

Translation of Japanese Original

June 26, 2020

To All Concerned Parties

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Notice Concerning Revision of the Operating Forecasts and Distribution Forecasts
for the Fiscal Period Ending October 31, 2020 (the 31st Fiscal Period)
and for the Fiscal Period Ending April 30, 2021 (the 32nd Fiscal Period)

Kenedix Office Investment Corporation (“the Investment Corporation”) today announced revision of its operating forecasts and distribution forecasts for the fiscal period ending October 31, 2020 (the 31st fiscal period from May 1, 2020 to October 31, 2020) and for the fiscal period ending April 30, 2021 (the 32nd fiscal period from November 1, 2020 to April 30, 2021) announced in “Financial Report for the Fiscal Period Ended April 30, 2020 (REIT)” dated June 15, 2020. Details are as follows.

1. Revision of the Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending October 31, 2020 (the 31st Fiscal Period)

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Excluding Excess of Earnings) (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Previous Forecast (A)	15,631	7,184	6,214	6,213	14,500	0
Revised Forecast (B)	16,813	8,198	7,181	7,180	15,080 (Note)	0
Amount of Change (B) – (A)	1,182	1,014	966	966	580	—
Rate of Change	7.6%	14.1%	15.6%	15.6%	4.0%	—

Note: Distributions per unit for the fiscal period ending October 31, 2020 (the 31st fiscal period) is calculated by dividing the amount remaining after deducting provision of reserve for reduction entry (718 million yen) from net income by the total number of investment units issued and outstanding.

[Reference] Forecast total number of investment units issued and outstanding as of the end of the fiscal period ending October 31, 2020 (the 31st fiscal period): 428,510 units

2. Revision of the Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending April 30, 2021 (the 32nd Fiscal Period)

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Excluding Excess of Earnings) (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Previous Forecast (A)	15,350	7,017	6,065	6,063	14,150	0
Revised Forecast (B)	16,576	8,120	7,129	7,127	15,180 (Note)	0
Amount of Change (B) – (A)	1,225	1,103	1,064	1,064	1,030	—
Rate of Change	8.0%	15.7%	17.5%	17.5%	7.3%	—

Note : Distributions per unit for the fiscal period ending April 30, 2021 (the 32nd fiscal period) is calculated by dividing the amount remaining after deducting provision of reserve for reduction entry (622 million yen) from net income by the total number of investment units issued and outstanding.

[Reference] Forecast total number of investment units issued and outstanding as of the end of the fiscal period ending April 30, 2021 (the 32nd fiscal period): 428,510 units

3. Reasons for Revision

As stated in the press release “Notice Concerning Acquisition of Property (Shinbashi M-SQUARE Bright) and Sale of Properties (KDX Nihonbashi Honcho Building, KDX Nihonbashi Edo-dori Building and KDX Shin-Nihonbashi Building)” dated today, the Investment Corporation decided to acquire Shinbashi M-SQUARE Bright on June 30, 2020, and also decided to sell KDX Nihonbashi Honcho Building and KDX Nihonbashi Edo-dori Building on June 30, 2020, and KDX Shin-Nihonbashi Building on November 2, 2020. These are expected to lead to a difference of 5% or more arising in distributions per unit from the forecast figure for the fiscal period ending April 30, 2021 (the 32nd fiscal period) announced in “Financial Report for the Fiscal Period Ended April 30, 2020 (REIT)” dated June 15, 2020, and the preconditions and assumptions for the fiscal period ending October 31, 2020 (the 31st fiscal period) will be changed as well as those for the fiscal period ending April 30, 2021 (the 32nd fiscal period), which are to be disclosed. Accordingly, the Investment Corporation is revising its operating forecasts and distribution forecasts as indicated in the above tables.

[Notes]

- Forecast figures are calculated based on the preconditions and assumptions set out in the Attachment “Preconditions and Assumptions for the Fiscal Period Ending October 31, 2020 (the 31st Fiscal Period) and for the Fiscal Period Ending April 30, 2021 (the 32nd Fiscal Period)” as of the date of this release. Readers are advised that actual operating revenues, operating income, ordinary income, net income, distributions per unit, and distributions in excess of earnings per unit may differ significantly from forecasts due to a variety of reasons including the future acquisition or sale of real estate and changes in the Investment Corporation’s operating environment including the real estate market. Accordingly, the Investment Corporation does not guarantee payment of the forecast distributions per unit.
- If the Investment Corporation expects changes to the aforementioned forecast greater than a certain extent, it may further revise its forecast.
- Figures are rounded down to the nearest specified unit.

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 June 26, 2020. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

[Attachment]

Preconditions and Assumptions for the Fiscal Period Ending October 31, 2020 (the 31st Fiscal Period)
and for the Fiscal Period Ending April 30, 2021 (the 32nd Fiscal Period)

