gap of KDO office buildings

• The rent gap continues to shrink due to the overlap of the effects of lower market rents with the accumulation of results of increase in rent upon tenant turnover and rent revision

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



## Breakdown of rent gaps by rent revision schedule (as of the end of 32nd fiscal period (2021/4), based on monthly rent) (Note 1) (Note 2)

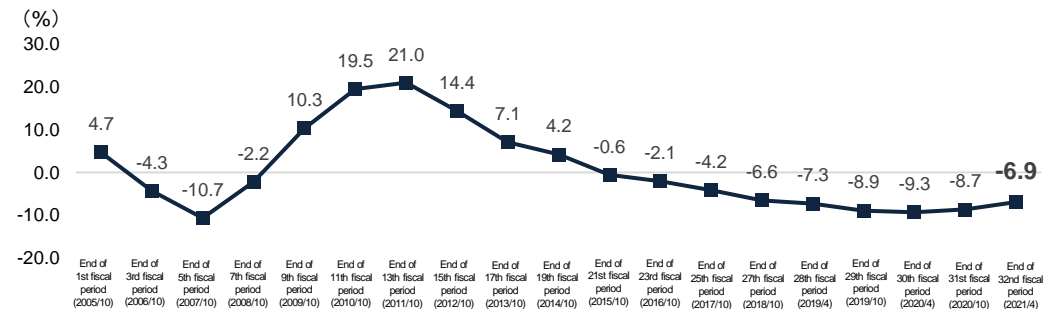


## Change in market rent of owned properties

Number of Tokyo 5 Central Wards, Tokyo Metropolitan Area (excluding 5 Central Wards), and Other Regional Areas properties in the following table, from left to left

	30th fiscal period (2020/4)	31st fiscal period (2020/10)	32nd fiscal period (2021/4)
Rise	25 / 9 / 1 properties	- / - / - properties	- / - / - properties
Flat	23 / 21 / 17 properties	37 / 26 / 18 properties	33 / 23 / 19 properties
Decline	- / - / - properties	10 / 4 / 1 properties	14 / 6 / 0 properties

## Historical average rent gaps (Note 3)



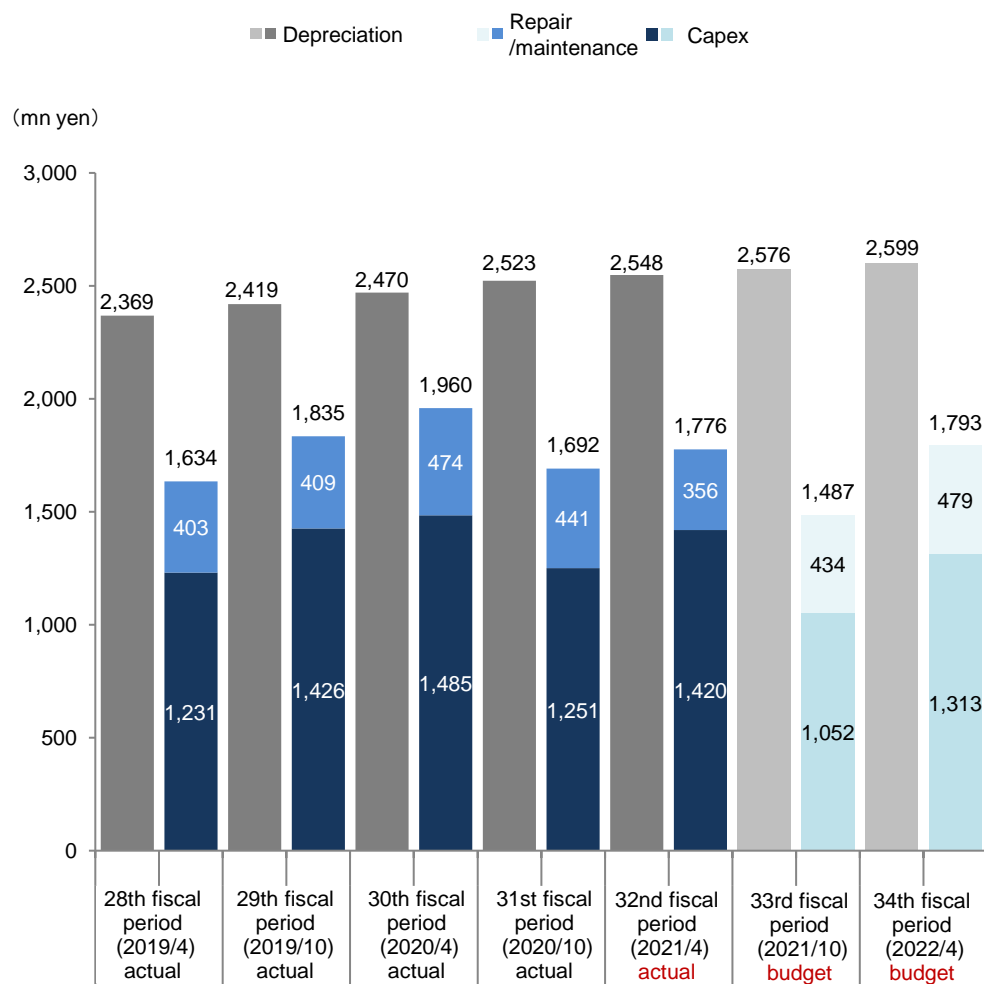
Note 1: A new contracted rent (standard floor) for each property estimated by CBRE as of the end of each fiscal period is deemed the market rent; the gap between the contracted rent for each tenant as of the end of the fiscal period and the market rent is recognized as a rent gap. No gap is classified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

Note 2: Regarding the office buildings owned by KDO as of the end of 32nd fiscal period (2021/4), distribution of the rent gaps between the contracted rent for each tenant and the market rent estimated by CBRE as of the end of 32nd fiscal period (2021/4) by the timing of rent revisions for each tenant. The rents equal to market rents are classified into "Between 0% and +10%"

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

# Construction expense (actual/budget)

## Changes in depreciation and construction expense (actual/budget)



## Repair/renovation work budget for 33rd fiscal period (2021/10) (Note)

Items	Description of works	Estimated amount (mn yen)	Percentage of total expense (%)
Value-upgrading works	tenant and common areas	161	10.8
Replacement works	Air-conditioning facilities	91	6.1
	Other major facilities	328	22.1
Eco-friendly works (Installation of LED lightings, etc)		108	7.3
Outer wall repair		265	17.8
Maintenance/repair works		534	35.9

33rd fiscal period (2021/10) total	Percentage to depreciation expense (%)
1,487	57.7

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

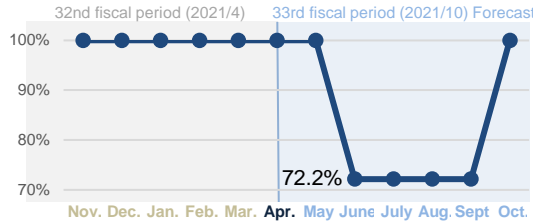
## Properties to undergo major repair/renovation in 33rd fiscal period (2021/10)

- TurnKey Office Project:  
KDX Iidabashi Building
- Value-upgrading works:  
KDX Chofu Building , KDX Hamacho Nakanohashi Building
- Replacement works of air-conditioning facilities:  
KDX Chofu Building , KDX Sapporo Building , Toshin 24 Building
- Outer wall repair:  
KDX Shinjuku Building , KDX Sakura-dori Building KDX Kanda Ekimae Building , Higashi-Kayabacho Yuraku Building , KDX Mita Building ,  
KDX Hamacho Nakanohashi Building , KDX Nishi-Gotanda Building



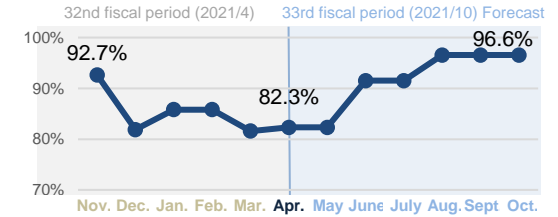
# Changes in occupancy for properties focused on leasing

## KDX Harumi Building



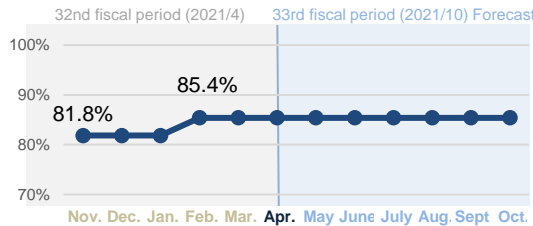
- Received a succession of cancellation notices from tenants on 5 floors. Occupancy rate was expected to temporarily decline to the 50% level in the future, but 2 floors are to be occupied with no vacancy period.
- Applications have already been received for the remaining 3 floors, and they are expected to be fully occupied by the end of 33rd fiscal period

## KDX Hamamatsucho Place



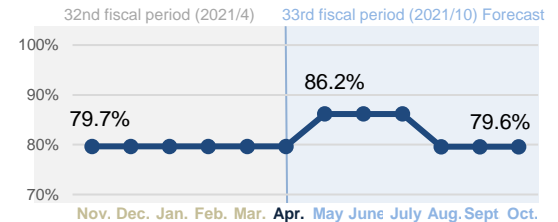
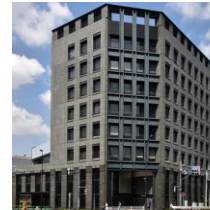
- The number of cancellations increased due to deterioration in business results, and the occupancy rate at the end of 32nd fiscal period was expected to decline to less than 70% as of the end of 31st fiscal period, but recovered to the 80% level
- Sequential conclusion of multiple contracts due to factors such as capturing needs to expand the floor space in the building, and full occupancy is expected to be generally at the end of 33rd fiscal period

## KDX Yokohama Kannai Building



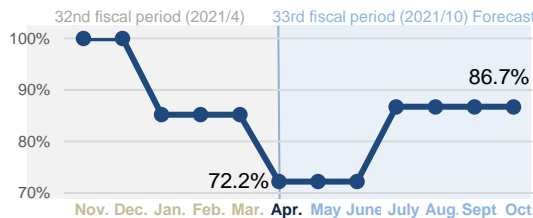
- Although the city of Yokohama, which had leased about 4.5 floors, vacated at the end of October 2020, 2 floors were successfully reclaimed without vacancy period. Subsequently, new tenants moved into 0.5 floor from February 2021
- Conducting flexible leasing for the remaining 2 floors while considering floor splits to meet a wide range of tenant needs

## KDX Iidabashi Square



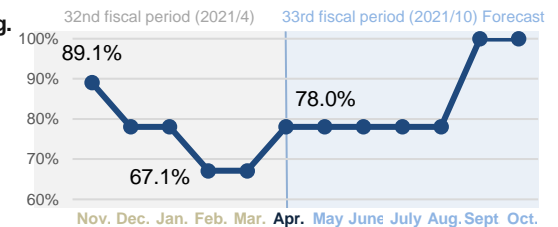
- Received cancellation notices from multiple tenants in 2020.
- Although occupancy rate is expected to temporarily decline to the 60% level in the future, contracts have been concluded with multiple tenants due to aggressive leasing activities
- Received new cancellation notices in 2021, aiming for early recapture through flexible leasing

## KDX Kayabacho Building



- Received notices of cancellation from 3 floors due to reduced relocation through introduction of remote work, etc.
- Proposed relocation to this property to a tenant of another owned property that had indicated cancellation, occupancy rate is to be recovered due to leasing utilizing tenant relationships
- Aiming for full occupancy at the end of 33rd fiscal period

## KDX Shin-Nihonbashi Ekimae Bldg.



- 3 floors cancelled due to cost revisions, etc. Occupancy rate declined to just under 70%.
- Flexible leasing through campaigns, etc. is successful, and full occupancy is expected at the end of 33rd fiscal period

# Initiatives for diversifying office needs

- Planning "TurnKey Office" with interior and furniture incorporating ABW concept in KDX lidabashi Building
- Accumulating know-how through this initiative and considering adopting in other owned properties with needs

## Overview of KDX lidabashi Building project

Completion date: March, 1990 (conducted a large-scale renovation on entrance, air-conditioning facilities and common areas)  
 Location: 3 minutes on foot from lidabashi Station on the JR Chuo Main Line, the Tokyo Metro Tozai Line, the Yurakucho Line, the Nanboku Line and the Toei Subway Oedo Line



- Focusing on the potential competitiveness of this property, which has decided to cancel up to the 4th - 6th floors in succession and has high traffic convenience that allows the use of multiple routes, we will seek a new method of operation in response to changes in office needs
- Decided to create a space (TurnKey Office) that incorporates the idea of ABW(Activity Based Working) and allows for setting up and leasing office fixtures and business to be started promptly after the contract is concluded
- The construction completed in May 2021. While limiting a wide range of leasing activities because of the COVID-19, KDO aim to raise awareness by promoting the concept through limited hands-on events and close contracts as soon as possible



## Features of TurnKey Office and promotion measures

	Ordinary lease	Turn-Key Office
Interior finishing / furniture and fixtures	Conducted and borne by tenants	Conducted and borne by lessors
Efforts and expenses required for relocation	Large	Small
Period required for relocation	Long	Short
Notice period for termination	Long	Short
Restoration	Required	Not required in principle

- Promoting low cost of relocation and flexibility of contract type
- Conducting hands-on events and created promotional videos to make an image of the new work styles at "TurnKey Office"



TurnKey Office PV is now showing  
 ( Click on the image or Scan the QR code to access )

# Layout Concept of TurnKey Office

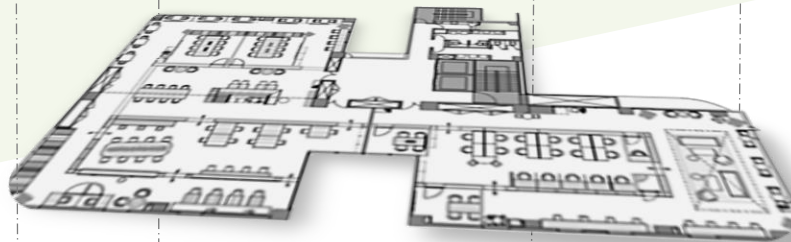
## 6F Library, Residential, Session

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



## 5F Library

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



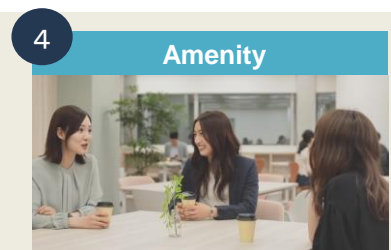
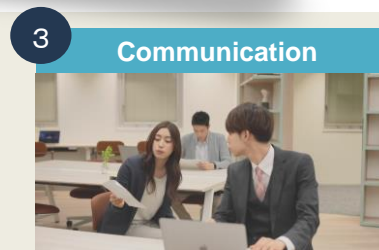
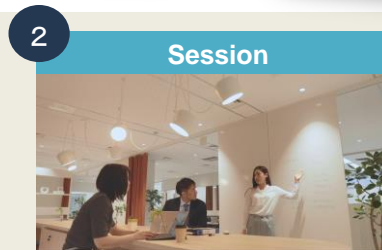
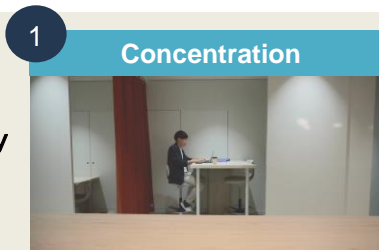
## 4F Session

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



- ABW -

The work style that you can freely choose when and where to work.



