

## **Kenedix Realty Investment Corporation**

### 9th Period Results (Ended October 2009)

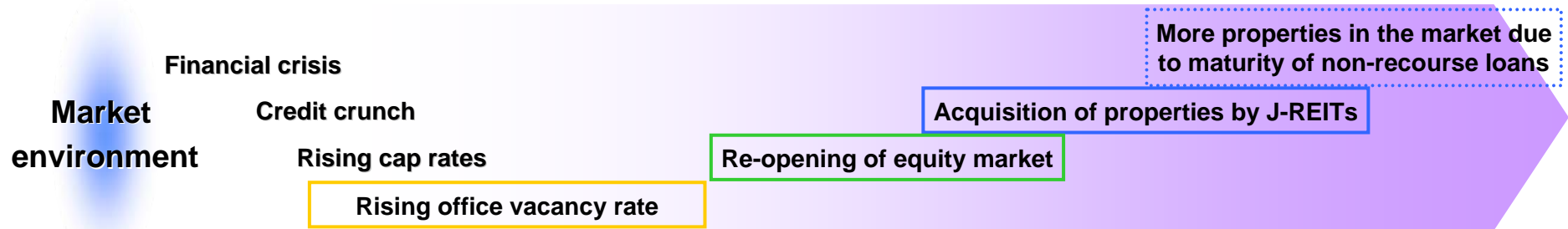
Updated Change in shareholders of AM company (page39) on Jan. 6, 2010

January 2009  
Kenedix REIT Management, Inc.

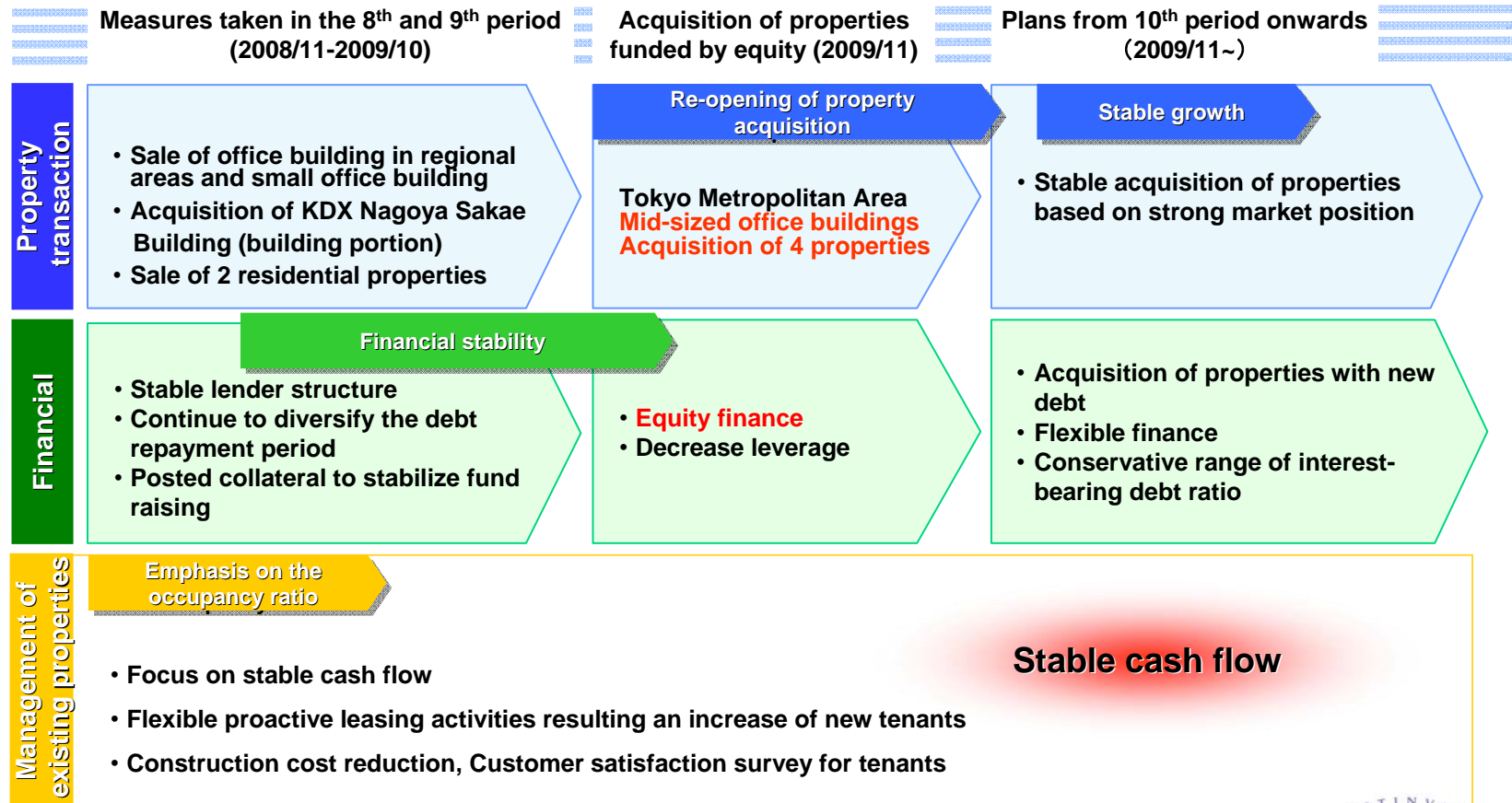
<http://www.kdx-reit.com/eng/>



# Flexible management based on market environment



## Half a step ahead Management



**SECTION 1**

**9th Period Results (Ended Oct. 2009)**  
**10th Period Forecasts (to Apr. 2010)**





# 9th period financial results—Performance highlights

Performance				
(¥M)	8th period results (to Apr. 2009)	9th period results (to Oct. 2009)	Difference of 8 <sup>th</sup> & 9 <sup>th</sup> Period	Notes
Operating revenues	8,204	7,921	▲282	Reference (1)
Profit/loss from property sale	▲492	▲440	51	8th Period: Sales of 2 office buildings 9th Period: Sales of 2 residential properties Total sales of 4 properties
Rental business profit	3,603	3,652	48	Reference (2)
Depreciation	1,429	1,451	22	–
Operating income	3,463	3,213	▲249	▲7.2%
Non-operating expenses	1,039	1,116	76	Interest expenses, etc.: 89
Net income	2,434	2,102	▲332	▲13.6%
NOI (Net Operating Income)	6,030	5,721	▲309	Reference (3)
FFO (Funds From Operation)	4,356	3,994	▲362	–
Number of units outstanding	200,000 units	200,000 units	–	(Reference) issued 33,550 units in 10th Period (Nov. 2009)
Distribution per unit	¥12,172	¥10,551	▲ ¥1,661	▲13.6%

## Comparison of 8<sup>th</sup> & 9<sup>th</sup> period results (main factors)

- (1) Operating revenues ▲282(▲3.4%)
- Sale of 4 properties ▲189(▲2.3%)
  - Existing properties ▲93(▲1.1%)
- (2) Rental business profit +48(+1.3%)
- Sale of 4 properties ▲110(▲3.1%)
  - Existing properties +159(+4.4%)
- (3) NOI ▲309(▲5.1%)
- Sale of 4 properties ▲109(▲1.8%)
  - Existing properties ▲198(▲3.3%)

## 9<sup>th</sup> period results comparison to forecast as of Aug. 27, 2009

(¥M)	Revised forecast (As of Aug. 27, 2009)	Actual results	Difference	Notes
Operating revenues	7,838	7,921	+83	• More than expected income from rent • Increase in revenue from leaving tenants
Operating expenses	4,875	4,708	▲167	Reference (4)
Operating income	2,963	3,213	250	+8.4%
Non-operating expenses	1,131	1,116	▲15	–
Interest expense, etc.	1,063	1,055	▲8	• Decrease in base rate
Net income	1,840	2,102	+262	+14.2%
Distribution per unit	¥9,200	¥10,511	+¥1,311	+14.3%

## Comparison of 9<sup>th</sup> period results and the forecast (main factors)

- (4) Operating expenses ▲167
- Decrease in utility costs ▲100
  - Decrease in building maintenance expense ▲33
  - Increase in repair expense +48
  - Decrease in SG&A costs ▲70

# 10th period earnings forecasts

## Forecasts for 10th period (to April 2010)

(¥ M)	9th period results (Oct. 2009) A	10th period forecasts (Apr. 2010) As of Oct. 29, 2009 B	10th period forecasts (Note) (Apr. 2010) As of Dec. 14, 2009 C	Net change (C-B)	Net change (C-A)
<b>Operating revenues</b>	7,921	7,965	<b>7,965</b>	0	<b>+44 (1)</b>
<b>Operating expenses</b>	4,708*	4,508	<b>4,443</b>	<b>▲65 (3)</b>	<b>▲ 265 (2)</b>
(Including loss from property sales 440)					
<b>Property-related expenses (excl. depreciation)</b>	2,200	-	<b>2,323</b>	-	+123
<b>Depreciation</b>	1,451	1,487	<b>1,470</b>	-17	+19
<b>Operating income</b>	<b>3,213</b>	<b>3,456</b>	<b>3,521</b>	<b>+65</b>	<b>+308</b>
<b>Non-operating expenses</b>	1,116	-	<b>1,118</b>	-	+2
<b>Interest expense, etc.</b>	1,055	1,074	<b>1,071</b>	<b>▲ 3</b>	+16
<b>Ordinary income</b>	<b>2,103</b>	<b>2,355</b>	<b>2,408</b>	<b>+53</b>	<b>+305</b>
<b>Net income</b>	<b>2,102</b>	<b>2,354</b>	<b>2,407</b>	<b>+53</b>	<b>+305</b>
<b>No. of units outstanding</b>	200,000	235,000	<b>233,550</b>	<b>▲1,450</b>	+33,550
<b>Distribution per unit (¥)</b>	<b>10,511</b>	<b>10,000</b>	<b>10,300</b>	<b>+300</b>	<b>▲ 211</b>
<b>NOI *</b>	5,721	-	<b>5,642</b>	-	<b>▲ 79</b>
<b>FFO *</b>	3,994	-	<b>3,877</b>	-	<b>▲ 117</b>
<b>(Reference) Profit/loss from property sale</b>	<b>▲440</b>	-	-	-	+440
<b>(Reference) Changes in the number of properties</b>	67→65properties	65→69properties	<b>69properties</b>	-	+4 properties
<b>(Reference) Sale / acquisition of properties</b>	<b>Acquisition</b> Nagoya Sakae (Building) <b>Sale</b> •AP Motoazabu •AP Wakamatsu-Kawada	<b>Acquisition</b> •Koishikawa TG •Gotanda TG •Nihonbashi 216 •Shin-Yokohama 381 Annex Tower	Same applies as left	-	-

### Net change (C-A)

<b>(1) Operating revenues: +44</b>
• Acquisition of 4 properties in 10 <sup>th</sup> period: +322
• Sale of 2 properties in 9 <sup>th</sup> period: ▲32
• KDX Nagoya Sakae Building: +64
• Revenue decline for existing properties: ▲310
<b>(2) Operating expenses: ▲265</b>
• Acquisition of 4 properties in 10 <sup>th</sup> period: +70
• Sale of 2 properties in 9 <sup>th</sup> period: ▲11
• Loss from sales: ▲440
• Increase in property & city planning taxes: +102
• Depreciation: +19

### Major catalysts for 10th period forecasts (C-B)

<b>(3) Operating expenses ▲65</b>
• Decrease in utility cost: ▲50

Note: Forecast figures are calculated based on certain assumptions. Readers are advised that actual net income and distributions may vary due to variety of reasons. Accordingly, the Investment Corporation does not guarantee payment of the forecast distribution.

\* **NOI = Rental revenues – property-related expenses + Depreciation**

\* **FFO = (Net income + Depreciation) - Profit/loss from property sale**

SECTION 2

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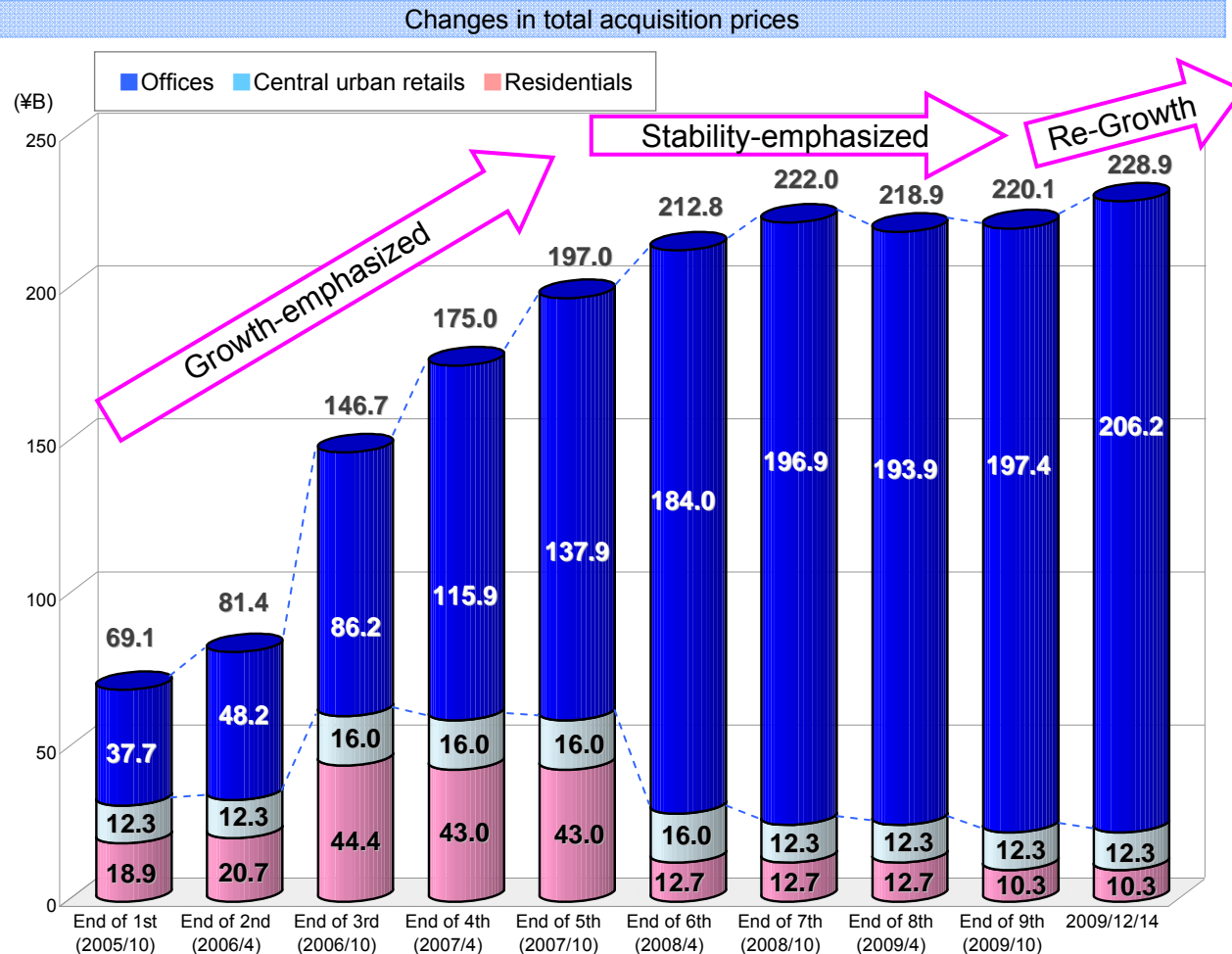
## Stronger Focus on Office Buildings





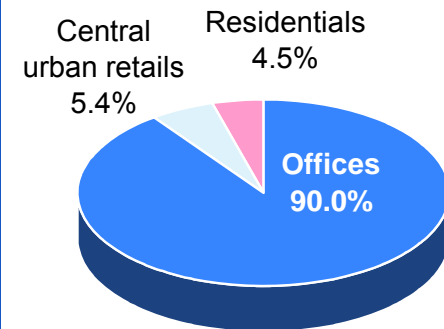
# Portfolio that focuses on office buildings

## Changes in asset size

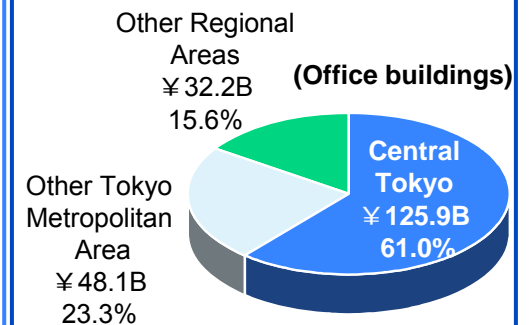


As of Dec. 14, 2009

Portfolio breakdown by property type



Portfolio breakdown by region



Notes:

Amounts are rounded to the nearest ¥100M.

Pie chart shows the ratio of relevant property types to total and are rounded down to the first decimal place.

Central Tokyo: Chiyoda, Chuo, Minato, Shibuya, Shinjuku.

