



Kenedix Realty Investment Corporation (8972)

12th Period Results (April 2011)

June 16, 2011
Kenedix REIT Management, Inc.
<http://www.kdx-reit.com/eng/>

KRI strategy in the post: earthquake environment

Post-earthquake market conditions for mid-sized offices	
Transaction Market	<ul style="list-style-type: none"> ■ Substantial decline in trading volume after the earthquake, though activities and information flows are recovering ■ The earthquake had limited impact on asset pricing, i.e., appraisal value. Cap rate expectation appears unchanged
Leasing Market	<ul style="list-style-type: none"> ■ Tenants are increasingly “selective” about office building quality <ul style="list-style-type: none"> ⇒ Location, age, technical specifications (including seismic resistance standards) ⇒ Rent levels may to have bottomed out for quality buildings ■ Tenants’ moving their main offices out of Tokyo is limited (Osaka, etc.) because of concentration risks
Financial Market	<ul style="list-style-type: none"> ■ Investors’ increasing appreciation of J-REITs: timely disclosure, information transparency, asset diversification, trading liquidity, etc. <ul style="list-style-type: none"> ⇒ Lenders’ positive attitude unchanged ⇒ Prices declined after 3.11, followed by strong recovery almost to the pre-earthquake levels in late March ■ BOJ doubled the J-REIT equity purchase facility after the earthquake ■ J-REIT follow-on offerings resumed



KRI Strategies
<p>New acquisitions</p> <ul style="list-style-type: none"> ■ Positive environment for acquisitions ■ Competitive advantages derived from focused strategy on “mid-sized office buildings” and solid acquisition track record with financing capability ■ Continued focus on central Tokyo, while targeting other major cities for selective investments
<p>Portfolio management</p> <ul style="list-style-type: none"> ■ Increased efficiency & work speed by internalizing property management functions ■ Economies of scale to achieve cost reductions in building maintenance and to optimize efficiency ■ Capital expenditure using sufficient construction budget
<p>Environmental / energy-saving initiatives</p> <ul style="list-style-type: none"> ■ Introduction of energy measures ■ Capital expenditure for electric reduction at peak time <ul style="list-style-type: none"> ⇒ earlier-than scheduled installation of LED etc. ■ Third-party assessments for initiatives <ul style="list-style-type: none"> ⇒ “DBJ Green Building” certificate

SECTION 1

12th Period Results (April 30, 2011)

12th Period (2011/4) Financial results: Performance highlights

Actual performance and year-on-year comparison

(in millions of yen)

	11th period (2010/10)	12th period (2011/4)	Variance	Major factors
Operating income	8,358	8,136	-221	(Refer to ①# in the table to the right)
Of which gain on sales of real estate properties	116	-	-116	Gain on sale of KDX Shinjuku-Gyoen Bldg in 11th period
Operating expenses	4,522	4,427	-95	(Refer to ②# in the table to the right)
Of which expenses related to rent business (excluding depreciation)	2,377	2,360	-17	Decreased due to seasonal factors of utility (-73) etc.
Of which depreciation	1,440	1,406	-33	Part of existing property is fully depreciated
Of which loss on sales of real estate properties	64	-	-64	Loss on sale of Court Shin-Okachimachi in 11th period
Operating income	3,835	3,709	-125	(Refer to ③# in the table to the right)
Non-operating expenses	1,231	1,366	134	-
Of which interest expense etc.	1,205	1,352	146	New borrowings during 12th period is ¥11.5billion
Extraordinary gains	-	26	26	Subsidy income (ecology renovation for KDX Shin-Yokohama Bldg)
Extraordinary losses	-	61	61	Loss on disaster (35), reduction of noncurrent assets (26)
Net income	2,607	2,309	-297	-
Provision for reserve for reduction entry	65	-	-65	In 11th period, accumulate 80% of gains on land sales of 2 properties
Distribution per unit	10,881 yen	9,891 yen	-990 yen	(number of units issued 233,550 units)
Leasing NOI (Net Operating Income)	5,864	5,776	-88	-
FFO (Funds From Operation)	3,995	3,716	-279	-

(in millions of yen)
(Reference) Major components of variance

	Property performance			Utility etc.
	Continuous holding	New acquisition	Sold during 11th period	
①	-189	323	-197	-158
②	-73	148	-101	-70
③	-117	176	-96	-89

* 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

Comparison between forecasts and 12th period results

(in millions of yen)

	Forecast (2010/12/13)	Actual Results	Variance	Major factors
Operating revenue	8,075	8,136	61	Acquisition of Kitananajo SIA Bldg (+20M), Actual leasing results were better than the forecasts
Operating expenses	4,429	4,427	-2	-
Operating income	3,646	3,709	63	-
Non-operating expenses	1,378	1,366	-12	-
Of which interest expense etc.	1,359	1,352	-7	Lower refinancing cost than the forecasts
Extraordinary gains/losses	-	-35	-35	Due to the East Japan Earthquake
Net income	2,271	2,309	38	-
Reversal of reserve for reduction entry	65	-	-65	Planned reversal of reserve was cancelled
Distribution per unit (Yen)	10,000 yen	9,891 yen	-109 yen	-

Recording E/O loss related to the East Japan Earthquake and special account for disaster loss

In accordance with “Income taxes treatment of various expenses incurred in relation to the East Japan Earthquake” (notice on law interpretation) issued by NTA on April 18, 2011, provision for special account for disaster loss of ¥30 million is recorded as deductible expense.

13th period (2011/10) /14th period (2012/4) Earnings forecasts (announced on July 5, 2011)

Forecasts for 13th period / 14 th period				(in millions of yen)
	12th period results (2011/4)	13th period forecasts (2011/10)	14th period forecasts (2012/4)	Additional explanation
Operating income	8,136	8,964	8,458	
Of which gain on sales of real estate properties	-	535	-	13th period, expected gain on sale from KDX Hirakawacho Bldg
Operating expenses	4,427			
Of which expenses related to rent business (excluding depreciation)	2,360			
Of which depreciation	1,406	1,448	1,463	
Operating income	3,709	4,214	3,782	
Non-operating expenses	1,366			
Of which interest expense etc.	1,352	1,360	1,271	
Ordinary income	2,346	2,799	2,472	
Extraordinary gains/losses	-35	-	-	Disaster loss incurred in 12th period
Net income	2,309	2,798	2,471	
Provision for (reversal of) reserves for reduction entry	-	130	-195	
Distribution per unit (yen)	9,891 yen	9,300 yen	9,300 yen	(Number of units issued) 12th period:233,550 units, 13th-14th period: 286,550 units
(Ref.) Changes in number of properties	67→71 properties	71→74 properties	74 properties	
(Ref.) Acquisition and disposition of properties	【Acquisition】 ・2 properties of Kyodo Bldg (Ginza No.8, Honcho 1chome) ・KDX Kobayashi-Doshomachi Bldg ・Kitananajo SIA Bldg	【Acquisition】 ・2 properties of Kyodo Bldg (Iidabashi, Shin-Nihonbashi) ・P's Higashi-Shinagawa Bldg ・Nihonbashi Dai-2 Bldg 【Disposition】 ・KDX Hirakawacho Bldg	【Acquisition】 none 【Disposition】 none	

Sale of Hirakawacho Bldg

Estimated decrease in NOI for 13th period due to sale of KDX Hirakawacho Bldg (on June 30, 2011) is ¥80 million

Internal reserves from gain from land sale

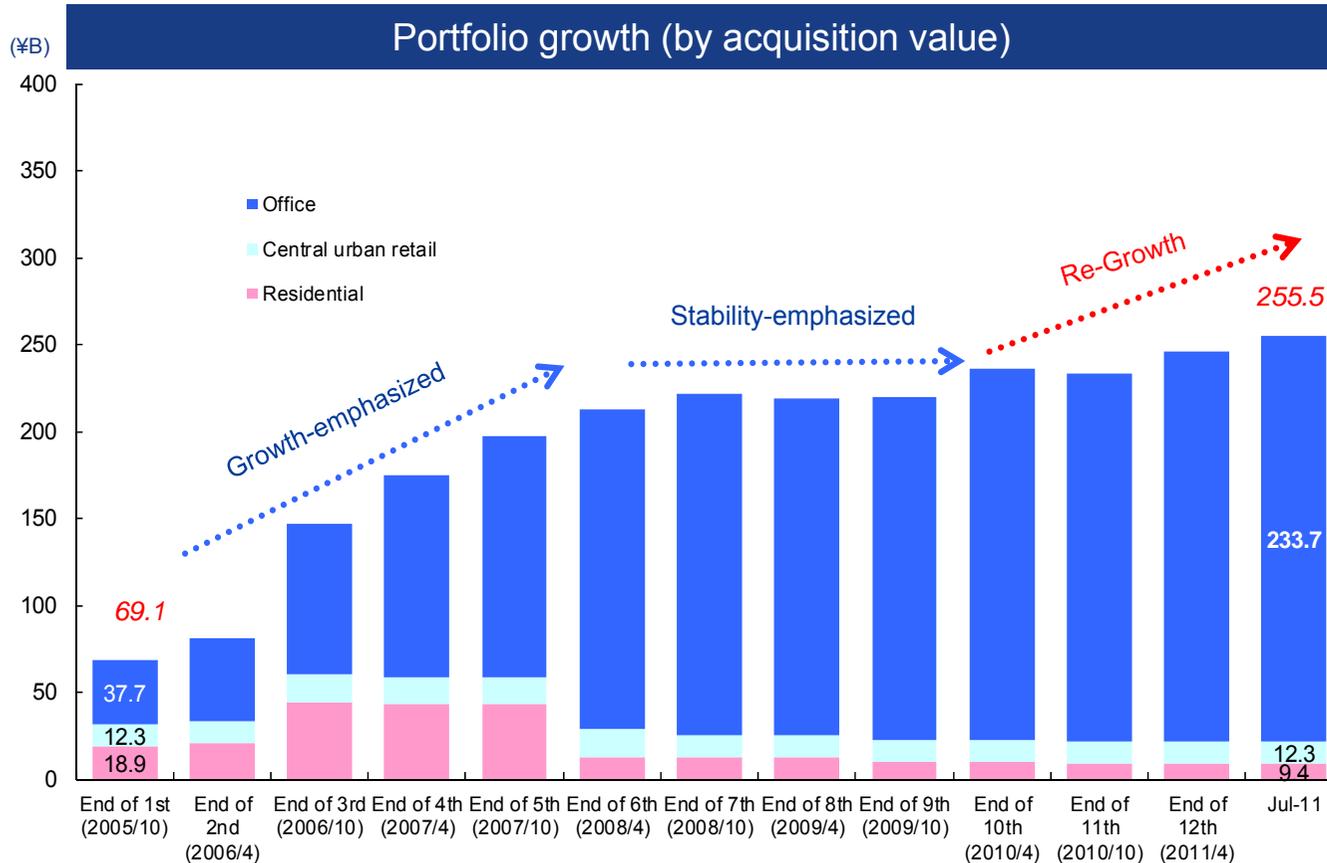
The assumption is made that the reserve for reduction entry will be accumulated related to the expected capital gains from the sale of KDX Hirakawacho Building (¥535 million) in the amount up to the reduction entry limit stipulated in Article 66-2 of the Special Taxation Measures Law (up to 80% of the gain on land sale) and to the extent it meets the conduit requirements stipulated in Article 67-15 of the Special Taxation Measures Law (more than 90% of distributable profit) and assumed a reserve for reduction entry in amount of ¥130 million for the 13th period.

Note: The above figures are projected under certain assumptions at this time, and actual net profit and distribution may differ from those projections due to changes in circumstances. Also, this projection is not intended to imply that the projected amount will be paid.

SECTION 2

External growth strategy

Portfolio that focuses on office buildings

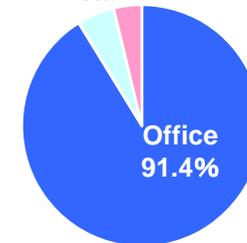


Portfolio overview
(as of July 31, 2011)

of properties: 74
Total size: ¥255.5B

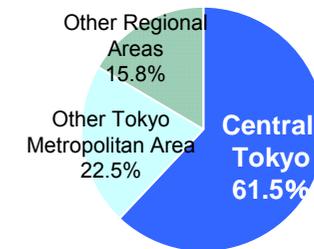
Portfolio breakdown by property type

Central urban retail 4.8%
Residential 3.6%

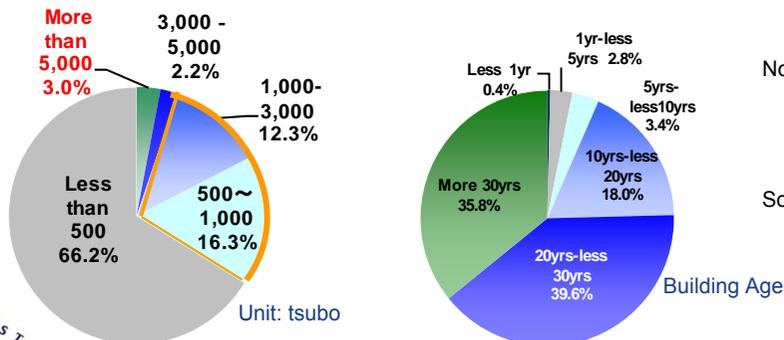


Office buildings: 68 properties
Total size: ¥233.7B

Portfolio breakdown by region (office buildings)



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



Note: The data is based on the office buildings that CBRE follows for analysis and does not cover all office buildings that are located within the 5 central wards in Tokyo (March 2011)

Source: "Mid-sized office building market trend", CBRE, May 2011 (report compiled at KDRM's request)

Notes :

- Total sizes are rounded to the nearest ¥100M
- The above percentages are calculated using the acquisition prices rounded to the first decimal place.
- Central Tokyo includes Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards

Acquisition/disposition in 12th period (2011/4)

- Focus on mid-sized office buildings in the Tokyo Metropolitan Areas
- Selective investments in other major cities

Total acquisitions in 12th period ¥13.2B

Tokyo Metropolitan Area ¥8.3B

Other Regional Areas ¥4.9B

Kitananajo SIA Building (acquisition)



Location: Kita-ku, Sapporo, Hokkaido
 GFA: 5,503.90 m²
 Year Built: October 1989
 Acquisition Price: ¥2,005M
 Acquisition Date: March 25, 2011
 Number of Tenant: 20
 (as of April 30, 2011)

- One-minute walk from Sapporo Station, facing the North Exit Plaza of the Station
- Standard floor space of 363m² (110 tsubo)



KDX Hirakawacho Building (disposition)



Location: Chiyoda-ku, Tokyo
 GFA: 8,002.97 m²
 Year Built: March 1988
 Acquisition Price: ¥5,180M
 Acquisition Date: August 1, 2005
 Sales Price: ¥5,800M
 Settlement Date: June 30, 2011

Rental Revenue	¥167,316 thousand (fiscal period ended 2011/4)
Number of End-Tenants	18 (as of April 30, 2011)
Occupancy Ratio	100.0%

- Located at the heart of central Tokyo, Hirakawacho Chiyoda-ku
- The sales agreement was executed and sold as originally planned, despite occurrence of the earthquake
- Part of portfolio strategy for optimization of property mix by considering such factors as market trends, profitability and characteristics of individual assets
- Increase in cash (liquidity) positions for future asset acquisitions
- Sale price likely to exceed KRI's estimated book value, potentially resulting in profits from the transaction

Track record of property acquisition and disposition

Properties acquired during the 12th fiscal period

Total acquisition price ¥13.17B

Disposition

Property name	Kyodo Building (Ginza No.8)	Kyodo Building (Honcho 1chome)	KDX Kobayashi-Doshomachi Building	Kitananajo SIA Building	(Reference) Total of 4 properties
Location	Chuo-ward, Tokyo	Chuo-ward, Tokyo	Chuo-ward, Osaka	Kita-ward, Sapporo	–
Acquisition date	Nov. 2011		Dec. 2010	Mar. 2011	–
Acquisition price (A)	¥4.3B	¥4.0B	¥2.87B	¥2.0B	¥13.17B
Appraisal value at the time of acquisition(B)	¥4.52B	¥4.33B	¥2.97B	¥2.05B	¥13.87B
Difference (A)- (B)	-4.9%	-7.6%	-3.4%	-2.2%	-5.0%
Seller	Third party	Third party	Related party	Third party	–
Appraisal NOI ¹	¥217.1M	¥216.3M	¥211.5M	¥131.4M	¥776.5M
Appraisal NOI/ Acquisition price	5.1%	5.4%	7.4%	6.6%	5.9%

Property name	KDX Hirakawacho Building
Location	Chiyoda-ward, Tokyo
Settlement date	Contract date: 2011/4/5 Settlement date: 2011/6/30
Sales price	¥5.8B
Appraisal value (Apr 2011)	¥4.91B
% of change	+18.1%
Buyer	Third party
Appraisal NOI ²	¥253.3M
Appraisal NOI/ Sales price	4.4%

Note 1: Appraisal NOI is the net operating income (annual) for the direct capitalization method used in real estate appraisal report at the time of acquisition for each property.

Note 2: Appraisal NOI of KDX Hirakawacho Building is the net operating income (annual) for the direct capitalization method used in real estate appraisal report of April 30, 2011.

Note 3: Values are rounded down to the first decimal place. Ratios are rounded to the first decimal place.

Property acquired during the 13th fiscal period (2011/10)

Properties Acquired during the 13th period (acquired on July 22, 2011)

	Kyodo Building (Iidabashi)	P's Higashi-Shinagawa Building	Nihonbashi Dai-2 Building	Kyodo Building (Shin- Nihonbashi)	Total
					
Acquisition Price (A) (¥M)	4,670	4,590	2,710	2,300	14,270
Appraisal Value (B) (¥M) (Note 1)	4,750	4,770	2,850	2,480	14,850
Difference (A)-(B) (%)	-1.7	-3.8	-4.9	-7.3	-3.9
Appraisal NOI (%)	5.2	5.7	6.1	5.5	5.6
Total Leasable Area (m ²)	4,429.22	7,107.50	3,992.60	2,658.79	18,188.11
Location	Shinjuku ward, Tokyo	Shinagawa ward, Tokyo	Chuo ward, Tokyo	Chuo ward, Tokyo	—

Note 1: Appraisal report of April 30, 2011

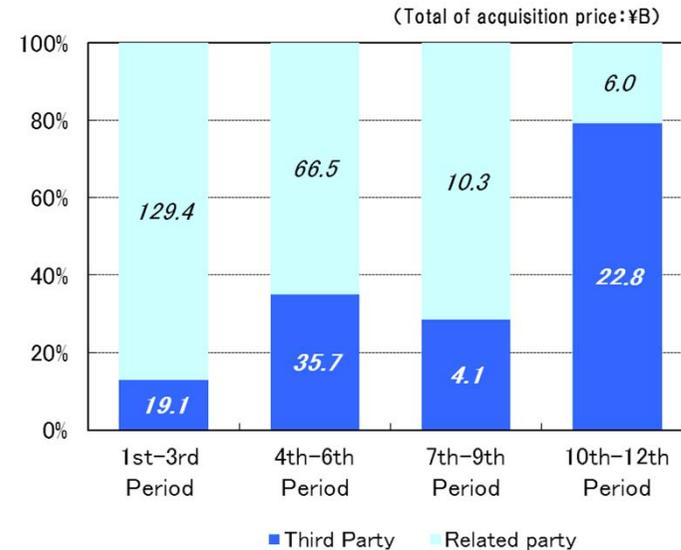
Note 2: Values are rounded down to the first decimal place. Ratios are rounded to the first decimal place.

