

Kenedix Realty Investment Corporation

4th Period Results (ending Apr. 2007)

June 2007

Kenedix REIT Management, Inc.

<http://www.kdx-reit.com/eng/index.html>



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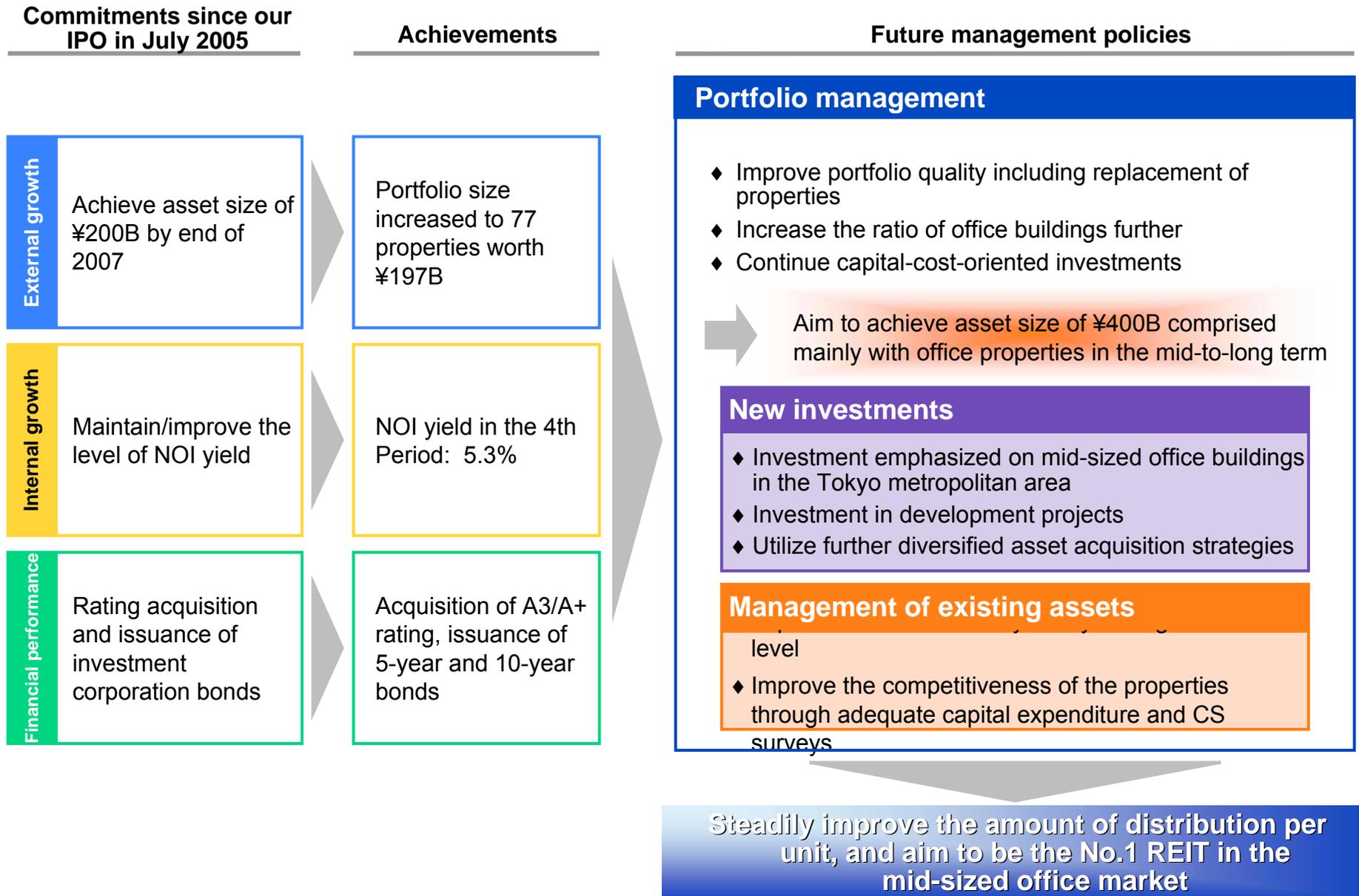
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Management Policies of Kenedix Realty Investment (KRI)



SECTION 1

4th Period Financial Results (ending Apr. 2007)



Highlights in the 4th period

External growth	<ul style="list-style-type: none"> ◆ ¥146.7B (64 properties) at the end of the 3rd period→¥197.0B (77 properties) at June 11, 2007 ◆ Investment in 15 office buildings (approx.¥51.8B acquisition value) achieved in 6 months ◆ Increased opportunities for external growth through revision of memorandum of understanding (MOU) with Kenedix Group (April 2007)
Internal growth	<ul style="list-style-type: none"> ◆ 5.3% of portfolio NOI yield ◆ Increases in new rents (average of 15%) based on high move out rates (14.8% annualized in the 4th period) of mid-sized office buildings
Financial performance	<ul style="list-style-type: none"> ◆ Diversification of repayment dates and extension of repayment period by issuing (5-year and 10-year) investment corporation bonds ◆ Equity finance raised through 2nd global offering (May 22, 2007) ◆ Conservative financing strategy
4th period results	<ul style="list-style-type: none"> ◆ Results for the 4th period <ul style="list-style-type: none"> – Distribution per unit: ¥13,682 – FFO per unit: ¥20,772

4th period Financial Results—Performance Highlights

Performance

	3rd period	4th period
Net income	¥2,124m	¥2,148m
Total assets	¥160,314m	¥188,400m
Net assets	¥90,933m	¥90,877m
Number of units outstanding	157,000 units	157,000 units
Net assets per unit	¥579,192	¥578,839
Distribution per unit	¥13,529	¥13,682

Income statement of rent business

	3rd period	4th period	Rate of change
Operating revenues	¥5,288m	¥5,778m	9.3%
Disposal income	¥157m	¥130m	(17.2%)
Rental and other operating revenues (A)	¥5,131m	¥5,647m	10.1%
Property-related expenses (B)	¥2,397m	¥2,607m	8.8%
Rental business profit (A-B)	¥2,734m	¥3,040m	11.2%
Net operating income (NOI)	¥3,869m	¥4,283m	10.7%
Depreciation	¥1,135m	¥1,243m	9.5%
Number of properties	64	72	-
Total leasable floor area	192,085.34m ²	223,322.77m ²	-
Occupancy rate	95.3%	95.9%	-

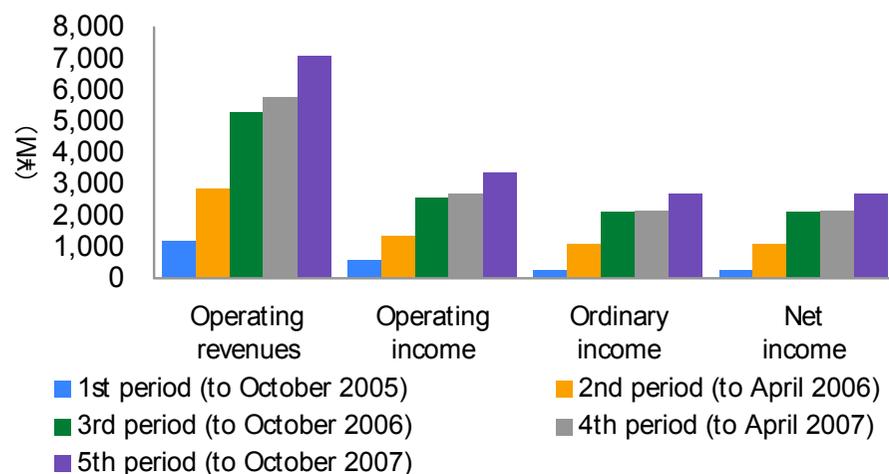
Financial Ratios

	3rd period	4th period	Notes
Interest-bearing debt ratio	38.7%	47.0%	Increased by approx. 8.3% but expected to decrease in the 5th Period due to capital increase by equity offering in May 2007
Equity ratio	56.7%	48.2%	Decreased by approx. 8.5%.
FFO	¥3,102m	¥3,261m	Net income + Depreciation for the period – Gain on real estate disposals
FFO pay-out ratio	68.5%	65.9%	Distribution / FFO
FFO per unit	¥19,759	¥20,772	–

5th period Earnings Forecasts

Operating forecasts for 5th period (to October 2007)

	2nd period results (to April 2006)	3rd period results (to October 2006)	4th period results (to April 2007)	5th period forecasts (to October 2007)	Notes
Operating revenues	2,871	5,288	5,778	7,060	¥130M profit booked on sale of residential properties in the 4th period
Operating expenses	1,527	2,723	3,091	3,709	-
Property-related expenses (excl. depreciation)	615	1,261	1,363	1,763	Property tax and city planning tax were ¥206M in the 4th period
Depreciation	650	1,135	1,243	1,422	-
Operating income	1,343	2,565	2,686	3,350	-
Non-operating expenses	246	442	547	670	-
Interest expense	164	375	479	586	Assumption of the 5th period borrowings ¥63.5M, investment corporation bond issue ¥12M
Ordinary income	1,103	2,125	2,148	2,681	-
Net income	1,101	2,124	2,148	2,680	-
Number of units outstanding	79,370	157,000	157,000	200,000	Assumption of the issue of new units through third-party allotment (2,100 units) resolved in May 2007
Distribution per unit (Yen)	13,884	13,529	13,682	13,400	-
NOI	2,256	3,869	4,283	5,296	Rental revenues – Property-related expenses + Depreciation
FFO	1,752	3,102	3,261	4,102	Net Income + Depreciation for the period – Gain on real estate disposals
(Reference) Trends in the number of properties	32→35	59→64	64→72	72→77 (forecast)	-



Preconditions of 5th period forecasts

5 properties acquired on June 1, 2007 operate for 5 months

LTV as of the end of period is approximately 35%

No profit booked on sale of properties in the 3rd period and 4th period

Property tax and city planning tax increase ¥13.7M compared with those in the 4th period

SECTION 2

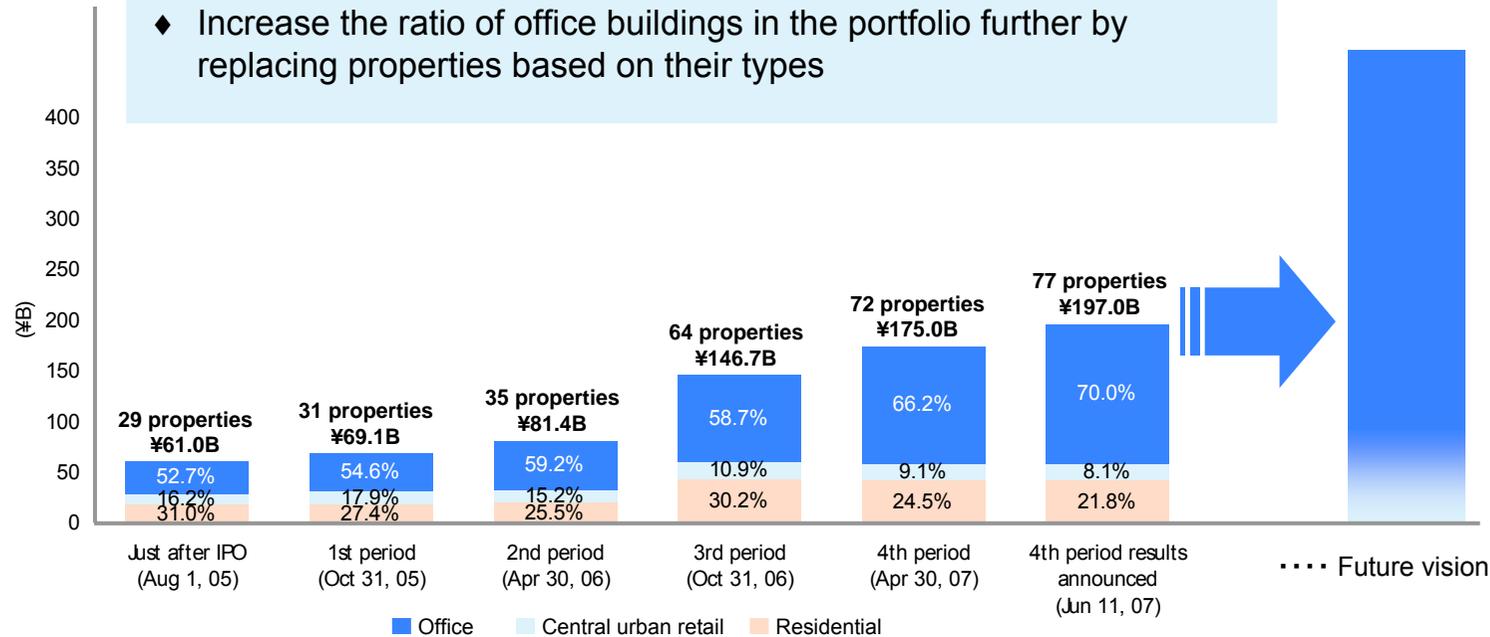
Stronger Focus on Office Properties



New Investment Guidelines—Investment in Mid-Sized Office Properties in the Tokyo Metropolitan Area

New investment guidelines

- ◆ Invest in mid-sized office properties in the Tokyo metropolitan area
- ◆ Consider to invest in only central urban retail located in major flourishing areas
- ◆ Aim to improve portfolio quality (location, size, specifications, etc.) through replacement of properties
- ◆ Increase the ratio of office buildings in the portfolio further by replacing properties based on their types



Strong portfolio focusing on mid-sized office properties

Achieve portfolio size of ¥400B in the mid-to-long term



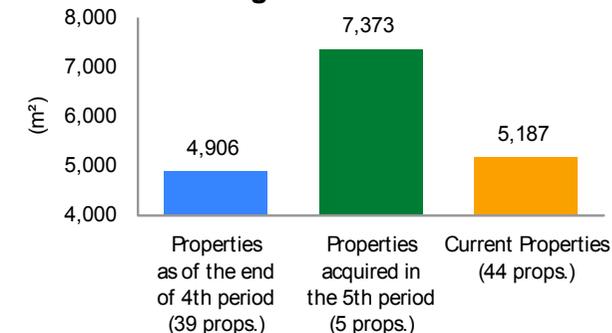
“KENEDIX Selection” – Office Properties

Investment in 15 office buildings (approx. ¥51.8B acquisition value) achieved in 6 months

Properties acquired in the 4th period

- A-30 KDX Nishi-Gotanda Building
- A-31 KDX Monzen-Nakacho Building
- A-32 KDX Shiba-Daimon Building
- A-33 KDX Okachimachi Building
- A-34 KDX Hon-Atsugi Building
- A-35 KDX Hachioji Building
- A-36 KDX Niigata Building
- A-37 KDX Ochanomizu Building
- A-38 KDX Nishi-Shinjuku Building
- A-39 KDX Toranomom Building

Comparison of average gross floor area for office buildings

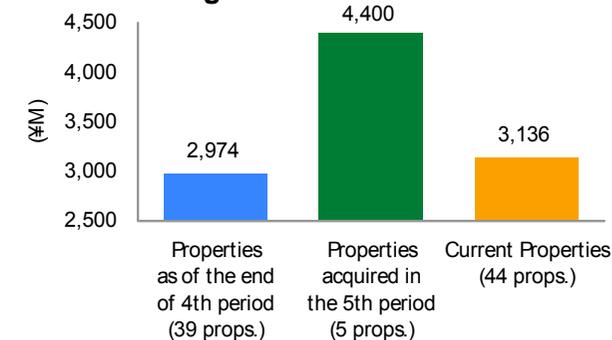


Aiming to improve portfolio quality (location, size, specifications, etc.)

