KRI strategy in the post-earthquake environment

<table>
<thead>
<tr>
<th>Post-earthquake market conditions for mid-sized offices</th>
<th>KRI Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction Market</strong></td>
<td><strong>New acquisitions</strong></td>
</tr>
<tr>
<td>■ Substantial decline in trading volume after the</td>
<td>■ Positive environment for acquisitions</td>
</tr>
<tr>
<td>earthquake, though activities and information flows are</td>
<td>■ Competitive advantages derived from focused</td>
</tr>
<tr>
<td>recovering</td>
<td>strategy on “mid-sized office buildings” and solid</td>
</tr>
<tr>
<td>■ The earthquake had limited impact on asset pricing,</td>
<td>■ Continued focus on central Tokyo, while</td>
</tr>
<tr>
<td>i.e., appraisal value. Cap rate expectation appears</td>
<td>targeting other major cities for selective</td>
</tr>
<tr>
<td>unchanged</td>
<td>investments</td>
</tr>
<tr>
<td><strong>Leasing Market</strong></td>
<td><strong>Portfolio management</strong></td>
</tr>
<tr>
<td>■ Tenants are increasingly “selective” about office</td>
<td>■ Increased efficiency &amp; work speed by</td>
</tr>
<tr>
<td>building quality</td>
<td>internalizing property management functions</td>
</tr>
<tr>
<td>⇒ Location, age, technical specifications</td>
<td>■ Economies of scale to achieve cost reductions in</td>
</tr>
<tr>
<td>(including seismic resistance standards)</td>
<td>building maintenance and to optimize efficiency</td>
</tr>
<tr>
<td>⇒ Rent levels may to have bottomed out for quality</td>
<td>■ Capital expenditure using sufficient construction</td>
</tr>
<tr>
<td>buildings</td>
<td>budget</td>
</tr>
<tr>
<td>■ Tenants’ moving their main offices out of Tokyo is</td>
<td><strong>Environmental / energy-saving initiatives</strong></td>
</tr>
<tr>
<td>limited (Osaka, etc.) because of concentration risks</td>
<td>■ Introduction of energy measures</td>
</tr>
<tr>
<td>■ Investors’ increasing appreciation of J-REITs:</td>
<td>■ Capital expenditure for electric reduction at peak</td>
</tr>
<tr>
<td>timely disclosure, information transparency, asset</td>
<td>time</td>
</tr>
<tr>
<td>diversification, trading liquidity, etc.</td>
<td>⇒ earlier-than scheduled installation of LED etc.</td>
</tr>
<tr>
<td>⇒ Lenders’ positive attitude unchanged</td>
<td>■ Third-party assessments for initiatives</td>
</tr>
<tr>
<td>⇒ Prices declined after 3.11, followed by strong</td>
<td>⇒ “DBJ Green Building” certificate</td>
</tr>
<tr>
<td>recovery almost to the pre-earthquake levels in late</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td></td>
</tr>
<tr>
<td>■ BOJ doubled the J-REIT equity purchase facility</td>
<td></td>
</tr>
<tr>
<td>after the earthquake</td>
<td></td>
</tr>
<tr>
<td>■ J-REIT follow-on offerings resumed</td>
<td></td>
</tr>
</tbody>
</table>

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SECTION 1

12th Period Results (April 30, 2011)
# 12th Period (2011/4) Financial results: Performance highlights

## Actual performance and year-on-year comparison

<table>
<thead>
<tr>
<th></th>
<th>11th period (2010/10)</th>
<th>12th period (2011/4)</th>
<th>Variance (in millions of yen)</th>
<th>Major factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>8,358</td>
<td>8,136</td>
<td>-221</td>
<td>(Refer to ①# in the table to the right)</td>
</tr>
<tr>
<td>Of which gain on sales of real estate properties</td>
<td>116</td>
<td>-</td>
<td>-116</td>
<td>Gain on sale of KDX Shinjuku-Gyoen Bldg in 11th period</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>4,522</td>
<td>4,427</td>
<td>-95</td>
<td>(Refer to ②# in the table to the right)</td>
</tr>
<tr>
<td>Of which expenses related to rent business (excluding depreciation)</td>
<td>2,377</td>
<td>2,360</td>
<td>-17</td>
<td>Decreased due to seasonal factors of utility (-73) etc.</td>
</tr>
<tr>
<td>Of which depreciation</td>
<td>1,440</td>
<td>1,406</td>
<td>-33</td>
<td>Part of existing property is fully depreciated</td>
</tr>
<tr>
<td>Of which loss on sales of real estate properties</td>
<td>64</td>
<td>-</td>
<td>-64</td>
<td>Loss on sale of Court Shin-Okachimachi in 11th period</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>3,839</td>
<td>3,709</td>
<td>-125</td>
<td>(Refer to ③# in the table to the right)</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td>1,231</td>
<td>1,366</td>
<td>134</td>
<td>New borrowings during 12th period is ¥11.5 billion</td>
</tr>
<tr>
<td>Of which interest expense etc.</td>
<td>1,205</td>
<td>1,352</td>
<td>146</td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary gains</strong></td>
<td>-</td>
<td>26</td>
<td>26</td>
<td>Subsidy income (ecology renovation for KDX Shin-Yokohama Bldg)</td>
</tr>
<tr>
<td><strong>Extraordinary losses</strong></td>
<td>-</td>
<td>61</td>
<td>61</td>
<td>Loss on disaster (35), reduction of noncurrent assets (26)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>2,607</td>
<td>2,309</td>
<td>-297</td>
<td></td>
</tr>
<tr>
<td><strong>Provision for reserve for reduction entry</strong></td>
<td>65</td>
<td>-</td>
<td>-65</td>
<td>In 11th period, accumulate 80% of gains on land sales of 2 properties</td>
</tr>
<tr>
<td><strong>Distribution per unit</strong></td>
<td>10,881 yen</td>
<td>9,891 yen</td>
<td>-990 yen</td>
<td>(number of units issued 233,550 units)</td>
</tr>
<tr>
<td><strong>Leasing NOI</strong> (Net Operating Income)</td>
<td>5,864</td>
<td>5,776</td>
<td>-88</td>
<td></td>
</tr>
<tr>
<td><strong>FFO</strong> (Funds From Operation)</td>
<td>3,996</td>
<td>3,716</td>
<td>-279</td>
<td></td>
</tr>
</tbody>
</table>

## Comparison between forecasts and 12th period results

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

In accordance with "Income taxes treatment of various expenses incurred in relation to the East Japan Earthquake" (notice on law interpretation) issued by NTA on April 18, 2011, provision for special account for disaster loss of ¥30 million is recorded as deductible expense.
# 13th period (2011/10) / 14th period (2012/4) Earnings forecasts (announced on July 5, 2011)

## Forecasts for 13th period / 14th period

<table>
<thead>
<tr>
<th></th>
<th>12th period results (2011/4)</th>
<th>13th period forecasts (2011/10)</th>
<th>14th period forecasts (2012/4)</th>
<th>Additional explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>8,136</td>
<td>8,964</td>
<td>8,456</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which gain on sales of real estate properties</td>
<td>-</td>
<td>535</td>
<td>13th period, expected gain on sale from KDX Hirakawacho Bldg</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>4,427</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which expenses related to rent business (excluding depreciation)</td>
<td>2,360</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which depreciation</td>
<td>1,406</td>
<td>1,448</td>
<td>1,460</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,709</td>
<td>4,214</td>
<td>3,782</td>
<td></td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>1,366</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which interest expense etc.</td>
<td>1,352</td>
<td>1,360</td>
<td>1,271</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>2,346</td>
<td>2,799</td>
<td>2,472</td>
<td></td>
</tr>
<tr>
<td>Extraordinary gains/losses</td>
<td>-35</td>
<td></td>
<td></td>
<td>Disaster loss incurred in 12th period</td>
</tr>
<tr>
<td>Net income</td>
<td>2,309</td>
<td>2,798</td>
<td>2,471</td>
<td></td>
</tr>
<tr>
<td>Provision for (reversal of) reserves for reduction entry</td>
<td>-</td>
<td>130</td>
<td>-195</td>
<td></td>
</tr>
<tr>
<td>Distribution per unit (yen)</td>
<td>9,891 yen</td>
<td>9,300 yen</td>
<td>9,300 yen (Number of units issued) 12th period:233,550 units, 13th-14th period: 286,550 units</td>
<td></td>
</tr>
</tbody>
</table>

(Ref.) Changes in number of properties

67→71 properties

(Ref.) Acquisition and disposition of properties

- 2 properties of Kyodo Bldg (Ginza No.8, Honcho 1chome)
- KDX Kobayashi-Doshomachi Bldg
- Kitananajo SIA Bldg
- 2 properties of Kyodo Bldg (Itabashi, Shin-Nihonbashi)
- Ps Higashi-Shinagawa Bldg
- Nihonbashi Dai-2 Bldg

Sale of Hirakawacho Bldg

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

Internal reserves from gain from land sale

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

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

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SECTION 2

External growth strategy
Portfolio that focuses on office buildings

**Portfolio growth (by acquisition value)**

(¥B)

- Office
- Central urban retail
- Residential

**Portfolio overview (as of July 31, 2011)**

- # of properties: 74
  - Total size: ¥255.5B

**Portfolio breakdown by property type**

- Office: 68 properties
  - Total size: ¥233.7B
  - Notes:
    - Total sizes are rounded to the nearest ¥100M
    - The above percentages are calculated using the acquisition prices rounded to the first decimal place.
    - Central Tokyo includes Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards

