

Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties

Kenedix Realty Investment Corporation (Securities Code: 8972)  
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Asset Management Company: Kenedix REIT Management, Inc.  
Taisuke Miyajima, CEO and President  
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1. Basic Information

(1) Basic Policy Concerning Compliance

- ① Kenedix Realty Investment Corporation's basic policy concerning compliance, points of concern and characteristics of management structure, etc. as an investment corporation

The Board of Directors of Kenedix Realty Investment Corporation ("the Investment Corporation") is comprised of one Executive Director and two Supervisory Directors. The position of Executive Director is concurrently held by the CEO and President of Kenedix REIT Management, Inc. ("the Asset Management Company"). As mentioned below, the Supervisory Directors are experts, one of which is a lawyer and the other is a certified public accountant, and are third parties who are not special related parties to the Asset Management Company. The Investment Corporation has prepared various rules and regulations, such as the Board of Directors' regulations and management rules on insider trading. At the same time, we hold Board of Directors meetings, which have in principle been held about once a month, and we also hold provisional Board of Directors meetings when necessary. As such, the Investment Corporation has been able to and continues to make sound decisions. Furthermore, based upon requests made by the Board of Directors, the Asset Management Company gives reports on the state of the execution of the asset management business at the Investment Corporation's Board of Directors meetings. In addition, by providing enough information so that the Board of Directors may make decisions, the Asset Management Company is striving to assist in the appropriate functioning of the Investment Corporation's check-and-balance system over the Asset Management Company.

- ② The Asset Management Company's basic policy concerning compliance, points of concern and characteristics of management structure, etc. as an asset management company

The Asset Management Company has explicitly declared the following points concerning the basic policy of its compliance regulations:

- \* We fully recognize insufficiencies in carrying out strict compliance may undermine our management base, and consider the thorough execution of compliance as our basic management principle.
- \* We are aware that we hold responsibility as an asset management company for striving to produce value from our businesses sought by society, and we will proactively and tirelessly strive towards ensuring compliance in order to enhance the qualitative and quantitative value of our businesses.

- \* By contributing to the development of the economy and society through the operation of compliance activities, we will raise the evaluation we receive from investors and establish credibility from society at large.

Furthermore, in the abovementioned regulations, we have made the following provisions concerning the respective roles played by the Board of Directors, the Compliance Officer and the Compliance Committee in the promotion of compliance.

(Board of Directors)

- i. The Board of Directors is the decision-making body over basic matters pertaining to the promotion of compliance, and the Board of Directors decides on the establishment and revision of compliance manuals and compliance programs.
- ii. The Board of Directors is able to request reports as necessary from the Compliance Officer and the Compliance Committee concerning the state of promoting compliance.

(Compliance Committee)

- i. The Compliance Committee, which is headed by the Compliance Officer, holds discussions and makes resolutions concerning matters related to overall compliance. The specific separation of duties, etc. is as set forth by organizational rules and Compliance Committee rules.
- ii. As head of the Compliance Committee, the Compliance Officer governs matters concerning internal compliance. Other important matters concerning compliance are held for discussion at the Compliance Committee, which are then reported to the Board of Directors.

(Compliance Officer)

- i. The Compliance Officer establishes the internal compliance system and also strives to cultivate a corporate culture that fosters compliance with laws, regulations and rules. The specific separation of duties, etc. is as set forth by organizational rules.
- ii. The Compliance Officer confirms that the prescribed documents have been prepared when a corresponding division establishes or revises management guidelines, asset management plans, etc., or a provision concerning the acquisition of individual assets is submitted, etc. After confirming that the prescribed documents have been prepared, the Compliance Officer conducts a preliminary assessment of whether or not important compliance issues exist, such as violations of laws and regulations.
- iii. As head of the Compliance Committee, the Compliance Officer governs matters concerning internal compliance.

Moreover, overviews of the operations, etc. of the Compliance Committee and Compliance Officer are as shown in the following table.

### Compliance Officer

Separation of Duties
<ul style="list-style-type: none"> <li>• Items related to overall control of compliance, including drafting compliance programs and compliance manuals</li> <li>• Items related to establishment, amendment and abolishment of various company regulations, rules, etc. and verification of the observance status</li> <li>• Items related to verification of the observance status for laws, regulations and ordinances concerning overall business</li> <li>• Items related to overall control of handling of complaints</li> <li>• Items related to management of important information related to firms, insider trading, etc.</li> <li>• Items related to overall control of the information management</li> <li>• Items related to individual management of compliance risks and administrative risks</li> <li>• Items related to internal audits</li> <li>• Other incidental items</li> </ul>

### Compliance Committee

Board	CEO and President, Compliance Officer (Chair), Director (full-time) and External Commission Member (Note 1)
Content of Deliberation	<ul style="list-style-type: none"> <li>• Discussions and resolutions related to transactions between related parties (according to definition in related party transaction rules) or the Asset Management Company and the Investment Corporation which fall under asset management business consigned to the Asset Management Company by the Investment Corporation</li> <li>• Items related to transactions approved in management guidelines with some conditions or transactions that do not match the rules in the management guidelines</li> <li>• Discussions and resolutions related to management policies concerning the asset management business of investment corporations (development, changes, etc. of management guidelines, asset management plans, medium-term business plans and annual business plans)</li> <li>• Discussions and resolutions related to transactions that exceed the acquisition amount range stipulated in the annual business plan</li> <li>• Discussions and resolutions related to internal compliance and the compliance system</li> <li>• Discussions and resolutions related to the acquisition of investment units by executives, employees, etc. stipulated in the management rules on insider trading, etc.</li> <li>• Discussions and resolutions related to establishment, amendment and abolishment of various company regulations, rules, etc.</li> <li>• Discussions and resolutions related to compliance concerning other items stipulated by compliance officer as needed</li> <li>• Discussions and resolutions related to other incidental items</li> </ul>
Deliberation Method	<ul style="list-style-type: none"> <li>• Requires more than two-thirds of Committee members to be present. However, the Compliance Officer and the External Commission Member must attend.</li> <li>• A resolution is passed by a unanimous vote. However, even if a unanimous vote is not obtained for matters concerning internal compliance and the compliance system, discussions related to the acquisition of investment units by</li> </ul>

	executives, employees, etc. stipulated in the management rules on insider trading, etc. and resolutions on matters related to the establishment, amendment and abolishment of various company regulations, rules, etc., the Compliance Officer may submit the provision to the Board of Directors provided that opinions of the minority or the External Commission Member are attached to it. Moreover, if a unanimous vote is not obtained, then the Compliance Officer returns the provision to the division that proposed it.
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Notes:

1. The External Commission Member is a lawyer who is not a related party to the Asset Management Company.
2. A related party as set forth in the Asset Management Company's related party transaction rules is any of the following parties:
  - (1) A related party, etc. set forth by the Investment Trusts and Investment Corporation Law (Law No. 198 of 1951, including amendments thereafter; hereafter, the "Investment Trust Law") or the Enforcement Regulation for the Investment Trust Law (Government Ordinance No. 480 of 2000, including amendments thereafter; hereafter, the "Investment Trust Enforcement Regulation")
  - (2) Shareholders who hold more than 20% of the company's shares outstanding, the company's executive officers and the subsidiaries of the company
  - (3) A special purpose company with which any of the parties mentioned in (1) and (2) above holds the majority of capital in, conducts investment in tokumei-kumiai or conducts preferred investment
  - (4) A company which entrusts its asset management business to any of the parties mentioned in (1) and (2) above

(2) Details of the Investment Corporation's Main Investors

As of April 30, 2011

Name	Relationship with the Investment Corporation, the Asset Management Company or sponsors and the background for holding units	Number of Investment Units owned	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	Not applicable	40,952	17.53
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	Not applicable	28,880	12.36
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	Not applicable	23,230	9.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	Not applicable	8,181	3.50
Nomura Bank (Luxembourg) S.A.		7,098	3.03
The Bank of NY Treaty JASDEC Account	Not applicable	7,012	3.00
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV	Not applicable	5,900	2.52
State Street Bank and Trust Company 505223	Not applicable	3,785	1.62
BNP PARIBAS SECURITIES SERVICES SINGAPORE/BP 2S SYDNEY/JASDEC/ AUSTRALIAN RESIDENTS	Not applicable	3,708	1.58
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	Not applicable	3,076	1.31
Total of 10		131,822	56.44

(3) Major Shareholders of the Asset Management Company

As of July 29, 2011			
Name	Relationship with the Investment Corporation, the Asset Management Company or sponsors and the background for holding units	Number of Stocks (units)	Ratio (%)
Kenedix Asset Management, Inc.	One of the sponsors' group company As of December 22, 2009, the Asset Management Company's stocks (5,805 units) were transferred from Kenedix, Inc. to Kenedix Asset Management, Inc.	5,805	90.00
ITOCHU Corporation	As of December 19, 2008, a portion of the Asset Management Company's stocks were transferred from Kenedix, Inc. to ITOCHU Corporation.	645	10.00
	Total of 2	6,450	100.00

(4) Investment Policies and Investment Target

Please refer to Kenedix Realty Investment Corporation's Extraordinary Report for the twelfth fiscal period (Japanese only).

(4)-2 Matters Concerning Investment in Overseas Real Estate

The Investment Corporation shall not invest in overseas real estate.

(5) Matters Concerning Sponsors

① Principal Activities of Sponsor Company Group

The Asset Management Company's sponsor company group consists of Kenedix Inc., which is the sponsor company, 72 subsidiaries (including non-consolidated) and 49 related companies. Out of these, the following is information concerning four consolidated subsidiaries and five equity method affiliates. Moreover, most of the other subsidiaries and affiliates are investment vehicles (tokumei-kumiai operators), etc. (Note).

The core businesses of the Kenedix Group include asset management business, real estate investment business, real estate leasing business. As such, the Kenedix Group provides general and comprehensive investment services to customers/investors by catering to the entire investment process, which includes the following: investment strategy proposals/investment advice regarding real estate or real estate collateralized debt, and asset management by operation/management of investment business.

Further, please refer to the security report of Itochu Corporation regarding the content of businesses conducted by Itochu Corporation, which holds 10% of the shares of the Asset Management Company.

**【Kenedix, Inc.’s consolidated subsidiaries】**

Consolidated Subsidiary	
Kenedix Asset Management, Inc.	Administrative business of the asset management of REIT and real estate private funds
Kenedix Advisors Co., Ltd.	Asset management of real estate private funds
Kenedix REIT Management Co., Ltd.	Asset Management Company for REIT
Pacific Serving Co., Ltd.	Undertaking the claims servicing business and claims collection business of Kenedix, Inc.
Other 58 companies	

**【Kenedix, Inc. and its Equity-method Affiliates】**

Equity-method Affiliates	
MAX-REALTY INC.	Real estate asset management business, real estate consulting business
Mitsui & Co., Logistics Partners Ltd.	Asset Management Company for REIT
Asset One Co., Ltd.	Undertaking the real estate brokerage business, etc. of Kenedix, Inc.
CRES Co., Ltd.	Undertaking the real estate brokerage business and assessing collateralized real estate for assessing the debt of the collateralized debt investment management services, etc. of Kenedix, Inc.
KW Multi-Family Management Group, LLC.	Finding projects and conducting asset management for investments in U.S. real estate by Kenedix, Inc.
Other 44 companies	

**【Reference: Corporate profile of Kenedix Asset Management, Inc. which is the principal shareholder of the Asset Management Company】**

Company Name	Kenedix Asset Management Co., Ltd.
Location	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Representative Director Atsushi Kawashima
Business Activities	Administrative Business of Asset Management
Incorporated	October 2009
Principal Shareholder	Kenedix, Inc.: 85%, MAX-REALTY INC.: 15%

Note: Investment vehicle: A typical “Investment Vehicle” utilized by the Kenedix Group is the limited liability company as defined by the Companies Act of Japan. A limited liability company established by Kenedix, Inc. or Kenedix Advisors Inc. concludes tokumei-kumiai contracts with customers/investors, originates the tokumei-kumiai and carries out the investment business with the limited liability company as the tokumei-kumiai operator and the customers/investors as participants in the tokumei-kumiai.

【Structure of the Group Company】



② Agreements Concerning Supply on Properties and Information Provision with Sponsor Company Groups

I. Support from Kenedix, Inc. in the Provision of Investment Properties

i. Provision of Property Sales Information Acquired by Kenedix, Inc.

