

# Kenedix Realty Investment Corporation

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## 14th Period Results (Ended April 2012)

Updated due to the change of the corporate name of the Asset Management Company

September 2012  
Kenedix Office Partners, Inc.  
<http://www.kdx-reit.com/eng/>



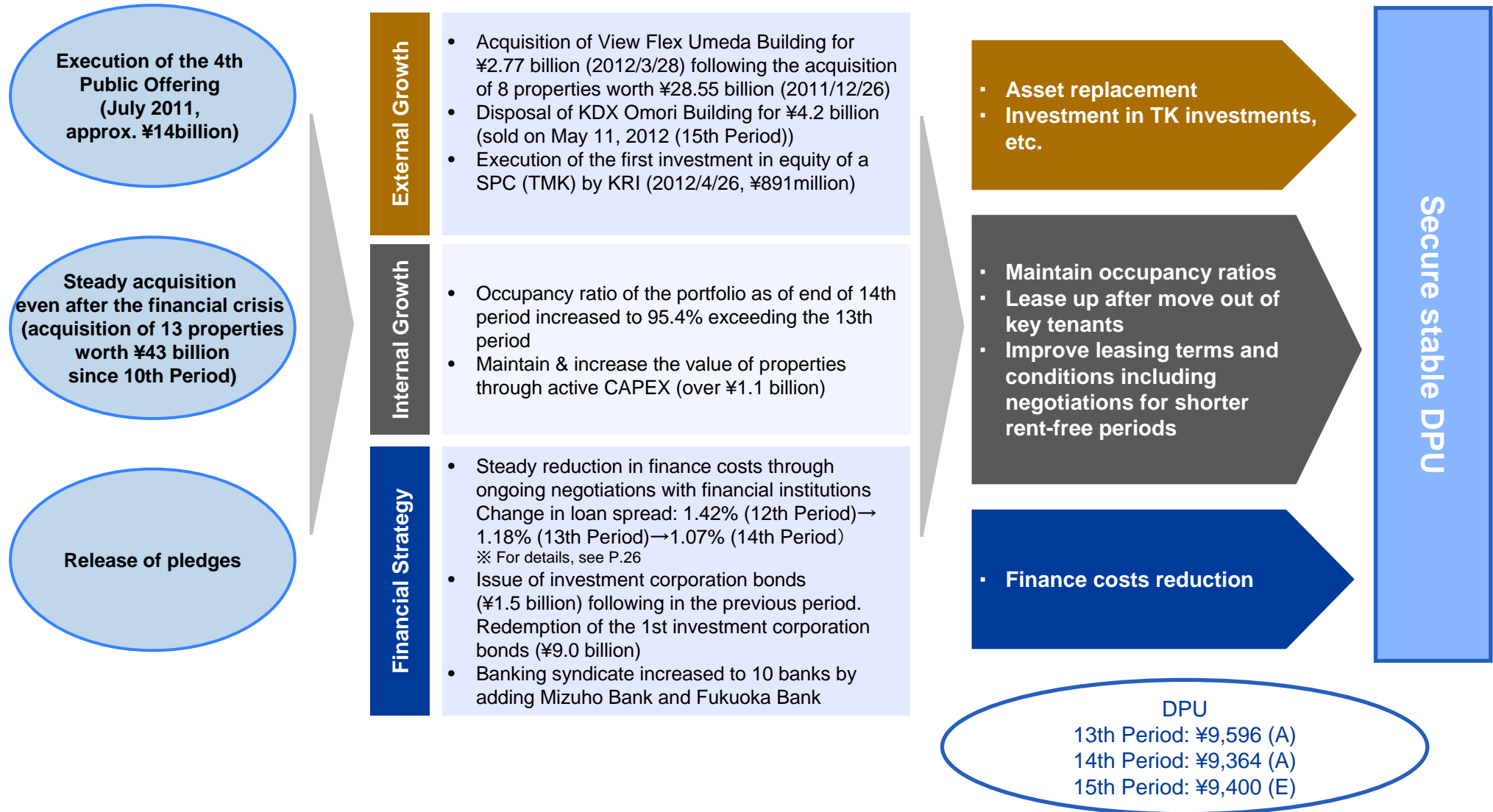
# Executive Summary (14th Period Topics)

Initiatives taken until the 13th Period

14th Period (April 2012) Topics

Future initiatives

## Management under new CEO started



SECTION 1

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14th Period Results (April 30, 2012)

# 14th period (2012/4) financial results: Performance highlights

(in millions of yen)

Account		A	B	C	13th VS 14th comparison C-A		Forecast VS Actual Comparison C-B		
		13th Period Oct-2011 Actual	14th Period Apr-2012 Forecast	14th Period Apr-2012 Actual	Change	Major Factors	Change	Major Factors	
Ordinary income/losses	Operating income/losses	Operating revenues	9,044	9,033	9,090	46	•Acquisition of 9 properties in the 14th Period +793 •Gain on sales of properties in the 13th Period -545 •Decrease in income from existing properties -139	57	•View Flex Umeda Building +20 •Receipt of fees for restoration to original state +36
		Of which gain on sales of real estate properties	545	-	-	-545	Decrease in Gain on sales of properties due to sale of KDX Hirakawacho Building in the 13th Period	-	
		Operating expenses	4,618	4,935	5,004	385		69	
		Expenses related to rent business (excl. Depreciation)	2,518	2,650	2,705	187	•Full period contribution for properties acquired in the 13th Period +24 •Increase due to acquisition of 9 properties in the 14th Period +138	55	•View Flex Umeda Building +4 •Utilities costs, brokerage fees, Maintenance and repairs costs +51
		Depreciation	1,442	1,563	1,578	135	•Full period contribution for properties acquired in the 13th Period +27 •Increase due to acquisition of 9 properties in the 14th Period +110	15	View Flex Umeda Building +11
		Others	657	721	719	62	•CS Survey costs •Expenses including General Meeting of Unitholders expenses	-2	
	Operating income	4,425	4,098	4,086	-338		-12		
	Non-operating income/losses	Non-operating income	5	5	4	-1		-1	
		Non-operating expenses	1,390	1,577	1,539	148		-38	
		Interest expenses etc.	1,334	1,539	1,502	168	Increase in interest costs from new debt incl. miscellaneous expenses related to syndicated loans 143	-37	Larger decrease in net interest costs than anticipated
Others		56	37	36	-19	Inclusion of consumption tax to expenses following the sale of KDX Hirakawacho Building	-1		
Ordinary income		3,040	2,525	2,551	-488		26		
X/O gains/losses	Extraordinary gains	13	-	-	-13	Decrease in Gain on donated fixed assets in the 13th Period -13	-		
	Extraordinary losses	-	-	10	10	Legal settlement paid in the 14th Period +10	10	Accrued legal settlement +10	
Net Income		3,052	2,524	2,540	-512		16		
Leasing NOI (Net Operating Income)		5,980	6,383	6,384	404	•Increase from acquisition of 9 properties in the 14th Period +655 •Decrease from existing properties -164	1		
FFO (Funds From Operation)		3,950	4,088	4,119	169		31		
Number of properties		74	82	83	9	Acquisition of 8 Nikko properties (2011/12/26) Acquisition of View Flex Umeda Building (2012/3/28)	1	Acquisition of View Flex Umeda Building (2012/3/28)	
Provision for reserve for reduction entry (reversal)		303	(143)	(143)	-446		-		
Number of units issued		286,550Units	286,550Units	286,550Units	0Units		0Units		
Distribution per unit		9,596yen	9,300yen	9,364yen	-232yen		64yen		

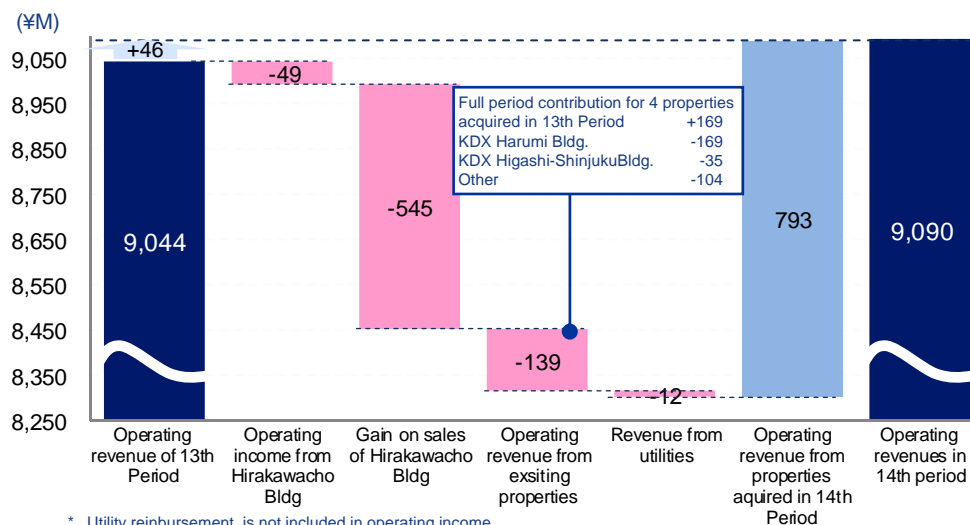
\* Leasing NOI = Rental revenues - Rental expenses + Depreciation expense for the period

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

# 14th Period Results (2012/4): Factors leading to increase/decrease compared to the previous period

## A. Operating income

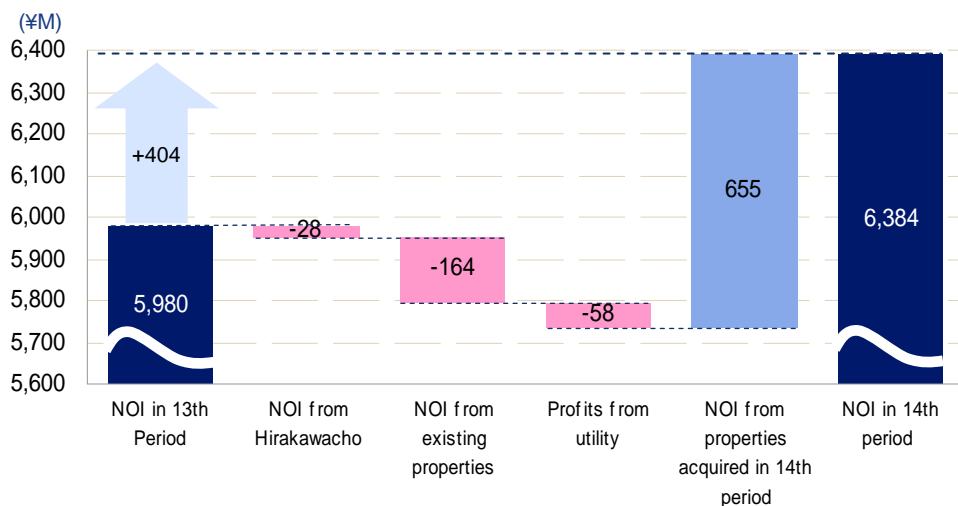
- > Decrease in Operating income stemming from the decrease in Gain on sales of KDX Hirakawacho Bldg. in the 13th Period
- > Increase in Operating income by ¥793 million through acquisition of 9 properties in the 14th Period
- > Most significant factor was decrease in operating income of KDX Harumi Bldg.



\* Utility reimbursement is not included in operating income

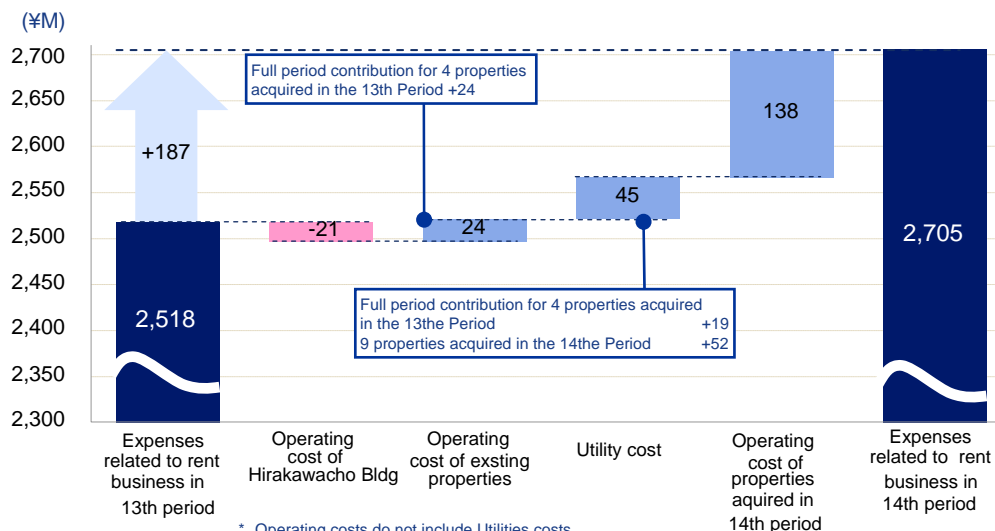
## C. Leasing NOI

- > Decrease in income from existing properties, but acquisition of new properties resulted in NOI increase



## B. Property-related expenses (not incl. depreciation)

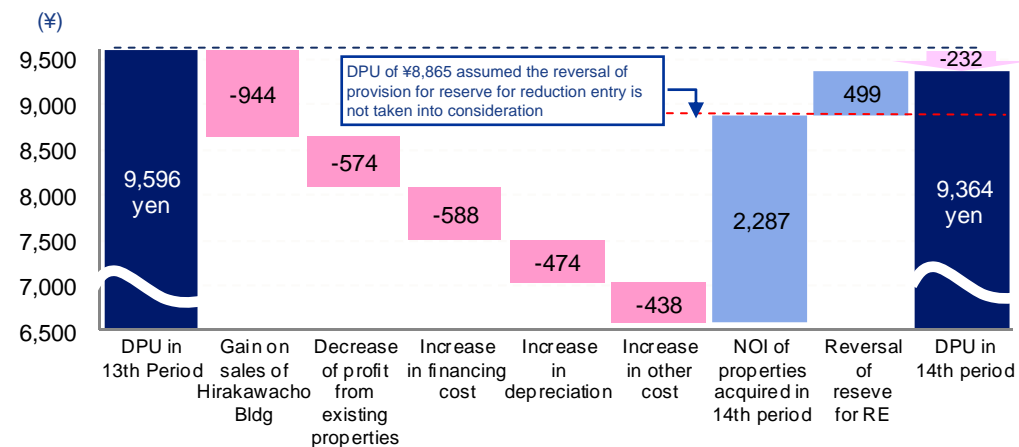
- > Increase in property-related expenses by ¥138 million due to acquisition of new properties
- > Acquisition of new properties led to increase in utility expenses



\* Operating costs do not include Utilities costs

## D. DPU

- > Offset decrease in income from existing properties, and elimination of gain on sales with increase in income through acquisition of new properties
- > Distribution per unit would have been ¥8,865, assuming the ¥143 million reserve for reduction entry (RE) were not reversed



\* "Sale of KDX Hirakawacho Bldg" shows the amount of Gain on sale of "KDX Hirakawacho Bldg" - Amount of Reserve for Reduction + Operating Gain (Loss)

# 15<sup>th</sup> Period (2012/10): Earning Forecast

(in millions of yen)

Account		A 14th Period Apr-2012 Actual	B 15th Period Oct-2012 Forecast (4/19)	C 15th Period Oct-2012 Forecast (6/12)	15th(Forecast) VS 14th comparison C-A		15th(Forecast) comparison C-B	
					Change	Major Factors	Change	Major Factors
Ordinary income/losses	Operating revenues	9,090	9,876	9,882	792	Anticipated gain on sales of KDX Omori Bldg. + 597	6	Includes portion of the increase in electricity costs
	Of which gain on sales of real estate properties	-	597	597	597	Anticipated gain on sales of KDX Omori Bldg.	-	
	Operating expenses	5,004	5,380	5,428	424		48	
	Expenses related to rent business (excl. Depreciation)	2,705	3,079	3,098	393	• Full period contribution of properties acquired in 14th period • Rise in electricity costs	19	Includes additional marketing costs for improving occupancy ratios
	Depreciation	1,578	1,578	1,599	21	Full period contribution of properties acquired in 14th period	21	Recalculation based on estimated and actual figures
	Others	719	722	729	10		7	
<b>Operating income</b>		<b>4,086</b>	<b>4,495</b>	<b>4,454</b>	<b>368</b>		<b>-41</b>	
Non-operating income/losses	Non-operating income	4	5	5	1		-	
	Non-operating expenses	1,539	1,510	1,472	-67		-38	
	Interest expenses etc.	1,502	1,458	1,418	-84	• Temporary costs related to new borrowings in 14th period • Full period interest expenses for new borrowing in 14th period	-40	Downward revision of estimated interest expenses based on actual performance results
	Others	36	52	53	17	Consumption tax accrued from the sale of KDX Omori Bldg. included to "Other expenses"	1	
	<b>Ordinary income</b>	<b>2,551</b>	<b>2,990</b>	<b>2,987</b>	<b>436</b>		<b>-3</b>	
X/O gains/losses								
	Extraordinary gains	-	-	-	-		-	
	Extraordinary losses	10	-	-	-10		-	
<b>Net Income</b>		<b>2,540</b>	<b>2,988</b>	<b>2,985</b>	<b>445</b>		<b>-3</b>	

Leasing NOI (Net Operating Income)	6,384	6,199	6,186
FFO (Funds From Operation)	4,119	3,970	3,988
Number of properties	83	82	82
Provision for reserve for reduction entry (Reversal)	(143)	291	291
Number of units issued	286,550Units	286,550Units	286,550Units
Distribution per unit	9,364yen	9,400yen	9,400yen

Changes in amounts of provision for reserve for reduction entry (in millions)					
	11th period	12th period	13th period	14th period	15th period (Forecast)
Amount carried over from the previous period	-	65	65	368	225
Transfer	65	-	303	-	291
Reversal	-	-	-	143	-
Balance	65	65	368	225	516

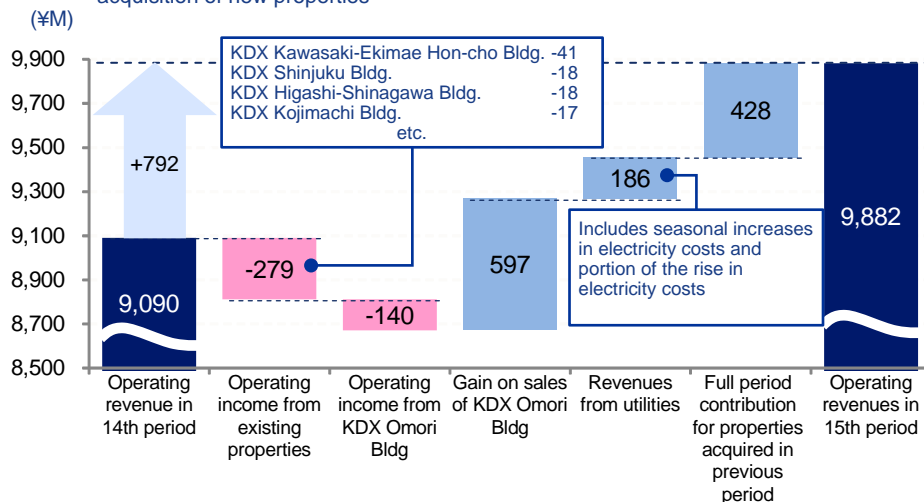
■ (Reference) Estimated Property & City planning tax  
15th period 837 million  
16th period 835 million

1,800 yen/unit based on 286,550 units

# 15<sup>th</sup> Period Forecast (2012/10): Factors leading to increase/decrease from 14<sup>th</sup> period

## A. Operating income

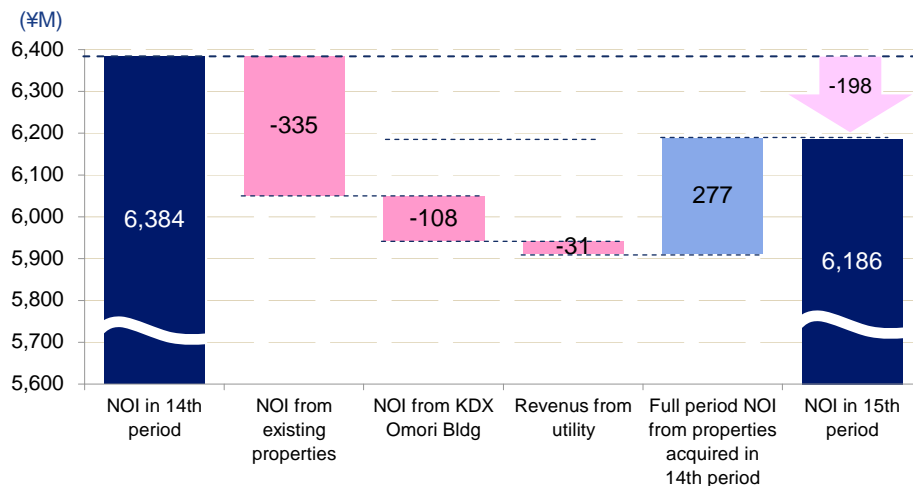
- ¥597mn anticipated gain on sales of KDX Omori Bldg.
- Offset decrease in income from existing properties with increase in income through acquisition of new properties



※ Properties income does not include income from utilities charges

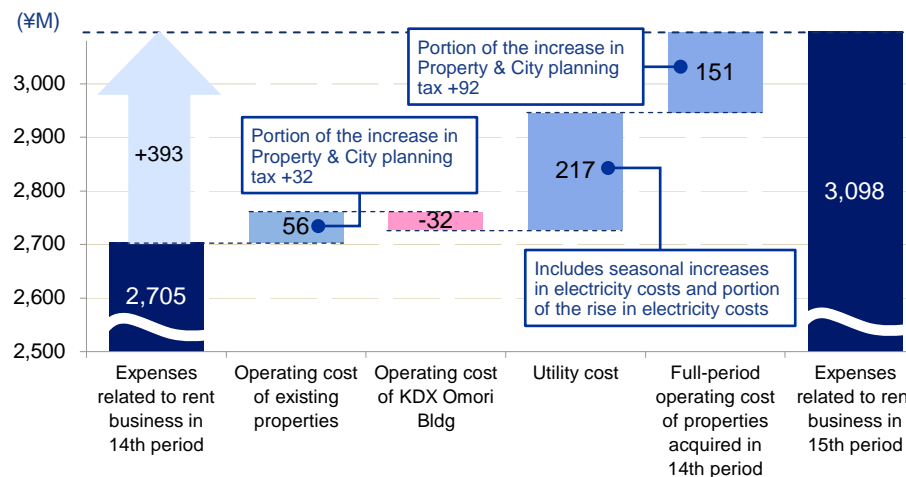
## C. Leasing NOI

- Decrease in rent income and inclusion of Property & City planning tax resulted in NOI decrease from existing properties, which is expected to exceed the increase from properties acquired in the 14th period



## B. Property-related expenses (not incl. depreciation)

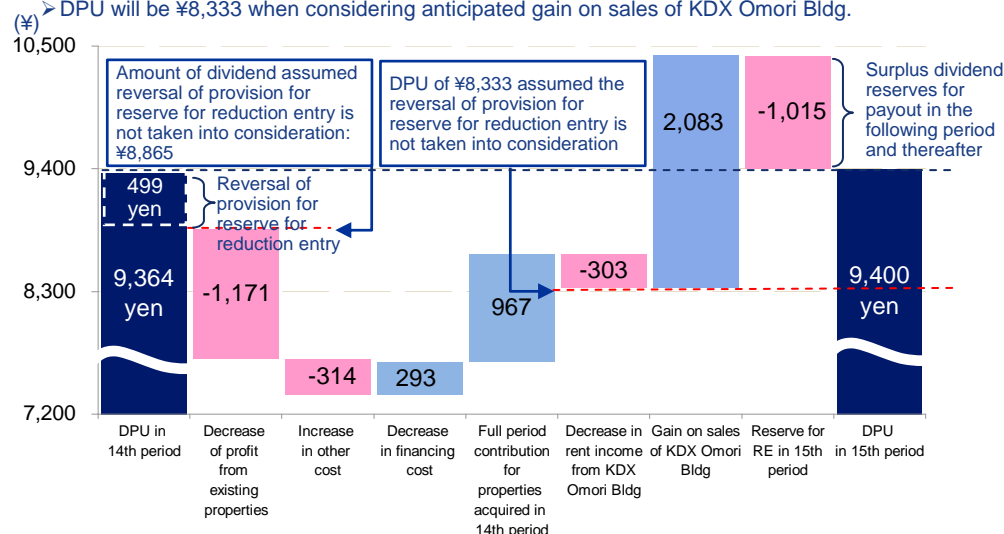
- Pre-conditional to inclusion of ¥124mn Property & city planning tax on properties acquired in 2011 to Operational costs
- Anticipating rise in electricity costs and increase in utilities costs



※ Properties income does not include income from utilities charges

## D. DPU

- Offset decrease in income from existing properties with increase in income through acquisition of new properties
- DPU will be ¥8,333 when considering anticipated gain on sales of KDX Omori Bldg.