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# Asset sales—Strengthening the financial structure using gains realized by selling properties

## Liquidation of assets

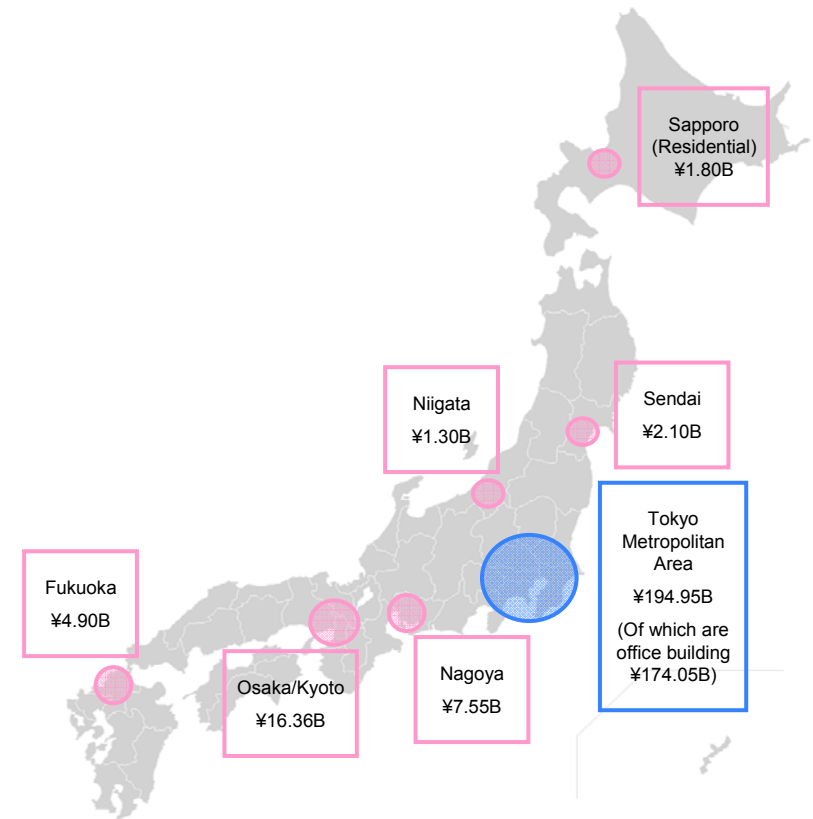
	8 <sup>th</sup> Period		9 <sup>th</sup> Period	
	KDX Hakata Building	KDX Koishikawa Building	Apartments Motoazabu	Apartments Wakamatsu-Kawada
Date sold	2009/4/22	2009/4/30	2009/6/23	2009/8/27
Acquisition price	¥2.35B	¥0.70B	¥1.21B	¥1.18B
Selling price	<b>¥2.00B</b>	<b>¥0.67B</b>	<b>¥1.05B</b>	<b>¥0.93B</b>
Realized loss	<b>¥-0.47B</b>	<b>¥-0.02B</b>	<b>¥-0.21B</b>	<b>¥-0.23B</b>

Selling office building in regional area and office building with a low acquisition price

Selling residential properties

## Self funded Acquisition and repayment of debt

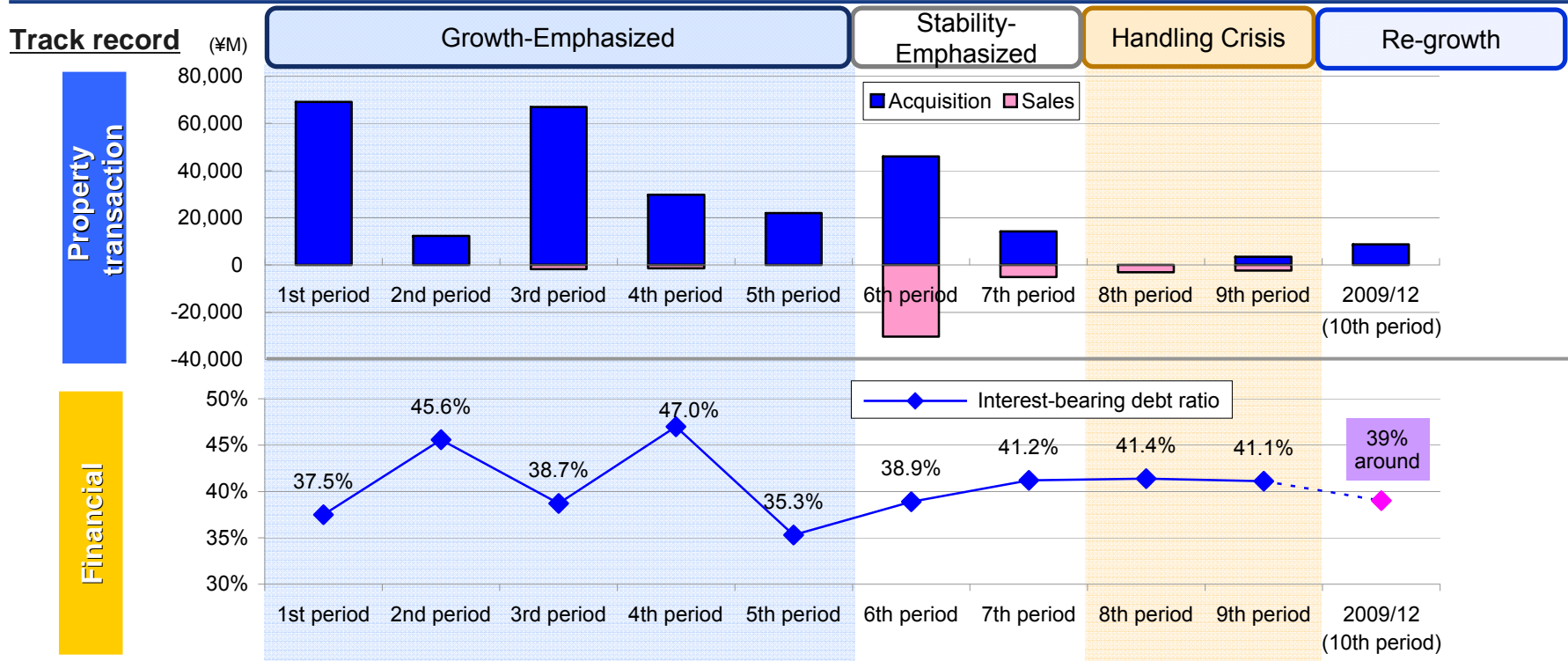
	9 <sup>th</sup> Period		
Description	<b>Acquisition of KDX Nagoya Sakae Building</b>	<b>Repayment of debt to Citi Bank</b>	
	Acquisition of building based on forward commitment	Repayment of commitment line	
Timeline	2008/4/25 Building acquisition agreement (Forward commitment) 2009/6/11 Amendment in acquisition price	2008/1/11 Commitment line agreement 2008/10/31 Debt finance based on commitment line (¥1.5B) 2008/11/4 Debt finance based on Commitment line (¥1.0B)	
Date	2009/7/1 Acquisition of the building	2009/10/30 Repayment	2009/11/2 Repayment
Size	Acquisition price <b>¥3.55B</b> (Reduced from preliminary acquisition price of ¥4.325B)	<b>¥1.0B</b>	<b>¥1.5B</b>



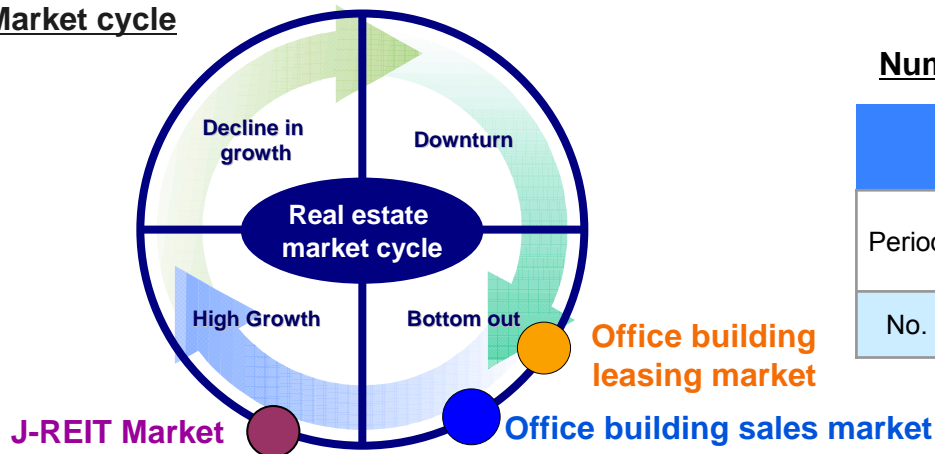
Note:  
As of Dec. 14, 2009  
Amounts are rounded to the nearest ¥10M.



# Stable growth through acquisition of properties



## Market cycle



## Number of garnered property sales information

	8th period		9th period		10th period
Period	2008/11~ 2009/1 (3 months)	2009/2~ 2009/4 (3 months)	2009/5~ 2009/7 (3 months)	2009/8~ 2009/10 (3 months)	2009/11 (1 month)
No.	3	1	43	23	36

[More information garnered regarding property sales based on our track record of property acquisition](#)

# 3rd Public Offering (Acquisition of properties)

## A-62 Koishikawa TG Building (Occupancy ratio at the time of acquisition:100%)



- ◆ Acquisition date: Nov. 18, 2009
- ◆ Acquisition price: ¥3,080M
- ◆ Site area: 1250.42m<sup>2</sup>
- ◆ GFA: 5,862.02m<sup>2</sup>
- ◆ Year built: Nov. 1989
- ◆ Location: Koishikawa, Bunkyo-ku Tokyo



## A-63 Gotanda TG Building (Occupancy ratio at the time of acquisition:90.5%)



- ◆ Acquisition date: Nov.18, 2009
- ◆ Acquisition price: ¥2,620M
- ◆ Site area: 582.90m<sup>2</sup>
- ◆ GFA: 4,440.61m<sup>2</sup>
- ◆ Year built: Apr. 1988
- ◆ Location: Gotanda,Shinagawa-ku Tokyo



## A-64 KDX Nihonbashi 216 Building (Occupancy ratio at the time of acquisition: 100%)



- ◆ Acquisition date: Dec. 1, 2009
- ◆ Acquisition price: ¥2,010M
- ◆ Site area: 307.77m<sup>2</sup>
- ◆ GFA: 1,871.62m<sup>2</sup>
- ◆ Completion date: Oct. 2006
- ◆ Location: Nihonbashi Chuo-ku, Tokyo



## A-65 KDX Shin-Yokohama 381 Building Annex Tower (Occupancy ratio at the time of acquisition: 100%\*)



- ◆ Acquisition date: Nov.18, 2009
- ◆ Acquisition price: ¥1,100M
- ◆ Site area: 1,229.24m<sup>2</sup> (1block)
- ◆ GFA: 10,290.30m<sup>2</sup> (1block)
- ◆ Completion date: Apr. 2009
- ◆ Location: Kohokuku Yokohama, Kanagawa

\*Master lease contract by the seller of the building





# Management of existing properties—maintaining occupancy through proactive leasing activities

## A-58 KDX Nagoya Sakae Building

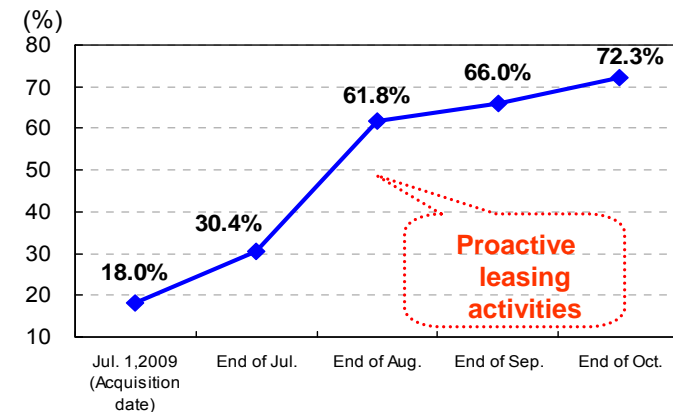


Floor	Type	Leasable floor area	Leased floor area	Tenants	
11	Office	592.91m <sup>2</sup>	592.91m <sup>2</sup>	Auto related service company	
10	Office	674.57m <sup>2</sup>	0.00m <sup>2</sup>	Vacant	
9	Office	674.57m <sup>2</sup>	0.00m <sup>2</sup>		
8	Office	674.57m <sup>2</sup>	674.57m <sup>2</sup>	Financial, insurance company /Industrial company	
7	Office	674.57m <sup>2</sup>	674.57m <sup>2</sup>	Industrial company	
6	Office	674.57m <sup>2</sup>	674.57m <sup>2</sup>	Industrial company	
5	Office	674.57m <sup>2</sup>	674.57m <sup>2</sup>	Medical equipment wholesale company	
4	Office	674.57m <sup>2</sup>	471.96m <sup>2</sup>	Insurance company/Medical equipment wholesale company/Service company	Vacant
3	Office	674.57m <sup>2</sup>	440.04m <sup>2</sup>	Vacant	Real estate company
2	Office	519.58m <sup>2</sup>	391.60m <sup>2</sup>	Real estate company	Vacant
1	Retail	414.07m <sup>2</sup>	414.07m <sup>2</sup>	2 Restaurants/ 2 Shops	



- ◆ Location: 4-chome Sakae, Naka-ku, Nagoya-shi
- ◆ GFA : 9,594.00m<sup>2</sup>
- ◆ Year built: April 2009
- ◆ Number of stories: 11F
- ◆ Acquisition price:  
Land ¥ 4,000M  
Building ¥ 3,550M
- ◆ Acquisition date:  
Land Apr. 25, 2008  
Building Jul. 1, 2009

Leasing status (occupancy ratio)



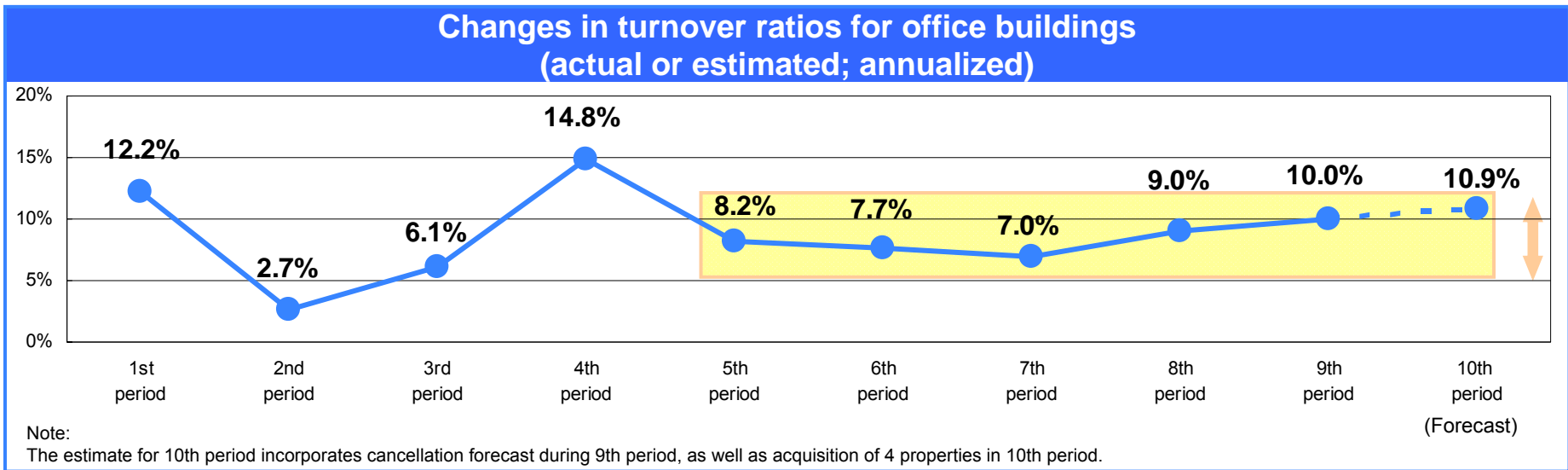


SECTION 3

## Management of Existing Properties



# Management of existing properties— trend of turnover and occupancy ratios for office buildings

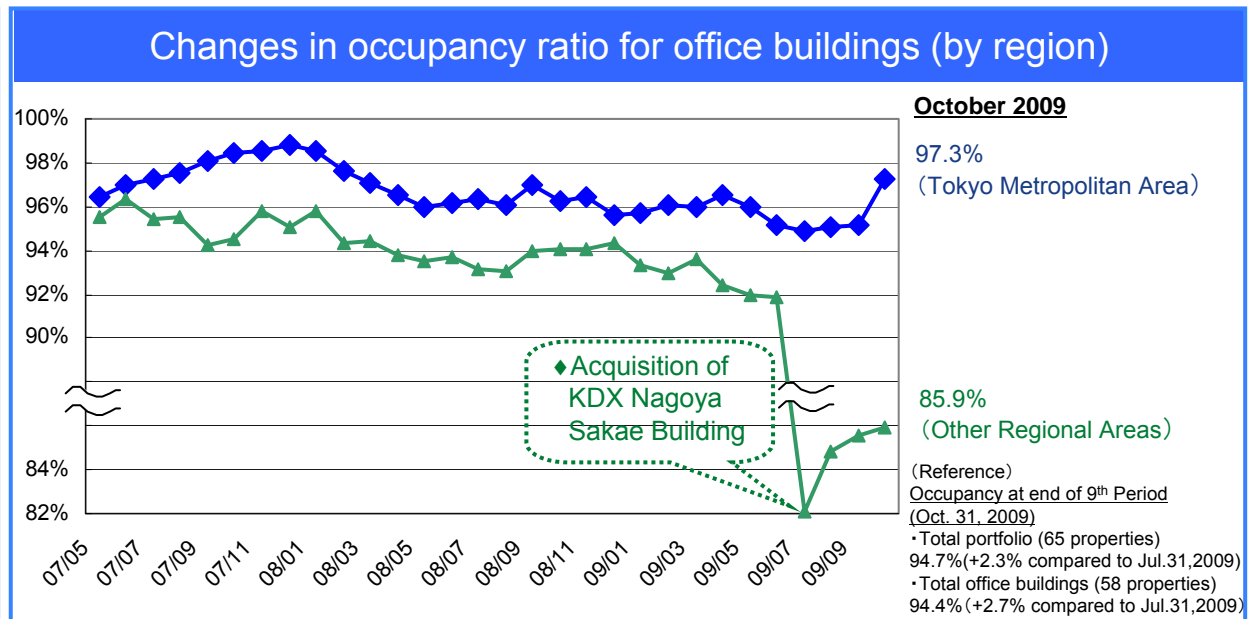


### Average vacancy period for office buildings

	7th Period	8th Period	9th Period	Occupancy at end of 9th Period
Tokyo Metropolitan Area	4.2 months	4.9 months	6.3 months	97.3%
Other Regional Areas	10.2 months	10.6 months	11.1 months	85.9%

