

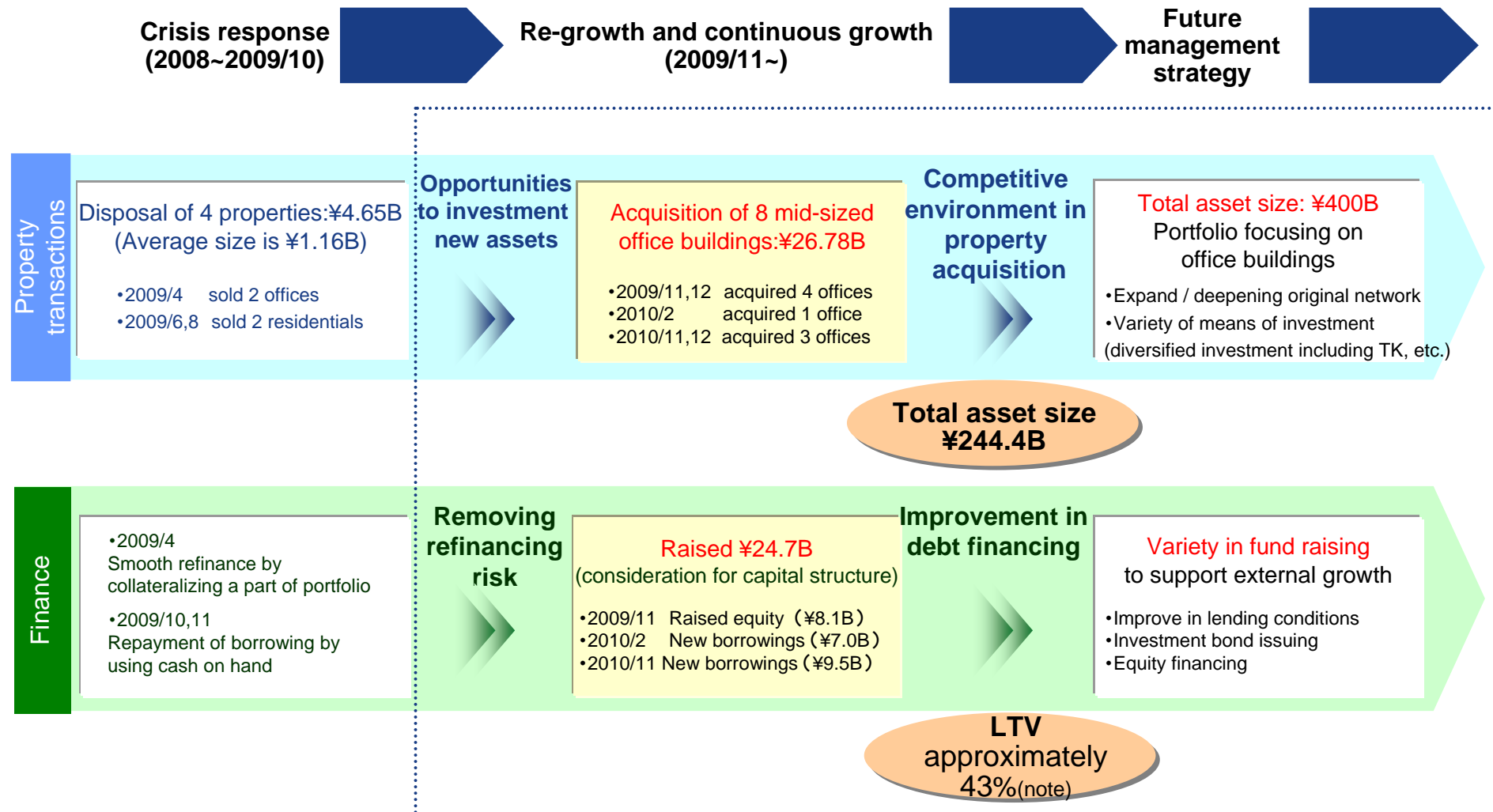
# Kenedix Realty Investment Corporation (8972)

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11th Period Results (ended October 2010)

**December 14, 2010**  
**Kenedix REIT Management, Inc.**  
<http://www.kdx-reit.com/eng/>

# Flexible management taking market environment into consideration: Stable growth of portfolio



Note: As of 2010/12/13, based on the data as of the end of 11<sup>th</sup> fiscal period (October 31, 2010)

## SECTION 1

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11th Period Results (ended October 2010)

12th Period Forecasts (ending to April 2011)

# 11th period (2010/10) financial results: Performance highlights

| Performance                                       |                              |                               |                                     | (¥M)  |
|---|------------------------------|-------------------------------|-------------------------------------|---|
|   | 10th period results (2010/4) | 11th period results (2010/10) | Difference from 10th to 11th period | Notes   |
| <b>Operating revenues</b>                         | 8,067                        | 8,358                         | 291                                 | Utilities charge reimbursements (due to seasonal variability) (+181), Revenue from KDX Shinjuku Building is contributed fully (+138), Decrease in rental revenues from existing properties (-129) |
| Gain on sales of real estate property             | -                            | 116                           | 116                                 | Gain on sales of KDX Shinjuku-Gyoen Building  |
| <b>Operating expenses</b>                         | 4,329                        | 4,522                         | 193                                 | -   |
| Rental business expenses (excluding depreciation) | 2,237                        | 2,377                         | 140                                 | Utilities (due to seasonal variability)   |
| Depreciation                                      | 1,477                        | 1,440                         | -37                                 | -   |
| Loss on sales of real estate property             | -                            | 64                            | 64                                  | Loss on sales of Court Shin-Okachimachi   |
| <b>Operating Income</b>                           | 3,738                        | 3,835                         | 97                                  | -   |
| <b>Non-operating expenses</b>                     | 1,185                        | 1,231                         | 46                                  | -   |
| Interest expenses                                 | 1,142                        | 1,205                         | 63                                  | Full period contribution of interest from debt finance in 10th period   |
| <b>Net Income</b>                                 | 2,567                        | 2,607                         | 40                                  | -   |
| <b>Reserve for reduction entry</b>                | -                            | 65                            | 65                                  | 80% of gain of sales of 2 properties of land is recorded to internal reserve  |
| <b>Distribution per unit</b>                      | ¥10,993                      | ¥10,881                       | -¥112                               | (No. of investment units: 233,550 units)  |
| <b>NOI (Net Operating Income)</b>                 | 5,830                        | 5,864                         | 34                                  | -   |
| <b>FFO (Funds From Operation)</b>                 | 4,044                        | 3,995                         | -49                                 | -   |

## Internal reserves of profit from sales of land

Gain on sales of KDX Shinjuku-Gyoen Building and Court Shin-Okachimachi

⇒ Application of exceptional handling of taxation in the event of in-advance acquisition of land, etc. in 2009 and 2010 for future use. (Article 66.2 of the Special Taxation Measure Law)

80% of the gain of sales of land (¥65M) is recorded to internal reserve as reserve for reduction entry

## Comparison between forecasts and 11th period results

|                                    | Forecast (2010/6/14) | Results | Difference from forecast | (¥M)   |
|------------------------------------|----------------------|---------|--------------------------|--|
| <b>Operating revenues</b>          | 8,199                | 8,358   | 160                      | Profit from sale of Shinjuku-Gyoen Building (+116)   |
| <b>Operating expenses</b>          | 4,519                | 4,522   | 3                        | Loss on sale of Court Shin-Okachimachi (+64), Decrease in property-related expense (-18), Decrease in other expenses (-40) |
| <b>Operating results</b>           | 3,679                | 3,835   | 156                      | -  |
| <b>Non-operating expenses</b>      | 1,253                | 1,231   | -22                      | -  |
| Interest expenses                  | 1,219                | 1,205   | -14                      | Refinance cost is lower than our estimate  |
| <b>Net Income</b>                  | 2,430                | 2,607   | 176                      | -  |
| <b>Reserve for reduction entry</b> | -                    | 65      | 65                       | 80% of gain of sales of 2 properties of land is recorded to internal reserve   |
| <b>Distribution per unit</b>       | ¥10,400              | ¥10,881 | +¥481                    | -  |



# 12th period(2011/4) earnings forecasts

## Forecasts for 12th period (2011/4)

(¥M)

|  | 11th period results<br>(2010/10)   | 12th period forecasts<br>(2011/4)   | Net change    | Main factors  |
|--|--|---|---------------|---|
| <b>Operating revenues</b>                        | 8,358  | 8,075   | -283          | 3 new properties +294, 2 properties disposed in 11th period -80, existing properties -204, utilities -151 |
| Gain on sales of real estate property            | 116  | 0   | -116          | -   |
| <b>Operating expenses</b>                        | 4,522  | 4,429   | -93           | Loss on sales of 2 properties in 11th period  |
| Rental business expenses<br>(excl. depreciation) | 2,377  | 2,357   | -20           | 3 new properties +86, 2 properties sold in 11th period -20, utilities -61                                 |
| Depreciation                                     | 1,440  | 1,406   | -34           | 3 new properties +68, completion of existing properties' depreciation -88                                 |
| Loss on sales of real estate property            | 64   | 0   | -64           | -   |
| <b>Operating income</b>                          | 3,835  | 3,646   | -189          | -   |
| <b>Non-operating expenses</b>                    | 1,231  | 1,378   | 147           | -   |
| Interest expense etc.                            | 1,205  | 1,359   | 154           | ※Interest expense of new borrowings (¥9.5B), etc in 11th period (including financing related expense)     |
| <b>Net Income</b>                                | 2,607  | 2,271   | -336          | -   |
| <b>Reserve for reduction entry</b>               | 65   | ※(65)   | -             | ※Distribution of internal reserve recorded in 11th period   |
| <b>Distribution per unit (¥)</b>                 | ¥10,881  | ¥10,000   | -¥881         | (No. of investment units: 233,550 units)  |
| <b>NOI*</b>                                      | 5,864  | 5,717   | -147          | Decrease in existing properties   |
| <b>FFO*</b>                                      | 3,995  | 3,677   | -318          | Increase in interest expense of new borrowings in 11th period   |
| (Reference) Profit/Loss from properties (Net)    | 52   | 0   | -52           | -   |
| (Reference) Changes in the no. of properties     | 70→67 properties   | 67→70 properties  | +3 properties | -   |
| (Reference) Sold/acquisition of properties       | <b>【Sold】</b><br>・KDX Shinjuku-Gyoen Building<br>・Court Shin-Okachimachi<br><b>【Integration】</b><br>KDX Shin-Yokohama 381 Building | <b>【Acquisition】</b><br>・Kyodo Building: 2 properties (Ginza No.8, Honcho 1chome)<br>・KDX Kobayashi-Doshomachi Building | -             | -   |

Note: NOI = Rental revenues – Property-related expenses + Depreciation  
 FFO (Funds From Operation) = (Net Income + Depreciation) – Profit/loss from property sale

(Reference) Forecast for property tax  
 12th period (2011/ 4) ¥649M  
 13th period (2011/10) ¥708M

### ※Increase in interest expense in 12th period

➤ Acquisition of 3 properties in 12th period is funded by new long-term debt (¥9.5B). Interest expense also includes financing related expense will be booked in 12th period

### ※Distribution of internal reserve recorded in 11th period

➤ Internal reserve recorded as reserve for reduction entry (80% of gain on sales of 2 properties of land) in 11th period is planned to distribute to unit holders in 12th period

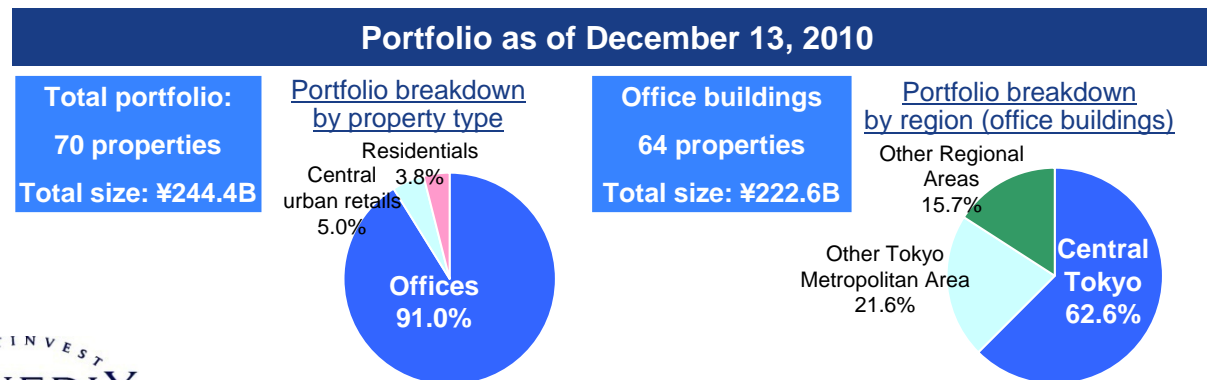
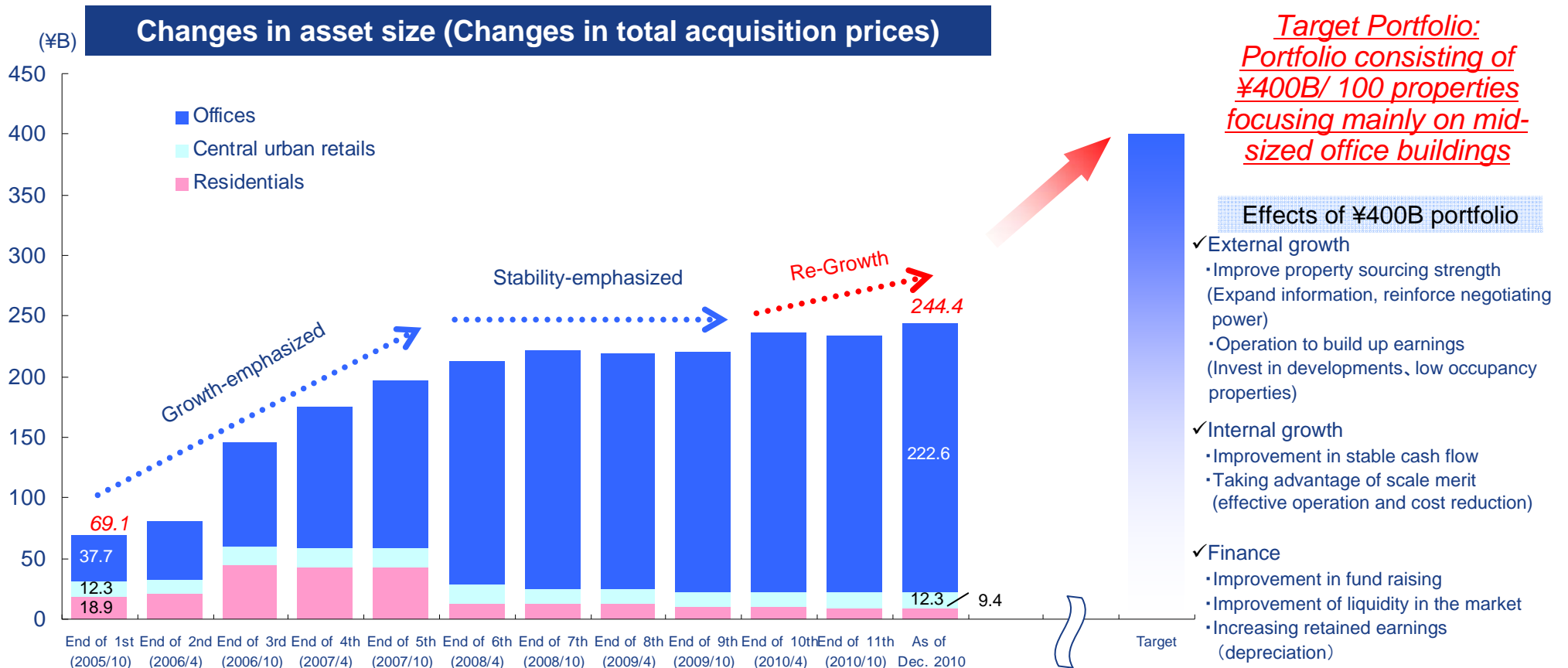
Note: Forecast figures are calculated based on certain assumptions. Readers are advised that actual net income and distributions may vary due to variety of reasons. Accordingly, the Investment Corporation does not guarantee payment of the forecast distribution.

## SECTION 2

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# **Portfolio that Focuses on Office Buildings**

# Portfolio that focuses on office buildings



Notes:

- Amounts are rounded to the nearest ¥100M.
- Pie charts show the ratio of relevant property types to total and are rounded down to the first decimal place.
- Central Tokyo: Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards

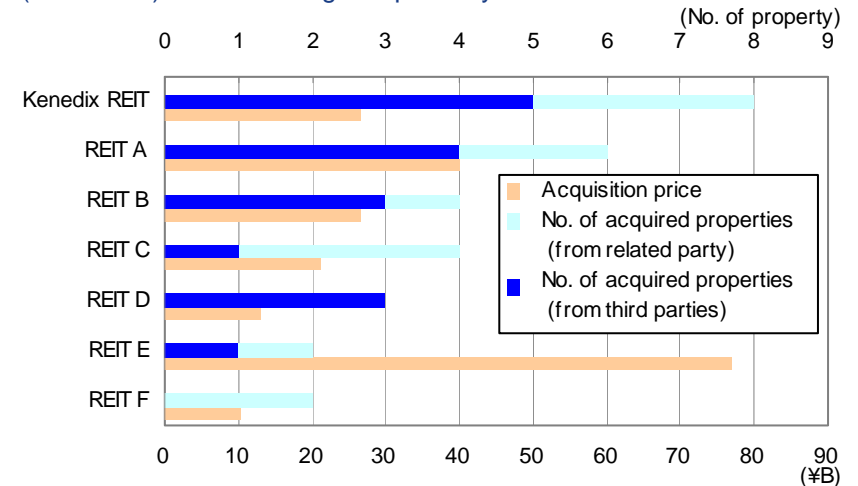
# Future property acquisition strategies: Awareness of environmental and acquisition track record

## Changes in number & quality of property sales information

Both the number & quality of property sales information have been improving backed by solid acquisition track record

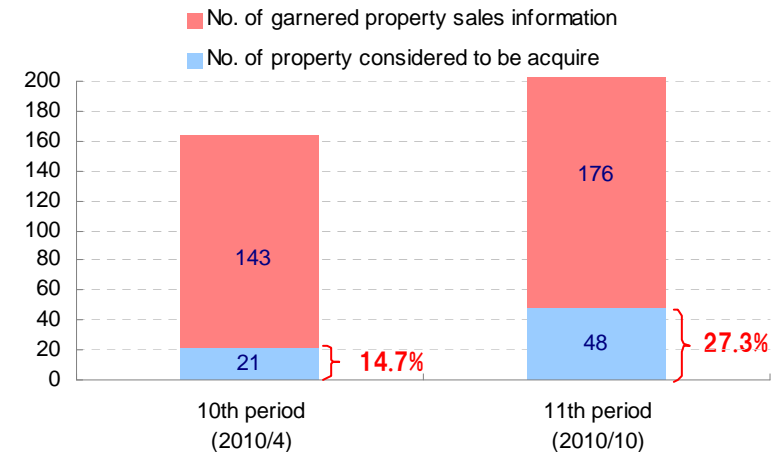
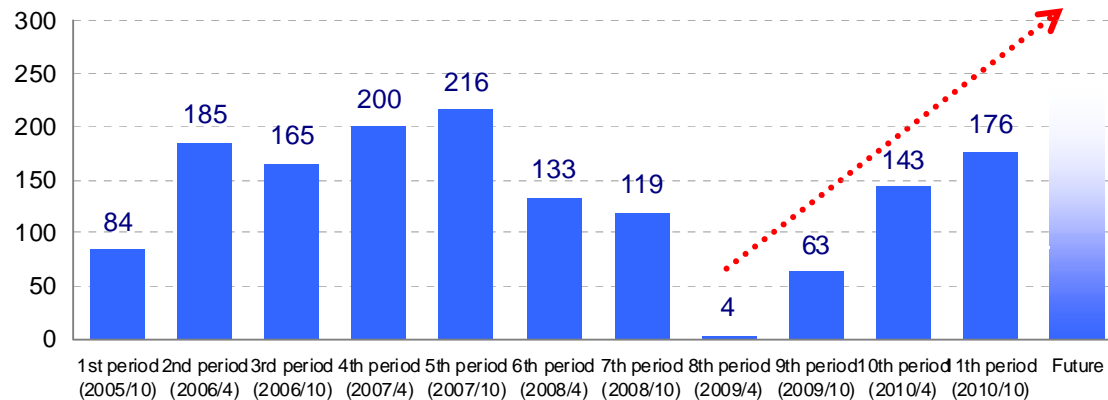
- The number of properties offered has been on the rise since restart of property acquisition (expected to exceed 216, the highest number ever achieved in 5th period ended Oct. 2007)
- The number of properties under consideration to acquire is also on the rise (in the 11th period, the number was 48 (27.3% of all property sales information) and increased 12.6% from the previous period)
- The number of packaged properties (portfolios) information has been increasing since the beginning of 2010 (A total of 9 portfolios comprising 75 buildings, including 5 portfolios comprising 51 buildings offered by a private fund)
- In some cases, the properties offered in the past are reoffered with lower prices

(Reference) Office buildings acquired by J-REIT since Nov. 2009



Note: The above reflects only the acquisitions of office buildings by J-REIT that have acquired more than 2 office buildings since Nov. 2009 (as of Dec.1, 2010). Its is classified as whether or not the seller is a related party or not.

