

Translation of Japanese Original

February 26, 2021

To All Concerned Parties

REIT Issuer:  
Kenedix Office Investment Corporation  
Jiro Takeda, Executive Director  
(Securities Code: 8972)

Asset Management Company:  
Kenedix Real Estate Fund Management, Inc.  
Masahiko Tajima, President & CEO

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**Notice Concerning Sale of Property (KDX Hon-Atsugi 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 sell the following property (“the Sale”).

**1. Outline of the Sale**

- (1) Property Name : KDX Hon-Atsugi Building (“the Property”)
- (2) Type of Property to be Sold : Trust beneficiary interest in real estate
- (3) Anticipated Sale Price (Note 1) : 935 million yen
- (4) Assumed Book Value (Note 2) : 1,115 million yen
- (5) Difference between Anticipated Sale Price and Assumed Book Value: (3)-(4) (Note 3) : ▲180 million yen
- (6) Buyer : Tosei Corporation (non-related party)
- (7) Date of Contract : February 26, 2021
- (8) Scheduled Date of Sale : April 30, 2021
- (9) Use of Proceeds : Cash on hand
- (10) Settlement Method : Payment in full on settlement
- (11) Buyer Selection : The buyer was selected after interested buyers were introduced by several major domestic brokerage firms, and the prices and conditions of the sale, etc. were confirmed.

Note 1: Transfer costs, adjustment of property tax and city-planning tax, consumption tax, etc. are excluded. (Amounts are truncated to the nearest unit. The same applies below.)

Note 2: Assumed book value is as of scheduled date of sale.

Note 3: Figures are referential amount, calculated as a difference between anticipated sale price and assumed book value, and different from gain or loss on sale.

## 2. Reason for the Sale

The Investment Corporation seeks to enhance the quality of the portfolio by arranging a reshuffle and sales of properties before potential deterioration in asset profitability. Moreover, a comprehensive consideration of the present and future portfolio structural objectives, the real estate market trends, and the characteristic assessment of properties within the portfolio are conducted, while engaging in acquisitions of properties according to management strategies.

The Property is an office building which is approximately 25 years in age and is relatively small in comparison to other portfolio properties. The decline in profitability is due to an increase in operating expenses (e.g., repairs), and a stagnant occupancy rate; therefore, the Investment Corporation has decided to sell the Property with an aim to improve the profitability of the portfolio.

Although the anticipated sale price is below the assumed book value as of the scheduled date of sale and the latest appraisal value, the Investment Corporation judges the sale to be at an appropriate standard, based on future cash flow assumptions, incorporating historical occupancy, leasing records, and market trends within the surrounding area of the property.

Through the Sale, the portfolio of the Investment Corporation will stand at 96 properties (total: 440.1 billion yen). The investment proportions of office buildings in the portfolio will be 99.3%, and the investment proportions of the Tokyo Metropolitan Area (Note) in the portfolio will be 81.3% (Based on acquisition price.).

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

## 3. Details of the Properties to be Sold

Property Name		KDX Hon-Atsugi Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Location (Address)		4-9-18 Nakamachi, Atsugi, Kanagawa
Usage		Office · Retail shop
Type of Structure		Flat-roofed, Steel-framed reinforced concrete structure; 8 aboveground floors
Site Area	Land	724.62 m <sup>2</sup>
	Building (Total Floor Area)	3,603.63 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		May 31, 1995
Acquisition Date		March 1, 2007
Acquisition Price		1,305 million yen
Appraisal	Appraisal Value	1,190 million yen
	Base Date for Appraisal	October 31, 2020
	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Details	Please refer to “9. Summary of Appraisal Report” below.
Details of Tenant		As of January 31, 2021
Security and Guarantee Deposit		59 million yen
Number of End Tenants		12
Total Leasable Area		2,755.71 m <sup>2</sup>
Total Leased Area		2,136.13 m <sup>2</sup>
Occupancy Rate		77.5%

Operating Results	The total of the actual amounts for fiscal periods ended April 30, 2020 and October 31, 2020
Rent Revenue	74 million yen
Net Operating Income	33 million yen
Rental Operating Income (Net Operating Income after Depreciation)	5 million yen

#### 4. Buyer's Profile

Company Name	Tosei Corporation
Location	4-2-3 Toranomom, Minato-ku, Tokyo
Title and Name of Representative	Seiichiro Yamaguchi, President and CEO
Description of Business	Real estate revitalization/development/rental/fund and consulting/management, and hotel
Amount of Capital	Approx. 6,600 million yen (as of November 30, 2020)
Date of Incorporation	February 2, 1950
Major Shareholder	Seiichiro Yamaguchi (27.31%)、Zeus Capital Limited (12.71%)、QUINTET PRIVATE BANK (EUROPE) S.A107704 (8.00%) (as of November 30, 2020)
Net Assets	Approx. 58,969 million yen (as of November 30, 2020)
Total Assets	Approx. 161,684 million yen (as of November 30, 2020)
Relationship with the Investment Corporation or 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 buyer 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. Details of Brokerage

The brokerage firm for the Property is not a related party, etc. as defined in 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.