In the event that Kenedix, Inc. obtains sales information (hereinafter, “Property Sales Information”) on properties, etc. owned or managed by parties other than respective parties of the Memorandum of Understanding (hereinafter, “Support-line Memorandum of Understanding”), and in its reasonable opinion, meets the Investment Corporation’s investment criteria, Kenedix, Inc. has agreed to provide information regarding such properties, etc. to the Asset Management Company no later than the time it provides such information to parties other than the Asset Management Company, unless otherwise prohibited by law or regulations or contracts to which it is a party.

ii. Information regarding Property Sales Owned by Kenedix, Inc.

In the event that Kenedix, Inc. considers disposing of a property, etc. that is owned or planned to be acquired by Kenedix, Inc., its wholly owned entity (including silent partnership, but not limited to this), a fund fully financed by Kenedix, Inc. (including silent partnership, but not limited to this), or a fund fully financed by a wholly owned entity (excluding properties, etc. held in response to warehousing holding requests made by the Asset Management Company, as defined in iv.), and in its reasonable opinion, meets the Investment Corporation’s investment criteria, Kenedix, Inc. has agreed to provide information regarding such properties, etc. to the Asset Management Company no later than the time it provides such information to parties other than the Asset Management Company, unless the sale to the Investment Corporation is prohibited by law or regulations or contracts to which it is a party.

iii. Property Sales Owned by Kenedix Private Placement Funds

In the event that Kenedix, Inc. disposes of a property that is owned by a real estate investment fund (excluding warehousing function funds defined in the following III.) for which it serves as the asset management company and, in its reasonable opinion, meets the Investment Corporation’s investment criteria, Kenedix, Inc. has agreed to provide information regarding such property to the Asset Management Company no later than the time it provides such information to parties other than the Asset Management Company, unless otherwise prohibited by law or regulations or contracts to which it is a party.

II. First Preference to Properties Owned by Kenedix Advisors’ Pension Funds

In the event that Kenedix Advisors Co., Ltd. disposes of a property that is owned by a real estate investment fund (excluding warehousing function funds defined in iii.) for which it serves as the asset management company and, in its reasonable opinion, meets the Investment Corporation’s investment criteria, Kenedix Advisors Co., Ltd. has agreed to provide information regarding such property to the Asset Management Company no later than the time it provides such information to parties other than the Asset Management Company, unless otherwise prohibited by law or regulations or contracts to which it is a party.

### III. Disposition of Property by a Warehousing Function Fund of Kenedix, Inc. or Kenedix Advisors Co., Ltd.

As for properties, etc. owned or managed by parties other than respective parties of the Memorandum of Understanding, the Asset Management Company may request Kenedix, Inc. or Kenedix Advisors Co., Ltd. to originate a real estate investment fund for the purpose of securing future opportunities for the Investment Corporation to acquire properties. In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. receives such a request from the Asset Management Company, it shall consider said request in good faith.

In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. accepts a request set forth under the abovementioned paragraph, it shall originate a real estate investment fund for which it will serve as the asset management company (hereinafter, “Warehousing Function Fund” (pre-acquisition function fund)) and acquire properties, etc. relating to said request set forth under the abovementioned paragraph at said fund.

In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. disposes properties owned by the Warehousing Function Fund (hereinafter, “Warehousing Function Fund Properties”), it shall observe the following provisions.

- ① When selling Warehousing Function Fund Properties, Kenedix, Inc. or Kenedix Advisors Co., Ltd. shall first offer them to the Asset Management Company for sale to the Investment Corporation.
- ② After Kenedix, Inc. or Kenedix Advisors Co., Ltd. extends the offer of sale to the Asset Management Company set forth under (a), it shall discuss sales and purchase terms for the Warehousing Function Fund Properties with the Asset Management Company in good faith.
- ③ In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. do not reach an agreement concerning the sales and purchase of the Warehousing Function Fund Properties after holding discussions as set forth under (b) or falls under certain conditions (hereinafter, “Reasons for Selling to a Third-Party” ), Kenedix, Inc. or Kenedix Advisors Co., Ltd. may offer such Warehousing Function Fund Properties to a third-party after giving the Asset Management Company notice it will extend such offer of the Pre-Acquisition Services Fund Properties to a party other than the Asset Management Company.

Agreements on details of disposition procedures or Reasons for Selling to a Third-Party set forth under (c) shall separately be concluded between the Contracting Parties of the Memorandum of Understanding and the Warehousing Function Fund, after such details have been determined for each Warehousing Function Fund that will be originated.

### IV. Acquisition of Property through the Warehousing Function Offered by Kenedix, Inc.

The Asset Management Company may request Kenedix, Inc. to purchase and hold a property owned or managed by parties other than the respective parties of the Memorandum of Understanding with a view to reselling it to the Investment Corporation. In the event that Kenedix, Inc. receives such a request from the Asset Management Company, it shall consider said request in good faith.

In the event that Kenedix, Inc. has accepted such a request, Kenedix, Inc. will purchase the property directly or indirectly through its subsidiaries.

In the event of Kenedix, Inc. purchasing the property, the Asset Management Company is granted a first option to purchase such property for one year following the acquisition, and Kenedix, Inc. may not offer such property to any party other than the Asset Management Company during such period. In addition, in the event when the Asset Management Company makes an offer for the Investment Corporation to purchase the property during such period, Kenedix, Inc. must comply with the offer.

V. The Memorandum of Understanding has a term of 1 years, which is automatically renewed for successive 1-year periods unless any of the parties notifies the other parties of its intent to terminate the Memorandum of Understanding at least 30 days prior to the expiration of the term. Based on the Memorandum of Understanding, in the event that the Investment Corporation acquires such property, there are cases whereby brokerage fees will be payable to Kenedix, Inc. for having acted as intermediary.

As we mentioned above, certain investments targets overlap between the Kenedix Group, which is our sponsor, and the Investment Corporation. However, information will be provided according to the order of priority set forth in the above mentioned Memorandum of Understanding. Moreover, Kenedix, Inc. has concluded an Agreement concerning Support for Acquiring Logistics Properties with Mitsui & Co., Logistics Partners Ltd. and Japan Logistics Fund, Inc. However, logistics properties are not be included as an investments target of the Investment Corporation.

