KENEDIX
Office Investment Corporation

Translation of Japanese Original

October 15, 2014

To All Concerned Parties

REIT Issuer:
Kenedix Office Investment Corporation
Naokatsu Uchida, Executive Director
(Securities Code: 8972)

Asset Management Company:
Kenedix Real Estate Fund Management, Inc.
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Notice Concerning Acquisition of Property (Conclusion of Agreement)
(Urban Square Yokohama)

Kenedix Office Investment Corporation ("the Investment Corporation") announced today, that Kenedix Real Estate Fund Management, Inc. ("the Asset Management Company"), the asset management company for the Investment Corporation, has decided to acquire the following property. Details are provided as follows.

1. Outline of the Acquisition

(1)	Type of Planned Acquisition	:	Trust beneficiary interest in real estate
(2)	Property Name	:	Urban Square Yokohama
(3)	Anticipated Acquisition Price	:	¥7,210,000,000 (Excluding acquisition costs, adjustment amount of property tax and city-planning tax, and consumption tax, etc.)
(4)	Seller	:	Please refer to Item 4. Seller's Profile for details
(5)	Date of Contract	:	October 15, 2014
(6)	Scheduled Date of Acquisition	:	October 29, 2014
(7)	Acquisition Funds	:	Debt financing (Note) and cash on hand
(8)	Settlement Method	:	Payment in full on delivery
(9)	Source of Acquisition	:	Acquisition from a party that does not fall under the category of an interested party

Note: For the details of new debt financing, please refer to the press release "Notice Concerning Debt Financing (Series 111)" dated today.

The aforementioned Urban Square Yokohama shall hereinafter be referred to as "the Property."

2. Reasons for Acquisition

The acquisition is made to raise the investment ratio of mid-sized office buildings in the Tokyo Metropolitan Area, and to further enhance and stabilize the Investment Corporation's overall investment portfolio, in accordance with its Articles of Incorporation and fundamental investment policies.

Through the acquisition of the Property, the Investment Corporation's portfolio will expand to 94 properties (total acquisition price: 369.9 billion yen) and the ratio of investment (acquisition price basis) in office buildings in the portfolio will be 91.2% and the ratio of investment in the Tokyo Metropolitan Area in the portfolio will be 81.6%.

The Investment Corporation will continue to maintain its investment policy of mainly investing in mid-sized office buildings in the Tokyo Metropolitan Area and will set out to construct a stronger portfolio.

In the decision to acquire the Property, the following characteristics of the Property were evaluated.

(1) Area

The Property is an office building conveniently located in terms of traffic access to various destinations within Kanagawa prefecture and Tokyo Metropolitan area, as it is an approximately six-minute walk from Yokohama Station, where several JR lines and private railway lines are available, and an approximately three-minute walk from Kanagawa Station on the Keikyu Main Line. Moreover, the Yokohama Station East Exit area where the Property is situated is an area expected to continue evolving in the future, with large-scale office buildings and retail facilities constructed in recent years and connected to Yokohama Station by pedestrian decks, which have further enhanced convenience.

(2) Building

The Property's standard floor has a leasable floor area of about 1,027m^2 (about 311 tsubo) and the ceiling height is 2.55m, and is equipped with the individual air conditioning systems, OA floors and 72 mechanical parking spaces. Furthermore, the Property features reasonably strong competitiveness in terms of convenience, since it has a refreshment corner on each standard floor and rental conference rooms, rental warehouse spaces and multi-purpose community rooms on the basement floor.

(3) Tenant

Currently, the Property is occupied with tenants from a variety of industries including the system industry, vessel inspection association, the manufacture and service business, and many other sectors.

Total number of end tenants as of July 31, 2014 is 28 (Occupancy rate is 100%) and tenants are widely diversified.

