KENEDIX
Office Investment Corporation

Translation of Japanese Original

March 1, 2016

To All Concerned Parties

REIT Issuer:
Kenedix Office Investment Corporation
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(Securities Code: 8972)

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Notice Concerning Acquisition of Property (Nittochi Toranomon Building) and Sale of Properties (KDX Toranomon Building・Toranomon Toyo Building)

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 and sell the following properties (respectively "the Acquisition" and "the Sales", and collectively "the Transaction"). Details are provided as follows.

1. Outline of the Transaction

(1) Outline of the Acquisition

①	Property Name	:	Nittochi Toranomon Building
②	Type of Property to be Acquired	:	Trust beneficiary interest in real estate
③	Anticipated Acquisition Price	:	¥15,550,000 thousand (Acquisition costs, adjustment of property tax, city-planning tax, and consumption tax, etc. are excluded.)
④	Seller	:	Please refer to "5. Seller's and Buyer's Profile".
⑤	Date of Contract	:	March 1, 2016
⑥	Scheduled Date of Acquisition	:	March 30, 2016
⑦	Acquisition Funds	:	Cash on hand and debt financing (Planned)
⑧	Settlement Method	:	Payment in full on settlement
⑨	Seller Attribute	:	Other than related party

The aforementioned Nittochi Toranomon Building shall hereinafter be referred to as "the Acquired Property".

(2) Outline of the Sale

①	Property Name	:	KDX Toranomon Building	Toranomon Toyo Building
②	Type of Property to be Sold	:	Trust beneficiary interest in real estate	
③	Anticipated Sale Price (Note 1)	:	¥3,950,000 thousand	¥11,470,000 thousand
④	Assumed Book Value (Note 2) (Note 3)	:	¥4,692,000 thousand	¥9,899,000 thousand
⑤	Difference between Anticipated Sale Price and Assumed Book Value: (3)-(4) (Note 3) (Note 4)	:	¥(742,000) thousand	¥1,571,000 thousand
⑥	Buyer	:	Please refer to "5. Seller's and Buyer's Profile".	
⑦	Date of Contract	:	March 1, 2016	
⑧	Scheduled Date of Sale	:	March 30, 2016	
⑨	Use of Proceeds	:	Acquisition funds for the Acquired Property	
⑩	Settlement Method	:	Payment in full on settlement	
⑪	Buyer Attribute	:	Other than related party	
⑫	Method of Buyer Selection	:	Please refer to "2. Reason for the Transaction".	

Note 1: Transfer costs, adjustment of property tax, city-planning tax, and consumption tax, etc. are excluded.
Note 2: The assumed book value as of the scheduled date of sale is listed.
Note 3: Figures are rounded down to the nearest ¥1 million.
Note 4: Figures are referential amounts, calculated as a difference between anticipated sale price and assumed book value, and not different from profit or loss on sale.

The aforementioned KDX Toranomon Building and Toranomon Toyo Building shall hereinafter be referred to as "the Property for Sale" respectively, and collectively "the Two Properties for Sale".

2. Reason for the Transaction

In the Toranomon area where the Two Properties for Sale are located, several urban redevelopment projects are being planned. Under such a situation, after confirming that multiple developers had intentions to acquire the Two Properties for Sale, the Investment Corporation decided a policy to sell the Two Properties for Sale in view of profitability forecast reflecting an age passage of the Two Properties for Sale. However, a decrease in rent revenue is expected due to the Sales so that, for the purpose to avoid a decrease in rent revenue by acquiring alternate properties of the Two Properties for Sale, the Investment Corporation asked the respective developers to provide proposals concerning alternate properties for sale based on an exchange transaction with the Two Properties for Sale.
As a result of comparative reviews of the proposals of the alternate properties from the respective developers and their conditions such as transaction price, the Investment Corporation decided to conduct the Transaction that is exchange transaction targeting Nittochi Toranomon Building which is situated in a good location and built recently.

Furthermore, the decision on the Transaction was made to further enhance the Investment Corporation's investment portfolio, while comprehensively considering the Investment Corporation's current and future portfolio development policy, real estate market trends, the characteristics of the property, etc. in accordance with the Asset Management Basic Policies and investment stance stipulated in its Articles of Incorporation.
Moreover, in the decision to acquire the Acquired Property, which is a mid-sized office building that the Investment Corporation has focused on as main investment target, the Acquired Property were evaluated in terms of the property characteristics, described in "3. Details of the Acquired Property" below.
Through the Transaction, the Investment Corporation expects that the average age of the portfolio will be lowered and financial base is sought to be strengthed. For the detail, please refer to the today's announcement "Supplemental Material on the Acquisition and Sale Announced Today".