# End-tenants of KDO office buildings

• The largest tenant occupies 2.4% of total leased floor area and each of tenants other than the top 4 occupies less than 1.0%

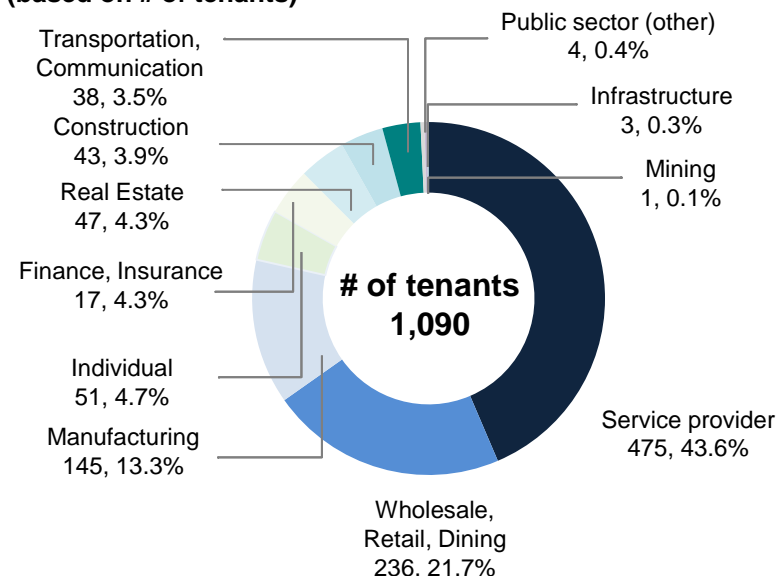
## List of top end-tenants for office buildings (as of the end of 32nd fiscal period (2021/4))

	Tenant name	Leased area (tsubo)	share of leased floor area (%) (Note1)	Name of property
1	Mitsubishi Heavy Industries, Ltd.	3,408.4	2.4	Mitsubishijuko Yokohama Bldg.
2	WeWork Japan G.K.	1,920.0	1.4	KDX Toranomom 1chome Bldg.
3	Tenant A (wholesale, retail and dining)	1,550.8	1.1	KDX Kawasaki-Emimae Hon-cho Bldg.
4	Japan Pension Service	1,424.9	1.0	KDX Chofu Bldg.
5	JASTEC Co., Ltd.	1,304.6	0.9	KDX Takanawadai Bldg.
6	Customer relation telemarketing, CO,LTD	1,279.6	0.9	KDX Higashi Umeda Bldg.
7	Tenant B (Manufacturing)	1,168.0	0.8	KDX Kobayashi-Doshomachi Bldg.
8	Tenant C (service provider)	1,080.1	0.8	KDX Musashi-Kosugi Bldg.
9	Medical Corporation DOYUKAI	1,079.6	0.8	Koishikawa TG Bldg.
10	Tenant D (wholesale, retail and dining)	912.2	0.6	Harajuku F.F. Bldg.
	Total	15,128.2	10.7	

## Average rent for office buildings by area (Note 2)

	28th fiscal period (2019/4)	30h fiscal period (2020/4)	32nd fiscal period (2021/4)
Tokyo metropolitan area	16,300yen	16,600yen	17,100yen (+200 yen period over period)
Japan	15,300yen	15,500yen	15,900yen (+100 yen period over period)

## Tenant diversification by type of business (based on # of tenants) (Note 3)



Note 1: Leased area of each end-tenant against total leased floor area of KDO portfolio as of the end of 32nd fiscal period (2021/4) (rounded to the first decimal place)

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

Note 3: The chart shows the breakdown of tenants by type of business based on the total number of tenants in office portfolio (aggregated by name-base) as of the end of 32nd fiscal period (2021/4) (rounded to the first decimal place)

# Sustainability Initiatives

## BELS Certification

- Newly acquired BELS Certification for 2 properties in 32nd fiscal period (2021/4)

- ★★★ : KDX Hamamatsucho Place
- ★★ : KDX Shinbashi Ekimae Building



- In 2014, KDX Musashi-Kosugi Bldg. was awarded a BELS Certification (three stars) for the first time in history as a J-REIT owned property
- A total of 4 properties in our portfolio were awarded the Certification

## Acquisition including other environmental certifications (Note 1)

- As KDO has been actively and continuously promoting green buildings, the properties that acquired DBJ Green Building Certification, Certification for CASBEE for Real Estate and BELS Certification exceed a majority of the portfolio in terms of ratio of floor area to total floor area

End of 32nd fiscal period (21/4) Acquisition of environmental certification (Note1)	
Properties	Total floor area ratio
42	57.1%

### GRESB Real Estate Assessment



- Acquired "Green Star" rating for 9 consecutive years and the 2nd-highest-rated "4 Stars" in GRESB Rating as a result of our efforts for improving sustainability

### DBJ Green Building Certification



- A total of 25 properties in our portfolio were awarded the Certification, including KDX Toranomon 1chome Bldg., which earned the highest-rated "five stars"

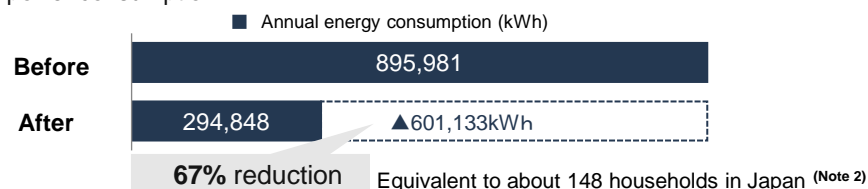
### CASBEE for Real Estate



- 10 property was ranked S, the highest rating, and 11 properties were ranked A by CASBEE.
- A total of 21 properties in our portfolio were awarded the Certification

## Energy reduction through LED lighting rental areas

- LED lighting in common areas has been roughly completed, while LED lighting in rental areas is being systematically upgraded to 28.9% of the properties owned (based on leasable area)
- In 32nd fiscal period, 13 properties switched to LED lighting in rental areas, reducing annual power consumption by 67%
- In 33rd fiscal period, we are planning to switch to LED lighting in the rental areas of 12 properties to further reduce power consumption



## Certified as "Class S (Excellent Operator)" under "Assessment System Through Classification of Business Operators"

- Assessment system under which operators are classified by METI such as S(excellent operators) and A (operators expected to make further efforts) based on the contents of periodic reports based on Act on the Rational Use of Energy
- For three consecutive years, KDO has achieved the target of "reducing the five-year average of energy intensity by 1% or more annually" and was evaluated as "S Class (Excellent operators). The results are announced on the website of METI

FY2018	FY2019	FY2020
☆	☆	☆

Note 1: The number of properties is counted without duplication in case a property has multiple certification or evaluation. The total floor area ratio is calculated by dividing by the total floor area of the entire portfolio.

Note 2: Calculated by the Asset Management Company based on the "Annual Energy Consumption, Amount Paid, and CO2 Emissions per Household (Nationwide)" obtained from the "FY2019 Statistical Survey on CO2 Emissions in the Household Sector (Provisional Figures).

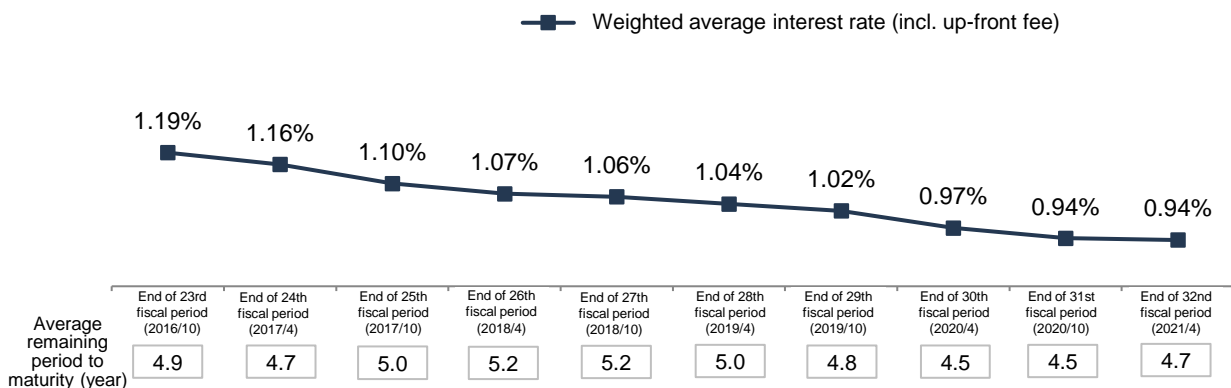
## Section 6

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### Financial strategy

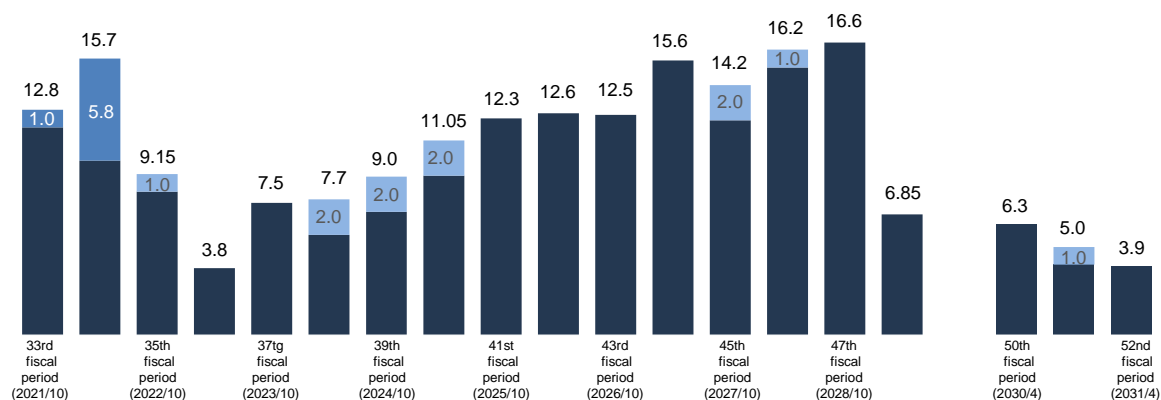
# Status of debt financing

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



## Balance of interest-bearing debt by maturity

(bn yen) ■ Short-Term Borrowings 6.8 ■ Long-Term Borrowings 180.9 ■ Investment Corporation Bonds 11.0



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

Note 2: Average interest rate and borrowing period are the weighted average of the interest rate of borrowings (incl. up-front fee) and borrowing period based on the balance of borrowings, respectively (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place).

## Refinance record for 32nd fiscal period (2021/4) (Total amount of 19.7 bn yen) (Note 2)

	Conditions before refinancing	Conditions after refinancing
Average interest rate	0.77%	0.65%
Average borrowing period	3.8 years	6.2 years

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

	33rd fiscal period (2021/10)	34th fiscal period (2022/4)	35th fiscal period (2022/10)	36th fiscal period (2023/4)
Balance of debt maturing	11.8 bn yen	9.9 bn yen	9.15 bn yen	3.8 bn yen
Average financial cost	1.07%	1.01%	0.91%	1.50%

## Outline of the commitment line agreement

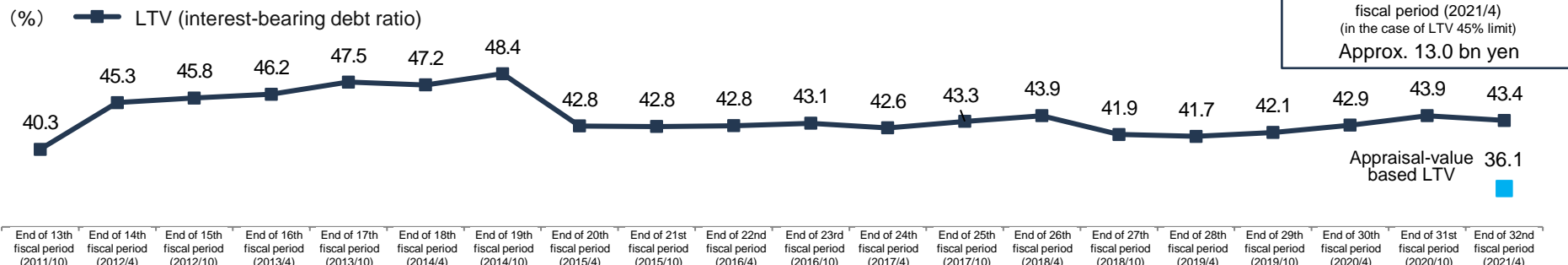
- As of April 30, 2021, we have concluded new commitment line agreements with the maximum amount of 3.0 bn yen.

	Existing agreement	New agreements
Counterparty	Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd.	Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited Mizuho Trust & Banking Co., Ltd.
Maximum Amount	6.0 bn yen	3.0 bn yen
Contract Type	Syndication-type	Bilateral-type
Valid Period	May 1, 2021 to April 30, 2022	
Use of proceeds	Acquisition of assets, Repayment of the existing borrowings and redemption of investment corporation bonds	

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

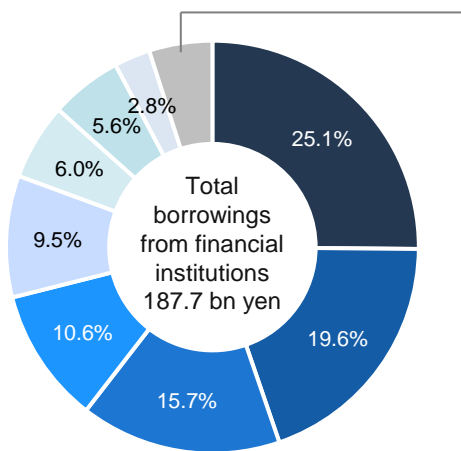
• Maintain stable financial base through conservative management with a 45% of LTV in mind

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



## Outstanding borrowings by financial institutions as of the end of 32nd fiscal period (2021/4)

### 16 lending financial institutions



Sumitomo Mitsui Banking	47,200mn yen	25.1%
MUFG Bank	36,800mn yen	19.6%
Development Bank of Japan	29,550mn yen	15.7%
Sumitomo Mitsui Trust Bank	19,900mn yen	10.6%
Mizuho Bank	17,900mn yen	9.5%
Resona Bank	11,250mn yen	6.0%
Aozora Bank	10,550mn yen	5.6%
Mizuho Trust & Banking	5,300mn yen	2.8%
The Bank of Fukuoka	2,500mn yen	1.3%
The Nishi-Nippon City Bank	1,700mn yen	0.9%
The Hiroshima Bank	1,000mn yen	0.5%
The 77 Bank	1,000mn yen	0.5%
Sumitomo Life Insurance Company	1,000mn yen	0.5%
Higashi-Nippon Bank	800mn yen	0.4%
The Norinchukin Bank	800mn yen	0.4%
San ju San Bank (the former The Mie Bank)	500mn yen	0.3%

## Major indicators related to financial stability

Ratio of fixed interest rate (Note 3)  
**96.6%**

Status of credit rating (JCR)  
**AA-(Positive)**

## Issue status of investment corporation bonds as of the end of 32nd fiscal period (2021/4) (total of 11.0 bn yen)

Corporate bonds	Issued period	Issued amount	Interest rate	Term
6th bonds	2014/7	2.0 bn yen	1.18%	10 years
7th bonds	2016/4	1.0 bn yen	0.90%	12 years
8th bonds	2017/7	1.0 bn yen	0.26%	5 years
9th bonds	2017/7	2.0 bn yen	0.64%	10 years
10th bonds (green bonds)	2019/2	2.0 bn yen	0.39%	5 years
11th bonds (private placement bonds)	2020/1	2.0 bn yen	0.25%	5 years
12th bonds (green bonds)	2020/10	1.0 bn yen	0.61%	10 years

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

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

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



# Appendix

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Supplemental material / data

# 32nd fiscal period (2021/4) financial results

(mn yen)

Items	31st Fiscal Period	32nd Fiscal Period	32nd Fiscal Period	32nd (actual) vs 31st (actual)	32nd (actual) vs 32nd (forecast)
	(2020/10)	(2021/4)	(2021/4)	Difference	Difference
	Actual	Forecast (announced on Dec. 14, 2020)	Actual	C-A	C-B
	A	B	C		
<b>Operating revenue</b>	16,714	16,333	16,301	-413	-32
Gain on sale of real estate	1,057	1,128	1,128	+70	-
Dividend income	73	57	53	-20	-4
<b>Operating expense</b>	8,380	8,227	8,310	-69	+83
Loss on sale of real estate	-	-	198	+198	+198
<b>Operating income</b>	8,334	8,106	7,990	-343	-115
<b>Non-operating income</b>	0	0	0	+0	-0
<b>Non-operating expense</b>	1,023	977	973	-49	-4
<b>Ordinary income</b>	7,311	7,129	7,017	-293	-111
<b>Net income</b>	7,310	7,128	7,016	-293	-111
Provision (+) / reversal (-) of reserve for reduction entry	+718	+622	+423	-	-
<b>Total distributions</b>	6,592	6,504	6,592	-	+87
<b>DPU (yen)</b>	15,384	15,180	15,384	-	+204
<b># of total units outstanding</b>	428,510	428,510	428,510	0	0
<b>Rental NOI (Note 1)</b>	11,019	10,740	10,787	-231	+47
<b>FFO (Note 2)</b>	8,776	8,559	8,635	-139	+76
<b>Depreciation</b>	2,523	2,559	2,548	+25	-10
<b># of properties</b>	98	97	96	-2	-1
<b>Total interest-bearing debt</b>	201,750	-	198,750	-3,000	-
<b>LTV</b>	43.9%	-	43.4%	-0.4%	-
<b>Book value (Period-end)</b>	428,546	-	424,337	-4,208	-
<b>Appraisal value (Period-end)</b>	520,732	-	517,402	-3,330	-
<b>Net assets</b>	230,665	-	230,981	+316	-

P/L, etc.