Property Acquisition Strategies going forward: original network and diversified investment structure

Expanding/deepening the original network

- Financial institutions
Relationships with lenders & securities companies for possible access to funds' exit opportunities
- Private investment funds
Potential opportunities in relation to debt maturities
- J-REITs
Potential off-market opportunities through close relationships with other REITs
- Corporations
Potential off-market transactions in relation to financial restructuring and/or off-balance sheet needs

Changes in ratio of Seller Type



Note: The point of acquisition of KDX Nagoya Sakae Building is deemed to be in the 6th period when the sale and purchase agreement for land and building was signed (April 25, 2008), and the total acquisition price of land and building (7.55 billion yen) is recorded as the acquisition price.

Diversified investment structure (TK investments)



Disposition with a view to acquiring a new property

- Preference to disposition of residential and central urban retail assets
- Office buildings may be disposed based on room for asset replacement

Focusing on
“mid-sized office buildings”

*Japanese silent partnership

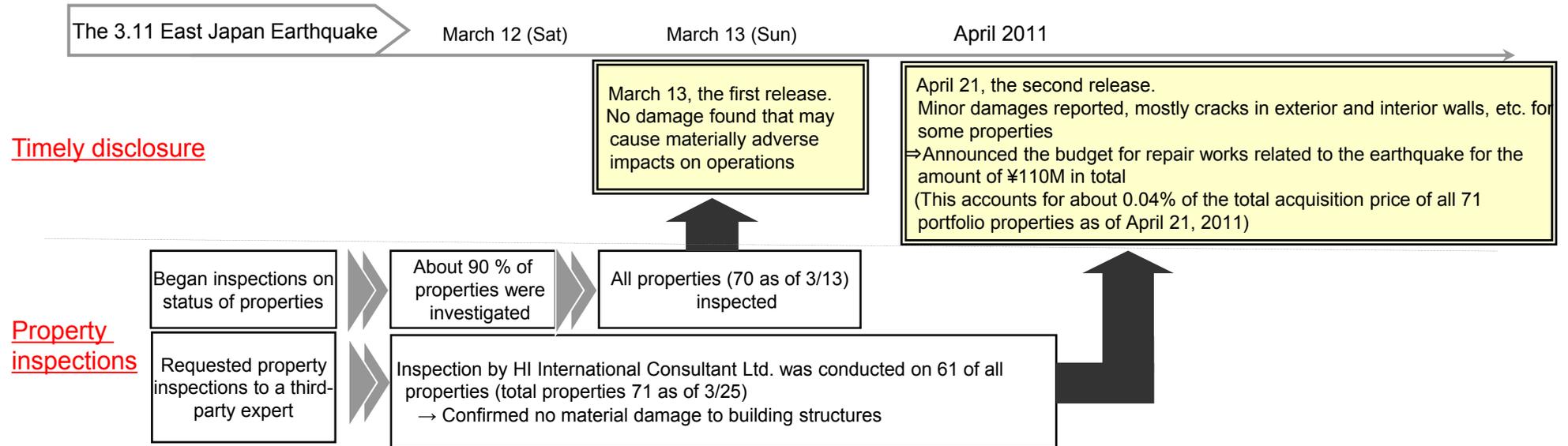
Memo

SECTION 3

Portfolio management strategy

Management of existing properties: Timely response to the East Japan Earthquake

Immediate response by internalizing PM functions



Repair, construction, etc

renewal/repair works commenced

<Timely assessment & reporting of damage>

<KDX Shinjuku Building>

March 11 (Fri.): initial report on human casualties (none) and initial report on damage survey received
 March 12 (Sat.): 2nd report on damage survey and, later on the same day, the final survey report received

<KDX Sendai Building>

March 11 (Fri.): received 3 reports on the same day
 March 12 (Sat.): received a progress report
 March 13 (Sun.): received a progress report, a direct report from the impacted site, followed by timely status updates
 March 14 (Mon.): received photos of the damaged areas, analyzed the pictures by the engineering group in the Property Management Division

<Crisis management for natural disasters>

- ✓ Timely reporting in a prescribed format for natural disaster situations
- ✓ How to respond to the earthquake intensity five or more in the seismic scale in areas where we hold assets
 → Crisis management system (earthquake, fire, terrorism) already in place to report “immediately” to the Asset Management Company

Management of existing properties: Material impacts from the earthquake

Total costs relating to the East Japan Earthquake

Budget for earthquake related construction works : ¥110M

- ① Construction works completed ¥5M
→ Recorded as extraordinary loss for fiscal period ended April 2011
- ② Anticipated cost for immediate repair and maintenance works ¥30M
→ Recorded as casualty loss reserves for fiscal period ended April 2011
- ③ Construction budget for fiscal period ending October 2011 ¥75M(note)
→ Details, including schedules, are to be determined
Note: This is an estimate, thus subject to substantial change in the future

KDX Sendai Building

Location: Aoba-ku Sendai, Miyagi
Year Built: February 1984



External stairs handrail
(4F apart)



photo: April 18

- EV·Parking machine repaired (March 14)
- External stairs handrail breakage
- External wall crack (partial damage on tiles)
- Internal wall crack

KDX Shin-Yokohama 381 Building

Location: Kohoku-ku Yokohama, Kanagawa
Year Built: March 1988



Before repair
(6F apart)



After repair

- Expansion joint hardware coming off· related distortion and interior damage
- Cracks in rest room walls
- Cracks in other internal walls

Status of buildings built under old seismic resistance standards (note)

KDX Nihonbashi 313 Building

Location: Chuo-ku, Tokyo
Year Built: April 1974

- Expansion joint disconnect
- Wall cracks

Toranomon Toyo Building

Location: Minato-ku Tokyo
Year Built: August 1962

- No material damage.

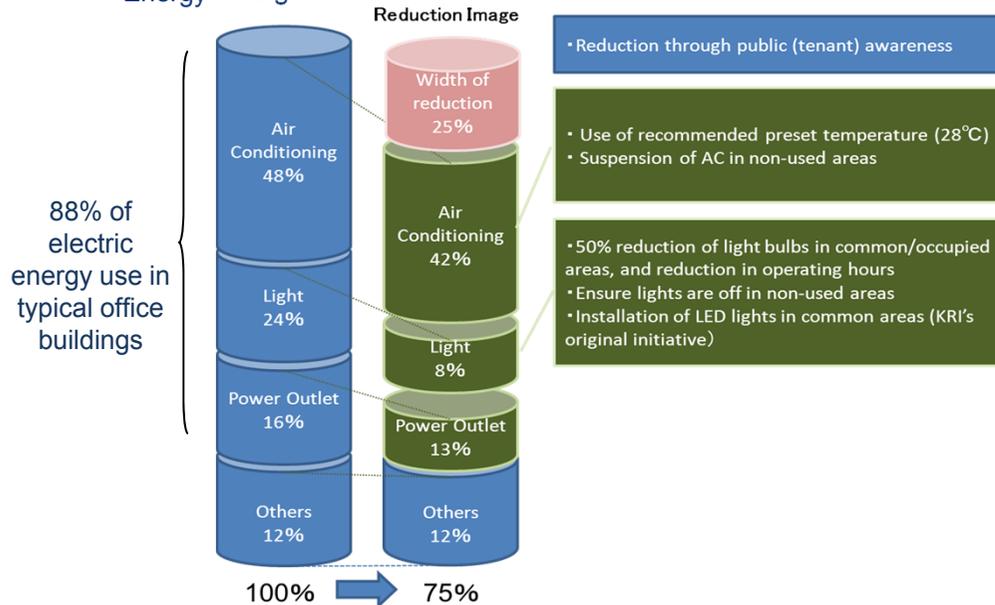
Note: The building was built in compliance with the old seismic resistance standard.
KDX Nihonbashi 313 Building received the antiseismic assessment result from an expert that the building has the quake resistance equivalent to those under the new seismic resistance standard.
Toranomon Toyo Building completed antiseismic reinforcement work.

Management of existing properties: Energy saving measure in office buildings

How we respond to potential power shortage in summer 2011

- 15% reduction in energy consumption, mostly at properties with more than 500kW contracted supply within TEPCO and Tohoku EPCO areas
- Systematic energy saving measures in both common areas and occupied areas, at which over 80% of electric power used for air-conditioning, lighting and power outlets
- KRI seeks 15% energy reduction by basing its saving measures on the government recommendations that assume maximum of 25% reduction

Energy saving measures: details



Capex for energy savings during peak hours

① LED light in evacuation signs
→ installed in offices and central urban retails (64 properties)



② LED lights for down lights etc.
→ installed in EV halls, hallways, rest rooms and conference rooms (9 properties)



③ Motion detection sensor and others
→ installed lighting systems with motion detection sensors in stairways (6 properties)



Power savings by all of ① ~ ③ is expected to be about 78Kw (-73%)
(Before implementation: approx. 107Kw → After: approx. 29Kw)

Development of public awareness (Requesting energy saving to tenants)



Cooperation request



Campaign poster by Ministry of Environment



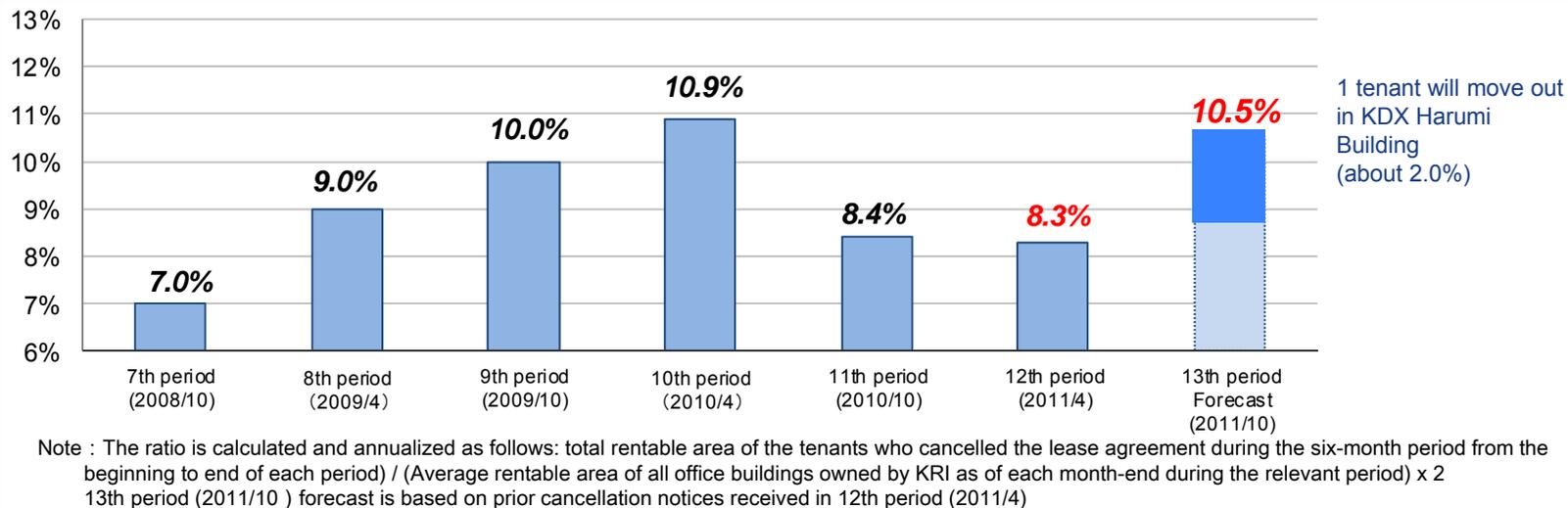
Promotional stickers by ECCJ

Anticipated timetable for energy savings in "large consumer" properties

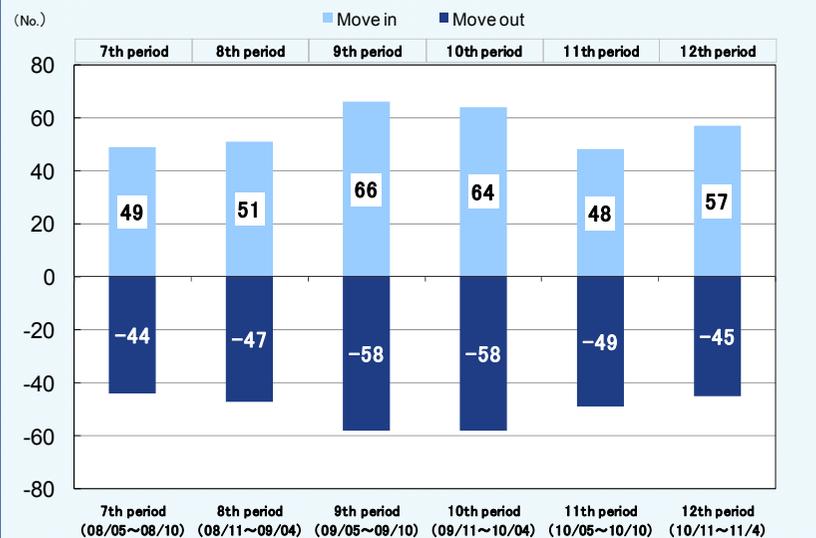
	June	July	August	September	October
Government (Ministry of Economy, Trade and Industry)	▲ Jun 1 Notification of large consumer property	Peak cutting period covered Jul 1 ~ Sep 22 (Weekday) From 9 to 20 (Tokyo Electric Power jurisdiction)			
KRI	Distribution • Notification of results of last year • Request document • Necessary tool • Power saving manual	single month data	Re-request	single month data	Re-request
Tenant		Invoice	Re-request	Invoice	Re-request
			Performance reporting	Performance reporting	Performance reporting
			Report		
	Posting changes and results of amount of electric use and use maximum electric power from June to October in the object building pavillion				

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

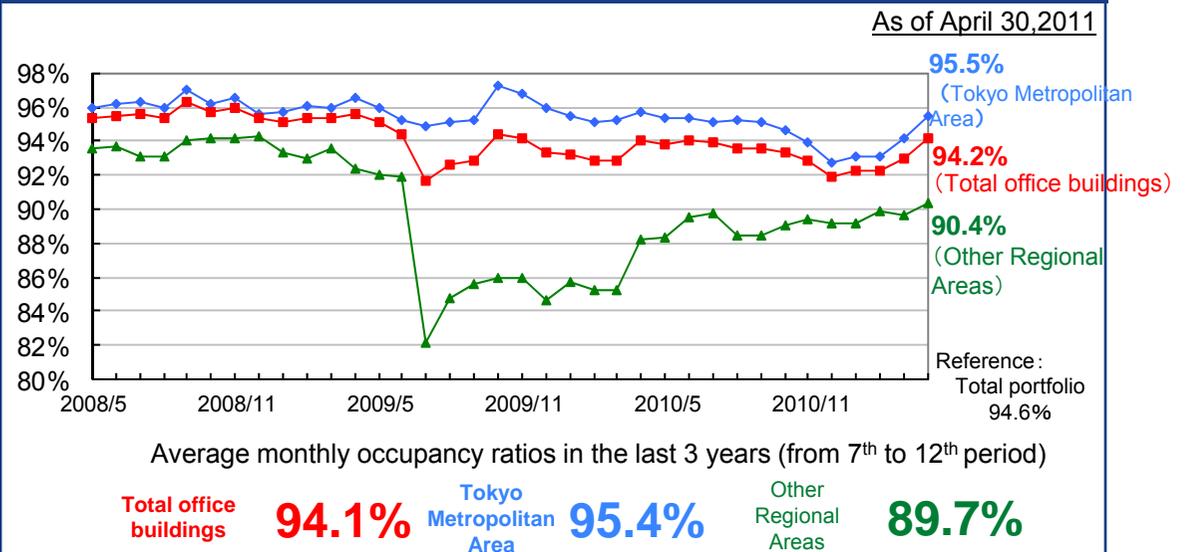
Annualized turnover ratios for office tenants (actual and forecast)



Number of tenant turnovers



Changes in office occupancy ratios (by area)



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

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

Rents for new tenants

% change in rents between new & previous tenants and # of contracts

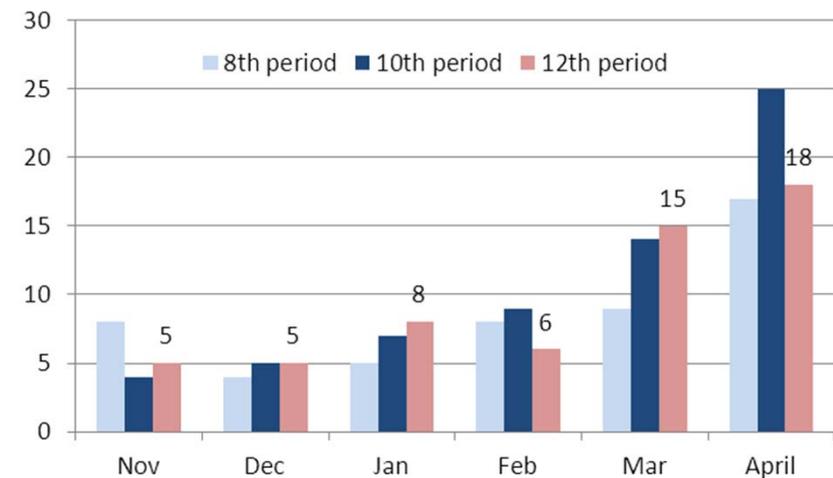
		8 th period (2009/4)	9 th period (2009/10)	10 th period (2010/4)	11 th period (2010/10)	12 th period (2011/4)
Central Tokyo (5 wards)	Changes	0.0%	-19.3%	-22.8%	-19.0%	-20.9%
	Increase in rent	8	0	0	0	1
	Decrease in rent	9	17	16	18	16
Other Tokyo Metropolitan Area	Changes	-1.8%	-8.4%	-15.5%	-20.0%	-18.6%
	Increase in rent	4	3	1	0	0
	Decrease in rent	6	15	11	6	17
Other Regional Areas	Changes	-7.7%	-16.4%	-15.0%	-16.6%	-14.0%
	Increase in rent	4	2	6	1	1
	Decrease in rent	7	11	18	13	10
Total of Office Buildings	Changes	-2.7%	-14.4%	-17.5%	-18.3%	-18.3%
	Increase in rent	16	5	7	1	2
	Decrease in rent	22	43	45	37	43

