

Translation of Japanese Original
To All Concerned Parties

May 28, 2013

REIT Issuer:

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Naokatsu Uchida, Executive Director
(Securities Code: 8972)

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**Notice Concerning Conclusion of Memorandum of Reorganization by
Kenedix Office Partners, Inc., the Asset Management Company**

Kenedix Realty Investment Corporation (“KRI”) announced today that the certain members of the Kenedix Group, consisting of Kenedix, Inc. (“KDX”), Kenedix Office Partners, Inc. (“KOP”), the asset management company for KRI, Kenedix Asset Management, Inc. (“KDAM”), Kenedix Residential Partners, Inc. (“KRP”), and Kenedix Advisors, Inc. (“KDA”) decided to undertake the following initiative to reorganize the structure of the Kenedix Group to further strengthen its asset management business and also change the corporate name of the asset management company after the organizational restructuring.

1. Overview of Organizational Restructuring

This initiative consists of the conclusion of a memorandum (“Memorandum Relating to Organizational Restructuring and Information Provision, etc.”) relating to the organizational restructuring of the Kenedix Group and will be signed by seven companies including KDX, KDAM, KOP, KRI, KRP, Kenedix Residential Investment Corporation (“KDR”) and KDA. This organizational restructuring is planned to be conducted based on the following three steps. For information about how these seven companies are related to one another, please refer to Item 7. “Status after the Reorganization”, which provides information about the Kenedix Group prior to this reorganization.

A. Merger between KDA and KDAM (“Merger I”)

Under the terms of this merger, KDAM is to be absorbed by KDA, which is to be the surviving corporate entity, and KDAM will cease to exist.

B. Succession by KDX to certain of business of KDA corporate split (“the Corporate Split”)

KDX will succeed to KDA’s operations other than its businesses relating to investment management operations and the accompanying operations within the asset management business in KDA (mainly operations based on investment advisory agreement) (KDA after Merger I; same hereafter for the Corporate Split.) via Corporate Split.

C. The merger of KOP, KRP, and KDA (“Merger II”) and the change of corporate name to Kenedix Real Estate Fund Management, Inc. (“KFM”)

In relation to KOP, KRP, and KDA (KDA after the Corporate Split; same hereafter for Merger II) which are engaged in asset management business, it is planned that KOP and KDA are to be absorbed by KRP, which is to be the surviving corporate entity, and that KOP and KDA will cease to exist. Moreover, following the merger, KRP is to change its corporate name to Kenedix Real Estate Fund Management, Inc.

* Points A, B, and C above together constitute “the Reorganization”.

The Reorganization is subject to the required transfer of stock for KFM to become a wholly owned subsidiary of KDX and completion of other formalities required for engaging in the investment management business.

2. Purpose of the Reorganization

The Kenedix Group began a real estate asset management business just as Japan's real estate securitization market was emerging and has expanded the scale of this business by reacting flexibly to changes in the external situation including the sudden deterioration in the operating environment triggered by the global financial crisis. KRI primarily invests in and manages mid-sized office buildings; KDR mainly targets investment in residential properties such as rental housing; KOP and KRP each manage a publicly listed real estate investment trust ("J-REIT"). Moreover, the Kenedix Group has many institutional investors of many different types - both domestic institutional investors and foreign investors - as their clients and utilizes KDA as its management company for private funds, with their investment targets extending far beyond office buildings, residential properties, and logistics facilities, to incorporate a wide range of property categories including senior healthcare facilities, hotels and other types of assets. As a result, the assets under management* ("AUM") were 1,127 billion yen, as of the end of March 2013, and the Kenedix Group has now established itself in a prominent position as a leading independent real estate asset management company.

The Kenedix Group has set the following four aims for further raising its corporate value and to accomplish the goals of the Medium-term Management Plan that was announced on February 14, 2013.

- Strengthen the stable base for earnings by increasing AUM;
- Raise investment returns by making extensive use of co-investments;
- Strengthen the asset management business and enhance an operating framework that may include M&A and other new activities in the future; and
- Resume dividend payments by FY12/ 2015, the new plan's final year.

It is the intention of the Kenedix Group to accomplish these goals through the implementation of the Reorganization by: (i) consolidating together the real estate asset management know-how throughout the whole Group; (ii) greatly increasing the asset management capability and competitiveness of the Kenedix Group by strategically strengthening the resources deployed in the acquisition and management of real estate investment targets; (iii) building up a structure that contributes to the benefit of our client investors by reinforcing our internal management systems; (iv) aiming to improve the efficiency of the asset management operations within the Kenedix Group with the intention of further expanding our asset management business.

Additionally, we are also aiming to improve the KRI's unitholders' value by (i) increasing KRI's asset management ability by aggregating human resources and management know-how, (ii) increasing the recognition of KFM in the real estate market by expanding its AUM and increasing its ability to gather information on properties, and (iii) strengthening its internal controls.

* Includes assets of Japan Logistics Fund, Inc., a fund managed by Mitsui & Co., Logistics Partners Ltd., which is an affiliate of KDX.

3. Conflict of Interest Approach (Preferential right to study property information)

In association with the Reorganization, KFM is to perform asset management services for KRI and KDR.

Furthermore, KFM plans to provide asset management services for real estate funds, etc. (including but not limited to special purpose companies and other types of companies that are investment vehicles and partnerships, trustees, etc., "real estate funds, etc." hereinafter) other than KRI and KDR.

Consequently, after the establishment of KFM, there may be competition between the newly established real estate funds of KRI and KDR for opportunities to purchase properties. However, this competition is not expected to occur because KRI invests primarily in mid-sized office buildings and KDR invests primarily in rental housing and other residential properties.

For properties where there is competition concerning a potential purchase between the Investment Corporation operated by KFM and the real estate funds, etc. other than the Investment Corporation, the following preferential study rights will be used for considering these purchases. KFM will newly establish a Pipeline Meeting that includes the Compliance Officer and perform operations in accordance with the applicable rules. The purpose is to

prevent the arbitrary distribution of information about the sale of real estate, etc. The preferential study rights are used for the assignment of preferential opportunities to consider a purchase when information about the sale of real estate, etc. is obtained. This is based on the “use” of a property, which is objectively and clearly defined by the Building Standards Law, the “gross floor area” as listed in the building registration, and other information. In principle, the order of priority for considering a purchase is based on the following rule.