3. Property Details

A-101 Urban Square Yokohama

Property Name		Urban Square Yokohama
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Limited (Planned) (Note 1)
Trust Term		October 29, 2014 to August 1, 2025 (Planned) (Note 1)
Current Owner (Current Beneficiary) /Acquisition Date		Mimosa TMK / September 26, 2011
Previous Owner (Previous Beneficiary) /Acquisition Date		Suruga Corporation / September 28, 2007
Location (Address)		1-1 Sakaemachi, Kanagawa-ku, Yokohama-shi, Kanagawa (Note 2)
Usage		Offices, Parking
Type of Structure		Flat-roofed, steel-frame reinforced and concrete steel-frame concrete structure / zinc coat steel plate; one underground and eleven above-ground floors
Site Area	Land	2,499.38 m^2
	Building (Total floor area)	15,894.75 m^2
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		March 18, 1994
Architect		Suruga Construction (currently Suruga Corporation)
Construction Company		Suruga Construction (currently Suruga Corporation)
Construction Confirmation Authority		Yokohama-shi, Kanagawa
Probable Maximum Loss		8.44% (rated by Sompo Japan Nipponkoa Risk Management, Inc.)
Anticipated Acquisition Price		¥7,210,000,000
Appraisal	Appraisal Value	¥7,600,000,000
	Base Date for Appraisal	September 1, 2014

	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Details	Please refer to Reference Material 1
Existence of Secured Interests after Acquisition		None
Master Lease Company after Acquisition		The Investment Corporation
Property Management Company after Acquisition		Kenedix Property Management, Inc.
Number of End Tenants		28 (As of July 31, 2014. The same applies below) (Note 3)
Total Leasable Area		10,933.27 m^2
Total Leased Area		10,933.27 m^2 (Note 3)
Occupancy Ratio		100.0% (Note 3)
Monthly Rent and Common Area Charge (Excluding Consumption Tax)		¥40,734 thousand (Note 3) (Note 4) (Note 5)
Security and Guarantee Deposit		¥323,508 thousand (Note 3) (Note 4) (note 5)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations		1. The Property has been approved as a building based on the Yokohama urban area environmental design system and is applicable for relaxed floor area ratio and height. In accordance with this, part of its site is left as a public open space. 2. It has been confirmed that the land of the Property contains lead in excess of the content standard as well as arsenic and fluorine in excess of the elution standard, presumably due to natural causes. However, a soil survey report prepared by a dedicated operator states: (i) Because a great majority of the ground surface of the land is covered by concrete, face tiles and planted soil, etc., it is considered that there is no occurrence of scattering or exposure of soil containing the relevant substances in excess of the standards. (ii) As there exist no wells for drinking water, there is no fear of any health hazard caused by drinking groundwater, and it is also unlikely that the soil and groundwater environment outside the site is affected." In addition, the opinion has been received that "as far as the site is used under the present conditions, no countermeasures about soil and other matters have to be immediately taken pursuant to the Soil Contamination Counter Measures Act and other regulations, and the user shall not be obliged to notify the authorities or have other relevant duties."
Other		Notes: 1. Although the Property is not within the trust as of October 15, 2014, the current owner is planning to put into real estate trust (trust transfer to Sumitomo Mitsui Trust Bank, Limited) on acquisition date and the Investment Corporation acquires trust beneficiary interest in real estate on the same date. 2. The Property's residential address has yet to be determined. 3. The end-tenant currently occupying the sixth floor (156.76 m^2) of the Property submitted a termination notice of the lease agreement on April 28, 2014 (date of termination: October 31, 2014). Regarding this office space, the current owner has concluded a lease agreement on September 19, 2014 with the existing tenant starting November 1, 2014. 4. The indicated figure includes the total amount of monthly rents and common area charge, and security deposit from one end tenant to which the lease period already started as of July 31, 2014, in accordance with the lease agreement. 5. Monthly rent, common area charge, and security and guarantee deposit information is exclusive of parking amounts, cost of utilities and other revenues. Amounts shown are rounded down to the nearest thousand yen.