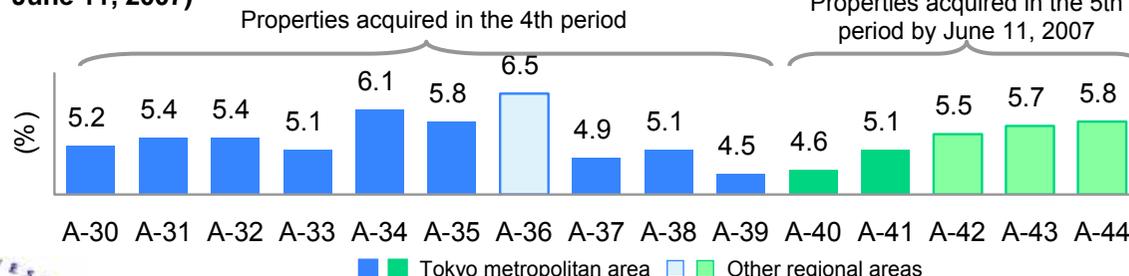
Properties acquired in the 5th period by June 11, 2007

- A-40 Toranomom Toyo Building
- A-41 KDX Shinjuku 286 Building
- A-42 KDX Kyoto Karasuma Building
- A-43 KDX Hakata Building
- A-44 KDX Sendai Building

Comparison of average acquisition price of office buildings



Appraisal-value based yield for properties acquired in the 4th and 5th periods (up to June 11, 2007)

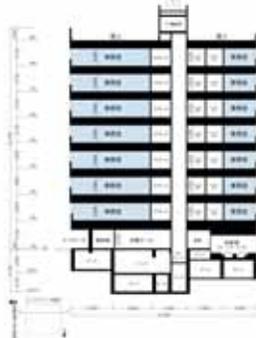


Strategies to Acquire Diversified Properties and Case Study of Asset Management (KDX Nishi-Gotanda Building)

Leverage of a strong asset base (portfolio) and our expertise on managing mid-sized office buildings

A-30 KDX Nishi-Gotanda Building

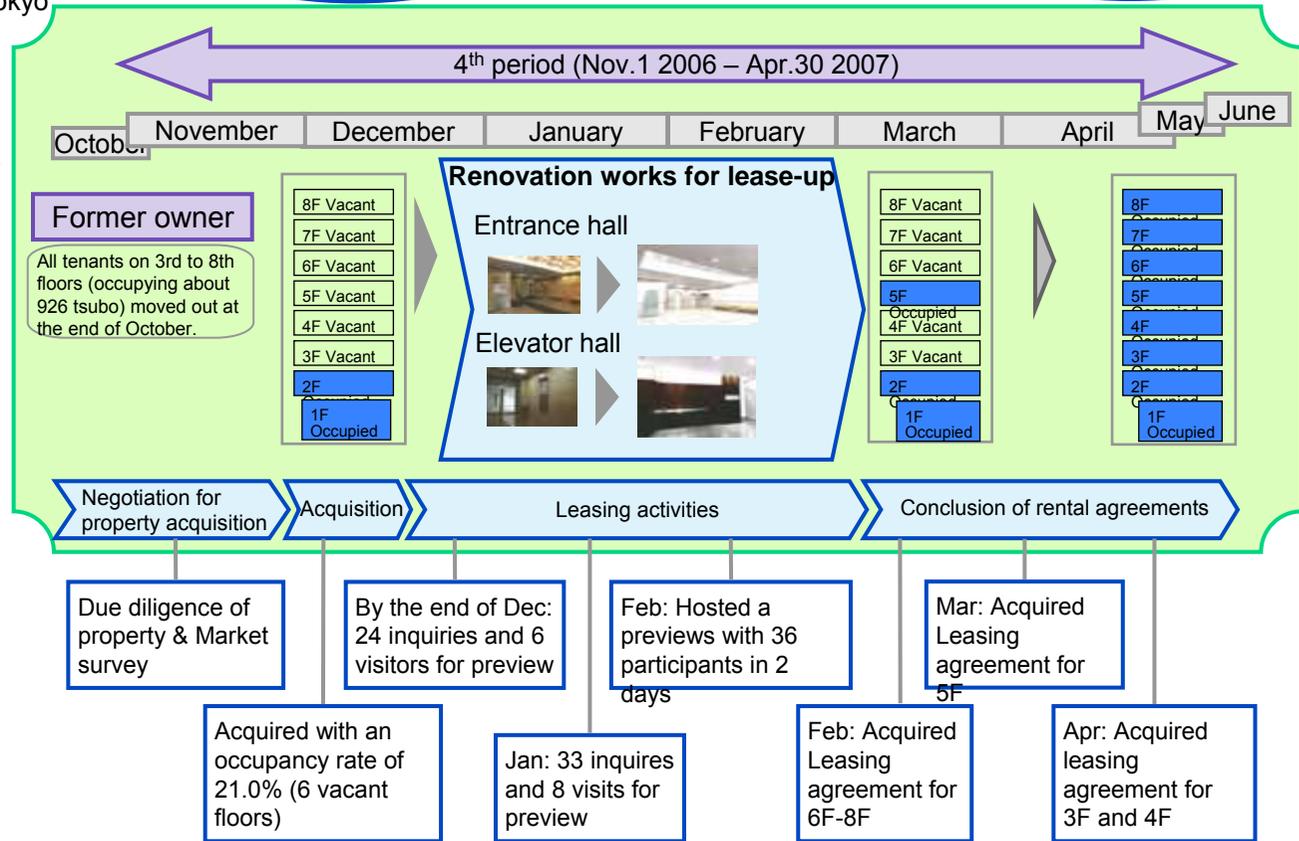
- ◆ Location: Nishi-Gotanda, Shinagawa Ward, Tokyo
- ◆ Rentable area: 3,875.43m²
- ◆ Completion date: November 1992
- ◆ Acquisition price: ¥4,200M



Estimated rent at acquisition (3–8F)
¥189M per year

- Annual revenue: Up approx. ¥43M
- Construction cost: Approx. ¥48M

Actual contracted rent (3–8F)
¥232M per year



“KENEDIX Selection” —Acquired Properties Highlights

A-40 Toranomom Toyo Building



- ◆ Location : Toranomom, Minato-ku, Tokyo
- ◆ Site area : 869.01m²
- ◆ GFA : 8,346.83m²
- ◆ Year built : August 1962
- ◆ Acquisition price : ¥9,850M
- ◆ Acquisition date : June 2007
- ◆ Occupancy at acquisition : 100%

- ◆ Rent space on standard floors of c. 625m², which is relatively big for buildings in this area, making this office building quite competitive
- ◆ Full renovation of the air conditioning equipment and renewal works of exterior walls in addition to seismic strengthening works by Taisei Corporation completed in October 2005

A-42 KDX Kyoto Karasuma Building



- ◆ Location : Nakagyo-ku, Kyoto
- ◆ Site area : 1,788.67m²
- ◆ GFA : 12,632.68m²
- ◆ Year built : October 1982
- ◆ Acquisition price : ¥5,400M
- ◆ Acquisition date : June 2007
- ◆ Occupancy at acquisition : 97%

- ◆ 2 minutes on foot from Kyoto Municipal Subway Karasuma Line “Karasuma Oike” station. Highly visible building located at the crossing of Karasuma-dori (high street running through Kyoto city center from North to South) and Sanjo-dori
- ◆ Business district around Karasuma-dori with many mid- to high-rise office and retail buildings
- ◆ Rent space on standard floors of c. 1,180m² providing relative high competitiveness based on its location and size merit

Revision of MOU and Kenedix Development Projects

Revised MOU support line to improve information flow

The support line in the MOU was revised in April 2007 to reflect the increased importance of REITs to the Kenedix Group

Before revision

Kenedix Group
proprietary investment properties
(including **development projects**) / brokerage deals

Pension
funds



After revision

Kenedix Group
proprietary investment properties
(including **development projects**) / brokerage deals



KRI has **first preference rights** to information regarding Kenedix's proprietary investment properties meeting KRI's investment criteria, including those that are currently being developed

<Reference> Kenedix's commitment to developing investment properties

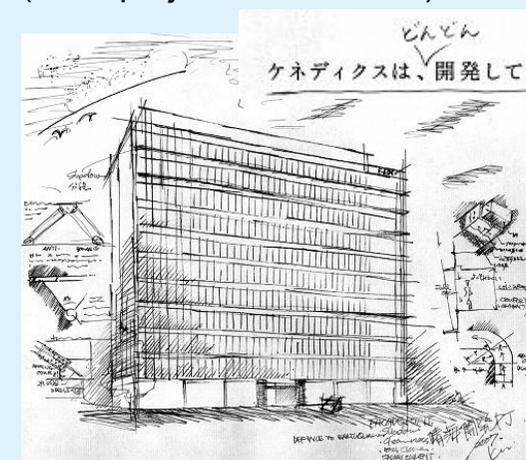
2003	2004	2005	2006	2007 and 2008 (Planned)
¥4.4B	¥6.4B	¥29.8B	¥62.4B	¥97.8B

Source: KENEDIX, INC.

Promotion of development projects by Kenedix

Four office buildings expected to be completed in 2008¹

(Total project size: ¥35.5B)



KDX Harumi Project

Start of construction March 2007
Expected completion March 2008
Located in Chuo Ward, Tokyo

Minami-Honmachi 2 chome project

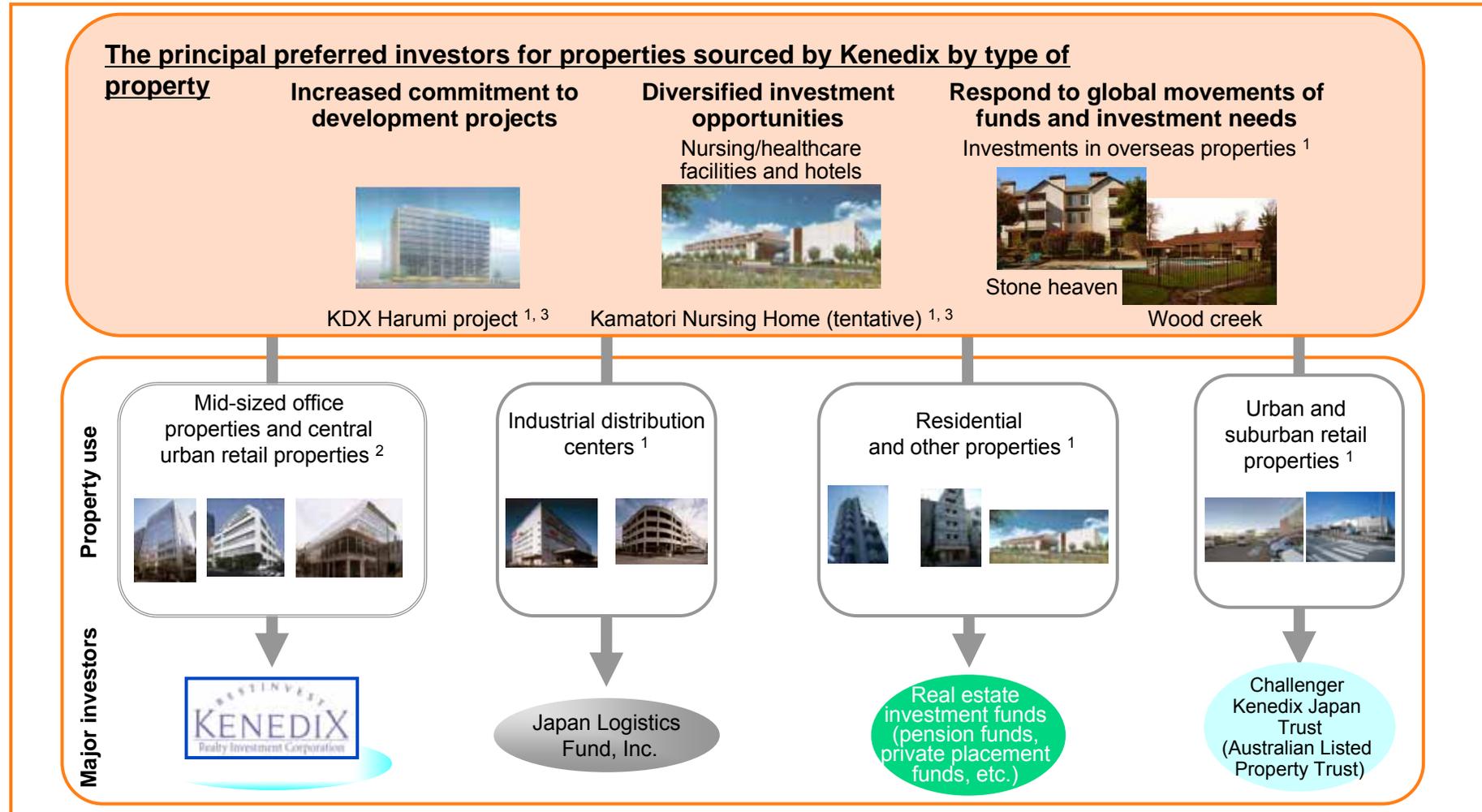
Start of construction January 2008
Expected completion March 2009
Located in Chuo Ward, Osaka

Note:

¹ We have no current plans to acquire any of these four properties. However, we may consider acquiring one or more of them in the future as we deem appropriate

Property Acquisition Opportunities through the Kenedix Group

Kenedix Group's management strategy and key investment funds broken down by intended use of properties



Notes:

- 1 These properties have not been acquired by the REIT. The REIT does not plan to acquire them as of June 11, 2007
- 2 These are properties acquired by the REIT
- 3 This is a conceptual drawing based on the design specifications and therefore completed building may differ substantially from the drawing

SECTION 3

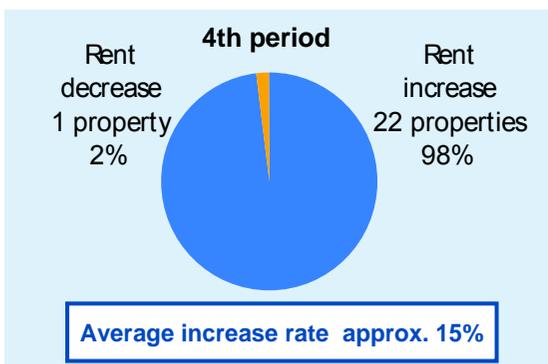
Management of Existing Properties



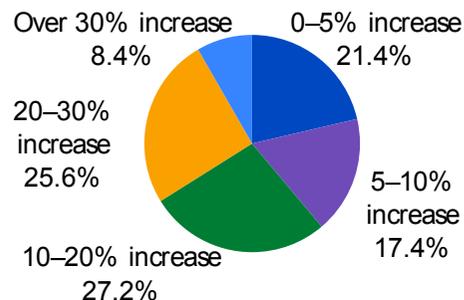
Turnover Ratio for Office Building and Newly-Contracted Rent Levels (4th period)

Actual rent increases for new contracts^{1, 2, 3}

Newly-contracted rent levels (Leased floor area basis)



Distribution of increases in newly-contracted rent levels (Leased floor area basis)



Past and estimate vacation rates for office portfolio (annualized)

1st period	2nd period	3rd period	4th period	5th period (Forecast)
12.2%	2.7%	6.1%	14.8%	7.4%

Comparison between the rent for new contracts and the average rent of relevant office building at the end of the previous month shows that rents were increased by approx. 15% on average for 98% of all office properties.

