KENEDIX
Office Investment Corporation

Translation of Japanese Original

June 28, 2017

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.
Masahiko Tajima, President & CEO
Inquiries:
Jiro Takeda
Head of Planning Division
Office REIT Department
TEL: +81-3-5623-8979

Notice Concerning Acquisition of Property (Takeyama White Building)

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

1. Outline of the Acquisition

(1)	Property Name	: Takeyama White Building
(2)	Type of Property to be Acquired	: Trust beneficiary interest in real estate
(3)	Anticipated Acquisition Price	: ¥1,800 million (Acquisition costs, adjustment of property tax and city-planning tax, and consumption tax, etc. are excluded.)
(4)	Seller	: Godo Kaisha Queen Capital Please refer to "4. Seller's Profile" for the details.
(5)	Date of Contract	: June 28, 2017
(6)	Scheduled Date of Acquisition	: July 20, 2017
(7)	Acquisition Funds	: Cash on hand (Planned)
(8)	Settlement Method	: Payment in full on settlement

The aforementioned Takeyama White Building shall hereinafter be referred to as "the Property".

2. Reason for the Acquisition

The decision on the Acquisition was made to further enhance the Investment Corporation's investment portfolio, while comprehensively considering the Investment Corporation's portfolio development policy, real estate market trends, the characteristics of the Property and other factors.

In the decision to acquire the Property, which is mid-sized office building that the Investment Corporation has focused on as main investment target, the following characteristics of the Property were evaluated.

(1) Area

In the rental office building market in Sapporo City, the vacancy rate has been significantly decreasing in association with brisk demand expansion such as entry and relocation for expansion of call centers, IT-related companies, etc. In addition, with limited supply of new office buildings, the good environment for leasing demand and supply is expected to continue in advance.

The periphery of north exit of Sapporo Station, where the Property is located, is the area that can be expected to have stable leasing demand from companies, etc. which evaluate the good access to New Chitose Airport and major cities in Hokkaido from Sapporo Station. Among buildings in the area, the Property is located approximately three minutes on foot from the north exit of Sapporo Station on the JR Line and faces the Nishi 5-chome Tarukawa Dori (commonly known as Hokudai Dori), a major highway, and thus the Asset Management Company has evaluated that the Property is a highly visible office building conveniently located in terms of traffic access.

Moreover, due to its proximity to KDX Sapporo Building owned by the Investment Corporation, the Property is expected to yield synergistic benefits in tenant leasing.

(2) Building

The Property has leasable floor areas of about 447 m^2 (about 135 tsubos) on the standard floors with ceiling height of 2.7 m, and is equipped with partial OA floors, mechanical parking spaces (38 spaces) and plane parking spaces (2 spaces). The nearly regular-shaped lease spaces provide comforts that come from daylight on southern face and enable layouts that are easy to use for tenants, and flexible leasing that accommodates a variety of tenant needs is possible since each leasable floor can be leased separately.

In addition, while the Property is 24 years old, the Property has been managed appropriately, including renovation of entrance, mechanical parking spaces and others, and is therefore reasonably competitive within the area's rental office building market.

3. Details of the Property

Property Name		Takeyama White Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust Term		June 19, 2015 to June 30, 2025 (Note 1)
Current Owner (Current Beneficiary)		Godo Kaisha Queen Capital
Location (Address)		4-17-1 Kitananajonishi, Kita-ku, Sapporo, Hokkaido (Note 2)
Usage		Office
Type of Structure		Flat-roofed, Steel-framed reinforced concrete and reinforced concrete structure; one underground and nine above-ground floors
Site Area	Land	782.69 m^2
	Building (total floor area)	4,639.44 m^2 (Note 3)
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		September 10, 1992
Architect		Takenaka Corporation
Construction Company		Takenaka Corporation
Construction Confirmation Authority		Sapporo City
Probable Maximum Loss		0.39% (Sompo Risk Management & Health Care Inc.)
Anticipated Acquisition Price		¥1,800 million
Appraisal	Appraisal Value	¥1,890 million
	Base Date for Appraisal	June 1, 2017
	Appraiser	Daiwa Real Estate Appraisal Co.,Ltd.
	Details	Please refer to "10. Summary of Appraisal Report" below.

