

Kenedix Office Investment Corporation

26th Fiscal Period Results (Ended April 2018)

June 18, 2018

Ticker Symbol: 8972

KENEDIX
Office Investment Corporation



Kenedix Real Estate Fund Management, Inc.

Table of contents

Section 1	Executive summary / highlights	P. 2
Section 2	26th fiscal period results (2018/4), 27th fiscal period earning forecasts (2018/10) and 28th fiscal period earning forecasts (2019/4)	P. 6
Section 3	Portfolio overview	P. 9
Section 4	External growth	P. 12
Section 5	Internal growth	P. 17
Section 6	Financial strategy	P. 25
Appendix 1	Properties (to be) acquired / sold and asset reshuffle	P. 28
Appendix 2	Supplemental material / data	P. 34
Appendix 3	Characteristics of KDO	P. 47

Section 1

Executive summary / highlights

Highlights and future initiatives

Highlights

External growth Continue to improve the portfolio quality by selective investment and asset reshuffle

A series of initiatives in and after the 26th fiscal period (2018/4)

- **Asset reshuffle by Kenedix group collaboration**
 - Selectively invest in mid-sized office buildings, etc. with strong competitive advantage within each area
 - Secure gain on sale by regional diversification and locational improvement
- **Asset reshuffle through mutual transaction**
 - Acquire relatively new property in central Tokyo through public offering for the first time in 3 and a half years
 - Dispose of a central urban retail property and a relatively old small-sized office building
- **Disposition of non-core asset (residence)**
 - Dispose of residential property with low profitability and secure gain on sale

Effects of asset reshuffle through mutual transaction

Gain on sale of real estate	Increase in NOI after depreciation	Rejuvenation of average building age
1,090 mn yen	+258 mn yen	12.2 yrs

Internal growth Continue upward trend in revenues by improving actual occupancy rate and unit rent

- Difference between occupancy rate and actual occupancy rate reduced to 1.1% due to decrease in turnover ratio and gradual expiration of free rent periods
- Upward rent trend seen in regional areas with upward rent revision on a steady increase every period

Increase in actual occupancy rate	Ratio of upward rent revision (by contract)	Increase by rent revision
End of the 26th fiscal period (owned office buildings) 98.0% (+1.5% period over period) ※Occupancy rate (contracted area based): 99.1%	25th fiscal period 16.9% → 26th fiscal period 24.7%	Total monthly rent of the 26th fiscal period (increased portion) +6.8 mn yen

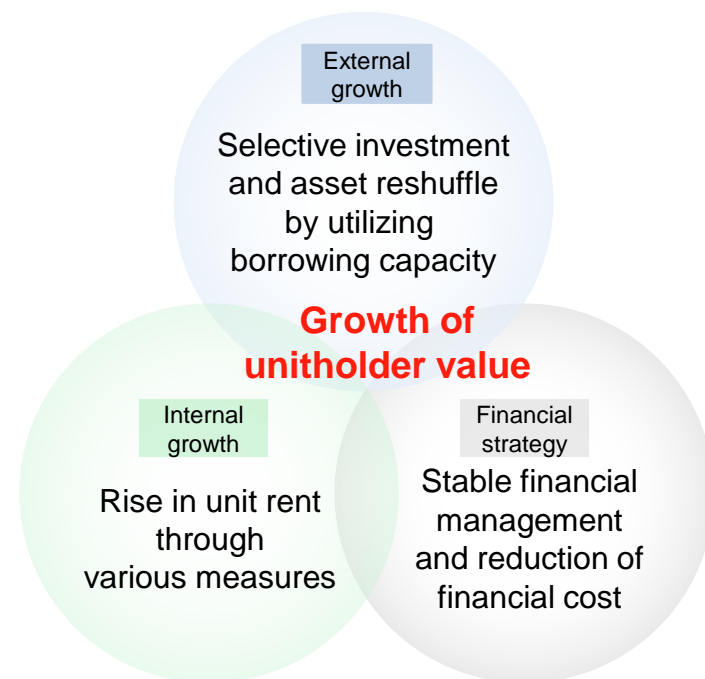
Financial strategy Maintain stable financial base and continue to reduce financial cost

- Continue to reduce financial cost and extend remaining period to maturity
- Decrease LTV level through the May 2018 public offering and expect to improve financial stability and secure borrowing capacity to acquire properties

LTV (interest-bearing debt)	Average interest rate on interest-bearing debt	Average remaining period to maturity on interest-bearing debt
End of the 26th fiscal period (2018/4) 43.9% → Estimate after the public offering 42.3%	End of the 26th fiscal period 1.07% (-0.03% period over period)	End of the 26th fiscal period 5.2 years (+0.2 years period over period)

Future initiatives

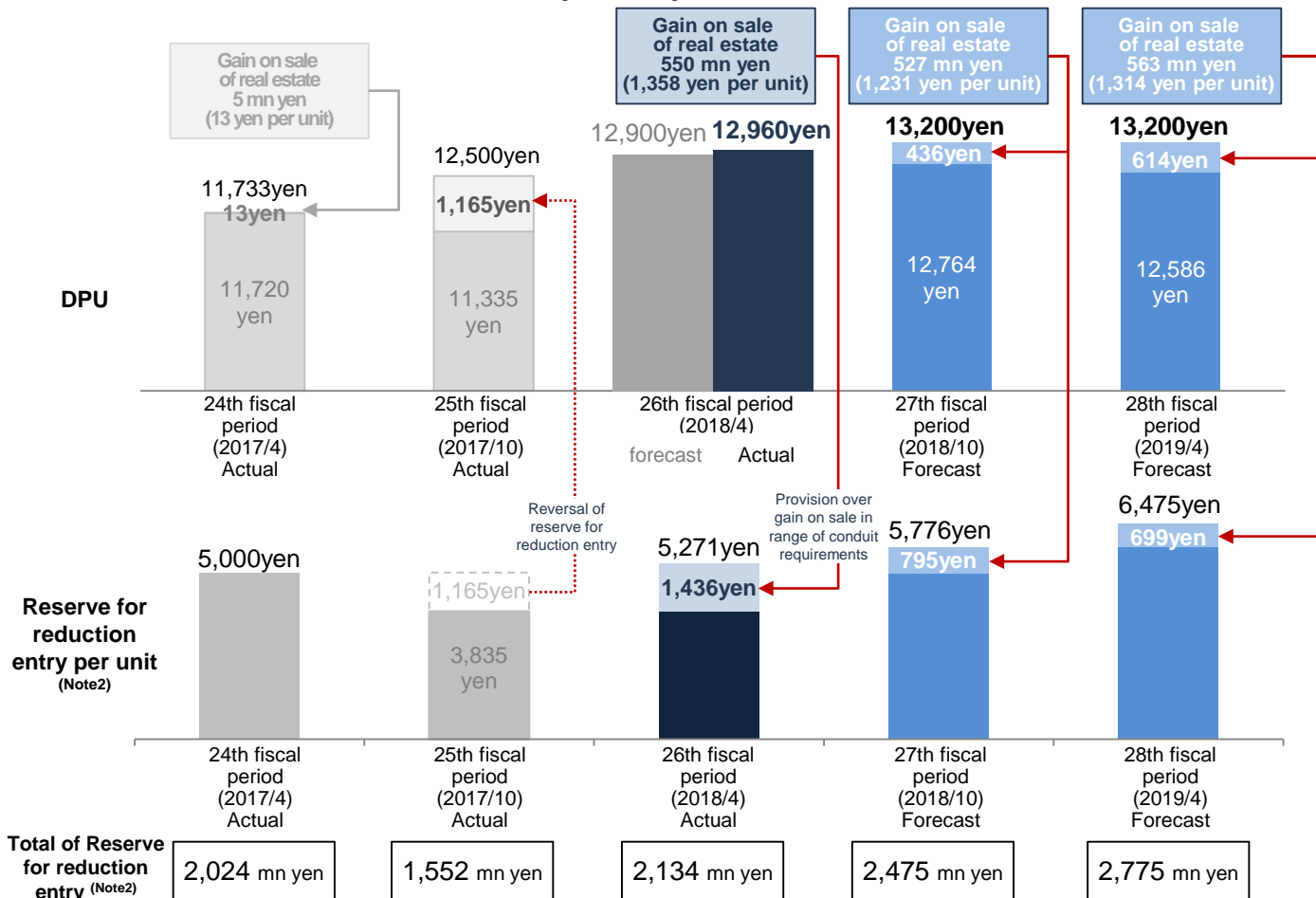
- Aim for further enhancement of our unitholder value



Dividend and reserve for reduction entry

Raised dividend by approx. 10% year over year in the 26th fiscal period (2018/04), and reserve for reduction entry accumulated to 2,134 million yen
Realize forecast dividend and expect further accumulation of reserve for reduction entry from gain on sale in and after the subsequent periods

DPU and Reserve for reduction entry history (Note 1)



Utilization policy of gain on sale of real estate in 27th/28th fiscal period forecasts (announced on May 14, 2018)

- Priority use for distribution of forecast dividend in each fiscal period
- In the presence of residual, the amount is to be added to reserve for reduction entry up to a ceiling of the forecast of each fiscal period

Utilization policy of reserve for reduction entry

- Response to one-time decrease in revenue due to exit of major tenants
- Response to one-time decline in dividend resulted from investment for future growth
- Response to dilution of dividend due to a public offering during the fiscal period

Note 1: Through the May 2018 public offering (incl. the subsequent third-party allotment), the total number of investment units issued and outstanding increases from 404,885 units as of the end of 26th fiscal period (2018/4) to 428,510 units as of the end of the 27th fiscal period (2018/10). The same applies hereinafter. Figures per unit are calculated based on the number of investment units issued and outstanding as of the end of each fiscal period

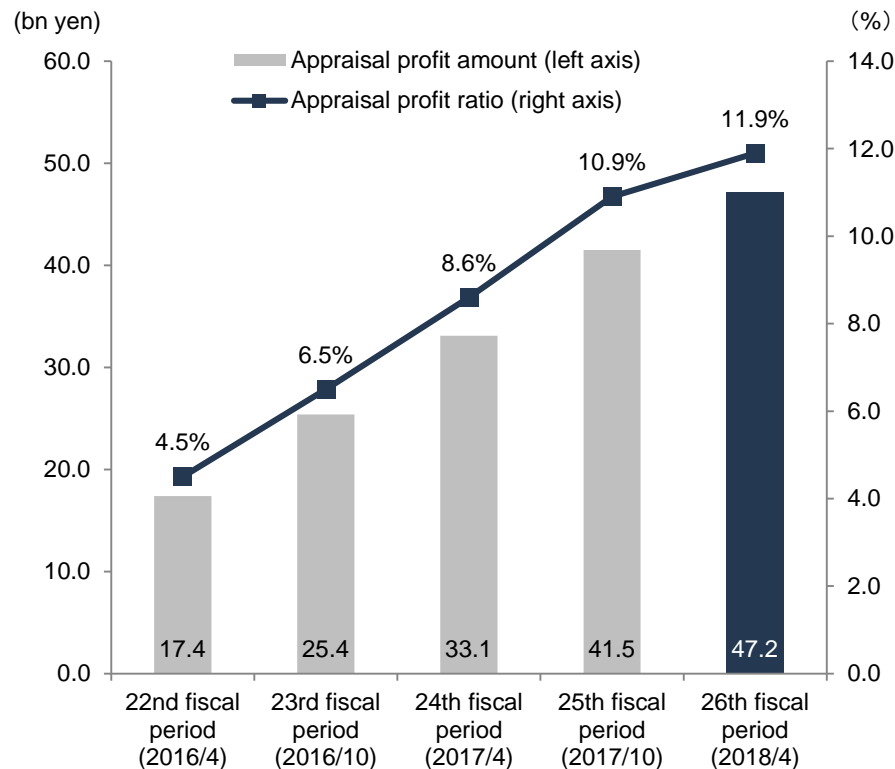
Note 2: The balance of reserve for reduction entry is calculated by either adding provision of reserve for reduction entry or subtracting reversal of reserve for reduction entry stated on Basis for Calculating Cash Distribution for the relevant fiscal period to/from the balance of reserve for reduction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

Portfolio appraisal profit and NAV per unit

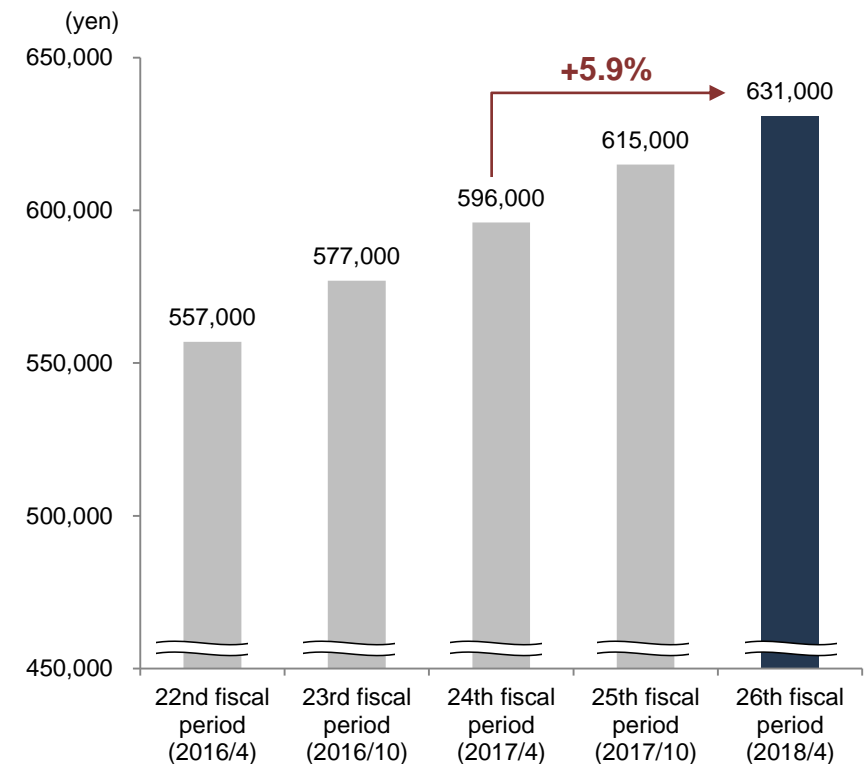
Appraisal profit expanded to 47.2 billion yen due to an increase in appraisal value and proactive asset reshuffle
 Raised NAV per unit by 5.9% year over year

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

- Both appraisal profit amount and ratio reached a record high since listing at the end of the 26th fiscal period (2018/4)



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 (truncated 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

26th fiscal period results (2018/4),
27th fiscal period earning forecasts (2018/10) and
28th fiscal period earning forecasts (2019/4)

26th fiscal period (2018/4) financial results

Net income increased by 1,239 million yen period over period mainly due to an increase in rental NOI and booking of gain on sale of real estate

26th fiscal period (2018/4) actual

	25th fiscal period (2017/10) Actual	26th fiscal period (2018/4) Forecast (announced on Dec. 14, 2017)	26th fiscal period (2018/4) Actual	(mn yen)	
	A	B	C	26th (actual) vs 25th (actual) Difference	26th (actual) vs 26th (forecast) Difference
				C-A	C-B
Operating revenue	13,901	14,792	14,823	① +921	+31
Operating expense	8,244	7,933	7,974	② -269	+41
Operating income	5,657	6,858	6,848	③ +1,190	-10
Ordinary income	4,590	5,804	5,829	+1,239	+24
Net income	4,588	5,803	5,828	+1,239	+25
DPU (yen)	12,500	12,900	12,960	+460	+60
Provision (+) / reversal (-) of reserve for reduction entry	-471	+580	+581	-	+1
Gain / loss on sale of real estate	-568	551	550	+1,118	-0
Rental NOI	9,413	9,577	9,539	③ +125	① -37
Interest expense, etc.	1,022	995	983	④ -38	-11

Comparison against 25th fiscal period (2017/10) actual (see page 35 for details)

① Booking of gain on sale of real estate	+550 mn yen
② Disappearance of loss on sale of real estate	-568 mn yen
③ Increase in rental NOI	+125 mn yen
Increase in revenues from existing properties	+333 mn yen
Increase in revenues from asset reshuffle in and after 25th fiscal periods	+172 mn yen
Increase in repair/maintenance expense	-315 mn yen
Change in utility revenue/expense	-47 mn yen
④ Reduction in interest expense, etc.	-38 mn yen

Comparison against 26th fiscal period (2018/4) forecasts (see page 35 for details)

① Decrease in rental NOI	-37 mn yen
Change in utility revenue/expense	+73 mn yen
Increase in repair/maintenance expense	-126 mn yen

27th (2018/10) and 28th (2019/4) fiscal periods earnings forecasts

Net income expected to increase by 168 million yen period over period, estimating an increase in rental NOI for the 27th fiscal period (2018/10)

27th (2018/10) and 28th (2019/4) fiscal periods forecasts (mn yen)

	26th fiscal period (2018/4) Actual	27th fiscal period (2018/10) Forecast	28th fiscal period (2019/4) Forecast	27th (forecast) vs 26th (actual) Difference	28th (forecast) vs 27th (forecast) Difference
	A	B	C	B-A	C-B
Operating revenue	14,823	15,334	15,086	① +511	① -248
Operating expense	7,974	8,279	8,069	② +304	② -209
Operating income	6,848	7,054	7,016	③ +206	-38
Ordinary income	5,829	5,998	5,957	+168	-40
Net income	5,828	5,997	5,956	+168	-40
DPU (yen)	12,960	13,200	13,200	+240	-
Provision (+) / reversal (-) of reserve for reduction entry	+581	+340	+299	-	-
Gain / loss on sale of real estate	550	527	563	-22	+35
Rental NOI	9,539	10,002	9,943	③ +463	-59
Interest expense, etc.	983	1,012	1,021	+28	+9

Comparison between 26th fiscal period (2018/4) actual and 27th fiscal period (2018/10) forecasts (see page 36 for details)

① Increase in rent revenue	+557 mn yen
Increase in rent revenues	+388 mn yen
Increase in utility revenue	+169 mn yen
② Increase in utility expense, etc.	+316 mn yen
Increase in utility expense	+234 mn yen
Increase in taxes	+82 mn yen
③ Increase in rental NOI	+463 mn yen
Increase in revenues from existing properties	+40 mn yen
Increase in revenues from asset reshuffle in and after 26th fiscal periods	+348 mn yen
Decrease in repair/maintenance expense	+302 mn yen
Increase in taxes	-82 mn yen
Increase in depreciation expense	-77 mn yen
Change in utility revenue/expense	-65 mn yen

Comparison between 27th fiscal period (2018/10) forecasts and 28th fiscal period (2019/4) forecasts (see page 36 for details)

① Decrease in utility revenue, etc.	-253 mn yen
Decrease in utility revenue	-181 mn yen
Decrease in revenue based on conservative estimate	-72 mn yen
② Decrease in utility expense, etc.	-187 mn yen
Decrease in utility expense	-117 mn yen
Decrease in repair/maintenance expense	-70 mn yen

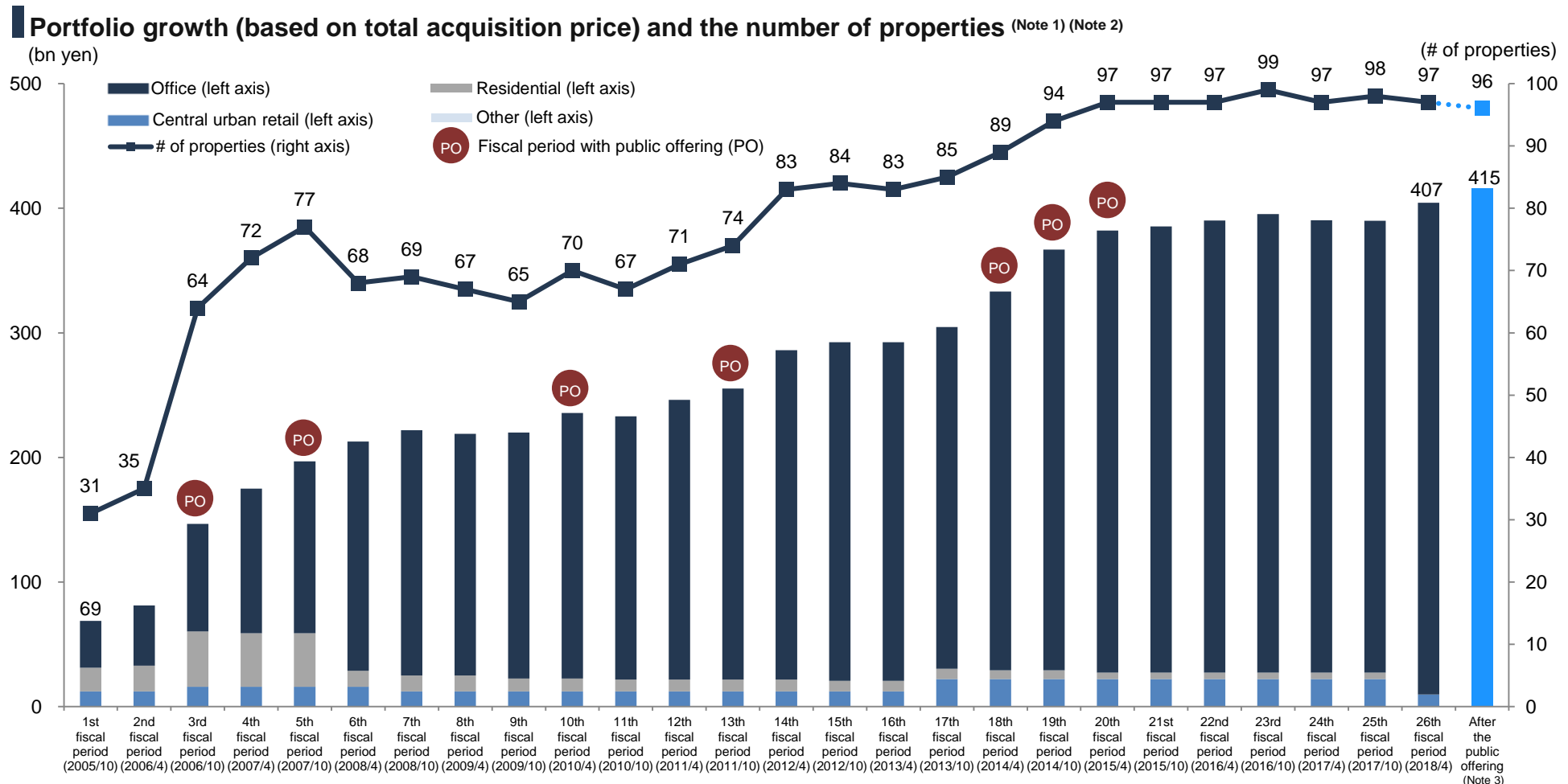
Section 3

Portfolio overview

Portfolio growth and changes in number of properties

Expect to expand the portfolio to 415 billion yen after the public offering through selective investment and asset reshuffle

Aim to continuously expand the portfolio by keeping an eye on real estate market trends and opportunities



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 billion yen

Figures in this material are truncated to the nearest unit unless otherwise stated