Although the anticipated sale price of KDX Toranomon Building falls below the assumed book value, the total anticipated sale prices for the Two Properties for Sale exceed the total assumed book values, and thus profit is expected from gain on the Sales. For the detail, please refer to the today's press release "Notice Concerning the Revisions of Operating Forecast and Distribution Forecast for the Fiscal Period Ending April 30, 2016 (the Twenty-second Fiscal Period)".

3. Details of the Acquired Property

A-112 Nittochi Toranomon Building

Property Name		Nittochi Toranomon Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation (Planned) (Note 1)
Trust Term		March 30, 2016 to August 1, 2025 (Planned) (Note 1)
Current Owner / Acquisition Date		NIPPON TOCHI-TATEMONO Co., Ltd. / April 27, 2012 (Note 2)
Previous Owner (Previous Beneficiary) / Acquisition Date		Yugen Kaisya NJ Steel Beta / June 23, 2006
Location (Address)		1-10-5 Toranomon, Minato-ku, Tokyo
Usage		Office, Retail Shop, Parking
Type of Structure		Steel·steel-framed reinforced concrete structure; one underground and eleven above-ground floors
Site Area	Land	1,564.12 m^2 (Note 3)
	Building (total floor area)	11,212.05 m^2
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		October 10, 2013
Architect		NIPPON TOCHI-TATEMONO Co., Ltd., etc.
Construction Company		SHIMIZU CORPORATION
Construction Confirmation Authority		Urban Housing Evaluation Center
Probable Maximum Loss		7.93%　(Sompo Japan Nipponkoa Risk Management, Inc)
Anticipated Acquisition Price		¥15,550,000 thousand
Appraisal	Appraisal Value	¥16,300,000 thousand
	Base Date for Appraisal	February 1, 2016
	Appraiser	Japan Real Estate Institute
	Details	Please refer to "12. Summary of Appraisal Report".
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		4 (As of January 31, 2016. The same applies below.)
Total Leasable Area		8,179.00 m^2
Total Leased Area		8,179.00 m^2
Occupancy Ratio		100.0%
Monthly Rental Income		Not disclosed (Note 4)
Security and Guarantee Deposit		Not disclosed (Note 4)
Forecast Net Operating Income		Please refer to Reference Material 1.
Special	(1) Part of the land of the Acquired Property is situated within a Tokyo city planning road (21st	

Considerations	route radial road, planned width of 30.3m) zone, and the line that is 4.3m from the present road boundary is scheduled to be the boundary of the widened road. Business determination has not been made and the period of the business determination and details such as expropriated area have not yet been determined. (2) It has been confirmed that a part of the land of the Acquired Property contains arsenic, fluorine and lead in excess of the elution standards, presumably due to natural causes. However, a views report on soil contamination prepared by a dedicated operator states "it is not a possibility that any health risks will be caused by the soil contamination".
Property Characteristics	(1) Area The Toranomon area where the Acquired Property is located is close to several subway stations and has matured as one of the renowned office districts among the areas in central Tokyo closely located to the central government office quarter. In addition, the area is booming in recent years due to the opening of Toranomon Hills, partial opening of Loop Road No. 2 (so-called "Shintora-dori") which connects central Tokyo and the Tokyo Bay area, etc. Furthermore, many urban development projects are also being planned including establishment of a new station on the Tokyo Metro Hibiya Line and several redevelopment projects, leading to expectations that the Toranomon area will further develop as an international business exchange hub. The Acquired Property is an office building with better traffic convenience in the area, located approximately three minutes on foot from Toranomon Station on the Tokyo Metro Ginza Line, and seven minutes on foot from Kasumigaseki Station on the Tokyo Metro Hibiya, Chiyoda, and Marunouchi Lines, six minutes on foot from Uchisaiwai Station on the Toei Mita Line. (2) Building The Acquired Property is an environmentally conscious office building that was completed two years ago, and obtained "LEED CS ("Core&Shell") Gold Certificate" and "CASBEE S Rank Certification" as certifications from third parties. Also, a damping structure that mitigates the shock of the earthquake is equipped. Standard floors have a leasable floor area of about 814m^2 (about 246 tsubos) with a ceiling height of 2.80m, and the building is equipped with individual air conditioning systems, OA floors, automated security systems, 34 mechanical parking spaces (of which, 17 spaces are for vehicles needing high roof clearance and 2 spaces are for electric vehicles), LED lighting for the entire building, rooftop photovoltaic solar panels and mist spraying facilities for external facilities. The property can provide flexible tenant leasing in response to diverse tenant needs due to the regular-shaped space and astylar room layouts, and dividable floor plan. (3) Tenant Currently, the Acquired Property is occupied with tenants including a convenience store, advertising agency and so on.
Other	(Note 1) Although the Acquired Property is not within the trust as of March 1, 2016, the current owner is planning to put into real estate trust (trust transfer to Mitsubishi UFJ Trust and Banking Corporation) on acquisition date and the Investment Corporation will acquire trust beneficiary interest in real estate on the same date. (Note 2) The Acquisition Date of land of the Acquired Property is listed. (Note 3) A receding part of road (about 27.29 m^2) under Article 42, paragraph 2 of the Building Standards Act is included. (Note 4) It is not disclosed due to the tenants' request.