#### 6. Related-party Transaction

The sale of the Property does not constitute the related-party transaction.

#### 7. Date of the Sale

Determination Date of the Sale Transaction Agreement Execution Date	February 26, 2021
Settlement and Sale Date	April 30, 2021 (Scheduled)

Note: The trust beneficiary interest transaction agreement concluded with the buyer of the Property ("the Transaction Agreement") falls under the category of forward commitment, etc. by an investment corporation, as stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. provided by Financial Services Agency. If the Investment Corporation violates any of the provisions of the Transaction Agreement and then the Transaction Agreement is cancelled for the reason that purposes of the Transaction Agreement cannot be fulfilled due to such violation, the Investment Corporation shall pay a certain ratio of the transaction price from which consumption taxes, etc. are excluded as a penalty fee. Such penalty fee is set at 10% of the anticipated sale price (93 million yen).

## **8. Outlook**

As the impact of the Sale on the financial results for the fiscal period ending April 30, 2021 (November 1, 2020 to April 30, 2021) and the fiscal period ending October 31, 2021 (May 1, 2021 to October 31, 2021) is minimal, there is no change to the operating forecasts and distribution forecasts for the fiscal periods.

Though a loss on sale is expected to occur in the fiscal period ending April 30, 2021 (November 1, 2020 to April 30, 2021) due to the Sale, the distribution forecast remains unchanged with the adjustment of provision of reserve for reduction entry from the sale of KDX Shin-Nihonbashi Building.

## 9. Summary of Appraisal Report

Property Name	KDX Hon-Atsugi Building
Appraisal Value	1,190,000,000 yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	October 31, 2020

Unit: Yen

Item	Content	Basis
Income Capitalization Approach Value	1,190,000,000	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	1,220,000,000	
(1) Gross Operating Revenue	98,793,208	
Maximum Gross Operating Revenue	103,948,640	Assess an amount based on the rent revenue, common area charge revenue, parking revenue and other revenue, etc. that are believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	5,155,432	Assess an amount based on the premise of an occupancy ratio that is believed to remain stable over the medium and long term
(2) Operating Expenses	31,428,929	
Maintenance Expenses	9,503,000	Assess an amount based on the actual maintenance expenses and by verifying such amount by reference to the standards of maintenance expenses at similar properties
Utility Expenses	8,903,000	Assess an amount based on the actual utility expenses in the past, and by verifying such amount by reference to the levels of utility expenses at similar properties
Repair Expenses	2,381,833	Recognize an annual average amount of repair expenses, judging such amount to be appropriate based on the engineering report
Property Management Fee	1,833,326	Assess a standardized PM fee ratio based on PM fee ratios at similar properties
Tenant Recruitment Expenses, etc.	756,886	Assess an amount in consideration of an estimated tenant turnover and a vacancy rate, based on the levels of tenant recruitment expenses, etc. at similar properties
Taxes and Dues	7,365,500	Assess an amount based on the fiscal 2020 tax statement, etc.
Damage Insurance Fee	185,384	Assess an amount based on actual insurance premium, and by verifying such amount by reference to insurance premiums, etc. at similar properties
Other Expenses	500,000	Assess an amount based on actual other expenses in the past
(3) Net Operating Income (NOI=(1)-(2))	67,364,279	
(4) Gain on Guarantee Deposit Investment	855,253	Assess income from investments by using an investment return of 1.0%
(5) Capital Expenditure	3,379,847	Assess an annual average amount of renewal expenses based on the engineering report, judging such amount to be appropriate, with CM fees added
(6) Net Cash Flow (NCF=(3)+(4)-(5))	64,839,685	
(7) Capitalization Rate	5.3%	Assess an amount by comprehensively taking into account comparison with transaction cases, etc. at similar properties, the property's location, the characteristics of the building, the rights, the terms of contract, etc.
Value Calculated Using the Discounted Cash Flow Method	1,180,000,000	
Discount Rate	5.1%	Assess an amount by comprehensively taking into account comparison with transaction cases, etc. at similar properties and property's unique characteristics by reference to investment yields of financial asset
Terminal Capitalization Rate	5.5%	Assess an amount by considering nature of net cash flow for calculation of the capitalization rate, future uncertainty, liquidity, marketability and other factors
Value Calculated Using the Cost Method	714,000,000	
Land	42.8%	
Building	57.2%	
The Appraiser's Points to Consider upon Appraisal Other Than the Above	Nothing in particular	