Existence of Secured Interests after Acquisition	None
Master Lease Company after Acquisition	The Investment Corporation
Property Management Company after Acquisition	Kenedix Property Management, Inc.
Details of Tenant	As of June 20, 2017
Number of End Tenants	12
Total Leasable Area	3,319.16 m^2
Total Leased Area	3,319.16 m^2
Occupancy Rate	100.0%
Monthly Rent and Common Area Charge (Excluding Consumption Tax, etc.)	¥10 million (Note 4)
Security and Guarantee Deposit	¥72 million (Note 4)
Forecast income and expenditure (annual amount)	Please refer to "Reference Material 1" for the details.
Forecast Net Operating Income	¥90 million
Forecast Net Operating Income after Depreciation	¥75 million
Special Considerations	Not applicable
Other	(Note 1) The Investment Corporation plans to change the trust term to till August 1, 2025 at the date of acquisition. (Note 2) Concerning location of the Property, the residence indication has yet to be confirmed. (Note 3) The following attached structure constitutes the Property and is not included in the total floor area of the Property. Building Type: Garage, Building Structure: Flat-roofed, Steel construction one-story building, Floor Area: 49.15 m^2 (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 20, 2017. Figures are rounded to millions of yen.

4. Seller's Profile

Company Name		Godo Kaisha Queen Capital
Location		1-6-5 Marunouchi, Chiyoda-ku, Tokyo
Name and Title of Representative		Ippan Shadan Hojin Queen Holdings, Representative Partner Takehisa Tei, Administrator
Description of Business		1. Purchase and sale, exchange, leasing, brokerage, holding, management and usage of real estate 2. Investment and management of marketable securities 3. Purchase and sale of trust beneficiary interest 4. Purchase of monetary claim 5. Other businesses incidental or relating to the aforementioned items
Amount of Capital		¥100,000
Date of Incorporation		April 7, 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	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 party, etc. as defined in the Act on Investment Trusts and Investment Corporations ("the Investment Trust Act") and not a related party as defined in the Office REIT Department Related-party Transaction Rules of the Asset Management Company.

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

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

6. Details of Brokerage

Not applicable for the Acquisition

7. Related Party Transaction

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 Department 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 Department Asset Management Committee for resolution and approved by the committee.
Furthermore, in accordance with the Investment Trust Act, the Asset Management Company shall provide a report to the Investment Corporation relating to the related party transaction concerning the Acquisition.

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 scheduled date of acquisition for the 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, President & CEO
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 million
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 Act and a related party as defined in the Office REIT Department Related-party Transaction Rules of the Asset Management Company.

8. Schedule Date of the Acquisition

Determination Date of the Acquisition and Date of Contract	June 28, 2017
Payment Date and Delivery Date	July 20, 2017 (Planned)

9. Outlook

The impact of the Acquisition on the financial results for the fiscal period ending October 31, 2017 (May 1, 2017 to October 31, 2017) is minimal. Therefore, the forecast of financial results for the fiscal period remain unchanged.

10. Summary of Appraisal Report

Property Name	Takeyama White Building

Appraisal Value	¥1,890,000,000
Appraiser	Daiwa Real Estate Appraisal Co.,Ltd.
Appraisal Date	June 1, 2017

Unit: Yen

Item	Content	Basis
Income Capitalization Approach Value	1,890,000,000	Assess an amount by verifying the Value Calculated Using the Direct Capitalization Method as well as handling Value Calculated Using the Discounted Cash Flow Method as a standard
Value Calculated Using the Direct Capitalization Method	1,990,000,000	
(1) Gross Operating Revenue	155,051,941	
Maximum Gross Operating Revenue	160,533,960	Assess an amount on the premise of rent, common area charge, parking and other revenues that can be maintained over the medium and long term
Shortfall Attributed to Vacancies	5,482,019	Assess an amount on the premise of a vacancy rate that can be maintained over the medium and long term
(2) Operating Expenses	51,950,110	
Maintenance Expenses	13,159,000	Assess an amount by verifying a level of maintenance expenses at similar properties based on the performance
Utility Expenses	18,543,000	Assess an amount by verifying a level of utility expenses at similar properties based on the past performance
Repair Expenses	2,041,833	Assess an amount by verifying a level of repair expenses at similar properties based on the engineering report
Property Management Fees	2,845,754	Assess a standard level of property management fee based on the level of property management fee at similar properties
Tenant Recruit Expenses, etc.	845,610	Assess an amount by considering estimated turnover and occupancy rate based on the level of tenant recruitment expenses, etc. at similar properties
Taxes and Dues	13,672,600	Assess an amount based on the fiscal 2017 tax statement, etc.
Damage Insurance Fees	244,313	Assess an amount by verifying insurance fees, etc. at similar properties based on the estimated amount of insurance fees
Other Expenses	589,000	Assess an amount based on the past performance
(3) Net Operating Income (NOI= (1)-(2))	103,101,831	
(4) Gain on Guarantee Deposit Investment	780,810	Assess an amount by using an investment return of 1.0%
(5) Capital Expenditure	8,469,967	Add a construction management fee to assessed amount by verifying the level of renewal expenses and others at similar properties based on the engineering report
(6) Net Cash Flow (NCF=(3)+(4)-(5))	95,412,674	
(7) Capitalization Rate	4.8%	Assess an amount by comprehensively considering a comparison with transaction cases, etc. at similar properties and the property's location, the characteristics of the building, relationship of rights, the terms of the contract and others
Value Calculated Using the Discounted Cash Flow Method	1,850,000,000	
Discount Rate	4.6%	Assess an amount by considering a comparison with transaction cases, etc. at similar properties and adding the property's unique characteristics to yield of a financial asset
Terminal Capitalization Rate	5.0%	Assess an amount by considering characteristics of adopted net cash flow, future uncertainty, liquidity, marketability and others based on the capitalization rate
Value Calculated Using the Cost Method	1,680,000,000	
Land	73.5%	
Building	26.5%	

