

Kenedix Realty Investment Corporation

4th Period Results (ending Apr. 2007)

June 2007

Kenedix REIT Management, Inc.

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



Disclaimer

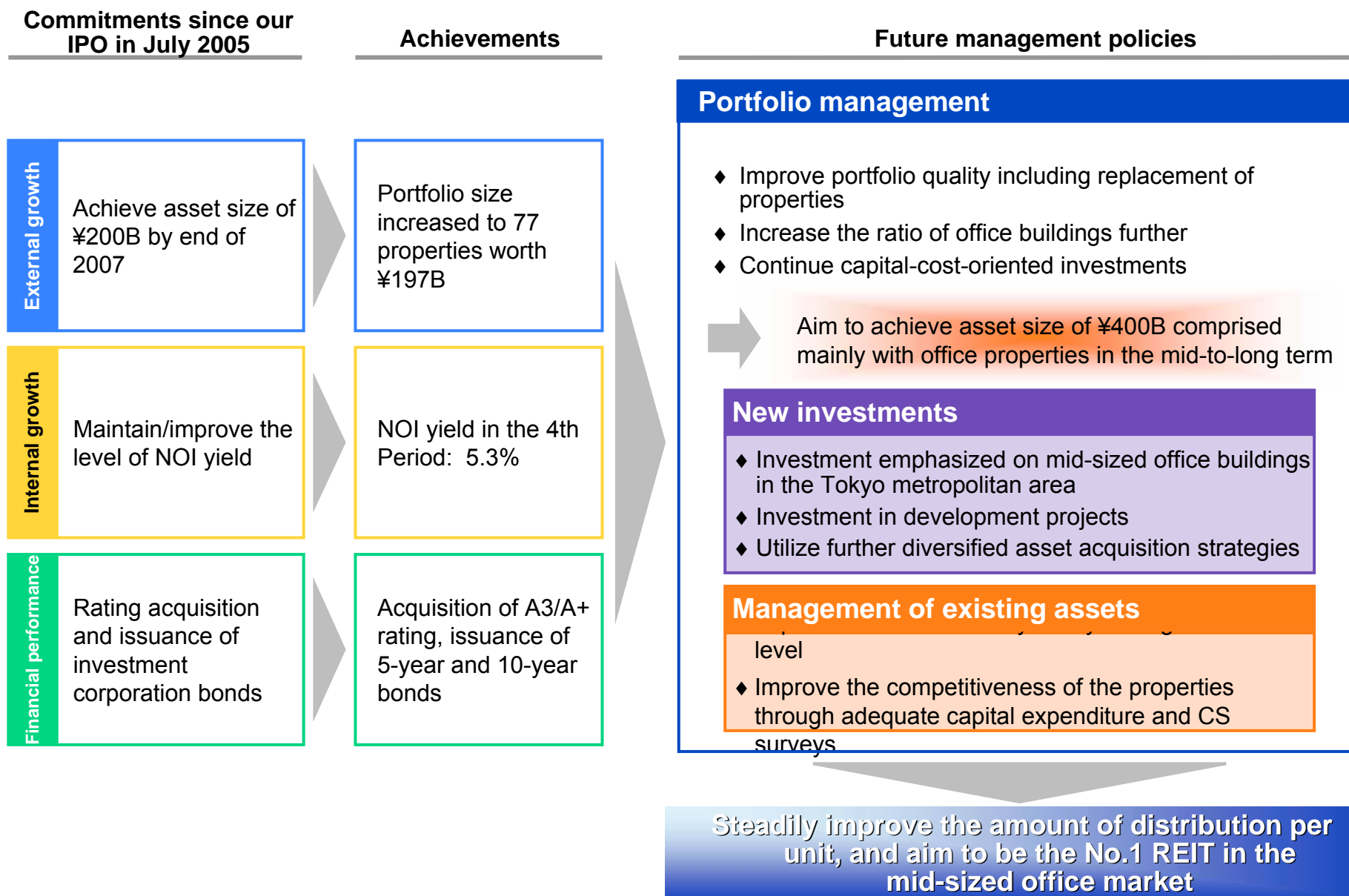
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Management Policies of Kenedix Realty Investment (KRI)



SECTION 1

4th Period Financial Results (ending Apr. 2007)



Highlights in the 4th period

| | |
|------------------------------|--|
| External growth | <ul style="list-style-type: none"> ◆ ¥146.7B (64 properties) at the end of the 3rd period→¥197.0B (77 properties) at June 11, 2007 ◆ Investment in 15 office buildings (approx.¥51.8B acquisition value) achieved in 6 months ◆ Increased opportunities for external growth through revision of memorandum of understanding (MOU) with Kenedix Group (April 2007) |
| Internal growth | <ul style="list-style-type: none"> ◆ 5.3% of portfolio NOI yield ◆ Increases in new rents (average of 15%) based on high move out rates (14.8% annualized in the 4th period) of mid-sized office buildings |
| Financial performance | <ul style="list-style-type: none"> ◆ Diversification of repayment dates and extension of repayment period by issuing (5-year and 10-year) investment corporation bonds ◆ Equity finance raised through 2nd global offering (May 22, 2007) ◆ Conservative financing strategy |
| 4th period results | <ul style="list-style-type: none"> ◆ Results for the 4th period <ul style="list-style-type: none"> – Distribution per unit: ¥13,682 – FFO per unit: ¥20,772 |

4th period Financial Results—Performance Highlights

Performance

| | 3rd period | 4th period |
|-----------------------------|---------------|---------------|
| Net income | ¥2,124m | ¥2,148m |
| Total assets | ¥160,314m | ¥188,400m |
| Net assets | ¥90,933m | ¥90,877m |
| Number of units outstanding | 157,000 units | 157,000 units |
| Net assets per unit | ¥579,192 | ¥578,839 |
| Distribution per unit | ¥13,529 | ¥13,682 |

Income statement of rent business

| | 3rd period | 4th period | Rate of change |
|---|--------------------------|--------------------------|----------------|
| Operating revenues | ¥5,288m | ¥5,778m | 9.3% |
| Disposal income | ¥157m | ¥130m | (17.2%) |
| Rental and other operating revenues (A) | ¥5,131m | ¥5,647m | 10.1% |
| Property-related expenses (B) | ¥2,397m | ¥2,607m | 8.8% |
| Rental business profit (A-B) | ¥2,734m | ¥3,040m | 11.2% |
| Net operating income (NOI) | ¥3,869m | ¥4,283m | 10.7% |
| Depreciation | ¥1,135m | ¥1,243m | 9.5% |
| Number of properties | 64 | 72 | - |
| Total leasable floor area | 192,085.34m ² | 223,322.77m ² | - |
| Occupancy rate | 95.3% | 95.9% | - |

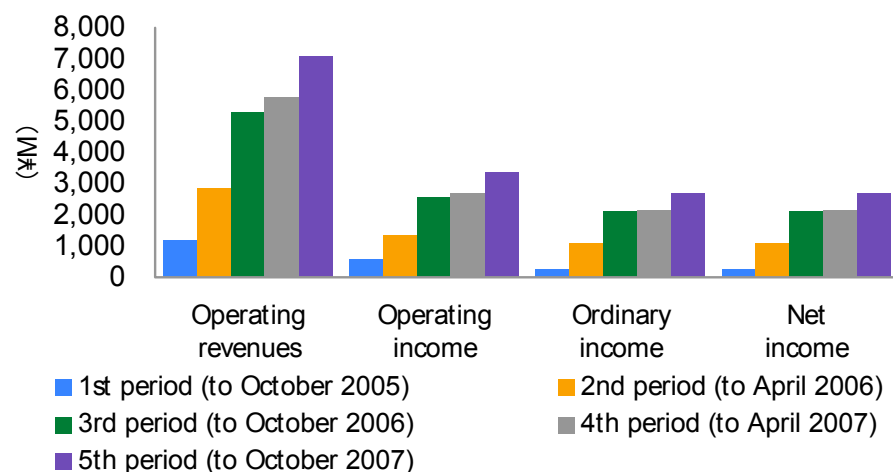
Financial Ratios

| | 3rd period | 4th period | Notes |
|-----------------------------|------------|------------|---|
| Interest-bearing debt ratio | 38.7% | 47.0% | Increased by approx. 8.3% but expected to decrease in the 5th Period due to capital increase by equity offering in May 2007 |
| Equity ratio | 56.7% | 48.2% | Decreased by approx. 8.5%. |
| FFO | ¥3,102m | ¥3,261m | Net income + Depreciation for the period – Gain on real estate disposals |
| FFO pay-out ratio | 68.5% | 65.9% | Distribution / FFO |
| FFO per unit | ¥19,759 | ¥20,772 | – |

5th period Earnings Forecasts

Operating forecasts for 5th period (to October 2007)

| | 2nd period results (to April 2006) | 3rd period results (to October 2006) | 4th period results (to April 2007) | 5th period forecasts (to October 2007) | Notes |
|---|---------------------------------------|---|---------------------------------------|---|---|
| Operating revenues | 2,871 | 5,288 | 5,778 | 7,060 | ¥130M profit booked on sale of residential properties in the 4th period |
| Operating expenses | 1,527 | 2,723 | 3,091 | 3,709 | - |
| Property-related expenses (excl. depreciation) | 615 | 1,261 | 1,363 | 1,763 | Property tax and city planning tax were ¥206M in the 4th period |
| Depreciation | 650 | 1,135 | 1,243 | 1,422 | - |
| Operating income | 1,343 | 2,565 | 2,686 | 3,350 | - |
| Non-operating expenses | 246 | 442 | 547 | 670 | - |
| Interest expense | 164 | 375 | 479 | 586 | Assumption of the 5th period borrowings ¥63.5M, investment corporation bond issue ¥12M |
| Ordinary income | 1,103 | 2,125 | 2,148 | 2,681 | - |
| Net income | 1,101 | 2,124 | 2,148 | 2,680 | - |
| Number of units outstanding | 79,370 | 157,000 | 157,000 | 200,000 | Assumption of the issue of new units through third-party allotment (2,100 units) resolved in May 2007 |
| Distribution per unit (Yen) | 13,884 | 13,529 | 13,682 | 13,400 | - |
| NOI | 2,256 | 3,869 | 4,283 | 5,296 | Rental revenues – Property-related expenses + Depreciation |
| FFO | 1,752 | 3,102 | 3,261 | 4,102 | Net Income + Depreciation for the period – Gain on real estate disposals |
| (Reference) Trends in the number of properties | 32→35 | 59→64 | 64→72 | 72→77 (forecast) | - |



Preconditions of 5th period forecasts

5 properties acquired on June 1, 2007 operate for 5 months

LTV as of the end of period is approximately 35%

No profit booked on sale of properties in the 3rd period and 4th period

Property tax and city planning tax increase ¥13.7M compared with those in the 4th period

SECTION 2

Stronger Focus on Office Properties

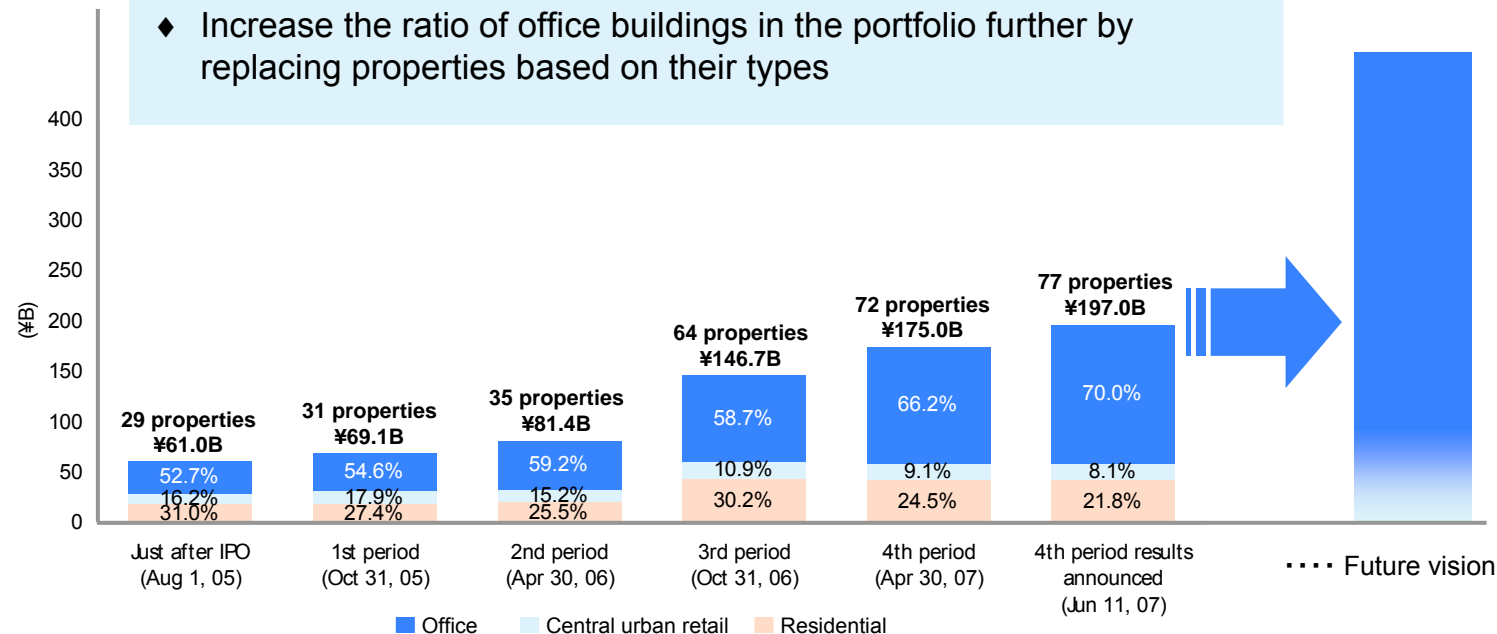


New Investment Guidelines—Investment in Mid-Sized Office Properties in the Tokyo Metropolitan Area

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New investment guidelines

- ◆ Invest in mid-sized office properties in the Tokyo metropolitan area
- ◆ Consider to invest in only central urban retail located in major flourishing areas
- ◆ Aim to improve portfolio quality (location, size, specifications, etc.) through replacement of properties
- ◆ Increase the ratio of office buildings in the portfolio further by replacing properties based on their types



Strong portfolio focusing on mid-sized office properties

Achieve portfolio size of ¥400B in the mid-to-long term

Portfolio expansion

Portfolio expansion
+
Improvement in quality of the portfolio

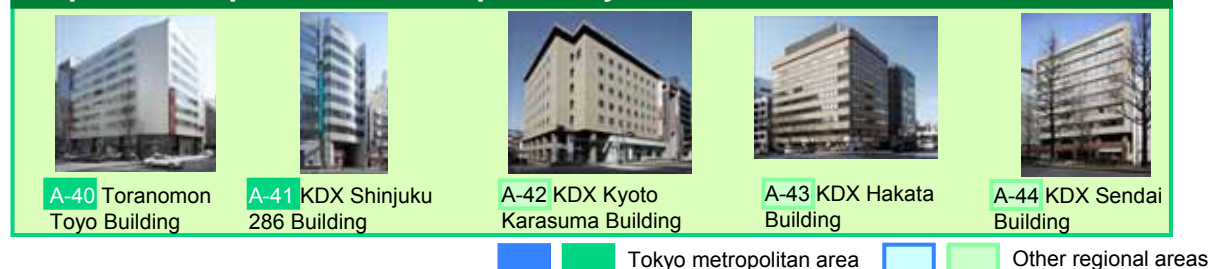
“KENEDIX Selection” — Office Properties

Investment in 15 office buildings (approx. ¥51.8B acquisition value) achieved in 6 months

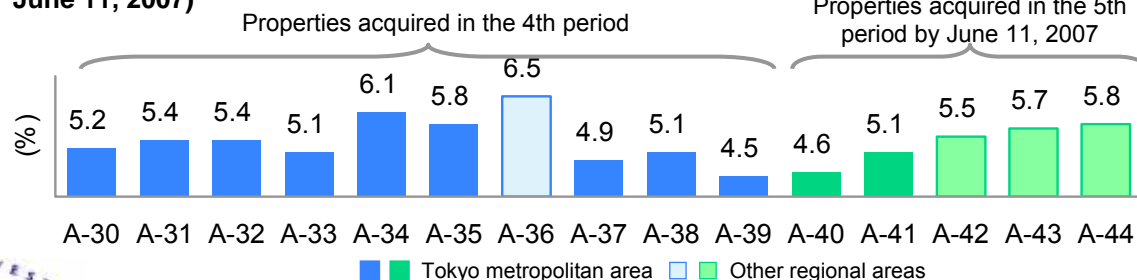
Properties acquired in the 4th period



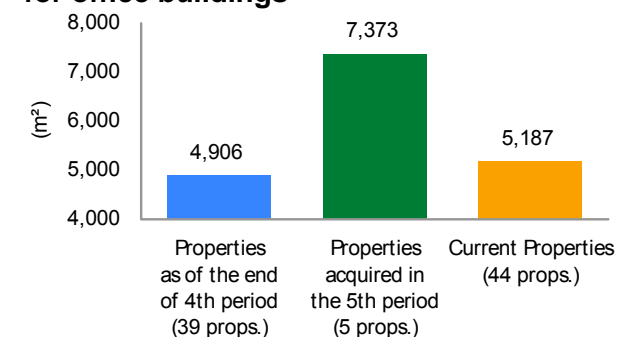
Properties acquired in the 5th period by June 11, 2007



Appraisal-value based yield for properties acquired in the 4th and 5th periods (up to June 11, 2007)

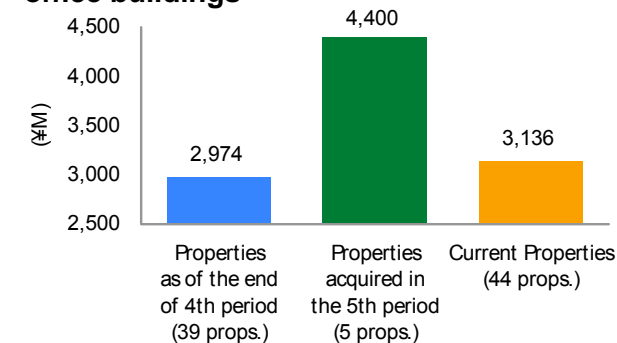


Comparison of average gross floor area for office buildings



Aiming to improve portfolio quality (location, size, specifications, etc.)