Notes :

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

Nov-April monthly trends in new tenants (office)

(# of tenants)



Notes: Number of tenants whose lease contracts commenced during the above listed months. Those tenants who have occupied more than one floor are accounted by each floor

Management of existing properties: changes in office rent levels

Rent renewals

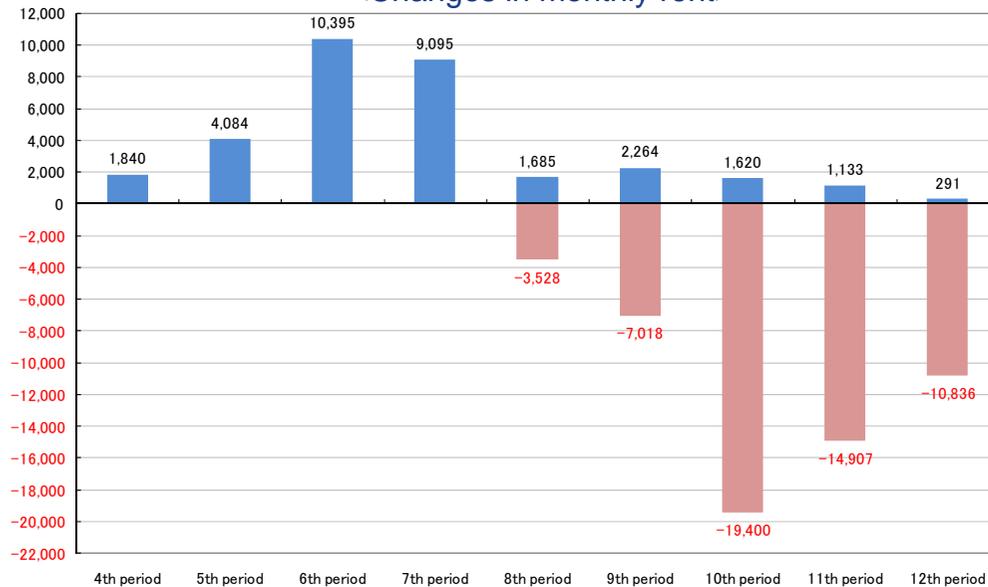
Status of rent renewals (# of contracts, % change)

	8 th period (2009/4)	9 th period (2009/10)	10 th period (2010/4)	11 th period (2010/10)	12 th period (2011/4)
Changes	-2.7%	-5.7%	-9.0%	-10.8%	-13.8%
Increase in rent	12	6	4	6	5
Decrease in rent	14	30	63	55	33

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

(thousand of yen)

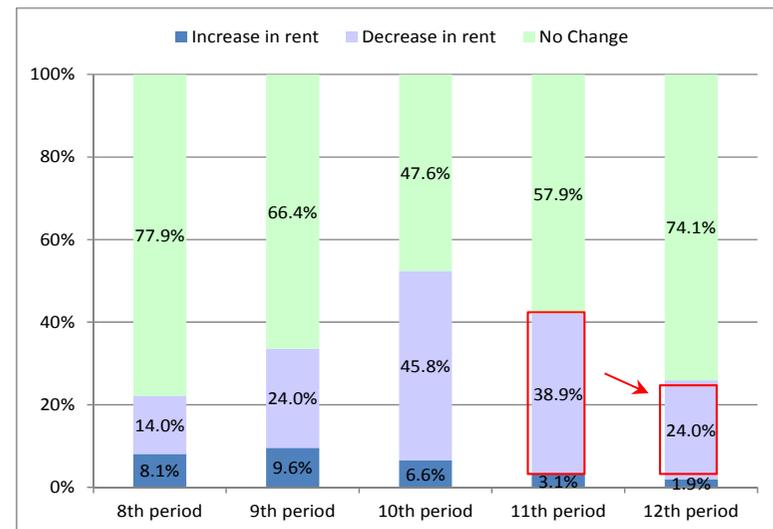
<Changes in monthly rent>



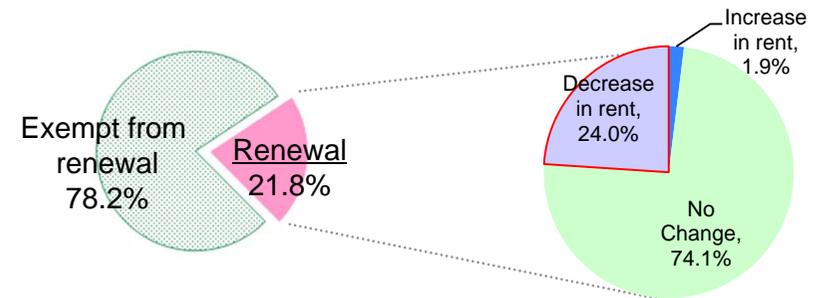
Note: The changes in monthly rent are summation of differences before and after the rent renewal and calculated separately for tenants with rent increase and decrease

12th period (2011/4): rent renewal trends for existing tenants

Declining "rent decrease" and increase in "no change"

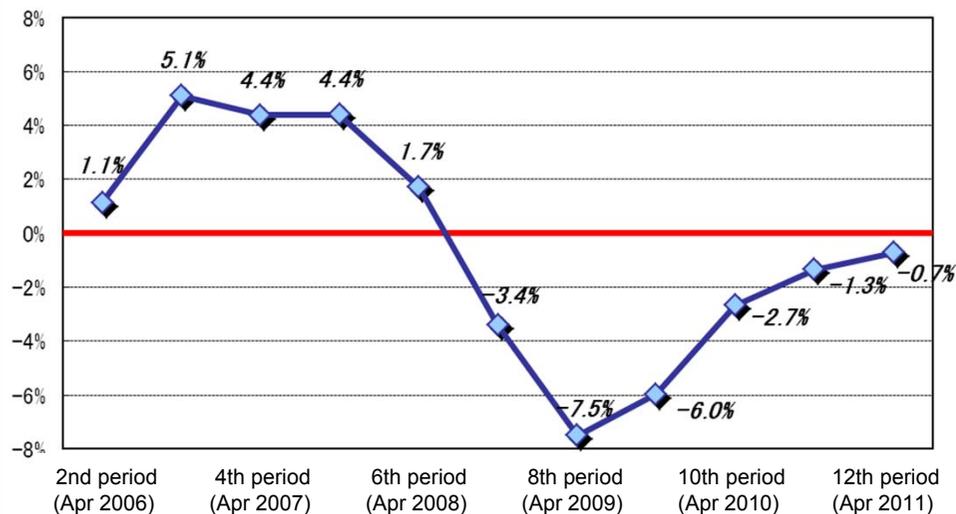


Note: Any renewed contracts, including contracts extended before the expiration date. Ratio calculation based on leased floor area



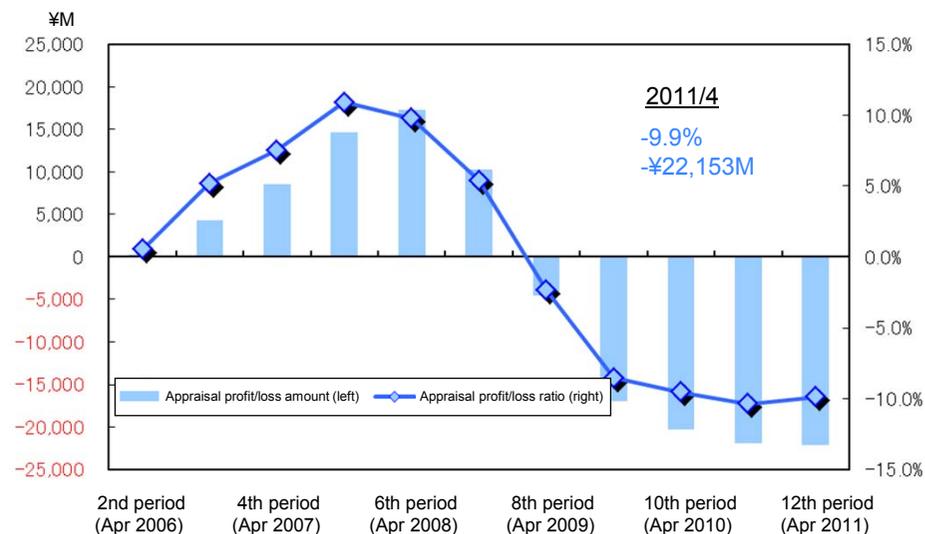
Historical appraisal value of office building

Historical variation for appraisal value of office



Note: Percentage change in appraisal values as of the end of each period compared with the previous period. The appraisal value for the properties that were acquired in the previous periods were the values as at the time of acquisition

Historical appraisal profit/loss ratio and amount of office



Note: Latent gain/loss is calculated by subtracting office properties' book values from appraisal values for respective periods; the ratio by dividing the latent gain/loss by total book value

Items of appraisal valuation	End of 8 th Period (2009/4)	End of 9 th Period (2009/10)	End of 10 th Period (2010/4)	End of 11 th Period (2010/10)	End of 12 th Period (2011/4)
Change in cap rates (average)	0.2%	0.1%	0.0%	0.0%	0.0%
	(5.0%→5.2%)	(5.2%→5.3%)	(5.3%→5.3%)	(5.3%→5.3%)	(5.3%→5.3%)

	End of 8 th Period (2009/4)	End of 9 th Period (2009/10)	End of 10 th Period (2010/4)	End of 11 th Period (2010/10)	End of 12 th Period (2011/4)
Appraisal profit/loss amount (¥M)	-4,499	-16,907	-20,280	-21,939	-22,153
Appraisal profit/loss ratio	-2.4%	-8.5%	-9.5%	-10.3%	-9.9%

Note: Change in cap rate (difference with value at the end of the previous period) of office buildings end of each period. Based on acquisition price. The cap rate of buildings acquired in the each period is considered the value at the end of the previous period and calculated

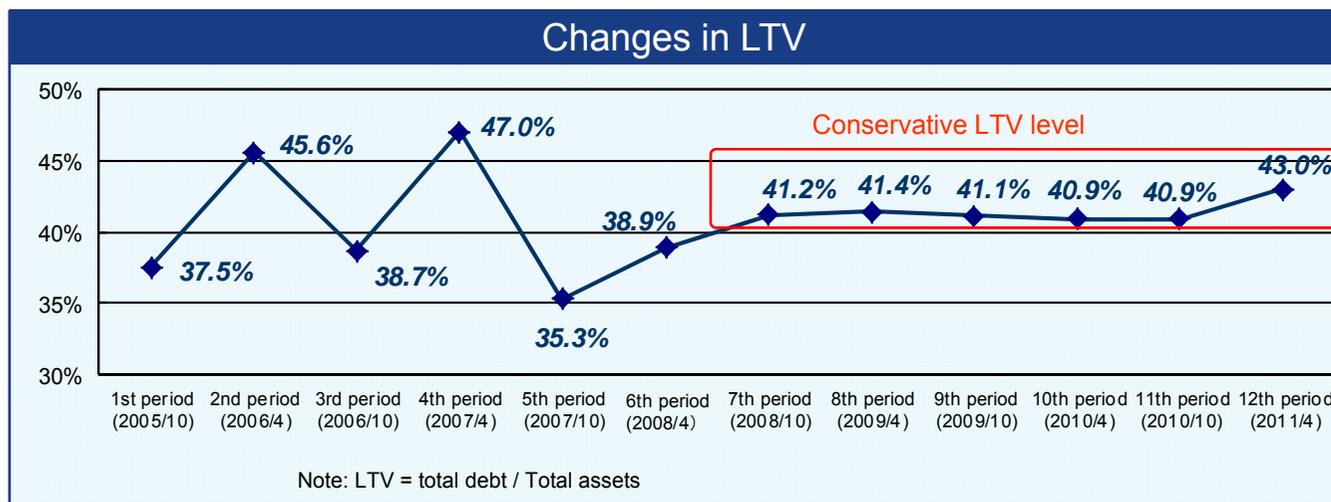
※ "Change in appraisal value as of end of each period compared with the previous period", "appraisal profit/loss amount", "appraisal profit/loss ratio" are based on office buildings 12th period excepted buildings sold. The Appraisal profit/loss amount is rounded to the nearest ¥1M

Memo

SECTION 4

Financial Strategy

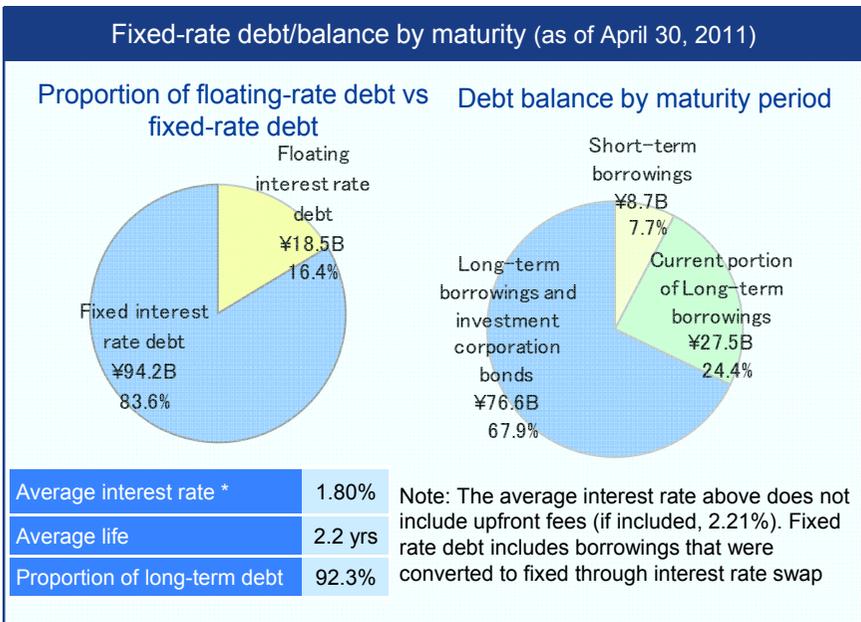
Stable financial management: conservative LTV and fixed-rate debts



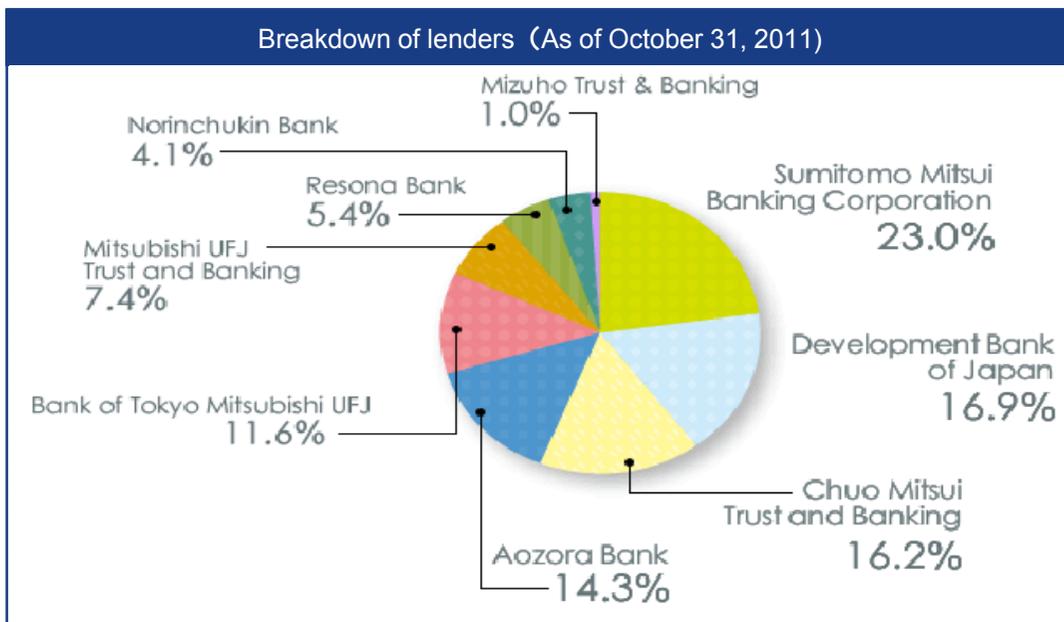
Credit ratings and Investment Corporation bonds (as of April 30, 2011)

Rating Agency	Rating
Japan Credit Rating Agency (JCR)	A (Stable)

Bonds	Size	Interest rate	Maturity	Maturity date
1st Bond	¥9.0B	1.74%	5yrs	2012/3/15
2nd Bond	¥3.0B	2.37%	10yrs	2017/3/15



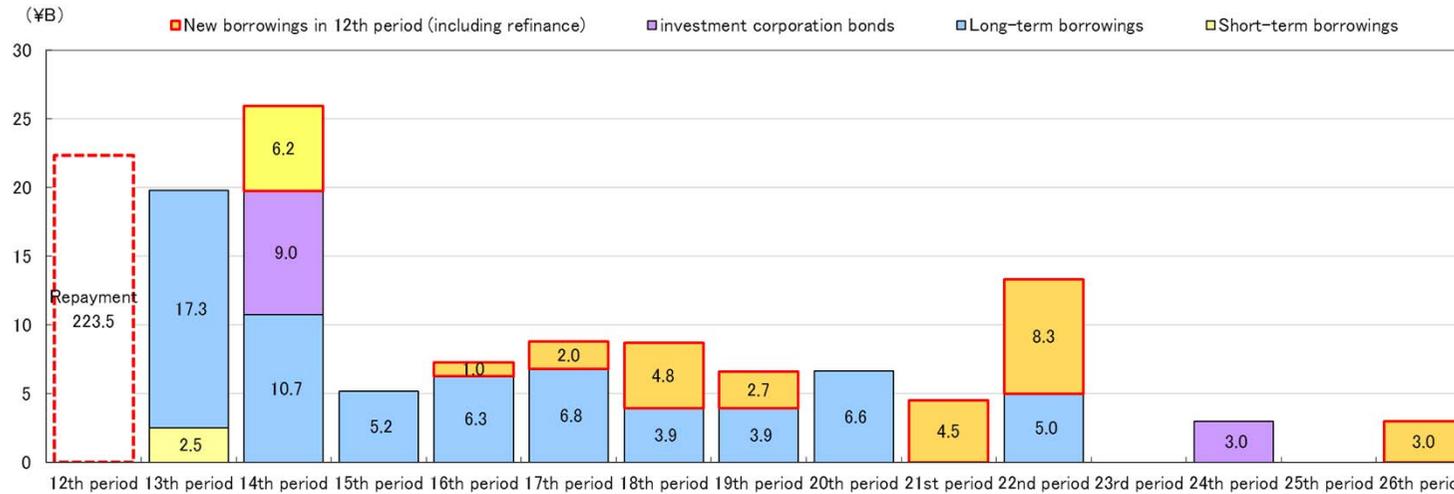
Note: borrowing amounts are rounded to the first decimal place