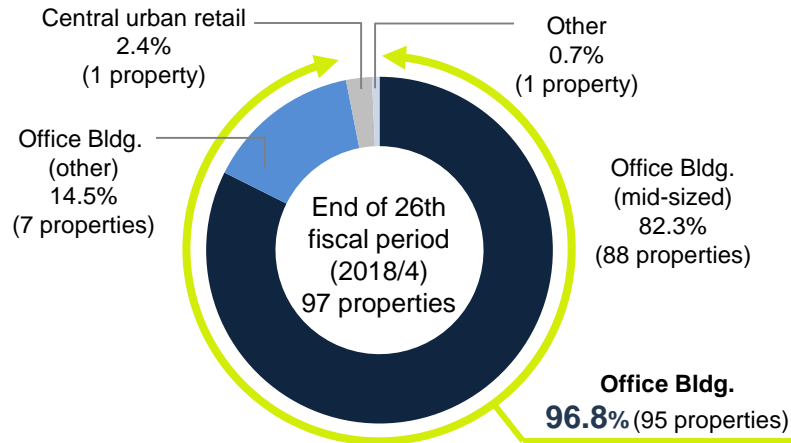
Note 2: Classification by use of owned properties has been changed from the 26th fiscal period (2018/4) due to changes in the management guideline on December 1, 2017. The same applies hereinafter

Note 3: Calculated by adding the anticipated acquisition price of CROSS PLACE Hamamatsucho, the property to be acquired, and subtracting the acquisition price of KDX Hamamatsucho Dai-2 Building and Frame Jinnanzaka, the properties to be sold, to/from the total acquisition price at the end of the 26th fiscal period (2018/4)

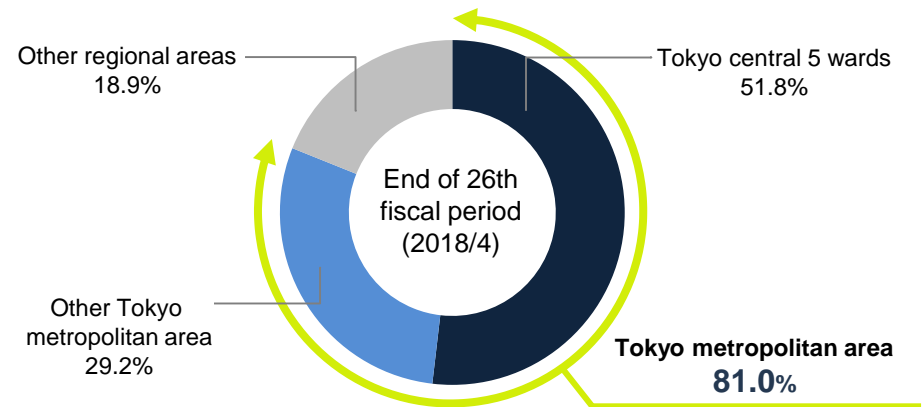
Portfolio diversification

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

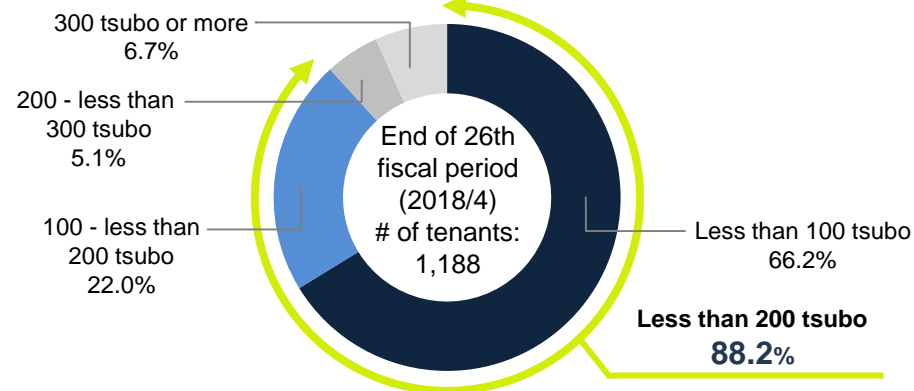
Breakdown by asset type (Note 1)



Breakdown by region (Note 2)



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



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

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

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

Section 4

External growth

The terms used in Section 4 are as follows unless otherwise stated. Yields are rounded to the first decimal place

- Estimated NOI yield: Calculated by dividing "NOI after excluding extraordinary factors for the year of the acquisition estimated by the Asset Management Company" by (anticipated) acquisition price
- Estimated NOI yield after depreciation: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by (anticipated) acquisition price
- Appraisal NOI yield: Calculated by dividing "NOI calculated based on the direct capitalization method described in the relevant appraisal report as of the date of acquisition" by (anticipated) acquisition price
- NOI yield after depreciation (actual): Calculated by dividing the sum of the rental operating income (NOI after depreciation (actual)) for the 24th (2017/4) and 25th (2017/10) fiscal periods by acquisition price
- Amount of enhancement of appraisal profit/loss is calculated by the sum of total appraisal profit of acquired properties and the total appraisal loss of sold properties

Summary of the May 2018 Public Offering

Summary of the public offering

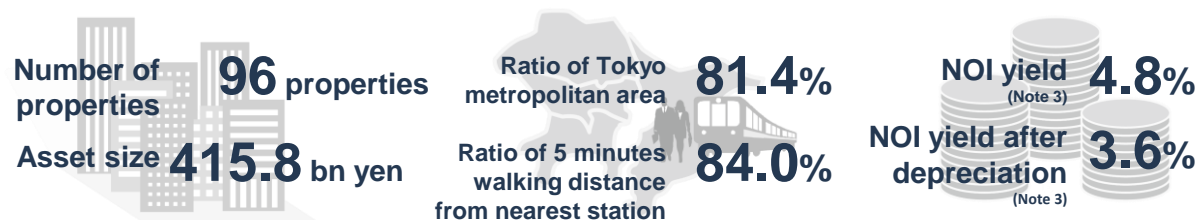
Offering structure	Domestic public offering
Number of investment units issued and outstanding before the offering	404,885 units
Total number of new investment units issued	23,625 units (incl. third-party allotment)
Number of investment units issued and outstanding after the offering	428,510 units (incl. third-party allotment)
Issue price	646,425 yen
Paid-in value (issue amount)	625,209 yen
Aggregate paid-in value (total issue amount)	14,770 mn yen (incl. third-party allotment)
Launch date	May 14, 2018
Pricing date	May 21, 2018
Payment date	Public offering: May 28, 2018 Third-party allotment: June 15, 2018

Effects of the public offering ^(Note 1)

- Acquisition of a prime property in central Tokyo through mutual transaction
- Stable growth of DPU and increase of reserve for reduction entry by utilizing gain on sale
- Generation of borrowing capacity to acquire properties due to a decrease in LTV level and securement of flexibility for selective investment

DPU growth 25th Fiscal Period to 27th Fiscal Period	Reserve for reduction entry Total of 27th / 28th Fiscal Periods	LTV after the public offering	Borrowing capacity to acquire properties (in the case of LTV45% limit)
Per unit +5.6%	+0.6 bn yen	42.3% (-1.6% against 26th fiscal period)	Approx. 21.5 bn yen

Portfolio after the public offering ^(Note 2)



Note 1: For the details of LTV after the public offering and borrowing capacity to acquire properties, please refer to page 26

Note 2: "After the public offering" refers to when the payment of the May 2018 public offering (incl. the subsequent third-party allotment), the acquisition and disposition through mutual transaction scheduled in and after the 27th fiscal period (2018/10) have completed

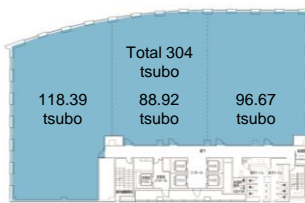
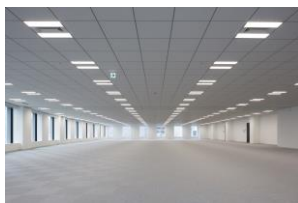
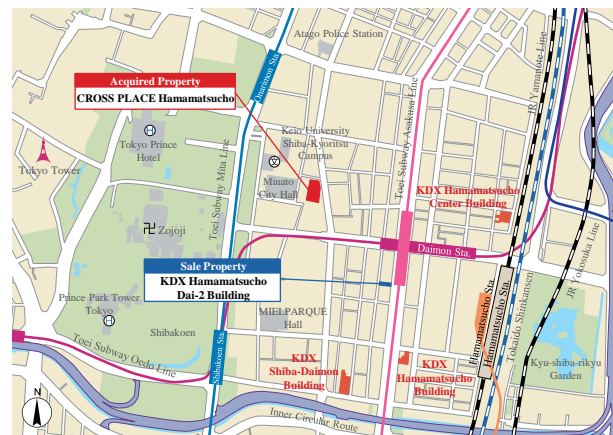
Note 3: NOI yield and NOI yield after depreciation after the public offering are calculated by dividing "actual amounts for the 26th fiscal period (2018/4)" for the owned properties at the end of the 26th fiscal period (2018/4), and "Estimated amounts after excluding extraordinary factors for the year of the acquisition" for the property to be acquired by (anticipated) acquisition price, respectively

Planned asset reshuffle in and after the 27th fiscal period (2018/10)

Asset reshuffle unique to the Investment Corporation with an abundant track record of mutual transactions with multiple developers, etc.

Secured the acquisition funds through the public offering and achieved a transaction that enhanced the portfolio quality

Overview of CROSS PLACE Hamamatsucho



Anticipated acquisition price	20,700 mn yen
Appraisal value (as of March 31, 2018)	22,400 mn yen
Estimated NOI yield	3.7%
Estimated NOI yield after depreciation	3.0%
Appraisal NOI yield	3.9%
Completion date	February 2015
Occupancy rate (as of February 28, 2018)	100%

- Accessible by multiple train routes with traffic convenience in about 3 minutes from Daimon Station, about 4 minutes from Onarimon Station and about 7 minutes from Hamamatsucho Station on foot
- An office building with a 72-hour emergency power generator and a quake-absorbing structure that reduces shocks of an earthquake
- Standard floor area of about 304 tsubo; a flexible floor plan which can be divided into three, adjusting to various tenant needs

Asset reshuffle through mutual transactions

- Dispose of a central urban retail property and a relatively old small-sized office building and acquire a relatively new property in central Tokyo through mutual transaction with a domestic general business corporation group

Property to be acquired

CROSS PLACE Hamamatsucho
(Scheduled date of acquisition on July 2, 2018)



Properties to be sold

KDX Hamamatsucho Dai-2 Building
(Scheduled date of sale on July 2, 2018)



Frame Jinnan-zaka
(Scheduled date of sale on July 2, 2018 and Nov. 1, 2018)



Gain on sale of real estate (Note 1)

1,090 mn yen

Increase in NOI after depreciation (Note 2)

+258 mn yen

Rejuvenation of average building age (as of July 2, 2018)

12.2 yrs

Note 1: The gain on sale is the estimate based on the estimated book value and expenses of the sale. With regards to Frame Jinnan-zaka, the sale of 49.0% of quasi co-ownership interest is to be executed on July 2, 2018 and the remaining 51.0% is to be executed on November 1, 2018. The total of the gain on sale is stated while each figure to be recognized on the 27th fiscal period (2018/10) and on the 28th fiscal period (2019/4), respectively

Note 2: The difference between estimated NOI after depreciation of the property to be acquired and the sum of the rental operating income of the 25th fiscal period (2017/10) and the 26th fiscal period (2018/4) of the properties to be sold

A series of initiatives in the 26th fiscal period (2018/4)

Continuously enhanced portfolio quality and profitably through tactful disposition and selective investment
Increase in NOI after depreciation and enhancement of appraisal profit expected through a series of initiatives

Acquisition

Acquisition of mid-sized office building through support from sponsor

- Acquired mid-sized office buildings with strong competitive advantage as a part of portfolio restructuring in Yokohama area


JN Bldg.

	Acquisition price	9,500 mn yen
	Appraisal value (as of April 30, 2018)	9,860 mn yen
	Estimated NOI yield	4.1%
	Estimated NOI yield after depreciation	3.0%
	Appraisal NOI yield	4.6%

Joint acquisition with Kenedix group

- Joint acquisition with Kenedix Private Investment Corporation and Kenedix, Inc.'s private fund

Mitsubishijuko
Yokohama Bldg.
(quasi co-ownership interest)

	Acquisition price	14,720 mn yen
	Appraisal value (as of April 30, 2018)	14,900 mn yen
	Estimated NOI yield	4.0%
	Estimated NOI yield after depreciation	3.5%
	Appraisal NOI yield	4.4%

Total acquired

Total Acquisition Price
24.2 bn yen

Estimated NOI after depreciation
0.7 bn yen

Total appraisal profit
+0.5 bn yen

Effects through a series of initiatives

Increase in NOI after depreciation
0.5 bn yen

Enhancement of appraisal profit/loss
+0.5 bn yen


Gain on sale of real estate
0.5 bn yen

Disposition

Disposition through asset reshuffle within the area

- Disposition through asset reshuffle aimed for regional diversification and locational improvement, securing gain on sale from 2 properties


KDX Shin-
KDX Ikejiri- Yokohama 214
Oohashi Bldg. Bldg.

	Total disposition price	4,830 mn yen
	Total book value	4,574 mn yen
	Total appraisal value (as of October 31, 2017)	4,130 mn yen
	Average NOI yield after depreciation (actual)	3.4%

Disposition of a non-core asset

- Secured gain on sale through disposition of a non-core asset (residence) with low profitability

Residence Charmante
Tsukishima
(compartmentalized ownership)

	Disposition price	4,900 mn yen
	Book value	4,481 mn yen
	Appraisal value (as of October 31, 2017)	4,900 mn yen
	NOI yield after depreciation (actual)	2.2%

Total sold

Total Acquisition Price
9.9 bn yen

NOI after depreciation
(actual)
0.2 bn yen

Total appraisal loss
20 mn yen

Memo

Section 5

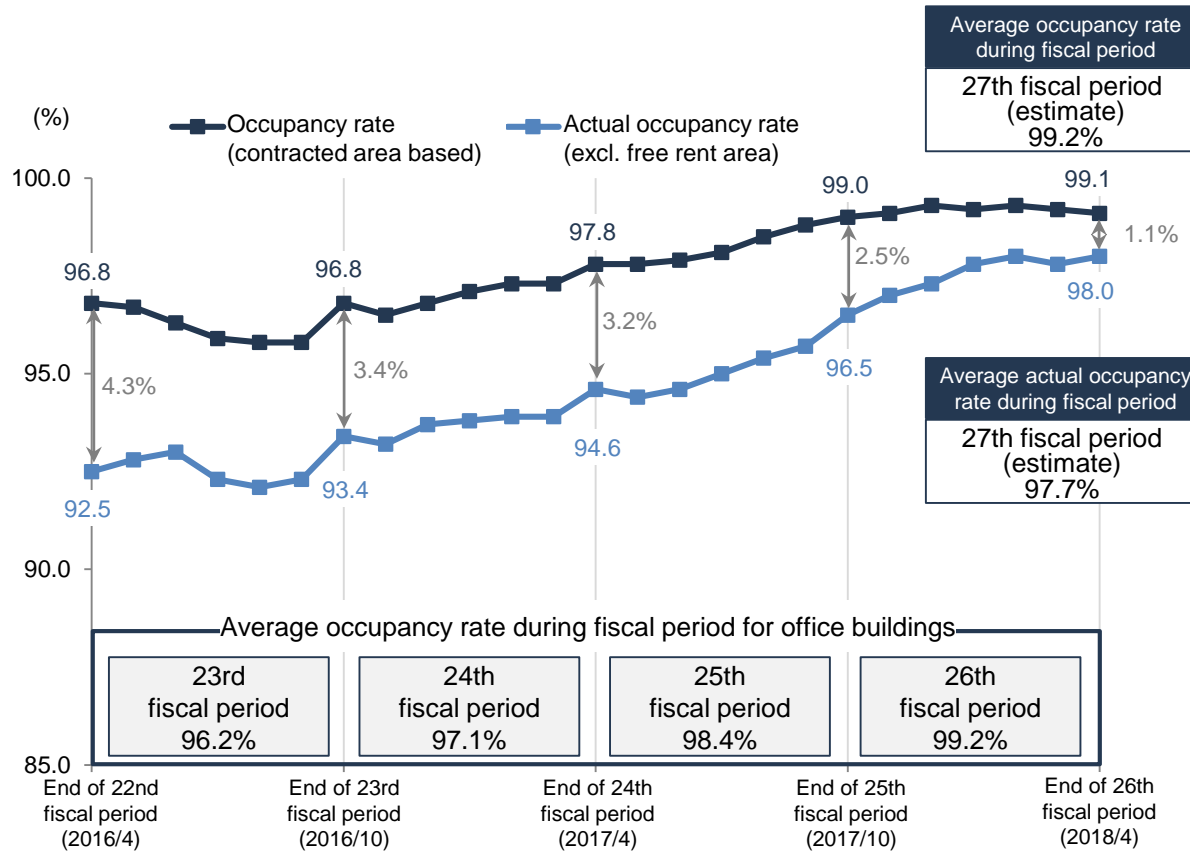
Internal growth

Changes in occupancy and turnover ratio for office buildings

Actual occupancy rate further improved due to low turnover ratio and gradual expiration of free rent periods

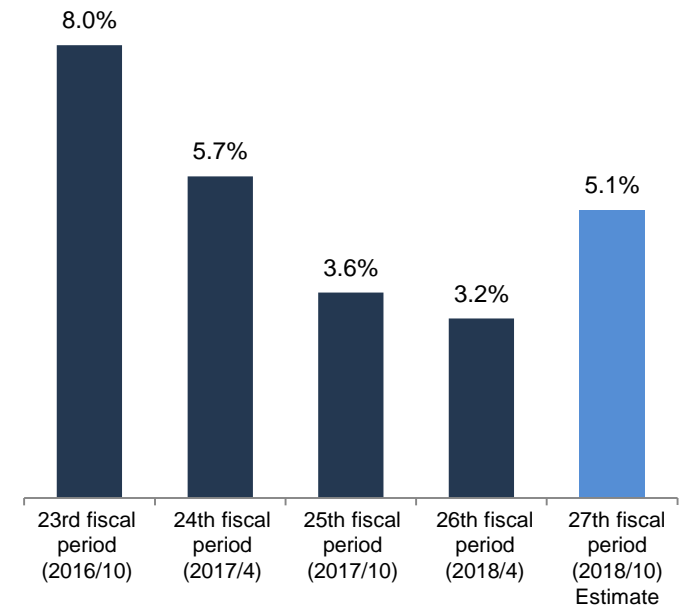
Seek opportunity for unit rent growth upon tenant turnover in the 27th fiscal period (2018/10) as turnover ratio increases

Occupancy rate performance of office buildings (Note 1)



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

- No turnover of major tenants (cancelled floor of over 1,000 tsubo) is expected for both of the actual and estimate



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 occupancy rate for the 27th fiscal period (2018/10) is the figure that is used as part of the assumptions for the earnings forecasts

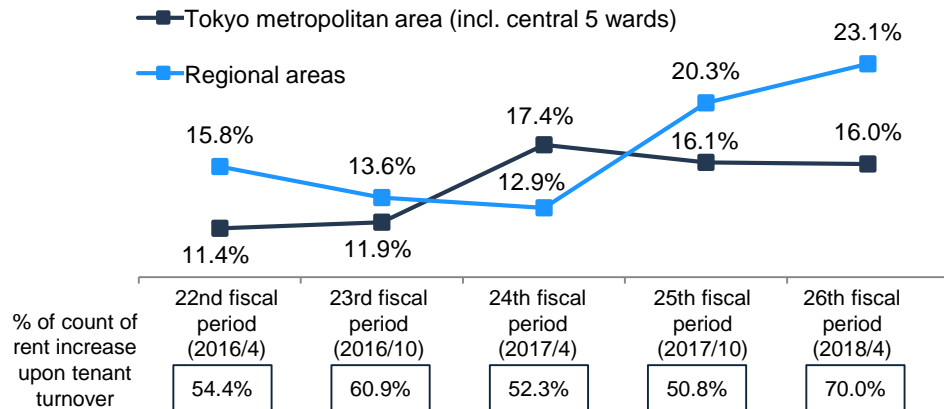
Note 2: Annualized turnover ratio is calculated and annualized as follows: (Total leased area of the end-tenants who cancelled their lease agreements during the six-month period from the beginning to the end of each period) / (Average leasable area of all office buildings owned by KDO as of each month-end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

Note 3: Estimate for the 27th fiscal period (2018/10) is based on the cancellation notice, etc. received by May 31, 2018

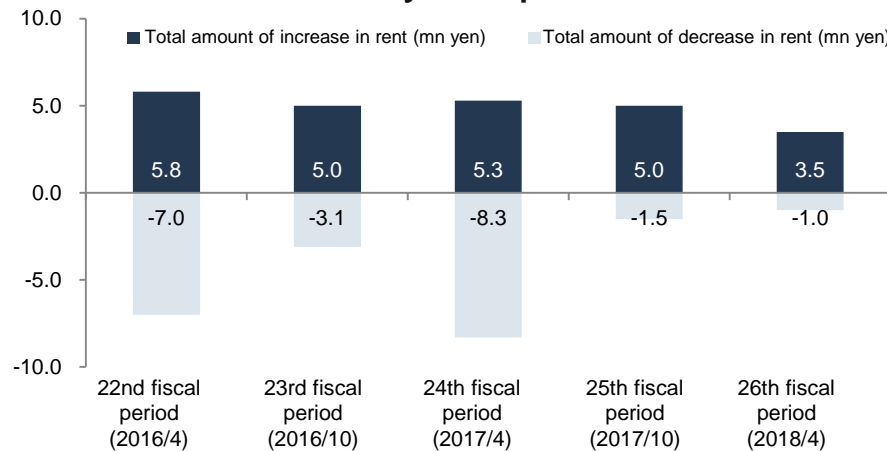
Rent trend upon tenant turnover and reasons for move-ins/outs for office buildings

Increase rate in unit rent for new lease contracts in regional areas has been on the rise backed by a favorable rental property market
Relocation demand for floor expansion has remained strong among mid- and small-sized companies

Increase rate in unit rent upon tenant turnover (Note 1)

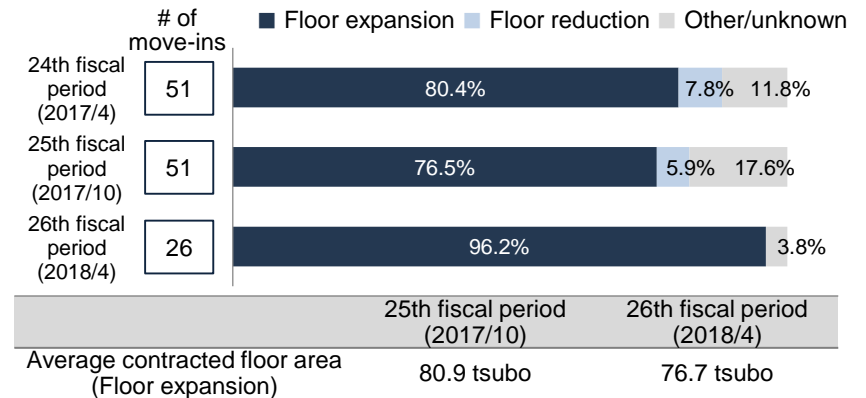


Increase/decrease in monthly rent upon tenant turnover (Note 1)

