KENEDIX
Office Investment Corporation

Translation of Japanese Original

July 29, 2016

To All Concerned Parties

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

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Notice Concerning Acquisition of Properties (KDX Shin-Nihonbashi Ekimae Building・KDX Nihonbashi Edo-dori 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 the following properties, as follows. Furthermore, the seller of the following assets is a related party, etc. as defined in the Investment Trusts and Investment Corporations Law ("the Investment Trust Law") and a related party as defined in the Office REIT Division Related-party Transaction Rules of the Asset Management Company. This transaction was deliberated and approved by a resolution of the Investment Corporation's Board of Directors, and the Asset Management Company gained the consent of the Executive Director of the Investment Corporation based on the resolution.

1. Outline of the Acquisition

(1) Outline of Properties to be Acquired: Please see the following table for the details

Property Name (Note 1)	Location	Anticipated Acquisition Price (Thousand Yen) (Note 2)	Appraisal Value (Thousand Yen)
KDX Shin-Nihonbashi Ekimae Building	Chuo-ku, Tokyo	3,829,000	3,930,000
KDX Nihonbashi Edo-dori Building	Chuo-ku, Tokyo	1,350,000	1,410,000
Total		5,179,000	5,340,000

Note 1: As of today, the current properties' names are "Ishikawa Building" and "Nihonbashi Road Building" but the properties' names are listed as "KDX Shin-Nihonbashi Ekimae Building" and "KDX Nihonbashi Edo-dori Building" respectively, to which the Investment Corporation plans to change the properties' names after the acquisition by the Investment Corporation. The same applies below.

Note 2: Excluding acquisition costs, adjustment amount of property tax and city-planning tax, and consumption tax, etc.

Each aforementioned property shall hereafter be referred to as "the Property" and collectively as "the Two Properties".

(2) Seller : G.K. KRF 61 (Related Party)
Please refer to "4. Seller's Profile" for the details.

(3) Date of Contract : July 29, 2016

(4) Scheduled Date of Acquisition : August 2, 2016
(5) Acquisition Funds : Cash on hand and debt financing (Note)
(6) Settlement Method : Payment in full on settlement

Note: For details concerning debt financing, please refer to the today's press release, "Notice Concerning Debt Financing (Series 131)".

2. Reason for Acquisition

The Nihonbashi Honcho area in which the Two Properties are located is an area that has convenient access to where a number of routes can be utilized and has grown together with the adjacent Nihonbashi Muromachi area, as commercial districts where traditional retailers set up stores including Nihombashi Mitsukoshi Main Store. It has been also developed as one of the leading office areas in Tokyo where many companies have located their headquarters and branches. It is still continuously growing even now with several redevelopment projects currently underway.

In the decision to acquire the Two Properties, which are mid-sized office buildings conveniently located in terms of traffic access within the area and have reasonable specifications and market competitiveness, the following characteristics of the Two Properties were evaluated.

(1) KDX Shin-Nihonbashi Ekimae Building

(i) Area

The Property is an office building which offers high visibility as it faces Edo-dori Street while having good traffic convenience within the area as it is located right above Shin-Nihombashi Station on the JR Sobu Main Line, approximately four minutes on foot from Mitsukoshimae Station on the Tokyo Metro Ginza Line and the Hanzomon Line and approximately seven minutes on foot from Kanda Station on the JR Yamanote, Chuo and Keihin-Tohoku Lines as well as Tokyo Metro Ginza Line.

(ii) Building

The Property has leasable floor areas of about 362m^2 (about 110 tsubos) in the standard floors with ceiling height of approximately 2.6m, and is equipped with individual air conditioning systems, OA floors, automated security system and an automated parking space for 28 vehicles. The Property offers an open feel as natural light comes in from both north and south sides, and provides a regular-shaped space and astylar room layouts that are easy for tenants to use. In addition, renovation work on the entrance hall was implemented in March 2016 to further enhance competitiveness.