Comparison of average acquisition price of office buildings



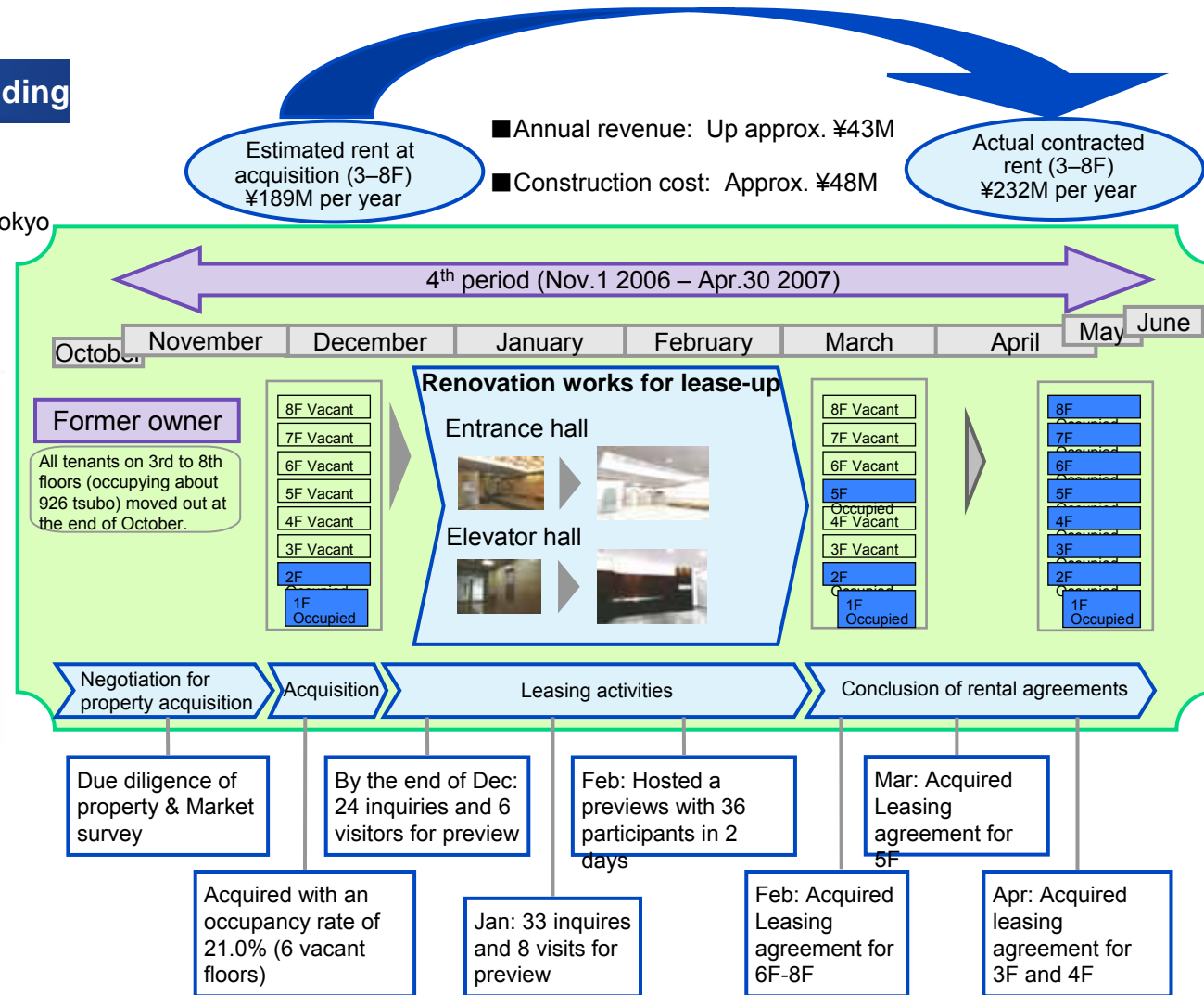
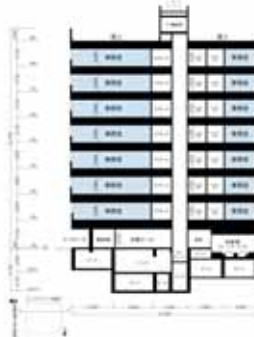
Strategies to Acquire Diversified Properties and Case Study of Asset Management (KDX Nishi-Gotanda Building)

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Leverage of a strong asset base (portfolio) and our expertise on managing mid-sized office buildings

A-30 KDX Nishi-Gotanda Building

- ◆ Location: Nishi-Gotanda, Shinagawa Ward, Tokyo
- ◆ Rentable area: 3,875.43m²
- ◆ Completion date: November 1992
- ◆ Acquisition price: ¥4,200M



“KENEDIX Selection” —Acquired Properties Highlights

A-40 Toranomom Toyo Building



- ◆ Location : Toranomom, Minato-ku, Tokyo
- ◆ Site area : 869.01m²
- ◆ GFA : 8,346.83m²
- ◆ Year built : August 1962
- ◆ Acquisition price : ¥9,850M
- ◆ Acquisition date : June 2007
- ◆ Occupancy at acquisition : 100%

- ◆ Rent space on standard floors of c. 625m², which is relatively big for buildings in this area, making this office building quite competitive
- ◆ Full renovation of the air conditioning equipment and renewal works of exterior walls in addition to seismic strengthening works by Taisei Corporation completed in October 2005

A-42 KDX Kyoto Karasuma Building



- ◆ Location : Nakagyo-ku, Kyoto
- ◆ Site area : 1,788.67m²
- ◆ GFA : 12,632.68m²
- ◆ Year built : October 1982
- ◆ Acquisition price : ¥5,400M
- ◆ Acquisition date : June 2007
- ◆ Occupancy at acquisition : 97%

- ◆ 2 minutes on foot from Kyoto Municipal Subway Karasuma Line “Karasuma Oike” station. Highly visible building located at the crossing of Karasuma-dori (high street running through Kyoto city center from North to South) and Sanjo-dori
- ◆ Business district around Karasuma-dori with many mid- to high-rise office and retail buildings
- ◆ Rent space on standard floors of c. 1,180m² providing relative high competitiveness based on its location and size merit

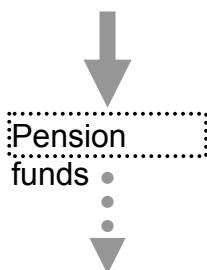
Revision of MOU and Kenedix Development Projects

Revised MOU support line to improve information flow

The support line in the MOU was revised in April 2007 to reflect the increased importance of REITs to the Kenedix Group

Before revision

Kenedix Group
proprietary investment properties
(including **development projects**) / brokerage deals



After revision

Kenedix Group
proprietary investment properties
(including **development projects**) / brokerage deals



KRI has **first preference rights** to information regarding Kenedix's proprietary investment properties meeting KRI's investment criteria, including those that are currently being developed

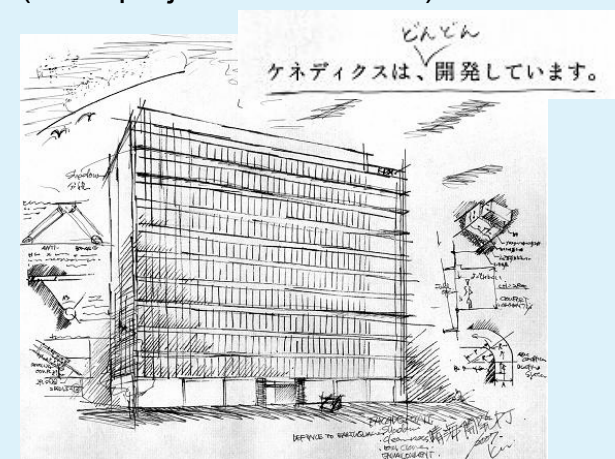
<Reference> Kenedix's commitment to developing investment properties

| 2003 | 2004 | 2005 | 2006 | 2007 and 2008 (Planned) |
|-------|-------|--------|--------|----------------------------|
| ¥4.4B | ¥6.4B | ¥29.8B | ¥62.4B | ¥97.8B |

Source: KENEDIX, INC.

Promotion of development projects by Kenedix

Four office buildings expected to be completed in 2008¹
(Total project size: ¥35.5B)



KDX Harumi Project

Start of construction March 2007
Expected completion March 2008
Located in Chuo Ward, Tokyo

Minami-Honmachi 2 chome project

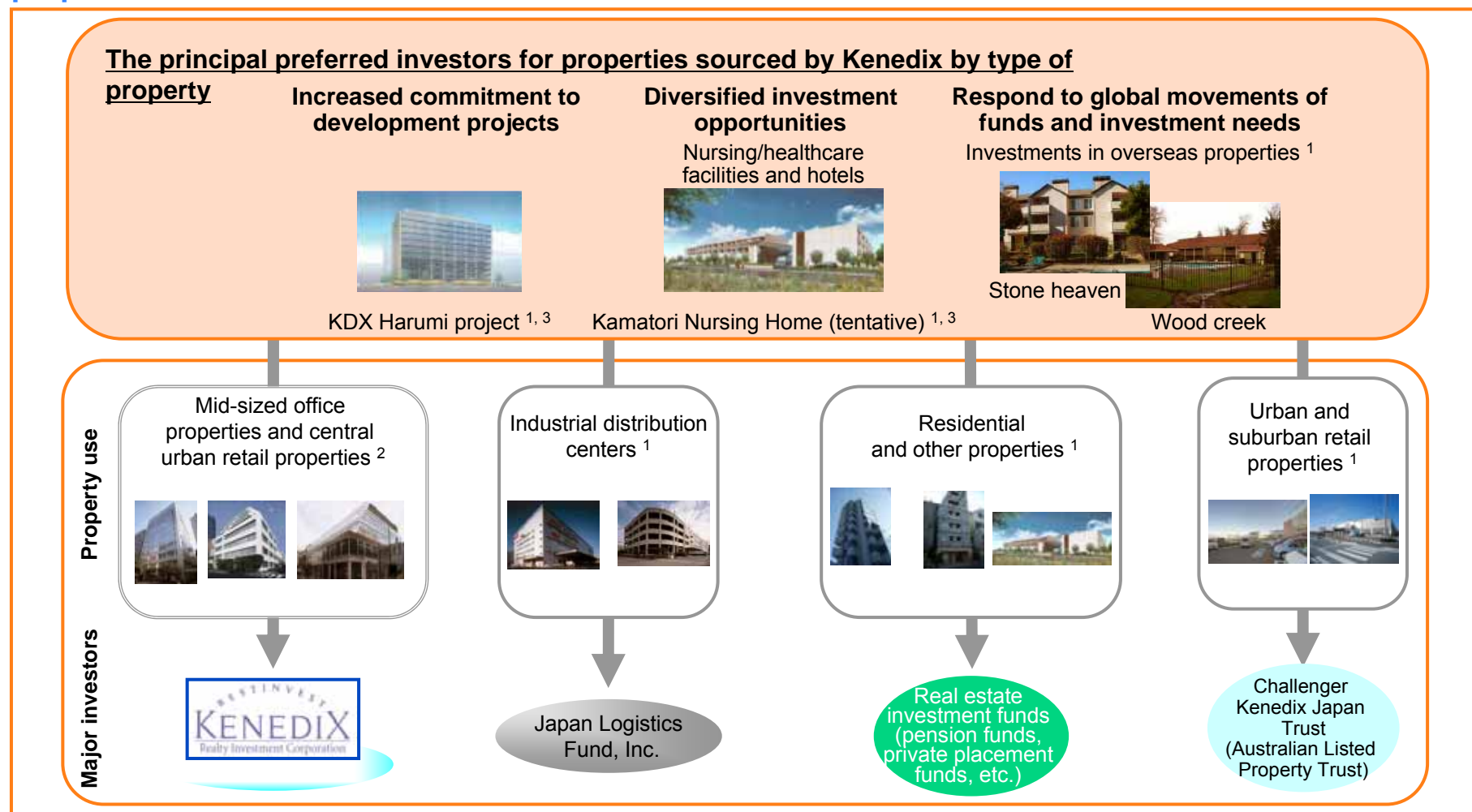
Start of construction January 2008
Expected completion March 2009
Located in Chuo Ward, Osaka

Note:

- ¹ We have no current plans to acquire any of these four properties. However, we may consider acquiring one or more of them in the future as we deem appropriate

Property Acquisition Opportunities through the Kenedix Group

Kenedix Group's management strategy and key investment funds broken down by intended use of properties



Notes:

¹ These properties have not been acquired by the REIT. The REIT does not plan to acquire them as of June 11, 2007

² These are properties acquired by the REIT

³ This is a conceptual drawing based on the design specifications and therefore completed building may differ substantially from the drawing

SECTION 3

Management of Existing Properties

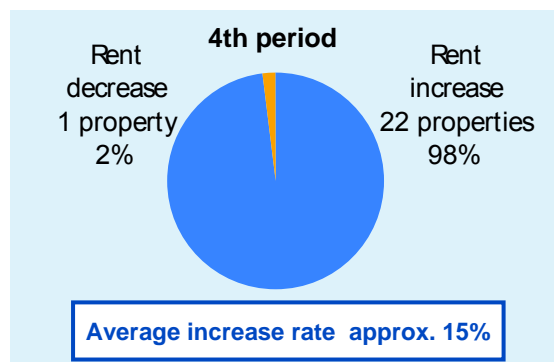


Turnover Ratio for Office Building and Newly-Contracted Rent Levels (4th period)

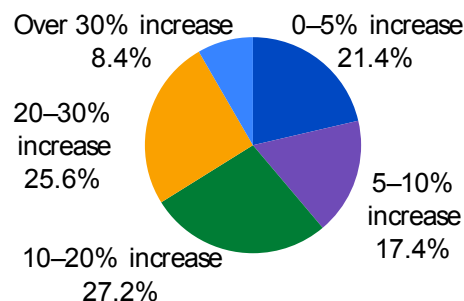
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Actual rent increases for new contracts^{1, 2, 3}

**Newly-contracted rent levels
(Leased floor area basis)**



**Distribution of increases in
newly-contracted rent levels
(Leased floor area basis)**



**Past and estimate vacation rates for office
portfolio (annualized)**

| 1st period | 2nd period | 3rd period | 4th period | 5th period (Forecast) |
|---------------|---------------|---------------|---------------|--------------------------|
| 12.2% | 2.7% | 6.1% | 14.8% | 7.4% |

Comparison between the rent for new contracts and the average rent of relevant office building at the end of the previous month shows that rents were increased by approx. 15% on average for 98% of all office properties.