- For the following office buildings ⁽¹⁾, the KRI Fund Division of KFM, which manages KRI, will have the first opportunity to consider an acquisition ahead of the Private Fund Division, which manages real estate funds, etc.

Location	Floor area per building (square meters)
Tokyo 23 Wards	2,000 to 13,000
Outside Tokyo 23 Wards	3,000 to 20,000

(1) Buildings where floor area for office use is the largest share of floor area based on floor area use in accordance with the Building Standards Law.

- For the following rental housings and other residential properties ⁽²⁾, the KDR Fund Division of KFM, which manages KDR, will have the first opportunity to consider an acquisition ahead of the Private Fund Division.

Location	Floor area per building (square meters)
Tokyo 23 Wards	20,000 or less
Outside Tokyo 23 Wards	30,000 or less

(2) Buildings where floor area for residential use is the largest share of floor area based on floor area use in accordance with the Building Standards Law. This includes rental housing, serviced apartments, elderly-care housing, company rental housing, student dormitories and apartments, short-term apartments, etc. and other residential properties with facility operators, and land with leasehold interests on which any of the previously listed buildings are located.

- For real estate, etc. other than the properties listed above, the Private Fund Division will have the first opportunity to consider an acquisition.

In addition, when information about the sale of real estate, etc. for two or more properties is studied, in cases where a study can be performed separately for each property, then KFM will proceed in accordance with the above rules. When studies of individual properties are not possible, such as in a bulk sale, (i) based on the above rule, the division with preferential study rights for acquiring the largest number of properties receives the first opportunity to study the acquisition of all properties; if two divisions have rights for the same number of properties, (ii) based on the above rule, the division with preferential rights for acquiring properties with the largest amount of floor area receives the first opportunity to study the acquisition of all properties.

Furthermore, the following information is exempt from the above rule.

- For real estate funds, etc. managed by KDX, information where the property’s candidate buyer has been designated by an investor or related party of the real estate fund, etc.; for real estate funds, etc. that are to be managed by KDX or the Private Fund Division, information where the property’s candidate buyer has been designated by an investor or related party of the real estate fund, etc. to be managed
- Information where the candidate buyer has been designated by the seller of the property
- Information where, based on the Support-Line Memorandum of Understanding or New Support-Line Memorandum of Understanding, the property is under warehousing and the candidate buyer has been designated
- Information where there is a contractual preferential negotiation right or right to consider an acquisition in the future and the candidate buyer has been designated

Based on the above rule, the preferential study period for information about the sale of real estate, etc. is 10 business days. Each Fund Division that performs a preferential study must state whether or not an acquisition study will be performed by the end of the preferential study period. When stating whether or not an acquisition study will continue to be performed, the General Manager of the Fund Division must also explain the reason, etc. for the decision. This decision, along with the reason, etc., is then examined by the Pipeline Meeting. For the decision about whether or not to exercise a preferential study right to acquire a property, KFM defines the responsibilities of the Fund Division General Managers and has the reason, etc. discussed by the Pipeline Meeting,

which includes the Compliance Officer. This prevents the arbitrary exercise of preferential study rights and prevents conflicts of interest between funds (General Managers of Fund Divisions are not allowed to concurrently hold positions in more than one fund in order to ensure the effectiveness of this rule to prevent conflicts of interest).

As was explained, there may be competition between KRI, KDR and the real estate funds, etc. for some types of properties that these entities will consider purchasing. Even when this competition occurs, the above rule for the order of preferential studies will be followed. Based on the prescribed floor area restrictions, KRI will receive priority for purchases of most mid-sized office buildings and KDR will receive priority for most rental housings and other residential properties. There are expected to be only limited instances where KRI encounter restrictions concerning the receipt of information about properties in which it may invest. In the current portfolio of KRI, there are 10 office properties with a floor area that do not fit within the above guidelines (of these 10, nine do not exceed the lower bound and one exceeds the upper bound). Within the last three years, only one such property has been acquired.

If the Reorganization is postponed or canceled, the above preferential study rights will not be established.

4. Timetable for the Reorganization

Board of Directors meeting to approve the Reorganization	Middle of July 2013 (planned)
Conclusion of Memorandum of Understanding	Middle of July 2013 (planned)
Planned implementation date (effective date)	On or after October 1, 2013 (planned)*

* Implementation planned for within six months following October 1, 2013.

The Reorganization is provisional upon the approval of the relevant authorities being forthcoming. The timetable for the Reorganization will be announced promptly once it has been officially determined.

5. Summary of the Reorganization

A. Merger between KDA and KDAM (Merger I)

(1) Purpose of Merger I

Please refer to Item 2. "Purpose of the Reorganization".

(2) Method of Merger I

KDAM is to be absorbed by KDA, which is to be the surviving corporate entity, and KDAM will cease to exist.

(3) Allotment of stock associated with Merger I

Not yet determined at this time. An announcement will be made without delay when a decision has been reached.

(4) Overview of the companies involved

<Overview of KDA (as of May 28, 2013)>

(1) Name	Kenedix Advisors, Inc.
(2) Address	2-2-9 Shimbashi, Minato-ku, Tokyo
(3) Representative	Keizo Katayama, President and Representative Director
(4) Business	Investment advisory and agency operations, investment management and other businesses
(5) Established	November 28, 2003
(6) Capital	100 million yen
(7) Major shareholders and shareholding ratios	KDA is a wholly owned consolidated subsidiary of KDX.