Amount of increase/month

¥7,593 thousand

Rent increase realized at contract renewal

Out of the office buildings in Tokyo metropolitan area, office buildings with rents that are lower than the leasing guideline were picked out (14.9% of the office portfolio). The data shows that we have succeeded in approx. 30% of the cases to increase rents by approx. 6%

Amount of increase/month

¥ 1,790 thousand

Total increase/month

¥ 9,383 thousand

Notes:

- 1 4th period results (new rent contracts signed during the 4th period)
- 2 Comparison with typical floor (offices above floors 1 and 2, excluding special usage) average rents (The one case of rental decline in the Tokyo metropolitan area was signed at the same level as the previous tenant)
- 3 Limited to office usage above floor 2

Maintain NOI Yield and Occupancy Rates

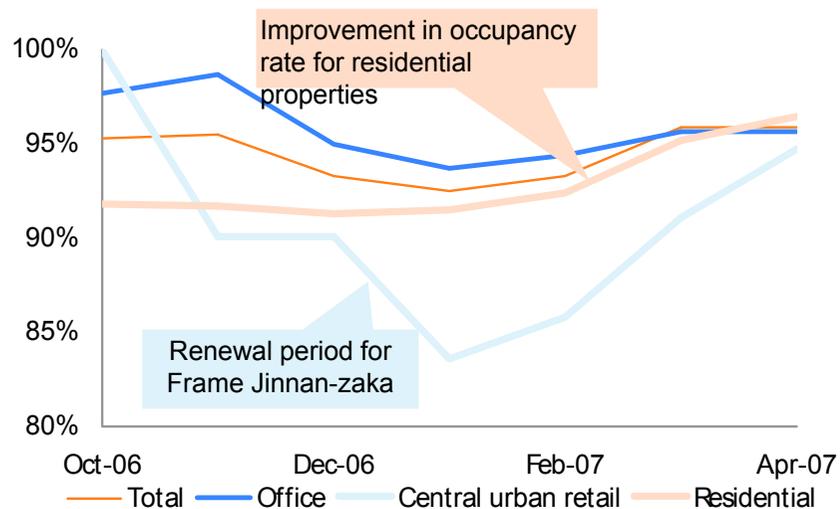
Portfolio's leasing NOI yield¹ (annualized)

	3rd period	4th period*	4th period results (Before tax adjusted)
Office	5.2%	5.3%	5.5%
Central urban retail	4.7%	5.2%	5.2%
Residential	4.7%	5.4%	5.5%
Total	5.2%	5.3%	5.5%

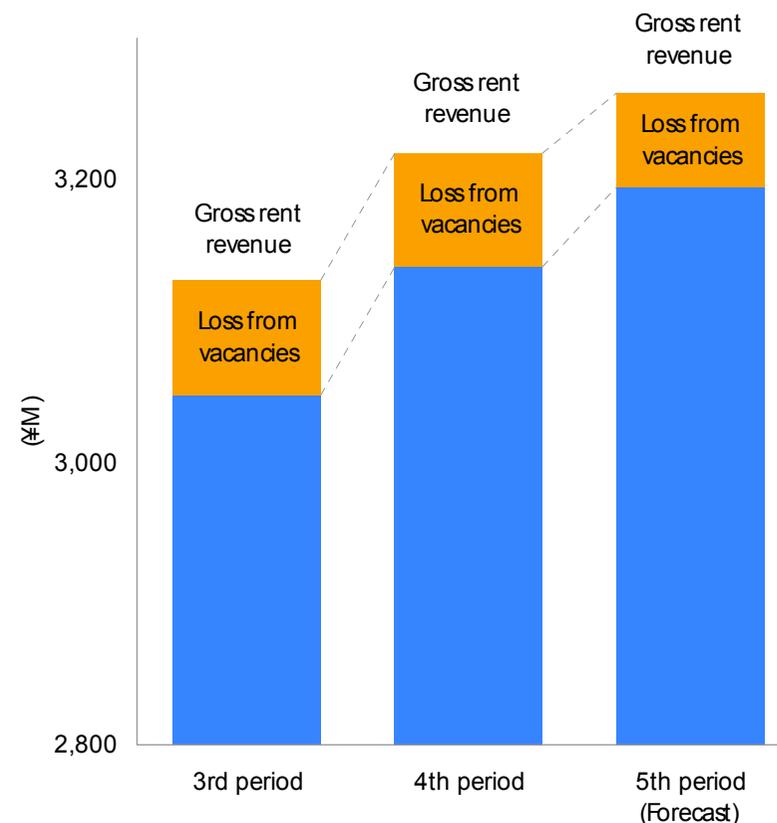
Notes:

- 1 Leasing NOI yield: Real estate operating revenues (before depreciation) divided by acquisition price
- 2 NOI yield after property tax and city planning taxes are recorded as expenses

Trend of occupancy rate by type



Development in gross rent levels (25 office buildings under management during the 3rd period)



Note:

- 1 Shows gross rent and loss from vacancies (incl. free rent) based on the ARGUS model of the 25 office buildings in our portfolio at the beginning of the 3rd period,

Pursuit of Customer Satisfaction

Renovation works and rent increases during the 3rd period of properties that were subject to the 1st CS survey

Name of property	Total satisfaction level* (2nd period)	Description (3rd period)	Rent increases realized so far (4th period)
KDX Nihonbashi 313 Building	◎	Renovation of indoor stairways (① Increase of illumination intensity, ② Installation of new signs to indicate floor numbers, etc.)	Rent increase for passing rent of 3 floors (approx. 30%)
KDX Hirakawacho Building	○	Installation of an air conditioner in the elevator hall, renovation of bath rooms and installation of electric water heaters for bath rooms	Rent increase for passing rent of 3 floors (approx. 4 to 8%) and new contracts (approx. 13%)
Higashi-Kayabacho Yuraku Building	○	Increased illumination intensity of elevator hall, renovation of bath rooms (on 3F), and installation of a mechanical security system	Rent increase for passing rent (approx. 8%) and new contracts for 2 floors (approx. 13%)
KDX Nakano-Sakaue Building	△	Installation of security cameras and intercoms, and renovation of air conditioner in the entrance hall	Rent increase for new contracts (approx. 15%)
Kanda Kihara Building	○	Installation of electric water heaters for bath rooms, renovation of electric and air conditioning equipment	Rent increase for passing rent (approx. 6%)
KDX Koishikawa Building	○	Replacement of doormats, installation of additional lights in the elevator hall	Rent increase for passing rent of 6 floors (approx. 5%)



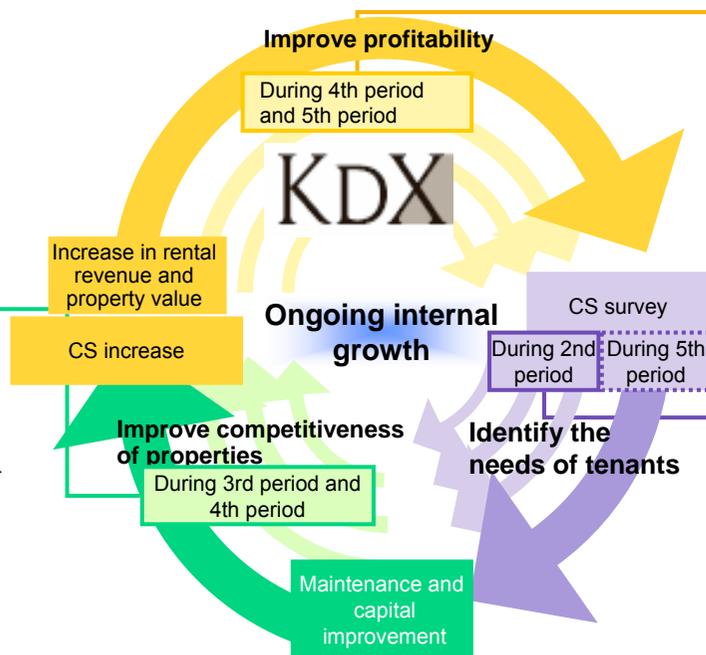
Planning to implement the 2nd CS survey of office buildings during the 5th period

*Total satisfaction level
 ◎ Mildly satisfied to satisfied
 ○ Neutral to mildly satisfied
 △ Mildly unsatisfied to neutral

CS-based work record, budgets

(¥B)	3rd period	4th period	5th period
CS-based ¹	1.7	1.3	0.6
ER-based ²	1.6	0.6	3.2
Lease ³ /value increase	2.2	7.8	10.0
Other work	0.9	1.5	1.3
Total	6.4	11.3	15.1
Depreciation	11.3	12.4	14.2

Notes:
 1 Work in accordance with tenant requirements based on customer satisfaction survey, and with other individual tenant requirements
 2 Based on engineering reports
 3 Conversions, display rooms etc.



Measures taken to improve profitability

- ◆ Increase of rent level of new lease agreements and ongoing lease agreements
- ◆ Reviewed reducing building management costs

Tenant customer satisfaction survey

- ◆ In conjunction with J. D. Power Asia Pacific, Inc.
- ◆ Five satisfaction levels for each category

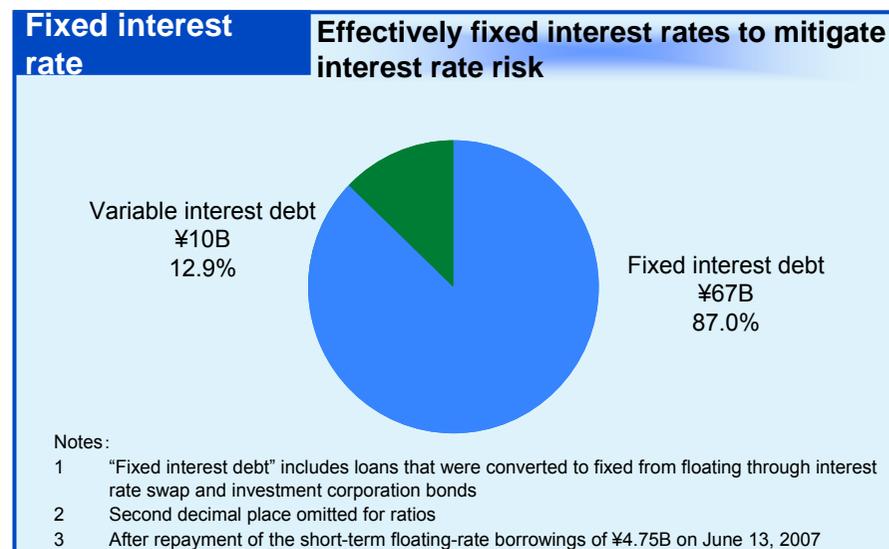
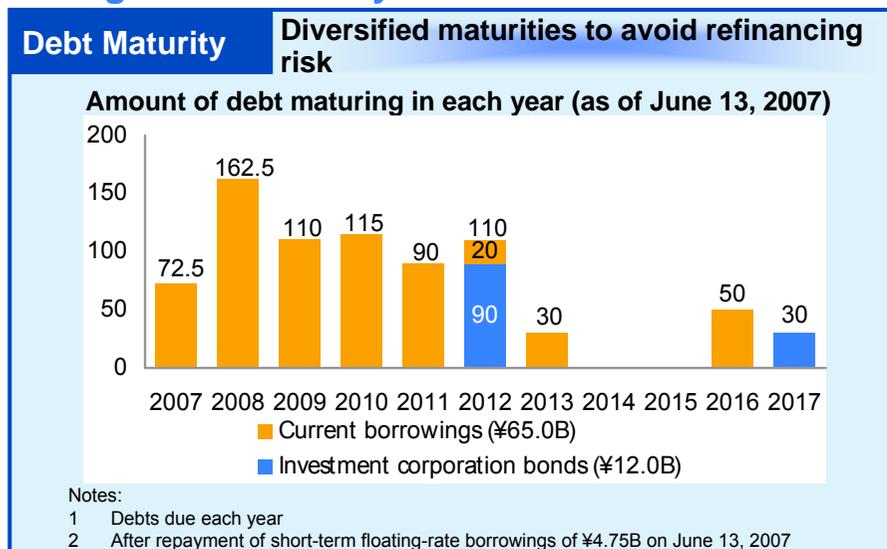
SECTION 4

Financial Strategies / IR Strategies



Continue with Stable Financing Strategy

Diversified financing methods to include issuance of investment corporation bonds and lengthened average debt maturity



Rating acquisition and issuance of investment corporation bonds

Organization	Rating	Date obtained
Moody's Investors Service	Issuer Credit Rating : A3	Feb. 2006
Japan Credit Rating Agency, Ltd.	Senior Debt : A+	Dec. 2006

Series	Amount	Interest rate	Period	Drawdown date	Acquired rating
First series bonds	¥9.0B	1.74%	5 years	Mar 15, 2007	A+ (JCR) A3 (Moody's)
Second series bonds	¥3.0B	2.37%	10 years	Mar 15, 2007	A+ (JCR) A3 (Moody's)

Public offering of 10-year bonds within the shortest period of time from IPO

Secured diversified financing methods

Securities type	Planned offering size	Term for planned issuance
Investment corporation bonds	¥100B	Feb 15, 2007- Feb 14, 2009
Investment securities	¥100B	May 7, 2007- May 6, 2009

Lender	Debt cap	Available until
The Bank of Tokyo-Mitsubishi UFJ	¥2.5B	Mar 19, 2008

Credit facility secured from a highly-rated bank

Borrowing capacity estimation

	4th period	As of June 13, 07
Total asset	188	2,22
Debt	89	77
D/E ratio	47%	35%
Borrowing capacity estimation up to 50%	11	69

The estimation above assumes repayment of the short-term borrowings of ¥11.5B after equity finance → Substantial increase in borrowing capacity

Strengthen Management Capabilities of J-REIT

$$\text{Price per unit} = \frac{\text{Distribution per unit}}{\text{Dividend yield}}$$

J-REIT management capabilities

Distribution per unit

- ◆ Improvement in NOI level by increasing rents
- ◆ Equity financing not undermining interest of existing unitholders

Dividend yield

- ◆ Improvement in quality of the portfolio through property replacement
- ◆ Further increase in the ratio of office buildings
- ◆ Expansion in size through continued investments focusing on optimal capital cost
- ◆ Proactive IR activities

We aim to steadily improve our distributions per unit, and to become the No.1 REIT that emphasizes on mid-sized office buildings

Cap rate

- ◆ NOI yield from property leasing in the 4th period: c. 5.3%
- ◆ Depreciation in the 4th Period: c. -1.5%

Capital cost

- ◆ Average interest rate on debt in the 4th period: c. 1.5%
- ◆ Average leverage ratio in the 4th Period: c. 40%
- ◆ Dividend yield level at the end of 4th Period: c. 3.0%
 - Unit price as of the end of Period (Apr 30, 2007): ¥898,000
 - Distribution per unit: ¥13,682

Net asset worth per unit

4th Period (actual) c. ¥579,000
 5th Period (Forecast) c. ¥625,000
 (after PO of new units on May 22, 2007)

➔ one of the J-REITs with the highest net asset worth

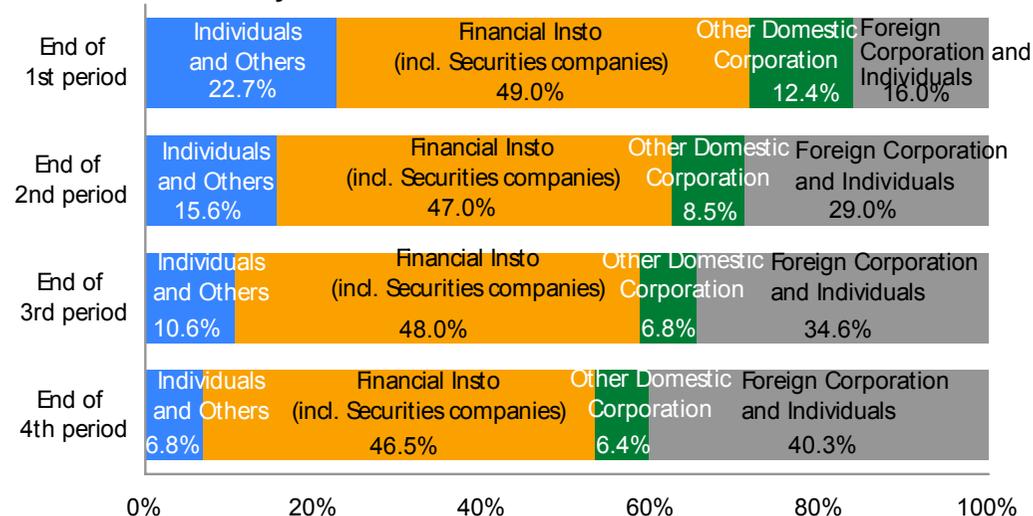
SECTION 5

Appendix



KRI Unitholders

Investment units by unitholder



Type of unitholder (as of April 30, 2007)