**Amount of
increase/month**

¥7,593 thousand

Rent increase realized at contract renewal

Out of the office buildings in Tokyo metropolitan area, office buildings with rents that are lower than the leasing guideline were picked out (14.9% of the office portfolio). The data shows that we have succeeded in approx. 30% of the cases to increase rents by approx. 6%

**Amount of
increase/month**

¥ 1,790 thousand

Total increase/month

¥ 9,383 thousand

Notes:

- 1 4th period results (new rent contracts signed during the 4th period)
- 2 Comparison with typical floor (offices above floors 1 and 2, excluding special usage) average rents (The one case of rental decline in the Tokyo metropolitan area was signed at the same level as the previous tenant)
- 3 Limited to office usage above floor 2

Maintain NOI Yield and Occupancy Rates

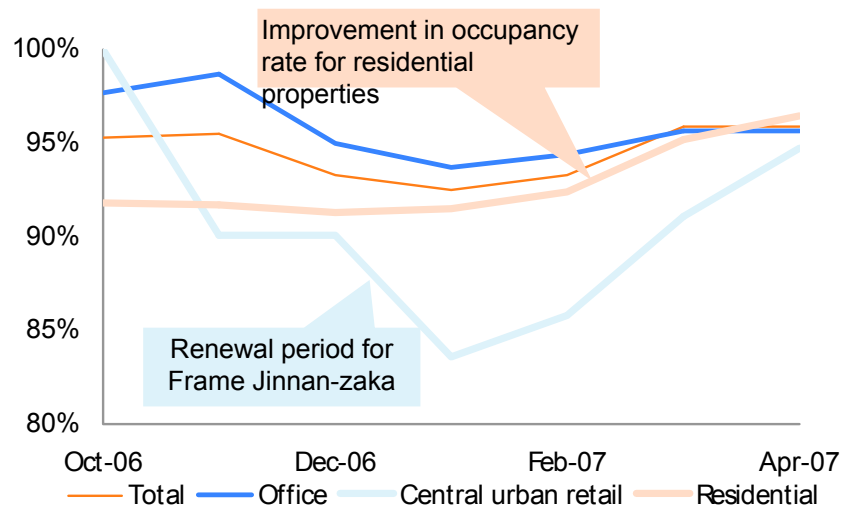
Portfolio's leasing NOI yield¹ (annualized)

| | 3rd period | 4th period* | 4th period results (Before tax adjusted) |
|----------------------|------------|-------------|---|
| Office | 5.2% | 5.3% | 5.5% |
| Central urban retail | 4.7% | 5.2% | 5.2% |
| Residential | 4.7% | 5.4% | 5.5% |
| Total | 5.2% | 5.3% | 5.5% |

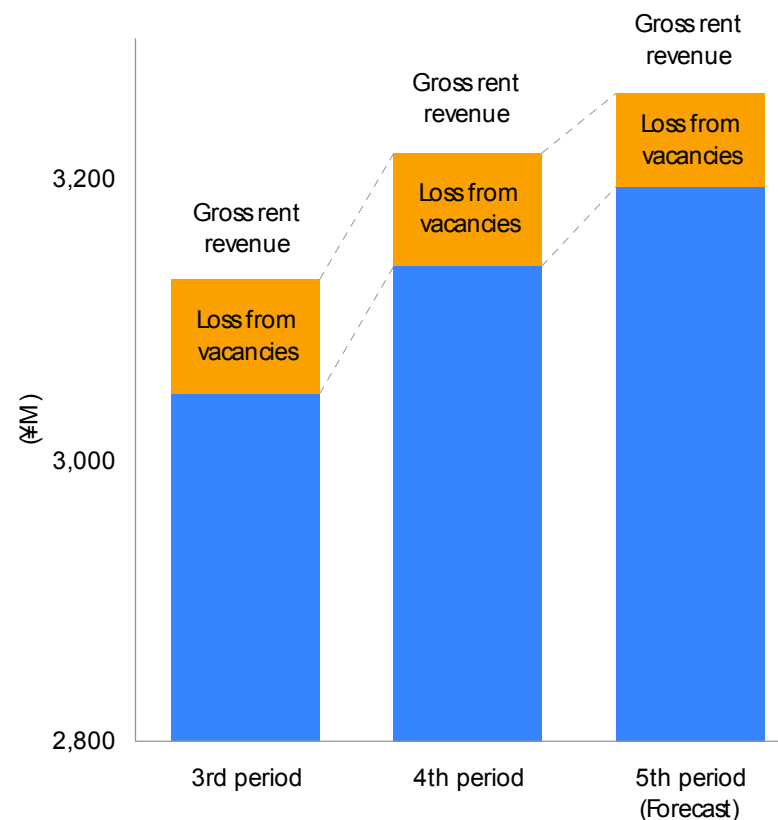
Notes:

- 1 Leasing NOI yield: Real estate operating revenues (before depreciation) divided by acquisition price
- 2 NOI yield after property tax and city planning taxes are recorded as expenses

Trend of occupancy rate by type



Development in gross rent levels (25 office buildings under management during the 3rd period)



Note:

- 1 Shows gross rent and loss from vacancies (incl. free rent) based on the ARGUS model of the 25 office buildings in our portfolio at the beginning of the 3rd period,

Pursuit of Customer Satisfaction

Renovation works and rent increases during the 3rd period of properties that were subject to the 1st CS survey

| Name of property | Total satisfaction level* (2nd period) | Description (3rd period) | Rent increases realized so far (4th period) |
|-----------------------------------|--|---|--|
| KDX Nihonbashi 313 Building | ◎ | Renovation of indoor stairways (① Increase of illumination intensity, ② Installation of new signs to indicate floor numbers, etc.) | Rent increase for passing rent of 3 floors (approx. 30%) |
| KDX Hirakawacho Building | ○ | Installation of an air conditioner in the elevator hall, renovation of bath rooms and installation of electric water heaters for bath rooms | Rent increase for passing rent of 3 floors (approx. 4 to 8%) and new contracts (approx. 13%) |
| Higashi-Kayabacho Yuraku Building | ○ | Increased illumination intensity of elevator hall, renovation of bath rooms (on 3F), and installation of a mechanical security system | Rent increase for passing rent (approx. 8%) and new contracts for 2 floors (approx. 13%) |
| KDX Nakano-Sakaue Building | △ | Installation of security cameras and intercoms, and renovation of air conditioner in the entrance hall | Rent increase for new contracts (approx. 15%) |
| Kanda Kihara Building | ○ | Installation of electric water heaters for bath rooms, renovation of electric and air conditioning equipment | Rent increase for passing rent (approx. 6%) |
| KDX Koishikawa Building | ○ | Replacement of doormats, installation of additional lights in the elevator hall | Rent increase for passing rent of 6 floors (approx. 5%) |

*Total satisfaction level

- ◎ Mildly satisfied to satisfied
- Neutral to mildly satisfied
- △ Mildly unsatisfied to neutral

CS-based work record, budgets

| (¥B) | 3rd period | 4th period | 5th period |
|------------------------------------|------------|------------|------------|
| CS-based ¹ | 1.7 | 1.3 | 0.6 |
| ER-based ² | 1.6 | 0.6 | 3.2 |
| Lease ³ /value increase | 2.2 | 7.8 | 10.0 |
| Other work | 0.9 | 1.5 | 1.3 |
| Total | 6.4 | 11.3 | 15.1 |
| Depreciation | 11.3 | 12.4 | 14.2 |

Notes:

1 Work in accordance with tenant requirements based on customer satisfaction survey, and with other individual tenant requirements

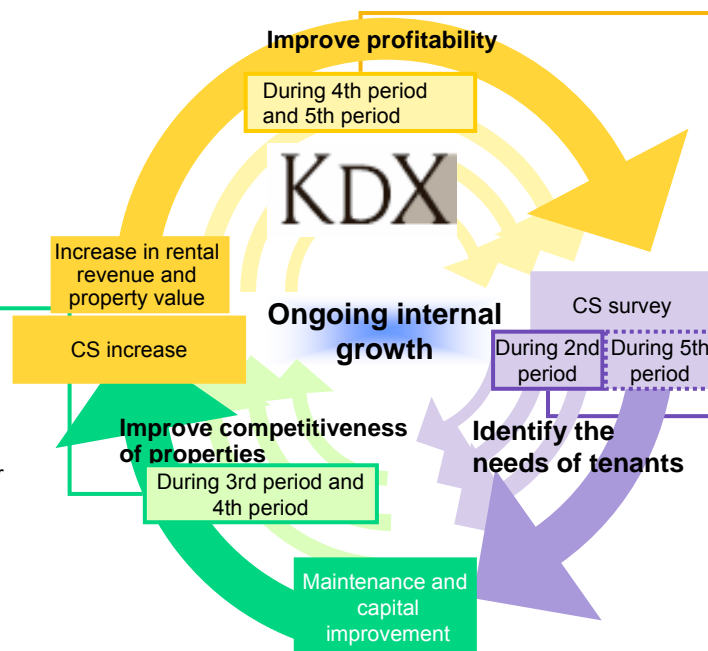
2 Based on engineering reports

3 Conversions, display rooms etc.

Planning to implement the 2nd CS survey of office buildings during the 5th period

Measures taken to improve profitability

- ◆ Increase of rent level of new lease agreements and ongoing lease agreements
- ◆ Reviewed reducing building management costs



Tenant customer satisfaction survey

- ◆ In conjunction with J. D. Power Asia Pacific, Inc.
- ◆ Five satisfaction levels for each category

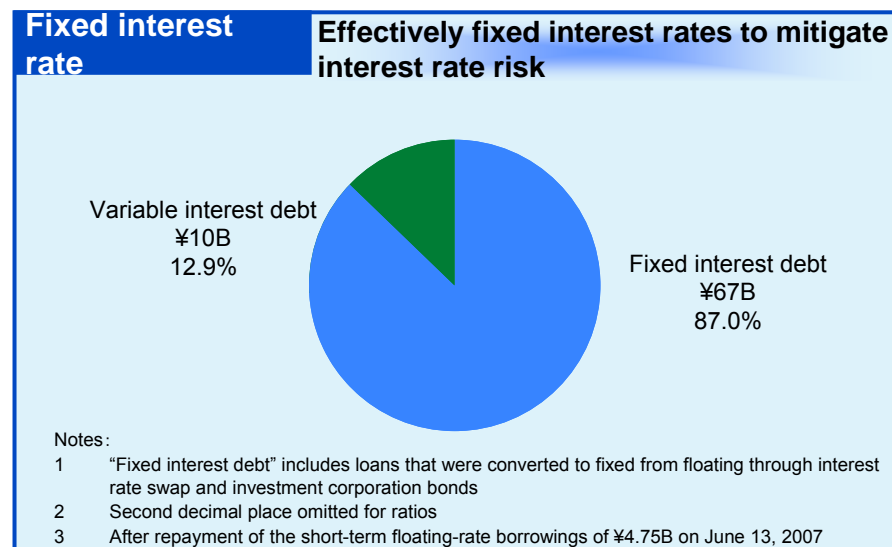
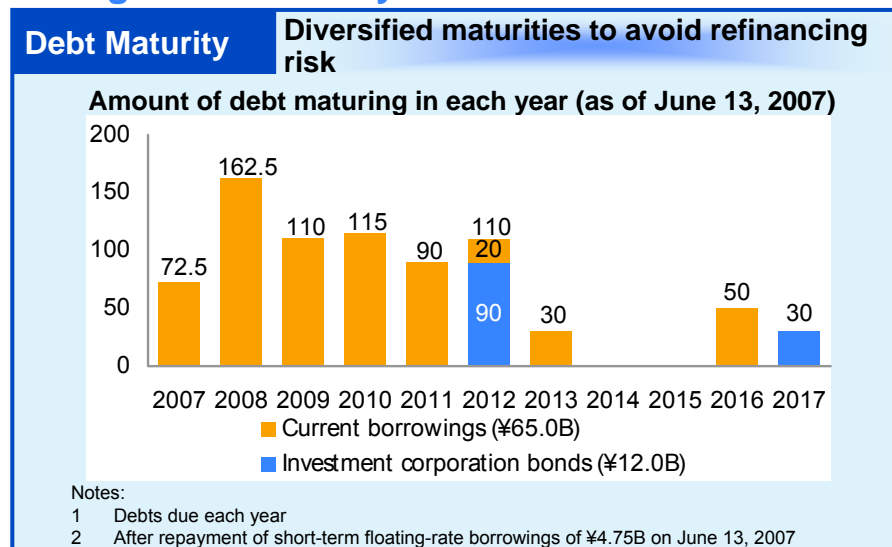
SECTION 4

Financial Strategies / IR Strategies



Continue with Stable Financing Strategy

Diversified financing methods to include issuance of investment corporation bonds and lengthened average debt maturity



Rating acquisition and issuance of investment corporation bonds

| Credit rating | | | | | |
|----------------------------------|----------------------------------|---------------|-----------------|---------------|--------------------------|
| Organization | Rating | | | Date obtained | |
| Moody's Investors Service | Issuer Credit Rating : A3 | | | Feb. 2006 | |
| Japan Credit Rating Agency, Ltd. | Senior Debt : A+ | | | Dec. 2006 | |
| Investment corporation bonds | | | | | |
| Series | Amount | Interest rate | Period | Drawdown date | Acquired rating |
| First series bonds | ¥9.0B | 1.74% | 5 years | Mar 15, 2007 | A+ (JCR) A3 (Moody's) |
| Second series bonds | ¥3.0B | 2.37% | 10 years | Mar 15, 2007 | A+ (JCR) A3 (Moody's) |

Public offering of 10-year bonds within the shortest period of time from IPO

Secured diversified financing methods **Borrowing capacity estimation**

| Shelf-registrations | | |
|----------------------------------|-----------------------|-------------------------------|
| Securities type | Planned offering size | Term for planned issuance |
| Investment corporation bonds | ¥100B | Feb 15, 2007- Feb 14, 2009 |
| Investment securities | ¥100B | May 7, 2007- May 6, 2009 |
| Credit facility agreement | | |
| Lender | Debt cap | Available until |
| The Bank of Tokyo-Mitsubishi UFJ | ¥2.5B | Mar 19, 2008 |

Credit facility secured from a highly-rated bank

| | 4th period | As of June 13, 07 |
|---|------------|-------------------|
| Total asset | 188 | 2,22 |
| Debt | 89 | 77 |
| D/E ratio | 47% | 35% |
| Borrowing capacity estimation up to 50% | 11 | 69 |

The estimation above assumes repayment of the short-term borrowings of ¥11.5B after equity finance → Substantial increase in borrowing capacity

Strengthen Management Capabilities of J-REIT

$$\text{Price per unit} = \frac{\text{Distribution per unit}}{\text{Dividend yield}}$$

J-REIT management capabilities

Distribution per unit

- ◆ Improvement in NOI level by increasing rents
- ◆ Equity financing not undermining interest of existing unitholders

Dividend yield

- ◆ Improvement in quality of the portfolio through property replacement
- ◆ Further increase in the ratio of office buildings
- ◆ Expansion in size through continued investments focusing on optimal capital cost
- ◆ Proactive IR activities

We aim to steadily improve our distributions per unit, and to become the No.1 REIT that emphasizes on mid-sized office buildings

Cap rate

- ◆ NOI yield from property leasing in the 4th period: c. 5.3%
- ◆ Depreciation in the 4th Period: c. -1.5%

Capital cost

- ◆ Average interest rate on debt in the 4th period: c. 1.5%
- ◆ Average leverage ratio in the 4th Period: c. 40%
- ◆ Dividend yield level at the end of 4th Period: c. 3.0%
 - Unit price as of the end of Period (Apr 30, 2007): ¥898,000
 - Distribution per unit: ¥13,682

Net asset worth per unit

4th Period (actual) c. ¥579,000
 5th Period (Forecast) c. ¥625,000
 (after PO of new units on May 22, 2007)

➡ one of the J-REITs with the highest net asset worth

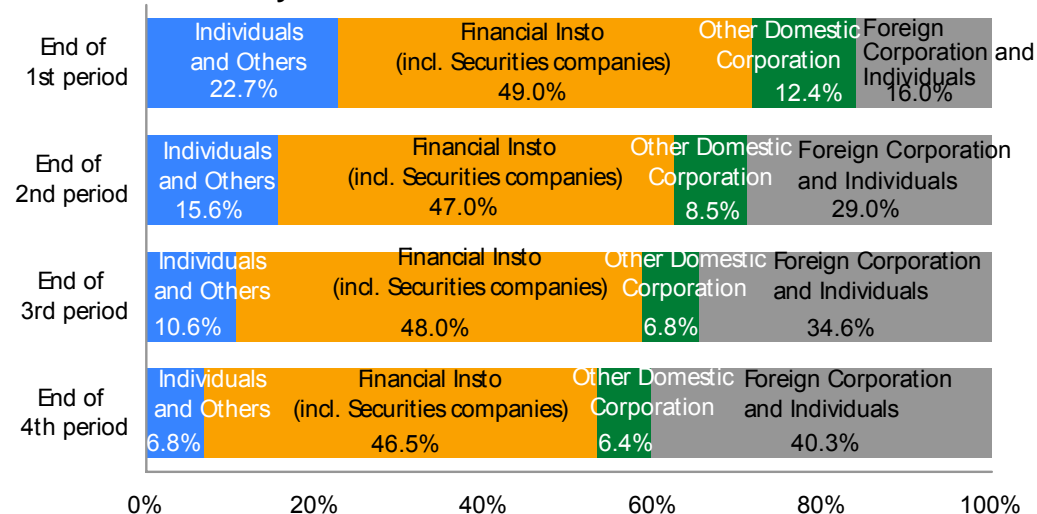
SECTION 5

Appendix



KRI Unitholders

Investment units by unitholder



Type of unitholder (as of April 30, 2007)

| Type of unitholder | # of unitholder | (%) | # of units held (unit) | (%) |
|--|-----------------|---------------|------------------------|---------------|
| Individuals and Others | 4,682 | 93.5% | 10,731 | 6.8% |
| Financial Inst. (incl. Securities companies) | 100 | 2.0% | 73,049 | 46.5% |
| Other Domestic Corporation | 84 | 1.7% | 10,022 | 6.4% |
| Foreign Corporation and Individuals | 142 | 2.8% | 63,198 | 40.3% |
| Total | 5,008 | 100.0% | 157,000 | 100.0% |