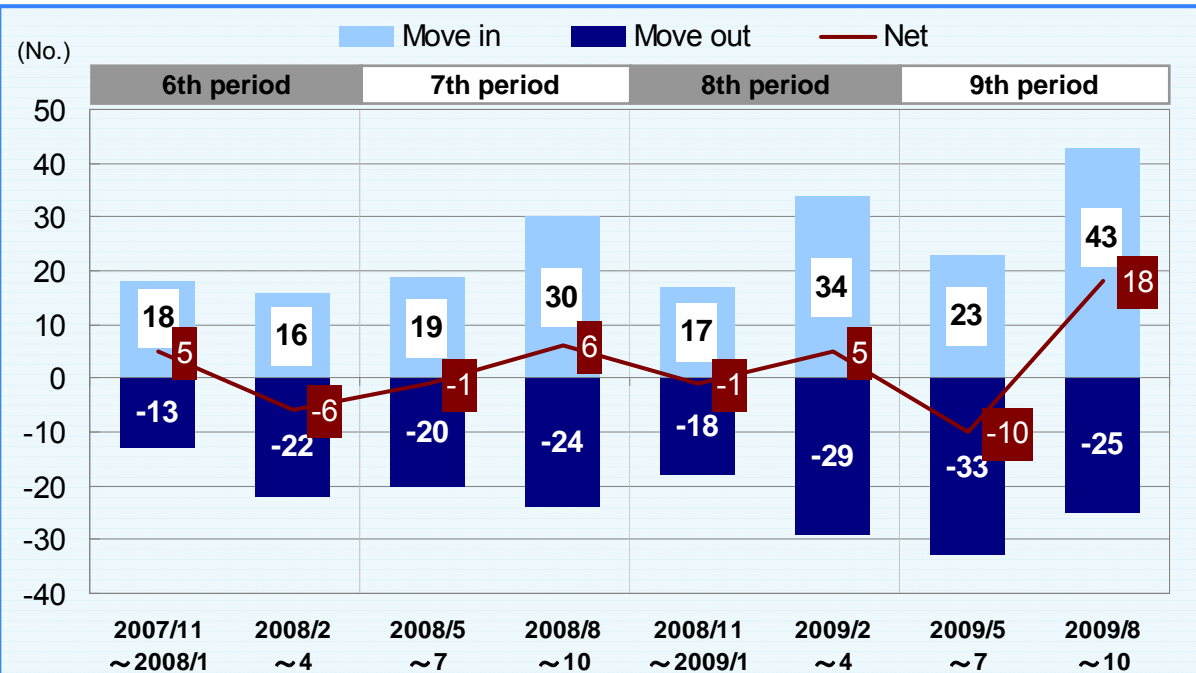
Notes:  
Average (of each floor) based on number of contracts.  
Floors covered by the survey are:  

- Offices on 2F or above that were vacant at start of period, but acquired new tenants during the relevant period
- Continuously vacant from start to end of period
- Cancelled during but managed to acquire new tenants during the relevant period



# Management of existing properties— status of new tenants and existing tenants

### Number of new tenants and exiting tenants



Note:  
Based on number of floors. If one tenant leases more than 1 floor, each floor is counted as 1

### Deposit

Average deposit amount is equivalent to 11.0 months rent

Result of the past year (8th and 9th period)  
9 tenants with unpaid rent of more than 2 months

### Tenant industries

Industries	No of tenants	(%)
Service	27	40.9
Food/Retail	17	25.8
Industrial	6	9.1
Owner	5	7.6
Construction	3	4.5
Financial	2	3.0
Real estate	3	4.5
Transportation/Telecom	2	3.0
Mining total	1	1.5
<b>Total</b>	<b>66</b>	<b>100</b>

(Reference) Main reasons for new tenants moving in to office buildings

	6th period	7th period	8th period	9th period
Expand office space	16	15	19	26
Reduce office space	2	3	12	17
Others/Unkown	8	7	2	12

Note:

Survey targeting mainly tenants leasing floors above 2<sup>nd</sup> floor

(Reference) Main reasons for tenants to move out of office buildings

	6th period	7th period	8th period	9th period	10th period (forecast)
Expand office space	2	3	4	2	3
Reduce office space	17	23	33	44	37
Others/Unkown	11	7	6	6	5

Note:

Excluding floors for residential use



# Management of existing properties— rent level of new contracts for office buildings

## New rents

Geographical breakdown of average increase/decrease of new rent and changes from existing contract and new contract (Simple average based on Number of contracts)

		4th period	5th period	6th period	7th period	8th period	9th period
Central Tokyo	Changes	15.0%	21.2%	35.3%	13.5%	0.0%	▲19.3%
	Increase in rent	12	10	7	8	8	0
	Decrease in rent	0	0	0	0	9	17
Other Tokyo Metropolitan Area	Changes	7.8%	7.8%	15.0%	5.8%	▲1.8%	▲8.4%
	Increase in rent	4	8	4	5	4	3
	Decrease in rent	1	1	1	2	6	15
Other Regional Areas	Changes	8.2%	6.8%	7.1%	▲5.1%	▲7.7%	▲16.4%
	Increase in rent	1	4	8	3	4	2
	Decrease in rent	0	3	4	7	7	11
Total of Office Buildings	Changes	12.6%	12.7%	17.0%	3.9%	▲2.7%	▲14.4%
	Increase in rent	17	22	19	16	16	5
	Decrease in rent	1	4	5	9	22	43

Notes:

Ratio represent the simple average changes between the average monthly rents for existing tenants and the average rents for new contracts for respective periods.

Based on floors used for offices (above 2nd floor), excluding newly acquired building during the period

## Average rents

### Average rent of office buildings as of end of 9th period

(per months/Tsubo)	7th period	8th period	9th period	Change
Central Tokyo	¥20,500	¥20,400	¥20,200	▲1.0%
Other Tokyo Metropolitan Area	¥14,400	¥14,300	¥14,100	▲1.2%
Other Regional Areas	¥11,100	¥11,000	¥10,700	▲2.9%
Total Office Buildings	¥17,600	¥17,500	¥17,300	▲1.2%

Note:

Average rent of offices above 2nd floor of 57 properties, excluding properties sold in 8th period and KDX Nagoya Sakae Building. Average monthly rent of each property is total monthly rent divided by the total leased floor area, rounded down to the nearest ¥1M

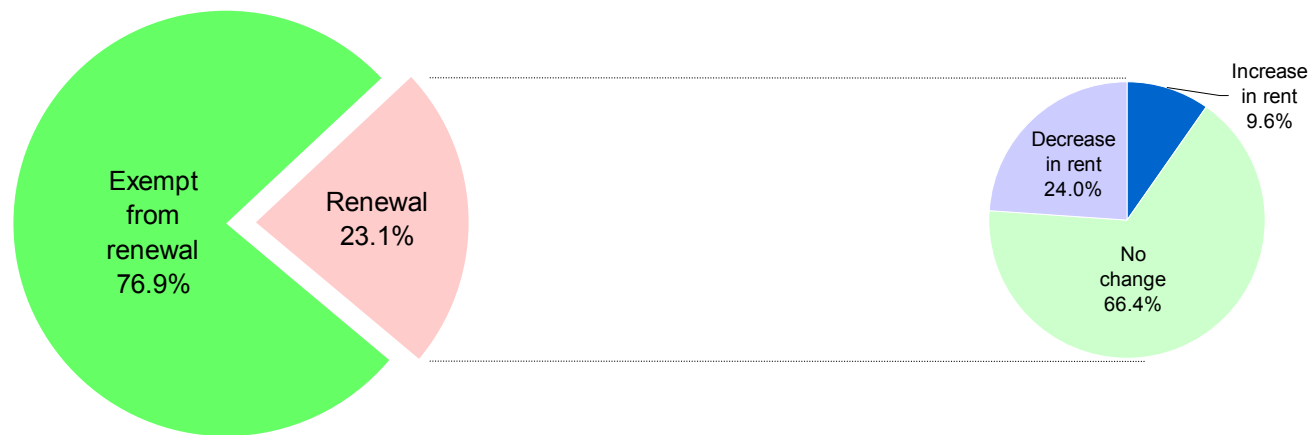
# Management of existing properties— rent level of renewed contracts for office building

## Renewed rents

Status of renewed rents (Number of renewed contracts and changes in rent)						
	4th period	5th period	6th period	7th period	8th period	9th period
Increase in rent	15	29	60	42	12	<b>6</b>
Decrease in rent	—	—	—	—	14	<b>30</b>
Changes	6.9%	7.8%	7.5%	10.3%	▲2.7%	<b>▲5.7%</b>

Note:  
Changes in rent for tenants that renewed their contracts with rents increased/decreased. Changes are the difference between the rent 1 month prior to the renewal and the renewed rent. Tenants without rent increase/decrease are not included

### Status of renewed rents during 9th period



Note:  
Any renewed contracts, including contracts extended before the expiration date. Ratio calculated by leased floor area.

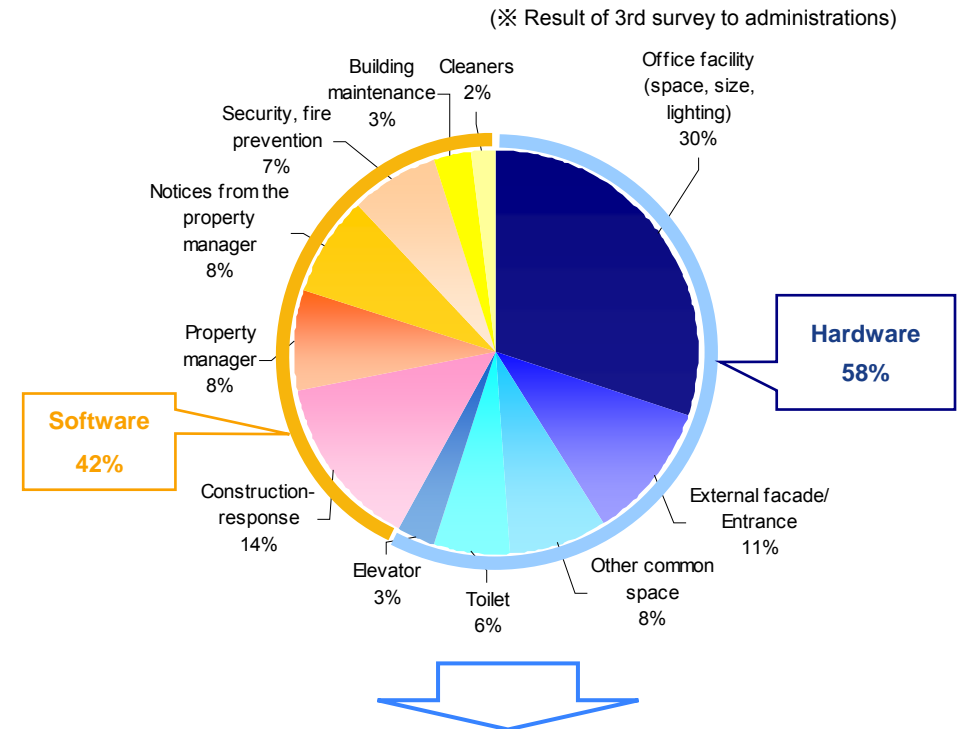
# Management of existing properties—Continuing management based on customer satisfaction strategy

## Summary of CS survey

Customer satisfaction survey			
<ul style="list-style-type: none"> <li>Conducted a survey regarding clients = tenants of the building with J.D.Power Asia Pacific</li> <li>Wide range of questions regarding buildings and equipments as well as management and operations</li> </ul>			
	1st	2nd	3rd
Survey conducted	Dec. 2005 (2nd period)	Jul. 2007 (5th period)	Jul. 2009 (9th period)
No. properties <sup>(Note1)</sup>	20 properties	44 properties	58 properties
Distributed No.	Administrations 190 Employees 950	Administrations 446 Employees 2,348	Administrations 477 Employees 2,950
Collection rate	Administrations 84% Employees 78%	Administrations 88% Employees 81%	Administrations 82% Employees 83%
General CSI (Administrations)	756 <sup>(Note2)</sup>	719	728
Employees General CSI	725 <sup>(Note2)</sup>	690	714

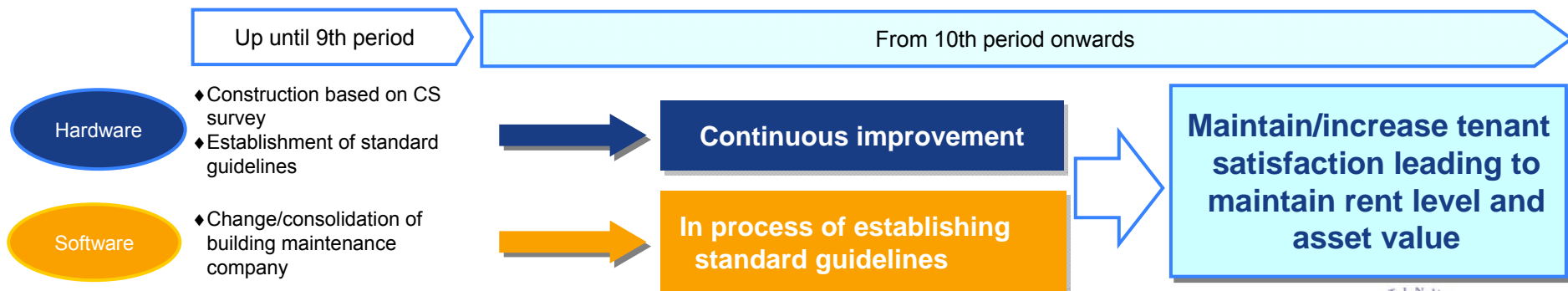
Notes:  
 1 Including 1 central urban retail property  
 2 General CSI is scored out of 1,000. Only as reference as 1st set of questions were different from 2nd and 3rd

## Breakdown of customer satisfaction survey



Improvement in both hardware and software are required

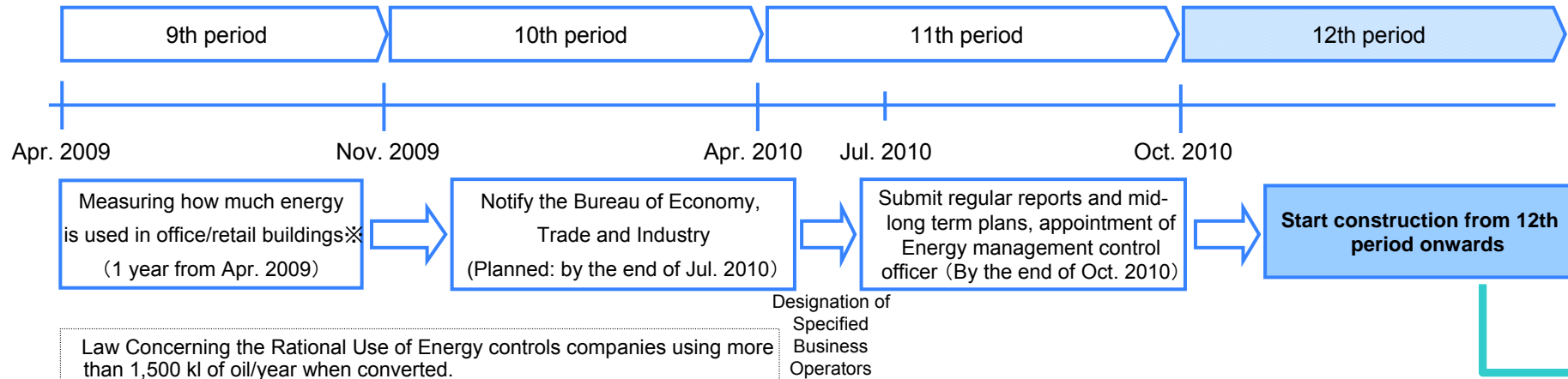
## Actions taken after the 3rd CS survey result





# Management of existing properties—Appropriate responses to Energy Saving Act

## Appropriate responses for new law

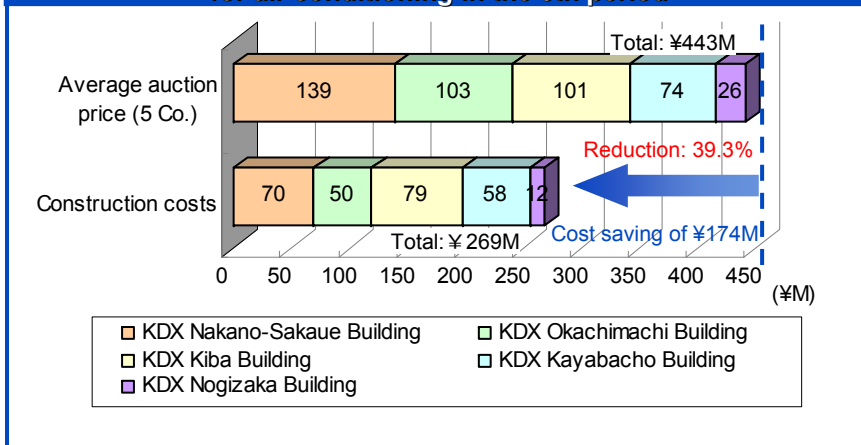


Law Concerning the Rational Use of Energy controls companies using more than 1,500 kl of oil/year when converted.