**Attached Material**

Reference Material : Property Portfolio after the Sale

The Investment Corporation's website: <https://www.kdo-reit.com/en/>

This notice is the English translation of the Japanese announcement on our website released on February 26, 2021. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference Material

Property Portfolio after the Sale

As of April 30, 2021

Type of Use	Area	Property Name	Location	(Anticipated) Acquisition Price (million yen) (Note 1)	Ratio (Note 1)	(Scheduled) Date of Acquisition (Note 2)
Office Buildings (Mid-size)	5 Central Wards of Tokyo	KDX Hamamatsucho Place	Minato-ku, Tokyo	20,700	4.7%	July 2, 2018
		KDX Shinbashi Ekimae Building	Minato-ku, Tokyo	16,300	3.7%	June 30, 2020
		KDX Toranomom 1chome Building	Minato-ku, Tokyo	15,550	3.5%	March 30, 2016
		KDX Harumi Building	Chuo-ku, Tokyo	10,250	2.3%	June 30, 2008
		KDX Nishi-Shinbashi Building	Minato-ku, Tokyo	8,400	1.9%	February 1, 2017
		Hiei Kudan-Kita Building	Chiyoda-ku, Tokyo	7,600	1.7%	February 1, 2008
		KDX Shinjuku Building	Shinjuku-ku, Tokyo	6,800	1.5%	February 18, 2010
		KDX Ochanomizu Building	Chiyoda-ku, Tokyo	6,400	1.4%	April 2, 2007
		KDX Shiba-Daimon Building	Minato-ku, Tokyo	6,090	1.3%	March 1, 2007
		KDX Kojimachi Building	Chiyoda-ku, Tokyo	5,950	1.3%	November 1, 2005
		KDX Nihonbashi 313 Building	Chuo-ku, Tokyo	5,940	1.3%	August 1, 2005
		KDX Takanawadai Building	Minato-ku, Tokyo	5,250	1.1%	November 19, 2013
		KDX Iidabashi Building	Shinjuku-ku, Tokyo	4,670	1.0%	July 22, 2011
		KDX Ebisu Building	Shibuya-ku, Tokyo	4,640	1.0%	May 1, 2006
		Higashi-Kayabacho Yuraku Building	Chuo-ku, Tokyo	4,450	1.0%	August 1, 2005
		KDX Iidabashi Square	Shinjuku-ku, Tokyo	4,350	0.9%	January 10, 2014
		KDX Ginza 1chome Building	Chuo-ku, Tokyo	4,300	0.9%	November 12, 2010
		KDX Hamamatsucho Center Building	Minato-ku, Tokyo	3,950	0.8%	September 1, 2015
		KDX Shin-Nihonbashi Ekimae Building	Chuo-ku, Tokyo	3,829	0.8%	August 2, 2016
		KDX Shinbashi Building (Note 2)	Minato-ku, Tokyo	3,728	0.8%	May 1, 2006
		KDX Hatchobori Building	Chuo-ku, Tokyo	3,680	0.8%	August 1, 2005
		KDX Ginza East Building	Chuo-ku, Tokyo	3,600	0.8%	March 13, 2015
		KDX Shibuya Nanpeidai Building	Shibuya-ku, Tokyo	3,500	0.7%	August 10, 2017
		KDX Hamamatsucho Building	Minato-ku, Tokyo	3,460	0.7%	May 1, 2006
		KDX Kanda Ekimae Building	Chiyoda-ku, Tokyo	3,300	0.7%	February 7, 2020
		KDX Mita Building	Minato-ku, Tokyo	3,180	0.7%	November 18, 2013
		KDX Higashi-Shinjuku Building	Shinjuku-ku, Tokyo	2,950	0.6%	September 1, 2006
		KDX Kayabacho Building	Chuo-ku, Tokyo	2,780	0.6%	May 1, 2006
		KDX Jimbocho Building	Chiyoda-ku, Tokyo	2,760	0.6%	March 31, 2008
		KDX Hakozaki Building	Chuo-ku, Tokyo	2,710	0.6%	July 22, 2011
		KDX Akihabara Building	Chiyoda-ku, Tokyo	2,600	0.5%	November 19, 2013
		KDX Yoyogi Building	Shibuya-ku, Tokyo	2,479	0.5%	September 30, 2005
		Harajuku F.F. Building	Shibuya-ku, Tokyo	2,450	0.5%	August 1, 2005
		KDX Kajicho Building	Chiyoda-ku, Tokyo	2,350	0.5%	July 3, 2006
		KDX Hamacho Nakanohashi Building	Chuo-ku, Tokyo	2,310	0.5%	February 1, 2008
		KDX Shinjuku 286 Building	Shinjuku-ku, Tokyo	2,300	0.5%	June 1, 2007
		KDX Minami Aoyama Building	Minato-ku, Tokyo	2,270	0.5%	August 1, 2005
		Nihonbashi Horidomecho First	Chuo-ku, Tokyo	2,200	0.4%	August 19, 2013
		Shin-toshin Maruzen Building	Shinjuku-ku, Tokyo	2,110	0.4%	February 29, 2008
		KDX Nihonbashi 216 Building	Chuo-ku, Tokyo	2,010	0.4%	December 1, 2009
KDX Kanda Kitaguchi Building	Chiyoda-ku, Tokyo	1,950	0.4%	August 1, 2005		
KDX Shinjuku 6-chome Building	Shinjuku-ku, Tokyo	1,900	0.4%	September 13, 2013		
KDX Iwamoto-cho Building	Chiyoda-ku, Tokyo	1,864	0.4%	May 1, 2008		
KDX Nishi-Shinjuku Building	Shinjuku-ku, Tokyo	1,500	0.3%	April 2, 2007		