※ [rent income from KDX Omori Bldg] shows the amount of "Operating income plus/minus depreciation"

SECTION 2

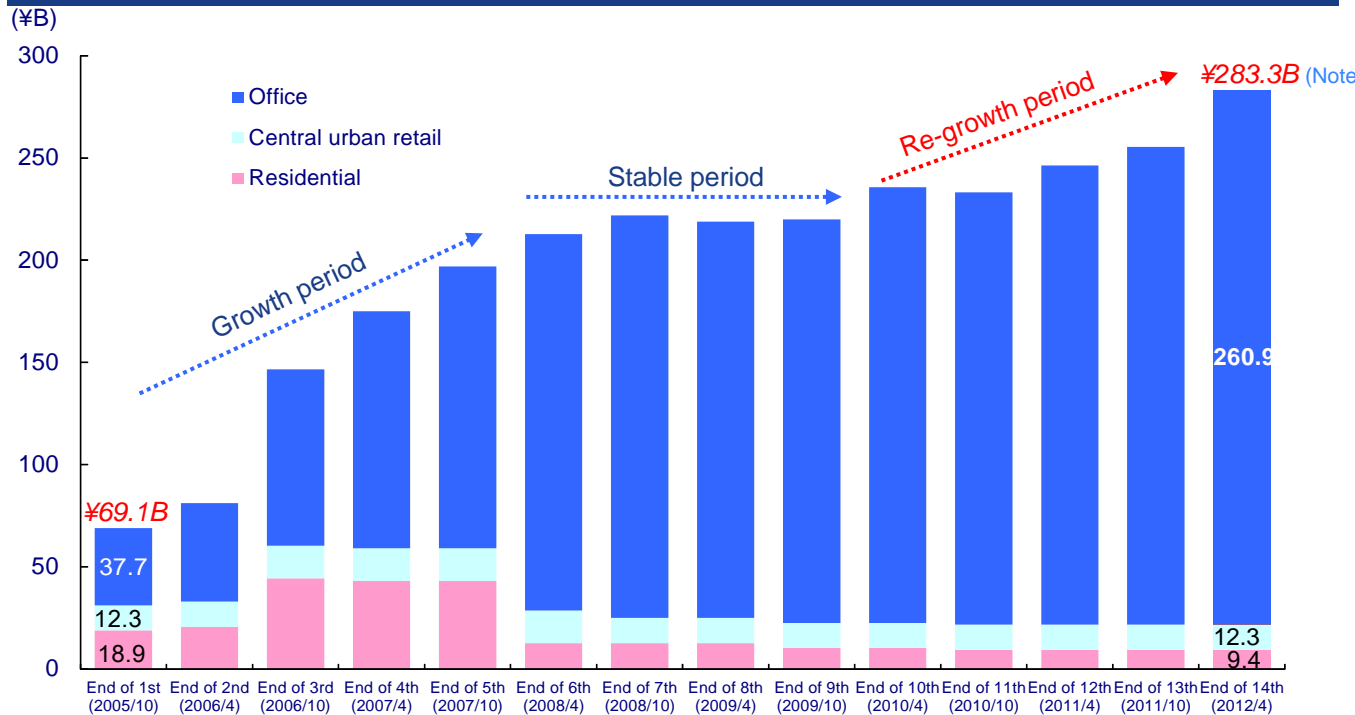
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## **Portfolio focused on office buildings**



# Portfolio that focuses on office buildings

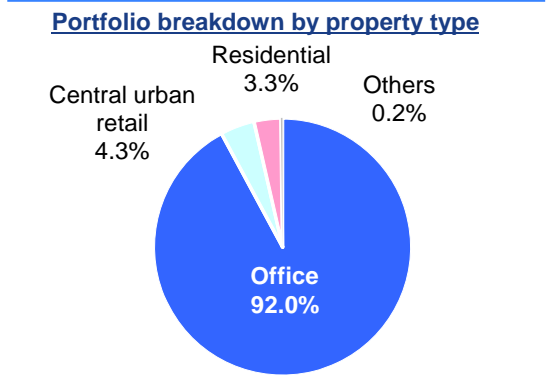
## Portfolio growth (by acquisition value)



Note: Acquisition value as of April 30, 2012 includes Other (Hotels) of ¥0.6 billion

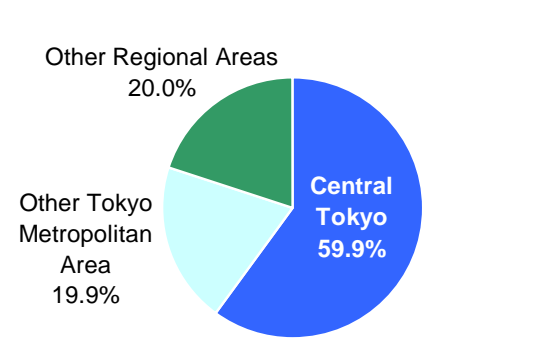
## Portfolio overview (as of April 30, 2012)

# of properties: 82  
Total size: ¥283.3B\*



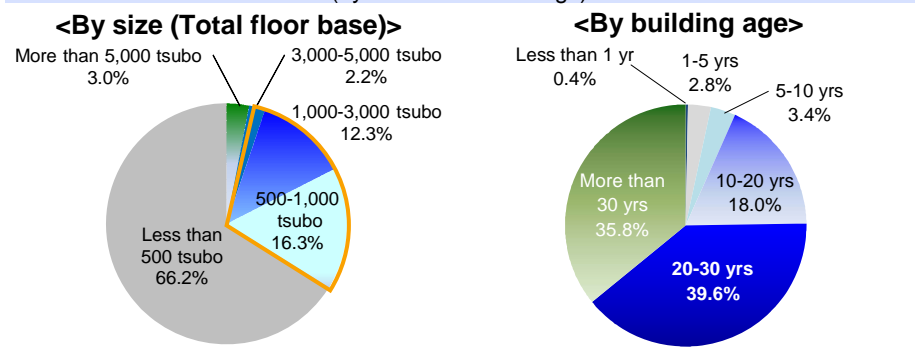
Office buildings: 75 properties  
Total size: ¥260.9B \*

### Portfolio breakdown by region (office buildings)

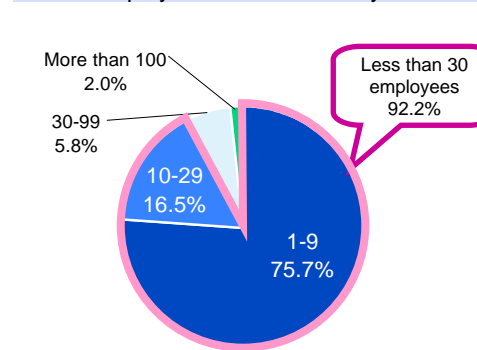


Notes:  
 • Amounts are rounded down to the nearest ¥100M.  
 • The above percentages are calculated using the acquisition prices rounded down to the first decimal place.  
 • Central Tokyo includes Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards.

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



### (Reference) Categories of Offices by employee numbers in Tokyo



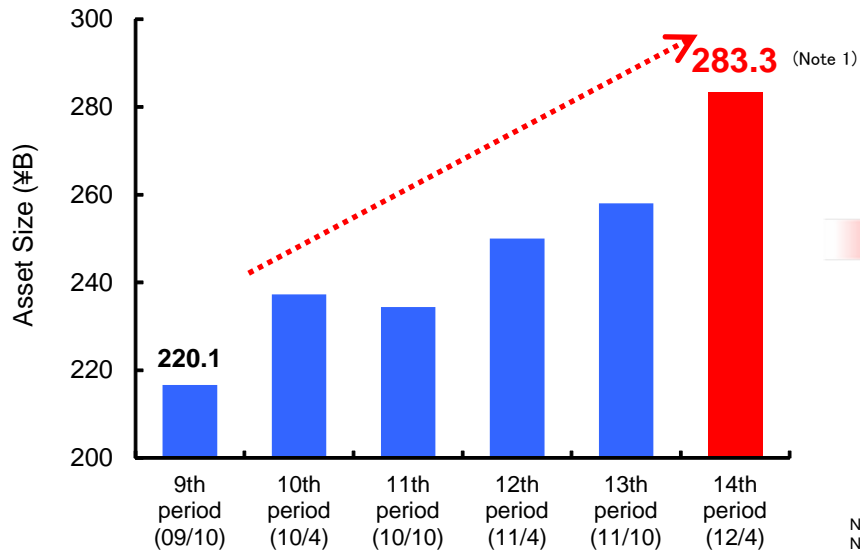
Note: The data covers rental office buildings located in Tokyo's 5 wards that were surveyed by CB Richard Ellis Research Institute. (As of March 2011).  
 Source: "Mid-sized office building market trend", CBRE, May 2011 (report compiled at KOP's request).

Source: Created by KOP based on data from Economic census, basic survey, 2009

\*Calculated without counting KDX Omori Building (Sold on May 11, 2012).

# History of portfolio growth and its results

## History of portfolio growth since November 2009



## Summary of portfolio growth (Note 2)

	Owned at Oct 31, 2009 (Excl. properties already sold)	Owned at Apr 30, 2012	Increase (%)	New acquisition since 2009/11
Total number of tenants	799	971	<b>22%</b>	172
Number of properties	61	82	<b>34%</b>	21
Leasable area	243,735m <sup>2</sup>	335,644m <sup>2</sup>	<b>38%</b>	91,909m <sup>2</sup>
Annual NOI (NOI yield) (Note 3)	¥9.01 billion (4.3%)	¥12.96 billion (4.6%)	<b>44%</b>	¥3.95 billion (5.4%)

- Note 1: Data does not include the data for KDX Omori Building (sold in May 2012), and amounts are rounded down to the nearest 100 million yen.  
 Note 2: Data for KDX Shin-Yokohama 381 Building Annex Tower (Acquired in the 10th Period) is included in the data for A47KDX Shin-Yokohama 381 Building (acquired in the 6th Period).  
 Data for KDX Omori Building (sold in the 15th Period) is not included.  
 Note 3: Annual NOI shows the annualized NOI based on the data for the Period ended April 2012 (14th Period).  
 NOI of properties acquired in the 14th Period is calculated by taking into consideration the current NOI at acquisition of properties.  
 For Annual NOI, second decimal place was omitted, while for NOI yield, figures are rounded to the first decimal.

(10<sup>th</sup> period)



(12<sup>th</sup> period)



(13<sup>th</sup> period)



(14<sup>th</sup> period)



# Replacement of properties during the 14th Period (2012/4) BEST INVEST KENEDIX Realty Investment Corporation

## Acquired: View Flex Umeda Building



Location	Kita-ku, Osaka
Gross Floor Area	6,805.76m <sup>2</sup>
Age of building (Year built)	2.8 years (Jul 2009)
Acquisition price	2,770 mn yen
Appraisal value at acquisition	3,240 mn yen
Difference between Acquisition price and Appraisal value	-470 mn yen (-14.5%)
Acquisition date	Mar 28, 2012 (14th Period)
Actual NOI	188 mn yen
Actual NOI/Acquisition price	6.8%
Appraisal NOI	172 mn yen
Appraisal NOI/Acquisition price	6.2%

Difference between property acquired and sold

**-18.7 years**

**+1.3%**

**+1.1%**

## Sold: KDX Omori Building



Location	Ota-ku, Tokyo
Gross Floor Area	7,334.77m <sup>2</sup>
Age of building (Year built)	21.5 years (Oct 1990)
Sales price	4,200 mn yen
Appraisal value (as of April 30, 2012)	3,790 mn yen
Difference between Sales price and Appraisal value	410 mn yen (+10.8%)
Date of sale	May 11, 2012 (15th Period)
Actual NOI	229 mn yen
Actual NOI/Sales price	5.5%
Appraisal NOI	216 mn yen
Appraisal NOI/Sales price	5.1%

Note: Actual NOI for View Flex Umeda Building based on the Net Operating Income (p.a.) which was calculated by taking into consideration the Operating income and expenses (after property tax and city planning tax) under the terms and conditions of the contracts with tenants valid as of Feb 29, 2012.  
 Amounts for KDX Omori Building were annualized based on Actual NOI in the 14th Period.  
 Appraisal NOI for View Flex Umeda Building shows the Net Operating Income (p.a.) calculated with the Direct capitalization method at the time of acquisition, and Appraised NOI for KDX Omori Building shows the Net Operating Income (p.a.) stated the appraisal report as of end of April 2012 which was calculated with the Direct capitalization method.  
 Amounts less than one million yen are omitted, and percentages are rounded to first decimal place.  
 Average age is calculated as of Apr 30, 2012, and are rounded to the first decimal place.  
 For KDX Omori Bldg., sales agreement was signed on Feb 23, 2012 (14th Period) and sold on May 11, 2012 (15<sup>th</sup> period).

# New Initiatives taken in the 14<sup>th</sup> Period: Diversification of Investment Methods

## ➤ Acquisition of TMK Preferred Equity Securities to secure investment returns and future pipeline

### Description of Preferred Equity Securities

Senri Property TMK			
(Assets)	¥8.81 billion	(Liabilities)	¥6.83billion
Specified assets:	¥8.02billion	Specified bonds & Specific purpose borrowings:	¥6.83billion
(Note)		(Equity)	¥1.98billion
Other:	¥0.79 billion	Preferred equity:	¥1.88 billion
		Specified equity:	¥0.1 billion

Note: Appraisal value of Specified assets (as of Feb 1, 2012) is ¥12.3 billion

- Acquisition of Senri Property TMK Preferred Equity Securities worth 891 million yen (c. 47.4% of Preferred Equity Securities outstanding)
- Estimated dividend yield of Preferred Equity Securities is c. 11.5% p.a. (Note)
- In the event the TMK conducts a sale of the Property, the Investment Corporation shall be granted an opportunity to consider acquiring the Property

Note: The estimated dividend yield is computed based on the amount of the preferred dividend the Investment Corporation expects to receive in the three years of the investment period between 2013 and 2015 within the investment period, divided by the amount of the Investment Corporation's investment (¥891,000,000) and annualized (rounded to the nearest decimal). Note that any gain or loss at the time of a sale of the Property has been excluded from consideration.  
Payment of dividends from TMK to KRI will start from the 16<sup>th</sup> Period (April 2013).

### Description of Specified Assets (Senri Life Science Center Building)

Location	Toyonaka-shi, Osaka
Site area	5,911.08 m <sup>2</sup>
Gross Floor Area	49,260.78 m <sup>2</sup>
Year Built	June 1992
Number of tenants	62 (as of February 29, 2012)
Occupancy rate	93.7% (as of February 29, 2012)
Key features of the property	<ul style="list-style-type: none"> <li>• 13 minutes to Shinkansen station "Shin Osaka" by Kita-Osaka Kyuko Railway</li> <li>• 20-30 minutes to Umeda, Shinsaibashi, and Nanba by Subway Midosuji Line</li> <li>• Diversified tenant base including a pharmaceutical, education service, and insurance company, as well as administrative agency, foundation, clinic, and a sports club</li> </ul>



Note: For details regarding the preferred equity securities, please see our "Notification regarding the acquisition of assets" (Senri Property TMK Preferred Equity Securities) dated April 25, 2012



# Future Investment Policy

- Continue making new investments into mid-sized office buildings in Tokyo metropolitan area
- Asset replacement aimed to improve quality and profitability of portfolio
- Secure investment revenues and future pipeline through investment in TK investment, etc.

## Improve quality and profitability of portfolio

### <Acquisition policy>

- Continue making new investments mainly into mid-sized office buildings in Tokyo metropolitan area
- Make also some selective investments into mid-sized office buildings in other regional areas
- Acquire properties which are relatively profitable

### <Disposition policy>

- Dispose non-office properties (central urban retail properties, residential properties, etc) in preference as KRI aims to develop a portfolio comprised of mid-sized office buildings
- Dispose regional properties, small-sized properties, and properties with declining profitability
- Maintain/improve dividends through gain on sale of properties

## Investment through acquisition of TK interest

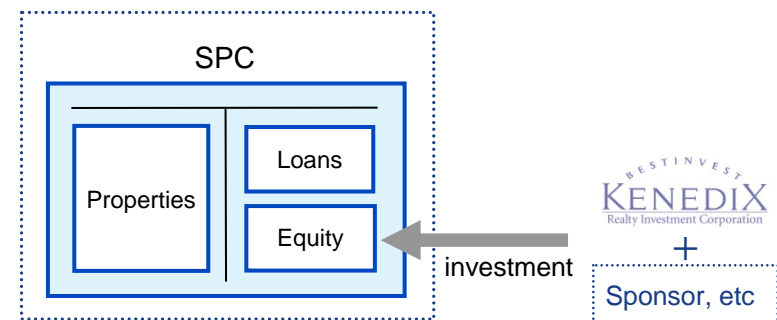
### <Investment criteria>

- Total equity investment amount of approximately ¥5 bn
- Target properties have to satisfy KRI's investment criteria
- KRI has an opportunity to purchase the property when SPC is selling it

### <Merits to KRI>

- Ability to secure property acquisition opportunities through small amount of investment
- Secure return on investment

### <Illustrated structure>



SECTION 3

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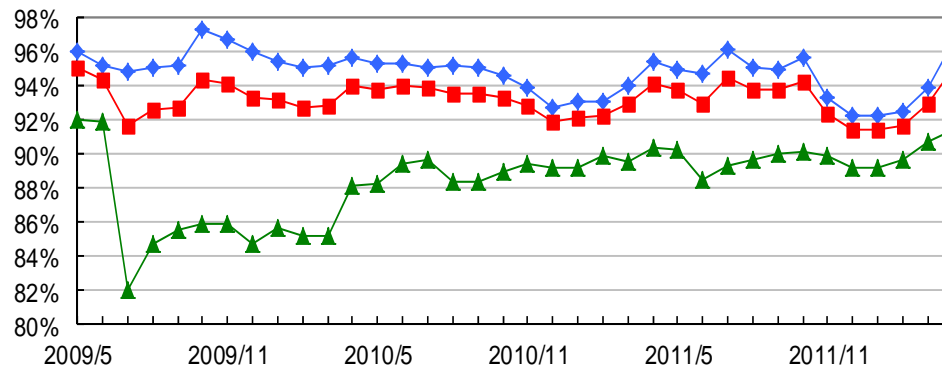
## **Portfolio management strategy**

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

## Changes in occupancy ratios for office tenants (by area)

Occupancy ratio at the end of 14<sup>th</sup> period (2012/4)

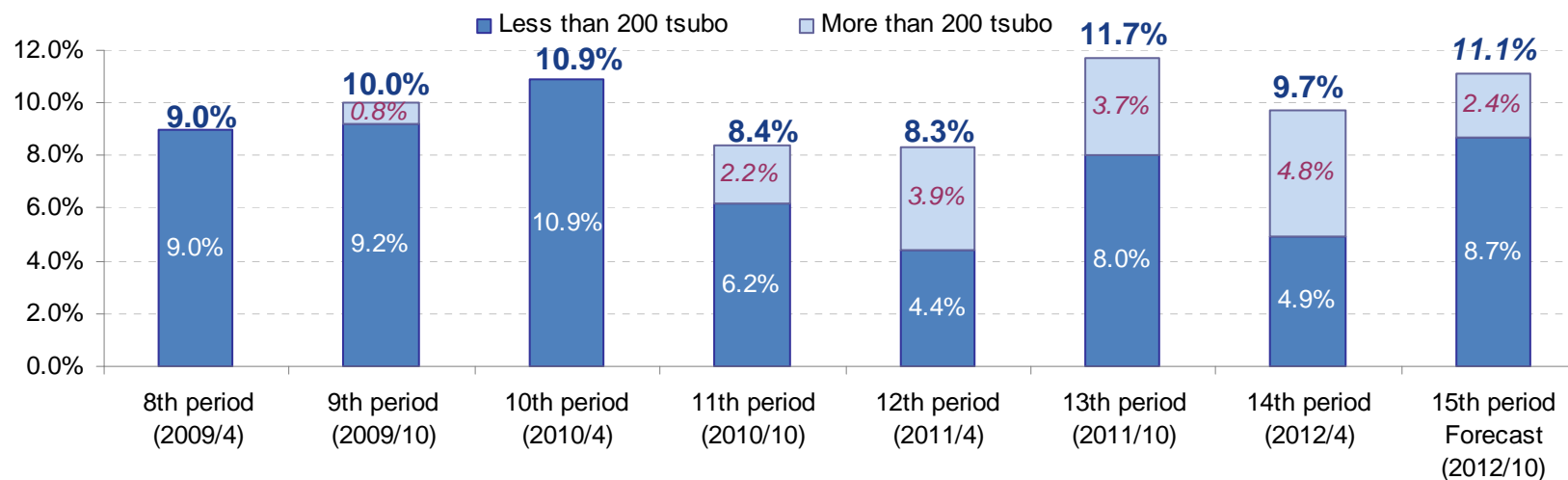
Area	Occupancy ratios
Tokyo Metropolitan Area	96.6%
Total office building	95.1%
Other Regional Areas	91.4%
Reference: Total portfolio	95.4%



<Reference>  
Average occupancy ratio in the past 3 years  
(Simple average of each month from the 9<sup>th</sup> Period to 14<sup>th</sup> Period)

Area	Occupancy ratios
Tokyo Metropolitan Area	94.8%
Total office building	93.3%
Other Regional Areas	88.5%

## Annualized turnover ratios for office tenants (actual and forecast)

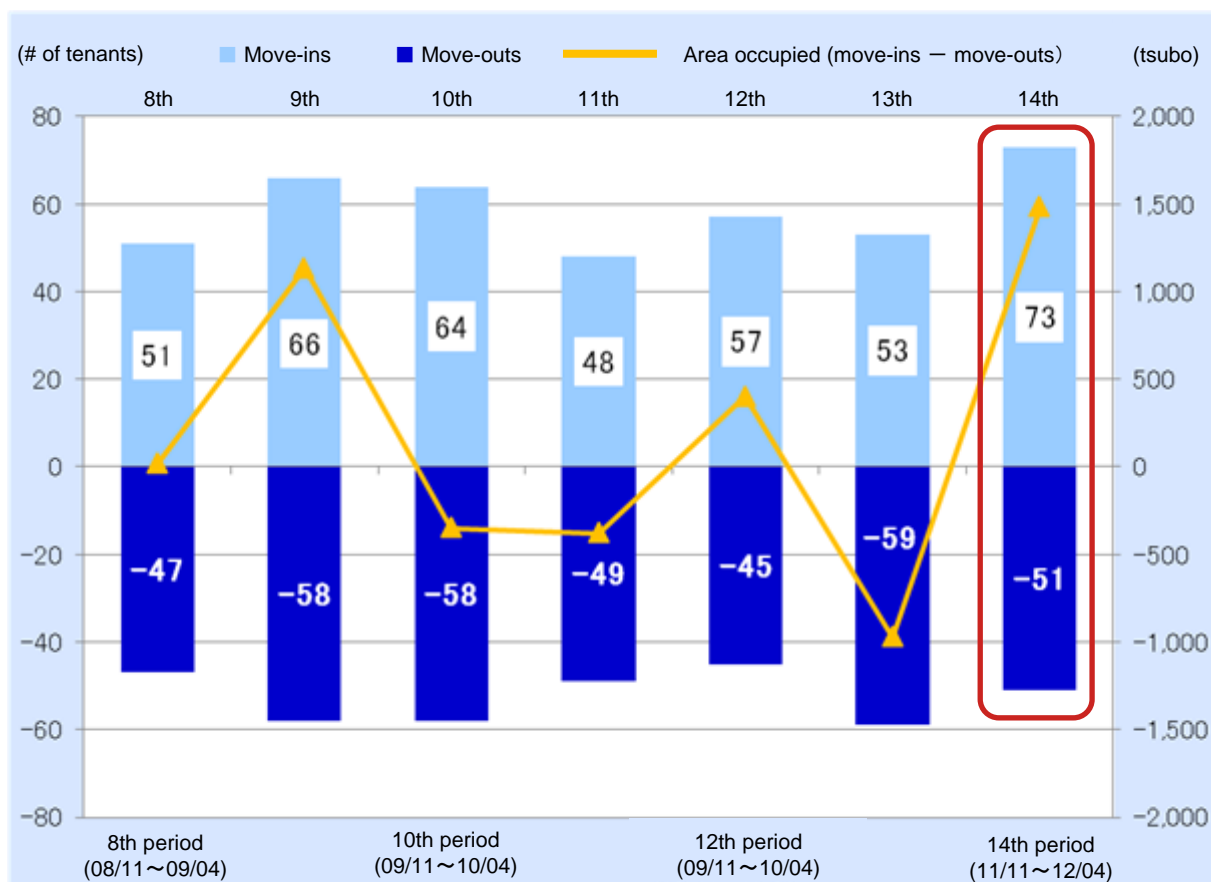


Note: The ratio is calculated and annualized as follows: (total leasable area of the tenants who cancelled the lease agreement during the six-month period from the beginning to end of each period) / (Average leasable area of all office buildings owned by KRI as of each month-end during the relevant period) x 2. Values for the 15th Period (Period ending Oct 2012) are estimates which are based on the cancellation notice received during the 14th Period (Period ended Apr 2012). Calculation does not include KDX Omori Building sold on May 11, 2012. Breakdown of Leased area was calculated by adding up the values of tenants' leased area by property.