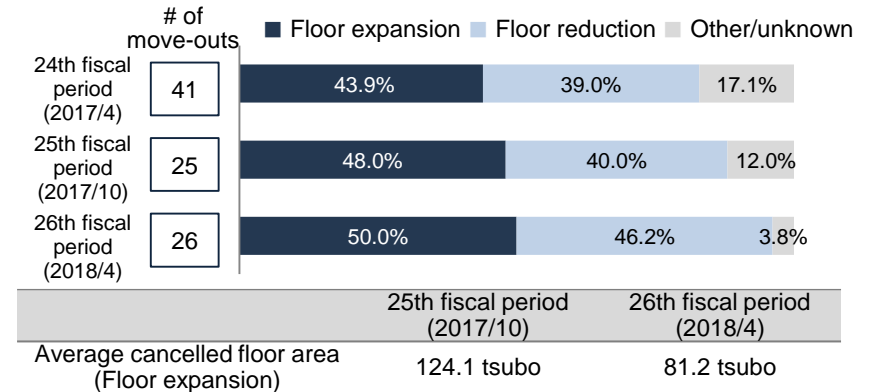


Change in reasons for move-ins/outs (Note 2)

Reasons for moving into our properties



Reasons for moving out of our properties



Note 1: Total amount of increases/decreases in monthly rent before and after rent revision for each fiscal period is respectively aggregated for the spaces where rents paid by new tenants and by previous tenants can be compared. The increase rate in unit rent is calculated by comparing previous unit rents and new unit rents paid by new tenants for the contracts of which the rent has increased

Note 2: The above data is based on the hearing survey, etc. compiled by the Asset Management Company with regard to reasons for office relocation of relevant tenants. We classify responses of survey into 3 categories: "Floor expansion", "Floor reduction" and "Other/unknown", and calculate the proportion of each category. For move-ins, the figures are based on the number of tenants on office floors on the second floor or above. For move-outs, the figures are based on the number of tenants on all floors except for residential floors

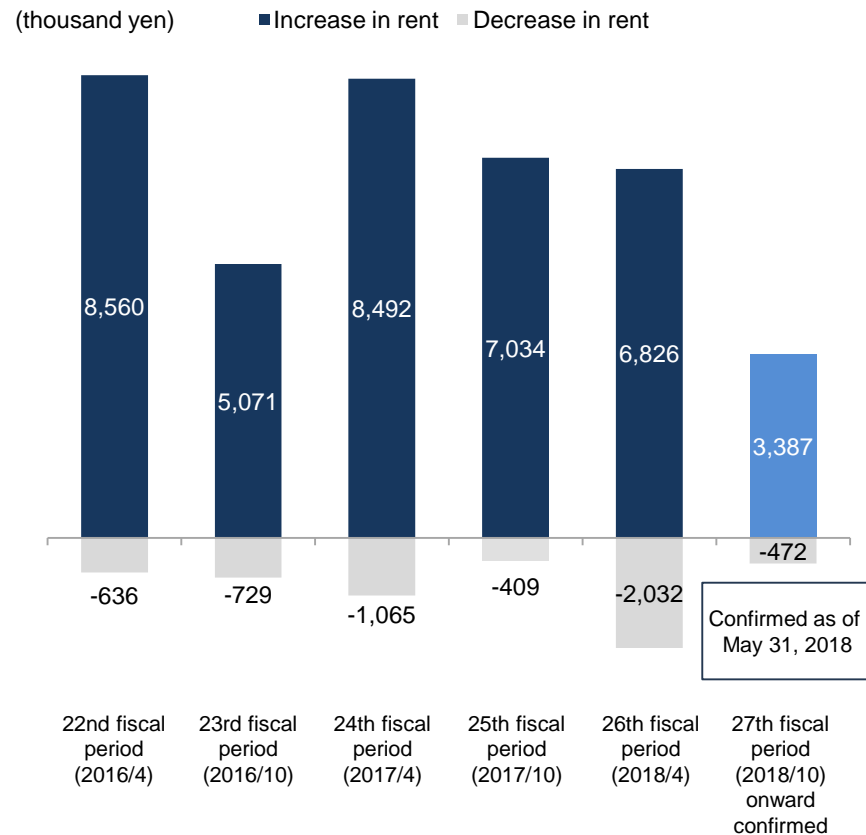
Status of rent revisions with existing tenants

Increasing trend in the percentage of count of upward rent revisions due to the spread of existing tenants' awareness of the upward market rent trend

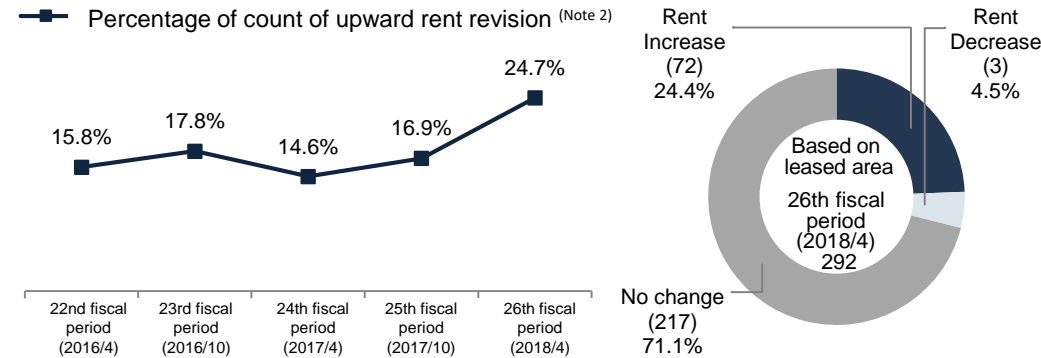
Upward rent trend seen in areas other than the Tokyo central 5 wards, with upward rent revisions on a steady increase every period

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

- Steady rent increase as a result of proactive upward rent negotiations

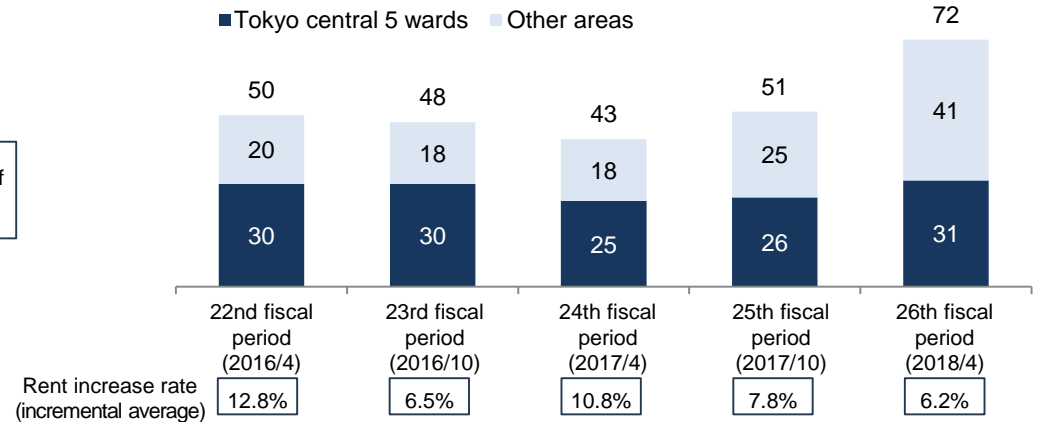


Status of rent revisions (based on percentage of count and leased floor area)



Changes in count of rent increases and rent increase rate ^(Note 3)

- Count of rent increases prominently increased in areas other than the Tokyo central 5 wards



Note 1: Total amount of increases/decreases in monthly rent before and after rent revisions for each fiscal period is aggregated, respectively. Figures are rounded to the nearest thousand yen

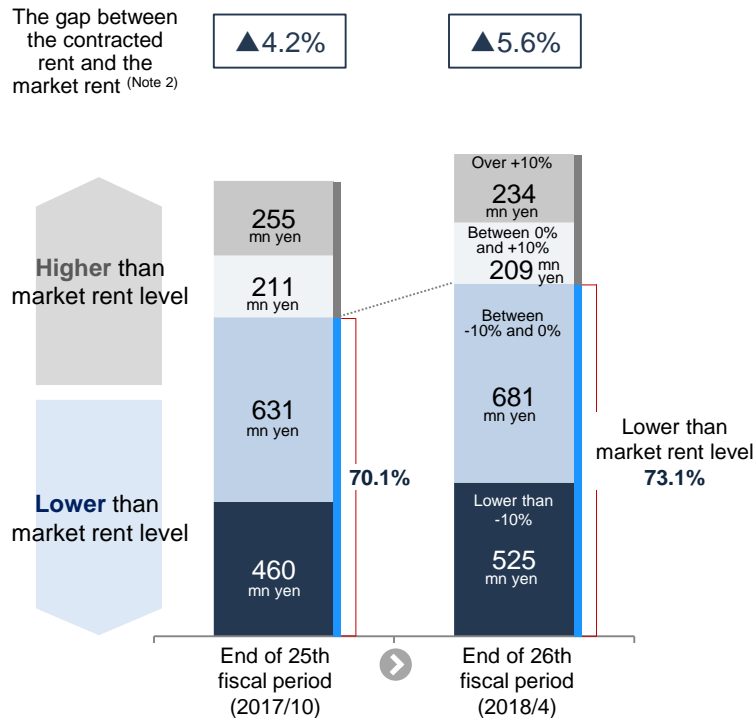
Note 2: Calculated by dividing the count of upward rent revisions by the total count of rent revisions for each fiscal period, comparing the monthly rent before and after rent revisions for the relevant fiscal period. Figures are rounded to the first decimal place

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

Rent gap of KDO office buildings

The contract rents aiming for upward rent revision account for 73.1%, increased by 3.0% period over period
Market rent continues to rise with upward rent trend also seen in areas other than Tokyo central 5 wards

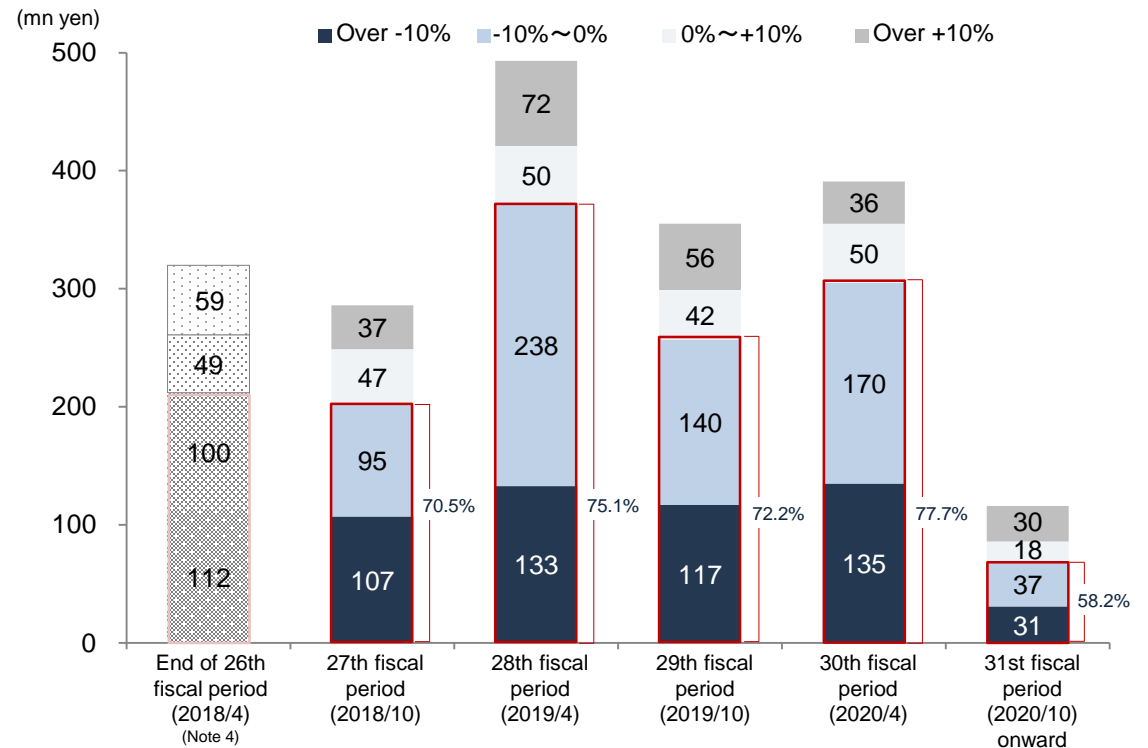
Breakdown of rent gaps (based on monthly rent) (Note 1)



Number of properties with increased market rent in the owned properties	Overall	40 of 91 properties (rent increase rate: +3.9%)
	Tokyo central 5 wards	19 of 46 properties (rent increase rate: +3.1%)
	Other areas	21 of 45 properties (rent increase rate: +4.7%)

Breakdown of rent gaps by rent revision schedule

(as of the end of 26th fiscal period (2018/4), based on monthly rent) (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: Calculated as the weighted average, based on leasable floor area, of the gap 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

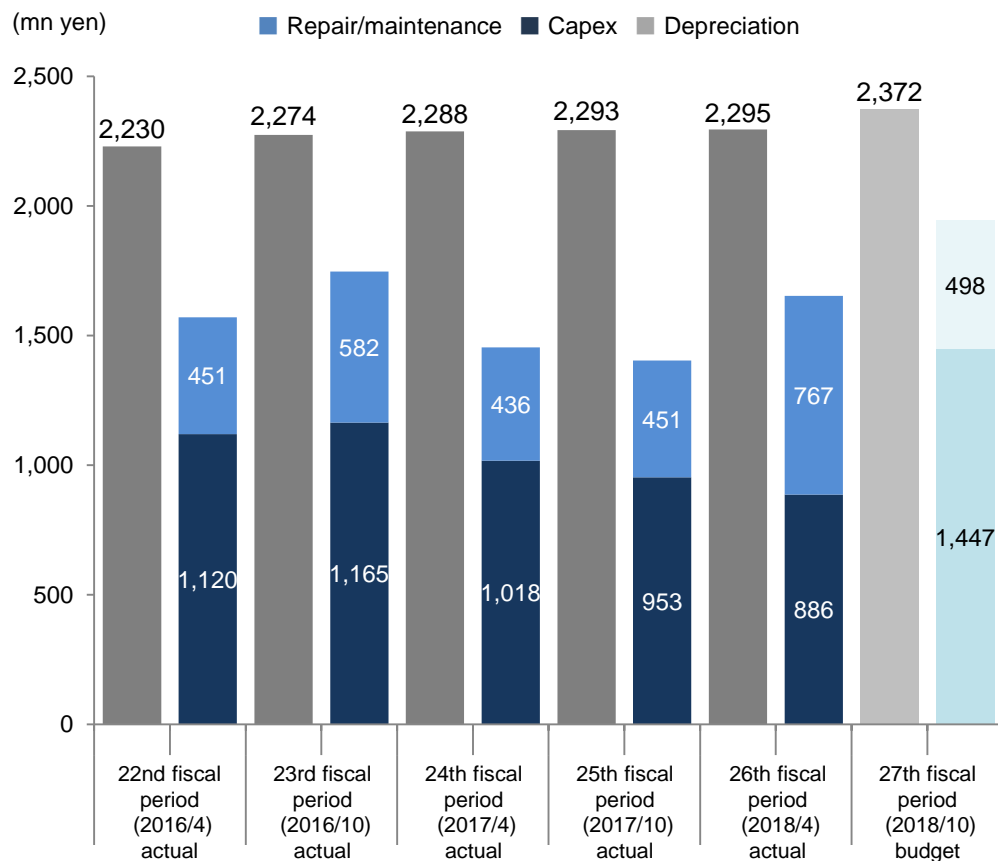
Note 3: Regarding the office buildings owned by KDO as of the end of the 26th fiscal period (2018/4), distribution of the rent gaps between the contracted rent for each tenant and the market rent estimated by CBRE as of the end of the 26th fiscal period (2018/4) by the timing of rent revisions for each tenant. The rents equal to market rents are classified into "Between 0% and +10%"

Note 4: The breakdown of rent gaps for the contracts that planned to expire in the 26th fiscal period (2018/4) as of the end of the 25th fiscal period (2017/10)

Construction expense (actual/budget)

Reinforce property competitiveness by flexibly implementing appropriate measures to improve property value
Plan to continue to undergo repair/renovation by value-upgrading works for the 27th fiscal period (2018/10)

Changes in depreciation and construction expense (actual/budget)



Repair/renovation work budget for the 27th fiscal period (2018/10) (Note)

Items	Estimated amount (mn yen)	Percentage of total expense (%)
Value-upgrading works (including common areas)	846	43.5%
Replacement works		
Air-conditioning facilities	66	3.4%
Other major facilities	521	26.8%
Eco-friendly works (Installation of LED lightings, etc.)	77	4.0%
Outer wall repair	49	2.5%
Maintenance / repair works	387	19.9%

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

27th fiscal period (2018/10) total	Percentage to depreciation expense (%)
1,946	82.0%

Properties to undergo major repair/renovation for the 27th fiscal period (2018/10)

- Value-upgrading works (renovation of common areas, restrooms, etc.):
KDX Sakura-dori Building, KDX Nishi-Shinbashi Building, KDX Shinjuku Building, KDX Takadanobaba Building, Toshin 24 Building, KDX Shin-Yokohama Building, KDX Karasuma Building, KDX Takanawadai Building, Hiei Kudan-Kita Building
- Replacement works of air-conditioning facilities:
KDX Ikebukuro West Building, Senri LSC Building, KDX Yokohama Nishiguchi Building
- Outer wall repair:
KDX Funabashi Building, KDX Shin-Osaka Building, KDX Hon-Atsugi Building, KDX Ebisu Building

End-tenants of KDO office buildings

The largest tenant occupies 2.4% of total leased floor area, and tenants other than the top 3 each occupy less than 1.0%

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

List of top end-tenants for office buildings

(as of the end of the 26th fiscal period (2018/4))

Tenant name	Leased area (tsubo)	% share of leased floor area (Note 1)	Name of property
1 Mitsubishi Heavy Industries, Ltd.	3,408.4	2.4%	Mitsubishijuko Yokohama Bldg.
2 Tenant A (wholesale, retail and dining)	1,550.8	1.1%	KDX Kawasaki-Ekimae Hon-cho Bldg.
3 Tenant B (service provider)	1,469.2	1.1%	KDX Musashi-Kosugi Bldg. KDX Hiroshima Bldg.
4 ADK Arts Inc.	1,427.8	1.0%	KDX Toranomom 1chome Bldg.
5 JASTEC Co., Ltd.	1,304.6	0.9%	KDX Takanawadai Bldg.
6 Yokohama City	1,237.7	0.9%	Mitsubishijuko Yokohama Bldg. JN Bldg.
7 Customer relation telemarketing, CO,LTD	1,201.3	0.9%	KDX Higashi Umeda Bldg.
8 Tenant C (service provider)	1,080.1	0.8%	KDX Musashi-Kosugi Bldg.
9 Medical Corporation DOYUKAI	1,022.4	0.7%	Koishikawa TG Bldg.
10 Tenant D (wholesale, retail and dining)	912.2	0.7%	Harajuku F.F. Bldg.
Total	14,614.5	10.5%	

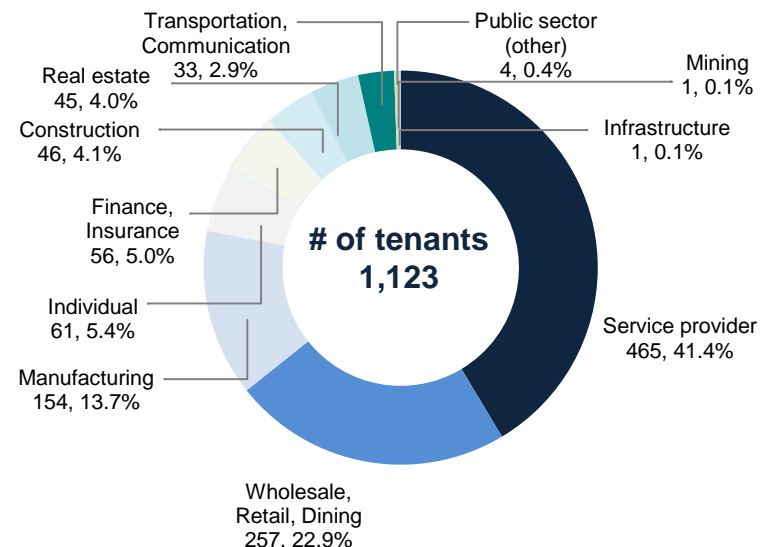
Average rent for office buildings by area

(as of the end of the 26th fiscal period (2018/4)) (Note 2)

	# of properties	Average rent (yen/tsubo)
Tokyo metropolitan area	77	15,700 (+300 yen period over period)
Japan	95	14,800 (+300 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 the total leased floor area of KDO's portfolio as of the end of the 26th fiscal period (2018/4). Figures are rounded to the first decimal place

Note 2: Average rent is calculated by dividing the total amount of contracted rents of office buildings for each area by the total leased floor area, rounded down to the nearest hundred

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 the 26th fiscal period (2018/4). Figures are rounded to the first decimal place

Efforts for ESG

1 Environment-related certifications

GRESB Real Estate Assessment (Note 1)

- Acquired "Green Star" rating, the highest rating, for 6 consecutive years as a result of our efforts for improving sustainability performance, and earned the highest-rated "5 Stars" (five-star scale)
- Participated from 2011 as the first J-REIT participant



DBJ Green Building Certification (Note 2)

- A total of 19 properties in our portfolio were awarded DBJ Green Building Certification, including KDX Toranomom 1chome Bldg. which earned Property with the best class environmental and social awareness (five stars)



Certification for CASBEE for Real Estate (Note 3)

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



BELS Certification (Note 4)

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



2 Contribution to society

Cooperation to Campaign for United Nations Refugee Support

- The Investment Corporation supports Japan for UNHCR that is the official support contact point in Japan on behalf of UNHCR, a refugee support organization of United Nations
- The Investment Corporation provides the association with vacant space in its own properties for free for use in "Campaign for United Nations Refugee Support"



The UNHCR (United Nations High Commissioner for Refugees) is mandated to lead and resolve refugee problems worldwide. The agency received the Nobel Prize in 1954 and 1981. It has its headquarters in Geneva, Switzerland and is active in around 125 countries. Japan for UNHCR is the only official entity in Japan to raise awareness and funds for UNHCR from the private sector.

3 Sustainability committee

Establishment of sustainability committee

- The initiatives for sustainability are promoted under the leadership of the Sustainability Committee established in the Asset Management Company
- The Committee holds meetings to discuss policies, targets, approaches on sustainability issues and monitors the progress, in consideration of society and management status of the Investment Corporation
- What is discussed at the Sustainability Committee is reported to the Asset Management Committee at the Asset Management Company, and the proposals are executed upon approval of the management.