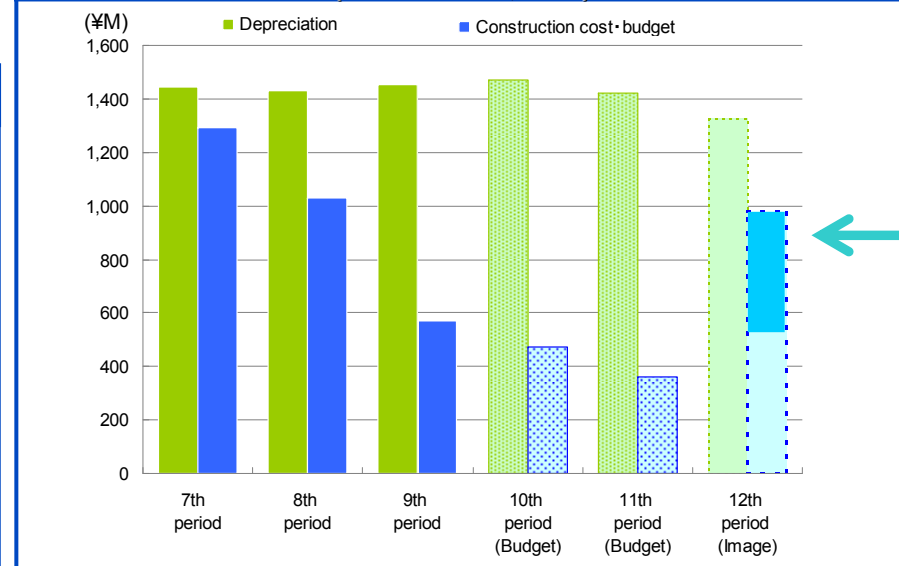
Electricity used in buildings held by KRI were 7,612 kl oil/year when converted to oil, in office and retail properties within 6 months from Apr. 2009 to Sep. 2009

Other related laws: Act on Promotion of Global Warming Countermeasures, Ordinance on Environmental Protection

### Example: Adaptation of bidding to reduce cost for air conditioning in the 6th period



### Changes in depreciation and actual construction costs & budget (As of Dec. 14, 2009)



SECTION 4

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# Financial Strategies

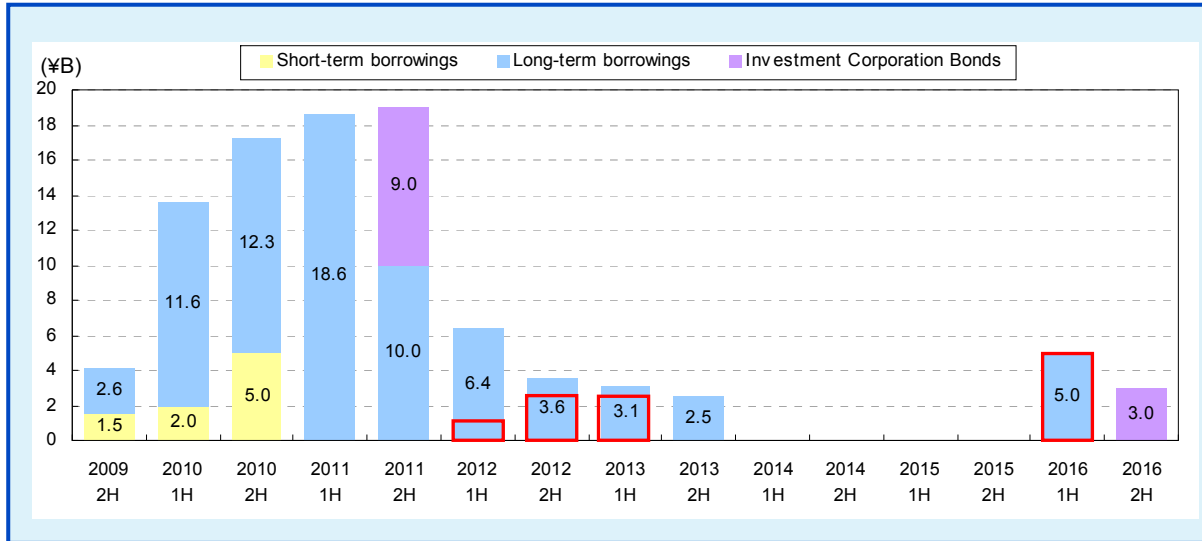


# Stable financial management—diversified maturities and sources of funding

## Diversification of debt maturities

Debt financing with an emphasis on diversifying repayment timings

Amount of debt maturing in each 6 months (as of Dec. 14, 2009)



Notes:

- Shows debt amounts that mature in each period
- 1H is from Apr. 1 to Sep. 30 and 2H from Oct. 1 to Mar. 31 of the following year and not identical with the fiscal periods of the Investment Corporation (e.g. 2009 2H is from Oct. 1, 2009 to Mar. 31, 2009)
- Balance of borrowings(excluding divided repayment amount) from Development Bank of Japan shown in

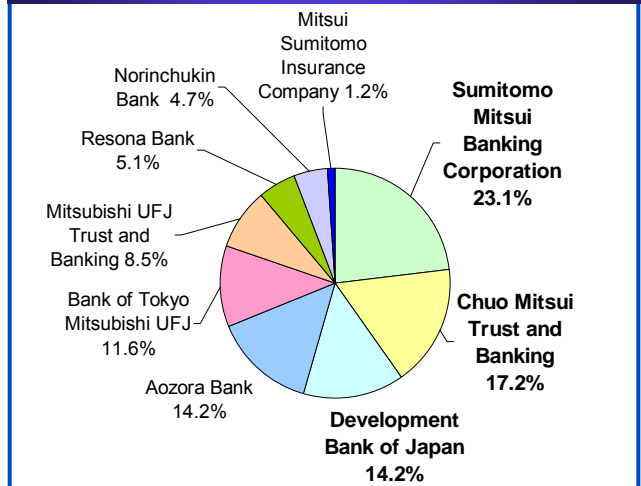
## Credit rating and Investment corporation bonds

(As of Dec. 14, 2009)

Rating agency	Rating	Bonds	Size	Interest rate	Maturity	Maturity date
Moody's	<b>Ba1</b> (Negative)	<b>1st Bond</b>	¥9.0B	1.74%	<b>5yrs</b>	<b>2012/3/15</b>
Japan Credit Rating Agency (JCR)	<b>A+</b> (Negative)	<b>2nd Bond</b>	¥3.0B	2.37%	<b>10yrs</b>	<b>2017/3/15</b>

Stable financing through good relationship with financial institutions especially mega-banks, trust banks and Development Bank of Japan

## Breakdown of borrowing providers (Dec. 14, 2009)

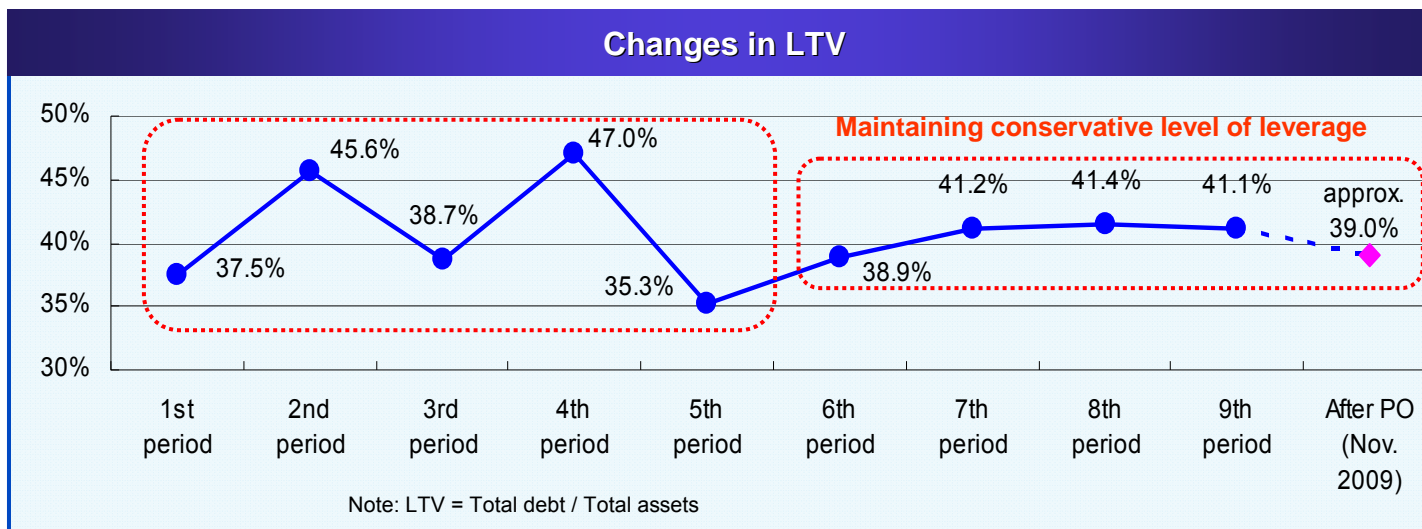


## Flexible fund raising through shelf registration

Summary of Shelf Registration	Investment Corporation Bond	Investment unit certificate	
		Primary	Secondary
Planned issue amount	¥100B	¥100B	¥15B
Planned issuance period	2 years from Feb. 2009	2 years from May 2009	2 years from May 2009

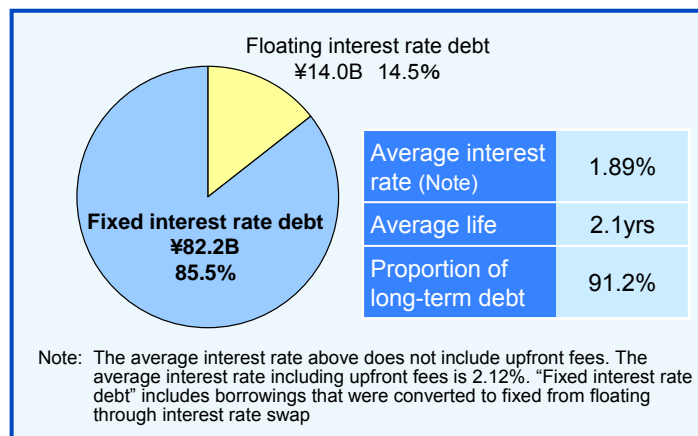


# Stable financial management—conservative LTV management and fund raising conditions

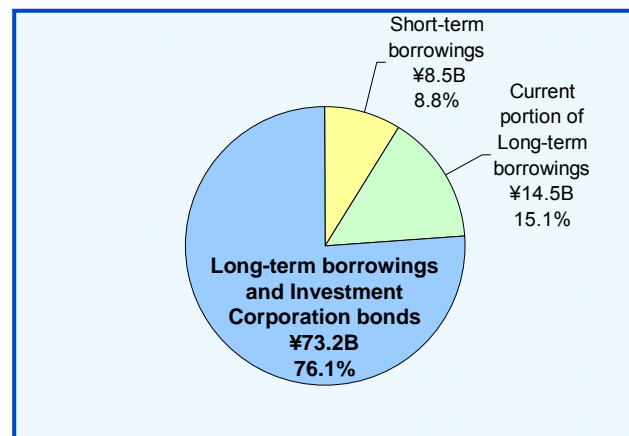


## Fixed-rate debt / Debt balance by maturity period (As of Dec. 14, 2009)

**Proportion of floating-rate debt vs. fixed-rate debt**



**Debt balance by maturity period**



# Appendix

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# Stable financial management—Borrowing list

## Borrowing list

List of borrowings as of Dec.14, 2009

	Lender	Balance (¥M)	Drawdown date	Last repayment date
Short-term borrowings	The Chuo Mitsui Trust and Banking Co., Ltd.	1,000	2009/1/13	2010/1/13
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	2009/2/27	2010/2/26
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (1,000), Mitsubishi UFJ Trust and Banking Corporation (1,000)	2,000	2009/4/30	2010/4/30
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	2009/10/26	2010/10/26
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2,500), Mitsubishi UFJ Trust and Banking Corporation (1,000)	3,500	2009/10/30	2010/10/30
	<b>Total Short-term borrowings</b>	<b>8,500</b>		
Current portion of long-term borrowings	Sumitomo Mitsui Banking Corporation (1,200), Mitsubishi UFJ Trust and Banking Corporation (1,300)	2,500	2008/7/31	2010/1/31
	Sumitomo Mitsui Banking Corporation	2,000	2007/4/2	2010/4/2
	Sumitomo Mitsui Banking Corporation (3,750), The Chuo Mitsui Trust and Banking Co., Ltd. (3,750), Mitsubishi UFJ Trust and Banking Corporation (1,500), Resona Bank, Ltd. (500)	9,500	2005/8/1	2010/7/31
	Resona Bank, Ltd.	500	2008/10/31	2010/10/31
	<b>Total Current Portion of Long-term Borrowings</b>	<b>14,500</b>		
Long-term Borrowings	Sumitomo Mitsui Banking Corporation (1,300), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (800), Mitsubishi UFJ Trust and Banking Corporation (1,400)	3,500	2008/7/31	2011/1/31
	Aozora Bank, Ltd.	2,000	2008/2/29	2011/2/28
	Aozora Bank, Ltd.	1,000	2008/6/30	2011/2/28
	The Chuo Mitsui Trust and Banking Co., Ltd.	1,250	2008/9/22	2011/3/22
	Aozora Bank, Ltd.	2,000	2008/7/15	2011/3/31
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	2008/9/30	2011/3/31
	The Norinchukin Bank	1,500	2007/4/17	2011/4/16
	The Chuo Mitsui Trust and Banking Co., Ltd (1,500), Resona Bank, Ltd. (1,000)	2,500	2009/4/30	2011/4/28
	Aozora Bank, Ltd. (1,500), Mitsui Sumitomo Insurance Co., Ltd. (1,000)	2,500	2006/5/1	2011/4/30
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2006/7/14	2011/7/13
	Sumitomo Mitsui Banking Corporation (2,200), The Chuo Mitsui Trust and Banking Co., Ltd. (1,000), Resona Bank, Ltd. (300)	3,500	2008/7/31	2011/7/31
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	2008/2/29	2011/8/31
	The Chuo Mitsui Trust and Banking Co., Ltd.	1,000	2008/9/1	2011/9/1
	Sumitomo Mitsui Banking Corporation (3,000), The Chuo Mitsui Trust and Banking Co., Ltd. (2,000)	5,000	2008/3/31	2011/9/30
	Aozora Bank, Ltd.	3,500	2009/4/30	2011/10/31
	The Chuo Mitsui Trust and Banking Co., Ltd.	1,000	2008/5/1	2011/11/1
	The Norinchukin Bank	2,500	2006/12/1	2011/11/30
	Sumitomo Mitsui Banking Corporation	2,500	2008/1/10	2012/1/10
	Sumitomo Mitsui Banking Corporation	490	2009/2/27	2012/2/29 (Note1)
	The Chuo Mitsui Trust and Banking Co., Ltd.	2,000	2007/4/2	2012/4/2
	Aozora Bank, Ltd.	2,000	2009/4/30	2012/4/27
	Resona Bank, Ltd.	1,500	2008/6/30	2012/6/30
	Development Bank of Japan Inc.	980	2009/2/27	2012/8/31 (Note2)
	Resona Bank, Ltd.	500	2009/12/8	2012/12/8
	Development Bank of Japan Inc.	3,000	2008/6/30	2012/12/28
	Development Bank of Japan Inc.	3,000	2006/9/1	2013/8/31
	Sumitomo Mitsui Banking Corporation	1,000	2009/10/26	2013/10/26 (Note3)
Sumitomo Mitsui Banking Corporation	2,000	2009/10/30	2013/10/30 (Note4)	
Development Bank of Japan Inc.	5,000	2006/5/1	2016/4/30	
	<b>Total Long-term Borrowings</b>	<b>61,220</b>		
	<b>Total Borrowings</b>	<b>84,220</b>		

Notes:

- 1 Repayment Method: Aug. 31, 2009 to Aug. 31, 2011: repayment of ¥10M every 6 months, and Feb. 29, 2012: repayment of ¥450M
- 2 Repayment Method: Aug. 31, 2009 to Feb. 29, 2012: repayment of ¥20M every 6 months, and Aug. 31, 2012: repayment of ¥880M
- 3 Repayment Method: Feb. 26, 2010 to Aug. 31, 2013: repayment of ¥20M every 6 months, and Oct. 26, 2013: repayment of ¥840M
- 4 Repayment Method: Jan. 29, 2010 to Jul. 31, 2013: repayment of ¥40M every 6 months, and Oct. 30, 2013: repayment of ¥1,680M

### Reference: Summary of Covenants on borrowings

#### Before posting collateral

Failure to comply with the following for 2 consecutive periods will result in posting collateral of all assets

- LTV exceeds a certain level
- DSCR falls below a certain level

• LTV=Total liabilities ÷ Total assets

(Total asset value is calculated by the difference between the appraisal value of each property at end of each period and book value )

• DSCR= (Operating income+Depreciation) ÷ Interests paid

Entered collateral agreement on Apr. 27, 2009

#### Add following covenants

In case "LTV of collateralized properties" falls below a certain level for 2 consecutive periods, the following shall apply(\*)

- 1) formal registration of collateralized properties that were provisional registered
- 2) posting collateral of all assets (including assets that were not posted as collateral)

\*LTV of collateralized properties=Total amount of secured debt ÷ Total appraisal value of collateralized properties

When "LTV of collateralized properties" exceeds a certain level, assets that are not posted as collateral may be provided as new collateral to reduce LTV level

<When selling collateralized properties >

- Calculate amount required for repayment of principal amount
- Pro rata repayment based on each lender's share

### Reference: Summary of collateralized properties

(As of Oct. 31, 2009)

#### Uncollateralized

25 properties

¥55.8B (27.3%)

#### Collateralized

No. of properties

40 properties

Total Appraisal value (end of 9<sup>th</sup> period)

¥148.1B (72.6%)

Secured obligation: ¥84.22B (As of Dec.14, 2009)

Notes:

Amounts are rounded to the nearest ¥100M.

Ratio are rounded down to the first decimal place.