# Management of existing properties: Tenant turnover for office tenants

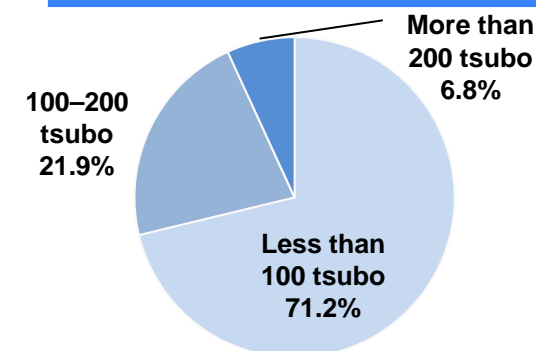
## Trend of tenant turnover

- Most of the tenant move-ins and move-outs are for the leased floor areas of less than 200 tsubo
- Move-ins: Stable results for move-ins. Both the No. of move-in tenants and the floor areas increased from previous period. Occupied space of move-in tenants is 1500 tsubo larger than that of move-outs
- Move-outs: Slightly decreased from the previous period. 90.2% of the move-out tenants had occupied less than 200 tsubo each



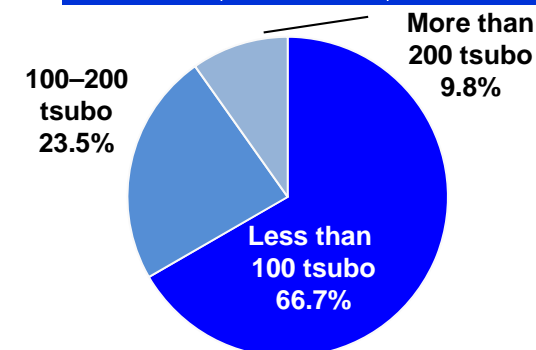
Note : Based on number of floors. If one tenant leases more than one floor, each floor is counted as one

### Move-ins during 14th period (73 tenants)



93.2% of the move-in tenants had occupied less than 200 tsubo each

### Move-outs during 14th period (51 tenants)



90.2% of the move-out tenants had occupied less than 200 tsubo each



# Management of existing properties: Lease-up of large buildings

## Leasing policies of Kabutocho Nikko Building



Location: Chuo-ku, Tokyo  
 Gross Floor Area: 11,705.49m<sup>2</sup>  
 Number of floors: B1 F8  
 Leasable area on standard floors: c.929m<sup>2</sup> (c. 281 tsubo)  
 Year built: Nov 1998  
 (Details of contract termination by major tenant)  
 Major tenant: SMBC Nikko Securities  
 Date of contract termination: Nov 30, 2012 (16th Period)  
 Size of cancelled area: 7,833.19m<sup>2</sup>  
 % of cancelled area within the whole building: 100.0%  
 % within total leased area of KRI's portfolio(Note): 2.4%

**A75 Kabutocho Nikko Building**

Location	Kabuto-cho (Chuo-ku), Building is facing Heisei-dori and located close to TSE
Public transport accessibility	2 minutes walk from "Kayabacho" Station of Tokyo Metro Tozai Line and Hibiya Line Can also be accessed from "Nihombashi" Station of Tokyo Metro Ginza Line & Tozai Line, and Tokyo Municipal Subway Asakusa Line
Age of building	13 years. Considering the many other old buildings in the same area, competitiveness of the property is high
Specification of building	Individual air conditioning, electronic security service, OA floors, 6 elevators Open parking lots and mechanical parking (for 39 cars)
Target tenants	<ul style="list-style-type: none"> <li>Financial institutions including securities companies, securities related companies and banks</li> <li>Affiliates and business partners of companies who are headquartered in Otemachi and system related companies</li> <li>Companies who want to have a head office which is close to Tokyo Station</li> </ul>
Flexibility of leasing format	Flexible treatment possible (Multi-tenant, Single-tenant)

Taking advantage of KRI's leasing track record, we aim to

- Shorten the vacancy periods

AND

- Generate leasing income as soon as possible

## Lease-ups during the 14<sup>th</sup> period



Location: Chuo-ku, Tokyo  
 Gross Floor Area: 12,694.32m<sup>2</sup>  
 Number of floors: B1 F11  
 Leasable area on standard floors: c. 862m<sup>2</sup> (c. 261 tsubo)  
 Year built: Feb 2008  
 (Details of contract termination by major tenant)  
 Major tenant: NTT Data  
 Size of cancelled area: 4,307.60m<sup>2</sup> (5 floors)  
 % within the whole building: 46.3%  
 % within total leased area of KRI's portfolio(Note): 1.3%

**A60 KDX Harumi Building**



Location: Chuo-ku, Tokyo  
 Gross Floor Area: 3,804.36m<sup>2</sup>  
 Number of floors: F8  
 Leasable area on standard floors: c.437m<sup>2</sup> (c.132 tsubo)  
 Year built: Oct 1987  
 (Details of contract termination by tenant)  
 Contract terminated by: 1 tenant  
 Size of cancelled area: 838.82m<sup>2</sup> (2 floors)  
 % within the whole building: 27.8%  
 % within total leasable area of KRI's portfolio(Note): 0.3%

**A20 KDX Kayabacho Building**

Leasing activities that capitalize on the high specifications of the building

Leasing activities that are based on top class marketing by the Asset Management Company and close collaboration with brokers

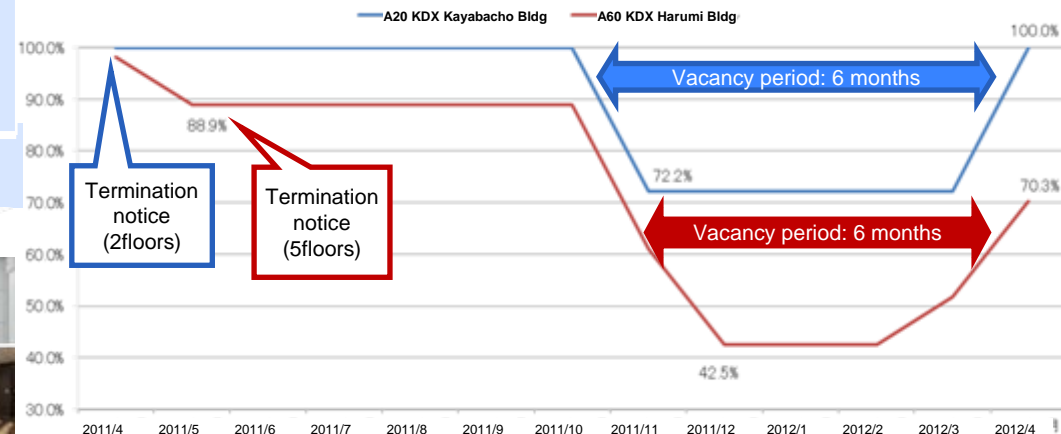
Lease-up strategy based on value-up works



## Leasing policies

- Shorten vacancy periods
- Execute appropriate value-ups
- Leverage the leasing capabilities of the Asset Management Company

## Changes in the occupancy ratios of 2 properties (1 year performance)



Note: Percentage of cancelled area within KRI's entire portfolio as of end of 14th Period (Apr 2012). However, KDX Omori Building which was sold on May 11, 2012 is not included.

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

## Rents for new tenants

Average% change in rents between new & existing tenants and # of contracts		9th period 2009/10	10th period 2010/4	11th period 2010/10	12th period 2011/4	13th period 2011/10	14th period 2012/4
Central Tokyo (5 wards)	Changes	-19.3%	-22.8%	-19.0%	-20.9%	-24.4%	<b>-23.6%</b>
	Increase in rent	0	0	0	1	0	<b>0</b>
	Decrease in rent	17	16	18	16	20	<b>26</b>
Other Tokyo Metropolitan Area	Changes	-8.4%	-15.5%	-20.0%	-18.6%	-19.6%	<b>-18.7%</b>
	Increase in rent	3	1	0	0	0	<b>0</b>
	Decrease in rent	15	11	6	17	6	<b>22</b>
Other Regional Areas	Changes	-16.4%	-15.0%	-16.6%	-14.0%	-14.5%	<b>-21.0%</b>
	Increase in rent	2	6	1	1	0	<b>1</b>
	Decrease in rent	11	18	13	10	16	<b>17</b>
Total Office Buildings	Changes	-14.4%	-17.5%	-18.3%	-18.3%	-19.9%	<b>-21.2%</b>
	Increase in rent	5	7	1	2	0	<b>1</b>
	Decrease in rent	43	45	37	43	42	<b>65</b>

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

## (Reference) Reasons for moving into KRI's office buildings

	9th period 2009/10	10 <sup>th</sup> period 2010/4	11th period 2010/10	12th period 2011/4	13th period 2011/10	14th period 2012/4
Expansion	26	40	36	31	34	50
Scale down	17	14	6	18	9	6
Other /unknown	12	3	4	5	4	8

Note: Surveyed mainly on office floors on the 2nd floor or above

## (Reference) Changes in reasons for moving out of KRI's office buildings

	9th period 2009/10	10th period 2010/4	11th period 2010/10	12th period 2011/4	13th period 2011/10	14th period 2012/4	15th period 2012/10 (Forecast)
Expansion	2	4	9	7	9	8	10
Scale down	44	47	31	30	40	27	36
Other /unknown	6	4	5	7	6	4	6

Note: All floors excluding residential floors are included in the calculation. Estimates for the 15th Period do not include KDX Omori Building sold on May 11, 2012

Note: Including KDX Omori Bldg. (sold on 2012/05/11) in calculation

# Management of existing properties: Change in rent for office buildings

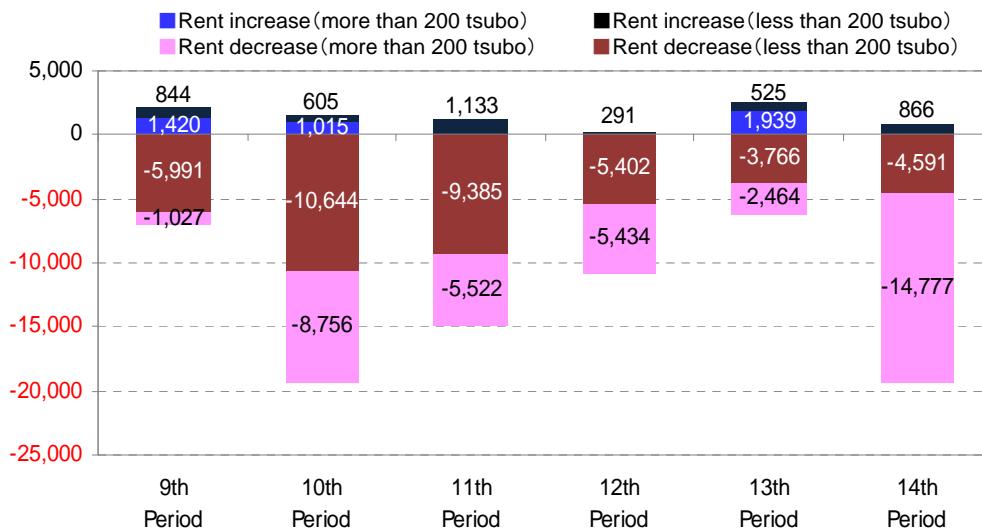
## Rent renewals

Status of rent renewals (% change)						
	9th Period (2009/10)	10th Period (2010/4)	11th Period (2010/10)	12th Period (2011/4)	13th Period (2011/10)	14th Period (2012/4)
Changes (Total)	-5.7%	-9.0%	-10.8%	-13.8%	-4.2%	-13.9%
Changes (Less than 200 tsubo)	-9.6%	-12.6%	-11.2%	-12.6%	-9.7%	-8.8%
Changes (More than 200 tsubo)	1.3%	-6.5%	-10.4%	-15.0%	-0.9%	-16.3%

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

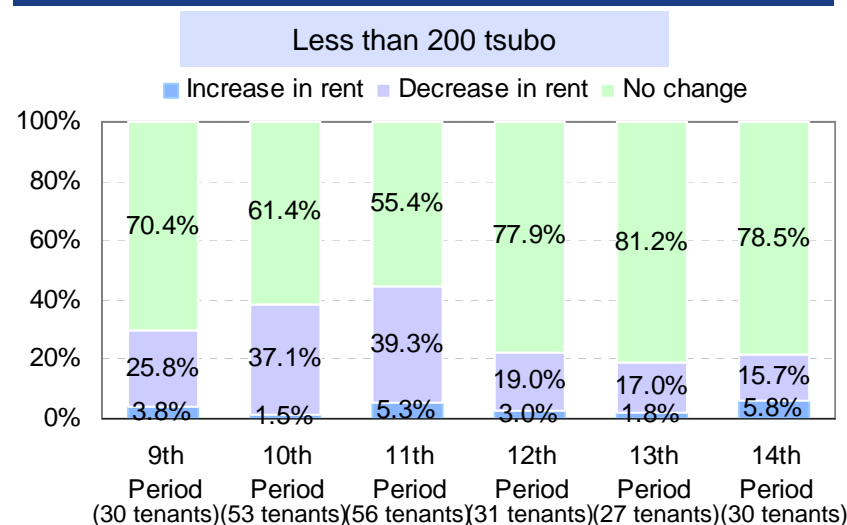
## Change in monthly rent

(Thousands of Yen)

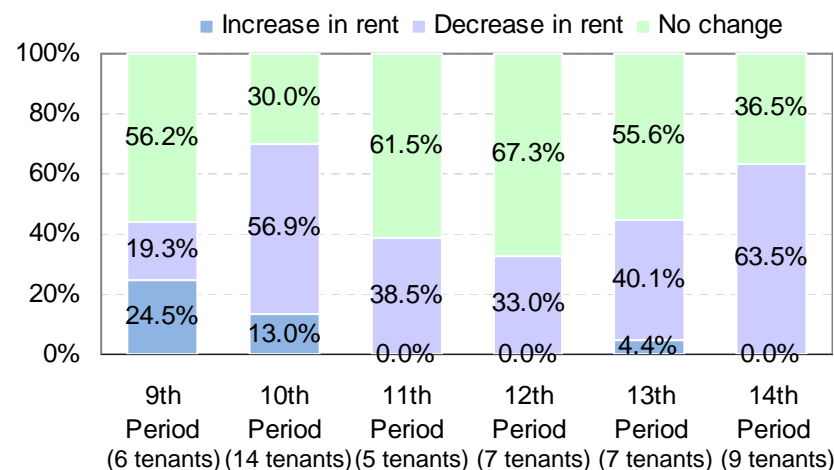


Note: The changes in monthly rent are summation of differences before and after the rent renewal and calculated separately for tenants with rent increase and decrease

## Status of rent renewals (% renewal trends)



## More than 200 tsubo



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

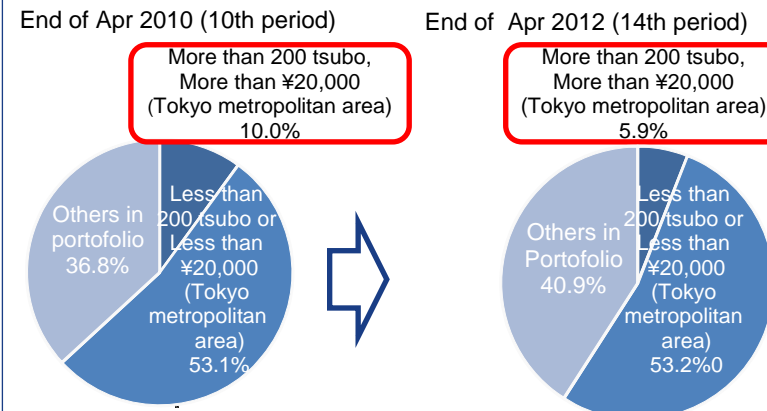
# Management of existing properties: Trends for office buildings segment

## Tenant distribution in Tokyo Metropolitan Area (end of 14th period)

Rent per tsubo/leasable area	Less than 100 tsubo	100-200 tsubo	200-300 tsubo	300-400 tsubo	400-500 tsubo	500-1,000 tsubo	1,000-2,000 tsubo	More than 2,000 tsubo
¥30,000-¥40,000	2	1	1	-	-	-	-	-
¥20,000-¥30,000	32	22	5	3	-	-	1	1
¥15,000-¥20,000	68	57	14	7	2	7	-	-
¥10,000-¥15,000	116	39	8	-	1	3	1	-
Less than ¥10,000	45	7	4	2	-	1	-	-

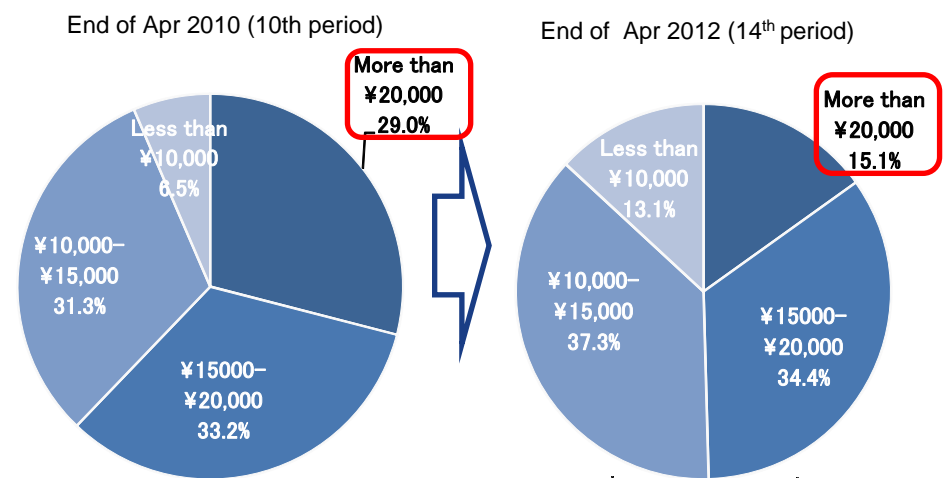
Note: Based on rents as stated in lease agreements (including common area charges) for 450 office tenants in Tokyo Metropolitan Area

## Percentage of the area in "more than 200 tsubo, more than ¥20,000" (comparison of 10<sup>th</sup> and 14<sup>th</sup> Period)



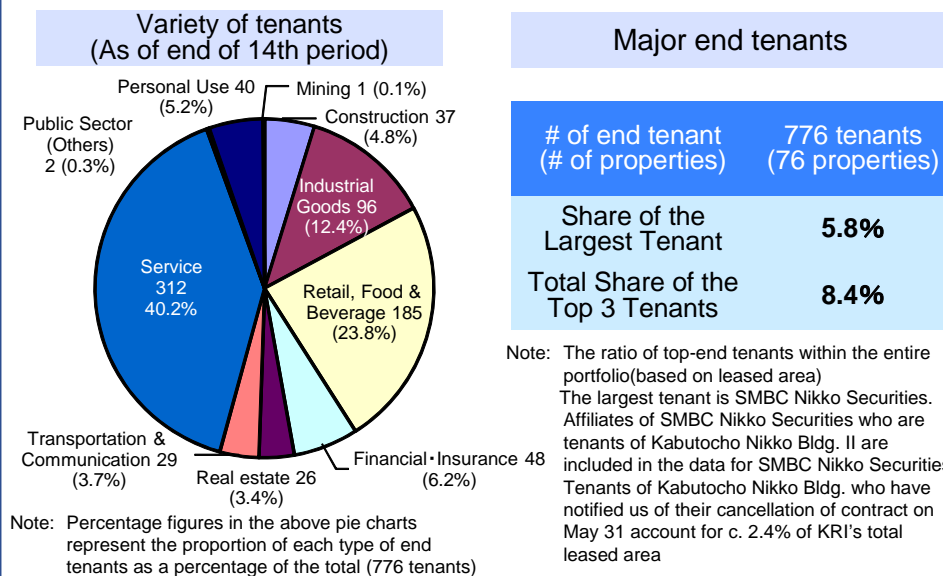
Note: Pie chart shows the percentage of each category's total area within Total leased area of KRI's portfolio as of end of relevant Period

## Distribution of rent range (comparison of 10<sup>th</sup> and 14<sup>th</sup> Period)



Note: Pie charts show the distribution of tenants of KRI's office buildings in Tokyo metropolitan area as of end of relevant Period based on their contracted rent per tsubo

## End tenants of office buildings



# Management of existing properties: Proactive CAPEX

## Maintain/improve value and competitiveness of properties through proactive improvement works

- Sufficient budget for improvement works secured through ample funds (Depreciation) generated by our portfolio
- Works for saving energy and electricity are underway (Replacement of air-conditioning system, replacement of lighting with LED bulbs in common areas, installation of motion sensors)
- Early lease-up through value-up works (renovation)

[Improvement works planned in the 15<sup>th</sup> and 16<sup>th</sup> Period (Excerpt)]

- KDX Kayabacho Bldg:  
Renovation of common area (on standard floors) c. 45mn yen
- Nagoya Ekimae Sakura-Dori Bldg. :  
Renovation of entrance, exterior, common area c.75mn yen
- Blanket order as a portfolio:  
Replacement of down lights with LED bulbs in common areas c.100mn yen
- Replacement of air-conditioning system:  
15th Period: (7 units) c.484mn yen  
16th Period: (2 units) c.412mn yen

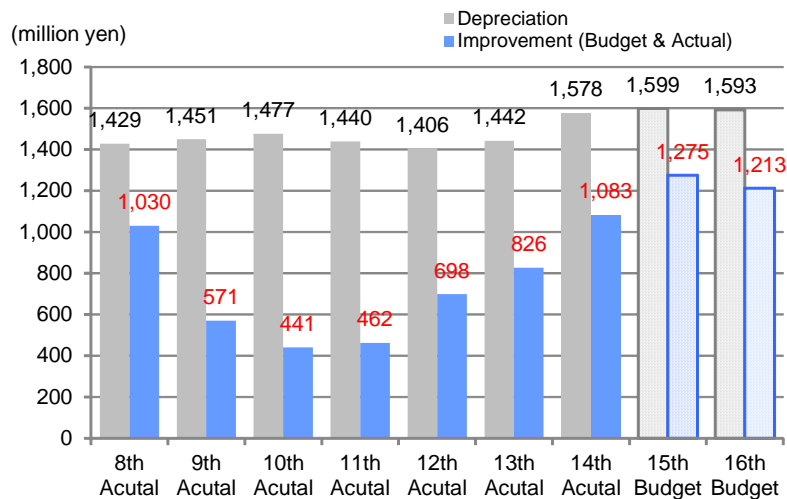
<KDX Kayabacho Bldg. before renovation>



<KDX Kayabacho Bldg. after renovation>

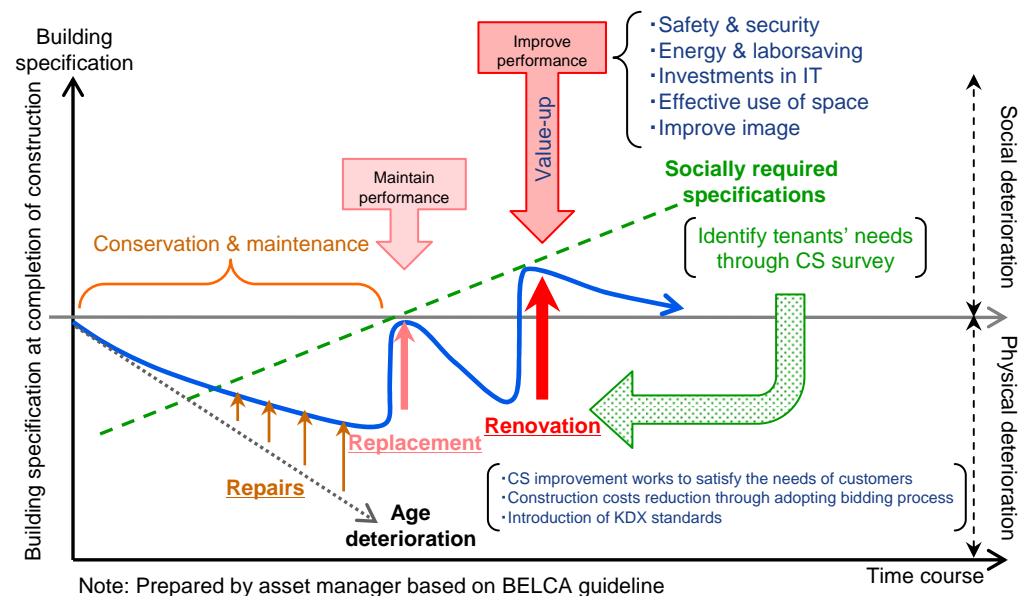


## Changes in Depreciation & Improvement works (Budget/Actual)



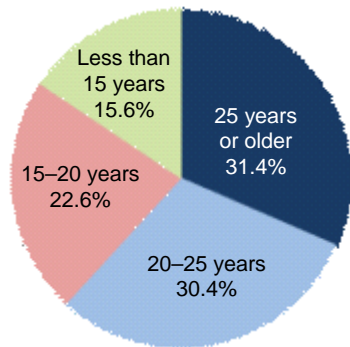
(As of 2012/4/30)

## (Reference) Concept for repairs, replacement and renovations



# Management of existing properties: Occupancy ratios and building age of KRI's office buildings

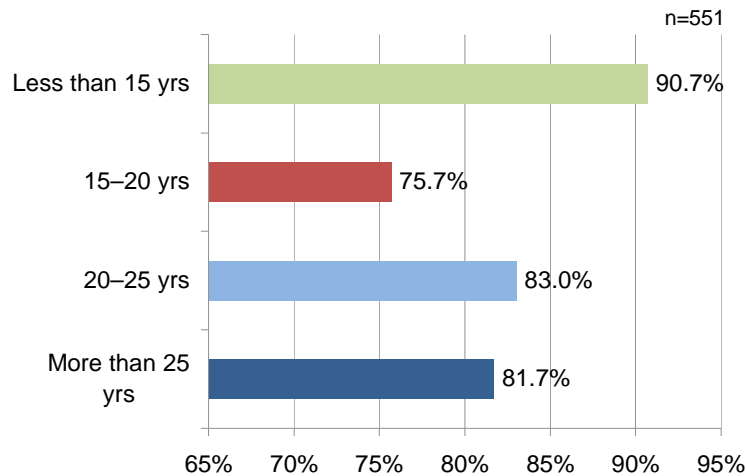
Breakdown of KRI's properties by building age (based on total leasable area)



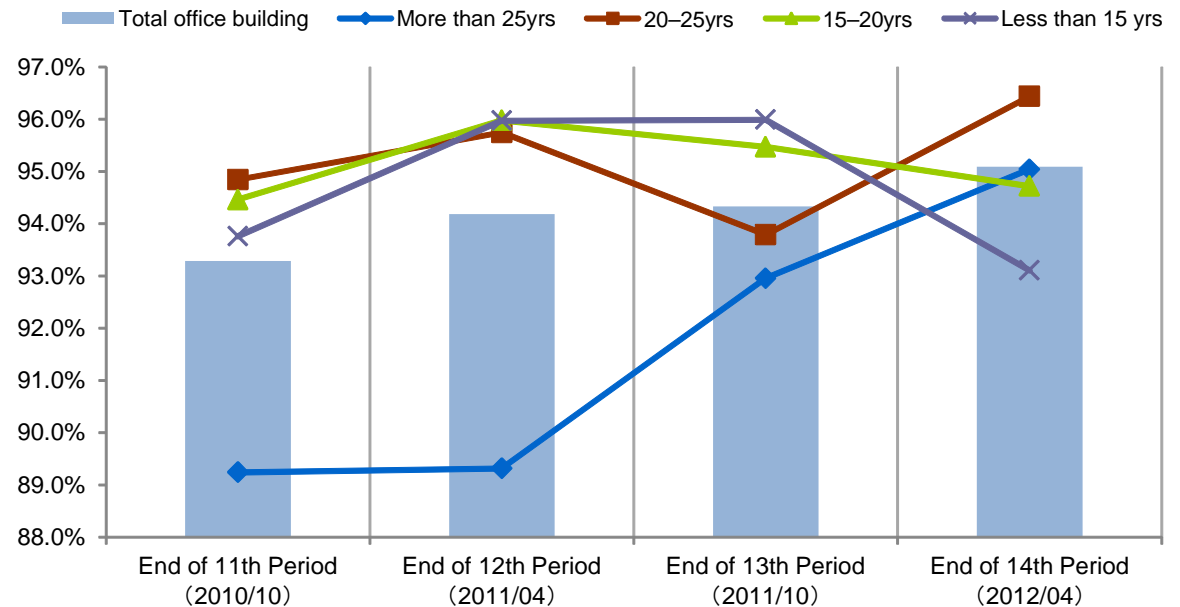
Occupancy ratios of KRI's properties by age of building

	End of 11th Period (2010/10)	End of 12th Period (2011/04)	End of 13th Period (2011/10)	End of 14th Period (2012/04)
25 years or older	89.2%	89.3%	93.0%	95.0%
20-25 years	94.8%	95.7%	93.8%	96.4%
15-20 years	94.5%	96.0%	95.5%	94.7%
Less than 15 years	93.8%	96.0%	96.0%	93.1%
Total office buildings	93.3%	94.2%	94.3%	95.1%

<Reference>  
Overall satisfaction of tenants by age of building (Excerpt from the 4th CS Survey)



Note: We have compiled the answers "satisfied and moderately satisfied" out of the 6-grade evaluation "satisfied, moderately satisfied, can't tell, moderately dissatisfied, dissatisfied and unknown" for creation of the above chart.