Top 10 unitholders (as of April 30, 2007)

| Name | # of units held (unit) | (%) |
|---|------------------------|--------------|
| Japan Trustee Services Bank, Ltd. (Trust Acct.) | 14,239 | 9.06 |
| NikkoCititrust and Banking Co., Ltd. (Investment Trust Acct.) | 9,909 | 6.31 |
| State Street Bank & Trust Company | 9,819 | 6.25 |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Acct.) | 9,385 | 5.97 |
| Kenedix, Inc. | 7,850 | 5.00 |
| The Master Trust Bank of Japan, Ltd. (Trust Acct.) | 7,636 | 4.86 |
| Citigroup Global Markets Ltd. (CGML) – London Equity | 6,243 | 3.97 |
| The Bank of New York Treaty JASDEC Account | 5,175 | 3.29 |
| UBSAG London Asia Equities | 3,853 | 2.45 |
| Gibraltar Life Insurance (General other account) | 3,599 | 2.29 |
| TOTAL | 77,708 | 49.49 |

(Reference) Reporting of major unitholders¹

| | Submitted on | # of units held (unit) | Ratio (%) ² |
|---|--------------|------------------------|------------------------|
| Cohen & Steers Capital Management Inc. | 2007/5/15 | 12,751 | 8.12% |
| Nikko Asset Management Co., Ltd. | 2007/1/17 | 11,296 | 7.19% |
| Nomura Securities Co., Ltd. | 2007/5/22 | 10,481 | 6.68% |
| Mizuho Securities Co., Ltd. | 2007/5/22 | 9,613 | 6.12% |
| Resona Holdings, Inc. | 2007/5/18 | 8,732 | 5.56% |
| Kenedix Inc. | 2007/4/16 | 8,048 | 5.13% |
| Cohen & Steers International Realty Fund Inc. | 2007/4/27 | 7,956 | 5.07% |
| Prospect Asset Management, Inc. | 2007/1/18 | 7,876 | 5.02% |

Notes:

- 1 Reports submitted as of May 22, 2007 (does not reflect the PO on May 22, 2007)
- 2 Ratio held of 157,000 units outstanding

Disclosure and IR Activities



(Reference) Number of investor meetings

| | |
|--|------------|
| Domestic institutions | 216 |
| Domestic regional financial institutions | 71 |
| International investors (Europe) | 92 |
| International investors (US) | 84 |
| International investors (other) | 70 |
| TOTAL | 533 |

Note:

- 1 From June 21, 2005 to June 11, 2007 (including conference calls)

| | |
|--|------------|
| Domestic institutions | 75 |
| Domestic regional financial institutions | 19 |
| International investors (Europe) | 40 |
| International investors (US) | 39 |
| International investors (other) | 36 |
| TOTAL | 209 |

Note:

- 1 Six-months from November 1, 2006 to June. 11, 2007

Active information disclosure through our company website



Disclosure through English Website
<http://www.kdx-reit.com/eng/>

(Reference) Access to KRI

| website | |
|----------------------|---------------|
| Press release | 15,512 |
| Portfolio | 7,215 |
| Disclosure material | 4,928 |
| Occupancy rate | 4,499 |
| KDRM site top | 4,261 |
| Dividends | 2,650 |
| English Website | 1,723 |
| Bank borrowings | 1,501 |
| TOTAL TRAFFIC | 34,453 |

Note:

- 1 Six-months from November 1, 2006 to April. 30, 2007

Asset Management Reports
 (sent to existing investors)



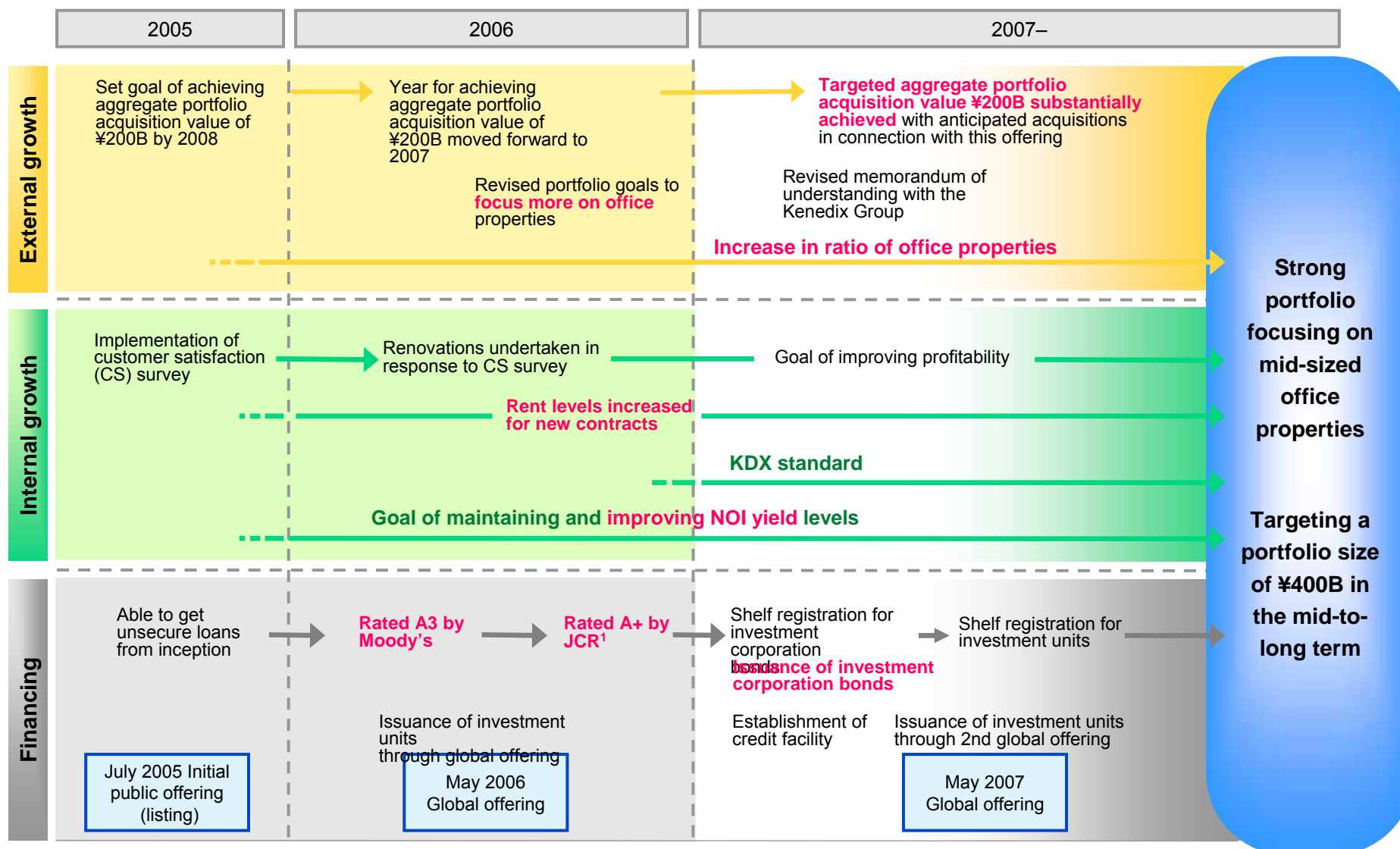
English Annual
 Reports



Offering Summary

| | IPO in 2005 | PO in 2006 | PO in 2007 |
|---------------------------------|--|--|--|
| Total offering size | <Domestic offering> Domestic 78,970 units | <Global offering> Domestic 54,340 units International 23,290 units Total 77,630 units | <Global offering> Domestic 28,810 units International 14,190 units Total 43,000 units |
| Over-allotment | 3,970 units | 3,970 units | 2,100 units |
| Number of pre-determined units | 9,770 units (Kenedix 3,770 units Y.K. KW office 2,000 units Y.K. KWO Third 4,000 units) | 3,980 units (Kenedix 3,880 units Kenedix REIT Management 100 units) | 52 units (Kenedix REIT Management 52 units) |
| Post-offering outstanding units | 78,970 units | 157,000 units | 200,000 units |
| Pricing date | Jul. 11, 2005 | Apr. 19, 2006 | May 14, 2007 |
| Delivery date | Jul. 21, 2005 | May 2, 2006 | May 23, 2007 |
| Discount rate | - | 2.0% | 2.0% |
| Pricing date | ¥580,000 | ¥593,096 | ¥873,180 |
| Offering price | ¥45.8B | ¥46.0B | ¥37.5B |
| Joint bookrunner | UBS Investment Bank Nomura International | UBS Investment Bank Nomura International | UBS Investment Bank Nomura International |

Growth since IPO

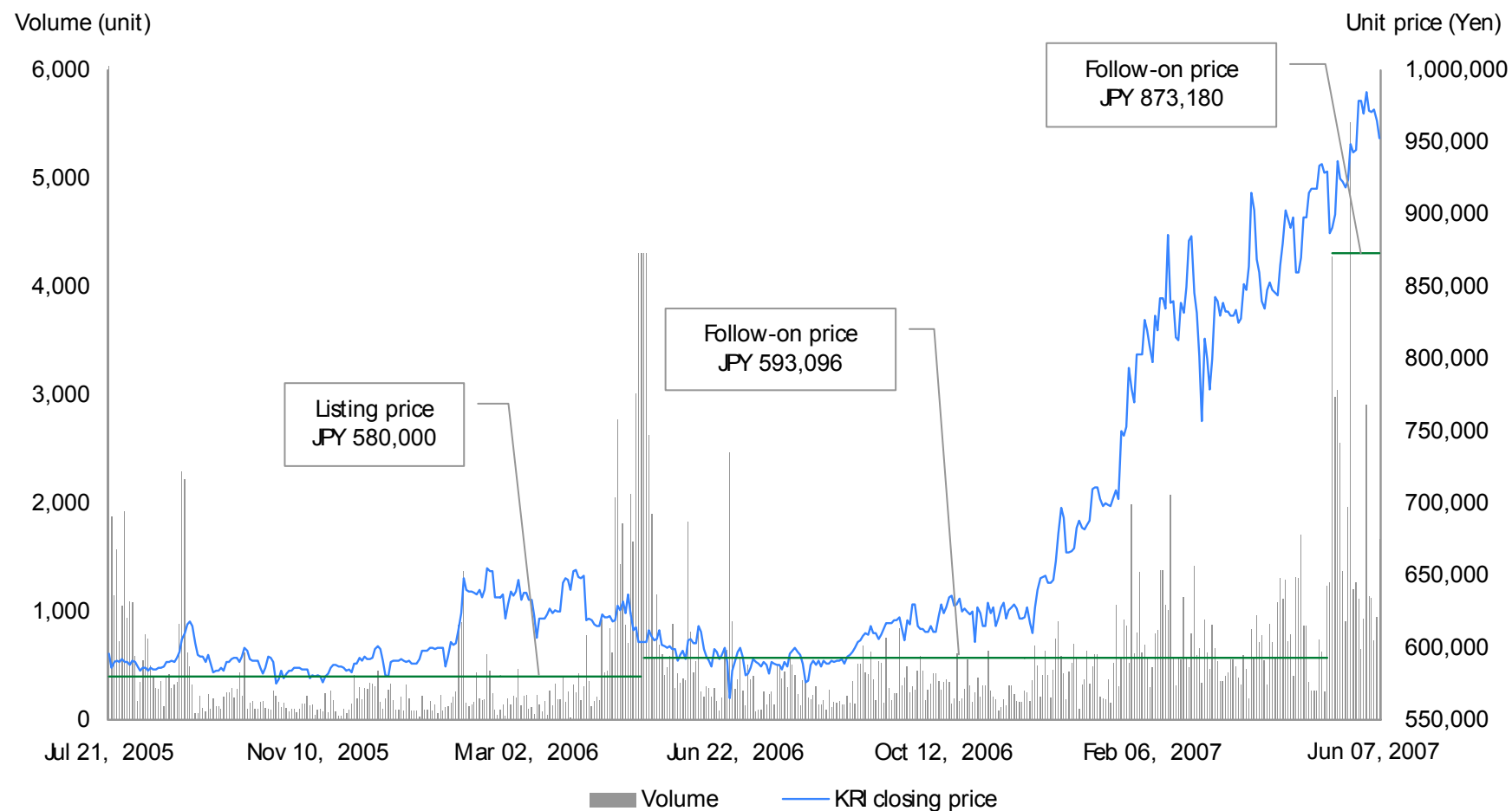


Notes:

1 JCR = Japan Credit Rating Agency, Ltd.

Unit Price Performance/Transaction Volume

KRI unit price performance



Statements of Income

| | 4th period from November 1, 2006 to April 30, 2007 | | 3rd period from May 1, 2006 to October 31, 2006 | |
|--|--|-----------------|---|-----------------|
| | Amount (¥ thousand) | Of Operating | Amount (¥ thousand) | Of Operating |
| Rental and other operating revenues | 4,965,303 | | 4,549,456 | |
| Rental revenues | 4,234,864 | | 3,908,749 | |
| Common charges | 730,439 | | 640,706 | |
| Others | 682,158 | | 582,042 | |
| Parking space rental revenues | 182,047 | | 175,387 | |
| Utility charge reimbursements | 274,748 | | 314,355 | |
| Miscellaneous | 225,363 | | 92,300 | |
| Total rental and other operating revenues (A) | 5,647,461 | | 5,131,499 | |
| Disposal income | 130,748 | | 157,334 | |
| Operating revenues | 5,778,210 | 100.0 | 5,288,833 | 100.0 |
| Property management fees | 571,265 | | 529,334 | |
| Utilities | 275,900 | | 296,833 | |
| Tax | 206,871 | | 179,647 | |
| Repairs and maintenance costs | 89,963 | | 62,666 | |
| Other expenses ¹ | 219,487 | | 193,161 | |
| Depreciation | 1,243,900 | | 1,135,559 | |
| Total property-related expenses (B) | 2,607,389 | | 2,397,201 | |
| Rental business profit (A-B) | 3,040,072 | | 2,734,297 | |
| Net operating income (NOI) | 4,283,972 | | 3,869,856 | |
| Asset management fees | 306,965 | | 203,841 | |
| Other operating expenses | 177,110 | | 122,597 | |
| Operating expenses | 3,091,465 | 53.5 | 2,723,641 | 51.5 |
| Operating income | 2,686,744 | 46.5 | 2,565,192 | 48.5 |
| Non Operating income | 9,716 | 0.2 | 2,389 | 0.1 |
| Interest expense | 450,605 | | 375,765 | |
| Investment corporation bond interest | 29,320 | | - | |
| Financing related expense | 20,595 | | 20,904 | |
| Amortization of investment corporation bond issuance costs | 1,501 | | - | |
| Amortization of unit issuance costs | 17,784 | | 17,784 | |
| Amortization of organization costs | 5,089 | | 5,089 | |
| Other non-operating expenses ² | 22,685 | | 22,956 | |
| Non-operating expenses | 547,581 | 9.5 | 442,500 | 8.4 |
| Non-operating expenses | ▲537,865 | ▲9.3 | ▲440,110 | ▲8.3 |
| Ordinary income | 2,148,879 | 37.2 | 2,125,081 | 38.4 |
| Income before income taxes | 2,148,879 | 37.2 | 2,125,081 | 38.4 |
| Current income taxes | 816 | 0.0 | 1,009 | 0.0 |
| Deferred income taxes | 4 | | 0 | |
| Net income | 2,148,058 | 37.2 | 2,124,071 | 38.4 |
| Retained earnings at the beginning of period | 59 | | 40 | |
| Retained earnings at the end of period | 2,148,117 | | 2,124,112 | |

- ◆ Net operating days in each period
- ◆ 4th Period: 181days (Nov. 1, 2006–Apr. 30, 2007)
3rd Period: 184days (May 1, 2006–Oct. 31, 2006)
- ◆ To see Income statement by property, please refer to the list in the Kessan Tanshin

- ◆ Rental and other operating revenues:
 - To the 64 properties as of the end of the 3rd period, we have added 10 new properties and disposed 2 residential properties during 4th period
 - 72 properties as of the end of the 4th period

- ◆ Disposal income:
 - Income from disposal of two residential properties
3rd period: May 10, 2006, 4th period: April 20, 2007

- ◆ Property-related expenses:
 - Property tax and city planning tax were included to expenses on tax payment date

- ◆ Amortization of unit issuance costs:
 - Issuance costs were split into six times (in three years) from the 3rd period

Summary of the revisions to the 4th period (ended April 30, 2007) results forecast

| | Initial forecast (announced on Dec 11, 2006) | Revised on April 26, 2007 | Actual results | Deviation from original forecast |
|-----------------------|--|------------------------------|----------------|--|
| Operating revenues | ¥5,542M | ¥5,767M | ¥5,778M | +4.3% |
| Net income | ¥2,074M | ¥2,140M | ¥2,148M | +3.6% |
| Distribution per unit | ¥13,200 | ¥13,600 | ¥13,682 | +3.7% |

Notes:

- Other expenses: Insurance premium, trust fees, etc.
- Other operating expenses: Directors compensation, asset custody fees, general admin fees, auditors' fees etc.

