

Translation of Japanese Original

May 31, 2022

To All Concerned Parties

REIT Issuer:  
Kenedix Office Investment Corporation  
Hikaru Teramoto, Executive Director  
(Securities Code: 8972)

Asset Management Company:  
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### **Notice Concerning Sale of Property (KDX Kiba 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, decided to sell the following property (“the Sale”).

#### **1. Outline of the Sale**

- (1) Property Name : KDX Kiba Building (“the Property”)
- (2) Type of Property to be Sold : Trust beneficiary interest in real estate
- (3) Anticipated Sale Price (Note 1) : 1,650 million yen
- (4) Assumed Book Value (Note 2) : 1,350 million yen
- (5) Difference between Anticipated  
Sale Price and Assumed Book : 299 million yen  
Value: (3)-(4) (Note 3)
- (6) Buyer : Not disclosed (non-related party)
- (7) Date of Contract : May 31, 2022
- (8) Scheduled Date of Sale : July 29, 2022
- (9) Use of Proceeds : Cash on hand
- (10) Settlement Method : Payment in full on settlement

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 reshuffles 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 29 years in age and is relatively small in comparison to other portfolio properties.

It is located one street in from Eitai Dori and approximately 2 minutes on foot from Kiba Station on the Tokyo Metro Tozai Line, offering convenient access to Otemachi, Nihonbashi and other areas in Central Tokyo. The Investment Corporation acquired the Property based on the assessment that stable office building demand could be expected given favorable rental rates in comparison with the central business districts. However, partly because the average rental rate of the Property tends to fall in recent years, the Property is considered to have a low cap rate in comparison to other portfolio properties and to be an asset with an unrealized loss. The Investment Corporation decided on the Sale because the anticipated sale price agreed with the buyer is far higher than the appraisal value, the unrealized loss will be eliminated, and a gain on sale of real estate is expected to be secured and after comprehensive consideration of various other factors such as deterioration in cash flow as a result of future vacancies, and the risk of further decline in profitability due to an increase in repair expenses.

Through the Sale, the portfolio of the Investment Corporation will stand at 97 properties (total: 453.6 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 1) in the portfolio will be 80.4% (As of July 29, 2022. Based on (anticipated) acquisition price (Note 2)).

Note1: Tokyo Metropolitan Area refers to major cities in Tokyo Metropolitan, Kanagawa, Saitama, and Chiba Prefectures.

Note2: The investment proportions reflect the acquisition of Edobashi Building scheduled for June 30, 2022, which has already been disclosed in “Notice Concerning Acquisition of Properties (Edobashi Building • Sendai Honcho Building)” dated April 26, 2022.

## 3. Details of the Property to be Sold

Property Name		KDX Kiba Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Location (Address)		5-12-8 Kiba, Koto-ku, Tokyo
Usage		Office and Parking
Type of Structure		Flat-roofed, Steel-framed reinforced concrete structure; 5 aboveground floors
Site Area	Land	922.77 m <sup>2</sup>
	Building (Total Floor Area)	2,820.64 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		October 27, 1992
Acquisition Date		June 20, 2006
Acquisition Price		1,580 million yen
Appraisal	Appraisal Value	1,150 million yen
	Base Date for Appraisal	April 30, 2022
	Appraiser	Japan Real Estate Institute

	Details	Please refer to “9. Summary of Appraisal Report” below.
Details of Tenant		As of May 31, 2022
	Security and Guarantee Deposit	63 million yen
	Number of End Tenants	5
	Total Leasable Area	2,455.49 m <sup>2</sup>
	Total Leased Area	2,455.49 m <sup>2</sup>
	Occupancy Rate	100.0%
Operating Results		The total of the actual amounts for fiscal periods ended April 30, 2021 and October 31, 2021
	Rent Revenue	90 million yen
	Net Operating Income	57 million yen
	Rental Operating Income (Net Operating Income after Depreciation)	32 million yen

#### 4. Buyer’s Profile

The buyer is not disclosed because the consent of the buyer has not been obtained regarding the company name and other information. In addition, there is no special capital relationship, no special personnel relationship or no special business relationship between the Investment Corporation or the Asset Management Company and the buyer. Furthermore, the buyer is neither a related party, etc. as defined in the Investment Trusts and Investment Corporations Law (“the Investment Trust Law”) nor 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 Law 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	May 31, 2022
Settlement and Sale Date	July 29, 2022 (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.

#### 8. Outlook

The difference between the anticipated sale price in the Sale and the assumed book value is 299 million yen, and even taking other expenses related to the Sale into consideration, a gain on the sale of real estate is expected to occur. However, the Investment Corporation plans to announce details of the impact on distributions and internal reserves, etc. from the fiscal period ending October 31, 2022 (from May 1, 2022 to October 31, 2022) in “Financial Report for The Fiscal Period Ended April 30, 2022 (REIT)” dated June 14, 2022.