(2) KDX Nihonbashi Edo-dori Building

(i) Area

The Property is an office building which offers high visibility as it faces Edo-dori Street while having good traffic convenience as it is located approximately two minutes on foot from Shin-Nihombashi Station on the JR Sobu Main Line, approximately two minutes on foot from Kodemmacho Station on the Tokyo Metro Hibiya Line and approximately six minutes on foot from Mitsukoshimae Station on the Tokyo Metro Ginza Line and the Hanzomon Line.

(ii) Building

The Property has leasable floor areas of about 201m^2 (about 61 tsubos) in the standard floors and ceiling height of approximately 2.6m. It is equipped with individual air conditioning systems, OA floors and automated security system, and provides a regular-shaped space and astylar room layouts that are easy for tenants to use.

In addition, the average occupancy rate of office buildings, owned by the Investment Corporation, located in Chuo-ku and excluding KDX Harumi Building, is 99.5% as of June 30, 2016, resulting in almost a 100% average occupancy rate. The Investment Corporation will also deal with leasing activities of the Two Properties, aiming at 100% occupancy rates.

Through the acquisition of the Two Properties, the portfolio of the Investment Corporation will expand to 99 properties (total: 398.3 billion yen). The investment ratio of mid-sized office buildings in the portfolio will be 92.3%, and the investment ratio of the Tokyo Metropolitan Area (Note) in the portfolio will be 81.0% (The figures are based on (anticipated) acquisition price.). 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 continue to work to construct a stronger portfolio.

Note: Tokyo Metropolitan Area refers to major cities in Tokyo Metropolitan, Kanagawa, Saitama, and Chiba Prefectures.

3. Property Details

(1) KDX Shin-Nihonbashi Ekimae Building

Property Name		KDX Shin-Nihonbashi Ekimae Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust Term		September 30, 2015 to September 30, 2020 (Note 1)
Current Owner (Current Beneficiary) / Acquisition Date		G.K. KRF 61 / October 1, 2015 (Note 2)
Location (Address)		4-8-16 Nihonbashi Honcho, Chuo-ku, Tokyo
Usage		Office, Parking
Type of Structure		Flat-roofed, Steel-framed reinforced concrete structure; one underground and ten above-ground floors
Site Area	Land	531.64 m^2 (Note 3)
	Building (total floor area)	4,254.07 m^2
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		May 31, 1992
Architect		Takenaka Corporation
Construction Company		Takenaka Corporation
Construction Confirmation Authority		Chuo-ku, Tokyo
Probable Maximum Loss		7.05% (Sompo Risk Management & Health Care Inc.)
Anticipated Acquisition Price		¥3,829,000 thousand
Appraisal	Appraisal Value	¥3,930,000 thousand
	Base Date for Appraisal	July 1, 2016
	Appraiser	Japan Real Estate Institute
	Details	Please refer to “10. 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		6 (As of June 30, 2016. The same applies below) (Note 4)
Total Leasable Area		3,290.64 m^2
Total Leased Area		1,494.44 m^2
Occupancy Rate		45.4% (Note 4)
Monthly Rent and Common Area Charge (Excluding Consumption Tax, etc.)		¥9,017 thousand (Note 5)
Security and Guarantee Deposit		¥77,106 thousand (Note 5)
Forecast Net Operating Income		¥163 million (Please refer to Reference Material 1 for the details.)

Special Considerations	Although the border between the Property and the road to the south of the Property (Edo-dori Street) has not been determined as of the scheduled date of acquisition, a diagram to recognize the boundary of the road site (general national highway Route 4) has been submitted to the Director-General of the Kanto Regional Development Bureau, and the border is expected to be determined after the scheduled date of acquisition.
Other	(Note 1) The Investment Corporation plans to change the end of trust term to August 1, 2025 at the time of acquisition. (Note 2) The absorption-type merger date is listed. Please refer to "5. Acquirer's (Previous Owners of Current Owner) Profile" for the details. (Note 3) Includes the private road portion (approximately 41m^2) identified as a road based on Article 42, Paragraph 2 of the Building Standards Act. (Note 4) The Property is occupied with tenants including a chemical goods manufacturer and clinic. Although an end-tenant that occupied compartmentalized space in the tenth floor of the Property moved out on July 10, 2016, a lease agreement starting October 1, 2016 has been concluded with a new end-tenant. In addition, the end-tenant currently occupying the eighth floor submitted a termination notice of the lease agreement on April 28, 2016 (scheduled date of termination: October 31, 2016). On the other hand, a lease agreement starting July 20, 2016 has been concluded with a new end-tenant for the seventh floor. The occupancy rate after the moving-in and out of tenants is scheduled to be 45.3%. (Note 5) The indicated figures include the total amount of monthly rent, common area charge, and security and guarantee deposit for the end-tenants for which the lease period started as of June 30, 2016. Figures are truncated to thousands of yen.