**Portfolio breakdown by region (office buildings)**

- Central Tokyo: 61.5%
- Other Tokyo Metropolitan Area: 22.5%
- Other Regional Areas: 15.8%

**Office market in Tokyo’s 5 central wards (by number of buildings)**

- (Reference) 69.1
- 37.7
- 12.3
- 18.9

**Building Age**

- More than 5,000: 3.0%
- Less than 500: 66.2%
- 500~1,000: 16.3%
- 1,000~3,000: 12.3%
- 3,000~5,000: 2.2%
- 5,000~: 0.4%
- Less than 1yr: 0.4%
- 1yr~5yrs: 8.8%
- 5yrs~10yrs: 3.4%
- More than 10yrs: 61.7%

**Notes:**
- The data is based on the office buildings that CBRE follows for analysis and does not cover all office buildings that are located within the 5 central wards in Tokyo (March 2011)
- Source: “Mid-sized office building market trend”, CBRE, May 2011 (report compiled at KDRM’s request)
- Total sizes are rounded to the nearest ¥100M
- The above percentages are calculated using the acquisition prices rounded to the first decimal place.
- Central Tokyo includes Chiyoda, Chuo, Minato, Shibuya and Shinjuku wards

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

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

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

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

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

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Revenue</td>
<td>¥167,316 thousand</td>
</tr>
<tr>
<td>(fiscal period ended 2011/4)</td>
<td></td>
</tr>
<tr>
<td>Number of End-Tenants</td>
<td>18 (as of April 30, 2011)</td>
</tr>
<tr>
<td>Occupancy Ratio</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

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

### Total acquisitions in 12th period ￥13.2B
- Tokyo Metropolitan Area ￥8.3B
- Other Regional Areas ￥4.9B
# Track record of property acquisition and disposition

## Properties acquired during the 12th fiscal period

<table>
<thead>
<tr>
<th>Property name</th>
<th>Kyodo Building (Ginza No.8)</th>
<th>Kyodo Building (Honcho 1chome)</th>
<th>KDX Kobayashi-Doshomachi Building</th>
<th>Kitananajo SIA Building</th>
<th>(Reference) Total of 4 properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Chuo-ward, Tokyo</td>
<td>Chuo-ward, Tokyo</td>
<td>Chuo-ward, Osaka</td>
<td>Kita-ward, Sapporo</td>
<td>–</td>
</tr>
<tr>
<td>Acquisition price (A)</td>
<td>¥4.3B</td>
<td>¥4.0B</td>
<td>¥2.87B</td>
<td>¥2.0B</td>
<td>¥13.17B</td>
</tr>
<tr>
<td>Appraisal value at the time of acquisition(B)</td>
<td>¥4.52B</td>
<td>¥4.33B</td>
<td>¥2.97B</td>
<td>¥2.05B</td>
<td>¥13.87B</td>
</tr>
<tr>
<td>Difference (A)- (B)</td>
<td>~4.9%</td>
<td>~7.6%</td>
<td>~3.4%</td>
<td>~2.2%</td>
<td>~5.0%</td>
</tr>
<tr>
<td>Seller</td>
<td>Third party</td>
<td>Third party</td>
<td>Related party</td>
<td>Third party</td>
<td>–</td>
</tr>
<tr>
<td>Appraisal NOI1</td>
<td>¥217.1M</td>
<td>¥216.3M</td>
<td>¥211.5M</td>
<td>¥131.4M</td>
<td>¥776.5M</td>
</tr>
<tr>
<td>Appraisal NOI/ Acquisition price</td>
<td>5.1%</td>
<td>5.4%</td>
<td>7.4%</td>
<td>6.6%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

## Disposition

<table>
<thead>
<tr>
<th>Property name</th>
<th>KDX Hirakawacho Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Chiyoda-ward, Tokyo</td>
</tr>
<tr>
<td>Settlement date</td>
<td>Contract date: 2011/4/5</td>
</tr>
<tr>
<td>Settlement date</td>
<td>Settlement date: 2011/6/30</td>
</tr>
<tr>
<td>Sales price</td>
<td>¥5.8B</td>
</tr>
<tr>
<td>Appraisal value (Apr 2011)</td>
<td>¥4.91B</td>
</tr>
<tr>
<td>% of change</td>
<td>+18.1%</td>
</tr>
<tr>
<td>Buyer</td>
<td>Third party</td>
</tr>
<tr>
<td>Appraisal NOI2</td>
<td>¥253.3M</td>
</tr>
<tr>
<td>Appraisal NOI/ Sales price</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

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

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

Note 3: Values are rounded down to the first decimal place. Ratios are rounded to the first decimal place.
### Property acquired during the 13th fiscal period (2011/10)

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

<table>
<thead>
<tr>
<th>Property</th>
<th>Acquisition Price (A) (¥M)</th>
<th>Appraisal Value (B) (¥M) (Note 1)</th>
<th>Difference (A)-(B) (%)</th>
<th>Appraisal NOI (%)</th>
<th>Total Leasable Area (㎡)</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyodo Building (Iidabashi)</td>
<td>4,670</td>
<td>4,750</td>
<td>-1.7</td>
<td>5.2</td>
<td>4,429.22</td>
<td>Shinjuku ward, Tokyo</td>
</tr>
<tr>
<td>P's Higashi-Shinagawa Building</td>
<td>4,590</td>
<td>4,770</td>
<td>-3.8</td>
<td>5.7</td>
<td>7,107.50</td>
<td>Shinagawa ward, Tokyo</td>
</tr>
<tr>
<td>Nihonbashi Dai-2 Building</td>
<td>2,710</td>
<td>2,850</td>
<td>-4.9</td>
<td>6.1</td>
<td>3,992.60</td>
<td>Chuo ward, Tokyo</td>
</tr>
<tr>
<td>Kyodo Building (Shin-Nihonbashi)</td>
<td>2,300</td>
<td>2,480</td>
<td>-7.3</td>
<td>5.5</td>
<td>2,658.79</td>
<td>Chuo ward, Tokyo</td>
</tr>
<tr>
<td><strong>Total</strong>                                    <strong>14,270</strong>                  <strong>14,850</strong>                         <strong>-3.9</strong>               <strong>5.6</strong>            <strong>18,188.11</strong>             <strong>—</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note 1:** Appraisal report of April 30, 2011  
**Note 2:** Values are rounded down to the first decimal place. Ratios are rounded to the first decimal place.
Property Acquisition Strategies going forward: original network and diversified investment structure

Expanding/deepening the original network

- Financial institutions
  Relationships with lenders & securities companies for possible access to funds’ exit opportunities

- Private investment funds
  Potential opportunities in relation to debt maturities

- J-REITs
  Potential off-market opportunities through close relationships with other REITs

- Corporations
  Potential off-market transactions in relation to financial restructuring and/or off-balance sheet needs

Dispersed investment structure (TK investments)

- Tokumei-kumiai (*) investment etc.
  (Joint Investment with sponsor)

- Securing properties through warehousing fund

Disposition with a view to acquiring a new property

- Preference to disposition of residential and central urban retail assets

- Office buildings may be disposed based on room for asset replacement

Focusing on “mid-sized office buildings”

*Japanese silent partnership

Changes in ratio of Seller Type

<table>
<thead>
<tr>
<th>Period</th>
<th>1st-3rd Period</th>
<th>4th-6th Period</th>
<th>7th-9th Period</th>
<th>10th-12th Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party</td>
<td>19.1</td>
<td>35.7</td>
<td>4.1</td>
<td>22.8</td>
</tr>
<tr>
<td>Related party</td>
<td>80.9</td>
<td>64.3</td>
<td>95.9</td>
<td>77.2</td>
</tr>
</tbody>
</table>

(Total of acquisition price: ¥B)

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

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SECTION 3

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

Immediate response by internalizing PM functions

The 3.11 East Japan Earthquake March 12 (Sat) March 13 (Sun) April 2011

Timely disclosure

Began inspections on status of properties

Requested property inspections to a third-party expert

About 90% of properties were investigated

All properties (70 as of 3/13) inspected

Inspection by HI International Consultant Ltd. was conducted on 61 of all properties (total properties 71 as of 3/25)

→ Confirmed no material damage to building structures

Property inspections

Timely assessment & reporting of damage

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

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

Renewal/repair works commenced

Crisis management for natural disasters

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

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Management of existing properties: Material impacts from the earthquake

<table>
<thead>
<tr>
<th>Total costs relating to the East Japan Earthquake</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget for earthquake related construction works</strong>: ¥110M</td>
</tr>
</tbody>
</table>

1. **Construction works completed**: ¥5M  
   → Recorded as extraordinary loss for fiscal period ended April 2011

2. **Anticipated cost for immediate repair and maintenance works**: ¥30M  
   → Recorded as casualty loss reserves for fiscal period ended April 2011

3. **Construction budget for fiscal period ending October 2011**: ¥75M (note)  
   → Details, including schedules, are to be determined

*Note: This is an estimate, thus subject to substantial change in the future*

---

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

- **External stairs handrail (4F apart)**: Needs repair
- **Before repair**: April 18
- **After repair**