## Number of garnered property sales information (office)





# Future acquisition strategy:

## Original network and diversification of the means of investment

- Expanding/deepening the original network by using our track record of property acquisition
- Jointly investment in equity to secure quality asset
- Valuation of properties based on our expertise and experience of property management

### Expanding/deepening the original network

#### ➤ Financial institutions

Collecting information of properties which lenders need to accelerate collection of their loans and exit strategies of funds by communicating with lenders and securities companies



#### ➤ Asset managers of private funds

Collecting information of loan repayment of funds and fund redemption date by communicating with AM companies



#### ➤ Other REITs

Finding potential opportunities and acquiring properties through negotiated transactions with other REITs by communicating with other REITs proactively



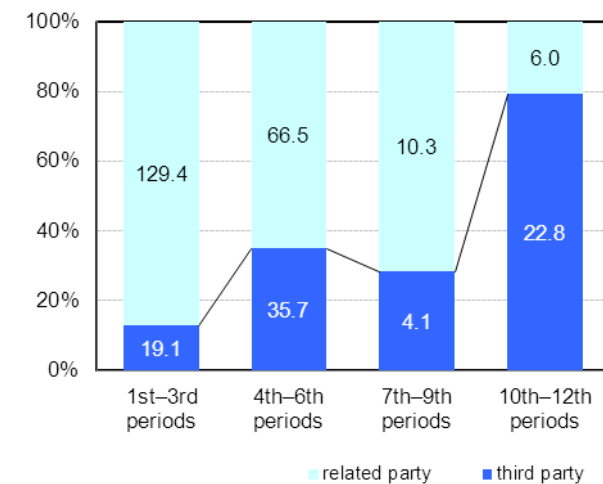
#### ➤ Corporations

Collecting information of companies which is in course of financial restructuring and off-balancing of their assets on B/S by communicating with Corporations

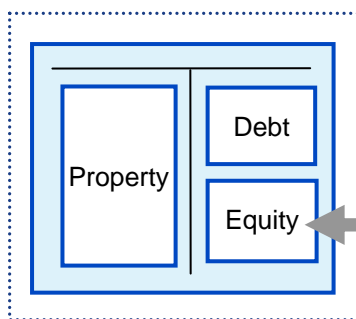


### Changes in ratio of seller type

(Number shows total amount of acquisition price (¥B))



### Diversify the means and targets of investment



BEST INVEST  
KENEDIX  
Realty Investment Corporation

+

Sponsors  
+  
others

- Investment in tokumei-kumiai(\*) for future quality assets acquisition (Joint investment with sponsors)
- Investment in properties by using warehousing funds

\*Japanese silent partnership

### Replacing portfolio properties

Sale of existing properties in view of new acquisition of office buildings

**Improvement in quality of the portfolio**

# Properties acquired in 12th period (ending April 2011)

## Kyodo Building (Ginza No.8)



Location: Chuo-ku, Tokyo  
GFA: 4,724.62 m<sup>2</sup>  
Year built: Nov. 1991  
Acquisition price: ¥4,300 M  
Acquisition date: Nov.12, 2010

- ◆ 3-minute walk from “Ginza itchome” station on Tokyo Metro Yurakucho Line and “Higashi-ginza” station on Hibiya Line and Toei Subway Asakusa Line
- ◆ Completed large-scale renovation in 2008 - 2009
- ◆ Typical floor area of c. 411m<sup>2</sup> (c.125 tsubo)

## Kyodo Building (Honcho 1chome)



Location: Chuo-ku, Tokyo  
GFA: 5,110.45 m<sup>2</sup>  
Year built: Jan. 1984  
Acquisition price: ¥4,000M  
Acquisition date: Nov.12, 2010

- ◆ 3-minute walk from “Mitsukoshimae” station on Tokyo Metro Ginza Line and Hanzomon Line and “Shin-Nihonbashi” station on JR Line
- ◆ Completed large-scale renovation in 2008
- ◆ Typical floor area of c. 467m<sup>2</sup> (c.141 tsubo)

## KDX Kobayashi-Doshomachi Building



Location: Chuo-ku, Osaka  
GFA: 10,723.83m<sup>2</sup>  
Year built: July 2009  
Acquisition price: ¥2,870M  
Acquisition date: Dec. 1, 2010  
Main tenant: Kobayashi Pharmaceutical  
Land owner: Kobayashi Pharmaceutical

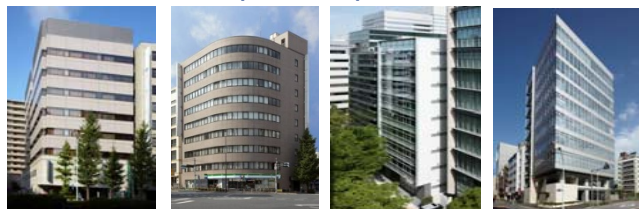
- ◆ Located in Yodoyabashi district, at the center area of the Osaka metropolitan area (one of the major office district in Osaka)
- ◆ A 12-story building built in July 2009 with a typical floor area of c.617m<sup>2</sup> (c.186 tsubo)
- ◆ 4 floors occupied by Kobayashi Pharmaceutical (land owner)



# Track record of property acquisition: growth of our portfolio

## Re-Growth

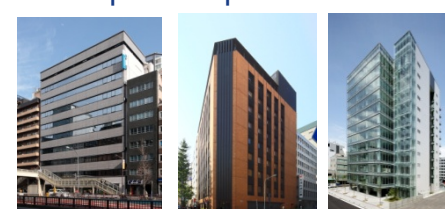
Total acquisition price: ¥8.81B



Acquisition price: ¥6.8B



Total acquisition price: ¥11.17B



| Property Name                    | Koishikawa TG Building | Gotanda TG Building | KDX Shin-Yokohama 381 Building Annex Tower (Note1) | KDX Nihonbashi 216 Building | KDX Shinjuku Building (Note2) | Kyodo Building (Ginza No.8) | Kyodo Building (Honcho 1chome) | KDX Kobayashi-Doshomachi Building | (Reference) 8properties |
|----------------------------------|------------------------|---------------------|--|-----------------------------|-------------------------------|-----------------------------|--------------------------------|-----------------------------------|-------------------------|
| Location                         | Bunkyo-ku, Tokyo       | Shinagawa-ku, Tokyo | Yokohama, Kanagawa                                 | Chuo-ku, Tokyo              | Shinjuku-ku, Tokyo            | Chuo-ku, Tokyo              | Chuo-ku, Tokyo                 | Chuo-ku, Osaka                    | –                       |
| Acquisition date                 | Nov. 2009              |                     |  | Dec. 2009                   | Feb. 2010                     | Nov. 2010                   |                                | Dec. 2010                         | –                       |
| Acquisition price (A)            | ¥3.08B                 | ¥2.62B              | ¥1.1B  | ¥2.01B                      | ¥6.8B                         | ¥4.3B                       | ¥4.0B                          | ¥2.87B                            | ¥26.78B                 |
| Appraisal value (B)              | ¥3.26B                 | ¥2.83B              | ¥1.21B   | ¥2.11B                      | ¥7.42B                        | ¥4.52B                      | ¥4.33B                         | ¥2.97B                            | ¥28.65B                 |
| Difference (A)–(B)               | –5.5%                  | –7.4%               | –9.1%  | –4.7%                       | –8.4%                         | –4.9%                       | –7.6%                          | –3.4%                             | –6.5%                   |
| Seller                           | Third party            | Third party         | Related party                                      | Related party               | Third party                   | Third party                 | Third party                    | Related party                     | –                       |
| Actual NOI (Note3)               | ¥188M                  | ¥184M               | ¥77M   | ¥107M                       | ¥388M                         | ¥214M                       | ¥245M                          | ¥190M                             | ¥1,593M                 |
| Actual NOI / Acquisition Value   | 6.1%                   | 7.0%                | 7.0%   | 5.3%                        | 5.7%                          | 5.0%                        | 6.1%                           | 6.6%                              | 5.9%                    |
| Mid-term NOI (Note3)             | ¥166M                  | ¥162M               | ¥70M   | ¥104M                       | ¥349M                         | ¥208M                       | ¥189M                          | ¥187M                             | ¥1,435M                 |
| Mid-term NOI / Acquisition Price | 5.4%                   | 6.2%                | 6.4%   | 5.2%                        | 5.1%                          | 4.8%                        | 4.7%                           | 6.5%                              | 5.4%                    |

Note 1:KDX Shin-Yokohama 381 Building Annex Tower

Starting from 2010/11/1, KDX Shin-Yokohama 381 Building and the Annex Tower is operated as one property in our portfolio. In addition, starting from disclosures pertaining October 31, 2010, the two properties is indicated

Note2: KDX Shinjuku Building

As of August 1, 2010, the Investment Corporation has changed the name of Pacific Marks Nishi-Shinjuku Building.

Note3: Actual NOI (Annual) is based on property operating revenue and expenses (including property tax) those numbers are based on contracts with existing tenants at the acquisition date. Mid-term NOI is based on property operating revenue and expenses those numbers are based on our mid-term estimate and adjusted by occupancy ratio



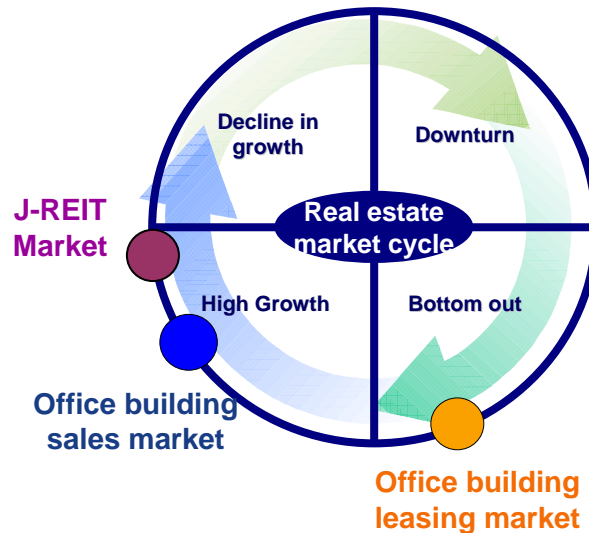
# Improvement in property market

Change of TSE REIT Index



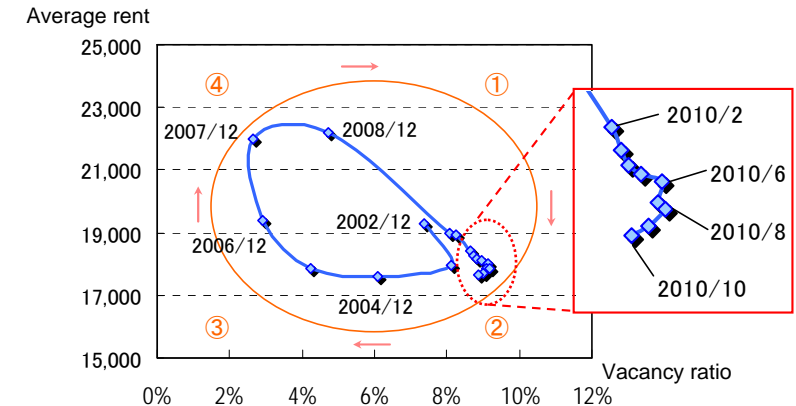
Source: Tokyo Stock Exchange  
(Feb. 1, 2009–Nov. 30, 2010)

Market Cycle ※



※ Market cycle is based on KDRM's perspectives

Change of Vacancy ratio and office rent



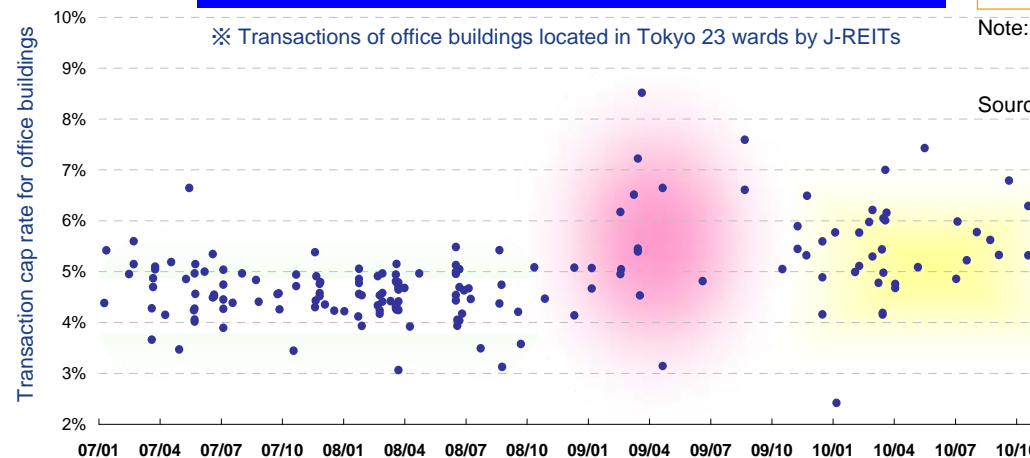
- ① Increase vacancy ratio ⇒ Decrease office rent
- ② Decrease office rent ⇒ Decrease vacancy ratio
- ③ Decrease vacancy ratio ⇒ Increase office rent
- ④ Increase office rent ⇒ Increase vacancy ratio

Note: Office buildings with the standard floor larger than 100 tsubo in central 5 wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shibuya)

Source: Created by KDRM based on the data compiled by Miki Shoji Co., Ltd (as of October 2010)

Transactions of office buildings by J-REITs

※ Transactions of office buildings located in Tokyo 23 wards by J-REITs



Note: Cap Rate of sales = Latest actual NOI/Sales value, Cap Rate of purchase = Appraisal NCF/Appraisal value  
Source: Prepared by KDRM based on company filings from J-REITs

## SECTION 3

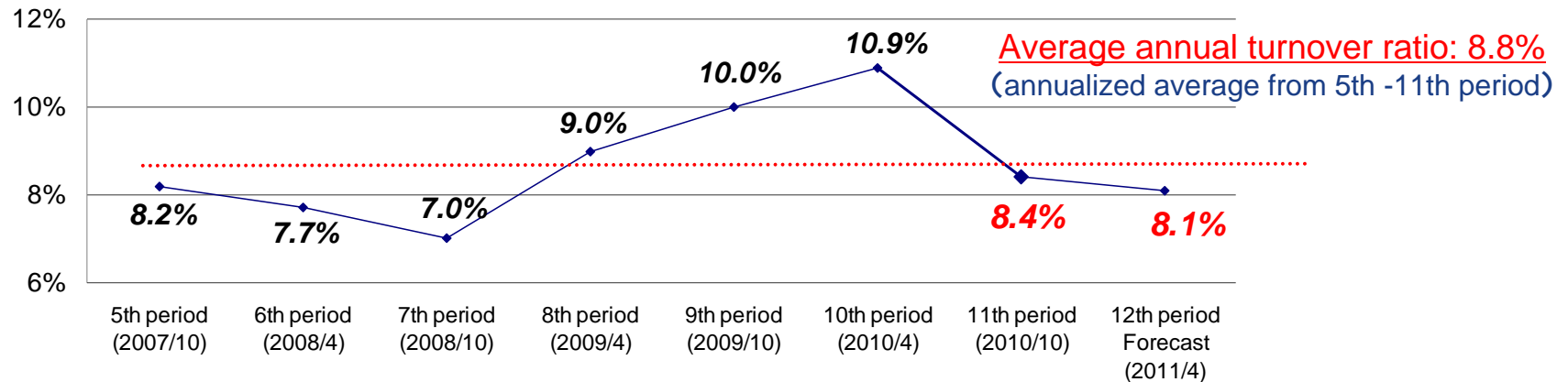
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# Management of Existing Properties



# Management of existing properties: Trend of turnover and occupancy ratios for office buildings

## Annualized turnover ratios for office buildings (actual and forecasted)



Note: 12<sup>th</sup> period's (2011/4) forecast is based on prior cancellation notice received as of 2010/10 and included the contributions from 3 properties acquired in 12<sup>th</sup> period

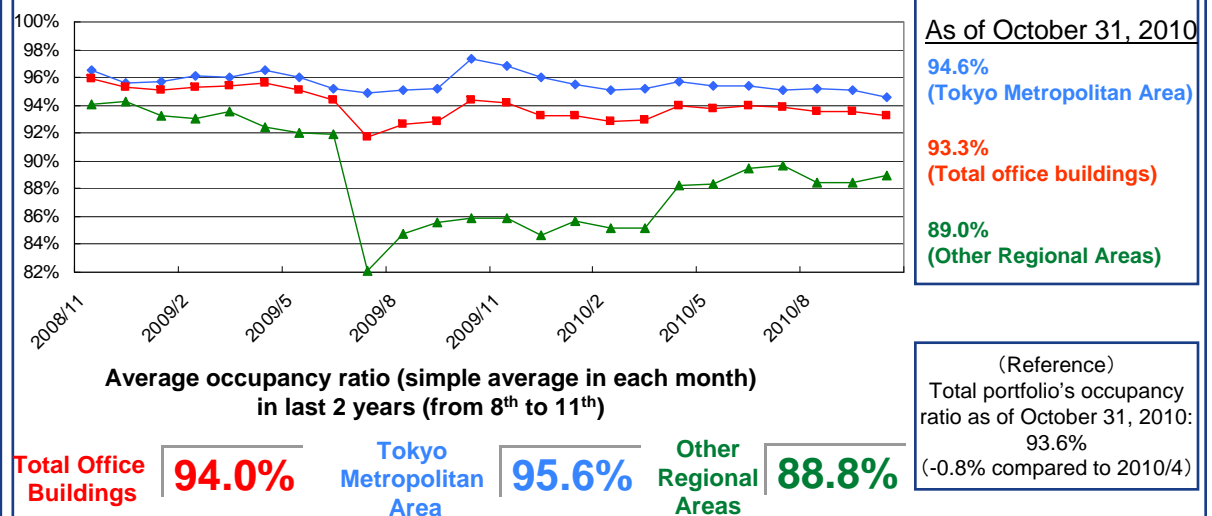
## Average vacancy period for office buildings

| (in months)                                  | 8th Period<br>(2009/4)    | 9th Period<br>(2009/10)   | 10th Period<br>(2010/4)   | 11th Period<br>(2010/10)  |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Tokyo Metropolitan Area<br>(central 5 wards) | 4.9 months<br>(4.5months) | 6.3 Months<br>(6.6months) | 6.5 Months<br>(6.7months) | 7.3 months<br>(6.7months) |
| Other Regional Areas                         | 10.6 months               | 11.1 months               | 12.7 months               | 14.1 months               |

### Notes:

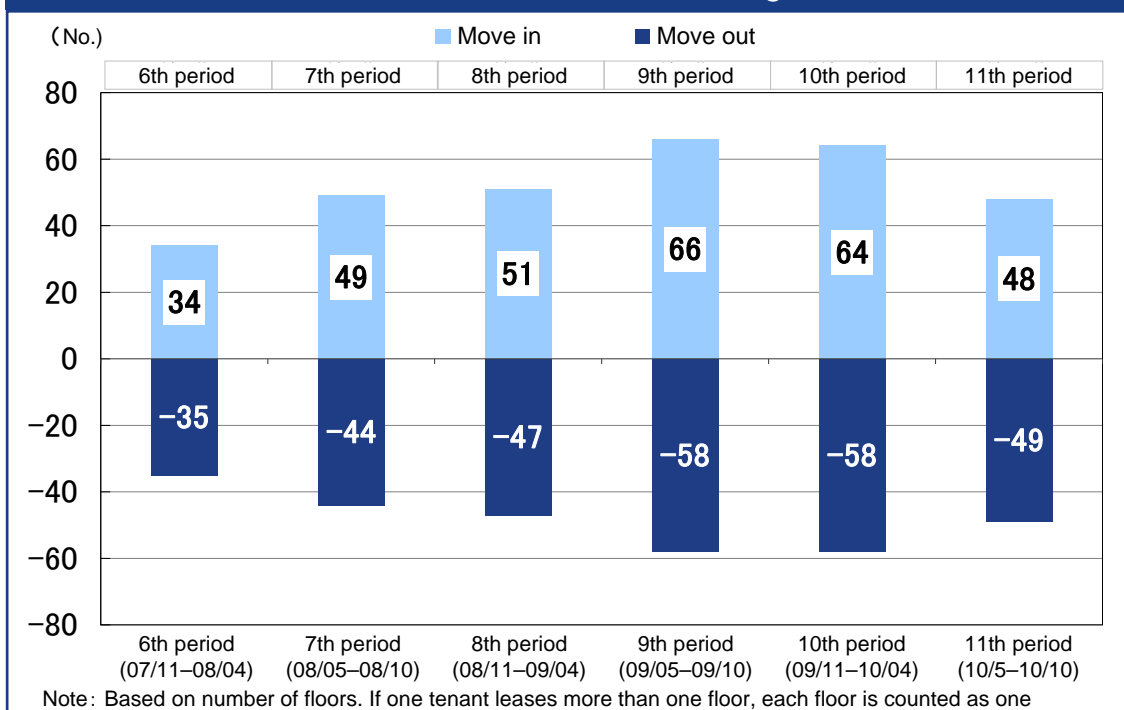
Average (of each floor) based on number of contracts  
Floors (offices on 2F or above) covered by the survey are:  
 · Vacant at start of period, but acquired new tenants during the relevant period  
 · Continuously vacant from start to the end of period  
 · Cancelled but managed to acquire new tenants during the relevant period

## Changes in occupancy ratio for office buildings (by region)



# Management of existing properties: Status of new tenants and existing tenants

Number of new tenants and exiting tenants



## Deposit

Average deposit amount is equivalent to 11.2 months rent

## Result of the past year (10th and 11th period)

6 tenants with unpaid rent of more than 2 months

| Industries             | No. of tenants | (%)           |
|------------------------|----------------|---------------|
| Service                | 14             | 30.4          |
| Food/retail            | 9              | 19.6          |
| Financial/insurance    | 8              | 17.4          |
| Industrial             | 5              | 10.9          |
| Transportation/Telecom | 3              | 6.5           |
| Construction           | 3              | 6.5           |
| Individual             | 2              | 4.3           |
| Real estate            | 2              | 4.3           |
| <b>Total</b>           | <b>46</b>      | <b>100.0%</b> |

(Reference)

Main reasons for new tenants moving in to office buildings

|                     | 6th period<br>(2008/04) | 7th period<br>(2008/10) | 8th period<br>(2009/4) | 9th period<br>(2009/10) | 10th period<br>(2010/4) | 11th period<br>(2010/10) |
|---------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|
| Expand office space | 16                      | 15                      | 19                     | 26                      | 40                      | 36                       |
| Reduce office space | 2                       | 3                       | 12                     | 17                      | 14                      | 6                        |
| Others/Unknown      | 8                       | 7                       | 2                      | 12                      | 3                       | 4                        |

Note: Survey targeting mainly tenants leasing floors above 2nd floor

(Reference)

Main reasons for tenants to moving out of office buildings

|                     | 6th period<br>(2008/04) | 7th period<br>(2008/10) | 8th period<br>(2009/4) | 9th period<br>(2009/10) | 10th period<br>(2010/4) | 11th period<br>(2010/10) | 12th period<br>Forecast<br>(2010/10) |
|---------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------------|
| Expand office space | 2                       | 3                       | 4                      | 2                       | 4                       | 9                        | 3                                    |
| Reduce office space | 17                      | 23                      | 33                     | 44                      | 47                      | 31                       | 27                                   |
| Others/Unknown      | 11                      | 7                       | 6                      | 6                       | 4                       | 5                        | 10                                   |