Note: KRI's office buildings' occupancy ratios by age of building.

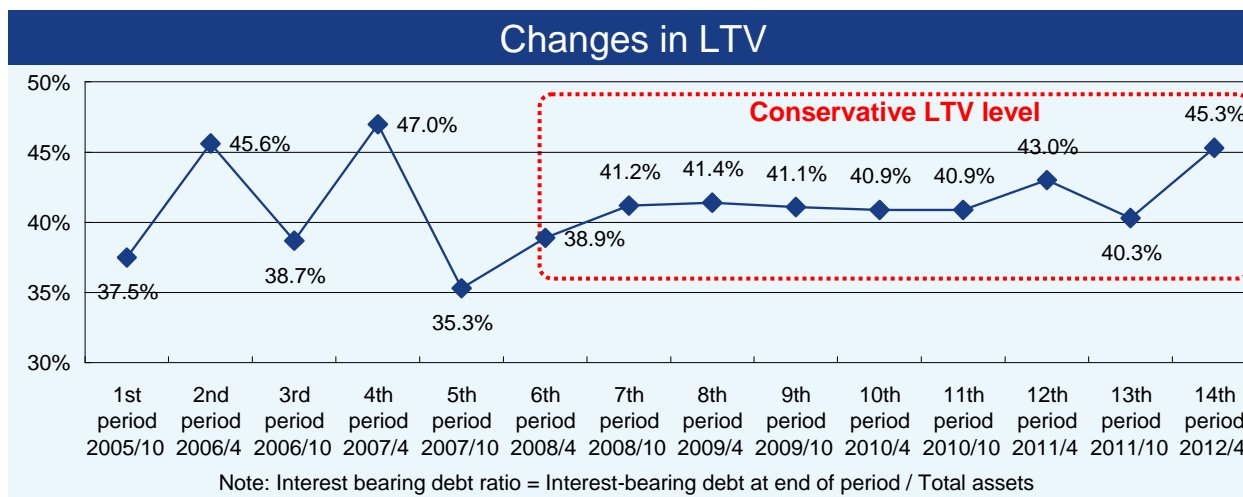
SECTION 4

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## Financial Strategy



# Stable financial management: Conservative LTV and diversification of debt maturity



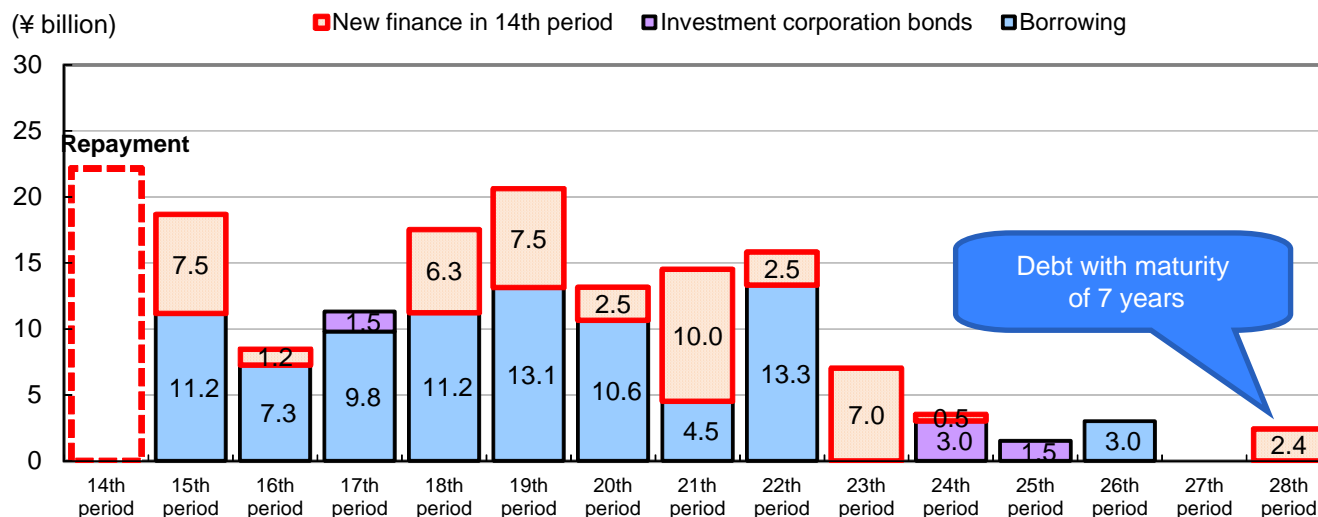
Redemption of the 1st investment corporation bonds due March 15, 2012 (9.0billion yen)

- Raised ¥6.3 billion by leveraging the committed term loan facility established in Dec 2011
- Issuance of the 4th investment corporation bond worth ¥1.5 billion
- Bank loan of ¥1.0 billion from Mizuho Bank (new lender)
- ※ Remaining amount for redemption of bonds paid by cash on hand

Fund raised for property acquisition on Mar 28, 2012

- Bank of loan of ¥0.5 billion from Bank of Fukuoka (new lender)
- 7-year loan from Sumitomo Mitsui Banking Corporation and Development Bank of Japan

## Diversification of debt maturity (As of April 30, 2012)



### Credit ratings and investment corporation bonds

(as of April 30, 2012)

Rating agency	Rating
Japan Credit Rating Agency (JCR)	<b>A (Positive)</b>

Bond	Size	Interest rate	Maturity	Maturity date
1st Bond	¥9.0B	1.74% p.a.	5 yrs	<b>Redeemed</b>
2nd Bond	¥3.0B	2.37% p.a.	10 yrs	2017/3/15
3rd Bond	¥1.5B	1.59% p.a.	2 yrs	2013/9/13
4th Bond	¥1.5B	2.00% p.a.	5.5 yrs	2017/9/8

Note: The chart illustrates total debt amounts that mature in each period, including principle repayment based on contract (rounded to the first decimal place). The debts that were financed during 14th period (including refinanced portions) are indicated in red box.



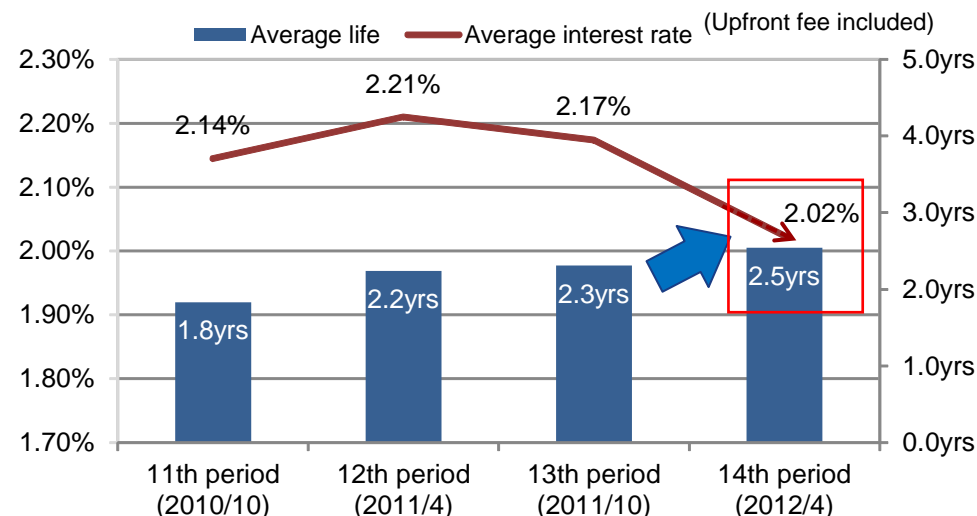
# Stable financial management: Improvement of borrowing terms

## Changes in borrowings

	8th period(09/4) and 9th period(09/10)	12th period (2011/4)	13th period (2011/10)	14th period (2012/4)
<b>Average life</b>	<b>1.8 years</b>	<b>3.4 years</b>	<b>2.4 years</b>	<b>3.2 years</b>
<b>Average spread</b>	<b>2.27%</b>	<b>1.42%</b>	<b>1.18%</b>	<b>1.07%</b>
<b>Amount</b>	<b>¥25.0B</b>	<b>¥32.5B</b>	<b>¥20.0B</b>	<b>¥47.4B</b>

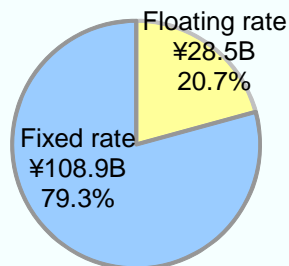
Note: • Average life is weighted by borrowing amount (rounded to the first decimal place).  
• Average spread is weighted by borrowing amount and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place).  
• Amount represents the amount borrowed or refinanced during the period. The amounts borrowed and repaid during the same period (i.e. no outstanding balance at the end of the period) are not included.

## Changes in average interest rate / average life

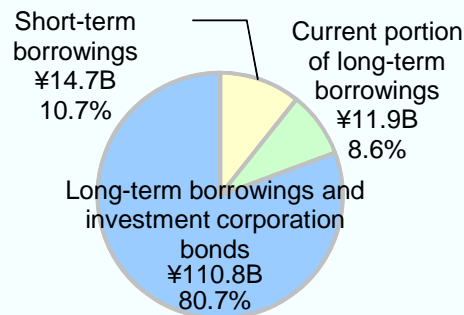


## Fixed-rate debt/balance by maturity (as of April 30, 2012)

### Proportion of floating-rate debt vs fixed-rate debt



### Debt balance by maturity



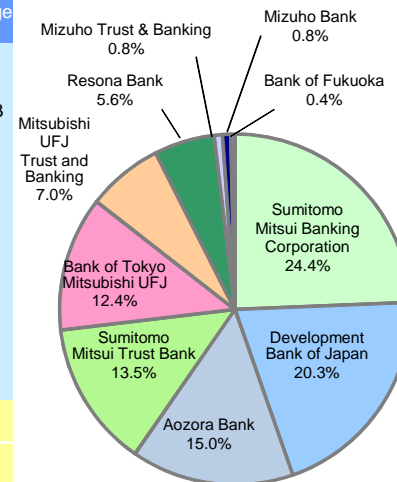
Average interest rate*	1.58%
Average life	2.5 years
Proportion of L-T debt	89.3%

\*Note: The average interest rate above does not include upfront fees (if included, 2.02%). "Fixed-rate debt" includes borrowings that were converted to fixed through interest rate swap.

Note: Borrowing amounts are rounded to the first decimal place.

## Breakdown of lenders

	(Billions of Yen)	As of Oct 31, 2011	As of Apr 30, 2012	Change
1	Sumitomo Mitsui Banking Corporation	22.4	32.0	+9.6
2	Development Bank of Japan	16.4	26.7	+10.3
3	Aozora Bank	14.0	19.7	+5.7
4	Sumitomo Mitsui Trust Bank	15.8	17.7	+1.9
5	Bank of Tokyo Mitsubishi UFJ	11.3	16.3	+5.0
6	Mitsubishi UFJ Trust and Banking	7.2	9.2	+2.0
7	Resona Bank	5.3	7.3	+2.0
8	Mizuho Trust & Banking	1.0	1.0	0
9	Mizuho Bank	-	1.0	+1.0
10	Bank of Fukuoka	-	0.5	+0.5
11	Norinchukin Bank	4.0	-	-4.0
	<b>Total</b>	<b>97.4</b>	<b>131.4</b>	<b>+34.0</b>



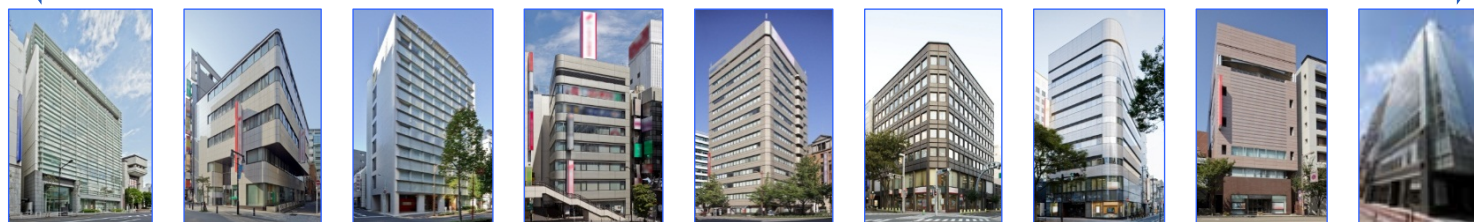
# Appendix

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# Properties acquired during 14th period (2012/4)

## Properties acquired during 14th period

Total of Acquisition Price 31.32 billion yen



Property Name	Kabutocho Nikko Building (Note 3)	Ikebukuro Nikko Building	Kabutocho Nikko Building II	Tachikawa Ekimae Building	Nagoya Ekimae Sakura-dori Building	Nagoya Nikko Shoken Building	Sendai Nikko Building	Kanazawa Nikko Building	View Flex Umeda Building	Total of 9 properties
Location	Chuo-ku, Tokyo	Toshima-ku, Tokyo	Chuo-ku, Tokyo	Tachikawa-shi, Tokyo	Nakamura-ku, Nagoya	Naka-ku, Nagoya	Aoba-ku, Sendai	Minamicho, Kanazawa	Kita-ku, Osaka	-
GFA	11,705.49 m <sup>2</sup>	3,223.75 m <sup>2</sup>	2,016.03 m <sup>2</sup>	2,896.48 m <sup>2</sup>	13,380.30 m <sup>2</sup>	14,308.76 m <sup>2</sup>	3,598.01 m <sup>2</sup>	4,497.22 m <sup>2</sup>	6,805.76 m <sup>2</sup>	62,431.80m <sup>2</sup>
Year built	November-1998	March-1986	October-2001	February-1990	April-1986	August-1974	March-1989	March-1989	July-2009	-
Acquisition Price (A)	¥11.27B	¥1.65B	¥1.28B	¥1.26B	¥7.32B	¥4.15B	¥0.95B	¥0.64B	¥2.77B	¥31.32B
Appraisal value at the time of acquisition (B)	¥13.50B	¥1.70B	¥1.54B	¥1.34B	¥7.73B	¥4.20B	¥1.01B	¥1.07B	¥3.24B	¥35.33B
Difference (A)-(B)	-16.5%	-2.8%	-16.9%	-5.4%	-5.2%	-1.0%	-5.9%	-39.7%	-14.5%	-11.4%
Seller	The Gibraltar Life Insurance Co., Ltd. (formerly AIG Edison Life Insurance Co.)								ITOCHU Corporation	-
Actual NOI (Note 1)	¥560M	¥99M	¥73M	¥87M	¥407M	¥264M	¥55M	¥87M	¥188M	¥1,824M
Actual NOI / Acquisition Price	5.0%	6.0%	5.8%	6.9%	5.6%	6.4%	5.9%	13.5%	6.8%	5.8%
Appraisal NOI (Note 1)	¥643M	¥102M	¥80M	¥85M	¥436M	¥254M	¥69M	¥83M	¥172M	¥1,927M
Appraisal NOI / Acquisition Price	5.7%	6.2%	6.3%	6.8%	6.0%	6.1%	7.3%	13.0%	6.2%	6.2%

Note 1: Actual NOI shows the Net Operating Income (annualized) which is based on the Operating income and Operating expenses (after property & city planning tax) of relevant properties under the contracts with tenants as of Oct 31, 2011 (for View Flex Umeda Building, as of Feb 29, 2012). Appraisal NOI is the net operating income (annualized) as of acquisition of relevant properties stated in the appraisal reports calculated by the direct capitalization method.

Note 2: Acquisition price and appraisal values are rounded down to the first decimal place. Actual NOI and Appraisal NOI are rounded to the nearest whole number. Ratios are rounded to the first decimal place.

Note 3: Received cancellation notice dated May 31, 2012 from SMBC Nikko Securities Inc. for Kabutocho Nikko Building. Scheduled date of termination is Nov 30, 2012.

# Appraisal values and cap rates as of the end of 14th period

No	Property name	Appraiser	Acquisition price	14th period				Cap rate		
				Appraisal value	Book value	vs acquisition	vs 13th period	vs book value	End of 14th period	vs 13th period
A 1	KDX Nihonbashi 313 Building	Daiwa	5,940	6,380	6,110	7.4%	-7.8%	4.4%	4.8%	0.0%
A 3	Higashi-Kayabacho Yuraku Building	JREI	4,450	5,190	4,348	16.6%	-0.6%	19.3%	4.9%	0.0%
A 4	KDX Hatchobori Building	Daiwa	3,680	3,440	3,343	-6.5%	0.6%	2.9%	5.0%	0.0%
A 5	KDX Nakano-Sakau Building	Daiwa	2,533	2,290	2,447	-9.6%	-1.7%	-6.4%	5.4%	0.0%
A 6	Harajuku F.F. Building	JREI	2,450	2,980	2,442	21.6%	1.0%	22.0%	5.6%	0.0%
A 7	FIK Mnami Aoyama	JREI	2,270	2,120	2,247	-6.6%	-1.4%	-5.7%	4.8%	0.0%
A 8	Kanda Kihara Building	Daiwa	1,950	1,870	1,848	-4.1%	0.0%	1.2%	5.0%	0.0%
A 12	Portus Center Building	Daiwa	5,570	4,600	4,584	-17.4%	0.2%	0.3%	6.4%	0.0%
A 13	KDX Kojimachi Building	JREI	5,950	4,400	5,627	-26.1%	-0.2%	-2.4%	4.4%	0.0%
A 14	KDX Funabashi Building	JREI	2,252	1,970	2,397	-12.5%	1.0%	-17.8%	6.1%	0.0%
A 15	KDX Hamacho Building	JREI	2,300	2,370	2,260	3.0%	0.4%	4.8%	5.2%	0.0%
A 16	Toshin 24 Building	JREI	5,300	4,160	5,121	-21.5%	-1.0%	-18.8%	5.7%	0.0%
A 17	KDX Ebisu Building	JREI	4,640	4,200	4,559	-9.5%	-1.4%	-7.9%	4.9%	0.0%
A 18	KDX Omori Building	JREI	3,500	3,790	3,361	8.3%	0.0%	12.7%	5.3%	0.0%
A 19	KDX Hamamatsucho Building	Daiwa	3,460	3,180	3,245	-8.1%	0.0%	-2.0%	4.7%	0.0%
A 20	KDX Kayabacho Building	JREI	2,780	2,690	2,843	-3.2%	-6.6%	-5.4%	5.3%	0.0%
A 21	KDX Shinbashi Building	JREI	2,690	2,700	2,693	0.4%	-5.3%	0.3%	4.6%	0.0%
A 22	KDX Shin-Yokohama Building	JREI	2,520	2,270	2,451	-9.9%	-0.4%	-7.4%	5.9%	0.0%
A 23	KDX Yotsuya Building	JREI	1,950	2,470	1,979	26.7%	0.4%	24.8%	5.3%	0.0%
A 24	KDX Mnami Semb Dai-1 Building	JREI	1,610	1,020	1,456	-36.6%	1.0%	-30.0%	5.8%	0.0%
A 25	KDX Mnami Semb Dai-2 Building	JREI	1,560	1,050	1,369	-32.7%	-1.9%	-23.3%	5.8%	0.0%
A 26	KDX Kiba Building	JREI	1,580	1,430	1,562	-9.5%	-9.5%	-8.5%	5.6%	0.0%
A 27	KDX Kajicho Building	Daiwa	2,350	2,320	2,386	-1.3%	0.0%	-2.8%	5.1%	0.0%
A 28	KDX Nogizaka Building	JREI	1,065	723	1,124	-32.1%	0.7%	-35.7%	5.5%	0.0%
A 29	KDX Higashi-Shinjuku Building	Daiwa	2,950	3,320	3,196	12.5%	0.0%	3.9%	5.2%	0.0%
A 30	KDX Nishi-Gotanda Building	JREI	4,200	3,780	4,045	-10.0%	-0.5%	-6.6%	5.1%	0.0%
A 31	KDX Monzen-Nakacho Building	Daiwa	1,400	1,170	1,402	-16.4%	-7.1%	-16.6%	5.6%	0.0%
A 32	KDX Shiba-Daimon Building	JREI	6,090	4,950	6,199	-18.7%	-1.2%	-20.1%	4.9%	0.0%
A 33	KDX Okachimachi Building	Daiwa	2,000	1,850	2,121	-7.5%	1.1%	-12.8%	5.1%	0.0%
A 34	KDX Hon-Asugi Building	Daiwa	1,305	1,070	1,172	-18.0%	0.0%	-8.7%	6.3%	0.0%
A 35	KDX Hachioji Building	Daiwa	1,155	831	1,282	-28.1%	1.2%	-35.2%	5.9%	0.0%
A 36	KDX Niigata Building	JREI	1,305	914	1,453	-30.0%	1.7%	-37.1%	7.3%	0.0%
A 37	KDX Ochanomizu Building	JREI	6,400	6,540	6,641	2.2%	2.2%	-1.5%	4.9%	0.0%
A 38	KDX Nishi-Shinjuku Building	JREI	1,500	1,130	1,544	-24.7%	-3.4%	-26.8%	5.2%	0.0%
A 39	KDX Toranomon Building	JREI	4,400	3,460	4,791	-21.4%	-4.9%	-27.8%	4.4%	0.0%
A 40	Toranomon Toyo Building	JREI	9,850	10,100	9,853	2.5%	0.0%	2.5%	4.5%	0.0%
A 41	KDX Shinjuku 286 Building	JREI	2,300	2,140	2,392	-7.0%	0.9%	-10.6%	5.0%	0.0%
A 42	Karasuma Building	Daiwa	5,400	5,030	5,394	-6.9%	0.2%	-6.8%	5.6%	0.0%
A 44	KDX Sendai Building	Daiwa	2,100	1,440	2,162	-31.4%	0.0%	-33.4%	6.1%	0.0%
A 45	KDX Roppongi 228 Building	JREI	3,300	2,160	3,434	-34.5%	0.0%	-37.1%	4.8%	0.0%
A 46	Hiei Kudan-Kita Building	Daiwa	7,600	7,380	7,649	-2.9%	-2.0%	-3.5%	4.7%	0.0%
A 47	KDX Shin-Yokohama 381 Building	JREI	5,800	4,050	5,888	-30.2%	-2.2%	-31.2%	5.9%	0.0%
A 48	KDX Kawasaki-Ekimae Hon-cho Building	JREI	3,760	2,990	3,792	-20.5%	-12.3%	-21.2%	6.1%	-0.2%
A 49	Nissou Dai-17 Building	JREI	2,710	1,600	2,618	-41.0%	0.6%	-38.9%	5.8%	0.0%