Type of Use	Area	Property Name	Location	(Anticipated) Acquisition Price (million yen) (Note 1)	Ratio (Note 1)	(Scheduled) Date of Acquisition (Note 2)
Office Buildings (Mid-size)	Tokyo Metropolitan Area (excluding 5 Central Wards)	KDX Musashi-Kosugi Building	Kawasaki, Kanagawa	12,000	2.7%	March 20, 2014
		KDX Yokohama Kannai Building	Yokohama, Kanagawa	9,500	2.1%	January 31, 2018
		KDX Yokohama Building	Yokohama, Kanagawa	7,210	1.6%	October 29, 2014
		KDX Fuchu Building	Fuchu, Tokyo	6,120	1.3%	September 21, 2012
		Toshin 24 Building	Yokohama, Kanagawa	5,300	1.2%	May 1, 2006
		KDX Higashi-Shinagawa Building	Shinagawa-ku, Tokyo	4,590	1.0%	July 22, 2011
		KDX Nishi-Gotanda Building	Shinagawa-ku, Tokyo	4,200	0.9%	December 1, 2006
		KDX Ikebukuro Building	Toshima-ku, Tokyo	3,900	0.8%	November 18, 2013
		KDX Kawasaki-Ekimaie Hon-cho Building	Kawasaki, Kanagawa	3,760	0.8%	February 1, 2008
		KDX Takadanobaba Building	Toshima-ku, Tokyo	3,650	0.8%	May 30, 2014
		Koishikawa TG Building	Bunkyo-ku, Tokyo	3,080	0.6%	November 18, 2009
		KDX Kasuga Building	Bunkyo-ku, Tokyo	2,800	0.6%	September 21, 2012
		KDX Yokohama Nishiguchi Building	Yokohama, Kanagawa	2,750	0.6%	December 2, 2014
		KDX Gotanda Building	Shinagawa-ku, Tokyo	2,620	0.5%	November 18, 2009
		KDX Nakano-Sakaue Building	Nakano-ku, Tokyo	2,533	0.5%	August 1, 2005
		KDX Shin-Yokohama Building	Yokohama, Kanagawa	2,520	0.5%	May 1, 2006
		KDX Funabashi Building	Funabashi, Chiba	2,252	0.5%	March 1, 2006
		BR Gotanda	Shinagawa-ku, Tokyo	2,200	0.4%	April 5, 2017
		KDX Omiya Building	Saitama, Saitama	2,020	0.4%	March 26, 2013
		KDX Okachimachi Building	Taito-ku, Tokyo	2,000	0.4%	March 1, 2007
		KDX Ikebukuro West Building	Toshima-ku, Tokyo	1,934	0.4%	September 3, 2014
		KDX Nakameguro Building	Meguro-ku, Tokyo	1,880	0.4%	September 21, 2012
		KDX Kiba Building	Koto-ku, Tokyo	1,580	0.3%	June 20, 2006
		KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	0.3%	January 19, 2007
	KDX Hon-Atsugi Building	Atsugi, Kanagawa	-	-	March 1, 2007	
	KDX Tachikawa Ekimaie Building	Tachikawa, Tokyo	1,267	0.2%	December 26, 2011	
	KDX Hachioji Building	Hachioji, Tokyo	1,155	0.2%	March 1, 2007	
	KDX Nagoya Sakae Building (Note 2)	Nagoya, Aichi	7,550	1.7%	April 25, 2008	
	KDX Nagoya Ekimaie Building	Nagoya, Aichi	7,327	1.6%	December 26, 2011	
	KDX Sakura-dori Building	Nagoya, Aichi	5,900	1.3%	January 9, 2015	
	KDX Karasuma Building	Kyoto, Kyoto	5,400	1.2%	June 1, 2007	
	KDX Tosabori Building	Osaka, Osaka	5,000	1.1%	January 31, 2020	
	KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1.1%	February 1, 2008	
	KDX Shin-Osaka Building	Osaka, Osaka	4,550	1.0%	September 1, 2015	
	KDX Nagoya Nichigin-mae Building	Nagoya, Aichi	3,500	0.7%	March 15, 2016	
	KDX Kobayashi-Doshomachi Building	Osaka, Osaka	2,870	0.6%	December 1, 2010	
KDX Higashi Umeda Building	Osaka, Osaka	2,770	0.6%	March 28, 2012		
KDX Utsunomiya Building	Utsunomiya, Tochigi	2,350	0.5%	May 30, 2014		
KDX Kitahama Building	Osaka, Osaka	2,220	0.5%	February 1, 2008		
KDX Minami-Honmachi Building	Osaka, Osaka	2,200	0.4%	December 2, 2014		
KDX Sendai Building	Sendai, Miyagi	2,100	0.4%	June 1, 2007		
KDX Sapporo Building	Sapporo, Hokkaido	2,005	0.4%	March 25, 2011		
KDX Sapporo Kitaguchi Building	Sapporo, Hokkaido	1,800	0.4%	July 20, 2017		
KDX Hiroshima Building	Hiroshima, Hiroshima	1,300	0.2%	September 1, 2014		
Total of 87 Office Buildings (Mid-size)				369,324	83.9%	-