Related information

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

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

## Comparison against 31st fiscal period (2020/10) actual

<b>Operating revenue</b>	<b>-413 mn yen</b>
•Rent / common area charge	-248 mn yen (Property acquired in 31st: +119, Properties sold in 31st: -57, Properties sold in 32nd: -81, Existing properties: -227)
•Utilities	-190 mn yen
•Gain on sale of property	+70 mn yen (Disappearance of gain on sale in 31st: -1,057, Property sold in 32nd (KDX Shin-Nihonbashi Building): +1,128)
•Dividend income	-20 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
•Other revenues	-25 mn yen (Revenues from Senri LSC Hall operation: +6, Cancellation penalty: -25, Others: -6)
<b>Operating expense</b>	<b>-69 mn yen</b>
•Utilities	-152 mn yen
•Taxes	-14 mn yen (Properties acquired in 30th: +6, Properties sold in 31st: -19, Existing properties: -1)
•Repair / maintenance expense	-85 mn yen
•Brokerage fee	+42 mn yen
•Depreciation	+25 mn yen (Property acquired in 31st: +4, Properties sold in 31st: -5, Properties sold in 32nd: -7, Existing properties: +34)
•Loss on sale of property	+198 mn yen (Property sold in 32nd (KDX Hon-Atsugi Building))
•Asset management fee	-65 mn yen
•Other expenses	-20 mn yen
<b>Non-operating expense</b>	<b>-49 mn yen</b>
•Interest expense / financing-related expense	-30 mn yen
•Non-deductible consumption taxes, etc.	-19 mn yen

## Comparison against 32nd fiscal period (2021/4) forecast (announced on Dec. 14, 2020)

<b>Operating revenue</b>	<b>-32 mn yen</b>
•Rent / common area charge	+16 mn yen (Existing properties)
•Utilities	-40 mn yen
•Other revenues	-8 mn yen (Cancellation penalty: -13, Others: +4)
<b>Operating expense</b>	<b>+83 mn yen</b>
•Utilities	+32 mn yen
•Repair / maintenance expense	-51 mn yen
•Brokerage fee	-13 mn yen
•Depreciation	-10 mn yen
•Loss on sale of property	+198 mn yen (Property sold in 32nd (KDX Hon-Atsugi Building))
•Asset management fee	-15 mn yen
•Other expenses	-58 mn yen (Expense from Senri LSC Hall operation: -7, Others: -50)

(Reference)

The property acquired in 31st fiscal period: KDX Shinbashi Ekimae Building

The properties sold in 31st fiscal period: KDX Nihonbashi Honcho Building, KDX Nihonbashi Edo-dori Building

The properties sold in 32nd fiscal period: KDX Shin-Nihonbashi Building, KDX Hon-Atsugi Building

# 33rd fiscal period (2021/10) and 34th fiscal period (2022/4) earning forecasts

	( mn yen )				
	32nd Fiscal Period	33rd Fiscal Period	34th Fiscal Period	33rd (forecast) vs. 32nd (actual)	34th (forecast) vs. 33rd (forecast)
	(2021/4)	(2021/10)	(2022/4)		
	Actual	Forecast	Forecast	Difference	Difference
	A	B	C	B-A	C-B
<b>Operating revenue</b>	16,301	15,035	14,914	-1,265	-121
Gain on sale of real estate	1,128	-	-	-1,128	-
Dividend income	53	73	53	+20	-20
<b>Operating expense</b>	8,310	8,316	8,304	+5	-11
Loss on sale of real estate	198	-	-	-198	-
<b>Operating income</b>	7,990	6,719	6,609	-1,271	-110
<b>Non-operating income</b>	0	0	0	+0	-
<b>Non-operating expense</b>	973	959	943	-14	-15
<b>Ordinary income</b>	7,017	5,760	5,666	-1,256	-94
<b>Net income</b>	7,016	5,759	5,665	-1,256	-94
Provision (+) / reversal (-) of reserve for reduction entry	+423	-239	-184	-	-
<b>Total distributions</b>	6,592	5,999	5,849	-593	-149
<b>DPU (yen)</b>	15,384	14,000	13,650	-1,384	-350
<b># of total units outstanding</b>	428,510	428,510	428,510	0	0
<b>Rental NOI (Note 1)</b>	10,787	10,353	10,274	-434	-78
<b>FFO (Note 2)</b>	8,635	8,336	8,264	-299	-71
<b>Depreciation</b>	2,548	2,576	2,599	+28	+22
<b># of properties</b>	96	96	96	0	0
(Reference) Estimated property and city planning taxes	-	1,350	1,354		

## Comparison between 32nd fiscal period (2021/4) actual and 33rd fiscal period (2021/10) forecast

<b>■ Operating revenue</b>	<b>-1,265 mn yen</b>
• Rent / common area charge	-278 mn yen (Properties sold in 32nd: -33, Existing properties: -245)
• Utilities	+160 mn yen
• Gain on sale of property	-1,128 mn yen (Disappearance of gain on sale of property sold in 32nd (KDX Shin-Nihonbashi Building))
• Dividend income	+20 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
• Other revenues	-39 mn yen (Parking revenues: -21, Revenues from Senri LSC Hall operation: +2, Others: -20)
<b>■ Operating expense</b>	<b>+5 mn yen</b>
• Property / facility management fee	-17 mn yen
• Utilities	+121 mn yen
• Taxes	+48 mn yen (Properties acquired in 30th: +13, Property acquired in 31st: +45, Properties sold in 32nd: -11, Existing properties: +1)
• Repair / maintenance expense	+78 mn yen
• Depreciation	+28 mn yen (Properties sold in 32nd: -16, Existing properties: +44)
• Loss on sale of property	-198 mn yen (Disappearance of property sold in 32nd (KDX Hon-Atsugi Building))
• Asset management fee	-123 mn yen
• Other expenses	+68 mn yen
<b>■ Non-operating expense</b>	<b>-14 mn yen</b>
• Interest expense / financing-related expense	+16 mn yen
• Non-deductible consumption taxes, etc.	-30 mn yen

## Comparison between 33rd fiscal period (2021/10) forecast and 34th fiscal period (2022/4) forecast

<b>■ Operating revenue</b>	<b>-121 mn yen</b>
• Utilities	-87 mn yen
• Dividend income	-20 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
• Other revenues	-12 mn yen (Cancellation penalty: -15, Revenues from Senri LSC Hall operation: +20, Others: -18)
<b>■ Operating expense</b>	<b>-11 mn yen</b>
• Property / facility management fee	+17 mn yen
• Utilities	-29 mn yen
• Repair / maintenance expense	-33 mn yen
• Brokerage fee	+17 mn yen
• Depreciation	+22 mn yen
• Asset management fee	-6 mn yen
<b>■ Non-operating expense</b>	<b>-15 mn yen</b>
• Interest expense / financing-related expense	-15 mn yen

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

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

# Portfolio overview (1)

## (as of the end of 32nd fiscal period (2021/4))

### Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) <small>(Note 1)</small>	Completion date <small>(Note 2)</small>	End of 32nd fiscal period occupancy rate (%) <small>(Note 3)</small>
Office Buildings	Tokyo Metropolitan Area	A001	KDX Nihonbashi 313 Building	Chuo-ku, Tokyo	5,940	1974/4	100.0
		A003	Higashi-Kayabacho Yuraku Building	Chuo-ku, Tokyo	4,450	1987/1	89.0
		A004	KDX Hatchobori Building	Chuo-ku, Tokyo	3,680	1993/6	100.0
		A005	KDX Nakano-Sakaue Building	Nakano-ku, Tokyo	2,533	1992/8	96.4
		A006	Harajuku F.F. Building	Shibuya-ku, Tokyo	2,450	1985/11	100.0
		A007	KDX Minami Aoyama Building	Minato-ku, Tokyo	2,270	1988/11	100.0
		A008	KDX Kanda Kitaguchi Building	Chiyoda-ku, Tokyo	1,950	1993/5	100.0
		A013	KDX Kojimachi Building	Chiyoda-ku, Tokyo	5,950	1994/5	100.0
		A014	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	100.0
		A016	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	96.7
		A017	KDX Ebisu Building	Shibuya-ku, Tokyo	4,640	1992/1	100.0
		A019	KDX Hamamatsucho Building	Minato-ku, Tokyo	3,460	1999/9	100.0
		A020	KDX Kayabacho Building	Chuo-ku, Tokyo	2,780	1987/10	72.2
		A021	KDX Shinbashi Building	Minato-ku, Tokyo	3,728	1992/2	100.0
		A022	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	99.6
		A026	KDX Kiba Building	Koto-ku, Tokyo	1,580	1992/10	100.0
		A027	KDX Kajicho Building	Chiyoda-ku, Tokyo	2,350	1990/3	100.0
		A029	KDX Higashi-Shinjuku Building	Shinjuku-ku, Tokyo	2,950	1990/1	100.0
		A030	KDX Nishi-Gotanda Building	Shinagawa-ku, Tokyo	4,200	1992/11	91.4
		A031	KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	1986/9	100.0
		A032	KDX Shiba-Daimon Building	Minato-ku, Tokyo	6,090	1986/7	100.0
		A033	KDX Okachimachi Building	Taito-ku, Tokyo	2,000	1988/6	100.0
		A035	KDX Hachioji Building	Hachioji, Tokyo	1,155	1985/12	100.0
		A037	KDX Ochanomizu Building	Chiyoda-ku, Tokyo	6,400	1982/8	100.0
		A038	KDX Nishi-Shinjuku Building	Shinjuku-ku, Tokyo	1,500	1992/10	100.0
		A041	KDX Shinjuku 286 Building	Shinjuku-ku, Tokyo	2,300	1989/8	100.0
		A046	Hiei Kudan-Kita Building	Chiyoda-ku, Tokyo	7,600	1988/3	100.0
		A048	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	1985/2	100.0
		A051	KDX Hamacho Nakanohashi Building	Chuo-ku, Tokyo	2,310	1988/9	100.0
		A055	Shin-toshin Maruzen Building	Shinjuku-ku, Tokyo	2,110	1990/7	100.0
		A056	KDX Jimbocho Building	Chiyoda-ku, Tokyo	2,760	1994/5	100.0
		A059	KDX Iwamoto-cho Building	Chiyoda-ku, Tokyo	1,864	2008/3	100.0
A060	KDX Harumi Building	Chuo-ku, Tokyo	10,250	2008/2	100.0		
A062	Koishikawa TG Building	Bunkyo-ku, Tokyo	3,080	1989/11	100.0		

Type	Area	No.	Name	Location	Acquisition price (mn yen) <small>(Note 1)</small>	Completion date <small>(Note 2)</small>	End of 32nd fiscal period occupancy rate (%) <small>(Note 3)</small>
Office Buildings	Tokyo Metropolitan Area	A063	KDX Gotanda Building	Shinagawa-ku, Tokyo	2,620	1988/4	100.0
		A064	KDX Nihonbashi 216 Building	Chuo-ku, Tokyo	2,010	2006/10	100.0
		A066	KDX Shinjuku Building	Shinjuku-ku, Tokyo	6,800	1993/5	93.6
		A067	KDX Ginza 1chome Building	Chuo-ku, Tokyo	4,300	1991/11	100.0
		A071	KDX Iidabashi Building	Shinjuku-ku, Tokyo	4,670	1990/3	46.9
		A072	KDX Higashi-Shinagawa Building	Shinagawa-ku, Tokyo	4,590	1993/1	100.0
		A073	KDX Hakozaki Building	Chuo-ku, Tokyo	2,710	1993/11	100.0
		A078	KDX Tachikawa Ekimae Building	Tachikawa, Tokyo	1,267	1990/2	100.0
		A083	KDX Fuchu Building	Fuchu, Tokyo	6,120	1996/3	100.0
		A084	KDX Kasuga Building	Bunkyo-ku, Tokyo	2,800	1992/6	100.0
		A085	KDX Nakameguro Building	Meguro-ku, Tokyo	1,880	1985/10	100.0
		A086	KDX Oriya Building	Saitama, Saitama	2,020	1993/4	100.0
		A087	Nihonbashi Horidomecho First	Chuo-ku, Tokyo	2,200	1995/7	80.1
		A088	KDX Shinjuku 6-chome Building	Shinjuku-ku, Tokyo	1,900	1990/3	100.0
		A089	KDX Takanadai Building	Minato-ku, Tokyo	5,250	1985/10	100.0
		A090	KDX Ikebukuro Building	Toshima-ku, Tokyo	3,900	2009/3	100.0
		A091	KDX Mita Building	Minato-ku, Tokyo	3,180	1993/3	95.5
		A092	KDX Akihabara Building	Chiyoda-ku, Tokyo	2,600	1973/12	100.0
		A093	KDX Iidabashi Square	Shinjuku-ku, Tokyo	4,350	1994/1	79.7
		A094	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	2013/5	94.4
		A095	KDX Toyosu Grand Square	Koto-ku, Tokyo	8,666	2008/4	96.5
		A096	KDX Takadanobaba Building	Toshima-ku, Tokyo	3,650	1988/10	100.0
		A099	KDX Ikebukuro West Building	Toshima-ku, Tokyo	1,934	1988/7	100.0
		A101	KDX Yokohama Building	Yokohama, Kanagawa	7,210	1994/3	93.7
		A102	KDX Yokohama Nishiguchi Building	Yokohama, Kanagawa	2,750	1988/10	100.0
		A107	KDX Ginza East Building	Chuo-ku, Tokyo	3,600	1991/8	100.0
		A108	Pentel Building	Chuo-ku, Tokyo	3,350	1990/11	100.0
		A109	KDX Hamamatsucho Center Building	Minato-ku, Tokyo	3,950	1985/12	84.5
		A112	KDX Toranomon 1chome Building	Minato-ku, Tokyo	15,550	2013/10	100.0
		A113	KDX Shin-Nihonbashi Ekimae Building	Chuo-ku, Tokyo	3,829	1992/5	78.0
		A115	ARK Mori Building	Minato-ku, Tokyo	4,169	1986/3	100.0
		A116	KDX Nishi-Shinbashi Building	Minato-ku, Tokyo	8,400	1992/8	100.0
A117	BR Gotanda	Shinagawa-ku, Tokyo	2,200	1991/9	100.0		
A119	KDX Shibuya Nanpeidai Building	Shibuya-ku, Tokyo	3,500	2003/12	100.0		

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

Note 2: Completion date shows the newly-built year-month recorded in the real estate register. The average value shown in the subtotal or total section is a weighted average value calculated based on acquisition price with a base date of the end of 32nd fiscal period (2021/4). Figures are truncated to the first decimal place

Note 3: Occupancy rate is calculated by dividing leased area as of the end of 32nd fiscal period (2021/4) by leasable area and is rounded to the first decimal place