Type of unitholder	# of unitholder	(%)	# of units held (unit)	(%)
Individuals and Others	4,682	93.5%	10,731	6.8%
Financial Inst. (incl. Securities companies)	100	2.0%	73,049	46.5%
Other Domestic Corporation	84	1.7%	10,022	6.4%
Foreign Corporation and Individuals	142	2.8%	63,198	40.3%
Total	5,008	100.0%	157,000	100.0%

Top 10 unitholders (as of April 30, 2007)

Name	# of units held	
	(unit)	(%)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	14,239	9.06
NikkoCititrust and Banking Co., Ltd. (Investment Trust Acct.)	9,909	6.31
State Street Bank & Trust Company	9,819	6.25
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	9,385	5.97
Kenedix, Inc.	7,850	5.00
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	7,636	4.86
Citigroup Global Markets Ltd. (CGML) – London Equity	6,243	3.97
The Bank of New York Treaty JASDEC Account	5,175	3.29
UBSAG London Asia Equities	3,853	2.45
Gibraltar Life Insurance (General other account)	3,599	2.29
TOTAL	77,708	49.49

(Reference) Reporting of major unitholders¹

	Submitted on	# of units held (unit)	Ratio (%) ²
Cohen & Steers Capital Management Inc.	2007/5/15	12,751	8.12%
Nikko Asset Management Co., Ltd.	2007/1/17	11,296	7.19%
Nomura Securities Co., Ltd.	2007/5/22	10,481	6.68%
Mizuho Securities Co., Ltd.	2007/5/22	9,613	6.12%
Resona Holdings, Inc.	2007/5/18	8,732	5.56%
Kenedix Inc.	2007/4/16	8,048	5.13%
Cohen & Steers International Realty Fund Inc.	2007/4/27	7,956	5.07%
Prospect Asset Management, Inc.	2007/1/18	7,876	5.02%

Notes:

- 1 Reports submitted as of May 22, 2007 (does not reflect the PO on May 22, 2007)
- 2 Ratio held of 157,000 units outstanding

Disclosure and IR Activities



(Reference) Number of investor meetings

Domestic institutions	216
Domestic regional financial institutions	71
International investors (Europe)	92
International investors (US)	84
International investors (other)	70
TOTAL	533

Note:

- 1 From June 21, 2005 to June 11, 2007 (including conference calls)

Domestic institutions	75
Domestic regional financial institutions	19
International investors (Europe)	40
International investors (US)	39
International investors (other)	36
TOTAL	209

Note:

- 1 Six-months from November 1, 2006 to June. 11, 2007

Active information disclosure through our company website

ホームページアドレス <http://www.kdx-reit.com>

最新情報
プレスリリースの追加他、最新の情報を掲載しております。

不動産ポートフォリオ
ポートフォリオの一覧・マップから個別物件の概要も、またポートフォリオの構成比率等もご覧頂けます。

English
As an additional service, no have prepared an English web site

Disclosure through English Website
<http://www.kdx-reit.com/eng/>

(Reference) Access to KRI

website	
Press release	15,512
Portfolio	7,215
Disclosure material	4,928
Occupancy rate	4,499
KDRM site top	4,261
Dividends	2,650
English Website	1,723
Bank borrowings	1,501
TOTAL TRAFFIC	34,453

Note:

- 1 Six-months from November 1, 2006 to April. 30, 2007

Asset Management Reports
(sent to existing investors)



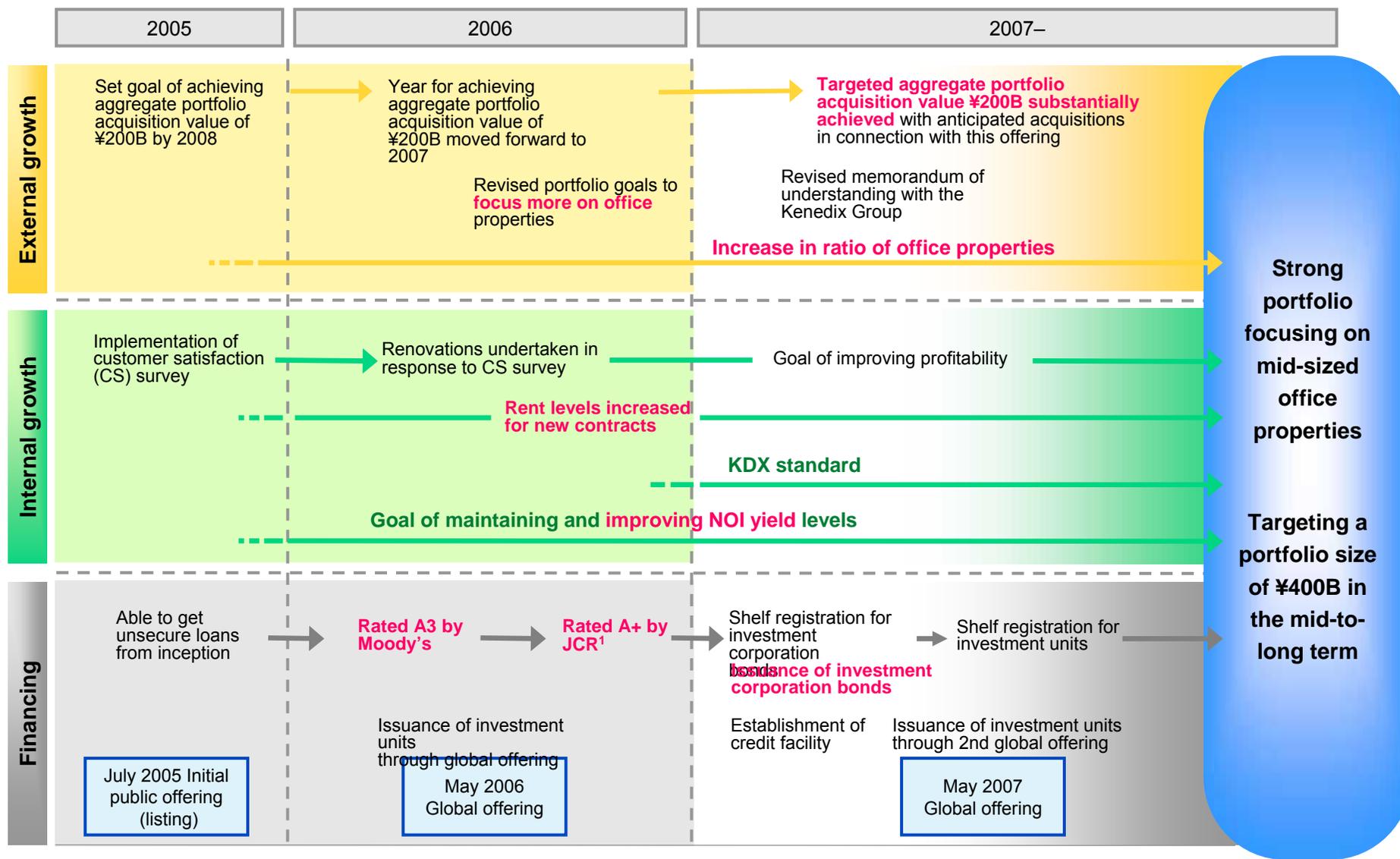
English Annual
Reports



Offering Summary

	IPO in 2005	PO in 2006	PO in 2007
Total offering size	<Domestic offering> Domestic 78,970 units	<Global offering> Domestic 54,340 units International 23,290 units Total 77,630 units	<Global offering> Domestic 28,810 units International 14,190 units Total 43,000 units
Over-allotment	3,970 units	3,970 units	2,100 units
Number of pre-determined units	9,770 units (Kenedix 3,770 units Y.K. KW office 2,000 units Y.K. KWO Third 4,000 units)	3,980 units (Kenedix 3,880 units Kenedix REIT Management 100 units)	52 units (Kenedix REIT Management 52 units)
Post-offering outstanding units	78,970 units	157,000 units	200,000 units
Pricing date	Jul. 11, 2005	Apr. 19, 2006	May 14, 2007
Delivery date	Jul. 21, 2005	May 2, 2006	May 23, 2007
Discount rate	-	2.0%	2.0%
Pricing date	¥580,000	¥593,096	¥873,180
Offering price	¥45.8B	¥46.0B	¥37.5B
Joint bookrunner	UBS Investment Bank Nomura International	UBS Investment Bank Nomura International	UBS Investment Bank Nomura International

Growth since IPO

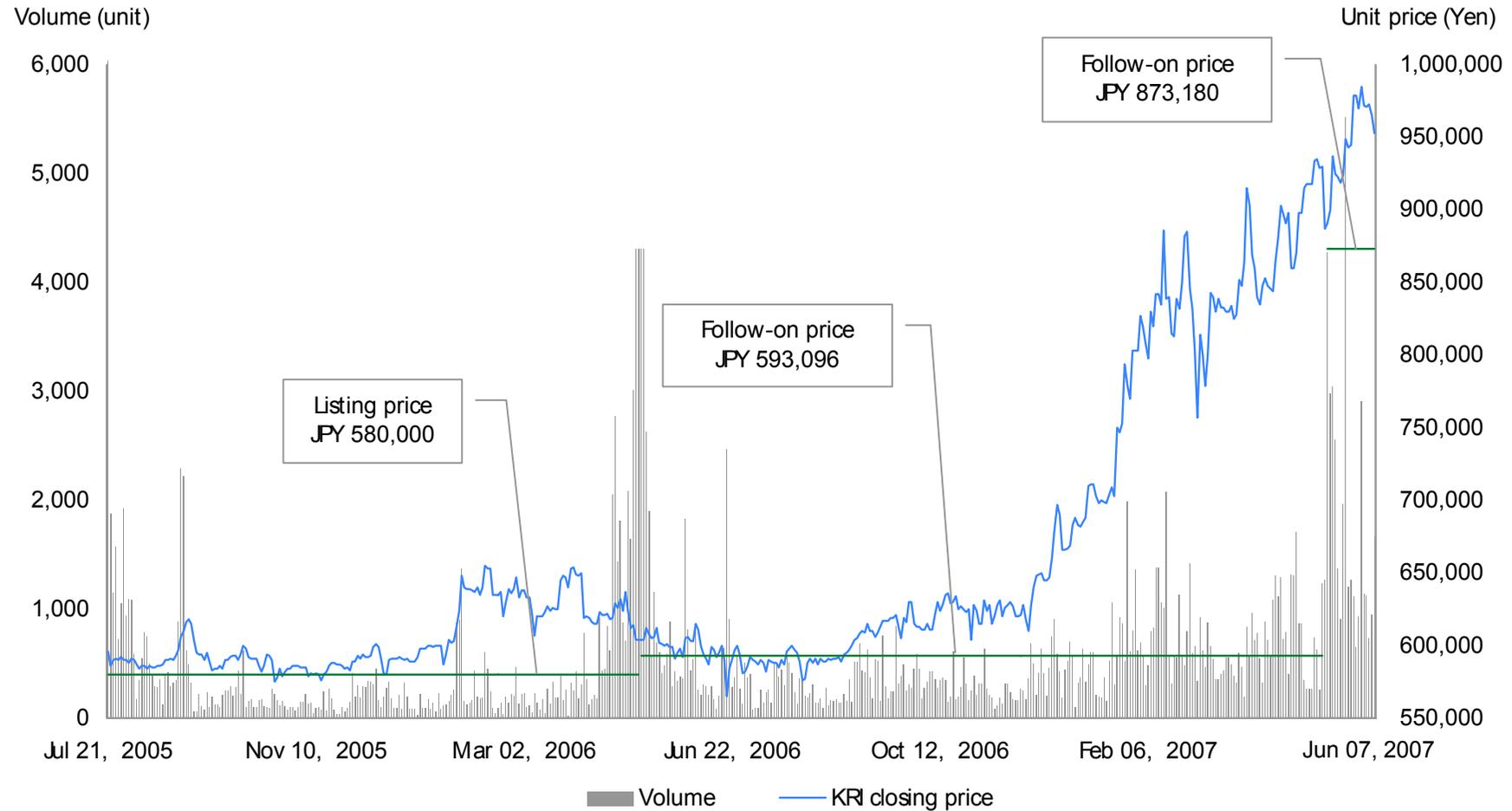


Notes:

1 JCR = Japan Credit Rating Agency, Ltd.

Unit Price Performance/Transaction Volume

KRI unit price performance



Statements of Income

	4th period from November 1, 2006 to April 30, 2007		3rd period from May 1, 2006 to October 31, 2006	
	Amount (¥ thousand)	Of Operating	Amount (¥ thousand)	Of Operating
Rental and other operating revenues	4,965,303		4,549,456	
Rental revenues	4,234,864		3,908,749	
Common charges	730,439		640,706	
Others	682,158		582,042	
Parking space rental revenues	182,047		175,387	
Utility charge reimbursements	274,748		314,355	
Miscellaneous	225,363		92,300	
Total rental and other operating revenues (A)	5,647,461		5,131,499	
Disposal income	130,748		157,334	
Operating revenues	5,778,210	100.0	5,288,833	100.0
Property management fees	571,265		529,334	
Utilities	275,900		296,833	
Tax	206,871		179,647	
Repairs and maintenance costs	89,963		62,666	
Other expenses ¹	219,487		193,161	
Depreciation	1,243,900		1,135,559	
Total property-related expenses (B)	2,607,389		2,397,201	
Rental business profit (A-B)	3,040,072		2,734,297	
Net operating income (NOI)	4,283,972		3,869,856	
Asset management fees	306,965		203,841	
Other operating expenses	177,110		122,597	
Operating expenses	3,091,465	53.5	2,723,641	51.5
Operating income	2,686,744	46.5	2,565,192	48.5
Non Operating income	9,716	0.2	2,389	0.1
Interest expense	450,605		375,765	
Investment coporation bond interest	29,320		-	
Financing related expense	20,595		20,904	
Amoutization of investment coporation bond issuance costs	1,501		-	
Amortization of unit issuance costs	17,784		17,784	
Amortization of organization costs	5,089		5,089	
Other non-operating expenses ²	22,685		22,956	
Non-operating expenses	547,581	9.5	442,500	8.4
Non-operating expenses	▲537,865	▲9.3	▲440,110	▲8.3
Ordinary income	2,148,879	37.2	2,125,081	38.4
Income before income taxes	2,148,879	37.2	2,125,081	38.4
Current income taxes	816	0.0	1,009	0.0
Deferred income taxes	4		0	
Net income	2,148,058	37.2	2,124,071	38.4
Retained earnings at the beginning of period	59		40	
Retained earnings at the end of period	2,148,117		2,124,112	

- ◆ Net operating days in each period
- ◆ 4th Period: 181days (Nov. 1, 2006–Apr. 30, 2007)
3rd Period: 184days (May 1, 2006–Oct. 31, 2006)
- ◆ To see Income statement by property, please refer to the list in the Kessan Tanshin

- ◆ Rental and other operating revenues:
 - To the 64 properties as of the end of the 3rd period, we have added 10 new properties and disposed 2 residential properties during 4th period
 - 72 properties as of the end of the 4th period

- ◆ Disposal income:
 - Income from disposal of two residential properties
3rd period: May 10, 2006, 4th period: April 20, 2007

- ◆ Property-related expenses:
 - Property tax and city planning tax were included to expenses on tax payment date

- ◆ Amortization of unit issuance costs:
 - Issuance costs were split into six times (in three years) from the 3rd period

Summary of the revisions to the 4th period (ended April 30, 2007) results forecast

	Initial forecast (announced on Dec 11, 2006)	Revised on April 26, 2007	Actual results	Deviation from original forecast
Operating revenues	¥5,542M	¥5,767M	¥5,778M	+4.3%
Net income	¥2,074M	¥2,140M	¥2,148M	+3.6%
Distribution per unit	¥13,200	¥13,600	¥13,682	+3.7%

Notes:

- Other expenses: Insurance premium, trust fees, etc.
- Other operating expenses: Directors compensation, asset custody fees, general admin fees, auditors' fees etc.