(8) Results of operations and financial conditions for the last three years	(Million yen)	FY12/2010	FY12/2011	FY12/2012
	Revenue	3,018	2,581	2,672
	Operating income	1,399	970	1,019
	Net income	814	556	573
	Total assets	2,039	2,126	2,334
	Net assets	1,388	1,589	1,762

<Overview of KDAM (as of May 28, 2013)>

(1) Name	Kenedix Asset Management, Inc.			
(2) Address	2-2-9 Shimbashi, Minato-ku, Tokyo			
(3) Representative	Taisuke Miyajima, CEO & President			
(4) Business	Supervisory operations for corporate persons undertaking asset management business, etc.			
(5) Established	October 26, 2009			
(6) Capital	405 million yen			
(7) Major shareholders and shareholding ratios	KDAM is a wholly owned consolidated subsidiary of KDX.			
(8) Results of operations and financial conditions for the last three years	(Million yen)	FY12/2010	FY12/2011	FY12/2012
	Revenue	353	698	600
	Operating income	81	461	390
	Net income	(445)	596	400
	Total assets	14,235	14,396	14,893
	Net assets	(89)	507	907

B. Succession by KDX to certain of business of KDA corporate split (the Corporate Split)

(1) Purpose of the Corporate Split

Please refer to Item 2. “Purpose of the Reorganization”.

(2) Method of the Corporate Split

An absorption-type company split will be executed with KDA, which is to be wholly owned by KDX, as the splitting company and KDX as the successor company.

(3) Allotment of stock associated with the Corporate Split

Deliver shares or any other consideration to KDA is not planned.

(4) Treatment of subscription rights to shares and bonds with subscription rights to shares in association with the Corporate Split

Not applicable

(5) Change of capital in association with the Corporate Split

There is no capital increase or decrease at KDA or KDX due to the Corporate Split.

(6) Rights and obligations succeeded by the successor company

It is planned that the rights and obligations relating to operations other than the businesses relating to investment management operations and the accompanying operations (mainly operations based on investment advisory agreement) will be succeeded by KDX.

(7) Prospect for the performance of debt obligations

KDX's opinion is that there will be no problem with the prospect for the performance of debt obligations that are to be borne by KDX.

(8) Overview of the companies involved

<Overview of KDX (as of May 28, 2013)>

(1) Name	Kenedix, Inc.			
(2) Address	2-2-9 Shimbashi, Minato-ku, Tokyo			
(3) Representative	Taisuke Miyajima, CEO & President			
(4) Business	Consulting business related to real estate transactions and usage as well as asset management, transaction, leasing, brokerage and appraisal for real estate, management of real estate, type II financial instruments business operations, investment advisory and agency operations			
(5) Established	April 17, 1995			
(6) Capital	31,322 million yen			
(7) Results of operations and financial conditions for the last three years (non-consolidated)	(Million yen)	FY12/2010	FY12/2011	FY12/2012
	Revenue	5,875	5,321	4,868
	Operating income	(589)	1,135	(629)
	Net income	(3,678)	149	(9,411)
	Total assets	116,497	112,881	97,523
	Net assets	75,910	76,050	66,718

<Overview of KDA (as of May 28, 2013)>

Please refer to Item 5.A.(4).

(9) Overview of business to be split

I. Details of business to be split

Businesses relating to investment management operations and the accompanying operations (mainly operations based on investment advisory agreement.)

II. Results of operations of business segment to be split

Not yet determined at this time.

III. Asset items and amounts to be split

Not yet determined at this time.

C. The merger of KOP, KRP, and KDA (Merger II) and the change of corporate name to Kenedix Real Estate Fund Management, Inc.

(1) Purpose of Merger II

Please refer to Item 2. "Purpose of the Reorganization".

(2) Method of Merger II

KDA and KOP are to be absorbed by KRP, which is to be the surviving corporate entity, and KDA and KOP will cease to exist.

(3) Allotment of stock associated with Merger II

Not yet determined at this time. An announcement will be made without delay when a decision has been reached.

(4) Overview of the companies involved

<Overview of KRP (as of May 28, 2013)>

(1) Name	Kenedix Residential Partners, Inc.*			
(2) Address	2-2-9 Shimbashi, Minato-ku, Tokyo			
(3) Representative	Akira Tanaka, CEO and President			
(4) Business	Investment management business, administration of the operation of the Investment Corporation, etc.			
(5) Established	March 17, 2011			
(6) Capital	100 million yen			
(7) Major shareholders and shareholding ratios	KRP is a wholly owned consolidated subsidiary of KDX.			
(8) Results of operations and financial conditions for the last two years**	(Million yen)		FY12/2011	FY12/2012
	Revenue		50	359
	Operating income		(26)	90
	Net income		(26)	36
	Total assets		194	277
	Net assets		173	210

* It is planned to change the corporate name to Kenedix Real Estate Fund Management, Inc.

**Only the prior two years are shown because this company was established in March 2011.

<Overview of KOP (as of May 28, 2013)>

(1) Name	Kenedix Office Partners, Inc.			
(2) Address	2-2-9 Shimbashi, Minato-ku, Tokyo			
(3) Representative	Naokatsu Uchida, CEO and President			
(4) Business	Investment management business, administration of the operation of the Investment Corporation, etc.			
(5) Established	November 28, 2003			
(6) Capital	200 million yen			
(7) Major shareholders and shareholding ratios	Kenedix Asset Management, Inc.: 90% ITOCHU Corporation: 10%*			
(8) Results of operations and financial conditions for the last three years	(Million yen)	FY3/2010	FY3/2011	FY12/2012
	Revenue	1,570	1,616	1,511
	Operating income	781	807	841
	Net income	458	486	528
	Total assets	1,074	1,509	1,466
	Net assets	794	1,204	1,263

* It is planned that the shares held by ITOCHU Corporation are, in advance of the Reorganization, to be acquired by KDX on June 5, 2013 in accordance with the press release disclosed by KRI “Notice Concerning Change in Shareholders for the Asset Management Company” and by KDX “Notice of Acquisition of Shares of Kenedix Office Partners, Inc. (Conversion into a wholly owned subsidiary)” dated May 28, 2013.

<Overview of KDA (as of May 28, 2013)>

Please refer to above Item 5.A.(4).

