

July 10, 2013

To All Concerned Parties

REIT Issuer:

Kenedix Realty Investment Corporation  
Naokatsu Uchida, Executive Director  
(Securities Code: 8972)

Asset Management Company:

Kenedix Office Partners, Inc.  
Naokatsu Uchida, CEO and President

Inquiries:

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**Notice Concerning Conclusion of a Memorandum of Agreement for Reorganization, Merger  
Agreements and related agreements by Kenedix Advisors, Kenedix Residential Partners and Kenedix  
Office Partners, the Asset Management Company**

Kenedix Realty Investment Corporation (“KRI”) announced that the following decisions were made on July 10, 2013 involving the signing of a memorandum of agreement and other associated contracts concerning (i) the reorganization of the Kenedix Group (consisting of Kenedix, Inc. (“KDX”), Kenedix Asset Management, Inc. (“KDAM”), Kenedix Office Partners, Inc. (“KOP”), the asset management company for KRI, Kenedix Residential Partners, Inc. (“KRP”), and Kenedix Advisors, Inc. (“KDA”)), KRI, Kenedix Residential Investment Corporation (“KDR”) to further strengthen the asset management business and, (ii) the provision of information regarding the sale of real estate, etc. by the Kenedix Group following the reorganization. There was also a decision regarding the signing of associated contracts including a merger agreement by and among KRP, KDA and KOP.

**1. Overview**

As was announced on May 28, 2013 in the press release “Notice Concerning Conclusion of Memorandum of Reorganization by Kenedix Office Partners, Inc., the Asset Management Company” and in accordance with the memorandum signed on that date, the Kenedix Group has been preparing for the proposed reorganization. As explained below, agreements and contracts concerning this reorganization have been signed.

A. Signing of Memorandum of Agreement

B. 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.

C. Succession by KDX of certain KDA business through a corporate split (“the Corporate Split”)

Following Merger I, KDX will succeed operations of KDA other than its investment management operations and accompanying operations within its asset management business (mainly operations based on investment advisory agreements) through a Corporate Split.

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

Following the Corporate Split, KOP, KRP, and KDA, which are engaged in the asset management business, will merge, with KOP and KDA will be absorbed by KRP, which will be the surviving corporate entity, and 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.

	Contract	Companies involved	Term used in this release
A.	Memorandum of Agreement for the reorganization and provision of information	The Kenedix Group, KRI, KDR	Memorandum of Agreement
B.	Absorption-type merger agreement	KDA, KDAM	Merger I
C.	Absorption-type company split agreement	KDX, KDA	Corporate Split
D.	Absorption-type merger agreement	KDA, KOP, KRP	Merger II

\* Points B, C and D above are collectively referred to as “the Reorganization” hereinafter.

## 2. Purpose of the Reorganization

Please refer to Item “2. Purpose of the Reorganization” which was mentioned in the press release dated May 28, 2013.

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

Please refer to Item “3. Conflict of interest approach (preferential rights to study property information)” which was mentioned in the press release dated May 28, 2013.

## 4. Timetable for the Reorganization and associated procedures

Board of Directors’ meeting	July 10, 2013
Signing of Memorandum of Agreement	July 10, 2013
Signing of Absorption-type merger agreement (Merger I)	July 10, 2013
Signing of Absorption-type company split agreement (Corporate Split) *1	July 10, 2013
Signing of Absorption-type merger agreement (Merger II)	July 10, 2013
Assumption of KDAM debt by KDX *2	July 30, 2013 (planned)
Dividend in kind paid by KDAM *3	August 22, 2013 (planned)
General Shareholders’ Meeting to approve the Reorganization*1	August 23, 2013 (planned)
Reorganization (effective date)	October 1, 2013 (planned) *4
Reorganization registration date	October 1, 2013 (planned) *4
Date of filing with FSA Commissioner	To be filed without delay as soon as the Reorganization takes effect

\*1: No General Shareholders’ Meeting will be held to approve the Corporate Split because KDX, which is to be the surviving corporate entity, can use a short-form corporate split as prescribed in Article 796, Paragraph 3 of the Companies Act. However, the General Shareholders’ Meeting will be held for Kenedix Group companies other than KDX to obtain approval of the agreements for Merger I, the Corporate Split and Merger II.