4. Details of the Two Properties for Sale

(1) KDX Toranomon Building

Property Name		KDX Toranomon Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust Term		November 17, 2005 to August 1, 2025
Location (Address)		1-4-3 Toranomon, Minato-ku, Tokyo
Usage		Office, Retail Shop
Type of Structure		Steel-framed reinforced concrete structure; one underground and nine above-ground floors
Site Area	Land	288.20 m^2
	Building (total floor area)	2,277.38 m^2
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		April 28, 1988
Acquisition Date		April 17, 2007
Acquisition Price		¥4,400,000 thousand
Appraisal	Appraisal Value	¥3,740,000 thousand
	Base Date for Appraisal	February 1, 2016
	Appraiser	Japan Real Estate Institute
	Details	Please refer to “12. Summary of Appraisal Report”.
Rent Revenue		¥102,257 thousand (fiscal period ended October 31, 2015)
Security and Guarantee Deposit		¥179,712 thousand (As of January 31, 2016. The same applies below.)
Number of End Tenants		7
Total Leasable Area		1,966.56 m^2
Total Leased Area		1,966.56 m^2
Occupancy Ratio		100.0%

(2) Toranomon Toyo Building

Property Name		Toranomon Toyo Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust Term		September 27, 2004 to August 1, 2025
Location (Address)		1-4-2 Toranomon, Minato-ku, Tokyo
Usage		Bank, Office, Retail Shop, Storage
Type of Structure		Reinforced concrete structure; two underground and nine above-ground floors
Site Area	Land	869.01 m^2
	Building (total floor area)	8,346.83 m^2
Type of Ownership	Land	Proprietary ownership
	Building	Compartmentalized ownership (The trustee owns the entire building.)
Completion Date		August 23, 1962
Acquisition Date		June 1, 2007
Acquisition Price		¥9,850,000 thousand
	Appraisal Value	¥11,100,000 thousand

Appraisal	Base Date for Appraisal	February 1, 2016
	Appraiser	Japan Real Estate Institute
	Details	Please refer to “12. Summary of Appraisal Report”.
Rent Revenue		¥280,486 thousand (fiscal period ended October 31, 2015)
Security and Guarantee Deposit		¥524,031 thousand (As of January 31, 2016. The same applies below.)
Number of End Tenants		12
Total Leasable Area		6,494.11 m^2
Total Leased Area		6,148.27 m^2
Occupancy Ratio		94.7%

5. Seller’s and Buyer’s Profile

Company Name		NIPPON TOCHI-TATEMONO Co., Ltd.
Location		1-4-1 Kasumigaseki, Chiyoda-ku, Tokyo
Title and Name of Representative		Tetsuo Hiramatsu, President
Description of Business		1. Acquisition, ownership, disposition and lease of real estate 2. Management and use of real estate 3. Purchase and sale, brokerage and appraisal of real estate, etc.
Capital Amount		¥17 billion
Date of Incorporation		May 12, 1954
Net Assets		¥136,067 million
Total Assets		¥546,840 million
Major Shareholder and Stock Ownership Ratio		NISSHIN TATEMONO CO., LTD. (7.87%) (as of October 31, 2015)
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 company that is both a seller and a buyer in the Transaction is not a related company as defined in the Investment Trust and Investment Corporation Law (“the Investment Trust Law”) and the Office REIT Division Related-party Transaction Rules of the Asset Management Company.

*As of February 26, 2016

6. Acquirer’s (Previous Owners of Current Owner) Profile

It is omitted because the seller (the current owner) of the Acquired Property is not special related party of the Investment Corporation or the Asset Management Company.