**KDX Shin-Yokohama 381 Building**
- **Location**: Kohoku-ku Yokohama, Kanagawa  
- **Year Built**: March 1988

- **Before repair (6F apart)**

**KDX Nihonbashi 313 Building**
- **Location**: Chuo-ku, Tokyo  
- **Year Built**: April 1974
- **Expansion joint disconnect**
- **Wall cracks**

**Toranomon Toyo Building**
- **Location**: Minato-ku Tokyo  
- **Year Built**: August 1962
- **No material damage.**

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

### How we respond to potential power shortage in summer 2011

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

### Anticipated timetable for energy savings in “large consumer” properties

<table>
<thead>
<tr>
<th>Government (Ministry of Economy, Trade and Industry)</th>
<th>KRI</th>
<th>Tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June</strong></td>
<td><strong>July</strong></td>
<td><strong>August</strong></td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>Notification of large consumer property</td>
<td>Peak cutting period covered: Jul 1 ~ Sep 22 (Weekdays) From 9 to 20: Tokyo Electric Power Jurisdiction</td>
</tr>
</tbody>
</table>

### Energy saving measures: details

- **Reduction through public (tenant) awareness**
  - Use of recommended preset temperature (28°C)
  - Suspension of AC in non-used areas

- **50% reduction of light bulbs in common/occupied areas, and reduction in operating hours**
  - Ensure lights are off in non-used areas
  - Installation of LED lights in common areas (KRI’s original initiative)

### Capex for energy savings during peak hours

- **LED light in evacuation signs** → installed in offices and central urban retails (64 properties)
- **LED lights for down lights etc.** → installed in EV halls, hallways, rest rooms and conference rooms (9 properties)
- **Motion detection sensor and others** → installed lighting systems with motion detection sensors in stairways (6 properties)

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

### Development of public awareness (Requesting energy saving to tenants)

- Cooperation request by Ministry of Environment
- Campaign poster by ECCJ
- Promotional stickers by ECCJ

---

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

Annualized turnover ratios for office tenants (actual and forecast)

<table>
<thead>
<tr>
<th>Period</th>
<th>Move in</th>
<th>Move out</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th period</td>
<td>7.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>8th period</td>
<td>9.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>9th period</td>
<td>10.9%</td>
<td>8.4%</td>
</tr>
<tr>
<td>10th period</td>
<td>8.3%</td>
<td>10.5%</td>
</tr>
<tr>
<td>11th period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12th period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13th period</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The ratio is calculated and annualized as follows: total rentable area of the tenants who cancelled the lease agreement during the six-month period from the beginning to end of each period / (Average rentable area of all office buildings owned by KRI as of each month-end during the relevant period) x 2

13th period (2011/10) forecast is based on prior cancellation notices received in 12th period (2011/4)

Number of tenant turnovers

<table>
<thead>
<tr>
<th>Period</th>
<th>Move in</th>
<th>Move out</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th period</td>
<td>-44</td>
<td>-47</td>
</tr>
<tr>
<td>8th period</td>
<td>-48</td>
<td>-51</td>
</tr>
<tr>
<td>9th period</td>
<td>-52</td>
<td>-58</td>
</tr>
<tr>
<td>10th period</td>
<td>-53</td>
<td>-58</td>
</tr>
<tr>
<td>11th period</td>
<td>-54</td>
<td>-49</td>
</tr>
<tr>
<td>12th period</td>
<td>-45</td>
<td>-57</td>
</tr>
</tbody>
</table>

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

Changes in office occupancy ratios (by area)

<table>
<thead>
<tr>
<th>Area</th>
<th>As of April 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Metropolitan Area</td>
<td>95.5%</td>
</tr>
<tr>
<td>Other Regional Areas</td>
<td>90.4%</td>
</tr>
<tr>
<td>Total office buildings</td>
<td>94.2%</td>
</tr>
<tr>
<td>Total portfolio</td>
<td>94.6%</td>
</tr>
</tbody>
</table>

Average monthly occupancy ratios in the last 3 years (from 7th to 12th period)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total office buildings</th>
<th>Tokyo Metropolitan Area</th>
<th>Other Regional Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/5</td>
<td>98%</td>
<td>94.1%</td>
<td>89.7%</td>
</tr>
<tr>
<td>2009/11</td>
<td>96%</td>
<td>95.4%</td>
<td></td>
</tr>
<tr>
<td>2010/5</td>
<td>94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010/11</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011/5</td>
<td>90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011/11</td>
<td>88%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

### Rents for new tenants

<table>
<thead>
<tr>
<th>% change in rents between new &amp; previous tenants and # of contracts</th>
<th>8th period (2009/4)</th>
<th>9th period (2009/10)</th>
<th>10th period (2010/4)</th>
<th>11th period (2010/10)</th>
<th>12th period (2011/4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes</td>
<td>0.0%</td>
<td>-19.3%</td>
<td>-22.8%</td>
<td>-19.0%</td>
<td>-20.9%</td>
</tr>
<tr>
<td>Increase in rent</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Decrease in rent</td>
<td>9</td>
<td>17</td>
<td>16</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Changes</td>
<td>-1.8%</td>
<td>-8.4%</td>
<td>-15.5%</td>
<td>-20.0%</td>
<td>-18.6%</td>
</tr>
<tr>
<td>Increase in rent</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Decrease in rent</td>
<td>6</td>
<td>15</td>
<td>11</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Changes</td>
<td>-7.7%</td>
<td>-16.4%</td>
<td>-15.0%</td>
<td>-16.6%</td>
<td>-14.0%</td>
</tr>
<tr>
<td>Increase in rent</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Decrease in rent</td>
<td>7</td>
<td>11</td>
<td>18</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Changes</td>
<td>-2.7%</td>
<td>-14.4%</td>
<td>-17.5%</td>
<td>-18.3%</td>
<td>-18.3%</td>
</tr>
<tr>
<td>Increase in rent</td>
<td>16</td>
<td>5</td>
<td>7</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Decrease in rent</td>
<td>22</td>
<td>43</td>
<td>45</td>
<td>37</td>
<td>43</td>
</tr>
</tbody>
</table>

### Nov-April monthly trends in new tenants (office)

<table>
<thead>
<tr>
<th>(# of tenants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov</td>
</tr>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

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

Notes:
- Ratios represent the simple percentage differences in average monthly rents (per tsubo) for previous tenants and new tenants in the respective buildings. The analysis excludes those buildings that were acquired during the relevant fiscal periods and based on floors for offices (above 2nd floor).
### Management of existing properties: changes in office rent levels

#### Rent renewals

<table>
<thead>
<tr>
<th>Status of rent renewals (# of contracts, % change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes</td>
</tr>
<tr>
<td>Increase in rent</td>
</tr>
<tr>
<td>Decrease in rent</td>
</tr>
</tbody>
</table>

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

#### Changes in monthly rent

<table>
<thead>
<tr>
<th>Periods</th>
<th>4th period</th>
<th>5th period</th>
<th>6th period</th>
<th>7th period</th>
<th>8th period</th>
<th>9th period</th>
<th>10th period</th>
<th>11th period</th>
<th>12th period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes</td>
<td>1,840</td>
<td>4,084</td>
<td>10,395</td>
<td>9,095</td>
<td>1,685</td>
<td>2,264</td>
<td>1,620</td>
<td>1,133</td>
<td>291</td>
</tr>
</tbody>
</table>

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

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

**Declining “rent decrease” and increase in “no change”**

<table>
<thead>
<tr>
<th>Periods</th>
<th>Increase in rent</th>
<th>Decrease in rent</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>8th period</td>
<td>14.0%</td>
<td>24.0%</td>
<td>66.4%</td>
</tr>
<tr>
<td>9th period</td>
<td>24.0%</td>
<td>24.0%</td>
<td>55.9%</td>
</tr>
<tr>
<td>10th period</td>
<td>45.8%</td>
<td>38.9%</td>
<td>6.3%</td>
</tr>
<tr>
<td>11th period</td>
<td>57.9%</td>
<td>38.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>12th period</td>
<td>74.1%</td>
<td>24.0%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

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

Exempt from renewal: 78.2%
Renewal: 21.8%
No Change: 74.1%
### Historical appraisal value of office building

#### Historical variation for appraisal value of office

<table>
<thead>
<tr>
<th>Period</th>
<th>Change in cap rates (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd period (Apr 2006)</td>
<td>1.1% (5.0% → 5.2%)</td>
</tr>
<tr>
<td>4th period (Apr 2007)</td>
<td>4.4% (5.2% → 5.3%)</td>
</tr>
<tr>
<td>6th period (Apr 2008)</td>
<td>4.4% (5.3% → 5.3%)</td>
</tr>
<tr>
<td>8th period (Apr 2009)</td>
<td>1.7% (5.3% → 5.3%)</td>
</tr>
<tr>
<td>10th period (Apr 2010)</td>
<td>-3.4%</td>
</tr>
<tr>
<td>12th period (Apr 2011)</td>
<td>-7.5%</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Period</th>
<th>Appraisal profit/loss amount (¥M)</th>
<th>Appraisal profit/loss ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd period (Apr 2006)</td>
<td>-4,499</td>
<td>-2.4%</td>
</tr>
<tr>
<td>4th period (Apr 2007)</td>
<td>-16,907</td>
<td>-8.5%</td>
</tr>
<tr>
<td>6th period (Apr 2008)</td>
<td>-20,280</td>
<td>-9.5%</td>
</tr>
<tr>
<td>8th period (Apr 2009)</td>
<td>-21,939</td>
<td>-10.3%</td>
</tr>
<tr>
<td>10th period (Apr 2010)</td>
<td>-22,153</td>
<td>-9.9%</td>
</tr>
<tr>
<td>12th period (Apr 2011)</td>
<td>-22,153</td>
<td>-9.9%</td>
</tr>
</tbody>
</table>

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

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SECTION 4

Financial Strategy
Stable financial management: conservative LTV and fixed-rate debts

Changes in LTV

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

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Rating</th>
<th>Bonds</th>
<th>Size</th>
<th>Interest rate</th>
<th>Maturity</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Credit Rating Agency (JCR)</td>
<td>A (Stable)</td>
<td>1st Bond</td>
<td>¥9.0B</td>
<td>1.74%</td>
<td>5yrs</td>
<td>2012/3/15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2nd Bond</td>
<td>¥3.0B</td>
<td>2.37%</td>
<td>10yrs</td>
<td>2017/3/15</td>
</tr>
</tbody>
</table>

Fixed-rate debt/balance by maturity (as of April 30, 2011)

Proportion of floating-rate debt vs fixed-rate debt

Debt balance by maturity period

Breakdown of lenders (As of October 31, 2011)

Note: The average interest rate above does not include upfront fees (if included, 2.21%). Fixed rate debt includes borrowings that were converted to fixed through interest rate swap.