6. Overview of the Companies involved in the Merger

(1) Name		Kenedix Residential Partners, Inc.	Kenedix Office Partners, Inc.	Kenedix Advisors, Inc.
		(Company survived in the absorption-type merger)	(Company absorbed in the absorption-type merger)	(Company absorbed in the absorption-type merger)
(2) Address		2-2-9 Shimbashi, Minato-ku, Tokyo		
(3) Representative		Akira Tanaka, CEO and President	Naokatsu Uchida, CEO and President	Keizo Katayama, President and Representative Director
(4) Business		Investment management business, administration of the operation of the Investment Corporation, etc.	Investment management business, administration of the operation of the Investment Corporation, etc.	Investment advisory and agency operations, investment management and other businesses
(5) Capital		100 million yen	200 million yen	100 million yen
(6) Established		March 17, 2011	November 28, 2003	November 28, 2003
(7) Net assets		210 million yen	1,263 million yen	1,762 million yen
(8) Total assets		277 million yen	1,466 million yen	14,893 million yen
(9)Major shareholders and shareholding ratios		Kenedix, Inc. (100%)	Kenedix Asset Management, Inc. (90%), ITOCHU Corporation (10%)*	Kenedix Asset Management, Inc. (100%)
(10) Relationship with the Investment Corporation or the Asset Management Company				
	Capital Relationship	Group firms of KOP with a shared parent company.		
	Personnel Relationship	Two employees of the Business Administration Group of KOP are concurrently assigned to the Business Administration Group of KRP. There are no significant personnel relationships between KOP and KDA and there are no significant personnel relationships between KRI and KRP and KDA.		
	Business Relationship	KRI and KOP entered into a "Memorandum regarding the Provision of Real Estate Information" with KDX and KDA on August 26, 2010. Regarding the treatment of this memorandum in association with the Reorganization, please refer to the following Item 10. Status of contract and other agreements with the sponsor concerning the supply of properties and provision of information.		
	Applicability of Related Party Relationships	KDX is the effective parent company of KOP, KRP and KDA. Thus, for all practical purposes, KRP and KDA fall under the definition of a related party of KOP.		
(11) Results of operations and financial conditions for the last three years				
		Please refer to above Item 5.C.(4).<Overview of KRP (as of May 28, 2013)> (8)	Please refer to above Item 5.C.(4).<Overview of KOP (as of May 28, 2013)> (8)	Please refer to above Item 5.A.(4).<Overview of KDA (as of May 28, 2013)> (8)

* It is planned that the shares held by ITOCHU Corporation are, in advance of the Reorganization, to be acquired by KDX on June 5, 2013 in accordance with the press release disclosed by KRI "Notice Concerning Change in Shareholders for the Asset Management Company" and by KDX "Notice of Acquisition of Shares of Kenedix Office Partners, Inc. (Conversion into a wholly owned subsidiary)" dated May 28, 2013.

7. Status after the Reorganization

(1) Status of KDX after the Reorganization

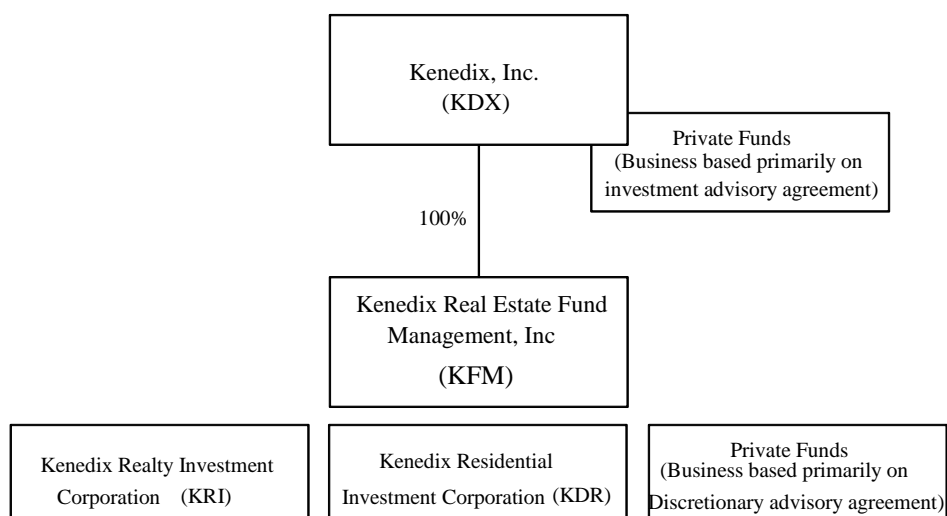
Name	Kenedix, Inc.
Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Taisuke Miyajima, CEO & President
Business	Consulting business related to real estate transactions and usage as well as asset management Transaction, leasing, brokerage and appraisal for real estate, management of real estate, group control administration, type II financial instruments business operations, investment advisory and agency operations, etc.
Capital	31,322 million yen (non-consolidated)
Fiscal year	December

(2) Status of KFM after the Reorganization

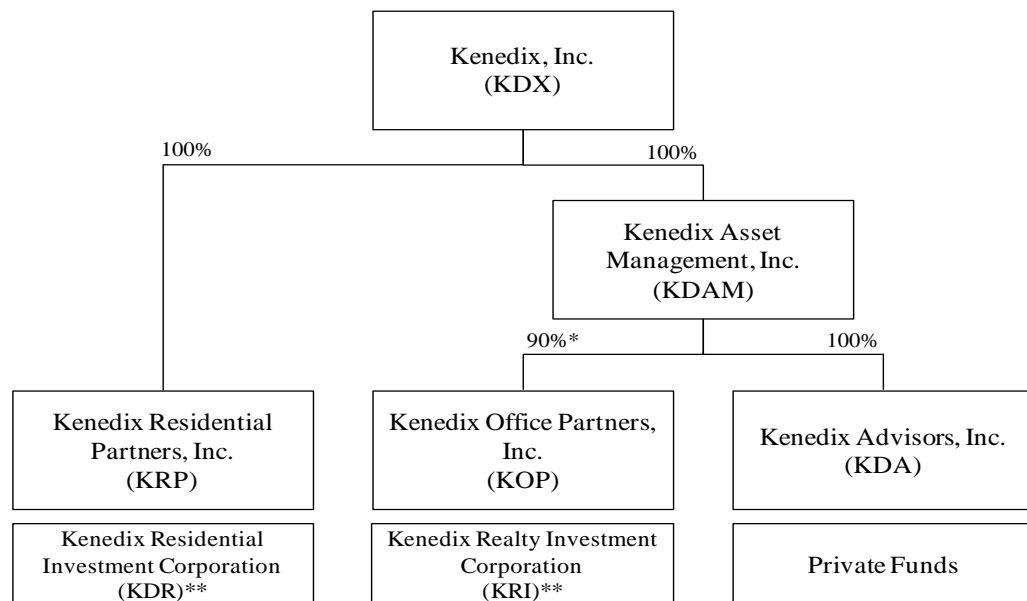
Name	Kenedix Real Estate Fund Management, Inc.
Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Ryosuke Homma, President and Representative Director
Business	Investment management business, administration of the operation of the Investment Corporation, instrument advisory and agency operations, investment management operations, etc.
Capital	100 million yen (non-consolidated)
Total assets	Not yet determined
Net assets	Not yet determined
Fiscal year	December