7. Details of Brokerage

Not applicable for the Transaction

8. Related-Party Transactions

(1) Transactions with related-party in the Acquisition

The Acquisition results in transactions between the Investment Corporation and the related-party, falling under the following categories of transactions.

The Asset Management Company, pursuant to the Office REIT Division Related-party Transaction Rules, worked to ensure strict compliance with statutory and other regulatory requirements and submitted the Acquisition for deliberation and approval by the Compliance Committee. Through the approval, the Acquisition was then submitted to the Office REIT Division Asset Management Committee for resolution and approved by the committee.

Furthermore, in accordance with the Investment Trust Law, the Asset Management Company shall provide a report to the Investment Corporation relating to the related-party transactions concerning the Acquisition.

Appointment of a Property Management Company

The Investment Corporation plans to execute a property management agreement for the Acquired Property with Kenedix Property Management, Inc. on the acquisition date for the Acquired Property.
Fees relating to property management remain at the same level as the properties owned by the Investment Corporation.

Outline of Kenedix Property Management, Inc.

Name of Company	Kenedix Property Management, Inc.
Location	7-2 Nihombashi Koamicho, Chuo-ku, Tokyo
Title and Name of Representative	Keizo Katayama, CEO & President
Description of Business	1. Real estate trading, building management and operation related consulting business 2. Maintenance for building and various attached facility, cleaning, security service contract 3. Real estate transaction, leasing brokerage, management and appraisement 4. 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 Related-party Transaction Rules of the Asset Management Company.

As of February 18, 2016

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 Name	Property Price	Management Transfer Fee (At the Time of Acquisition)
Nittochi Toranomon Building	¥10 billion and more	¥2.5 million

(2) Transactions with related-party in the Sales

The Sales do not constitute a related-party transaction.
The Investment Corporation shall pay management transfer fees to Kenedix Property Management, Inc. (“the KPM”) pursuant to property management agreements executed between the Investment Corporation and the KPM in connection with the Two Properties for Sale.

Management transfer fees

Property Name	Property Price	Management Transfer Fee (At the Time of Sale)
KDX Toranomon Building	¥3.0 billion and more, and less than ¥5.0 billion	¥2.2 million
Toranomon Toyo Building	¥10 billion and more	¥2.5 million

9. Asset Management Fees

The Investment Corporation shall pay the commissions to the Asset Management Company in connection with the Transaction in accordance with the Asset Management Agreement.

Acquisition commission: An amount equivalent to 0.5% of the Anticipated Acquisition Price identified in 1. (1) ③ above (Note)

Property Name	Anticipated Acquisition Price	Acquisition Commission
Nittochi Toranomon Building	¥15,550 million	¥77.75 million

Sale commission: An amount equivalent to 0.5% of the Anticipated Sale Price identified in 1. (2) ③ above (Note)

Property Name	Anticipated Sale Price	Sale Commission
KDX Toranomon Building	¥3,950 million	¥19.75 million
Toranomon Toyo Building	¥11,470 million	¥57.35 million

Date of payment: Within one month after the date of acquisition and sales of the trust beneficiary interests

(Note) Figures are rounded down to the nearest 10 thousands of yen and exclude consumption tax, etc.

10. Schedule Date of the Transaction

Determination Date of the Acquisition and the Sales Date of Contract of the Acquisition and the Sales	March 1, 2016
Scheduled Payment Date for the Acquisition and the Sales Scheduled Delivery Date for the Acquisition and the Sales	March 30, 2016 (Planned)

11. Outlook

For the operating forecast for the fiscal period ending April 30, 2016 (November 1, 2015 to April 30, 2016), please refer to the today's press release “Notice Concerning the Revisions of Operating Forecast and Distribution Forecast for the Fiscal Period Ending April 30, 2016 (the Twenty-second Fiscal Period)”.

12. Summary of Appraisal Report

Property Name	Nittochi Toranomon Building

Appraisal Value	¥16,300,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	February 1, 2016

