Kenedix Realty Investment Corporation

8th Period Results (Ending April 2009)

June 12, 2009

Kenedix REIT Management, Inc.

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

SECTION 1

8th Period Results (Ending April 2009)
9th Period Forecasts (to October 2009)

8th period financial results—Performance highlights

Performance

(¥M)	6th period results (to Apr. 2008)	7th period results (to Oct. 2008)	8th period results (to Apr. 2009)	Difference of 7th & 8th period	Notes
Operating revenues	8,582	8,456	8,204	▲252	Mainly caused by no profit from property sale (▲¥299M from 7th period)
Profit/Loss from property sale	512	299	▲492	▲792	7th period: Profit from sale of ZARA Tenjin Nishi-dori and Hakata Ekimae Dai-2 Building 8th period: Loss from sale of KDX Koishikawa Building and KDX Hakata Building
Rental business profit	4,182	4,477	4,600	+123	+2.7% (Increase in rental revenues and decrease in property-related expenses)
Depreciation	1,430	1,445	1,429	▲15	-
Net income	3,342	3,123	2,434	▲689	(Reference) If the profit/loss from property sale deducted: 7th period ¥2,823M 8th period ¥2,926M
NOI (Net Operating Income)	5,612	5,923	6,030	+107	+1.8% (NOI = Rental revenues-property-related expenses + Depreciation)
FFO (Funds From Operation)	4,259	4,269	4,356	+87	FFO = Net income + Depreciation – Profit from property sale + Loss from property sale
Number of units outstanding	200,000 units	200,000 units	200,000 units	-	No new issue
FFO per unit	¥21,297	¥21,345	¥21,780	+¥435	
Distribution per unit	¥16,711	¥15,618	¥12,172	▲¥3,446	(Reference) If the profit/loss from property sale deducted: 6th period ¥14,100 7th period ¥14,100 8th period ¥14,600

Financial ratios

	6th period results (to Apr. 2008)	7th period results (to Oct. 2008)	8th period results (to Apr. 2009)	Difference of 7th & 8th period	Notes
Total assets (¥M)	230,520	239,648	238,745	▲903	▲0.4%
Total unitholders' equity	128,314	128,087	127,398	▲689	▲0.5%
Total unitholders' equity per unit	¥641,570	¥640,437	¥636,990	▲¥3,447	Net asset value after distribution adjustment (deduction): ¥624,818
Interest-bearing debt ratio	38.9%	41.2%	41.4%	+0.2%	Attributed mainly to decrease in total assets due to decreased profit (loss from property sale)
Unitholders' equity to total assets	55.7%	53.4%	53.4%	0%	-
Number of properties	68	69	67	▲2	Acquisition: none Sale: 2 office buildings
Total leasable floor area	248,625.52㎡	256,214.30㎡	250,364.42㎡	▲5,850㎡	▲2.3%
Occupancy ratio	95.9%	95.6%	95.7%	+0.1%	95.6% for offices, 91.9% for central urban retails, 97.5% for residentials

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9th period earnings forecasts

Revisions to operating forecasts for 9th period (to October 2009) (As of August 27, 2009)

(¥M)	8th period results (to Apr. 2009) A	9th period forecasts (to Oct. 2009) As of Jun. 22, 2009 B	9th period forecasts (note) (to Oct. 2009) As of Aug. 27, 2009 C	Net change (C-A)	Net change (C-B)
Operating revenues	8,204	7,872	7,838	▲366	▲33
Operating expenses	4,740	-	-	-	-
Property-related expenses (excl. depreciation)	2,173	-	-	-	-
Depreciation	1,429	1,455	1,446	▲17	▲9
Operating income	**3,463**	**3,262**	**2,963**	**▲500**	**▲299**
Non-operating expenses	1,039	-	-	-	-
Interest expense (incl. financing related expenses, etc.)	966	1,063	1,063	+97	-
Ordinary income	**2,435**	**2,142**	**1,841**	**▲594**	**▲300**
Net income	**2,434**	**2,141**	**1,840**	**▲594**	**▲300**
Number of units outstanding	200,000	200,000	200,000	-	-
Distribution per unit (¥)	**12,172**	**10,700**	**9,200**	**▲2,972**	**▲1,500**
NOI (Rental revenues-property-related expenses + Depreciation)	6,030	-	-	-	-
FFO (Net income + Depreciation - Profit/loss from property sale)	4,356	-	-	-	-
(Reference) Profit/loss from property sale	▲492	▲214	▲445	+47	▲231
(Reference) Changes in the number of properties	69→67	67→66	66→65		
(Reference) Sale / acquisition of properties	Sale of KDX Koishikawa Building and KDX Hakata Building	Sale of Apartments Motoazabu Acquisition of KDX Nagoya Sakae Building (building)	Sale of Apartments Wakamastu-Kawada		

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

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SECTION 2

Stronger Focus on Office Buildings

Portfolio that focuses on office buildings

Changes in asset size

Changes in total acquisition prices

End of 8th Period (2009/4)

Portfolio breakdown by property type

Portfolio breakdown by region

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

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Sale of properties ― stronger focus on mid-sized office buildings

Portfolio focused on mid-sized office buildings in Tokyo Metropolitan Area

Total of 33 properties (residentials, central urban retails and regional ･small office buildings) sold worth ¥44.01B

	3rd period	4th period	6th period	7th period		8th period		9th period	
	2 residential properties	2 residential properties	23 residential properties	ZARA Tenjin Nishi-dori	Hakata Ekimae Dai-2 Building	**KDX Hakata Building**	**KDX Koishikawa Building**	**Apartments Motoazabu**	**Apartments Wakamastu-Kawada**
Sales Date	2006/5/10	2007/4/20	2008/2/1	2008/6/25	2008/7/30	2009/4/22	2009/4/30	2009/6/23	2009/8/27
Type	Residential	Residential	Residential	Central Urban Retail	Office	Office	Office	Residential	Residential
Area	Tokyo Metropolitan Area	Tokyo Metropolitan Area	Tokyo Metropolitan Area(16) Other Regional Areas (7)	Other Regional Areas	Other Regional Areas	Other Regional Areas	Tokyo Metropolitan Area	Tokyo Metropolitan Area	Tokyo Metropolitan Area
Initial acquisition price	¥1.71B	¥1.41B	¥30.34B	¥3.68B	¥1.43B	¥2.35B	¥0.7B	¥1.21B	¥1.18B
Sales price	**¥2.0B**	**¥1.6B**	**¥31.4B**	**¥4.1B**	**¥1.47B**	**¥2.0B**	**¥0.67B**	**¥1.05B**	**¥0.93B**
Profit/loss from sale	**¥0.16B**	**¥0.13B**	**¥0.51B**	**¥0.30B**		**▲¥0.47B**	**▲¥0.02B**	**▲¥0.21B※**	**▲¥0.23B※**

※assumed price

Residentials sold

Properties sold in Other Regional Areas

Properties sold in Other Regional Areas and the lowest acquisition price of office buildings

Residentials sold

Sale of Properties by property type and region (by initial acquisition prices)

	Office	Central Urban Retail	Residential
Tokyo Metropolitan Area	¥0.7B	–	¥28.08B
Other Regional Areas	¥3.78B	¥3.68B	¥7.77B
Total	**¥4.48B**	**¥3.68B**	**¥35.85B**

	End of 3rd period → End of 8th period
Ratio of office buildings	58.7% → 88.5%
Ratio of properties in Tokyo Metropolitan Area	84.0% → 86.0%

Note: Amount refers to the total of initial acquisition prices

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Planned acquisition in 9th period: KDX Nagoya Sakae Building

Acquisition of a property based on forward commitment

KDX Nagoya Sakae Building

- Location: 4-chome Sakae, Naka-ku, Nagoya-shi
- Site area: 1,192.22m^2
- GFA : 9,594.00m^2
- Year built: April 2009
- Number of stories: 11F
- Acquisition price: Land ¥4,000M
  Building ¥3,550

・A 3-minute walk from "Sakae" Station on Subway Higashiyama Line, Meijo Line and Meitetsu Seto Line

・Located along flourishing "Hirokoji-dori"

・Typical floor area of about 200 tsubo with a ceiling height of 2.8m

・Eco-conscious design with environment control equipment (free air conditioning, perimeter fan system + full-height glass, and daylight sensor for luminance control)

・Security system (using non-contact IC cards)

Amendments to Building Acquisition Agreement

	Before amendment	After amendment
Name of property	—	KDX Nagoya Sakae Building
Acquisition price	**¥4,325M**	**¥3,550M**
Fixed rent	Master lease agreement with guaranteed fixed rent	None

Seismic Isolation Structure

・Seismic isolation structure to mitigate earthquake risks
・A new office building constructed by Takenaka Corporation

Rooftop Garden

Rooftop garden to realize a high level of environmental design
CASBEE Nagoya: A-rated

CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

A method for assessing and rating the environmental performance of buildings

CASBEE Nagoya (Municipal version CASBEE)

Each municipal government is able to improve the environmental efficiency of buildings in its jurisdiction by requiring the submission of a building environmental plan together with an energy saving plan to relevant authorities at the time of application for building permit.
"CASBEE Nagoya" has been introduced since April 2004.