Note: Borrowing amounts are rounded to the first decimal place.
Stable financial management: focus to diversify debt maturities

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

Average life 2.2yrs (*)
Average spread 1.28% (**) (including upfront fee for borrowings)

* Average life is weighted by borrowing amount (rounded to the first decimal place)
** The average spread is weighted by borrowing amount and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place)

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

Maturity diversification for borrowings in 12th period

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

Average life 3.4yrs (***)
Average spread 1.42% (****) (including upfront fee for borrowings)

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

*** Average life is weighted by borrowing amount (rounded to the first decimal place)
**** The average spread is weighted by borrowing amount and by adding annualized upfront fee to the spread cost for total debt costs (rounded to the second decimal place)
Track record of property acquisition after the financial crisis

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

<table>
<thead>
<tr>
<th></th>
<th>10th period (2010/4)</th>
<th>12th period (2011/4)</th>
<th>13th period (2011/10)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Koishikawa TG Building</td>
<td>Gotanda TG Building</td>
<td>KDX Shin-Yokohama 381 Building (Annex Tower)</td>
</tr>
<tr>
<td>Acquisition Price (¥M) (A)</td>
<td>3,080</td>
<td>2,620</td>
<td>1,100</td>
</tr>
<tr>
<td>Appraisal Value at the time of acquisition (¥M) (B)</td>
<td>3,260</td>
<td>2,830</td>
<td>1,210</td>
</tr>
<tr>
<td>Difference (A)-(B) (%)</td>
<td>-5.5</td>
<td>-7.4</td>
<td>-9.1</td>
</tr>
<tr>
<td>Appraisal NOI at the time of acquisition (%)</td>
<td>5.8</td>
<td>6.3</td>
<td>6.8</td>
</tr>
<tr>
<td>Seller</td>
<td>Third party</td>
<td>Third party</td>
<td>Related party</td>
</tr>
<tr>
<td>Acquisition Funds</td>
<td>Public offering and cash on hands</td>
<td>New debt</td>
<td>New debt and cash on hands</td>
</tr>
</tbody>
</table>

Asset Size (Note) ¥235.7B (as of April 30, 2010) ¥246.4B (as of April 30, 2011) ¥255.5B (as of July 31, 2011)
### Appraisal values and cap rates as of the end of 12th period

| No | Property Name | Acquisition price | Appraisal value | Total cap rate | Acquistion price | Appraisal value | Total cap rate | Acquistion price | Appraisal value | Total cap rate |
|----|---------------|--------------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------|
| A  | KDX Shin-Yokohama 381 Building | 6,548 | 5,981 | 10.9% | 6,491 | 5,930 | 10.1% | 6,444 | 5,883 | 10.3% |
| B  | KDX Kita-Eyosu Building | 6,181 | 5,981 | 10.9% | 6,140 | 5,893 | 10.3% | 6,099 | 5,805 | 10.1% |
| C  | KDX Kita-Eyosu Building Annex | 6,548 | 5,981 | 10.9% | 6,491 | 5,930 | 10.1% | 6,444 | 5,883 | 10.3% |
| D  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| E  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| F  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| G  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| H  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| I  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| J  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| K  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| L  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| M  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| N  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| O  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| P  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| Q  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| R  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| S  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| T  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| U  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| V  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| W  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| X  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| Y  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |
| Z  | KDX Kita-Eyosu Building | 5,844 | 5,475 | 9.5% | 5,475 | 5,091 | 9.4% | 5,091 | 4,703 | 9.2% |

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

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

<table>
<thead>
<tr>
<th>Period</th>
<th>Appraisal CR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th period (Oct 2008)</td>
<td>4.94%</td>
</tr>
<tr>
<td>8th period (Apr 2009)</td>
<td>5.13%</td>
</tr>
<tr>
<td>9th period (Oct 2009)</td>
<td>5.21%</td>
</tr>
<tr>
<td>10th period (Apr 2010)</td>
<td>5.21%</td>
</tr>
<tr>
<td>11th period (Oct 2010)</td>
<td>5.19%</td>
</tr>
<tr>
<td>12th period (Apr 2011)</td>
<td>5.17%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Period</th>
<th>Appraisal CR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th period (Oct 2008)</td>
<td>5.55%</td>
</tr>
<tr>
<td>8th period (Apr 2009)</td>
<td>5.77%</td>
</tr>
<tr>
<td>9th period (Oct 2009)</td>
<td>5.91%</td>
</tr>
<tr>
<td>10th period (Apr 2010)</td>
<td>5.91%</td>
</tr>
<tr>
<td>11th period (Oct 2010)</td>
<td>5.93%</td>
</tr>
<tr>
<td>12th period (Apr 2011)</td>
<td>5.93%</td>
</tr>
</tbody>
</table>

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

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

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### Portfolio overview (office buildings) (As of Jun 15, 2011)