# Appraisal values and cap rates as of end of 9th period

No.	Property name	Acquisition price	(¥M)						CR	
			9th period			CR			End of 9th period	vs 8th period
			Appraisal value	Bookvalue	vs acquisition	vs 8th period	vs bookvalue			
A 1	KDX Nihonbashi 313 Building	5,940	7,400	6,231	24.6%	-0.1%	18.8%	4.9%	0.0%	
A 2	KDX Hirakawacho Building	5,180	5,250	5,198	1.4%	-1.7%	1.0%	4.8%	0.0%	
A 3	Higashi-Kayabacho Yuraku Building	4,450	5,560	4,466	24.9%	-4.0%	24.5%	5.1%	0.1%	
A 4	KDX Hatchobori Building	3,680	3,440	3,458	-6.5%	-9.7%	-0.5%	5.1%	0.1%	
A 5	KDX Nakano-Sakae Building	2,533	2,400	2,488	-5.3%	-5.1%	-3.6%	5.5%	0.1%	
A 6	Harajuku F.F. Building	2,450	2,920	2,476	19.2%	-5.5%	17.9%	5.7%	0.1%	
A 7	FIK Minami Aoyama Building	2,270	2,780	2,272	22.5%	-4.5%	22.3%	5.0%	0.1%	
A 8	Kanda Kihara Building	1,950	1,870	1,863	-4.1%	-4.1%	0.4%	5.1%	0.1%	
A 9	KDX Shinjuku-Gyoen Building	1,610	2,030	1,581	26.1%	-2.9%	28.3%	5.2%	0.1%	
A 12	Portus Center Building	5,570	4,860	4,941	-12.7%	-7.4%	-1.7%	6.4%	0.1%	
A 13	KDX Kojimachi Building	5,950	4,420	5,773	-25.7%	-14.8%	-23.4%	5.0%	0.0%	
A 14	KDX Funabashi Building	2,252	1,890	2,453	-16.1%	-11.7%	-23.0%	6.2%	0.0%	
A 15	KDX Hamacho Building	2,300	2,220	2,276	-3.5%	-16.5%	-2.5%	5.5%	0.0%	
A 16	Toshin 24 Building	5,300	4,970	5,203	-6.2%	-1.2%	-4.5%	5.7%	0.1%	
A 17	Ebisu East 438 Building	4,640	4,280	4,543	-7.8%	-10.6%	-5.8%	5.2%	0.1%	
A 18	KDX Omori Building	3,500	3,900	3,452	11.4%	-2.0%	13.0%	5.4%	0.2%	
A 19	KDX Hamamatsucho Building	3,460	3,510	3,344	1.4%	-7.1%	5.0%	4.8%	0.0%	
A 20	KDX Kayabacho Building	2,780	2,870	2,877	3.2%	-5.3%	-0.2%	5.4%	0.0%	
A 21	KDX Shinbashi Building	2,690	2,790	2,672	3.7%	-1.4%	4.4%	4.7%	0.1%	
A 22	KDX Shin-Yokohama Building	2,520	2,550	2,470	1.2%	-2.3%	3.2%	5.9%	0.2%	
A 23	KDX Yotsuya Building	1,950	2,370	1,963	21.5%	0.0%	20.7%	5.6%	0.2%	
A 24	KDX Minami Semba Dai-1 Building	1,610	1,110	1,518	-31.1%	-15.3%	-26.9%	5.6%	0.0%	
A 25	KDX Minami Semba Dai-2 Building	1,560	1,140	1,424	-26.9%	-11.6%	-20.0%	5.6%	0.0%	
A 26	KDX Kiba Building	1,580	1,450	1,623	-8.2%	-11.0%	-10.7%	5.7%	0.0%	
A 27	KDX Kajicho Building	2,350	2,300	2,435	-2.1%	-6.1%	-5.6%	5.2%	0.2%	
A 28	KDX Nogizaka Building	1,065	872	1,133	-18.1%	-10.1%	-23.1%	5.2%	0.0%	
A 29	KDX Higashi-Shinjuku Building	2,950	3,240	3,199	9.8%	-3.6%	1.3%	5.3%	0.0%	
A 30	KDX Nishi-Gotanda Building	4,200	3,710	4,178	-11.7%	-13.5%	-11.2%	5.4%	0.0%	
A 31	KDX Monzen-Nakacho Building	1,400	1,280	1,443	-8.6%	-2.3%	-11.4%	5.6%	0.2%	
A 32	KDX Shiba-Daimon Building	6,090	5,030	6,312	-17.4%	-13.7%	-20.3%	5.4%	0.0%	
A 33	KDX Okachimachi Building	2,000	1,830	2,140	-8.5%	-4.2%	-14.5%	5.2%	0.2%	
A 34	KDX Hon-Atsugi Building	1,305	1,090	1,266	-16.5%	-0.9%	-14.0%	6.3%	0.1%	
A 35	KDX Hachioji Building	1,155	821	1,321	-28.9%	-6.8%	-37.9%	5.9%	0.1%	
A 36	KDX Niigata Building	1,305	824	1,486	-36.9%	-2.4%	-44.6%	7.3%	0.1%	
A 37	KDX Ochanomizu Building	6,400	6,760	6,711	5.6%	-3.6%	0.7%	4.9%	0.1%	
A 38	KDX Nishi-Shinjuku Building	1,500	1,330	1,550	-11.3%	-8.3%	-14.2%	5.3%	0.0%	
A 39	KDX Toranomon Building	4,400	3,620	4,855	-17.7%	-10.6%	-25.4%	4.6%	0.0%	
A 40	Toranomon Toyo Building	9,850	9,910	9,891	0.6%	-1.9%	0.2%	4.8%	0.1%	

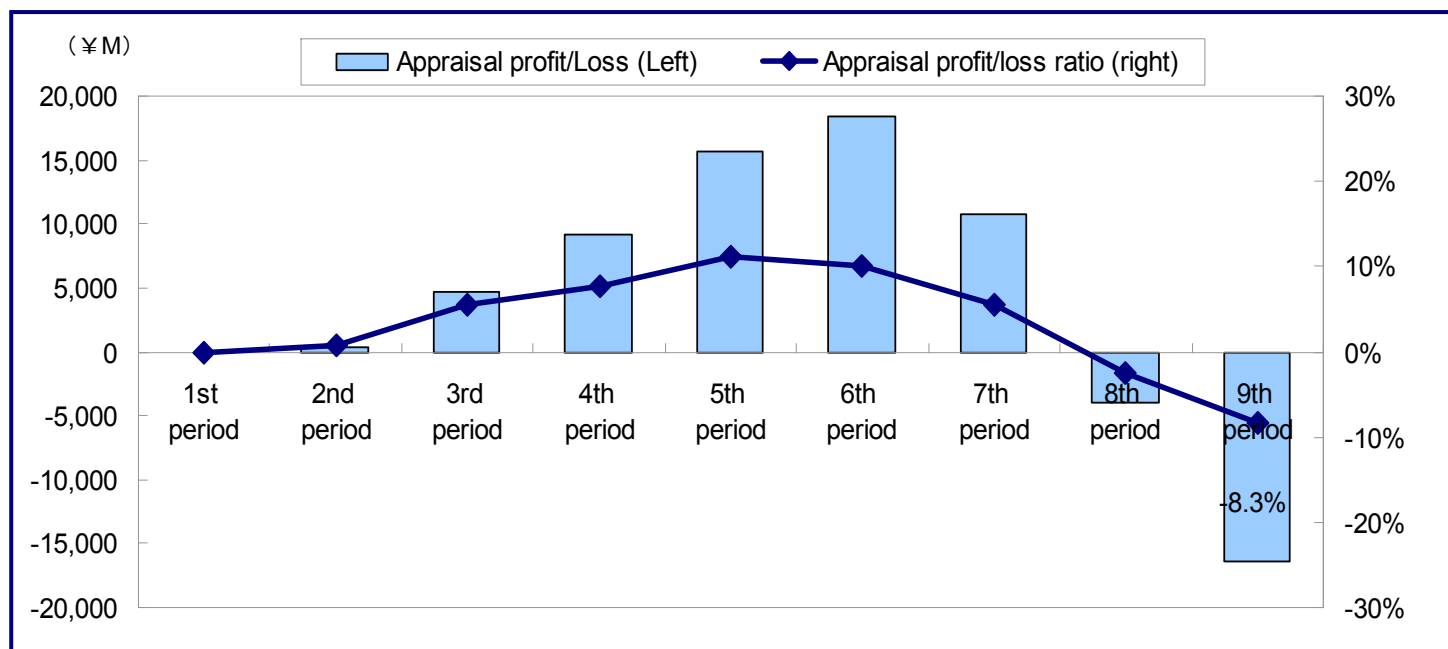
No.	Property name	Acquisition price	(¥M)						CR	
			8th period			CR			End of 8th period	vs 7th period
			Appraisal value	Bookvalue	vs acquisition	vs 7th period	vs bookvalue			
A 41	KDX Shinjuku 286 Building	2,300	2,050	2,356	-10.9%	-13.1%	-13.0%	5.3%	0.2%	
A 42	Karasuma Building	5,400	5,400	5,499	0.0%	-4.9%	-1.8%	5.6%	0.1%	
A 44	KDX Sendai Building	2,100	1,510	2,216	-28.1%	-7.9%	-31.9%	6.1%	0.1%	
A 45	KDX Roppongi 228 Building	3,300	2,240	3,452	-32.1%	-7.1%	-35.1%	4.9%	0.0%	
A 46	Hiei Kudan-Kita Building	7,600	7,900	7,636	3.9%	-1.6%	3.4%	4.8%	0.0%	
A 47	KDX Shin-Yokohama 381 Building	4,700	3,050	4,868	-35.1%	-10.8%	-37.4%	5.9%	0.3%	
A 48	KDX Kawasaki-Ekimaie Hon-cho Building	3,760	3,320	3,900	-11.7%	0.6%	-14.9%	6.3%	0.2%	
A 49	Nissou Dai-17 Building	2,710	1,720	2,690	-36.5%	-8.0%	-36.1%	5.8%	0.2%	
A 50	Ikejiri-Oohashi Building	2,400	1,700	2,492	-29.2%	-8.1%	-31.8%	6.2%	0.2%	
A 51	KDX Hamacho Nakanohashi Building	2,310	1,950	2,388	-15.6%	-3.0%	-18.4%	5.6%	0.1%	
A 52	KDX Kanda Misaki-cho Building	1,380	1,040	1,392	-24.6%	-4.6%	-25.3%	5.5%	0.1%	
A 53	KDX Hakata-Minami Building	4,900	4,180	4,888	-14.7%	-6.9%	-14.5%	6.5%	0.2%	
A 54	KDX Kitahama Building	2,220	1,740	2,219	-21.6%	-3.9%	-21.6%	6.0%	0.2%	
A 55	Shin-toshin Maruzen Building	2,110	1,680	2,174	-20.4%	-12.5%	-22.7%	5.5%	0.1%	
A 56	KDX Jimbocho Building	2,760	2,450	2,947	-11.2%	-2.4%	-16.9%	5.4%	0.1%	
A 57	KDX Gobancho Building	1,951	1,510	2,017	-22.6%	-7.4%	-25.1%	5.2%	0.0%	
A 58	KDX Nagoya Sakae Building	7,550	5,100	7,822	-32.5%	-15.0%	-34.8%	5.2%	0.2%	
A 59	KDX Iwamoto-cho Building	1,864	1,470	1,860	-21.1%	-10.9%	-21.0%	5.7%	0.1%	
A 60	KDX Harumi Building	10,250	10,600	10,075	3.4%	0.0%	5.2%	4.8%	0.1%	
A 61	KDX Hamamatsucho Dai-2 Building	2,200	2,010	2,269	-8.6%	-5.6%	-11.4%	4.7%	0.0%	
<b>A</b>	<b>Office Building Subtotal</b>	<b>197,461</b>	<b>183,217</b>	<b>199,675</b>	<b>-7.2%</b>	<b>-5.9%</b>	<b>-8.2%</b>	<b>5.3%</b>	<b>0.1%</b>	
C 1	Frame Jinnan-zaka	9,900	10,300	10,017	4.0%	-5.5%	2.8%	4.7%	0.2%	
C 2	KDX Yoyogi Building	2,479	1,940	2,539	-21.7%	-2.0%	-23.6%	5.1%	0.0%	
<b>C</b>	<b>Central Urban Retail Subtotal</b>	<b>12,379</b>	<b>12,240</b>	<b>12,557</b>	<b>-1.1%</b>	<b>-5.0%</b>	<b>-2.5%</b>	<b>4.8%</b>	<b>0.2%</b>	
B 3	Court Mejiro	1,250	962	1,216	-23.0%	-7.5%	-20.9%	5.6%	0.1%	
B 18	Venus Hibarigaoka	1,800	1,370	1,899	-23.9%	-9.3%	-27.9%	6.7%	0.0%	
B 19	Residence Charmante Tsukushima	5,353	4,420	5,201	-17.4%	-6.4%	-15.0%	5.5%	0.0%	
B 25	Court Shin-Okachimachi	878	776	855	-11.6%	-5.3%	-9.3%	5.6%	0.3%	
B 34	Gradito Kawaguchi	1,038	951	1,044	-8.4%	0.2%	-9.0%	5.8%	0.0%	
<b>B</b>	<b>Residential Subtotal</b>	<b>10,319</b>	<b>8,479</b>	<b>10,216</b>	<b>-16.9%</b>	<b>-6.2%</b>	<b>-17.0%</b>	<b>5.8%</b>	<b>0.0%</b>	
<b>Total</b>		<b>220,159</b>	<b>203,936</b>	<b>222,449</b>	<b>-7.4%</b>	<b>-5.9%</b>	<b>-8.3%</b>	<b>5.3%</b>	<b>0.1%</b>	

## Notes:

- The acquisition prices, appraisal values and book values are all rounded to the nearest ¥M. All ratios are rounded to the first decimal place
- Total cap rates for each property type is the weighted average based on acquisition prices

# Appraisal profit/loss of office buildings at the end of 9th period

## Historical appraisal profit/loss and ratio of all office buildings



## Downside factors for appraisal values of office buildings

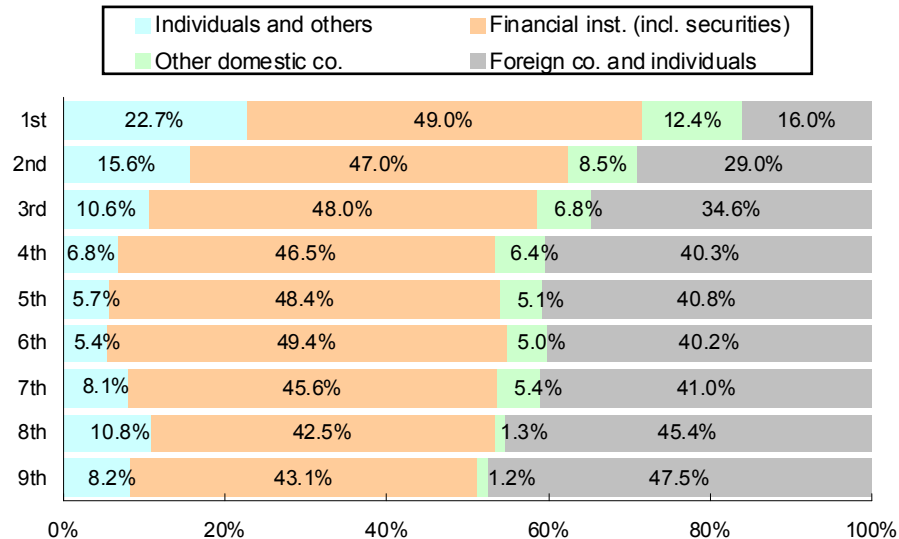
	6th→7th	7th→8th	8th→9th
Change in cap rates	+0.2%	+0.2%	+0.1%
Change of expected rent from appraisal value	+0.4%	-4.5%	-4.8%

## Appraisal profit/loss ratio at the end of 9th period (by area)

	9th period
No. of properties	58 properties
Central Tokyo	-3.2%
Other Tokyo Metropolitan Area	-15.0%
Other Regional Areas	-19.2%
Appraisal profit/loss ratio of all office buildings	-8.3%

# KRI unitholders

## Changes in investment units by unitholders



Note: Rounded to the first decimal place

## Type of unitholders (as of Oct. 31, 2009)

	# of unitholder	Ratio (%)	# of units held (unit)	Ratio (%)
Individual and Others	5,880	94.7%	16,301	8.2%
Financial Inst. (Incl. Securities co.)	49	0.8%	86,234	43.1%
Other Domestic Co.	94	1.5%	2,461	1.2%
Foreign Co. and Individuals	187	3.0%	95,004	47.5%
<b>Total</b>	<b>6,210</b>	<b>100.0%</b>	<b>200,000</b>	<b>100.0%</b>

Note: Rounded to the first decimal place

## Top 10 unitholders (as of Oct. 31, 2009)

Name	# of units held (unit)	(%)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	16,569	8.28%
NikkoCiti Trust and Banking Co., Ltd. (Investment Trust Acct.)	15,834	7.91%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	14,382	7.19%
Goldman Sachs International	13,881	6.94%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	10,271	5.13%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	9,510	4.75%
Merrill Lynch Japan Securities Co., Ltd	6,502	3.25%
Morgan Stanley & Company Inc.	5,258	2.62%
JP Morgan Chase Oppenheimer JASDEC Lending Account	5,000	2.50%
The Bank of NY Treaty JASDEC Account	4,188	2.09%
<b>Total</b>	<b>101,395</b>	<b>50.69%</b>

Note: Ratios are rounded down to the second decimal place

## (Reference) Reporting of major unitholders

Name	Submitted on	# of units held (unit)	(%)
<b>Nomura Securities Co., Ltd.</b>	<b>2009/11/19</b>	<b>17,258</b>	<b>8.63%</b>
Nomura Asset Management Co., Ltd.		15,089	7.54%
NOMURA INTERNATIONAL PLC		2,147	1.07%
Nomura Capital Markets plc		137	0.07%
NOMURA SECURITIES INTERNATIONAL, Inc.		0	0.00%
Nomura Securities Co., Ltd.		-115	-0.06%
<b>The Sumitomo Trust and Banking Co., Ltd</b>	<b>2009/10/21</b>	<b>16,046</b>	<b>8.02%</b>
Nikko Asset Management Co., Ltd		16,046	8.02%
<b>Fidelity Investments Japan Limited</b>	<b>2009/11/6</b>	<b>11,264</b>	<b>5.63%</b>
Fidelity Investments Japan Limited		9,008	4.50%
FMR LLC		2,256	1.13%
<b>ING Clarion Real Estate Securities LLC</b>	<b>2009/8/4</b>	<b>10,869</b>	<b>5.43%</b>
<b>Mizuho Asset Management Co., Ltd</b>	<b>2009/10/22</b>	<b>10,435</b>	<b>5.22%</b>
Mizuho Asset Management Co., Ltd		8,354	4.18%
Shinko Investment Trust Management Co., Ltd		2,081	1.04%
<b>Tower Investment Management Co., Ltd.</b>	<b>2009/11/19</b>	<b>10,207</b>	<b>5.10%</b>