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SECTION 3

Management of Existing Properties

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

Changes in turnover ratios for office buildings (actual or estimated; annualized)

Average turnover ratio (1st period – 8th period): 8.5% (annualized basis)

(Note) The estimate for 9th period incorporates cancellation forecast during 8th period

< Future policy >
Focus first on maintaining higher occupancy ratio through strengthening efforts to minimize turnover ratio and keep vacancy period short

(Reference) Main reasons for moving out

	5th period	6th period	7th period	8th period	9th period (E)
Expand office space	4	2	3	4	1
Reduce office space	17	17	23	34	38
Other/ unknown	5	11	7	6	12

Changes in occupancy ratio for office buildings (by region)

Average vacancy period for office buildings

	6th period	7th period	8th period	Occupancy ratio at end of 8th period
Central Tokyo	1.0 months	4.2 months	4.5 months	97.0%
Other Tokyo Metropolitan Area	3.6 months	4.2 months	5.6 months	95.6%
Other Regional Areas	10.6 months	10.2 months	10.6 months	92.4%

Notes:
Average (of each floor) based on number of contracts
Floors covered by the survey are:
- Offices on 2F or above that were vacant at start of period, but acquired new tenants during the relevant period
- continuously vacant from start to end of period
- cancelled during but managed to acquire new tenants during the relevant period

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Management of existing properties—maintain/improve occupancy through proactive leasing activities

Selected case study of lease-up through proactive leasing activities

KDX Jimbocho Building

●Property description

GFA	3,292.13m^2
Year built	May 1994
Acquisition Date	March 31, 2008
Location	1-14-1 Jimbocho Kanda, Chiyoda-ku, Tokyo
Type of Structure	SRC (flat-roofed); B1F8

Increased occupancy from 0% to 100% by leasing activities over 10 months after completion of large-scale renovation

●Results of activities

	6th period	7th period	8th period	Total
Property info provided (# of brokers)	210	210	210	—
Previews	1	1	1	3
Inquiries	50	91	49	190
Private previews	8	28	12	48
Applications	1	3	2	6
Contracts	0	3	2	5

(Reference) Successful lease-up of office buildings with initially low occupancies

Increased occupancy through early lease-up
Prevent move-outs by enhancing relationships with existing tenants

Management based on CS (customer satisfaction) survey

- Negotiations with the property manager for property improvement based on the opinion and issues pointed out by tenants
- Consolidate BMs based on various information including the opinion of tenants
- Construction aimed to increase CS and large-scale value-up works have cycled out

Enhanced relationship with existing tenants

- Identify tenants' needs through timely visits and interviews
- Year end/New year decoration of building entrance

Early-lease up

- Enhance cooperation with brokers
- Spur the needs of existing tenants for more space within the same building

95% or higher occupancy maintained

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Management of existing properties－rent level of new contracts for office buildings

Status of rents for new contracts (for new tenants)

Note: New rents are compared with average rents, and then classified into increased and decreased rents. The amount of changes for each period refers represents the aggregated amount of monthly rent changes between the new rents and the average rents. The cumulative total represents the aggregated amount of monthly rent changes, rounded to the nearest ten-thousand

< Future policy >

Given the current economic environment and the conditions of the real-estate market, we will respond flexibly to potential tenants to keep vacancy period short and improving occupancy ratio.

Changes in the number of new contracts and the ratio of rent increase / decrease for the new contracts

Note: Ratio represent the simple average changes between the average monthly rents for existing tenants and the average rents for new contracts for respective periods. The figures are rounded to the first decimal place

Average changes in rents by area (simple averages based on the number of contracts)

Results for 8th period (results for 7th period)	Average changes in rents	# of properties with increased rents	# of properties with decreased rents
Central Tokyo	0.0% (13.5%)	8 (8)	9 (0)
Other Tokyo Metropolitan Area	▲1.1% (5.8%)	4 (5)	6 (2)
Other Regional Areas	▲8.1% (▲5.1%)	4 (3)	7 (7)
Total of office buildings	▲2.6% (3.9%)	16 (16)	22 (9)

Note: Ratio represent the simple average changes between the average monthly rents for existing tenants and the average rents for new contracts for respective periods. The figures are rounded to the first decimal place

Note:Average rents: The average rents for the subject office buildings (offices 2F or above) at the end of the previous month prior to the dates of the new contracts

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Management of existing properties－rent level of renewed contracts for office buildings

Status of renewed rents (for existing tenants)

Note: Renewed rents are compared with average rents prior to contract renewals and then classified into increased and decreased rents. The amount of changes for each period refers to the aggregated amount of monthly rent changes between the renewed rents and the average rents. The cumulative total refers to the aggregated amount of monthly rent changes, rounded to the nearest ten-thousand

＜Future policy＞

In principle, we focus on maintaining the status quo. We will also make an effort to improve tenants' satisfaction through property management.

Change in the number of renewal contracts and the ratio of rent increase/decrease for the renewal contracts

Note: Ratio represent the changes of rents before and after contract renewals for all relevant tenants. The figures are rounded to the first decimal place

Rents after renewals (renewed rents)

Results for 8th period (results for 7th period)	Ratio	Average changes
Increased	8.1% (43.4%)	5.7% (10.3%)
Unchanged	77.9% (56.6%)	- (-)
Decreased	14.0% (0.0%)	▲11.3% (-)

Note: The above figures reflect the rents for all contracts renewed during the respective period, irrespective of contract terms. The ratios are based on rentable areas and the average variances on average rents. All the figures are rounded to the first decimal place

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Management of existing properties—taking advantage of portfolio size

Reduction of Rental operating expenses

[Main activities in the 8th period]

Reduction in building maintenance expenses by consolidating BMs

- Increased efficiency through collective outsourcing (collective management) by area

Reduction by ¥11M/year

1.3% reduction

Cost reduction by changing Electric power supplier

- Additional change for 11 properties (out of 67 properties, provider changed for 42 properties)

Reduction by ¥2M/year

0.4% reduction

Reduction of trust fees

- Reduction of trust fees by reviewing the office work flow

Reduction by ¥14.7M/year

16.0% reduction

Reduction of repairs and maintenance costs

- Reduction in maintenance costs as large-scale renovations have cycled out

26.5% reduction

c.¥27.9M (annualized) cost reduction achieved during the 8th Period

C.¥50M reduction (compared to the previous period)

Collective management by consolidating BMs

25 properties divided into 3 areas and consolidate BMs for each area

Increased management quality, service levels and business efficiency

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<Future policy>

Continued to reduce building maintenance costs by utilizing the scale merit of owning many properties and negotiating strength acquired through past performance

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Management of existing properties—reduced actual construction costs & budget

Changes in depreciation and actual construction costs & budget (as of June 11, 2009)

Notes: 1 Construction budget shows budgeted costs for initial construction works under the Property Management Plan
2 Actual construction costs shows construction costs disclosed (Capex + repairs costs)

< Future policy >
We will reduce the budget for major constructions due to having completed the bulk of construction measures at many of our portfolio properties.

Reduced construction fees through competitive bidding

■Continued bidding for air conditioning system

Period	# of properties	Reduced amount	Reduced ratio
5th period	4	¥190M	24.4%
6th period	5	¥174M	39.3%
7th period	5	¥132M	31.6%
8th period	3	¥31M	10.3%

We have continued to significantly reduce construction fees by utilizing scale merits.

17 properties constructed through competitive bidding

(¥M)

	5th period	6th period	7th period	8th period	9th period budget	10th period budget
Retained earnings (Note)	35	128	151	399	809	903
(Reference) Cumulative amount	35	163	314	713	1,522	2,425

Agile review of construction policies (October 2008)
→ Retained earnings increased in 8th period

Note: Retained earnings refers to the amount of depreciation cost minus the amount of actual construction costs & budget. The amount do not reflect amortization.

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SECTION 4

Financial Strategies

Stable financial management—diversified maturities and sources of funding

Diversification of debt maturities

Debt financing with an emphasis on diversifying repayment timings

Amount of debt maturing in each 6 months (as of April 30, 2009)

Notes:

1 Shows debt amounts that mature in each period

2 1H is from Apr. 1 to Sep. 30 and 2H from Oct. 1 to Mar. 31 of the following year and not identical with the fiscal periods of the investment corporation (e.g. 2009 1H is from Apr. 1 to Sept. 30, 2009)

3 Balance of borrowings from Development Bank of Japan (excluding divided repayment amount) shown in

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

Breakdown of borrowing providers (Apr. 30, 2009)

Fixed-rate debt・Debt balance by maturity period (As of Apr. 30, 2009)

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

Average interest rate Note	1.84%
Average life	2.5yrs
Proportion of long-term debt	89.9%

Note: The average interest rate above does not include upfront fees. The average interest rate including upfront fees is 2.03%. "Fixed interest rate debt" includes borrowings that were converted to fixed from floating through interest rate swap

Debt balance by maturity period

Balance of borrowings by borrowings providers
(Unit: ¥B)

	End of 7th period	End of 8th period	Difference
Sumitomo Mitsui Banking Co.	18.95	19.45	+0.5
Chuo Mitsui Trust and Banking	14.5	14.5	-
Development Bank of Japan	11.0	12.0	+1.0
Aozora Bank	12.0	12.0	-
Bank of Tokyo Mitsubishi UFJ	9.8	9.8	-
Mitsubishi UFJ Trust and Banking	7.2	7.2	-
Resona Bank	4.3	4.3	-
Norinchukin Bank	4.0	4.0	-
Citibank	2.5	2.5	-
Mitsui Sumitomo Insurance	1.7	1.0	▲0.7
Chiba Bank	0.8	0.0	▲0.8
Total	86.75	86.75	-

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Stable financial management—conservative LTV management

Note: LTV＝ Total debt ÷Total assets

＜Future policy ＞

Considering current credit crunch/financial crisis on global scale, we will continue focusing on maintaining a conservative leverage policy and keep our LTV within a specified range. We may also reduce our LTV by selling some of our properties

＜KRI's policy up to the 7th period ＞

At normal times, LTV is maintained between 35% to c.50% in crusing level

Achievements so far

- LTV maintained at c.35%-50% by raising equity through 2 global offerings
- Conservative LTV maintained through asset replacement from the 5th period on anticipating declining market environment