\*2: Please refer to the press release of KDX “Notice of Assumption and Forgiveness of Debt by Consolidated Subsidiary,” dated July 10, 2013.

\*3: As part of the procedures associated with the Reorganization, KDAM will reduce its capital on July 21, 2013 (planned) and, after securing funds that can be distributed, will transfer the KDA and KOP stock it owns to KDX as a dividend-in-kind. KDA and KOP will then become wholly owned subsidiaries of KDX. KDAM made the decision to reduce its capital on June 21, 2013.

\*4: The Reorganization is to take place on a date to be determined separately by the companies involved but no later than March 31, 2014.

The Reorganization is provisional and subject to approval of the relevant governmental authorities.

## 5. Summary of the Reorganization

### A. Signing of Memorandum of Agreement

#### (1) Memorandum of Agreement

As explained below, the Kenedix Group, KRI and KDR have agreed to the agreements listed in the Item

“1. Overview” regarding the Reorganization, as well as the New Support-Line Memorandum of Understanding after the Reorganization, the KFM organization and outline of the framework, and other matters which were mentioned in the press release dated May 28, 2013,

i. Companies involved in the Memorandum of Agreement

Kenedix Group companies (KDX, KDAM, KOP, KRP, KDA), KRI and KDR

ii. Summary of Memorandum of Agreement

- a. Agreement by KDA and KDAM to sign the absorption-type merger agreement for Merger I
- b. Agreement by KDX and KDA to sign the absorption-type company split agreement for the Corporate Split
- c. Agreement by, KOP, KRP and KDA to sign the absorption-type merger agreement for Merger II
- d. Agreement that the details of the New Support-Line Memorandum of Understanding, when concluded, will be in line with the press release dated May 28, 2013.
- e. Agreement concerning the organization, outline of the framework and other matters of KFM

B. Merger between KDA and KDAM (Merger I)

(1) 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.

(2) Allotment of stock associated with Merger I

There will be no allotment of stock or other form of payment for Merger I because KDA and KDAM are wholly owned subsidiaries of KDX.

(3) Treatment of subscription rights to shares and bonds with subscription rights to shares in association with Merger I

Not applicable.

(4) Overview of the companies involved

Please refer to Item “5. Summary of the Reorganization, A. Merger between KDA and KDAM (Merger I), (4) Overview of the companies involved” which was mentioned in the press release dated May 28, 2013.

C. Succession by KDX of certain KDA businesses through a corporate split (the Corporate Split)

(1) Method of the Corporate Split

Following Merger I, an absorption-type company split will be executed with KDA as the splitting company and KDX as the successor company. A short-form corporate split as prescribed in Article 796, Paragraph 3 of the Companies Act may be used by KDX, which is to be the successor company.

(2) Allotment of stock associated with the Corporate Split

Delivery of shares or any other consideration is not planned.

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

Not applicable.

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

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

(5) Rights and obligations succeeded by the successor company

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

(6) Prospect for the performance of debt obligations

KDX's opinion is that there will be no adverse impact on the prospective performance of debt obligations that are to be borne by KDX.

(7) Overview of the companies involved

Please refer to Item "5. Summary of the Reorganization, B. Succession by KDX of certain KDA businesses through a corporate split (the Corporate Split), (8) Overview of the companies involved" which was mentioned in the press release dated May 28, 2013.

(8) Overview of business to be split

I. Details of business to be split

Operations other than KDA's investment management operations and accompanying operations (mainly operations based on investment advisory agreements).

II. Results of operations of business segment to be split

FY12/2012 revenue: 2,282 million yen

III. Amount of assets and liabilities to be split

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	2,007 million yen	Current liabilities	36 million yen
Fixed assets	73 million yen	Long-term liabilities	3 million yen
Total	2,080 million yen	Total	40 million yen

\*Estimates as of March 31, 2013

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

(1) 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.

(2) Allotment of stock associated with Merger II

There will be no allotment of stock or other form of payment for Merger II because KOP, KRP and KDA are wholly owned subsidiaries of KDX.

(3) Treatment of subscription rights to shares and bonds with subscription rights to shares in association with Merger II

Not applicable.