#### Office Buildings (65 properties)

<table>
<thead>
<tr>
<th>Area No.</th>
<th>Name</th>
<th>Location</th>
<th>Acquisition Price (¥M)</th>
<th>Year built (2)</th>
<th>Occupancy at end of 12th period (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-66</td>
<td>KDX Harumi Building</td>
<td>Chuo-ward, Tokyo</td>
<td>10.250</td>
<td>Feb-88</td>
<td>99.2%</td>
</tr>
<tr>
<td>A-40</td>
<td>Toranomon Toyos Building</td>
<td>Minato-ward, Tokyo</td>
<td>9.850</td>
<td>Aug-62</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-45</td>
<td>Hie Kitani Kita Building</td>
<td>Chiyoda-ward, Tokyo</td>
<td>7.030</td>
<td>Mar-94</td>
<td>95.5%</td>
</tr>
<tr>
<td>A-65</td>
<td>KDX Shinjuku Building</td>
<td>Shinjuku-ward, Tokyo</td>
<td>6.830</td>
<td>May-93</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-27</td>
<td>KDX Chiba Portus Building</td>
<td>Chuo-ward, Tokyo</td>
<td>6.230</td>
<td>Aug-02</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-32</td>
<td>KDX Shiba Ocmion Building</td>
<td>Minato-ward, Tokyo</td>
<td>5.090</td>
<td>Jul-95</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-13</td>
<td>KDX Hikarai Building</td>
<td>Chuo-ward, Tokyo</td>
<td>5.950</td>
<td>May-94</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-1</td>
<td>KDX Hikarai 312 Building</td>
<td>Chuo-ward, Tokyo</td>
<td>5.940</td>
<td>Apr-74</td>
<td>71.9%</td>
</tr>
<tr>
<td>A-47</td>
<td>Shin-Yokohama 281 Building</td>
<td>Yokohama, Kanagawa</td>
<td>5.830</td>
<td>Mar-88</td>
<td>85.5%</td>
</tr>
<tr>
<td>A-16</td>
<td>Tohoku 24 Building</td>
<td>Yokohama, Kanagawa</td>
<td>5.300</td>
<td>Mar-88</td>
<td>84.7%</td>
</tr>
<tr>
<td>A-2</td>
<td>KDX Kita Building</td>
<td>Chuo-ward, Tokyo</td>
<td>5.180</td>
<td>Mar-92</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-17</td>
<td>Ebara East J36 Building</td>
<td>Shinagawa-ward, Tokyo</td>
<td>4.650</td>
<td>Jan-92</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-3</td>
<td>Higashi-Kyobashi Yuraku Building</td>
<td>Chuo-ward, Tokyo</td>
<td>4.650</td>
<td>Jan-07</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-35</td>
<td>Toyosumida Building</td>
<td>Minato-ward, Tokyo</td>
<td>4.400</td>
<td>Apr-08</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-67</td>
<td>Kiyotaka Building (Ginza no E)</td>
<td>Chuo-ward, Tokyo</td>
<td>4.300</td>
<td>Nov-91</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-30</td>
<td>KDX Yotsuya Building</td>
<td>Minato-ward, Tokyo</td>
<td>4.220</td>
<td>Nov-92</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-8</td>
<td>Kabendarai Building</td>
<td>Chuo-ward, Tokyo</td>
<td>4.030</td>
<td>Jan-04</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-4</td>
<td>Chiba Hachiko Building</td>
<td>Chuo-ward, Tokyo</td>
<td>3.650</td>
<td>Feb-93</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-18</td>
<td>Chiba Cross Building</td>
<td>Ota-ward, Tokyo</td>
<td>3.500</td>
<td>Oct-94</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-19</td>
<td>KDX Kamata-dai Building</td>
<td>Minato-ward, Tokyo</td>
<td>3.400</td>
<td>Sep-99</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-46</td>
<td>Roppongi 221 Building</td>
<td>Minato-ward, Tokyo</td>
<td>3.300</td>
<td>Apr-09</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-62</td>
<td>Koshimizu T0 Building</td>
<td>Shinagawa-ward, Tokyo</td>
<td>3.080</td>
<td>Nov-81</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-29</td>
<td>Kiyosumi Shinjuku Building</td>
<td>Shinjuku-ward, Tokyo</td>
<td>2.950</td>
<td>Jan-09</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-20</td>
<td>KDX Yotsuya Building</td>
<td>Chuo-ward, Tokyo</td>
<td>2.780</td>
<td>Oct-87</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-36</td>
<td>Kinocho Building</td>
<td>Chiyoda-ward, Tokyo</td>
<td>2.700</td>
<td>May-94</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-58</td>
<td>Nihonbashi 17 Building</td>
<td>Yotsuya-ward, Tokyo</td>
<td>2.710</td>
<td>Jul-91</td>
<td>96.6%</td>
</tr>
<tr>
<td>A-21</td>
<td>Kiyosumi T0 Building</td>
<td>Shinagawa-ward, Tokyo</td>
<td>2.690</td>
<td>Feb-92</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-43</td>
<td>Gotanda T0 Building</td>
<td>Shinagawa-ward, Tokyo</td>
<td>2.620</td>
<td>Apr-68</td>
<td>80.0%</td>
</tr>
<tr>
<td>A-54</td>
<td>KDX Nakano Seaside Building</td>
<td>Nakano-ward, Tokyo</td>
<td>2.533</td>
<td>Aug-02</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-22</td>
<td>Shin-Yokohama Building</td>
<td>Yokohama, Kanagawa</td>
<td>2.520</td>
<td>Sep-90</td>
<td>93.1%</td>
</tr>
<tr>
<td>A-5</td>
<td>Harajuku Ohashi Building</td>
<td>Shinjuku-ward, Tokyo</td>
<td>2.450</td>
<td>Nov-83</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-50</td>
<td>Senga-Ohashi Building</td>
<td>Meguro-ward, Tokyo</td>
<td>2.430</td>
<td>Sep-08</td>
<td>70.4%</td>
</tr>
<tr>
<td>A-27</td>
<td>KDX Kiyosumi Building</td>
<td>Chiyoda-ward, Tokyo</td>
<td>2.300</td>
<td>Mar-94</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-61</td>
<td>Hama-cho Nakashima Building</td>
<td>Chuo-ward, Tokyo</td>
<td>2.310</td>
<td>Sep-90</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-15</td>
<td>KDX Hama-cho Building</td>
<td>Chuo-ward, Tokyo</td>
<td>2.300</td>
<td>Sep-90</td>
<td>100.0%</td>
</tr>
<tr>
<td>A-41</td>
<td>KDX Shinjuku 286 Building</td>
<td>Shinjuku-ward, Tokyo</td>
<td>2.300</td>
<td>Aug-09</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Office Buildings Subtotal:** 224,636  Ave 21.4 years  94.2%

### Notes:

1. Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation.
2. Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Apr. 30, 2011, and is rounded down to the nearest first decimal place. The weighted-average age of the 71 properties held as of Apr. 30, 2011 is 20.4 years (As of Apr. 30, 2011)
3. Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 71 properties held as of Apr. 30, 2011 is 94.2%
# Portfolio overview
(central urban retail/residential properties)

## Central Urban Retail Properties (2 properties)

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
<th>No.</th>
<th>Name</th>
<th>Location</th>
<th>Acquisition Price (M+)</th>
<th>Year built</th>
<th>Occupancy at end of 12th period (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Urban Retail Properties</td>
<td>Tokyo Metropolitan Area</td>
<td>C-1</td>
<td>Frame Jinnan zaka</td>
<td>Shibuya, Tokyo</td>
<td>9,900</td>
<td>Mar-05</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C-2</td>
<td>KDX Yoyogi Building</td>
<td>Shibuya, Tokyo</td>
<td>2,479</td>
<td>Aug-91</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Central Urban Retail Properties (2 properties) Subtotal: 12,379 As of 8.8 years 100.0%

## Residential properties (4 properties)

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
<th>No.</th>
<th>Name</th>
<th>Location</th>
<th>Acquisition Price (M+)</th>
<th>Year built</th>
<th>Occupancy at end of 12th period (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Properties</td>
<td>Tokyo Metropolitan Area</td>
<td>B-15</td>
<td>Residence Chomante Tsukishima</td>
<td>Chu-oward, Tokyo</td>
<td>5,353</td>
<td>Jan-04</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B-3</td>
<td>Cour Mejiro</td>
<td>Shinjuku, Tokyo</td>
<td>1,250</td>
<td>Mar-97</td>
<td>91.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B-34</td>
<td>Gradiko Kawaguchi</td>
<td>Saitama</td>
<td>1,038</td>
<td>Feb-96</td>
<td>100.0%</td>
</tr>
<tr>
<td>Other Regional Areas</td>
<td></td>
<td>B-10</td>
<td>Venus Hibarigenka</td>
<td>Sapporo, Hokkaido</td>
<td>1,800</td>
<td>Mar-05</td>
<td>96.7%</td>
</tr>
</tbody>
</table>

Residential Properties (4 properties) Subtotal: 9,441 As of 10.8 years 97.3%

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

<table>
<thead>
<tr>
<th></th>
<th>7th period</th>
<th>8th period</th>
<th>9th period</th>
<th>10th period</th>
<th>11th period</th>
<th>12th period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Buildings</td>
<td>5.3%</td>
<td>5.5%</td>
<td>5.2%</td>
<td>5.1%</td>
<td>4.9%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Central Urban Retail Properties</td>
<td>4.6%</td>
<td>4.7%</td>
<td>4.6%</td>
<td>4.5%</td>
<td>4.5%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Residential Properties</td>
<td>5.3%</td>
<td>5.2%</td>
<td>5.0%</td>
<td>5.2%</td>
<td>4.8%</td>
<td>4.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5.3%</td>
<td>5.4%</td>
<td>5.2%</td>
<td>5.1%</td>
<td>4.9%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Notes:
1. Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation
2. Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of Apr.30, 2011, and is rounded down to the nearest first decimal place.
3. Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place.

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Emphasis on mid-sized office buildings in Tokyo Metropolitan Area

(As of July 31, 2011)

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

| Akita, 1 property | ¥1.0B |
| Niigata, 1 property | ¥1.3B |
| Osaka, Kyoto, 6 properties | ¥19.2B |
| Fukuoka, 1 property | ¥4.9B |
| Aichi, 1 property | ¥7.5B |
| Chiba, 1 property | ¥2.2B |
| Kanagawa, 6 properties | ¥21.3B |
| Hachioji, 1 property | ¥1.1B |
| Hokkaido, 1 property | ¥2.0B |
| Tokyo 23 wards, 49 properties | ¥171.8B |
| Central Tokyo, 39 properties | ¥143.9B |
| Other 18 wards, 10 properties | ¥27.9B |
| Other Tokyo Metropolitan Area | 15.8% |
| Other Regional Areas | 15.8% |

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

Values show the total acquisition price of the properties in each category and the ratios indicate the total acquisition price of properties in each category in proportion to the total acquisition price for all properties combined.

Acquisition price (Tokyo Metropolitan Area)
Acquisition price (Other Regional Areas)

Properties ¥2.5B to ¥7.5B consist 60.4%
Management of existing properties: Rent and tenants of office buildings

Average Rent

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Tokyo (5 wards)</td>
<td>¥19,900</td>
<td>¥19,300</td>
<td>△2.9%</td>
<td>¥18,900</td>
<td>△2.3%</td>
</tr>
<tr>
<td>Other Tokyo Metropolitan Area</td>
<td>¥14,300</td>
<td>¥14,100</td>
<td>△1.4%</td>
<td>¥13,700</td>
<td>△3.1%</td>
</tr>
<tr>
<td>Other Regional Areas</td>
<td>¥10,700</td>
<td>¥10,600</td>
<td>△1.3%</td>
<td>¥10,500</td>
<td>△0.7%</td>
</tr>
<tr>
<td>Total office buildings</td>
<td>¥17,000</td>
<td>¥16,600</td>
<td>△2.4%</td>
<td>¥16,200</td>
<td>△2.3%</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Rent/space</th>
<th>100 tsubo</th>
<th>100 to 200 tsubo</th>
<th>200 to 300 tsubo</th>
<th>300 to 400 tsubo</th>
<th>400 to 500 tsubo</th>
<th>500 to 1,000 tsubo</th>
<th>1,000 to 2,000 tsubo</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥30,000~40,000</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>¥20,000~30,000</td>
<td>41</td>
<td>31</td>
<td>9</td>
<td>3</td>
<td>—</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>¥10,000~20,000</td>
<td>165</td>
<td>79</td>
<td>16</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>~¥10,000</td>
<td>30</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