Flexible fund raising through shelf registration

Summary of Shelf Registration	Investment Corporation Bond	Investment Unit Certificate	
		Primary	Secondary
Planned issue amount	¥100B	¥100B	¥15B
Planned issuance period	2 years from 2009/2	2 years from 2009/5	2 years from 2009/5

Credit Ratings and Investment Corporation Bond

(As of April 30, 2009)

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

More than 2.5 years to maturity

More than 7.5 years to maturity

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SECTION 5

Future Policies

Management policies that reflect current financial and J-REIT market environment

	Past Policies	Current Policies	Future Policies
Market environ-ment	Financial crisis	Low leverage Rising cap rate of offices	
Theme	Increase financial stability = "provision and reserves"		Steps for growth
Acquisition/sale of properties	・Increase in asset scale focused on mid-sized office buildings ・Concentrate investment in Tokyo Metropolitan area	・Sale of non-core properties (residentials, central urban retails, regional offices) to reduce leverage ・Keep the cost of new acquisitions within the range of properties sold	・Acquisition of core properties with new funds raised ・Greater focus on investing mainly in mid-sized office buildings in Tokyo Metropolitan area
Financial	・Diversify maturities ・Extend duration ・Diversify funding methods	**Short-term measures** ・Diversify maturities ・Extend average life ・Conservative leverage control	**Growth measures** ・Raise new funds when changes to the market environment are perceived ・Flexible fund raising
Management of existing properties	・Maintain stable cashflow from properties = Trust in the cashflow from mid-sized office buildings ・Cost reduction, CS survey = Onsite focused management by proprietary PMs ・As a result, KRI successfully managed to maintain 95% occupancy		

Proceed to the next step

Stability of Cashflow

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Appendix

Appraisal values and cap rates

(¥M)

No.		Property name	Acquisition price	8th period					CR	
				Appraisal value	Bookvalue	vs acquisition	vs 7th period	vs bookvalue	End of 8th period	vs 7th period
A	1	KDX Nihonbashi 313 Building	5,940	7,410	6,254	24.7%	-3.5%	18.5%	4.9%	0.1%
A	2	KDX Hirakawacho Building	5,180	5,340	5,224	3.1%	-7.6%	2.2%	4.8%	0.2%
A	3	Higashi-Kayabacho Yuraku Building	4,450	5,790	4,483	30.1%	-9.2%	29.2%	5.0%	0.2%
A	4	KDX Hatchobori Building	3,680	3,810	3,496	3.5%	-4.3%	9.0%	5.0%	0.2%
A	5	KDX Nakano-Sakaue Building	2,533	2,530	2,522	-0.1%	-5.6%	0.3%	5.4%	0.3%
A	6	Harajuku F.F. Building	2,450	3,090	2,486	26.1%	-5.2%	24.3%	5.6%	0.2%
A	7	FIK Minami Aoyama Building	2,270	2,910	2,280	28.2%	-7.3%	27.6%	4.9%	0.2%
A	8	Kanda Kihara Building	1,950	1,950	1,866	0.0%	-3.9%	4.5%	5.0%	0.2%
A	9	KDX Shinjuku-Gyoen Building	1,610	2,090	1,594	29.8%	-2.3%	31.1%	5.1%	0.2%
A	12	Portus Center Building	5,570	5,250	5,046	-5.7%	-4.5%	4.0%	6.3%	0.3%
A	13	KDX Kojimachi Building	5,950	5,190	5,807	-12.8%	-18.9%	-10.6%	5.0%	0.2%
A	14	KDX Funabashi Building	2,252	2,140	2,469	-5.0%	-10.5%	-13.3%	6.2%	0.5%
A	15	KDX Hamacho Building	2,300	2,660	2,313	15.7%	-11.6%	15.0%	5.5%	0.2%
A	16	Toshin 24 Building	5,300	5,030	5,223	-5.1%	-7.5%	-3.7%	5.6%	0.2%
A	17	Ebisu East 438 Building	4,640	4,790	4,559	3.2%	-11.0%	5.1%	5.1%	0.2%
A	18	KDX Omori Building	3,500	3,980	3,477	13.7%	-2.7%	14.5%	5.2%	0.1%
A	19	KDX Hamamatsucho Building	3,460	3,780	3,365	9.2%	-4.3%	12.3%	4.8%	0.2%
A	20	KDX Kayabacho Building	2,780	3,030	2,890	9.0%	-5.9%	4.8%	5.4%	0.2%
A	21	KDX Shinbashi Building	2,690	2,830	2,679	5.2%	-6.3%	5.6%	4.6%	0.1%
A	22	KDX Shin-Yokohama Building	2,520	2,610	2,490	3.6%	-6.5%	4.8%	5.7%	0.2%
A	23	KDX Yotsuya Building	1,950	2,370	1,963	21.5%	-2.9%	20.7%	5.4%	0.2%
A	24	KDX Minami Semba Dai-1 Building	1,610	1,310	1,535	-18.6%	-14.9%	-14.7%	5.6%	0.1%
A	25	KDX Minami Semba Dai-2 Building	1,560	1,290	1,448	-17.3%	-17.8%	-10.9%	5.6%	0.1%
A	26	KDX Kiba Building	1,580	1,630	1,651	3.2%	-9.4%	-1.3%	5.7%	0.2%
A	27	KDX Kajicho Building	2,350	2,450	2,448	4.3%	-3.9%	0.1%	5.0%	0.2%
A	28	KDX Nogizaka Building	1,065	970	1,130	-8.9%	-8.5%	-14.2%	5.2%	0.2%
A	29	KDX Higashi-Shinjuku Building	2,950	3,360	3,206	13.9%	-0.3%	4.8%	5.3%	0.0%
A	30	KDX Nishi-Gotanda Building	4,200	4,290	4,220	2.1%	-12.8%	1.7%	5.4%	0.2%
A	31	KDX Monzen-Nakacho Building	1,400	1,310	1,453	-6.4%	-8.4%	-9.8%	5.4%	0.2%
A	32	KDX Shiba-Daimon Building	6,090	5,830	6,339	-4.3%	-13.9%	-8.0%	5.4%	0.2%
A	33	KDX Okachimachi Building	2,000	1,910	2,146	-4.5%	-5.0%	-11.0%	5.0%	0.2%
A	34	KDX Hon-Atsugi Building	1,305	1,100	1,287	-15.7%	-9.8%	-14.5%	6.2%	0.2%
A	35	KDX Hachioji Building	1,155	881	1,331	-23.7%	-12.8%	-33.8%	5.8%	0.3%
A	36	KDX Niigata Building	1,305	844	1,480	-35.3%	-13.1%	-43.0%	7.2%	0.2%
A	37	KDX Ochanomizu Building	6,400	7,010	6,619	9.5%	-4.2%	5.9%	4.8%	0.2%
A	38	KDX Nishi-Shinjuku Building	1,500	1,450	1,557	-3.3%	-5.8%	-6.9%	5.3%	0.2%
A	39	KDX Toranomon Building	4,400	4,050	4,864	-8.0%	-12.7%	-16.7%	4.6%	0.2%
A	40	Toranomon Toyo Building	9,850	10,100	9,902	2.5%	-9.0%	2.0%	4.7%	0.2%

(¥M)

No.		Property name	Acquisition price	8th period					CR	
				Appraisal value	Bookvalue	vs acquisition	vs 7th period	vs bookvalue	End of 8th period	vs 7th period
A	41	KDX Shinjuku 286 Building	2,300	2,360	2,361	2.6%	-5.6%	0.0%	5.1%	0.2%
A	42	Karasuma Building	5,400	5,680	5,526	5.2%	-2.4%	2.8%	5.5%	0.2%
A	44	KDX Sendai Building	2,100	1,640	2,221	-21.9%	-14.1%	-26.2%	6.0%	0.3%
A	45	KDX Roppongi 228 Building	3,300	2,410	3,454	-27.0%	-13.9%	-30.2%	4.9%	0.1%
A	46	Hiei Kudan-Kita Building	7,600	8,030	7,636	5.7%	-1.5%	5.2%	4.8%	0.2%
A	47	KDX Shin-Yokohama 381 Building	4,700	3,420	4,891	-27.2%	-16.6%	-30.1%	5.6%	0.2%
A	48	KDX Kawasaki-Ekimae Hon-cho Building	3,760	3,300	3,929	-12.2%	-5.2%	-16.0%	6.1%	0.3%
A	49	Nissou Dai-17 Building	2,710	1,870	2,706	-31.0%	-10.5%	-30.9%	5.6%	0.2%
A	50	Ikejiri-Oohashi Building	2,400	1,850	2,499	-22.9%	-15.1%	-26.0%	6.0%	0.3%
A	51	KDX Hamacho Nakanohashi Building	2,310	2,010	2,396	-13.0%	-6.1%	-16.1%	5.5%	0.3%
A	52	KDX Kanda Misaki-cho Building	1,380	1,090	1,397	-21.0%	-6.0%	-22.0%	5.4%	0.2%
A	53	KDX Hakata-Minami Building	4,900	4,490	4,917	-8.4%	-4.9%	-8.7%	6.3%	0.0%
A	54	KDX Kitahama Building	2,220	1,810	2,239	-18.5%	-10.4%	-19.2%	5.8%	0.1%
A	55	Shin-toshin Maruzen Building	2,110	1,920	2,178	-9.0%	-6.8%	-11.8%	5.4%	0.3%
A	56	KDX Jimbocho Building	2,760	2,510	2,967	-9.1%	-5.6%	-15.4%	5.3%	0.0%
A	57	KDX Gobancho Building	1,951	1,630	2,026	-16.5%	-12.8%	-19.5%	5.2%	0.2%
A	58	KDX Nagoya Sakae Building	4,000	3,530	4,166	-11.8%	-15.6%	-15.3%	5.0%	0.4%
A	59	KDX Iwamoto-cho Building	1,864	1,650	1,873	-11.5%	-8.8%	-11.9%	5.6%	0.3%
A	60	KDX Harumi Building	10,250	10,600	10,152	3.4%	-0.9%	4.4%	4.7%	0.1%
A	61	KDX Hamamatucho Dai-2 Building	2,200	2,130	2,268	-3.2%	-4.9%	-6.1%	4.7%	0.2%
A		**Office Building Subtotal**	**193,910**	**192,295**	**196,934**	**-0.8%**	**-7.6%**	**-2.4%**	5.3%	0.2%
B	3	Court Mejiro	1,250	1,040	1,225	-16.8%	-6.3%	-15.1%	5.5%	0.3%
B	4	Apartments Motoazabu	1,210	1,120	1,206	-7.4%	-10.4%	-7.1%	5.4%	0.5%
B	5	Apartments Wakamatsu-Kawada	1,180	1,120	1,151	-5.1%	-6.7%	-2.7%	5.4%	0.4%
B	18	Venus Hibarigaoka	1,800	1,510	1,876	-16.1%	-9.0%	-19.5%	6.7%	0.6%
B	19	Residence Charmante Tsukishima	5,353	4,720	5,246	-11.8%	-5.0%	-10.0%	5.5%	0.3%
B	25	Court Shin-Okachimachi	878	819	864	-6.7%	-5.9%	-5.2%	5.3%	0.3%
B	34	Gradito Kawaguchi	1,038	949	1,054	-8.6%	-7.9%	-10.0%	5.8%	0.4%
B		**Residential Subtotal**	**12,709**	**11,278**	**12,627**	**-11.3%**	**-6.7%**	**-10.7%**	5.7%	0.4%
C	1	Frame Jinnan-zaka	9,900	10,900	10,073	10.1%	-7.6%	8.2%	4.5%	0.2%
C	2	KDX Yoyogi Building	2,479	1,980	2,546	-20.1%	-17.8%	-22.2%	5.1%	0.2%
C		**Central Urban Retail Subtotal**	**12,379**	**12,880**	**12,620**	**4.0%**	**-9.4%**	**2.1%**	4.6%	0.2%
		Total	**218,998**	**216,453**	**222,182**	**-1.2%**	**-7.7%**	**-2.6%**	5.3%	0.2%