Balance Sheets

ASSETS	4th period as of April 30, 2007		3rd period as of October 31, 2006	
	Amount (¥ thousand)	(%)	Amount (¥ thousand)	(%)
Current assets	9,333,184	4.9	10,243,870	6.4
Cash and bank deposits	3,740,550		4,709,666	
Entrusted deposits	5,182,512		4,779,041	
Other current assets	410,121		755,162	
Fixed assets	178,896,941	95.0	149,945,922	93.5
Property and equipment at cost	178,516,827	94.8	149,719,621	93.4
Buildings	4,902,623		1,370,913	
Land	7,910,082		2,148,301	
Buildings in trust	60,426,940		56,634,477	
Land in trust	105,277,180		89,565,928	
Intangible assets	285,144	0.1	-	-
leasehold	285,144		-	
Other assets	94,969	0.1	226,300	0.1
Leasehold and security deposits	11,649		18,205	
Long-term prepaid expenses	83,320		76,874	
derivative assets	-		131,220	
deferred assets	170,551	0.1	124,550	0.1
Organization costs	30,538		40,717	
Investment corporation bond issuance costs	68,875		-	
Unit issuance costs	71,138		88,923	
TOTAL ASSETS	188,400,678	100.0	160,314,341	100.0

LIABILITIES	4th period as of April 30, 2007		3rd period as of October 31, 2006	
	Amount (¥ thousand)	(%)	Amount (¥ thousand)	(%)
Current liabilities	21,444,151	11.4	16,204,462	10.1
Trade payables	275,299		289,763	
Short-term debt	20,000,000		15,000,000	
Other account payables	225,737		145,413	
Rents received in advance	916,372		767,536	
deposits received	26,743		1,748	
Fixed liabilities	76,078,756	40.4	53,173,581	33.2
Long-term debt	12,000,000		-	
Leasehold and security deposit received	56,500,000		47,000,000	
Leasehold and security	626,499		181,398	
Deferred tax liability	6,952,256		5,940,494	
Unrealized gain on derivatives	-		51,687	
EQUITIES	97,522,908	51.8	69,378,044	43.3
Total unitholders' capital	88,729,652	47.1	88,729,652	55.3
Retained earnings	2,148,117	1.1	2,124,112	1.3
Unrealized gain from deferred hedge transactions	-	-	79,532	0.0
TOTAL UNITHOLDERS' EQUITY	90,877,769	48.2	90,933,297	56.7
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	188,400,678	100.0	160,314,341	100.0

◆ Properties and equipment at cost

- 66 properties held at the end of the 4th period are held in the form of trust beneficiary interests. KDX Funabashi Building, KDX Nogizaka Building, KDX Nishi-Gotanda Building, KDX Okachimachi Building, KDX Nishi-Shinjuku Building, KDX Monzen-Nakacho Building were acquired as properties.

(¥M)	Acquisition value	Book value	Appraisal value at the end of 4th period	Differences from acquisition value (%)	Differences from book value (%)
Office	115,979	118,029	127,187	+11,208 (+9.7%)	+9,158 (+7.8%)
Central urban retail	16,059	16,606	18,050	+1,991 (+12.4%)	+1,444 (+8.7%)
Residential	43,052	44,166	44,468	+1,416 (+3.3%)	+302 (+0.7%)
Total	175,090	178,801	189,705	+14,615 (+8.3%)	+10,904 (+6.1%)

(¥M)	End of 1st period	End of 2nd period	End of 3rd period	End of 4th period
Short-term debt	10,000	11,500	13,500	18,500
Long-term debt	19,000	30,500	48,500	58,000
Investment corporation bond	-	-	-	12,000
Interest-bearing debt total	29,000	42,000	62,000	88,500
Ratio of long-term	65.5%	72.6%	78.2%	79.1%
Interest-bearing debt ratio	37.5%	45.6%	38.7%	47.0%

- ◆ Measurement of interest swap at fair value recorded as a piece of total unitholders' capital from the 4th period

Portfolio Overview

Properties acquired during the 4th period (10 properties)

Properties acquired on June 1, 2007 (5 properties)

Area	# of props.	Name	Location	Acquisition price (¥M) ¹	Completion date ²	Occupancy rate (%) ³
Office	A-40	Toranomon Toyo Building	Minato ward, Tokyo	9,850	Aug. 1962	100.0%
	A-37	KDX Ochanomizu Building	Chiyoda ward, Tokyo	6,400	Aug. 1982	100.0%
	A-32	KDX Shiba-Daimon Building	Minato ward, Tokyo	6,090	Jul. 1986	93.0%
	A-39	KDX Toranomon Building	Minato ward, Tokyo	4,400	Apr. 1988	0.0%
	A-30	KDX Nishi-Gotanda Building	Shinagawa ward, Tokyo	4,200	Nov. 1992	73.7%
	A-41	KDX Shinjuku 286 Building	Shinjuku ward, Tokyo	2,300	Aug. 1989	100.0%
	A-33	KDX Okachimachi Building	Taito ward, Tokyo	2,000	Jun. 1988	100.0%
	A-38	KDX Nishi-Shinjuku Building	Shinjuku ward, Tokyo	1,500	Oct. 1992	100.0%
	A-31	KDX Monzen-Nakacho Building	Koto ward, Tokyo	1,400	Sep. 1986	100.0%
	A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	May 1995	100.0%
	A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	Dec. 1985	96.4%
	A-42	KDX Kyoto Karasuma Building	Kyoto, Kyoto	5,400	Oct. 1982	97.1%
	A-43	KDX Hakata Building	Fukuoka, Fukuoka	2,350	Jul. 1982	96.9%
	A-44	KDX Sendai Building	Sendai, Miyagi	2,100	Feb. 1984	97.7%
	A-36	KDX Niigata Building	Niigata, Niigata	1,305	Jul. 1983	83.9%
Office (Total 15 properties) Sub Total				51,755	-	-

Central urban retail properties as of the end of April 30, 2007 (3 properties)

Type	Area	# of props.	Name	Location	Acquisition price (¥M) ¹	Completion date ²	Occupancy rate (%) ³
Central urban retail	Tokyo metropolitan area	C-1	Frame Jinnan-zaka	Shibuya ward, Tokyo	9,900	Mar. 2005	91.7%
		C-2	KDX Yoyogi Building	Shibuya ward, Tokyo	2,479	Aug. 1991	100.0%
	Other regional areas	C-3	ZARA Tenjin Nishi-dori	Fukuoka, Fukuoka	3,680	Nov. 2005	100.0%
Central urban retail (Total 3 properties) Sub Total					16,059	-	-

Notes:

- The acquisition price equals the transaction value of the trust beneficiary and other rights the investment corporation has acquired (before taxes, and rounded down to the nearest million). Total acquisition price of 77 properties as of June 11, 2007 is ¥197,090M.
- The building completion date refers to the registered month/year when the building was initially built. The weighted average of the building ages on acquisition prices of 72 properties as of the end of April, 2007 is 15.6 years. The weighted averages of the building ages of 39 office properties, 3 central urban retail properties, 30 residential properties are 18.1 years, 4.0 years, 5.2 years, respectively.
- The occupancy rate is calculated by dividing the occupied area (as of April 30, 2007) by the total leasable area (rounded to the first decimal place), and the occupancy rates of 5 properties acquired on June 1, 2007 are calculated as of December 31, 2006. The weighted average of the occupancy rates on acquisition prices of 72 properties as of the end of April, 2007 is 95.9%. The weighted averages of the occupancy rates of 39 office properties, 3 central urban retail properties, 30 residential properties are 95.7%, 94.7%, 96.5%, respectively.

Office properties as of the end of October 31, 2006 (29 properties)

Type	Area	# of props.	Name	Location	Acquisition price (¥M) ¹	Completion date ²	Occupancy rate (%) ³
Office	Tokyo metropolitan area	A-13	KDX Kojimachi Building	Chiyoda ward, Tokyo	5,950	May 1994	97.1%
		A-1	KDX Nihonbashi 313 Building	Chuo ward, Tokyo	5,940	Apr. 1974	98.9%
		A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	Sep. 1984	100.0%
		A-2	KDX Hirakawacho Building	Chiyoda ward, Tokyo	5,180	Mar. 1988	100.0%
		A-17	Ebisu East 438 Building	Shibuya ward, Tokyo	4,640	Jan. 1992	100.0%
		A-3	Higashi-Kayabacho Building	Chuo ward, Tokyo	4,450	Jan. 1987	89.1%
		A-4	KDX Hatchobori Building	Chuo ward, Tokyo	3,680	Jun. 1993	100.0%
		A-18	KDX Omori Building	Ohta ward, Tokyo	3,500	Oct. 1990	100.0%
		A-19	KDX Hamamatsucho Building	Minato ward, Tokyo	3,460	Sep. 1999	100.0%
		A-29	KDX Higashi-Shinjuku Building	Shinjuku ward, Tokyo	2,950	Jan. 1990	100.0%
		A-20	Dai-ichi Kayabacho Building	Chuo ward, Tokyo	2,780	Oct. 1987	84.9%
		A-21	KDX Shinbashi Building	Minato ward, Tokyo	2,690	Feb. 1992	100.0%
		A-5	KDX Nakano-Sakaue Building	Nakano, Tokyo	2,533	Aug. 1992	100.0%
		A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	Sep. 1990	100.0%
		A-6	Harajuku F.F. Building	Shibuya ward, Tokyo	2,450	Nov. 1985	100.0%
		A-27	KDX Kajicho Building	Chiyoda ward, Tokyo	2,350	Mar. 1990	100.0%
		A-15	KDX Hamacho Building	Chuo ward, Tokyo	2,300	Sep. 1993	100.0%
		A-7	FIK Minami Aoyama	Minato ward, Tokyo	2,270	Nov. 1988	100.0%
		A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	Apr. 1989	100.0%
		A-8	Kanda Kihara Building	Chiyoda ward, Tokyo	1,950	May 1993	100.0%
	A-23	KDX Yotsuya Building	Shinjuku ward, Tokyo	1,950	Oct. 1989	100.0%	
	A-9	KDX Shinjuku-Gyoen Building	Shinjuku ward, Tokyo	1,610	Jun. 1992	100.0%	
	A-26	KDX Kiba Building	Koto, Tokyo	1,580	Oct. 1992	100.0%	
	A-28	KDX Nogizaka Building	Minato ward, Tokyo	1,065	May 1991	100.0%	
	A-10	KDX Koishikawa Building	Bunkyo, Tokyo	704	Oct. 1992	100.0%	
	A-12	Portus Center Building	Sakai, Osaka	5,570	Sep. 1993	97.1%	
	A-24	KDX Minami Semba Dai-1 Building	Osaka, Osaka	1,610	Mar. 1993	100.0%	
	A-25	KDX Minami Semba Dai-2 Building	Osaka, Osaka	1,560	Sep. 1993	93.6%	
	A-11	Hakata-Ekimae Dai-2 Building	Fukuoka, Fukuoka	1,430	Sep. 1984	95.8%	
Office (Total 29 properties) Sub Total					86,224	-	-

Portfolio Overview

Residential properties as of the end of April 30, 2007 (30 properties)

Type	Area	# of props.	Name	Location	Acquisition price (¥M) ¹	Completion date ²	Occupancy rate (%) ³
Residential	Tokyo metropolitan area	B-19	Residence Charmante Tsukishima	Chuo ward, Tokyo	5,353	Jan. 2004	100.0%
		B-20	Regalo Ochanomizu I & II	Bunkyo ward, Tokyo	3,600	I:Jan. 2006 II:Feb. 2006	96.0%
		B-1	Storia Sirokane	Minato ward, Tokyo	3,150	Feb. 2003	88.6%
		B-2	Tre di Casa Minami Aoyama	Minato ward, Tokyo	2,460	Feb. 2004	92.5%
		B-21	Regalo Shiba-Kouen	Minato ward, Tokyo	2,260	Nov. 2005	100.0%
		B-3	Court Mejiro	Shinjuku ward, Tokyo	1,250	Mar. 1997	95.0%
		B-4	Apartments Motoazabu	Minato ward, Tokyo	1,210	Jan. 2004	91.7%
		B-5	Apartments Wakamatsu Kawada	Shinjuku ward, Tokyo	1,180	Feb. 2004	97.8%
		B-22	Chigasaki Socie Ni-bankan	Chigasaki, Kanagawa	1,160	Jan. 1991	96.1%
		B-6	Court Nihonbashi-Hakozaki	Chuo ward, Tokyo	1,130	Feb. 2004	98.4%
		B-23	Court Nishi-Shinjuku	Shinjuku ward, Tokyo	1,130	Oct. 2005	90.9%
		B-7	Side Denenchofu	Ohta ward, Tokyo	1,110	Feb. 1997	97.2%
		B-34	Gradito Kawaguchi	Kawagushi, Saitama	1,038	Feb. 2006	100.0%
		B-8	S-court Yokohama-Kannai II	Yokohama, Kanagawa	945	Mar. 2003	97.4%
		B-24	Regalo Komazawa-Kouen	Setagaya ward, Tokyo	912	Feb. 2006	95.6%
		B-9	Court Motoasakusa	Taito ward, Tokyo	880	Jan. 2005	97.5%
		B-25	Court Shin-Okachimachi	Taito ward, Tokyo	878	Oct. 2005	91.6%
		B-11	Bloom Omotesando	Shibuya ward, Tokyo	875	Mar. 2003	100.0%
		B-13	Human Heim Okachimachi	Taito ward, Tokyo	830	Dec. 2004	100.0%
		B-26	Primo Regalo Kagurazaka	Shinjuku ward, Tokyo	762	Jan. 2006	100.0%
	B-27	Primo Regalo Youga	Setagaya ward, Tokyo	730	Dec. 2005	100.0%	
	B-28	Court Shimouma	Setagaya ward, Tokyo	638	Oct. 2005	96.7%	
	B-29	Ashiya Royal Homes	Ashiya, Hyogo	2,330	Jun. 1991	89.0%	
	B-18	Venus Hibarigaoka	Sapporo, Hokkaido	1,800	Mar. 1989	98.7%	
	B-30	Regalo Ibaraki I & II	Ibaraki, Osaka	1,600	① May. 1991 ② Mar. 1993	95.0%	
	B-31	Collection Higashi-Sakura	Nagoya, Aichi	1,264	Mar. 2006	98.5%	
	B-32	Renaissance 21 Hirao Jousui-machi	Fukuoka, Fukuoka	900	Oct. 2005	91.6%	
	B-33	Montore Nishikouen Bay Court	Fukuoka, Fukuoka	826	Feb. 2006	97.2%	
	B-16	Abreast Hara	Nagoya, Aichi	444	Feb. 2000	97.8%	
	B-17	Abreast Hirabari	Nagoya, Aichi	407	Mar. 2000	100.0%	
Residential (Total 30 properties) Sub Total					43,052		

Disposed properties during the fourth fiscal period (2 properties)

Type	Area	# of props.	Name	Location	Acquisition price (¥M) ¹	Disposal price (¥M)	Completion date ²
Residential	Tokyo metropolitan area	B-14	Court Shinbashi	Minato ward, Tokyo	748	895	Dec. 1997
		B-15	Court Suitengu	Chuo ward, Tokyo	659	708	Jul. 2003
Residential (Total 2 properties) Total					1,407	1,603	-

Notes:

- 1 The acquisition price equals the transaction value of the trust beneficiary and other rights the investment corporation has acquired (before taxes, and rounded down to the nearest million)
- 2 The building completion date refers to the registered month/year when the building was initially built.
- 3 The occupancy rate is calculated by dividing the occupied area (as of April 30, 2007) by the total leasable area (rounded to the first decimal place).