Note 1: GRESB (Global Real Estate Sustainability Benchmark) is a benchmark to evaluate sustainability performance of private and listed real estate portfolio, etc. from environmental and social perspectives

Note 2: The DBJ Green Building Certification System is a system certifying real estate with environmental and social considerations (Green Building) using a scoring model originally developed by Development Bank of Japan Inc. (DBJ) in order to select and certificate buildings that meet the demands of the time. The certification has the following 5 ranks: "five stars", "four stars", "three stars", "two stars" and "one star"

Note 3: CASBEE is an evaluation system for rating the environmental performance of buildings, developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. The system rates the overall environmental performance of buildings from two perspectives; the evaluation of the environmental quality and performance of buildings themselves and the external environmental load of buildings

Note 4: BELS (Building-Housing Energy-efficiency Labeling System) is the third-party certification system to rate houses and buildings in accordance with the obligation to make effort to label energy saving performance as stipulated in the Act on Improving Energy Consumption Performance for Architectural Structures

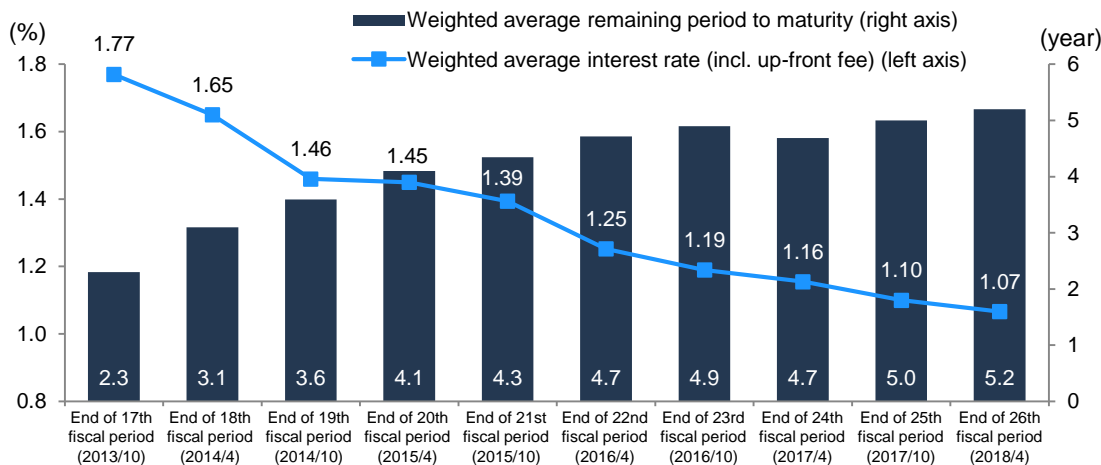
Section 6

Financial strategy

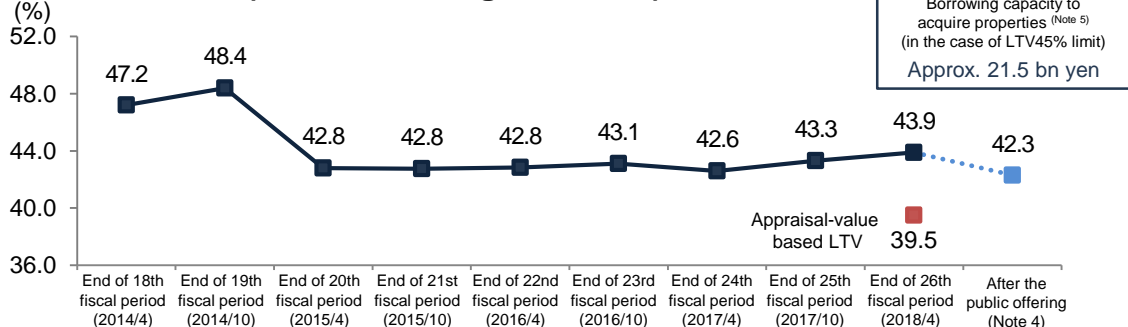
Status of debt financing

Keep reducing financial cost and extending average remaining period to maturity
Decreased LTV through the May 2018 Public Offering and generated borrowing capacity to acquire properties

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



Historical LTV (interest-bearing debt ratio) level (Note 3)



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

Note 2: Average interest rate and borrowing period are the weighted average of the interest rate of borrowings (incl. up-front fee) and borrowing period based on the balance of borrowings, respectively (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place). Total borrowings that reached maturity in the 26th fiscal period (2018/4) amount to 12.75 bn yen, of which 0.75 bn yen was repaid by cash on hand

Note 3: LTV (interest-bearing debt ratio) 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 4: LTV after the public offering is calculated by dividing the balance of interest-bearing debt at the end of the 26th fiscal period (2018/4) by the estimated total assets after the public offering

Note 5: 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 6: Includes the borrowings with floating interest rate fixed by interest rate swap but excludes those hedged by interest rate cap (rounded to the first decimal place)

Refinance record for the 26th fiscal period (2018/4) (Total amount of 12.0 bn yen) (Note 2)

- Reduced financial cost through refinancing and extended remaining period to maturity

	Conditions before refinancing	Conditions after refinancing
Average interest rate	1.21%	0.78%
Average borrowing period	3.9 yrs	6.8 yrs

- Long-term borrowings account for 8.0 bn yen in the refinance (average interest rate of 1.00%, average borrowing period of 9.7 years)

Major indices related to financial stability

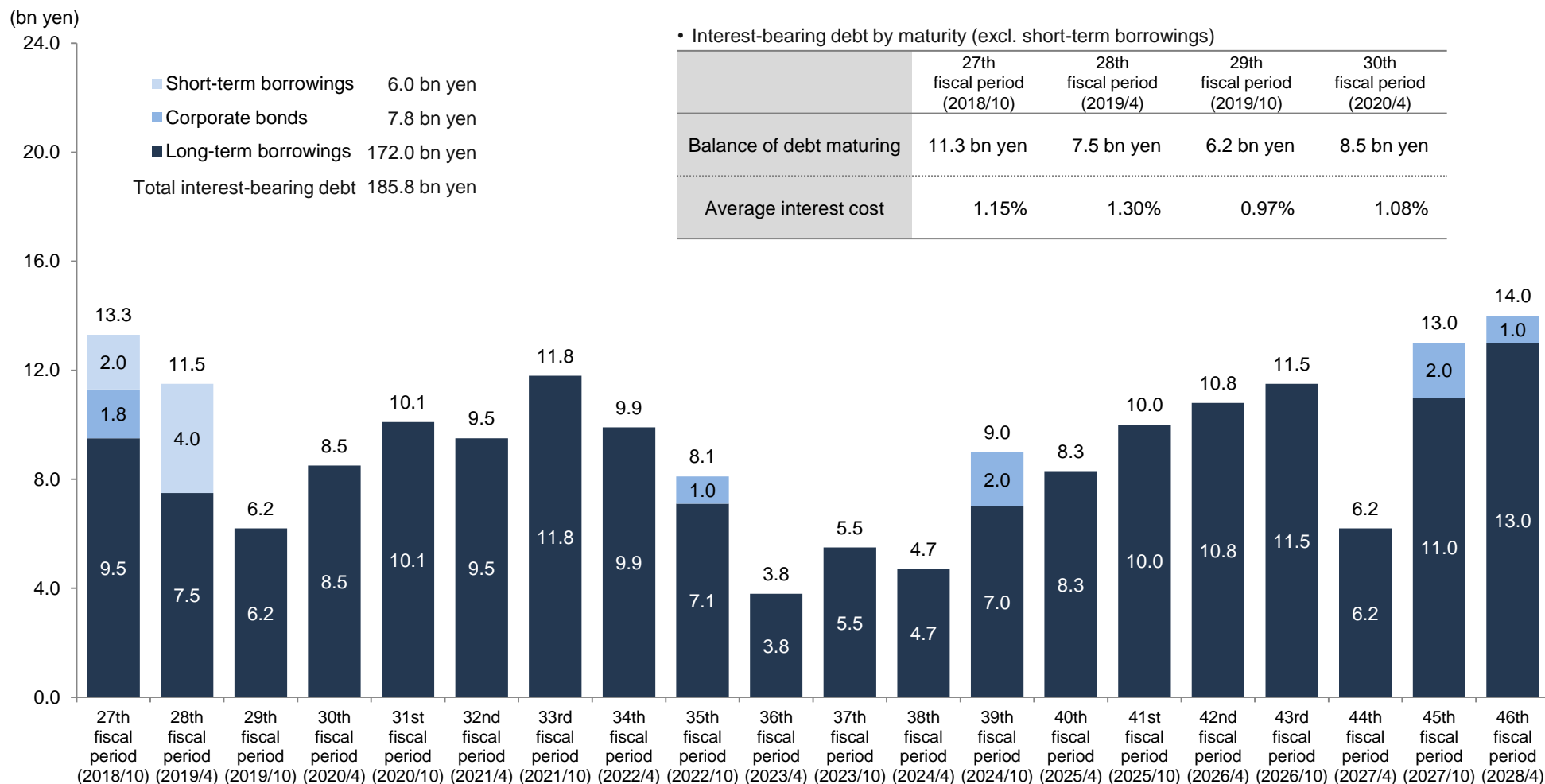
Ratio of fixed interest rate (Note 6)
Continue to hedge against a potential rise in interest rates
96.0%

Status of credit rating (JCR)
AA- (stable)

Diversification of debt maturities

Reduced refinancing risk through extension of remaining period to maturity and diversification of debt maturities

Balance of interest-bearing debt by maturity



Appendix 1

Properties (to be) acquired / sold and asset reshuffle

The terms used in Appendix 1 are as follows. Figures are rounded to the first decimal place

- Estimated NOI yield: Calculated by dividing “NOI after excluding extraordinary factors for the year of the acquisition estimated by the Asset Management Company” by (anticipated) acquisition price
- Estimated NOI yield after depreciation: Calculated by dividing estimated NOI after depreciation (estimated NOI – estimated depreciation expenses) by (anticipated) acquisition price
- Appraisal NOI yield: Calculated by dividing “NOI calculated based on the direct capitalization method described in the relevant appraisal report as of the date of acquisition” by (anticipated) acquisition price, based on appraisal reports as of April 30, 2018 for properties acquired in the 26th fiscal period (2018/4) and as of March 31, 2018 for properties acquired in and after the 27th fiscal period (2018/10)
- NOI yield (actual): For properties sold in the 26th fiscal period, NOI yield (actual) is calculated by dividing the sum of the actual NOI for the 24th (2017/4) and the 25th (2017/10) fiscal periods by acquisition price. For properties to be sold in and after the 27th fiscal period (2018/10), NOI yield (actual) is calculated by dividing the sum of the actual NOI for the 25th (2017/10) and the 26th (2018/4) fiscal periods by acquisition price
- NOI yield after depreciation (actual): For properties sold in the 26th fiscal period, calculated by dividing the sum of the rental operating income (NOI after depreciation (actual)) for the 24th (2017/4) and the 25th (2017/10) fiscal periods by acquisition price. For properties sold in and after the 27th fiscal period, calculated by dividing the sum of the rental operating income (NOI after depreciation (actual)) for the 25th (2017/10) and the 26th (2018/4) fiscal periods by acquisition price
- (Anticipated) disposition price NOI yield: Calculated by dividing the sum of the above actual NOI by (anticipated) disposition price

Properties acquired / sold during the 26th fiscal period (2018/4)

Properties acquired



Property name	Mitsubishijuko Yokohama Bldg. (Note 1)	JN Bldg.
Location	Yokohama, Kanagawa	Yokohama, Kanagawa
Total floor area	109,472.69 m ²	15,883.21 m ²
Completion date	February 1994	September 2007
Occupancy rate	100% (as of April 30, 2018)	92.8% (as of April 30, 2018)
# of tenants	22 (as of April 30, 2018)	5 (as of April 30, 2018)
Acquisition price	14,720 mn yen	9,500 mn yen
Appraisal value	14,900 mn yen (as of April 30, 2018)	9,860 mn yen (as of April 30, 2018)
Seller	Hulic Co., Ltd.	Undisclosed
Acquisition route	Support-line	Support-line
Acquisition date	December 7, 2017	January 31, 2018
Estimated NOI yield	4.0%	4.1%
Estimated NOI yield after depreciation	3.5%	3.0%
Appraisal NOI yield	4.4%	4.6%

Properties sold



Property name	Residence Charmante Tsukishima (compartmentalized ownership) (Note 2)	KDX Ikejiri-Oohashi Bldg.	KDX Shin-Yokohama 214 Bldg.
Location	Chuo-ku, Tokyo	Meguro-ku, Tokyo	Yokohama, Kanagawa
Total floor area	18,115.39 m ²	3,482.96 m ²	6,478.89 m ²
Completion date	January 2004	September 1988	November 1989
Book value (Note 3)	4,481 mn yen	2,353 mn yen	2,221 mn yen
Disposition price	4,900 mn yen	2,400 mn yen	2,430 mn yen
Difference from book value (disposition price - book value) / book value	9.4%	2.0%	9.4%
Appraisal value	4,900 mn yen (as of October 31, 2017)	1,740 mn yen (as of October 31, 2017)	2,390 mn yen (as of October 31, 2017)
Buyer	G.K. KRF 68	Undisclosed	Undisclosed
Acquisition date	May 1, 2006	February 1, 2008	December 2, 2014
Disposition date	December 1, 2017	December 28, 2017	December 28, 2017
NOI yield (actual)	4.0%	3.7%	5.4%
NOI yield after depreciation (actual)	2.2%	2.8%	4.2%
Disposition price NOI yield	4.3%	3.7%	4.9%

Note 1: Acquired the trust beneficiary interest in 23% of quasi co-ownership interest of proprietary ownership for Mitsubishijuko Yokohama Building. Total floor area, Occupancy rate and # of tenants for the entire building are shown in the table

Note 2: Sold a compartmentalized-ownership for Residence Charmante Tsukishima (exclusive floor area ratio: 56.86%) and total floor area for the entire building is shown in the table

Note 3: The book values are as of their respective disposition dates

Properties (to be) acquired / sold in and after the 27th fiscal period (2018/10)

Property to be acquired



Properties to be sold



Property name	CROSS PLACE Hamamatsucho
Location	Minato-ku, Tokyo
Total floor area	12,280.77 m ²
Completion date	February 2015
Occupancy rate	100% (as of February 28, 2018)
# of tenants	15 (as of February 28, 2018)
Anticipated Acquisition price	20,700 mn yen
Appraisal value	22,400 mn yen (as of March 31, 2018)
Seller	Domestic general business corporation
Acquisition route	Proprietary network of the Asset Management Company
Planned acquisition date	July 2, 2018
Estimated NOI yield	3.7%
Estimated NOI yield after depreciation	3.0%
Appraisal NOI yield	3.9%

Property name	KDX Hamamatsucho Dai-2 Bldg.	Frame Jinnan-zaka
Location	Minato-ku, Tokyo	Shibuya-ku, Tokyo
Total floor area	2,478.90 m ²	6,302.58 m ²
Completion date	April 1992	March 2005
Book value ^(Note 1)	2,230 mn yen	9,134 mn yen
Total anticipated disposition price	12,550 mn yen	
Difference from book value (anticipated disposition price - book value)/book value	10.4%	
Appraisal value	2,200 mn yen (as of April 30, 2018)	11,100 mn yen (as of April 30, 2018)
Buyer	Domestic general business corporation	SPC composed by domestic general business corporation
Acquisition date	September 1, 2008	August 1, 2005
Planned disposition date	July 2, 2018	July 2, 2018 (49.0% of quasi co-ownership interest) November 1, 2018 (51.0% of quasi co-ownership interest)
NOI yield (actual)	4.3%	4.0%
NOI yield after depreciation (actual)	3.8%	2.9%
Anticipated disposition price NOI yield ^(Note 2)	3.9%	

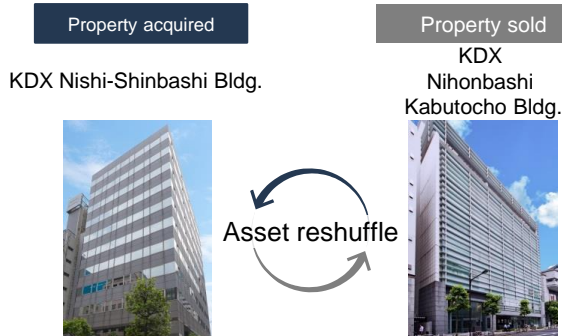
Note 1: Indicate the assumed book value as of the planned disposition date, however indicate the total assumed book value for Frame Jinnan-zaka

Note 2: Calculated by dividing the total actual NOI for the 25th fiscal period (2017/10) and the 26th fiscal period (2018/4) by the total anticipated disposition price

Asset reshuffle through mutual transactions with developers

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

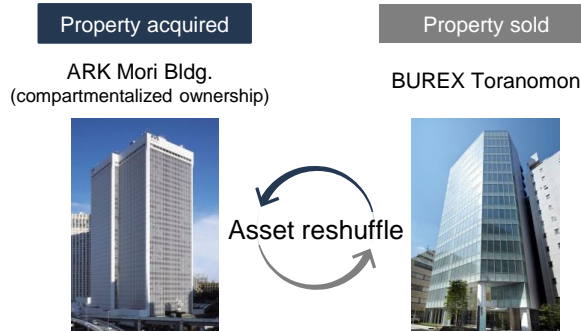
Heiwa Real Estate Co., Ltd. (Feb. 2017)



- Disposed of a property which may lose its competitiveness due to progress of redevelopment, and acquired a property with significant growth potential arising from the planned opening of a new subway station and several redevelopment projects.

	Property acquired	Property sold
Acquisition/disposition price	8,400 mn yen	12,400 mn yen
Appraisal value ^(Note 1)	9,070 mn yen	12,400 mn yen
NOI yield after depreciation ^(Note 2)	3.6%	2.6%

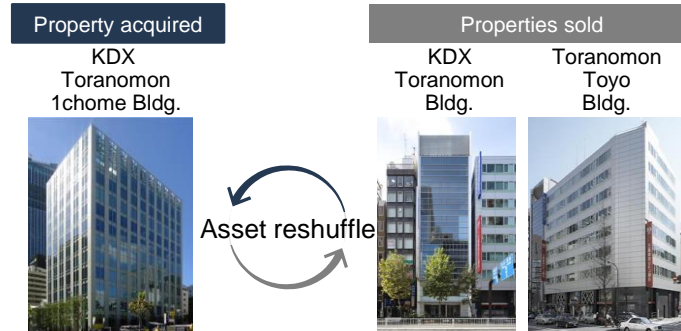
Mori Building Co., Ltd. (Dec. 2016)



- Acquired a property with expected increase in NOI after depreciation, stable revenues using the fixed rent master lease scheme, capital gain on sale, etc. The property is highly competitive office building located in ARK Hills, high-profile landmark.

	Property acquired	Property sold
Acquisition/disposition price	4,169 mn yen	2,440 mn yen
Appraisal value ^(Note 1)	4,430 mn yen	2,440 mn yen
NOI yield after depreciation ^(Note 2)	3.8%	3.4%

NIPPON TOCHI-TATEMONO Co., Ltd. (Mar. 2016)



- As the properties had issues in profitability reflecting an age passage and future reconstruction, KDO requested several companies that expressed interest in these 2 owned properties to submit mutual transaction proposals and chose NIPPON TOCHI-TATEMONO Co., Ltd., resulting in an acquisition of the relatively new property with high specification.

	Property acquired	Properties sold (2 properties total/average)
Acquisition/disposition price	15,550 mn yen	15,420 mn yen
Appraisal value ^(Note 1)	17,100 mn yen	14,840 mn yen
NOI yield after depreciation ^(Note 2)	3.2%	3.6%

Note 1: Appraisal values are as of April 30, 2018 for properties acquired and as of the date of disposition for properties sold

Note 2: NOI yield after depreciation of properties acquired is calculated by deducting estimated depreciation expenses from "NOI after excluding extraordinary factors for the year of the acquisition estimated by the Asset Management Company" then dividing by acquisition price

NOI yield after depreciation of properties sold is calculated by dividing the sum of rental operating income of two previous fiscal periods at disposition by the total acquisition price

Asset reshuffle in Yokohama and Shibuya area

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

Asset reshuffle in Yokohama area

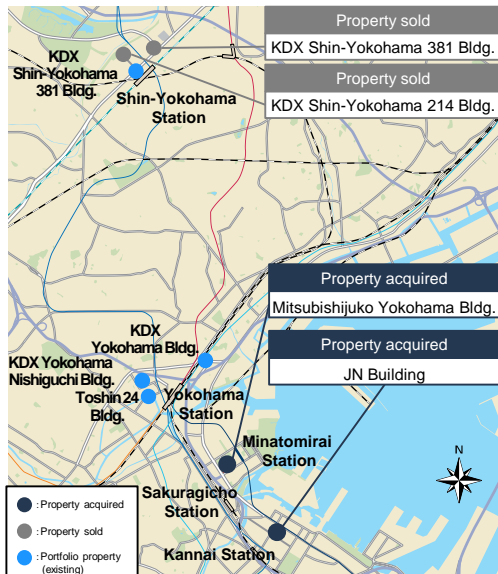
Properties acquired

Mitsubishijuko
Yokohama Bldg.
(quasi co-ownership interest) JN Bldg.



Properties sold

KDX KDX
Shin-Yokohama Shin-Yokohama
381 Bldg. 214 Bldg.



- Asset reshuffle from “Shin-Yokohama” to “Minato Mirai 21” increasing recognition as site for office buildings and “Kannai” where public offices concentrate
- Disposed of 2 properties located in Shin-Yokohama at approx. 9.4% above appraisal value

NOI yield after depreciation (Note 1)

Property sold (actual)	Property acquired (estimate)
2.7%	3.3%

Enhancement of appraisal profit/loss (Note 2)

+1.4 bn yen

Asset reshuffle in Shibuya area

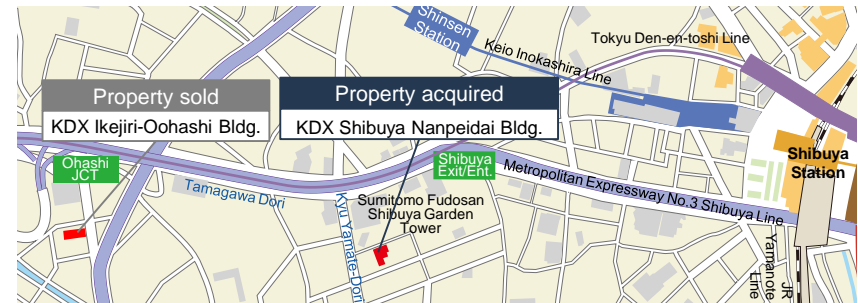
Property acquired

KDX Shibuya
Nanpeidai Building



Property sold

KDX
Ikejiri-Oohashi Bldg.