2. Management Structure and System of the Investment Corporation and the Asset Management Company

(1) Investment Corporation

① Directors of the Investment Corporation

As of July 29, 2011

Title	Name	Brief Personal History		Reason for Selection
Executive Director	Taisuke Miyajima	April 1985	Joined Mitsubishi UFJ Trust and Banking Corporation (formerly The Mitsubishi Trust Banking Corporation)	Taisuke Miyajima was selected based on expectations due to his knowledge and experience concerning the financial and real estate business
		April 1992	Transferred to Los Angeles Branch	
		April 1997	Joined Miyajima Shoukai	
		April 1998	Joined Kenedix, Inc. (formerly Kennedy-Wilson Japan Co., Ltd.) Real Estate Investment Advisory Division	
		October 2004	External assignment as a CEO and President, Kenedix REIT Management, Inc. (formerly KW REIT Management, Inc.)	
		April 2005 May 2005	Transferred as a CEO and President, Kenedix REIT Management, Inc. (current position) Executive Director of Kenedix Realty Investment Corporation (current position)	
Supervisory Director	Kimio Kodama	April 1963 April 1966	Admitted to the Japanese bar (general practitioner of Japanese law) Established Hanzomon Sogo Law Office (formerly Chuo Shinko Audit Corporation) (current position)	Kimio Kodama was selected based on expectations due to his knowledge and experience as a expertise concerning law
			Other concurrent positions held that are not conflicts of interest: 5 corporations including Kyoritsu Women`s Educational Institution	
Supervisory Director	Shiro Toba	October 1989 March 1993 January 1997 May 2002	Joined MISUZU Audit Corporation (formerly Chuo Shinko Audit Corporation) Became a Japanese certified public accountant Established Toba Public Accounting Office (current position) Became a Japanese certified tax accountant	Shiro Toba was selected based on expectations due to his knowledge and experience as a expertise concerning accounting and tax
			Other concurrent positions held that are not conflicts of interest: 39 corporations including Minori Accounting Co., Ltd.	

② Reasons why Executive Director of the Investment Corporation concurrently holding the position of executives and regular employees of the Asset Management Company and Measures for Relationships involving Conflicts of Interests

Name	Title of the Asset Management Company	Reasons for Concurrent Position	Measures for Relationships involving Conflicts of Interests
Taisuke Miyajima	CEO and President	<p>(1) Necessity of Concurrent Position The majority of decisions made for the Investment Corporation are made based on judgments made by the Asset Management Company due to the consignment of asset management to the Asset Management Company. Therefore, close cooperation and information sharing are required between the management of the Investment Corporation and the management of the Asset Management Company. Furthermore, the following are duties of Executive Directors of the Investment Corporation and information sharing is vital in order for them to fulfill their duties.</p> <p>① Executive Directors must obtain approval from the Board of Directors meeting for executing certain operations (Article 109, Paragraph 2 of the Investment Trust Law). These operations include concluding asset management agreements, payment of expenses for managing assets, such as asset management fees, and matters related to the operations of the Asset Management Company. By holding a concurrent position, we believe he is able to give accurate and sufficient explanations to the Board of Directors and thus assist the Board of Directors in making sound decisions.</p> <p>② Executive Directors must report the state of executing business to the Board of Directors (Article 109, Paragraph 3 of the Investment Trust Law). By holding a concurrent position, we believe he is able to give detailed and precise reports to the Board of Directors.</p> <p>③ Executive Directors are accountable for giving explanation to unitholders at the General Meeting of Unitholders (Article 94, Paragraph 1 of the Investment Trust Law and Article 314 of the Company Law). As we mentioned above, the Asset Management Company is entrusted with the asset management of the Investment Corporation and acts as an Asset Management Company. Therefore, we believe that his concurrent position as a Director of the Asset Management Company and as an Executive Director of the Investment Corporation will enable him to give accurate and sufficient explanations to unitholders.</p> <p>④ Since the Asset Management Company has been entrusted with operations set forth in agreements, it must report the state of entrusted matters to the Investment Corporation, which is the investment</p>	<p>(1) The Asset Management Company has related party transaction rules and Board of Directors' regulations, which set forth that transactions with related parties must be given approval by the Board of Directors in the form of a resolution. In order to propose the matter to the Board of Directors, it must first be given approval by the Compliance Committee. According to the rules, in order for a proposal to pass the Compliance Committee, it must be given unanimous approval by all members of the Committee, including the External Commission Member (a lawyer who is a third party but who is not a related party). Furthermore, related party transactions that are given official approval are immediately disclosed.</p> <p>(2) Other than the provision of reports as set forth in the Investment Trust Law, the Asset Management Company provides reports at the Board of Directors meeting about the content of related party transactions, etc. on behalf of the Investment Corporation.</p>

		<p>corporation. Therefore, we believe that holding concurrent position will enable him to sufficiently carry out these responsibilities.</p> <p>As we mentioned above, in view of the agreements made between the Asset Management Company and the Investment Corporation, as well as the nature of duties of the Executive Directors of the Investment Corporation, we believe that his concurrent position as the Representative Director of the Asset Management Company and as an Executive Director of the Investment Corporation will enable him to carry out appropriate and sound management with expedition. Therefore, the concurrent position is highly necessary.</p> <p>(2) Capacity for Holding Concurrent Position</p> <p>Special conflicts of interest are not seen to arise as a result of the Representative Director of the Asset Management Company concurrently holding position of Executive Director of the Investment Corporation, who makes decisions for the Investment Corporation.</p> <p>Moreover, Executive Director, Taisuke Miyajima has about 10 years of financial experience working in a financial institution named Mitsubishi UFJ Trust and Banking Corporation (the then Mitsubishi Trust and Banking Corporation). He then joined Kenedix, Inc. (the then Kennedy-Wilson Japan Co., Ltd.) when the real estate finance industry was still in its early period. Due to his experience in real estate finance backed by financial knowledge earned prior to his entrance, we expect him to conduct management using his wide range of knowledge and experience</p>	
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- ③ Other Relationships involving Conflicts of Interest due to other positions held simultaneously by Directors for the Investment Corporation (excluding content mentioned above ②)  
Not applicable.