(2) KDX Nihonbashi Edo-dori Building

Property Name		KDX Nihonbashi Edo-dori Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust Term		September 30, 2015 to September 30, 2020 (Note 1)
Current Owner (Current Beneficiary) / Acquisition Date		G.K. KRF 61 / October 1, 2015 (Note 2)
Location (Address)		3-9-4 Nihonbashi Honcho, Chuo-ku, Tokyo
Usage		Office, Retail Shop
Type of Structure		Flat-roofed, Steel-framed reinforced concrete structure; eight above-ground floors
Site Area	Land	252.89 m^2
	Building (total floor area)	1,722.17 m^2
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		March 8, 1985
Architect		Takenaka Corporation
Construction Company		Takenaka Corporation
Construction Confirmation Authority		Chuo-ku, Tokyo
Probable Maximum Loss		4.55% (Sompo Risk Management & Health Care Inc.)
Anticipated Acquisition Price		¥1,350,000 thousand
Appraisal	Appraisal Value	¥1,410,000 thousand
	Base Date for Appraisal	July 1, 2016
	Appraiser	Japan Real Estate Institute
	Details	Please refer to "10. 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	6 (As of June 30, 2016. The same applies below) (Note 3)
Total Leasable Area	1,516.15 m^2
Total Leased Area	1,122.27 m^2
Occupancy Rate	74.0% (Note 3)
Monthly Rent and Common Area Charge (Excluding Consumption Tax, etc.)	¥5,017 thousand (Note 4)
Security and Guarantee Deposit	¥26,484 thousand (Note 4)
Forecast Net Operating Income	¥59 million (Please refer to Reference Material 1 for the details.)
Special Considerations	Not applicable
Other	(Note 1) The Investment Corporation plans to change the end of trust term to August 1, 2025 at the time of acquisition. (Note 2) The absorption-type merger date is listed. Please refer to "5. Acquirer's (Previous Owners of Current Owner) Profile" for the details. (Note 3) The Property is occupied with tenants including chemicals trading, IT and sewing companies. The end-tenant currently occupying the fifth floor of the Property submitted a termination notice of the lease agreement on May 30, 2016 (scheduled date of termination: August 31, 2016). Therefore, the occupancy rate after this termination is scheduled to be 60.7%. (Note 4) The indicated figures include the total amount of monthly rent, common area charge, and security and guarantee deposit for the end tenants for which the lease period started as of June 30, 2016. Figures are truncated to thousands of yen.

4. Seller's Profile

Company Name		G.K. KRF 61
Location		6-5 Nihombashi Kabutocho, Chuo-ku, Tokyo
Title and Name of Representative		Liquidator: Chateldon Investors Ippan Shadan Hojin (Note)
Description of Business		1. Acquisition, holding, disposal, leasing and management of real estate 2. Acquisition, holding and disposal of trust beneficiary interest in real estate 3. Aforementioned associated business
Amount of Capital		¥1 million
Date of Incorporation		July 3, 2015
Net Assets		Not disclosed due to the seller's disapproval.
Total Assets		Not disclosed due to the seller's disapproval.
Relationship with the Investment Corporation/the Asset Management Company		
	Capital Relationship	Ippan Shadan Hojin holds all shares of this company and Kenedix, Inc. ("Kenedix") is the fund contributor of the Ippan Shadan Hojin. Kenedix is the parent company of the Asset Management Company under the Financial Instruments and Exchange Act, and holds all of the silent partnership equity interest, which this company is an operator of.
	Personnel Relationship	There is no special personnel relationship between the Investment Corporation or the Asset Management Company.
	Business Relationship	The asset management business is entrusted to Kenedix.
	Applicability of Related Party Relationships	The seller is a related party, etc. as defined in the Investment Trust Law or related party as defined in the Office REIT Division Related-party Transaction Rules of the Asset Management Company.