“KENEDIX Selection”—Acquired Properties Highlights

A-32 KDX Shiba Daimon Building (Office)



- ◆ Location: Shiba Daimon, Minato-ku, Tokyo
- ◆ Site area: 1,182.40m²
- ◆ GFA: 7,824.03m²
- ◆ Year built: July, 1986
- ◆ Acquisition price: ¥6,090M

- ◆ 5 minutes on foot from JR Yamanote Line, Keihin Tohoku Line and Tokyo Monorail “Hamamatsucho” station; 4 minutes on foot from Tokyo Municipal Subway “Shiba Koen” station; and 5 minutes on foot from Tokyo Municipal Subway Asakusa Line / Ooedo Line “Daimon” station respectively
- ◆ District with expected high demand from various areas due to its excellent access to rail, main roads and the airport
- ◆ Rent space of c. 420m²–850m² which is relatively big and the 2.6m high ceiling provide comfortable office space

A-37 KDX Ochanomizu Building (Office)



- ◆ Location: Kanda, Chiyoda-ku, Tokyo
- ◆ Site area: 1,515.28m²
- ◆ GFA: 7,720.08m²
- ◆ Year built: August 1982
- ◆ Acquisition price: ¥6,400M

- ◆ 5 minutes on foot from JR Chuo Line, Sobu Line, and Tokyo Metro Marunouchi Line “Ochanomizu” station; 6 minutes on foot from Tokyo Metro Chiyoda Line “Shin-Ochanomizu” station respectively
- ◆ Stable office demand expected due to its superior access to key locations in Tokyo city center
- ◆ Specification meets the needs of tenants who look for office space of substantial size

A-39 KDX Toranomom Building (Office)



- ◆ Location: Toranomom, Minato-ku, Tokyo
- ◆ Site area: 288.20m²
- ◆ GFA: 2,277.38m²
- ◆ Year built: April 1988
- ◆ Acquisition price: ¥4,400M

- ◆ Acquired as an empty building as former tenants have moved out
- ◆ Large scale renovation works to be implemented to upgrade it into an Office building with high level equipment for convenient use and more comfort

A-41 KDX Shinjuku 286 Building (Office)

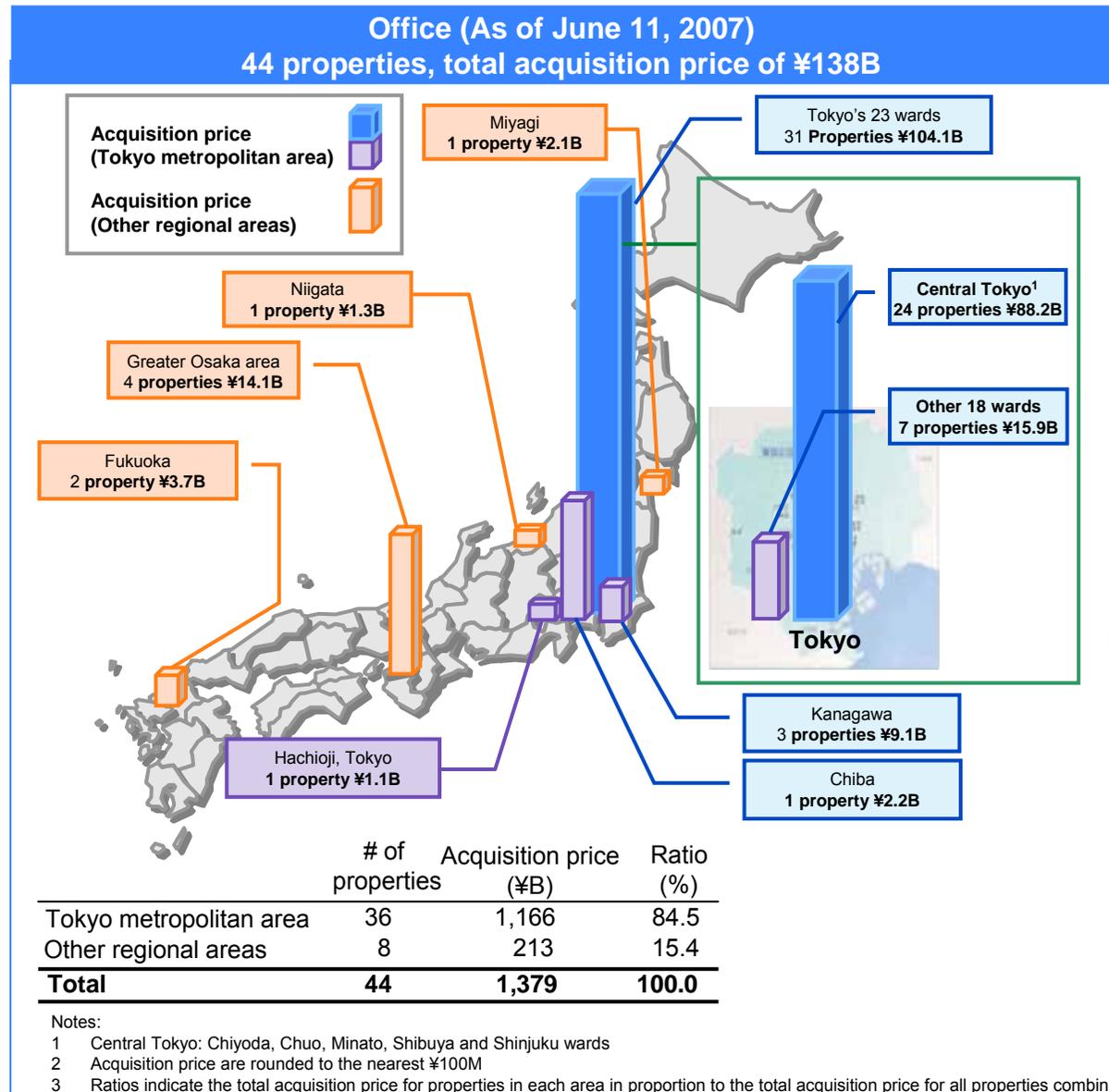


- ◆ Location: Shinjuku, Shinjuku-ku, Tokyo
- ◆ Site area: 421.70m²
- ◆ GFA: 3,432.04m²
- ◆ Year built: August 1989
- ◆ Acquisition price: ¥2,300M

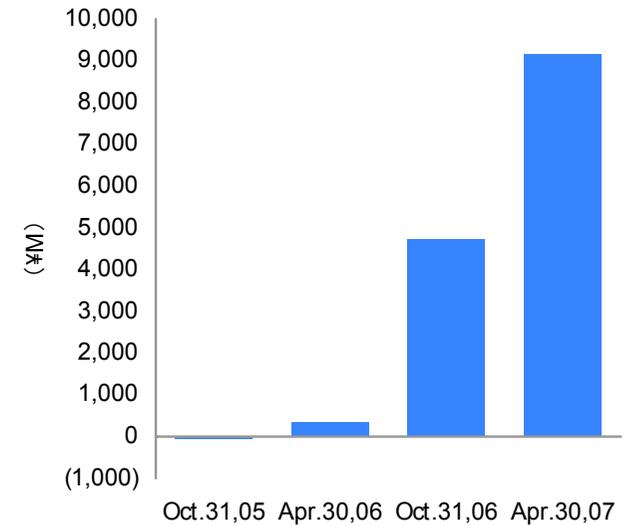
- ◆ 2 minutes on foot from Tokyo Metro Marunouchi Line “Shinjuku Gyoen” station; 4 minutes on foot from Municipal Subway Shinjuku Line “Shinjuku Sanjome” station respectively
- ◆ Highly visible building facing Shinjuku-dori in busy commercial area. Surrounded by mid- to high-rise office and retail buildings along Shinjuku-dori
- ◆ Convenient to use rental space such as floor space with no center posts and unit air conditioning system

Emphasis on Mid-Sized Office Buildings in the Tokyo Metropolitan Area

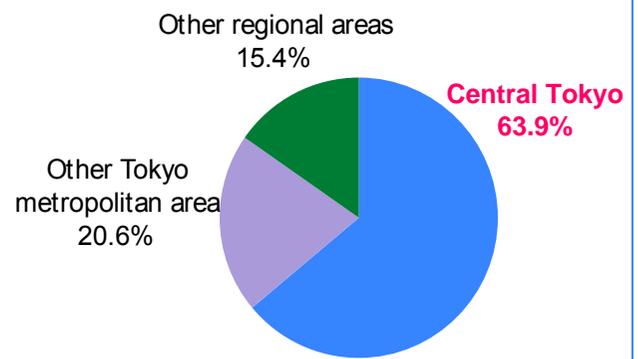
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Appraisal gain (loss) of office building portfolio¹

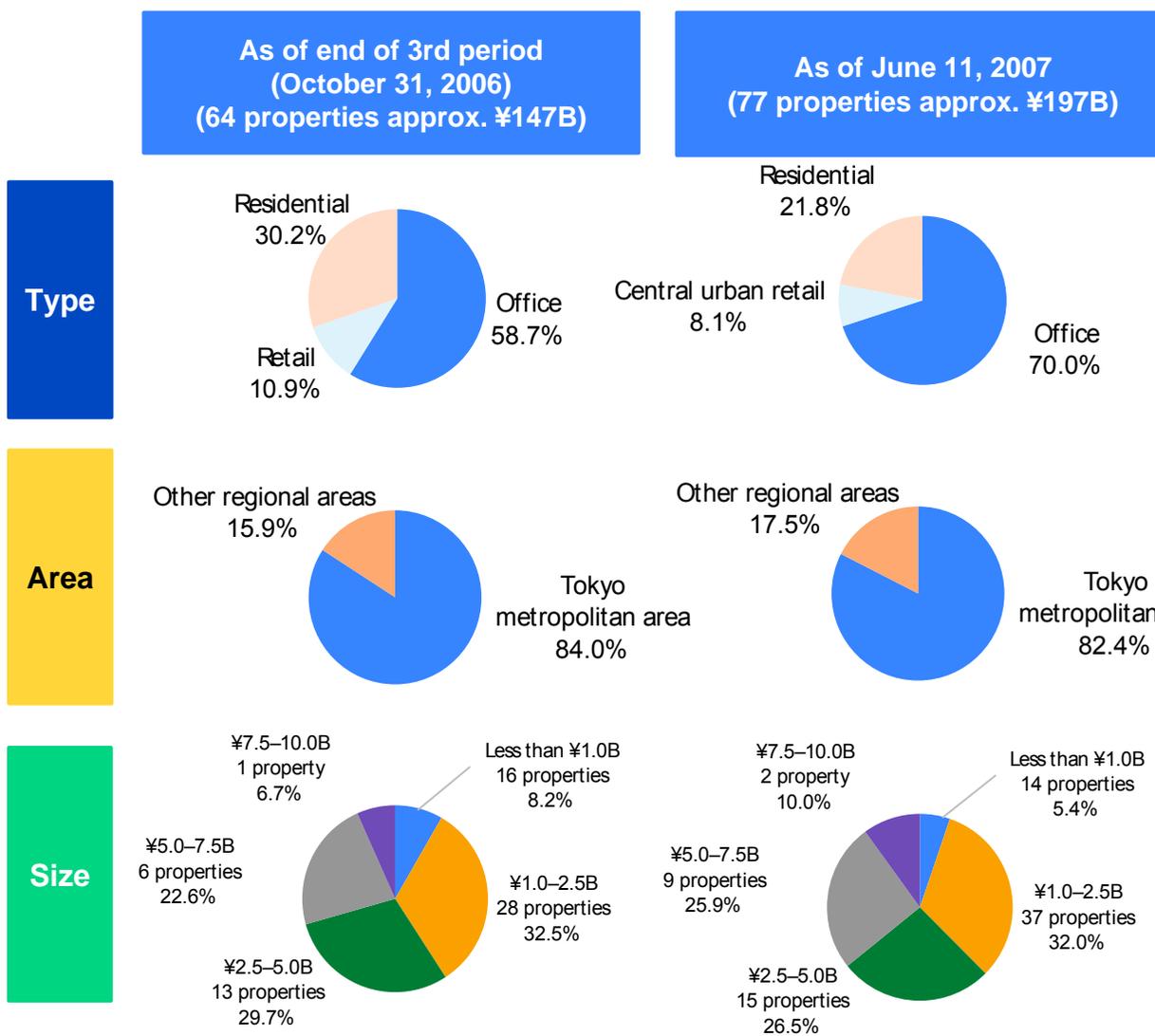


Note:
 1 Subtract total book value at end of period from the total appraisal value at end of period

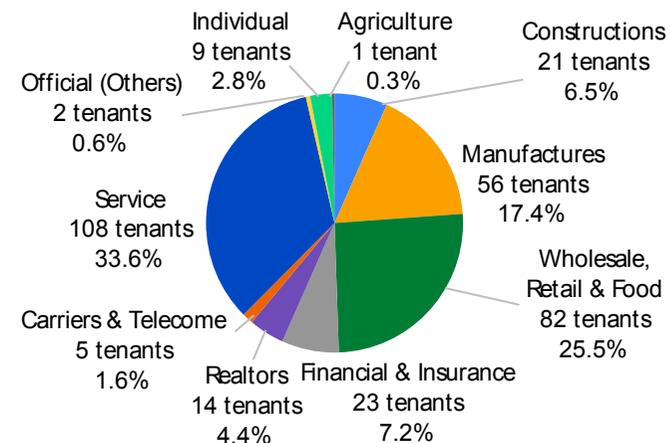


Focus on Office Buildings and External Growth Achieved

Portfolio overview



Diversification in tenant mix (as of the end of 4th period) (Office: 39 properties, Number of tenants: 400)



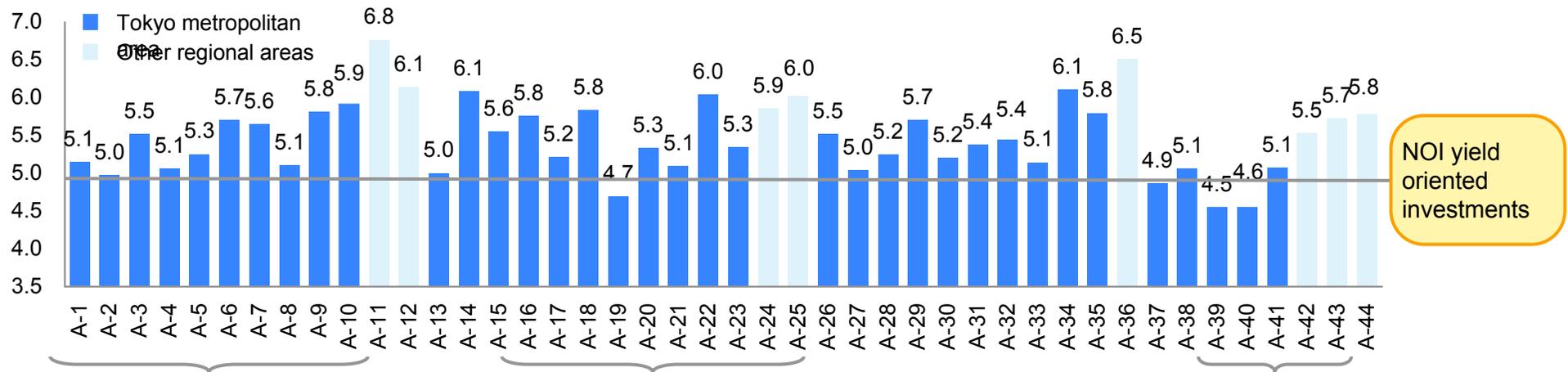
Number of end tenants by type

	2nd period	3rd period	4th period
Office	187	318	400
Central urban retail	20	22	25
Residential	542	1,081	1,124