Note: Borrowing amounts are rounded to the first decimal place

Stable financial management: focus to diversify debt maturities

Diversification of debt maturities (as of April 30, 2011)



Average life 2.2yrs (*)

Average spread 1.28% (**)
(including upfront fee for borrowings)

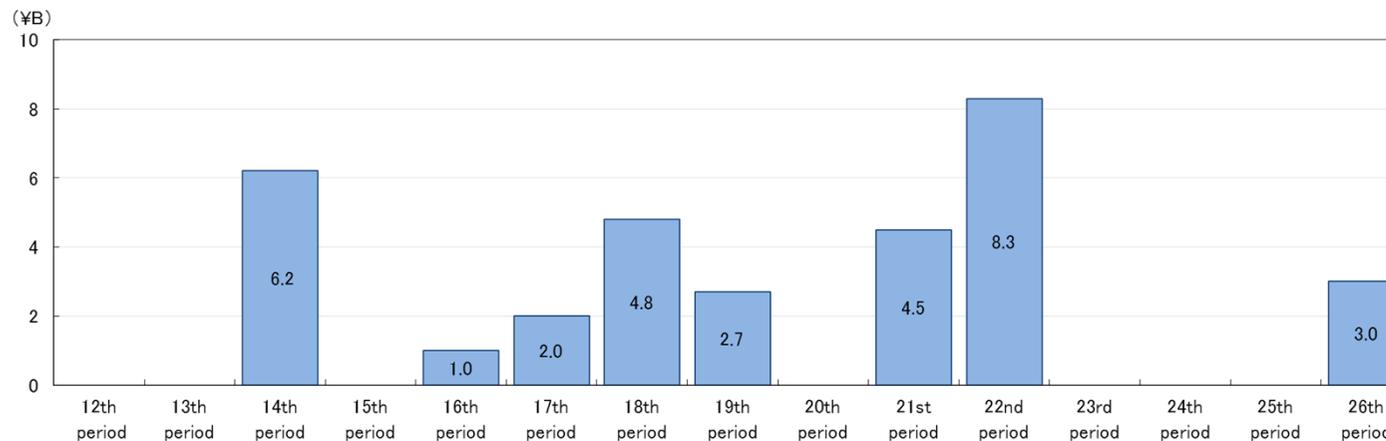
* Average life is weighted by borrowing amount (rounded to the first decimal place)

** The 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)

Note: the chart illustrates total debt amounts that mature in each period (rounded to the first decimal place). The debts that were financed after 12th period (including refinanced portions) are highlighted in red box, indicating final maturity periods and repayment amounts (short-term refinances are shaded with light yellow)

Borrowings in 12th period ⇒ extension of debt maturities and reduction in spreads

Maturity diversification for borrowings in 12th period



Track record of borrowings in 12th period (2011/4)

Average life 3.4yrs (***)

Average spread 1.42% (****)
(including upfront fee for borrowings)

(Reference)
8th (2009/4) and 9th (2009/10) periods:
Average life 1.8yrs, spread 2.23%

*** Average life is weighted by borrowing amount (rounded to the first decimal place)

**** The 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)

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Appendix

Track record of property acquisition after the financial crisis

Acquired 13 office buildings worth ¥43.1B after the financial crisis

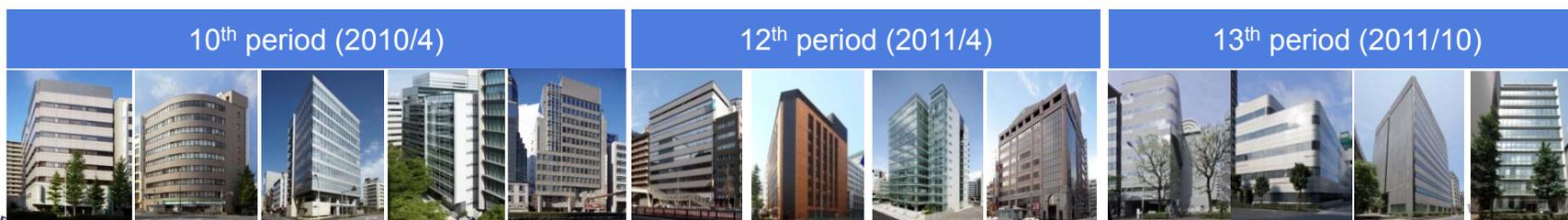
	10 th period (2010/4)					12 th period (2011/4)				13 th period (2011/10)				
	Koishikawa TG Building	Gotanda TG Building	KDX Shin-Yokohama 381 Building (Annex Tower)	KDX Nihonbashi 216 Building	KDX Shinjuku Building	Kyodo Building (Ginza No.8)	Kyodo Building (Honcho 1chome)	KDX Kobayashi-Doshomachi Building	Kitananajo SIA Building	Kyodo Building (Iidabashi)	P's Higashi-Shinagawa Building	Nihonbashi Dai-2 Building	Kyodo Building (Shin-Nihonbashi)	Total
Acquisition Price (¥M) (A)	3,080	2,620	1,100	2,010	6,800	4,300	4,000	2,870	2,005	4,670	4,590	2,710	2,300	43,055
Appraisal Value at the time of acquisition (¥M) (B)	3,260	2,830	1,210	2,110	7,420	4,520	4,330	2,970	2,050	4,750	4,770	2,850	2,480	45,550
Difference (A)-(B) (%)	-5.5	-7.4	-9.1	-4.7	-8.4	-4.9	-7.6	-3.4	-2.2	-1.7	-3.8	-4.9	-7.3	-5.5
Appraisal NOI at the time of acquisition (%)	5.8	6.3	6.8	5.3	5.3	5.1	5.4	7.4	6.6	5.2	5.7	6.1	5.5	5.7
Acquisition Date	November 2009			December 2009	February 2010	November 2010		December 2010	March 2011	July 2011				
Seller	Third party	Third party	Related party	Related party	Third party	Third party	Third party	Related party	Third party	Third party	Third party	Third party	Third party	
Acquisition Funds	Public offering and cash on hands				New debt	New debt and cash on hands				Public offering and cash on hands				

Asset Size (Note)

¥235.7 B (as of April 30, 2010)

¥246.4B (as of April 30, 2011)

¥255.5B (as of July 31, 2011)



Appraisal values and cap rates as of the end of 12th period

No	Property Name	Appraiser	Acquisition price	12th period					Cao Rate	
				Appraisal value	Book value	vs acquisition	vs 11th period	vs book value	End of 12th period	vs 11th period
A 1	KDX Nihonbashi 313 Building	Daiva	5,940	7,170	6,147	20.7%	0.0%	16.6%	4.9%	0.0%
A 2	KDX Hirakawacho Building	Daiva	5,180	4,910	5,130	-5.2%	0.0%	-4.3%	4.8%	0.0%
A 3	Higashi-Kayabacho Yuraku Building	JREI	4,450	5,180	4,399	16.4%	-0.2%	17.7%	5.1%	0.0%
A 4	KDX Hatchobori Building	Daiva	3,680	3,380	3,371	-8.2%	0.0%	0.3%	5.1%	0.0%
A 5	KDX Nakano-Sakae Building	Daiva	2,533	2,350	2,451	-7.2%	0.0%	-4.1%	5.5%	0.0%
A 6	Harajuku F.F Building	JREI	2,450	2,910	2,446	18.8%	1.7%	19.0%	5.7%	-0.1%
A 7	FIK Minami Aoyama	JREI	2,270	2,110	2,257	-7.0%	-4.5%	-6.6%	4.9%	-0.1%
A 8	Kanda Kihira Building	Daiva	1,950	1,870	1,863	-4.1%	0.0%	0.4%	5.1%	0.0%
A 12	Portus Center Building	Daiva	5,570	4,590	4,682	-17.6%	0.0%	-2.0%	6.4%	0.0%
A 13	KDX Kojimachi Building	JREI	5,950	4,230	5,665	-28.9%	-0.5%	-25.3%	4.6%	0.0%
A 14	KDX Funabashi Building	JREI	2,252	1,980	2,430	-12.1%	-0.5%	-18.5%	6.1%	0.0%
A 15	KDX Hamacho Building	JREI	2,300	2,390	2,273	3.9%	3.0%	5.1%	5.4%	-0.1%
A 16	Toshin 24 Building	JREI	5,300	4,240	5,148	-20.0%	-1.9%	-17.7%	5.7%	0.0%
A 17	Ebisu East 438 Building	JREI	4,640	4,150	4,564	-10.6%	-1.4%	-9.1%	5.2%	0.0%
A 18	KDX Omori Building	JREI	3,500	3,650	3,393	4.3%	0.3%	7.6%	5.5%	0.0%
A 19	KDX Hamamatsucho Building	Daiva	3,460	3,180	3,285	-8.1%	0.0%	-3.2%	4.8%	0.0%
A 20	KDX Kayabacho Building	JREI	2,780	3,180	2,838	14.4%	3.6%	12.0%	5.4%	-0.1%
A 21	KDX Shinbashi Building	JREI	2,690	2,840	2,657	5.6%	1.8%	6.9%	4.7%	0.0%
A 22	KDX Shin-Yokohama Building	JREI	2,520	2,340	2,483	-7.1%	-3.7%	-5.9%	5.9%	-0.1%
A 23	KDX Yotsuya Building	JREI	1,950	2,360	1,998	21.0%	3.5%	18.1%	5.5%	-0.1%
A 24	KDX Minami Semba Dai-1 Building	JREI	1,610	1,060	1,476	-34.2%	-2.8%	-28.2%	5.8%	0.0%
A 25	KDX Minami Semba Dai-2 Building	JREI	1,560	1,130	1,379	-27.6%	-1.7%	-18.1%	5.8%	0.0%
A 26	KDX Kiba Building	JREI	1,580	1,550	1,580	-1.9%	5.4%	-1.9%	5.8%	-0.2%
A 27	KDX Kajicho Building	Daiva	2,350	2,280	2,403	-3.0%	2.2%	-5.2%	5.2%	0.0%
A 28	KDX Nogizaka Building	JREI	1,065	833	1,125	-21.8%	0.5%	-26.0%	5.5%	0.0%
A 29	KDX Higashi-Shinjuku Building	Daiva	2,950	3,320	3,175	12.5%	2.5%	4.5%	5.3%	0.0%
A 30	KDX Nishi-Gotanda Building	JREI	4,200	3,750	4,092	-10.7%	3.0%	-8.4%	5.2%	0.0%
A 31	KDX Monzen-Nakacho Building	Daiva	1,400	1,270	1,420	-9.3%	0.0%	-10.6%	5.6%	0.0%
A 32	KDX Shiba-Daimon Building	JREI	6,090	4,880	6,234	-19.9%	0.8%	-21.7%	5.1%	-0.1%
A 33	KDX Okachimachi Building	Daiva	2,000	1,790	2,134	-10.5%	0.0%	-16.1%	5.2%	0.0%
A 34	KDX Hon-Atsugi Building	Daiva	1,305	1,070	1,202	-18.0%	0.0%	-11.0%	6.3%	0.0%
A 35	KDX Hachioji Building	Daiva	1,155	821	1,294	-28.9%	0.0%	-36.6%	5.9%	0.0%
A 36	KDX Niigata Building	JREI	1,305	872	1,455	-33.2%	0.5%	-40.1%	7.3%	0.0%
A 37	KDX Ochanomizu Building	JREI	6,400	6,460	6,690	0.9%	-1.1%	-3.4%	4.9%	0.0%
A 38	KDX Nishi-Shinjuku Building	JREI	1,500	1,220	1,530	-18.7%	0.8%	-20.3%	5.3%	-0.1%
A 39	KDX Toranomon Building	JREI	4,400	3,540	4,816	-19.5%	3.5%	-26.5%	4.5%	-0.1%
A 40	Toranomon Toyo Building	JREI	9,850	9,690	9,867	-1.6%	-0.8%	-1.8%	4.7%	0.0%
A 41	KDX Shinjuku 286 Building	JREI	2,300	2,100	2,340	-8.7%	2.4%	-10.3%	5.2%	-0.1%

No	Property Name	Appraiser	Acquisition price	12th period					Cao Rate	
				Appraisal value	Book value	vs acquisition	vs 11th period	vs book value	End of 12th period	vs 11th period
A 42	Karasuma Building	Daiva	5,400	5,020	5,431	-7.0%	0.0%	-7.6%	5.6%	0.0%
A 44	KDX Sendai Building	Daiva	2,100	1,440	2,167	-31.4%	-2.0%	-33.6%	6.1%	0.0%
A 45	KDX Roppongi 228 Building	JREI	3,300	2,130	3,440	-35.5%	-1.4%	-38.1%	4.9%	-0.1%
A 46	Hiei Kudan-Kita Building	Daiva	7,600	7,560	7,594	-0.5%	-1.0%	-0.5%	4.8%	0.0%
A 47	KDX Shin-Yokohama 381 Building	JREI	5,800	4,210	5,899	-27.4%	-0.9%	-28.6%	5.8%	-0.1%
A 48	KDX Kawasaki-Ekimae Hon-cho Building	JREI	3,760	3,410	3,843	-9.3%	0.0%	-11.3%	6.3%	0.0%
A 49	Nissou Dai-17 Building	JREI	2,710	1,600	2,645	-41.0%	-2.4%	-39.5%	5.8%	0.0%
A 50	Ikejiri-Ohashi Building	JREI	2,400	1,620	2,471	-32.5%	1.3%	-34.5%	6.0%	-0.2%
A 51	KDX Hamacho Nakanohashi Building	JREI	2,310	1,680	2,365	-27.3%	-0.6%	-29.0%	5.5%	-0.1%
A 52	KDX Kanda Misaki-cho Building	JREI	1,380	990	1,381	-28.3%	1.0%	-28.3%	5.4%	-0.1%
A 53	KDX Hakata-Minami Building	JREI	4,900	3,690	4,819	-24.7%	-3.9%	-23.4%	6.5%	0.0%
A 54	KDX Kitahama Building	JREI	2,220	1,670	2,224	-24.8%	0.0%	-24.9%	6.0%	0.0%
A 55	Shin-toshin Maruzen Building	JREI	2,110	1,570	2,160	-25.6%	0.6%	-27.3%	5.5%	-0.1%
A 56	KDX Jimbocho Building	JREI	2,760	1,790	2,914	-35.1%	-13.9%	-38.6%	5.6%	0.0%
A 57	KDX Gobancho Building	JREI	1,951	1,480	1,997	-24.1%	0.0%	-25.9%	5.1%	-0.1%
A 58	KDX Nagoya-Sakae Building	Daiva	7,550	4,710	7,630	-37.6%	0.0%	-38.3%	5.2%	0.0%
A 59	KDX Iwamoto-cho Building	JREI	1,864	1,330	1,821	-28.7%	1.5%	-27.0%	5.5%	-0.2%
A 60	KDX Horumi Building	JREI	10,250	10,000	9,845	2.4%	5.7%	1.6%	4.9%	0.1%
A 61	KDX Hamamatsucho Dai-2 Building	Daiva	2,200	1,920	2,261	-12.7%	0.0%	-15.1%	4.7%	0.0%
A 62	Koishikawa TG Building	JREI	3,080	3,200	3,153	3.9%	-1.2%	1.5%	5.2%	0.0%
A 63	Gotanda TG Building	JREI	2,620	2,520	2,812	-3.8%	-1.9%	-10.4%	5.5%	0.0%
A 64	KDX Nihonbashi 216 Building	JREI	2,010	1,850	1,992	-8.0%	-7.0%	-7.2%	4.9%	-0.1%
A 66	KDX Shinjuku Building	JREI	6,800	6,560	6,872	-3.5%	-6.4%	-4.5%	4.7%	0.1%
A 67	Kyodo Building (Ginza No.8)	Daiva	4,300	4,590	4,323	6.7%	1.5%	6.2%	4.6%	0.0%
A 68	Kyodo Building (Honcho 1 chome)	Daiva	4,000	4,330	4,024	8.3%	0.0%	7.6%	4.9%	0.0%
A 69	KDX Kobayashi-Doshomachi Building	JREI	2,870	2,970	2,847	3.5%	0.0%	4.3%	6.9%	0.0%
A 70	Kitananagi SIA Building	Daiva	2,005	2,050	2,034	2.2%	0.0%	0.8%	5.8%	0.0%
A	Office Building Subtotal		224,636	202,536	224,688	-9.8%	-0.7%	-9.9%	5.3%	0.0%
B 3	Court Mejiro	JREI	1,250	951	1,182	-23.9%	0.1%	-19.6%	5.5%	-0.1%
B 18	Venus Hibarigaoka	JREI	1,800	1,400	1,852	-22.2%	-1.4%	-24.4%	7.1%	0.0%
B 19	Residence Charmante Tsukishima	JREI	5,353	4,480	5,064	-16.3%	0.0%	-11.5%	5.3%	-0.8%
B 34	Gradito Kawaguchi	JREI	1,038	937	1,014	-9.7%	-2.3%	-7.7%	5.6%	0.0%
B	Residential Subtotal		9,441	7,768	9,114	-17.7%	-0.5%	-14.8%	5.7%	-0.5%
C 1	Frame Jiman-zaka	JREI	9,900	9,550	9,853	-3.5%	-2.1%	-3.1%	4.7%	0.0%
C 2	KDX Yoyogi Building	JREI	2,479	1,920	2,530	-22.6%	1.1%	-24.1%	5.3%	0.0%
C	Central Urban Retail Subtotal		12,379	11,470	12,383	-7.3%	-1.5%	-7.4%	4.8%	0.0%
Total			246,456	221,774	246,187	-10.0%	0.8%	-9.9%	5.3%	0.0%

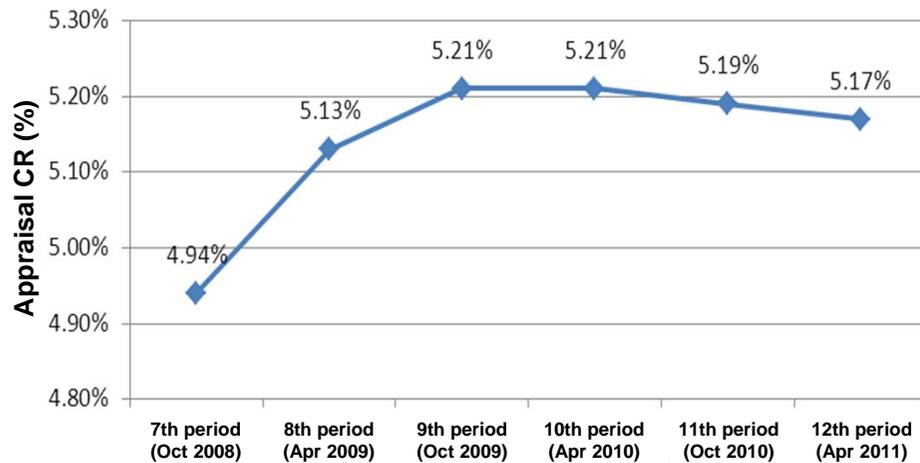
Notes:

1. Acquisition prices, appraisal values, and book values are rounded down to nearest ¥M. Ratios are rounded to the first decimal place
2. Total cap rates for each property type are the weighted-average based on the acquisition prices
3. KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are indicated as one property

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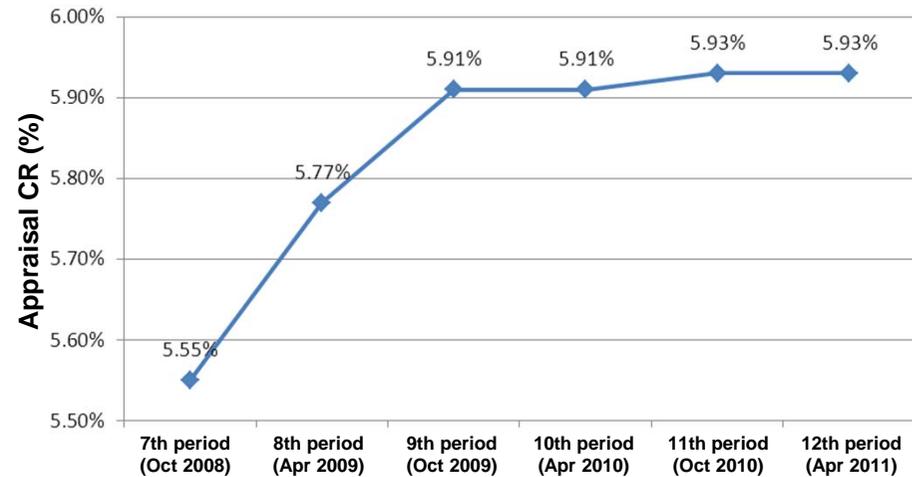
Changes of Office Buildings' Appraisal Value at the End of Periods

**Changes in average appraisal cap rates of office buildings
(Tokyo Metropolitan Area)**



Note :The average cap rates are calculated as weighted averages of the acquisition price of the 47 properties KRI held in Tokyo Metropolitan Area through 7th period to 12th period . KDX Shin-Yokohama 381 Building is excluded from calculation due to the consolidated operation of its existing building and newly-developed building.