4. **Seller's Profile**

Company Name		Mimosa TMK
Location		1-6-11 Ginza, Chuo-ku, Tokyo
Title and Name of Representative		Director Takeshi Nakamura
Description of Business		1. Operations related to the acquisition, management, and disposal of specified assets under the Asset Liquidation Plan, based on the Asset Liquidation Act 2. All operations that occur in conjunction with and in relation to the securitization of such specified assets.
Amount of Specialized Capital		¥100 thousand
Amount of Preferred Capital		¥1,547,000 thousand
Date of Incorporation		August 17, 2011
Net Assets		Not disclosed due to the seller's request
Total Assets		Not disclosed due to the seller's request
Relationship with the Investment Corporation/the Asset Management Company		
	Capital Relationship	There is no special capital relationship between the Investment Corporation or the Asset Management Company.
	Personnel Relationship	There is no special personnel relationship between the Investment Corporation or the Asset Management Company.
	Business Relationship	There is no special business relationship between the Investment Corporation or the Asset Management Company.
	Applicability of Related Party Relationships	The seller is not a related company as defined under the Investment Trust and Investment Corporation Law ("the Investment Trust Law") or the Office REIT Division's internal regulations of the Asset Management Company.

*As of August 31, 2014

5. Acquirer's (Previous Owners of Current Owner) Profile

Description is omitted as the seller (the current beneficiary) of the Property does not fall under the definition of a special related party of the Asset Management Company.

6. Details of Brokerage

No relevant information regarding the transactions for the Property.

7. Interested-Party Transactions

Related to the acquisition of the Property, transactions between the Investment Corporation and an interested party shall fall under the category of transaction below.

The Asset Management Company, pursuant to the Office REIT Division rules as they relate to interested-party transactions, worked to ensure strict compliance with statutory and other regulatory requirements. Furthermore, the Asset Management Company submitted all transactions for deliberation and approval by the Compliance Committee. Subject to approval, the transactions were then submitted to the Office REIT Division Asset Management Committee for resolution.

In accordance with the Investment Trust Law, the Asset Management Company shall provide a report to the Investment Corporation relating to the interested-party transactions.

Appointment of a Property Management Company:

The Investment Corporation plans to execute a property management agreement for the Property with Kenedix Property Management, Inc. on the acquisition date for the Property.

Fees relating to property management remain at the same level as the current properties.

Outline of Kenedix Property Management, Inc.:

Name of Company	Kenedix Property Management, Inc.
Location	2-6-1 Nihombashi Kayabacho, Chuo-ku, Tokyo
Title and Name of Representative	CEO & President Keizo Katayama
Description of Business	Real estate trading, building management and operation related consulting business Maintenance for building and various attached facility, cleaning, security service contract Real estate transaction, leasing brokerage, management and appraisement Class II Financial Instrument Business Operator
Amount of Capital	¥100,000 thousand
Date of Incorporation	January 31, 2014
Relationship with the Investment Corporation or the Asset Management Company	The property management company is the subsidiary company of Kenedix, Inc., the parent company, etc. of the Asset Management Company under the Financial Instruments and Exchange Act and is a related company as defined under the Investment Trust Law and the Office REIT Division's internal regulations of the Asset Management Company.

*As of September 30, 2014

Outline of Property Management Fees:

①Leasing management fees

Rental income × 2% + Real estate operating income after management overhead expenses and before depreciation × 2%

②Management transfer fees

Property Price	Management Transfer Fee (At the Time of Purchase)
¥5.0 billion and more, and less than ¥10.0 billion	¥2.4 million

8. Acquisition Schedule

Date of Determination of Acquisition Date of Execution of Purchase Agreement	October 15, 2014
Scheduled Payment Date Scheduled Delivery Date	October 29, 2014 (planned)

9. Outlook

The impact of the acquisition of the Property on the financial results for the period ending October 31, 2014 (May 1, 2014 to October 31, 2014) is minimal. Therefore, the forecast of financial results for the period remains unchanged.