# Portfolio overview (2)

## (as of the end of 32nd fiscal period (2021/4))

### Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) <sup>(Note 1)</sup>	Completion date <sup>(Note 2)</sup>	End of 32nd fiscal period occupancy rate (%) <sup>(Note 3)</sup>
Office Buildings	Tokyo Metropolitan Area	A120	KDX Yoyogi Building	Shibuya-ku, Tokyo	2,479	1991/8	100.0
		A121	GINZA 4chome Tower	Chuo-ku, Tokyo	9,800	2008/11	100.0
		A122	Mitsubishijuko Yokohama Building	Yokohama, Kanagawa	14,720	1994/2	99.3
		A123	KDX Yokohama Kannai Building	Yokohama, Kanagawa	9,500	2007/9	85.4
		A124	KDX Hamamatsucho Place	Minato-ku, Tokyo	20,700	2015/2	82.3
		A125	KDX Chofu Building	Chofu, Tokyo	8,700	1995/1	100.0
		A127	KDX Kanda Ekimae Building	Chiyoda-ku, Tokyo	3,300	1991/2	100.0
		A128	KDX Shinbashi Ekimae Building	Minato-ku, Tokyo	16,300	2018/9	100.0
		Other Regional Areas	A012	Portus Center Building	Sakai, Osaka	5,570	1993/9
	A042		KDX Karasuma Building	Kyoto, Kyoto	5,400	1982/10	100.0
	A044		KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	100.0
	A053		KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	98.7
	A054		KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	90.6
	A058		KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	2009/4	100.0
	A069		KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	2009/7	100.0
	A070		KDX Sapporo Building	Sapporo, Hokkaido	2,005	1989/10	100.0
	A079		KDX Nagoya Ekimae Building	Nagoya, Aichi	7,327	1986/4	100.0
	A082		KDX Higashi Umeda Building	Osaka, Osaka	2,770	2009/7	100.0
A097	KDX Utsunomiya Building		Utsunomiya, Tochigi	2,350	1999/2	100.0	
A098	KDX Hiroshima Building		Hiroshima, Hiroshima	1,300	1990/1	100.0	
A100	Senri Life Science Center Building		Toyonaka, Osaka	13,000	1992/6	99.3	
A104	KDX Minami-Honmachi Building		Osaka, Osaka	2,200	2009/12	100.0	
A106	KDX Sakura-dori Building		Nagoya, Aichi	5,900	1992/8	100.0	
A110	KDX Shin-Osaka Building		Osaka, Osaka	4,550	1992/5	94.6	
A111	KDX Nagoya Nichigin-mae Building		Nagoya, Aichi	3,500	2006/9	100.0	
A118	KDX Sapporo Kitaguchi Building	Sapporo, Hokkaido	1,800	1992/9	95.2		
A126	KDX Tosabori Building	Osaka, Osaka	5,000	1987/10	89.0		
<b>Office Buildings (95 properties) Subtotal</b>					<b>437,300</b>	<b>Ave.24.6yrs</b>	<b>96.7</b>

### Others (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) <sup>(Note 1)</sup>	Completion date <sup>(Note 2)</sup>	End of 32nd fiscal period occupancy rate (%) <sup>(Note 3)</sup>
Others	Tokyo Metropolitan Area	D002	Shinjuku 6chome Building (Land)	Shinjuku-ku, Tokyo	2,880	-	100.0
<b>Others (1 property) Subtotal</b>					<b>2,880</b>	<b>-</b>	<b>100.0</b>

**(96 properties, excl. investment securities) Total**      **440,180**      **Ave. 24.6yrs**      **96.7%**

- The total number of end tenants for 95 office buildings is 1,156 (1,090 if tenants are aggregated based on their names)

### Investment Security (1 security)

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

### Historical rent-based NOI yield (by asset type, annualized-based) <sup>(Note 4)</sup> <sup>(Note 5)</sup>

	28th fiscal period (2019/4)	29th fiscal period (2019/10)	30th fiscal period (2020/4)	31st fiscal period (2020/10)	32nd fiscal period (2021/4)
Office buildings	4.9	4.8	5.0	5.0	4.9
Central urban retail properties	-	-	-	-	-
Residential property	-	-	-	-	-
Others	4.3	4.3	4.3	4.3	4.3
<b>Total</b>	<b>4.9</b>	<b>4.8</b>	<b>5.0</b>	<b>4.9</b>	<b>4.9</b>

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

Note 2: Completion date shows the newly-built year-month recorded in the real estate register. The average value shown in the subtotal or total section is a weighted average value calculated based on acquisition price with a base date of the end of 32nd fiscal period (2021/4). Figures are truncated to the first decimal place

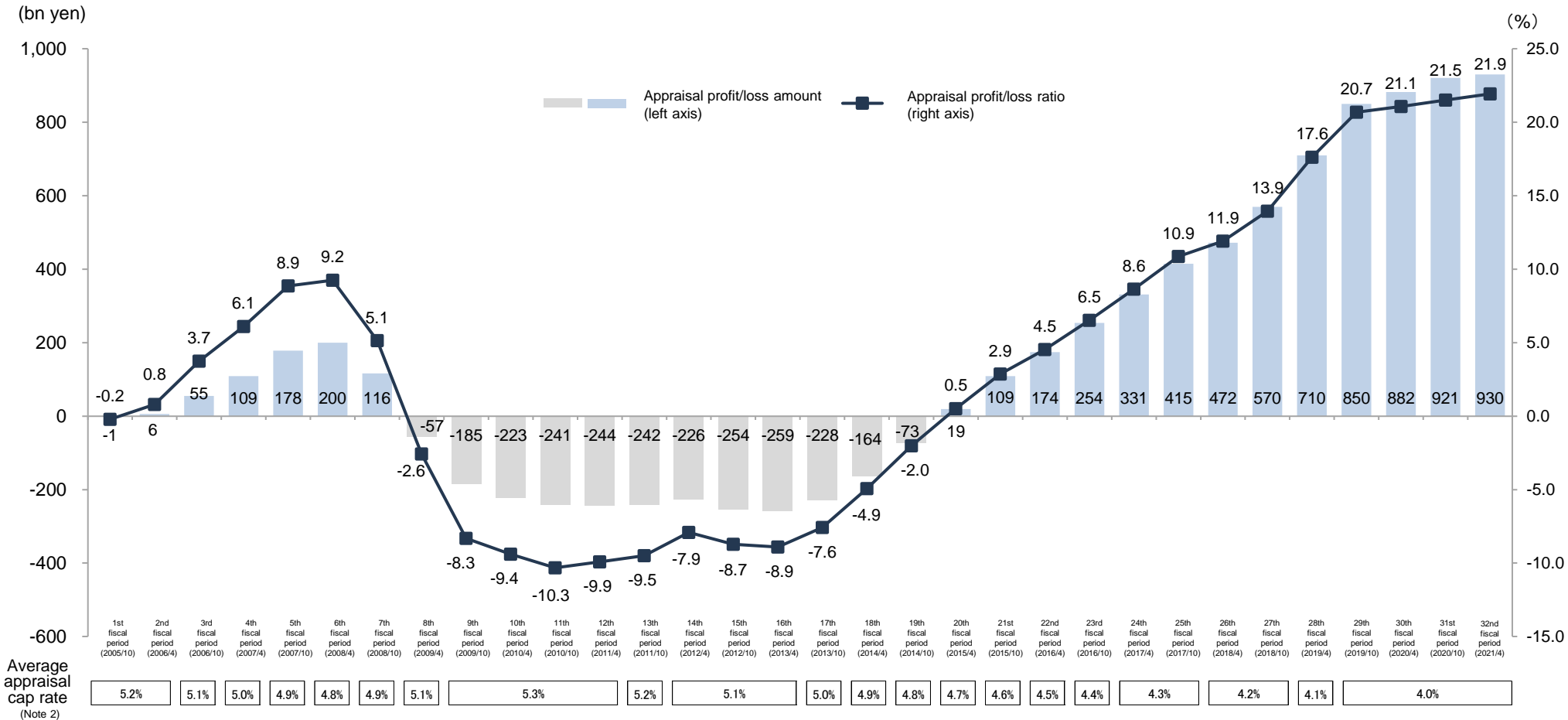
Note 3: Occupancy rate is calculated by dividing leased area as of the end of 32nd fiscal period (2021/4) by leasable area and is rounded to the first decimal place

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

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

# Historical appraisal profit/loss of portfolio

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



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

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

# Appraisal value and cap rate as of the end of 32nd fiscal period (2021/4) (1)

No.	Name	Acquisition Date	Acquisition price (mn yen)	Appraiser	End of 32nd fiscal period (As of Apr. 30, 2021)				End of 31st fiscal period (As of Oct. 31, 2020)		Period-end appraisal value		Direct capitalization Method cap rate
					Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization Method cap rate	Appraisal value vs Book value (Note 1)	Appraisal value (mn yen)	Direct capitalization Method cap rate	Difference	Increase-decrease rate (Note 1)	Difference
			(A)		(B)	(C)	(D)	(C)÷(B)-1	(E)	(F)	(C)-(E)	(C)÷(E)-1	(D)-(F)
A001	KDX Nihonbashi 313 Building	2005/8	5,940	Daiwa	5,668	7,000	3.8%	23.5%	7,000	3.8%	-	-	-
A003	Higashi-Kayabacho Yuraku Building	2005/8	4,450	JREI	3,943	5,320	4.0%	34.9%	5,310	4.0%	10	0.2%	-
A004	KDX Hatchobori Building	2005/8	3,680	Daiwa	3,269	3,510	4.1%	7.4%	3,480	4.1%	30	0.9%	-
A005	KDX Nakano-Sakaue Building	2005/8	2,533	Daiwa	2,296	2,430	4.3%	5.8%	2,430	4.3%	-	-	-
A006	Harajuku F.F. Building	2005/8	2,450	JREI	2,379	3,490	4.4%	46.7%	3,450	4.4%	40	1.2%	-
A007	KDX Minami Aoyama Building	2005/8	2,270	JREI	2,187	2,770	3.8%	26.6%	2,840	3.8%	-70	-2.5%	-
A008	KDX Kanda Kitaguchi Building	2005/8	1,950	Daiwa	1,763	1,690	4.1%	-4.2%	1,720	4.1%	-30	-1.7%	-
A012	Portus Center Building	2005/9	5,570	Daiwa	3,846	5,030	5.5%	30.8%	5,030	5.5%	-	-	-
A013	KDX Kojimachi Building	2005/11	5,950	JREI	5,479	5,080	3.5%	-7.3%	5,070	3.5%	10	0.2%	-
A014	KDX Funabashi Building	2006/3	2,252	JREI	2,203	2,810	5.0%	27.5%	2,750	5.0%	60	2.2%	-
A016	Toshin 24 Building	2006/5	5,300	JREI	4,675	5,310	4.2%	13.6%	5,360	4.2%	-50	-0.9%	-
A017	KDX Ebisu Building	2006/5	4,640	JREI	4,327	6,080	3.8%	40.5%	6,080	3.8%	-	-	-
A019	KDX Hamamatsucho Building	2006/5	3,460	Daiwa	3,100	3,590	3.7%	15.8%	3,590	3.7%	-	-	-
A020	KDX Kayabacho Building	2006/5	2,780	JREI	2,676	3,080	4.2%	15.1%	3,000	4.2%	80	2.7%	-
A021	KDX Shinbashi Building	2006/5	3,728	JREI	3,683	5,270	3.5%	43.1%	5,180	3.5%	90	1.7%	-
A022	KDX Shin-Yokohama Building	2006/5	2,520	JREI	2,173	2,560	4.7%	17.8%	2,870	4.7%	-310	-10.8%	-
A026	KDX Kiba Building	2006/6	1,580	JREI	1,381	1,140	4.7%	-17.5%	1,240	4.7%	-100	-8.1%	-
A027	KDX Kajicho Building	2006/7	2,350	Daiwa	2,241	2,350	4.1%	4.8%	2,380	4.1%	-30	-1.3%	-
A029	KDX Higashi-Shinjuku Building	2006/9	2,950	Daiwa	2,915	4,050	4.2%	38.9%	4,190	4.2%	-140	-3.3%	-
A030	KDX Nishi-Gotanda Building	2006/12	4,200	JREI	3,663	3,820	4.1%	4.3%	3,820	4.1%	-	-	-
A031	KDX Monzen-Nakacho Building	2007/1	1,400	Daiwa	1,258	1,170	4.6%	-7.0%	1,170	4.6%	-	-	-
A032	KDX Shiba-Daimon Building	2007/3	6,090	JREI	5,869	5,750	4.0%	-2.0%	5,740	4.0%	10	0.2%	-
A033	KDX Okachimachi Building	2007/3	2,000	Daiwa	2,003	2,130	4.1%	6.3%	2,110	4.1%	20	0.9%	-
A035	KDX Hachioji Building	2007/3	1,155	Daiwa	1,160	1,220	5.0%	5.2%	1,220	5.0%	-	-	-
A037	KDX Ochanomizu Building	2007/4	6,400	JREI	6,220	7,980	3.8%	28.3%	7,960	3.8%	20	0.3%	-
A038	KDX Nishi-Shinjuku Building	2007/4	1,500	JREI	1,509	1,620	4.2%	7.4%	1,580	4.2%	40	2.5%	-
A041	KDX Shinjuku 286 Building	2007/6	2,300	JREI	2,383	2,860	3.8%	20.0%	2,860	3.8%	-	-	-
A042	KDX Karasuma Building	2007/6	5,400	Daiwa	5,027	5,910	4.7%	17.6%	5,680	4.7%	230	4.0%	-
A044	KDX Sendai Building	2007/6	2,100	Daiwa	1,874	2,070	5.2%	10.4%	2,070	5.2%	-	-	-
A046	Hiei Kudan-Kita Building	2008/2	7,600	Daiwa	7,405	8,300	3.7%	12.1%	8,290	3.7%	10	0.1%	-
A048	KDX Kawasaki-Ekimae Hon-cho Building	2008/2	3,760	JREI	3,322	3,210	4.6%	-3.4%	3,210	4.6%	-	-	-
A051	KDX Hamacho Nakanohashi Building	2008/2	2,310	JREI	2,183	2,120	4.3%	-2.9%	2,100	4.3%	20	1.0%	-
A053	KDX Hakata-Minami Building	2008/2	4,900	JREI	4,331	5,020	5.6%	15.9%	4,990	5.6%	30	0.6%	-