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

End tenants of office buildings

Variety of tenants

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Tenants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Use</td>
<td>33</td>
<td>4.8%</td>
</tr>
<tr>
<td>Mining</td>
<td>1</td>
<td>0.1%</td>
</tr>
<tr>
<td>Construction</td>
<td>35</td>
<td>5.1%</td>
</tr>
<tr>
<td>Industrial Goods</td>
<td>86</td>
<td>12.4%</td>
</tr>
<tr>
<td>Retail, Food &amp; Beverage</td>
<td>171</td>
<td>24.7%</td>
</tr>
<tr>
<td>Financial</td>
<td>42</td>
<td>6.1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>26</td>
<td>3.8%</td>
</tr>
<tr>
<td>Transportation &amp; Telecommunication</td>
<td>26</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

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

Number of Tenants (Number of Properties)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Tenants (55 Properties)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of the Largest Tenant</td>
<td>1.9%</td>
</tr>
<tr>
<td>Total Share of the Top 3 Tenants</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

Note: The ratio of top-end tenants within the entire portfolio (based on leased area).
Management of existing property: antiseismic structure of owned property (case examples)

<table>
<thead>
<tr>
<th>Location</th>
<th>Year Built</th>
<th>Structures Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>KDX Nagoya Sakae Building</td>
<td>April 2009</td>
<td>Adopt seismic isolation structure by incorporating seismic isolation device between lower base and upper base</td>
</tr>
<tr>
<td>KDX Omori Building</td>
<td>October 1990</td>
<td>Buildings with seismic isolation structure for aboveground floors, Seismic isolation device is installed in foundation of underground floor</td>
</tr>
<tr>
<td>KDX Harumi Building</td>
<td>February 2008</td>
<td>Adopt seismic control structure with seismic damper installed in second floor through ninth floor</td>
</tr>
<tr>
<td>Toranomon Toyo Building</td>
<td>August 1962</td>
<td>The oldest property in the portfolio, Built before new earthquake resistance standard became effective</td>
</tr>
</tbody>
</table>

The contents are provided solely for informational purposes and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products. Please see disclaimer in the final page of this documents.
Management of existing properties—earthquake-proof etc.

PML of Portfolio: 5.30% (74 properties held)
※ PML according to Research Result by NKSJ Risk Management, Inc. as of June 2011.

Seismic Safety Standard on Property Acquisition

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

However, investment objects include properties which:
1. Are still profitable even after the Earthquake Insurance contract.
2. Will reach the standard above after seismic reinforcement work.

Ensuring the Safety of existing Properties

Condition assessments are conducted after acquisition of new properties, such as Deterioration diagnosis of buildings, Survey of compliance to Building Standards Law, Surveys of hazardous materials that the building contains, Soil survey as well as the formulation of short-term and long-term repair plans.

Such surveys are commissioned to external institutions to ensure their professionalism, objectivity and transparency. Furthermore, the reassessment of property's condition and renewal of short-term & long-term repair plans are conducted towards properties acquired for a considerable long time.

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

2. PML (Probable Maximum Loss) can be divided into PML of individual property and PML of the entire portfolio. Although there is no unified definition of PML, we define PML here as the ratio of the loss occurred in case of the severest earthquake (e.g. severe earthquake that happens only once in 475 years = the probability of which happening in 50 years = 10%) that could happen during the life-span of the property (50 years = t), to the refinancing cost of the estimated restoration expenses.
### Management of existing property: Environment responsive (Implementation of third-party assessment)

#### Getting certified under DBJ Green Building Rating System

<table>
<thead>
<tr>
<th>Building</th>
<th>Location</th>
<th>Structure</th>
<th>Floors</th>
<th>GFA (m²)</th>
<th>Year Built</th>
<th>Acquisition date</th>
</tr>
</thead>
<tbody>
<tr>
<td>KDX Nagoya Sakae Building</td>
<td>Naka-ku, Nagoya, Aichi</td>
<td>S</td>
<td>11F</td>
<td>9,594.00</td>
<td>April 2009</td>
<td>(Land) April 25, 2008 (Bldg) July 1, 2009</td>
</tr>
</tbody>
</table>

### <Outline of DBJ Green Building Rating System>

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

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Description (Image)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>One of the leading Japanese buildings with excellent approaches to environmental and social consciousness.</td>
</tr>
<tr>
<td>Gold</td>
<td>Buildings with extremely forward-looking approaches to environmental and social consciousness.</td>
</tr>
<tr>
<td>Silver</td>
<td>Buildings with highly forward-looking approaches to environmental and social consciousness.</td>
</tr>
<tr>
<td>Bronze</td>
<td>Buildings with forward-looking approaches to environmental and social consciousness.</td>
</tr>
</tbody>
</table>

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Stable financial management : Borrowing list

As of April 30, 2011

<table>
<thead>
<tr>
<th>Lender</th>
<th>Balance (¥M)</th>
<th>Drawdown date</th>
<th>Last repayment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>1,500</td>
<td>2010/7/30</td>
<td>2011/7/31</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>1,000</td>
<td>2010/10/28</td>
<td>2011/10/31</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2,700</td>
<td>2011/7/31</td>
<td>2012/7/31</td>
</tr>
<tr>
<td>The Norinchukin Bank</td>
<td>2,600</td>
<td>2011/4/10</td>
<td>2011/11/30</td>
</tr>
</tbody>
</table>

**Short-term borrowing subtotal**: 8,700

<table>
<thead>
<tr>
<th>Lender</th>
<th>Drawdown date</th>
<th>Last repayment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2009/7/14</td>
<td>2011/7/13</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2008/5/1</td>
<td>2011/7/1</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2009/3/31</td>
<td>2011/10/31</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2008/4/3</td>
<td>2011/10/31</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2010/10/24</td>
<td>2011/7/31</td>
</tr>
<tr>
<td>The Chuo Mitsui Trust and Banking Co., Ltd</td>
<td>2008/5/1</td>
<td>2011/7/1</td>
</tr>
<tr>
<td>Autonomous Bank</td>
<td>2009/12/11</td>
<td>2011/11/30</td>
</tr>
<tr>
<td>Autonomous Bank</td>
<td>2009/12/11</td>
<td>2011/11/30</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd</td>
<td>2009/10/29</td>
<td>2012/12/30</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd</td>
<td>2010/7/30</td>
<td>2013/10/31</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd</td>
<td>2011/10/31</td>
<td>2014/10/31</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>2008/6/30</td>
<td>2013/10/30</td>
</tr>
<tr>
<td>Autonomous Bank</td>
<td>2008/6/30</td>
<td>2013/10/30</td>
</tr>
<tr>
<td>The Norinchukin Bank</td>
<td>2010/11/12</td>
<td>2013/12/30</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2009/12/11</td>
<td>2015/8/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
</tbody>
</table>

**Current portion of long-term borrowings subtotal**: 27,460

<table>
<thead>
<tr>
<th>Lender</th>
<th>Drawdown date</th>
<th>Last repayment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous Bank</td>
<td>2008/6/30</td>
<td>2013/10/30</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd</td>
<td>2010/10/29</td>
<td>2013/10/31</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2010/10/29</td>
<td>2013/10/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
</tbody>
</table>

**Long-term borrowings subtotal**: 64,556

<table>
<thead>
<tr>
<th>Lender</th>
<th>Drawdown date</th>
<th>Last repayment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous Bank</td>
<td>2008/6/30</td>
<td>2013/10/30</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd</td>
<td>2010/10/29</td>
<td>2013/10/31</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
<td>2010/10/29</td>
<td>2013/10/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2010/12/15</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2011/3/31</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2006/5/1</td>
<td>2015/12/31</td>
</tr>
<tr>
<td>Development Bank of Japan</td>
<td>2008/6/30</td>
<td>2015/12/31</td>
</tr>
</tbody>
</table>

**Total**: 100,716

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

Change in investment units by unitholders

<table>
<thead>
<tr>
<th>Period</th>
<th>Individuals and Others</th>
<th>Financial Inst. (Incl. Securities)</th>
<th>Other Domestic Co.</th>
<th>Foreign Co. and Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st period</td>
<td>22.7</td>
<td>49.0</td>
<td>12.4</td>
<td>16.0</td>
</tr>
<tr>
<td>2nd period</td>
<td>15.6</td>
<td>47.0</td>
<td>8.5</td>
<td>29.0</td>
</tr>
<tr>
<td>3rd period</td>
<td>10.6</td>
<td>48.0</td>
<td>6.8</td>
<td>34.6</td>
</tr>
<tr>
<td>4th period</td>
<td>6.8</td>
<td>46.5</td>
<td>6.4</td>
<td>40.3</td>
</tr>
<tr>
<td>5th period</td>
<td>5.7</td>
<td>49.4</td>
<td>5.1</td>
<td>40.8</td>
</tr>
<tr>
<td>6th period</td>
<td>5.4</td>
<td>49.4</td>
<td>5.0</td>
<td>40.2</td>
</tr>
<tr>
<td>7th period</td>
<td>6.1</td>
<td>45.6</td>
<td>5.4</td>
<td>41.0</td>
</tr>
<tr>
<td>8th period</td>
<td>10.8</td>
<td>42.5</td>
<td>45.4</td>
<td></td>
</tr>
<tr>
<td>9th period</td>
<td>8.2</td>
<td>43.1</td>
<td>47.5</td>
<td></td>
</tr>
<tr>
<td>10th period</td>
<td>9.9</td>
<td>38.1</td>
<td>2.1</td>
<td>49.9</td>
</tr>
<tr>
<td>11th period</td>
<td>8.7</td>
<td>49.5</td>
<td>1.9</td>
<td>40.0</td>
</tr>
<tr>
<td>12th period</td>
<td>8.0</td>
<td>47.2</td>
<td>1.6</td>
<td>43.1</td>
</tr>
</tbody>
</table>