## (2) Asset Management Company

## ① Directors of the Asset Management Company

As of July 29, 2011

Title • Full-time/Part-time	Name	Brief Personal History		Concurrent Positions • External Assignment
CEO and President	Taisuke Miyajima	Please refer to above “(1) Investment Corporation ① Directors of the Investment Corporation.”		Executive Director of Kenedix Realty Investment Corporation (concurrent position)
Director General Manager, Property Management Division	Masashi Ohwa	April 1983 April 1999 February 2001 June 2004 June 2005  September 2006 March 2008	Joined Asahi Urban Development Corporation Joined Nihonjisho Co., LTD. Joined Space Trust Co., LTD. Joined Kenedix, Inc. (formerly Kennedy-Wilson Japan Co., Ltd.) External assignment as General Manager of REIT Management Division, Kenedix Advisors Co., Ltd. Executive Officer & General Manager of REIT Management Division External assignment as Director / General Manager of Property Management Division, Kenedix REIT Management, Inc. (current position)	External assignment from Kenedix, Inc.
Director General Manager, Financing Planning Division	Masahiko Tajima	April 1988  July 1994 October 1996 June 1998 July 2000  May 2005  June 2007	Joined The Chuo Mitsui Trust and Banking Co., Ltd. (formerly The Mitsui Trust and Banking Co., Ltd.) Transferred to Business Affairs Department Transferred to Credit Planning Department Transferred to Securities Department Joined Sumitomo Life Insurance Company, Structured Finance Department Joined Kenedix, Inc. External assignment as a General Manager of Financial Planning Division, Kenedix REIT Management, Inc. Assigned as Director / General Manager of Financial Planning Division (current position)	External assignment from Kenedix, Inc.

Auditor (part-time)	Haruo Funabashi	<p>July 1969 June 1988 May 1989 March 1995 July 1997 June 1998</p> <p>June 2000 July 2001</p> <p>February 2003 May 2004</p> <p>October 2004</p> <p>October 2004</p> <p>March 2005</p> <p>June 2009</p>	<p>Joined Ministry of Finance Assigned as Deputy Financial Commissioner, Ministry of Finance Counselor, Japanese Embassy in France Assigned as Commissioner , Tokyo Customs Assigned as Deputy Commissioner, National Tax Administration Assigned as Secretary General, Securities and Exchange Surveillance Commission Assigned as Director General, Minister’s Secretariat, National Land Agency Assigned as Vice-Minister for Land and Hokkaido Development, Ministry of Land, Infrastructure and Transport Chief Executive Officer, Sirius Institute Inc. (current position) Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Corporate Auditor, Kenedix REIT Management, Inc. (formerly KW REIT Management, Inc.) (current position) Corporate Auditor, Kenedix Advisors Co., Ltd. (formerly KW Pension Fund Advisors Co., Ltd.) (current position) Corporate Auditor, Kenedix, Inc. (formerly Kennedy-Wilson Japan Co., Ltd.) (current position) Director, The Dai-ichi Mutual Life Insurance Company (current position)</p>	<p>(Concurrent Positions) (Concurrent Positions)</p>
Auditor (part-time)	Kenichi Yamasaki	<p>April 1988</p> <p>March 1991 November 1999</p> <p>August 2000 June 2001</p> <p>March 2003</p> <p>July 2003 November 2003</p> <p>January 2007</p>	<p>Joined The Chuo Mitsui Trust and Banking Co., Ltd. (formerly The Mitsui Trust and Banking Co., Ltd.) Transferred to International Affairs Department Transferred to General Planning Department Transferred to Shibuya Higashi Branch Joined Kenedix, Inc. (formerly Kennedy-Wilson Japan Co., Ltd.), Management Planning and Finance &amp; Accounting Department, Asset Management Department Corporate Auditor, Kenedix Development Corporation (formerly KW Development Co., Ltd.) (current position) Assigned as General Manager, Finance &amp; Accounting Department Corporate Auditor, Kenedix REIT Management, Inc. (formerly KW REIT Management, Inc.) (current position) Senior Executive Officer, General Manager of Finance &amp; Accounting Department, Kenedix, Inc. (current position)</p>	<p>(Concurrent Positions) (Concurrent Positions)</p>

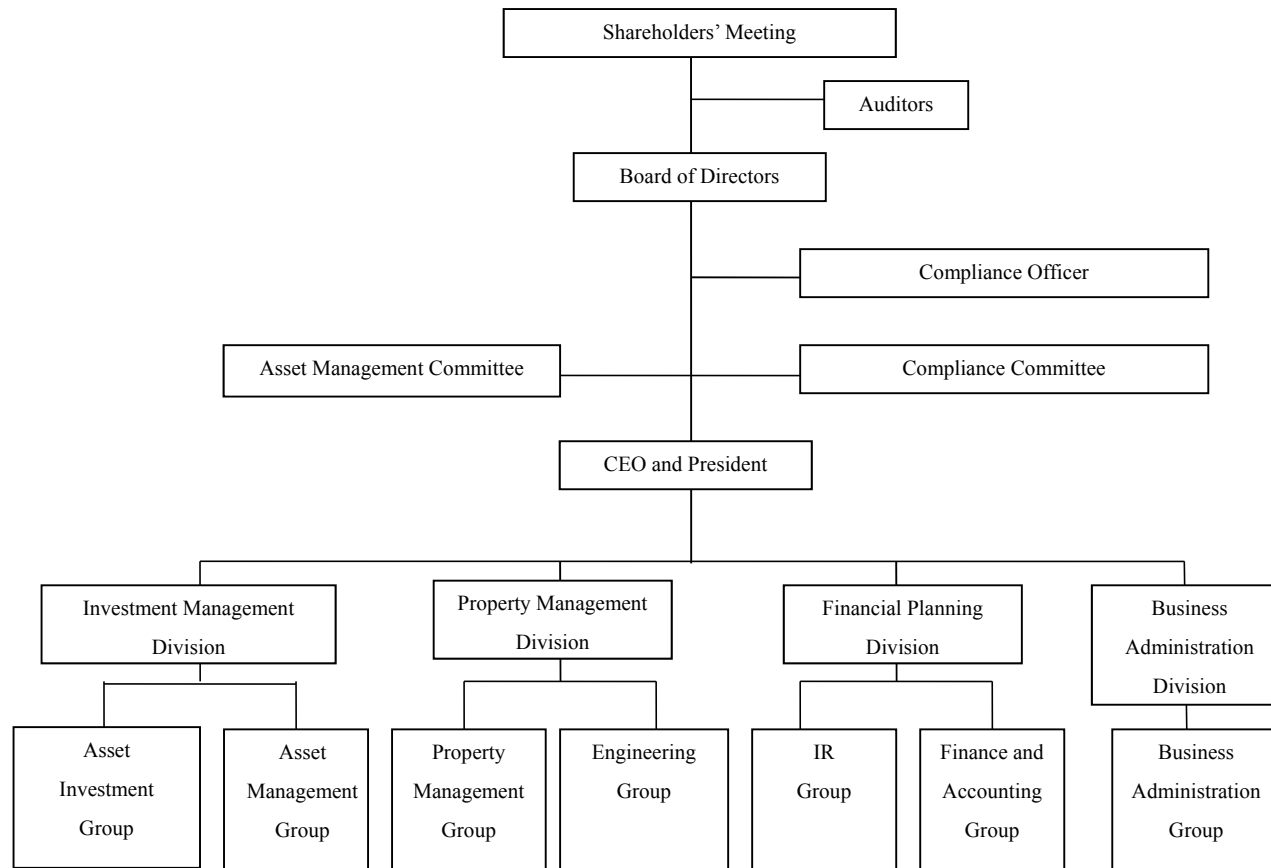
Auditor (part-time)	Ninji Hayashi	April 1977	Nissoken Architects / Engineers	(Concurrent Positions) (Concurrent Positions)
		July 1987	(formerly Nippon Sogo Architects / Engineers) Mitsubishi UFJ Trust and Banking Corporation (formerly Mitsubishi Trust and Banking Corporation)	
		April 2006	Kenedix, Inc.	
		October 2007	President and Representative Director, Kenedix Advisors, Inc.	
		February 2010	General Manager, General Administration and Human Resources Department, Kenedix, Inc.	
		March 2010	Corporate Auditor, Kenedix, Inc. (current position)	
March 2010	Corporate Auditor, Kenedix Advisors, Inc. (current position)			
April 2010	Auditor, Kenedix REIT Management, Inc.			