Notes:

1 The acquisition prices, appraisal values and book values are all rounded to the nearest ¥M. All ratios are rounded to the first decimal place

2 Total cap rates for each property type is the weighted average based on acquisition prices

3 As for KDX Nagoya Sakae Building, the price of land acquired at the time of the survey is listed above. The price including the building is ¥6,010M

Downside factors for appraisal values (compared to 7th period)

	Change in cap rates	Change of expected rent in appraisal value
Office Building	0.2%	-4.4%
Residential	0.4%	-0.5%
Central Urban Retail	0.2%	-15.8%

Breakdown of appraiser

Japan Real Estate Institute	33 properties
Daiwa Real Estate Appraisal	19 properties
Nippon Tochi-Tatemono	15 properties

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Appraisal profit/loss for office buildings (by area)

(¥M)

	1st period	2nd period	3rd period	4th period	5th period	6th period	7th period	8th period
Number of properties	12 properties	15 properties	29 properties	39 properties	44 properties	57 properties	59 properties	57 properties
Central Tokyo	87	376	4,195	7,493	12,253	14,782	11,949	2,550
Other Tokyo metropolitan area	7	34	393	1,456	2,614	2,828	-408	-4,122
Other regional areas	-166	-46	156	225	792	796	-821	-2,431
Appraisal profit/loss(office building)	-72	364	4,744	9,174	15,659	18,406	10,720	-4,003
Central Tokyo	0.3%	1.0%	7.2%	9.7%	13.6%	13.2%	9.5%	2.0%
Other Tokyo metropolitan area	0.2%	0.6%	2.1%	5.0%	9.0%	6.6%	-1.0%	-10.5%
Other regional areas	-2.3%	-0.6%	1.5%	2.0%	3.7%	2.8%	-3.0%	-8.6%
Appraisal profit/loss rate(office building)	-0.2%	0.7%	5.4%	7.8%	11.2%	10.0%	5.5%	-2.4%

Note: The appraisal profit/loss above are rounded to the nearest ¥M.
Ratios are rounded to the first decimal place

Downside factors for appraisal values of office buildings (by area)

	Change in cap rates	Change of expected rent in appraisal value
Central Tokyo	0.2%	-4.4%
Other Tokyo metropolitan area	0.2%	-4.4%
Other regional areas	0.2%	-3.8%

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Management of existing properties—Stability of mid-sized office buildings (tenant diversification and rent levels)

Status of End-tenant for office buildings (End of 8th period)

# of end-tenants (# of properties)	595 tenants (57properties)
Ratio of largest end-tenant	2.2%
Ratio of Top 3 end-tenants	5.5%

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

Tenant deposits (End of 8th period)	
More than 10 months	418 tenants (72.9%)
5–10 months	133 tenants (23.2%)
Less than 5 months	22 tenants (3.8%)

(Note) Tenant deposits of office buildings based on their monthly rent (excl. CAM) which does not include the rent from the residential portion. Ratio is based on number of tenants

Breakdown by sector

(Reference) Credit of office end-tenant

Actual performance in the past 1 year (during 7th and 8th period)

- More than 2 months rent delinquent: 5 tenants including 2 tenants who have cancelled their leasing contract

Average rent level of office buildings in the portfolio as of end of 8th Period

	7th period	8th period	Change
Central Tokyo	¥20,500	¥20,400	▲0.7%
Other Tokyo Metropolitan area	¥14,400	¥14,300	▲0.4%
Other Regional Areas	¥11,100	¥11,000	▲1.0%
Total for Office	¥17,600	¥17,500	▲0.7%

(Note) Figures show the total of weighted-average rent for each property based on floor area divided by the number of properties in each area (rounded down to the nearest hundred yen). Data refers office buildings that are more than 2F tall. Show the average rent for 57 properties (properties sold in the 8th Period are excluded)

Advantages of mid-sized office buildings
- reasonable rent level compared to large-sized office buildings
- diversified and multiple number of tenants → provides stable cashflow

(Reference) Changes in rent levels (market data)

Tokyo 23-wards: Rent level of large/medium-sized building (June 1997 ＝100)

(Note) Large buildings: Total floor area of 3,000 tsubo or more
Medium buildings: Total floor area of 1,000 tsubo to 3,000 tsubo
(Source) Kenedix, based on CBRE data (the latest data as of March 2009)

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Management of existing properties—maximizing rent revenues in medium- and long-term

Basic policies for property management (PM)

- To maximize revenues in the medium- and long-term
- **To maintain/increase rent levels and occupancy ratios**
  - Focus on "rent levels" and "occupancy ratios," as the source of NOI, to maintain/increase NOI

NOI= rent level x occupancy ratio - costs

Sole PM activities by Property Management Division

(Reference) Comparison of vacancy ratios (market data)

Note: The vacancy ratios by Miki Shoji show the average vacancy ratios for both existing and new buildings in business districts of Tokyo (Central Tokyo)

Source: Kenedix REIT Management has created the chart based on the data provided by Miki Shoji

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

	4th period	5th period	6th period	7th period	8th period	*8th period before property/city planning taxes*
Office buildings	5.3%	5.5%	5.6%	5.3%	5.5%	*5.6%*
Central urban retails	5.2%	5.1%	4.3%	4.8%	4.7%	*4.7%*
Residentials	5.4%	5.3%	5.3%	5.3%	5.2%	*5.2%*
Total	5.3%	5.4%	5.5%	5.3%	5.4%	*5.5%*

Note: Figures after property & city planning taxes for periods.
Ratios are rounded to the first decimal place

Continued management based on CS strategies

CS survey = Survey on Customer Satisfaction

・Customer (= tenants) survey conducted in cooperation with J.D.Power Asia Pacific
・The questionnaire consists of a number of evaluation items ranging from hardware specifications of building and equipment to software specifications including management/maintenance

	First	Second	Third
Period of survey	Dec. 2005 (2nd period)	July 2007 (5th period)	July 2009 planned (9th period)
# of target properties Note	20	44	58
# of questionnaires distributed	Admin. Dept.190 Employees 950	Admin. Dept.446 Employees 2,348	–
Response rate	Admin. Dept. 84% Employees 78%	Admin. Dept.88% Employees 81%	–

Note: Including 1 central urban retail property

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Stable financial management—purposes, influence and effect of posting collateral

About 70% (on an appraisal basis) of assets are collateralized while the remainder (about 30%) is uncollateralized in order to secure a certain level of flexibility and mobility in asset management.

Background of posting collateral

Financial issues outstanding for the Investment Corporation

- Shorten the borrowing period when refinancing (Borrowing period of 6 months and 1 year)
- Lower the proportion of long-term borrowings
- Handle increasing negative market reaction to each refinancing transaction
- Fund securement for forward commitment (July 2009)

Collateral (April 2009)

Uncollateralized		Collateralized
27 properties	No. of properties	40 properties
¥60B (27.8%)	Total appraisal value	¥156.3B (72.2%)
¥2,225M/property	Size (Avg. Appraisal value)	¥3,909M/property
Tokyo Metropolitan Area ¥53.8B Other Regional Areas ¥6.1B	Area (Appraisal value)	Tokyo Metropolitan Area ¥135.2B Other Regional Areas ¥21.1B
Office ¥53.0B Residential ¥5.0B Central urban retail ¥1.9B	Type (Appraisal value)	Office ¥139.2B Residential ¥6.2B Central urban retail ¥10.9B

Note:Amounts are rounded to the nearest ¥100M.
Ratio are rounded down to the first decimal place.