(3) Status of Kenedix Group after the Reorganization

<After the Reorganization>



<Before the Reorganization>



*The remaining 10% (the portion owned by ITOCHU Corporation) is to be acquired by KDX on June 5, 2013 prior to the Reorganization.

**KRP is the asset management company for KDR and KOP is the asset management company for KRI.

(4) KFM personnel and management structure for J-REITs and private funds (planned)

<KFM executives>

Name	New position	Current position (As of May 28, 2013)
Ryosuke Homma	CEO and President	KDX Senior Advisor
Akira Tanaka	Director and COO, KDR General Manager of Fund Div.	KRP CEO and President
Naokatsu Uchida	Director and COO, KRI General Manager of Fund Div.	KOP CEO and President
Masahiko Tajima	Director (part-time, concurrently serves as the current position)	KDX Executive Officer, General Manager of Corporate Planning Dept.

<Management structure for Kenedix Realty Investment Corporation (KRI)>

Name	New position	Current position (As of May 28, 2013)
Naokatsu Uchida	KRI General Manager of Fund Div.	KOP CEO and President
Keisuke Sato	KRI General Manager of Investment Management Dept.	KOP Director, General Manager of Investment Management Div.
Fumihiko Shimodoumae	KRI General Manager of Property Management Dept.	KOP Director, General Manager of Property Management Div.
Hikaru Teramoto	KRI General Manager of Planning Dept.	KOP Director, General Manager of Financial Planning Div.

<Management structure for Kenedix Residential Investment Corporation (KDR)>

Name	New position	Current position (As of May 28, 2013)
Akira Tanaka	KDR General Manager of Fund Div.	KRP CEO and President
Naoto Kojima	KDR General Manager of Investment Management Dept.	KRP Director, General Manager of Investment Management Div.

Akihiro Nakao	KDR General Manager of Planning Dept.	KRP Director, General Manager of Financial Planning Div.
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<Management structure for Private Funds>

Name	New position	Current position (As of May 28, 2013)
Hiroshi Sato	General Manager of Private Fund Div.	KDA General Manager of Fund Management Div. 3

<KFM Administration Division>

Name	New position	Current position (As of May 28, 2013)
Yuuji Kamimura	Compliance Officer, General Manager of Compliance Dept.	KOP Compliance Officer
Tetsushi Ichikawa	General Manager of Finance & Accounting Dept.	KRP General Manager of Finance Group
Yoshihiro Sogou	General Manager of Business Administration Dept.	KOP General Manager of Business Administration Group and KRP General Manager of Business Administration Group

8. Measures to Prevent Conflicts of Interest

Regarding the measures to prevent conflicts of interest, please refer to the following Item 3. “Conflict of Interest Approach (Preferential right to study property information)” and Item 9. “Method of Business after the Reorganization”.