\*Notes are shown on page 40

# Appraisal value and cap rate as of the end of 32nd fiscal period (2021/4) (2)

No.	Name	Acquisition Date	Acquisition price (mn yen)	Appraiser	End of 32nd fiscal period (As of Apr. 30, 2021)				End of 31st fiscal period (As of Oct. 31, 2020)		Period-end appraisal value		Direct capitalization Method cap rate
					Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization Method cap rate (D)	Appraisal value vs Book value (Note 1) (C)÷(B)-1	Appraisal value (mn yen)	Direct capitalization Method cap rate (F)	Difference (C)-(E)	Increase-decrease rate (Note 1) (C)÷(E)-1	Difference (D)-(F)
			(A)		(B)	(C)	(D)	(C)÷(B)-1	(E)	(F)	(C)-(E)	(C)÷(E)-1	(D)-(F)
A054	KDX Kitahama Building	2008/2	2,220	JREI	2,009	1,680	5.0%	-16.4%	1,670	5.0%	10	0.6%	-
A055	Shin-toshin Maruzen Building	2008/2	2,110	JREI	2,050	1,740	4.2%	-15.1%	1,810	4.2%	-70	-3.9%	-
A056	KDX Jimbocho Building	2008/3	2,760	JREI	2,809	2,530	4.1%	-10.0%	2,510	4.1%	20	0.8%	-
A058	KDX Nagoya Sakae Building	2009/7	7,550	Daiwa	6,255	5,590	4.3%	-10.6%	5,580	4.3%	10	0.2%	-
A059	KDX Iwamoto-cho Building	2008/5	1,864	JREI	1,572	1,630	4.2%	3.6%	1,620	4.2%	10	0.6%	-
A060	KDX Harumi Building	2008/6	10,250	JREI	8,397	8,840	3.9%	5.3%	8,840	3.9%	-	-	-
A062	Koishikawa TG Building	2009/11	3,080	JREI	3,058	3,260	4.1%	6.6%	3,260	4.1%	-	-	-
A063	KDX Gotanda Building	2009/11	2,620	JREI	2,637	3,410	4.2%	29.3%	3,410	4.2%	-	-	-
A064	KDX Nihonbashi 216 Building	2009/12	2,010	JREI	1,774	2,640	3.7%	48.8%	2,620	3.7%	20	0.8%	-
A066	KDX Shinjuku Building	2010/2	6,800	JREI	6,879	10,200	3.4%	48.3%	10,100	3.4%	100	1.0%	-
A067	KDX Ginza 1chome Building	2010/11	4,300	Daiwa	4,121	5,720	3.5%	38.8%	5,720	3.5%	-	-	-
A069	KDX Kobayashi-Doshomachi Building	2010/12	2,870	JREI	1,807	2,920	7.7%	61.6%	2,910	7.6%	10	0.3%	0.1%
A070	KDX Sapporo Building	2011/3	2,005	Daiwa	1,962	2,550	4.7%	30.0%	2,540	4.7%	10	0.4%	-
A071	KDX Iidabashi Building	2011/7	4,670	Daiwa	4,687	5,730	4.0%	22.2%	5,730	3.9%	-	-	0.1%
A072	KDX Higashi-Shinagawa Building	2011/7	4,590	Daiwa	4,642	4,760	4.1%	2.5%	4,790	4.1%	-30	-0.6%	-
A073	KDX Hakozaki Building	2011/7	2,710	Daiwa	2,591	3,350	4.3%	29.3%	3,420	4.3%	-70	-2.0%	-
A078	KDX Tachikawa Ekimae Building	2011/12	1,267	JREI	1,321	1,800	4.8%	36.2%	1,810	4.8%	-10	-0.6%	-
A079	KDX Nagoya Ekimae Building	2011/12	7,327	JREI	7,836	10,300	3.9%	31.4%	10,100	3.9%	200	2.0%	-
A082	KDX Higashi Umeda Building	2012/3	2,770	Daiwa	2,258	3,860	4.2%	70.9%	3,860	4.2%	-	-	-
A083	KDX Fuchu Building	2012/9	6,120	Daiwa	5,696	8,890	4.6%	56.0%	8,870	4.6%	20	0.2%	-
A084	KDX Kasuga Building	2012/9	2,800	JREI	2,624	4,100	4.0%	56.2%	4,060	4.0%	40	1.0%	-
A085	KDX Nakameguro Building	2012/9	1,880	Daiwa	1,887	3,390	4.2%	79.6%	3,300	4.2%	90	2.7%	-
A086	KDX Omiya Building	2013/3	2,020	Daiwa	2,130	3,100	4.9%	45.5%	3,100	4.9%	-	-	-
A087	Nihonbashi Horidomecho First	2013/8	2,200	Daiwa	2,247	3,090	4.1%	37.5%	3,090	4.1%	-	-	-
A088	KDX Shinjuku 6-chome Building	2013/9	1,900	Daiwa	1,963	3,380	4.1%	72.1%	3,340	4.1%	40	1.2%	-
A089	KDX Takanawadai Building	2013/11	5,250	JREI	5,585	6,690	4.0%	19.8%	6,670	4.0%	20	0.3%	-
A090	KDX Ikebukuro Building	2013/11	3,900	Daiwa	3,534	5,100	3.8%	44.3%	5,100	3.8%	-	-	-
A091	KDX Mita Building	2013/11	3,180	JREI	3,143	3,980	3.9%	26.6%	3,930	3.9%	50	1.3%	-
A092	KDX Akihabara Building	2013/11	2,600	JREI	2,482	3,220	3.8%	29.7%	3,210	3.8%	10	0.3%	-
A093	KDX Iidabashi Square	2014/1	4,350	Daiwa	4,797	6,170	3.9%	28.6%	6,200	3.9%	-30	-0.5%	-
A094	KDX Musashi-Kosugi Building	2014/3	12,000	JREI	10,645	18,000	3.9%	69.1%	17,700	3.9%	300	1.7%	-
A095	KDX Toyosu Grand Square	2014/5	8,666	Daiwa	7,696	9,910	4.4%	28.8%	9,910	4.4%	-	-	-
A096	KDX Takadanobaba Building	2014/5	3,650	Daiwa	3,565	4,490	4.2%	25.9%	4,470	4.2%	20	0.4%	-

\*Notes are shown on page 40



# Appraisal value and cap rate as of the end of 32nd fiscal period (2021/4) (3)

No.	Name	Acquisition date	Acquisition price (mn yen)	Appraiser	End of 32nd fiscal period (As of Apr. 30, 2021)				End of 31st fiscal period (As of Oct. 31, 2020)		Period-end appraisal value		Direct capitalization Method cap rate
					Book value (mn yen)	Appraisal value (mn yen)	Direct capitalization Method cap rate	Appraisal value vs Book value (Note 1)	Appraisal value (mn yen)	Direct capitalization Method cap rate	Difference	Increase-decrease rate (Note 1)	Difference
			(A)		(B)	(C)	(D)	(C)÷(B)-1	(E)	(F)	(C)-(E)	(C)÷(E)-1	(D)-(F)
A097	KDX Utsunomiya Building	2014/5	2,350	Daiwa	2,237	2,660	5.4%	18.9%	2,670	5.4%	-10	-0.4%	-
A098	KDX Hiroshima Building	2014/9	1,300	JREI	1,327	1,860	5.2%	40.1%	1,860	5.2%	-	-	-
A099	KDX Ikebukuro West Building	2014/9	1,934	Daiwa	2,012	2,410	4.1%	19.8%	2,400	4.1%	10	0.4%	-
A100	Senri Life Science Center Building	2014/10	13,000	Daiwa	12,414	13,700	4.4%	10.4%	13,700	4.4%	-	-	-
A101	KDX Yokohama Building	2014/10	7,210	Daiwa	7,354	9,140	4.2%	24.3%	9,140	4.2%	-	-	-
A102	KDX Yokohama Nishiguchi Building	2014/12	2,750	Daiwa	2,647	3,280	4.3%	23.9%	3,280	4.3%	-	-	-
A104	KDX Minami-Honmachi Building	2014/12	2,200	JREI	1,929	3,080	4.2%	59.6%	3,060	4.2%	20	0.7%	-
A106	KDX Sakura-dori Building	2015/1	5,900	Daiwa	6,561	8,470	4.5%	29.1%	8,470	4.5%	-	-	-
A107	KDX Ginza East Building	2015/3	3,600	JREI	3,660	3,910	3.9%	6.8%	3,890	3.9%	20	0.5%	-
A108	Pentel Building	2015/3	3,350	Daiwa	3,541	4,032	3.8%	13.9%	4,032	3.8%	-	-	-
A109	KDX Hamamatsucho Center Building	2015/9	3,950	Daiwa	3,993	4,530	3.6%	13.4%	4,510	3.6%	20	0.4%	-
A110	KDX Shin-Osaka Building	2015/9	4,550	Daiwa	4,487	5,450	4.1%	21.4%	5,400	4.1%	50	0.9%	-
A111	KDX Nagoya Nichigin-mae Building	2016/3	3,500	JREI	3,374	3,950	4.0%	17.0%	3,930	4.0%	20	0.5%	-
A112	KDX Toranomon 1chome Building	2016/3	15,550	JREI	15,903	23,300	3.1%	46.5%	23,300	3.1%	-	-	-
A113	KDX Shin-Nihonbashi Ekimae Building	2016/8	3,829	JREI	3,964	4,340	3.6%	9.5%	4,230	3.6%	110	2.6%	-
A115	ARK Mori Building	2016/12	4,169	Daiwa	4,186	4,910	3.5%	17.3%	4,820	3.5%	90	1.9%	-
A116	KDX Nishi-Shinbashi Building	2017/2	8,400	Daiwa	8,522	9,350	3.4%	9.7%	9,350	3.4%	-	-	-
A117	BR Gotanda	2017/4	2,200	JREI	2,290	2,700	4.1%	17.9%	2,730	4.1%	-30	-1.1%	-
A118	KDX Sapporo Kitaguchi Building	2017/7	1,800	Daiwa	2,102	2,130	4.7%	1.3%	2,130	4.7%	-	-	-
A119	KDX Shibuya Nanpeidai Building	2017/8	3,500	Daiwa	3,541	3,920	3.5%	10.7%	3,920	3.5%	-	-	-
A120	KDX Yoyogi Building	2005/9	2,479	JREI	2,408	2,320	4.4%	-3.7%	2,310	4.4%	10	0.4%	-
A121	Ginza 4chome Tower	2013/8	9,800	JREI	9,430	14,100	3.1%	49.5%	14,000	3.1%	100	0.7%	-
A122	Mitsubishijuko Yokohama Building	2017/12	14,720	Daiwa	14,599	15,000	3.9%	2.7%	15,000	3.9%	-	-	-
A123	KDX Yokohama Kannai Building	2018/1	9,500	Daiwa	9,611	10,400	4.0%	8.2%	10,400	4.0%	-	-	-
A124	KDX Hamamatsucho Place	2018/7	20,700	Daiwa	20,411	23,600	3.3%	15.6%	23,700	3.3%	-100	-0.4%	-
A125	KDX Chofu Building	2019/6	8,700	JREI	8,999	10,100	4.5%	12.2%	10,100	4.5%	-	-	-
A126	KDX Tosabori Building	2020/1	5,000	JREI	5,025	5,100	4.1%	1.5%	5,100	4.1%	-	-	-
A127	KDX Kanda Ekimae Building	2020/2	3,300	JREI	3,339	3,450	3.5%	3.3%	3,510	3.4%	-60	-1.7%	0.1%
A128	KDX Shinbashi Ekimae Building	2020/2	16,300	JREI	16,380	20,800	2.9%	27.0%	20,800	2.9%	-	-	-
<b>Subtotal: Office Buildings (Note 2)</b>			<b>437,300</b>		<b>421,364</b>	<b>513,752</b>	<b>4.0%</b>	<b>21.9%</b>	<b>512,762</b>	<b>4.0%</b>	<b>990</b>	<b>0.2%</b>	<b>-</b>
D002	Shinjuku 6chome Building (Land)	2014/4	2,880	Daiwa	2,973	3,650	3.4%	22.8%	3,640	3.4%	10	0.3%	-
<b>Subtotal: Others (Note 2)</b>			<b>2,880</b>		<b>2,973</b>	<b>3,650</b>	<b>3.4%</b>	<b>22.8%</b>	<b>3,640</b>	<b>3.4%</b>	<b>10</b>	<b>0.3%</b>	<b>-</b>
<b>Total (Note 2)</b>			<b>440,180</b>		<b>424,337</b>	<b>517,402</b>	<b>4.0%</b>	<b>21.9%</b>	<b>516,402</b>	<b>4.0%</b>	<b>1,000</b>	<b>0.2%</b>	<b>-</b>

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

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

# Properties sold in the 32nd fiscal period (2021/4)

## Overview of Properties sold



Property name	KDX Shin-Nihonbashi Building	KDX Hon-Atsugi Building
Location	Chuo-ku, Tokyo	Atsugi, Kanagawa
Completion date	November 2002	May 1995
Total floor area	3,712.25m <sup>2</sup>	3,603.63m <sup>2</sup>
Sale price	3,200 mn yen	935 mn yen
Book value(Note 1)	1,971 mn yen	1,115 mn yen
Difference between sale price and book value:(Sale price – book value) / book value	1,229 mn yen	-180 mn yen
Appraisal value (As of October 31, 2020)	3,140 mn yen	1,190 mn yen
Buyer	Mitsui Fudosan Co., Ltd.	Tosei Corporation
Date of acquisition	July 22, 2011	March 1, 2007
Date of sale	November 2, 2020	April 30, 2021
NOI yield (actual) (Note 2)	6.1%	2.6%
NOI yield after depreciation (actual) (Note 3)	5.3%	0.5%
Sale price NOI yield (Note 4)	4.4%	3.6%

Note 1: The figures indicate the book values as of date of sale (rounded down to the million)

Note 2: Calculated by dividing the sum of the NOI (actual) for the 30th (2020/4) and 31st (2020/10) fiscal periods by the acquisition price

Note 3: Calculated by dividing the sum of rental operating income (actual) for the 30th (2020/4) and 31st (2020/10) fiscal periods by the acquisition price

Note 4: Calculated by dividing the sum of the NOI (actual) for the 30th (2020/4) and 31st (2020/10) fiscal periods by the sale price

# Track record of asset reshuffle / Owned properties and their overview in suburban cities

## Asset reshuffle through mutual transactions with several developers, etc.

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



Improved portfolio quality, including rejuvenating portfolio, by selling two relatively old buildings and acquiring a relatively new property with high specification

Acquired a highly competitive high-profile property with a fixed rent master lease scheme, and take efforts for revenue stability and increase in NOI



Disposed of a relatively old small-sized office building and a central urban retail property, and acquired a relatively new quality property in central Tokyo, with an aim to increase NOI after depreciation, etc.

Disposed of a property which may decrease its profitability in the future and acquired a property that can gain high competitiveness mainly due to opening of Toranomon Hills Sta. in order to improve profitability

## Owned properties and their overview in major suburban cities

(Note 1) (Note 2)



	Location Nearest station	Population of the property's location (ten thousand persons)			Number of incoming and outgoing passengers at the nearest station (ten thousand persons)			Number of major office buildings supplied (2004–2019)	Properties owned occupancy rate		
		2005	2015	(Increase rate)	2008	2017	(Increase rate)		End of 18th FP	End of 23rd FP	End of 32nd FP
1	Chofu Chofu Station	21.6	22.9	(+6.0%)	11.4	11.9	(+4.4%)	1	-	-	100%
2	Omiya-ku, Saitama Omiya Station	10.6	11.3	(+6.9%)	47.8	68.7	(+43.7%)	4	100%	100%	100%
3	Tachikawa Tachikawa Station	17.2	17.6	(+2.2%)	30.5	33.1	(+8.3%)	1	100%	100%	100%
4	Fuchu Fuchu Station	24.5	26.0	(+6.0%)	8.6	8.8	(+1.7%)	1	97.6%	85.2%	100%
5	Nakahara-ku, Kawasaki Musashi-Kosugi Station	21.0	24.7	(+17.6%)	37.5	46.4	(+23.7%)	2	95.9%	100%	94.4%
6	Funabashi Funabashi Station	56.9	62.2	(+9.3%)	27.1	27.6	(+1.8%)	1	100%	100%	100%

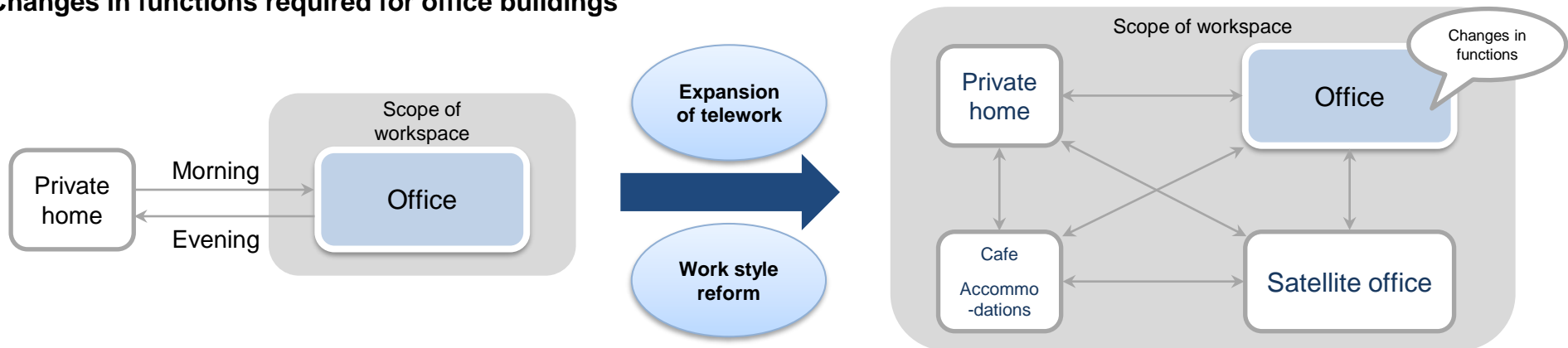
Note 1: "Major suburban cities" in this material refer to municipalities in the vicinity of the 23 wards of Tokyo where the Investment Corporation owns properties in the Tokyo Metropolitan and 3 prefectures and a certain office area is formed at the end of 30th fiscal period (2020/4)

Note 2: The sources of each data are as follows. As of June 13 2019, Population trends: Statistics Bureau, MIC "Population Census"; Number of incoming and outgoing passengers at the nearest station: MLTI "City Planning Survey"; Number of major office buildings supplied: CBRE Report.