**Changes in average appraisal cap rates of office buildings
(Other Regional Areas)**



Note: The average cap rates are calculated as weighted averages of the acquisition price of the 9 properties that KRI held in Other Regional Areas through 7th Period to 12th Period.

Portfolio overview (office buildings)

(As of Jun 15, 2011)

Office Buildings (65 properties)

Area	No.	Name	Location	Acquisition Price (¥M) ¹	Year built ²	Occupancy at end of 12th period (%) ³
Office Building Tokyo Metropolitan Area	A-60	KDX Harumi Building	Chuo-ward, Tokyo	10,250	Feb-08	98.2%
	A-40	Toranomon Toyo Building	Minato-ward, Tokyo	9,850	Aug-62	100.0%
	A-46	Hiei Kudan-Kita Building	Chiyoda-ward, Tokyo	7,600	Mar-88	95.9%
	A-66	KDX Shinjuku Building	Shinjuku-ward, Tokyo	6,800	May-93	100.0%
	A-37	KDX Ochanomizu Building	Chiyoda-ward, Tokyo	6,400	Aug-82	100.0%
	A-32	KDX Shiba-Daimon Building	Minato-ward, Tokyo	6,090	Jul-86	100.0%
	A-13	KDX Kojimachi Building	Chiyoda-ward, Tokyo	5,950	May-94	100.0%
	A-1	KDX Nihonbashi 313 Building	Chuo-ward, Tokyo	5,940	Apr-74	71.8%
	A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	5,800	Mar-88	89.5%
	A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	Sep-84	84.7%
	A-2	KDX Hirakawacho Building	Chiyoda-ward, Tokyo	5,180	Mar-88	100.0%
	A-17	Ebisu East 438 Building	Shibuya-ward, Tokyo	4,640	Jan-92	100.0%
	A-3	Higashi-Kayabacho Yuraku Building	Chuo-ward, Tokyo	4,450	Jan-87	100.0%
	A-39	KDX Toranomon Building	Minato-ward, Tokyo	4,400	Apr-88	100.0%
	A-67	Kyodo Building (Ginza No.8)	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	Kyodo Building (Honcho 1 chome)	Chuo-ward, Tokyo	4,000	Jan-84	100.0%
	A-48	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	Feb-85	100.0%
	A-4	KDX Hatchobori Building	Chuo-ward, Tokyo	3,680	Jun-93	100.0%
	A-18	KDX Omori Building	Ota-ward, Tokyo	3,500	Oct-90	100.0%
	A-19	KDX Hamamatsucho Building	Minato-ward, Tokyo	3,460	Sep-99	100.0%
	A-45	KDX Roppongi 228 Building	Minato-ward, Tokyo	3,300	Apr-89	65.1%
	A-62	Koishikawa TG Building	Bunkyo-ward, Tokyo	3,080	Nov-89	100.0%
	A-29	KDX Higashi-Shinjuku Building	Shinjuku-ward, Tokyo	2,950	Jan-90	100.0%
	A-20	KDX Kayabacho Building	Chuo-ward, Tokyo	2,780	Oct-87	100.0%
	A-56	KDX Jimbocho Building	Chiyoda-ward, Tokyo	2,760	May-94	74.8%
	A-49	Nissou Dai-17 Building	Yokohama, Kanagawa	2,710	Jul-91	86.4%
	A-21	KDX Shinbashi Building	Minato-ward, Tokyo	2,690	Feb-92	100.0%
	A-63	Gotanda TG Building	Shinagawa-ward, Tokyo	2,620	Apr-88	80.0%
	A-5	KDX Nakano-Sakaue Building	Nakano-ward, Tokyo	2,533	Aug-92	100.0%
	A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	Sep-90	93.1%
	A-6	Harajuku F.F. Building	Shibuya-ward, Tokyo	2,450	Nov-85	100.0%
	A-50	Ikejiri-Ohashi Building	Meguro-ward, Tokyo	2,400	Sep-88	74.4%
	A-27	KDX Kajicho Building	Chiyoda-ward, Tokyo	2,350	Mar-90	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	100.0%
	A-41	KDX Shinjuku 286 Building	Shinjuku-ward, Tokyo	2,300	Aug-89	100.0%

Area	No.	Name	Location	Acquisition Price (¥M) ¹	Year built ²	Occupancy at end of 12th period (%) ³
Office Building Tokyo Metropolitan Area	A-7	FIK Minami Aoyama Building	Minato-ward, Tokyo	2,270	Nov-88	100.0%
	A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	Apr-89	100.0%
	A-61	KDX Hamamatsucho Dai-2 Building	Minato-ward, Tokyo	2,200	Apr-92	100.0%
	A-55	Shin-toshin Maruzen Building	Shinjuku-ward, Tokyo	2,110	Jul-90	100.0%
	A-64	KDX Nihonbashi 216 Building	Chuo-ward, Tokyo	2,010	Oct-06	100.0%
	A-33	KDX Okachimachi Building	Taito-ward, Tokyo	2,000	Jun-88	100.0%
	A-57	KDX Gobancho Building	Chiyoda-ward, Tokyo	1,951	Aug-00	100.0%
	A-8	Kabnda Kihara Building	Chiyoda-ward, Tokyo	1,950	May-93	93.5%
	A-23	KDX Yotsuya Building	Shinjuku-ward, Tokyo	1,950	Oct-89	100.0%
	A-59	KDX Iwamoto-cho Building	Chiyoda-ward, Tokyo	1,864	Mar-08	100.0%
	A-26	KDX Kiba Building	Koto-ward, Tokyo	1,580	Oct-92	100.0%
	A-38	KDX Nishi-Shinjuku Building	Shinjuku-ward, Tokyo	1,500	Oct-92	87.6%
	A-31	KDX Monzen-Nakacho Building	Koto-ward, Tokyo	1,400	Sep-86	84.3%
	A-52	KDX Kanda Misaki-cho Building	Chiyoda-ward, Tokyo	1,380	Oct-92	86.9%
	A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	May-95	100.0%
	A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	Dec-85	100.0%
	A-28	KDX Nogizaka Building	Minato-ward, Tokyo	1,065	May-91	56.2%
Office Building Other Regional Areas	A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	Apr-09	93.7%
	A-12	Portus Center Building	Sakai, Osaka	5,570	Sep-93	95.8%
	A-42	Karasuma Building	Kyoto, Kyoto	5,400	Oct-82	94.2%
	A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	Jun-73	75.4%
	A-69	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	Jul-09	91.0%
	A-54	KDX Kitahama Building	Osaka, Osaka	2,220	Jul-94	92.8%
	A-44	KDX Sendai Building	Sendai, Miyagi	2,100	Feb-84	99.1%
	A-70	Kitananajo SIA Building	Sapporo, Hokkaido	2,005	Oct-89	100.0%
	A-24	KDX Minami Semb Dai-1 Building	Osaka, Osaka	1,610	Mar-93	95.6%
	A-25	KDX Minami Semb Dai-2 Building	Osaka, Osaka	1,560	Sep-93	100.0%
A-36	KDX Niigata Building	Niigata, Niigata	1,305	Jul-83	66.7%	
Office Building (65 properties) Subtotal				224,636	Ave 21.4 years	94.2%

Notes :

- Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation
- 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 Apr.30, 2011, and is rounded down to the nearest first decimal place. The weighted-average age of the 71 properties held as of Apr.30, 2011 is 20.4 years (As of Apr. 30, 2011)
- Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 71 properties held as of Apr.30,2011 is 94.6%

Portfolio overview (central urban retail/residential properties)

(As of Jun 15, 2011)

Central Urban Retail Properties (2 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) ¹	Year built ²	Occupancy at end of 12th period (%) ³
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	Ave 8.8 years

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

Residential properties (4 properties)

Type	Area	No.	Name	Location	Acquisition Price (¥M) ¹	Year built ²	Occupancy at end of 12th period (%) ³
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	Chuo-ward, Tokyo	5,353	Jan-04	100.0%
		B-3	Court Mejiro	Shinjuku-ward, Tokyo	1,250	Mar-97	91.3%
		B-34	Gradito Kawaguchi	Kawaguchi, Saitama	1,038	Feb-06	100.0%
	Other Regional Areas	B-18	Venus Hibarigaoka	Sapporo, Hokkaido	1,800	Mar-89	96.7%
Residential Properties (4 properties) Subtotal					9,441	Ave 10.8 years	97.5%

	7th period	8th period	9th period	10th period	11th period	12th period
Office Buildings	5.3%	5.5%	5.2%	5.1%	4.9%	4.7%
Central Urban Retail Properties	4.8%	4.7%	4.6%	4.5%	4.5%	4.6%
Residential Properties	5.3%	5.2%	5.0%	5.2%	4.8%	4.9%
Total	5.3%	5.4%	5.2%	5.1%	4.9%	4.7%

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 Apr.30, 2011, and is 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.

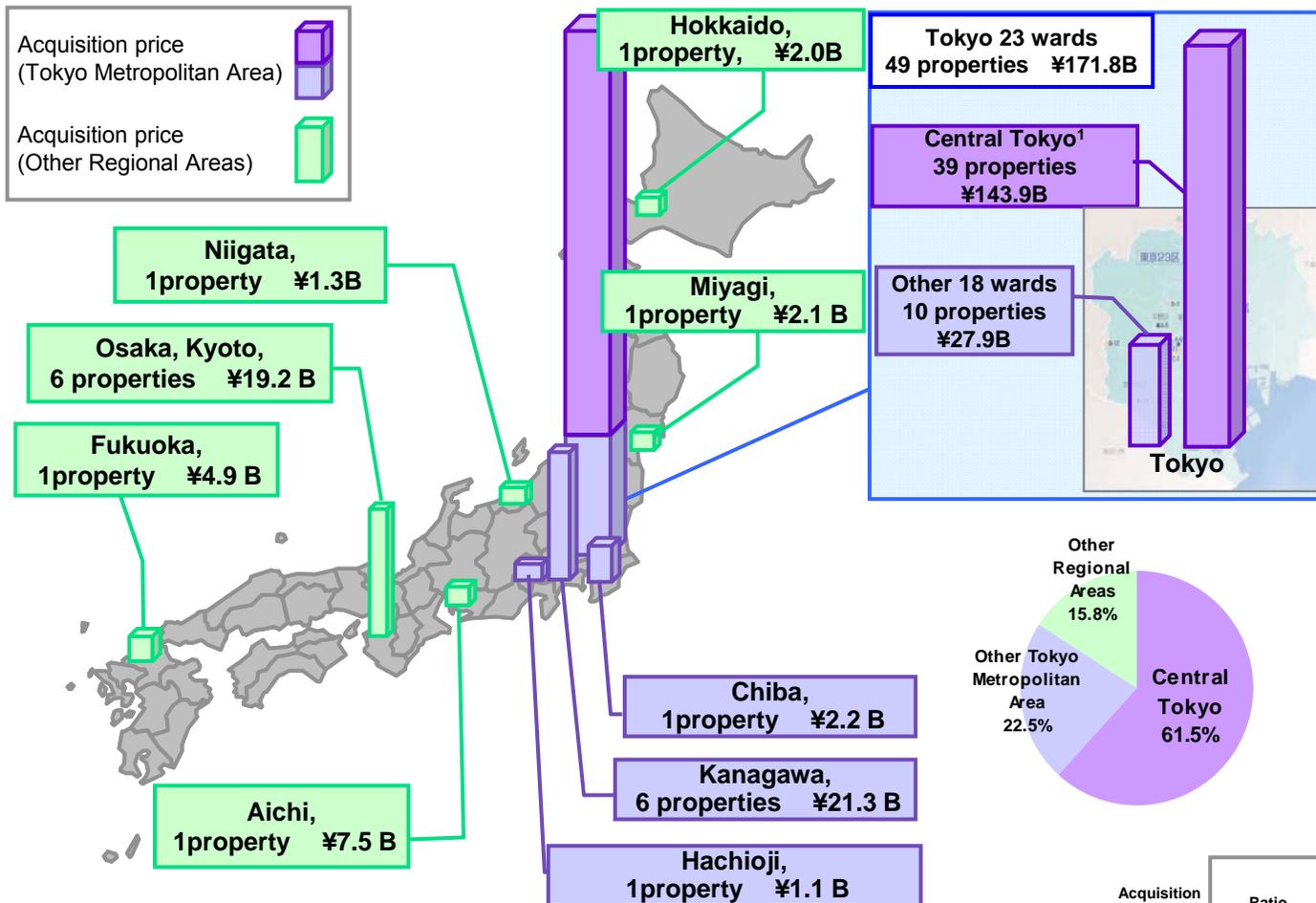
Notes:

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

Emphasis on mid-sized office buildings in Tokyo Metropolitan Area

(As of July 31, 2011)

Office portfolio: 68 properties, with a total acquisition price ¥233.7B

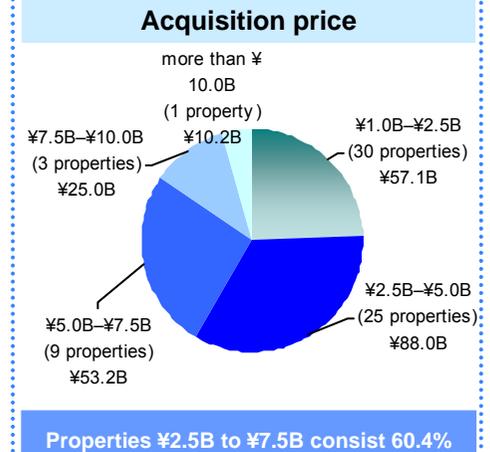


Notes :

- 1 Central Tokyo : Chiyoda, Chuo, Minato, Shibuya and Shinjuku
- 2 Acquisition price is rounded 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

	Number of Property	Acquisition Price (¥B)	Ratio (%)
Tokyo Metropolitan Area	57	196.6	84.1
Other Regional Areas	11	37.0	15.8
Total	68	233.7	100.0

Composition of office portfolio



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: Amount is rounded down to the nearest million yen. Percentages are rounded down to the first decimal place.

Management of existing properties: Rent and tenants of office buildings

Average Rent

Average rent for office buildings

(Monthly rent per tsubo)	End of 10th period (2010/4)	End of 11th period (2010/10)	Changes compared with 2009/10	End of 12th period (2011/4)	Changes compared with 2010/4
Central Tokyo (5 wards)	¥19,900	¥19,300	△2.9%	¥18,900	△2.3%
Other Tokyo Metropolitan Area	¥14,300	¥14,100	△1.4%	¥13,700	△3.1%
Other Regional Areas	¥10,700	¥10,600	△1.3%	¥10,500	△0.7%
Total office buildings	¥17,000	¥16,600	△2.4%	¥16,200	△2.3%

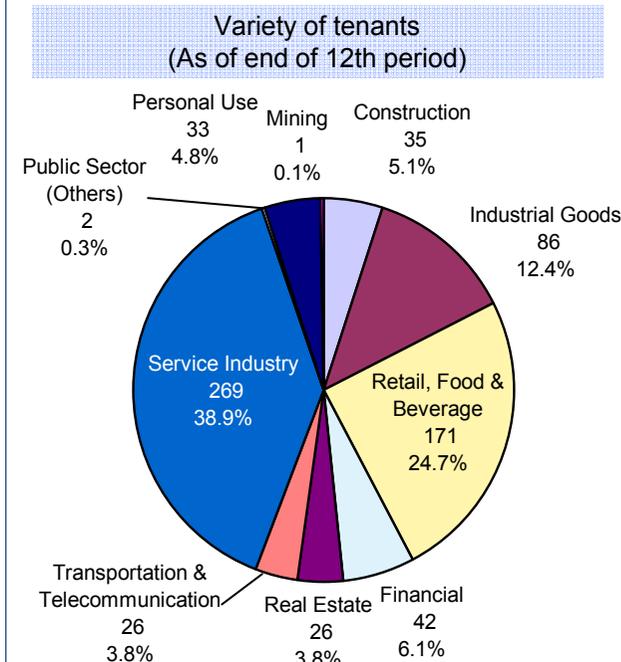
Note: Average rent level covers offices mainly above 2nd floor of the 61 properties which the Investment Corporation has owned at the end of 10th period excluding KDX Shinjuku-Gyoen Building which was sold in the 11th period. Starting from the 11th period, A-47KDX Shin-Yokohama 381 Building is calculated collectively with the KDX Shin-Yokohama 381 Building Annex Tower (A-65) as 1 property. The average rent level of each property is the value obtained by dividing the sum of the monthly rent (including common area charges) per each property by the total leased area of each property, and is rounded down to 100 yen.