Notes:

- 1 Repoerts submitted from the PO on 2007/5/22 to 2009/11/19 (excluding the PO on 2009/11/16)
- 2 Companies holding more than 5% of 200,000 units
- 3 Rounded to the second decimal place

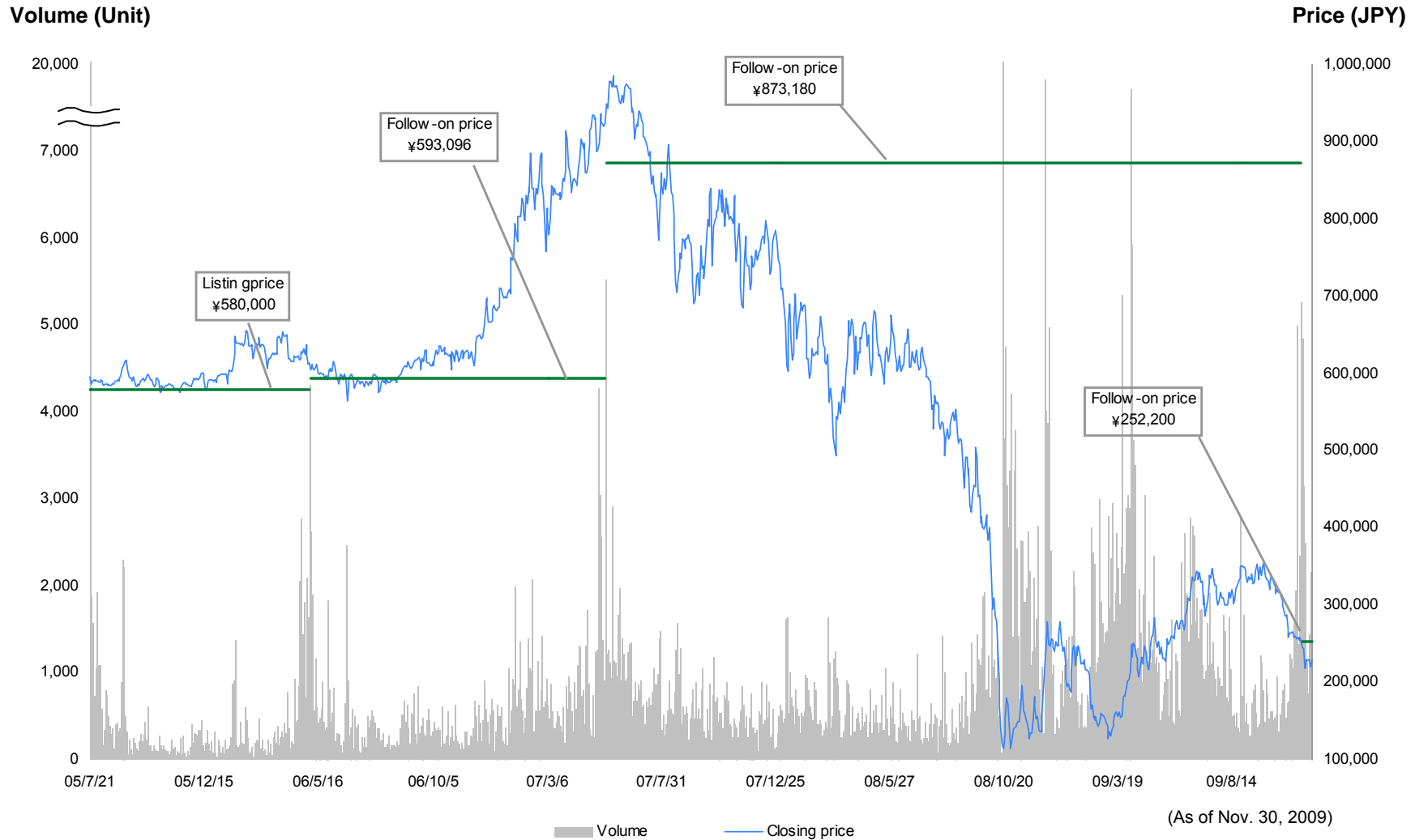




# Unit price performance / transaction volume since IPO

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

Highest price (trading price): 988,000 (2007/5/31)  
 Lowest price (trading price): 100,300 (2008/10/20)  
 As of Dec.1, 2009



# Offering Summary

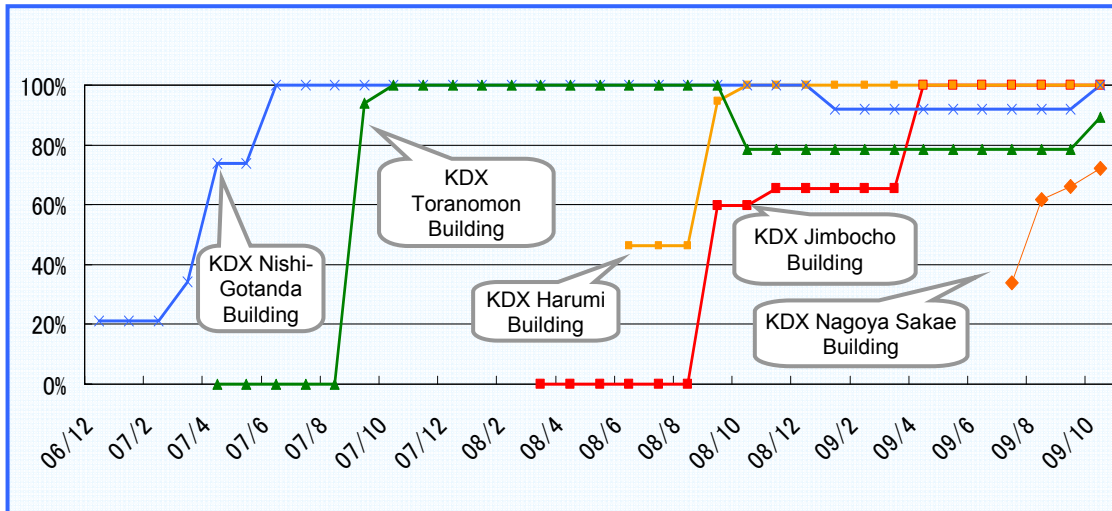
	2005 IPO	2006 PO	2007 PO	2009 PO
<b>No of units offered</b>	<b>Domestic IPO</b> Domestic Offering: 75,000 units Third party allotment: 3,970 units <hr/> <b>Total 78,970 units</b>	<b>Global offering</b> Domestic Offering: 50,370 units Global Offering: 23,290 units Third party allotment: 3,970 units <hr/> <b>Total 77,630 units</b>	<b>Global offering</b> Domestic Offering: 26,710 units Global Offering: 14,190 units Third party allotment: 2,100 units <hr/> <b>Total 43,000 units</b>	<b>Domestic offering</b> Domestic Offering: 33,550 units
<b>Over allotment units</b>	3,970 units	3,970 units	2,100 units	1,450 units
<b>Units placed</b>	9,770 units [ Kenedix, Inc.: 3,770 units Others: 6,000 units ]	3,980 units [ Kenedix, Inc.: 3,880 units Kenedix REIT Management, Inc.: 100 units ]	52 units [ Kenedix REIT Management, Inc.: 52 units ]	1,200 units [ Kenedix REIT Management, Inc.: 1,200 units ]
<b>No. of units post offering</b>	79,370 units	157,000 units	200,000 units	233,550 units
<b>Pricing date</b>	Jul.11, 2005	Apr.19, 2006	May 14, 2007	Nov.9, 2009
<b>Delivery date</b>	Jul.21, 2005	May 2, 2006	May 23, 2007	Nov.17, 2009
<b>Discount rate</b>	-	2.0%	2.0%	3.0%
<b>Price</b>	¥ 580,000	¥ 593,096	¥ 873,180	¥ 252,200
<b>Size</b>	¥ 45.8B	¥ 46.0B	¥ 37.5B	¥ 8.5B
<b>Bookrunner</b>	UBS Nomura Securities	UBS Nomura Securities	UBS Nomura Securities	Nomura Securities



# Management of existing properties

## Maintain/improve occupancy through proactive leasing activities

Rise in occupancy of new or acquiring building with low occupancy



## Maximizing the mid-long term real estate profits

Change in NOI yields (by type of property, annualized)

	4th period	5th period	6th period	7th period	8th period	9th period
Office buildings	5.3%	5.5%	5.6%	5.3%	5.5%	5.2%
Central urban retails	5.2%	5.1%	4.3%	4.8%	4.7%	4.6%
Residentials	5.4%	5.3%	5.3%	5.3%	5.2%	5.0%
<b>Total</b>	<b>5.3%</b>	<b>5.4%</b>	<b>5.5%</b>	<b>5.3%</b>	<b>5.4%</b>	<b>5.2%</b>

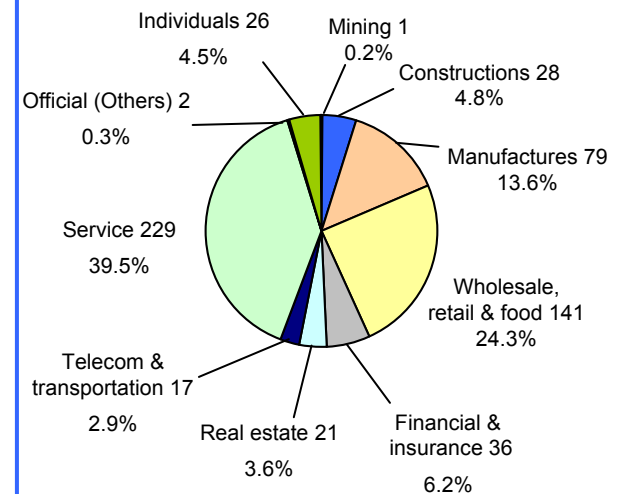
Notes:  
 Figures after property and city planning taxes for the periods  
 Ratios are rounded to the first decimal place

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## Tenant diversification

End-tenants for office buildings (9th period)

### Tenant breakdown by sector



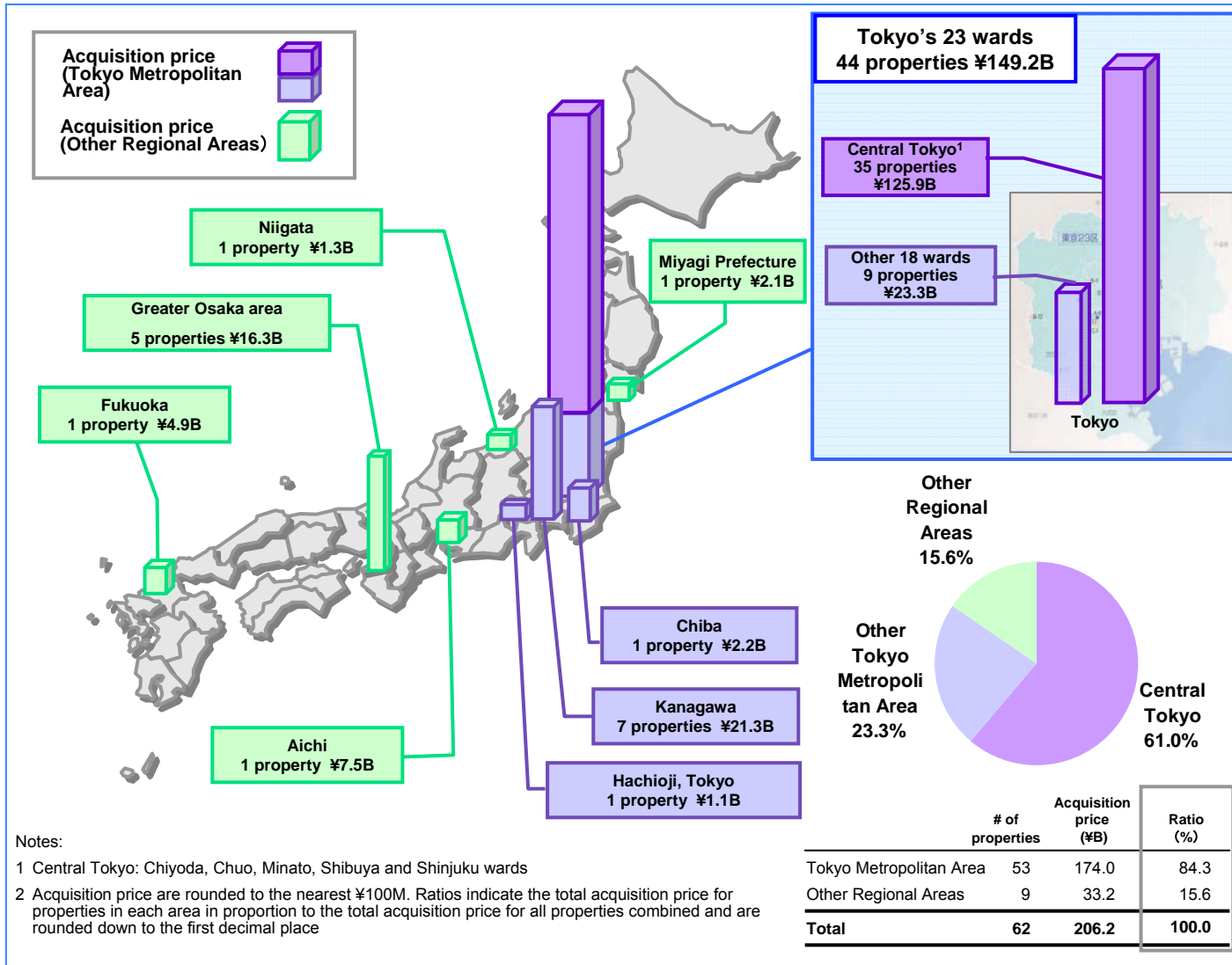
No. of End tenants (No. of properties)	<b>580</b> (58 properties)
Ratio of largest end-tenant	<b>2.2%</b>
Ratio of Top 3	<b>5.6%</b>

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

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

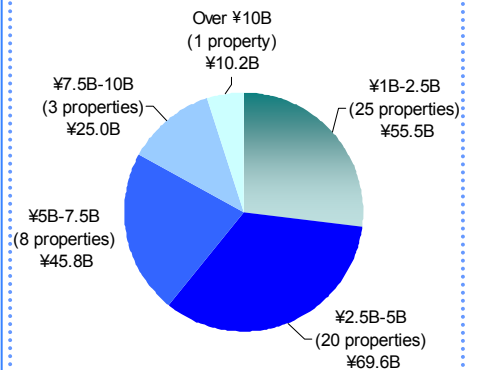
Office portfolio: 62 properties, with a total acquisition price of ¥206.2B

(As of Dec. 14, 2009)



## Composition of office portfolio

### By acquisition price



Note:  
The amounts above are rounded to the nearest ¥100M

# Portfolio overview (office buildings)

(As of Dec.14, 2009)

## Office buildings (62 properties)

Type	Area	No.	Name	Location	Acquisition price (¥M) <sup>1</sup>	Year built <sup>2</sup>	Occupancy at end of 9th period (%) <sup>3</sup>
Office building	Tokyo Metropolitan Area	A-60	KDX Harumi Building	Chuo-ward, Tokyo	10,250	Feb-2008	100.0%
		A-40	Toranomon Toyo Building	Minato-ward, Tokyo	9,850	Aug-1962	95.4%
		A-46	Hiei Kudan-Kita Building	Chiyoda-ward, Tokyo	7,600	Mar-1988	100.0%
		A-37	KDX Ochanomizu Building	Chiyoda-ward, Tokyo	6,400	Aug-1982	100.0%
		A-32	KDX Shiba-Daimon Building	Minato-ward, Tokyo	6,090	Jul-1986	100.0%
		A-13	KDX Kojimachi Building	Chiyoda-ward, Tokyo	5,950	May-1994	86.7%
		A-1	KDX Nihonbashi 313 Building	Chuo-ward, Tokyo	5,940	Apr-1974	100.0%
		A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	Sep-1984	93.3%
		A-2	KDX Hirakawacho Building	Chiyoda-ward, Tokyo	5,180	Mar-1988	100.0%
		A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	4,700	Mar-1988	100.0%
		A-17	Ebisu East 438 Building	Shibuya-ward, Tokyo	4,640	Jan-1992	100.0%
		A-3	Higashi-Kayabacho Yuraku Building	Chuo-ward, Tokyo	4,450	Jan-1987	100.0%
		A-39	KDX Toranomon Building	Minato-ward, Tokyo	4,400	Apr-1988	89.3%
		A-30	KDX Nishi-Gotanda Building	Shinagawa-ward, Tokyo	4,200	Nov-1992	100.0%
		A-48	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	Feb-1985	100.0%
		A-4	KDX Hatchobori Building	Chuo-ward, Tokyo	3,680	Jun-1993	93.1%
		A-18	KDX Omori Building	Ota-ward, Tokyo	3,500	Oct-1990	100.0%
		A-19	KDX Hamamatsucho Building	Minato-ward, Tokyo	3,460	Sep-1999	100.0%
		A-45	KDX Roppongi 228 Building	Minato-ward, Tokyo	3,300	Apr-1989	52.4%
		A-29	KDX Higashi-Shinjuku Building	Shinjuku-ward, Tokyo	2,950	Jan-1990	100.0%
		A-20	KDX Kayabacho Building	Chuo-ward, Tokyo	2,780	Oct-1987	100.0%
		A-56	KDX Jimbocho Building	Chiyoda-ward, Tokyo	2,760	May-1994	100.0%
		A-49	Nissou Dai-17 Building	Yokohama, Kanagawa	2,710	Jul-1991	100.0%
		A-21	KDX Shinbashi Building	Minato-ward, Tokyo	2,690	Feb-1992	100.0%
		A-5	KDX Nakano-Sakaue Building	Nakano-ward, Tokyo	2,533	Aug-1992	91.3%
		A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	Sep-1990	93.1%
		A-6	Harajuku F.F. Building	Shibuya-ward, Tokyo	2,450	Nov-1985	100.0%
		A-50	Ikejiri-Oohashi Building	Meguro-ward, Tokyo	2,400	Sep-1988	91.3%
		A-27	KDX Kajicho Building	Chiyoda-ward, Tokyo	2,350	Mar-1990	94.3%
		A-51	KDX Hamacho Nakanohashi Building	Chuo-ward, Tokyo	2,310	Sep-1988	100.0%
		A-15	KDX Hamacho Building	Chuo-ward, Tokyo	2,300	Sep-1993	100.0%
		A-41	KDX Shinjuku 286 Building	Shinjuku-ward, Tokyo	2,300	Aug-1989	100.0%
		A-7	FIK Minami Aoyama Building	Minato-ward, Tokyo	2,270	Nov-1988	100.0%
A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	Apr-1989	100.0%		
A-61	KDX Hamamatsucho Dai-2 Building	Minato-ward, Tokyo	2,200	Apr-1992	100.0%		
A-55	Shin-toshin Maruzen Building	Shinjuku-ward, Tokyo	2,110	Jul-1990	100.0%		
A-33	KDX Okachimachi Building	Taito-ward, Tokyo	2,000	Jun-1988	100.0%		
A-57	KDX Gobancho Building	Chiyoda-ward, Tokyo	1,951	Aug-2000	85.7%		

