KENEDIX
Office Investment Corporation

Translation of Japanese Original

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To All Concerned Parties

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Notice Concerning Change Proposal for the Asset Management Fee Structure

Kenedix Office Investment Corporation ("the Investment Corporation") has announced that its Board of Directors held a meeting today and, with regards to the asset management fees that the Investment Corporation pays to the asset management company, resolved to submit proposals on changes to its Articles of Incorporation including provisions on the asset management fee structure, for the purpose of introducing the new asset management fee structure to further enhance the linkage between the asset management fees and unitholder profits, to its Ninth General Meeting of Unitholders to be held on January 23, 2018.
For details of agendas of the General Meeting of Unitholders, please refer to the today's press release, "Notice Concerning Changes to the Articles of Incorporation and Appointment of Directors".

1. Purpose and Outline of Changes to the Asset Management Fee Structure

(Please refer to the attached material.)

Twelve years have passed since the Investment Corporation started its operation. While continuously improving the portfolio quality by asset reshuffle, it has expanded its asset size to approx. 400 billion yen now. Through the introduction of the asset management fee structure to further enhance the linkage with unitholder profits, we would like to aim for further improvement of unitholder values and sustainable growth of the asset management company.
Under the new asset management fee structure, the rate to calculate the Asset Management Fee I linked to the Investment Corporation's total assets shall be reduced from 0.15% to 0.13%, and the basis to calculate the Asset Management Fee II shall be changed from distributable amount to the amount of distribution per unit to pay attention to preventing dilution of investment units. Furthermore, the Asset Management Fee III to be paid only when the distribution per unit increases shall be newly established in order to provide the Asset Management Company with incentives for stable growth of distribution per unit. Concerning these Asset Management Fees II and III, in the case where the Investment Corporation has made acquisition of treasury investment units and others, the provisions shall be added to the effect that necessary adjustments shall be added to the formula.
In addition, the ratio of the amount of asset management fees (excluding acquisition and disposition fees), which the Investment Corporation bore in the fiscal period ended April 2017, to total assets as of the end of the relevant fiscal period is relatively low level, compared with such a ratio averaged in the whole of J-REIT. In the case where, the asset management fee structure after the changes is applied to the said actual for the relevant fiscal period, though the ratio which the Investment Corporation bears increases slightly, the relative level in J-REIT is expected to roughly remain the same.

2. Application Period

When the said proposals are approved by the Ninth General Meeting of Unitholders to be held on January 23, 2018, the changes go into effect and the asset management fee structure after the changes shall be applied from the fiscal period ending October 2018 (May 1, 2018 to October 31, 2018).

3. Outook

There are no revisions on the forecast of results for the fiscal period ended October 2017 (May 1, 2017 to October 31, 2017)

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 December 6, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Outline of the Changes to the Asset Management Fee Structure

Highlight of the changes to the fee structure

- **Reduce the rate to calculate the fee linked to asset size and raise the rate to calculate the fee linked to earnings**
- **Introduce the fee structure based on distribution per unit to pay attention to preventing dilution of investment units**
- **Newly establish incentive fee for stable growth of distribution per unit**

	Current		After the changes (Note 1) (from the 27th fiscal period ending Oct. 2018)
Fee linked to asset size	Asset Management Fee I Total assets × 0.15%	**Reduce the rate**	Asset Management Fee I **Total assets × 0.13%**
Fee linked to earnings (dividends)	Asset Management Fee II Distributable amount × 3.0%	**Enhance the linkage with unitholder profits**	Asset Management Fee II **Distribution per unit (Note 2) × 23,000**
		Provide incentives (newly established)	Asset Management Fee III **Increase in distribution per unit (Note 3) × Number of outstanding investment units × 10%**

Note 1: It is assumed that an approval will be obtained at the Ninth General Meeting of Unitholders to be held on January 23, 2017
Note 2: When there is a loss carried forward, obtained by dividing the amount calculated by subtracting loss carried forward from income before income taxes before Asset Management Fees II and III by the number of outstanding investment units as of the end of the relevant fiscal period
Note 3: Obtained by subtracting simple average of DPU for the most recent four fiscal periods from DPU. If the amount subtracted does not exceed zero, the Asset Management Fee III shall be zero