*As of June 22, 2016

Note: G.K. KRF 61 was dissolved with the consent of all members on March 31, 2016 and will implement the transaction with the Investment Corporation as a corporation under liquidation on the scheduled date of acquisition. The same applies below.

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

(1) KDX Shin-Nihonbashi Ekimae Building

Investment Corporation	Current Owner/Trust beneficiary	Previous Owner/ Trust beneficiary
<Background・Reasons for Acquisition> In accordance with its basic investment principles, the Investment Corporation shall obtain the Property following its determination as a competitive property that will contribute to the Investment Corporation's medium- to long-term profitability. The anticipated acquisition price is determined to be appropriate, as it is below the appraisal price (¥3,930 million) determined by Japan Real Estate Institute.	<Company Name/Relationship to Specified Related Party> G.K. KRF 61 Please refer to above "4. Seller's Profile". <Background・Reasons for Acquisition> Acquired by absorption-type merger with the previous owner/trust beneficiary.	<Company Name/Relationship to Specified Related Party> Ishikawa Real Estate Co., Ltd. (Note) A subsidiary wholly owned by a subsidiary wholly owned by Kenedix <Background・Reasons for Acquisition> Acquired by the acquisition of all shares of Ishikawa Real Estate Co., Ltd. by G.K. KRF 61.
< Anticipated Acquisition Price> ¥3,829 million (excluding consumption tax, etc.)	<Acquisition Price> Not applicable due to the acquisition by absorption-type merger	<Acquisition Price> Not applicable due to the acquisition by share acquisition
< Scheduled Date of Acquisition > August 2, 2016	<Date of Acquisition> October 1, 2015 (absorption-type merger date)	<Date of Acquisition> July 31, 2015 (all shares acquisition date)

Note: Ishikawa Real Estate Co., Ltd. became a specified related party due to the acquisition of all shares of Ishikawa Real Estate Co., Ltd. by G.K. KRF 61 on July 31, 2015.

(2) KDX Nihonbashi Edo-dori Building

Investment Corporation	Current Owner/Trust beneficiary	Previous Owner/ Trust beneficiary
<Background・Reasons for Acquisition> In accordance with its basic investment principles, the Investment Corporation shall obtain the Property following its determination as a competitive property that will contribute to the Investment Corporation's medium- to long-term profitability. The anticipated acquisition price is determined to be appropriate, as it is below the appraisal price (¥1,410 million) determined by Japan Real Estate Institute.	<Company Name/Relationship to Specified Related Party> G.K. KRF 61 Please refer to above "4. Seller's Profile". <Background・Reasons for Acquisition> Acquired by absorption-type merger with the previous owner/trust beneficiary.	<Company Name/Relationship to Specified Related Party> SI Co., Ltd. (Note) A subsidiary wholly owned by a subsidiary wholly owned by a subsidiary wholly owned by Kenedix <Background・Reasons for Acquisition> Acquired by the acquisition of all shares of Ishikawa Real Estate Co., Ltd. by G.K. KRF 61.
< Anticipated Acquisition Price> ¥1,350 million (excluding consumption tax, etc.)	<Acquisition Price> Not applicable due to the acquisition by absorption-type merger	<Acquisition Price> Not applicable due to the acquisition by share acquisition
< Scheduled Date of Acquisition > August 2, 2016	<Date of Acquisition> October 1, 2015 (absorption-type merger date)	<Date of Acquisition> July 31, 2015 (all shares acquisition date)

Note: SI Co., Ltd. is a subsidiary wholly owned by Ishikawa Real Estate Co., Ltd. and became a specified related party due to the acquisition of all shares of Ishikawa Real Estate Co., Ltd. by G.K. KRF 61 on July 31, 2015.