Note: Excluding floors for residential use

# Management of existing properties: Rent level of office buildings

## New rents

No. of increase/decrease in rent and average change in rent

|                               |                  | 6th period<br>(2008/04) | 7th period<br>(2008/10) | 8th period<br>(2009/4) | 9th period<br>(2009/10) | 10th period<br>(2010/4) | 11th period<br>(2010/10) |
|-------------------------------|------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|
| Central Tokyo<br>(5 wards)    | Changes          | 35.3%                   | 13.5%                   | 0.0%                   | -19.3%                  | -22.8%                  | <b>-19.0%</b>            |
|                               | Increase in rent | 7                       | 8                       | 8                      | 0                       | 0                       | <b>0</b>                 |
|                               | Decrease in rent | 0                       | 0                       | 9                      | 17                      | 16                      | <b>18</b>                |
| Other Tokyo Metropolitan Area | Changes          | 15.0%                   | 5.8%                    | -1.8%                  | -8.4%                   | -15.5%                  | <b>-20.0%</b>            |
|                               | Increase in rent | 4                       | 5                       | 4                      | 3                       | 1                       | <b>0</b>                 |
|                               | Decrease in rent | 1                       | 2                       | 6                      | 15                      | 11                      | <b>6</b>                 |
| Other Regional Areas          | Changes          | 7.1%                    | -5.1%                   | -7.7%                  | -16.4%                  | -15.0%                  | <b>-16.6%</b>            |
|                               | Increase in rent | 8                       | 3                       | 4                      | 2                       | 6                       | <b>1</b>                 |
|                               | Decrease in rent | 4                       | 7                       | 7                      | 11                      | 18                      | <b>13</b>                |
| Total of Office Buildings     | Changes          | 17.0%                   | 3.9%                    | -2.7%                  | -14.4%                  | -17.5%                  | <b>-18.3%</b>            |
|                               | Increase in rent | 19                      | 16                      | 16                     | 5                       | 7                       | <b>1</b>                 |
|                               | Decrease in rent | 5                       | 9                       | 22                     | 43                      | 45                      | <b>37</b>                |

### 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

## Renewed rents

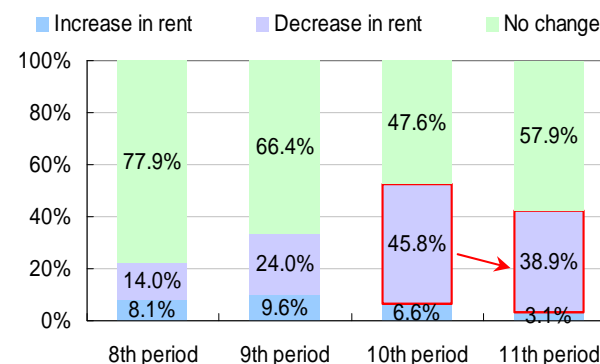
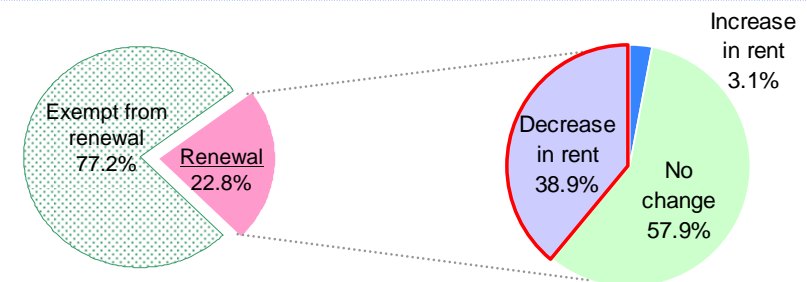
Status of renewed rent (No. of rents changed, % change)

|                  | 7th period<br>(2008/10) | 8th period<br>(2009/4) | 9th period<br>(2009/10) | 10th period<br>(2010/4) | 11th period<br>(2010/10) |
|------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|
| Change(%)        | 10.3%                   | -2.7%                  | -5.7%                   | -9.0%                   | <b>-10.8%</b>            |
| Increase in rent | 42                      | 12                     | 6                       | 4                       | <b>6</b>                 |
| Decrease in rent | —                       | 14                     | 30                      | 63                      | <b>55</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 11th period (2010/10)



**Decreasing ratio of "Decrease in rent" and increasing ratio of "No change"**

### Note:

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

# Management of existing properties: Rent and tenants of office buildings

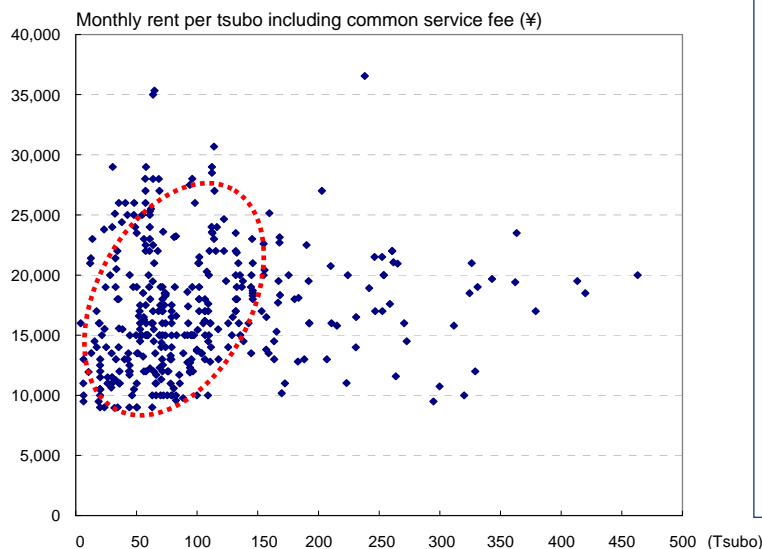
## Average rent

Average rent for office buildings

| (Monthly rent per tsubo)      | End of 7th period<br>(2008/10) | End of 8th period<br>(2009/4) | End of 9th period<br>(2009/10) | End of 10th period<br>(2010/4) | End of 11th period<br>(2010/10) | Changes compared with 2009/10 |
|-------------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------|
| Central Tokyo (5 wards)       | ¥20,600                        | ¥20,500                       | ¥20,200                        | ¥19,600                        | ¥19,000                         | -5.9%                         |
| Other Tokyo Metropolitan Area | ¥14,400                        | ¥14,300                       | ¥14,100                        | ¥13,800                        | ¥13,700                         | -3.1%                         |
| Other Regional Areas          | ¥11,100                        | ¥11,000                       | ¥10,700                        | ¥10,400                        | ¥10,300                         | -4.2%                         |
| Total office buildings        | ¥17,600                        | ¥17,500                       | ¥17,200                        | ¥16,700                        | ¥16,300                         | -5.1%                         |

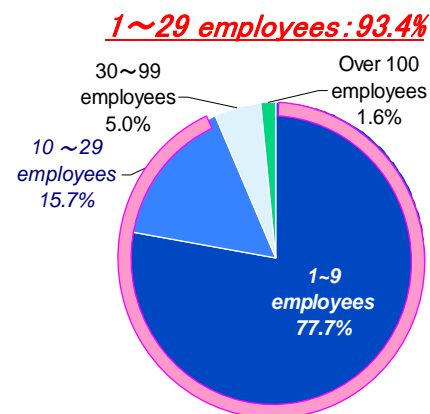
Note: Average rent level covers offices mainly above 2nd floor of the 56 properties which the Investment Corporation has owned at the end of 9th period excluding KDX Nagoya Sakae Building and KDX Shinjuku-Gyoen Building which was sold. Starting from the 11th period, A-47KDX Shin-Yokohama 381 Building 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.

Distribution of tenants in Tokyo Metropolitan Area (As of end of 11th period)



Note: No. of tenants for offices (excluding shops and warehouses, etc.) in Tokyo Metropolitan Area: 379  
Above chart excludes 12 tenants with leased area more than 500 tsubo

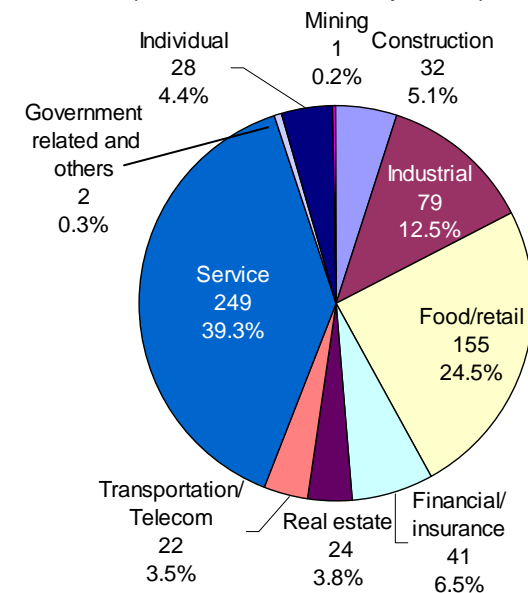
(Reference) Breakdown of offices based on the number of employees (Tokyo)



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

## End tenants of office buildings

Variety of tenants  
(As of end of 11th period)



No. of end tenants  
(No. of properties) **633 tenants**  
(61 properties)

Ratio of largest end tenant **2.1%**

Ratio of top 3 end tenants **5.5%**

Note: The ratio of top-end tenants within the entire portfolio (based on leased area)  
KDX Shin-Yokohama 381 Building and KDX Shin-Yokohama 381 Building Annex Tower are considered together as 1 property

# Management of existing properties: Environment friendly management and leveraging scale merit

## Actions for energy-saving

We plan to upgrade air conditioning systems and lightings, which account for 80% of total energy consumption

### Upgrade air-conditioning systems

Upgrade air-conditioners, install ventilation fans with heat exchangers and upgrade ventilation systems

### Upgrade lighting equipment

Install higher-efficiency lightings with inverters and high-intensity evacuation signs, install LED lightings for common areas, etc.

### Install motion sensors etc.

Install motion sensors to save energies while people are away from office, higher-efficiency transformers, and use inverters for controlling fans

**Energy saving by 1% every year and more than 5% in 5 years expected ※**

※ We are categorized as specified business entity under the revised Energy Saving Act (because of use crude oil equivalent more than 1,500kl/year). The act sets a goal to reduce the amount of energy use by 1% every year.

Emission reduction commitments under the Tokyo environment code covers only the large size building that use oil more than 1,500kl/year, however none of our buildings is this large, and is not required to reduce emission at this point.

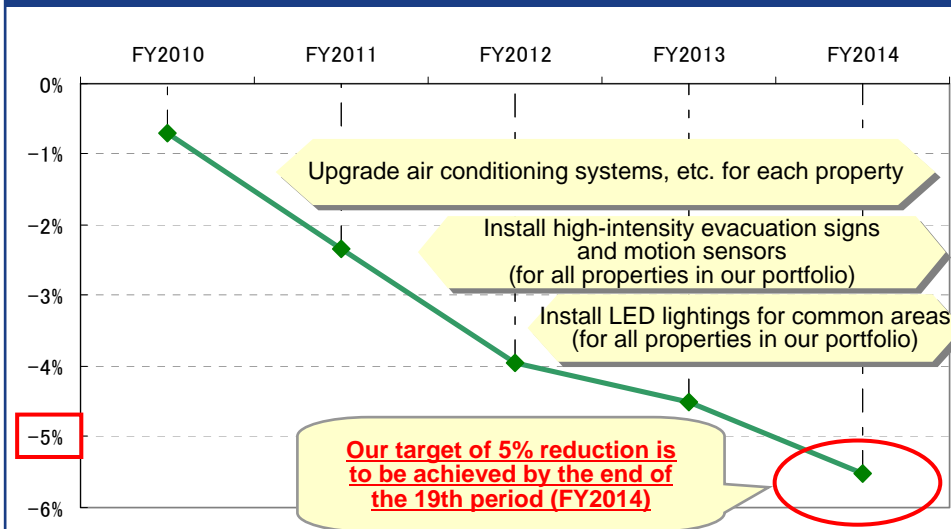
## Reduction of construction costs through package bid

| Period of construction | # of properties | Amount of reduction | Rate of reduction |
|------------------------|-----------------|---------------------|-------------------|
| 9th period             | 2               | ¥16 M               | 11.3%             |
| 10th period            | 3               | ¥6 M                | 7.6%              |
| 11th period            | 2               | ¥10 M               | 23.8%             |
| 12th period            | 5               | ¥63 M               | 16.1%             |

**Bargaining power backed the advantage of scale**

Significant and continued reductions of construction costs

## 5-year energy saving action plan



## Evaluation of our actions: Adoption by "Construction Saving Energy Program 2010"



A-22 KDX Shin-Yokohama Building

■ The upgrade of air-conditioning system planned during the 12th period (ending April 2011) is expected to reduce the energy consumption of the property by **13.8%**

■ This repair of KDX Shin-Yokohama Building is under "Construction Saving Energy Program 2010", which is Ministry of Land, Infrastructure, Transport and Tourism (eligible to receive subsidies)

■ The fund is expected to receive a subsidy of ¥26.2M which is nearly one-third of the total construction costs of ¥80M (in March 2011)

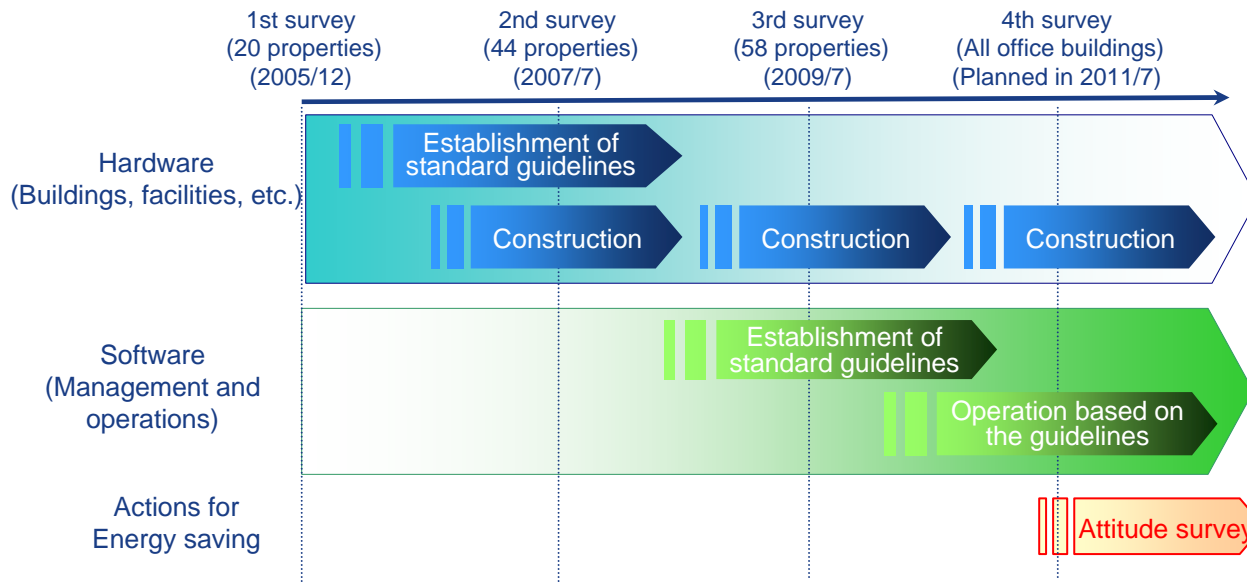
|              |  |                             |                |
|--------------|--|-----------------------------|----------------|
| Location     | 2-3-8 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa | Land area (m <sup>2</sup> ) | 705.00         |
| Structure    | Steel reinforced                                   | GFA (m <sup>2</sup> )       | 6,180.51       |
| # of stories | B1 F9  | Year built                  | September 1990 |
|              |  | Acquisition date            | May 1, 2006    |



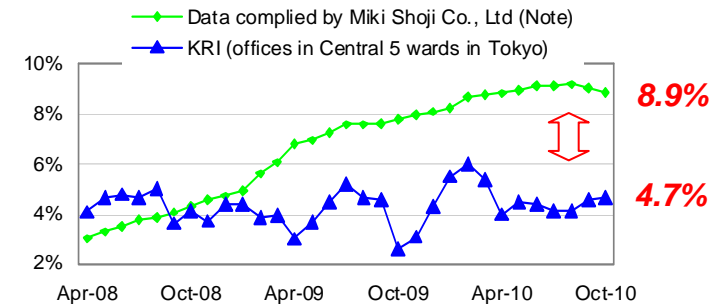
# Management of existing properties: Management based on customer satisfaction strategy

## Actions based on customer satisfaction survey (CS survey)

※ Breakdown of types of question in 3rd CS survey: hardware(58%) and software(42%)



- Maintain and increase the competitiveness of properties
- Maintain and increase the tenant inclination to stay in the same building
- Suitable repair work



Note: Average vacancy ratio of Tokyo Business Area (Central 5 wards)  
Source: Created by KDRM based on the data compiled by Miki Shoji Co., Ltd

## Improvement in hardware based on the 3rd CS survey

| Principal Constructions                            | Detail  | No. of properties | Expense (¥M) |
|--|---|-------------------|--------------|
| Toilet   | Installation of hand dryer and others                     | 21                | 44           |
| Security, disaster prevention                      | Automatic security, installation of security camera, etc. | 8                 | 38           |
| Other common space                                 | Repairing stairs, upgrading bulletin board, etc.          | 15                | 23           |
| External facade/Entrance                           | Installation of automatic door Upgrade of entrance, etc.  | 7                 | 12           |
| Elevator   | Renewing inner packaging, installation of switches, etc.  | 4                 | 4            |
| Office facility (air-conditioning, lighting, etc.) | Upgrading lightings, etc.                                 | 5                 | 3            |
| Total  |   | 60                | 126          |

Note: Includes constructions planned in 12th period (2011/4)

## Establishment of standard guidelines of software and Improvement by operation of the guidelines (12th period onwards)

- Improve the level of property management and minimize variations of management quality by properties based on our guidelines

| Items                         | Opinions/claims received   |
|-------------------------------|--|
| Cleaning                      | Appearance, time period for cleaning, politeness including greetings, quality, etc.                    |
| Building maintenance          | System/frequency of communications, response time, etc.  |
| Security, disaster prevention | Prevention to entry into the building by non-tenants, security & disaster prevention measures, etc.    |
| Construction                  | Schedule, notification of details, safety and other measures for tenants during the construction, etc. |
| Others                        | Smoking areas, the ways to post messages on a bulletin board, etc.                                     |

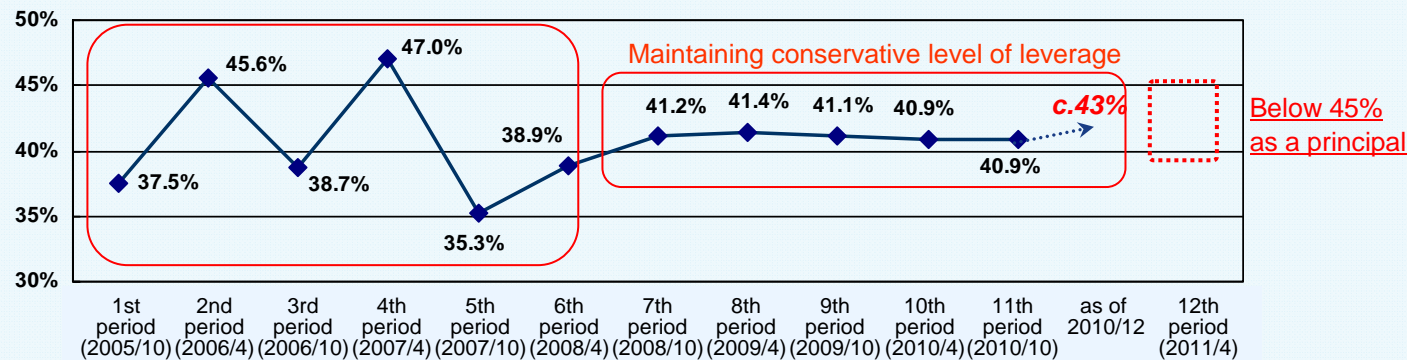
SECTION 4

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## **Financial Strategy**

# Stable financial management: Conservative LTV and diversified maturities

## Changes in LTV

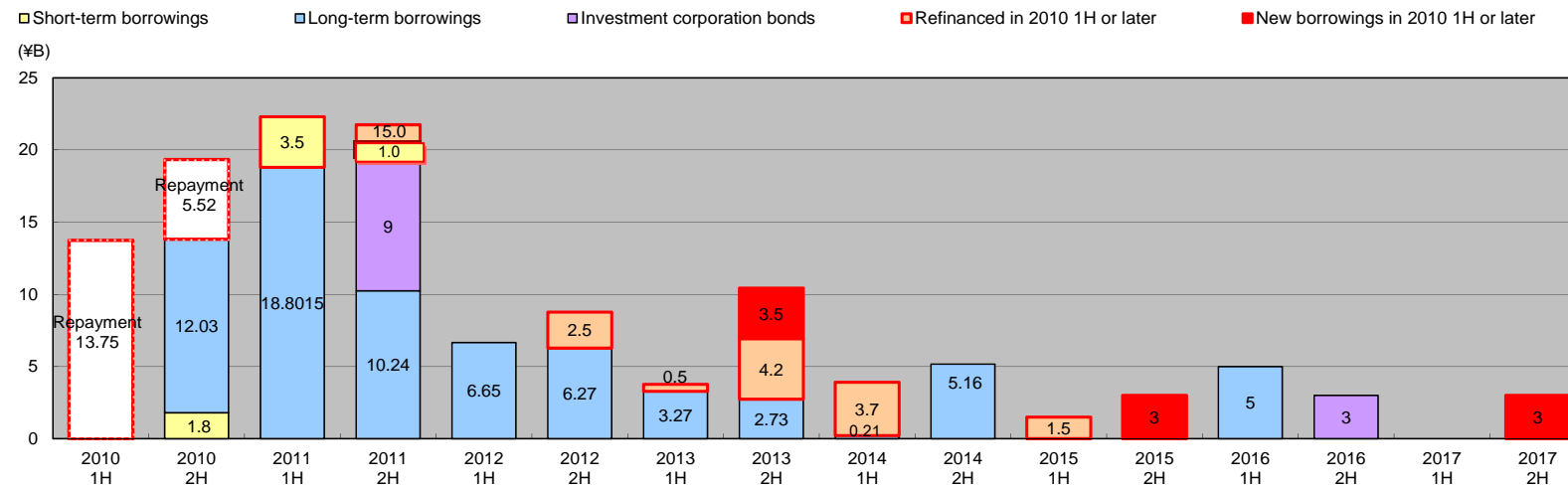


Note: LTV = total debt / Total assets

We aim to increase our revenue through property acquisition by diversifying our financing methods

- Investment corporation bond
- Public offering
- Asset backed loan

## Diversification of debt maturities (as of December 13, 2010)



Note1: Shows debt amounts that mature in each period (rounded to the second decimal place)

Note2: 1H is from April 1 to September 30, 2H is from October 1 to March 31 of the following year and are not identical with the fiscal period of the Investment Corporation (e.g. 2010, 1H is from April 1, 2010 to September 30, 2010)