- Acquired a property within walking distance from Shibuya station at a price approx. 5.6% below appraisal value and disposed of a property located away from the station with low profitability and a high appraisal loss ratio of approx. 26% at a price approx. 38% above appraisal value

NOI yield after depreciation (Note 1)

Property sold (actual)	Property acquired (estimate)
2.8%	3.2%

Enhancement of appraisal profit/loss (Note 2)

+0.8 bn yen






































Note 1: NOI yield after depreciation of property acquired is calculated by deducting estimated depreciation expenses from "NOI after excluding extraordinary factors for the year of the acquisition estimated by the Asset Management Company" then dividing by the total acquisition price as of the date of acquisition

NOI yield after depreciation of property sold is calculated by dividing the sum of total rental operating income of two previous fiscal periods at disposition by the total acquisition price

Note 2: Amount of enhancement of appraisal profit/loss is calculated by the sum of total appraisal profit of properties acquired as of the date of acquisition and the total appraisal loss of properties sold as of the date of disposition

Asset reshuffle in and after the 20th fiscal period (2015/4)

Achieved improvements of the portfolio profitability and quality through strategic asset reshuffle based on continuous selective investment

	20th fiscal period (2015/4)	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)	
Acquisition	KDX Yokohama Nishiguchi Bldg.  KDX Shin-Yokohama 214 Bldg.  BUREX Toranomon  Pentel Bldg. (compartmentalized-ownership)  KDX Minami-Honmachi Bldg.  KDX Sakuradori Bldg.  KDX Ginza East Bldg. 	KDX Hamamatsucho Center Bldg.  KDX Shin-Osaka Bldg. 	KDX Toranomon 1chome Bldg.  KDX Nagoya Nichigin-mae Bldg. 	KDX Shin-Nihonbashi Ekimae Bldg.  KDX Nihonbashi Edo-dori Bldg. 	ARK Mori Bldg. (Compartmentalized Ownership)  KDX Nishi-Shinbashi Bldg.  BR Gotanda (Compartmentalized Ownership - partial land leasehold) 	KDX Sapporo Kitaguchi Bldg.  KDX Shibuya Nanpeidai Bldg. 	Mitsubishijuku Yokohama Bldg. (quasi co-ownership interest)  JN Bldg. 	Total acquired Average Appraisal NOI yield after depreciation (Note 1) 4.0% Total appraisal profit (Note 2) 8.7 bn yen
	Total Acquisition price	21.7 bn yen	8.5 bn yen	19.0 bn yen	5.1 bn yen	14.7 bn yen	5.3 bn yen	24.2 bn yen
Disposition	KDX Hamacho Bldg.  Sendai Nikko Bldg.  KDX Minami Semba Dai-2 Bldg.  Venus Hibirigaoka 	Nagoya Nikko Shoken Bldg.  KDX Nogizaka Bldg. 	KDX Toranomon Bldg.  Toranomon Toyo Bldg. 	—	BUREX Toranomon  KDX Roppongi 228 Bldg.  KDX Nihonbashi Kabutocho Bldg.  KDX Kanda Misaki-cho Bldg.  KDX Gobancho Bldg. 	KDX Shin-Yokohama 381 Bldg. 	KDX Ikejiri-Ohashi Bldg.  Residence Charmante Tsukishima (Residence) (compartmentalized ownership)  KDX Shin-Yokohama 214 Bldg. 	Total sold Average Appraisal NOI yield after depreciation (Note 1) 3.6% Total appraisal loss (Note 2) 1.8 bn yen
	Total Acquisition price	6.6 bn yen	5.2 bn yen	14.2 bn yen	—	19.6 bn yen	5.8 bn yen	9.9 bn yen

Note 1: Average appraisal NOI yield after depreciation is calculated as below.

(for acquired properties) = Total appraisal NOI after depreciation at acquisition ÷ total acquisition price

(for sold properties) = Total appraisal NOI after depreciation at disposition ÷ total acquisition price

(Rounded to the nearest first decimal place)

Note 2: For properties acquired, indicates the sum of the difference between appraisal value (at acquisition for properties acquired in 26th fiscal period (2018/4)) as of the end of 25th fiscal period and acquisition price. For properties sold, indicates the sum of the difference between appraisal value at disposition and book value (as of the end of 25th fiscal period for properties sold in 26th fiscal period (2018/4)) at disposition. However, BUREX Toranomon and KDX Shin-Yokohama 214 Bldg. are calculated as properties sold and are not included in the figures for properties acquired.

Appendix 2

Supplemental material / data

26th fiscal period (2018/4) financial results

(mn yen)

Items	25th Fiscal Period	26th Fiscal Period	26th Fiscal Period	26th (actual) vs 25th (actual)	26th (actual) vs 26th (forecast)
	2017/10	2018/4	2018/4	Difference	Difference
	Actual	Forecast (announced on Dec.14, 2017)	Actual	C-A	C-B
	A	B	C		
Operating revenue	13,901	14,792	14,823	921	31
Gain on sale of real estate	-	551	550	550	-0
Dividend income	61	44	50	-10	6
Operating expense	8,244	7,933	7,974	-269	41
Loss on sale of real estate	568	-	-	-568	-
Operating income	5,657	6,858	6,848	1,190	-10
Non-operating income	0	0	0	0	0
Non-operating expense	1,067	1,054	1,019	-48	-35
Ordinary income	4,590	5,804	5,829	1,239	24
Net income	4,588	5,803	5,828	1,239	25
Provision (+) / reversal (-) of reserve for reduction entry	-471	+580	+581	-	1
Total distributions	5,061	5,223	5,247	186	24
DPU (yen)	12,500	12,900	12,960	460	60
# of total units outstanding	404,885	404,885	404,885	0	0
Rental NOI (Note 1)	9,413	9,577	9,539	125	-37
FFO (Note 2)	7,451	7,560	7,574	123	14
Depreciation	2,293	2,307	2,295	1	-11
# of properties	98	97	97	-1	0
Total interest-bearing debt	179,600	-	185,850	6,250	
LTV	43.3%	-	43.9%	0.6%	
Book value (Period-end)	382,081	-	396,308	14,226	
Appraisal value (Period-end)	423,623	-	443,523	19,900	
Net assets	212,851	-	213,642	790	

P/L, etc.

Related information

Comparison against 25th fiscal period (2017/10) actual

■ Operating revenue	+921 mn yen
• Rent/common area charge	+506 mn yen (Properties acquired: +447(26th), +65 (25th), Existing properties: +333, Properties sold: -198 (26th), -141 (25th))
• Utilities	-121 mn yen
• Other revenues	-4 mn yen
• Gain on sale of real estate	+550 mn yen (Properties sold in 26th (Residence Charmante Tsukishima・KDX Ikejiri-Oohashi Bldg.・KDX Shin-Yokohama 214 Bldg.))
• Dividend income	-10 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	-269 mn yen
• Utilities	-74 mn yen
• Taxes	+7 mn yen
• Repair/maintenance cost	+315 mn yen
• Property/facility management fee	+30 mn yen
• Other expenses	+21 mn yen
• Loss on sale of real estate	-568 mn yen (25th: Disappearance of loss on sale of KDX Shin-Yokohama 381 Bldg.)
■ Non-operating expense	-48 mn yen
• interest expense/financing-related expense	-38 mn yen
• Non-deductible consumption taxes, etc.	-10 mn yen

Comparison against 26th fiscal period (2018/4) forecasts (announced on Dec. 14, 2017)

■ Operating revenue	+31 mn yen
• Rent/common area charge	-7 mn yen
• Other revenues	+32 mn yen
• Dividend income	+6 mn yen (TK Dividend: KRF43 Shinjuku Sanei Bldg.)
■ Operating expense	+41 mn yen
• Utilities	-67 mn yen
• Repair/maintenance cost	+126 mn yen
• Other expenses	-18 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

27th fiscal period (2018/10) and 28th fiscal period (2019/4) earning forecasts

		(mn yen)					
		26th Fiscal Period	27th Fiscal Period	28th Fiscal Period	27th (forecast) vs 26th (actual)	28th (forecast) vs 27th (forecast)	
		2018/4	2018/10	2019/4	Difference	Difference	
		Actual	Forecast	Forecast	B-A	C-B	
		A	B	C			
P/L, etc.	Operating revenue	14,823	15,334	15,086	511	-248	
	Gain on sale of real estate	550	527	563	-22	35	
	Dividend income	50	58	42	7	-16	
	Operating expense	7,974	8,279	8,069	304	-209	
	Loss on sale of real estate	-	-	-	-	-	
	Operating income	6,848	7,054	7,016	206	-38	
	Non-operating income	0	0	0	-0	-0	
	Non-operating expense	1,019	1,056	1,058	37	2	
	Ordinary income	5,829	5,998	5,957	168	-40	
	Net income	5,828	5,997	5,956	168	-40	
	Provision (+) / reversal (-) of reserve for reduction entry	+581	+340	+299	-	-	
	Total distributions	5,247	5,656	5,656	409	-	
	DPU (yen)	12,960	13,200	13,200	240	0	
# of total units outstanding	404,885	428,510	428,510	23,625	0		
Related Information	Rental NOI (Note 1)	9,539	10,002	9,943	463	-59	
	FFO (Note 2)	7,574	7,842	7,781	267	-60	
	Depreciation	2,295	2,372	2,388	77	15	
	# of properties	97	97	96	-	-1	
	(Reference) Estimated property and city planning taxes	-	1,230	1,229			

Comparison between 26th fiscal period (2018/4) actual and 27th fiscal period (2018/10) forecasts

Operating revenue	+511 mn yen	
•Rent/common area charge	+388 mn yen	(Properties (to be) acquired: +322 (27th), +195 (26th) Properties (to be) sold: -106 (27th), -63 (26th), Existing properties: +40)
•Utilities	+169 mn yen	
•Other revenues	-31 mn yen	
•Gain on sale of real estate	-22 mn yen	(26th: Disappearance of gain on sale of properties sold: -550, 27th: Gain on sale of properties to be sold: +527)
•Dividend income	+7 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
Operating expense	+304 mn yen	
•Depreciation	+77 mn yen	(Properties (to be) acquired: +49 (27th), +21 (26th) Properties (to be) sold: -16 (27th), -24 (26th), Other: +47)
•Utilities	+234 mn yen	
•Taxes	+82 mn yen	(Properties sold: -17 (26th), Properties acquired: +19 (26th), Existing properties: +79)
•Repair/maintenance cost	-302 mn yen	
•Property/facility management fee	+33 mn yen	
•Asset management fee	+154 mn yen	
•Other expenses	+26 mn yen	
Non-operating expense	+37 mn yen	
•Interest expense/financing-related expense	+28 mn yen	
•Non-deductible consumption taxes, etc.	+9 mn yen	

Comparison between 27th fiscal period (2018/10) forecasts and 28th fiscal period (2019/4) forecasts

Operating revenue	-248 mn yen	
•Rent/common area charge	-73 mn yen	(Properties to be acquired: +165 (27th), Properties to be sold: -54 (27th), -111 (28th) Existing properties (Decrease in revenue based on conservative estimate) : -72)
•Utilities	-181 mn yen	
•Other revenues	-13 mn yen	
•Gain on sale of real estate	+35 mn yen	(27th: Disappearance of gain on sale of properties to be sold: -527, 28th: Gain on sale of properties to be sold: +563)
•Dividend income	-16 mn yen	(TK Dividend: KRF43 Shinjuku Sanei Bldg.)
Operating expense	-209 mn yen	
•Utilities	-117 mn yen	
•Repair/maintenance cost	-70 mn yen	
•Other expenses	-22 mn yen	
Non-operating expense	+2 mn yen	
•Interest expense/financing-related expense	+9 mn yen	
•Non-deductible consumption taxes, etc.	-7 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 the 26th fiscal period (2018/4))

Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 26th fiscal period occupancy rate (%) (Note 3)
Office Buildings	Tokyo Metropolitan Area	A001	KDX Nihonbashi 313 Building	Chuo-ku, Tokyo	5,940	1974/4	100.0
		A003	Higashi-Kayabacho Yuraku Building	Chuo-ku, Tokyo	4,450	1987/1	100.0
		A004	KDX Hatchobori Building	Chuo-ku, Tokyo	3,680	1993/6	100.0
		A005	KDX Nakano-Sakaue Building	Nakano-ku, Tokyo	2,533	1992/8	100.0
		A006	Harajuku F.F. Building	Shibuya-ku, Tokyo	2,450	1985/11	100.0
		A007	KDX Minami Aoyama Building	Minato-ku, Tokyo	2,270	1988/11	100.0
		A008	Kanda Kihara Building	Chiyoda-ku, Tokyo	1,950	1993/5	100.0
		A013	KDX Kojimachi Building	Chiyoda-ku, Tokyo	5,950	1994/5	100.0
		A014	KDX Funabashi Building	Funabashi, Chiba	2,252	1989/4	100.0
		A016	Toshin 24 Building	Yokohama, Kanagawa	5,300	1984/9	90.4
		A017	KDX Ebisu Building	Shibuya-ku, Tokyo	4,640	1992/1	100.0
		A019	KDX Hamamatsucho Building	Minato-ku, Tokyo	3,460	1999/9	100.0
		A020	KDX Kayabacho Building	Chuo-ku, Tokyo	2,780	1987/10	100.0
		A021	KDX Shinbashi Building	Minato-ku, Tokyo	3,728	1992/2	100.0
		A022	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	1990/9	100.0
		A026	KDX Kiba Building	Koto-ku, Tokyo	1,580	1992/10	100.0
		A027	KDX Kajicho Building	Chiyoda-ku, Tokyo	2,350	1990/3	100.0
		A029	KDX Higashi-Shinjuku Building	Shinjuku-ku, Tokyo	2,950	1990/1	100.0
		A030	KDX Nishi-Gotanda Building	Shinagawa-ku, Tokyo	4,200	1992/11	100.0
		A031	KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	1986/9	100.0
		A032	KDX Shiba-Daimon Building	Minato-ku, Tokyo	6,090	1986/7	100.0
		A033	KDX Okachimachi Building	Taito-ku, Tokyo	2,000	1988/6	100.0
		A034	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	1995/5	84.5
		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	97.5
		A048	KDX Kawasaki-Ekimaie 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		
A061	KDX Hamamatsucho Dai-2 Building	Minato-ku, Tokyo	2,200	1992/4	100.0		
A062	Koishikawa TG Building	Bunkyo-ku, Tokyo	3,080	1989/11	100.0		

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 26th fiscal period occupancy rate (%) (Note 3)
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	98.3
		A067	KDX Ginza 1chome Building	Chuo-ku, Tokyo	4,300	1991/11	100.0
		A068	KDX Nihonbashi Honcho Building	Chuo-ku, Tokyo	4,000	1984/1	100.0
		A071	KDX Iidabashi Building	Shinjuku-ku, Tokyo	4,670	1990/3	100.0
		A072	KDX Higashi-Shinagawa Building	Shinagawa-ku, Tokyo	4,590	1993/1	100.0
		A073	KDX Hakozaki Building	Chuo-ku, Tokyo	2,710	1993/11	100.0
		A074	KDX Shin-Nihonbashi Building	Chuo-ku, Tokyo	2,300	2002/11	100.0
		A078	KDX Tachikawa Ekimaie Building	Tachikawa, Tokyo	1,267	1990/2	100.0
		A083	KDX Fuchu Building	Fuchu, Tokyo	6,120	1996/3	99.1
		A084	KDX Kasuga Building	Bunkyo-ku, Tokyo	2,800	1992/6	100.0
		A085	KDX Nakameguro Building	Meguro-ku, Tokyo	1,880	1985/10	100.0
		A086	KDX Omiya Building	Saitama, Saitama	2,020	1993/4	100.0
		A087	Itopia Nihonbashi SA Building	Chuo-ku, Tokyo	2,200	1995/7	100.0
		A088	KDX Shinjuku 6-chome Building	Shinjuku-ku, Tokyo	1,900	1990/3	100.0
		A089	KDX Takanawadai Building	Minato-ku, Tokyo	5,250	1985/10	94.0
		A090	KDX Ikebukuro Building	Toshima-ku, Tokyo	3,900	2009/3	100.0
		A091	KDX Mita Building	Minato-ku, Tokyo	3,180	1993/3	100.0
		A092	KDX Akihabara Building	Chiyoda-ku, Tokyo	2,600	1973/12	100.0
		A093	KDX Iidabashi Square	Shinjuku-ku, Tokyo	4,350	1994/1	100.0
		A094	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	2013/5	100.0
		A095	KDX Toyosu Grand Square	Koto-ku, Tokyo	8,666	2008/4	98.0
		A096	KDX Takadanobaba Building	Toshima-ku, Tokyo	3,650	1988/10	100.0
		A099	KDX Ikebukuro West Building	Toshima-ku, Tokyo	1,934	1988/7	100.0
		A101	KDX Yokohama Building	Yokohama, Kanagawa	7,210	1994/3	100.0
		A102	KDX Yokohama Nishiguchi Building	Yokohama, Kanagawa	2,750	1988/10	100.0
		A107	KDX Ginza East Building	Chuo-ku, Tokyo	3,600	1991/8	100.0
		A108	Pentel Building	Chuo-ku, Tokyo	3,350	1990/11	100.0
		A109	KDX Hamamatsucho Center Building	Minato-ku, Tokyo	3,950	1985/12	100.0
		A112	KDX Toranomon 1chome Building	Minato-ku, Tokyo	15,550	2013/10	100.0
		A113	KDX Shin-Nihonbashi Ekimaie Building	Chuo-ku, Tokyo	3,829	1992/5	100.0
A114	KDX Nihonbashi Edo-dori Building	Chuo-ku, Tokyo	1,350	1985/3	100.0		
A115	ARK Mori Building	Minato-ku, Tokyo	4,169	1986/3	100.0		
A116	KDX Nishi-Shinbashi Building	Minato-ku, Tokyo	8,400	1992/8	100.0		
A117	BR Gotanda	Shinagawa-ku, Tokyo	2,200	1991/9	100.0		

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 number calculated based on acquisition price with a base date of the end of the 26th fiscal period (2018/4). Figures are truncated to the first decimal place

Note 3: Occupancy rate is calculated by dividing leased area as of the end of the 26th fiscal period (2018/4) by leasable area and is rounded to the first decimal place

Portfolio overview (2) (as of the end of the 26th fiscal period (2018/4))

Office Buildings (95 properties)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 26th fiscal period occupancy rate (%) (Note 3)	
Tokyo Metropolitan Area	A119	KDX	Shibuya Nanpeidai Building	Shibuya-ku, Tokyo	3,500	2003/12	100.0	
	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		Mitsubishijuku Yokohama Building	Yokohama, Kanagawa	14,720	1994/2	100.0	
	A123		JN Building	Yokohama, Kanagawa	9,500	2007/9	92.8	
	Other Regional Areas	A012		Portus Center Building	Sakai, Osaka	5,570	1993/9	100.0
		A042		KDX Karasuma Building	Kyoto, Kyoto	5,400	1982/10	100.0
		A044		KDX Sendai Building	Sendai, Miyagi	2,100	1984/2	100.0
		A053		KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1973/6	99.5
		A054		KDX Kitahama Building	Osaka, Osaka	2,220	1994/7	89.2
		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	97.8
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	89.0	
A098			KDX Hiroshima Building	Hiroshima, Hiroshima	1,300	1990/1	100.0	
A100			Senri Life Science Center Building	Toyonaka, Osaka	13,000	1992/6	99.8	
A104			KDX Minami-Honmachi Building	Osaka, Osaka	2,200	2009/12	98.8	
A106			KDX Sakura-dori Building	Nagoya, Aichi	5,900	1992/8	100.0	
A110		KDX Shin-Osaka Building	Osaka, Osaka	4,550	1992/5	100.0		
A111		KDX Nagoya Nichigin-mae Building	Nagoya, Aichi	3,500	2006/9	96.2		
A118		KDX Sapporo Kitaguchi Building	Sapporo, Hokkaido	1,800	1992/9	100.0		
Office Buildings (95 properties) Subtotal					394,455	Ave. 23.5 yrs	99.1	

Central Urban Retail Property (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 26th fiscal period occupancy rate (%) (Note 3)
Central Urban Retail Property	Tokyo Metropolitan Area	C001	Frame Jinnan-zaka	Shibuya-ku, Tokyo	9,900	2005/3	95.2
		Central Urban Retail Property (1 property) Subtotal				9,900	13.0 yrs

Others (1 property)

Type	Area	No.	Name	Location	Acquisition price (mn yen) (Note 1)	Completion date (Note 2)	End of 26th fiscal period occupancy rate (%) (Note 3)
Others	Tokyo Metropolitan Area	D002	Shinjuku 6chome Building (Land)	Shinjuku-ku, Tokyo	2,880	-	100.0
		Others (1 property) Subtotal				2,880	-
(97 properties, excl. investment securities) Total					407,235	Ave. 23.2 yrs	99.0%

• The total number of end tenants for 95 office buildings is 1,188 (1,123 if tenants are aggregated based on their names)

Investment Security (1 security)

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

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

	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)
Office buildings	4.4	4.5	4.7	4.7	4.8
Central urban retail properties	3.8	4.2	3.9	4.3	3.4
Residential property	4.0	4.1	4.2	3.8	3.5
Others	4.3	4.3	4.3	4.3	4.3
Total	4.4	4.5	4.6	4.7	4.8

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 number calculated based on acquisition price with a base date of the end of the 26th fiscal period (2018/4). Figures are truncated to the first decimal place

Note 3: Occupancy rate is calculated by dividing leased area as of the end of the 26th fiscal period (2018/4) by leasable area and is rounded to the first decimal place

Note 4: NOI yield calculation for the properties acquired during each fiscal period without taxation on property and city planning taxes 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

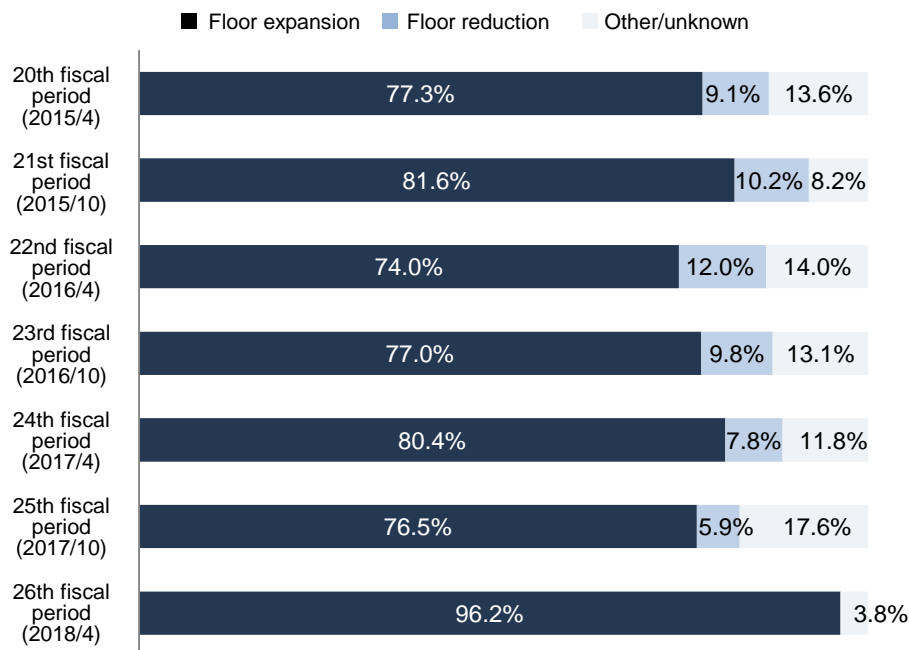
Note 5: Each yield is rounded to the first decimal place