Type	Area	No.	Name	Location	Acquisition price (¥M) <sup>1</sup>	Year built <sup>2</sup>	Occupancy at end of 9th period (%) <sup>3</sup>
Office building	Tokyo Metropolitan Area	A-8	Kanda Kihara Building	Chiyoda-ward, Tokyo	1,950	May-1993	100.0%
		A-23	KDX Yotsuya Building	Shinjuku-ward, Tokyo	1,950	Oct-1989	100.0%
		A-59	KDX Iwamoto-cho Building	Chiyoda-ward, Tokyo	1,864	Mar-2008	75.0%
		A-9	KDX Shinjuku-Gyoen Building	Shinjuku-ward, Tokyo	1,610	Jun-1992	100.0%
		A-26	KDX Kiba Building	Koto-ward, Tokyo	1,580	Oct-1992	100.0%
		A-38	KDX Nishi-Shinjuku Building	Shinjuku-ward, Tokyo	1,500	Oct-1992	100.0%
		A-31	KDX Monzen-Nakacho Building	Koto-ward, Tokyo	1,400	Sep-1986	100.0%
		A-52	KDX Kanda Misaki-cho Building	Chiyoda-ward, Tokyo	1,380	Oct-1992	100.0%
		A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	May-1995	100.0%
		A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	Dec-1985	85.6%
		A-28	KDX Nogizaka Building	Minato-ward, Tokyo	1,065	May-1991	100.0%
		A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	Jun-2009	72.3%
		A-12	Portus Center Building	Sakai, Osaka	5,570	Sep-1993	88.5%
		A-42	Karasuma Building	Kyoto, Kyoto	5,400	Oct-1982	86.1%
		A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	Jun-1973	94.4%
		A-54	KDX Kitahama Building	Osaka, Osaka	2,220	Jul-1994	96.4%
		A-44	KDX Sendai Building	Sendai, Miyagi	2,100	Feb-1984	96.6%
A-24	KDX Minami Semba Dai-1 Building	Osaka, Osaka	1,610	Mar-1993	84.4%		
A-25	KDX Minami Semba Dai-2 Building	Osaka, Osaka	1,560	Sep-1993	82.1%		
A-36	KDX Niigata Building	Niigata, Niigata	1,305	Jul-1983	62.2%		
Office building (58 properties)							94.4%

## Office buildings acquired in the 10<sup>th</sup> period

Type	Area	No.	Name	Location	Acquisition price (¥M) <sup>1</sup>	Year built <sup>2</sup>	Occupancy ratio (%)
Office building	Tokyo Metropolitan Area	A-62	Koishikawa TG Building	Bunkyo-ward, Tokyo	3,080	Nov-1989	-
		A-63	Gotanda TG Building	Shinagawa-ward, Tokyo	2,200	Apr-1988	-
		A-64	KDX Nihonbashi 216 Building	Chuo-ward, Tokyo	2,110	Oct-2006	-
		A-65	KDX Shin-Yokohama 381 Building Annex Tower	Yokohama, Kanagawa	2,000	Apr-2009	-
Office building (62 properties) Subtotal					206,271	Avg. 20.2 yrs	—

### Notes:

- 1 Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation
- 2 Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Dec.14, 2009, and is rounded down to the nearest first decimal place. The weighted-average age of the 69 properties held as of Dec.14, 2009 is 19.0 years.
- 3 Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 65 properties (excluding 4 properties acquired in the 10<sup>th</sup> period) held as of Oct. 31, 2009 was 94.7%

# Portfolio overview (central urban retail / residential properties)

## Central urban retail properties (2 properties)

(As of Dec.14, 2009)

Type	Area	No.	Name	Location	Acquisition price (¥M) <sup>1</sup>	Year build <sup>2</sup>	Occupancy at end of 9th period (%) <sup>3</sup>
Central Urban Retail	Tokyo Metropolitan Area	C-1	Frame Jinnan-zaka	Shibuya-ward, Tokyo	9,900	Mar-2005	93.6%
		C-2	KDX Yoyogi Building	Shibuya-ward, Tokyo	2,479	Aug-1991	100.0%
Central Urban Retail (2 properties) Subtotal					12,379	Avg. 7.0 years	94.9%

## Residential properties (5 properties)

Type	Area	No.	Name	Location	Acquisition price (¥M) <sup>1</sup>	Year build <sup>2</sup>	Occupancy at end of 9th period (%) <sup>3</sup>
Residential	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	Chuo-ward, Tokyo	5,353	Jan-2004	100.0%
		B-3	Court Mejiro	Shinjuku-ward, Tokyo	1,250	Mar-1997	85.3%
		B-34	Gradito Kawaguchi	Kawaguchi, Saitama	1,038	Feb-2006	100.0%
		B-25	Court Shin-Okachimachi	Taito-ward, Tokyo	878	Oct-2005	88.5%
	Other Regional Areas	B-18	Venus Hibarigaoka	Sapporo, Hokkaido	1,800	Mar-1989	96.5%
Residential (5 properties) Subtotal					10,319	Avg. 8.2 years	96.4%

Notes:

- 1 Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation
- 2 Year built is the date of construction completion recorded in the land register. Subtotal is shown as weighted-average portfolio age based upon acquisition price with a base date of Dec.14, 2009 (rounded down to the nearest first decimal place)
- 3 Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Ratios are calculated as of Oct. 31, 2009

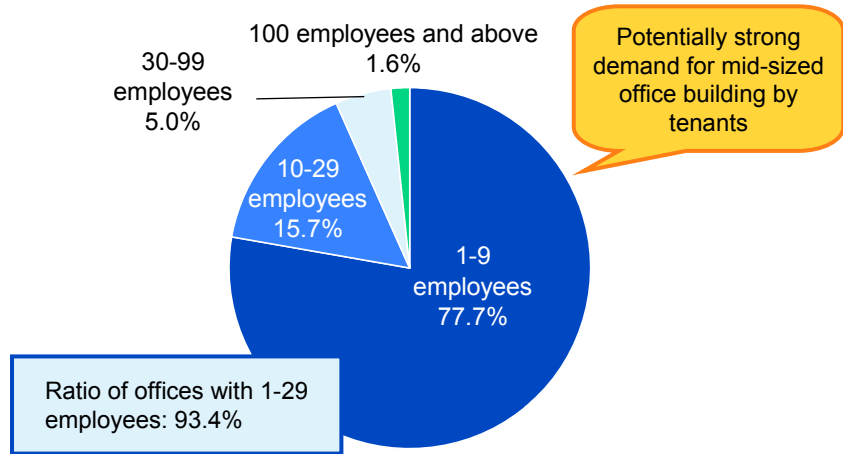
## Properties sold during the 9th period (2 residential properties)

Type	Area	No.	Name	Location	Acquisition price (¥M) <sup>1</sup>	Sales price (¥M)	Sales Date
Residential	Tokyo Metropolitan area	B-4	Apartments Motoazabu	Minato-ward, Tokyo	1,210	1,052	Jun-2009
		B-5	Apartments Wakamatsu-Kawada	Shinjuku-ward, Tokyo	1,180	930	Aug-2009



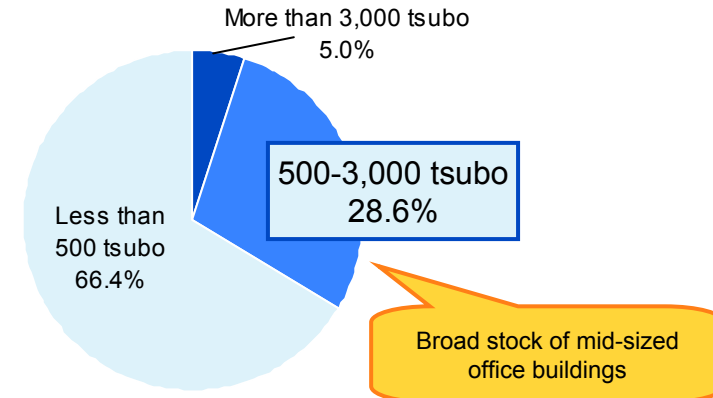
# (Reference data 1) Office building market environment

## 1. Breakdown of offices based on the number of employees (Tokyo)



Source: KDRM, based on Tokyo office statistics report as of 2006 (MPHPT Statistics Bureau)

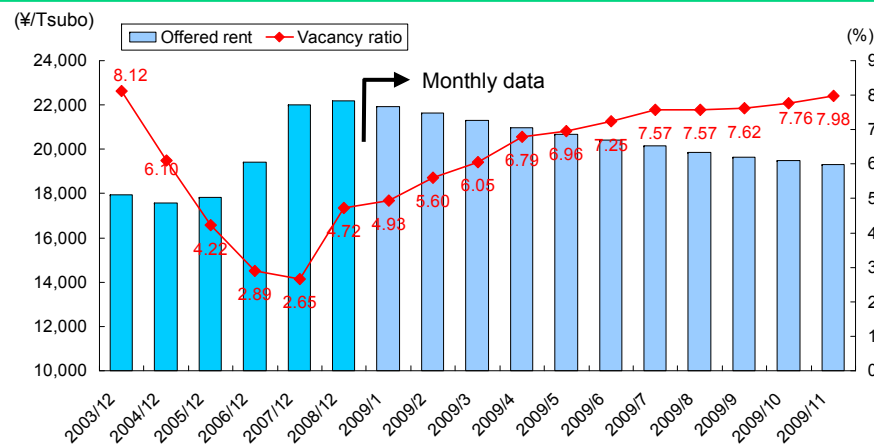
## 2. Breakdown of office buildings by GFA (tsubo)



Source: Survey conducted by CB Richard Ellis Research Institute based on KRI's request "Macro market survey of Tokyo's central 5 wards" (as of Mar. 31, 2007)

Note: The above data covers rental office buildings located in Tokyo's central 5 wards that were surveyed by CB Richard Ellis Research Institute. The above data may not include the data of all properties in the said 5 wards.

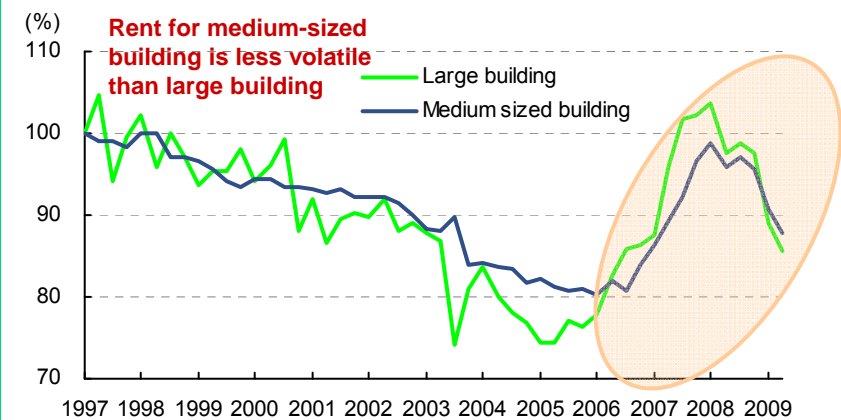
## 3. Changes in the offered rent and vacancy ratio in Central Tokyo



Source: Miki Shoji "Latest Office Building Markets in Tokyo's central 5 wards" (the latest values as of 2009/11)

Note: Survey covers buildings with more than 100 tsubo 5 central wards in Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shibuya)

## 4. 23 wards of Tokyo: rent levels for large buildings and medium-sized buildings.

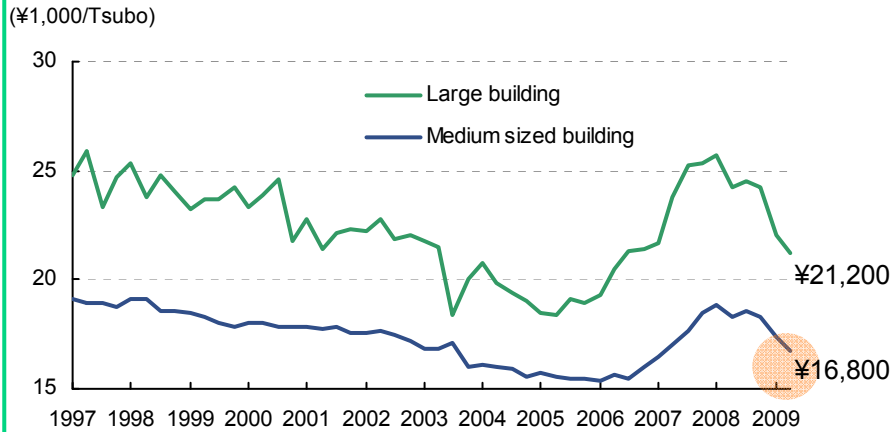


Source: Created by Kenedix based on the data compiled by CBRE (the latest values as of 2009/9)

Note: Large building is a building with a gross floor area of 3,000 tsubo or more, while medium-sized building is a building with a gross floor area of 1,000 to 3,000 tsubo

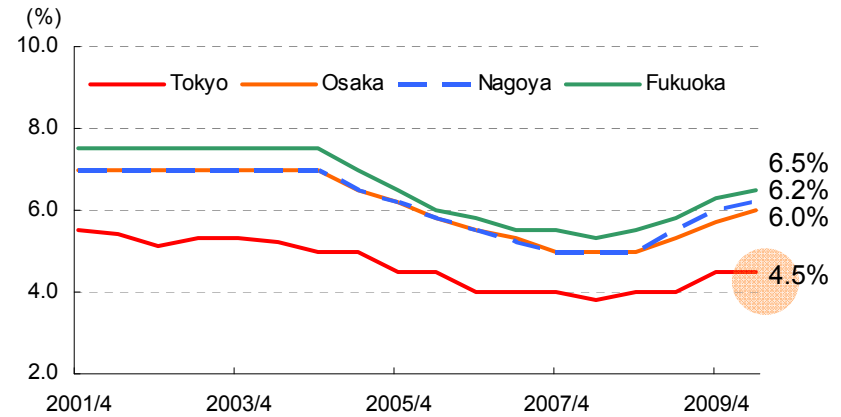
# (Reference data2) Market environment for office buildings

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



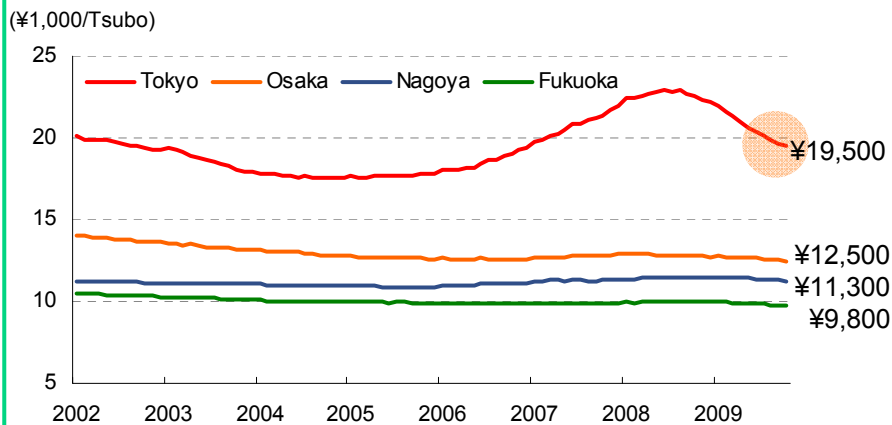
Source: Created by Kenedix based on the data compiled by CBRE (the latest values as of 2009/9)  
 Note: Large building is a building with a gross floor area of 3,000 tsubo or more, while medium-sized building is a building with a gross floor area of 1,000 to 3,000 tsubo