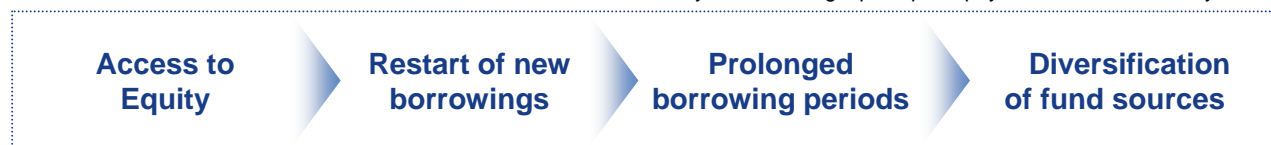
Note3: The borrowings of refinanced in 2010 1H or later (red and shaded boxes, refinance by short-term borrowings are red and yellow-shaded boxes) are total repayment (excluding dividend repayment amount based on the agreement)

# Stable financial management : Improvement in lending condition and diversification of fund sources

## New borrowings in 2010

|                  | No. of lenders | Amount of borrowing | Period                                      | Payment method                 | Use of                                     |
|------------------|----------------|---------------------|---|--------------------------------|--|
| Feb. 2010        | 4 lenders      | ¥7.0B               | Up to 5years<br>(3years, 5years)            | Amortization<br>(5% per year)※ | Acquisition of<br>KDX Shinjuku<br>Building |
| Nov. & Dec. 2010 | 6 lenders      | ¥9.5B               | Up to 7years<br>(3years, 5years,<br>7years) | Full on maturity               | Acquisition of<br>3 properties             |

※3year borrowings: principal repayment in full on maturity



## Credit ratings and investment corporation bonds

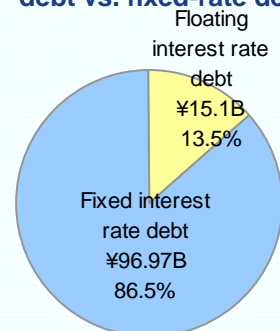
| Rating agency                    |       | (As of December 13, 2010) |          |               |
|----------------------------------|-------|---------------------------|----------|---------------|
|                                  |       | Rating                    |          |               |
| Japan Credit Rating Agency (JCR) |       | <b>A</b> (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     |

## Shelf registration for fund raising

| Summary of shelf registration | Investment corporation bond | Investment unit certificate |                     |
|-------------------------------|-----------------------------|-----------------------------|---------------------|
|                               |                             | Primary                     | Secondary           |
| Planned issue amount          | ¥ 100B                      | ¥ 100B                      | ¥ 15B               |
| Planned issuance period       | 2 yrs from Feb 2009         | 2 yrs from May 2009         | 2 yrs from May 2009 |

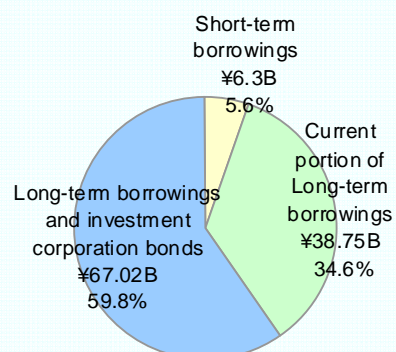
## Fixed-rate debt / Debt balance by maturity period (as of December 13, 2010)

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



|                              |         |
|------------------------------|---------|
| Average interest rate *      | 1.84%   |
| Average life                 | 2.0 yrs |
| Proportion of long-term debt | 94.4%   |

### Debt balance by maturity period

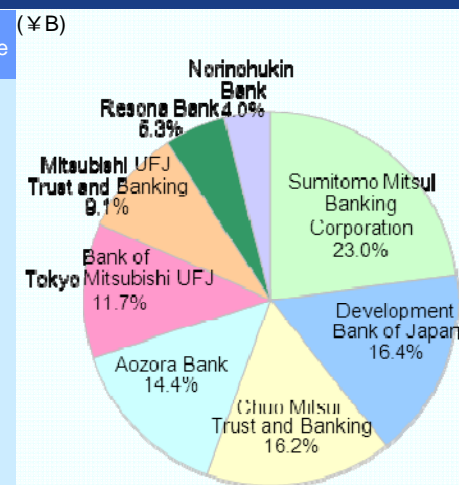


Note: The average interest rate above does not include upfront fees. The average interest rate including upfront fees is 2.16%. "Fixed interest rate debt" includes borrowings that were converted to fixed from floating through interest rate swap

Note: The amount of borrowings is rounded to the second decimal place

## Breakdown of borrowing providers (As of May 27, 2011)

|                                     | End of 10th period (2010/4) | As of 2011/5 | Difference | (¥B) |
|-------------------------------------|-----------------------------|--------------|------------|------|
| Sumitomo Mitsui Banking Corporation | 21.6                        | 23.1         | +1.5       |      |
| Development Bank of Japan           | 13.6                        | 16.5         | +2.9       |      |
| Chuo Mitsui Trust and Banking       | 15.5                        | 16.3         | +0.8       |      |
| Aozora Bank                         | 14.0                        | 14.5         | +0.5       |      |
| Bank of Tokyo Mitsubishi UFJ        | 9.8                         | 11.8         | +2.0       |      |
| Mitsubishi UFJ Trust and Banking    | 7.2                         | 9.2          | +2.0       |      |
| Resona Bank                         | 4.3                         | 5.3          | +1.0       |      |
| Norinchukin Bank                    | 4.0                         | 4.0          | 0.0        |      |
| Mitsui Sumitomo Insurance Co.       | 1.0                         | 0.0          | -1.0       |      |
| Total                               | 91.0                        | 100.7        | +9.7       |      |



Note: The amount of borrowings is rounded to the second decimal place.

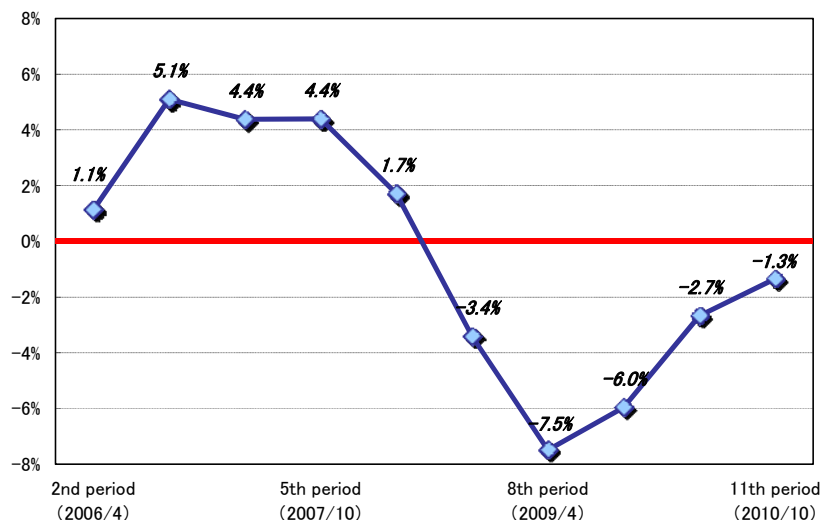
## Appendix

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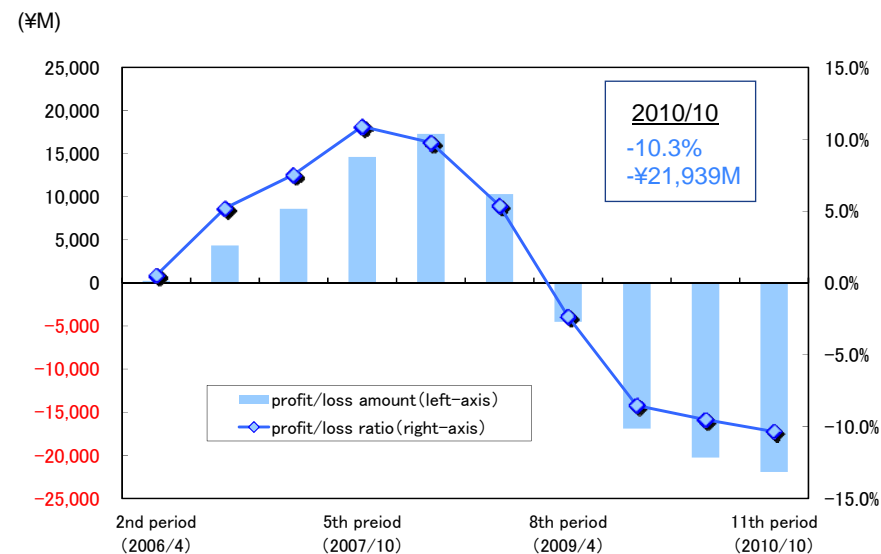
# Historical appraisal value and unrealized gain/loss of office building

## Historical variation for appraisal value of office



Note: Changes in appraisal value as of end of each period compared with the previous period. The appraisal value for the previous period which was acquired during the each period will be calculated based on the appraisal value at the time of acquisition.

## Historical appraisal profit/loss ratio and amount of office



Note: Appraisal profit/loss amount subtracts the book value from appraisal value as of the end of each period. Appraisal profit/loss ratio divides the appraisal profit/loss amount by the book value as of the end of each period.

| Items of appraisal valuation                            | ⇒End of 8th period<br>(2009/4) | ⇒End of 9th period<br>(2009/10) | ⇒End of 10th period<br>(2010/4) | ⇒End of 11th period<br>(2010/10) |
|---|--------------------------------|---------------------------------|---------------------------------|----------------------------------|
| Change in rent (based on mid/long-term appraisal value) | -4.3%                          | -4.4%                           | -2.6%                           | -1.5%                            |
| Change in cap rates (average)                           | 0.2%<br>(5.0%→5.2%)            | 0.1%<br>(5.2%→5.3%)             | 0.0%<br>(5.3%→5.3%)             | 0.0%<br>(5.3%→5.3%)              |

Note: Change in mid/long-term rent and cap rate (difference with value at the end of the previous period) of office buildings end of each period. Based on acquisition price.

The mid/long-term rent and cap rate of buildings acquired in the each period are considered the value at the end of the previous period and calculated.

|                                   | ⇒End of 8th period<br>(2009/4) | ⇒End of 9th period<br>(2009/10) | ⇒End of 10th period<br>(2010/4) | ⇒End of 11th period<br>(2010/10) |
|-----------------------------------|--------------------------------|---------------------------------|---------------------------------|----------------------------------|
| Appraisal profit/loss amount (¥M) | -4,499                         | -16,907                         | -20,280                         | -21,939                          |
| Appraisal profit/loss ratio       | -2.4%                          | -8.5%                           | -9.5%                           | -10.3%                           |

※ "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 11th period excepted buildings sold.

# Appraisal values and cap rates as of the end of 11th period

| No    | Property name                        | Appraiser | Acquisition price | 11th period     |            |                |                |               | Cap Rate           |                |
|-------|--------------------------------------|-----------|-------------------|-----------------|------------|----------------|----------------|---------------|--------------------|----------------|
|       |                                      |           |                   | Appraisal value | Book value | vs acquisition | vs 10th period | vs book value | End of 11th Period | vs 10th period |
| A 1   | KDX Nihonbashi 313 Building          | Daiwa     | 5,940             | 7,170           | 6,175      | 20.7%          | -2.6%          | 16.1%         | 4.9%               | 0.0%           |
| A 2   | KDX Hirakawacho Building             | Daiwa     | 5,180             | 4,910           | 5,153      | -5.2%          | -2.8%          | -4.7%         | 4.8%               | 0.0%           |
| A 3   | Higashi-Kayabacho Yuraku Building    | JREI      | 4,450             | 5,190           | 4,426      | 16.6%          | -4.9%          | 17.3%         | 5.1%               | 0.0%           |
| A 4   | KDX Hatchobori Building              | Daiwa     | 3,680             | 3,380           | 3,385      | -8.2%          | 0.6%           | -0.1%         | 5.1%               | 0.0%           |
| A 5   | KDX Nakano-Sakaue Building           | Daiwa     | 2,533             | 2,350           | 2,460      | -7.2%          | 0.0%           | -4.5%         | 5.5%               | 0.0%           |
| A 6   | Harajuku F.F Building                | JREI      | 2,450             | 2,860           | 2,456      | 16.7%          | -2.1%          | 16.4%         | 5.8%               | 0.1%           |
| A 7   | FIK Minami Aoyama                    | JREI      | 2,270             | 2,210           | 2,264      | -2.6%          | -7.5%          | -2.4%         | 5.0%               | 0.0%           |
| A 8   | Kanda Kihira Building                | Daiwa     | 1,950             | 1,870           | 1,871      | -4.1%          | 0.0%           | -0.1%         | 5.1%               | 0.0%           |
| A 12  | Portus Center Building               | Daiwa     | 5,570             | 4,590           | 4,741      | -17.6%         | -1.3%          | -3.2%         | 6.4%               | 0.0%           |
| A 13  | KDX Kojimachi Building               | JREI      | 5,950             | 4,250           | 5,697      | -28.6%         | 7.3%           | -25.4%        | 4.6%               | -0.4%          |
| A 14  | KDX Funabashi Building               | JREI      | 2,252             | 1,990           | 2,444      | -11.6%         | 4.7%           | -18.6%        | 6.1%               | -0.1%          |
| A 15  | KDX Hamacho Building                 | JREI      | 2,300             | 2,320           | 2,230      | 0.9%           | 5.0%           | 4.0%          | 5.5%               | 0.0%           |
| A 16  | Toshin 24 Building                   | JREI      | 5,300             | 4,320           | 5,170      | -18.5%         | -5.7%          | -16.4%        | 5.7%               | 0.0%           |
| A 17  | Ebisu East 438 Building              | JREI      | 4,640             | 4,210           | 4,512      | -9.3%          | 0.2%           | -6.7%         | 5.2%               | 0.0%           |
| A 18  | KDX Omori Building                   | JREI      | 3,500             | 3,640           | 3,411      | 4.0%           | -3.7%          | 6.7%          | 5.5%               | 0.1%           |
| A 19  | KDX Hamamatsucho Building            | Daiwa     | 3,460             | 3,180           | 3,308      | -8.1%          | -6.2%          | -3.9%         | 4.8%               | 0.0%           |
| A 20  | KDX Kayabacho Building               | JREI      | 2,780             | 3,070           | 2,854      | 10.4%          | 6.6%           | 7.6%          | 5.5%               | 0.1%           |
| A 21  | KDX Shinbashi Building               | JREI      | 2,690             | 2,790           | 2,663      | 3.7%           | 0.0%           | 4.8%          | 4.7%               | 0.0%           |
| A 22  | KDX Shin-Yokohama Building           | JREI      | 2,520             | 2,430           | 2,433      | -3.6%          | -2.0%          | -0.1%         | 6.0%               | 0.1%           |
| A 23  | KDX Yotsuya Building                 | JREI      | 1,950             | 2,280           | 1,956      | 16.9%          | -4.2%          | 16.6%         | 5.6%               | 0.0%           |
| A 24  | KDX Minami Semba Dai-1 Building      | JREI      | 1,610             | 1,090           | 1,488      | -32.3%         | 0.9%           | -26.7%        | 5.8%               | 0.2%           |
| A 25  | KDX Minami Semba Dai-2 Building      | JREI      | 1,560             | 1,150           | 1,384      | -26.3%         | 2.7%           | -16.9%        | 5.8%               | 0.2%           |
| A 26  | KDX Kiba Building                    | JREI      | 1,580             | 1,470           | 1,591      | -7.0%          | 0.7%           | -7.6%         | 6.0%               | 0.3%           |
| A 27  | KDX Kajicho Building                 | Daiwa     | 2,350             | 2,230           | 2,415      | -5.1%          | 0.0%           | -7.7%         | 5.2%               | 0.0%           |
| A 28  | KDX Nogizaka Building                | JREI      | 1,065             | 829             | 1,129      | -22.2%         | -1.5%          | -26.6%        | 5.5%               | 0.3%           |
| A 29  | KDX Higashi-Shinjuku Building        | Daiwa     | 2,950             | 3,240           | 3,195      | 9.8%           | 0.0%           | 1.4%          | 5.3%               | 0.0%           |
| A 30  | KDX Nishi-Gotanda Building           | JREI      | 4,200             | 3,640           | 4,119      | -13.3%         | -1.1%          | -11.6%        | 5.2%               | -0.2%          |
| A 31  | KDX Monzen-Nakacho Building          | Daiwa     | 1,400             | 1,270           | 1,429      | -9.3%          | 0.0%           | -11.1%        | 5.6%               | 0.0%           |
| A 32  | KDX Shiba-Daimon Building            | JREI      | 6,090             | 4,840           | 6,263      | -20.5%         | 4.5%           | -22.7%        | 5.2%               | -0.2%          |
| A 33  | KDX Okachimachi Building             | Daiwa     | 2,000             | 1,790           | 2,142      | -10.5%         | 0.0%           | -16.4%        | 5.2%               | 0.0%           |
| A 34  | KDX Hon-Atsugi Building              | Daiwa     | 1,305             | 1,070           | 1,225      | -18.0%         | 0.0%           | -12.7%        | 6.3%               | 0.0%           |
| A 35  | KDX Hachioji Building                | Daiwa     | 1,155             | 821             | 1,304      | -28.9%         | 0.0%           | -37.0%        | 5.9%               | 0.0%           |
| A 36  | KDX Niigata Building                 | JREI      | 1,305             | 868             | 1,465      | -33.5%         | 5.3%           | -40.8%        | 7.3%               | 0.0%           |
| A 37  | KDX Ochanomizu Building              | JREI      | 6,400             | 6,530           | 6,717      | 2.0%           | -3.4%          | -2.8%         | 4.9%               | 0.0%           |
| A 38  | KDX Nishi-Shinjuku Building          | JREI      | 1,500             | 1,210           | 1,536      | -19.3%         | -2.4%          | -21.2%        | 5.4%               | 0.1%           |
| A 39  | KDX Toranomon Building               | JREI      | 4,400             | 3,420           | 4,829      | -22.3%         | -2.3%          | -29.2%        | 4.6%               | 0.0%           |
|       |                                      |           |                   |                 |            |                |                |               |                    |                |
| A 40  | Toranomon Toyo Building              | JREI      | 9,850             | 9,770           | 9,873      | -0.8%          | -0.4%          | -1.0%         | 4.7%               | 0.0%           |
| A 41  | KDX Shinjuku 286 Building            | JREI      | 2,300             | 2,050           | 2,344      | -10.9%         | 0.0%           | -12.6%        | 5.3%               | 0.0%           |
| A 42  | Karasuma Building                    | Daiwa     | 5,400             | 5,020           | 5,451      | -7.0%          | -2.3%          | -7.9%         | 5.6%               | 0.0%           |
| A 44  | KDX Sendai Building                  | Daiwa     | 2,100             | 1,470           | 2,182      | -30.0%         | 0.0%           | -32.7%        | 6.1%               | 0.0%           |
| A 45  | KDX Roppongi 228 Building            | JREI      | 3,300             | 2,160           | 3,445      | -34.5%         | -1.8%          | -37.3%        | 5.0%               | 0.0%           |
| A 46  | Hiei Kudan-Kita Building             | Daiwa     | 7,600             | 7,640           | 7,607      | 0.5%           | -2.2%          | 0.4%          | 4.8%               | 0.0%           |
| A 47  | KDX Shin-Yokohama 381 Building       | JREI      | 5,800             | 4,250           | 5,927      | -26.7%         | 0.2%           | -28.3%        | 5.9%               | 0.0%           |
| A 48  | KDX Kawasaki-Ekimae Hon-cho Building | JREI      | 3,760             | 3,410           | 3,854      | -9.3%          | 2.7%           | -11.5%        | 6.3%               | 0.0%           |
| A 49  | Nissou Dai-17 Building               | JREI      | 2,710             | 1,640           | 2,659      | -39.5%         | -0.6%          | -38.3%        | 5.8%               | 0.0%           |
| A 50  | Ikejiri-Oohashi Building             | JREI      | 2,400             | 1,600           | 2,475      | -33.3%         | -1.2%          | -35.4%        | 6.2%               | 0.0%           |
| A 51  | KDX Hamacho Nakanohashi Building     | JREI      | 2,310             | 1,690           | 2,377      | -26.8%         | -6.6%          | -28.9%        | 5.6%               | 0.0%           |
| A 52  | KDX Kanda Misaki-cho Building        | JREI      | 1,380             | 980             | 1,385      | -29.0%         | -0.8%          | -29.3%        | 5.5%               | 0.0%           |
| A 53  | KDX Hakata-Minami Building           | JREI      | 4,900             | 3,840           | 4,837      | -21.6%         | -2.8%          | -20.6%        | 6.5%               | 0.0%           |
| A 54  | KDX Kitahama Building                | JREI      | 2,220             | 1,670           | 2,239      | -24.8%         | -0.6%          | -25.4%        | 6.0%               | 0.0%           |
| A 55  | Shin-toshin Maruzen Building         | JREI      | 2,110             | 1,560           | 2,161      | -26.1%         | -4.9%          | -27.8%        | 5.6%               | 0.1%           |
| A 56  | KDX Jinbocho Building                | JREI      | 2,760             | 2,080           | 2,926      | -24.6%         | -9.6%          | -28.9%        | 5.6%               | 0.2%           |
| A 57  | KDX Gobancho Building                | JREI      | 1,951             | 1,480           | 2,000      | -24.1%         | -2.0%          | -26.0%        | 5.2%               | 0.0%           |
| A 58  | KDX Nagoya Sakae Building            | Daiwa     | 7,550             | 4,710           | 7,702      | -37.6%         | 0.0%           | -38.8%        | 5.2%               | 0.0%           |
| A 59  | KDX Iwamoto-cho Building             | JREI      | 1,864             | 1,310           | 1,834      | -29.8%         | -5.1%          | -28.6%        | 5.7%               | 0.0%           |
| A 60  | KDX Harumi Building                  | JREI      | 10,250            | 10,600          | 9,922      | 3.4%           | 1.0%           | 6.8%          | 4.8%               | 0.0%           |
| A 61  | KDX Hamamatsucho Dai-2 Building      | Daiwa     | 2,200             | 1,920           | 2,265      | -12.7%         | -1.0%          | -15.2%        | 4.7%               | 0.0%           |
| A 62  | Koishikawa TG Building               | JREI      | 3,080             | 3,240           | 3,165      | 5.2%           | -0.6%          | 2.3%          | 5.2%               | 0.0%           |
| A 63  | Gotanda TG Building                  | JREI      | 2,620             | 2,570           | 2,714      | -1.9%          | -9.2%          | -5.3%         | 5.5%               | 0.0%           |
| A 64  | KDX Nihonbashi 216 Building          | JREI      | 2,010             | 1,990           | 2,003      | -1.0%          | -5.7%          | -0.7%         | 5.0%               | 0.0%           |
| A 66  | KDX Shinjuku Building                | JREI      | 6,800             | 7,010           | 6,880      | 3.1%           | -5.5%          | 1.9%          | 4.6%               | 0.0%           |
| A     | Office Building Subtotal             |           | 211,461           | 190,138         | 212,077    | -10.1%         | -1.3%          | -10.3%        | 5.3%               | 0.0%           |
|       |                                      |           |                   |                 |            |                |                |               |                    |                |
| B 3   | Court Meijiro                        | JREI      | 1,250             | 950             | 1,194      | -24.0%         | -1.8%          | -20.4%        | 5.6%               | 0.0%           |
| B 18  | Venus Hibiyaoka                      | JREI      | 1,800             | 1,420           | 1,875      | -21.1%         | 3.6%           | -24.3%        | 7.1%               | 0.4%           |
| B 19  | Residence Charmante Tsukushima       | JREI      | 5,353             | 4,480           | 5,110      | -16.3%         | 1.8%           | -12.3%        | 6.1%               | 0.6%           |
| B 34  | Gradito Kawaguchi                    | JREI      | 1,038             | 959             | 1,024      | -7.6%          | 0.6%           | -6.4%         | 5.8%               | 0.0%           |
| B     | Residential Subtotal                 |           | 9,441             | 7,809           | 9,204      | -17.3%         | 1.5%           | -15.2%        | 6.2%               | 0.4%           |
|       |                                      |           |                   |                 |            |                |                |               |                    |                |
| C 1   | Frame Jinnan-zaka                    | JREI      | 9,900             | 9,750           | 9,910      | -1.5%          | 0.5%           | -1.6%         | 4.7%               | 0.0%           |
| C 2   | KDX Yoyogi Building                  | JREI      | 2,479             | 1,900           | 2,533      | -23.4%         | -3.6%          | -25.0%        | 5.3%               | 0.2%           |
| C     | Central Urban Retail Subtotal        |           | 12,379            | 11,650          | 12,443     | -5.9%          | -0.2%          | -6.4%         | 4.8%               | 0.0%           |
|       |                                      |           |                   |                 |            |                |                |               |                    |                |
| Total |                                      |           | 233,281           | 209,597         | 233,725    | -10.2%         | -1.2%          | -10.3%        | 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 is the weighted-average based on acquisition price  
3. The amount of KDX Shin-Yokohama 381 Building (existing tower) and KDX Shin-Yokohama 381 Building Annex Tower are indicated as one property