② Status of Employees at the Asset Management Company

As of July 29, 2011

Loan Employees Received	Number of Employees	Concurrent Positions with Previous Company
Kenedix, Inc.	11	None
First Tech Co., Ltd.	1	Concurrent position as Representative Director
Total Number of Loan Employees	12	—
Total Number of Employees in the Asset Management Company	30	—

③ Management Structure of the Investment Corporation and the Asset Management Company  
 Organization chart and outline of each operation are as follows.



The Asset Management Company executes investment management operations based on the above organization. The operations of the Asset Management Company are divided mainly according to divisions, which are the Investment Management Division, Property Management Division, Financial Planning Division, Business Administration Division and the Compliance Officer. The Investment Management Division, Property Management Division, Financial Planning Division and Business Administration Division are headed by their respective General Managers.

Furthermore, we have established an Asset Management Committee that is the body for discussing matters related to asset management, as well as a Compliance Committee which is the body responsible for discussing compliance matters. Moreover, please refer to 1. (1) above concerning the Compliance Officer and Compliance Committee.

Outline of Each Organization in the Asset Management Company

The principal operations for each organization are as follows.

Name of Division	Separation of Duties
Investment Management Division	<ul style="list-style-type: none"> <li>a. Asset Investment Group                             <ul style="list-style-type: none"> <li>• Items related to the acquisition and disposal of assets concerning the asset management business consigned to the Asset Management Company by the Investment Corporation</li> <li>• Items related to individual management of real estate investment risks (acquisition and disposal of assets)</li> <li>• Research and analysis on the real estate market and retail, and other industry trends</li> <li>• Other incidental items</li> </ul> </li> <li>b. Asset Management Group                             <ul style="list-style-type: none"> <li>• Items related to asset management concerning the asset management business consigned to the Asset Management Company by the Investment Corporation</li> <li>• Items related to development and changes of the management guidelines</li> <li>• Items related to development and changes of the asset management plan</li> <li>• Items related to individual management of real estate investment risks (asset management)</li> <li>• Other incidental items</li> </ul> </li> </ul>

Name of Division	Separation of Duties
Property Management Division	<ul style="list-style-type: none"> <li>a. Property Management Group                             <ul style="list-style-type: none"> <li>• Items related to management of leases for real estate, etc. owned by the Investment Corporation</li> <li>• Items related to management of buildings concerning real estate, etc. owned by the Investment Corporation</li> <li>• Items related to the cash management pertaining to real estate, etc. owned by the Investment Corporation</li> <li>• Items related to development and changes of the property management guidelines</li> <li>• Items related to individual management of real estate management risks (management)</li> <li>• Other incidental items</li> </ul> </li> <li>b. Engineering Group                             <ul style="list-style-type: none"> <li>• Items related to construction management for real estate, etc. owned by the Investment Corporation</li> <li>• Items related to individual management of real estate management risks (construction work)</li> <li>• Other incidental items</li> </ul> </li> </ul>

Name of Division	Separation of Duties
Financial Planning Division	<ul style="list-style-type: none"> <li>a. IR Group <ul style="list-style-type: none"> <li>• Items related to IR activities of the Investment Corporation</li> <li>• Items related to disclosures of the Investment Corporation</li> <li>• Items related to research and analysis on the real estate investment trust market</li> <li>• Items related to the Investment Corporations' responses to investors (except items related to general unitholders' meetings)</li> <li>• Items related to negotiations, etc. between regulatory authorities (those concerning the Investment Corporation)</li> <li>• Items related to responses, etc. to related organizations</li> <li>• Other incidental items</li> </ul> </li> <li>b. Finance and Accounting Group <ul style="list-style-type: none"> <li>• Items related to fund procurement of the Investment Corporation</li> <li>• Items related to development and changes of the medium-term business plan of the Investment Corporation</li> <li>• Items related to development and changes of the annual business plan of the Investment Corporation</li> <li>• Items related to development of the budget of the Investment Corporation</li> <li>• Items related to financial results of the Investment Corporation</li> <li>• Items related to individual management of financial risks</li> <li>• Other incidental items</li> </ul> </li> </ul>

Name of Division	Separation of Duties
Business Administrative Division	<ul style="list-style-type: none"> <li>Business Administrative Group <ul style="list-style-type: none"> <li>• Items related to operation of general unitholders' meetings and the board of directors' meetings of the Investment Corporation</li> <li>• Items related to operation of shareholders' meetings, board of directors' meetings, and various committees of the Asset Management Company</li> <li>• Items related to Compliance Officer assistant work</li> <li>• Items related to general affairs, accounting and human resources</li> <li>• Items related to negotiations, etc. between regulatory authorities (those concerning the Asset Management Company)</li> <li>• Items related to individual management of system risks and business continuity risks</li> <li>• Other incidental items</li> </ul> </li> </ul>