Unit: Yen

Item	Content	Basis
Income Capitalization Approach Value	16,300,000,000	Estimate by treating equally the value calculated using the Direct Capitalization method and the Value Calculated using the Discounted Cash Flow method.
Value Calculated Using the Direct Capitalization Method	16,500,000,000	Assess by using the cap rate based on medium to long-term stable net income
(1) Gross Operating Revenue	797,037,000	
Maximum Gross Operating Revenue	830,666,000	Assess based on a level of fair rent that is believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	33,629,000	Assess based on the premise of an occupancy ratio that can be maintained over the medium and long term.
(2) Operating Expenses	192,782,000	
Maintenance Expenses	31,713,000	Assess by reflecting the current administrative and maintenance expenses, the level of expenses at similar properties, and other factors
Utility Expenses	43,600,000	Assess by reflecting the performance in prior years and the occupancy rate, etc. for the leased area
Repair Expenses	2,960,000	Assess using performance in prior years, expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors
Property Management Fees	15,249,000	Assess by reflecting the current compensation rate, compensation rates at similar properties, and other factors
Tenant Recruit Expenses, etc.	5,440,000	Recognize the average annual amount that was determined based on the anticipated turnover period of the tenant
Taxes and Dues	92,055,000	Recognize an amount based on the fiscal 2015 tax statement, etc.
Damage Insurance Fees	1,765,000	Recognize an amount based on the insurance premium rate at similar properties and other factors
Other Expenses	0	
(3) Net Operating Income (NOI= (1)-(2))	604,255,000	
(4) Gain on Guarantee Deposit Investment	12,781,000	Assess income from investments by using an investment return of 2.0%
(5) Capital Expenditure	7,190,000	Assuming that an equal amount is added to a reserve in each fiscal period, assess by taking into account the level of capital expenditures at similar properties, the age of the property, and the average annual repair, maintenance and renewal expenses in the engineering report
(6) Net Cash Flow (NCF=(3)+(4)-(5))	609,846,000	
(7) Capitalization Rate	3.7%	Assess by taking into account the property's location, the characteristics of the building and other characteristics
Value Calculated Using the Discounted Cash Flow Method	16,100,000,000	
Discount Rate	3.4%	While reflecting investment returns of similar property transactions, assess by taking into account the property's unique characteristics
Terminal Capitalization Rate	3.8%	While reflecting returns associated with transactions of similar properties, assess by taking into account upcoming changes in investment returns, risks associated with the property to be invested, general prediction of economic growth rate, trends in real estate prices and rent trends, and other factors
Value Calculated Using the Cost Method	16,800,000,000	
Land	82.1%	
Building	17.9%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	Use the Income Capitalization Approach Value with the Value Calculated using the Cost Method used only for reference if the decision is made that the Income Capitalization Approach Value is more persuasive because the price determination process has been accurately reproduced with respect to earnings

*Reference (Appraisal NOI Yield)

Net Operating Income (NOI) in the aforementioned Value Calculated Using the Direct Capitalization Method ÷ Anticipated Acquisition Price (¥15,550,000 thousand) = 3.9% (rounded to the first decimal place)

Property Name	KDX Toranomon Building

Appraisal Value	¥3,740,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	February 1, 2016

Unit: Yen

Item	Content	Basis
Income Capitalization Approach Value	3,740,000,000	Estimate by treating equally the value calculated using the Direct Capitalization method and the Value Calculated using the Discounted Cash Flow method.
Value Calculated Using the Direct Capitalization Method	3,800,000,000	Assess by using the cap rate based on medium to long-term stable net income
(1) Gross Operating Revenue	190,737,000	
Maximum Gross Operating Revenue	198,749,000	Assess based on a level of fair rent that is believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	8,012,000	Assess based on the premise of an occupancy ratio that can be maintained over the medium and long term.
(2) Operating Expenses	41,414,000	
Maintenance Expenses	5,500,000	Assess by reflecting the current administrative and maintenance expenses, the level of expenses at similar properties, and other factors
Utility Expenses	8,900,000	Assess based on the performance in prior years and by considering the occupancy rate, etc. for the leased area
Repair Expenses	1,892,000	Assess using performance in prior years, expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors
Property Management Fees	3,613,000	Assess by considering the current compensation rate, compensation rates at similar properties, and other factors
Tenant Recruit Expenses, etc.	1,357,000	Recognize the average annual amount that was determined based on the anticipated turnover period of the tenant
Taxes and Dues	19,007,000	Recognize an amount based on the fiscal 2015 tax statement, etc.
Damage Insurance Fees	95,000	Recognize an amount based on the current insurance premium rate and the insurance premium rate at similar properties and other factors
Other Expenses	1,050,000	Recognize an amount including road exclusive-use fees, etc.
(3) Net Operating Income (NOI= (1)-(2))	149,323,000	
(4) Gain on Guarantee Deposit Investment	3,290,000	Assess income from investments by using an investment return of 2.0%
(5) Capital Expenditure	4,530,000	Assuming that an equal amount is added to a reserve in each fiscal period, assess by taking into account the level of capital expenditures at similar properties, the age of the property, and the average annual repair, maintenance and renewal expenses in the engineering report
(6) Net Cash Flow (NCF=(3)+(4)-(5))	148,083,000	
(7) Capitalization Rate	3.9%	Assess by taking into account the property's location, the characteristics of the building and other characteristics
Value Calculated Using the Discounted Cash Flow Method	3,680,000,000	
Discount Rate	3.7%	While reflecting investment returns of similar property transactions, assess by taking into account the property's unique characteristics
Terminal Capitalization Rate	4.1%	While reflecting returns associated with transactions of similar properties, assess by taking into account upcoming changes in investment returns, risks associated with the property to be invested, general prediction of economic growth rate, trends in real estate prices and rent trends, and other factors
Value Calculated Using the Cost Method	2,900,000,000	
Land	89.4%	
Building	10.6%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	Use the Income Capitalization Approach Value with the Value Calculated using the Cost Method used only for reference if the decision is made that the Income Capitalization Approach Value is more persuasive because the price determination process has been accurately reproduced with respect to earnings