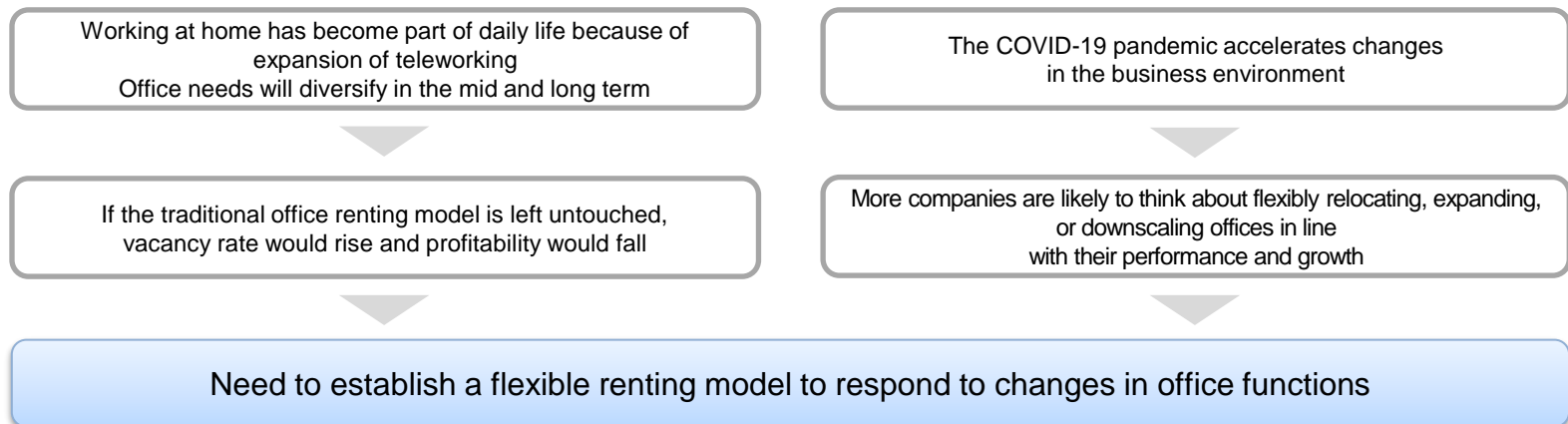
# View on changes in office needs

- With the expansion of telework due to the spread of the COVID-19, working at home has taken root
- The COVID-19 pandemic has accelerated the flexibility of working styles and the diversification of work locations, changing the function and nature of main office

## Changes in functions required for office buildings



## Need to respond to changes in work style and need for flexibility



# Property sourcing and acquisition methods

## Multiple pipelines

Support-line  
(Kenedix Group incl. Kenedix, Inc., the sponsor)

- Brokerage
- The sponsor's principal investment (incl. development projects)
- Kenedix Group's private funds

Unique network of  
the Asset Management Company

- Real estate funds
- Financial institutions
- Construction companies / Developers
- Corporate sector

## Diversified acquisition methods

Joint acquisition  
with Kenedix Group



Mitsubishijuko Yokohama Bldg.  
(Quasi-co-ownership interest)

Utilizing bridge  
funds



KDX Mita Bldg.

Brokerage by  
sponsor



KDX Yokohama  
Kannai Bldg.

Acquisition  
through  
corporate  
acquisition



KDX Shin-Nihonbashi  
Ekimae Bldg.

Strategic mutual transaction with  
developers, etc.



KDX Toranomom  
1chome Bldg.



KDX Hamamatsucho  
Place



KDX Shinbashi  
Ekimae Bldg.

Equity  
investment



Senri Life Science  
Center Bldg.

Percentage share of  
properties acquired  
from related parties <sup>(Note)</sup>

40.1%

Percentage share of  
properties acquired  
from third parties <sup>(Note)</sup>

59.9%

Note: Percentage share of properties is calculated by the sum of acquisition price for each acquisition source divided by the total acquisition price for the properties which KDO owns as of the end of 32nd fiscal period (2021/4). Figures are rounded to the first decimal place

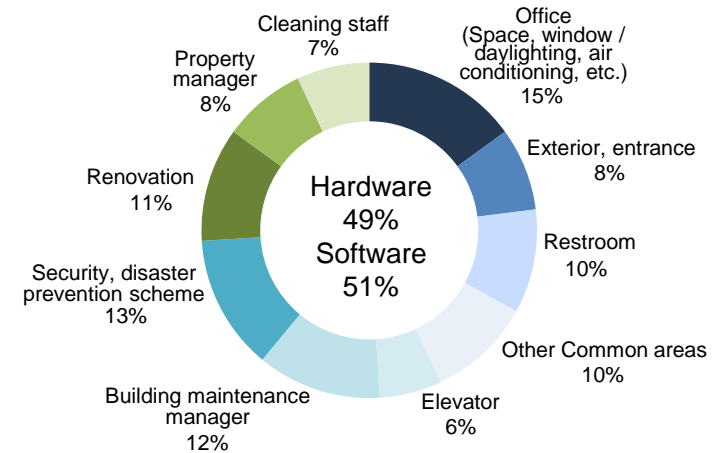
# Overview of 8th CS survey results (August 2019)

## CS survey overview

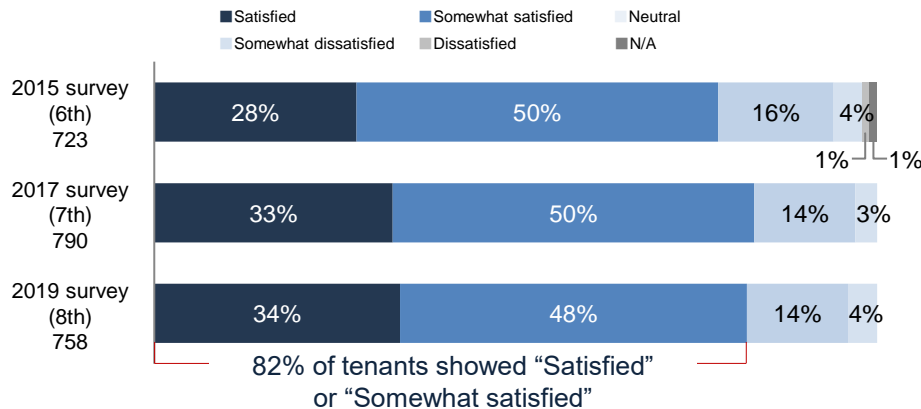
- Together with J.D. Power Japan, we continuously implement CS survey on hardware (e.g. facility and equipment) and software (e.g. response to tenants) for existing tenants in office buildings (persons in charge of general affairs and employees) on a biennial basis

Timing	7th survey Aug. 2017 (25th fiscal period)	8th survey Aug. 2019 (29th fiscal period)
# of properties	89 properties	92 properties
# of distributions	Person in charge: 973 Employee: 5,052	Person in charge: 977 Employee: 5,465
Collection rate	Person in charge: 81% Employee: 81%	Person in charge: 78% Employee: 72%

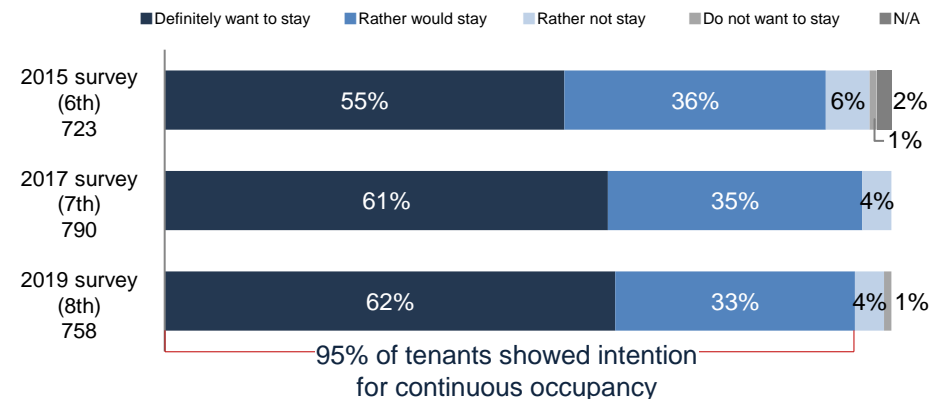
## 8th CS survey results: reasons for satisfaction (note)



## Changes in overall satisfaction (note)



## Intention for continuous occupancy (note)



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

# Previous efforts for Sustainability

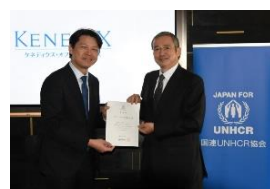
## Activities for energy conservation

- Post posters promoting the seasonal activities for energy conservation in summer (July to September) and winter (December to February) in the properties
- Eco-friendly paper including limestone materials are used for the posters



## Support on Japan for UNHCR

- Provided a space for the “UN Refugee Assistance Campaign” and showed their advertising video on the “digital signage” for free
- Continued to support Japan for UNHCR, which is the official support contact point in Japan on behalf of UNHCR
- The letter of appreciation was given by Japan for UNHCR to KDO in November 2018



## New installation of fund-raising vending machines

- Actively installed fund-raising vending machines in which a portion of the proceeds from the sales of the vending machines is used to support tree-planting activities through a public-interest foundation and in the 32nd fiscal period, additional vending machines have been installed
- KDO will continue to expand these new initiatives and deepen our active involvement to broaden the scope of our support in the future



## Asset management fee structure of the Asset Management Company

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

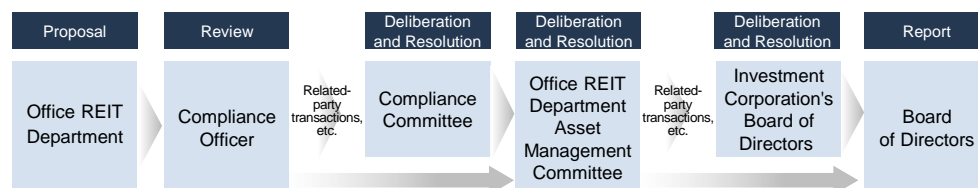
Asset Management Fee I	Total assets x 0.13%
Asset Management Fee II	Distribution per unit <sup>(Note 1)</sup> x 23,000
Asset Management Fee III	Increase in distribution per unit <sup>(Note 2)</sup> x Number of outstanding investment units x 10%
Acquisition Commission	Acquisition price x 0.5% (0.25% for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

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

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

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

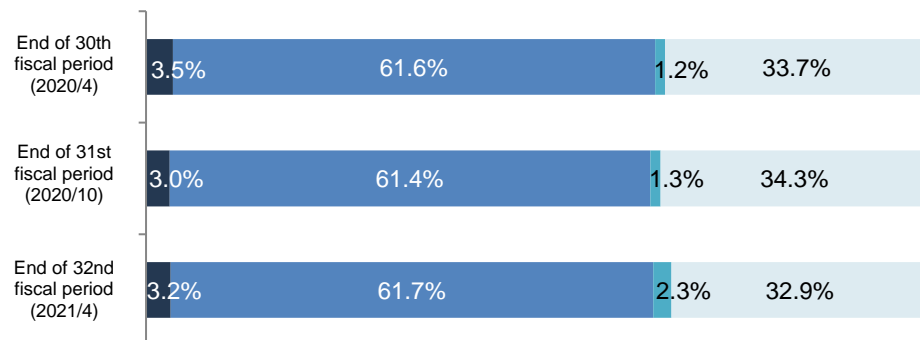
- The Asset Management Company creates management guidelines of KDO, and sets forth basic investment management guidelines, including investment policy, related party transaction rules, distribution policy and disclosure policy, regarding the asset management of KDO
- Furthermore, as set forth in the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



# KDO unitholders (as of the end of 32nd fiscal period (2021/4))

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

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



## Number of unitholders

(person)

	End of 30th fiscal period (2020/4)	End of 31st fiscal period (2020/10)	End of 32nd fiscal period (2021/4)
Individuals and Others	4,430	4,297	4,244
Financial Inst. (Incl. Securities Cos.)	City / Trust Bank	9	8
	Regional Bank	28	28
	Credit Union and Others	53	58
	Life / Nonlife, Securities	28	28
	Total	118	122
Other Domestic Cos.	101	94	93
Foreign Cos. and Individuals	281	299	283
<b>Total</b>	<b>4,930</b>	<b>4,812</b>	<b>4,750</b>

Note: Ratios are rounded to the first decimal place

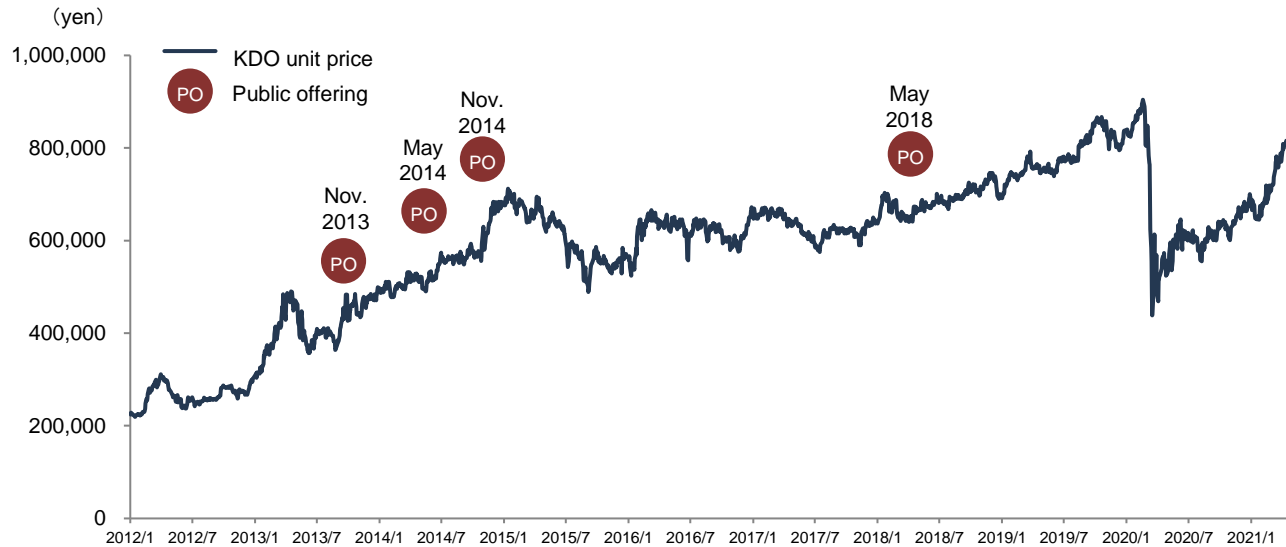
## Top 10 unitholders (Note)

Name	# of units held (unit)	Percentage share
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	80,638	18.8%
Custody Bank of Japan, Ltd. (Trust Acct.)	74,035	17.3%
STICHTING PGGM DEPOSITARY PGGM LISTED REAL ESTATE PF FUND	40,746	9.5%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	21,339	5.0%
SMBC Nikko Securities Inc.	13,212	3.1%
Custody Bank of Japan, Ltd. (Securities Investment Trust Acct.)	13,100	3.1%
JAPAN SECURITIES FINANCE CO., LTD.	6,799	1.6%
STATE STREET BANK WEST CLIENT - TREATY 505234	5,793	1.4%
THE BANK OF NEW YORK MELLON 140044	5,689	1.3%
Kenedix, Inc.	5,616	1.3%
<b>Total</b>	<b>266,967</b>	<b>62.3%</b>