Note: Rounded to the first decimal place

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

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

Note: Rounded to the second decimal place

(Reference) Reporting of major unitholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Submitted on</th>
<th># of units held (unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIAM Co., Ltd</td>
<td>2011/5/30</td>
<td>25,723</td>
</tr>
<tr>
<td>Mizuho Asset Management Co., Ltd.</td>
<td>2011/2/7</td>
<td>22,648</td>
</tr>
<tr>
<td>Mizuho Asset Management Co., Ltd.</td>
<td>2011/2/18</td>
<td>16,107</td>
</tr>
<tr>
<td>Sinko Investment Trust Management Co., Ltd.</td>
<td>2011/2/21</td>
<td>6,541</td>
</tr>
<tr>
<td>Nomura Securities Co., Ltd.</td>
<td>2011/2/21</td>
<td>15,352</td>
</tr>
<tr>
<td>Nomura Asset Management Co., Ltd.</td>
<td>2011/2/21</td>
<td>12,822</td>
</tr>
<tr>
<td>NOMURA INTERNATIONAL PLC</td>
<td></td>
<td>1,616</td>
</tr>
<tr>
<td>Nomura Securities Co., Ltd.</td>
<td></td>
<td>714</td>
</tr>
<tr>
<td>NOMURA SECURITIES INTERNATIONAL, Inc.</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>The Sumitomo Trust and Banking Co., Ltd.</td>
<td>2011/1/21</td>
<td>13,760</td>
</tr>
<tr>
<td>Fidelity Investments Japan Limited</td>
<td>2010/12/22</td>
<td>12,546</td>
</tr>
<tr>
<td>Fidelity Investments Japan Limited</td>
<td></td>
<td>8,536</td>
</tr>
<tr>
<td>FMR LLC</td>
<td></td>
<td>4,010</td>
</tr>
</tbody>
</table>

Notes:
1. Report submitted after PO on 2009/11/16 to 2011/5/30 (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

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Disclosure and IR activities

IR activities for Individual Investors

Disclosure using KRI website
Opening communication page towards private investors
starting mail delivery service

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

Page of “Investor Relations”

Mail delivery service

IR seminar and large meeting for individual investors
Attending events includes WEB seminar (Number of Participants: totaled approx. 347)

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

IR activities for Domestic and International Investors

Using KRI website in English / 1on1 meetings
Disclosure in English website on same day
(Press release and Financial results)

【Reference】Number of meetings (Including conference calls)

<table>
<thead>
<tr>
<th>11th period IR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Institutional Investor</td>
</tr>
<tr>
<td>Domestic regional investors</td>
</tr>
<tr>
<td>International Investors (Europe)</td>
</tr>
<tr>
<td>International Investors (US)</td>
</tr>
<tr>
<td>International Investors (Asia)</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

IR through website & Paper media

• NIKKEI News Paper (Electronic version)「J-REIT Special Edition」

• Toyo Keizai (Weekly) (Issuance started on 2010/12/20)

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Please see disclaimer in the final page of this document.
J-REIT market (Investors trend)

Trading Value by Investor Type (J-REIT)

Foreign investors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy (left)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell (left)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (right)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Banks

<table>
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<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investment trust

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Tokyo Stock Exchange (Data from 2010/01 to 2011/04)
Notes:
1. Period: IPO to 2011/5/31
2. Price: Closing price (excluding over 8,000 trading volume (2008/10/20:19,728 units))

- As of Jun 15th, 2011
  - Highest price (trading price): ¥988,000 (2007/5/31)
  - Lowest price (trading price): ¥100,300 (2008/10/20)
- Average Trading Volume during 2011: 716 Units
  (2011/1/4～2011/5/31)
Summary financial results for 12th period (Apr 2011) – Income statement and Cash flow statement

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

<table>
<thead>
<tr>
<th></th>
<th>11th period</th>
<th>12th period</th>
<th>Difference</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental and other operating revenues</td>
<td>7,159</td>
<td>7,208</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Rental revenues-real estate</td>
<td>5,981</td>
<td>5,908</td>
<td>-73</td>
<td></td>
</tr>
<tr>
<td>Common area charges</td>
<td>1,238</td>
<td>1,300</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>Other lease business revenue</td>
<td>1,082</td>
<td>926</td>
<td>-154</td>
<td></td>
</tr>
<tr>
<td>Parking space rental revenues</td>
<td>242</td>
<td>250</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Utility charge reimbursements</td>
<td>742</td>
<td>583</td>
<td>-159</td>
<td>Due to seasonal variability of Electricity charges etc.</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>98</td>
<td>69</td>
<td>-29</td>
<td></td>
</tr>
<tr>
<td>Total rental and other operating revenues A</td>
<td>8,242</td>
<td>8,136</td>
<td>-106</td>
<td></td>
</tr>
<tr>
<td>Gain on sale etc.</td>
<td>116</td>
<td>-116</td>
<td></td>
<td>Gain on sales of KDX Shinjuku-Gyoen Building</td>
</tr>
<tr>
<td>Operating revenues</td>
<td>8,358</td>
<td>8,136</td>
<td>-221</td>
<td></td>
</tr>
<tr>
<td>Property management fee</td>
<td>804</td>
<td>811</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>634</td>
<td>561</td>
<td>-73</td>
<td>Due to seasonal factors of utility (-73) etc</td>
</tr>
<tr>
<td>Taxes</td>
<td>648</td>
<td>643</td>
<td>-5</td>
<td></td>
</tr>
<tr>
<td>Repairs and maintenance cost</td>
<td>149</td>
<td>123</td>
<td>-26</td>
<td></td>
</tr>
<tr>
<td>Others (*)</td>
<td>140</td>
<td>220</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,440</td>
<td>1,406</td>
<td>-33</td>
<td>Decrease due to as part of existing property is fully depreciated</td>
</tr>
<tr>
<td>Total expense related to rent business B</td>
<td>3,817</td>
<td>3,767</td>
<td>-50</td>
<td>New properties +171M</td>
</tr>
<tr>
<td>Rental business profit (A-B)</td>
<td>4,424</td>
<td>4,369</td>
<td>-55</td>
<td></td>
</tr>
<tr>
<td>Net operating income (NOI)</td>
<td>5,864</td>
<td>5,776</td>
<td>-88</td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of real estate</td>
<td>64</td>
<td>64</td>
<td></td>
<td>Loss on sale of Court Shin-Okachimachi in the 11th FY</td>
</tr>
<tr>
<td>Asset management fee</td>
<td>458</td>
<td>448</td>
<td>-10</td>
<td></td>
</tr>
<tr>
<td>Others *(2)</td>
<td>182</td>
<td>211</td>
<td>29</td>
<td>Management fee, Arroney fee etc</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>4,522</td>
<td>4,427</td>
<td>-95</td>
<td></td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>3,081</td>
<td>-2,547</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>12,285</td>
<td>15,367</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>15,367</td>
<td>12,820</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Basis for calculating cash distribution (¥)

<table>
<thead>
<tr>
<th></th>
<th>11th period</th>
<th>12th period</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained earnings at the end of period</td>
<td>2,607,121,406</td>
<td>2,310,043,344</td>
<td>-297</td>
</tr>
<tr>
<td>Total distribution</td>
<td>2,541,257,550</td>
<td>2,310,043,050</td>
<td>-231,210</td>
</tr>
<tr>
<td>(Distribution per unit)</td>
<td>(10,881)</td>
<td>(9,891)</td>
<td>-80</td>
</tr>
<tr>
<td>Net income</td>
<td>2,608,961</td>
<td>2,301,993</td>
<td>-306,968</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>2,608</td>
<td>2,311</td>
<td>-297</td>
</tr>
<tr>
<td>Income taxes</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Net income after income taxes</td>
<td>2,607</td>
<td>2,310</td>
<td>-297</td>
</tr>
<tr>
<td>Reinvested retained earnings</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Unappropriated retained earnings</td>
<td>2,607</td>
<td>2,310</td>
<td>-297</td>
</tr>
</tbody>
</table>

### Cash flow statement (¥M)

<table>
<thead>
<tr>
<th></th>
<th>11th period</th>
<th>12th period</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>6,664</td>
<td>3,546</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>-815</td>
<td>-13,701</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>-2,966</td>
<td>7,607</td>
<td></td>
</tr>
<tr>
<td>Net income from operations</td>
<td>2,608,961</td>
<td>2,301,993</td>
<td>-306,968</td>
</tr>
<tr>
<td>Net income after income taxes</td>
<td>2,607</td>
<td>2,310</td>
<td>-297</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>12,285</td>
<td>15,367</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>15,367</td>
<td>12,820</td>
<td></td>
</tr>
</tbody>
</table>