Item	Preconditions and Assumptions
Calculation Period	<ul style="list-style-type: none"> • The 31st fiscal period: May 1, 2020 to October 31, 2020 (184 days) • The 32nd fiscal period: November 1, 2020 to April 30, 2021 (181 days)
Property Portfolio	<ul style="list-style-type: none"> • It is assumed that the Investment Corporation owns 99 properties as of June 26, 2020, and will acquire one property (Shinbashi M-SQUARE Bright to be acquired on June 30, 2020) and sell three properties (KDX Nihonbashi Honcho Building and KDX Nihonbashi Edo-dori Building to be sold on June 30, 2020, and KDX Shin-Nihonbashi Building to be sold on November 2, 2020) as stated in the press release “Notice Concerning Acquisition of Property (Shinbashi M-SQUARE Bright) and Sale of Properties (KDX Nihonbashi Honcho Building, KDX Nihonbashi Edo-dori Building and KDX Shin-Nihonbashi Building)” dated today. • It is assumed that there will be no transfer of assets in the property portfolio (sale of a property, acquisition of a new property, etc.), other than the above, by the end of the 32nd fiscal period. • The Investment Corporation also holds the TK equity other than above. It assumes the refund of the TK equity will not occur by the end of the 32nd fiscal period. • The actual results may fluctuate due to changes in the property portfolio.
Operating Revenues	<ul style="list-style-type: none"> • Rental revenues are estimated based on valid leasing agreements as of June 26, 2020, and by considering variable factors such as seasonal factors against the backdrop of historical performance, as well as the recent real estate market conditions, in addition to the difference in number of operating days due to transfers in existing investment assets. • Dividends received of 68 million yen for the 31st fiscal period and 57 million yen for the 32nd fiscal period have been assumed with regard to the TK equity stated in the above “Property Portfolio.” • Forecasts are based on the assumption that there will be no rent in arrears or non-payment from tenants. • In addition to the above, rental revenues are estimated by considering a certain degree of decrease due to the impact of the spread of COVID-19. • It is estimated that gains on property sale of 1,054 million yen for the 31st fiscal period and 1,127 million yen for the 32nd fiscal period will be recognized from sale of the properties stated in the press release “Notice Concerning Acquisition of Property (Shinbashi M-SQUARE Bright) and Sale of Properties (KDX Nihonbashi Honcho Building, KDX Nihonbashi Edo-dori Building and KDX Shin-Nihonbashi Building)” dated today. These amounts of gains may fluctuate according to whether the properties are sold successfully, sale prices, delivery dates, and other conditions.
Operating Expenses	<ul style="list-style-type: none"> • Expenses related to rental business other than depreciation are based on the historic expenses, adjusted to reflect expense variables including seasonal factors. • An amount of 1,463 million yen for the 31st fiscal period and 1,472 million yen for the 32nd fiscal period has been assumed for property and facility management fees (property management and building maintenance fees, etc.). • An amount of 1,320 million yen for the 31st fiscal period and 1,307 million yen for the 32nd fiscal period has been assumed for taxes and public dues (property tax and city planning tax, etc.). In addition, the property tax and city planning tax, etc. of the properties acquired or to be acquired on or after January 1, 2020, are allocated to the seller and buyer on a pro rata basis at the time of acquisition settlement, and the amount equivalent to the portion allocated to the buyer is included in the acquisition cost of the property. Therefore, no amount will be recorded as expenses for the 31st fiscal period, and only a portion (5 million yen) will be recorded as expenses for the 32nd fiscal period. All such taxes will be recorded as expenses in and after the 33rd fiscal period with the expected per-fiscal-period amount of 60 million yen. • An amount of 2,531 million yen for the 31st fiscal period and 2,560 million yen for the 32nd fiscal period has been assumed for depreciation expense. • An amount of 484 million yen for the 31st fiscal period and 423 million yen for the 32nd fiscal period has been assumed for repairs, maintenance, and renovation expenses. Repairs,

Item	Preconditions and Assumptions
	<p>maintenance, and renovation expenses are estimated based on the amounts budgeted by the Asset Management Company for each property and considered essential for the period. Actual repairs, maintenance, and renovation expenses for the fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies.</p> <ul style="list-style-type: none"> • In general, property tax and city planning tax are allocated to the seller and buyer on a pro rata basis at the time of acquisition settlement. In the case of the Investment Corporation, an amount equivalent to the portion allocated to the purchaser is included in the acquisition cost of the property.
Non-Operating Expenses	<ul style="list-style-type: none"> • Interest payable (including financing related expenses, etc.) of 969 million yen for the 31st fiscal period and 959 million yen for the 32nd fiscal period is assumed.
Extraordinary Profit/Loss	<ul style="list-style-type: none"> • Extraordinary profit/loss is not assumed.
Borrowings and Investment Corporation Bonds	<ul style="list-style-type: none"> • The balance of the borrowings and the investment corporation bonds as of June 26, 2020, is 182,050 million yen and 10,000 million yen, respectively. In addition to such, it is assumed that a total of 9,700 million yen will be borrowed on June 30, 2020. • Of the borrowings as of June 30, 2020, after the above borrowings, a total of 11,100 million yen in borrowings is due for repayment during the 31st fiscal period and a total of 20,700 million yen in borrowings is due for repayment during the 32nd fiscal period. However, it is assumed that all borrowings will be refinanced. • Of the investment corporation bonds as of June 26, 2020, it is assumed that there are no investment corporation bonds maturing during the 31st and 32nd fiscal periods.
Total Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • The total number of investment units issued and outstanding is assumed to be 428,510 units, which is the total number of investment units issued and outstanding as of June 26, 2020. • It is assumed that the total number of investment units issued and outstanding will remain unchanged until the end of the 32nd fiscal period.
Distributions per Unit	<ul style="list-style-type: none"> • Distributions per unit are calculated in accordance with the Cash Distribution Policies outlined in the Investment Corporation's Articles of Incorporation. • Distributions per unit are calculated based on the assumption that the amount remaining after deducting provision of reserve for reduction entry (718 million yen for the 31st fiscal period and 622 million yen for the 32nd fiscal period) from net income is distributed. • Actual distributions per unit may differ significantly from forecast figures due to a variety of reasons including transfers in investment assets, rental revenues impacted by tenant turnover or incidence of major unforeseen renovation expense.
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> • The Investment Corporation does not currently anticipate distributions in excess of earnings.
Other	<ul style="list-style-type: none"> • Forecasts are based on the assumption that any revisions to regulatory requirements, taxation, accounting standards, public listing regulations or requirements of the Investment Trusts Association, Japan will not impact forecast figures. • Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in the real estate and other markets.