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# Portfolio overview (office buildings)

As of December 13, 2010

## Office Buildings (64 properties)

| Type            | Area                    | No.  | Name                                 | Location              | Acquisition Price (M) <sup>1</sup> | Year built <sup>2</sup> | Occupancy at end of 11th period (%) <sup>3</sup> |
|-----------------|-------------------------|------|--------------------------------------|-----------------------|------------------------------------|-------------------------|--|
| 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                  | 95.4%  |
|                 |                         | A-46 | Hiei Kudan-Kita Building             | Chiyoda-ward, Tokyo   | 7,600                              | Mar-88                  | 85.3%  |
|                 |                         | A-66 | KDX Shinjuku Building                | Shinjuku-ward, Tokyo  | 6,800                              | May-93                  | 93.7%  |
|                 |                         | 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                  | 91.9%  |
|                 |                         | A-1  | KDX Nihonbashi 313 Building          | Chuo-ward, Tokyo      | 5,940                              | Apr-74                  | 100.0%   |
|                 |                         | A-47 | KDX Shin-Yokohama 381 Building       | Yokohama, Kanagawa    | 5,800                              | Mar-88                  | 100.0%   |
|                 |                         | A-16 | Toshin 24 Building                   | Yokohama, Kanagawa    | 5,300                              | Sep-84                  | 72.7%  |
|                 |                         | 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                  | 83.4%  |
|                 |                         | 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-30 | KDX Nishi-Gotanda Building           | Shinagawa-ward, Tokyo | 4,200                              | Nov-92                  | 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                  | 94.4%  |
|                 |                         | A-49 | Nissou Dai-17 Building               | Yokohama, Kanagawa    | 2,710                              | Jul-91                  | 94.9%  |
|                 |                         | 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                  | 77.1%  |
|                 |                         | A-5  | KDX Nakano-Sakae Building            | Nakano-ward, Tokyo    | 2,533                              | Aug-92                  | 96.5%  |
|                 |                         | A-22 | KDX Shin-Yokohama Building           | Yokohama, Kanagawa    | 2,520                              | Sep-90                  | 74.0%  |
|                 |                         | 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                  | 91.3%  |
|                 |                         | A-27 | KDX Kajicho Building                 | Chiyoda-ward, Tokyo   | 2,350                              | Mar-90                  | 84.2%  |
|                 |                         | A-51 | KDX Hamacho Nakanohashi Building     | Chuo-ward, Tokyo      | 2,310                              | Sep-88                  | 93.0%  |
|                 |                         | A-15 | KDX Hamacho Building                 | Chuo-ward, Tokyo      | 2,300                              | Sep-93                  | 93.9%  |
|                 |                         | A-41 | KDX Shinjuku 286 Building            | Shinjuku-ward, Tokyo  | 2,300                              | Aug-89                  | 100.0%   |
|                 |                         | 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                  | 98.5%  |

| Type            | Area                    | No.                                      | Name                            | Location             | Acquisition Price (M) <sup>1</sup> | Year built <sup>2</sup> | Occupancy at end of 11th period |
|-----------------|-------------------------|--|---------------------------------|----------------------|------------------------------------|-------------------------|---------------------------------|
| Office Building | Tokyo Metropolitan Area | A-61                                     | KDX Hamamatsu 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     | Cyuo-ward, Tokyo     | 2,010                              | Oct-06                  | 75.0%                           |
|                 |                         | 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                  | 85.7%                           |
|                 |                         | A-8                                      | Kabnda Kihara Building          | Chiyoda-ward, Tokyo  | 1,950                              | May-93                  | 100.0%                          |
|                 |                         | 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                  | 100.0%                          |
|                 |                         | 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                  | 96.4%                           |
|                 |                         | A-28                                     | KDX Nogizaka Building           | Minato-ward, Tokyo   | 1,065                              | May-91                  | 78.1%                           |
|                 | Other Regional Areas    | A-58                                     | KDX Nagoya Sakae Building       | Nagoya, Aichi        | 7,550                              | Mar-09                  | 90.3%                           |
|                 |                         | A-12                                     | Portus Center Building          | Sakai, Osaka         | 5,570                              | Sep-93                  | 93.9%                           |
|                 |                         | A-42                                     | Karasuma Building               | Kyoto, Kyoto         | 5,400                              | Oct-82                  | 93.2%                           |
|                 |                         | A-53                                     | KDX Hakata-Minami Building      | Fukuoka, Fukuoka     | 4,900                              | Jun-73                  | 80.6%                           |
|                 |                         | A-54                                     | KDX Kitahama Building           | Osaka, Osaka         | 2,220                              | Jul-94                  | 96.4%                           |
|                 |                         | A-44                                     | KDX Sendai Building             | Sendai, Miyagi       | 2,100                              | Feb-84                  | 98.7%                           |
|                 |                         | A-24                                     | KDX Minami Semba Dai-1 Building | Osaka, Osaka         | 1,610                              | Mar-93                  | 83.1%                           |
|                 |                         | A-25                                     | KDX Minami Semba Dai-2 Building | Osaka, Osaka         | 1,560                              | Sep-93                  | 100.0%                          |
|                 |                         | A-36                                     | KDX Niigata Building            | Niigata, Niigata     | 1,305                              | Jul-83                  | 65.4%                           |
|                 |                         | Office Building (61 properties) Subtotal |                                 |                      |                                    | 211,461                 | 93.3%                           |

## Acquisition of properties in the 12<sup>th</sup> period(2011/4)

| Type                                      | Area                    | No.  | Name                              | Location         | Acquisition Price (M) <sup>1</sup> | Year built <sup>2</sup> | Occupancy at end of 11th period |
|---|-------------------------|------|-----------------------------------|------------------|------------------------------------|-------------------------|---------------------------------|
| Office Buildings                          | Tokyo Metropolitan Area | A-67 | Kyodo Building (Ginza No.8)       | Chuo-ward, Tokyo | 4,300                              | Nov-91                  | —                               |
|   |                         | A-68 | Kyodo Building (Honcho 1chome)    | Chuo-ward, Tokyo | 4,000                              | Jan-84                  | —                               |
|   | Other Regional Areas    | A-69 | KDX Kobayashi-Doshomachi Building | Osaka, Osaka     | 2,870                              | Jul-09                  | —                               |
| Office Buildings (64 properties) Subtotal |                         |      |                                   |                  | 222,631                            | Avg 21.0 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.13, 2010, and is rounded down to the nearest first decimal place. The weighted-average age of the 70 properties held as of Dec.13, 2010 is 20.0 years(based on Dec 13, 2010).  
 3 Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 67 properties held as of Oct.31,2010 is 93.6%

# Portfolio overview(central urban retail/residential properties)

As of December 13, 2010

## Central Urban Retail Properties (2 properties)

|                      |                         |  |                     |                     | Acquisition            |                         | at end of                    |
|----------------------|-------------------------|--|---------------------|---------------------|------------------------|-------------------------|------------------------------|
| Type                 | Area                    | No.  | Name                | Location            | Price(¥M) <sup>1</sup> | Year built <sup>2</sup> | 11th period (%) <sup>3</sup> |
| Central Urban Retail | 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                  | 94.8%                        |
|                      |                         | Central Urban Retail (2 properties) Subtotal |                     |                     |                        | 12,379                  | Avg 8.4 yrs                  |

## Residential Properties (4 properties)

| Type                                | Area                    | No.  | Name                           | Location             | Acquisition Price(¥M) <sup>1</sup> | Year built <sup>2</sup> | Occupancy at end of 11th period |
|-------------------------------------|-------------------------|------|--------------------------------|----------------------|------------------------------------|-------------------------|---------------------------------|
| Residential                         | 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                  | 95.2%                           |
|                                     |                         | B-34 | Gradito Kawaguchi              | Kwaguchi, Saitama    | 1,038                              | Feb-06                  | 100.0%                          |
|                                     | Other Regional Areas    | B-18 | Venus Hibarigaoka              | Sapporo, Hokkaido    | 1,800                              | Mar-89                  | 92.4%                           |
| Residential (4 properties) Subtotal |                         |      |                                |                      | 9,441                              | Avg.10.4 yrs            | 95.6%                           |

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.13, 2010, 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.

Reference: Historical cap rate(by asset•annualized base)

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

Notes: 1. Each ratio are after deduction of fixed property tax in each period  
 2. Each ratio are rounded to the first decimal place

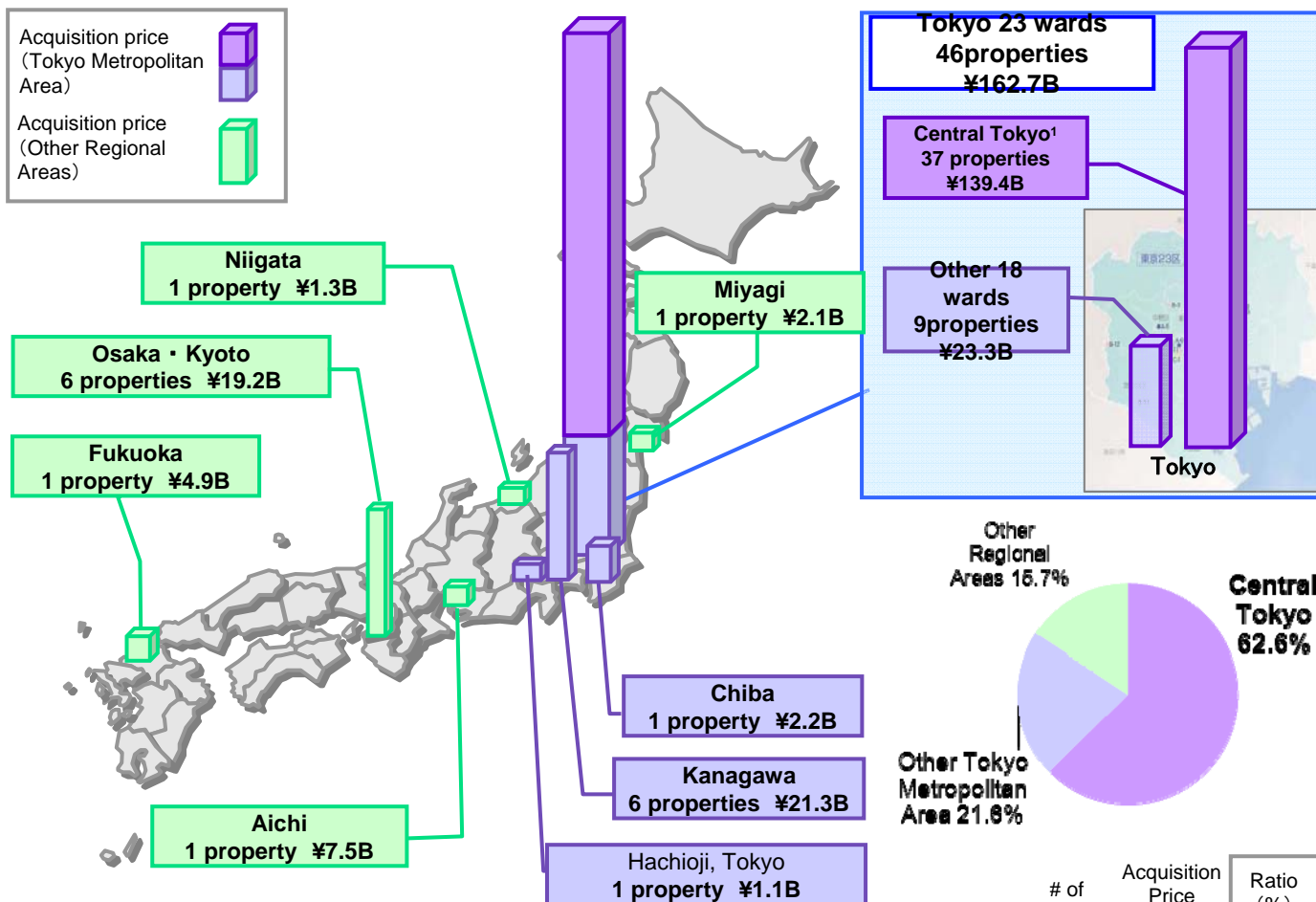
## Disposition of properties ( 1 office building and 1 residential property ) in the 11<sup>th</sup> period (2010/10)

| Type            | Area                    | No.  | Name                        | Location             | Acquisition Price(¥M) <sup>1</sup> | Disposition Price(¥M) | Disposition Date |
|-----------------|-------------------------|------|-----------------------------|----------------------|------------------------------------|-----------------------|------------------|
| Office Building | Tokyo metropolitan Area | A-9  | KDX Shinjuku-Gyoen Building | Shinjuku-ward, Tokyo | 1,610                              | 1,710                 | Sep-10           |
| Residential     |                         | B-25 | Court Shin-Okachimachi      | Taito-ward, Tokyo    | 878                                | 790                   | Oct-10           |

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

As of December 13, 2010

Office portfolio: 64 properties, with a total acquisition price of ¥222.6B



Notes:

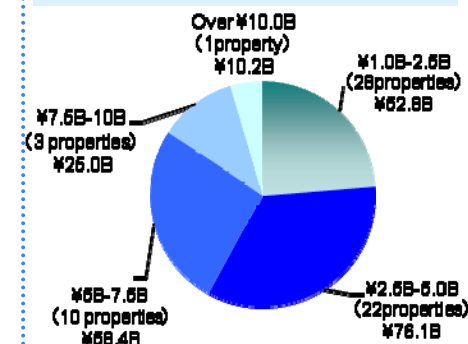
1 Central Tokyo : Chiyoda, Chuo, Minato, Shibuya and Shinjuku

2 Acquisition price are 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

|                         | # of properties | Acquisition Price (¥B) | Ratio (%)    |
|-------------------------|-----------------|------------------------|--------------|
| Tokyo Metropolitan Area | 54              | 187.5                  | 84.2         |
| Other Regional Areas    | 10              | 35.0                   | 15.7         |
| <b>Total</b>            | <b>64</b>       | <b>2,226</b>           | <b>100.0</b> |

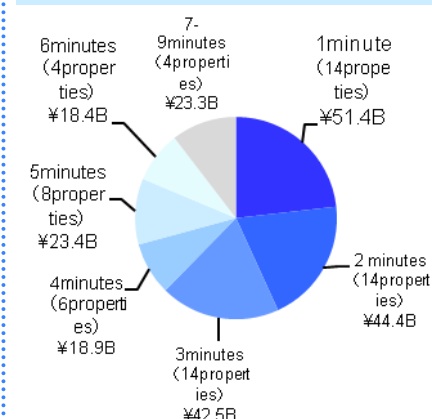
Composition of office portfolio

By acquisition price



¥2.5~7.5B accounts for 60.4%

Distance from the nearest station (by walk, in minutes)



Within 3 minutes walk: 61.2%

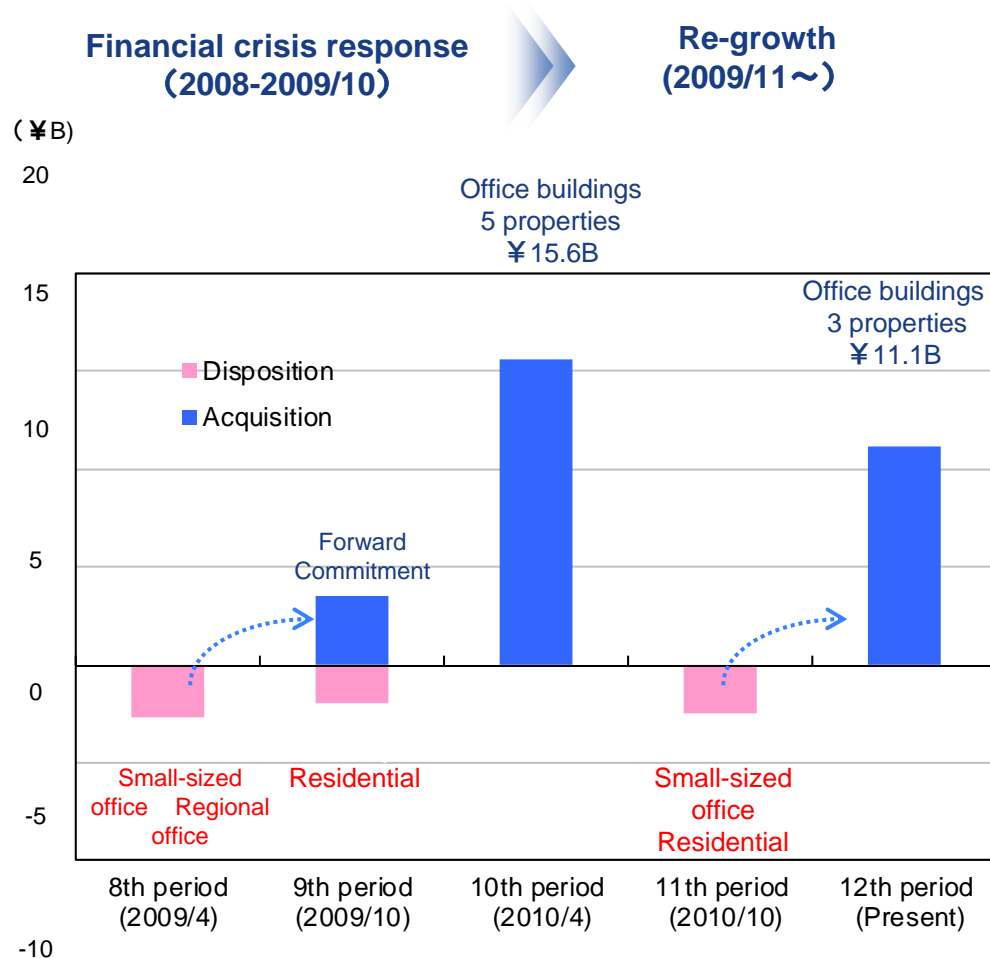
Within 6 minutes walk: 89.5%

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



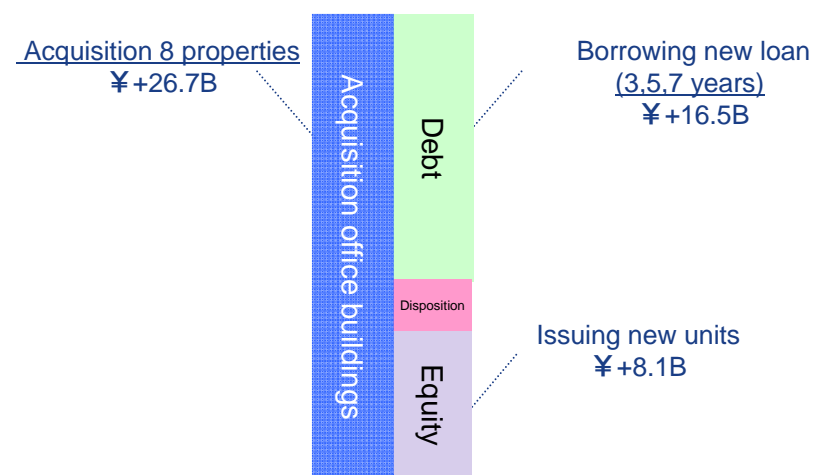
# Results of asset replacement: focus on mid-sized office buildings