Items Applied to Adjustments in Approaches to the Value and the Determination of the Appraisal Value	Nothing in particular

*Reference

Appraisal NOI Yield (Note)	5.7%

Note: Appraisal NOI yield is calculated by dividing net operating income (NOI) based on the Direct Capitalization Method described in the above appraisal report by the anticipated acquisition price (¥1,800 million), rounded to the first decimal place.

Attached Materials

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

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

This notice is the English translation of the Japanese announcement on our website released on June 28, 2017. 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
A. Projected Operating Revenue	143
B. Projected Operating Expense (Excluding Depreciation Expense)	53
C. Projected NOI (A-B)	90
D. Projected Depreciation Expense	14
E. Projected NOI after Depreciation (C-D)	75
F. Occupancy Rate	95%

Assumptions of Projected Cash Flow:

1. The above projected operating revenue and expense are estimates for one year and are exclusive of extraordinary factors from the year of acquisition.
2. The above projected operating revenue includes ancillary revenue except monthly rent and common area charge.
3. Expenses include property management fees, taxes and dues, repairs and maintenance expenses, and insurance premiums, etc.
4. Occupancy rate fluctuates on the assumption of the above chart “F. Occupancy Rate”.

Reference Material 2

Summary of Building Condition Investigation Report

	Unit: Yen
Investigation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of Investigation	May 2017
Repairs, maintenance and renovation expenses required over the next year	0
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	120,720,000
Unit-in-Place	1,293,200,000

* The abovementioned investigation company undertakes building condition evaluations 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, etc.
  - Analyses of the existence of hazardous substances
  - Analyses of the soil environment

  and submits a building condition investigation report to the Investment Corporation.

Reference Material 3

Property Photographs

Takeyama White Building







Reference Material 4

Property Portfolio after the Acquisition

Type of Use	Area	Property Name	Acquisition Price (Millions of Yen) (Note 1)	Ratio (Note 1)	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	KDX Toranomon 1chome Building	15,550	3.9%	March 30, 2016
		KDX Musashi-Kosugi Building	12,000	3.0%	March 20, 2014
		KDX Harumi Building	10,250	2.5%	June 30, 2008
		KDX Toyosu Grand Square	8,666	2.1%	May 30, 2014
		Nishi-Shinbashi TS Building	8,400	2.1%	February 1, 2017
		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 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
		ARK Mori Building	4,169	1.0%	December 1, 2016
		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
		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 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	0.6%	March 31, 2008
		KDX Yokohama Nishiguchi Building	2,750	0.6%	December 2, 2014
		KDX Hakozaki Building	2,710	0.6%	July 22, 2011
		KDX Gotanda 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
		KDX Ikejiri-Oohashi Building	2,400	0.6%	February 1, 2008

Office Buildings	Tokyo Metropolitan Area	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
		BR Gotanda	2,200	0.5%	April 5, 2017
		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
		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
		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 Nihonbashi Edo-dori Building	1,350	0.3%	August 2, 2016
		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	1.9%	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	1.4%	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
		KDX Shin-Osaka Building	4,550	1.1%	September 1, 2015
		KDX Nagoya Nichigin-mae 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	0.7%	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
		Takeyama White Building	1,800	0.4%	July 20, 2017 (Planned)
		KDX Hiroshima Building	1,300	0.3%	September 1, 2014
	Total of 93 Office Buildings		364,855	92.3%	-
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 98 Properties			395,268	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	-	-

Note 1: The acquisition prices and ratios are rounded down to the nearest million and first decimal place, respectively.

Note 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.

Note 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.

Note 4: Building, site and the land for Pentel Building are counted as one property.