Tenant distribution in Tokyo Metropolitan Area (end of 12th period)

Rent/space	100 tsubo	100 to 200 tsubo	200 to 300 tsubo	300 to 400 tsubo	400 to 500 tsubo	500 to 1,000 tsubo	1,000 to 2,000 tsubo
¥30,000~40,000	2	1	1	—	—	—	1
¥20,000~30,000	41	31	9	3	—	2	—
¥10,000~20,000	165	79	16	7	5	5	2
~¥10,000	30	2	2	2	—	—	—

Note: Based on rents as stated in lease agreements (including common area charges) for 406 office tenants in Tokyo Metropolitan Area

End tenants of office buildings



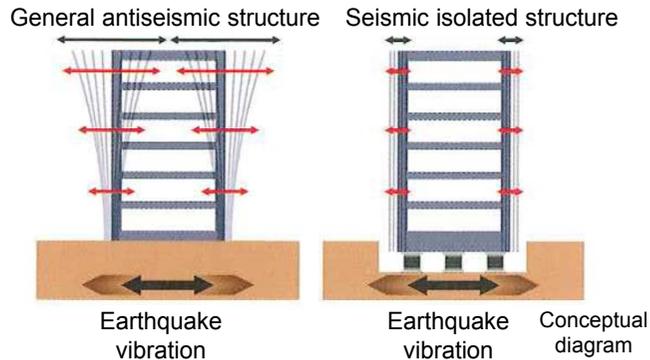
Note: Percentage figures in the above pie charts represent the proportion of each type of end tenants as a percentage of the total (691 tenants)

Number of Tenants (Number of Properties)	691 Tenants (65 Properties)
Share of the Largest Tenant	1.9%
Total Share of the Top 3 Tenants	5.1%

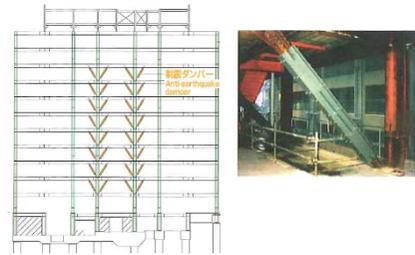
Note: The ratio of top-end tenants within the entire portfolio (based on leased area)

Management of existing property: antiseismic structure of owned property (case examples)

Seismic isolation structure



Seismic control structure



Antiseismic inforcement



KDX Nagoya Sakae Building

Location: Naka-ku, Nagoya, Aichi
Year Built: April 2009



Adopt seismic isolation structure by incorporating seismic isolation device between lower base and upper base

KDX Omori Building

Location: Ota-ku, Tokyo
Year Built: October 1990



- Buildings with seismic isolation structure for aboveground floors
- Seismic isolation devise is installed in foundation of underground floor

KDX Harumi Building

Location: Chuo-ku, Tokyo
Year Built: February 2008



Adopt seismic control structure with seismic damper installed in second floor through ninth floor

Toranomon Toyo Building

Location: Minato-ku, Tokyo
Year Built: August 1962



- The oldest property in the portfolio
- Built before new earthquake resistance standard became effective
→Previous owner:
Completed antiseismic reinforcement work by Taisei Corporation in October 2005

Management of existing properties—earthquake-proof etc.

PML of Portfolio: 5.30% (74 properties held)

※ PML according to Research Result by NKSJ Risk Management, Inc. as of June 2011.

Seismic Safety Standard on Property Acquisition

Properties to be acquired should meet the New Standard for Earthquake Resistant Design (1981)
The PML (Probable Maximum Loss) for Each newly acquired property should be under 20%, the portfolio PML should be kept less than 10% after acquisition.

However, Investment objects include properties which:

1. Are still Profitable even after the Earthquake Insurance contract.
2. Will reach the standard above after seismic reinforcement work.

Ensuring the Safety of existing Properties

Condition assessments are conducted after acquisition of new properties, such as Deterioration diagnosis of buildings, Survey of compliance to Building Standards Law, Surveys of hazardous materials that the building contains, Soil survey as well as the formulation of short-term and long-term repair plan.
Such surveys are commissioned to external institutions to ensure their professionalism, objectivity and transparency.
Furthermore, the reassessment of property's condition and renewal of short-term & long-term repair plans are conducted towards properties acquired for a considerable long time.

Notes

- 1 [New standard for Earthquake Resistant Design was formulated on the base of the revision of enforcement order of Building Standard Law in 1981.
The anti-seismic 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
- 2 PML (Probable Maximum Loss) can be divided into PML of individual property and PML of the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss occurred 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 refinancing cost of the estimated restoration expenses.

Management of existing property: Environment responsive (Implementation of third-party assessment)

Getting certified under DBJ Green Building Rating System



<Outline of DBJ Green Building Rating System>

Certification for environmentally- and socially-conscious property (“Green Building”) based on four ratings using the total scoring model developed by DBJ.

KDX Harumi Building



KDX Nagoya Sakae Building



KDX Kobayashi-Doshomachi Building



Ratings	Description (image)
Platinum	One of the leading Japanese buildings with excellent approaches to environmental and social consciousness.
Gold	Buildings with extremely forward-looking approaches to environmental and social consciousness.
Silver	Buildings with highly forward-looking approaches to environmental and social consciousness.
Bronze	Buildings with forward-looking approaches to environmental and social consciousness.

Location	Chuo-ku, Tokyo
Structure	S/SRC
Floors	B1 11F
GFA	12,694.32m ²
Year Built	February 2008
Acquisition date	June 30, 2008

Location	Naka-ku, Nagoya, Aichi
Structure	S
Floors	11F
GFA	9,594.00m ²
Year Built	April 2009
Acquisition date	(Land) April 25, 2008 (Bldg) July 1, 2009

Location	Chuo-ku, Osaka, Osaka
Structure	S/SRC
Floors	B1 F12
GFA	10,723.83m ²
Year Built	July 2009
Acquisition date	December 1, 2010

Stable financial management : Borrowing list

As of April 30, 2011

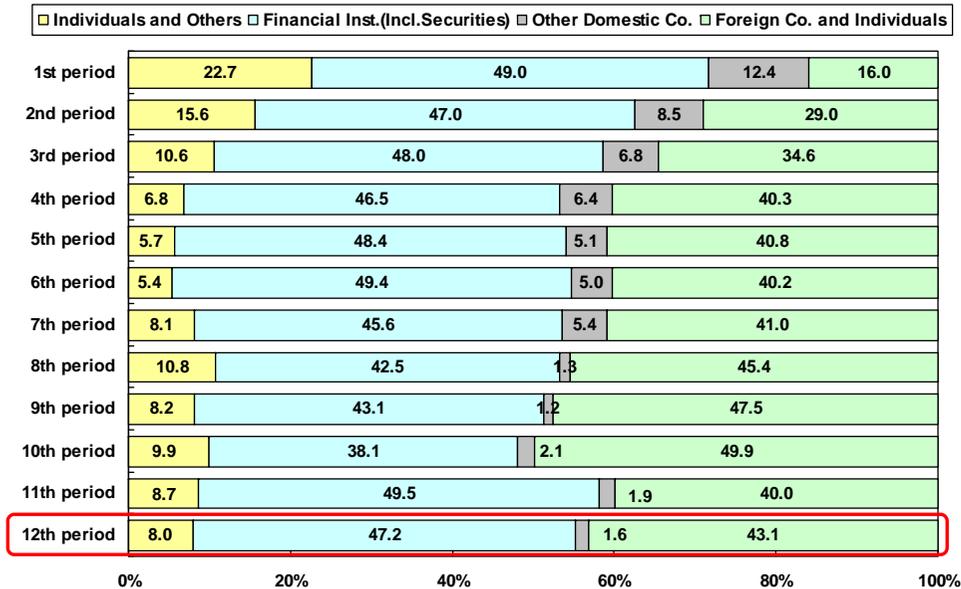
	Lender	Balance (MM)	Drawdown date	Last repayment date	
Short-term borrowings	Mitsubishi UFJ Trust and Banking Corporation	1,500	2010/7/30	2011/7/31	
	Mitsubishi UFJ Trust and Banking Corporation	1,000	2010/10/29	2011/10/31	
	Mitsubishi UFJ Trust and Banking Corporation	2,700	2011/1/31	2012/1/31	
	Mitsubishi UFJ Trust and Banking Corporation	2,000	2011/3/25	2012/3/23	
	The Norinchukin Bank	1,500	2011/4/18	2011/11/30	
Short-term borrowing subtotal		8,700			
Current portion of long-term borrowings	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.(2000)	5,000	2008/3/31	2011/9/30	
	Aozora Bank.,Ltd	3,500	2009/4/30	2011/10/31	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd	1,500	2010/10/26	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	460	2009/2/27	2012/2/29	Note
	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		
Current portion of long-term borrowings subtotal		27,460			
Long-term borrowings	Resona Bank., Ltd.	1,500	2008/6/30	2012/6/30	
	Development Bank of Japan Inc.	920	2009/2/27	2012/8/31	Note
	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	
	The Chuo Mitsui Trust and Banking Co., Ltd.	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	
	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	
	Sumitomo Mitsui Banking Corporation	940	2009/10/26	2013/10/26	Note
	Sumitomo Mitsui Banking Corporation	1,880	2009/10/30	2013/10/30	Note
	Resona Bank., Ltd.	500	2010/10/29	2013/10/31	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd(1,500), The Chuo Mitsui Trust and Banking Co., Ltd.(800), Aozora Bank., Ltd(400)	2,700	2010/11/12	2013/11/12	3yr
	The Bank of Tokyo-Mitsubishi UFJ, Ltd(500), The Chuo Mitsui Trust and Banking Co., Ltd.(200), Aozora Bank., Ltd(100)	800	2010/12/1	2013/11/12	3yr
	The Chuo Mitsui Trust and Banking Co., Ltd.	3,700	2010/7/30	2014/1/31	
	Sumitomo Mitsui Banking Corporation	1,300	2011/1/31	2014/1/31	
	Sumitomo Mitsui Banking Corporation	3,700	2010/7/30	2014/7/31	
	The Chuo Mitsui Trust and Banking Co., Ltd.	2,700	2011/3/22	2014/9/22	
	Sumitomo Mitsui Banking Corporation	1,128	2010/1/29	2015/1/30	Note
	Sumitomo Mitsui Banking Corporation (2,128) , Development Bank of Japan Inc.(1,573), The Chuo Mitsui Trust and Banking Co., Ltd.(925), Aozora Bank., Ltd(463)	5,088	2010/2/18	2015/2/18	Note
	Sumitomo Mitsui Banking Corporation	1,900	2010/4/2	2015/4/2	Note
	Aozora Bank., Ltd	3,000	2011/2/28	2015/8/31	
	Aozora Bank., Ltd	1,500	2011/4/28	2015/10/31	
	Sumitomo Mitsui Banking Corporation (1,200) , Resona Bank., Ltd.(800)	2,000	2010/11/12	2015/11/12	5yr
	Sumitomo Mitsui Banking Corporation (800) , Resona Bank., Ltd.(200)	1,000	2010/12/1	2015/11/12	5yr
	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		
Resona Bank., Ltd.	1,000	2011/3/31	2016/3/31		
Development Bank of Japan Inc.	5,000	2006/5/1	2016/4/30		
Development Bank of Japan Inc.	2,300	2010/11/12	2017/11/12	7yr	
Development Bank of Japan Inc.	700	2010/12/1	2017/11/12	7yr	
Long-term borrowings subtotal		64,556			
Total		100,716			

Notes:

- 1 Repayment Method: repayment of every 6 months (amortization)
- 2 The amount are rounded to the first decimal place

KRI Unitholders

Change in investment units by unitholders



Note: Rounded to the first decimal place

Type of unitholders End of 12th (as of 2011/4/30)

	# of Unitholders	Ratio (%)	# of Units held (unit)	Ratio (%)
Individual and Others	6,297	94.9%	18,795	8.0%
Financial Inst.(Incl.Securityes co.)	47	0.7%	110,317	47.2%
Other Domestic Co.	99	1.5%	3,757	1.6%
Foreign Co. and Individuals	193	2.9%	100,681	43.1%
Total	6,636	100.0%	233,550	100.0%

Note: Rounded to the first decimal place

Top 10 unitholders at end of 12th period (as of 2011/4/30)

Name	# of units held (unit)	(%)
Japan Trustee Services Bank, Ltd. (Trust Acct.)	40,952	17.53%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	28,880	12.36%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	23,230	9.94%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	8,181	3.50%
Nomura Bank (Luxembourg) S.A.	7,098	3.03%
The Bank of NY Treaty JASDEC Account	7,012	3.00%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV	5,900	2.52%
State Street Bank and Trust Company 505223	3,785	1.62%
BNP PARIBAS SECURITIES SERVICES SINGAPORE/BP2S SYDNEY/JASDEC/AUSTRALIANRESIDENTS	3,708	1.58%
The Chase Manhattan Bank N.A. London SL omnibus account	3,076	1.31%
	131,822	56.44%

Note: Rounded to the second decimal place

(Reference) Reporting of major unitholders

Name	Submitted on	# of units held (unit)
DIAM Co., Ltd	2011/5/30	25,723
DIAM Co., Ltd		25,723
Mizuho Asset Management Co., Ltd	2011/2/7	22,648
Mizuho Asset Management Co., Ltd.		16,107
Sinko Investment Trust Management Co., Ltd.		6,541
Nomura Securities Co., Ltd.	2011/2/21	15,352
Nomura Asset Management Co., Ltd.		12,822
NOMURA INTERNATIONAL PLC		1,616
Nomura Securities Co., Ltd.		714
NOMURA SECURITIES INTERNATIOAL, Inc.		200
The Sumitomo Trust and Banking Co.,Ltd	2011/1/21	13,760
Nikko Asset Management Co., LTd.		13,760
Fidelity Investments Japan Limited	2010/12/22	12,546
Fidelity Investments Japan Limited		8,536
FMR LLC		4,010

Notes:

- Report submitted after PO on 2009/11/16 to 2011/5/30(excluding unitholders that have less than 10,000 units)
- Total unitholders increased from 200,000 units to 233,550 units due to PO on 2009/11/16

Disclosure and IR activities

IR activities for Individual Investors

Disclosure using KRI website

Opening communication page towards private investors starting mail delivery service

Items	12th period (Apr 2011) Access
Top page	47,678
List of portfolio	8,409
Press Release	7,393
Disclosure Materials	6,591
KDRM Site top	4,089
Distributions	3,843
Others (occupancy ratio etc.)	13,666

Page of "Investor Relations"



Mail delivery service



IR seminar and large meeting for individual investors

Attending events follows including WEB seminar (Number of Participants: **totalled approx. 347**)

Events Attended	Date	Venue
J-REIT Fair for Individual Investors (Sponsored by ARES)	2011/3/11	Tokyo International Form
Web Briefing Sessions towards Individual Investors (Operated by Nomura Investor Relations)	2011/2/22	Website
J-REIT Fair in Osaka (Sponsored by Tokyo Stock Exchange)	2011/1/29	Osaka Business Park MATSUSHITA IMP HALL
Seminar for Individual Investors (Operated by Nomura Investor Relations)	2010/12/20	Nomura Main Building

IR activities for Domestic and International Investors

Using KRI website in English / 1on1 meetings

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

【Reference】 Number of meetings (Including conference calls)

11th period IR	
Domestic Institutional Investor	44
Domestic regional investors	5
International Investors (Europe)	15
International Investors (US)	27
International Investors (Asia)	25
Total	116

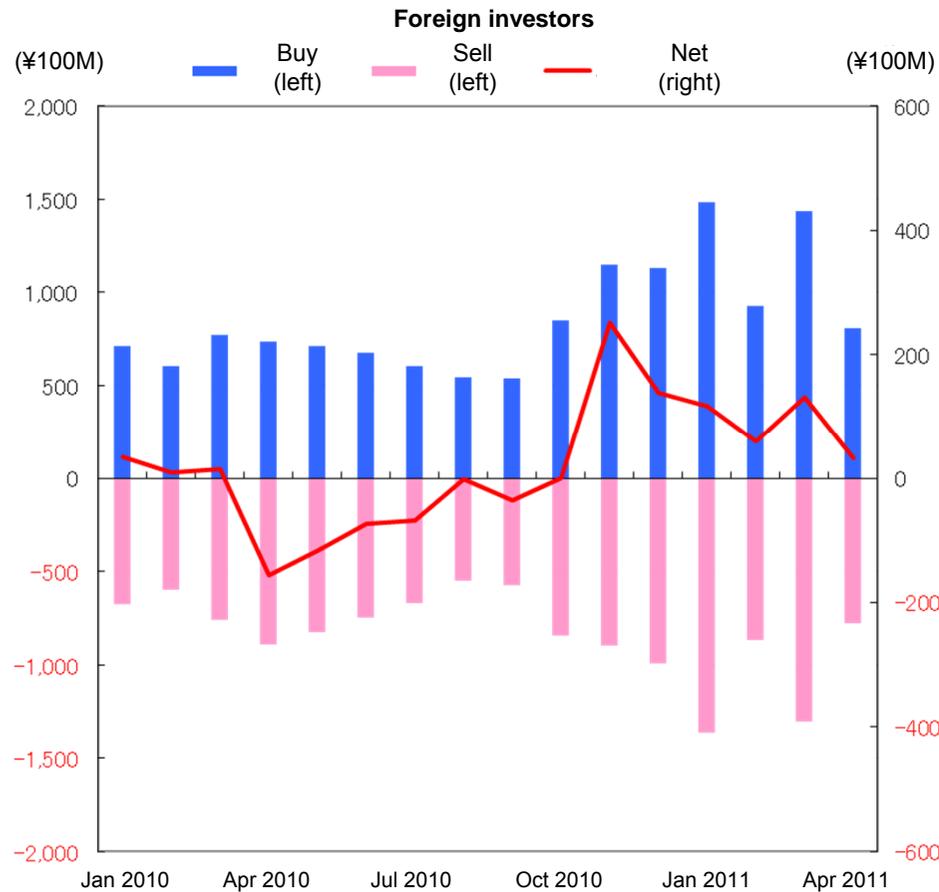
IR through website & Paper media

- NIKKEI News Paper (Electronic version) 「J-REIT Special Edition」
- Toyo Keizai (Weekly) (Issuance started on 2010/12/20)