## Disposition of properties / acquisition of mid-sized office buildings



## Acquisition properties and Finance

### ➤ Consideration balance of equity and debt



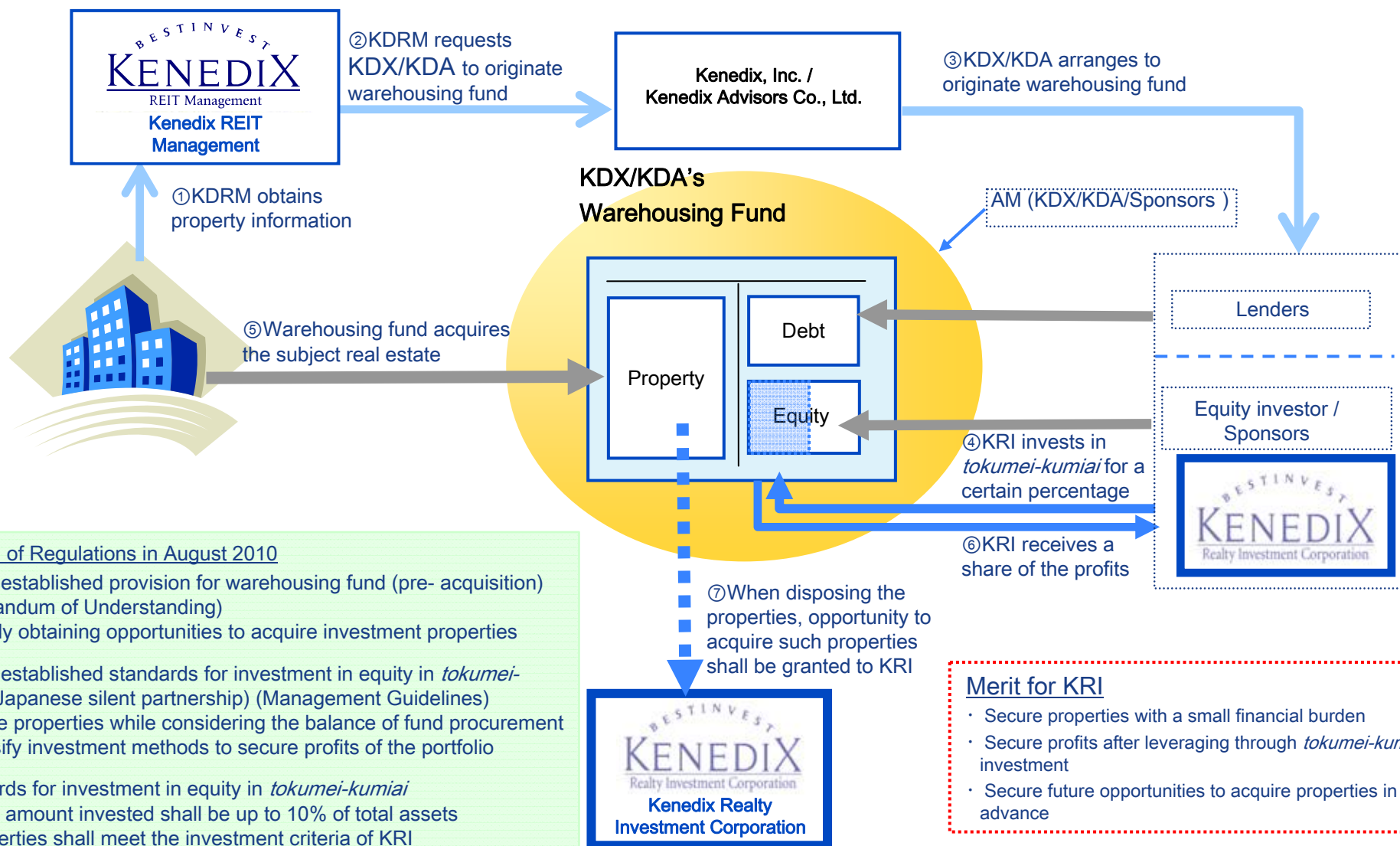
Note: overview of acquisition properties and finance since 10<sup>th</sup> period  
(Rounded down less than ¥1B)

### Reference: 11<sup>th</sup> period (2010/10) disposition overview

|                   | KDX Shinjuku-Gyoen Building (Office building) | Court Shin-Okachimachi (Residential) |
|-------------------|---|--------------------------------------|
| Disposition date  | 2010/9/30                                     | 2010/10/27                           |
| Acquisition price | ¥ 1.61B                                       | ¥ 0.87B                              |
| Disposition price | ¥ 1.71B                                       | ¥ 0.79B                              |
| Profit/ Loss      | ¥ +0.11B                                      | ¥ -0.06B                             |

Note: The amounts are rounded down to the first decimal place

# Future acquisition strategy: Secure properties at an early stage in the future by *tokumei-kumiai* investment



## Revision of Regulations in August 2010

➢ Newly established provision for warehousing fund (pre-acquisition) (Memorandum of Understanding)

- Flexibly obtaining opportunities to acquire investment properties

➢ Newly established standards for investment in equity in *tokumei-kumiai* (Japanese silent partnership) (Management Guidelines)

- Secure properties while considering the balance of fund procurement
- Diversify investment methods to secure profits of the portfolio

Standards for investment in equity in *tokumei-kumiai*

- ① Total amount invested shall be up to 10% of total assets
- ② Properties shall meet the investment criteria of KRI
- ③ Opportunity to acquire such property shall be granted to KRI when disposing the properties

## Merit for KRI

- Secure properties with a small financial burden
- Secure profits after leveraging through *tokumei-kumiai* investment
- Secure future opportunities to acquire properties in advance

# Stable financial management : Borrowing list

As of December 13,2010

|   | Lender   | Balance<br>(¥M) | Drawdown<br>date | Last repayment<br>date |
|---|--|-----------------|------------------|------------------------|
| Short-term borrowings                   | Mitsubishi UFJ Trust and Banking Corporation   | 1,300           | 2010/01/29       | 2011/01/29             |
|   | The Bank of Tokyo-Mitsubishi UFJ, Ltd.   | 500             | 2010/02/26       | 2011/02/28             |
|   | The Bank of Tokyo-Mitsubishi UFJ, Ltd.(1,000), Mitsubishi UFJ Trust and Banking Corporation(1,000)   | 2,000           | 2010/04/30       | 2011/04/28             |
|   | Mitsubishi UFJ Trust and Banking Corporation   | 1,500           | 2010/07/30       | 2011/07/31             |
|   | Mitsubishi UFJ Trust and Banking Corporation   | 1,000           | 2010/10/29       | 2011/10/31             |
|   | Short-term borrowings subtotal   | 6,300           |                  |                        |
| Current portion of long-term borrowings | Sumitomo Mitsui Banking Corporation (1,300), Mitsubishi UFJ Trust and Banking Corporation(1,400), The Bank of Tokyo-Mitsubishi UFJ, Ltd.(800)                | 3,500           | 2008/07/31       | 2011/01/31             |
|   | Aozora Bank, Ltd.  | 2,000           | 2008/02/29       | 2011/02/28             |
|   | Aozora Bank, Ltd.  | 1,000           | 2008/06/30       | 2011/02/28             |
|   | The Chuo Mitsui Trust and Banking Co., Ltd.  | 1,250           | 2008/09/22       | 2011/03/22             |
|   | Aozora Bank, Ltd.  | 2,000           | 2008/07/15       | 2011/03/31             |
|   | The Bank of Tokyo-Mitsubishi UFJ, Ltd.   | 2,000           | 2008/09/30       | 2011/03/31             |
|   | The Norinchukin Bank   | 1,500           | 2007/04/17       | 2011/04/16             |
|   | Aozora Bank, Ltd.(1,500), Mitsui Sumitomo Insurance Co., Ltd.(1,000)   | 2,500           | 2006/05/01       | 2011/04/30             |
|   | The Chuo Mitsui Trust and Banking Co., Ltd.(1,500), Resona Bank., Ltd.   | 2,500           | 2009/04/30       | 2011/04/28             |
|   | Mitsubishi UFJ Trust and Banking Corporation   | 1,000           | 2006/07/14       | 2011/07/13             |
|   | Sumitomo Mitsui Banking Corporation(2,200), The Chuo Mitsui Trust and Banking Co., Ltd.(1,000), Resona Bank., Ltd.(300)                                      | 3,500           | 2008/07/31       | 2011/07/31             |
|   | The Bank of Tokyo-Mitsubishi UFJ, Ltd.   | 1,500           | 2008/02/29       | 2011/08/31             |
|   | The Chuo Mitsui Trust and Banking Co., Ltd.  | 1,000           | 2008/09/01       | 2011/09/01             |
|   | Sumitomo Mitsui Banking Corporation(3,000), The Chuo Mitsui Trust and Banking Co., Ltd.(2,000)   | 5,000           | 2008/03/31       | 2011/09/30             |
|   | Aozora Bank.,Ltd.  | 3,500           | 2009/04/30       | 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           | 2008/05/01       | 2011/11/01             |
|   | The Norinchukin Bank   | 2,500           | 2006/12/01       | 2011/11/30             |
|   | Current portion of long-term borrowings subtotal   | 38,750          |                  |                        |
| Long-term borrowings                    | Sumitomo Mitsui Banking Corporation  | 2,500           | 2008/01/10       | 2012/01/10             |
|   | Sumitomo Mitsui Banking Corporation  | 470             | 2009/02/27       | 2012/02/29(*1)         |
|   | The Chuo Mitsui Trust and Banking Co., Ltd.  | 2,000           | 2007/04/02       | 2012/04/02             |
|   | Aozora Bank., Ltd.   | 2,000           | 2009/04/30       | 2012/04/27             |
|   | Resona Bank., Ltd.   | 1,500           | 2008/06/30       | 2012/06/30             |
|   | Development Bank of Japan Inc.   | 940             | 2009/02/27       | 2012/08/31(*1)         |
|   | The Bank of Tokyo-Mitsubishi UFJ, Ltd.   | 2,500           | 2010/10/29       | 2012/10/31             |
|   | Resona Bank., Ltd.   | 500             | 2009/12/08       | 2012/12/08             |
|   | Development Bank of Japan Inc.   | 3,000           | 2008/06/30       | 2012/12/28             |
|   | The Chuo Mitsui Trust and Banking Co., Ltd.  | 1,000           | 2010/01/13       | 2013/01/15             |
|   | Aozora Bank., Ltd.   | 1,500           | 2010/02/18       | 2013/02/18             |
|   | Resona Bank., Ltd.   | 500             | 2010/07/30       | 2013/07/31             |
|   | Development Bank of Japan Inc.   | 3,000           | 2006/09/01       | 2013/08/31             |
|   | Sumitomo Mitsui Banking Corporation  | 960             | 2009/10/26       | 2013/10/26(*1)         |
|   | Sumitomo Mitsui Banking Corporation  | 1,920           | 2009/10/30       | 2013/10/30(*1)         |
|   | 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 3Y          |
|   | The Bank of Tokyo-Mitsubishi UFJ, Ltd.(500), The Chuo Mitsui Trust and Banking Co., Ltd.(200), Aozora Bank., Ltd.(100)                                       | 800             | 2010/12/01       | 2013/11/12 3Y          |
|   | The Chuo Mitsui Trust and Banking Co., Ltd.  | 3,700           | 2010/07/30       | 2014/01/31             |
|   | Sumitomo Mitsui Banking Corporation  | 3,700           | 2010/07/30       | 2014/07/31             |
|   | Sumitomo Mitsui Banking Corporation  | 1,152           | 2010/01/29       | 2015/01/30(*1)         |
|   | Sumitomo Mitsui Banking Corporation(2,185), Development Bank of Japan Inc.(1,615), The Chuo Mitsui Trust and Banking Co., Ltd.(950), Aozora Bank., Ltd.(475) | 5,225           | 2010/02/18       | 2015/02/18(*1)         |
|   | Sumitomo Mitsui Banking Corporation  | 1,950           | 2010/04/02       | 2015/04/02(*1)         |
|   | Sumitomo Mitsui Banking Corporation(1,200), Resona Bank., Ltd.(800)  | 2,000           | 2010/11/12       | 2015/11/12 5Y          |
|   | Sumitomo Mitsui Banking Corporation(800), Resona Bank., Ltd.(200)  | 1,000           | 2010/12/01       | 2015/11/12 5Y          |
|   | Development Bank of Japan Inc.   | 5,000           | 2006/05/01       | 2016/04/30             |
|   | Development Bank of Japan Inc.   | 2,300           | 2010/11/12       | 2017/11/12 7Y          |
|   | Development Bank of Japan Inc.   | 700             | 2010/12/01       | 2017/11/12 7Y          |
|   | Long-term borrowings subtotal  | 55,017          |                  |                        |
|   | Total  | 100,067         |                  |                        |

## Reference: Summary of collateralized properties

As of 11<sup>th</sup> period(2010/10)

| Uncollateralized  |                       | Collateralized |
|-------------------|-----------------------|----------------|
| 23 properties(*1) | No. of properties     | 44 properties  |
| ¥51.8B(24.7%)     | Total Appraisal value | ¥157.8B(75.3%) |

Note1: The amount of KDX Shin-Yokohama 381 Building and KDX Shin-Yokohama 381 Building Annex Tower are indicated as one property

Note2: Ratio are rounded to the first decimal place

In addition to the above collateralized 44 properties, 3 properties (KDX Shin-Yokohama 381 Building, Kyodo Building(Ginza No.8) and Kyodo Building(Honcho 1 chome) were collateralized in Nov, 2010, when borrowed as new loan (¥9.5B).

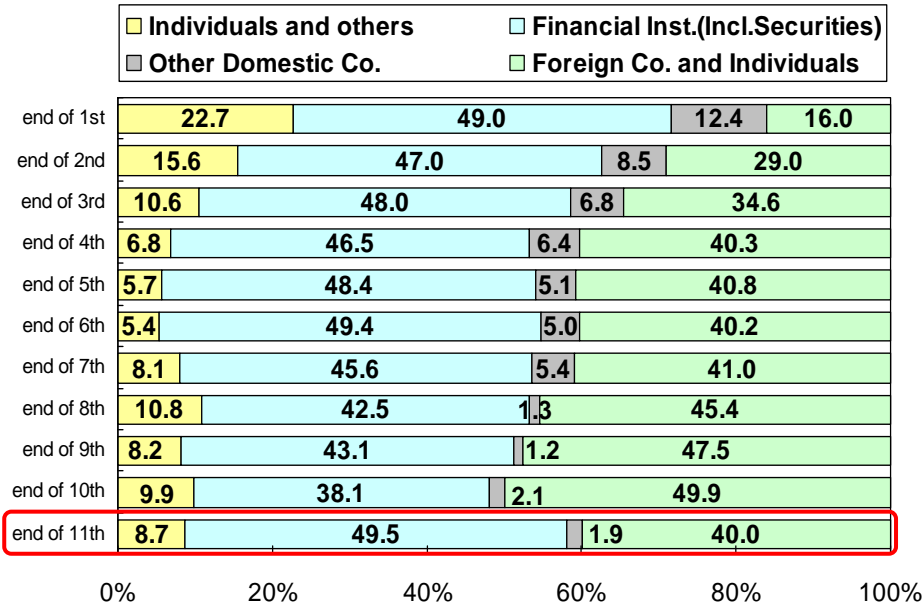
Notes:

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 11<sup>th</sup> (as of 2010/10/31)

|                                      | # of Unitholders | Ratio(%)      | # of Units held(unit) | Ratio(%)      |
|--------------------------------------|------------------|---------------|-----------------------|---------------|
| Individual and Others                | 6,707            | 95.2%         | 20,266                | 8.7%          |
| Financial Inst.(Incl.Securities co.) | 50               | 0.7%          | 115,505               | 49.5%         |
| Other Domestic Co.                   | 105              | 1.5%          | 4,367                 | 1.9%          |
| Foreign Co. and Individuals          | 181              | 2.6%          | 93,412                | 40.0%         |
| <b>Total</b>                         | <b>7,043</b>     | <b>100.0%</b> | <b>233,550</b>        | <b>100.0%</b> |

Note: Rounded to the first decimal place

## Top 10 unitholders at end of 11<sup>th</sup> period (as of 2010/10/31)

| Name  | # of units held (unit) | (%)           |
|---|------------------------|---------------|
| Japan Trustee Services Bank, Ltd. (Trust Acct.)                           | 35,464                 | 15.18%        |
| Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.) | 27,132                 | 11.61%        |
| The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)           | 26,951                 | 11.53%        |
| The Master Trust Bank of Japan, Ltd. (Trust Acct.)                        | 11,679                 | 5.00%         |
| The Bank of NY Treaty JASDEC Account                                      | 7,934                  | 3.39%         |
| BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV     | 6,700                  | 2.86%         |
| State Street Bank and Trust Company 505025                                | 4,305                  | 1.84%         |
| Deutsche Securities, Inc.   | 3,598                  | 1.54%         |
| The Chase Manhattan Bank N.A. London SL omnibus account                   | 3,439                  | 1.47%         |
| State Street Bank and Trust Company 505223                                | 3,115                  | 1.33%         |
| <b>Total</b>  | <b>130,317</b>         | <b>55.79%</b> |

Note: Rounded down to the second decimal place

## (Reference) Reporting of major unitholders

| Name  | Submitted on | # of units held(unit) |
|---|--------------|-----------------------|
| Nomura Securities Co., Ltd.                 | 2010/9/21    | 15,410                |
| Nomura Asset Management Co., Ltd.           |              | 14,715                |
| Nomura Securities Co., Ltd.                 |              | 695                   |
| Mizuho Asset Management Co., Ltd            | 2010/10/22   | 17,196                |
| Mizuho Asset Management Co., Ltd.           |              | 11,817                |
| Sinko Investment Trust Management Co., Ltd. |              | 5,379                 |
| DIAM Co., Ltd                               | 2010/10/20   | 17,106                |
| DIAM Co., Ltd                               |              | 17,106                |
| The Sumitomo Trust and Banking Co.,Ltd      | 2010/9/24    | 16,203                |
| Nikko Asset Management Co., Ltd.            |              | 16,203                |
| Fidelity Investments Japan Limited          | 2010/4/22    | 16,029                |
| Fidelity Investments Japan Limited          |              | 11,355                |
| FMR LLC                                     |              | 4,674                 |
| ING Clarion Real Estate Securities LLC      | 2009/8/4     | 10,869                |

### Notes

- 1: Reports submitted from the PO on 2007/5/22 to 2010/10/22(excluding unitholders that have less than 10,000 units)
- 2: 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 for individual investors

| Main Items                  | 11 <sup>th</sup> period<br>(2010/10)<br>No. of access |
|-----------------------------|---|
| Top page                    | 45,881  |
| List of portfolio           | 8,772   |
| Press release               | 8,019   |
| Disclosure materials        | 6,402   |
| Updated information         | 5,321   |
| DPU・Earning results         | 4,969   |
| Others(occupancy rate etc.) | 19,028  |

### 「For Individual Investors」



### IR using web site

Providing contents on Nikkei Web News as 「J-REIT special」

### IR seminar and large meeting for individual investors

Attending events follows including WEB seminar (No. of participants/around 650 people)

| Events(organizers)  | Date      |
|---|-----------|
| Research for corporation on Web Seminar (Nikkei)                      | 2010/9/29 |
| J-REIT Seminar for individual investors in autumn,2010 (ARES and TSE) | 2010/9/11 |
| Stock-Navigation Conference (Investor Networks)                       | 2010/8/28 |
| IR presentation by top management of listing company (Nikkei)         | 2010/7/3  |



## 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) No. of meetings(including conference call)

| 10 <sup>th</sup> period IR       |            |
|----------------------------------|------------|
| Domestic institutional investors | 47         |
| Domestic regional investors      | 6          |
| International investors (Europe) | 6          |
| International investors (US)     | 27         |
| International investors (Asia)   | 31         |
| <b>Total</b>                     | <b>117</b> |

### Media articles

Publishing in Electronic-book 「J-REIT PULSE」  
(For individual and institutional investors)



Kenedix Realty  
Investment Corporation  
Flexibility and Market  
Sensitivity Deliver  
A Half-Step Ahead  
Implementation

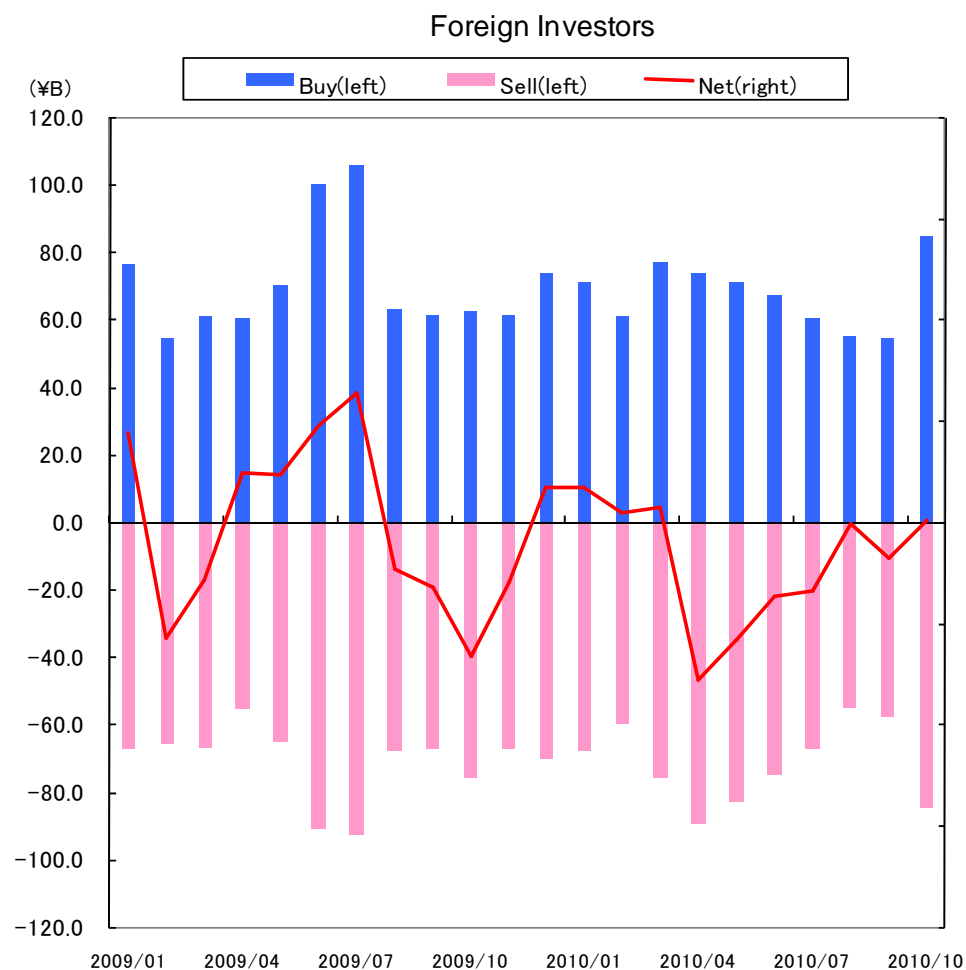
### Conference for International Investors

| Events(organizers)  | Date          |
|---|---------------|
| PROPERTY CONFERENCE TOKYO 2010 (Nikko Cordial・Citi group) | 2010/12/2     |
| 2010 Global Property Series - Tokyo (Macquarie Capital)   | 2010/12/6・7   |
| Deutsche Bank Japan Conference (Deutsche Securities)      | 2010/11/15・16 |
| Nomura Global Real Estate Forum 2010 (Nomura Securities)  | 2010/9/6・7    |