## 2. Cap rates of properties in Tokyo and local cities



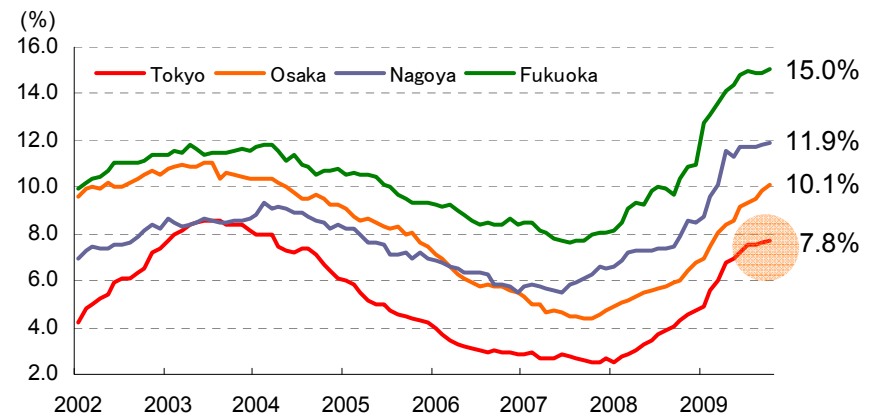
Source: Created by Kenedix based on the data compiled by Japan Real Estate Institute (as of 2009/10)  
 Notes: 1 Expected cap rates based on direct capitalization method for A class buildings built within 5 years  
 2 Expected cap rates for properties in the Marunouchi and Otemachi areas

## 3. Changes in rent levels by region



Source: Created by Kenedix based on the data compiled by Miki Shoji (the latest values as of 2009/10)  
 Note: Targeting the properties with a gross floor area of 100 tsubo or more in 5 wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)

## 4. Changes in vacancy ratios by region



Source: Created by Kenedix based on the data compiled by Miki Shoji (the latest values as of 2009/10)  
 Note: Targeting the properties with a gross floor area of 100 tsubo or more in 5 wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)

# Summary financials for 9th period — Income Statement

## Comparison between 9th period (to Oct. 2009) and 8th period (Apr. 2009)

	8th period 2008/11/1 2009/4/30	9th period 2009/5/1 2009/10/31	Difference	Note
	(¥M)	(¥M)	(¥M)	
Rental and other operating revenues	7,232	6,906	▲326	
Rental revenues	5,985	5,711	▲274	Property sale, longer vacancy period, etc.
Common area charges	1,246	1,195	▲51	Property sale, longer vacancy period, etc.
Others	971	1,015	44	
Parking space rental revenues	241	231	▲10	
Utility charge reimbursements	559	617	58	Due to seasonal variability
Miscellaneous	170	166	▲4	
Total rental and other operating revenues (A)	8,204	7,921	▲283	
Profit on sale etc.	-	-	-	
Operating revenues	8,204	7,921	▲282	
Property management fee	799	764	▲35	BM cost reduction
Utilities	578	529	▲49	Utility cost reduction
Taxes	494	536	42	Increase in taxes due to property acquisition in 2008
Repairs and maintenance cost	138	171	33	Repairs and maintenance cost
Others (*1)	163	199	36	loss on retirement, etc.
Depreciation	1,429	1,451	22	Acquisition of KDX Nagoya Sakae Building
Total property-related expense B	3,603	3,652	49	
Rental business profit (A-B)	4,600	4,269	▲331	
Net operating income (NOI)	6,030	5,721	▲309	
Loss on disposal of real estate	492	440	▲52	
Asset management fee	434	423	▲11	Decrease in profit
Others (*2)	210	192	▲18	Decrease in fees paid
Operating expenses	4,740	4,708	▲32	
Operating income	3,463	3,213	▲250	
Non operating income	11	5	▲6	
Interest expense	745	793	48	Increase in interest
Investment corporation bonds interest	113	114	1	
Financing related expense	107	147	40	Increase in upfront fees
Amortization of bond issuance costs	5	5	-	
Amortization of unit issuance costs	41	23	▲18	Amortization of PO in 2006
Amortization of organization costs	5	5	-	
Other non-operating expenses	21	25	4	
Non-operating expenses	1,039	1,116	77	
Ordinary income	2,435	2,103	▲332	
Income before income taxes	2,435	2,103	▲332	
Income taxes	0	1	1	
Net income	2,434	2,102	▲332	
Retained earnings at the beginning of period	0	0	-	
Retained earnings at the end of period	2,434	2,102	▲332	

\*1. Other expenses: Insurance, trust fee etc.

\*2. Other operating expenses: Directors' compensation, asset custody fees, administrative fees, audit fees

Numbers showing differences is rounded

# Summary financials for 9th period —balance sheet and cash flow statement

	8th period		9th period	
	As of Apr. 30, 2009	As of Apr. 30, 2009	As of Oct. 31, 2009	As of Oct. 31, 2009
	(¥M)	(%)	(¥M)	(%)
<b>Current assets</b>	15,941	6.7	13,289	5.6
Cash and bank deposits	9,981		7,256	
Entrusted deposits	5,626		5,613	
Other current assets	333		419	
<b>Fixed assets</b>	222,699	93.3	222,962	94.3
Property plant and equipment	221,895		222,162	
Buildings	10,590		14,062	
Land	29,104		29,104	
Buildings in trust	57,475		55,772	
Lands in trust	124,725		123,222	
Intangible assets	286		286	
Ground leasehold	285		285	
Right of using water facilities	1		1	
Investment and other assets	517		512	
Leasehold and security deposit	11		11	
Long-term prepaid expenses	498		494	
Deferred income tax asset	6		5	
<b>Deferred assets</b>	103	0.2	68	0.0
Organization costs	10		5	
Corporate bond issuance costs	45		39	
Unit issuance costs	47		23	
<b>Total asset</b>	238,745	100.0	236,320	100.0

◆ Cash and bank deposits: ▲ ¥2,724M  
(Acquisition of KDX Nagoya Sakae Building using cash on hands)

◆ Property, plant and equipment: + ¥267M  
(Acquisition of KDX Nagoya Sakae Building, sales of 2 residential properties)

<b>Current liabilities</b>	21,273	8.9	26,290	11.1
Trade and other payables	304		288	
Short-term debt	19,000		24,500	
Other account payables	310		181	
Rents in advance	1,173		1,133	
Others	484		186	
<b>Fixed liabilities</b>	90,073	37.7	82,963	35.1
Corporate bonds	12,000		12,000	
Long-term debt	67,750		60,720	
Leasehold and security deposit received	1,536		1,624	
Security deposit received in trust	8,770		8,604	
Derivative liability	16		14	
<b>Liabilities</b>	111,346	46.6	109,253	46.2
Total unitholders' capital	124,973		124,973	
Retained earnings	2,434		2,102	
Unrealized gain from deferred hedge transactions	▲ 10		▲ 8	
<b>Equities</b>	127,398	53.4	127,067	53.8
<b>Total liabilities and unitholders' equity</b>	238,745	100.0	236,320	100.0

## Cash flow statement

	8th period	9th period
	As of Apr. 30, 2009	As of Oct. 31, 2009
	(¥M)	(¥M)
Cash flow from operating activities	6,961	5,415
Cash flow from investing activities	▲ 1,831	▲ 4,204
Cash flow from financing activities	▲ 3,121	▲ 3,964
Net increase (decrease) in cash and cash equivalents	2,007	▲ 2,753
Cash and cash equivalents at beginning of period	11,703	13,711
<b>Cash and cash equivalents at end of period</b>	13,711	10,957

## Valuation

	8th period	9th period	Difference	Note
	2009/4	2009/10		
Unitholders' equity per share of common stocks	¥ 636,990	¥ 635,335	▲ ¥ 1,655	
LTV at end of period	41.4%	41.1%	▲ 0.3%	Interest bearing debt ▲ ¥ 1,530M
Unitholders' equity to total assets	53.4%	53.8%	+0.4%	-
Number of properties at end of period	67	65	▲ 2	Acquisition: KDX Nagoya Sakae Building Sales: 2 residential properties
Total leasable floor	250,364.42m <sup>2</sup>	254,225.04m <sup>2</sup>	▲ 3,860.62m <sup>2</sup>	▲ 1.5%
Occupancy ratio at end of period	95.7%	94.7%	▲ 1.0%	Office building: 94.4% Central urban retail: 94.9% Residential: 96.4%



# Change in shareholders of AM company

## Change in shareholders of Kenedix REIT Management

### Shareholders before change (as of Dec. 14, 2009)

Shareholders	Address	No. of Shares	(%)
<u>Kenedix, Inc</u>	2-2-9 Shimbashi, Minato-ku, Tokyo	5,805	90%
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	645	10%
Total	-	6,450	100%

### Shareholders after change (as of Dec. 22, 2009)

Shareholders	Address	No. of Shares	(%)
<u>Kenedix Asset Management, Inc</u>	2-2-9 Shimbashi, Minato-ku, Tokyo	5,805	90%
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	645	10%
Total	-	6,450	100%

### Details of Kenedix Asset Management Company, Inc.

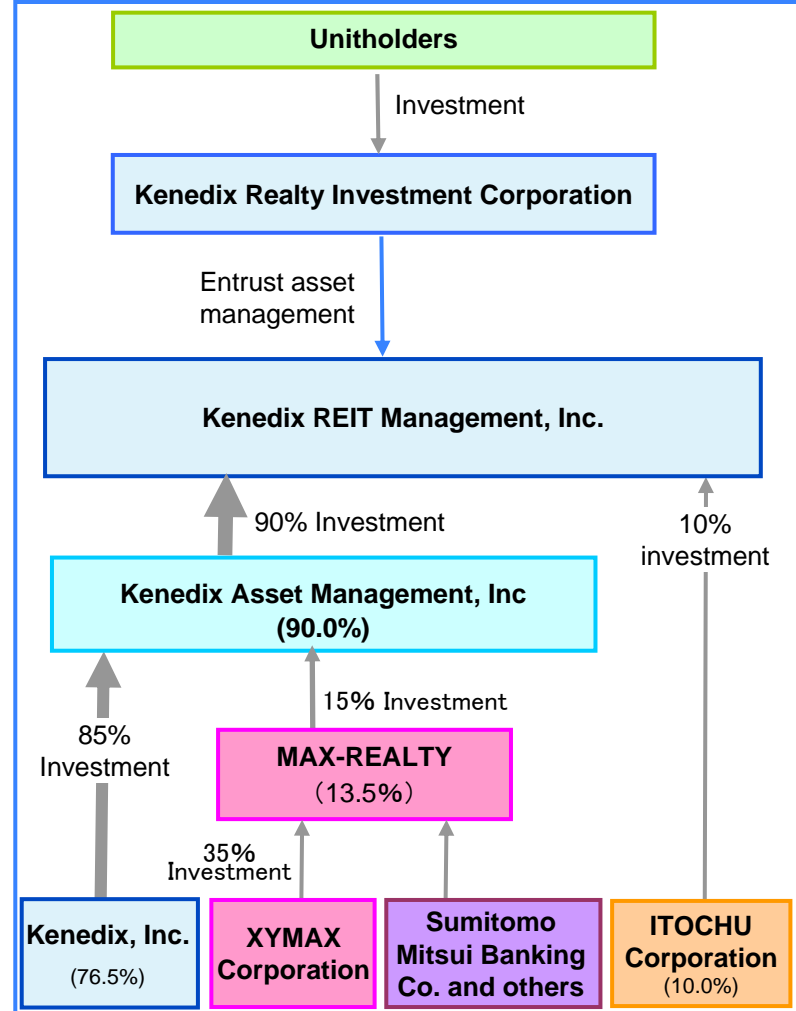
Name	Kenedix Asset Management, Inc.
Incorporated	Oct. 2009
Representative	President Atsushi Kawashima
Capital	¥405M (As of Dec. 17, 2009)

### Summary of the change in shareholders

Dec. 14, 2009: Asset management company approved stock transfer in board meeting

Dec. 22, 2009: Shares transferred from Kenedix, Inc. to Kenedix Asset Management, Inc.

## Structure of the Investment Corporation

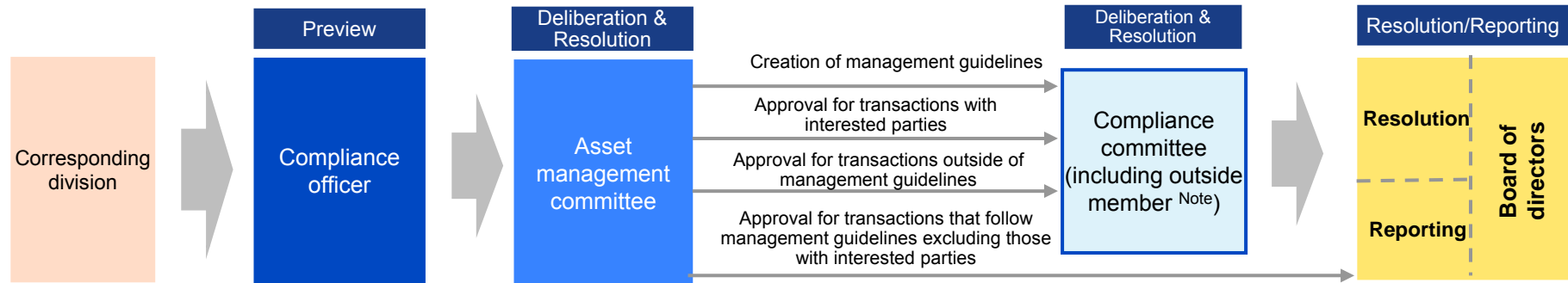


Note:

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

# Management structure of AM company

## AM's decision-making process



Note: 1 lawyer as of Dec. 14, 2009  
 Changed to above decision-making process on May 26, 2009

## Rules on transactions with interested parties

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

### <Reference>

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

	1st period	2nd period	3rd period	4th period	5th period	6th period	7th period	8th period	9th period
Compliance committee	7	7	7	8	6	8	9	8	8
Asset management committee	21	35	39	39	38	38	52	44	36
Board of directors	9	7	9	8	9	7	9	8	10
Board of directors of Investment Corporation	11	7	7	9	7	7	8	8	8

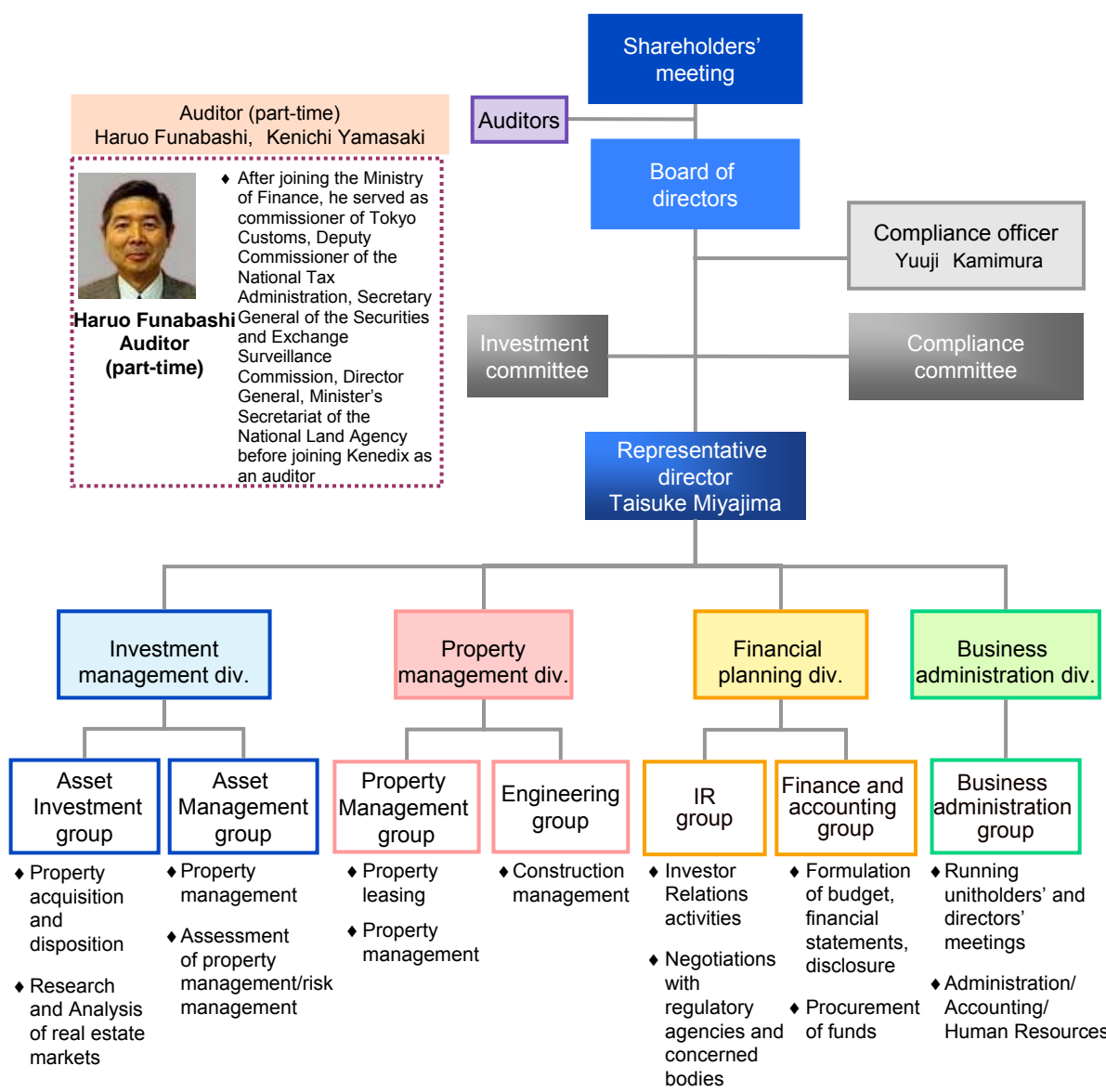
## < Reference >

### Asset management company's management fee structure

#### Asset management company's management fee structure

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

# Kenedix REIT Management, Inc.—Organizational chart



### Major members

**Taisuke Miyajima**  
CEO & President

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

**Koju Komatsu**  
General Manager,  
Investment Management Division

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

**Masashi Ohwa**  
Director & General Manager,  
Property Management Division

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

**Masahiko Tajima**  
Director & General Manager,  
Financial Planning Division

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

**Yuuji Kamimura**  
Compliance Officer

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

# Disclaimer

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