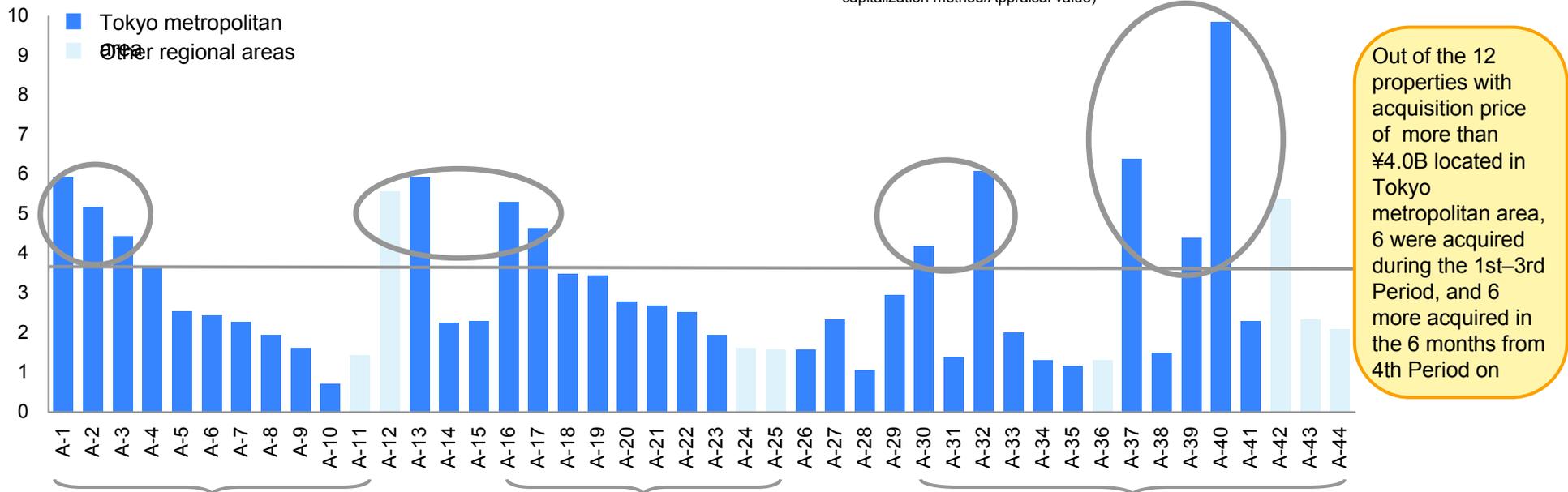
Note:
1 Including type duplication

(Reference) Office Building Investment (44 properties: ¥137.9B)

Appraisal value based yield of office building at acquisition (%)



Acquisition price of office buildings (¥B)



Note: Yield based on appraisal value that were calculated by data available from property appraisal reports and should not be understood as data indicating actual or future profitability (NCF under Direct capitalization method/Appraisal value)

Out of the 12 properties with acquisition price of more than ¥4.0B located in Tokyo metropolitan area, 6 were acquired during the 1st–3rd Period, and 6 more acquired in the 6 months from 4th Period on

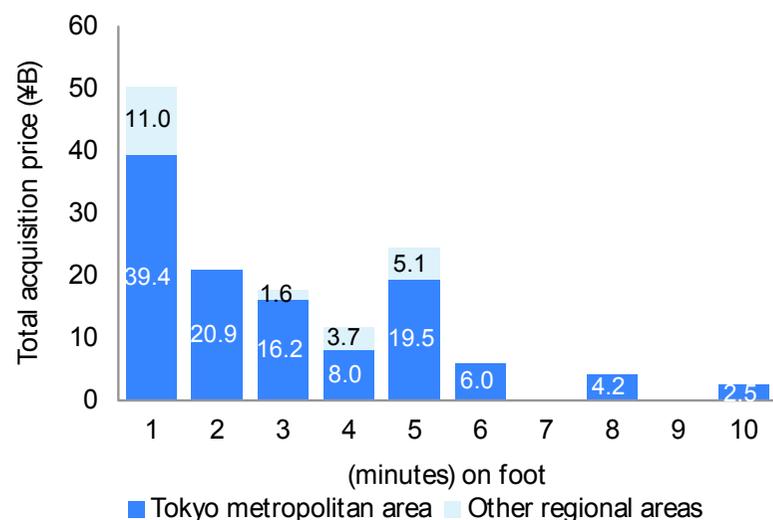
Acquired at IPO in 2005

Acquired at PO in 2006

Acquired in the 6 months from 4th Period on

(Reference) Office Building Investment (44 properties: ¥137.9B)

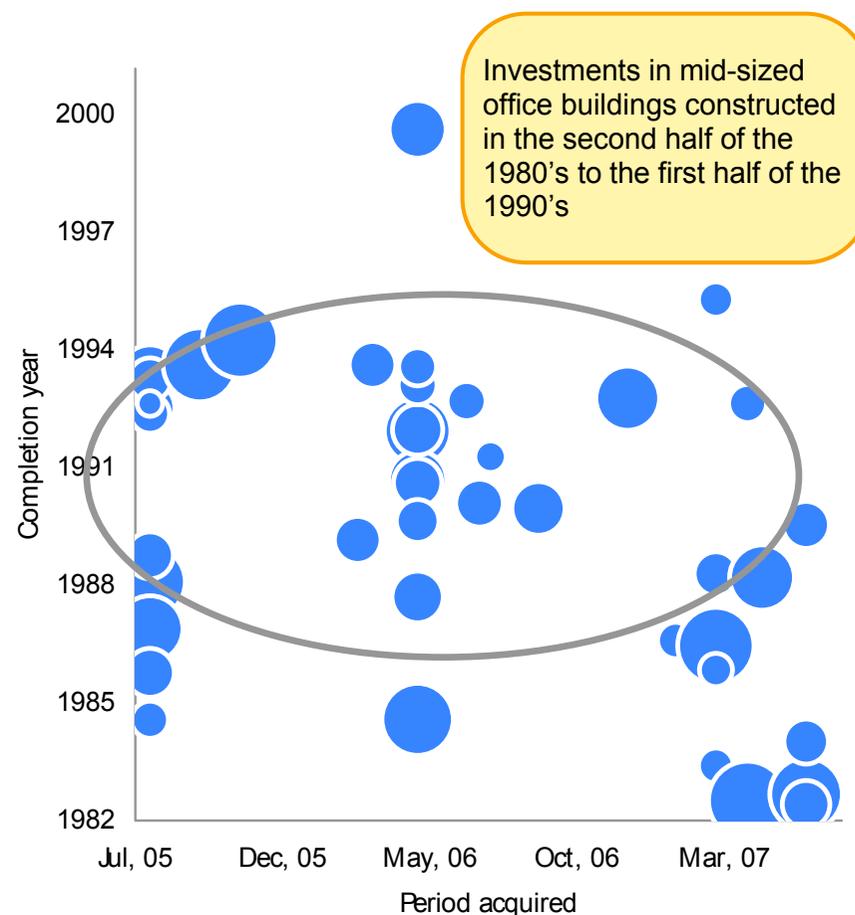
Access to the office buildings (44 properties) from the nearest station



Investments leveraging the multi-pipeline

Acquisition pipeline	Acquisition price (¥B)	# of properties	Av. acquisition price (¥B)
Sponsor network	95.69	26	3.7
Original network (Warehousing)	12.6	4	3.1
Original network (Direct acquisition)	29.8	14	2.1
Total	137.9	44	3.1

Completion year and period acquired (Office building)

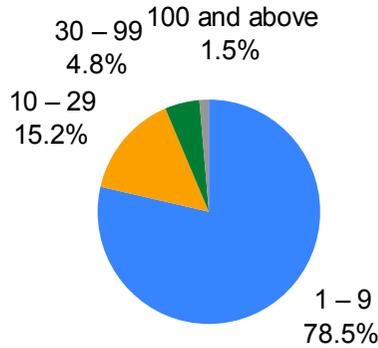


Notes:

- 42 office properties excluding KDX Nihonbashi 313 Bldg. (1974) and Toranomom Toyo Bldg. (1962)
- Size of the pie charts indicates the acquisition price of each property

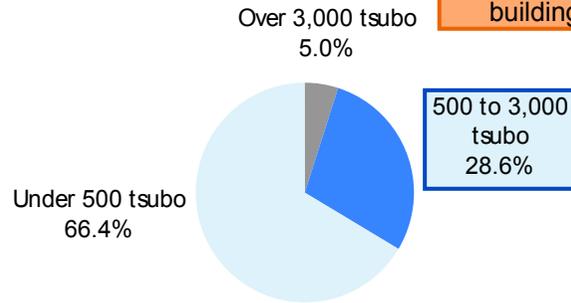
Market Environment for Office Buildings

1. Percentage of entities based on number of employees per office (Tokyo)



Source: KDRM, based on Tokyo office statistics report as of 2004 (MPHPT Statistics Bureau)

2. Distribution of office buildings by tsubo (Central Tokyo)



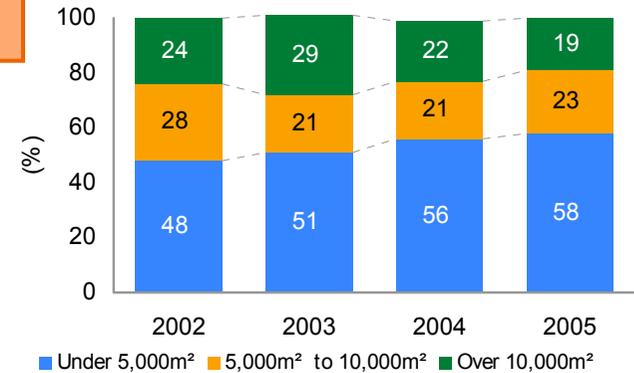
Source: "Macro Market Research in Central Tokyo", K.K. Ikoma Data Service System as of March, 2007

Note: One tsubo is approximately 3.3m²

Broad based stock of mid-sized office buildings

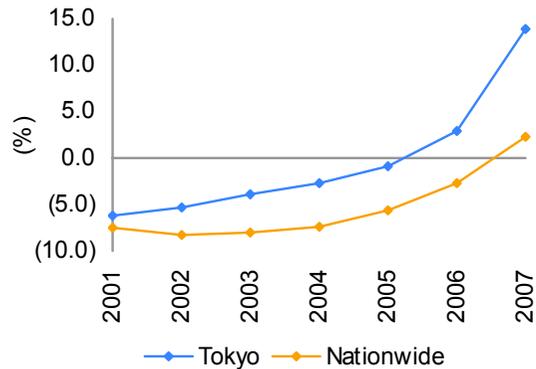
500 to 3,000 tsubo 28.6%

3. Office property traded by size



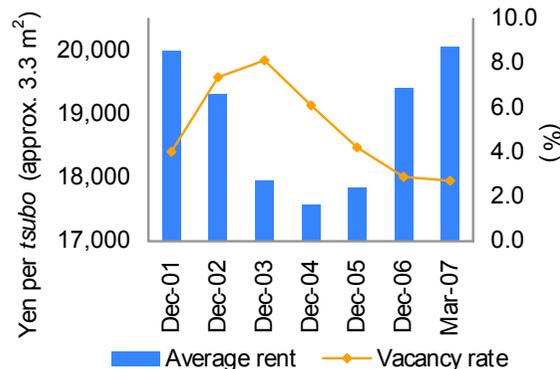
Source: "Real Estate Report 2007", Urban Research Institute, Corp

4. Annual changes in average commercial land value



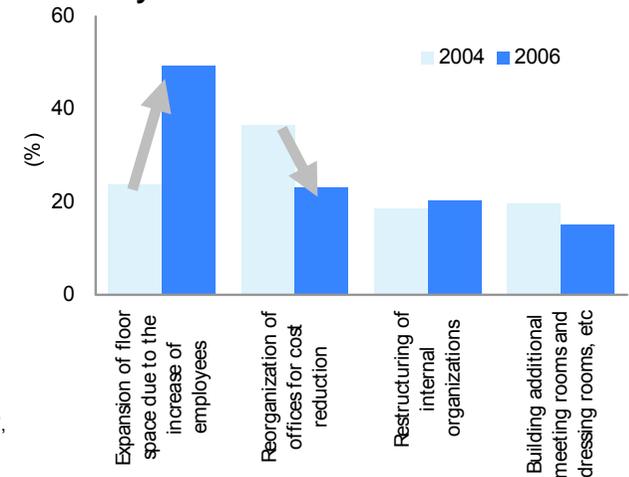
Source: Ministry of Land, Infrastructure and Transportation

5. Office property average rent and vacancy rates (Central Tokyo)



Source: "Latest Office Building Market Conditions in Central Tokyo", Miki Shoji Co., Ltd.

6. Reasons cited by companies in Tokyo if they were to relocate

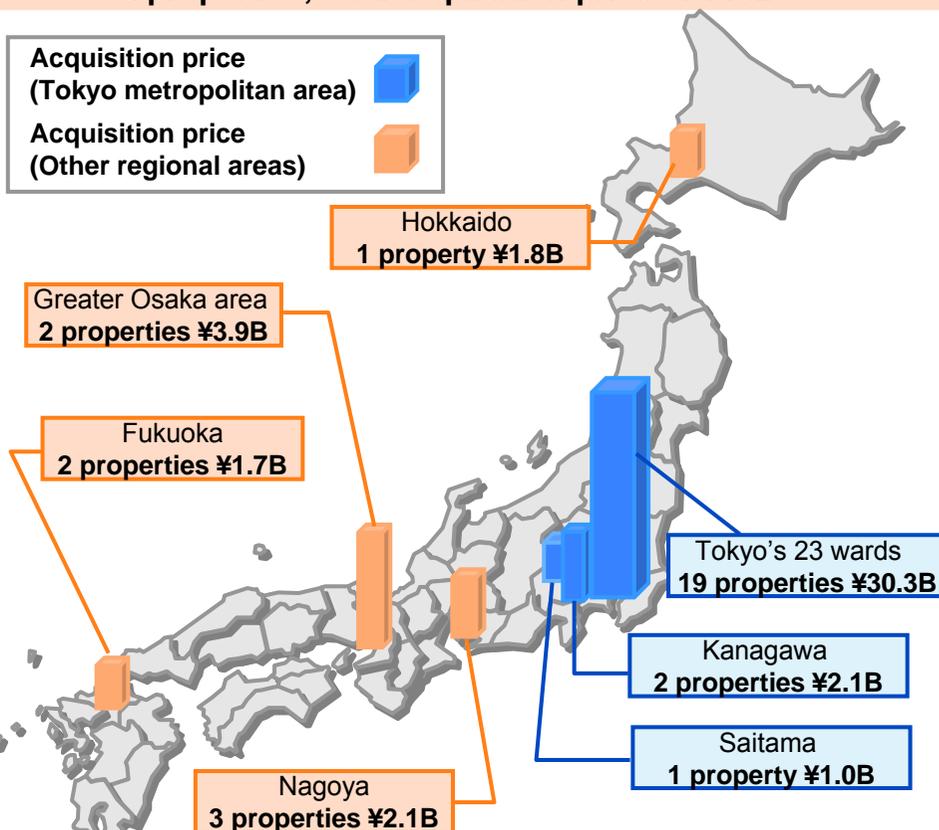


Source: "Real Estate White Paper 2006", K.K. Ikoma Data Service system

Appreciation of office building market

Residential Portfolio

Residential (as of June 11, 2007) 30 properties, total acquisition price of ¥43B



	# of properties	Acquisition price (¥B)	Ratio (%)
Tokyo metropolitan area	22	334	77.7
Other regional areas	8	95	22.2
Total	30	430	100.0

Notes:

- 1 Acquisition price are rounded to the nearest ¥100M
- 2 Ratios indicate the total acquisition price for properties in each area in proportion to the total acquisition price for all properties combined

Fluctuations in the maximum Rosenka (Prefectural capitals)