(4) Overview of the companies involved

<Overview of KRP>

Please refer to Item "5. Summary of the Reorganization, C. The merger of KOP, KRP, and KDA (Merger II) and the change of corporate name to Kenedix Real Estate Fund Management, Inc., (4)

Overview of the companies involved” which was mentioned in the press release dated May 28, 2013.

<Overview of KOP (as of July 10, 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% Kenedix, Inc.**: 10%
(8) Results of operations and financial conditions for the last three years	Please refer to “Item 5. Summary of the Reorganization, C. The merger of KOP, KRP, and KDA (Merger II) and the change of corporate name to Kenedix Real Estate Fund Management, Inc., (4) Overview of the companies involved” which was mentioned in the press release dated May 28, 2013.

\* As part of the procedures associated with the Reorganization, KDAM will reduce its capital on July 21, 2013 (planned) and, after securing funds that can be distributed, will transfer the KOP stock it owns to KDX as a dividend- in- kind. KOP will then become wholly owned subsidiary of KDX. KDAM made the decision to reduce its capital on June 21, 2013.

\*\* As was mentioned in the press release dated May 28, 2013, the shares held by ITOCHU Corporation were acquired by KDX on June 5, 2013, in advance of the Reorganization.

<Overview of KDA>

Please refer to Item “5. Summary of the Reorganization, A. Merger between KDA and KDAM (Merger I), (4) Overview of the companies involved” which was mentioned in the press release dated May 28, 2013.

## 6. Overview of the Companies involved in Merger II

(1) Name	Kenedix Residential Partners, Inc.	Kenedix Office Partners, Inc.	Kenedix Advisors, Inc.
	(Surviving company 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%), Kenedix, Inc. (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 Item "8. Status of contract and other agreements with the sponsor concerning the supply of properties and provision of information" which was mentioned in the press release dated May 28, 2013.		
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 Item "5. Summary of the Reorganization, C. The merger of KOP, KRP, and KDA (Merger II) and the change of corporate name to Kenedix Real Estate Fund Management, Inc., (4) Overview of the companies involved" which was mentioned in the press release dated May 28, 2013.	Please refer to Item "5. Summary of the Reorganization, C. The merger of KOP, KRP, and KDA (Merger II) and the change of corporate name to Kenedix Real Estate Fund Management, Inc., (4) Overview of the companies involved" which was mentioned in the press release dated May 28, 2013.	Please refer to Item "5. Summary of the Reorganization, A. Merger between KDA and KDAM (Merger I), (4) Overview of the companies involved" which was mentioned in the press release dated May 28, 2013.

\* As part of the procedures associated with the Reorganization, KDAM will reduce its capital on July 21, 2013 (planned) and, after securing funds that can be distributed, will transfer the KOP stock it owns to KDX as a dividend- in- kind. KOP will then become wholly owned subsidiary of KDX. KDAM made the decision to reduce its capital on June 21, 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

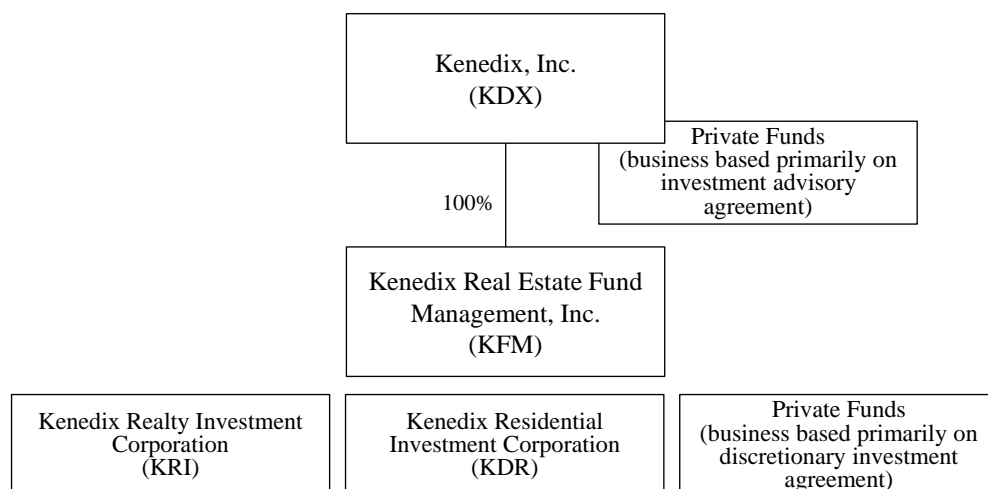
### (2) Status of KFM after the Reorganization