Property Name	Toranomon Toyo Building

Appraisal Value	¥11,100,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	February 1, 2016

Unit: Yen

Item	Content	Basis
Income Capitalization Approach Value	11,100,000,000	Estimate by treating equally the value calculated using the Direct Capitalization method and the Value Calculated using the Discounted Cash Flow method.
Value Calculated Using the Direct Capitalization Method	11,200,000,000	Assess by using the cap rate based on medium to long-term stable net income
(1) Gross Operating Revenue	593,497,000	
Maximum Gross Operating Revenue	618,847,000	Assess based on a level of fair rent that is believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	25,350,000	Assess based on the premise of an occupancy ratio that can be maintained over the medium and long term.
(2) Operating Expenses	126,357,000	
Maintenance Expenses	18,880,000	Assess by reflecting the current administrative and maintenance expenses, the level of expenses at similar properties, and other factors
Utility Expenses	29,800,000	Assess based on the performance in prior years and by considering the occupancy rate, etc. for the leased area
Repair Expenses	7,168,000	Assess using performance in prior years, expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors
Property Management Fees	8,558,000	Assess by consulting the current compensation rate, compensation rates at similar properties, and other factors
Tenant Recruit Expenses, etc.	4,181,000	Recognize the average annual amount that was determined based on the anticipated turnover period of the tenant
Taxes and Dues	57,290,000	Recognize an amount based on the fiscal 2015 tax statement, etc.
Damage Insurance Fees	360,000	Recognize an amount based on the current insurance premium rate and the insurance premium rate at similar properties and other factors
Other Expenses	120,000	Recognize an amount including Internet access fees, etc.
(3) Net Operating Income (NOI= (1)-(2))	467,140,000	
(4) Gain on Guarantee Deposit Investment	10,564,000	Assess income from investments by using an investment return of 2.0%
(5) Capital Expenditure	17,060,000	Assuming that an equal amount is added to a reserve in each fiscal period, assess by taking into account the level of capital expenditures at similar properties, the age of the property, and the average annual repair, maintenance and renewal expenses in the engineering report
(6) Net Cash Flow (NCF=(3)+(4)-(5))	460,644,000	
(7) Capitalization Rate	4.1%	Assess by taking into account the property's location, the characteristics of the building and other characteristics
Value Calculated Using the Discounted Cash Flow Method	10,900,000,000	
Discount Rate	3.8%	While reflecting investment returns of similar property transactions, assess by taking into account the property's unique characteristics
Terminal Capitalization Rate	4.3%	While reflecting returns associated with transactions of similar properties, assess by taking into account upcoming changes in investment returns, risks associated with the property to be invested, general prediction of economic growth rate, trends in real estate prices and rent trends, and other factors
Value Calculated Using the Cost Method	9,930,000,000	
Land	98.2%	
Building	1.8%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	Use the Income Capitalization Approach Value with the Value Calculated using the Cost Method used only for reference if the decision is made that the Income Capitalization Approach Value is more persuasive because the price determination process has been accurately reproduced with respect to earnings

Attached Materials

Reference Material 1 Summary of Projected Cash Flow for the Acquired Property
Reference Material 2 Summary of Building Condition Investigation Report
Reference Material 3 Property Photographs
Reference Material 4 Property Portfolio after the Transaction and Acquisition of Nichigin-mae KD Building

This notice is the English translation of the Japanese announcement on our web site released on March 1, 2016. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference Material 1

Summary of Projected Cash Flow for the Acquired Property

	Unit：Millions of Yen
A. Projected Operating Revenues	810
B. Projected Operating Expenses (excluding depreciation expense)	218
C. Projected NOI (A-B)	592
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 from the year of acquisition.
2. Revenues are based on an occupancy ratio in the above chart “D. Occupancy Ratio”, with the current occupancy ratio and future changes of occupancy.
3. Expenses include property management fees, taxes and dues, repairs and maintenance expenses, and insurance premiums, etc.