Attached Materials

Reference Material 1 Outline of the Property Appraisal
Reference Material 2 Summary of Projected Cash Flow for the Property
Reference Material 3 Summary of Building Condition Investigation Report
Reference Material 4 Property Photographs
Reference Material 5 Property Portfolio after Acquisition of the Property

This notice is the English translation of the Japanese announcement on our Web site released on October 15, 2014. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference Material 1

Outline of the Property Appraisal

			Unit: Yen
Appraiser			Daiwa Real Estate Appraisal Co., Ltd.
Base Date for Appraisal			September 1, 2014
Appraisal Value			7,600,000,000
Value Calculated Using the Direct Capitalization Method			7,870,000,000
	Gross Operating Revenue		592,196,489
		Maximum Gross Operating Revenue	624,157,224
		Shortfall Attributed to Vacancies	31,960,735
	Operating Expenses		164,514,112
		Administrative and Maintenance Expense	120,761,020
		Taxes and Dues	38,223,428
		Other Expenses	5,529,664
	Net Operating Income (NOI)		427,682,377
	Capital Expenditure		48,197,797
	Gain on Guarantee Deposit Investment (Note)		6,086,298
	Net Cash Flow (NCF)		385,570,878
	Overall Capitalization Rate (NCF)		4.9%
Value Calculated Using the Discounted Cash Flow Method			7,480,000,000
	Discount Rate		4.7%
	Terminal Capitalization Rate		5.1%
Value Calculated Using the Cost Method			6,520,000,000
	Land		67.0%
	Building		33.0%

Note: Gain on guarantee deposit investment calculated based on an operating yield of 2.0%

*Reference (Appraised NOI Yield)
5.9% (rounded down to the first decimal place) = Net Operating Income (NOI) in the aforementioned Value Calculated Using the Direct Capitalization Method ÷ Anticipated Acquisition Price (¥7,210,000,000)

Reference Material 2

Summary of Projected Cash Flow for the Property

	Unit：Millions of Yen
A. Projected Operating Revenues	545
B. Projected Operating Expenses (excluding depreciation)	168
C. Projected NOI (A-B)	377
D. Occupancy Ratio	95.9%

Underlying assumptions:

1. The above projected cash flow is an estimate for one year and is exclusive of extraordinary factors of the year of acquisition.
2. Revenues are based on an occupancy ratio in the above chart “D. Occupancy Ratio”, which is based on the current occupancy ratio and future changes of occupancy.
3. Expenses include property management fees, taxes and dues, repairs and maintenance expenses, and insurance.

Reference Material 3

Summary of Building Condition Investigation Report

	Unit：Yen
Investigation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of Investigation	August 2014
Repairs, maintenance and renovation expenses required over the next year	4,000,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	643,152,000
Unit-in-Place	4,545,300,000

* The abovementioned investigation company undertakes building assessments for this property such as
  - a diagnosis of building deterioration
  - formulation of a short- and long-term repair and maintenance plan
  - assessment of legal compliance with the Building Standards Law
  - analyses of the existence of hazardous substances and the soil environment and submits a building assessment report to the Investment Corporation.