No	Property name	Appraiser	Acquisition price	14th period				Cap rate		
				Appraisal value	Book value	vs acquisition	vs 13th period	vs book value	End of 14th period	vs 13th period
A 50	Ikejiri-Ohashi Building	JREI	2,400	1,500	2,452	-37.5%	-4.5%	-38.8%	5.8%	-0.1%
A 51	KDX Hamacho Nakanohashi Building	JREI	2,310	1,700	2,347	-26.4%	0.0%	-27.6%	5.3%	0.0%
A 52	KDX Kanda Msaki-cho Building	JREI	1,380	981	1,377	-28.9%	0.5%	-28.8%	5.3%	0.0%
A 53	KDX Hakata-Minami Building	JREI	4,900	3,460	4,795	-29.4%	-0.9%	-27.8%	6.6%	0.0%
A 54	KDX Kitahama Building	JREI	2,220	1,530	2,191	-31.1%	1.3%	-30.2%	6.0%	0.0%
A 55	Shin-toshin Maruzen Building	JREI	2,110	1,570	2,160	-25.6%	-2.5%	-27.3%	5.3%	0.0%
A 56	KDX Jimbocho Building	JREI	2,760	1,870	2,900	-32.2%	0.5%	-35.5%	5.3%	0.0%
A 57	KDX Gobancho Building	JREI	1,951	1,500	1,987	-23.1%	-2.0%	-24.5%	4.9%	0.0%
A 58	KDX Nagoya Sakae Building	Daiwa	7,550	4,750	7,492	-37.1%	0.4%	-36.6%	5.2%	0.0%
A 59	KDX Iwamoto-cho Building	JREI	1,864	1,350	1,795	-27.6%	0.7%	-24.8%	5.4%	0.0%
A 60	KDX Harumi Building	JREI	10,250	8,230	9,701	-19.7%	-2.6%	-15.2%	4.8%	0.0%
A 61	KDX Hamamatsucho Dai-2 Building	Daiwa	2,200	1,860	2,288	-15.5%	0.5%	-18.7%	4.7%	0.0%
A 62	Koishikawa TG Building	JREI	3,080	3,150	3,133	2.3%	-5.4%	0.5%	5.0%	0.0%
A 63	Gotanda TG Building	JREI	2,620	2,590	2,816	-1.1%	-2.6%	-8.0%	5.3%	0.0%
A 64	KDX Hihonbashi 216 Building	JREI	2,010	1,930	1,970	-4.0%	0.0%	-2.0%	4.7%	0.0%
A 66	KDX Shinjuku Building	JREI	6,800	6,600	6,883	-2.9%	-0.3%	-4.1%	4.5%	0.0%
A 67	KDX Ginza 1chome Building	Daiwa	4,300	4,760	4,302	10.7%	0.4%	10.6%	4.5%	0.0%
A 68	KDX Nihonbashi Honcho Building	Daiwa	4,000	4,300	4,013	7.5%	-0.7%	7.2%	4.8%	0.0%
A 69	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,890	2,748	0.7%	-1.0%	5.2%	7.0%	0.1%
A 70	Kitanajima SIA Building	Daiwa	2,005	2,050	2,089	2.2%	0.0%	-1.9%	5.8%	0.0%
A 71	KDX Iidabashi Building	Daiwa	4,670	4,800	4,697	3.4%	0.0%	2.8%	4.9%	0.0%
A 72	KDX Higashi-Shinagawa Building	Daiwa	4,590	4,800	4,817	4.6%	0.0%	-0.4%	5.1%	0.0%
A 73	KDX Hakozaeki Building	Daiwa	2,710	2,850	2,910	5.2%	0.0%	-2.1%	5.2%	0.0%
A 74	KDX Shin-Nihonbashi Building	Daiwa	2,300	2,480	2,294	7.8%	0.0%	8.1%	4.7%	0.0%
A 75	Kabutocho Nikko Building	JREI	11,270	13,500	11,364	19.8%	0.0%	18.8%	4.6%	0.0%
A 76	Ikebukuro Nikko Building	JREI	1,653	1,690	1,675	2.2%	-0.6%	0.8%	5.5%	0.0%
A 77	Kabutocho Nikko Building II	JREI	1,280	1,550	1,294	21.1%	0.6%	19.8%	5.0%	0.0%
A 78	Tachikawa Ekimae Building	JREI	1,267	1,330	1,290	5.0%	-0.7%	3.1%	5.9%	0.0%
A 79	Nagoya Ekimae Sakura-dori Building	JREI	7,327	7,780	7,420	6.2%	0.6%	4.8%	5.1%	0.0%
A 80	Nagoya Nikko Shoken Building	JREI	4,158	4,280	4,210	2.9%	1.9%	1.7%	5.5%	0.0%
A 81	Sendai Nikko Building	JREI	950	1,050	975	10.5%	4.0%	7.6%	5.9%	0.0%
A 82	View Flex Umeda Building	JREI	2,770	3,240	2,882	17.0%	0.0%	12.4%	5.1%	0.0%
<b>A</b>	<b>Office Buildings Subtotal</b>		<b>264,401</b>	<b>243,469</b>	<b>264,136</b>	<b>-7.9%</b>	<b>-1.0%</b>	<b>-7.8%</b>	<b>5.2%</b>	<b>0.0%</b>
B 3	Court Mejiro	JREI	1,250	940	1,173	-24.8%	-1.3%	-19.9%	5.5%	0.1%
B 18	Venus Hibiya-gaoka	JREI	1,800	1,520	1,807	-15.6%	3.4%	-15.9%	6.6%	-0.2%
B 19	Residence Charmante Tsukishima	JREI	5,353	4,480	4,984	-16.3%	0.0%	-10.1%	5.3%	0.0%
B 34	Gradio Kawaguchi	JREI	1,038	948	995	-8.7%	-2.4%	-4.8%	5.6%	0.0%
<b>B</b>	<b>Residential Properties Subtotal</b>		<b>9,441</b>	<b>7,888</b>	<b>8,960</b>	<b>-16.4%</b>	<b>0.2%</b>	<b>-12.0%</b>	<b>5.6%</b>	<b>0.0%</b>
C 1	Frame Jinnan-zaka	JREI	9,900	9,090	9,816	-8.2%	-2.0%	-7.4%	4.5%	-0.1%
C 2	KDX Yoyogi Building	JREI	2,479	1,910	2,514	-23.0%	0.0%	-24.0%	5.3%	0.0%
<b>C</b>	<b>Central Urban Retail Subtotal</b>		<b>12,379</b>	<b>11,000</b>	<b>12,330</b>	<b>-11.1%</b>	<b>-1.7%</b>	<b>-10.8%</b>	<b>4.7%</b>	<b>0.0%</b>
D 1	Kanazawa Nikko Building	JREI	645	1,100	686	70.5%	2.8%	60.3%	7.3%	0.0%
<b>D</b>	<b>Others</b>		<b>645</b>	<b>1,100</b>	<b>686</b>	<b>70.5%</b>	<b>2.8%</b>	<b>60.3%</b>	<b>7.3%</b>	<b>0.0%</b>
<b>Total</b>			<b>286,866</b>	<b>263,457</b>	<b>286,114</b>	<b>-8.2%</b>	<b>-1.0%</b>	<b>-7.9%</b>	<b>5.2%</b>	<b>0.0%</b>

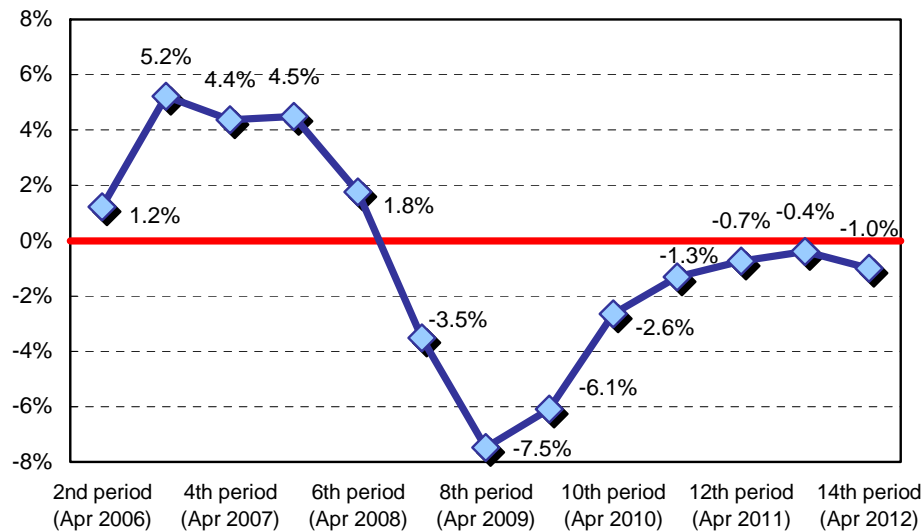
Note 1: Acquisition price, appraisal values, and book values are rounded down to the nearest ¥M. Ratios are rounded to the first decimal place.

Note 2: Total cap rates for each property type are the weighted-average based on the acquisition prices.

Note 3: A-47 KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are indicated as one property.

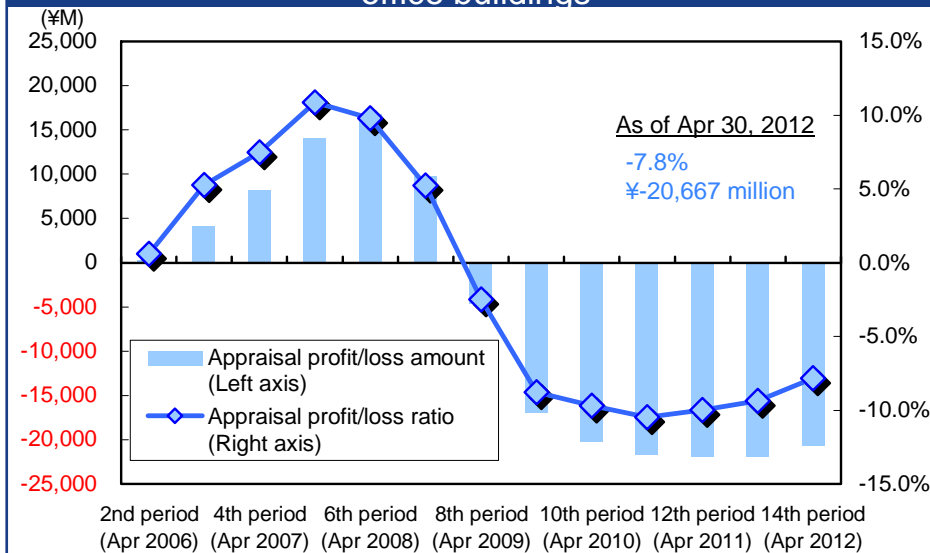
# Variations in appraisal value of office buildings

## Variations in appraisal value of office buildings



Note: Percentage change in appraisal values as of the end of each period compared with the previous period. Percentage change for the properties acquired during the period is calculated by using the appraisal value at the time of acquisition as the appraisal value as of the end of the previous period.

## Variations in appraisal profit/loss ratio and amount of office buildings



Note: Appraisal profit/loss is calculated by subtracting office buildings' book values from appraisal values for respective period; the ratio is calculated by dividing the appraisal profit/loss by total book value.

Items of appraisal valuation	⇒End of 8th period (2009/4)	⇒End of 9th period (2009/10)	⇒End of 10th period (2010/4)	⇒End of 11th period (2010/10)	⇒End of 12th period (2011/4)	⇒End of 13th period (2011/10)	⇒End of 14th period (2012/4)
Changes in cap rates (average)	0.2%	0.1%	0.0%	0.0%	0.0%	-0.1%	0.0%
	(5.1%→5.3%)	(5.3%→5.4%)	(5.4%→5.3%)	(5.3%→5.3%)	(5.3%→5.3%)	(5.3%→5.2%)	(5.2%→5.2%)
Changes in appraisal mid- and long-term rents	-4.3%	-4.5%	-2.5%	-1.5%	-1.1%	-2.0%	-1.5%

	⇒End of 8th period (2009/4)	⇒End of 9th period (2009/10)	⇒End of 10th period (2010/4)	⇒End of 11th period (2010/10)	⇒End of 12th period (2011/4)	⇒End of 13th period (2011/10)	⇒End of 14th period (2012/4)
Appraisal profit/loss amount (¥M)	-4,615	-16,958	-20,153	-21,696	-21,932	-21,851	-20,667
Appraisal profit/loss ratio	-2.5%	-8.8%	-9.7%	-10.5%	-10.0%	-9.4%	-7.8%

Note: Changes in mid- and long-term rent and cap rate (difference with value at the end of the previous period) of office buildings owned at the end of each period. Figures are based on weighted average acquisition price.

Changes for the properties acquired during the period are calculated by using the appraisal value at the time of acquisition as those as of the end of the previous period.

\* "Changes in appraisal value as of end of each period compared with the previous period", "appraisal profit/loss amount" and "appraisal profit/loss ratio" are based on office buildings owned at the end of 14th period and properties sold are excluded from the calculation. The appraisal profit/loss amount is rounded to the nearest ¥1M.

# Portfolio Overview

## Office Buildings (75 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) <sup>1</sup>	Year Built <sup>2</sup>	Occupancy at end of 14th period (%) <sup>3</sup>	Type	Area	No.	Name	Location	Acquisition Price (¥M) <sup>1</sup>	Year Built <sup>2</sup>	Occupancy at end of 14th period (%) <sup>3</sup>
Office Buildings	Tokyo Metropolitan Area	A-1	KDX Nihonbashi 313 Building	Chuo-ward, Tokyo	5,940	Apr-74	94.6%	Office Buildings	Tokyo Metropolitan Area	A-40	Toranomon Toyo Building	Minato-ward, Tokyo	9,850	Aug-62	95.1%
		A-3	Higashi-Kayabacho Yuraku Building	Chuo-ward, Tokyo	4,450	Jan-87	100.0%			A-41	KDX Shinjuku 286 Building	Shinjuku-ward, Tokyo	2,300	Aug-89	100.0%
		A-4	KDX Hatchobori Building	Chuo-ward, Tokyo	3,680	Jun-93	100.0%			A-45	KDX Roppongi 228 Building	Minato-ward, Tokyo	3,300	Apr-89	65.1%
		A-5	KDX Nakano-Sakaue Building	Nakano-ward, Tokyo	2,533	Aug-92	98.3%			A-46	Hiei Kudan-Kita Building	Chiyoda-ward, Tokyo	7,600	Mar-88	91.4%
		A-6	Harajuku F.F. Building	Shibuya-ward, Tokyo	2,450	Nov-85	100.0%			A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5,800	Mar-88	91.5%
		A-7	FIK Minami Aoyama	Minato-ward, Tokyo	2,270	Nov-88	100.0%			A-48	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	Feb-85	100.0%
		A-8	Kanda Kihara Building	Chiyoda-ward, Tokyo	1,950	May-93	100.0%			A-49	Nissou Dai-17 Building	Yokohama, Kanagawa	2,710	Jul-91	86.4%
		A-13	KDX Kojimachi Building	Chiyoda-ward, Tokyo	5,950	May-94	100.0%			A-50	Ikejiri-Oohashi Building	Meguro-ward, Tokyo	2,400	Sep-88	100.0%
		A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	Apr-89	100.0%			A-51	KDX Hamacho Nakanohashi Building	Chuo-ward, Tokyo	2,310	Sep-88	100.0%
		A-15	KDX Hamacho Building	Chuo-ward, Tokyo	2,300	Sep-93	95.0%			A-52	KDX Kanda Misaki-cho Building	Chiyoda-ward, Tokyo	1,380	Oct-92	100.0%
		A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	Sep-84	100.0%			A-55	Shin-toshin Maruzen Building	Shinjuku-ward, Tokyo	2,110	Jul-90	100.0%
		A-17	KDX Ebisu Building	Shibuya-ward, Tokyo	4,640	Jan-92	100.0%			A-56	KDX Jimbocho Building	Chiyoda-ward, Tokyo	2,760	May-94	100.0%
		A-19	KDX Hamamatsucho Building	Minato-ward, Tokyo	3,460	Sep-99	100.0%			A-57	KDX Gobancho Building	Chiyoda-ward, Tokyo	1,951	Aug-00	100.0%
		A-20	KDX Kayabacho Building	Chuo-ward, Tokyo	2,780	Oct-87	100.0%			A-59	KDX Iwamoto-cho Building	Chiyoda-ward, Tokyo	1,864	Mar-08	100.0%
		A-21	KDX Shinbashi Building	Minato-ward, Tokyo	2,690	Feb-92	99.5%			A-60	KDX Harumi Building	Chuo-ward, Tokyo	10,250	Feb-08	70.3%
		A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	Sep-90	97.9%			A-61	KDX Hamamatsucho Dai-2 Building	Minato-ward, Tokyo	2,200	Apr-92	87.6%
		A-23	KDX Yotsuya Building	Shinjuku-ward, Tokyo	1,950	Oct-89	100.0%			A-62	Koishikawa TG Building	Bunkyo-ward, Tokyo	3,080	Nov-89	100.0%
		A-26	KDX Kiba Building	Koto-ward, Tokyo	1,580	Oct-92	100.0%			A-63	Gotanda TG Building	Shinagawa-ward, Tokyo	2,620	Apr-88	100.0%
		A-27	KDX Kajicho Building	Chiyoda-ward, Tokyo	2,350	Mar-90	100.0%			A-64	KDX Nihonbashi 216 Building	Chuo-ward, Tokyo	2,010	Oct-06	100.0%
		A-28	KDX Nogizaka Building	Minato-ward, Tokyo	1,065	May-91	100.0%			A-66	KDX Shinjuku Building	Shinjuku-ward, Tokyo	6,800	May-93	97.7%
		A-29	KDX Higashi-Shinjuku Building	Shinjuku-ward, Tokyo	2,950	Jan-90	99.7%			A-67	KDX Ginza 1chome Building	Chuo-ward, Tokyo	4,300	Nov-91	100.0%
		A-30	KDX Nishi-Gotanda Building	Shinagawa-ward, Tokyo	4,200	Nov-92	100.0%			A-68	KDX Nihonbashi Honcho Building	Chuo-ward, Tokyo	4,000	Jan-84	100.0%
		A-31	KDX Monzen-Nakacho Building	Koto-ward, Tokyo	1,400	Sep-86	100.0%			A-71	KDX Iidabashi Building	Shinjuku-ward, Tokyo	4,670	Mar-90	100.0%
		A-32	KDX Shiba-Daimon Building	Minato-ward, Tokyo	6,090	Jul-86	100.0%			A-72	KDX Higashi-Shinagawa Building	Shinagawa-ward, Tokyo	4,590	Jan-93	89.2%
		A-33	KDX Okachimachi Building	Taito-ward, Tokyo	2,000	Jun-88	100.0%			A-73	KDX Hakozaeki Building	Chuo-ward, Tokyo	2,710	Nov-93	100.0%
		A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	May-95	100.0%			A-74	KDX Shin-Nihonbashi Building	Chuo-ward, Tokyo	2,300	Nov-02	100.0%
		A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	Dec-85	100.0%			A-75	Kabutocho Nikko Building	Chuo-ward, Tokyo	11,270	Nov-98	100.0%
		A-37	KDX Ochanomizu Building	Chiyoda-ward, Tokyo	6,400	Aug-82	100.0%			A-76	Ikebukuro Nikko Building	Toyoshima-ward, Tokyo	1,653	Mar-86	100.0%
		A-38	KDX Nishi-Shinjuku Building	Shinjuku-ward, Tokyo	1,500	Oct-92	88.6%			A-77	Kabutocho Nikko Building II	Chuo-ward, Tokyo	1,280	Oct-01	100.0%
		A-39	KDX Toranomon Building	Minato-ward, Tokyo	4,400	Apr-88	100.0%			A-78	Tachikawa Ekimae Building	Tachikawa, Tokyo	1,267	Feb-90	100.0%



# Portfolio overview

## Office Buildings (75 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) <sup>1</sup>	Year Built <sup>2</sup>	Occupancy at end of 14th period (%) <sup>3</sup>
Office Buildings	Other Regional Areas	A-12	Portus Center Building	Sakai, Osaka	5,570	Sep-93	89.5%
		A-24	KDX Minami Semba Dai-1 Building	Osaka, Osaka	1,610	Mar-93	86.0%
		A-25	KDX Minami Semba Dai-2 Building	Osaka, Osaka	1,560	Sep-93	90.4%
		A-36	KDX Niigata Building	Niigata, Niigata	1,305	Jul-83	64.1%
		A-42	Karasuma Building	Kyoto, Kyoto	5,400	Oct-82	100.0%
		A-44	KDX Sendai Building	Sendai, Miyagi	2,100	Feb-84	96.7%
		A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	Jun-73	86.0%
		A-54	KDX Kitahama Building	Osaka, Osaka	2,220	Jul-94	89.2%
		A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	Apr-09	100.0%
		A-69	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	Jul-09	95.6%
		A-70	Kitananajo SIA Building	Sapporo, Hokkaido	2,005	Oct-89	100.0%
		A-79	Nagoya Ekimae Sakura-dori Building	Nagoya, Aichi	7,327	Apr-86	92.8%
		A-80	Nagoya Nikko Shoken Building	Nagoya, Aichi	4,158	Aug-74	92.7%
		A-81	Sendai Nikko Building	Sendai, Miyagi	950	Mar-89	75.4%
A-82	View Flex Umeda Building	Osaka, Osaka	2,770	Jul-09	95.5%		
Office Buildings (75 properties) Subtotal					260,901	Avg 21.9 yrs	95.0%

## Central Urban Retail Properties (2 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) <sup>1</sup>	Year Built <sup>2</sup>	Occupancy at end of 14th period (%) <sup>3</sup>
Central Urban Retail Properties	Tokyo Metropolitan Area	C-1	Frame Jinnan-zaka	Shibuya-ward, Tokyo	9,900	Mar-05	100.0%
		C-2	KDX Yoyogi Building	Shibuya-ward, Tokyo	2,479	Aug-91	100.0%
Central Urban Retail Properties (2 properties) Subtotal					12,379	Avg 9.8 yrs	100.0%

## Others (1 property)

Type	Area	No.	Name	Location	Acquisition Price (¥M) <sup>1</sup>	Year Built <sup>2</sup>	Occupancy at end of 14th period (%) <sup>3</sup>
Others	Other Regional Areas	D-1	Kanazawa Nikko Building	Kanazawa, Ishikawa	645	Mar-89	100.0%
Others (1 property) Subtotal					645	Avg 23.1 yrs	100.0%

## Residential Properties (4 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) <sup>1</sup>	Year Built <sup>2</sup>	Occupancy at end of 14th period (%) <sup>3</sup>
Residential Properties	Tokyo Metropolitan Area	B-3	Court Mejiro	Shinjuku-ward, Tokyo	1,250	Mar-97	95.2%
		B-19	Residence Charmante Tsukishima	Chuo-ward, Tokyo	5,353	Jan-04	100.0%
		B-34	Gradito Kawaguchi	Kawaguchi, Saitama	1,038	Feb-06	100.0%
	Other Regional Areas	B-18	Venus Hibirigaoka	Sapporo, Hokkaido	1,800	Mar-89	95.0%
Residential Properties (4 properties) Subtotal					9,441	Avg 11.8 yrs	96.9%

## Investment Security (1 property)

Type	Name	Location	Acquisition Price (¥M)	Year Built
Investment Securities	Senri Property TMK Preferred Securities	Toyonaka, Osaka	891	Jun-92

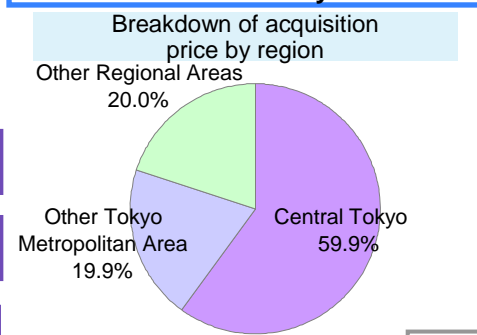
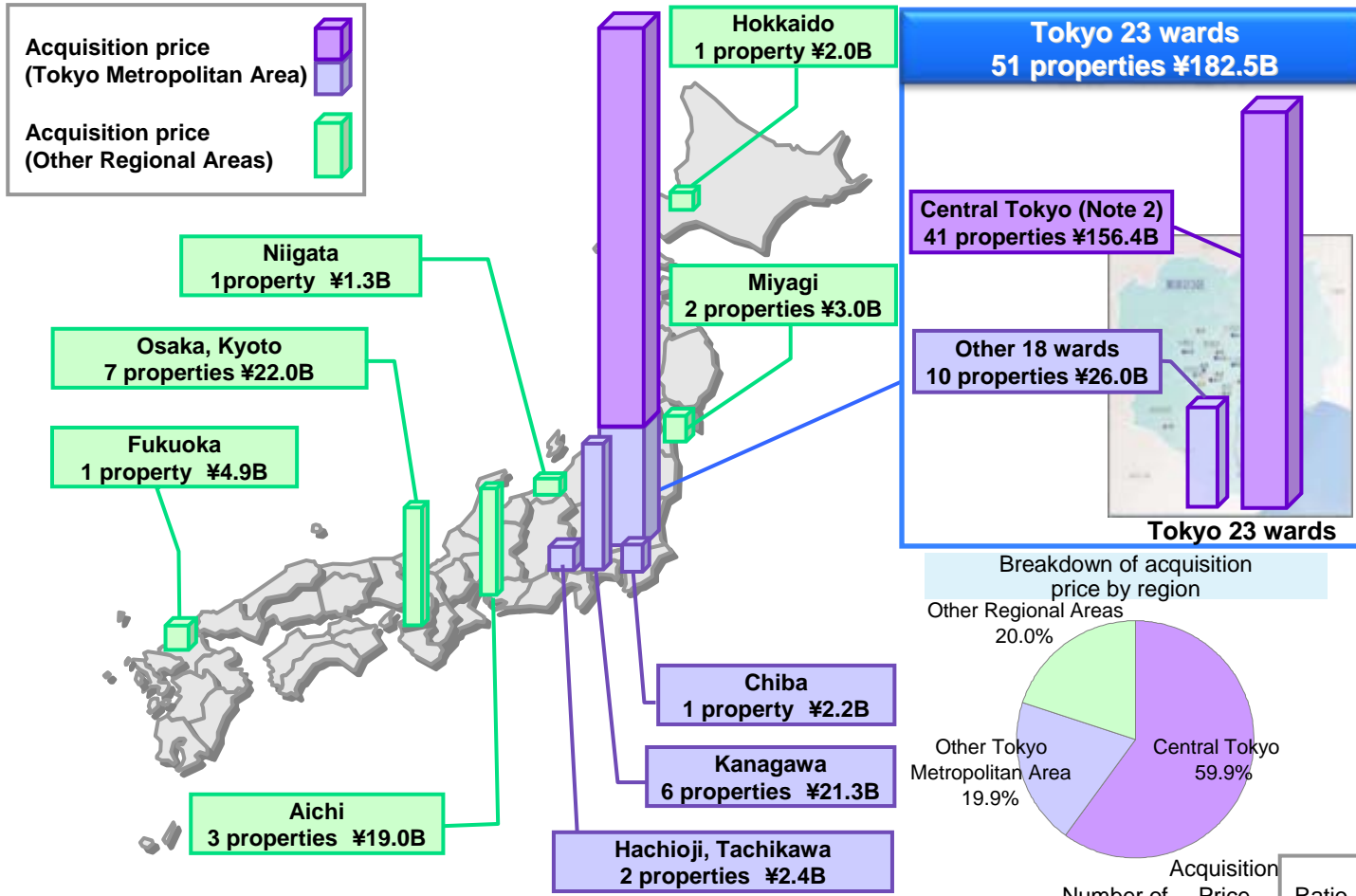
## Property sold in the 15th period (period ending Oct.31, 2012)

Type	No.	Name	Location	Acquisition Price (¥M)	Sale Price (¥M)	Date of Sale	
Office Buildings	Tokyo Metropolitan Area	A-18	KDX Omori Building	Ota-ward, Tokyo	3,500	4,200	11-May-12

- Notes:
- 1 Acquisition price is based on the purchase price for trust beneficiary interests etc. acquired by KRI.
  - 2 Year built is the date of construction completion recorded in the land register. KDX Omori Building (sold on May 11, 2012) is excluded from the office subtotal. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Apr. 30, 2012, and is rounded down to the nearest first decimal place. The weighted-average age of 83 properties held as of Apr. 30, 2012 is 21.0 years (As of Apr. 30, 2012).
  - 3 Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 83 properties held as of Apr. 30, 2012 is 95.4%.