9. Method of Business after the Reorganization

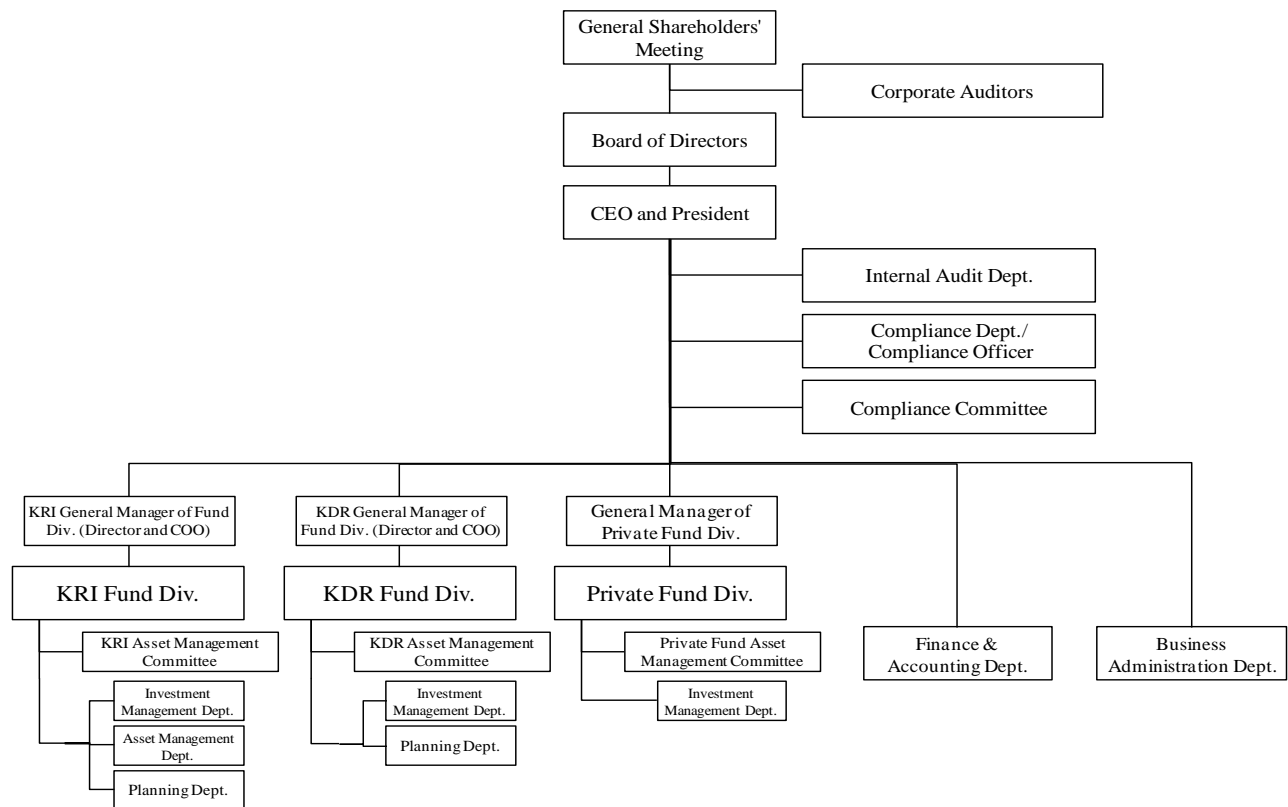
■ Organization

The organizational chart of KFM is shown below. KFM will conduct an investment management operation under the organizational structure shown below. KFM’s business is divided according to type into the KRI Fund Division, the KDR Fund Division, the Private Fund Division, the Finance & Accounting Department, the Business Administration Department and the Compliance Department. The business of the KRI Fund Division, the KDR Fund Division and the Private Fund Division is overseen by the Director or General Manager in charge. The company will also establish the KRI Asset Management Committee, the KDR Asset Management Committee and the Private Fund Asset Management Committee as bodies to hold deliberations on the management of assets for the KRI Fund Division, the KDR Fund Division and the Private Fund Division, respectively, and establishes a cross-divisional Compliance Committee as a body to hold deliberations on compliance.

KFM establishes a Pipeline Meeting comprising the Compliance Officer and all the General Managers of Investment Management Divisions of the Fund Divisions as a meeting entity to ensure the appropriate handling of information between managed funds which are overlapping and to prevent conflicts of interest between the funds. In addition, to prevent conflict of interest issues arising between funds, Fund Division General Managers are not allowed to concurrently hold positions in more than one fund (see note.)

Note: There is no rule that bars employees other than Fund Division General Managers from concurrently holding positions in more than one fund.

<Organizational Chart of KFM (planned)>



■ Committees

An overview of each committee is given below.

i. KRI Asset Management Committee

(1) Members

General Managers of the KRI Fund Division, the KRI Investment Management Department, the KRI Asset Management Department, the KRI Planning Department, the Finance & Accounting Department; Compliance Officer; and external members.

External members of the KRI Asset Management Committee shall be persons who have no special interest in KFM, officers or employees of KFM, Investment Corporations for which KFM is entrusted with asset management, or persons for which KFM is entrusted with management. They shall have advanced integrity and insight and be capable of discharging the duties of external members, and they shall hold a real estate appraiser qualification. External members are recommended by the KRI General Manager of Fund Division and elected by the Board of Directors.

(2) Resolutions concerning the management of assets

- a. Matters concerning management policies (formulation and revision of management guidelines, asset management plans, medium-term business plans, annual business plans, etc.) related to the management of assets undertaken upon entrustment by KRI (hereinafter “KRI asset management business”).
- b. Matters concerning the acquisition and disposal of assets related to KRI asset management business
- c. Matters concerning the management of assets related to KRI asset management business
- d. Matters concerning budgeting and settlements of KRI
- e. Matters concerning financing and ALM (Asset Liability Management) of KRI
- f. Matters concerning disclosure of KRI
- g. Matters concerning risk management related to KRI asset management business
- h. Other matters incidental or related to the foregoing

(3) Method of resolution

The KRI Asset Management Committee cannot convene unless it has the attendance of two-thirds or more of its

members. However, the KRI General Manager of Fund Division, the Compliance Officer and external members must generally attend, in principle, except if the Committee deliberates and adopts resolutions on the matters prescribed from d. to f. of the above Item (2) “Resolutions concerning the management of assets”, in which case, the KRI General Manager of Fund Division and the Compliance Officer must attend.

Resolutions of the KRI Asset Management Committee shall be adopted by a majority of two-thirds or more of the members present. The Compliance Officer may refer a proposal being deliberated by the KRI Asset Management Committee back to the proposing section if, in the Compliance Officer’s judgment, the proposal is deeply flawed from a compliance perspective.

ii. Compliance Committee

(1) Members

CEO and President, Compliance Officer, Directors (full-time) and external members.

External members of the Compliance Committee shall be persons who have no special interest in KFM, officers or employees of KFM, Investment Corporations for which KFM is entrusted with asset management, or persons for which KFM is entrusted with management. They shall have advanced integrity and insight and be capable of discharging the duties of external members, and they shall hold a lawyer or certified accountant qualifications. External members are recommended by the Compliance Officer and elected by the Board of Directors.

(2) Resolutions concerning management of assets

(Matters concerning asset management of KDR)

- a. Matters concerning transactions (hereinafter “KFM interested party transaction rules”) with an interested party (hereinafter “KFM interested party transaction rules”) or between KFM and KDR as part of the management of assets undertaken upon entrustment by KDR (hereinafter “KDR asset management business”)
- b. Matters concerning interested party transactions prescribed in the management guidelines or non-standard transactions related to KDR asset management business
- c. Matters concerning management policies (formulation and revision of management guidelines, asset management plans, medium-term business plans, annual business plans, etc.) related to KDR asset management business
- d. Matters concerning transactions exceeding the scope of acquisition amounts prescribed in annual business plans related to KDR asset investment business

(Matters concerning asset management of KRI)

- e. Matters concerning transactions with an interested party or between KFM and KRI as part of KRI asset management business
- f. Matters concerning interested party transactions prescribed in the management guidelines or non-standard transactions related to KRI asset management business
- g. Matters concerning management policies (formulation and revision of management guidelines, asset management plans, medium-term business plans, annual business plans, etc.) related to KRI asset management business
- h. Matters concerning transactions exceeding the scope of acquisition amounts prescribed in annual business plans related to KRI asset investment business

(Others)

- i. Matters concerning internal compliance and the compliance system
- j. Matters concerning the acquisition of shares or investment units, etc., by officers or employees, etc. prescribed in insider trading rules
- k. Matters concerning enactment, revision or repeal of internal rules and regulations
- l. Other matters concerning compliance prescribed as necessary by the Compliance Officer
- m. Other matters incidental or related to the foregoing

(3) Method of Resolution

The Compliance Committee cannot convene unless it has the attendance of two-thirds or more of its members. However, the Compliance Officer and external members must attend.