Reference Material 4

Property Photographs







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Reference Material 5

Property Portfolio after Acquisition of the Property

Type of Use	Area	Property Name	Acquisition Price (Anticipated) (Millions of Yen) (Note 1)	Ratio (Note 1)	Acquisition (Anticipated) Date
Office Buildings	Tokyo Metropolitan Area	KDX Musashi-Kosugi Building	12,000	3.2%	March 20, 2014
		KDX Nihonbashi Kabutocho Building	11,270	3.0%	December 26, 2011
		KDX Harumi Building	10,250	2.7%	June 30, 2008
		Toranomon Toyo Building	9,850	2.6%	June 1, 2007
		KDX Toyosu Grand Square	8,666	2.3%	May 30, 2014
		Hiei Kudan-Kita Building	7,600	2.0%	February 1, 2008
		Urban Square Yokohama	7,210	1.9%	October 29, 2014 (Planned)
		KDX Shinjuku Building	6,800	1.8%	February 18, 2010
		KDX Ochanomizu Building	6,400	1.7%	April 2, 2007
		KDX Fuchu Building	6,120	1.6%	September 21, 2012
		KDX Shiba-Daimon Building	6,090	1.6%	March 1, 2007
		KDX Kojimachi Building	5,950	1.6%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	1.6%	August 1, 2005
		KDX Shin-Yokohama 381 Building (Note 2)	5,800	1.5%	Existing Tower: February 1, 2008 Annex Tower: November 18, 2009
		Toshin 24 Building	5,300	1.4%	May 1, 2006
		KDX Takanawadai Building	5,250	1.4%	November 19, 2013
		KDX Iidabashi Building	4,670	1.2%	July 22, 2011
		KDX Ebisu Building	4,640	1.2%	May 1, 2006
		KDX Higashi Shinagawa Building	4,590	1.2%	July 22, 2011
		Higashi-Kayabacho Yuraku Building	4,450	1.2%	August 1, 2005
		KDX Toranomon Building	4,400	1.1%	April 17, 2007
		Aplus Tokyo Building	4,350	1.1%	January 10, 2014
		KDX Ginza 1chome Building	4,300	1.1%	November 12, 2010
		KDX Nishi-Gotanda Building	4,200	1.1%	December 1, 2006
		KDX Nihonbashi Honcho Building	4,000	1.0%	November 12, 2010
		KDX Ikebukuro Building	3,900	1.0%	November 18,2013
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	1.0%	February 1, 2008
		KDX Shinbashi Building (Note 3)	3,728	1.0%	Acquired Portion: May 1, 2006 Additionally Acquired Portion: December 2, 2013
		KDX Hatchobori Building	3,680	0.9%	August 1, 2005
		Grace Building Takadanobaba	3,650	0.9%	May 30, 2014
		KDX Hamamatsucho Building	3,460	0.9%	May 1, 2006
		KDX Roppongi 228 Building	3,300	0.8%	January 10, 2008
		KDX Mita Building	3,180	0.8%	November 18, 2013
		Koishikawa TG Building	3,080	0.8%	November 18, 2009
		KDX Higashi-Shinjuku Building	2,950	0.7%	September 1, 2006
		KDX Kasuga Building	2,800	0.7%	September 21, 2012
		KDX Kayabacho Building	2,780	0.7%	May 1, 2006
		KDX Jimbocho Building	2,760	0.7%	March 31, 2008
		KDX Hakozaki Building	2,710	0.7%	July 22, 2011
		Gotanda TG Building	2,620	0.7%	November 18, 2009