Asset Management Committee

Board	CEO and President (Chair), General Manager of Investment Management Division, General Manager of Property Management Division, General Manager of Financial Planning Division and Compliance Officer
Content of Deliberation	<ul style="list-style-type: none"> <li>• Discussions and resolutions related to management policies concerning the asset management business consigned to the Asset Management Company by the Investment Corporations (development, changes, etc. of management guidelines, asset management plans, medium-term business plans and annual business plans)</li> <li>• Discussions and resolutions related to acquisition and disposal of assets concerning the asset management business consigned to the Asset Management Company by the Investment Corporations</li> <li>• Discussions and resolutions related to management of assets concerning the asset management business consigned to the Asset Management Company by the Investment Corporations</li> <li>• Discussions and resolutions related to development of budgets and financial results of the Investment Corporations</li> <li>• Discussions and resolutions on items related to fund procurement and ALM of the Investment Corporation</li> <li>• Discussions and resolutions related to disclosures of the Investment Corporation</li> <li>• Discussions and resolutions related to risk management concerning the asset management business consigned to the Asset Management Company by the Investment Corporations</li> <li>• Discussions and resolutions related to other incidental items</li> </ul>
Deliberation Method	<ul style="list-style-type: none"> <li>• Requires more than two-thirds of Committee members to be present. However, the CEO and President and Compliance Officer must attend.</li> <li>• A resolution is passed with the vote of more than two-thirds of Committee members who are present, including the CEO and President. Moreover, if the Compliance Officer judges that there exists a material compliance issue, then the Compliance Officer can return the provision to the corresponding division, even during the deliberation.</li> </ul>

(3) Efforts surrounding Conflict of Interest Transactions, etc.

① Response Policy and Management Structure for Conflict of Interest Transactions

To conduct investment asset management-related business, the Asset Management Company establishes the rules governing transactions with the Asset Management Company or related parties, as outlined below (iv).

(i) Compliance with the Law

The Asset Management Company, acting between the Investment Corporation, related parties or the Asset Management Company, must not engage in unnecessary business or business that would have a negative impact on the Investment Corporation's profits. In the event that it has dealings with a related party, the Asset Management Company will comply with the clauses concerning dealings with related parties contained within the Investment Trust Law, the Enforcement Order of the Investment Trust Law, the Enforcement Regulations of the Investment Trust Law and the Related-party Transaction rules.

(ii) Related Parties

A related party is defined as follows:

- i. A related party as defined under the Investment Trust Law and the Enforcement Order of the Investment Trust Law
- ii. Shareholders or directors of shareholders that own 20% or more of the Asset Management Company's shares, or subsidiaries of the Asset Management Company
- iii. Special Purpose Companies (SPC) in which parties defined in i. or ii. above have majority ownership, investments in *tokumei-kumiai* or preferential equity participation
- iv. Entities that consign asset management operations to parties falling into categories i. or ii

(iii) Related-party Transactions

The transactions governed by related party transaction rules are provided below. Those that meet verification terms and conditions over and above legal and regulatory criteria, and present no financial drawbacks for the Investment Corporation when compared with normal transactions of a similar nature, undergo rigorous checks carried out by the Compliance Committee.

i. Acquisition of Property

- a. In the event of real estate, real estate leasehold rights, land rights or easements, or trust beneficiary interests in real estate, real estate leasehold rights, land rights or easements (hereinafter, "real estate-related assets") being acquired from a related party or the Asset Management Company, these will not be acquired for more than an appraisal value (hereinafter, "appraisal value determined by a third-party appraiser") determined by an real estate appraiser (including corporates, the same applies below).
- b. In the event that the acquisition of property is made through the pre-acquisition services provided by Kenedix, Inc., the sponsor company, pursuant to the "Memorandum of Understanding with Kenedix, Inc. and Kenedix Advisors Co., Ltd.", and the Investment Corporation accordingly acquires assets from (i) Kenedix, Inc. or a wholly-owned entity of Kenedix, Inc., or (ii) a warehousing function fund for which Kenedix, Inc., or Kenedix Advisors, Co., Ltd. serves as the asset management company, the above restriction in a. does not apply.
- c. In the event of assets other than real estate-related assets (excluding investment in equity in *tokumei-kumiai* pertaining to real estate or securities backed by real estate) being acquired from a related party or the Asset Management Company, the market value shall be ascertained, or otherwise based on a. above.
- d. In the event that a decision is made to acquire assets from a related party or the Asset Management Company based on a. to c. above, this will be disclosed without delay.

ii. Transfer of Property

- a. In the event of real estate etc. assets being transferred to a related party or the Asset Management Company, it will not be transferred for less than the appraisal value determined by an independent appraiser.
- b. In the event of real estate etc. assets being transferred to a related party, the actual cash value shall be ascertained, or otherwise based on a. above.
- c. In the event that a decision is made to transfer assets to a related party or the Asset Management Company based on a. and b. above, this will be

disclosed without delay.

iii. Real Estate Leaseholds

- a. In the event of leasing property to a related party or the Asset Management Company, the market value, market rate for the area, will be examined, as well as an independent third party's written opinion referred to, as it must be leased under conditions deemed to be fair and appropriate.
- b. In the event that a decision is made to lease property to a related party or the Asset Management Company based on a. above, this will be disclosed without delay.

iv. Consigning of Buying, Selling Real Estates and Leasing Intermediary Business of Real Estate

- a. In the event of consigning to related parties the intermediary of the acquisition or sale of specified assets, remuneration shall be within a range stipulated by relevant real estate and building industry laws and shall be determined following consideration of the amount of the sales price, the degree of difficulty of the operations and other factors.
- b. In the event of consigning to related parties or the Asset Management Company the intermediary of the leasing of specified assets, remuneration shall be less than an amount stipulated by relevant real estate and building industry laws and shall be determined following consideration of the rent level, the degree of difficulty of the operations and other factors.
- c. In the event that a decision is made to carry out a commission for a related party or the Asset Management Company based on a. and b. above, this will be disclosed without delay.

v. Consigning of Real Estate Property Management Business

- a. In the event of consigning of real estate property management business for a related party or the Asset Management Company, their past performance, company credit rating will be examined and the commission fees decided, taking into account the market standing, content and overall extent of the services offered.
- b. With regard to acquired properties, in the event that a related party is already active in the real estate property management business, the post-acquisition management of the real estate will be awarded to the aforementioned related party, but the commission fees will be decided based on a. above.
- c. In the event that a decision is made to consign real estate property management business as defined in a. and b. above to related parties or the Asset Management Company, this will be disclosed without delay.

vi. Construction Work Orders

- a. In the event of placing an order for construction work for a related party or the Asset Management Company over and above obtaining and comparing estimates from third parties, orders for construction work will be placed under conditions deemed to be fair and appropriate.
- b. In the event that a decision is made to place an order for construction work for a related party or the Asset Management Company based on a. above, this will be disclosed at a time separate to that of the construction work.

vii. Investment in equity in *tokumei-kumiai*, etc.