- Emphasis placed on small or regional office buildings, residential properties and central urban retail properties

Achievements after posting collateral (Apr. 2009)

Extension of average life	Prepayment of existing debt and refinancing to long-term borrowings (¥3.5B); temporal advantage prioritized over funding costs.
Diversification of maturities	Refinancing to diversify maturities (6 months, 1 year, 2 years, 2.5 years and 3 years) (Apr. 2009).
Additional cash on hand	Increased cash on hand by selling uncollateralized properties (KDX Hakata Building and KDX Koishikawa Building)

Purpose of uncollateralized properties

- **To secure flexibility in asset management** (no conditions of repayment at the time of property sale)
- **To minimize influence to existing investment corporation bonds**
- **To secure cash on hand after sale of properties**

Reactions from rating agencies
Moody's: downgrade (Mar. 2009)
JCR: affirm (Apr. 2009)

Debt situations before posting collateral

Note:Shows debt amounts that mature in each period
1H is from Apr. 1 to Sep. 30 and 2H from Oct. 1 to Mar. 31 of the following year and not identical with the fiscal periods of the Investment Corporation (e.g. 2009 1H is from Apr. 1 to Sept. 30, 2009)

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Stable financial management—Borrowing list

Borrowing list

List of borrowings as of April 30, 2009

	Lender	Balance (¥M)	Dradown date	Last repayment date	
Short-term borrowings	Citibank Japan Ltd.	1,500	Oct-31-2008	Oct-30-2009	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500	Apr-30-2009	Oct-30-2009	
	Mitsubishi UFJ Trust and Banking Corporation	1,000	Oct-31-2008	Oct-31-2009	
	Citibank Japan Ltd.	1,000	Nov-04-2008	Nov-02-2009	
	Resona Bank, Ltd.	500	Dec-08-2008	Dec-08-2009	
	The Chuo Mitsui Trust and Banking Co., Limited	1,000	Jan-13-2009	Jan-13-2010	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	Feb-27-2009	Feb-26-2010	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (1,000), Mitsubishi UFJ Trust and Banking Corporation (1,000)	2,000	Apr-30-2009	Apr-30-2010	
	Total Short-term borrowings	10,000			
Current portion of long-term borrowings	Sumitomo Mitsui Banking Corporation (1,000), The Bank of Tokyo-Mitsubishi UFJ, Ltd (1,500)	2,500	Apr-25-2008	Oct-25-2009	
	Sumitomo Mitsui Banking Corporation	2,000	Oct-31-2007	Oct-31-2009	
	Sumitomo Mitsui Banking Corporation (1,200), Mitsubishi UFJ Trust and Banking Corporation (1,300)	2,500	Jul-31-2008	Jan-31-2010	
	Sumitomo Mitsui Banking Corporation	2,000	Apr-02-2007	Apr-02-2010	
	Total Current Portion of Long-term Borrowings	9,000			
Long-term Borrowings	Sumitomo Mitsui Banking Corporation (3,750), The Chuo Mitsui Trust and Banking Co., Limited (3,750), Mitsubishi UFJ Trust and Banking Corporation (1,500), Resona Bank, Ltd. (500)	9,500	Aug-01-2005	Jul-31-2010	
	Resona Bank, Ltd.	500	Oct-31-2008	Oct-31-2010	
	Sumitomo Mitsui Banking Corporation (1,300), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (800), Mitsubishi UFJ Trust and Banking Corporation (1,400)	3,500	Jul-31-2008	Jan-31-2011	
	Aozora Bank, Ltd.	2,000	Feb-29-2008	Feb-28-2011	
	Aozora Bank, Ltd.	1,000	Jun-30-2008	Feb-28-2011	
	The Chuo Mitsui Trust and Banking Co., Limited	1,250	Sep-22-2008	Mar-22-2011	
	Aozora Bank, Ltd.	2,000	Jul-15-2008	Mar-31-2011	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	Sep-30-2008	Mar-31-2011	
	The Norinchukin Bank	1,500	Apr-17-2007	Apr-16-2011	
	The Chuo Mitsui Trust and Banking Co., Limited (1,500), Resona Bank, Ltd.(1,000)	2,500	Apr-30-2009	Apr-28-2011	2 years
	Aozora Bank, Ltd. (1,500), Mitsui Sumitomo Insurance Co., Ltd. (1,000)	2,500	May-01-2006	Apr-30-2011	
	Mitsubishi UFJ Trust and Banking Corporation	1,000	Jul-14-2006	Jul-13-2011	
	Sumitomo Mitsui Banking Corporation (2,200), The Chuo Mitsui Trust and Banking Co., Limited (1,000), Resona Bank, Ltd. (300)	3,500	Jul-31-2008	Jul-31-2011	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd	1,500	Feb-29-2008	Aug-31-2011	
	The Chuo Mitsui Trust and Banking Co., Limited	1,000	Sep-01-2008	Sep-01-2011	
	Sumitomo Mitsui Banking Corporation (3,000), The Chuo Mitsui Trust and Banking Co., Limited(2,000)	5,000	Mar-31-2008	Sep-30-2011	
	Aozora Bank, Ltd.	3,500	Apr-30-2009	Oct-31-2011	2.5 years
	The Chuo Mitsui Trust and Banking Co., Limited	1,000	May-01-2008	Nov-01-2011	
	The Norinchukin Bank	2,500	Dec-01-2006	Nov-30-2011	
	Sumitomo Mitsui Banking Corporation	2,500	Jan-10-2008	Jan-10-2012	
	Sumitomo Mitsui Banking Corporation	500	Feb-27-2009	Feb-29-2012(Note1)	3 years
	The Chuo Mitsui Trust and Banking Co., Limited	2,000	Apr-02-2007	Apr-02-2012	
	Aozora Bank, Ltd.	2,000	Apr-30-2009	Apr-27-2012	3 years
	Resona Bank, Ltd.	1,500	Jun-30-2008	Jun-30-2012	
	Development Bank of Japan	1,000	Feb-27-2009	Aug-31-2012(Note2)	3.5 years
	Development Bank of Japan Inc.	3,000	Jun-30-2008	Dec-28-2012	
	Development Bank of Japan Inc.	3,000	Sep-01-2006	Aug-31-2013	
	Development Bank of Japan Inc.	5,000	May-01-2006	Apr-30-2016	
	Total Long-term Borrowings	67,750			
Total Borrowings		86,750			

(Note 1) Repayment Method: Aug. 31, 2009 to Aug. 31, 2011: repayment of ¥10M every 6 months, and Feb. 29, 2012: repayment of ¥450M

(Note 2) Repayment Method: Aug. 31, 2009 to Feb. 29, 2012: repayment of ¥20M every 6 months, and Aug. 31, 2012: repayment of ¥880M

Reference：Summary of Covenants on borrowings

Before posting collateral

Failure to comply with the following for 2 consecutive periods will result in posting collateral of all assets
- LTV exceeds a certain level
- DSCR falls below a certain level

- LTV=Total liabilities÷Total assets
  (Total asset value is calculated by the difference between the appraisal value of each property at end of each period and book value)
- DSCR= (Operating income+Depreciation)÷ Interests paid

After posting collateral

Add following covenants
In case "LTV of collateralized properties" falls below a certain level for 2 consecutive periods, the following shall apply(*)
① formal registration of collateralized properties that were provisional registered
② posting collateral of all assets (including assets that were not posted as collateral)

*LTV of collateralized properties=Total amount of secured debt÷Total appraisal value of collateralized properties
When "LTV of collateralized properties" exceeds a certain level, assets that are not posted as collateral may be provided as new collateral to reduce LTV level
＜When selling collateralized properties ＞
- Calculate amount required for repayment of principal amount
- Pro rata repayment based on each lender's share

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Disclosure and IR activities

	Domestic investors	Individual investors	Debt investors	International investors
Ongoing disclosure	TSE compliant disclosure：TDnet and press release Financial Report			・Same day disclosure on English website (All press releases and Financial Report provided in English on the same day as the domestic disclosure) ・Publication through **WIRE**
Web disclosure		Proactive disclosure by utilizing KRI website http://www.kdx-reit.com Website based on IR		Disclosure through English website http://www.kdx-reit.com/eng/
Accounting-related disclosure	Video streaming of investor presentation (Website)	Asset management report(sent to existing investors)		Video streaming of Investor presentation in English (website) English annual report
Hosting/participation in briefing sessions	Investor presentation	Individual investors briefing		
Hosting of one-on-one meetings	One-on-one meeting		One-on-one meetings (Debt IR)	One-on-one meeting

(Reference)
Numbers of investor meetings
(including conference calls)

	7th Period
Domestic institutions	46
Domestic regional institutions	11
International investors (Europe)	17
International investors (US)	29
International investors (Other)	11
Total	114 calls

(Reference)
KRI website access data

One-on-one meetings with lenders (during the 8th period)： 85

	6th Period	7th Period	8th Period
Press release	12,439	12,997	15,813
List of Properties	9,001	13,990	13,829
DPU・Earnings	3,345	5,853	10,052
Disclosure Materials	5,685	7,492	9,692
Recent Events	4,774	6,371	8,451
Borrowings	1,573	5,143	7,015
Occupancy	2,559	4,170	6,145
Top page of KDRM site	5,465	5,577	5,569
English website	2,297	3,100	2,373
Total access	47,138	64,693	78,939

(Reference) Participation in the seminar for individual investors

◆ # of visitors ： Total c. 3,000

■IR Briefing Sessions
- Participants：80
- Survey responses：27

■Handouts distributed at KRI booth:
- Booklets： c.700
- Asset management reports： c.240
- Briefing material：c.100

BESTINVEST KENEDIX REIT Management

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BESTINVEST KENEDIX Realty Investment Corporation