Balance Sheets

| ASSETS | 4th period as of April 30, 2007 | | 3rd period as of October 31, 2006 | |
|--|------------------------------------|--------------|--------------------------------------|--------------|
| | Amount (¥ thousand) | (%) | Amount (¥ thousand) | (%) |
| Current assets | 9,333,184 | 4.9 | 10,243,870 | 6.4 |
| Cash and bank deposits | 3,740,550 | | 4,709,666 | |
| Entrusted deposits | 5,182,512 | | 4,779,041 | |
| Other current assets | 410,121 | | 755,162 | |
| Fixed assets | 178,896,941 | 95.0 | 149,945,922 | 93.5 |
| Property and equipment at cost | 178,516,827 | 94.8 | 149,719,621 | 93.4 |
| Buildings | 4,902,623 | | 1,370,913 | |
| Land | 7,910,082 | | 2,148,301 | |
| Buildings in trust | 60,426,940 | | 56,634,477 | |
| Land in trust | 105,277,180 | | 89,565,928 | |
| Intangible assets | 285,144 | 0.1 | - | - |
| leasehold | 285,144 | | - | |
| Other assets | 94,969 | 0.1 | 226,300 | 0.1 |
| Leasehold and security deposits | 11,649 | | 18,205 | |
| Long-term prepaid expenses | 83,320 | | 76,874 | |
| derivative assets | - | | 131,220 | |
| deferred assets | 170,551 | 0.1 | 124,550 | 0.1 |
| Organization costs | 30,538 | | 40,717 | |
| Investment corporation bond issuance costs | 68,875 | | - | |
| Unit issuance costs | 71,138 | | 88,923 | |
| TOTAL ASSETS | 188,400,678 | 100.0 | 160,314,341 | 100.0 |

◆ Properties and equipment at cost

- 66 properties held at the end of the 4th period are held in the form of trust beneficiary interests. KDX Funabashi Building, KDX Nogizaka Building, KDX Nishi-Gotanda Building, KDX Okachimachi Building, KDX Nishi-Shinjuku Building, KDX Monzen-Nakacho Building were acquired as properties.

| (¥M) | Acquisition value | Book value | Appraisal value at the end of 4th period | Differences from acquisition value (%) | Differences from book value (%) |
|----------------------|-------------------|----------------|--|--|---------------------------------|
| Office | 115,979 | 118,029 | 127,187 | +11,208 (+9.7%) | +9,158 (+7.8%) |
| Central urban retail | 16,059 | 16,606 | 18,050 | +1,991 (+12.4%) | +1,444 (+8.7%) |
| Residential | 43,052 | 44,166 | 44,468 | +1,416 (+3.3%) | +302 (+0.7%) |
| Total | 175,090 | 178,801 | 189,705 | +14,615 (+8.3%) | +10,904 (+6.1%) |

| LIABILITIES | | | | |
|--|--------------------|--------------|--------------------|--------------|
| Current liabilities | 21,444,151 | 11.4 | 16,204,462 | 10.1 |
| Trade payables | 275,299 | | 289,763 | |
| Short-term debt | 20,000,000 | | 15,000,000 | |
| Other account payables | 225,737 | | 145,413 | |
| Rents received in advance | 916,372 | | 767,536 | |
| deposits received | 26,743 | | 1,748 | |
| Fixed liabilities | 76,078,756 | 40.4 | 53,173,581 | 33.2 |
| Long-term debt | 12,000,000 | | - | |
| Leasehold and security deposit received | 56,500,000 | | 47,000,000 | |
| Leasehold and security | 626,499 | | 181,398 | |
| Deferred tax liability | 6,952,256 | | 5,940,494 | |
| Unrealized gain on derivatives | - | | 51,687 | |
| EQUITIES | 97,522,908 | 51.8 | 69,378,044 | 43.3 |
| Total unitholders' capital | 88,729,652 | 47.1 | 88,729,652 | 55.3 |
| Retained earnings | 2,148,117 | 1.1 | 2,124,112 | 1.3 |
| Unrealized gain from deferred hedge transactions | - | - | 79,532 | 0.0 |
| TOTAL UNITHOLDERS' EQUITY | 90,877,769 | 48.2 | 90,933,297 | 56.7 |
| TOTAL LIABILITIES AND UNITHOLDERS' EQUITY | 188,400,678 | 100.0 | 160,314,341 | 100.0 |

| (¥M) | End of 1st period | End of 2nd period | End of 3rd period | End of 4th period |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| Short-term debt | 10,000 | 11,500 | 13,500 | 18,500 |
| Long-term debt | 19,000 | 30,500 | 48,500 | 58,000 |
| Investment corporation bond | - | - | - | 12,000 |
| Interest-bearing debt total | 29,000 | 42,000 | 62,000 | 88,500 |
| Ratio of long-term | 65.5% | 72.6% | 78.2% | 79.1% |
| Interest-bearing debt ratio | 37.5% | 45.6% | 38.7% | 47.0% |

- Measurement of interest swap at fair value recorded as a piece of total unitholders' capital from the 4th period

Portfolio Overview

Properties acquired during the 4th period (10 properties)

Properties acquired on June 1, 2007 (5 properties)

| | | | | Acquisition price (¥M) ¹ | Completion date ² | Occupancy rate (%) ³ | |
|--|-------------------------|-----------------------|-----------------------------|-------------------------------------|------------------------------|---------------------------------|--------|
| Area | # of props. | Name | Location | | | | |
| Office | Tokyo metropolitan area | A-40 | Toranomon Toyo Building | Minato ward, Tokyo | 9,850 | Aug. 1962 | 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 | 93.0% |
| | | A-39 | KDX Toranomon Building | Minato ward, Tokyo | 4,400 | Apr. 1988 | 0.0% |
| | | A-30 | KDX Nishi-Gotanda Building | Shinagawa ward, Tokyo | 4,200 | Nov. 1992 | 73.7% |
| | | A-41 | KDX Shinjuku 286 Building | Shinjuku ward, Tokyo | 2,300 | Aug. 1989 | 100.0% |
| | | A-33 | KDX Okachimachi Building | Taito ward, Tokyo | 2,000 | Jun. 1988 | 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-34 | KDX Hon-Atsugi Building | Atsugi, Kanagawa | 1,305 | May 1995 | 100.0% |
| | A-35 | KDX Hachioji Building | Hachioji, Tokyo | 1,155 | Dec. 1985 | 96.4% | |
| | Other regional areas | A-42 | KDX Kyoto Karasuma Building | Kyoto, Kyoto | 5,400 | Oct. 1982 | 97.1% |
| | | A-43 | KDX Hakata Building | Fukuoka, Fukuoka | 2,350 | Jul. 1982 | 96.9% |
| | | A-44 | KDX Sendai Building | Sendai, Miyagi | 2,100 | Feb. 1984 | 97.7% |
| | | A-36 | KDX Niigata Building | Niigata, Niigata | 1,305 | Jul. 1983 | 83.9% |
| Office (Total 15 properties) Sub Total | | | | 51,755 | - | - | |

Central urban retail properties as of the end of April 30, 2007 (3 properties)

| Type | Area | # of props. | Name | Location | Acquisition price (¥M) ¹ | Completion date ² | Occupancy rate (%) ³ |
|---|-------------------------|-------------|------------------------|---------------------|-------------------------------------|------------------------------|---------------------------------|
| Central urban retail | Tokyo metropolitan area | C-1 | Frame Jinnan-zaka | Shibuya ward, Tokyo | 9,900 | Mar. 2005 | 91.7% |
| | | C-2 | KDX Yoyogi Building | Shibuya ward, Tokyo | 2,479 | Aug. 1991 | 100.0% |
| | Other regional areas | C-3 | ZARA Tenjin Nishi-dori | Fukuoka, Fukuoka | 3,680 | Nov. 2005 | 100.0% |
| Central urban retail (Total 3 properties) Sub Total | | | | | 16,059 | - | - |

Notes:

- The acquisition price equals the transaction value of the trust beneficiary and other rights the investment corporation has acquired (before taxes, and rounded down to the nearest million). Total acquisition price of 77 properties as of June 11, 2007 is ¥197,090M.
- The building completion date refers to the registered month/year when the building was initially built. The weighted average of the building ages on acquisition prices of 72 properties as of the end of April, 2007 is 15.6 years. The weighted averages of the building ages of 39 office properties, 3 central urban retail properties, 30 residential properties are 18.1 years, 4.0 years, 5.2 years, respectively.
- The occupancy rate is calculated by dividing the occupied area (as of April 30, 2007) by the total leasable area (rounded to the first decimal place), and the occupancy rates of 5 properties acquired on June 1, 2007 are calculated as of December 31, 2006. The weighted average of the occupancy rates on acquisition prices of 72 properties as of the end of April, 2007 is 95.9%. The weighted averages of the occupancy rates of 39 office properties, 3 central urban retail properties, 30 residential properties are 95.7%, 94.7%, 96.5%, respectively.

Office properties as of the end of October 31, 2006 (29 properties)

| Properties | | | | | Acquisition price (¥M) ¹ | Completion date ² | Occupancy rate (%) ³ |
|--|-------------------------|-------------|--------------------------------|----------------------|-------------------------------------|------------------------------|---------------------------------|
| Type | Area | # of props. | Name | Location | | | |
| Office | Tokyo metropolitan area | A-13 | KDX Kojimachi Building | Chiyoda ward, Tokyo | 5,950 | May 1994 | 97.1% |
| | | A-1 | KDX Nihonbashi 313 Building | Chuo ward, Tokyo | 5,940 | Apr. 1974 | 98.9% |
| | | 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-17 | Ebisu East 438 Building | Shibuya ward, Tokyo | 4,640 | Jan. 1992 | 100.0% |
| | | A-3 | Higashi-Kayabacho Building | Chuo ward, Tokyo | 4,450 | Jan. 1987 | 89.1% |
| | | A-4 | KDX Hatchobori Building | Chuo ward, Tokyo | 3,680 | Jun. 1993 | 100.0% |
| | | A-18 | KDX Omori Building | Ohta ward, Tokyo | 3,500 | Oct. 1990 | 100.0% |
| | | A-19 | KDX Hamamatsucho Building | Minato ward, Tokyo | 3,460 | Sep. 1999 | 100.0% |
| | | A-29 | KDX Higashi-Shinjuku Building | Shinjuku ward, Tokyo | 2,950 | Jan. 1990 | 100.0% |
| | | A-20 | Dai-ichi Kayabacho Building | Chuo ward, Tokyo | 2,780 | Oct. 1987 | 84.9% |
| | | A-21 | KDX Shinbashi Building | Minato ward, Tokyo | 2,690 | Feb. 1992 | 100.0% |
| | | A-5 | KDX Nakano-Sakaue Building | Nakano, Tokyo | 2,533 | Aug. 1992 | 100.0% |
| | | A-22 | KDX Shin-Yokohama Building | Yokohama, Kanagawa | 2,520 | Sep. 1990 | 100.0% |
| | | A-6 | Harajuku F.F. Building | Shibuya ward, Tokyo | 2,450 | Nov. 1985 | 100.0% |
| | | A-27 | KDX Kajicho Building | Chiyoda ward, Tokyo | 2,350 | Mar. 1990 | 100.0% |
| | | A-15 | KDX Hamacho Building | Chuo ward, Tokyo | 2,300 | Sep. 1993 | 100.0% |
| | | A-7 | FIK Minami Aoyama | Minato ward, Tokyo | 2,270 | Nov. 1988 | 100.0% |
| | | A-14 | KDX Funabashi Building | Funabashi, Chiba | 2,252 | Apr. 1989 | 100.0% |
| | | 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-9 | KDX Shinjuku-Gyoen Building | Shinjuku ward, Tokyo | 1,610 | Jun. 1992 | 100.0% |
| | | A-26 | KDX Kiba Building | Koto, Tokyo | 1,580 | Oct. 1992 | 100.0% |
| | | A-28 | KDX Nogizaka Building | Minato ward, Tokyo | 1,065 | May 1991 | 100.0% |
| | Other regional areas | A-10 | KDX Koishikawa Building | Bunkyo, Tokyo | 704 | Oct. 1992 | 100.0% |
| | | A-12 | Portus Center Building | Sakai, Osaka | 5,570 | Sep. 1993 | 97.1% |
| | | A-24 | KDX Minami Semb Dai-1 Building | Osaka, Osaka | 1,610 | Mar. 1993 | 100.0% |
| | | A-25 | KDX Minami Semb Dai-2 Building | Osaka, Osaka | 1,560 | Sep. 1993 | 93.6% |
| | | A-11 | Hakata-Ekima Dai-2 Building | Fukuoka, Fukuoka | 1,430 | Sep. 1984 | 95.8% |
| Office (Total 29 properties) Sub Total | | | | | 86,224 | | |

Portfolio Overview

Residential properties as of the end of April 30, 2007 (30 properties)

| Type | Area | # of props. | Name | Location | Acquisition price (¥M) ¹ | Completion date ² | Occupancy rate (%) ³ |
|-------------|-------------------------|---|-----------------------------------|----------------------|-------------------------------------|-------------------------------|---------------------------------|
| Residential | Tokyo metropolitan area | B-19 | Residence Charmante Tsukishima | Chuo ward, Tokyo | 5,353 | Jan. 2004 | 100.0% |
| | | B-20 | Regalo Ochanomizu I & II | Bunkyo ward, Tokyo | 3,600 | I :Jan. 2006 II :Feb. 2006 | 96.0% |
| | | B-1 | Storia Sirokane | Minato ward, Tokyo | 3,150 | Feb. 2003 | 88.6% |
| | | B-2 | Tre di Casa Minami Aoyama | Minato ward, Tokyo | 2,460 | Feb. 2004 | 92.5% |
| | | B-21 | Regalo Shiba-Kouen | Minato ward, Tokyo | 2,260 | Nov. 2005 | 100.0% |
| | | B-3 | Court Mejiro | Shinjuku ward, Tokyo | 1,250 | Mar. 1997 | 95.0% |
| | | B-4 | Apartments Motoazabu | Minato ward, Tokyo | 1,210 | Jan. 2004 | 91.7% |
| | | B-5 | Apartments Wakamatsu Kawada | Shinjuku ward, Tokyo | 1,180 | Feb. 2004 | 97.8% |
| | | B-22 | Chigasaki Socie Ni-bankan | Chigasaki, Kanagawa | 1,160 | Jan. 1991 | 96.1% |
| | | B-6 | Court Nihonbashi-Hakozaki | Chuo ward, Tokyo | 1,130 | Feb. 2004 | 98.4% |
| | | B-23 | Court Nishi-Shinjuku | Shinjuku ward, Tokyo | 1,130 | Oct. 2005 | 90.9% |
| | | B-7 | Side Denenchofu | Ohta ward, Tokyo | 1,110 | Feb. 1997 | 97.2% |
| | | B-34 | Gradito Kawaguchi | Kawaguchi, Saitama | 1,038 | Feb. 2006 | 100.0% |
| | | B-8 | S-court Yokohama-Kannai II | Yokohama, Kanagawa | 945 | Mar. 2003 | 97.4% |
| | | B-24 | Regalo Komazawa-Kouen | Setagaya ward, Tokyo | 912 | Feb. 2006 | 95.6% |
| | | B-9 | Court Motoasakusa | Taito ward, Tokyo | 880 | Jan. 2005 | 97.5% |
| | | B-25 | Court Shin-Okachimachi | Taito ward, Tokyo | 878 | Oct. 2005 | 91.6% |
| | | B-11 | Bloom Omotesando | Shibuya ward, Tokyo | 875 | Mar. 2003 | 100.0% |
| | | B-13 | Human Heim Okachimachi | Taito ward, Tokyo | 830 | Dec. 2004 | 100.0% |
| | | B-26 | Primo Regalo Kagurazaka | Shinjuku ward, Tokyo | 762 | Jan. 2006 | 100.0% |
| | | B-27 | Primo Regalo Youga | Setagaya ward, Tokyo | 730 | Dec. 2005 | 100.0% |
| | | B-28 | Court Shimouma | Setagaya ward, Tokyo | 638 | Oct. 2005 | 96.7% |
| | | B-29 | Ashiya Royal Homes | Ashiya, Hyogo | 2,330 | Jun. 1991 | 89.0% |
| | | B-18 | Venus Hibarigaoka | Sapporo, Hokkaido | 1,800 | Mar. 1989 | 98.7% |
| | | B-30 | Regalo Ibaraki I & II | Ibaraki, Osaka | 1,600 | ① May. 1991 ② Mar. 1993 | 95.0% |
| | | B-31 | Collection Higashi-Sakura | Nagoya, Aichi | 1,264 | Mar. 2006 | 98.5% |
| | | B-32 | Renaissance 21 Hirao Jousui-machi | Fukuoka, Fukuoka | 900 | Oct. 2005 | 91.6% |
| | | B-33 | Montore Nishikouen Bay Court | Fukuoka, Fukuoka | 826 | Feb. 2006 | 97.2% |
| | | B-16 | Abreast Hara | Nagoya, Aichi | 444 | Feb. 2000 | 97.8% |
| | | B-17 | Abreast Hirabari | Nagoya, Aichi | 407 | Mar. 2000 | 100.0% |
| | | Residential (Total 30 properties) Sub Total | | | | 43,052 | |