Type of Use	Area	Property Name	Location	(Anticipated) Acquisition Price (million yen) (Note 1)	Ratio (Note 1)	(Scheduled) Date of Acquisition (Note 2)
<b>Office Buildings (Other)</b>	5 Central Wards of Tokyo	Ginza 4chome Tower	Chuo-ku, Tokyo	9,800	2.2%	August 19, 2013
		ARK Mori Building	Minato-ku, Tokyo	4,169	0.9%	December 1, 2016
		Pentel Building (Note 3)	Chuo-ku, Tokyo	3,350	0.7%	March 26, 2015
	Tokyo Metropolitan Area (excluding 5 Central Wards)	Mitsubishijuko Yokohama Building	Yokohama, Kanagawa	14,720	3.3%	December 7, 2017
		KDX Chofu Building	Chofu, Tokyo	8,700	1.9%	July 14, 2019
		KDX Toyosu Grand Square	Koto-ku, Tokyo	8,666	1.9%	May 30, 2014
	Other Regional Areas	Senri Life Science Center Building	Toyonaka, Osaka	13,000	2.9%	October 15, 2014
		Portus Center Building	Sakai, Osaka	5,570	1.2%	September 21, 2005
<b>Total of 8 Office Buildings (Other)</b>				<b>67,975</b>	<b>15.4%</b>	-
<b>Total of 95 Office Buildings</b>				<b>437,300</b>	<b>99.3%</b>	<b>Portfolio PML 2.29%</b>
<b>Others</b>	5 Central Wards of Tokyo	Shinjuku 6chome Building (Land)	Shinjuku-ku, Tokyo	2,880	0.6%	April 18, 2014
		<b>Total of 1 Others Property</b>				<b>2,880</b>
<b>Total of 96 Properties</b>				<b>440,180</b>	<b>100.0%</b>	-
<b>Investment Security</b>	5 Central Wards of Tokyo	G. K. KRF43 Silent Partnership Equity Interest	Shinjuku-ku, Tokyo	1,107	-	March 28, 2014
		<b>Total of 1 Investment Security</b>				<b>1,107</b>

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

Note 2: For the property with multiple acquisition dates due to additional acquisition, etc., the first acquisition date is shown.

Note 3: Building, site and the land for Pentel Building are counted as one property.