6. Details of Brokerage

Not applicable for the Two Properties

7. Related-party Transaction

Regarding the Two Properties acquisition, transactions with the related party, etc. shall fall under the following categories of transaction (1) and (2) below.

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 transaction (1) for deliberation and resolution by the Compliance Committee. Subject to the approval, the transaction was then submitted to the Office REIT Division Asset Management Committee for deliberation and resolution and approved. In addition, the transaction was deliberated and approved by a resolution of the Investment Corporation's Board of Directors, and the Asset Management Company gained the consent of the Executive Director of the Investment Corporation based on the said resolution. For the transaction (2), the Asset Management Company submitted the transaction for deliberation and resolution by the Compliance Committee. Subject to the approval, the transaction was then submitted to the Office REIT Division Asset Management Committee for deliberation and resolution and approved.

In accordance with the Investment Trust Law, the Asset Management Company shall provide a report to the Investment Corporation relating to the related-party transaction concernig transaction (1).

(1) Acquisition of Property

The seller falls under the category of the related party defined under the Office REIT Division Related-party Transaction Rules of the Asset Management Company. Details of the seller are provided in "4. Seller's Profile" and "5. Acquirer's (Previous Owners of Current Owner) Profile" above.

(2) Appointment of Property Management Company

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

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 party, etc. as defined in the Investment Trust Law and a related party as defined in the Office REIT Division Related-party Transaction Rules of the Asset Management Company.

As of June 24, 2016

Outline of Property Management Fees:

① Leasing management fees

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

② Management transfer fees

Property Name	Property Price	Management Transfer Fee (At the Time of Acquisition)
KDX Shin-Nihonbashi Ekimae Building	¥3.0 billion and more, and less than ¥5.0 billion	¥2.2 million
KDX Nihonbashi Edo-dori Building	¥1.0 billion and more, and less than ¥3.0 billion	¥2.0 million

8. Schedule Date of Acquisition

Determination of Acquisition Date Acquisition and Sale Agreement Execution Date	July 29, 2016
Scheduled Payment Date Scheduled Delivery Date	August 2, 2016 (Planned)

9. Outlook

The impact of the acquisition of the Two Properties on the financial results for the fiscal period ending October 31, 2016 (May 1, 2016 to October 31, 2016) is minimal. Therefore, the forecast of financial results for the fiscal period remain unchanged.

10. Summary of Appraisal Report

Property Name	KDX Shin-Nihonbashi Ekimae Building

Appraisal Value	¥3,930,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	July 1, 2016

Unit: Yen

Item	Content	Basis
Income Capitalization Approach Value	3,930,000,000	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	3,950,000,000	Assess by using the cap rate based on medium to long-term stable net cash flow
(1) Gross Operating Revenue	238,374,000	
Maximum Gross Operating Revenue	254,380,000	Assess based on a level of fair rent that is believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	16,006,000	Assess based on the premise of an occupancy rate that can be maintained over the medium and long term.
(2) Operating Expenses	64,860,000	
Maintenance Expenses	10,000,000	Assess by reflecting the actual maintenance expenses in prior years, the level of expenses at similar properties, and the property's unique characteristics
Utility Expenses	17,300,000	Assess by reflecting the performance in prior years and the occupancy rate, etc. for the leased area
Repair Expenses	5,903,000	Assess using performance in prior years, future administrative operation plan, expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors
Property Management Fees	4,497,000	Assess by reflecting the current compensation rate, compensation rates at similar properties, and other factors
Tenant Recruit Expenses, etc.	1,488,000	Recognize the average annual amount that was determined based on the anticipated turnover period of the tenant
Taxes and Dues	25,471,000	Recognize an amount based on the fiscal 2016 tax statement, etc.
Damage Insurance Fees	201,000	Recognize an amount based on the current insurance premium and the insurance premium rate at similar properties and other factors
Other Expenses	0	
(3) Net Operating Income (NOI= (1)-(2))	173,514,000	
(4) Gain on guarantee deposit investment	2,925,000	Assess income from investments by using an investment return of 2.0%
(5) Capital Expenditure	14,340,000	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))	162,099,000	
(7) Capitalization Rate	4.1%	Assess by comprehensively taking into account the property's location, the characteristics of the building and other characteristics
Value Calculated Using the Discounted Cash Flow Method	3,910,000,000	
Discount Rate	3.7%	While referring to investment returns of similar property transactions, assess by comprehensively taking into account the property's unique characteristics
Terminal Capitalization Rate	4.1%	While referring to returns associated with transactions of similar properties, assess by comprehensively 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	3,190,000,000	
Land	87.3%	
Building	12.7%	