Disposed properties during the fourth fiscal period (2 properties)

| Type | Area | # of props. | Name | Location | Acquisition price (¥M) ¹ | Disposal price (¥M) | Completion date ² |
|-------------|--|-------------|-----------------|--------------------|--|------------------------|------------------------------|
| Residential | Tokyo metropolitan area | B-14 | Court Shinbashi | Minato ward, Tokyo | 748 | 895 | Dec. 1997 |
| | | B-15 | Court Suitengu | Chuo ward, Tokyo | 659 | 708 | Jul. 2003 |
| | Residential (Total 2 properties) Total | | | | 1,407 | 1,603 | - |

Notes:

- 1 The acquisition price equals the transaction value of the trust beneficiary and other rights the investment corporation has acquired (before taxes, and rounded down to the nearest million)
- 2 The building completion date refers to the registered month/year when the building was initially built.
- 3 The occupancy rate is calculated by dividing the occupied area (as of April 30, 2007) by the total leasable area (rounded to the first decimal place).

“KENEDIX Selection”—Acquired Properties Highlights

A-32 KDX Shiba Daimon Building (Office)



- ◆ Location: Shiba Daimon, Minato-ku, Tokyo
- ◆ Site area: 1,182.40m²
- ◆ GFA: 7,824.03m²
- ◆ Year built: July, 1986
- ◆ Acquisition price: ¥6,090M

- ◆ 5 minutes on foot from JR Yamanote Line, Keihin Tohoku Line and Tokyo Monorail “Hamamatsucho” station; 4 minutes on foot from Tokyo Municipal Subway “Shiba Koen” station; and 5 minutes on foot from Tokyo Municipal Subway Asakusa Line / Oedo Line “Daimon” station respectively
- ◆ District with expected high demand from various areas due to its excellent access to rail, main roads and the airport
- ◆ Rent space of c. 420m²–850m² which is relatively big and the 2.6m high ceiling provide comfortable office space

A-37 KDX Ochanomizu Building (Office)



- ◆ Location: Kanda, Chiyoda-ku, Tokyo
- ◆ Site area: 1,515.28m²
- ◆ GFA: 7,720.08m²
- ◆ Year built: August 1982
- ◆ Acquisition price: ¥6,400M

- ◆ 5 minutes on foot from JR Chuo Line, Sobu Line, and Tokyo Metro Marunouchi Line “Ochanomizu” station; 6 minutes on foot from Tokyo Metro Chiyoda Line “Shin-Ochanomizu” station respectively
- ◆ Stable office demand expected due to its superior access to key locations in Tokyo city center
- ◆ Specification meets the needs of tenants who look for office space of substantial size

A-39 KDX Toranomon Building (Office)



- ◆ Location: Toranomon, Minato-ku, Tokyo
- ◆ Site area: 288.20m²
- ◆ GFA: 2,277.38m²
- ◆ Year built: April 1988
- ◆ Acquisition price: ¥4,400M

- ◆ Acquired as an empty building as former tenants have moved out
- ◆ Large scale renovation works to be implemented to upgrade it into an Office building with high level equipment for convenient use and more comfort

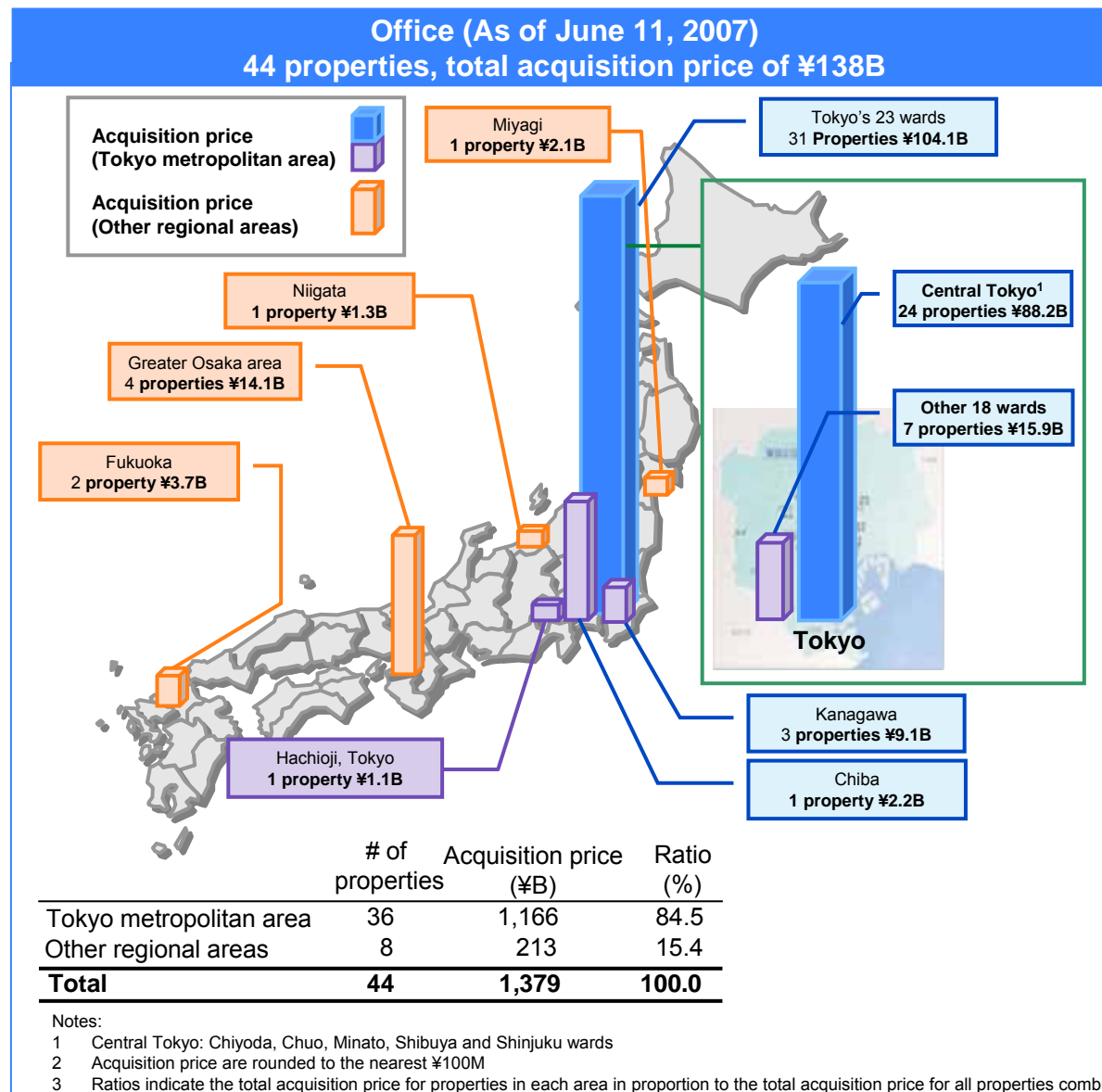
A-41 KDX Shinjuku 286 Building (Office)



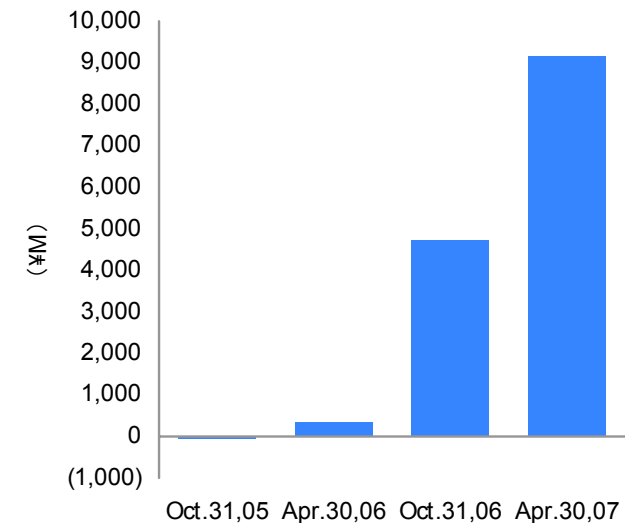
- ◆ Location: Shinjuku, Shinjuku-ku, Tokyo
- ◆ Site area: 421.70m²
- ◆ GFA: 3,432.04m²
- ◆ Year built: August 1989
- ◆ Acquisition price: ¥2,300M

- ◆ 2 minutes on foot from Tokyo Metro Marunouchi Line “Shinjuku Gyoen” station; 4 minutes on foot from Municipal Subway Shinjuku Line “Shinjuku Sanjome” station respectively
- ◆ Highly visible building facing Shinjuku-dori in busy commercial area. Surrounded by mid- to high-rise office and retail buildings along Shinjuku-dori
- ◆ Convenient to use rental space such as floor space with no center posts and unit air conditioning system

Emphasis on Mid-Sized Office Buildings in the Tokyo Metropolitan Area

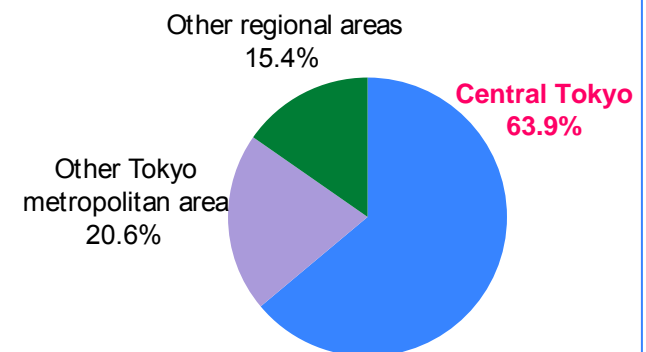


Appraisal gain (loss) of office building portfolio¹



Note:

1 Subtract total book value at end of period from the total appraisal value at end of period



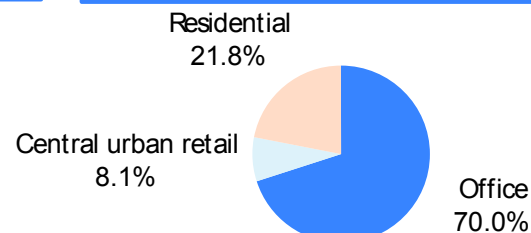
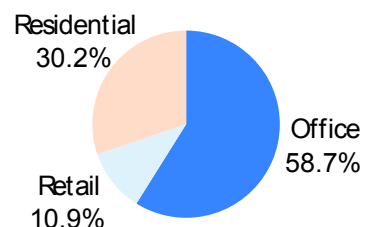
Focus on Office Buildings and External Growth Achieved

Portfolio overview

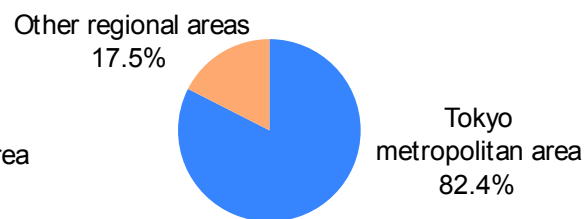
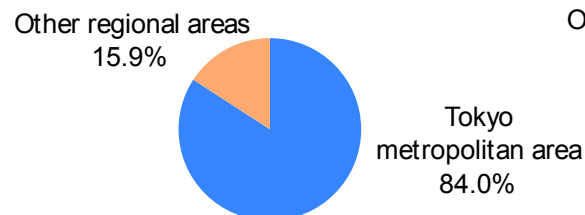
As of end of 3rd period
(October 31, 2006)
(64 properties approx. ¥147B)

As of June 11, 2007
(77 properties approx. ¥197B)

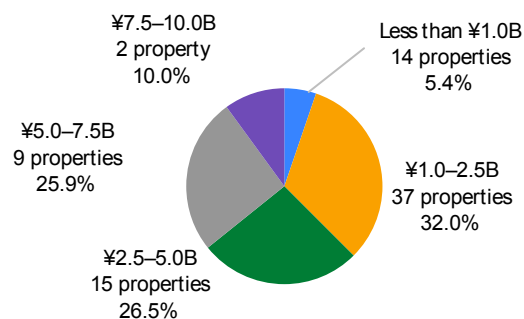
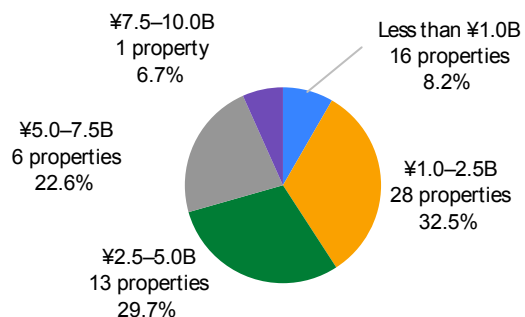
Type



Area



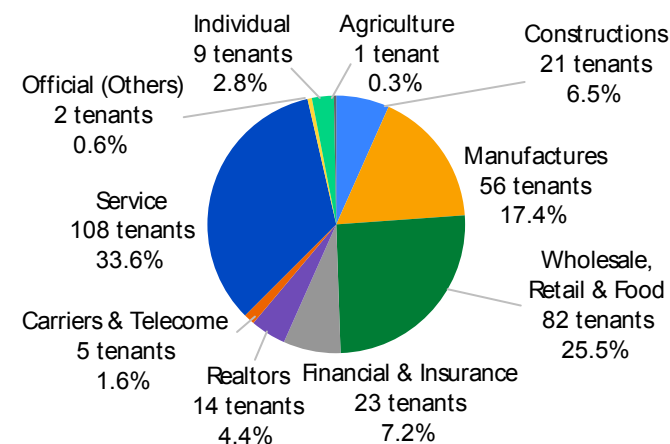
Size



Diversification in tenant mix

(as of the end of 4th period)

(Office: 39 properties, Number of tenants: 400)



Number of end tenants by type

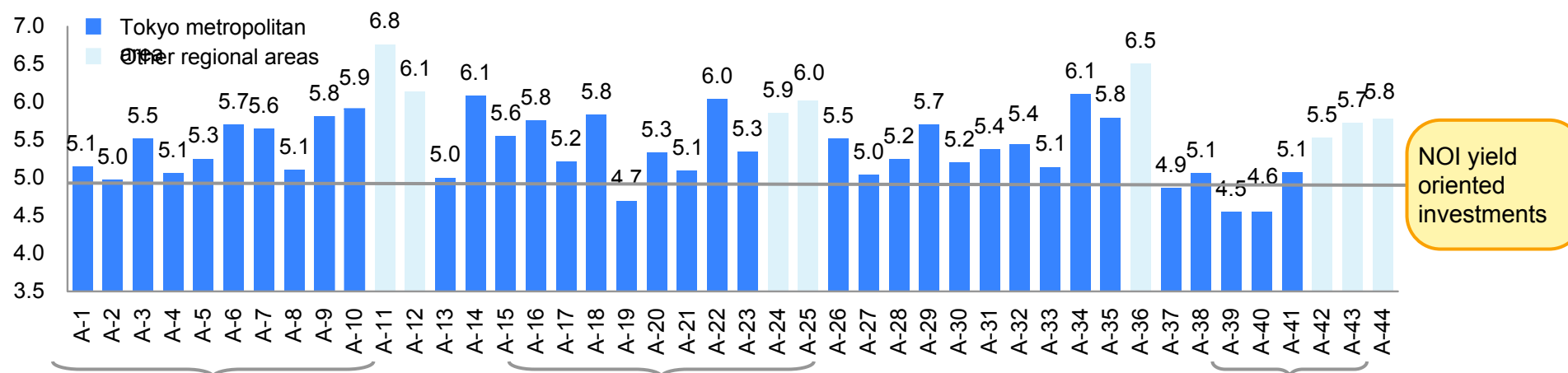
| | 2nd period | 3rd period | 4th period |
|----------------------|------------|------------|------------|
| Office | 187 | 318 | 400 |
| Central urban retail | 20 | 22 | 25 |
| Residential | 542 | 1,081 | 1,124 |