Reasons for moving-in/out

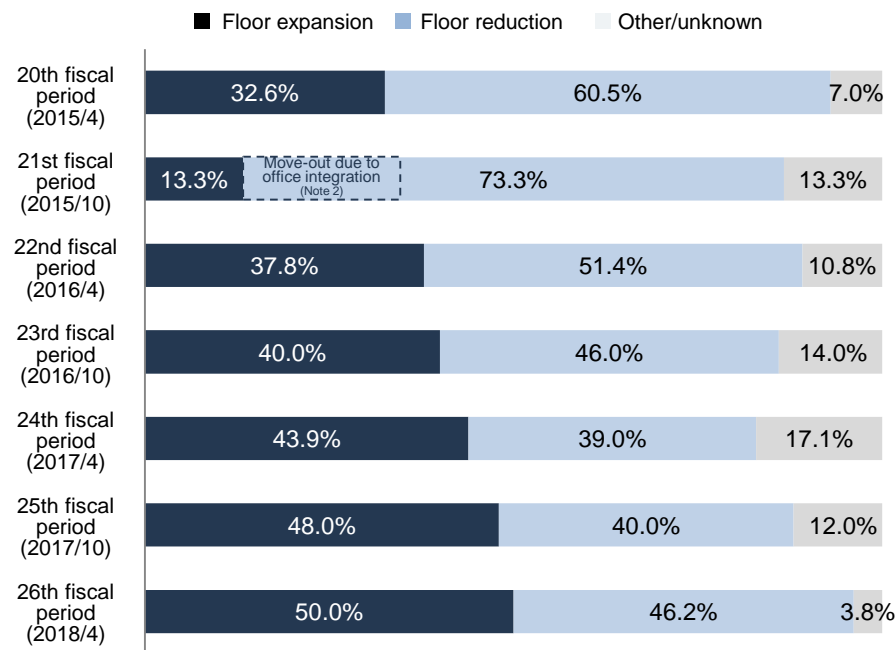
The percentage of move-ins for floor expansion purposes has maintained high occupancy and the percentage of move-outs for floor expansion purposes has been also on the rise

Demonstrating that well-performing mid/small-sized companies have a strong need to relocate their offices for floor expansion

Reasons for moving into our properties (Note 1)



Reasons for moving out of our properties (Note 1)



Average contracted floor area of incoming tenants (tsubo)

	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)
Floor expansion	116.6	84.4	79.0	80.9	76.7
Floor reduction	385.0	96.4	39.1	126.7	-

Average cancelled floor area of exiting tenants (tsubo)

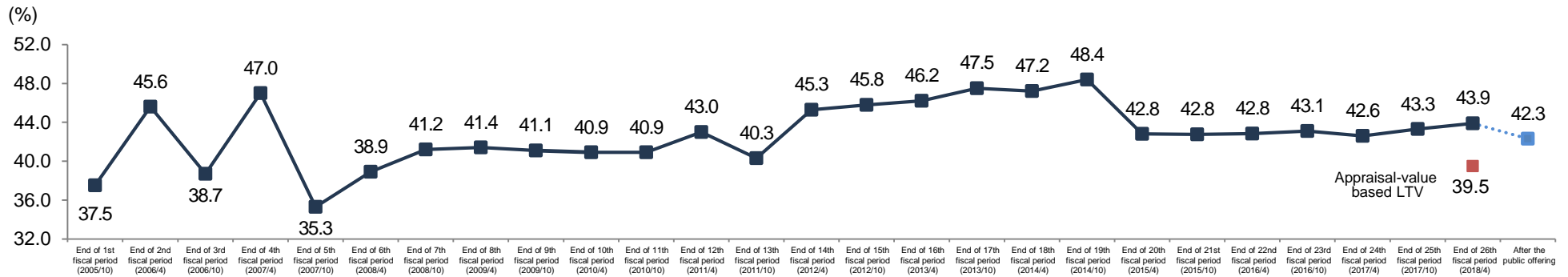
	22nd fiscal period (2016/4)	23rd fiscal period (2016/10)	24th fiscal period (2017/4)	25th fiscal period (2017/10)	26th fiscal period (2018/4)
Floor expansion	96.6	108.7	119.6	124.1	81.2
Floor reduction	198.5	107.8	79.7	63.1	87.6

Note 1: 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". 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 2: Among 73.3% of tenants who answered "Floor reduction" as the reason for moving out during the 21st fiscal period (2015/10), about 20.0% of them moved out to integrate/consolidate their offices targeting optimization of office functions

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

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



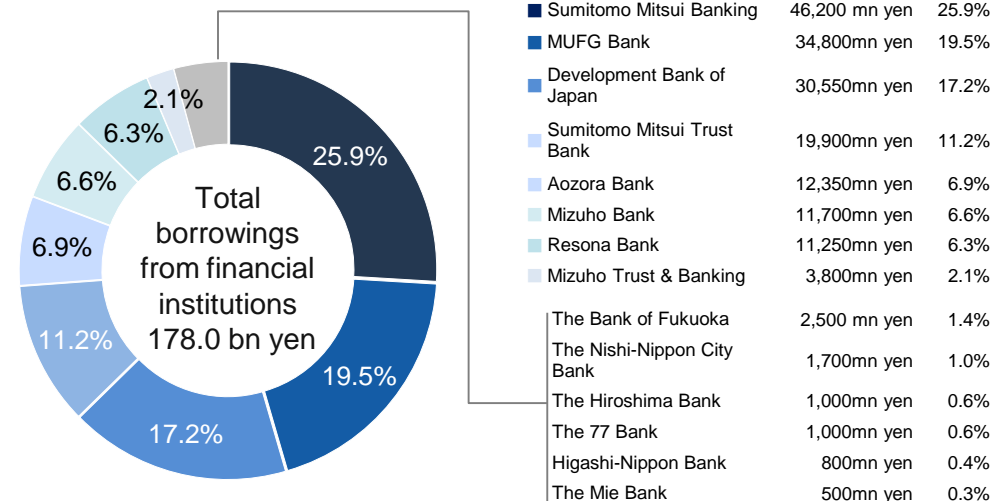
Note: The interest-bearing debt ratio (LTV) is calculated by dividing ending balance of interest-bearing debt by ending balance of total assets (rounded to the first decimal place)
 Appraisal-value based LTV is calculated by dividing ending balance of interest-bearing debt by the sum of ending balance of total assets and appraisal profit/loss (rounded to the first decimal place)

Investment corporation bonds issued as of the end of the 26th fiscal period (2018/4) (total of 7.8 bn yen)

Corporate bonds	Issued period	Issued amount	Interest rate	Term
5th bonds	2013/9	1.8 bn yen	1.00%	5 years
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

Outstanding borrowings by financial institutions as of the end of the 26th fiscal period (2018/4)

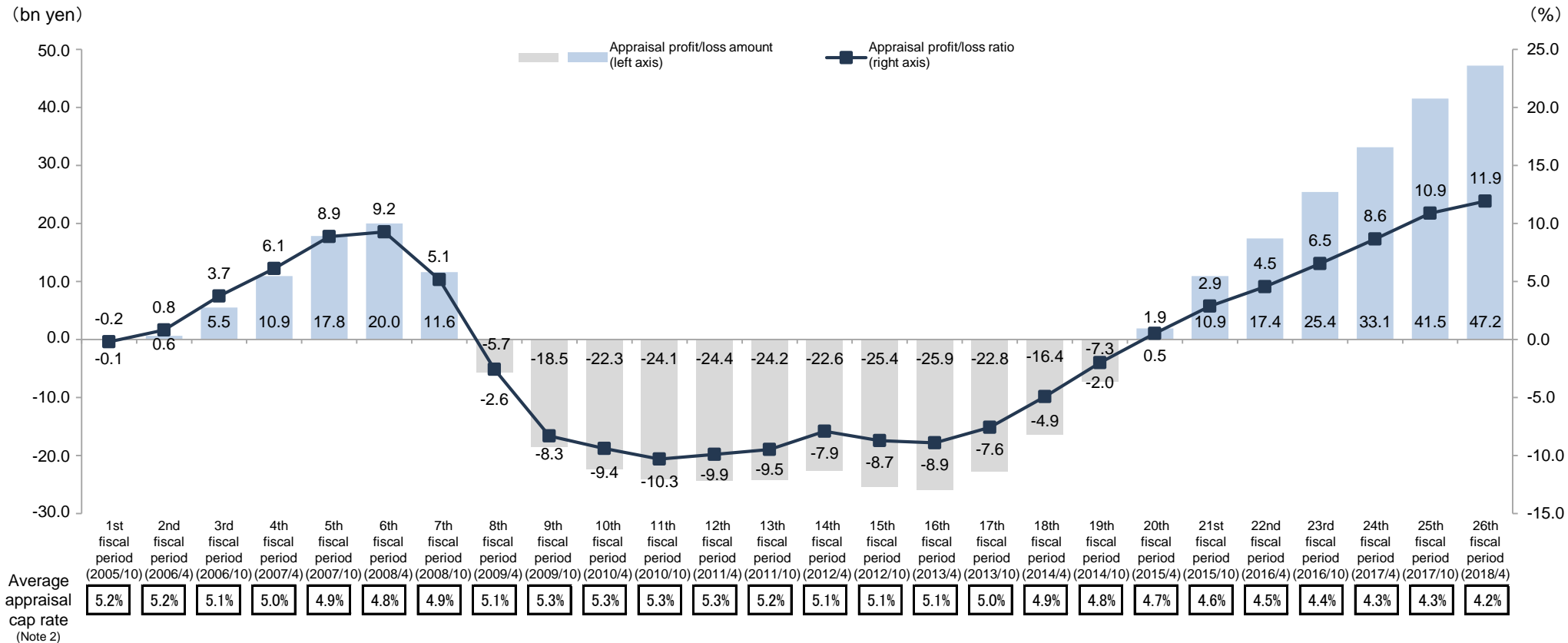
14 lending financial institutions



Historical appraisal profit/loss of portfolio

Appraisal profit increased to 47.2 billion yen as a result of increase in appraisal value and proactive asset reshuffle

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



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

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

Appraisal value and cap rate as of the end of the 26th fiscal period (2018/4) (1)

No.	Name	Appraiser	Acquisition price (mn yen) (A)	End of the 26th fiscal period (As of Apr. 30, 2018)				End of the 25th fiscal period (As of Oct. 31, 2017)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	Direct capitalization method cap rate (D)	Appraisal value vs Book value (Note 1) (C)÷(B)-1	Appraisal value (mn yen) (E)	Direct capitalization method cap rate (F)	Difference (C)-(E)	Increase- decrease rate (Note 1) (C)÷(E)-1	Difference (D)-(F)
A001	KDX Nihonbashi 313 Building	Daiwa	5,940	5,810	6,740	3.9%	16.0%	6,740	3.9%	-	-	-
A003	Higashi-Kayabacho Yuraku Building	JREI	4,450	4,061	5,050	4.3%	24.3%	5,050	4.3%	-	-	-
A004	KDX Hatchobori Building	Daiwa	3,680	3,280	3,360	4.2%	2.4%	3,360	4.2%	-	-	-
A005	KDX Nakano-Sakaue Building	Daiwa	2,533	2,329	2,470	4.4%	6.0%	2,470	4.4%	-	-	-
A006	Harajuku F.F. Building	JREI	2,450	2,403	3,140	4.7%	30.6%	3,140	4.7%	-	-	-
A007	KDX Minami Aoyama Building	JREI	2,270	2,220	2,710	4.2%	22.0%	2,710	4.2%	-	-	-
A008	Kanda Kihara Building	Daiwa	1,950	1,775	1,680	4.2%	-5.4%	1,680	4.2%	-	-	-
A012	Portus Center Building	Daiwa	5,570	4,016	5,080	5.6%	26.5%	5,080	5.6%	-	-	-
A013	KDX Kojimachi Building	JREI	5,950	5,507	4,980	3.8%	-9.6%	4,980	3.8%	-	-	-
A014	KDX Funabashi Building	JREI	2,252	2,256	2,550	5.3%	13.0%	2,490	5.4%	60	2.4%	-0.1%
A016	Toshin 24 Building	JREI	5,300	4,815	4,970	4.5%	3.2%	4,970	4.6%	-	-	-0.1%
A017	KDX Ebisu Building	JREI	4,640	4,382	5,080	4.1%	15.9%	4,970	4.1%	110	2.2%	-
A019	KDX Hamamatsucho Building	Daiwa	3,460	3,059	3,400	3.9%	11.1%	3,400	3.9%	-	-	-
A020	KDX Kayabacho Building	JREI	2,780	2,685	2,660	4.5%	-0.9%	2,620	4.5%	40	1.5%	-
A021	KDX Shinbashi Building	JREI	3,728	3,737	4,750	3.8%	27.1%	4,600	3.8%	150	3.3%	-
A022	KDX Shin-Yokohama Building	JREI	2,520	2,253	2,420	4.9%	7.4%	2,370	5.0%	50	2.1%	-0.1%
A026	KDX Kiba Building	JREI	1,580	1,438	1,210	5.0%	-15.9%	1,210	5.0%	-	-	-
A027	KDX Kajicho Building	Daiwa	2,350	2,247	2,260	4.3%	0.6%	2,260	4.3%	-	-	-
A029	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,018	3,790	4.4%	25.6%	3,780	4.4%	10	0.3%	-
A030	KDX Nishi-Gotanda Building	JREI	4,200	3,812	3,650	4.4%	-4.3%	3,650	4.4%	-	-	-
A031	KDX Monzen-Nakacho Building	Daiwa	1,400	1,307	1,120	4.8%	-14.4%	1,100	4.8%	20	1.8%	-
A032	KDX Shiba-Daimon Building	JREI	6,090	5,974	5,020	4.3%	-16.0%	4,950	4.3%	70	1.4%	-
A033	KDX Okachimachi Building	Daiwa	2,000	2,027	2,020	4.3%	-0.4%	2,020	4.3%	-	-	-
A034	KDX Hon-Atsugi Building	Daiwa	1,305	1,130	1,290	5.5%	14.1%	1,290	5.5%	-	-	-
A035	KDX Hachioji Building	Daiwa	1,155	1,221	1,120	5.2%	-8.3%	1,120	5.2%	-	-	-
A037	KDX Ochanomizu Building	JREI	6,400	6,354	6,850	4.1%	7.8%	6,850	4.1%	-	-	-
A038	KDX Nishi-Shinjuku Building	JREI	1,500	1,517	1,450	4.5%	-4.4%	1,450	4.5%	-	-	-
A041	KDX Shinjuku 286 Building	JREI	2,300	2,352	2,620	4.1%	11.4%	2,620	4.1%	-	-	-
A042	KDX Karasuma Building	Daiwa	5,400	5,093	5,270	4.8%	3.5%	5,240	4.8%	30	0.6%	-
A044	KDX Sendai Building	Daiwa	2,100	1,954	1,860	5.4%	-4.8%	1,860	5.4%	-	-	-
A046	Hiei Kudan-Kita Building	Daiwa	7,600	7,449	7,900	3.9%	6.0%	7,900	3.9%	-	-	-
A048	KDX Kawasaki-Ekimae Hon-cho Building	JREI	3,760	3,512	3,100	4.9%	-11.7%	3,100	5.0%	-	-	-0.1%
A051	KDX Hamacho Nakanohashi Building	JREI	2,310	2,248	1,970	4.5%	-12.4%	1,960	4.5%	10	0.5%	-
A053	KDX Hakata-Minami Building	JREI	4,900	4,491	4,250	5.9%	-5.4%	4,070	6.0%	180	4.4%	-0.1%

※Notes are shown on page 44

Appraisal value and cap rate as of the end of the 26th fiscal period (2018/4) (2)

No.	Name	Appraiser	Acquisition price (mn yen) (A)	End of the 26th fiscal period (As of Apr. 30, 2018)				End of the 25th fiscal period (As of Oct. 31, 2017)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	Direct capitalization method cap rate (D)	Appraisal value vs Book value (Note 1) (C)÷(B)-1	Appraisal value (mn yen) (E)	Direct capitalization method cap rate (F)	Difference (C)-(E)	Increase- decrease rate (Note 1) (C)÷(E)-1	Difference (D)-(F)
A054	KDX Kitahama Building	JREI	2,220	2,062	1,620	5.3%	-21.4%	1,610	5.4%	10	0.6%	-0.1%
A055	Shin-toshin Maruzen Building	JREI	2,110	2,092	1,680	4.4%	-19.7%	1,680	4.4%	-	-	-
A056	KDX Jimbocho Building	JREI	2,760	2,857	2,360	4.4%	-17.4%	2,360	4.4%	-	-	-
A058	KDX Nagoya Sakae Building	Daiwa	7,550	6,668	5,260	4.5%	-21.1%	5,260	4.5%	-	-	-
A059	KDX Iwamoto-cho Building	JREI	1,864	1,648	1,510	4.5%	-8.4%	1,510	4.6%	-	-	-0.1%
A060	KDX Harumi Building	JREI	10,250	8,804	8,470	4.2%	-3.8%	8,470	4.3%	-	-	-0.1%
A061	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	2,233	2,200	3.8%	-1.5%	2,200	3.8%	-	-	-
A062	Koishikawa TG Building	JREI	3,080	2,996	3,460	4.3%	15.5%	3,460	4.3%	-	-	-
A063	KDX Gotanda Building	JREI	2,620	2,701	3,210	4.5%	18.8%	3,120	4.5%	90	2.9%	-
A064	KDX Nihonbashi 216 Building	JREI	2,010	1,840	2,200	4.0%	19.6%	2,160	4.0%	40	1.9%	-
A066	KDX Shinjuku Building	JREI	6,800	6,860	8,810	3.7%	28.4%	8,560	3.8%	250	2.9%	-0.1%
A067	KDX Ginza 1chome Building	Daiwa	4,300	4,180	5,710	3.6%	36.6%	5,710	3.6%	-	-	-
A068	KDX Nihonbashi Honcho Building	Daiwa	4,000	3,932	4,670	4.0%	18.7%	4,660	4.0%	10	0.2%	-
A069	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,124	2,670	6.4%	25.7%	2,670	6.4%	-	-	-
A070	KDX Sapporo Building	Daiwa	2,005	1,931	2,490	4.9%	28.9%	2,400	4.9%	90	3.8%	-
A071	KDX Iidabashi Building	Daiwa	4,670	4,519	5,500	4.1%	21.7%	5,490	4.1%	10	0.2%	-
A072	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,721	4,490	4.2%	-4.9%	4,460	4.2%	30	0.7%	-
A073	KDX Hakozaeki Building	Daiwa	2,710	2,682	3,300	4.4%	23.0%	3,300	4.4%	-	-	-
A074	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,056	2,830	3.8%	37.6%	2,820	3.8%	10	0.4%	-
A078	KDX Tachikawa Ekimae Building	JREI	1,267	1,326	1,650	5.1%	24.4%	1,620	5.2%	30	1.9%	-0.1%
A079	KDX Nagoya Ekimae Building	JREI	7,327	8,013	9,420	4.2%	17.5%	9,170	4.3%	250	2.7%	-0.1%
A082	KDX Higashi Umeda Building	Daiwa	2,770	2,467	3,660	4.4%	48.4%	3,650	4.4%	10	0.3%	-
A083	KDX Fuchu Building	Daiwa	6,120	5,875	7,930	4.8%	35.0%	7,890	4.8%	40	0.5%	-
A084	KDX Kasuga Building	JREI	2,800	2,709	3,630	4.3%	34.0%	3,630	4.3%	-	-	-
A085	KDX Nakameguro Building	Daiwa	1,880	1,858	2,770	4.4%	49.1%	2,680	4.4%	90	3.4%	-
A086	KDX Omiya Building	Daiwa	2,020	2,189	2,850	5.0%	30.2%	2,850	5.0%	-	-	-
A087	Itopia Nihonbashi SA Building	Daiwa	2,200	2,249	2,860	4.3%	27.1%	2,660	4.3%	200	7.5%	-
A088	KDX Shinjuku 6-chome Building	Daiwa	1,900	1,881	3,030	4.3%	61.0%	2,950	4.3%	80	2.7%	-
A089	KDX Takanawadai Building	JREI	5,250	5,550	6,170	4.3%	11.2%	6,170	4.3%	-	-	-
A090	KDX Ikebukuro Building	Daiwa	3,900	3,680	4,830	4.0%	31.2%	4,810	4.0%	20	0.4%	-
A091	KDX Mita Building	JREI	3,180	3,139	3,460	4.2%	10.2%	3,460	4.2%	-	-	-
A092	KDX Akihabara Building	JREI	2,600	2,532	3,090	4.1%	22.0%	3,090	4.1%	-	-	-
A093	KDX Iidabashi Square	Daiwa	4,350	4,922	5,700	4.0%	15.8%	5,680	4.0%	20	0.4%	-
A094	KDX Musashi-Kosugi Building	JREI	12,000	11,245	15,400	4.2%	36.9%	14,900	4.3%	500	3.4%	-0.1%

※Notes are shown on page 44

Appraisal value and cap rate as of the end of the 26th fiscal period (2018/4) (3)