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	KDX Nihonbashi Edo-dori Building

Appraisal Value	¥1,410,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	July 1, 2016

Unit: Yen

Item	Content	Basis
Income Capitalization Approach Value	1,410,000,000	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	1,430,000,000	Assess by using the cap rate based on medium to long-term stable net cash flow
(1) Gross Operating Revenue	89,942,000	
Maximum Gross Operating Revenue	93,481,000	Assess based on a level of fair rent that is believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	3,539,000	Assess based on the premise of an occupancy rate that can be maintained over the medium and long term.
(2) Operating Expenses	20,726,000	
Maintenance Expenses	3,700,000	Assess by reflecting the actual maintenance expenses in prior years, the level of expenses at similar properties, and the property's unique characteristics
Utility Expenses	5,720,000	Assess by reflecting the performance in prior years and the occupancy rate, etc. for the leased area
Repair Expenses	2,339,000	Assess using performance in prior years, future administrative operation plan, expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors
Property Management Fees	1,697,000	Assess by reflecting the current compensation rate, compensation rates at similar properties, and other factors
Tenant Recruit Expenses, etc.	552,000	Recognize the average annual amount that was determined based on the anticipated turnover period of the tenant
Taxes and Dues	6,637,000	Recognize an amount based on the fiscal 2016 tax statement, etc.
Damage Insurance Fees	81,000	Recognize an amount based on the current insurance premium and the insurance premium rate at similar properties and other factors
Other Expenses	0	
(3) Net Operating Income (NOI= (1)-(2))	69,216,000	
(4) Gain on guarantee deposit investment	838,000	Assess income from investments by using an investment return of 2.0%
(5) Capital Expenditure	5,730,000	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))	64,324,000	
(7) Capitalization Rate	4.5%	Assess by comprehensively taking into account the property's location, the characteristics of the building and other characteristics
Value Calculated Using the Discounted Cash Flow Method	1,380,000,000	
Discount Rate	4.2%	While referring to investment returns of similar property transactions, assess by comprehensively taking into account the property's unique characteristics
Terminal Capitalization Rate	4.6%	While referring to returns associated with transactions of similar properties, assess by comprehensively 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	1,080,000,000	
Land	89.9%	
Building	10.1%	

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)

Property Name	KDX Shin-Nihonbashi Ekimae Building	KDX Nihonbashi Edo-dori Building
Appraisal NOI Yield (rounded to the first decimal place)	4.5%	5.1%

Attached Materials

Reference Material 1 Summary of Projected Cash Flow
Reference Material 2 Summary of Buildings Condition Investigation Reports
Reference Material 3 Property Photographs
Reference Material 4 Property Portfolio after Acquisition of the Two Properties

The Investment Corporation's web site: http://www.kdo-reit.com/en/

This notice is the English translation of the Japanese announcement on our web site released on July 29, 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

		Unit: Millions of Yen
Property Name	KDX Shin-Nihonbashi Ekimae Building	KDX Nihonbashi Edo-dori Building
A. Projected Operating Revenues	220	80
B. Projected Operating Expenses (excluding Depreciation Expense)	62	21
C. Projected NOI (A-B)	158	59
D. Projected Depreciation Expense	15	5
E. Projected NOI after Depreciation (C-D)	144	54
F. Occupancy Rate	96%	96%

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 rate in the above chart “F. Occupancy Rate”, which is based on the current occupancy rate and future changes of occupancy.
3. Expenses include property management fees, taxes and dues, repairs and maintenance expenses, and insurance premium, etc.