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

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41
## Summary financials for 12th period (Apr 2011)
### - Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>11th period As of Oct. 31, 2010</th>
<th>12th period As of Apr. 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(¥M) (% )</td>
<td>(¥M) (% )</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>16,528 6.6</td>
<td>14,352 5.5</td>
</tr>
<tr>
<td>Entrusted deposits</td>
<td>10,416</td>
<td>7,925</td>
</tr>
<tr>
<td>Other current assets</td>
<td>5,828</td>
<td>5,869</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>234,489 93.4</td>
<td>247,829 94.5</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13,660 13,456</td>
<td>29,104 29,104</td>
</tr>
<tr>
<td>Buildings</td>
<td>56,730 142,006</td>
<td></td>
</tr>
<tr>
<td>Lands in trust</td>
<td>133,943 133,943</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>286 361</td>
<td></td>
</tr>
<tr>
<td>Leasehold right</td>
<td>285 285</td>
<td></td>
</tr>
<tr>
<td>Right of using water facilities in trust</td>
<td>1 1</td>
<td></td>
</tr>
<tr>
<td>Investment and other assets</td>
<td>764 1,341</td>
<td></td>
</tr>
<tr>
<td>Leasehold and guarantee deposits</td>
<td>11 1</td>
<td></td>
</tr>
<tr>
<td>Long-term prepaid expenses</td>
<td>76 268</td>
<td></td>
</tr>
<tr>
<td><strong>Deferred assets</strong></td>
<td>61 0.0</td>
<td>47 0.0</td>
</tr>
<tr>
<td><strong>Total asset</strong></td>
<td>251,080 100.0</td>
<td>261,928 100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>11th period</th>
<th>12th period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accounts receivable</td>
<td>Accounts payable</td>
</tr>
<tr>
<td></td>
<td>498</td>
<td>409</td>
</tr>
<tr>
<td></td>
<td>Short-term loans payable</td>
<td>212 208</td>
</tr>
<tr>
<td></td>
<td>Reserve for reduction entry</td>
<td>7 7</td>
</tr>
<tr>
<td></td>
<td><strong>Fixed liabilities</strong></td>
<td>71,466 28.5</td>
</tr>
<tr>
<td></td>
<td>Investment corporation bonds</td>
<td>12,000 3,000</td>
</tr>
<tr>
<td></td>
<td>Long-term loans payable</td>
<td>49,017 64,555</td>
</tr>
<tr>
<td></td>
<td>Tenant leasehold and security deposit</td>
<td>1,547 1,521</td>
</tr>
<tr>
<td></td>
<td>Tenant leasehold security deposit in trust</td>
<td>8,902 9,403</td>
</tr>
<tr>
<td></td>
<td><strong>Liabilities</strong></td>
<td>115,347 45.9</td>
</tr>
<tr>
<td></td>
<td><strong>Total liabilities and unitholders’ equity</strong></td>
<td>133,129 54.1</td>
</tr>
<tr>
<td></td>
<td>Unappropriated retained earnings</td>
<td>2,607 2,309</td>
</tr>
<tr>
<td></td>
<td>Unrealized gain from deferred hedge transactions</td>
<td>-4 -4</td>
</tr>
<tr>
<td></td>
<td><strong>Equity</strong></td>
<td>135,125 54.1</td>
</tr>
<tr>
<td></td>
<td><strong>Total liabilities and unitholders’ equity</strong></td>
<td>251,080 100.0</td>
</tr>
</tbody>
</table>

### Key indicators

<table>
<thead>
<tr>
<th></th>
<th>11th period</th>
<th>12th period</th>
<th>Difference</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitholders’ equity per share of common stocks</td>
<td>¥581,170</td>
<td>¥580,199</td>
<td>¥-971</td>
<td>New borrowing during the 12th period ¥11.5B</td>
</tr>
<tr>
<td>Interest bearing debt ratio at end of period</td>
<td>40.9%</td>
<td>43.0%</td>
<td>+2.2%</td>
<td>4 New properties in the 12th period</td>
</tr>
<tr>
<td>Unitholders’ equity to total asset</td>
<td>54.1%</td>
<td>51.7%</td>
<td>-2.3%</td>
<td>4 New properties in the 12th period</td>
</tr>
<tr>
<td>Number of properties at end of period</td>
<td>67</td>
<td>71</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>Total leasable floor</td>
<td>267,737 33,833 m²</td>
<td>286,237 93,293 m²</td>
<td>+18,500,660 m²</td>
<td>4 New properties in the 12th period</td>
</tr>
<tr>
<td>Occupancy ratio at end of period</td>
<td>93.6%</td>
<td>94.0%</td>
<td>+0.4%</td>
<td>4 New properties in the 12th period</td>
</tr>
</tbody>
</table>
(Reference data 1) Office building market environment

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

Rent for medium-sized building is less volatile than large building

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

- More than 3,000 tsubo: 5.1%
- 500-3,000 tsubo: 5.1%
- Less than 500 tsubo: 28.2%

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

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

Note: Survey covers buildings with more than 100 tsubo in Tokyo’s central 5 wards. The above data may not include the data of all properties in the said 5 wards (as of 2011/03).
Source: Survey conducted by CB Richard Ellis Research Institute based on KRI’s request “Mid-sized Building Market” (2011/05)

4. Changes in rent levels by region

Tokyo: ¥17,419/tsubo
Osaka: ¥11,902/tsubo
Fukuoka: ¥11,113/tsubo
Nagoya: ¥9,551/tsubo

Note: Targeting the properties with a gross floor area of 100 tsubo or more in Tokyo’s central 5 wards.
Source: Created by KRI based on the data compiled by CBRE (the latest values as of 2011/4)
(Reference data 2) About Tokyo Metropolitan Area

1. Economic foundation etc. of Tokyo

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

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

2. Population transition of Tokyo

![Graph showing population transition of Tokyo from 1995 to 2005](image)

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


![Graph showing Gross Metropolitan Products estimate for Tokyo, New York, Paris, and London](image)

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

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

![Graph showing number of headquarters for Tokyo, Paris, New York, and London](image)

Source: Fortune Global 500, 2009, Fortune Magazine
Management Structure of Asset Management Company

Decision-making process

Rules on transactions with interested parties

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

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

<table>
<thead>
<tr>
<th>Committee</th>
<th>7th Period</th>
<th>8th Period</th>
<th>9th Period</th>
<th>10th Period</th>
<th>11th Period</th>
<th>12th Period</th>
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<tbody>
<tr>
<td>Compliance Committee</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>10</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Asset management committee</td>
<td>52</td>
<td>44</td>
<td>36</td>
<td>39</td>
<td>32</td>
<td>37</td>
</tr>
<tr>
<td>Board of directors</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>12</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Board of directors of Investment Corporation</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

<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

**Structure of the Investment Corporation**

- **Unitholders**
  - Kenedix Realty Investment Corporation (J-REIT)
  - Investment
  - Commit asset management
  - Kenedix REIT Management, Inc. (the Asset Management Company)
  - 90% Investment
  - 10% Investment

- **MAX-REALTY**
  - Kenedix Asset Management, Inc.
  - 85% Investment
  - 15% Investment

- **ITOCHU Corporation**
  - 15% Investment
  - 35% Investment

**Memorandum of Understanding (revised in Aug.2010)**

- **Real Estate market**
  - Financial institutions
  - Construction Companies and developers
  - Corporate sector
  - Potential acquisition channels

- **KDX/KDA’s warehousing fund**
  - brokerage

- **Original network of the Asset Manager**

- **Support-line**

- **Potential acquisition channels**

- **Asset Management**
  - Properties held by KDX
  - (incl. development projects)
  - KDX/KDA Private funds

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

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Kenedix REIT Management, Inc. -Organizational chart

Key members

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

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

- Masahiko Tajima
  - Director & General Manager, Property Management 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

- Masahiko Ohwa
  - Director & General Manager, REIT Management Division
  - Worked for 27 years at Shinsei Bank, Ltd.
  - Joined Kenedix REIT Management after 6 years of experience as a compliance officer at Shinsei Bank.

- Koju Komatsu
  - General Manager, Investment Management Division
  - Worked for Asahi Urban Development Corporation, Nihonjisho, others before joining Kenedix, Inc.

- Haruo Funabashi
  - Auditor (part-time)
  - After joining the Ministry of Finance, he served as commissioner of Tokyo Customs, Deputy Commissioner of the National Tax Administration, Secretary General of the Securities and Exchange Surveillance Commission, Director General, Minister’s Secretariat of the National Land Agency before joining Kenedix as an auditor

- Ninji Hayashi

- Kenichi Yamasaki

Auditors

3 Auditors (part-time)
Haruo Funabashi, Kenichi Yamasaki, Ninji Hayashi

Shareholders’ meeting

Board of directors

Compliance officer
Yuji Kamimura

Compliance committee

Asset management committee

Representative director
Taisuke Miyajima

Investment management div.

Asset Management group
- Property acquisition and disposition
- Research and Analysis of real estate markets

Property management div.

Asset Management group
- Property Management
- Assessment of property management /risk management

Property Management group
- Property leasing
- Property Management

Engineering group
- Construction Management

IR group
- Investor Relations activities
- Negotiations with regulatory agencies and concerned bodies

Finance and accounting group
- Formulation of budget, financial statements
- Procurement of funds

Business administration div.

Business administration group
- Running unitholders’ and directors’ meetings
- Administration/Accounting/Human Resources

Property management div.

Property Management group
- Property Management
- Assessment of property management /risk management

Investment management div.

Asset Investment group
- Property acquisition and disposition
- Research and Analysis of real estate markets

Financial planning div.

IR group
- Investor Relations activities
- Negotiations with regulatory agencies and concerned bodies

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