KRI unitholders

Changes in investment units by unitholders

Note: Rounded to the first decimal place

Type of unitholders (as of April 30, 2009)

	# of unitholder	Ratio (%)	# of units held (unit)	Ratio (%)
Individual and Others	6,345	95.2	21,592	10.8
Financial Inst. (Incl. Securities co.)	66	1.0	84,966	42.5
Other Domestic Co.	103	1.5	2,670	1.3
Foreign Co. and Individuals	154	2.3	90,772	45.4
Total	**6,668**	**100.0**	**200,000**	**100.0**

Note: Rounded to the first decimal place

Top 10 unitholders (as of April 30, 2009)

	# of units held (unit)	(%)
Goldman Sachs International	25,317	12.65
NikkoCiti Trust and Banking Co., Ltd. (Investment Trust Acct.)	17,023	8.51
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	15,769	7.88
Japan Trustee Services Bank, Ltd. (Trust Acct.)	15,386	7.69
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	10,698	5.34
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	9,344	4.67
Deutsche Bank AG London-PB Non-Treaty Clients 613	8,431	4.21
Morgan Stanley & Company Inc.	5,339	2.66
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	3,388	1.69
Sumitomo Mitsui Banking Corporation	3,002	1.50
Total	**113,697**	**56.84**

Note: Ratios are rounded down to the second decimal place

(Reference) Reporting of major unitholders

Name	Submitted on	# of units held (unit)	(%)
Citibank Japan Ltd.	**2009/9/17**	**17,580**	**8.79**
Nikko Asset Management Co. Ltd		16,815	8.41
Citigroup Alternative Investments LLC		279	0.14
Nikko Citigroup Ltd.		266	0.13
Citigroup Global Markets Ltd.		220	0.11
Nomura Securities Co., Ltd.	**2009/7/6**	**16,146**	**8.07**
Nomura Asset Management Co., Ltd.		15,077	7.54
Nomura Securities Co., Ltd.		1,069	0.53
Tower Investment Management Co., Ltd.	**2009/9/4**	**14,958**	**7.48**
Fidelity Investments Japan Limited	**2009/7/6**	**13,701**	**6.85**
Fidelity Investments Japan Limited		11,470	5.74
FMR LLC		2,231	1.12
ING Clarion Real Estate Securities, LLC	**2009/8/4**	**10,869**	**5.43**

Notes: 1 Reports submitted up to 2009/9/17 from the PO on 2007/5/22
2 These are companies who has more than 5% of 200,000 units
3 Rounded to the second decimal place

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Unit price performance / transaction volume since IPO

Kenedix Realty Investment Corporation（KRI） price/volume performance

As of 2009/6/1
Highest price (trading price): 988,000 (2007/5/31)
Lowest price (trading price): 100,300（2008/10/20）

(As of the end of May 2009)

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Emphasis on mid-sized office buildings in Tokyo Metropolitan Area

Office portfolio: 58 properties, with a total acquisition price of ¥193.9B (as of the end of April 2009)

	# of properties	Acquisition price (¥B)	Ratio (%)
Tokyo Metropolitan Area	49	165.2	85.2
Other Regional Areas	9	28.6	14.7
Total	**58**	**193.9**	**100.0**

Notes:

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

2 ¥4.0B is the price of the land for KDX Nagoya Sakae Building acquired on April 25, 2008

3 Acquisition price are rounded to the nearest ¥100M. Ratios indicate the total acquisition price for properties in each area in proportion to the total acquisition price for all properties combined and are rounded to the first decimal place

Composition of office portfolio

By acquisition price

¥2.5b - ¥7.5B accounts for 57.7%

By gross floor area

3,000m² - 10,000m² accounts for 66.6%

Notes:

1 The amounts above are rounded to the nearest ¥100M

2 The charts above cover 57 properties excluding KDX Nagoya Sakae building

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Portfolio overview (office buildings)

(As of July 31, 2009)

Office buildings (58 properties)

Type	Area	# of prop.	Name	Location	Acquisition price (¥M)[1]	Completion[2]	Occupancy ratio (%)[3]
Office building	Tokyo metropolitan area	A-60	KDX Harumi Building	Chuo-ward, Tokyo	10,250	Feb-2008	100.0%
		A-40	Toranomon Toyo Building	Minato-ward, Tokyo	9,850	Aug-1962	95.4%
		A-46	Hiei Kudan-Kita Building	Chiyoda-ward, Tokyo	7,600	Mar-1988	100.0%
		A-37	KDX Ochanomizu Building	Chiyoda-ward, Tokyo	6,400	Aug-1982	100.0%
		A-32	KDX Shiba-Daimon Building	Minato-ward, Tokyo	6,090	Jul-1986	86.1%
		A-13	KDX Kojimachi Building	Chiyoda-ward, Tokyo	5,950	May-1994	86.7%
		A-1	KDX Nihonbashi 313 Building	Chuo-ward, Tokyo	5,940	Apr-1974	100.0%
		A-16	Toshin 24 Building	Yokohama, Kanagawa	5,300	Sep-1984	100.0%
		A-2	KDX Hirakawacho Building	Chiyoda-ward, Tokyo	5,180	Mar-1988	100.0%
		A-47	KDX Shin-Yokohama 381 Building	Yokohama, Kanagawa	4,700	Mar-1988	85.4%
		A-17	Ebisu East 438 Building	Shibuya-ward, Tokyo	4,640	Jan-1992	83.4%
		A-3	Higashi-Kayabacho Yuraku Building	Chuo-ward, Tokyo	4,450	Jan-1987	100.0%
		A-39	KDX Toranomon Building	Minato-ward, Tokyo	4,400	Apr-1988	78.6%
		A-30	KDX Nishi-Gotanda Building	Shinagawa-ward, Tokyo	4,200	Nov-1992	91.9%
		A-48	KDX Kawasaki-Ekimae Hon-cho Building	Kawasaki, Kanagawa	3,760	Feb-1985	100.0%
		A-4	KDX Hatchobori Building	Chuo-ward, Tokyo	3,680	Jun-1993	93.1%
		A-18	KDX Omori Building	Ota-ward, Tokyo	3,500	Oct-1990	94.5%
		A-19	KDX Hamamatsucho Building	Minato-ward, Tokyo	3,460	Sep-1999	75.3%
		A-45	KDX Roppongi 228 Building	Minato-ward, Tokyo	3,300	Apr-1989	61.1%
		A-29	KDX Higashi-Shinjuku Building	Shinjuku-ward, Tokyo	2,950	Jan-1990	97.0%
		A-20	KDX Kayabacho Building	Chuo-ward, Tokyo	2,780	Oct-1987	100.0%
		A-56	KDX Jimbocho Building	Chiyoda-ward, Tokyo	2,760	May-1994	100.0%
		A-49	Nissou Dai-17 Building	Yokohama, Kanagawa	2,710	Jul-1991	100.0%
		A-21	KDX Shinbashi Building	Minato-ward, Tokyo	2,690	Feb-1992	100.0%
		A-5	KDX Nakano-Sakaue Building	Nakano-ward, Tokyo	2,533	Aug-1992	88.8%
		A-22	KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	Sep-1990	93.1%
		A-6	Harajuku F.F. Building	Shibuya-ward, Tokyo	2,450	Nov-1985	100.0%
		A-50	Ikejiri-Oohashi Building	Meguro-ward, Tokyo	2,400	Sep-1988	91.3%
		A-27	KDX Kajicho Building	Chiyoda-ward, Tokyo	2,350	Mar-1990	88.4%
		A-51	KDX Hamacho Nakanohashi Building	Chuo-ward, Tokyo	2,310	Sep-1988	100.0%
		A-15	KDX Hamacho Building	Chuo-ward, Tokyo	2,300	Sep-1993	91.9%
		A-41	KDX Shinjuku 286 Building	Shinjuku-ward, Tokyo	2,300	Aug-1989	100.0%
		A-7	FIK Minami Aoyama Building	Minato-ward, Tokyo	2,270	Nov-1988	100.0%
Office building	Tokyo metropolitan area	A-14	KDX Funabashi Building	Funabashi, Chiba	2,252	Apr-1989	100.0%
		A-61	KDX Hamamatucho Dai-2 Building	Minato-ward, Tokyo	2,200	Apr-1992	100.0%
		A-55	Shin-toshin Maruzen Building	Shinjuku-ward, Tokyo	2,110	Jul-1990	64.3%
		A-33	KDX Okachimachi Building	Taito-ward, Tokyo	2,000	Jun-1988	100.0%
		A-57	KDX Gobancho Building	Chiyoda-ward, Tokyo	1,951	Aug-2000	85.7%
		A-8	Kanda Kihara Building	Chiyoda-ward, Tokyo	1,950	May-1993	100.0%
		A-23	KDX Yotsuya Building	Shinjuku-ward, Tokyo	1,950	Oct-1989	100.0%
		A-59	KDX Iwamoto-cho Building	Chiyoda-ward, Tokyo	1,864	Mar-2008	100.0%
		A-9	KDX Shinjuku-Gyoen Building	Shinjuku-ward, Tokyo	1,610	Jun-1992	100.0%
		A-26	KDX Kiba Building	Koto-ward, Tokyo	1,580	Oct-1992	100.0%
		A-38	KDX Nishi-Shinjuku Building	Shinjuku-ward, Tokyo	1,500	Oct-1992	100.0%
		A-31	KDX Monzen-Nakacho Building	Koto-ward, Tokyo	1,400	Sep-1986	100.0%
		A-52	KDX Kanda Misaki-cho Building	Chiyoda-ward, Tokyo	1,380	Oct-1992	100.0%
		A-34	KDX Hon-Atsugi Building	Atsugi, Kanagawa	1,305	May-1995	100.0%
		A-35	KDX Hachioji Building	Hachioji, Tokyo	1,155	Dec-1985	85.6%
		A-28	KDX Nogizaka Building	Minato-ward, Tokyo	1,065	May-1991	100.0%
	Other regional areas	A-58	KDX Nagoya Sakae Building	Nagoya, Aichi	7,550	Apr-2009	30.4%
		A-12	Portus Center Building	Sakai, Osaka	5,570	Sep-1993	87.9%
		A-42	Karasuma Building	Kyoto, Kyoto	5,400	Oct-1982	88.6%
		A-53	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	Jun-1973	95.1%
		A-54	KDX Kitahama Building	Osaka, Osaka	2,220	Jul-1994	100.0%
		A-44	KDX Sendai Building	Sendai, Miyagi	2,100	Feb-1984	91.2%
		A-24	KDX Minami Semba Dai-1 Building	Osaka, Osaka	1,610	Mar-1993	96.9%
		A-25	KDX Minami Semba Dai-2 Building	Osaka, Osaka	1,560	Sep-1993	88.1%
		A-36	KDX Niigata Building	Niigata-shi, Niigata	1,305	Jul-1983	65.7%
	Office Building (58 properties) Subtotal				197,461	Avg. 20.0 years	91.7%