Reference Material 2

Summary of Buildings Condition Investigation Reports

		Unit: Yen
Investigation Company	HI International Consultant Co., LTD.	
Date of Investigation	June 2016	
Property Name	KDX Shin-Nihonbashi Ekimae Building	KDX Nihonbashi Edo-dori Building
Repairs, maintenance and renovation expenses required over the next year	22,330,000	10,400,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	213,770,000	83,140,000
Unit-in-Place	1,188,800,000	440,300,000

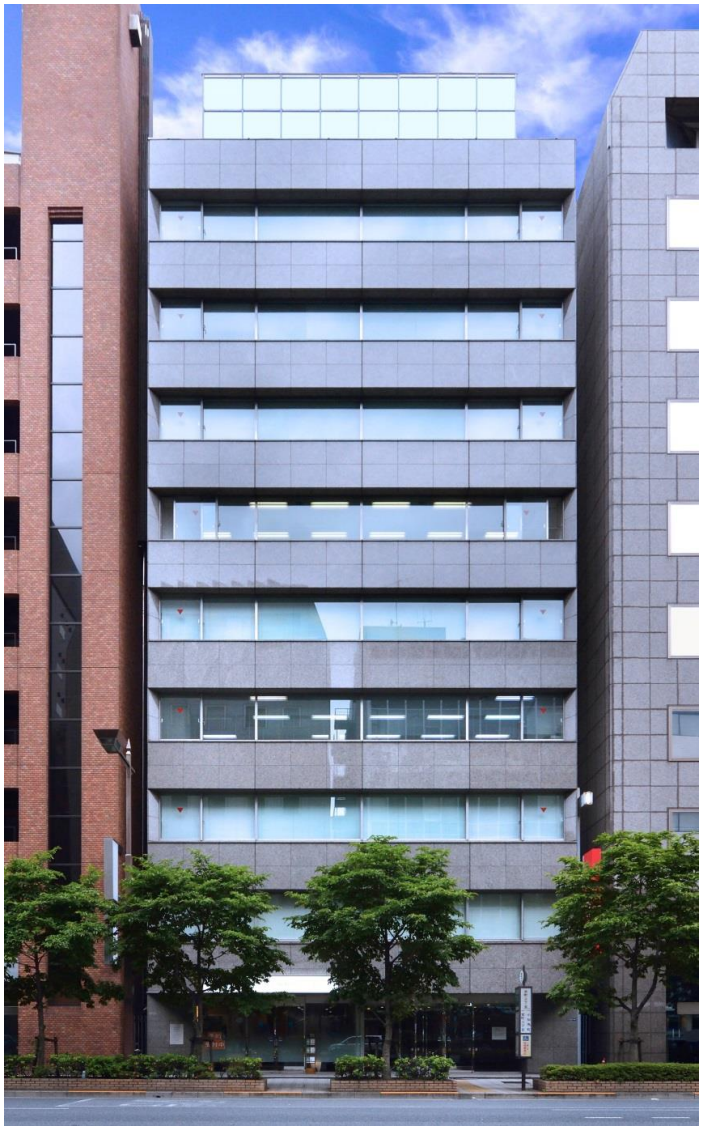
* The abovementioned investigation company undertakes building assessments such as
  - ・A diagnosis of building deteriorations
  - ・Formulation of a short- and long-term repair and maintenance plans
  - ・Assessment of legal compliance with the Building Standards Act
  - ・Analyses of the existence of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

  and submits a building assessment reports to the Investment Corporation.