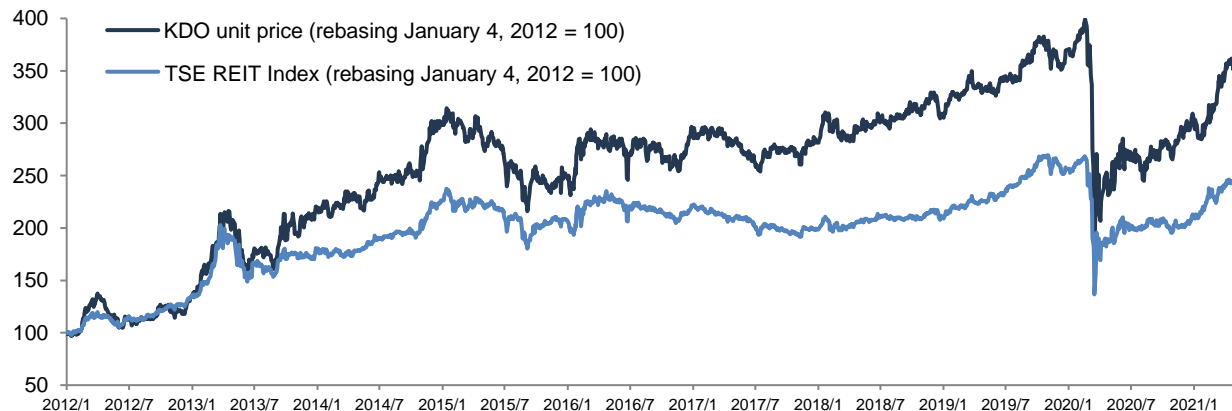


# Historical changes in unit price

## Historical changes in unit price (Jan. 4, 2012 – May 31, 2021)



## Comparison between rebased unit price and TSE REIT Index (Jan. 4, 2012 – May 31, 2021)



## Inclusion into indices

- FTSE EPRA/NAREIT Global Real Estate Investors index



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

## S&P Dow Jones Indices

An S&P Global Division

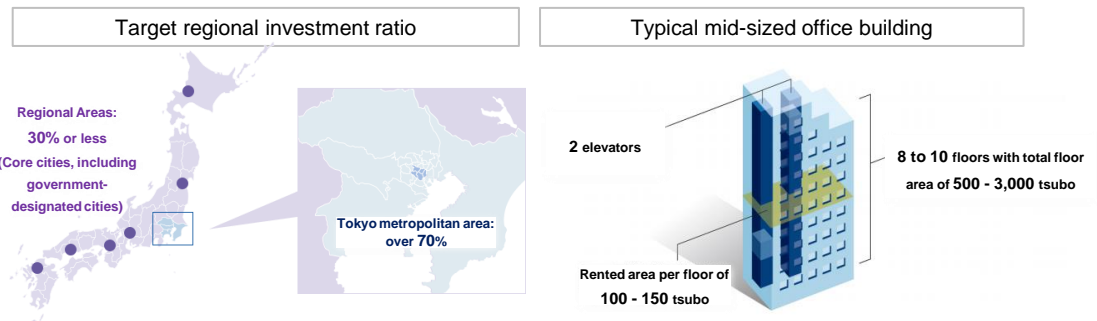
- TSE REIT Core Index  
(started on March 26, 2018)



# Overview of Kenedix Office Investment Corporation

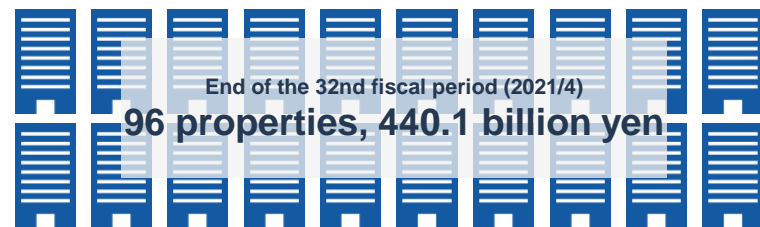
## 1 Investment management strategy centered on Tokyo metropolitan area and mid-sized office buildings

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



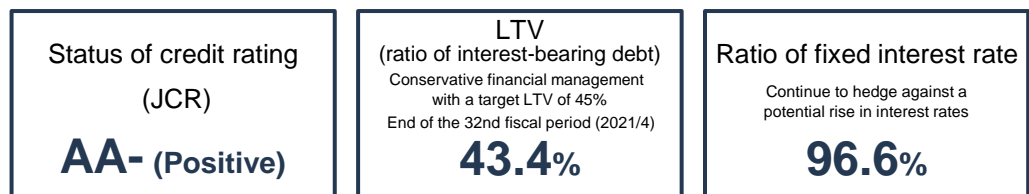
## 2 Has successfully managed assets for more than a decade and the asset size has grown to over 400 billion yen

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



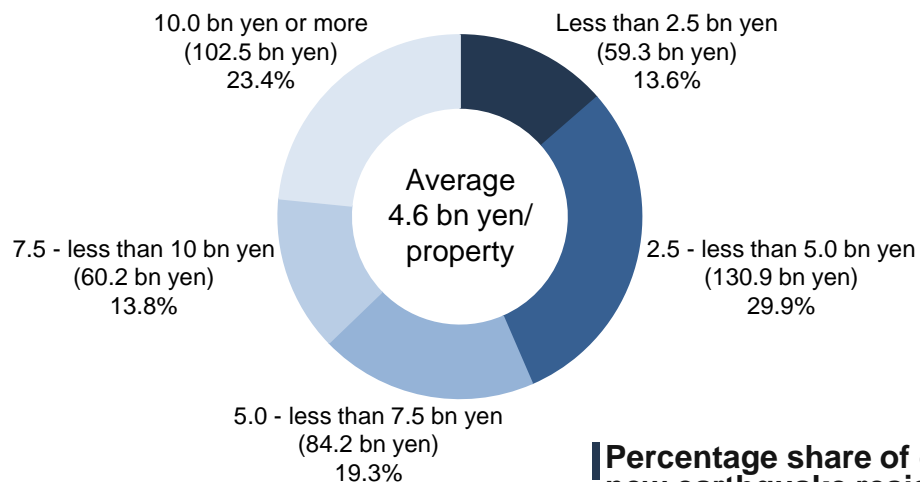
## 3 High creditworthiness and stable financial position

- Credit rating that satisfies Bank of Japan's purchase criteria. Rating Outlook improved from "Stable" to "Positive" from March 2021
- LTV down after public offering in May 2018
- Ratio of fixed interest rate maintained high against a potential rise in interest rates

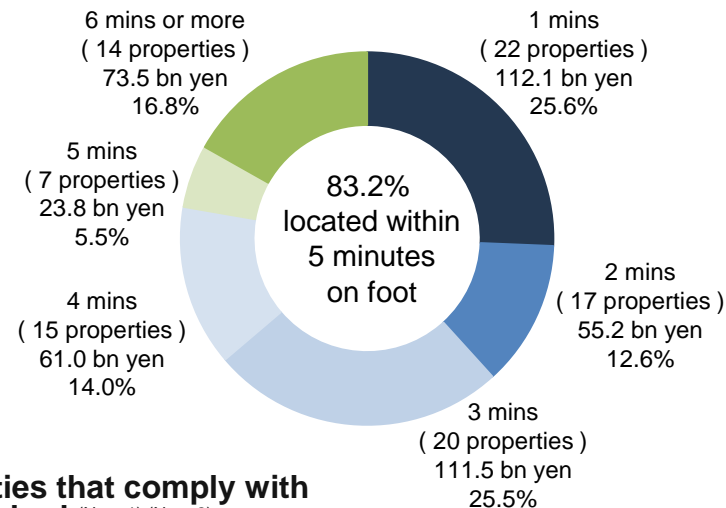


# Characteristics of KDO office buildings (as of the end of 32nd fiscal period (2021/4))

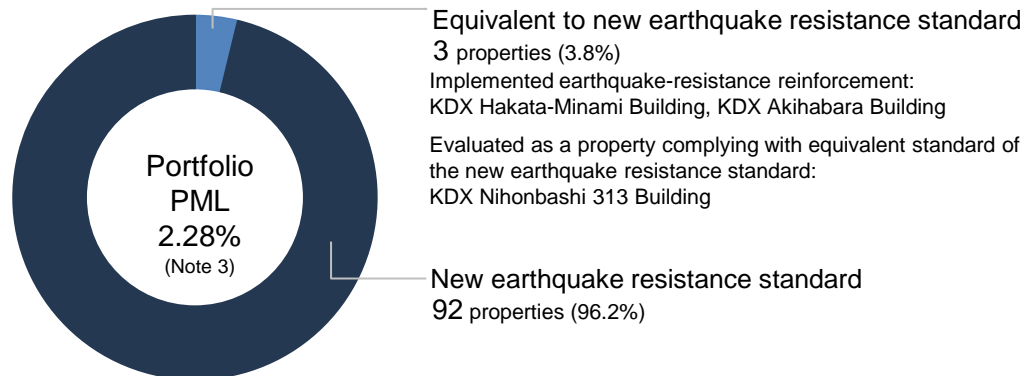
**By acquisition price**  
(based on acquisition price, office buildings)



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



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



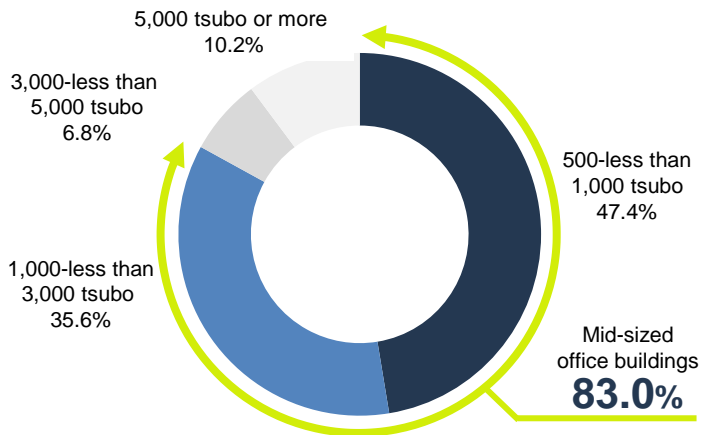
Note 1: "New Earthquake Resistance Standard" was formulated based on the revision of enforcement order of Building Standard Law in 1981 (cabinet order No. 144 on April 24, 1981). The anti-seismic performance of buildings has been greatly improved since the enforcement of the law due to the newly added provisions including the followings: New provision on tie-hoop ratio of Reinforced-Concrete Pillars (0.2% or more); Resetting of horizontal seismic coefficient to elastic shear modulus; New requirement on the secondary design in seismic calculation

Note 2: Percentage share is calculated based on leasable area as of the end of 32nd fiscal period (2021/4). For the properties owned through quasi co-ownership interest, leasable area for such portion is used in calculation

Note 3: PML value is as of April 2021 and is based on the research implemented by Sompo Risk Management Inc. PML value is probable maximum loss ratio due to an earthquake. PML value can be divided into ratios of an individual property and the entire portfolio, respectively. Although there is no unified definition of PML value, we define PML value here as ratio of loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = severe earthquake of which the probability of happening in 50 years is 10%) that could happen during the lifespan of a property (50 years = expected lifetime of general property), to replacement value of estimated restoration expenses

# Characteristics of mid-sized office building market

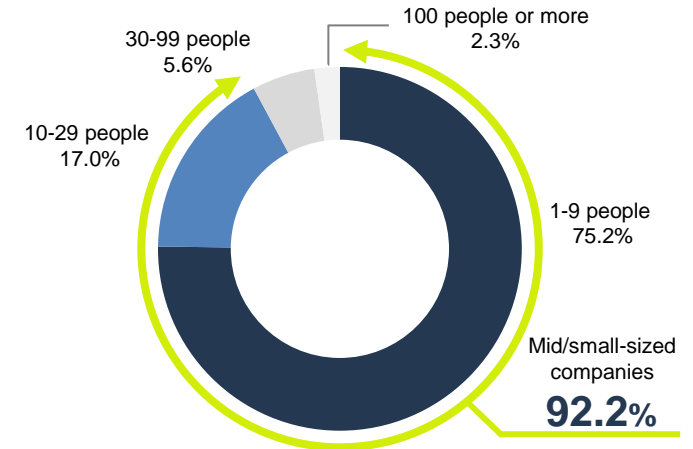
**Office market by total floor area (proportion of number of buildings)** (Note 1)



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

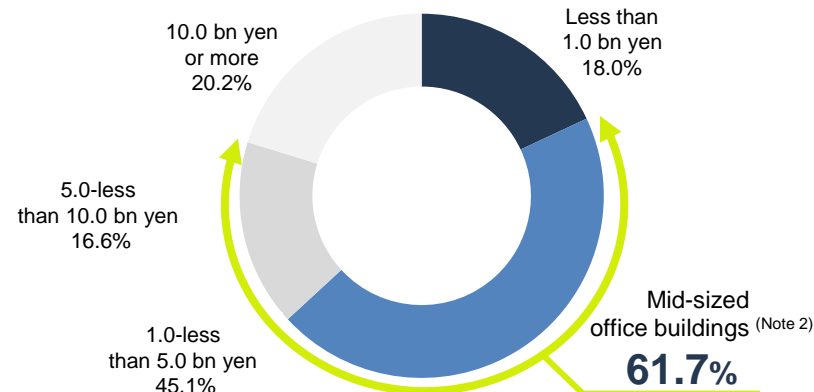
Source: Based on the survey CBRE conducted at the request of the Asset Management Company

**Business office by the number of employees (Tokyo)**



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

**# of office building transactions by transaction price**

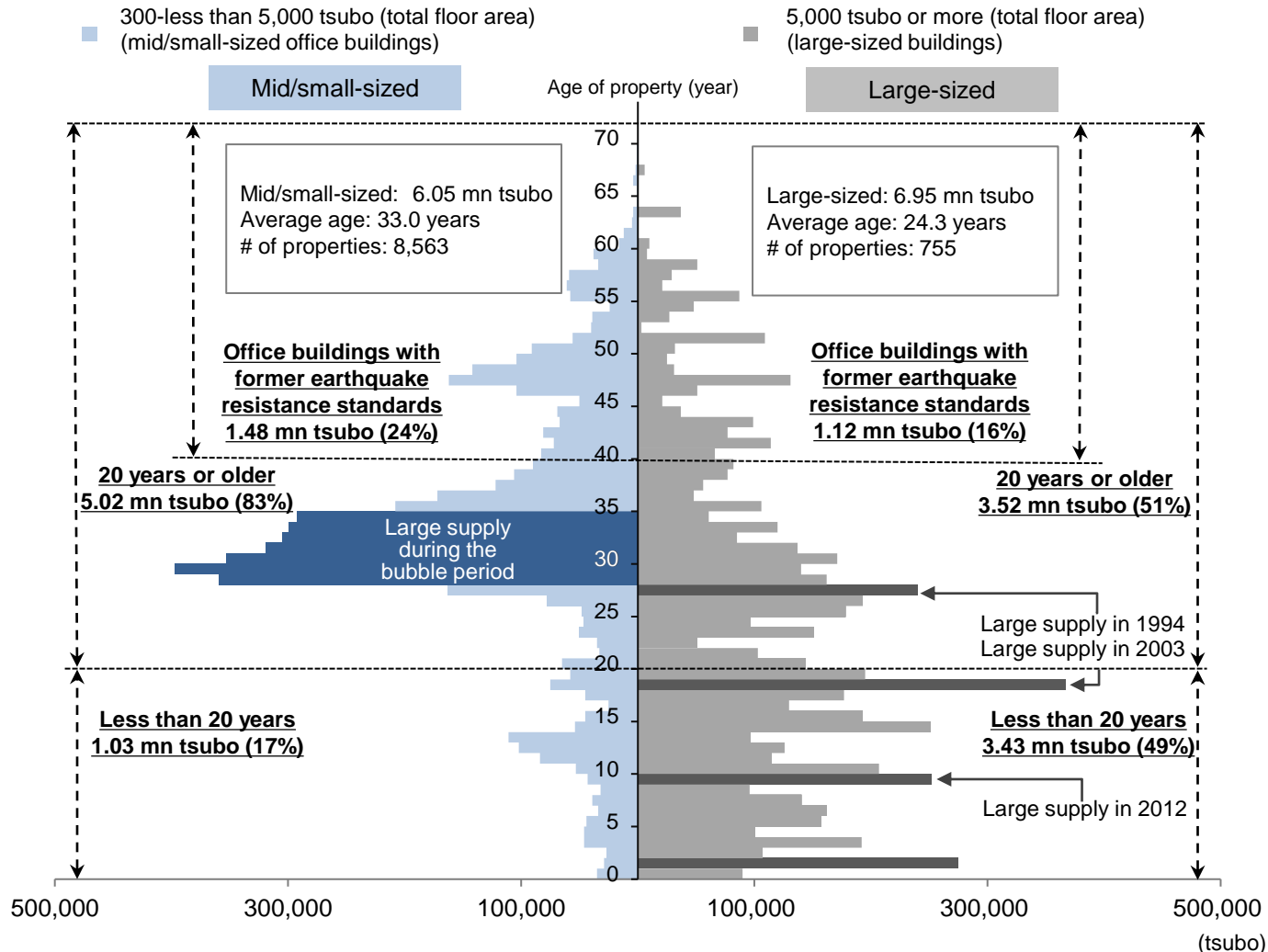


Note 2: The transaction prices of mid-sized office buildings are generally around 1.0 bn yen to 10.0 bn yen

Source: Compiled by the Asset Management Company based on "the number of office building transactions by transaction size (FY2008-FY2020)" from "Real Estate Transactions Study" by Urban Research Institute Corporation, a think tank of Mizuho Trust & Banking Co., Ltd.