Rank	City	Fluctuation (2006)	Fluctuation (2005)	Maximum Rosenka (2006)
1	Nagoya	26.4%	9.3%	4,600
2	Tokyo	23.8%	9.9%	18,720
3	Osaka	19.2%	2.0%	4,960
4	Kyoto	16.8%	3.6%	2,020
5	Fukuoka	15.5%	5.9%	3,960
6	Yokohama	11.5%	4.8%	3,870
7	Sapporo	10.1%	-	1,850
8	Saitama	6.0%	(3.2%)	1,950
9	Otsu	5.0%	(4.8%)	210
10	Kobe	4.5%	(3.8%)	1,870
11	Sendai	4.4%	(6.2%)	1,430
12	Shizuoka	3.3%	(3.2%)	940
13	Okayama	3.1%	(2.0%)	1,010
14	Hiroshima	2.5%	(4.2%)	1,650
15	Chiba	2.3%	(2.9%)	1,350

Source: National Tax Agency "Maximum Rosenka in Prefectural Capitals, 2006"

Note: 1 Maximum Rosenka (in thousand yen) per 1m²

Japan Population Growth Rate

Rank	City	Population as of 2005	Growth rate (2000-2005)
1	Tokyo's 23 wards	8,483,050	4.3%
2	Yokohama	3,579,133	4.4%
3	Osaka	2,628,776	1.2%
4	Nagoya	2,215,031	2.0%
5	Sapporo	1,880,875	3.2%
6	Kobe	1,525,389	2.1%
7	Kyoto	1,474,764	0.0%
8	Fukuoka	1,400,621	4.4%
9	Kawasaki	1,327,009	6.2%
10	Saitama	1,176,269	3.8%
11	Hiroshima	1,154,595	1.8%
12	Sendai	1,024,947	1.7%
Total		127,756,815	0.7%

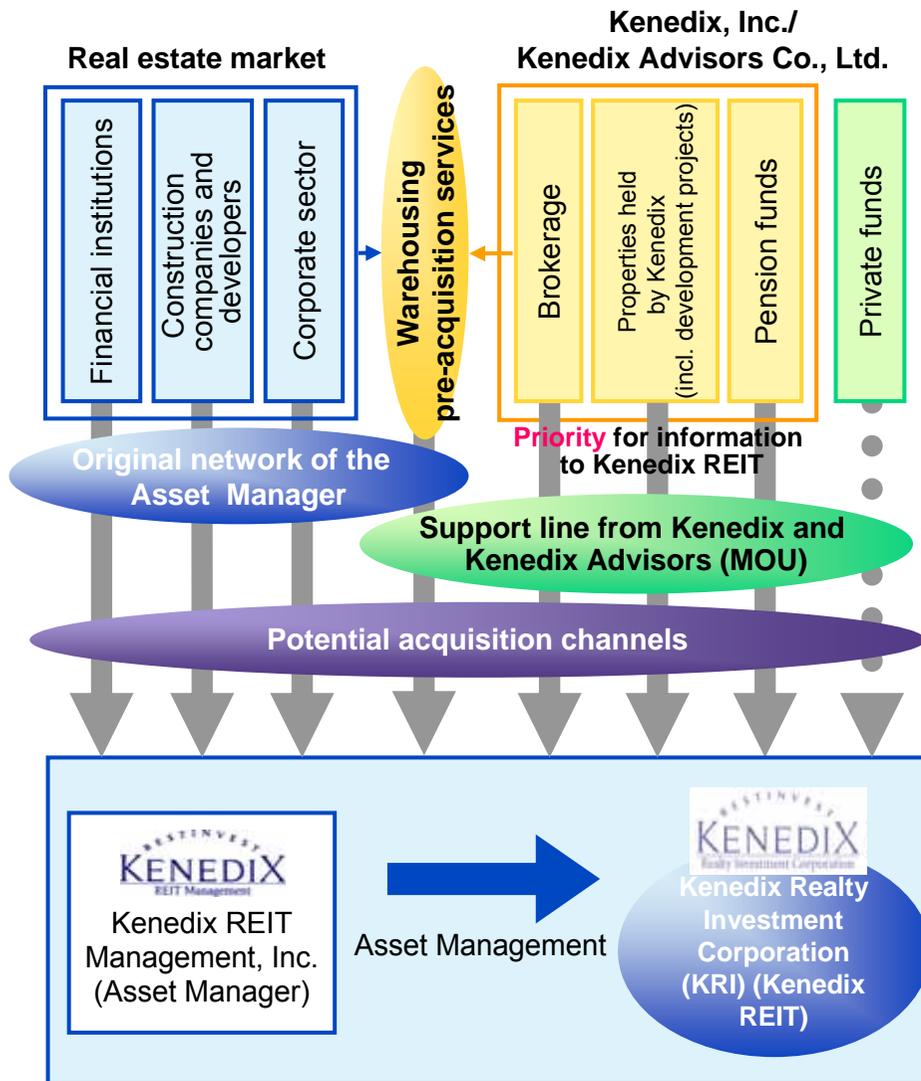
Source: MPHPT Statistics Bureau, Population Census 2005

Notes:

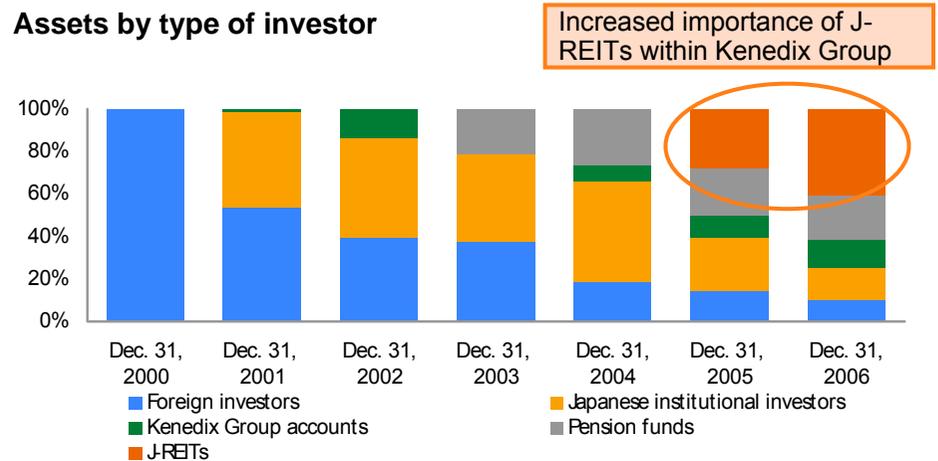
- 1 Population is rounded to the nearest thousand people
- 2 Cities where KRI owns or is planning to acquire properties are highlighted.

Leverage of Multi-Pipeline and Kenedix Group's Successful Track Record

Property acquisition leveraging multiple acquisition pipelines



Assets by type of investor

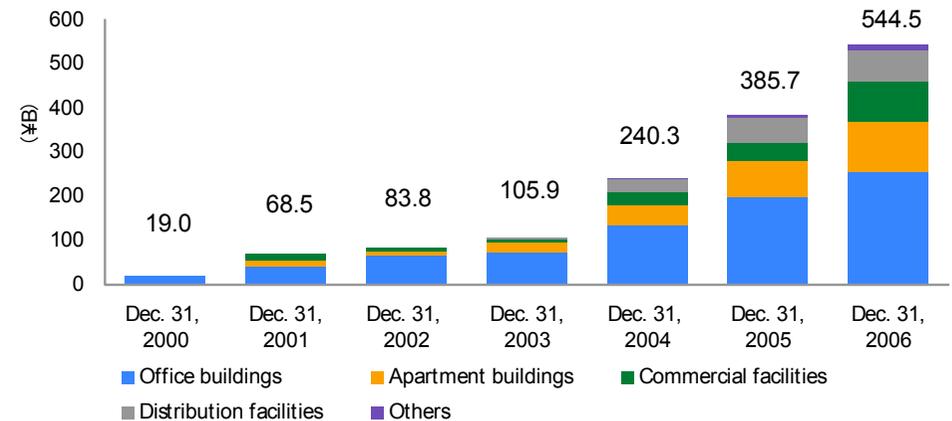


Source: Kenedix, Inc.

Note:

1 Includes properties of Japan Logistics Fund, which are entrusted to an affiliate of Kenedix, Inc. for asset management, and properties held by KRI

Assets by type of property



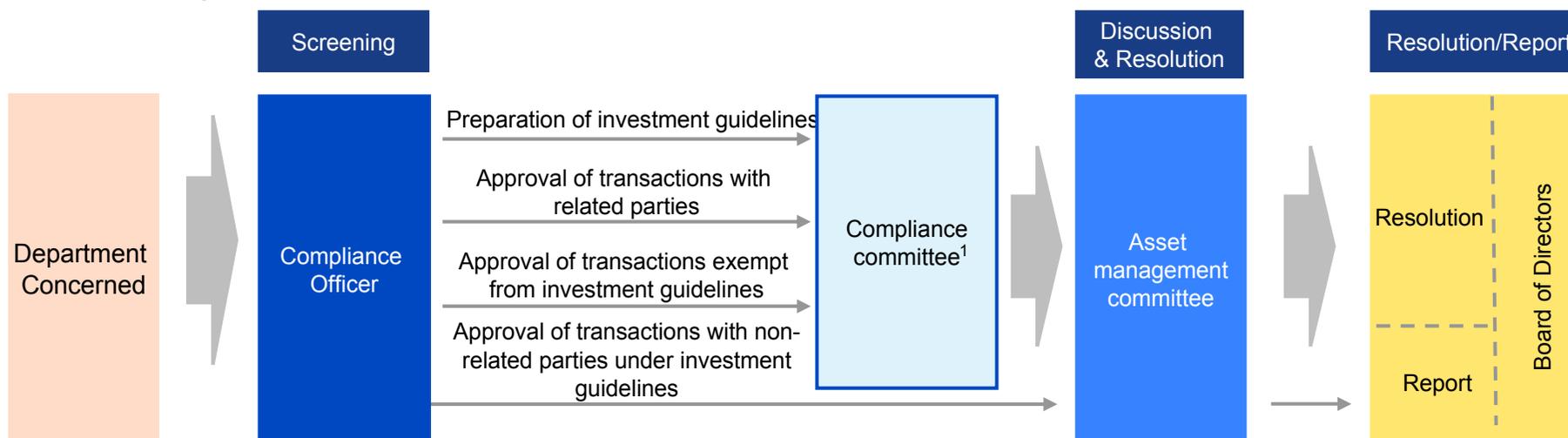
Source: Kenedix, Inc.

Note:

1 Includes properties of Japan Logistics Fund, which are entrusted to an affiliate of Kenedix, Inc. for asset management, and properties held by KRI

Management Structure of the Asset Manager

Decision making flow chart



Note:

¹ As of June 11, 2007, one lawyer works as an external commission member

Policy on transaction with related parties

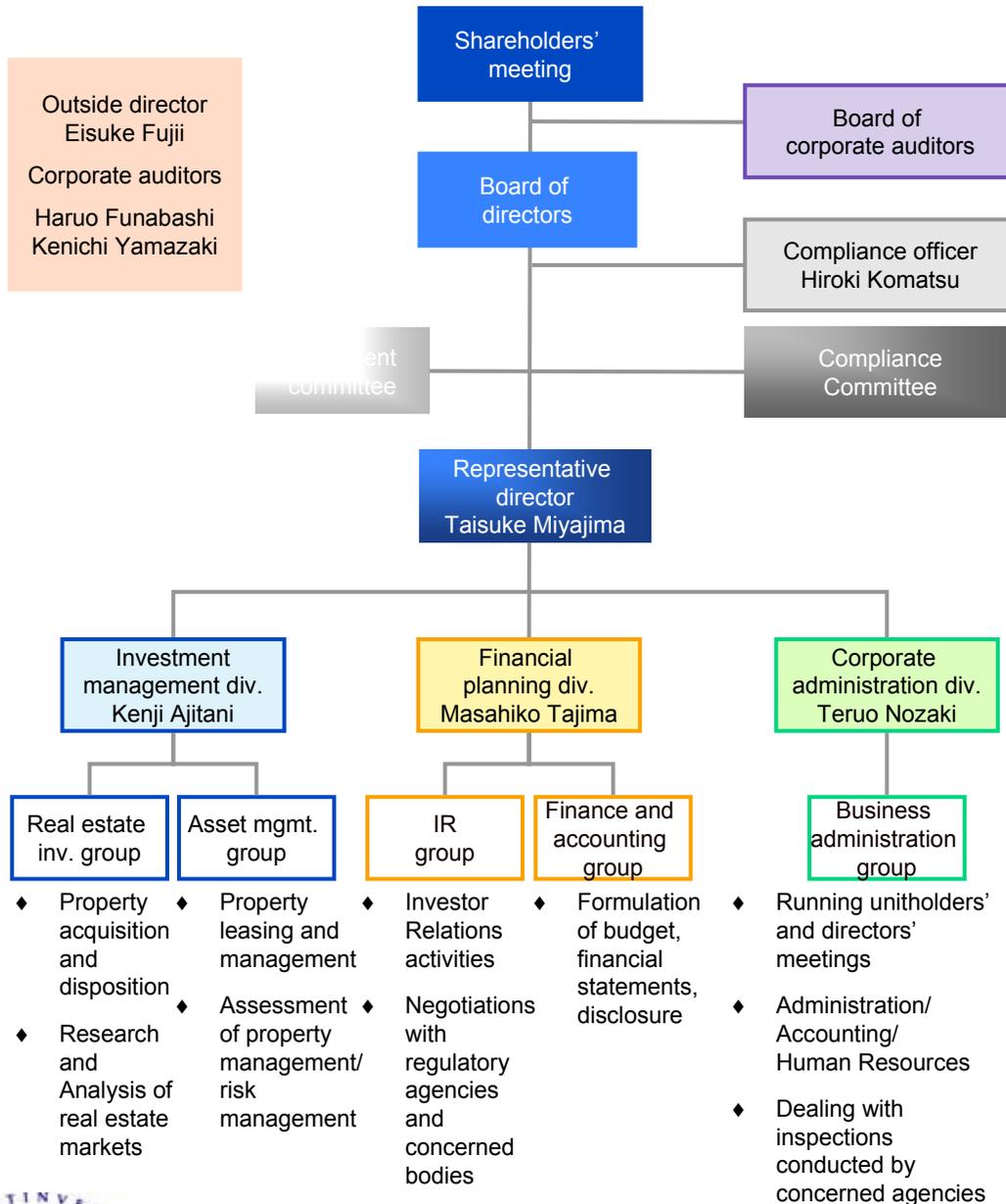
- (1) Asset acquisition: **Must not acquire properties for more than appraised price (except for properties pre-acquired by Kenedix Inc. pursuant to the MOU)**
- (2) Asset disposal: **Must not sell properties for less than appraised price**
- (3) Real estate leasing: Proper conditions must be determined in conjunction with research on market price and conditions as well as reference to third party opinion
- (4) Real estate agency business such as trading and leasing properties: commissions must be within range specified in Building Lots and Buildings Transaction Business Law

<Reference>

Meetings held by the various committees, Board of Directors of the asset manager / investment corporation

	1 st Period	2 nd Period	3 rd Period	4 th Period	Total
Compliance Committee	7	7	7	8	29
Asset Management Committee	21	35	39	39	134
Board of Directors	9	7	9	8	33
Board of Directors of investment co	11	7	7	9	34

Kenedix REIT Management, Inc.—Organizational Chart



Outside director
Eisuke Fujii
Corporate auditors
Haruo Funabashi
Kenichi Yamazaki

Major members



Taisuke Miyajima
CEO & President

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



Kenji Ajitani
Director & General Manager ,
Investment Management Division

- Worked for 10 years for **Sojitz Corporation** (incl. Construction Department)
- After joining Kenedix, he worked for Kenedix Advisors before being transferred to Kenedix REIT Management



Masahiko Tajima
Director & General Manager,
Financial Planning Division

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



Hiroki Komatsu
Compliance Officer

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



Haruo Funabashi
Corporate Auditor

- Joined **MOF** where he served as director, deputy director of the **National Tax Administration Agency**, **SESC** director, deputy vice-minister of the **National Land Agency**, etc.
- Corporate auditor of Kenedix, Inc.