Note:

1 Including type duplication

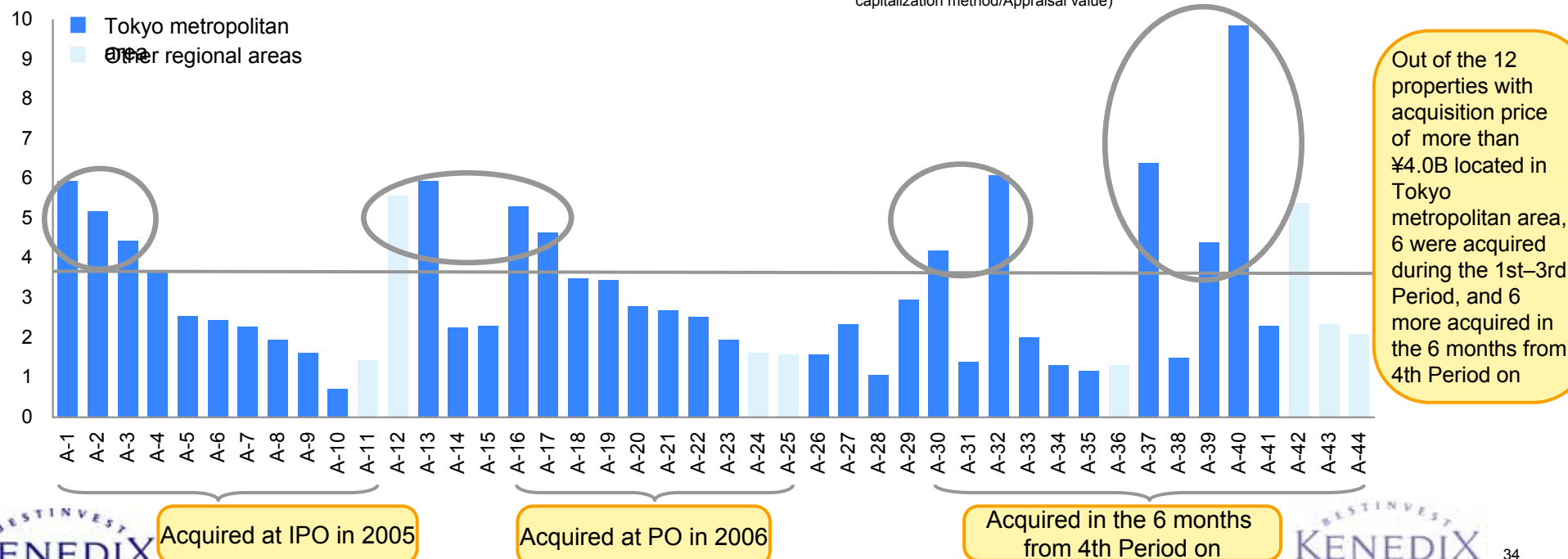
(Reference) Office Building Investment (44 properties: ¥137.9B)

Appraisal value based yield of office building at acquisition (%)



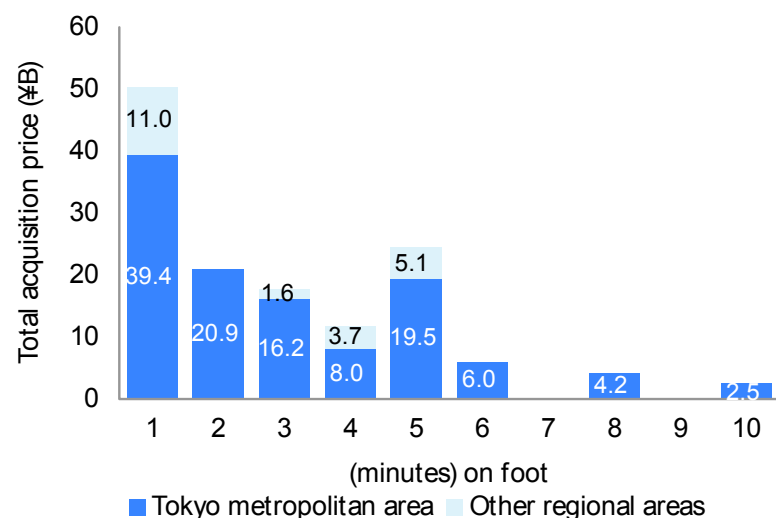
Acquisition price of office buildings (¥B)

Note: Yield based on appraisal value that were calculated by data available from property appraisal reports and should not be understood as data indicating actual or future profitability (NCF under Direct capitalization method/Appraisal value)



(Reference) Office Building Investment (44 properties: ¥137.9B)

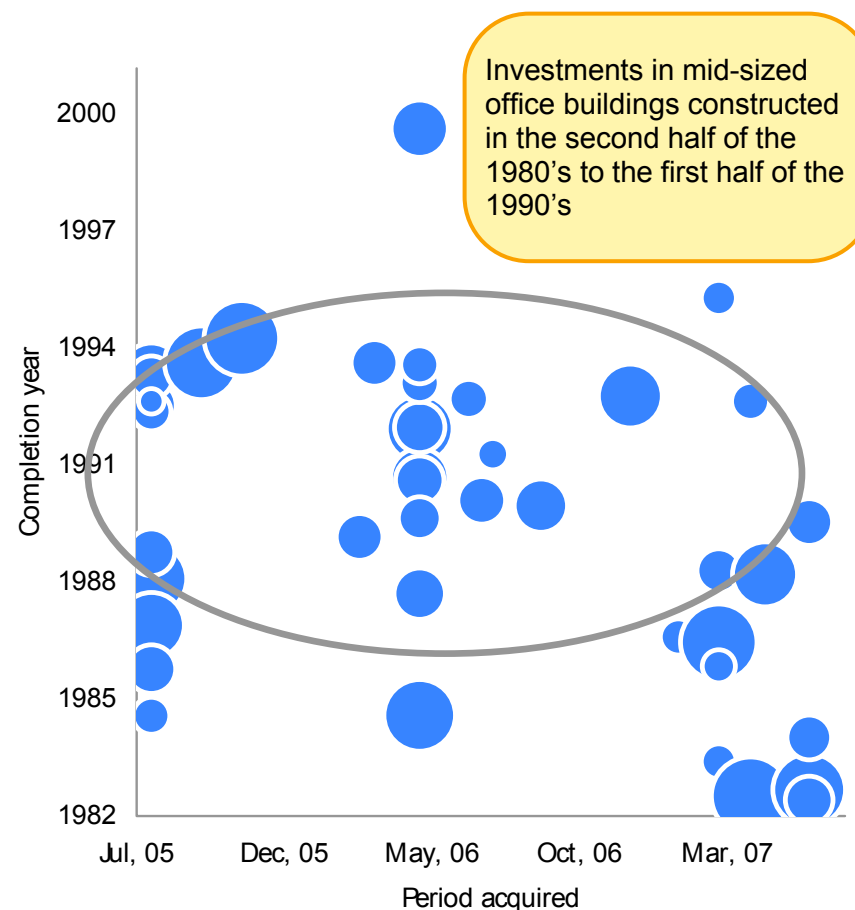
Access to the office buildings (44 properties)
from the nearest station



Investments leveraging the multi-pipeline

| Acquisition pipeline | Acquisition price (¥B) | # of properties | Av. acquisition price (¥B) |
|---------------------------------------|------------------------|-----------------|----------------------------|
| Sponsor network | 95.69 | 26 | 3.7 |
| Original network (Warehousing) | 12.6 | 4 | 3.1 |
| Original network (Direct acquisition) | 29.8 | 14 | 2.1 |
| Total | 137.9 | 44 | 3.1 |

Completion year and period acquired (Office building)

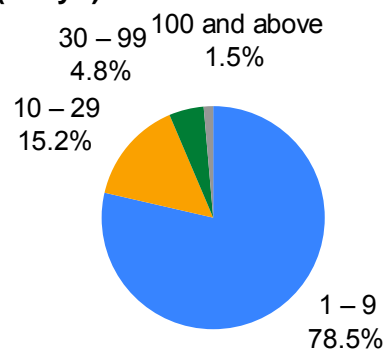


Notes:

- 1 42 office properties excluding KDX Nihonbashi 313 Bldg. (1974) and Toranomom Toyo Bldg. (1962)
- 2 Size of the pie charts indicates the acquisition price of each property

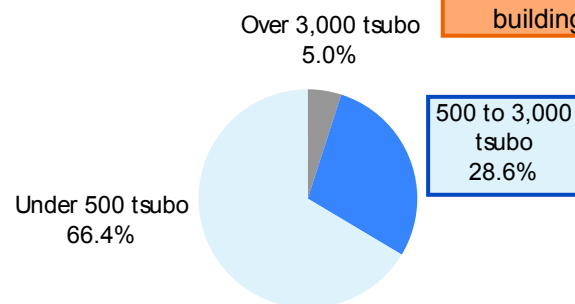
Market Environment for Office Buildings

1. Percentage of entities based on number of employees per office (Tokyo)



Source: KDRM, based on Tokyo office statistics report as of 2004 (MPHPT Statistics Bureau)

2. Distribution of office buildings by *tsubo* (Central Tokyo)

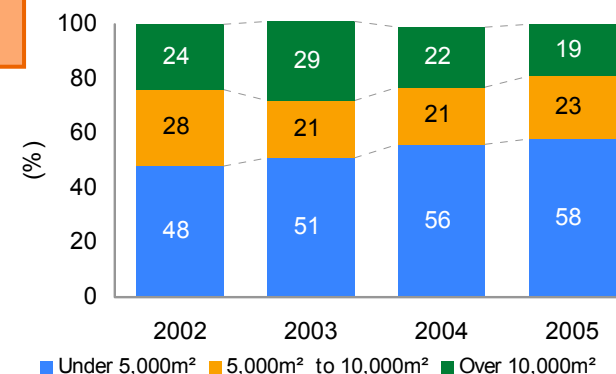


Source: "Macro Market Research in Central Tokyo", K.K. Ikoma Data Service System as of March, 2007

Note: One tsubo is approximately 3.3m²

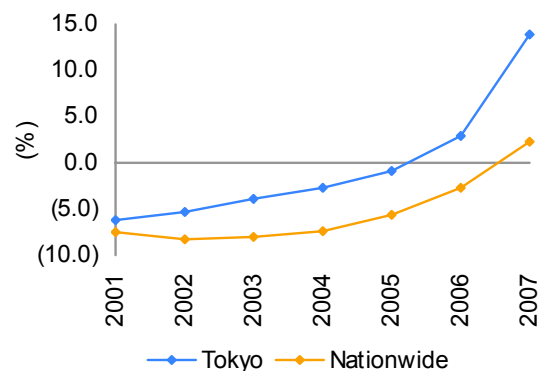
Broad based stock of mid-sized office buildings

3. Office property traded by size



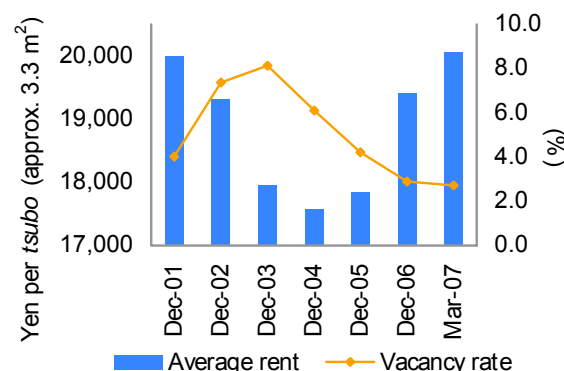
Source: "Real Estate Report 2007", Urban Research Institute, Corp

4. Annual changes in average commercial land value



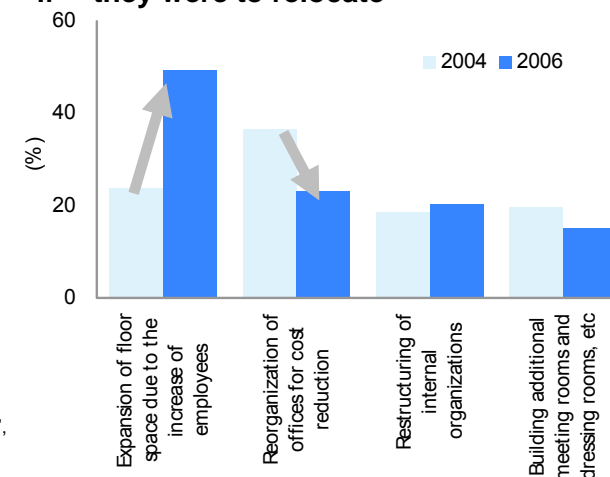
Source: Ministry of Land, Infrastructure and Transportation

5. Office property average rent and vacancy rates (Central Tokyo)



Source: "Latest Office Building Market Conditions in Central Tokyo", Miki Shoji Co., Ltd.

6. Reasons cited by companies in Tokyo if they were to relocate

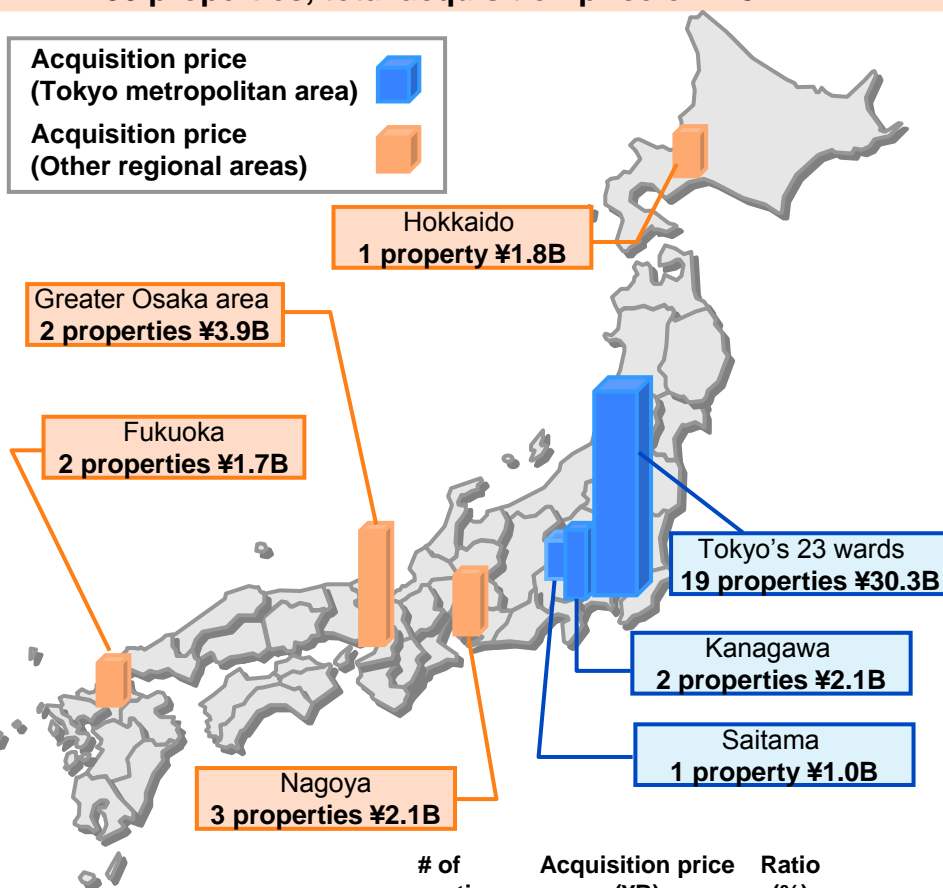


Source: "Real Estate White Paper 2006", K.K. Ikoma Data Service system

Appreciation of office building market

Residential Portfolio

Residential (as of June 11, 2007) 30 properties, total acquisition price of ¥43B



| | # of properties | Acquisition price (¥B) | Ratio (%) |
|-------------------------|-----------------|------------------------|--------------|
| Tokyo metropolitan area | 22 | 334 | 77.7 |
| Other regional areas | 8 | 95 | 22.2 |
| Total | 30 | 430 | 100.0 |

Notes:

- 1 Acquisition price are rounded to the nearest ¥100M
- 2 Ratios indicate the total acquisition price for properties in each area in proportion to the total acquisition price for all properties combined