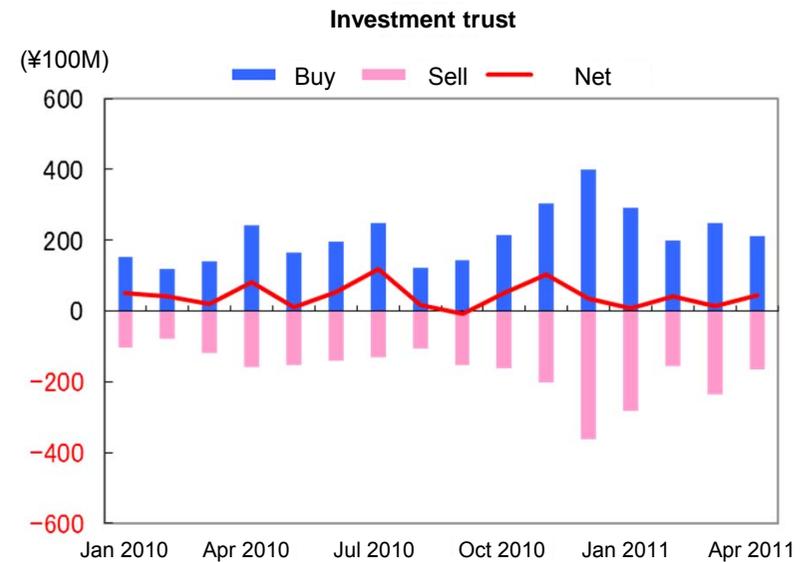
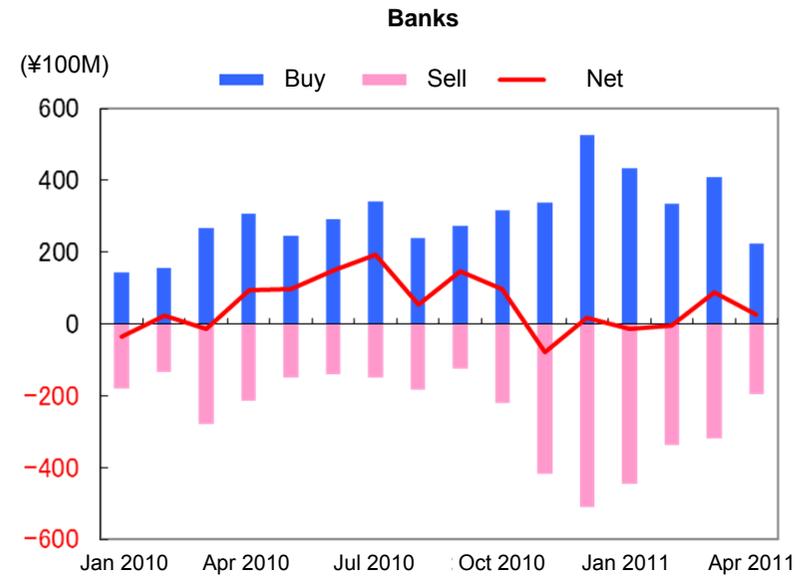


J-REIT market (Investors trend)

Trading Value by Investor Type (J-REIT)

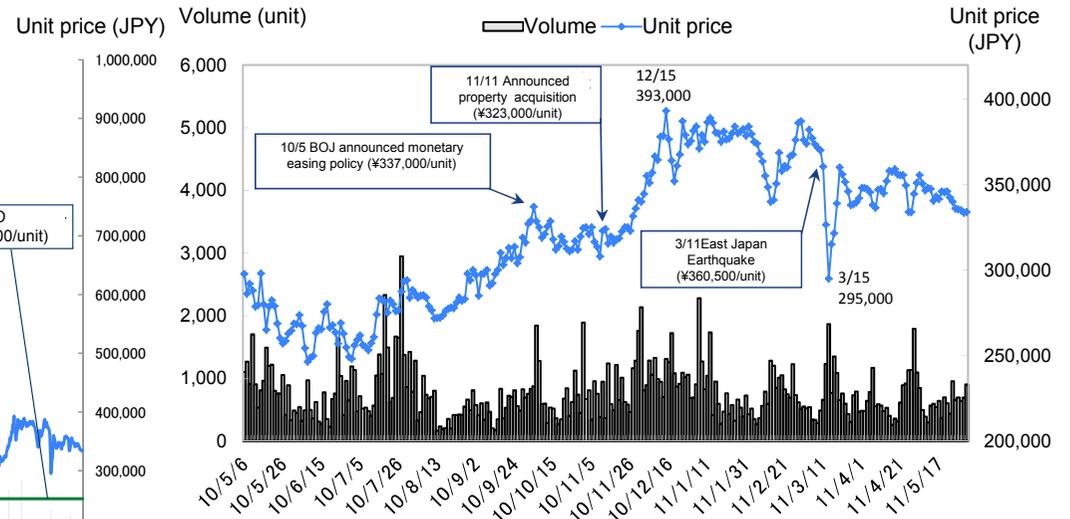
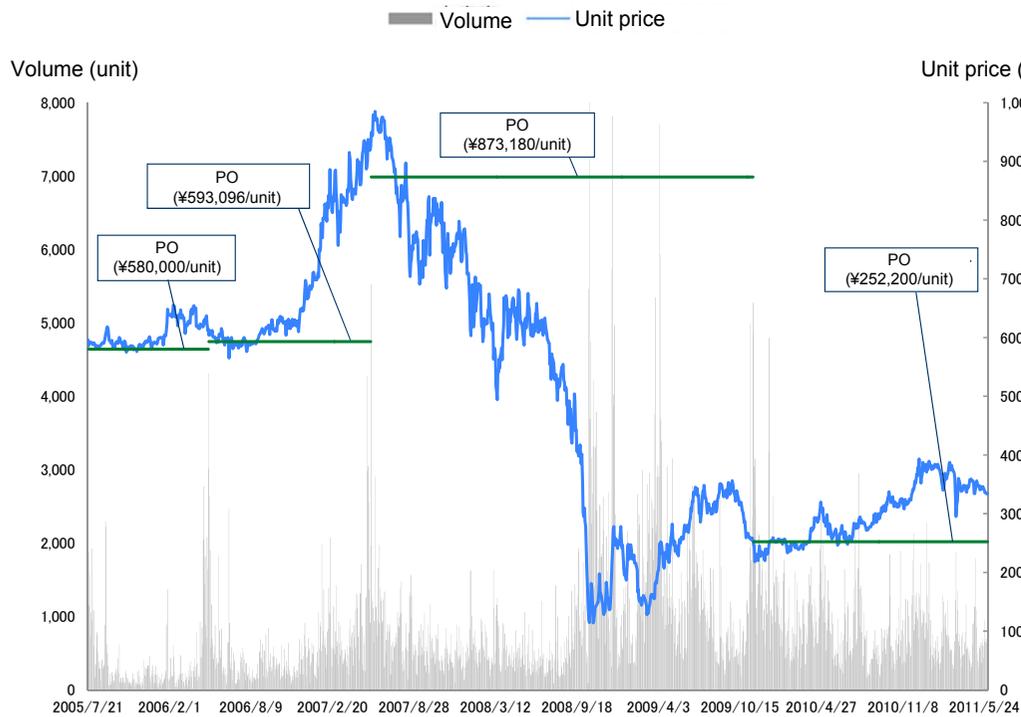


Source: Tokyo Stock Exchange (Data from 2010/01 to 2011/04)



Unit price performance/Transaction volume since IPO

Kenedix Realty Investment Corporation (KRI) price/volume performance



Note: Date from 2010/5/6 to 2011/5/30. Investment Unit Price based on Closing price.

Notes:

- 1 Period : IPO to 2011/5/31
- 2 Price: Closing price (excluding over 8,000 trading volume (2008/10/20:19,728 units))

- As of Jun 15th, 2011
 - Highest price (trading price): ¥988,000 (2007/5/31)
 - Lowest price (trading price): ¥100,300 (2008/10/20)
- Average Trading Volume during 2011: 716 Units (2011/1/4~2011/5/31)

Summary financial results for 12th period (Apr 2011)

- Income statement and Cash flow statement

Comparison between 12th period (to Apr. 2011) and 11th period (to Oct. 2010)

	11th period	12th period	Difference	Note
Rental and other operating revenues	7,159	7,208	49	
Rental revenues-real estate	5,861	5,908	47	New properties +293M
Common area charges	1,298	1,300	2	
Other lease business revenue	1,082	928	-154	
Parking space rental revenues	242	250	8	
Utility charge reimbursements	742	583	-159	Due to seasonal variability of Electricity charges etc.
Miscellaneous	98	69	-29	
Total rental and other operating revenues A	8,242	8,136	-106	
Gain on sale etc.	116	-	-116	Gain on sales of KDX Shinjuku-Gyoen Building
Operating revenues	8,358	8,136	-221	
Property management fee	804	811	7	
Utilities	634	561	-73	Due to seasonal factors of utility (-73) etc
Taxes	648	643	-5	
Repairs and maintenance cost	149	123	-26	
Others (*1)	140	220	80	Lease fee of KDX Kobayashi-Doshomachi Building \33M, brokerage etc
Depreciation	1,440	1,406	-33	Decrease due to as part of existing property is fully depreciated
Total expense related to rent business B	3,817	3,767	-50	New properties +171M
Rental business profit (A-B)	4,424	4,369	-55	
Net operating Income (NOI)	5,864	5,776	-88	
Loss on disposal of real estate	64	-	-64	Loss on sale of Court Shin-Okachimachi in the 11th FY
Asset management fee	458	448	-10	
Others (*2)	182	211	29	Management fee, Arromney fee etc
Operating expenses	4,522	4,427	-95	
Operating income	3,835	3,709	-125	
Non operating income	4	3	-1	
Interest expenses	879	935	56	Total new borrowing during the 12th FY is \11.5 billion
Interest expense on investment corporation bonds	114	113	-1	
Borrowing related expense	211	303	92	Total new borrowing during the 12th FY is \11.5 billion
Amortization of investment corporation bond issuance costs	5	5	-	
Amortization of investment unit issuance costs	8	8	-	
Other non-operating expenses	11	0	-10	
Non-operating expenses	1,231	1,366	135	
Ordinary income	2,608	2,346	-262	
Subsidy	-	26	26	Subsidy income (ecology renovation for KDX Shin-Yokohama Bldg)
Extraordinary income	-	26	26	
Loss on disaster	-	35	35	Cost of repairs on impaired fixed assets due to the East Japan Earthquake of 2011
Loss on reduction of noncurrent assets	-	26	26	Due to energy-saving construction of KDX Shin-Yokohama Building
Extraordinary loss	-	61	61	
Income before income taxes	2,608	2,311	-297	
Income taxes	0	1	1	
Net income	2,607	2,309	-298	
Retained earnings brought forward	0	0	-	
Unappropriated retained earnings	2,607	2,310	-297	

Basis for calculating cash distribution (¥)

	11th period	12th period
I Retained earnings at the end of period	2,607,121,406	2,310,063,344
II Total distribution	2,541,257,550	2,310,043,050
(Distribution per unit)	(10,881)	(9,891)
III Voluntary retained earnings	-	-
Provision for reserve for reduction entry	65,795,848	-
IV Retained earnings bring to next period	68,008	20,294

Notes:

- 1 Other expenses: Insurance: trust fee etc
- 2 Other operating expenses: Director's compensation, asset custody fees, administrative fees. Numbers showing differences is rounded

Cash flow statement (¥M)

	11th period	12th period
Net cash provided by operating activities	6,664	3,546
Net cash provided by investing activities	-615	-13,701
Net cash provided by financing activities	-2,966	7,607
Net increase in cash and cash equivalents	3,081	-2,547
Cash and cash equivalents at beginning of period	12,285	15,367
Cash and cash equivalents at end of period	15,367	12,820

Summary financials for 12th period (Apr 2011)

- Balance sheet

	11th period As of Oct. 31, 2010		12th period As of Apr. 30, 2011	
	(¥M)	(%)	(¥M)	(%)
Current assets	16,528	6.6	14,352	5.5
Cash and bank deposits	10,416		7,925	
Entrusted deposits	5,828		5,869	
Other current assets	283		557	
Fixed assets	234,489	93.4	247,529	94.5
Property, plant and equipment	233,438		245,826	
Buildings	13,660		13,456	
Land	29,104		29,104	
Buildings in trust	56,730		61,259	
Lands in trust	133,943		142,006	
Intangible assets	286		361	
Leasehold right	285		285	
Leasehold right in trust	-		74	
Right of using water facilities in trust	1		1	
Investment and other assets	764		1,341	
Leasehold and gurantee deposits	11		134	
Long-term prepaid expenses	752		1,207	
Deffered assets	61	0.0	47	0.0
Investment corporation bond issuance costs	27		22	
Investment unit issuance expenses	33		25	
Total asset	251,080	100.0	261,928	100.0
Current liabilities	43,881	17.5	47,942	18.3
Accounts payables	499		409	
Short-term loans payable	41,550		36,160	
Current portion of investment corporation bond	-		9,000	
Other account payables	212		208	
Provision for loss on disaster	-		30	
Advanced received	1,166		1,872	
Derivative liabilities	7		-	
Others	445		261	
Fixed liabilities	71,466	28.5	78,481	30.0
Investment corporation bonds	12,000		3,000	
Long-term loans payable	49,017		64,555	
Tenant leasehold and security deposit	1,547		1,521	
Tenant leasehold security deposit in trust	8,902		9,403	
Liabilities	115,347	45.9	126,423	48.3
Total unitholders' capital	133,129		133,129	
Reserve for reduction entry	-		65	
Unappropriated retained earnings	2,607		2,309	
Unrealized gain from deferred hedge transactions	-4		-	
Equities	135,732	54.1	135,505	51.7
Toal liabilities and unitholders' equity	251,080	100.0	261,928	100.0

Property, plant and equipment: +¥12,388M
4 New properties in 12th period

Short-term loans payable: -¥5,390M
Decrease mainly due to transferring to long-term payable

Long-term Loans Payable: +¥15,538M
Increase mainly due to new borrowing for property acquisitions

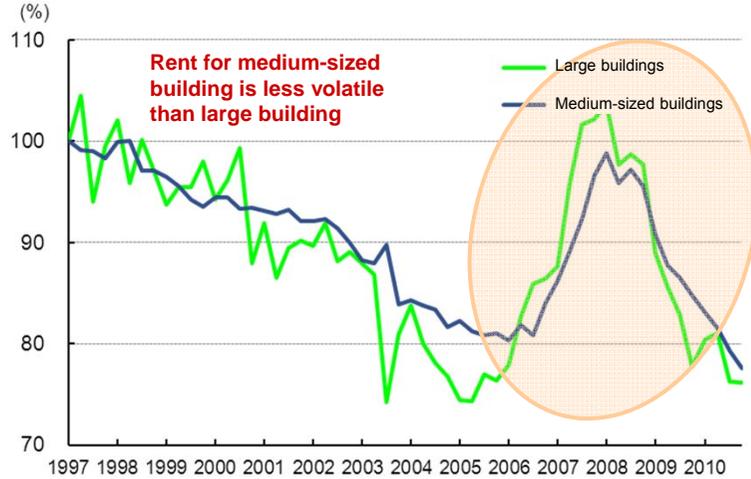
Reserve for reduction entry due to advance acquisition of land: +¥65M

Key indicators

	11th period	12th period	Difference	Note
Unitholders' equity per share of common stocks	¥581,170	¥580,199	¥-971	
Interest bearing debt ratio at end of period	40.9%	43.0%	+2.2%	New borrowing during the 12th period ¥11.5B
Unitholders' equity to total asset	54.1%	51.7%	-2.3%	
Number of properties at end of period	67	71	+4	4 New properties in the 12th period
Total leasable floor	267,737.33m ²	286,237.93m ²	+18,500.6m ²	4 New properties in the 12th period
Occupancy ratio at end of period	93.6%	94.6%	+1.0%	

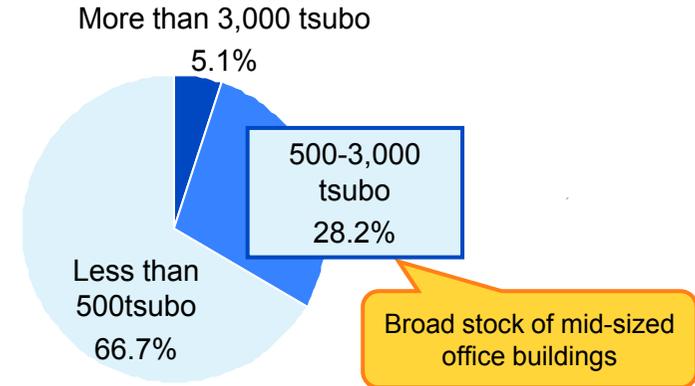
(Reference data 1) Office building market environment

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



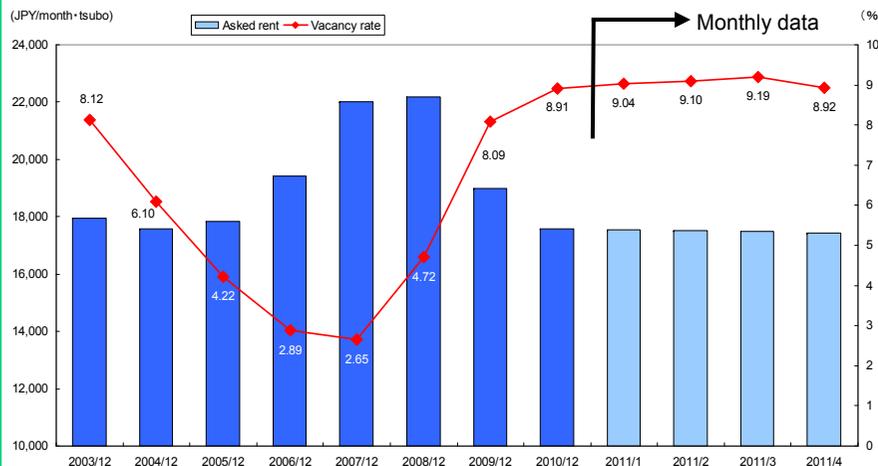
Note: Large building is a building with a gross floor area of 3,000 tsubo or more, while medium-sized building is a building with a gross floor area of 1,000 to 3,000 tsubo
 Source: Created by KDX based on the data compiled by CBRE (the latest values as of 2011/3)