## 9. Summary of Appraisal Report

Property Name	KDX Kiba Building
Appraisal Value	1,150,000,000 yen
Appraiser	Japan Real Estate Institute
Appraisal Date	April 30, 2022

Unit: Yen		
Item	Content	Basis
Income Capitalization Approach Value	1,150,000,000	Estimate an amount 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	1,150,000,000	Assess an amount by using the cap rate based on medium to long-term stable net cash flow
(1) Gross Operating Revenue	93,879,000	
Maximum Gross Operating Revenue	97,942,000	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	4,063,000	Assess an amount based on the premise of an occupancy ratio that remains stable over the medium and long term
(2) Operating Expenses	31,987,000	
Maintenance Expenses	6,900,000	Assess an amount in consideration of the actual amounts in the prior years, maintenance expenses of similar properties and unique characteristics of the property
Utility Expenses	8,100,000	Assess an amount in consideration of the actual amounts in the prior years, utility expenses of similar properties, occupancy rate of leased area, etc.
Repair Expenses	4,442,000	Assess an amount in consideration of the actual amounts in the prior years, future administrative operation plan, expenses at similar properties, annual average repair, maintenance and renewal expenses, etc. in the engineering report
Property Management Fee	1,711,000	Assess an amount by considering compensation rates, etc. based on terms of contract and at similar properties
Tenant Recruitment Expenses, etc.	704,000	Recognize an annual average amount assessed based on the estimated tenant turnover period
Taxes and Dues	9,921,000	Recognize an amount based on the fiscal 2021 tax statement, etc., taking into account the contents of burden adjustment measures, etc.
Damage Insurance Fee	129,000	Assess an amount in consideration of the estimated insurance premium rate and insurance premiums at similar properties, etc.
Other Expenses	80,000	Communication equipment charges to be recognized as other expenses
(3) Net Operating Income (NOI=(1)-(2))	61,892,000	
(4) Gain on Guarantee Deposit Investment	613,000	Assess income from investments by using an investment return of 1.0%
(5) Capital Expenditure	10,600,000	Assess an amount 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, etc. assuming that an equal amount is added to a reserve in each fiscal period
(6) Net Cash Flow (NCF=(3)+(4)-(5))	51,905,000	
(7) Capitalization Rate	4.5%	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	1,140,000,000	
Discount Rate	4.2%	Assess an amount by comprehensively taking into account the property's unique characteristics, by reference to investment yields, etc. of similar properties
Terminal Capitalization Rate	4.5%	Assess an amount by taking into account future uncertainty, liquidity, etc. based on capitalization rate
Value Calculated Using the Cost Method	1,150,000,000	
Land	81.9%	
Building	18.1%	
The Appraiser's Points to Consider upon Appraisal Other Than the Above	As indicated above, the Appraiser determined the appraisal value whose expected value calculated using the cost method and income capitalization approach value matched.	

**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 May 31, 2022. 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 July 29, 2022

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	4.5%	July 2, 2018
		KDX Shinbashi Ekimae Building	Minato-ku, Tokyo	16,300	3.5%	June 30, 2020
		KDX Toranomon 1chome Building	Minato-ku, Tokyo	14,616	3.2%	March 30, 2016
		KDX Harumi Building	Chuo-ku, Tokyo	10,250	2.2%	June 30, 2008
		Edobashi Building	Chuo-ku, Tokyo	9,600	2.1%	June 30, 2022 or date not later than June 30, 2022 to be agreed separately
		KDX Nishi-Shinbashi Building	Minato-ku, Tokyo	8,400	1.8%	February 1, 2017
		Hiei Kudan-Kita Building	Chiyoda-ku, Tokyo	7,600	1.6%	February 1, 2008
		KDX Shinjuku Building	Shinjuku-ku, Tokyo	6,800	1.4%	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	0.9%	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	0.7%	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	0.5%	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	2.6%	March 20, 2014
		KDX Yokohama Kannai Building	Yokohama, Kanagawa	9,500	2.0%	January 31, 2018
		KDX Yokohama Building	Yokohama, Kanagawa	7,210	1.5%	October 29, 2014
		KDX Fuchu Building	Fuchu, Tokyo	6,120	1.3%	September 21, 2012
		Toshin 24 Building	Yokohama, Kanagawa	5,300	1.1%	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	0.4%	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	-	-	June 20, 2006
		KDX Monzen-Nakacho Building	Koto-ku, Tokyo	1,400	0.3%	January 19, 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	
	Other Regional Areas	KDX Nagoya Sakae Building (Note 2)	Nagoya, Aichi	7,550	1.6%	April 25, 2008
		KDX Nagoya Ekimaie Building	Nagoya, Aichi	7,327	1.6%	December 26, 2011
		Sendai Honcho Building	Sendai, Miyagi	6,360	1.4%	April 28, 2022
		KDX Sakura-dori Building	Nagoya, Aichi	5,900	1.3%	January 9, 2015
		KDX Karasuma Building	Kyoto, Kyoto	5,400	1.1%	June 1, 2007
		KDX Tosabori Building	Osaka, Osaka	5,000	1.1%	January 31, 2020
		KDX Hakata-Minami Building	Fukuoka, Fukuoka	4,900	1.0%	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	0.4%	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	0.3%	July 20, 2017
		KDX Hiroshima Building	Hiroshima, Hiroshima	1,300	0.2%	September 1, 2014
<b>Total of 88 Office Buildings (Mid-size)</b>				<b>382,771</b>	<b>84.3%</b>	<b>-</b>

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	2.1%	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	3.2%	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	2.8%	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>14.9%</b>	-
<b>Total of 96 Office Buildings</b>				<b>450,746</b>	<b>99.3%</b>	<b>Portfolio PML 3.2%</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 97 Properties</b>				<b>453,626</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.