Resolutions of the Compliance Committee shall be adopted by a unanimous vote of all members present. The Compliance Officer refers any proposals that are not approved unanimously back to the proposing section. However, Directors (full-time) who are in charge of specific Fund Divisions do not have the right to vote on matters concerning the asset management of Fund Divisions for which they themselves are not in charge.

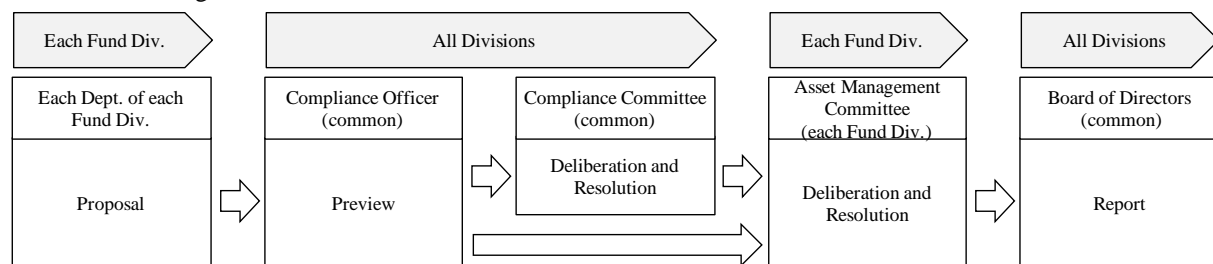
■ Matters Concerning decision-making on asset management related to KRI asset management business

KFM prepares management guidelines and prescribes the basic approach for asset management, including the investment policy, rules for transactions with interested parties, distribution policy, and disclosure policy, as the asset management company authorized discretion for asset management by KRI.

As set forth in the management guidelines, KFM also prepares asset management plans, etc. (in addition to asset management plans, this includes medium-term business plans and annual business plans). It also selects investment properties and makes decisions to acquire them according to investment policies set forth in the management guidelines and interested party transaction rules.

The decision-making flow related to the enactment and revision of management guidelines and asset management plans, etc. and the decision-making flow related to the acquisition and sale of assets is as shown below, in principle.

<Decision-making flow>



i. Decision-making concerning investment policies related to management of assets

A proposal for the enactment or revision of management guidelines and asset management plans, etc. is drafted by the KRI Fund Division in accordance with the instructions of the KRI General Manager of Fund Division, and submitted to the Compliance Officer. If, upon deliberation in light of laws and ordinances, rules prescribed by The Investment Trusts Association of Japan, the articles of the Investment Corporation, and the laws and regulations, etc. of KFM, the Compliance Officer judges the proposal to be acceptable, the proposal is deliberated and adopted by resolution at a meeting of the Compliance Committee. Rules stipulate that the meeting of the Compliance Committee must be attended by the Compliance Officer. In any case the proposal is then put before the KRI Asset Management Committee and, upon deliberation and adoption of the proposal, the management guidelines and asset management plans, etc. are enacted or revised. The content of management guidelines is revised in a timely manner as required to reflect the investment environment, KRI's investment policies and other items.

ii. Decision-making concerning the acquisition and sale of assets

In the event of the acquisition of assets, the KRI Fund Division selects investment asset in accordance with the procedures prescribed for each asset. The KRI Fund Division submits a draft proposal concerning the acquisition of assets to the Compliance Officer. After the proposal has been judged acceptable by the Compliance Officer based on deliberation in light of laws and regulations, etc., the proposal is put before the KRI Asset Management Committee and adopted following deliberation. However, transactions which, in the Compliance Officer's judgment, require deliberation and resolution by the Compliance

Committee and all transactions that fall under interested party transactions prescribed in the management guidelines or non-standard transactions are deliberated on and adopted by the Compliance Committee prior to deliberation and resolution by the Asset Management Committee. Where necessary, the Compliance Committee may acquire a written opinion, etc. from an outside expert and use the acquired written opinion, etc. as reference for its decision. Regarding the sale of assets, as in the case of acquisition of assets, the KRI Fund Division drafts a proposal and submits this to the Compliance Officer. After deliberation by the Compliance Officer, the proposal is deliberated and adopted by the KRI Asset Management Committee, but may be deliberated and adopted by the Compliance Committee beforehand where necessary.

10. Status of contract and other agreements with the sponsor concerning the supply of properties and provision of information

KOP signed a Memorandum of Understanding with KDX, KDA and KRI on August 26, 2010 concerning the provision of real estate information and other items. KRP signed a Memorandum of Understanding with KDX, KDA and KDR on December 13, 2011 concerning the provision of real estate information and other items (these two memorandums are collectively called the “Support-Line Memorandums of Understanding” hereinafter).

In association with the Reorganization, a new Support-Line Memorandum of Understanding (hereinafter “New Support-Line Memorandum of Understanding”) is to be signed and the Support-Line Memorandum of Understanding is to be terminated. However, KFM is to continue receiving the same support as KOP and KRP currently do from KDX.

If the Reorganization is postponed or canceled, the New Support-Line Memorandum of Understanding will not be signed and the Support-Line Memorandum of Understanding is to remain in force with no changes.

The major contents that are planned for the New Support-Line Memorandum of Understanding are as follows.