# Emphasis on mid-sized office buildings in Tokyo Metropolitan Area

Office portfolio: 75 properties, with a total acquisition price ¥260.9B (Note 1)

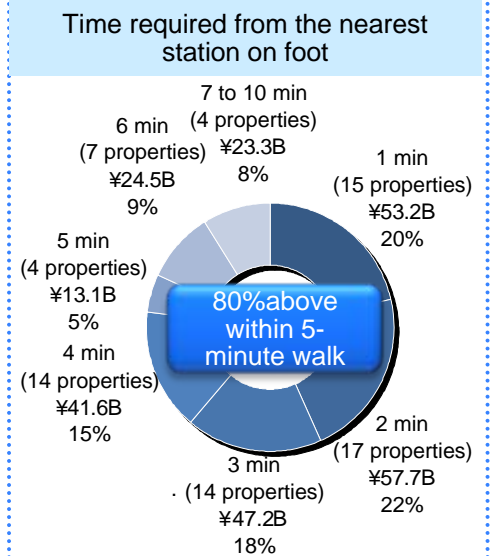
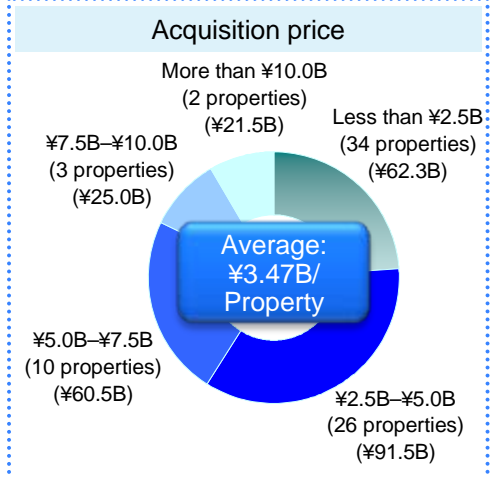


	Number of Property	Price (¥B)	Ratio (%)
Tokyo Metropolitan Area	60	208.6	79.9
Other Regional Areas	15	52.2	20.0
<b>Total</b>	<b>75</b>	<b>260.9</b>	<b>100.0</b>

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

\* KDX Omori Building (sold on May. 11, 2012) is excluded from the calculation

## Composition of office portfolio



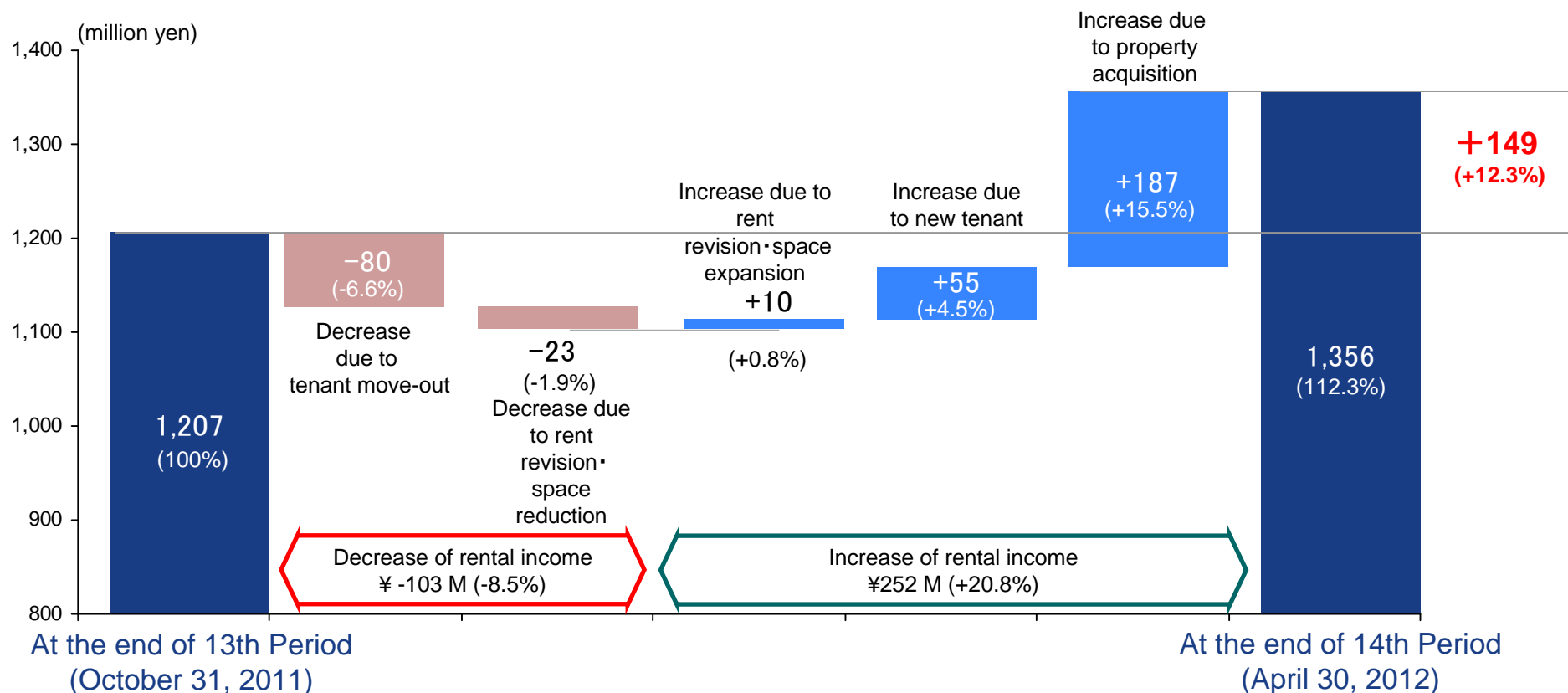
Note: Values show the total acquisition price of the properties in each category and the ratios indicate the total acquisition price of properties in each category in proportion to the total acquisition price for all properties combined.  
Note: Amounts are rounded down to the nearest ¥100 million. Ratios are rounded down to the nearest whole number.



# Major factors of changes in monthly rental income for office buildings

## Factors of changes in monthly rental income

- Compared to those at the end of the 13th Period, the monthly rent increased by 149 million yen
- Increased due to acquisition of properties (+187 million yen)
- Decreased primarily due to move-out (-80 million yen)

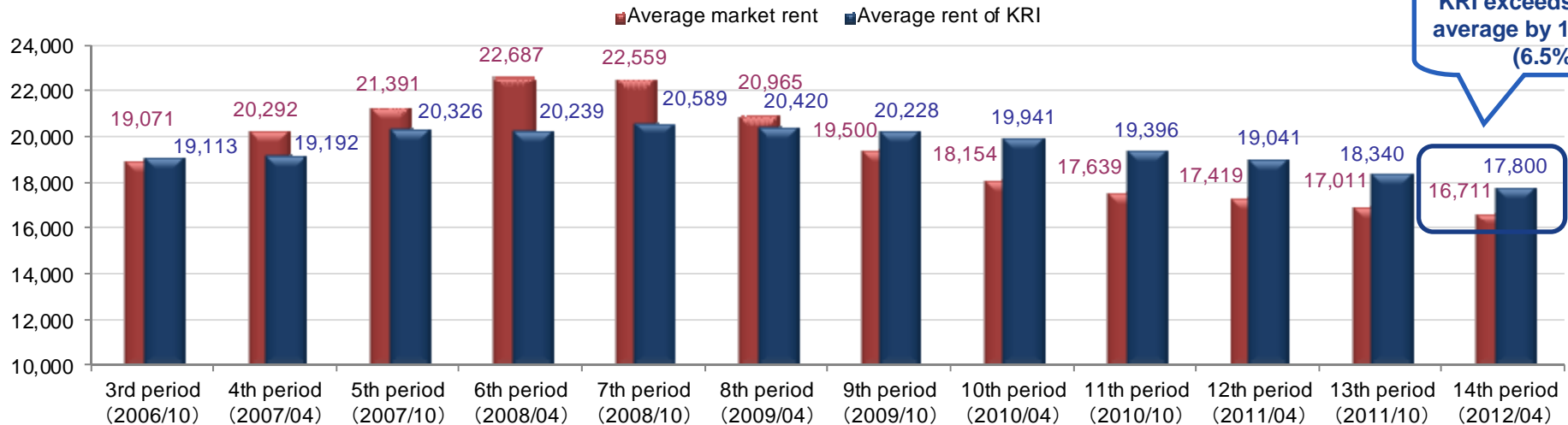


Note: Changes in monthly rental income includes common area charges, but excludes the income from parking lots and billboards. Amounts are rounded down to the nearest ¥1M. The values in brackets show the percentages of amounts increased/decreased.

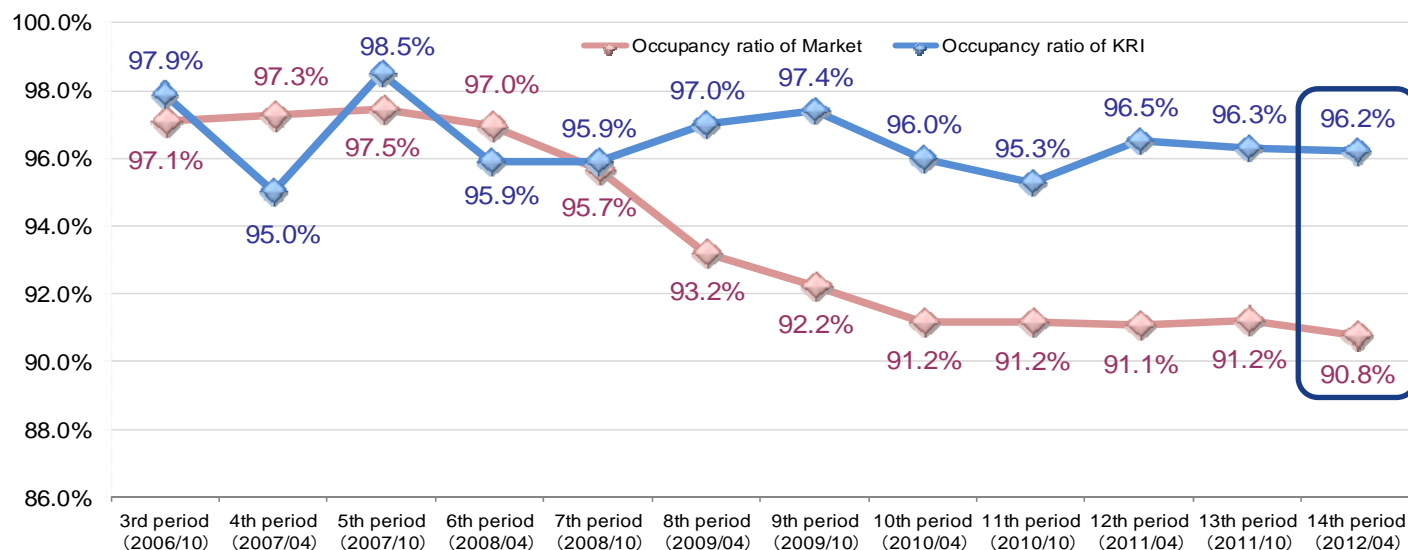
# Changes in the average rent and occupancy ratios of office buildings

Average rent of KRI office buildings compared with average market rent (Tokyo's Central 5 Wards)

(JPY/Tsubo)



Occupancy ratio of KRI office buildings compared with market average (Tokyo's Central 5 Wards)



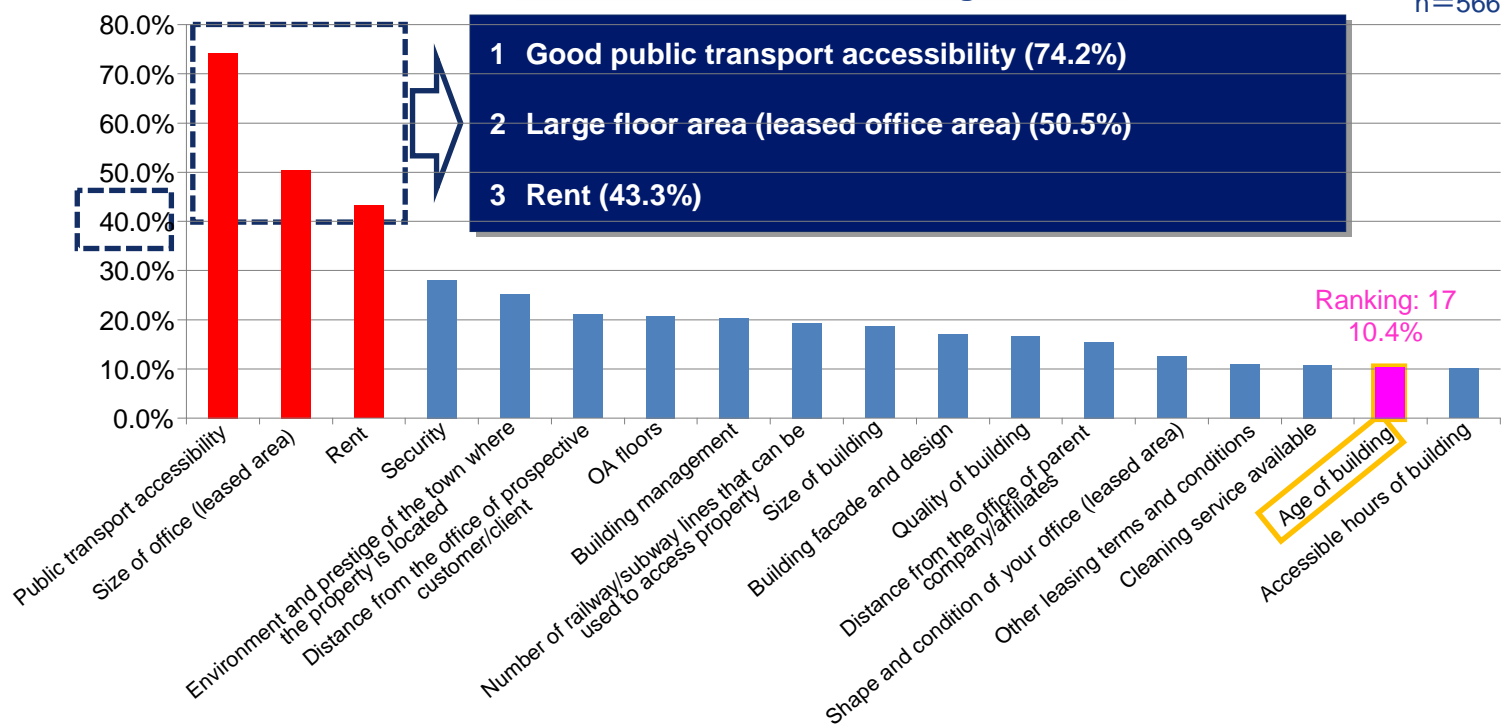
\* Average market rent shows the data on average rent or the occupancy ratio in Tokyo's Central 5 Wards published by Miki Shoji. Average office rent of KRI shows the average of rent in the standard floors of KRI's properties held at end of each period.

# Reasons for being a tenant of KRI's office buildings

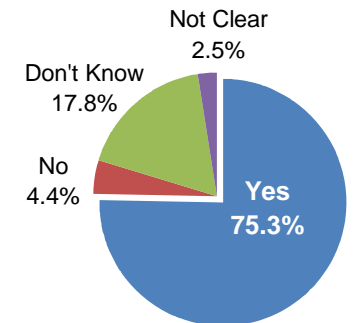
Reasons for being a tenant of KRI's office buildings (excerpt from the 4th CS Survey conducted in Sept. 2011)

- "Good public transport accessibility" was the top reason for being a tenant of KRI's office buildings
- Another important criteria was compliance with the new standards for earthquake resistant design while age of building was considered to be less important

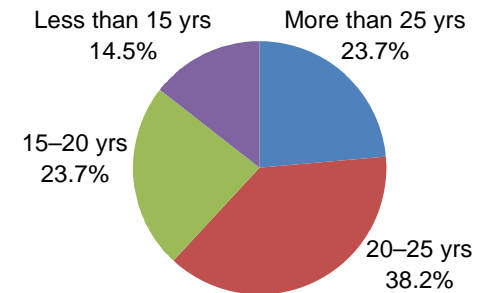
## Main reasons for being a tenant of KRI's office building



## Is compliance with the new standards for earthquake resistant design one of the key criteria to you?



## Breakdown of KRI's office buildings by age of building (based on the number of properties)



## Average age of building 21.9\* years

\* Excluding KDX Omori Building (sold in May 2012)  
Weighted average age of buildings based on the acquisition price of all 75 office buildings held as of end of Apr. 2012.

# Earthquake-resistance

- Out of the 82 properties in our portfolio, 78 comply with the new earthquake resistance standards
- The 4 properties that were designed before implementation of the new earthquake resistance standards were acquired after confirming that they were either reinforced appropriately or are of similar quake-resistant design
- Portfolio PML: 4.98% (82 properties)

## Earthquake resistance of properties to be acquired

Earthquake resistance of property to be acquired has to be similar to the earthquake resistance of properties under the new standards for earthquake resistance. Also, PML of individual property has to be lower than 20%, and PML of the entire portfolio after acquisition of relevant property may not exceed 10%.

However, the below criteria may be included to investment targets in the following cases:

- ① properties able to maintain economic efficiency of investment even after purchase of earthquake insurance for relevant properties
- ② properties that can be reinforced through anti-seismic retrofitting and satisfy the standard

## Compliance with safety measure for existing properties

- Properties to be acquired are subject to building assessment including deterioration checking, preparation of short- and long term repairs plan, checking for compliance with the laws and regulations including the Building Standards Law, checking for building materials to see if they contain harmful substances, and investigation of soil environment
- All investigations are to be outsourced to third parties to ensure strong expertise, objectivity and transparency
- Properties with building assessment conducted long time ago are subject to reassessment and update of short-term and long-term repairs plan

## Properties in our portfolio which were designed before implementation of the new earthquake standards (4 properties)

### Earthquake resistance reinforcement



#### Toranomon Toyo Building

Location: Minato-ku, Tokyo  
Year built: Aug.1962



#### KDX Hakata-Minami Building

Location: Fukuoka, Fukuoka  
Year built: Jun.1973

The previous owner has completed aseismic enforcement by Taisei Corporation in Oct. 2005

The previous owner has completed aseismic enforcement by Takenaka Corporation in Oct. 2007

### Properties equivalent of the new earthquake resistance standards

#### KDX Nihonbashi 313 Building

Location: Chuo-ku, Tokyo  
Year built: Apr. 1974

A seismic report created by Nihon Sekkei states that the seismic resistance of the building is equivalent to that of buildings built by the new standard

#### Nagoya Nikko Shoken Building

Location: Nagoya, Aichi  
Year built: Aug. 1974

A seismic report created by Mitsubishi Estate states that seismic resistance of the building was checked based on the seismic index of structure and horizontal load resistance (secondary design). They resulted that the structure of the building has no problem as it stands

#### Notes:

1 PML values are values as of Feb 2012, of research implemented by NKSJ Risk Management. The values for KDX Omori Building (sold on May 11, 2012) are not included in the calculation

2 「New Earthquake Resistance Standard」 was formulated on the base of the revision of enforcement order of Building Standard Law in 1981. The antiseismic performance of buildings has been greatly improved since the enforcement of the law due to the newly added provisions such as ① New provision on tie-hoop ratio of Reinforced-Concrete Pillars (above 0.2%); ② Resetting of horizontal seismic coefficient and elastic shear modulus, etc. ③ New requirement on the secondary design in seismic calculation

3 PML (Probable Maximum Loss) refers to the expected maximum loss rate due to the earthquakes. PML is for both individual property and the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss, estimated restoration expenses in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = the probability of which happening in 50 years is 10%) that could happen during the life-span of the property (50 years = ), to the replacement cost

# Energy saving measure and environmental initiatives

## Energy saving measures: details

Take measures on a portfolio basis focusing on air conditioners and lightings which account for about 80% of total energy usage

### Hardware:

#### Renew air conditioning system

- Renew air conditioners
- Use heat exchanging air fans
- Renew ventilation systems

#### Renew evacuation signs and install motion detection sensor

- LED lights in evacuation signs
- Install motion detection sensors (toilet, office kitchen, stair case)

#### Renew lighting system

- LED lights for common space down lights
- LED lights for occupied areas

### Software:

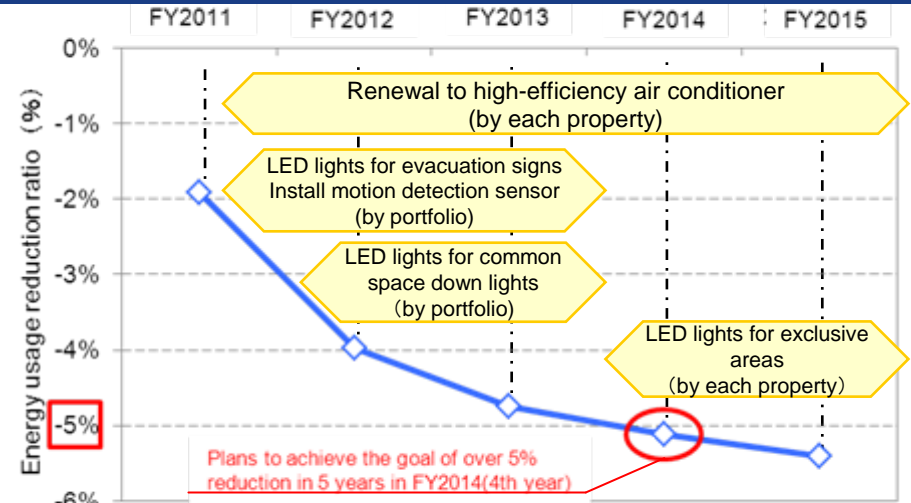
#### Public (tenant) awareness

- Prepare request letters for cooperation energy saving
- Pre-set temperature at 28°C
- Reduction of lights or lights-out
- Energy saving on OA equipment
- Posters on energy saving
- put up posters in common space on each floor
- Distribute manuals and energy savings

#### Questionnaire on energy saving

- Carried out a questionnaire on energy saving in the 4<sup>th</sup> CS Survey

## 5-year energy usage reduction plan



- Investment in environment initiatives
  - Entire portfolio: LED lights for common space down lights. (Approximately ¥100M)
  - Renewal of air-conditioning system (15th Period: 7 renewals): approximately ¥484M; (16th Period: 3 renewals): approximately ¥420M
  - Replacement of traditional lights in exclusive areas with LED lights

## KRI's environmental initiatives

### Received DBJ Green Building Certification

View Flex Umeda Building (acquired on March 28, 2012) received DBJ Green Building certification (Bronze)

#### (Properties Certified)

“Silver”:  
KDX Harumi Bldg  
KDX Nagoya Sakae Bldg

#### “Bronze”:

KDX Kobayashi  
Doshomachi Bldg  
View Flex Umeda Bldg



View Flex Umeda Bldg

### Debt Financing based on the SMBC's Green Building Assessment Loan

KRI became the first JREIT to undertake debt financing from SMBC's "Green Building Assessment Loan"

(Properties Assessed)  
Silver: KDX Nagoya Sakae Bldg  
Bronze: KDX Harumi Bldg



KDX Nagoya Sakae Bldg



KDX Harumi Bldg

### Participation in GRESB evaluation (Asset management company)

GRESB is a benchmark to analyze and evaluate sustainability of real estate companies, REITs and private real estate funds in terms of environmental and social performance

Highly evaluated in GRESB's survey in 2011



Global Real Estate  
Sustainability Benchmark

#### Top-5 Listed Companies

Company	Score	MP*	IM*
1. Keppel Land Limited	59	61	57
2. CapitaMall Trust	51	81	38
3. Japan Prime Realty Investment Corp.	43	36	46
4. Kenedix REIT	39	13	51
5. CapitaLand Limited	35	71	18
Regional Average	29	32	28

\*MP: Management & Policy \*IM: Implementation & Measurement

※Source: Excerpt from GRESB "RESEARCH REPORT 2011 Regional Results/Asia"



# Property management focusing on business continuity and CSR

## Efforts on Business Continuity and CSR

- Asset manager's business continuity ensured through measures including implementation of Thin Client terminals
- Preparation of asset manager's disaster manual by mainly its management team is completed, and revisions and improvements to the manual is continuously implemented
- Information service spots including infrastructure (Wireless LAN + Optical IP Network) required for speedy collection of information on properties provided to the local community
- AED's installed in the entrance halls of our office buildings

## High recognition of efforts on business continuity in the 14<sup>th</sup> Period

Debt Financing based on "SMBC's Business Continuity Assessment Loan Program"

The 1<sup>st</sup> J-REIT to be awarded the loan, ¥1.4B loan of "Series 70-B" provided on Mar 28, 2012

Debt Financing based on the DBJ Disaster Preparedness Rating

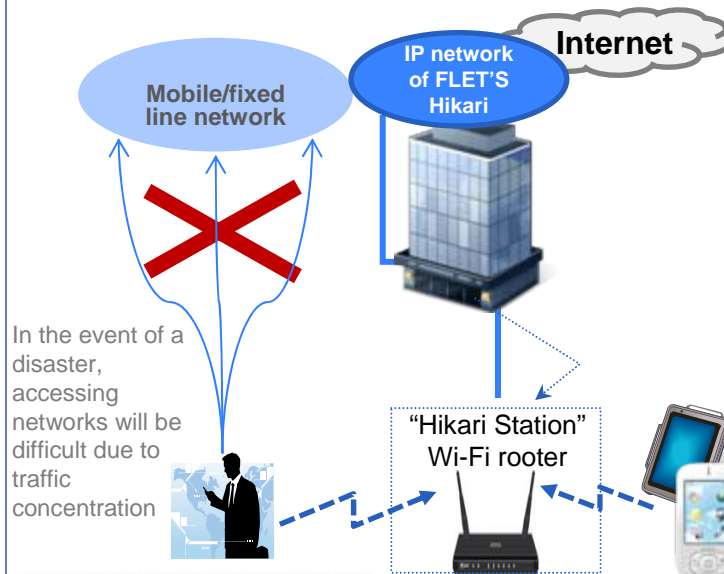
The 1<sup>st</sup> J-REIT to be awarded the loan, "Term loan 65-C, 65-E, and term loan 65-G" (¥2.5B each, total ¥7.5B) provided on Dec 26, 2011 under this plan



Dec 2011, KRI was awarded loans under the disaster preparedness rating and financing plan of the Development Bank of Japan (DBJ)  
DBJ found that KRI "efforts for disaster prevention was outstanding"

## Efforts focusing on Business Continuity and CSR

Improvement of the internet environment to make it more disaster-resistant

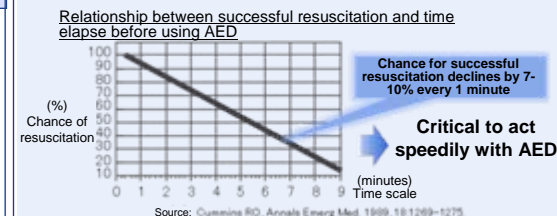


Free access to the wireless internet provided in case of emergencies including natural disaster

At ordinary times, tenants and visitors can access to the wireless internet via Wi-Fi for a certain time for free

※"Hikari Station" is the registered trademark of NTT-East.