No.	Name	Appraiser	Acquisition price (mn yen) (A)	End of the 26th fiscal period (As of Apr. 30, 2018)				End of the 25th fiscal period (As of Oct. 31, 2017)		Period-end appraisal value		Direct capitalization method cap rate
				Book value (mn yen) (B)	Appraisal value (mn yen) (C)	Direct capitalization method cap rate (D)	Appraisal value vs Book value (Note 1) (C)÷(B)-1	Appraisal value (mn yen) (E)	Direct capitalization method cap rate (F)	Difference (C)-(E)	Increase- decrease rate (Note 1) (C)÷(E)-1	Difference (D)-(F)
A095	KDX Toyosu Grand Square	Daiwa	8,666	8,113	9,440	4.6%	16.3%	9,240	4.6%	200	2.2%	-
A096	KDX Takadanobaba Building	Daiwa	3,650	3,617	4,330	4.4%	19.7%	4,310	4.4%	20	0.5%	-
A097	KDX Utsunomiya Building	Daiwa	2,350	2,263	2,500	5.7%	10.5%	2,500	5.7%	-	-	-
A098	KDX Hiroshima Building	JREI	1,300	1,390	1,640	5.5%	17.9%	1,600	5.6%	40	2.5%	-0.1%
A099	KDX Ikebukuro West Building	Daiwa	1,934	2,023	2,090	4.3%	3.3%	2,090	4.3%	-	-	-
A100	Senri Life Science Center Building	Daiwa	13,000	12,772	13,500	4.6%	5.7%	13,300	4.6%	200	1.5%	-
A101	KDX Yokohama Building	Daiwa	7,210	7,571	8,790	4.4%	16.1%	8,440	4.4%	350	4.1%	-
A102	KDX Yokohama Nishiguchi Building	Daiwa	2,750	2,723	3,150	4.5%	15.7%	3,140	4.5%	10	0.3%	-
A104	KDX Minami-Honmachi Building	JREI	2,200	2,058	2,940	4.5%	42.8%	2,900	4.5%	40	1.4%	-
A106	KDX Sakura-dori Building	Daiwa	5,900	6,226	8,240	4.6%	32.3%	8,050	4.6%	190	2.4%	-
A107	KDX Ginza East Building	JREI	3,600	3,617	3,740	4.2%	3.4%	3,740	4.2%	-	-	-
A108	Pentel Building	Daiwa	3,350	3,571	3,803	3.9%	6.5%	3,793	3.9%	10	0.3%	-
A109	KDX Hamamatsucho Center Building	Daiwa	3,950	4,023	4,300	3.8%	6.9%	4,300	3.8%	-	-	-
A110	KDX Shin-Osaka Building	Daiwa	4,550	4,549	5,060	4.1%	11.2%	5,040	4.1%	20	0.4%	-
A111	KDX Nagoya Nichigin-mae Building	JREI	3,500	3,508	4,120	4.3%	17.4%	3,980	4.4%	140	3.5%	-0.1%
A112	KDX Toranomon 1chome Building	JREI	15,550	15,528	17,100	3.5%	10.1%	17,000	3.5%	100	0.6%	-
A113	KDX Shin-Nihonbashi Ekimae Building	JREI	3,829	3,951	4,070	3.9%	3.0%	4,070	3.9%	-	-	-
A114	KDX Nihonbashi Edo-dori Building	JREI	1,350	1,379	1,440	4.3%	4.4%	1,440	4.3%	-	-	-
A115	ARK Mori Building	Daiwa	4,169	4,189	4,430	3.7%	5.7%	4,430	3.7%	-	-	-
A116	KDX Nishi-Shinbashi Building	Daiwa	8,400	8,435	9,070	3.5%	7.5%	8,880	3.5%	190	2.1%	-
A117	BR Gotanda	JREI	2,200	2,313	2,400	4.4%	3.7%	2,400	4.4%	-	-	-
A118	KDX Sapporo Kitaguchi Building	Daiwa	1,800	1,810	1,960	4.8%	8.2%	1,890	4.8%	70	3.7%	-
A119	KDX Shibuya Nanpeidai Building	Daiwa	3,500	3,575	3,710	3.6%	3.8%	3,710	3.6%	-	-	-
A120	KDX Yoyogi Building	JREI	2,479	2,442	2,210	4.7%	-9.5%	2,160	4.7%	50	2.3%	-
A121	Ginza 4chome Tower	JREI	9,800	9,566	13,600	3.3%	42.2%	13,600	3.3%	-	-	-
A122	Mitsubishijuko Yokohama Building (Note 2)	Daiwa	14,720	14,770	14,900	4.0%	0.9%	14,900	4.0%	-	-	-
A123	JN Building (Note 2)	Daiwa	9,500	9,851	9,860	4.2%	0.1%	9,860	4.2%	-	-	-
Subtotal: Office Buildings (Note 3)			394,455	384,155	429,073	4.3%	11.7%	424,933	4.3%	4,140	1.0%	-
C001	Frame Jinnan-zaka	JREI	9,900	9,179	11,100	3.7%	20.9%	11,100	3.7%	-	-	-
Subtotal: Central Urban Retail Property (Note 3)			9,900	9,179	11,100	3.7%	20.9%	11,100	3.7%	-	-	-
D002	Shinjuku 6chome Building (Land)	Daiwa	2,880	2,973	3,350	3.7%	12.7%	3,320	3.7%	30	0.9%	-
Subtotal: Others (Note 3)			2,880	2,973	3,350	3.7%	12.7%	3,320	3.7%	30	0.9%	-
Total (Note 3)			407,235	396,308	443,523	4.2%	11.9%	439,353	4.3%	4,170	0.9%	-0.1%

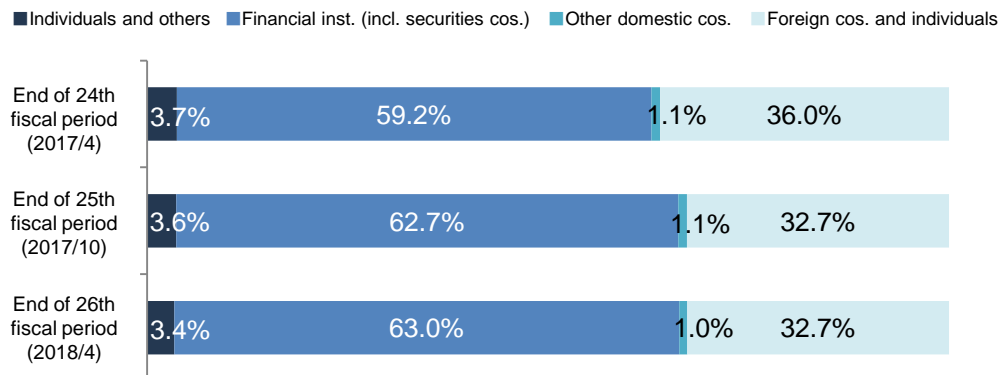
Note 1: Ratios for appraisal value vs book value and increase-decrease rate are rounded to the first decimal place

Note 2: For the properties newly acquired in the 26th fiscal period (2018/4), appraisal values included in relevant appraisal report obtained at the time of acquisition are considered as appraisal values as of the end of the previous fiscal period in calculating change in appraisal value period over period

Note 3: Cap rates for subtotals and the entire portfolio are weighted averages based on appraisal values

KDO unitholders (as of the end of the 26th fiscal period (2018/4))

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



Number of unitholders

(person)

	End of 24th fiscal period (2017/4)	End of 25th fiscal period (2017/10)	End of 26th fiscal period (2018/4)
Individuals and Others	5,209	5,056	4,776
Financial Inst. (Incl. Securities Cos.)	City / Trust Bank	11	10
	Regional Bank	21	21
	Credit Union and Others	36	44
	Life / Nonlife, Securities	20	23
	Total	88	98
Other Domestic Cos.	100	104	94
Foreign Cos. and Individuals	243	252	257
Total	5,640	5,510	5,235

Top 10 unitholders (Note)

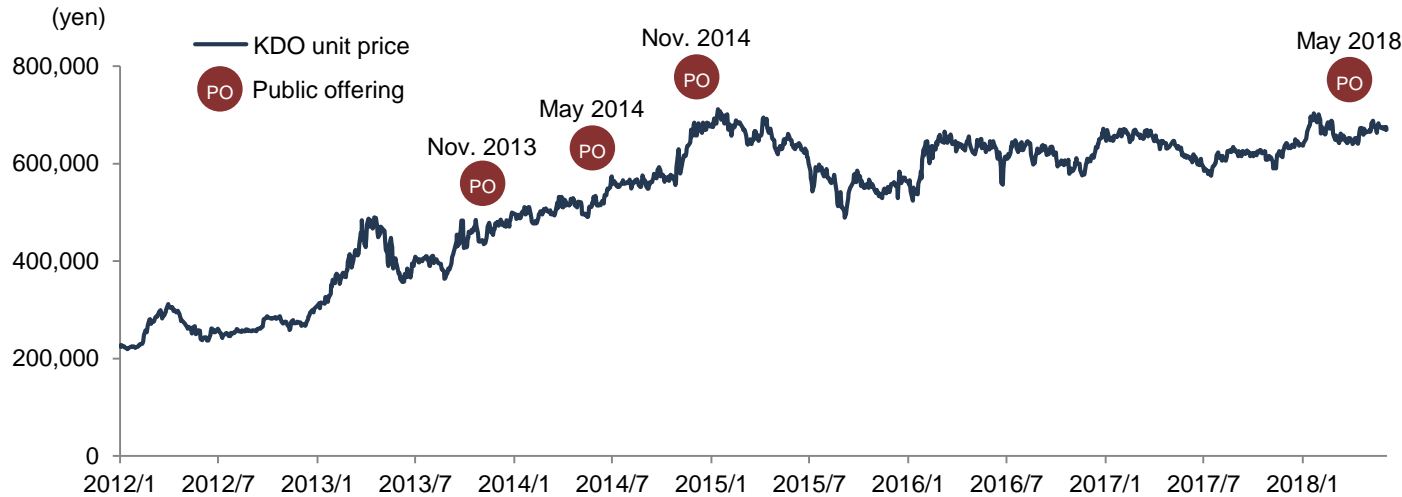
Name	# of units held (unit)	Percentage share
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	79,985	19.8%
Japan Trustee Services Bank, Ltd. (Trust Acct.)	76,151	18.8%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	26,729	6.6%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	23,187	5.7%
JP MORGAN CHASE BANK 385628	11,610	2.9%
State Street Bank and Trust Company 505012	7,942	2.0%
State Street Bank and Trust Company 505001	6,315	1.6%
Nomura Bank (Luxembourg) S.A.	5,285	1.3%
BARCLAYS CAPITAL SECURITIES LIMITED	5,150	1.3%
State Street Bank West Client – Treaty 505234	4,791	1.2%
Total	247,145	61.0%

Note: Ratios are rounded to the first decimal place

Historical changes in unit price

KDO unit price has continued to outperform TSE REIT Index

Historical changes in unit price (January 4, 2012 – June 8, 2018)



Inclusion into indices

- FTSE EPRA/NAREIT Global Real Estate Investors index



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

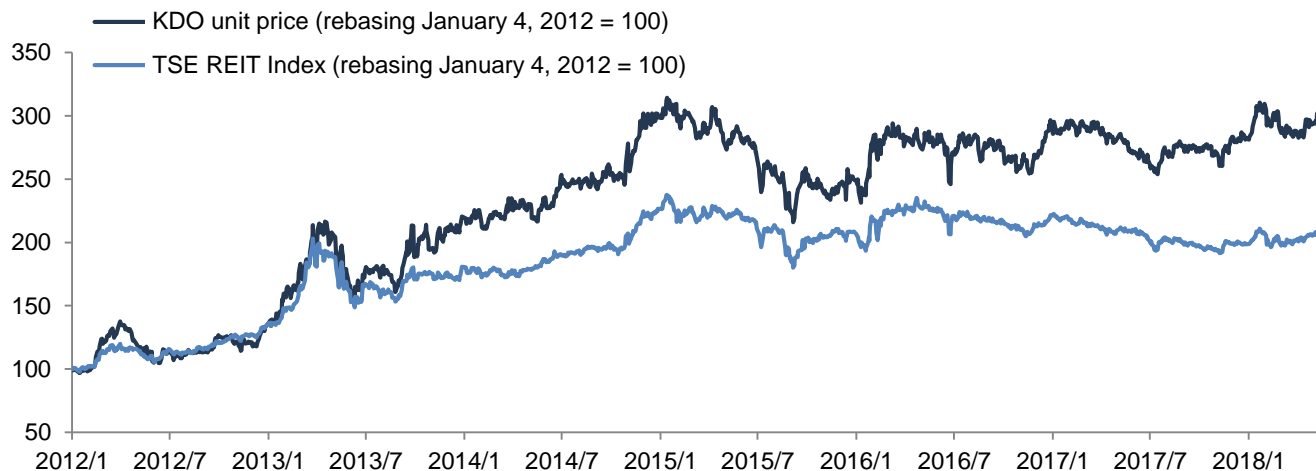
S&P Dow Jones Indices

An S&P Global Division

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



Comparison between rebased unit price and TSE REIT Index (January 4, 2012 – June 8, 2018)



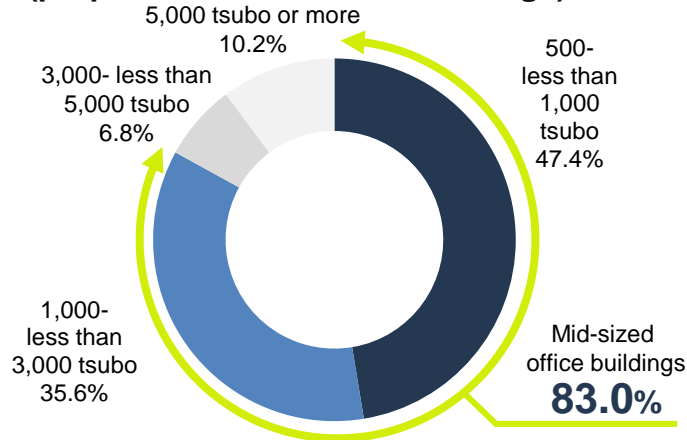
Appendix 3

Characteristics of KDO

Characteristics of mid-sized office building market

A wide selection of prime properties available
Expect to generate stable rent revenues given a broad tenant base

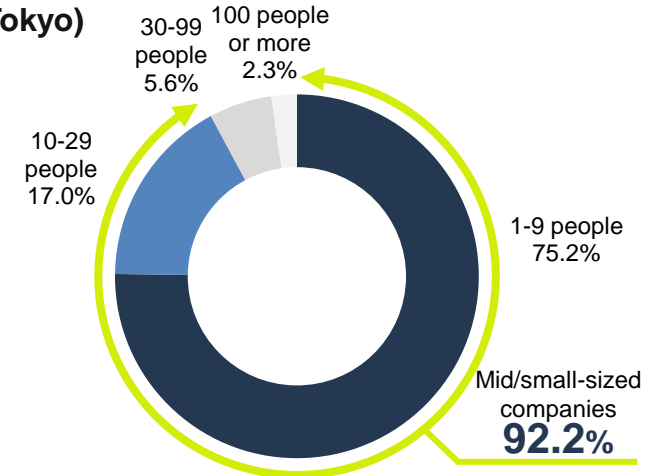
Office market by total floor area (proportion of number of buildings) (Note 1)



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

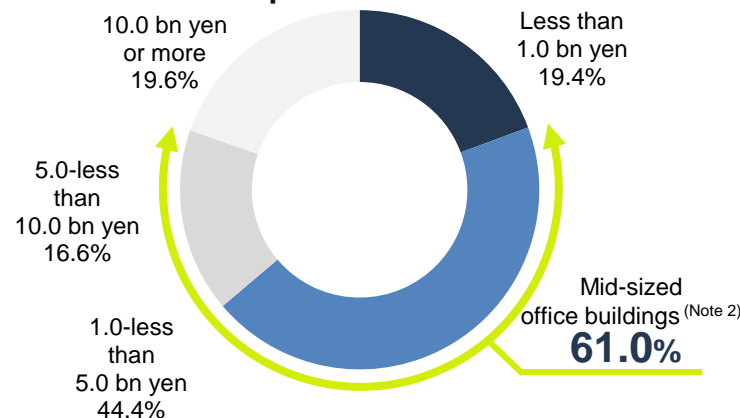
Source: Based on the survey CBRE conducted at the request of the Asset Management Company

Business office by the number of employees (Tokyo)



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

of office building transactions by transaction price

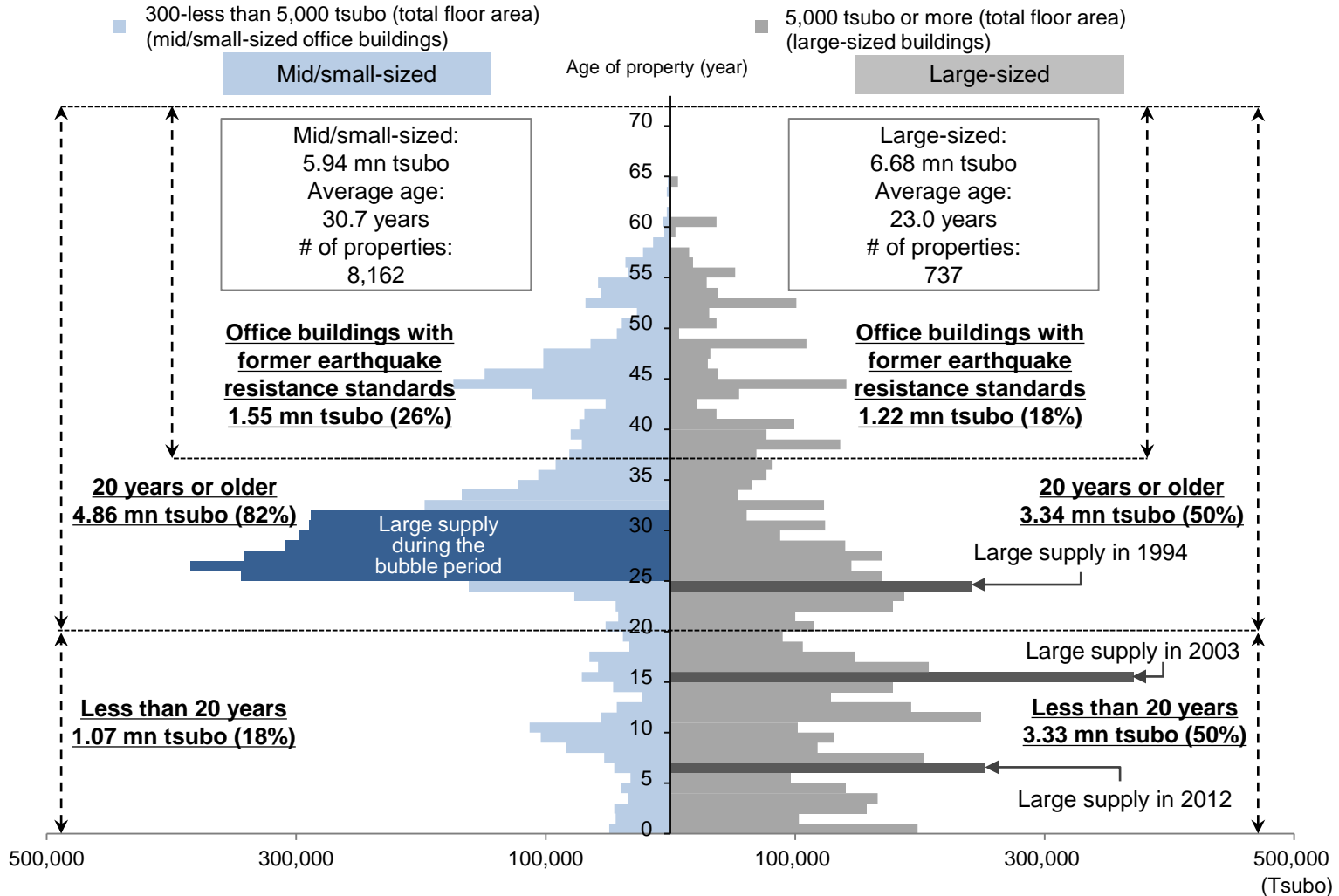


Note 2: The transaction prices of mid-sized office buildings are generally around 1.0 bn yen to 10.0 bn yen

Source: Compiled by the Asset Management Company based on "the number of office building transactions by transaction size (FY2008-FY2017)" 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

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

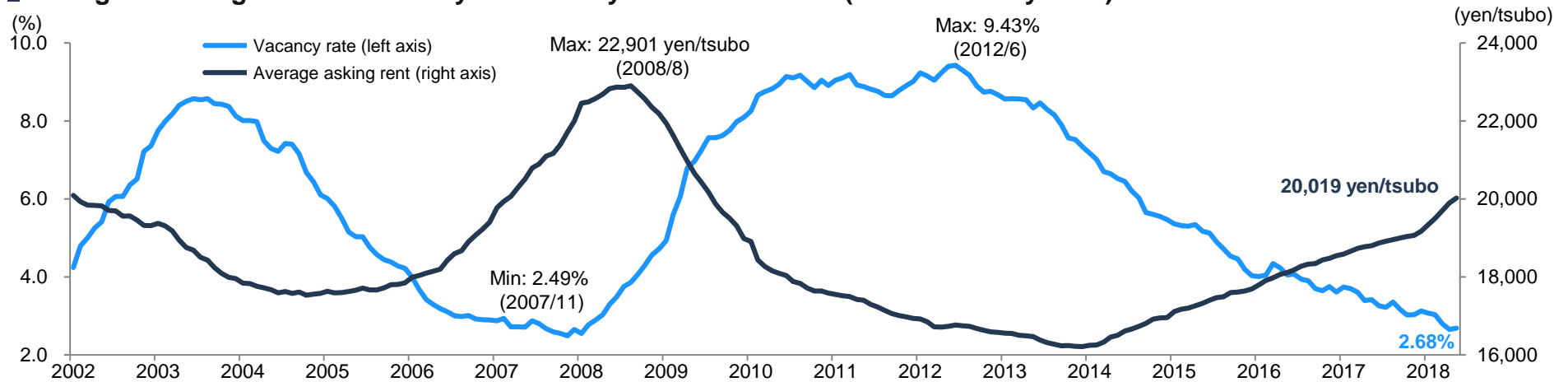


Source: Compiled by the Asset Management Company based on "Tokyo 23 Wards New Supply of Office Buildings & Office Pyramid 2018" published by XYMAX REAL ESTATE INSTITUTE Corporation on December 7, 2017

Office building market

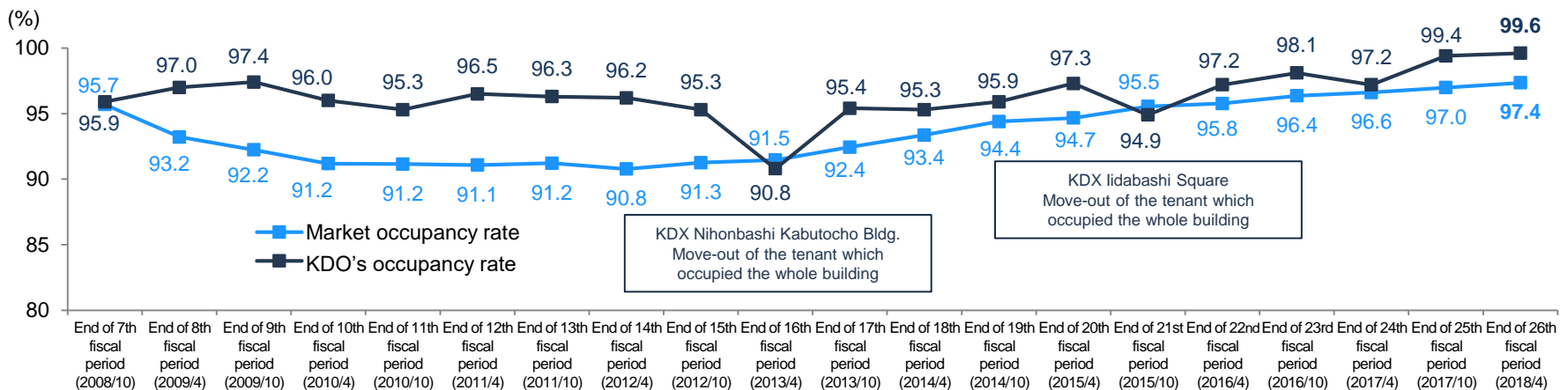
Rents for mid-sized office buildings are generally more stable than for large-sized office buildings

Change in asking rent and vacancy rate in Tokyo central 5 wards (Jan 2002 - May 2018) (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 "Latest Office Building Markets in Tokyo (Central 5 wards)"

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

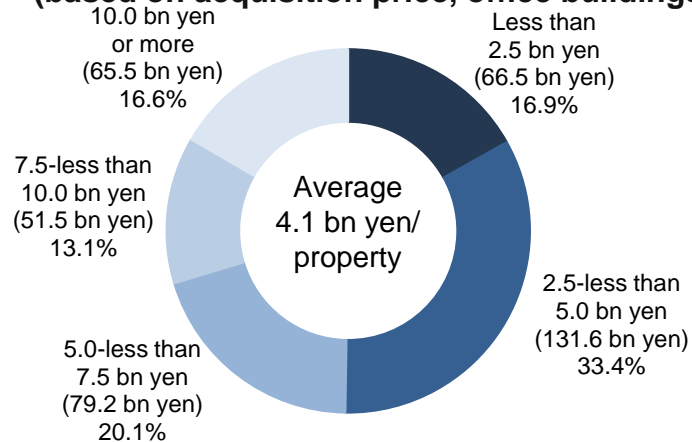


Note 2: Market occupancy rate refers to the average values of Tokyo central 5 wards for each corresponding month published by Miki Shoji