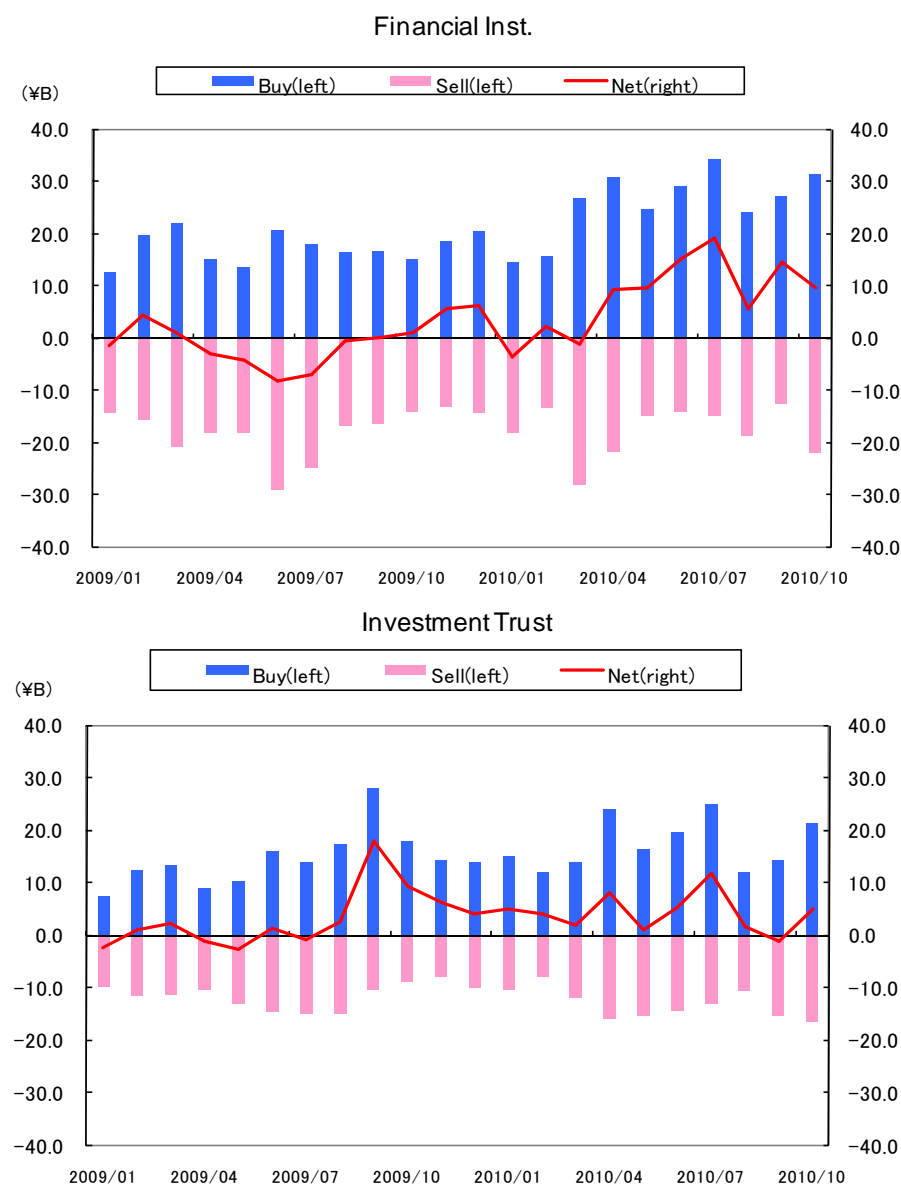


# J-REIT market (Investors trend)

## Trading Value by Investor Type (J-REIT)

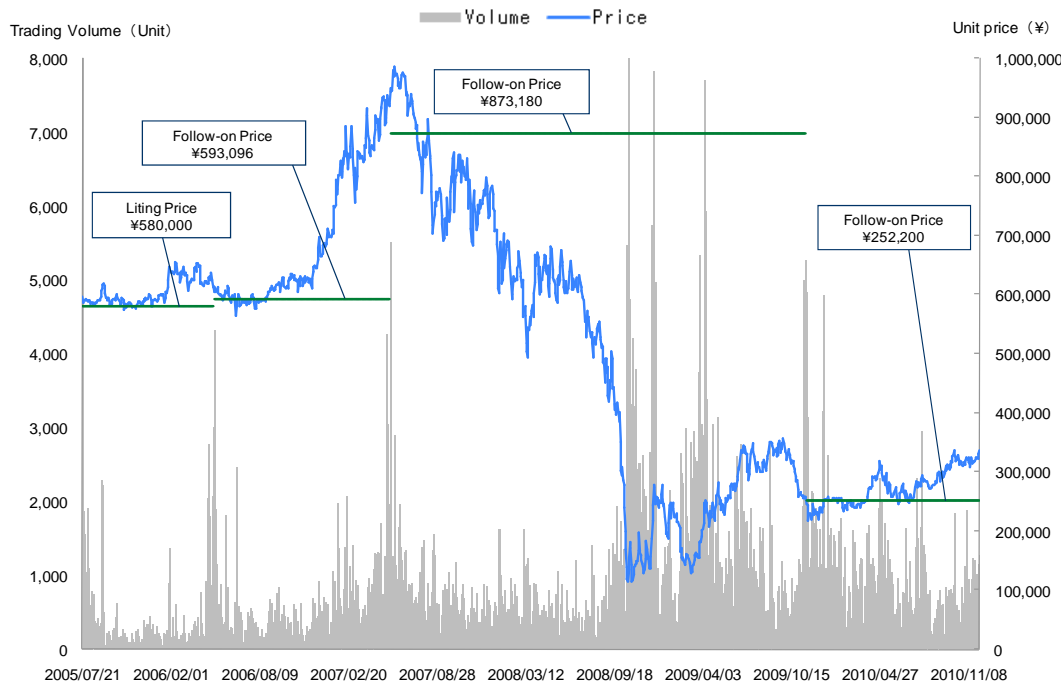


Source; Tokyo Stock Exchange (Data from 2009/1 to 2010/10)



# Unit price performance/Transaction volume since IPO

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

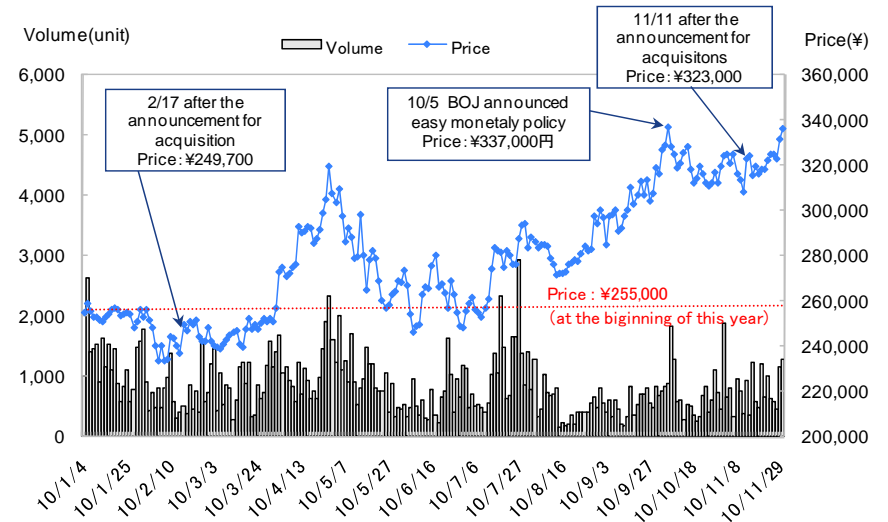


- Note:
1. Period: IPO to 2010/11/29
  2. Price :Closing price ( excluding over 8,000 trading volume (2008/10/20:19,728units)

•As of Dec 1<sup>st</sup> , 2011

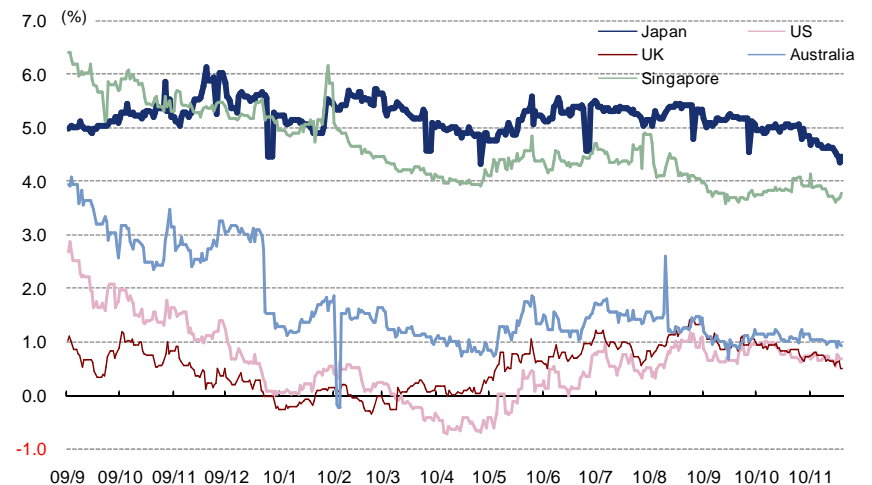
Highest price (trading price) : ¥988,000 (2007/5/31)  
 Lowest price (trading price) : ¥100,300 (2008/10/20)

•Average volume during 2010 : 849 units  
 (2010/1/4~2010/11/29)



- Note
- 1: Period 2010/01/04~ 2010/11/29
  - 2: Unit price is closing price

## (Reference) Global REIT yield gap



Source: Created by KDRM

# Summary financials for 11th period - Income statement and Cash flow statement

## Comparison between 11th period (to Oct. 2010) and 10th period (to Apr. 2010)

|  | 10th period<br>2009/11/1<br>2010/4/30 | 11th period<br>2010/5/1<br>2010/10/31 | Difference | Note  |
|--|---------------------------------------|---------------------------------------|------------|---|
|  | (¥M)                                  | (¥M)                                  | (¥M)       |   |
| Rental and other operating revenues                        | 7,150                                 | 7,159                                 | 9          |   |
| Rental revenues-real estate                                | 5,882                                 | 5,861                                 | -21        | ①Decrease of rental revenues ②Full revenues of KDX Shinjuku Building<br>Decrease in rental revenues by sales of 2 properties in the 11th period |
| Common area charges  | 1,267                                 | 1,298                                 | 31         |   |
| Other lease business revenue                               | 917                                   | 1,082                                 | 165        |   |
| Parking space rental revenues                              | 243                                   | 242                                   | -1         |   |
| Utility charge reimbursements                              | 560                                   | 742                                   | 182        | Due to seasonal variability of Electricity charges etc.   |
| Miscellaneous  | 113                                   | 98                                    | -15        |   |
| Total rental and other operating revenues A                | 8,067                                 | 8,242                                 | 175        |   |
| Gain on sale etc.  | -                                     | 116                                   | 116        | Gain on sale of KDX Shinjuku-Gyoen Building   |
| Operating revenues   | 8,067                                 | 8,358                                 | 291        |   |
| Property management fee                                    | 801                                   | 804                                   | 3          |   |
| Utilities  | 508                                   | 634                                   | 126        | Due to seasonal variability of electricity charges etc.   |
| Taxes  | 648                                   | 648                                   | -          |   |
| Repairs and maintenance cost                               | 110                                   | 149                                   | 39         | Increase in repair of walls construction etc.   |
| Others (*1)  | 167                                   | 140                                   | -27        | Decrease in fees and loss on retirement   |
| Depreciation   | 1,477                                 | 1,440                                 | -37        | Decrease in write-off completion of a part of assets  |
| Total expense related to rent business B                   | 3,714                                 | 3,817                                 | 103        |   |
| Rental business profit(A-B)                                | 4,353                                 | 4,424                                 | 71         |   |
| Net operating Income (NOI)                                 | 5,830                                 | 5,864                                 | 34         |   |
| Loss on disposal of real estate                            | -                                     | 64                                    | 64         | Loss on sale of Court Shin-okachimachi  |
| Asset management fee                                       | 433                                   | 458                                   | 25         | Increase in managed asset from 9th period to 10 period  |
| Others (※2)  | 180                                   | 182                                   | 2          |   |
| Operating expenses   | 4,329                                 | 4,522                                 | 193        |   |
| Operating income   | 3,738                                 | 3,835                                 | 97         |   |
| Non operating income                                       | 15                                    | 4                                     | -11        |   |
| Interest expenses  | 818                                   | 879                                   | 61         | Full costs of new borrowing in 2010/2   |
| Interest expense on investment corporation bonds           | 113                                   | 114                                   | 1          |   |
| Borrowing related expense                                  | 210                                   | 211                                   | 1          |   |
| Amortization of investment corporation bond issuance costs | 5                                     | 5                                     | -          |   |
| Amortization of investment unit issuance costs             | 32                                    | 8                                     | -24        | The 2nd unit of investment securities issue expense write-off is completed  |
| Amortization of business commencement costs                | 5                                     | -                                     | -          |   |
| Other non-operating expenses                               | -                                     | 11                                    | 11         | Deduction off the subject consumption tax according to the sale of property   |
| Non-operating expenses                                     | 1,185                                 | 1,231                                 | 46         |   |
| Ordinary income  | 2,568                                 | 2,608                                 | 40         |   |
| Income before income taxes                                 | 2,568                                 | 2,608                                 | 40         |   |
| Income taxes   | 0                                     | 0                                     | -          |   |
| Net income   | 2,567                                 | 2,607                                 | 40         |   |
| Retained earnings brought forward                          | 0                                     | 0                                     | -          |   |
| Unappropriated retained earnings                           | 2,567                                 | 2,607                                 | 40         |   |

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

(\*2) Other operating expenses: Directors' compensation, asset custody fees, administrative fees

Numbers showing differences is rounded

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## Basis for calculating cash distribution (¥)

|  | 10th period<br>2009/11/1<br>2010/4/30 | 11th period<br>2010/5/1<br>2010/10/31 |
|--|---------------------------------------|---------------------------------------|
| I Retained earnings at the end of period                                     | 2,567,479,697                         | 2,607,121,406                         |
| II Total distribution<br>(Distribution per unit)                             | 2,567,415,150<br>(10,993)             | 2,541,257,550<br>(10,881)             |
| III Voluntary retained earnings<br>Provision for reserve for reduction entry | -                                     | 65,795,848                            |
| IV Retained earnings bring to next period                                    | 64,547                                | 68,008                                |

## Cash flow statement (¥M)

|  | 10th period<br>As of Apr. 30, 2010<br>(¥M) | 11th period<br>As of Oct. 31, 2010<br>(¥M) |
|--|--|--|
| Net cash provided by operating activities        | 4,144                                      | 6,664                                      |
| Net cash provided by investing activities        | -14,568                                    | -615                                       |
| Net cash provided by financing activities        | 11,752                                     | -2,966                                     |
| Net increase in cash and cash equivalents        | 1,327                                      | 3,081                                      |
| Cash and cash equivalents at beginning of period | 10,957                                     | 12,285                                     |
| Cash and cash equivalents at end of period       | 12,285                                     | 15,367                                     |

## Accounting method for Property taxes • City planning taxes

Changed the accounting method for Property-related taxes from 11th period

### 【Content of change】

These taxes are charged to rental expenses for the period, for which the payment was made during the said period.

↓ Changed the methods below

These taxes are charged to rental expenses for the period, for the portion of such taxes corresponding to said period.

### 【Purpose for change】

Leveling the period profit and loss(⇒stabilizing the dividends).

There is a bias of summing up amount of property-related taxes that are caused by base as for the amount paid between fiscal periods. We will leveling the period profit and loss by the portion of such taxes corresponding to said period.

# Summary financials for 11th period - Balance sheet

|  | 10th period<br>As of Apr. 30, 2010 |       | 11th period<br>As of Oct. 31, 2010 |       |
|--|------------------------------------|-------|------------------------------------|-------|
|  | (¥M)                               | (%)   | (¥M)                               | (%)   |
| <b>Current assets</b>                      | 13,580                             | 5.4   | 16,528                             | 6.6   |
| Cash and bank deposits                     | 7,299                              |       | 10,416                             |       |
| Entrusted deposits                         | 5,998                              |       | 5,828                              |       |
| Other current assets                       | 282                                |       | 283                                |       |
| <b>Fixed assets</b>                        | 237,910                            | 94.6  | 234,489                            | 93.4  |
| Property, plant and equipment              | 236,917                            |       | 233,438                            |       |
| Buildings                                  | 13,869                             |       | 13,660                             |       |
| Land                                       | 29,104                             |       | 29,104                             |       |
| Buildings in trust                         | 58,585                             |       | 56,730                             |       |
| Lands in trust                             | 135,358                            |       | 133,943                            |       |
| Intangible assets                          | 286                                |       | 286                                |       |
| Leasehold right                            | 285                                |       | 285                                |       |
| Right of using water facilities in trust   | 1                                  |       | 1                                  |       |
| Investment and other assets                | 705                                |       | 764                                |       |
| Leasehold and guarantee deposits           | 11                                 |       | 11                                 |       |
| Long-term prepaid expenses                 | 694                                |       | 752                                |       |
| <b>Deferred assets</b>                     | 75                                 | 0.0   | 61                                 | 0.0   |
| Investment corporation bond issuance costs | 33                                 |       | 27                                 |       |
| Investment unit issuance expenses          | 41                                 |       | 33                                 |       |
| <b>Total asset</b>                         | 251,566                            | 100.0 | 251,080                            | 100.0 |

## Changes in Performance Valuation

|  | 10th period<br>(2010/4) | 11th period<br>(2010/10) | Difference | Note   |
|--|-------------------------|--------------------------|------------|--|
| Unitholders' equity per share of common stocks | ¥580,987                | ¥581,170                 | +¥183      |  |
| LTV at end of period                           | 40.9%                   | 40.9%                    | -0.1%      |  |
| Unitholders' equity to total asset             | 53.9%                   | 54.1%                    | +0.1%      |  |
| Number of properties at end of period          | 70                      | 67                       | -3         | Sale of 2 properties<br>KDX Shin-Yokohama 381<br>Building is counted as 1 building |
| Total leasable floor                           | 271,260.81㎡             | 267,737.33㎡              | -3,523.48㎡ |  |
| Occupancy ratio at end of period               | 94.4%                   | 93.6%                    | -0.8%      |  |

Property, plant and equipment : -¥3,479M  
Sale of 2 properties in 11th period

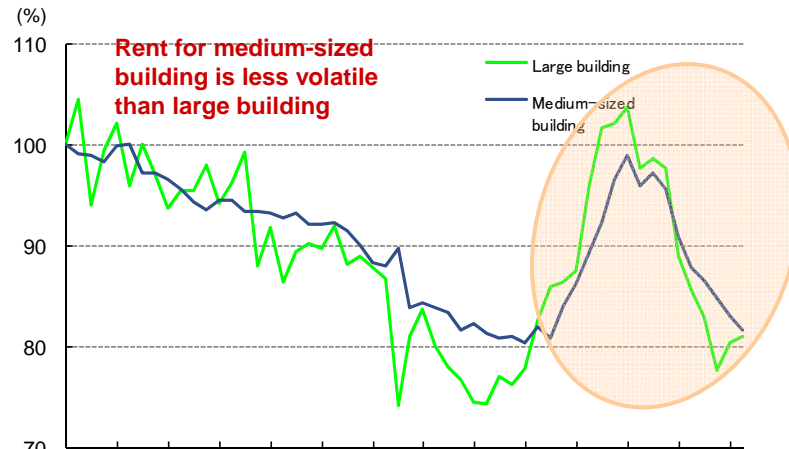
|  |         |       |         |       |
|--|---------|-------|---------|-------|
| <b>Current liabilities</b>                       | 39,028  | 16    | 43,881  | 17.5  |
| Accounts payables                                | 377     |       | 499     |       |
| Short-term loans payable                         | 37,050  |       | 41,550  |       |
| Other account payables                           | 172     |       | 212     |       |
| Advanced received                                | 1,245   |       | 1,166   |       |
| Derivative liabilities                           | 12      |       | 7       |       |
| Others   | 183     |       | 445     |       |
| <b>Fixed liabilities</b>                         | 76,848  | 31    | 71,466  | 28.5  |
| Investment corporation bonds                     | 12,000  |       | 12,000  |       |
| Long-term loans payable                          | 53,918  |       | 49,017  |       |
| Tenant leasehold and security deposit            | 1,593   |       | 1,547   |       |
| Tenant leasehold security deposit in trust       | 9,324   |       | 8,902   |       |
| <b>Liabilities</b>                               | 115,876 | 46    | 115,347 | 45.9  |
| <b>Total unitholders' capital</b>                | 133,129 |       | 133,129 |       |
| Unappropriated retained earnings                 | 2,567   |       | 2,607   |       |
| Unrealized gain from deferred hedge transactions | -7      |       | -4      |       |
| <b>Equities</b>                                  | 135,689 | 53.9  | 135,732 | 54.1  |
| <b>Total liabilities and unitholders' equity</b> | 251,566 | 100.0 | 251,080 | 100.0 |

Short-term loans payable : +¥4,500M  
( Increase in long-term loans payable due within one year )

Long-term loans payable : - ¥4,901M  
( Decrease due to the increase in long-term loans payable due within one year )

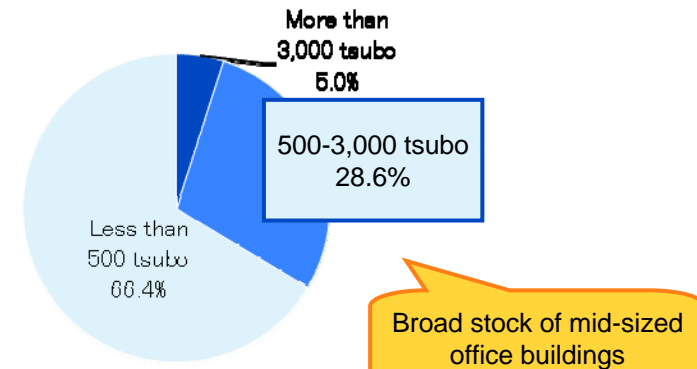
# (Reference data 1) Office building market environment

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



Source: Created by KDX based on the data compiled by CBRE (the latest values as of 2010/9)

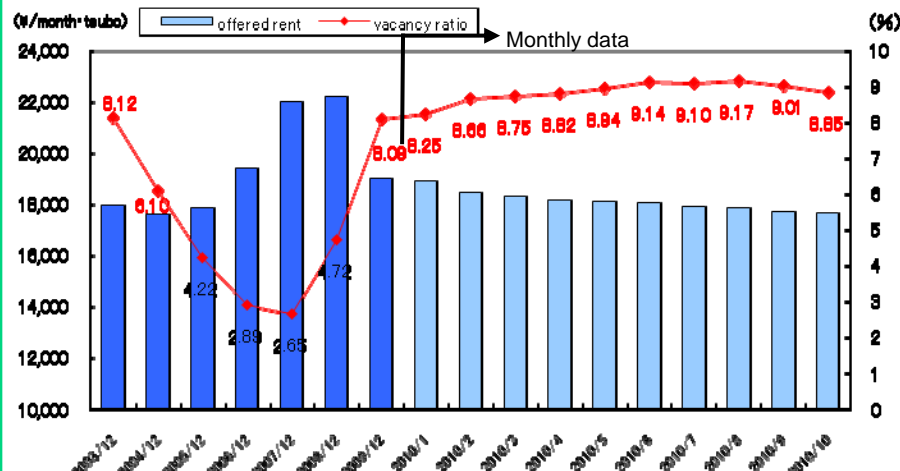
## 2. Break down of office buildings by GFA (tsubo)



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.