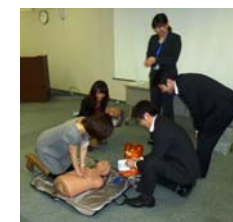
Installation of "AEDs"



Installation of AEDs started since April 2012, based on the results of the CS survey to our tenants



(main AED unit)



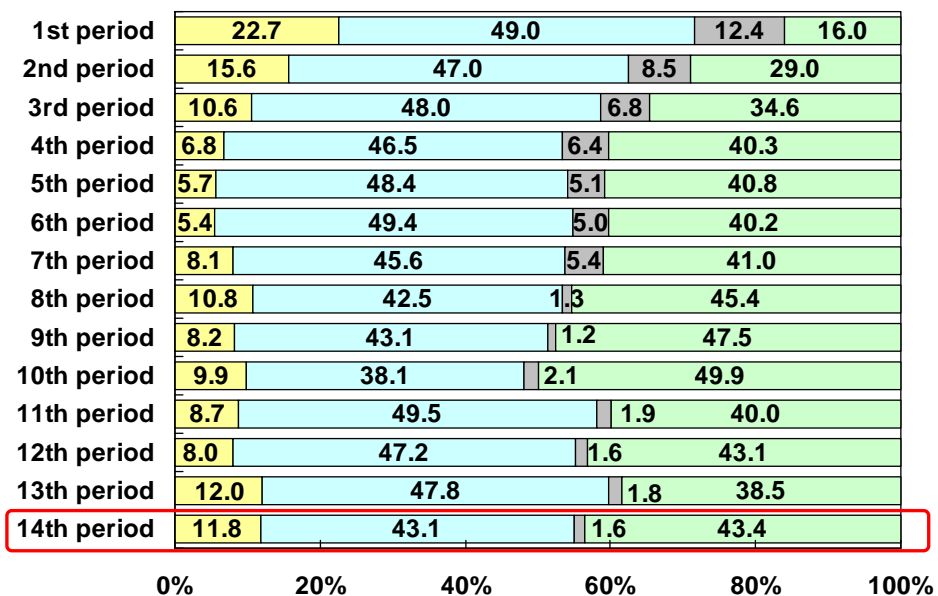
(training provided to relevant persons)

※ AED (Automated External Defibrillator) is an electronic device used for treating patients with ventricular fibrillation by sending an electric shock to the heart to restore its normal rhythm.

# KRI Unitholders

## Changes in share of investment units by unitholders

Individuals and Others	Financial Inst. (incl. Securities Co.)
Other Domestic Co.	Foreign Co. and Individuals



## Type of unitholders at the end of 14th period (as of April 30, 2012)

Type of unitholders	# of Unitholders	Ratio (%)	# of Units held (unit)	Ratio (%)
Individual and Others	8,678	95.9%	33,911	11.8%
Financial Inst. (Incl. Securities co.)	53	0.6%	123,531	43.1%
Other Domestic Co.	123	1.4%	4,639	1.6%
Foreign Co. and Individuals	198	2.2%	124,469	43.4%
<b>Total</b>	<b>9,052</b>	<b>100.0%</b>	<b>286,550</b>	<b>100.0%</b>

Note: Rounded to the first decimal place

## Top 10 unitholders at the end of 14th period (as of 2012/4/30)

Name	# of units held (unit)	(%)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	51,691	18.03%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	22,545	7.86%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	20,971	7.31%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	13,574	4.73%
The Bank of NY Treaty JASDEC Account	11,255	3.92%
Nomura Bank (Luxembourg) S.A.	9,283	3.23%
JP Morgan Chase BANK 385174	6,820	2.38%
Goldman Sachs & Co. Regular Account	4,239	1.47%
State Street Bank and Trust Company	3,191	1.11%
Trust and Custody Services Bank, Ltd. (Money trust tax acc.)	3,130	1.09%
<b>Total</b>	<b>146,699</b>	<b>51.19%</b>

Note: Figures showing the percentage for total units owned to total units outstanding rounded down to the second decimal place.

## (Reference) Reporting of major unitholders

Name	Submitted on	# of units held (unit)
DIAM Co., Ltd.	2/5/2012	24,771
<b>DIAM Co., Ltd.</b>		24,771
Sumitomo Mitsui Trust Holdings, Inc	6/6/2012	23,311
<b>Nikko Asset Management Co., Ltd.</b>		12,025
<b>Sumitomo Mitsui Trust Asset Management</b>		10,451
<b>Sumitomo Mitsui Trust Bank, Limited</b>		835
Mizuho Asset Management Co., Ltd.	5/8/2011	22,069
<b>Mizuho Asset Management Co., Ltd.</b>		15,617
<b>Sinko Investment Trust Management Co., Ltd.</b>		6,452
<b>CBRE Clarion Securities LLC</b>	16/1/2012	18,930
Nomura Securities Co., Ltd.	4/8/2011	15,916
<b>Nomura Asset Management Co., Ltd.</b>		15,092
<b>Nomura Securities Co., Ltd.</b>		544
<b>NOMURA INTERNATIONAL PLC</b>		280

Notes:

- Report submitted after PO on 2009/11/16 to 2012/6/6 (excluding unitholders that have less than 10,000 units)
- Total unitholders increased from 233,550 units to 284,950 units due to PO on 2011/7/20, and further increased to 286,550 units due to third-party allotment on 2011/8/8

# Disclosure and IR activities

## IR activities for individual investors

### Disclosure using KRI website

Timely disclosure through website

Items	14th period (Apr 2012) Access
Top page	52,847
List of portfolio	10,183
Press Release	8,739
Disclosure Materials	7,198
Distributions/Financial Results	6,683
KOP Site top	5,699
Others (occupancy ratio etc.)	15,513

### Created new page for "Environmental Initiatives"

#### Environmental Initiatives

#### 1 Environmental Policies

The officers and employees of Kenedix REIT Management, Inc. ("KRM" accordance with the following environmental policies.

- Compliance with Environmental Laws and Regulations**  
KRM will promote environment-friendly investment management operations.
- Promotion of Energy Conservation Measures**  
KRM will systematically advance energy conservation measures at its importance of natural and energy resources.
- Reduction of Environmental Burden**  
KRM will undertake initiatives to reduce CO2 and waste emissions as its commitment to alleviating its environmental burden. In addition, KRM will reduce environmental pollutants.

### WEB/IR through magazines

#### WEB/Magazines

Monthly Property Management (December issue)  
**Special feature on "Value of Mid- and Small-sized Buildings"**

Minna no Kabushiki (2012/02/15)  
**Report on J-REIT**



### IR fair/seminar for individual investors

Attending events below including WEB seminars

Events attended	Date
J-REIT Seminar for Individual Investors 2011 (Sponsored by ARES)	2011/11/26
J-REIT Fair for Individual Investors 2012 (Sponsored by ARES)	2012/3/9-2012/3/10
Stock Voice IR (Produced by Stock Voice)	2012/3/29
J-REIT Seminar for Individual Investors (Operated by Nomura Investor Relations Co.,Ltd.)	2012/3/27



## IR activities for domestic and international investors

### Using English website /1on1 meetings

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



Press release in English accessible at TSE-TDnet since Feb. 2012

### 【Reference】 Number of meetings (including conference calls)

Investors	14th period IR
Domestic institutional investor	29
Domestic regional investors	2
International investors (Europe)	9
International investors (US)	24
International investors (Asia)	9
<b>Total</b>	<b>73</b>

※From Dec 20, 2011 to Jun 12, 2012

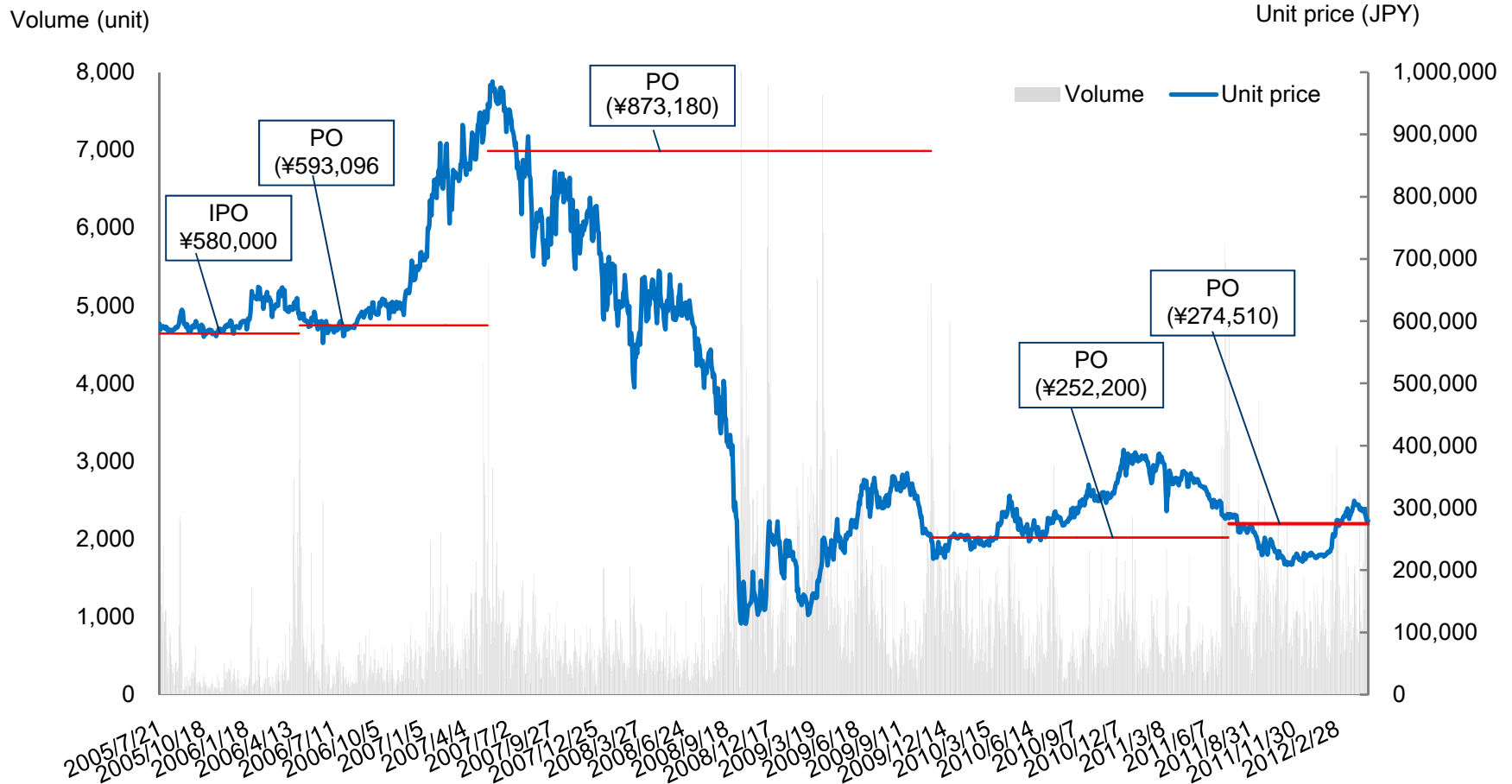
### Conference for domestic/international investors

Events attended	Date
Macquarie Real Estate Tour (Sponsored by Macquarie Capital Securities (Japan))	2011/11/29
Tokyo Property Conference 2011 (Sponsored by SMBC Nikko Securities)	2011/11/30
Nomura Investment & Global Real Estate Forum 2011 (Sponsored by Nomura Securities)	2011/12/2
APAC Financials & Property Conference (Sponsored by Macquarie Capital Securities)	2012/1/16-2012/1/17



# Unit price performance since IPO

## Kenedix Realty Investment Corporation (KRI) price/volume performance



•As of May 1, 2012  
 Highest price (trading price): ¥988,000 (2007/5/31)  
 Lowest price (trading price): ¥100,300 (2008/10/20)  
 •Average Trading Volume during 2011/5/1~2012/4/30: 1,166 Units  
 (2011/5/2~2012/4/27)

- Notes:
- 1 Period: IPO to 2012/4/27
  - 2 Price: Closing price
  - 3 Excluding over 8,000 trading volume (2008/10/20:19,728 units)

# Borrowing list (as of April 30, 2012)

	Lender	Balance (¥M)	Draw down date	Last repayment date	
Short-term borrowings	Mitsubishi UFJ Trust and Banking Corporation	1,500	2011/7/29	2012/7/31	
	Aozora Bank, Ltd.	3,500	2011/10/31	2012/10/31	
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2011/10/31	2012/10/31	
	Aozora Bank, Ltd. (4,000), Mitsubishi UFJ Trust and Banking Corporation (2,000)	7,500	2011/12/26	2012/10/31	
	Sumitomo Mitsui Trust Bank, Limited (1,500)				
	Mitsubishi UFJ Trust and Banking Corporation	1,200	2012/1/31	2013/1/31	
Short-term borrowings subtotal		14,700			
Current portion of long-term borrowings	Resona Bank, Ltd.	1,500	2008/6/30	2012/6/30	
	Development Bank of Japan Inc.	880	2009/2/27	2012/8/31 (Note 1)	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500	2010/10/29	2012/10/31	
	Resona Bank, Ltd.	500	2009/12/8	2012/12/8	
	Development Bank of Japan Inc.	3,000	2008/6/30	2012/12/28	
	Sumitomo Mitsui Trust Bank, Limited	1,000	2010/1/13	2013/1/15	
	Aozora Bank, Ltd.	1,500	2010/2/18	2013/2/18	
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2011/4/28	2013/4/30	
	Current portion of long-term borrowings subtotal		11,880		

	Lender	Balance (¥M)	Draw down date	Last repayment date
Long-term borrowings	Resona Bank, Ltd.	500	2010/7/30	2013/7/31
	Development Bank of Japan Inc.	3,000	2006/9/1	2013/8/31
	Aozora Bank, Ltd.	2,000	2011/3/31	2013/9/30
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2011/9/30	2013/9/30
	Sumitomo Mitsui Banking Corporation	900	2009/10/26	2013/10/26 (Note 1)
	Sumitomo Mitsui Banking Corporation	1,800	2009/10/30	2013/10/30 (Note 1)
	Resona Bank, Ltd.	500	2010/10/29	2013/10/31
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (1,500)	2,700	2010/11/12	2013/11/12
	Sumitomo Mitsui Trust Bank, Limited (800), Aozora Bank, Ltd. (400)			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (500)	800	2010/12/1	2013/11/12
	Sumitomo Mitsui Trust Bank, Limited (200), Aozora Bank, Ltd. (100)			
	Sumitomo Mitsui Trust Bank, Limited	3,700	2010/7/30	2014/1/31
	Sumitomo Mitsui Banking Corporation	1,300	2011/1/31	2014/1/31
	Aozora Bank, Ltd. (2,250), Sumitomo Mitsui Banking Corporation (1,800) Development Bank of Japan Inc. (1,800)	6,300	2012/3/12	2014/3/12
	Sumitomo Mitsui Trust Bank, Limited. (450)			
	Sumitomo Mitsui Trust Bank, Limited	2,500	2011/9/30	2014/3/31
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2011/7/13	2014/7/14
	Sumitomo Mitsui Banking Corporation (2,200)			
	Sumitomo Mitsui Trust Bank, Limited (1,000), Resona Bank, Ltd. (300)	3,500	2011/7/29	2014/7/31
	Sumitomo Mitsui Banking Corporation	3,700	2010/7/30	2014/7/31
	Sumitomo Mitsui Trust Bank, Limited	1,000	2011/9/1	2014/8/29
	Sumitomo Mitsui Trust Bank, Limited	2,700	2011/3/22	2014/9/22
	Mizuho Trust & Banking Co., Ltd.	1,000	2011/9/30	2014/9/30
	Development Bank of Japan Inc.	2,500	2011/12/26	2014/10/31
	Sumitomo Mitsui Banking Corporation (2,000), Resona Bank, Ltd. (2,000)			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (1,000)	5,000	2011/12/26	2014/10/31
	Sumitomo Mitsui Banking Corporation	1,080	2010/1/29	2015/1/30 (Note 1)
	Mitsubishi UFJ Trust and Banking Corporation	1,500	2012/1/31	2015/1/30
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	2011/8/31	2015/2/27
	Sumitomo Mitsui Banking Corporation (2,070), Development Bank of Japan Inc. (1,530)			
	Sumitomo Mitsui Trust Bank, Limited (900), Aozora Bank, Ltd. (450)	4,813	2010/2/18	2015/2/18 (Note 1)
	Mizuho Bank, Ltd.	1,000	2012/3/12	2015/3/12
	Sumitomo Mitsui Banking Corporation	2,500	2011/9/30	2015/3/31
	Sumitomo Mitsui Banking Corporation	1,800	2010/4/2	2015/4/2 (Note 1)
	Aozora Bank, Ltd.	3,000	2011/2/28	2015/8/31
	Sumitomo Mitsui Trust Bank, Limited	2,000	2012/3/30	2015/9/30
	Aozora Bank, Ltd.	1,500	2011/4/28	2015/10/30
	Development Bank of Japan Inc.	2,500	2011/12/26	2015/10/30
	Sumitomo Mitsui Banking Corporation (2,500)			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2,000)	4,500	2011/12/26	2015/10/30
	Aozora Bank, Ltd.	1,000	2012/4/27	2015/10/30
	Sumitomo Mitsui Banking Corporation (1,200), Resona Bank, Ltd. (800)	2,000	2010/11/12	2015/11/12
	Sumitomo Mitsui Banking Corporation (800), Resona Bank, Ltd. (200)	1,000	2010/12/1	2015/11/12
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	2011/1/31	2016/1/29
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	2011/2/28	2016/1/29
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	2011/3/31	2016/1/29
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2011/4/28	2016/1/29
	Sumitomo Mitsui Banking Corporation	2,500	2012/1/10	2016/1/29
	Resona Bank, Ltd.	1,000	2011/3/31	2016/3/31
	Development Bank of Japan Inc.	5,000	2006/5/1	2016/4/30
Sumitomo Mitsui Banking Corporation (2,500)				
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2,000)	4,500	2011/12/26	2016/10/31	
Development Bank of Japan Inc.	2,500	2011/12/26	2016/10/31	
The Bank of Fukuoka	500	2012/3/28	2017/3/28	
Development Bank of Japan Inc.	2,300	2010/11/12	2017/11/12	
Development Bank of Japan Inc.	700	2010/12/1	2017/11/12	
Sumitomo Mitsui Banking Corporation (1,400)	2,400	2012/3/28	2019/3/28	
Development Bank of Japan Inc. (1,000)				
Long-term borrowings subtotal		104,793		
Total		131,373		

**Notes:**

1. Repayment Method: repayment of every 6 month (amortization).
2. The amount is rounded to the nearest whole number.

# Summary financial results for 14th period (April 2012)

## - Income statement, etc.

### Comparison between 13th (Oct 2011) and 14th period (Apr 2012)

	13th period (¥ M)	14th period (¥ M)	Difference (¥ M)	Note
<b>Operating income/loss</b>				
Rental and other operating revenues	7,475	8,071	596	
Rental revenues-real estate	6,121	6,581	460	9 properties newly acquired in 14th period
Common area charges	1,353	1,490	136	9 properties newly acquired in 14th period
Other lease business revenue	1,023	1,018	-4	
Parking space rental revenues	249	271	21	9 properties newly acquired in 14th period
Utility charge reimbursements	633	621	-12	Seasonal change
Miscellaneous	140	125	-14	
Total rental and other operating revenues	8,498	9,090	591	
Gain on sale etc.	545	-	-545	Gains on sale of Hirakawacho Bdlg. in 13th period
Operating revenues	9,044	9,090	46	
Property management fee	832	911	79	9 properties newly acquired in 14th period
Utilities	617	663	45	Increase in fuel cost adjustment
Taxes	703	724	21	
Repairs and maintenance co	152	165	12	
Others (*1)	212	240	28	
Depreciation	1,442	1,578	135	9 properties newly acquired in 14th period
Total expenses related to rent business	3,961	4,284	323	
Rental business profit (A-B)	4,537	4,805	268	
Net operating income (NOI)	5,980	6,384	404	
Asset management fee	487	491	3	
Others (*2)	169	228	58	CS survey cost, IR cost etc.
Operating expenses	4,618	5,004	385	
Operating income	4,425	4,086	-338	
<b>Non-operating income/loss</b>				
Non-operating income	5	4	-1	
Interest expenses	919	948	29	Increase in new borrowings in 14th period
Interest expense on investment corporation bonds	117	110	-7	
Borrowing related expense	298	444	146	Increase in new borrowings and originating fee of borrowings in 14th period
Amortization of investment corporation bonds issuance costs	6	9	2	
Amortization of investment unit issuance costs	27	27	-	
Other non-operating expenses	22	-	-22	Undeductable amount for consumption tax calculation
Non-operating expenses	1,390	1,539	148	
Ordinary income	3,040	2,551	-488	
<b>Special ordinary income/loss</b>				
Gain from donation of fixed assets	13	-	-13	
Extraordinary income	13	-	-13	
Settlement fee for lawsuits	-	10	10	
Extraordinary loss	-	10	10	
Income before income taxes	3,054	2,541	-512	
Income taxes	1	1	0	
Net income	3,052	2,540	-512	
Retained earnings brought forward	0	0	-	
Unappropriated retained earnings	3,052	2,540	-512	

### Basis for calculating cash distribution (¥)

	13th period	14th period
I Retained earnings at the end of period	3,052,837,677	2,540,386,573
II Reversal of voluntary reserves		
Reversal of reserve for reduction entry	-	143,000,000
III Total distribution	2,749,733,800	2,683,254,200
(Distribution per unit)	(9,596)	(9,364)
IV Transferred from voluntary reserve		
Provision for reserve for reduction entry	303,000,000	-
V Retained earnings to be carried forward	103,877	132,373

### Cash flow statement (¥ M)

	13th period (¥ M)	14th period (¥ M)
Net cash provided by operating activities	9,434	4,144
Net cash provided by investing activities	-14,138	-32,217
Net cash provided by financing activities	9,812	23,664
Net increase in cash and cash equivalents	5,107	-4,408
Cash and cash equivalents at beginning of period	12,820	17,928
Cash and cash equivalents at end of period	17,928	13,519

#### Notes:

- Other expenses: Insurance, trust fees, etc.
- Other operating expenses: Director's compensation, asset custody fees, administrative fees, auditor's fees, etc.