Reference Material 3

Property Photographs

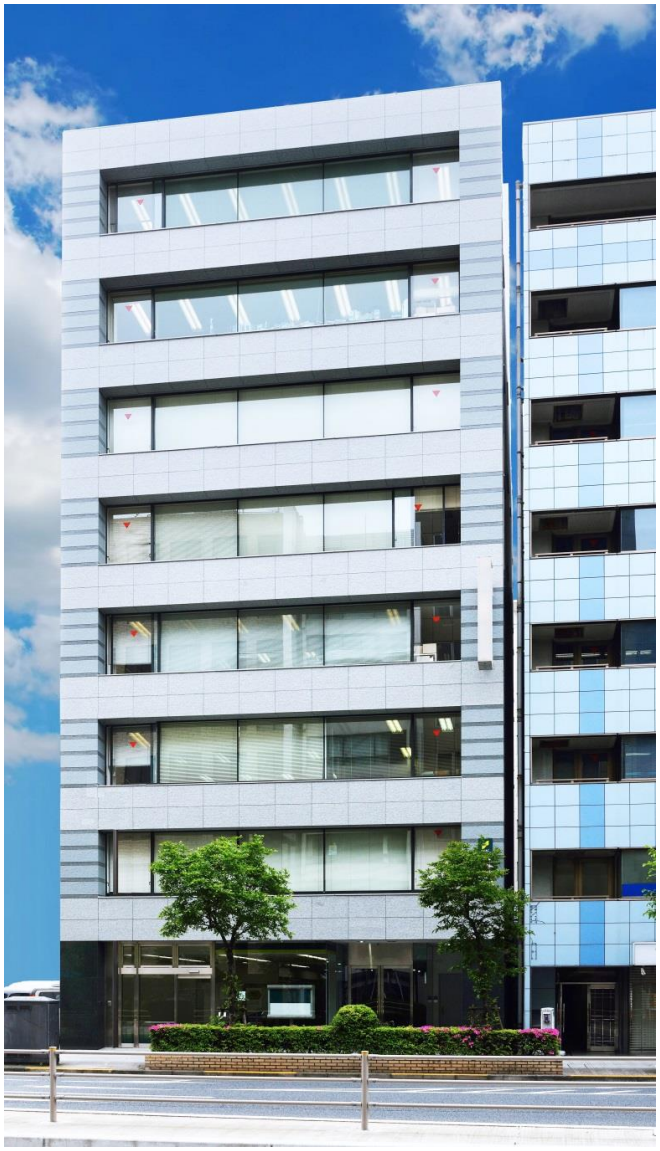
KDX Shin-Nihonbashi Ekimae Building







KDX Nihonbashi Edo-dori Building







Reference Material 4

Property Portfolio after Acquisition of the Two Properties

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
		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	2.5%	June 30, 2008
		KDX Toyosu Grand Square	8,666	2.1%	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	1.4%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	1.4%	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 Iidabashi Square	4,350	1.0%	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
		KDX Hamamatsucho Center Building	3,950	0.9%	September 1, 2015
		KDX Ikebukuro Building	3,900	0.9%	November 18, 2013
		KDX Shin-Nihonbashi Ekimae Building	3,829	0.9%	August 2, 2016 (Planned)
		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	0.7%	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	0.6%	May 1, 2006
		KDX Jimbocho Building	2,760	0.6%	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	0.3%	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 Nihonbashi Edo-dori Building	1,350	0.3%	August 2, 2016 (Planned)
		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	3.2%	October 15, 2014
		KDX Nagoya Sakae Building	7,550	1.8%	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	1.4%	January 9, 2015
		Portus Center Building	5,570	1.3%	September 21, 2005
		KDX Karasuma Building	5,400	1.3%	June 1, 2007
		KDX Hakata-Minami Building	4,900	1.2%	February 1, 2008
		KDX Shin-Osaka Building	4,550	1.1%	September 1, 2015
		Nichigin-mae KD Building	3,500	0.8%	March 15, 2016
		KDX Kobayashi-Doshomachi Building	2,870	0.7%	December 1, 2010
		KDX Higashi Umeda Building	2,770	0.6%	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 94 Office Buildings		367,937	92.3%	-
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	2.4%	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	5.5%	-
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 99 Properties			398,350	100.0%	Portfolio PML 2.39%

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.