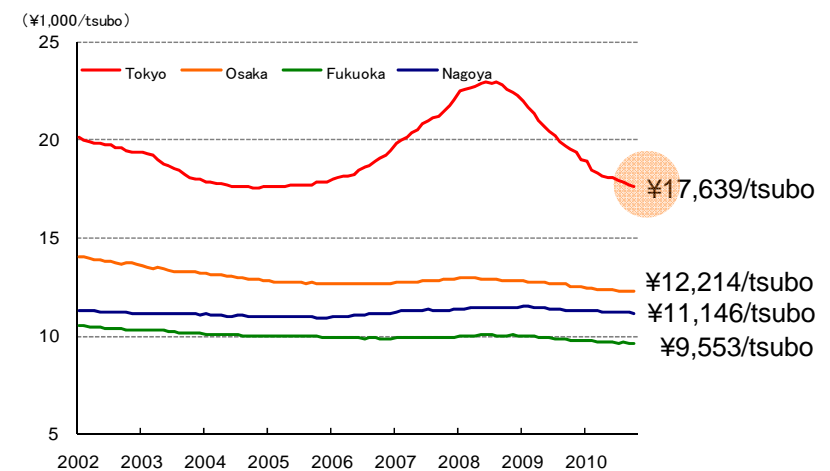
Source: Survey conducted by CB Richard Ellis Research Institute based on KRI's request "Macro market survey of Tokyo's 5 wards" (as of Mar 31, 2007)

## 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 2010/10)

## 4. Changes in rent levels by region



Source: Created by KRI based on the data compiled by Miki Shoji (the latest values as of 2010/10)



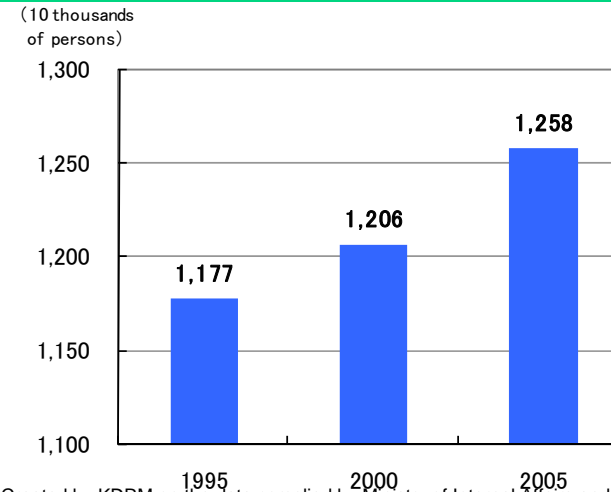
# (Reference data 2) About Tokyo Metropolitan Area

## 1. Economic foundation etc. of Tokyo

| (Timing)        | (Item)  | Japan       | Tokyo      |
|-----------------|---|-------------|------------|
| FY2007          | Total production (Nominal GDP)                | ¥515,651.0B | ¥92,300.5B |
| 2006            | No. of office                                 | 5,910,000   | 690,000    |
| 2006            | No. of employee                               | 58.63M      | 8.70M      |
| October 1, 2008 | Total Population                              | 127.69M     | 12.83M     |
| October 1, 2008 | Population of productive age (15-64years old) | 82.30M      | 8.72M      |

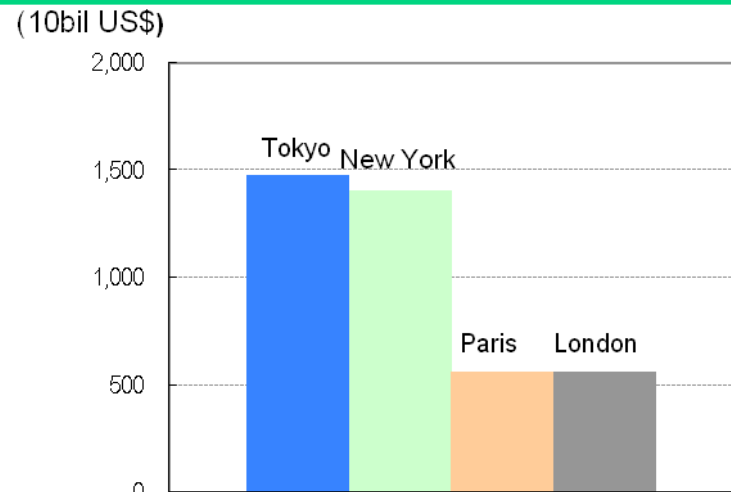
Source: Created by KDRM based on the data compiled by "Kurashi to toukei 2009(Life and statistics 2009)" on the Tokyo metropolitan government website

## 2. Population transition of Tokyo



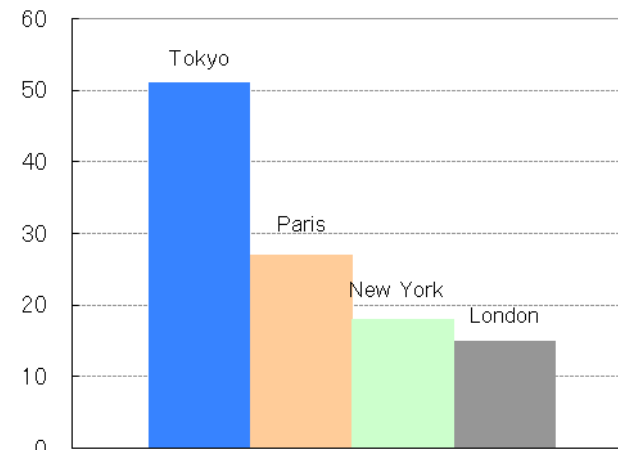
Source: Created by KDRM on the data compiled by Ministry of Internal Affairs and Communications Statistics Bureau, "Japan Statistical Handbook"

## 3. Gross Metropolitan Products estimate (2008)



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

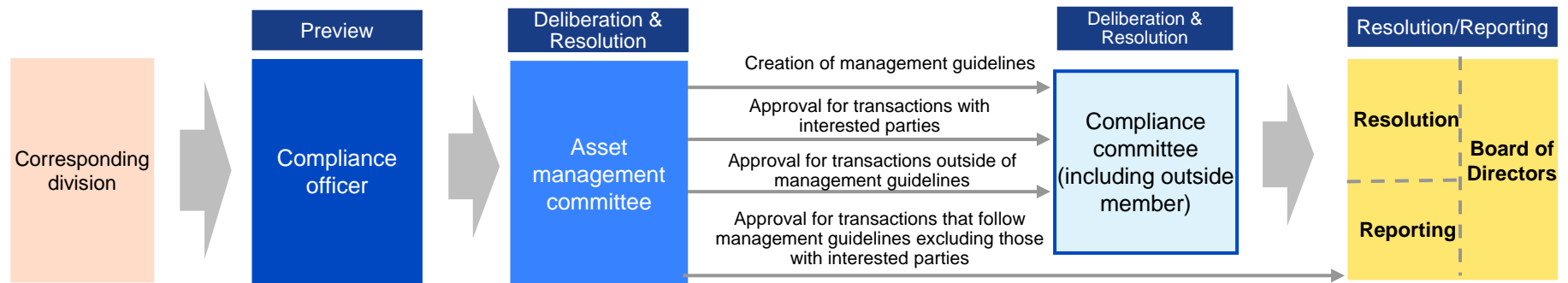
## 4. No. of Headquarters of Fortune 500 (2009)



Source: Fortune Global 500, 2009, Fortune Magazine

# Management structure of Asset Management Company

## Asset Management Company's 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

|  | 6th period | 7th period | 8th period | 9th period | 10th period | 11th period |
|--|------------|------------|------------|------------|-------------|-------------|
| Compliance committee                         | 8          | 9          | 8          | 8          | 10          | 7           |
| Asset management committee                   | 38         | 52         | 44         | 36         | 39          | 32          |
| Board of directors                           | 7          | 10         | 8          | 10         | 12          | 11          |
| Board of directors of Investment Corporation | 7          | 7          | 8          | 8          | 8           | 8           |

## < Reference >

### Asset management company's management fee structure

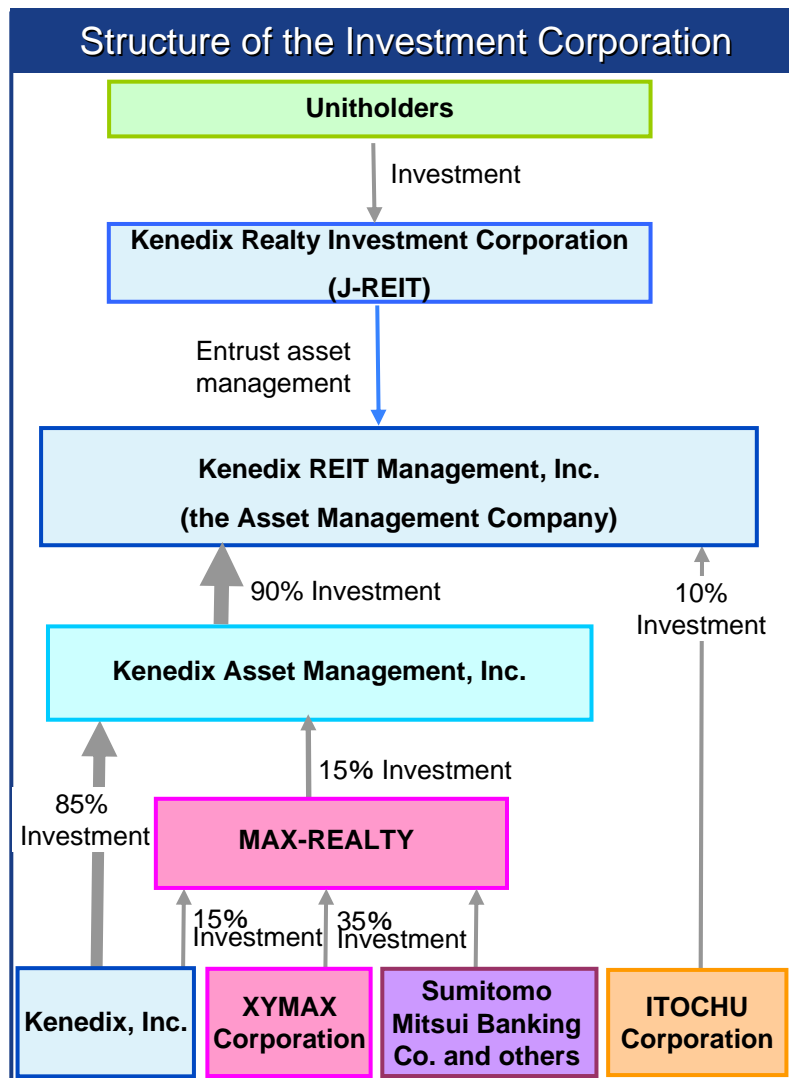
#### ■ Asset management fee

- Management fee I : 0.15% of total assets
- Management fee II : 3.0% of distributable amount each fiscal period
- Acquisition fee : 0.5% of acquisition price (0.25% if interested parties)
- Disposition fee : capped at 0.5% of transfer price

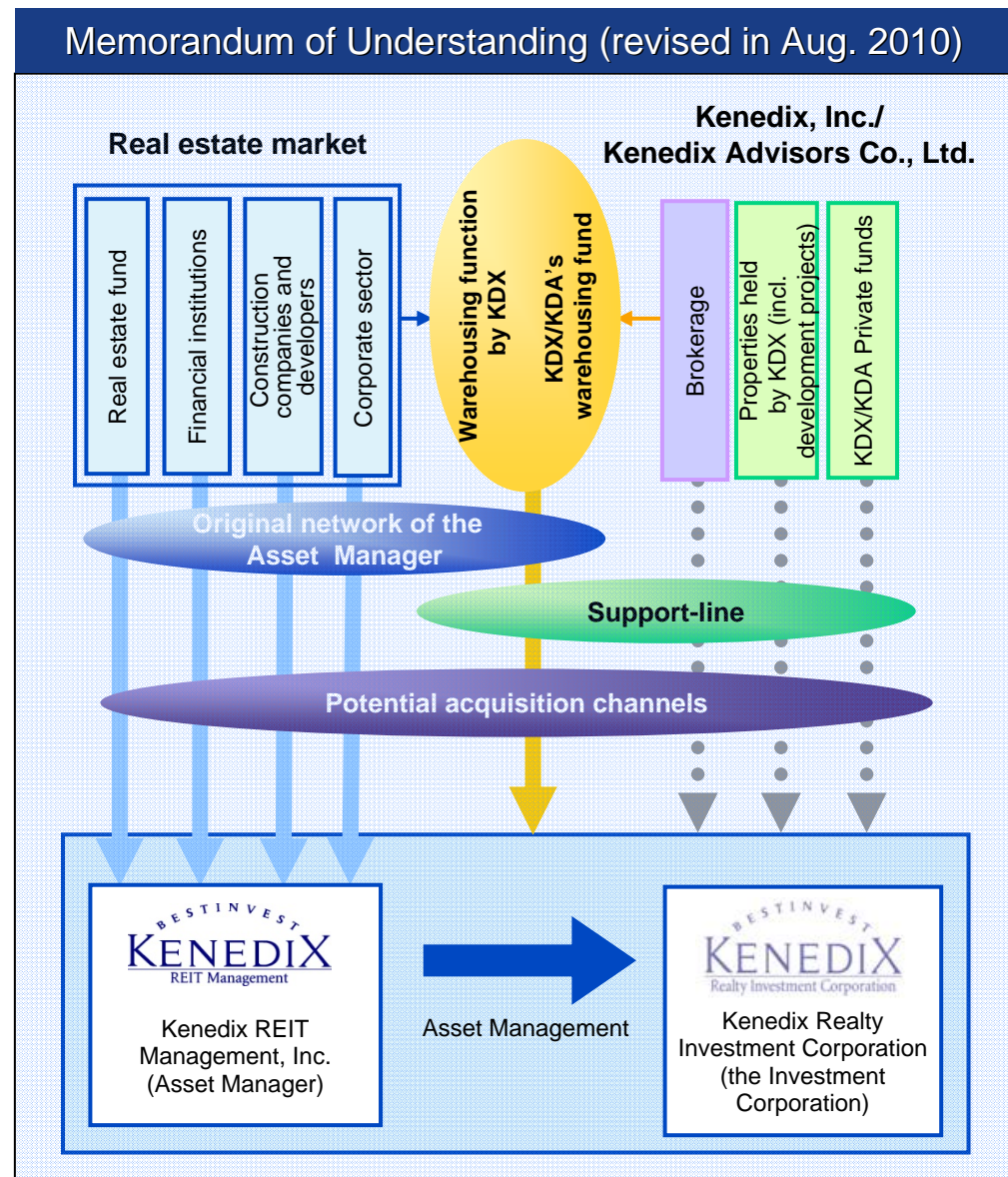
#### ■ Property management fees

- 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%)

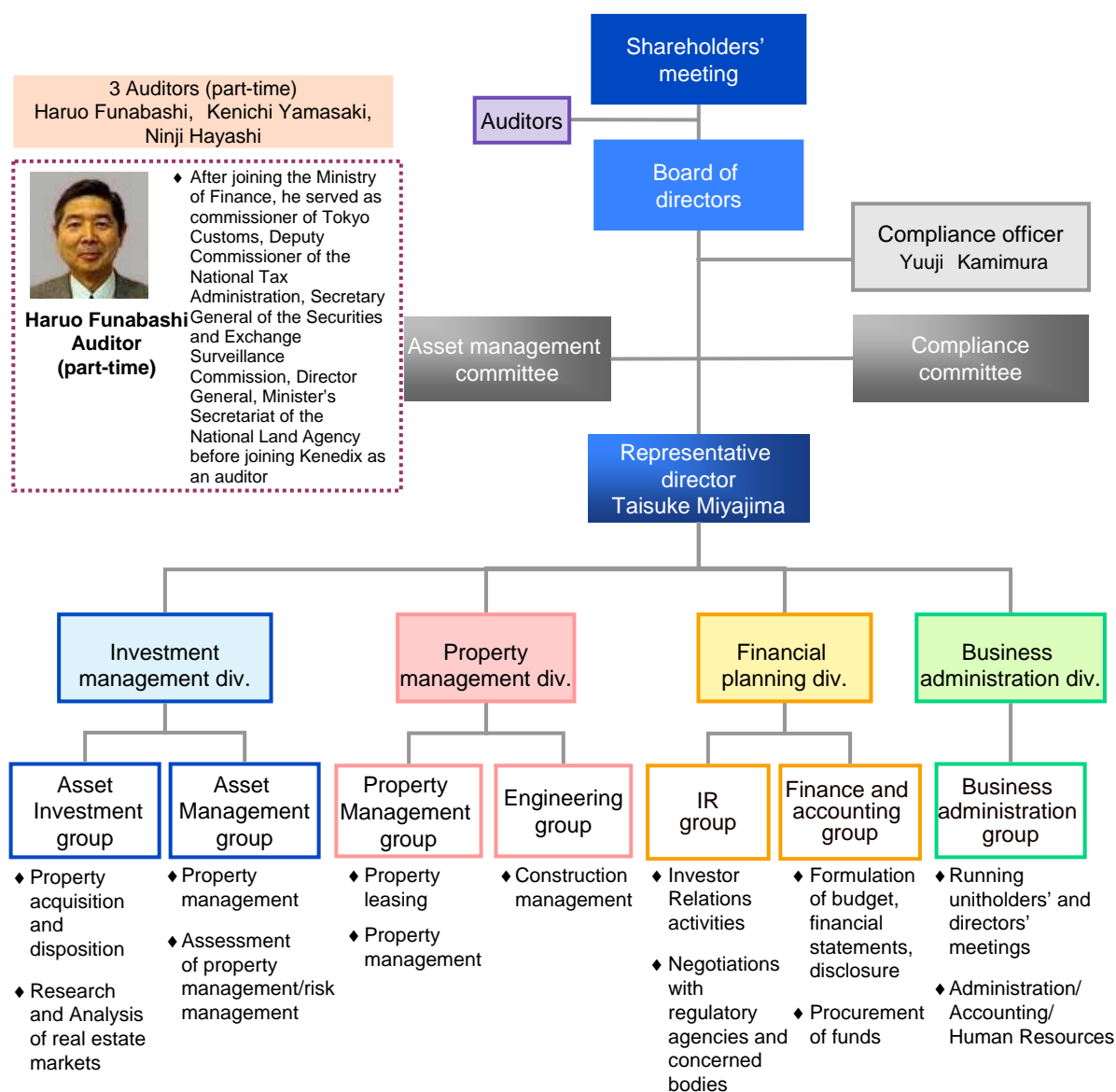
# Change in shareholders of AM and Memorandum of Understanding



Note:  
MAX-REALTY is an asset management company 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."



# 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.



# Overview of Kenedix Realty Investment and Global REIT market

## Overview of Kenedix Realty Investment Corporation

|  |   |
|--|---|
| Listing Date                             | July 20, 2005   |
| Listing Market                           | Real Estate Investment Trust Market of the Tokyo Stock Exchange |
| Ticker Code                              | 8972  |
| Fiscal Period                            | April 30th, October 31th  |
| Asset Management Company                 | Kenedix REIT Management, Inc.                                   |
| Shareholders of Asset Management Company | Kenedix Asset Management, Inc. 90%<br>ITOCHU Corporation 10%    |

### Portfolio (Asset size, Number of properties as of December 13, 2010)

|                                 |   |
|---------------------------------|---|
| Asset size                      | ¥244.4B (Total of acquisition price)          |
| No. of properties               | 70properties (Office buildings 64 properties) |
| Occupancy rate at end of period | 93.6% (as of October 31, 2010)                |

### Financial Results (as of October 31, 2010)

|                        |         |
|------------------------|---------|
| Total asset            | ¥251.0B |
| Debt                   | ¥102.5B |
| Total debt/Total asset | 40.9%   |
| Rating                 | A(JCR)  |

### Information of units (as of October 31, 2010)

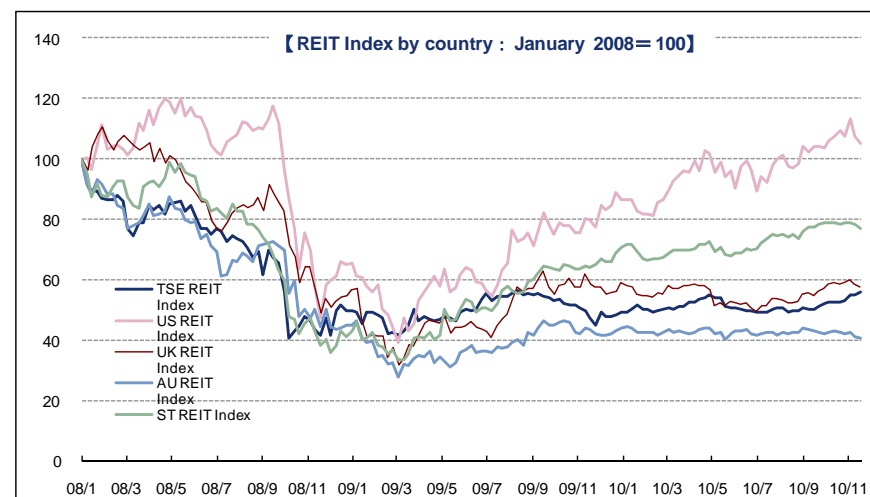
|                             |   |
|-----------------------------|---|
| Number of units outstanding | 233,550units  |
| Market Capitalization       | ¥74.6B<br>(Unit Price ¥319,500: Last price of October 29) |
| BPS                         | ¥581,170  |

## (Reference) Market size of Listing REIT in the World

(March 31, 2010)

|                | Market Capitalization | No. of Listing REIT |
|----------------|-----------------------|---------------------|
| United States  | 275,797               | 142                 |
| Australia      | 64,875                | 61                  |
| France         | 59,492                | 46                  |
| United Kingdom | 30,169                | 20                  |
| Japan          | 29,151                | 38                  |
| Canada         | 21,151                | 31                  |
| Singapore      | 19,059                | 21                  |
| Netherlands    | 11,127                | 6                   |
| Hong Kong      | 9,151                 | 7                   |
| Bergium        | 6,130                 | 15                  |

Source: ARES「The Real estate securitization Handbook 2010-2011」



Source: Created by KDRM based on the data compiled by Bloomberg



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