Office Buildings	Tokyo Metropolitan Area	KDX Akihabara Building	2,600	0.7%	November 19, 2013
		KDX Nakano-Sakaue Building	2,533	0.6%	August 1, 2005
		KDX Shin-Yokohama Building	2,520	0.6%	May 1, 2006
		Harajuku F.F. Building	2,450	0.6%	August 1, 2005
		KDX Ikejiri-Oohashi Building	2,400	0.6%	February 1, 2008
		KDX Kajicho Building	2,350	0.6%	July 3, 2006
		KDX Hamacho Nakanohashi Building	2,310	0.6%	February 1, 2008
		KDX Hamacho Building	2,300	0.6%	March 16, 2006
		KDX Shinjuku 286 Building	2,300	0.6%	June 1, 2007
		KDX Shin-Nihonbashi Building	2,300	0.6%	July 22, 2011
		FIK Minami Aoyama	2,270	0.6%	August 1, 2005
		KDX Funabashi Building	2,252	0.6%	March 1, 2006
		KDX Hamamatsucho Dai-2 Building	2,200	0.5%	September 1, 2008
		Itopia Nihonbashi SA Building	2,200	0.5%	August 19, 2013
		Shin-toshin Maruzen Building	2,110	0.5%	February 29, 2008
		KDX Omiya Building	2,020	0.5%	March 26, 2013
		KDX Nihonbashi 216 Building	2,010	0.5%	December 1, 2009
		KDX Okachimachi Building	2,000	0.5%	March 1, 2007
		KDX Gobancho Building	1,951	0.5%	March 31, 2008
		Kanda Kihara Building	1,950	0.5%	August 1, 2005
		Tosen Ikebukuro Building	1,934	0.5%	September 3, 2014
		Welship Higashi-Shinjuku	1,900	0.5%	September 13, 2013
		KDX Nakameguro Building	1,880	0.5%	September 21, 2012
		KDX Iwamoto-cho Building	1,864	0.5%	May 1, 2008
		KDX Kiba Building	1,580	0.4%	June 20, 2006
		KDX Nishi-Shinjuku Building	1,500	0.4%	April 2, 2007
		KDX Monzen-Nakacho Building	1,400	0.3%	January 19, 2007
		KDX Kanda Misaki-cho Building	1,380	0.3%	February 1, 2008
		KDX Hon-Atsugi Building	1,305	0.3%	March 1, 2007
		KDX Tachikawa Ekimae Building	1,267	0.3%	December 26, 2011
		KDX Hachioji Building	1,155	0.3%	March 1, 2007
		KDX Nogizaka Building	1,065	0.2%	July 14, 2006
	Other Regional Areas	Senri Life Science Center building	13,000	3.5%	October 15, 2014
		KDX Nagoya Sakae Building	7,550	2.0%	Land: April 25, 2008 Building: July 1, 2009
		KDX Nagoya Ekimae Building	7,327	1.9%	December 26, 2011
		Portus Center Building	5,570	1.5%	September 21, 2005
		Karasuma Building	5,400	1.4%	June 1, 2007
		KDX Hakata-Minami Building	4,900	1.3%	February 1, 2008
		Nagoya Nikko Shoken Building	4,158	1.1%	December 26, 2011
		KDX Kobayashi-Doshomachi Building	2,870	0.7%	December 1, 2010
		KDX Higashi Umeda Building	2,770	0.7%	March 28, 2012
		Fumix STM Building	2,350	0.6%	May 30, 2014
		KDX Kitahama Building	2,220	0.6%	February 1, 2008
		KDX Sendai Building	2,100	0.5%	June 1, 2007
		KDX Sapporo Building	2,005	0.5%	March 25, 2011
		KDX Minami Semba Dai-2 Building	1,560	0.4%	May 1, 2006
		Hiroshima Ekimae-dori Mark Building	1,300	0.3%	September 1, 2014
		Sendai Nikko Building	950	0.2%	December 26, 2011

Total of 88 Office Buildings			337,741	91.2%	-
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	2.6%	August 1, 2005
		Ginza 4chome Tower	9,800	2.6%	August 19, 2013
		KDX Yoyogi Building	2,479	0.6%	September 30, 2005
	Total of 3 Central Urban Retail Properties		22,179	5.9%	-
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	1.4%	May 1, 2006
	Other Regional Areas	Venus Hibarigaoka	1,800	0.4%	December 8, 2005
	Total of 2 Residential Properties		7,153	1.9%	-
Others	Tokyo Metropolitan Area	Shinjuku 6chome Building (Land)	2,880	0.7%	April 18, 2014
	Total of 1 Others Property		2,880	0.7%	-
Total of 94 Properties			369,954	100.0%	Portfolio PML 2.38 % (Note 4)

Investment Securities	G. K. KRF43 Silent Partnership Equity Interest	1,107	-	March 28, 2014
	Toyonaka Property TMK Preferred Securities (Note 5)	1,583	-	July 18, 2014
	Total of 2 Investment Securities	2,690	-	-

Notes:

1. Figures of less than one million yen are rounded off the acquisition (anticipated) prices, and ratios are rounded down to the first decimal place.
2. The acquisition price of the existing tower acquired on February 1, 2008 was 4,700 million yen, and the acquisition price of the annex tower acquired on November 18, 2009 was 1,100 million yen.
3. The acquisition price of the portion acquired on May 1, 2006 was 2,690 million yen, and the acquisition price of the additional portion acquired on December 2, 2013 was 1,038 million yen.
4. Portfolio PML figure does not include Shinjuku 6chome Building (Land).
5. With the acquisition of Senri Life Science Center Building, Toyonaka Property TMK will be liquidated and the Investment Corporation is scheduled to receive a refund of preferred securities.