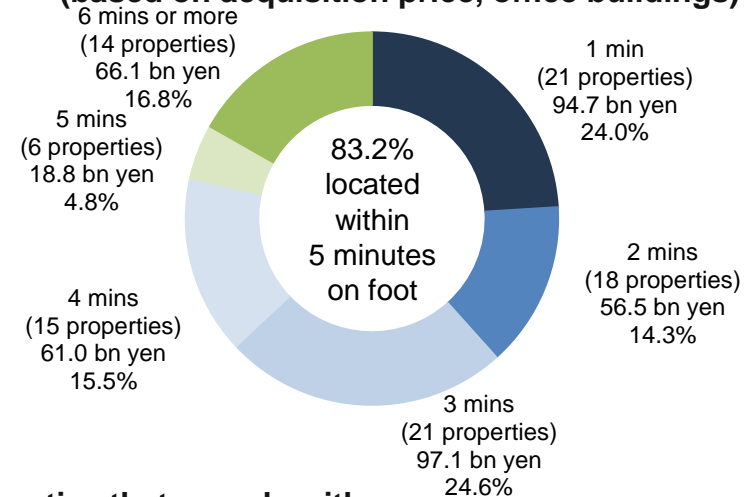
Note 3: KDO's average occupancy rate refers to the weighted average occupancy rate of the office buildings in Tokyo central 5 wards that KDO owns as of the end of each fiscal period

Characteristics of KDO office buildings (as of the end of the 26th fiscal period (2018/4))

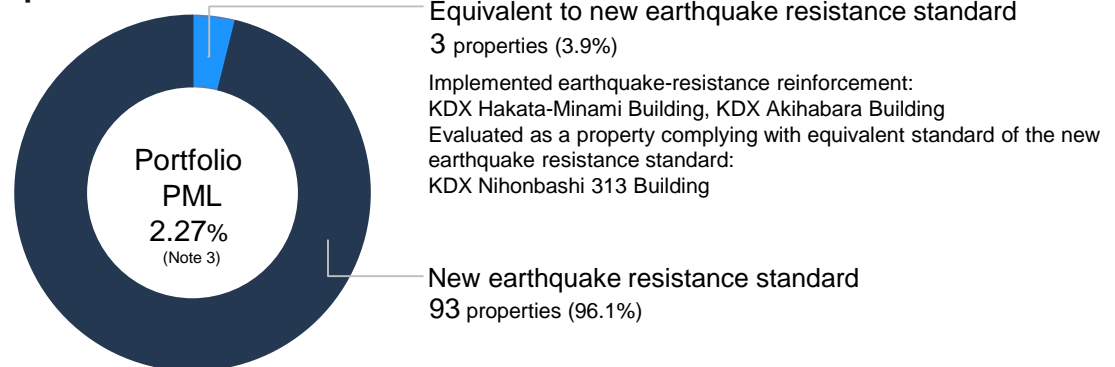
By acquisition price (based on acquisition price, office buildings)



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 the 26th fiscal period (2018/4). 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 2018 and is based on the research implemented by Sompo Risk Management & Health Care 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

Overview of the 7th CS survey results (Aug. 2017)

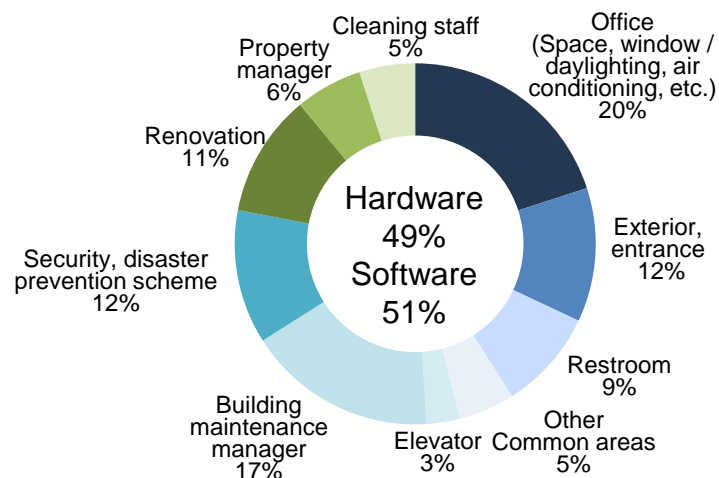
High intention for continuous occupancy even at aged buildings
 Competitiveness dependent on timely equipment upgrade and renovation

CS survey overview

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

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

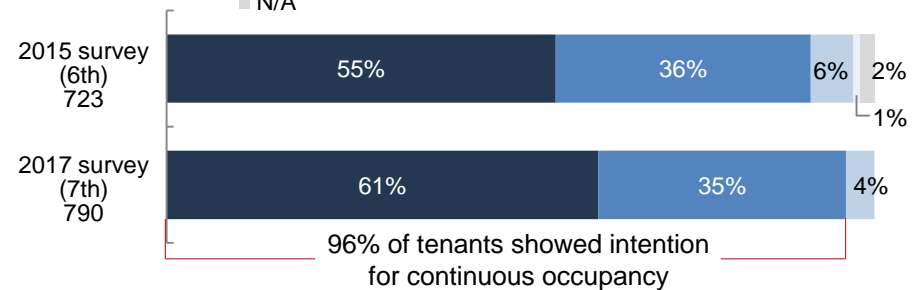
7th CS survey results: reasons for satisfaction (Note)



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

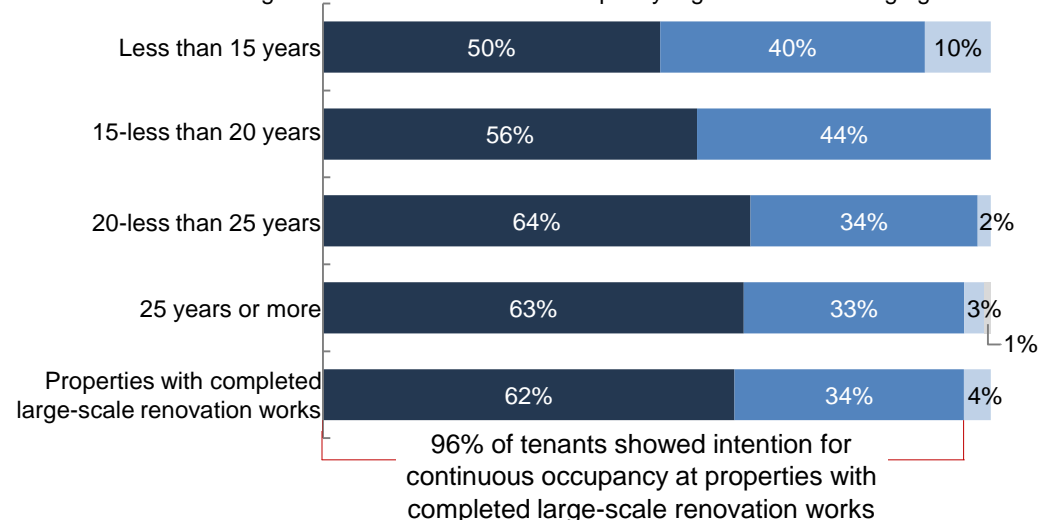
Intention for continuous occupancy (Note)

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



Intention for continuous occupancy by building age (Note)

- Confirmed high intention for continuous occupancy regardless of building age



Property sourcing and acquisition methods

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

Multiple pipelines

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

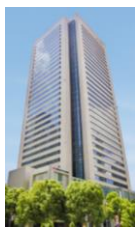
- Brokerage
- The sponsor's principal investment (incl. development projects)
- The sponsor's private funds

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



JN Bldg.

Acquisition through corporate acquisition



KDX Shin-Nihonbashi Ekimae Bldg.

Strategic mutual transaction with developers



KDX Toranomom 1chome Bldg.



KDX Nishi-Shinbashi Bldg.

Equity Investment



Senri Life Science Center Bldg.

Percentage share of properties acquired from related parties (Note)

46.2%

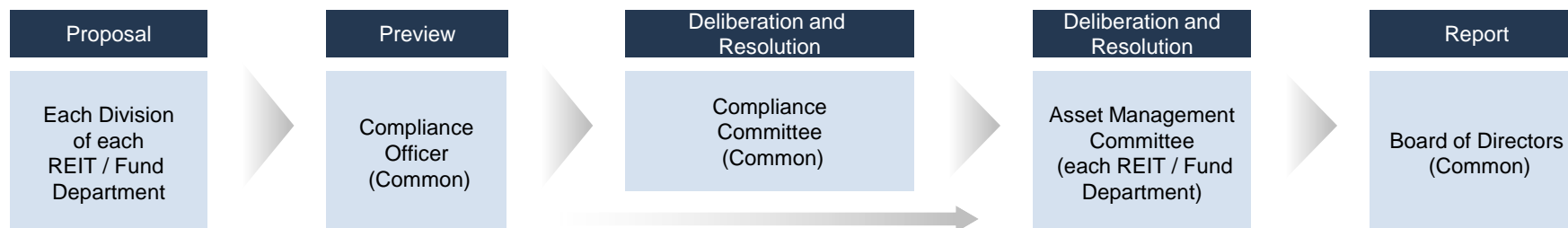
Percentage share of properties acquired from third parties (Note)

53.8%

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 the 26th fiscal period (2018/4). Figures are rounded to the first decimal place

Management structure of KFM

KFM's decision-making process



Constituent members of decision making body

	Compliance Committee	AM Committee (Office REIT Department)
President & CEO	●	
Compliance Officer	●	●
Director (full-time)	●	
Head of Office REIT Dept.		●
Head of Asset Investment Div., Office REIT Dept.		●
Head of Asset Management Div., Office REIT Dept.		●
Head of Planning Div., Office REIT Dept.		●
Head of Finance & Accounting Dept.		●
External member (lawyer)	●	
External member (real estate appraiser) ^(Note 1)		●

Note 1: Certain proposals such as borrowings do not require attendance of the external member

Note 2: Calculated by dividing the pre-tax income before deducting Asset Management Fees II and III by the number of outstanding investment units as of the end of the relevant fiscal period. In case there is a loss carried forward, the loss is deducted from the pre-tax income

Note 3: Obtained by subtracting simple average of DPU for the most recent four fiscal periods from DPU. If the amount subtracted does not exceed zero, the Asset Management Fee III shall be zero

Rules on transactions with related parties

Asset acquisition	Must not acquire properties for more than appraisal value (except for the case of warehousing)
Asset disposal	Must not sell properties for less than appraisal value by real estate appraiser

Asset management fee structure

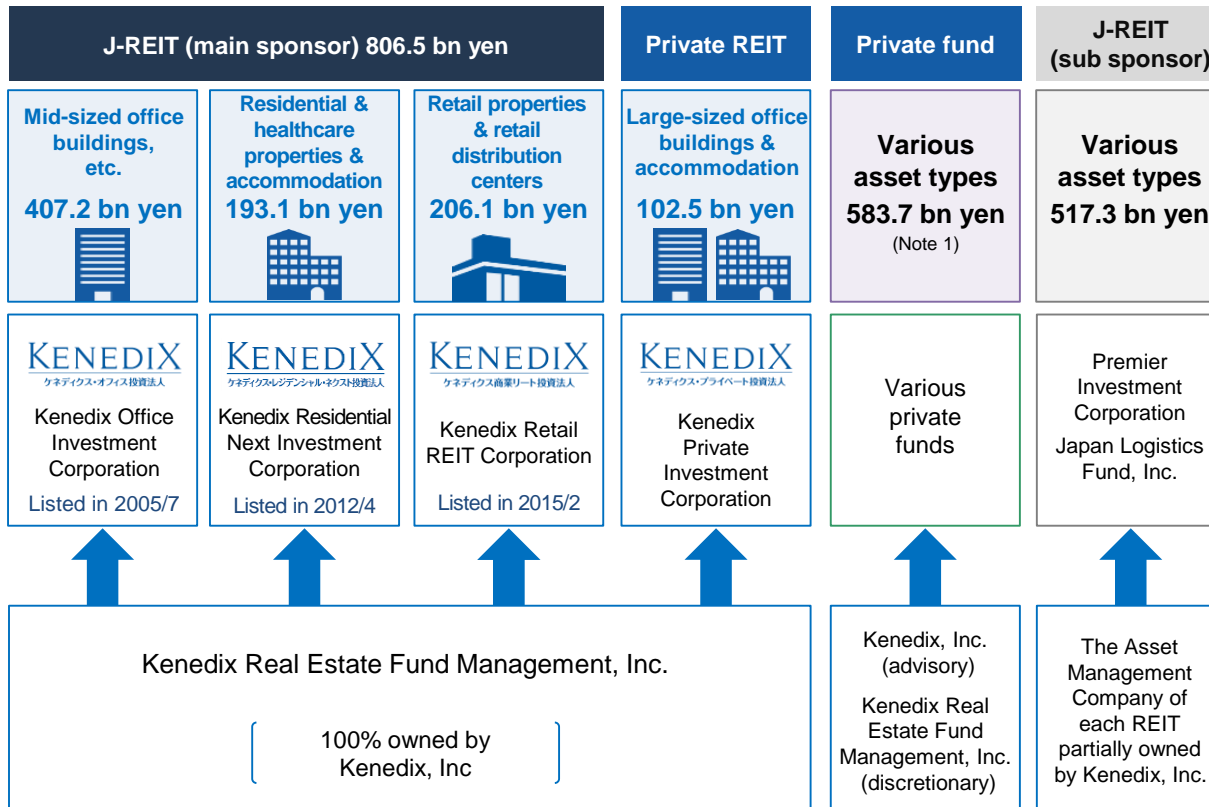
- KDO changes management fees I, II and III of its Articles of Incorporation to introduce a new asset management fee structure to further enhance the linkage with unitholder profits from the 27th fiscal period (2018/10)

Management fee I	Total assets × 0.13%
Management fee II	Distributions per unit each fiscal period ^(Note 2) × 23,000
Management fee III	Increase in distributions per unit ^(Note 3) × Number of outstanding investment units × 10%
Acquisition fee	0.5% of acquisition price (0.25% for related party transaction)
Disposition fee	Capped at 0.5% of disposition price

Our sponsor

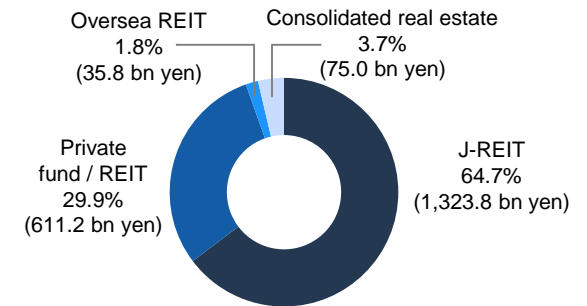
Total AUM of 2,046 billion yen, with more than about 13 years in J-REIT management experience
One of the major independent real estate investment companies in Japan, managing multiple J-REITs

Fund management by Kenedix Group (as of the end of March 2018)

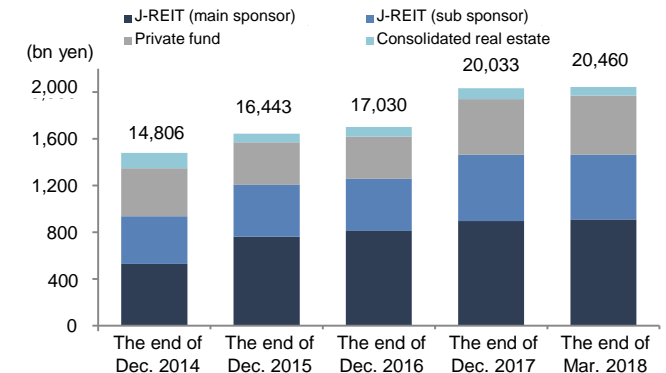


Kenedix Group's assets under management

Total **2,046.0** bn yen
(as of the end of March 2018)



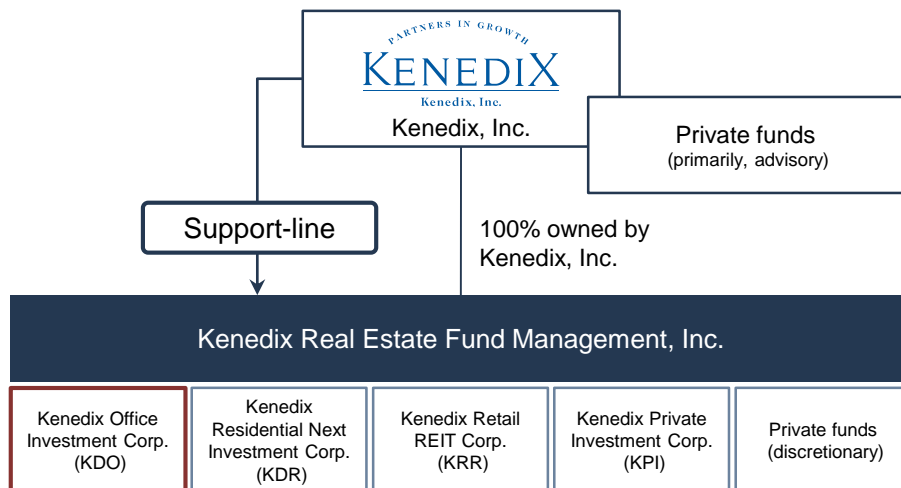
Asset under management (Note 2)



Note 1: Include Kenedix Group's consolidated real estate of 75.0 billion yen and exclude an overseas REIT of 35.8 billion yen
Note 2: Calculated by including Private fund in J-REIT (main sponsor) and Overseas REIT in J-REIT (sub sponsor)

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

Kenedix Group's fund management structure



KDO management guidelines (revised on December 1, 2017)

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

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

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

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

Overview of preferential study rights for property information

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

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

	Office REIT Dept. Kenedix Office Investment Corp.	Residential REIT Dept. Kenedix Residential Next Investment Corp.	Retail REIT Dept. Kenedix Retail REIT Corp.	Private REIT Dept. Kenedix Private Investment Corp.	Private Fund Dept. Private funds
Mid-sized office buildings	1st	-	-	2nd	3rd
Other office buildings	2nd	-	-	1st	3rd
Residential properties (Note 2)	-	1st	-	2nd	3rd
Central urban retail properties (Note 3)	3rd	-	1st / 2nd	2nd / 1st	4th
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: Specifically for residential properties with total floor area below 20,000 m² for Tokyo 23 wards and below 30,000 m² for outside of Tokyo 23 wards

Note 3: 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 (as of June 18, 2018)

Organization chart



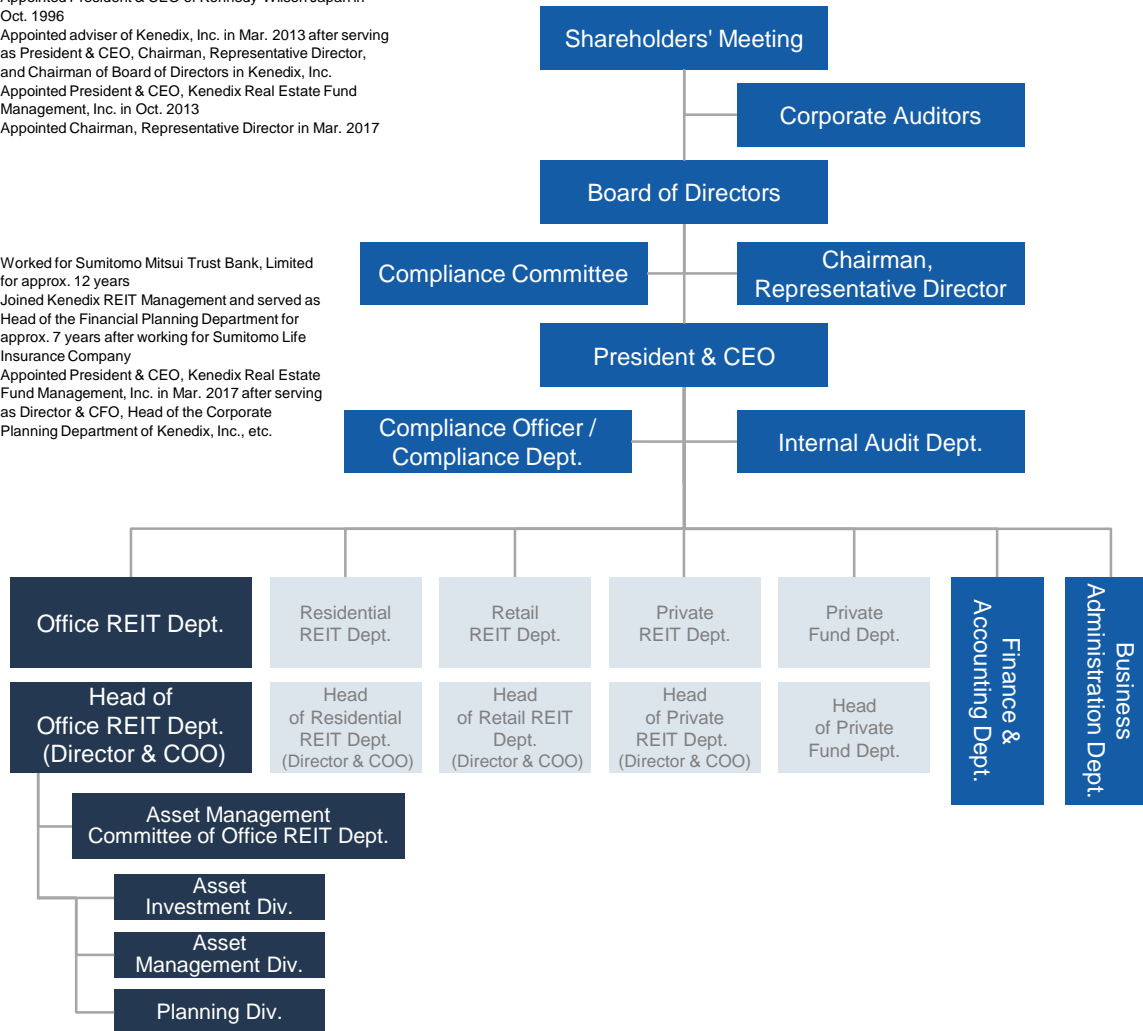
Ryosuke Homma
Chairman,
Representative Director

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



Masahiko Tajima
President & CEO

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



Office REIT Department: Key members



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

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



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

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



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

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



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

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



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

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

Disclaimer

The contents of this document, including summary notes, quotes, data and other information, are provided solely for informational purposes and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products.

Please 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.

With respect to any and all terms herein, including without limitation, this document, the information provided is intended to be thorough. However, no assurance or warranties are given with respect to the accuracy or completeness thereof.

Neither KDO nor Kenedix Real Estate Fund Management, Inc. (KFM) shall be liable for any errors, inaccuracies, loss or damage, or for any actions taken in reliance thereon, or undertake any obligation to publicly update the information contained in this document after the date of this document.

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

KENEDIX

Office Investment Corporation