Reference Material 2

Summary of Building Condition Investigation Report

	Unit: Yen
Investigation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of Investigation	December 2015
Repairs, maintenance and renovation expenses required over the next year	0
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	118,382,000
Unit-in-Place	3,394,500,000

* The abovementioned investigation company undertakes building assessments for the Acquired Properties such as
  - ・A diagnosis of building deteriorations
  - ・Formulation of a short- and long-term repair and maintenance plans
  - ・Assessment of legal compliance with the Building Standards Act
  - ・Analyses of the existence of hazardous substances and the soil environment

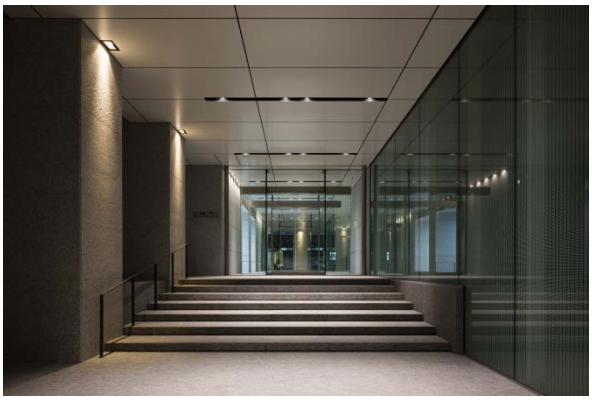
  and submits a building assessment reports to the Investment Corporation.

Reference Material 3

Property Photographs

Nittochi Toranomon Building







Reference Material 4

Property Portfolio after the Transaction and Acquisition of Nichigin-mae KD Building

Type of Use	Area	Property Name	Acquisition Price (Millions of Yen) (Note 1)	Ratio (Note 1)	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	Nittochi Toranomon Building	15,550	3.9%	March 30, 2016 (Planned)
		KDX Musashi-Kosugi Building	12,000	3.0%	March 20, 2014
		KDX Nihonbashi Kabutocho Building	11,270	2.8%	December 26, 2011
		KDX Harumi Building	10,250	2.6%	June 30, 2008
		Toranomon Toyo Building	-	-	June 1, 2007
		KDX Toyosu Grand Square	8,666	2.2%	May 30, 2014
		Hiei Kudan-Kita Building	7,600	1.9%	February 1, 2008
		KDX Yokohama Building	7,210	1.8%	October 29, 2014
		KDX Shinjuku Building	6,800	1.7%	February 18, 2010
		KDX Ochanomizu Building	6,400	1.6%	April 2, 2007
		KDX Fuchu Building	6,120	1.5%	September 21, 2012
		KDX Shiba-Daimon Building	6,090	1.5%	March 1, 2007
		KDX Kojimachi Building	5,950	1.5%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	1.5%	August 1, 2005
		KDX Shin-Yokohama 381 Building (Note 2)	5,800	1.4%	Existing Tower: February 1, 2008 Annex Tower: November 18, 2009
		Toshin 24 Building	5,300	1.3%	May 1, 2006
		KDX Takanawadai Building	5,250	1.3%	November 19, 2013
		KDX Iidabashi Building	4,670	1.1%	July 22, 2011
		KDX Ebisu Building	4,640	1.1%	May 1, 2006
		KDX Higashi Shinagawa Building	4,590	1.1%	July 22, 2011
		Higashi-Kayabacho Yuraku Building	4,450	1.1%	August 1, 2005
		KDX Toranomon Building	-	-	April 17, 2007
		KDX Iidabashi Square	4,350	1.1%	January 10, 2014
		KDX Ginza 1chome Building	4,300	1.0%	November 12, 2010
		KDX Nishi-Gotanda Building	4,200	1.0%	December 1, 2006
		KDX Nihonbashi Honcho Building	4,000	1.0%	November 12, 2010
		Hamamatsucho Center Building	3,950	1.0%	September 1, 2015
		KDX Ikebukuro Building	3,900	0.9%	November 18,2013
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	0.9%	February 1, 2008
		KDX Shinbashi Building (Note 3)	3,728	0.9%	Acquired Portion: May 1, 2006 Additionally Acquired Portion: December 2, 2013
		KDX Hatchobori Building	3,680	0.9%	August 1, 2005
		KDX Takadanobaba Building	3,650	0.9%	May 30, 2014
		KDX Ginza East Building	3,600	0.9%	March 13, 2015
		KDX Hamamatsucho Building	3,460	0.8%	May 1, 2006
		Pentel Building (Note 4)	3,350	0.8%	March 26, 2015
		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	0.7%	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 Yokohama Nishiguchi Building	2,750	0.6%	December 2, 2014
		KDX Hakozaki Building	2,710	0.6%	July 22, 2011
		Gotanda TG Building	2,620	0.6%	November 18, 2009
		KDX Akihabara Building	2,600	0.6%	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