※ Numbers showing differences are rounded to the nearest ¥M

# Summary financial results for 14th period (April 2012)

## - Balance sheet, etc

	13th period		14th period	
	As of Oct 31, 2011		As of Apr 30, 2012	
	(¥ M)	(%)	(¥ M)	(%)
<b>Current assets</b>	<b>18,589</b>	<b>6.8</b>	<b>14,487</b>	<b>4.8</b>
Cash and bank deposit	12,349		6,924	
Entrusted deposits	5,989		7,095	
Other current assets	251		467	
<b>Fixed assets</b>	<b>256,241</b>	<b>93.2</b>	<b>288,673</b>	<b>95.2</b>
Property, plant and equipment	254,561		285,755	
Buildings	13,248		13,112	
Land	29,104		29,104	
Buildings in trust	64,090		70,697	
Land in trust	148,116		172,834	
Construction in progress in trust	1		6	
Intangible assets	360		359	
Leasehold right	285		285	
Leasehold right in trust	74		73	
Right of using water facilities in trust	0		0	
Investment and other assets	1,319		2,558	
Investments in securities	-		896	
Leasehold and guarantee deposits	133		133	
Long-term prepaid expenses	1,185		1,528	
<b>Deferred assets</b>	<b>142</b>	<b>0.1</b>	<b>123</b>	<b>0.0</b>
Investment corporation bond issuance costs	30		39	
Investment unit issuance expenses	111		83	
<b>Total assets</b>	<b>274,973</b>	<b>100.0</b>	<b>303,284</b>	<b>100.0</b>
<b>Current liabilities</b>	<b>35,412</b>	<b>12.9</b>	<b>29,490</b>	<b>9.7</b>
Account payables	556		604	
Short-term loans payable	10,200		14,700	
Current portion of investment corporation bond	9,000		-	
Current portion of Long-term Debt	13,850		11,880	
Other account payables	246		170	
Provision for loss on disaster	2		-	
Advance received	1,281		1,887	
Others	275		247	
<b>Fixed liabilities</b>	<b>89,288</b>	<b>32.5</b>	<b>123,730</b>	<b>40.8</b>
Investment corporation bonds	4,500		6,000	
Long-term loans payable	73,364		104,792	
Tenant leasehold and security deposit	1,556		1,541	
Tenant leasehold and security deposit in trust	9,868		11,395	
<b>Total liabilities</b>	<b>124,700</b>	<b>45.4</b>	<b>153,221</b>	<b>50.5</b>
<b>Total unitholders' capital</b>	<b>147,153</b>		<b>147,153</b>	
Reserve for reduction entry	65		368	
Unappropriated retained earnings	3,052		2,909	
<b>Total equities</b>	<b>150,272</b>	<b>54.6</b>	<b>150,063</b>	<b>49.5</b>
<b>Total liabilities and unitholders' equity</b>	<b>274,973</b>	<b>100.0</b>	<b>303,284</b>	<b>100.0</b>

	Key indicators			
	13th period	14th period	Difference	Note
Unitholders equity per unit	¥524,419	¥ 523,688	¥-731	
Interest-bearing debt ratio at end of period	40.3%	45.3%	+5.0%	New borrowing of ¥31.9B in 14 <sup>th</sup> period
Unitholders' equity to total asset	54.6%	49.5%	-5.2%	
Number of properties at end of period	74	83	+9	9 properties acquired
Total leasable floor	300,016.89m <sup>2</sup>	340,589.96m <sup>2</sup>	+40,573.07m <sup>2</sup>	9 properties acquired
Occupancy ratio at end of period	94.7%	95.4%	+0.7%	

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

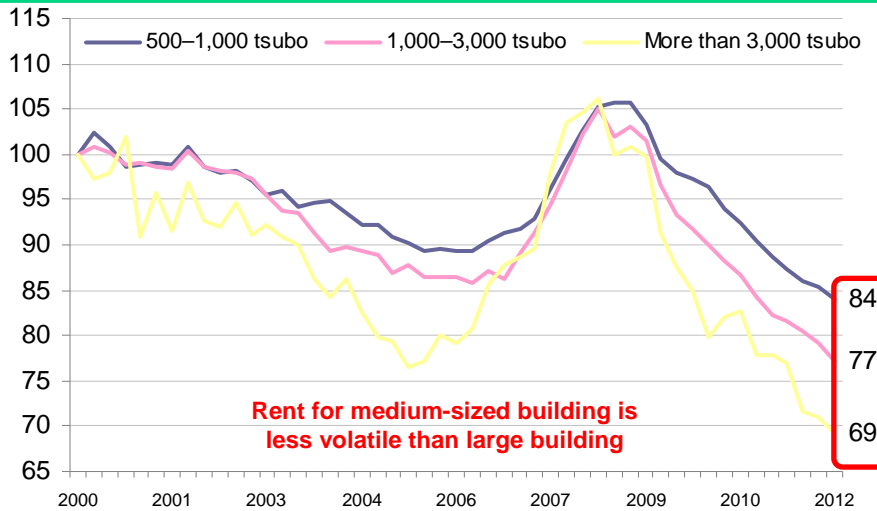
	8th period	9th period	10th period	11th period	12th period	13th period	14th period
Office Buildings	5.5%	5.2%	5.1%	4.9%	4.7%	4.7%	4.6%
Central Urban Retail	4.7%	4.6%	4.5%	4.5%	4.6%	4.1%	4.1%
Residential	5.2%	5.0%	5.2%	4.8%	4.9%	4.7%	4.7%
Others	-	-	-	-	-	-	14.2%
<b>Total</b>	<b>5.4%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>4.6%</b>

#### Notes:

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

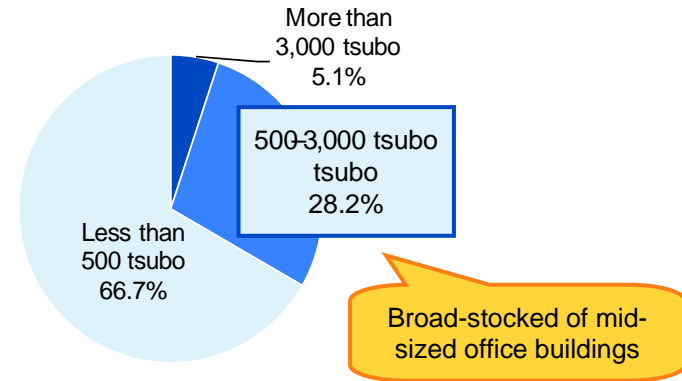
# Reference data 1

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



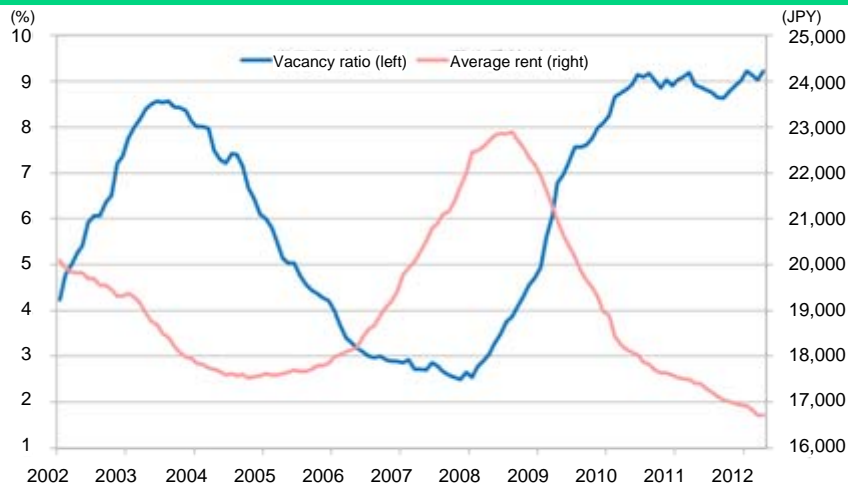
Note: Large building is a building with a GFA of 3,000 tsubo or more, while medium sized building is a building with a GFA of 1,000 to 3,000 tsubo  
Source: Created by KDX based on the data compiled by CBRE (the latest values as of 2012/3)

## 2. Breakdown of office buildings by GFA (23 wards of Tokyo)



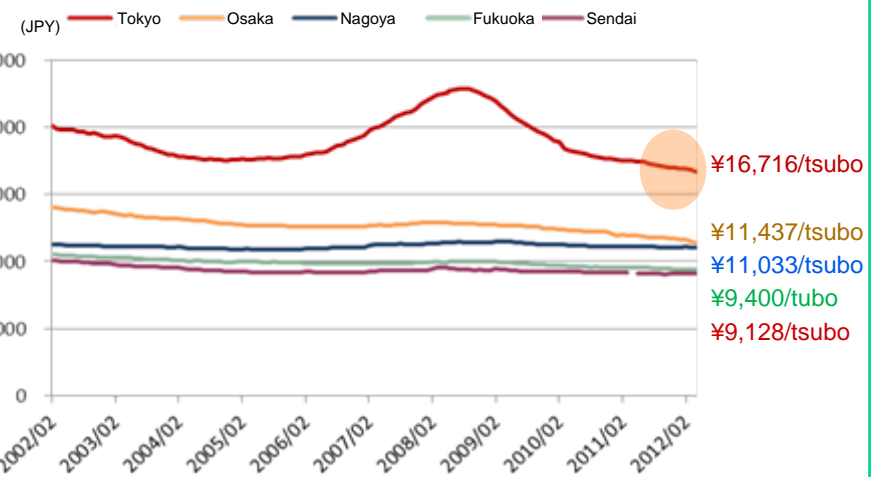
Note: The above data covers rental office buildings located in Tokyo's 23 wards that were surveyed by CBRE. The above data may not include the data of all properties in the 23 wards (as of 2011/3).  
Source: Survey conducted by CBRE based on KOP's request "Market survey of Medium-sized building"(2011/5)

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



Note: Survey covers buildings with more than 100 tsubo in Tokyo's central 5 wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya)  
Source: Miki Shoji "Latest Office Building Markets in Tokyo's central 5 wards" (the latest values as of 2012/4)

## 4. Changes in rent levels by region



Note: Targeting the properties with a GFA of 100 tsubo or more in Tokyo's central 5 wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)  
Source: Created by KDX based on the data compiled by Miki Shoji (the latest values as of 2012/4)

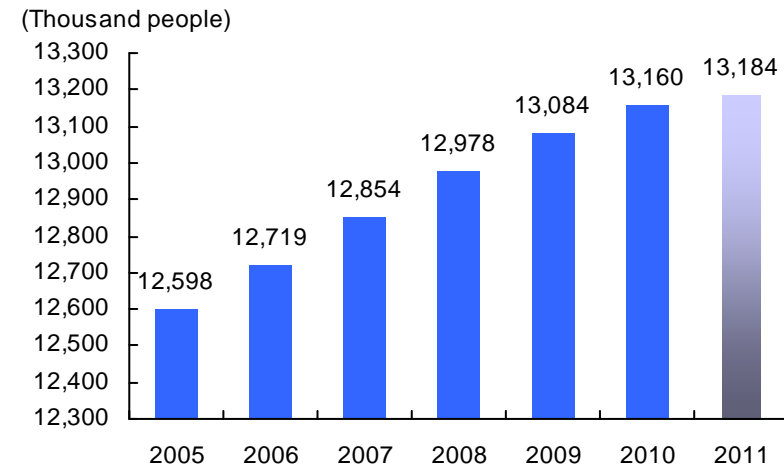
# Reference data 2

## 1. Economic foundation etc. of Tokyo

(Timing)	(Item)	Japan	Tokyo
2009	Nominal GDP	¥474,040.2B	¥85,201.6B
July 1, 2009	# of offices	6,040,000	690,000
July 1, 2009	# of employees	62.86M	9.5M
October 1, 2010	Total population	128.05M	13.15M
October 1, 2010	Population of productive age (15-64years old)	80.75M	8.85M

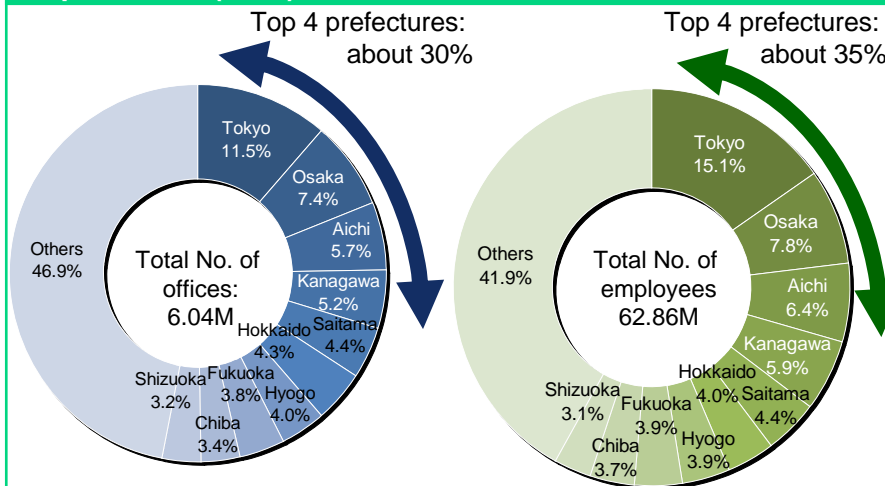
Source: Created by KOP based on the data compiled by "Kurashi to toukei 2011 (Life and statistics 2011)" on the Tokyo metropolitan government website

## 2. Population transition of Tokyo



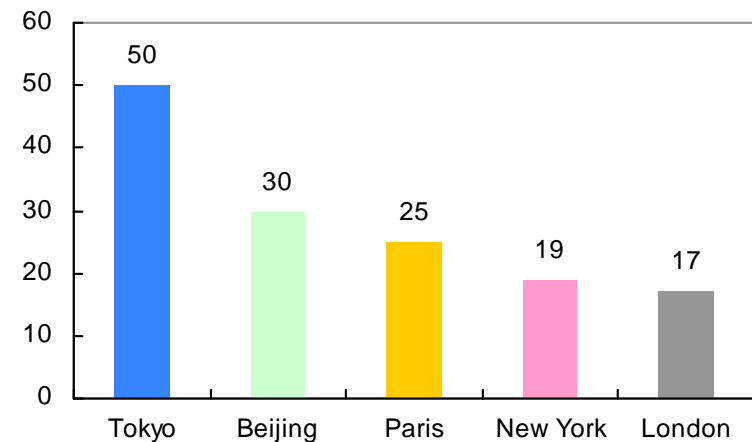
Source: Created by KOP on the data from population census, MIA Statistics Bureau

## 3. Breakdown of number of offices and employees by prefecture (2009)



Note: Data of top 10 prefectures listed in each chart.  
Source: MIAC, Statistics Bureau, Economic census, basic survey, Jun,2011

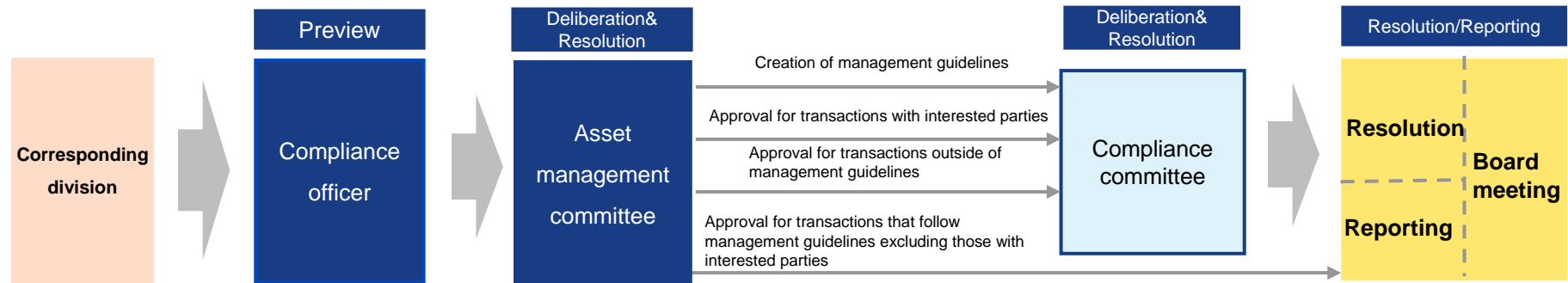
## 4. No. of headquarters of Fortune 500 companies (2010)



Source: Fortune Global 500, 2010, Fortune Magazine



## Decision-making process



### Rules on transactions with interested parties

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

#### < Reference >

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

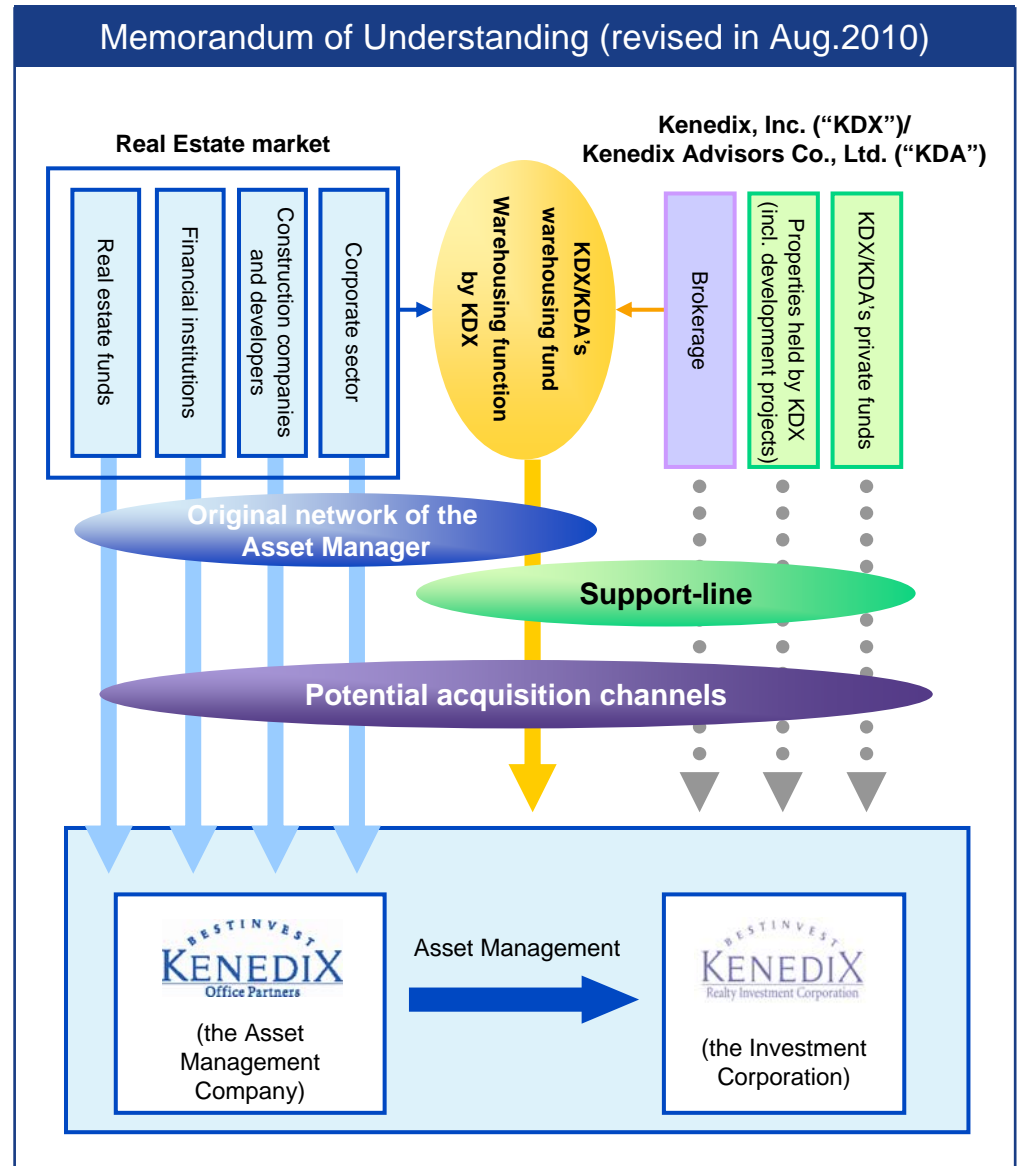
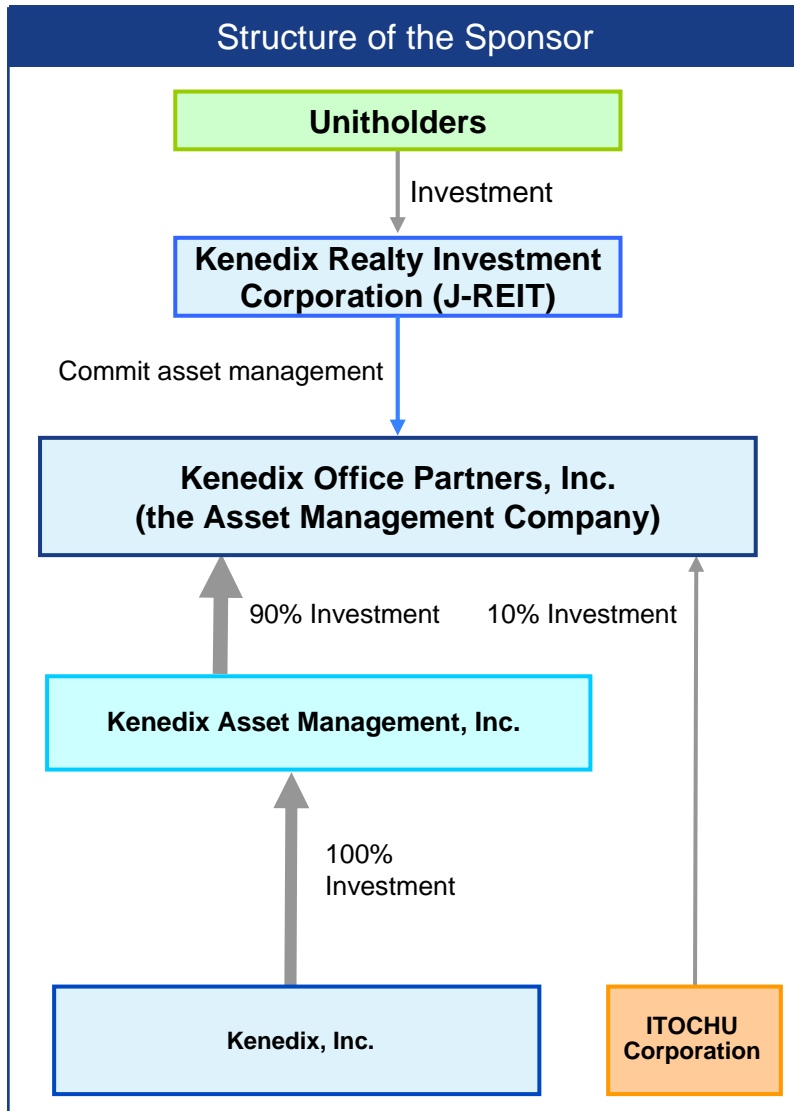
	8th Period	9th Period	10th Period	11th Period	12th Period	13th Period	14th Period
<b>Compliance committee</b>	8	8	10	7	7	8	6
<b>Asset management committee</b>	44	36	39	32	37	44	40
<b>Board of directors</b>	8	10	12	11	9	11	9
<b>Board of directors of Investment Corporation</b>	8	8	8	8	7	9	10

#### < Reference >

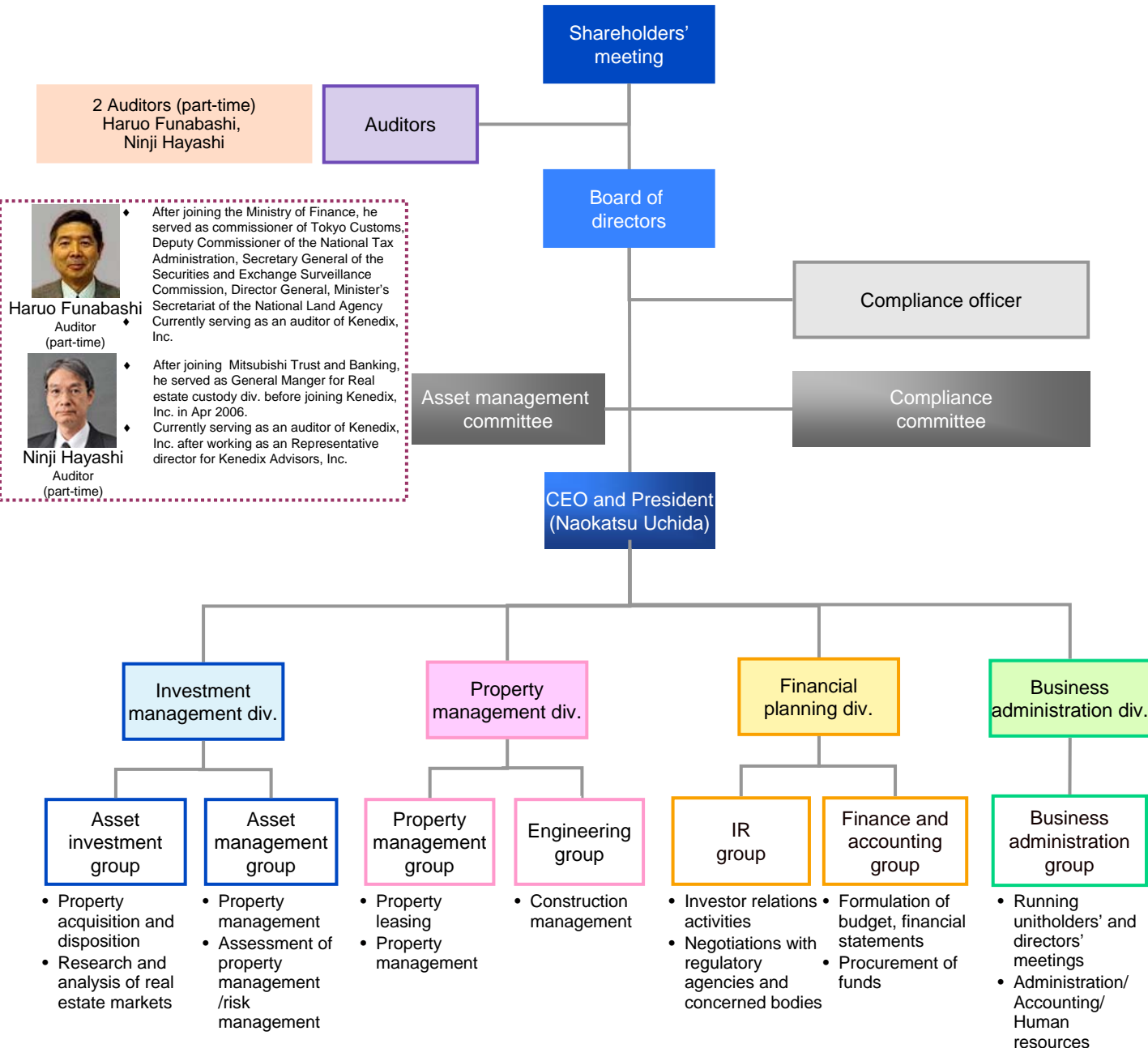
### Asset Management Company's management fee structure

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

# Overview of shareholders of the Asset Management Company and the Memorandum of Understanding



# Kenedix Office Partners, Inc. : Organizational chart



2 Auditors (part-time)  
Haruo Funabashi,  
Ninji Hayashi

Auditors



**Haruo Funabashi**  
Auditor (part-time)


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



**Ninji Hayashi**  
Auditor (part-time)


- After joining Mitsubishi Trust and Banking, he served as General Manager for Real estate custody div. before joining Kenedix, Inc. in Apr 2006.
- Currently serving as an auditor of Kenedix, Inc. after working as a Representative director for Kenedix Advisors, Inc.

## Key members



**Naokatsu Uchida**  
CEO and President

- Worked for c. 17 years at Mitsubishi Trust and Banking (Real Estate, Real Estate Project Origination, others)
- CEO & President of Joint Asset Management before joining Kenedix Office Partners and worked for c.2 years in Financial Planning Div.
- Became CEO & President of Kenedix Office Partners on Feb. 2, 2012



**Keisuke Sato**  
Director & General Manager, Investment Management Division

- Worked for c.9 years at Tokyu Land Corporation (Urban Development Div.)
- Worked for JPMorgan Securities Japan, Prudential Real Estate Investors, other before joining Kenedix, Inc.
- Licensed real estate appraiser
- Became Director & General Manager of Investment Management Div. of Kenedix Office Partners on Aug. 1, 2012 after experiencing as a General Manager of Financial Planning Div.



**Fumihiko Shimodoma**  
Director & General Manager, Property Management Division

- Worked for c. 12 years at Mitsui Fudosan Building Management
- After working for Pacific Mangement, the asset management company of Nippon Commercial Investment Corporation as its Director, etc., he joined Kenedix Office Partners, Inc.
- Became Director & General Manager of Property Management Div. on Jul 1, 2012 after working as a Senior Manager of Property Management Div.



**Hikaru Teramoto**  
Director & General Manager, Financial Planning Division

- Worked for c.6 years at Sakura Bank before joining Sakura Securities, Daiwa Securities SMBC and Goldman Sachs Japan where he experienced c.10 years in investment banking
- Worked for Goldman Sachs Realty Japan before joining Kenedix, Inc.
- Became Director & General Manager of Financial Planning Div. of Kenedix Office Partners on Aug. 1, 2012



**Yuuji Kamimura**  
Compliance Officer

- Worked for c.27 years at Shinsei Bank, Ltd.
- Joined Kenedix Office Partners after 8 years of experience as a compliance officer at Shinsei Bank.
- Became a Compliance Officer on Sept. 16, 2008

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**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.**

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**Revised editions of our annual reports will be posted on our website if there should be major corrections going forward.**