# Tokyo 23 wards office stock by size and age

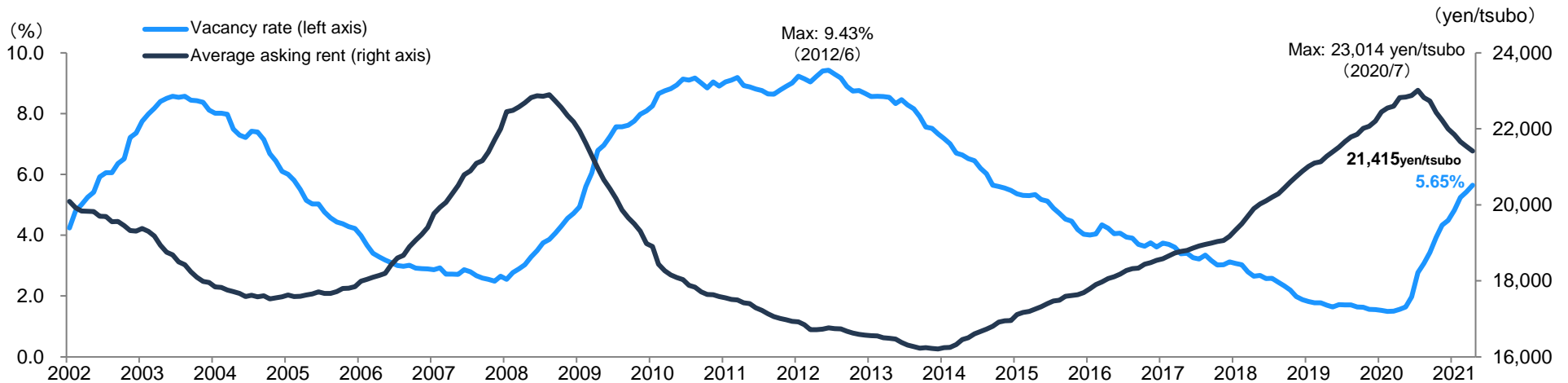
- Proper repair/maintenance and management are important in order to keep mid/small-sized office buildings competitive as approx. 80% of mid/small-sized office buildings are 20 years or older; new supply is limited



Source: Compiled by the Asset Management Company based on "Office Stock Pyramid 2021" published by XYMAX REAL ESTATE INSTITUTE Corporation on January 15, 2021

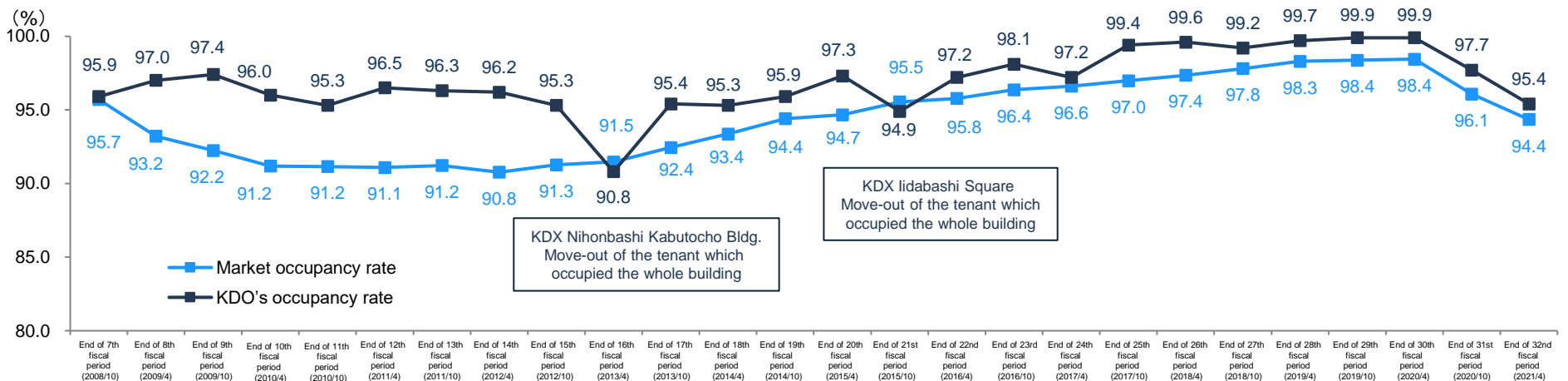
# Office building market (1)

## Change in asking rent and vacancy rate in Tokyo central 5 wards (Jan. 2002 – Apr. 2021) (Note 1)



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

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

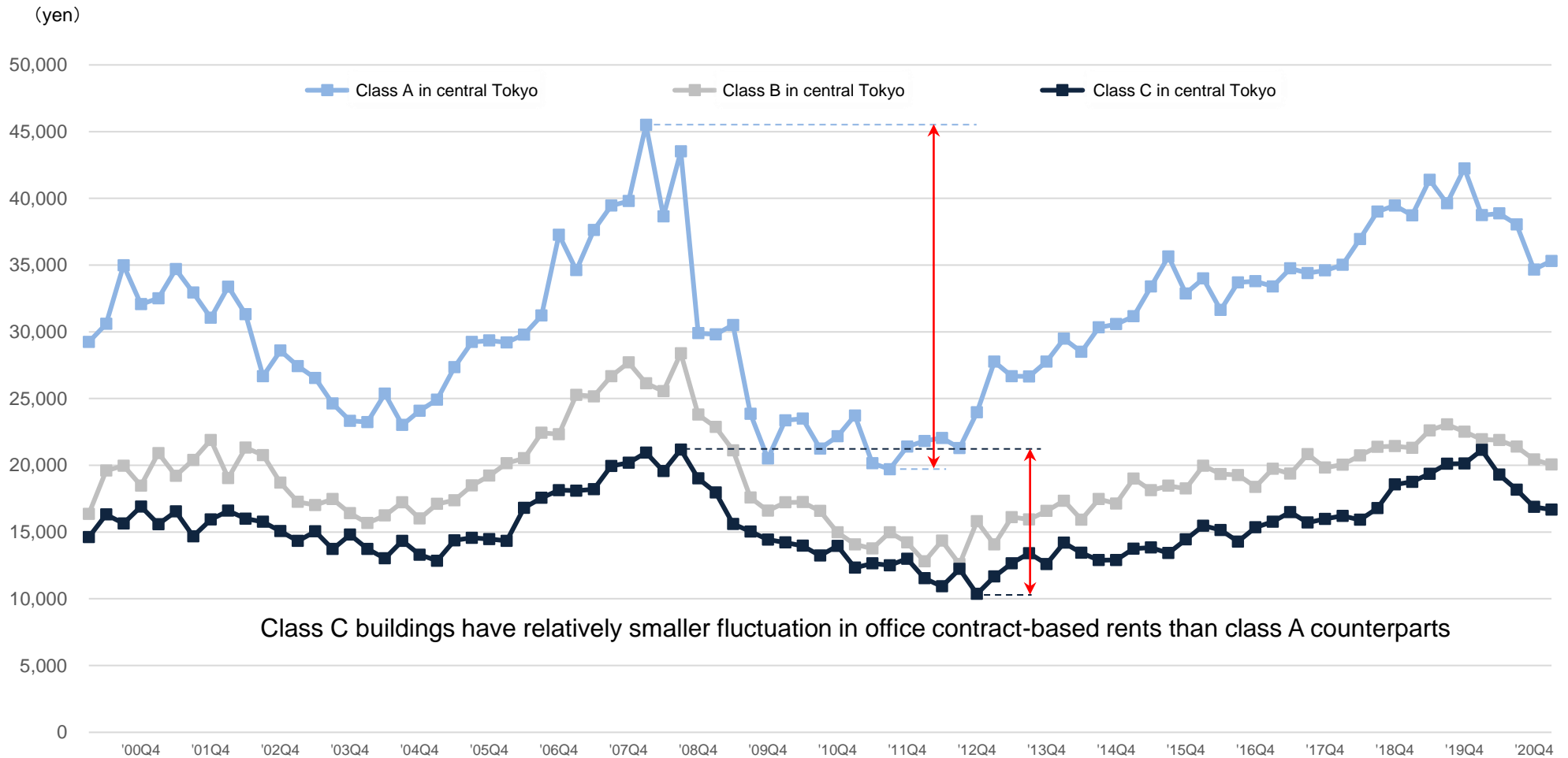


Note 2: Market occupancy rate refers to the average value of Tokyo central 5 wards for each corresponding month published by Miki Shoji

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

# Office building market (2)

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



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

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

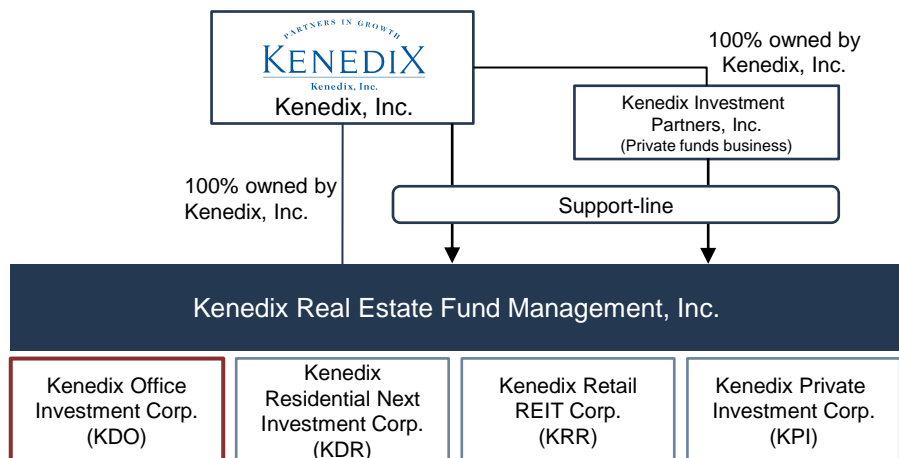
Class B building: Building with single-floor area of at least 200 tsubo but has become outside the scope of A-class (including those that have grown older than 15 years)

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

Source: Sanko Estate and NLI Research Institute

# Allocation rule for property information in the Group and management guidelines

## Kenedix Group's fund management structure



## KDO management guidelines

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

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

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

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

## Overview of preferential study rights for property information

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

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

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

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

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



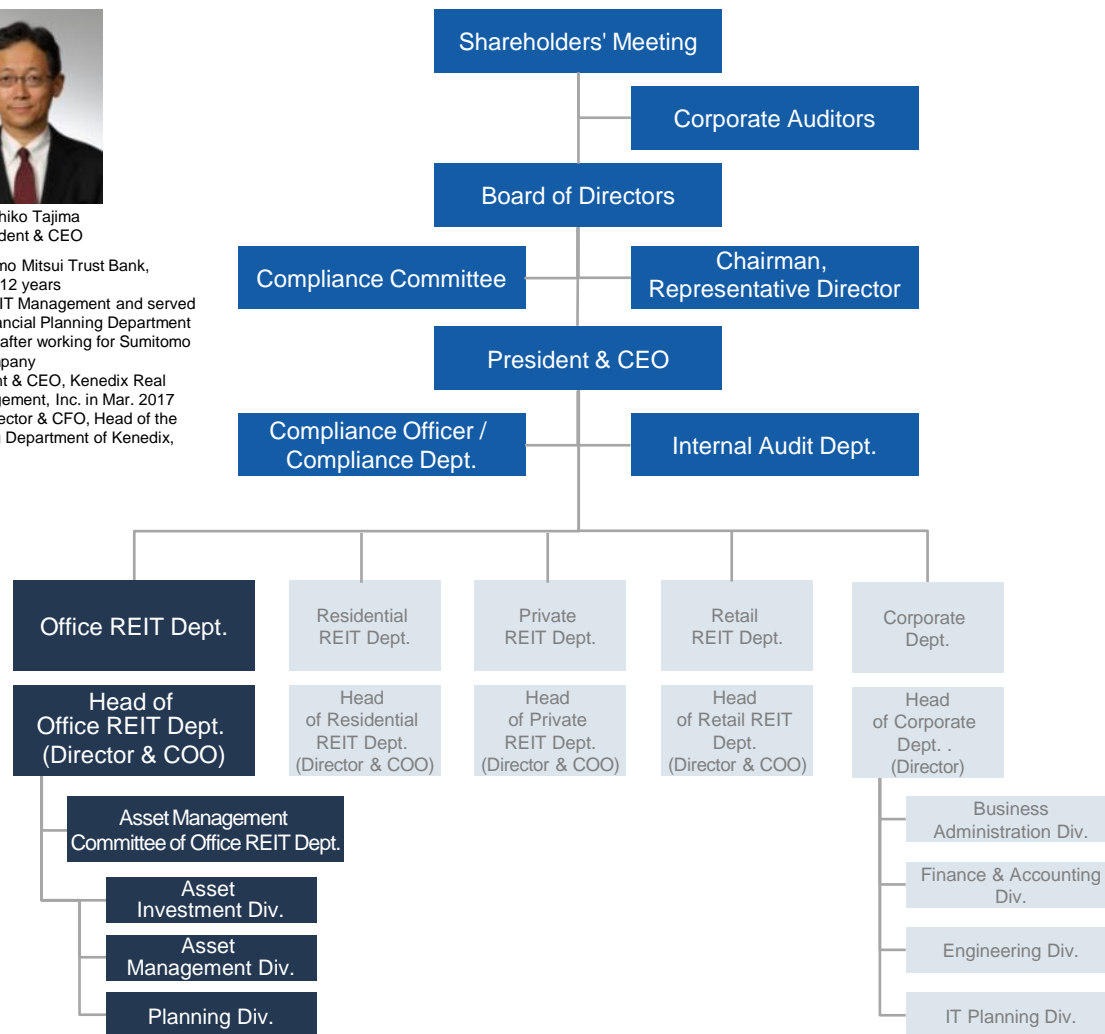
# Organization chart of the Asset Management Company (as of June 16, 2021)

## Organization chart



Masahiko Tajima  
President & CEO

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



## Office REIT Department: Key members



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

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



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

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



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

- Worked for Mitsui Fudosan Building Management for approx. 9 years (Sales Division and others)
- Joined Kenedix, Inc. after having engaged in asset management for approx. 10 years at Tokyo Realty Investment Management, Inc.
- Appointed Head of Asset Management Div., Office REIT Dept., Kenedix Real Estate Fund Management, Inc. on March 1, 2016, then transferred to Head of Engineering Div., Corporate Dept. and reappointed Head of Asset Management Div., Office REIT Dept., on February 1, 2021



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

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

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

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

Memo

# KENEDIX

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Office Investment Corporation