Office Buildings	Tokyo Metropolitan Area	KDX Ikejiri-Oohashi Building	2,400	0.6%	February 1, 2008
		KDX Kajicho Building	2,350	0.5%	July 3, 2006
		KDX Hamacho Nakanohashi Building	2,310	0.5%	February 1, 2008
		KDX Shinjuku 286 Building	2,300	0.5%	June 1, 2007
		KDX Shin-Nihonbashi Building	2,300	0.5%	July 22, 2011
		KDX Minami Aoyama Building	2,270	0.5%	August 1, 2005
		KDX Funabashi Building	2,252	0.5%	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
		KDX Shin-Yokohama 214 Building	2,200	0.5%	December 2, 2014
		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	0.4%	March 31, 2008
		Kanda Kihara Building	1,950	0.4%	August 1, 2005
		KDX Ikebukuro West Building	1,934	0.4%	September 3, 2014
		KDX Shinjuku 6-chome Building	1,900	0.4%	September 13, 2013
		KDX Nakameguro Building	1,880	0.4%	September 21, 2012
		KDX Iwamoto-cho Building	1,864	0.4%	May 1, 2008
		BUREX Toranomon	1,750	0.4%	December 3, 2014
		KDX Kiba Building	1,580	0.4%	June 20, 2006
		KDX Nishi-Shinjuku Building	1,500	0.3%	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	0.2%	March 1, 2007
	Other Regional Areas	Senri Life Science Center Building	13,000	3.3%	October 15, 2014
		KDX Nagoya Sakae Building	7,550	1.9%	Land: April 25, 2008 Building: July 1, 2009
		KDX Nagoya Ekimae Building	7,327	1.8%	December 26, 2011
		KDX Sakura-dori Building	5,900	1.5%	January 9, 2015
		Portus Center Building	5,570	1.4%	September 21, 2005
		KDX Karasuma Building	5,400	1.3%	June 1, 2007
		KDX Hakata-Minami Building	4,900	1.2%	February 1, 2008
		Shin Osaka Center Building	4,550	1.1%	September 1, 2015
		Nichigin-mae KD Building (Note 5)	3,500	0.8%	March 15, 2016 (Planned)
		KDX Kobayashi-Doshomachi Building	2,870	0.7%	December 1, 2010
		KDX Higashi Umeda Building	2,770	0.7%	March 28, 2012
		KDX Utsunomiya Building	2,350	0.5%	May 30, 2014
		KDX Kitahama Building	2,220	0.5%	February 1, 2008
		KDX Minami-Honmachi Building	2,200	0.5%	December 2, 2014
		KDX Sendai Building	2,100	0.5%	June 1, 2007
		KDX Sapporo Building	2,005	0.5%	March 25, 2011
		KDX Hiroshima Building	1,300	0.3%	September 1, 2014
	Total of 92 Office Buildings		362,758	92.2%	-
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	2.5%	August 1, 2005
		Ginza 4chome Tower	9,800	2.4%	August 19, 2013
		KDX Yoyogi Building	2,479	0.6%	September 30, 2005
	Total of 3 Central Urban Retail Properties		22,179	5.6%	-
Residential Property	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	1.3%	May 1, 2006
	Total of 1 Residential Property		5,353	1.3%	-
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 97 Properties	393,171	100.0%	Portfolio PML 2.36%

Investment Securities	G. K. KRF43 Silent Partnership Equity Interest	1,107	-	March 28, 2014
	Total of 1 Investment Securities	1,107	-	-

Notes:

1. The acquisition prices and ratios are rounded down to the nearest million and first decimal place respectively.
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. Building and site, and the land for Pentel Building are counted as one property.
5. For the acquisition of Nichigin-mae KD Building, please refer to the today's press release “Notice Concerning Acquisition of Property (Nichigin-mae KD Building)”.