2. Break down of office buildings by GFA (tsubo)



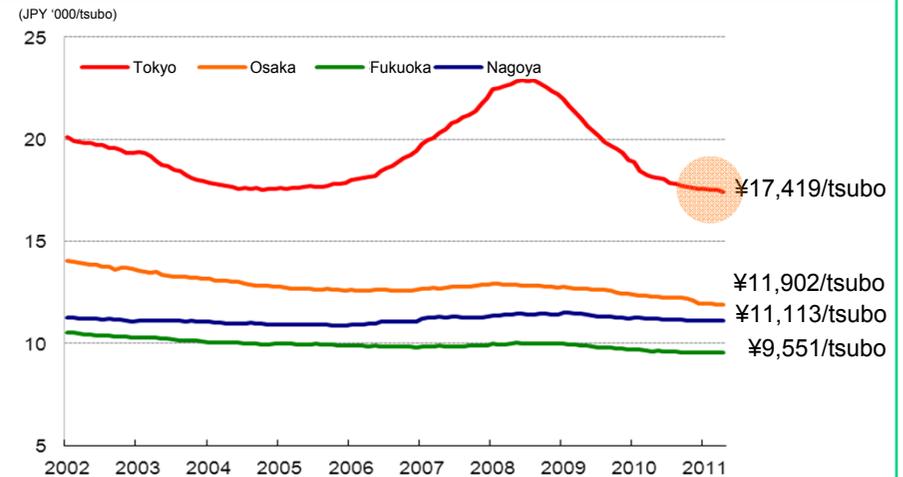
Note: The above data covers rental office buildings located in Tokyo's central 5 wards that were surveyed by CB Richard Ellis Research Institute. The above data may not include the data of all properties in the said 5 wards (as of 2011/03)
 Source: Survey conducted by CB Richard Ellis Research Institute based on KRI's request "Market survey of Medium-sized building" (2011/05)

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 2011/4)

4. Changes in rent levels by region



Note: Targeting the properties with a gross floor area of 100 tsubo or more in Tokyo's central 5 wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)
 Source: Created by KRI based on the data compiled by Miki Shoji (the latest values as of 2011/4)

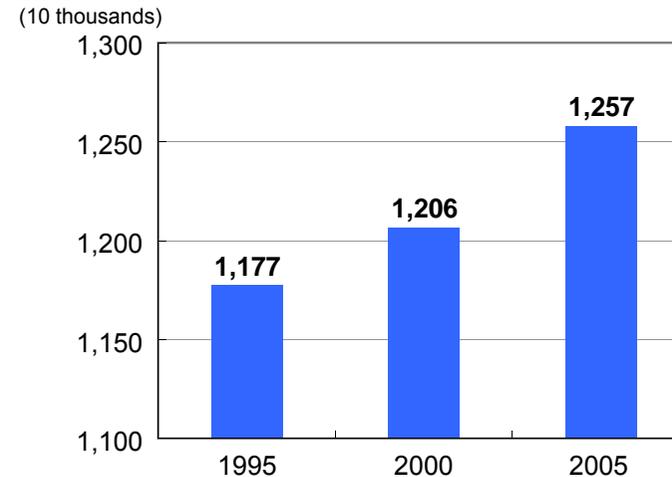
(Reference data 2) About Tokyo Metropolitan Area

1. Economic foundation etc. of Tokyo

(Timing)	(Item)	Japan	Tokyo
2008	Nominal GDP	¥494,198.7B	¥89,714.9B
2006	# of office	5,910,000	690,000
2006	# of employee	58.63M	8.7M
October 1, 2009	Total Population	127,51M	12.86
October 1, 2009	Population of productive age (15-64years old)	81.49M	8.65M

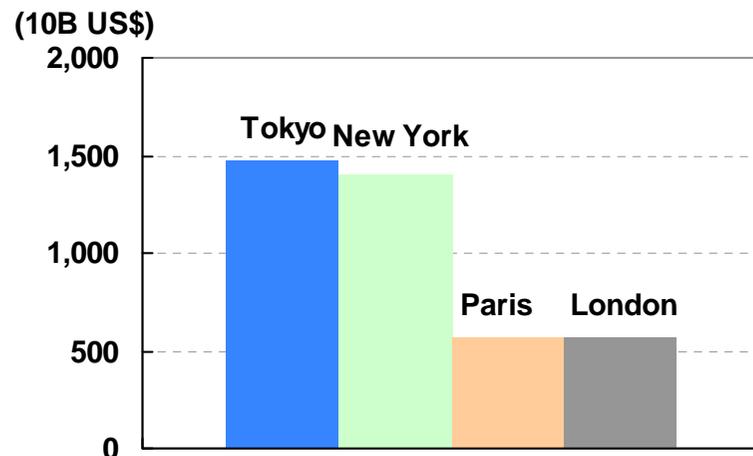
Source: Created by KDRM based on the data compiled by "Kurashi to toukei 2010(Life and statistics 2010)" on the Tokyo metropolitan government website

2. Population transition of Tokyo



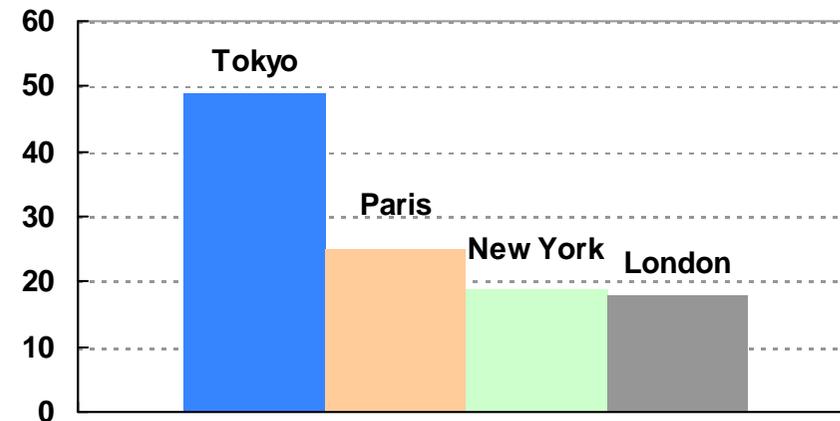
Source: Created by KDRM on the data compiled by Ministry of Internal Affairs and Communications Statistics Bureau, "Japan Statistical Handbook 2010"

3. Gross Metropolitan Products estimate (2008)



Source: UK Economic Outlook November 2009, PricewaterhouseCoopers
Note: Figures are calculated by PricewaterhouseCoopers at PPP

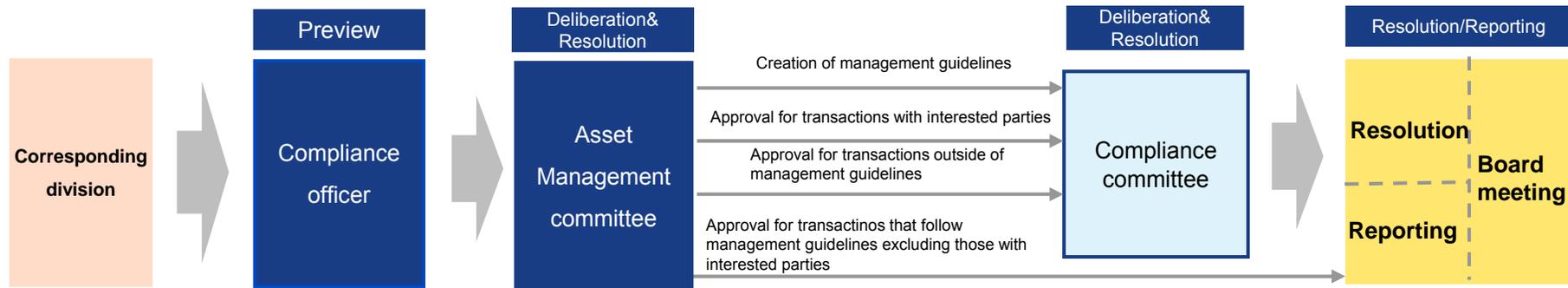
4. No. of Headquarters of Fortune 500 companies (2010)



Source: Fortune Global 500, 2009, Fortune Magazine

Management Structure of Asset Management Company

Decision-making process



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

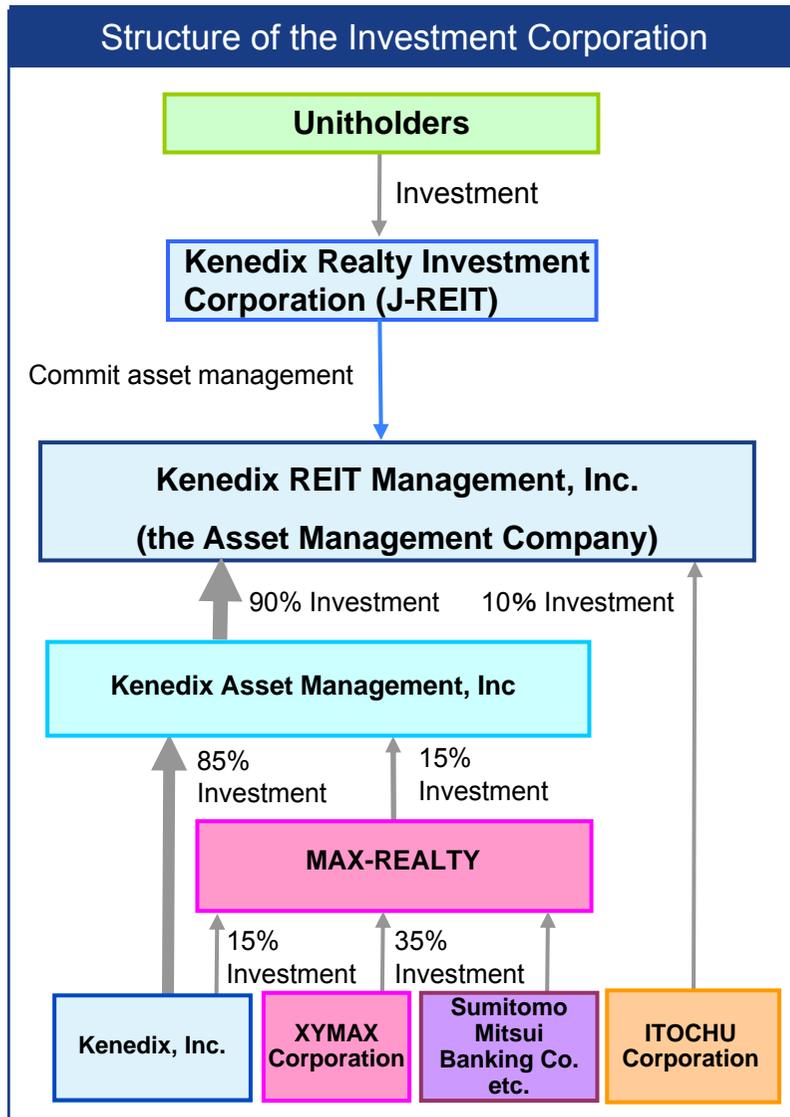
	7 th Period	8 th Period	9 th Period	10 th Period	11 th Period	12 th Period
Compliance committee	9	8	8	10	7	7
Asset management committee	52	44	36	39	32	37
Board of directors	10	8	10	12	11	9
Board of directors of Investment Corporation	7	8	8	8	8	7

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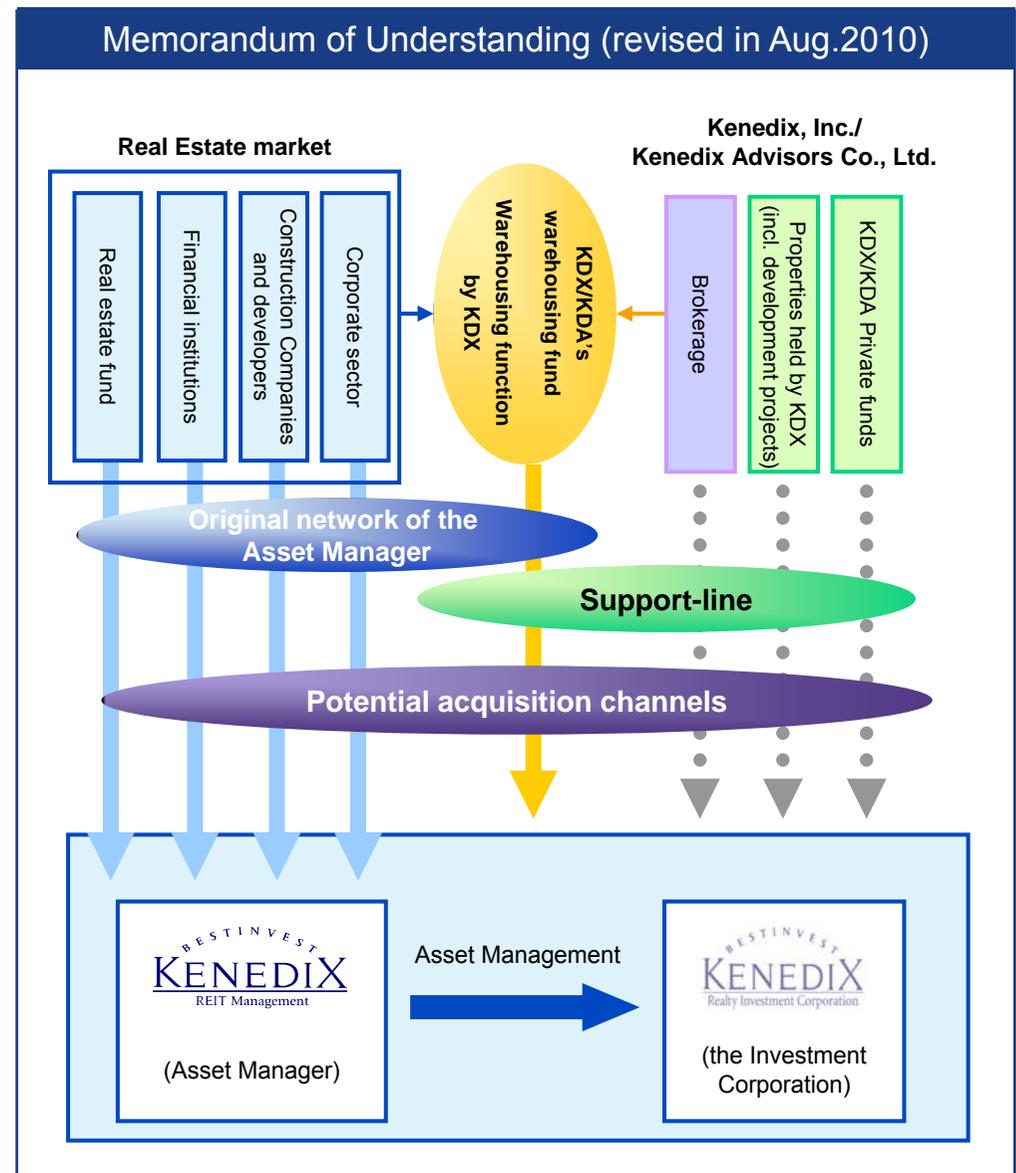
Asset management company's management fee structure

- **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 transfer 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%)

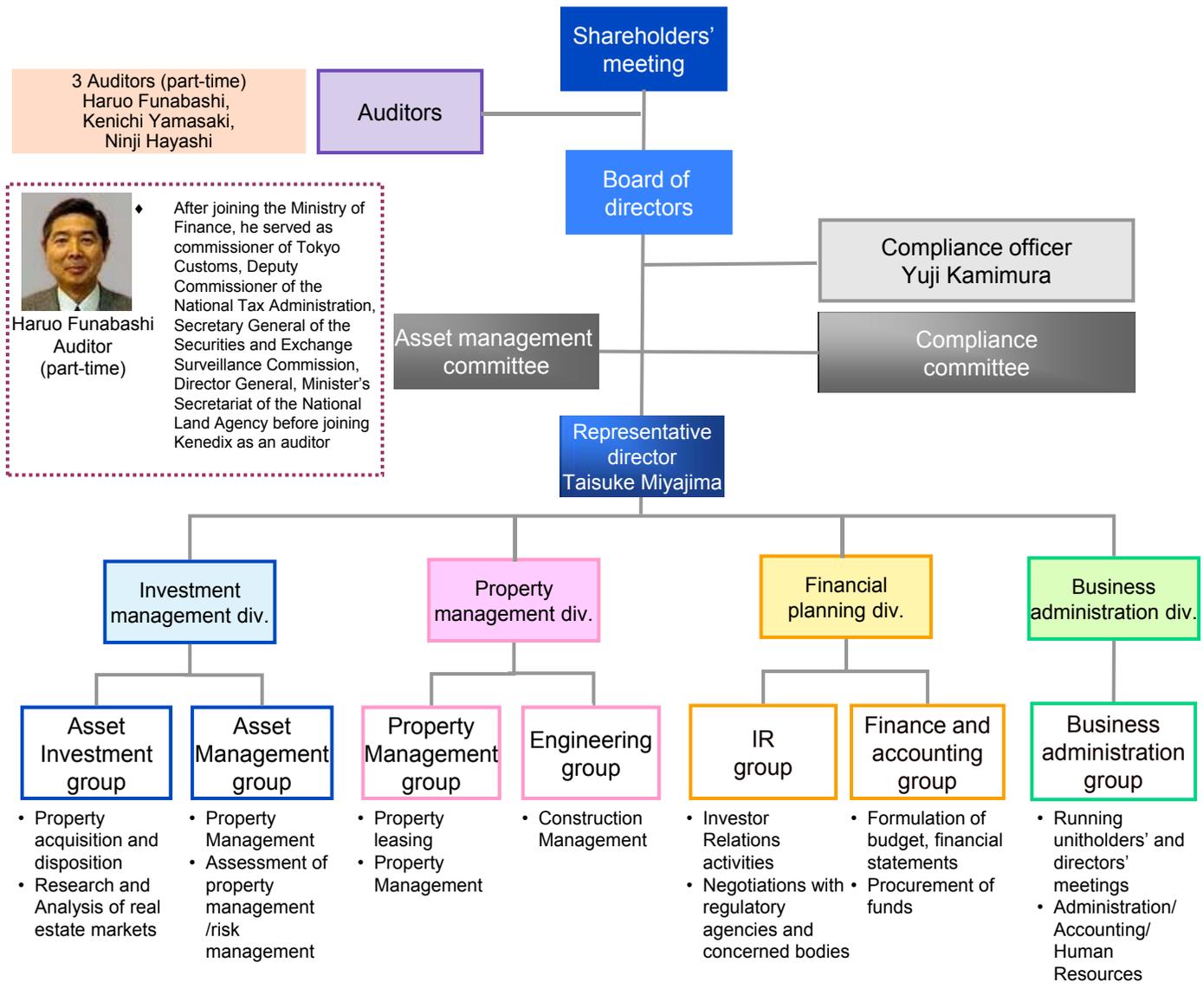
Change in shareholders of AM and Memorandum of Understanding



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



Kenedix REIT Management, Inc. -Organizational chart



 ♦ 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 before joining Kenedix as an auditor

Haruo Funabashi
Auditor (part-time)

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

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