Notes:
1 Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation.
2 Year built is the date of construction completion recorded in the land register. Average age subtotal is shown as the weighted-average portfolio age based upon acquisition prices with a base date of July 31, 2009 and is rounded down to the nearest first decimal place. The weighted-average age of the 66 properties held as of July 31, 2009 is 18.7 years.
3 Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Average occupancy ratio of 66 properties held as of July 31, 2009 was 92.4%.

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Portfolio overview (central urban retail / residential properties)

(As of July 31, 2009)

Central urban retail properties (2 properties)

Type	Area	# of prop.	Name	Location	Acquisition price (¥M)[1]	Completion[2]	Occupancy ratio (%)[3]
Central Urban Retail	Tokyo Metropolitan area	C-1	**Frame Jinnan-zaka**	Shibuya-ward, Tokyo	**9,900**	Mar-2005	93.6%
		C-2	**KDX Yoyogi Building**	Shibuya-ward, Tokyo	**2,479**	Aug-1991	100.0%
			Central Urban Retail (2 properties) Subtotal		**12,379**	Avg. 7.0 years	94.9%

Residential properties (6 properties)

Type	Area	# of prop.	Name	Location	Acquisition price (¥M)[1]	Completion[2]	Occupancy ratio (%)[3]
Residential	Tokyo Metropolitan area	B-19	**Residence Charmante Tsukishima**	Chuo-ward, Tokyo	**5,353**	Jan-2004	100.0%
		B-3	**Court Mejiro**	Shinjuku-ward, Tokyo	**1,250**	Mar-1997	90.2%
		B-5	**Apartments Wakamatsu-Kawada**	Shinjuku-ward, Tokyo	**1,180**	Feb-2004	97.8%
		B-34	**Gradito Kawaguchi**	Kawaguchi, Saitama	**1,038**	Feb-2006	100.0%
		B-25	**Court Shin-Okachimachi**	Taito-ward, Tokyo	**878**	Oct-2005	92.4%
	Other Regional areas	B-18	**Venus Hibarigaoka**	Sapporo, Hokkaido	**1,800**	Mar-1989	96.9%
			Residential (6 properties) Subtotal		**11,499**	Avg. 8.2 years	97.3%

Notes:
1. Acquisition price is the purchase price for trust beneficiary interests etc. acquired by the Investment Corporation
2. Year built is the date of construction completion recorded in the land register. Subtotal is shown as weighted-average portfolio age based upon acquisition price with a base date of July 31, 2009 (rounded down to the nearest first decimal place)
3. Occupancy ratio is calculated by dividing leased area by leasable area and rounded to the first decimal place. Ratios are calculated as of July 31, 2009
4. We sold Apartments Motoazabu(B-4) on June 23, 2009.

Properties sold during the 8th period (2 office buildings)

Type	Area	# of prop.	Name	Location	Initial acquisition price (¥M)	Sales price (¥M)	Sales date
Office building	Tokyo metroplitan area	A-10	**KDX Koishikawa Building**	Bunkyo-ward, Tokyo	**704**	**670**	Apr-2009
	Other regional area	A-43	**KDX Hakara Building**	Fukuoka, Fukuoka	**2,350**	**2,000**	Apr-2009

Properties sold the 9th period (2 Residential properties) As of August 27,2009

Type	Area	# of prop.	Name	Location	Initial acquisition price (¥M)	Sales price (¥M)	Sales date
Residential	Tokyo metroplitan area	B-4	**Apartments Motoazabu**	Minato-ward, Tokyo	**1,210**	**1,052**	Jun-2009
		B-5	**Apartments Wakamatsu-Kawada**	Shinjuku-ward, Tokyo	**1,180**	**930**	Aug-2009

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(Reference data 1) Office building market environment

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

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

2. Breakdown of office buildings by GFA (tsubo)

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

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

2. Changes in the Offered rent and Vacancy ratio in Central Tokyo

(Source) Miki Shoji "Latest Office Building Markets in Tokyo's central 5 wards" (survey as of the end of May 2009)

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(Reference data2) Market environment for office buildings

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

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

2. Cap rates of properties in Tokyo and local cities

Notes: 1 Expected cap rates based on direct capitalization method for A class buildings built within 5 years
2 Expected cap rates for properties in the Marunouchi and Otemachi areas
Source: Created by Kenedix based on the data complied by Japan Real Estate Institute（as of 2009/4）

3. Changes in rent levels by region

Note: Targeting the properties with a gross floor area of 100 tsubo or more in 5 wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)
Source: Created by Kenedix based on the data complied by Miki Shoji (the latest values as of 2009/4)

4. Changes in vacancy ratios by region

Note: Targeting the properties with a gross floor area of 100 tsubo or more in 5 wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya)
Source: Created by Kenedix based on the data complied by Miki Shoji (the latest values as of 2009/4)

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Summary financials for 8th period — Income Statement

■ Comparison of 8th period (to Apr. 2009) and 7th period (to Oct. 2008)

	7th period 2008/5/1 2008/10/31 (¥M)	8th period 2008/11/1 2009/4/30 (¥M)	Difference (¥M)	Note
Rental and other operationg revenues	7,111	7,232	121	
Rental revenues	5,847	5,985	138	2 properties acquired in 7th period fully contributed
Common area charges	1,263	1,246	▲17	
Others	1,045	971	▲74	
Parking space rental revenues	250	241	▲9	
Utility charge reimbursements	668	559	▲109	Due to seasonal variability
Miscellaneous	126	170	44	Cancellation fee, etc
Total rental and other operating revenues (A)	8,156	8,204	48	
Profit on sale etc.	299	-	▲299	Profit on sale of 2 properties in 7th period
Operating revenues	8,456	8,204	▲252	
Property management fee	792	799	7	
Utilities	611	578	▲33	Due to seasonal variability
Taxes	406	494	88	Increase in taxes for 6th period acquisition
Repairs and maintenance cost	188	138	▲50	Less repairs and maintenance
Others (*1)	234	163	▲71	Less leasing cost
Depreciation	1,445	1,429	▲16	
Total property-related expence B	3,678	3,603	▲75	
Rental business profit（A－B）	4,477	4,600	123	
Net operating income（NOI）	5,923	6,030	107	
Loss on disposal of real estate	-	492	492	Loss on sale of 2 properties in 8th period
Asset management fee	442	434	▲8	
Others (*2)	190	210	20	
Operating expenses	4,311	4,740	429	
Operating income	4,144	3,463	▲681	
Non operating income	14	11	▲3	
Interest expense	689	745	56	Increasing interest
Investment corporation bonds interest	114	113	▲1	
Financing related expense	145	107	▲38	Syndicate loan fee etc. in 7th Period
Amortization of bond issuance costs	5	5	-	
Amortization of unit issuance costs	41	41	-	
Amortization of organization costs	5	5	-	
Other non-operating expenses	32	21	▲11	Undeducted consumption tax in 7th period
Non-operating expenses	1,034	1,039	5	
Ordinary income	3,124	2,435	▲689	
Income before income taxes	3,124	2,435	▲689	
Income taxes	0	0	-	
Net income	3,123	2,434	▲689	
Retained earnings at the beginning of period	0	0	-	
Retained earnings at the end of period	3,123	2,434	▲689	

(*1) Other expenses: Insurance, trust fee, etc.
(*2) Other operating expenses: Directors' compensation, Asset custody fees, Administrative service fees, Audit fees

■ Comparison with forecasts for 8th period (as of Dec. 11, 2008)

(¥M)	Forecast	Results	Difference	Comments (difference between revised forecasts and results)
Operating revenue	**8,298**	**8,204**	**▲94**	・Delayed start of leasing ・Decrease in utilities income
Operating expenses	**4,357**	**4,740**	**+383**	・Loss on sale of 2 properties (492) ・Decrease in leasing and utilities expenses, etc.
Operating profit	**3,941**	**3,463**	**▲478**	-
Non-operating expenses	**1,067**	**1,039**	**▲28**	-
Interest expense, etc.	**1,007**	**966**	**▲41**	・Mainly due to decreased financing related expenses
Net income	**2,880**	**2,434**	**▲446**	・Loss on sale of 2 properties (▲ 492)
Distribution per unit	**¥14,400**	**¥12,172**	**▲¥2,228**	-
# of properties	**69**	**67**	**▲2**	・2 properties sold

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Summary financials for 8th period —balance sheet and cash flow statement