- (1) Support from KDX concerning the supply of real estate, etc.
 - i. Provision of information received by KDX about the sale of real estate, etc.
When KDX obtains on its own information about the sale of real estate, etc. that is owned or managed by an entity other than an entity in the New Support-Line Memorandum of Understanding (hereinafter “information about the sale of real estate, etc.”,) and when KDX reaches the reasonable decision that the real estate, etc. complies with the investment standards of KRI and KDR, the information about the sale of real estate, etc. will be provided to KFM no later than this information is provided to entities other than KFM. However, this requirement does not apply in cases where the provision of information to KFM is prohibited by a contract or agreement signed by KDX or by laws and regulations, etc.
 - ii. Sales of real estate, etc. owned by KDX
For the consideration of sales of real estate, etc. (except real estate, etc. owned based on a warehousing request from KFM as prescribed in Item (3) below) that is owned or to be acquired by KDX, a company wholly owned by KDX, a fund in which KDX is the sole investor (including but not limited to silent partnerships) or a fund in which a company wholly owned by KDX is the sole investor (including but not limited to silent partnerships), and when KDX reaches the reasonable decision that the real estate, etc. complies with the investment standards of KRI and KDR, the information about the sale of real estate, etc. will be provided to KFM no later than this information is provided to entities other than KFM. However, this requirement does not apply in cases where the provision of information to KFM is prohibited by a contract or agreement signed by KDX or by laws and regulations, etc.
 - iii. Sales of real estate, etc. from KDX private funds
When real estate, etc. owned by a real estate investment fund for which KDX performs asset management operations (except warehousing funds as defined in Item (2) below), and when KDX

reaches the reasonable decision that the real estate, etc. complies with the investment standards of KRI and KDR, this information about the sale of real estate, etc. will be provided to KFM no later than the information is provided to entities other than KFM. However, this requirement does not apply in cases where the provision of information to KFM is prohibited by a contract or agreement signed by KDX or by laws and regulations, etc.

(2) Sales of real estate, etc. by warehousing funds

For real estate, etc. that is owned or managed by entities other than entities that signed the New Support-Line Memorandum of Understanding, KFM can ask KDX to establish a real estate fund for the purpose of securing an opportunity for KRI and KDR to acquire this property in the future. If KDX receives this request from KFM, it must sincerely consider taking the requested action.

If KDX accepts the request from KFM, it will establish a real estate fund for which KDX performs asset management services (hereinafter “warehousing fund”) and this warehousing fund will acquire the real estate, etc. associated with the request.

If KDX sells the real estate, etc. held by the warehousing fund (hereinafter “warehousing fund real estate”), the following procedure will be followed.

- (a) KDX will first give KFM the opportunity to request that the warehousing fund real estate be sold to KRI and KDR.
- (b) After giving KFM the opportunity described in item (a), KDX will hold sincere discussions with KFM concerning the terms for selling the warehousing fund real estate.
- (c) If the discussions in item (b) do not lead to an agreement for the sale of the warehousing fund real estate or if there are any designated events (hereinafter “third-party sales events”), KDX can offer the warehousing fund real estate to a third party after notifying KFM of the intent to sell this real estate to a buyer other than KFM.

Additional items concerning the sales procedure and reasons for the third-party sales events will be prescribed for each warehousing fund that is established and agreed upon separately between each party involved and warehousing fund in the New Support-Line Memorandum of Understanding.

(3) Warehousing by KDX

For real estate, etc. owned or managed by an entity other than the entities that signed the New Support-Line Memorandum of Understanding, KFM can ask KDX to acquire and temporarily hold this real estate, etc. for the purpose of securing an opportunity for KRI and KDR to acquire this real estate, etc. in the future. If KDX receives this request from KFM, it must sincerely consider taking the requested action.

If KDX accepts the request from KFM, KDX or a company wholly owned by KDX will purchase the real estate, etc. associated with the request.

If KDX purchases the real estate, etc. in accordance with the request from KFM, it may not sell or otherwise dispose of this real estate, etc. to an entity other than KFM for one year after the purchase date. Furthermore, if KFM asks during this one-year period for the sale of the real estate, etc. to KRI and KDR, KDX must perform this sale.

(4) Other items

The New Support-Line Memorandum of Understanding is to be valid for one year after this memorandum is signed. The New Support-Line Memorandum of Understanding will be extended automatically for one year under the same terms after each year unless any entity that signed this memorandum notifies all other entities that signed this memorandum no later than 30 days prior to the expiration date of the intent not to renew the memorandum.

In addition, if KRI and KDR acquire real estate, etc. as a result of information provided, etc. based on the New Support-Line Memorandum of Understanding, whether or not to pay brokerage fees and the amount of these fees will be determined by separate discussions for each transaction based on laws and regulations, customary business practices and the nature of services provided.

11. Upcoming Actions

- (1) Revision of the asset management agreement of KRI
No revisions are planned.
- (2) Revision of the structure of the asset management company
Please refer to Item 7. Status after the Reorganization.
- (3) Revision of the decision-making unit for managing investments
Please refer to Item 9. Method of Business after the Reorganization.
- (4) Revision of rules concerning compliance, related parties, etc.
Please refer to Item 3. Conflict of Interest Approach (Preferential right to study property information) and Item 10. Status of contract and other agreements with the sponsor concerning the supply of properties and provision of information.
- (5) Revision of investment policy
No revisions are planned.
- (6) Revision of contracts with sponsor, etc.
Please refer to Item 3. Conflict of Interest Approach (Preferential right to study property information) and Item 10. Status of contract and other agreements with the sponsor concerning the supply of properties and provision of information.
- (7) Outlook for retention of the listings of KRI and KDR
No change is anticipated in the stock exchange listings of KRI and KDR.
- (8) Outlook, etc.
All procedures required by the Financial Instruments and Exchange Law, Building Lots and Buildings Transaction Business Law and other applicable laws, regulations and rules will be performed.

This notice is the English translation of the Japanese announcement on our Web site released on May 28, 2013. However, no assurance or warranties are given for the completeness or accuracy of this English translation.