Fluctuations in the maximum Rosenka (Prefectural capitals)

| Rank | City | Fluctuation (2006) | Fluctuation (2005) | Maximum Rosenka (2006) |
|------|-----------|--------------------|--------------------|------------------------|
| 1 | Nagoya | 26.4% | 9.3% | 4,600 |
| 2 | Tokyo | 23.8% | 9.9% | 18,720 |
| 3 | Osaka | 19.2% | 2.0% | 4,960 |
| 4 | Kyoto | 16.8% | 3.6% | 2,020 |
| 5 | Fukuoka | 15.5% | 5.9% | 3,960 |
| 6 | Yokohama | 11.5% | 4.8% | 3,870 |
| 7 | Sapporo | 10.1% | - | 1,850 |
| 8 | Saitama | 6.0% | (3.2%) | 1,950 |
| 9 | Otsu | 5.0% | (4.8%) | 210 |
| 10 | Kobe | 4.5% | (3.8%) | 1,870 |
| 11 | Sendai | 4.4% | (6.2%) | 1,430 |
| 12 | Shizuoka | 3.3% | (3.2%) | 940 |
| 13 | Okayama | 3.1% | (2.0%) | 1,010 |
| 14 | Hiroshima | 2.5% | (4.2%) | 1,650 |
| 15 | Chiba | 2.3% | (2.9%) | 1,350 |

Source: National Tax Agency "Maximum Rosenka in Prefectural Capitals, 2006"

Note: 1 Maximum Rosenka (in thousand yen) per 1m²

Japan Population Growth Rate

| Rank | City | Population as of 2005 | Growth rate (2000-2005) |
|--------------|------------------|-----------------------|-------------------------|
| 1 | Tokyo's 23 wards | 8,483,050 | 4.3% |
| 2 | Yokohama | 3,579,133 | 4.4% |
| 3 | Osaka | 2,628,776 | 1.2% |
| 4 | Nagoya | 2,215,031 | 2.0% |
| 5 | Sapporo | 1,880,875 | 3.2% |
| 6 | Kobe | 1,525,389 | 2.1% |
| 7 | Kyoto | 1,474,764 | 0.0% |
| 8 | Fukuoka | 1,400,621 | 4.4% |
| 9 | Kawasaki | 1,327,009 | 6.2% |
| 10 | Saitama | 1,176,269 | 3.8% |
| 11 | Hiroshima | 1,154,595 | 1.8% |
| 12 | Sendai | 1,024,947 | 1.7% |
| Total | | 127,756,815 | 0.7% |

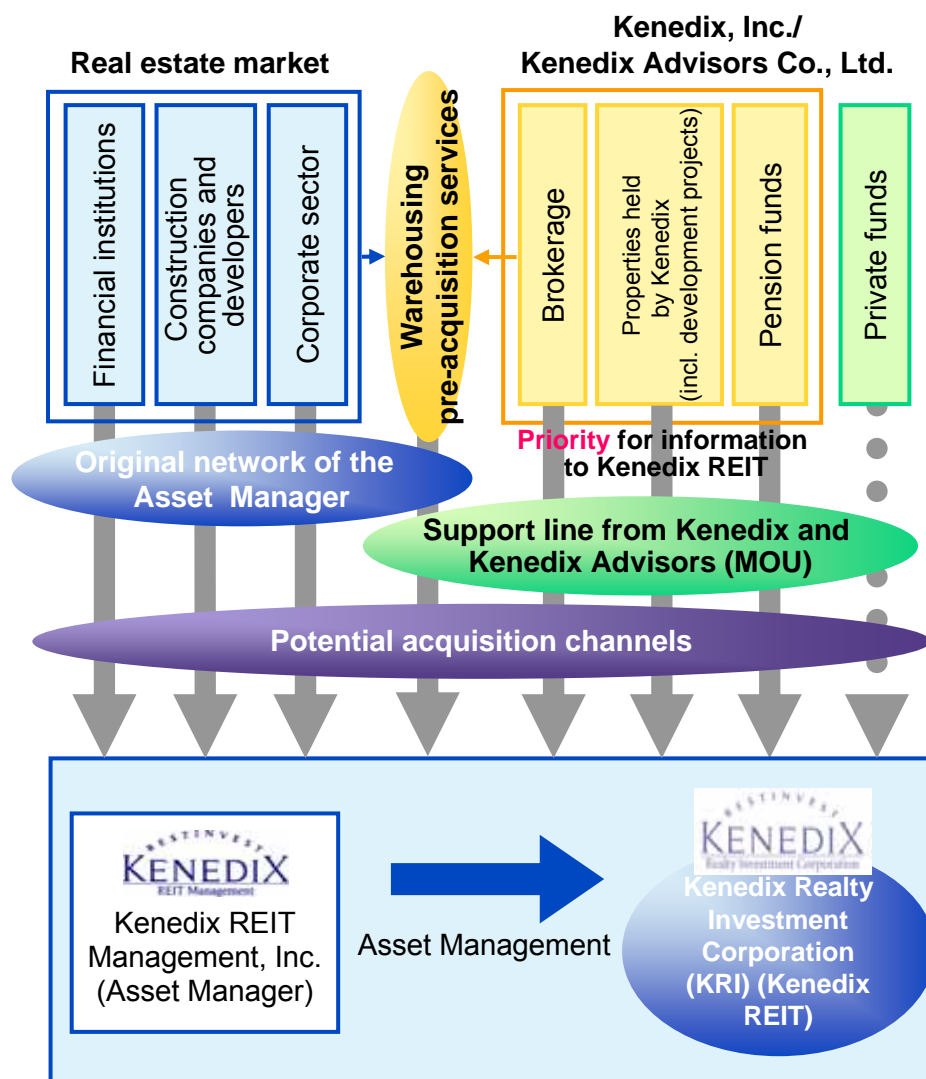
Source: MPHPT Statistics Bureau, Population Census 2005

Notes:

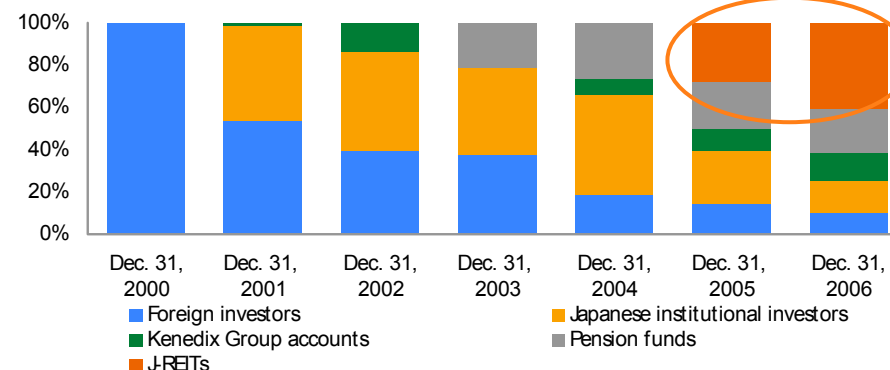
- 1 Population is rounded to the nearest thousand people
- 2 Cities where KRI owns or is planning to acquire properties are highlighted.

Leverage of Multi-Pipeline and Kenedix Group's Successful Track Record

Property acquisition leveraging multiple acquisition pipelines



Assets by type of investor

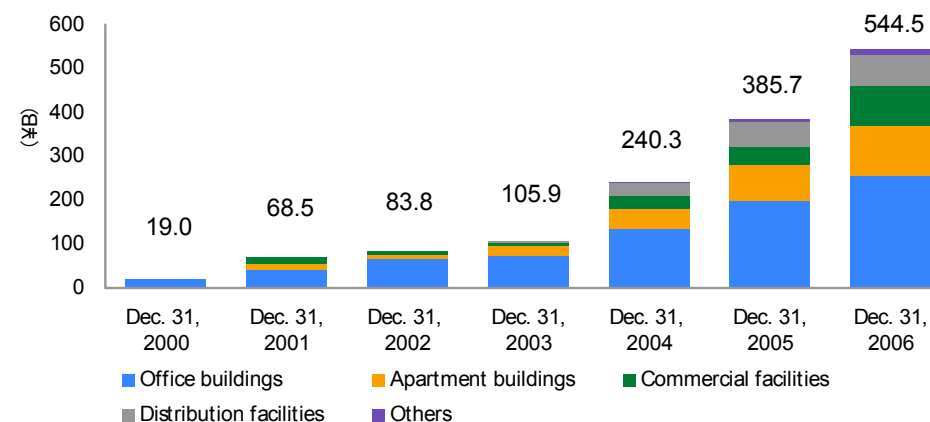


Source: Kenedix, Inc.

Note:

1 Includes properties of Japan Logistics Fund, which are entrusted to an affiliate of Kenedix, Inc. for asset management, and properties held by KRI

Assets by type of property



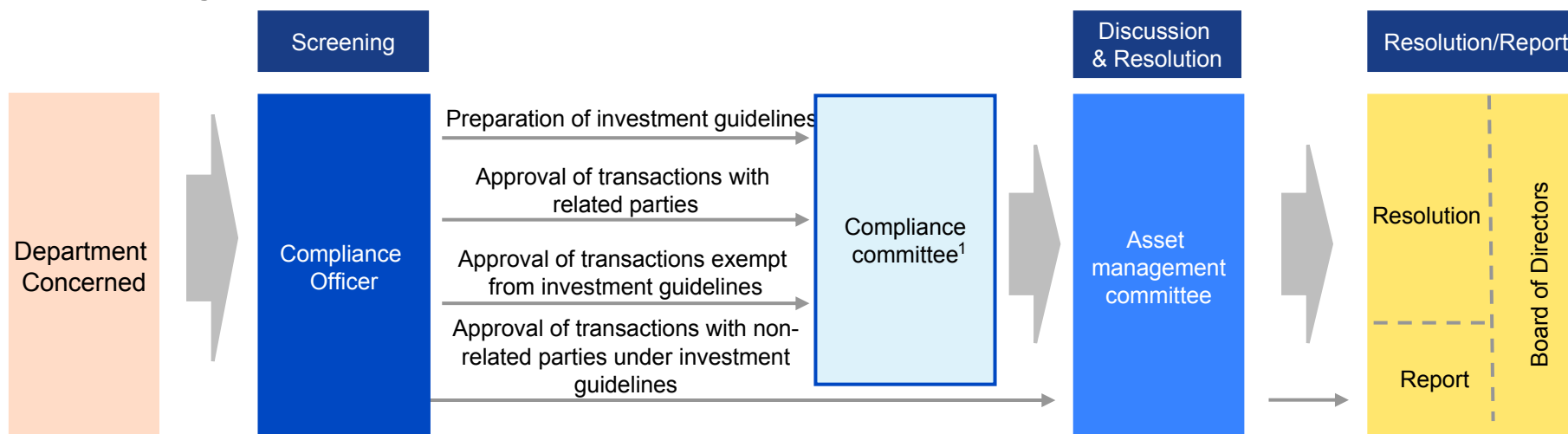
Source: Kenedix, Inc.

Note:

1 Includes properties of Japan Logistics Fund, which are entrusted to an affiliate of Kenedix, Inc. for asset management, and properties held by KRI

Management Structure of the Asset Manager

Decision making flow chart



Note:

1 As of June 11, 2007, one lawyer works as an external commission member

Policy on transaction with related parties

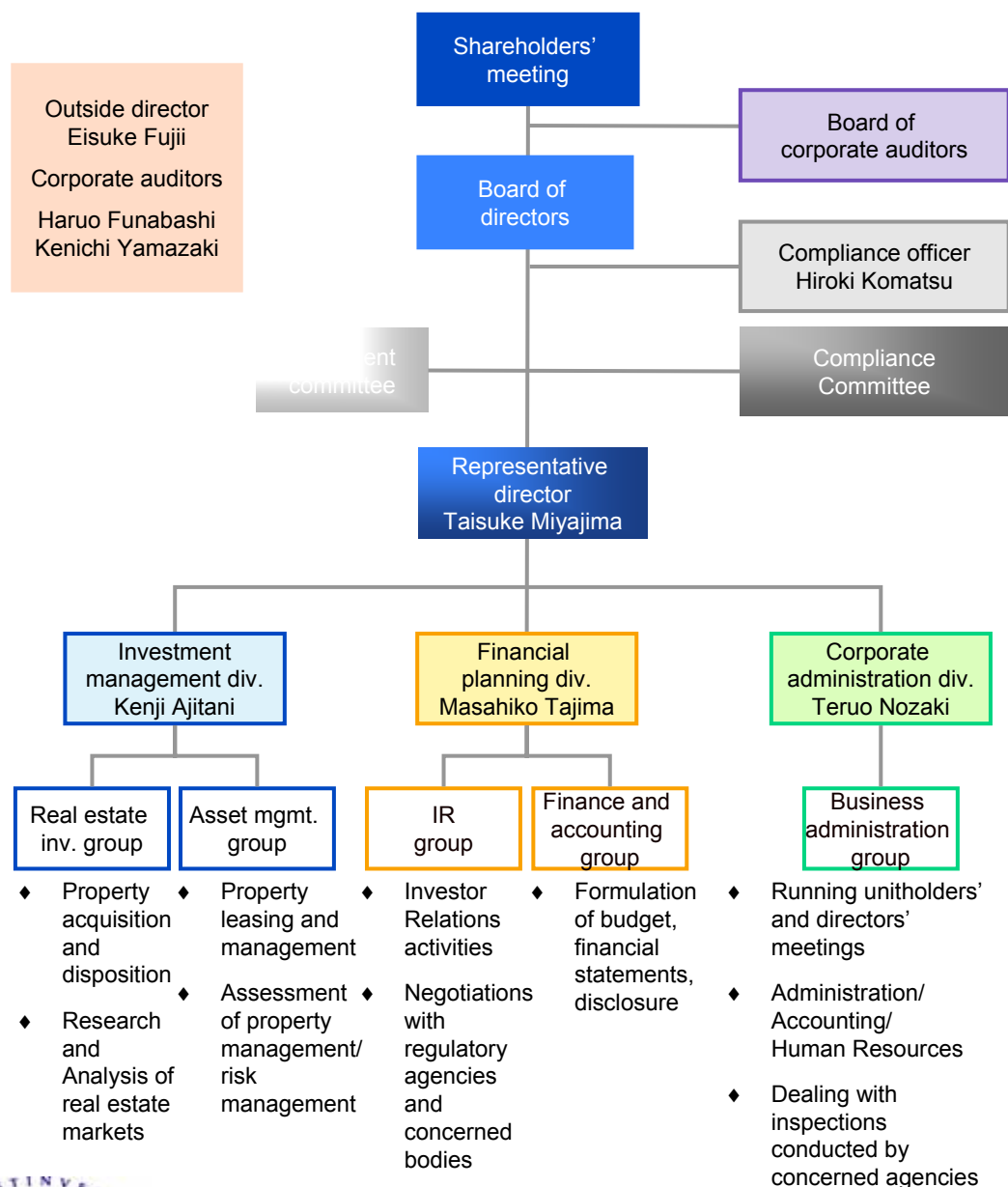
- (1) Asset acquisition: **Must not acquire properties for more than appraised price (except for properties pre-acquired by Kenedix Inc. pursuant to the MOU)**
- (2) Asset disposal: **Must not sell properties for less than appraised price**
- (3) Real estate leasing: Proper conditions must be determined in conjunction with research on market price and conditions as well as reference to third party opinion
- (4) Real estate agency business such as trading and leasing properties: commissions must be within range specified in Building Lots and Buildings Transaction Business Law

<Reference>

Meetings held by the various committees, Board of Directors of the asset manager / investment corporation

| | 1 st Period | 2 nd Period | 3 rd Period | 4 th Period | Total |
|--|------------------------|------------------------|------------------------|------------------------|-----------|
| Compliance Committee | 7 | 7 | 7 | 8 | 29 |
| Asset Management Committee | 21 | 35 | 39 | 39 | 134 |
| Board of Directors | 9 | 7 | 9 | 8 | 33 |
| Board of Directors of investment co | 11 | 7 | 7 | 9 | 34 |

Kenedix REIT Management, Inc.—Organizational Chart



Major members



Taisuke Miyajima
CEO & President

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



Kenji Ajitani
Director & General Manager ,
Investment Management Division

- ♦ Worked for 10 years for **Sojitz Corporation** (incl. Construction Department)
- ♦ After joining Kenedix, he worked for Kenedix Advisors before being transferred to 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 four years of experience in various securitized paper investments at **Sumitomo Life Insurance**
- ♦ MBA from Columbia Business School



Hiroki Komatsu
Compliance Officer

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



Haruo Funabashi
Corporate Auditor

- ♦ Joined **MOF** where he served as director, deputy director of the **National Tax Administration Agency**, **SESC** director, deputy vice-minister of the **National Land Agency**, etc.
- ♦ Corporate auditor of Kenedix, Inc.