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 operation, etc.
Capital	100 million yen (non-consolidated)
Total assets	1,700 million yen*
Net assets	1,300 million yen*
Fiscal year	December

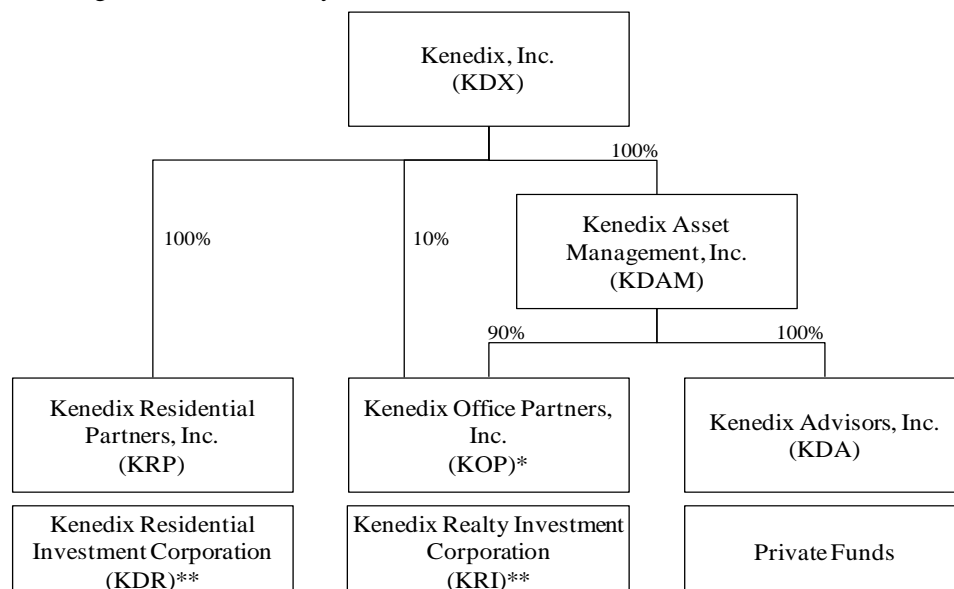
\*Estimates as of March 31, 2013

(3) Status of Kenedix Group after the Reorganization

<After the Reorganization>



<Before the Reorganization (as of July 10, 2013)>



\* As part of the procedures associated with the Reorganization, KDM will reduce its capital on July 21, 2013 (planned) and, after securing funds that can be distributed, will transfer the KOP stock it owns to KDX as a dividend- in- kind. KOP will then become wholly owned subsidiary of KDX. KDM made the decision to reduce its capital on June 21, 2013.

\*\* 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, and the measures to prevent conflicts of interest

Please refer to Items “7. Status after the Reorganization, (4) KFM personnel and management structure for J-REITs and private funds (planned),” “9. Method of Business after the Reorganization” and “3. Conflict of Interest Approach (Preferential right to study property information)” which were mentioned in the press release dated May 28, 2013.

**8. Status of contracts and other agreements with the sponsor concerning the supply of properties and provision of information**

Please refer to Item “10. Status of contracts and other agreements with the sponsor concerning the supply of properties and provision of information” which was mentioned in the press release dated May 28, 2013.

**9. Upcoming actions**

Please refer to Item “11. Upcoming Actions” which was mentioned in the press release dated May 28, 2013.

**10. Outlook**

There are no revisions to the forecasts of the Investment Corporation for the fiscal period ending on October 31, 2013 (May 1, 2013 to October 31, 2013) as the impact of the Reorganization on the Invest Corporation’s performance is minimal.

Additionally, through the Reorganization, KOP will aim to (i) increase KRI’s asset management ability by aggregating human resources and management know-how, (ii) increase the recognition of KFM in the real estate market by expanding its assets under management (AUM) and increase its ability to gather information on properties, and (iii) strengthen its internal controls, in order to enhance the management of KRI and return the benefits thus realized to KRI to improve the unitholders’ value.

<p>This notice is the English translation of the Japanese announcement on our Web site released on July 10, 2013. However, no assurance or warranties are given for the completeness or accuracy of this English translation.</p>
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