	7th period As of Oct. 30, 2008 (¥M)	(%)	8th period As of Apr. 30, 2009 (¥M)	(%)
Current assets	13,465	5.6	15,941	6.7
Cash and bank deposits	6,799		9,981	
Entrusted deposits	6,230		5,626	
Other current assets	435		333	
Fixed assets	226,028	94.3	222,699	93.3
Property plant and equipment	225,510		221,895	
Buildings	10,571		10,590	
Land	29,093		29,104	
Buildings in trust	59,032		57,475	
Lands in trust	126,813		124,725	
Intangible assets	285		286	
Ground leasehold	285		285	
Right of using water facilities	–		1	
Investment and other assets	232		517	
Leasehold and security deposit	12		11	
Long-term prepaid expenses	213		498	
Deferred income tax asset	6		6	
Deferred assets	155	0.1	103	0.2
Organization costs	15		10	
Corporate bond issuance costs	51		45	
Unit issuance costs	88		47	
Total asset	239,648	100.0	238,745	100.0

- Cash and bank deposits: increased by ¥3,182M (Total proceeds from the sale of KDX Koishikawa Building and KDX Hakata Building: ¥2,670M)
- Property, plant and equipment: decreased by ¥3,108M (Initial acquisition price of the sold assets: ¥3,054M)
- Increase in upfront fees

Current liabilities	26,151	10.9	21,273	8.9
Trade and other payables	407		304	
Short-term debt	24,000		19,000	
Other account payables	321		310	
Rents in advance	1,238		1,173	
Others	184		484	
Fixed liabilities	85,409	35.6	90,073	37.7
Corporate bonds	12,000		12,000	
Long-term debt	62,750		67,750	
Leasehold and security deposit received	1,515		1,536	
Security deposit received in trust	9,128		8,770	
Derivative liability	16		16	
Liabilities	111,561	46.6	111,346	46.6
Total unitholders' capital	124,973		124,973	
Retained earnings	3,123		2,434	
Unrealized gain from deferred hedge transactions	▲ 9		▲ 10	
Equities	128,087	53.4	127,398	53.4
Total liabilities and unitholders' equity	239,648	100.0	238,745	100.0

Cashflow statement

	7th period As of Oct. 31, 2008 (¥M)	8th period As of Apr. 30, 2009 (¥M)
Cash flow from operating activities	9,279	6,961
Cash flow from investing activities	▲14,377	▲1,831
Cash flow from financing activities	5,659	▲3,121
Net increase (decrease) in cash and cash equivalents	561	2,007
Cash and cash equivalents at beginning of period	11,141	11,703
Cash and cash equivalents at end of period	11,703	13,711

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Management results and future outlook

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Regulations related to J-REITs and real estate market

	Outline of related regulations	Announced by	Announced on	Item
"Measures to counter difficulties in people's daily lives"	Increase financial and economic stability. Measures for stabilization of financial markets (meeting by the government and the ruling parties on new economic policies, and Ministerial Meeting on Economic Measures) →<second supplementary budget of FY 2008 passed on 2009/1/27>	(Government)	2008/10/30	General
Acknowledgment of risks related to disorder within international financial markets	Based on the provisions in Article 22-(3) of Japan Finance Corporation Law, it was acknowledged that it was critical for designated financial institutions to engage in activities for supporting corporations hit by the financial crisis ("**financial crisis response activities**")	MOF	2008/12/11	Finance
"Implementation of measures for financial crisis response"	**Start of loan supply as a designated financial institution**. ***financial crisis response activities** are activities that are based on the Japan Finance Corporation Law to provide financing backed by credit lines from Japan Finance Corporation to companies suffering from the financial crisis. Loans are provided by financial institutions designated by the Japanese government ("designated financial institutions") in times of financial disorders in the Japanese and international economy or outbreak of specific crisis such as large-scale distress	DBJ	2008/12/11	Finance
"Emergency measures for stimulating residential and real estate markets"	Financing support provided to residential and real estate companies through Japan Finance Corporation's corporate loans (**Crisis Response Facilitating Operations**); improvement of the general environment for mergers of J-REITs	MLIT	2008/12/15	Finance / Consolidation
"**Emergency measures to defend people's daily lives**"	Countermeasures on the financial markets and against cash-flow problems ; Cash-flow support to large and medium-sized corporations through corporate loans backed by Japan Finance Corporation (financial crisis response activities) (Ministerial Meeting on Economic Measures) →<budget of FY2009 passed on 2009/3/27>	(Government)	2008/12/19	General
Amendments to "**Guidelines on Eligible Collateral** "	**Investment corporation bonds** (investment corporation bonds that are rated AA or higher and Loans on Deeds etc) will be **accepted as eligible collateral** for BOJ's provision of credit. BOJ also adds CPs issued by REITs to the list of CP purchased with repurchase agreements.	Bank of Japan	2009/1/22	Finance
Comprehensive guideline for regulating Financial instrument traders	**Points of concern when merging investment corporations**：when paying out money accrued due to the merger, check Investment Law Article 147 –(1)-2 which includes statements on the amount payable due to a merger	FSA	2009/1/30	Consolidation
"Changes to the policy for financial crisis response activities"	- targets covered by the **Crisis Response Facilitating Operations** (receivers of loans): Medium-sized companies experiencing temporary business / cash-flow difficulties but are expected to improve business in the long term with management expected to become more stable	Japan Finance Corporation	2009/1/30	Finance

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Regulations related to J-REITs and real estate market

	Outline of related regulations	Announced by	Announced on	Item
Inquiries on tax treatment of transactions	Answers to FSA's inquiries on "**judgment about appropriateness of a merger by investment corporations for joint business operation**"	National Tax Agency	2009/3/19	Consolidation
Partial amendments to Special Taxation Measures Law	Revision of Conduit Rules（accounting profit accrued due to negative goodwill shall be deducted from the amount of distributable profits）, enacted in 2009/4	(Government)	2009/3/31	Consolidation
"**Countermeasures to Address the Economic Crisis**"	Joint meeting by the government, the ruling parties and the Ministerial Meeting on Economic Measures •Facilitate residential / land financing（establishment of a government/private sector fund and/or increase funds supply to J-REITs by institutions including the Development Bank of Japan）	(Government)	2009/4/10	General
"Forum for establishment of a property investment market to be trusted by investors" （5th meeting）	The "report on the working group's examination process" included statements on following matters for J-REITs : 1.need for consolidation, 2.corporate governance, 3.finance	(Secretariat: ARES)	2009/6/2	Finance /Consolidation

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Shareholders of AM company (shareholders partly changed) and structure of the Investment Corporation

Change in shareholders of Kenedix REIT Management

Background and Objectives

- Enhance stability and strength of the Investment Corporation's future strategy for growth
- Participation of a partner with substantial property supply capabilities
- Shift from sole shareholder to multiple shareholders structure

Schedule of shareholder change

2008/12/11
Stock transfer approved by the Asset Management Company

2008/12/19
Execution of the stock transfer

Shareholder (Before stock transfer)

Name	Address	# of Shares	(%)
Kenedix, Inc.	2-2-9 Shimbashi, Minato-ku, Tokyo	6,450	100

Change from sole shareholder to multiple shareholders structure

Shareholders (After stock transfer)

Name	Address	# of Shares	(%)
Kenedix, Inc.	2-2-9 Shimbashi, Minato-ku, Tokyo	5,805	90
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	645	10
Total	-	6,450	100

Profile of ITOCHU Corp.

Name	ITOCHU Corporation (listed on TSE Section 1)
Incorporated	1949/12
Representative	Eizo Kobayashi
Capital	¥202,241M
Principal business	General trading firm

Structure of the Investment Corporation

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Management structure of AM company

AM's decision-making process

Note: 1 lawyer as of June 11, 2009
Changed to above decision-making process on May 26, 2009

Rules on transactions with interested parties

◆ Transactions with interested parties

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

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

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

< Reference >
Asset management company's management fee structure

Asset management company's management fee structure

- Management fee I : 0.15% of total assets
- Management fee II : 3.0% of money available for distribution in each fiscal period
- Acquisition fee : 0.5%of acquisition price (0.25% if interested parties)
- Sale fee : capped at 0.5% of transfer price

◆ Property management fees

- Rental property management: 2% of rent revenues + 2% of the operating revenues from the property (after operating expenses, and before depreciation expenses)
- Management transfer: amount determined in proportion to the acquisition/sale price (e.g. ¥1 – 3B → ¥2M, or ¥5 – 10B → ¥2.4M)
- Construction Supervision: amount determined in proportion to the construction costs (e.g. ¥1 – 5M →5% or ¥10 – 100M → ¥450,000＋3%)

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Kenedix REIT Management, Inc.—Organizational chart

Shareholders' meeting

Auditors

Auditor (part-time)
Haruo Funabashi, Kenichi Yamasaki

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

Board of directors

Compliance officer
Yuuji Kamimura

Investment committee

Compliance committee

Representative director
Taisuke Miyajima

- Investment management div. Kenji Ajitani
  - Asset Investment group
    - Property acquisition and disposition
    - Research and Analysis of real estate markets
  - Asset Management group
    - Property management
    - Assessment of property management/risk management
- Property management div. Masashi Ohwa
  - Property Management group
    - Property leasing
    - Property management
  - Engineering group
    - Construction management
- Financial planning div. Masahiko Tajima
  - IR group
    - Investor Relations activities
    - Negotiations with regulatory agencies and concerned bodies
  - Finance and accounting group
    - Formulation of budget, financial statements, disclosure
    - Procurement of funds
- Business administration div. Teruo Nozaki
  - Business administration group
    - Running unitholders' and directors' meetings
    - Administration/ Accounting/ Human Resources

Major members

Taisuke Miyajima
CEO & President

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

Koju Komatsu
General Manager,
Investment Management Division

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

Masashi Ohwa
Director & General Manager,
Property Management Division

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

Masahiko Tajima
Director & General Manager,
Financial Planning Division

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

Yuuji Kamimura
Compliance Officer

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

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