- a. If the Investment Corporation wishes to invest in equity in *tokumei-kumiai* pertaining to real estate or securities backed by real estate and any of the following conditions apply, it may not make such investment unless the acquisition price of real estate-related assets to be acquired by the operator

of the *tokumei-kumiai* or issuer of securities backed by real estate (hereinafter collectively referred to as “Invested Entity”) is below the appraisal value determined by a third party.

- ① If the Invested Entity is a related party
  - ② If the Invested Entity is to acquire real estate-related assets from a related party
- b. If the Invested Entity is to acquire several real estate-related assets, the above a. judgment must be made through use of the total acquisition price and total appraisal value determined by a third- party appraiser.
- c. In the event of making a decision to carry out investment in equity in *tokumei-kumiai* pertaining to real estate or securities backed by real estate which are defined in a. above, this will be disclosed without delay.

(iv) Procedures for conducting transactions with related parties

In the event of business being conducted with related parties, in accordance with internal rules and regulations and as per the details of the transaction, the following procedures will be adhered to:

- i. If no points are deemed to be at issue from the Compliance Officer’s assessment, a proposal will be submitted to the Asset Management Committee.
- ii. If authorization is granted after deliberation by the Asset Management Committee, the proposal will be further deliberated by the Compliance Committee before being recommended for authorization.
- iii. Should approval be granted at the Compliance Committee, the decision will be made to submit the proposal to a full Board of Directors meeting for deliberation. The Compliance Officer will then report on the findings of the Compliance Committee at the full board of directors meeting.

(v) Reporting to the Investment Corporation

In the event the Investment Corporation engages in the purchase and sale of specified assets and other transactions stipulated under the Enforcement Order of the Investment Trust Law with the Asset Management Company or directors of the Asset Management Company, other investment corporations to which the Asset Management Company provides asset management services, investment funds managed by the Asset Management Company and other related parties under instruction of the Asset Management Company, a written report relating to the aforementioned transactions pursuant to the Investment Trust Law and the Enforcement Regulations of the Investment Trust Law shall be provided to the Investment Corporation, other investment corporations to which the Asset Management Company provides asset management services and other entities stipulated under the Enforcement Order of the Investment Trust Law.

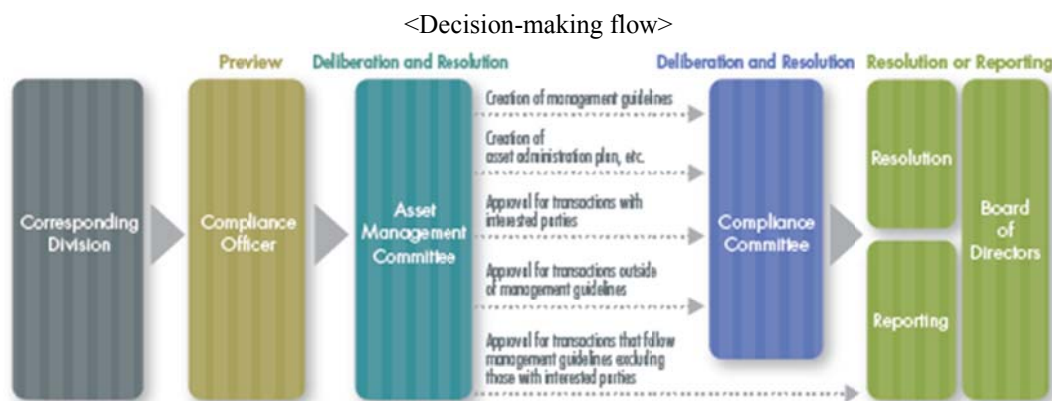
(vi) Decision-Making Body for Investment Management

As an asset management company entrusted with asset management by the Investment Corporation, the Asset Management Company creates management guidelines, and sets forth basic guidelines regarding investment policy, related party transaction rules, distribution policy and disclosure policy, in line with the agreement.

Furthermore, as set forth in the management guidelines, the Asset Management Company creates asset management plans, etc. (other than asset

management plans, this includes medium-term business plans and annual business plans). It also selects investment property and makes decisions to acquire them, according to investment policy set forth in the management guidelines and related party transaction rules.

The basic decision-making flow for establishing and revising management guidelines and asset management plans, etc. are shown below. Also, the basic decision-making flow pertaining to acquisition and sales of assets are shown below.



② Reason for adopting the Investment Structure

(i) Role that the Executive Director of the Investment Corporation plays with respect to a transaction with potential conflicts of interests

Please refer to abovementioned “(1) Investment Corporation ② Reasons why Executive Director of the Investment Corporation concurrently holding the position of executives and regular employees of the Asset Management Company and Measures for Relationships involving Conflicts of Interests,” for further details.

(ii) Role that the Board of Directors plays with respect to a transaction with potential conflicts of interests

The Board of Directors of the Asset Management Company is comprised of three Directors and three Auditors. (Please refer to above mentioned (2) Asset Management Company ② Directors of the Asset Management Company for details.) Out of the 3 Directors, the President and CEO was transferred from the sponsor company to the Asset Management Company as of April 2005. The other 2 Directors were given external assignments from the sponsor company. Furthermore, out of 3 part-time Auditors, 1 holds concurrent position as full-time Auditor of the sponsor company, another holds concurrent position as part-time Auditor of the sponsor company and the other holds concurrent position as Executive Director of the sponsor company.

In the related-party transaction rules for the Asset Management Company, it is stated that it must not engage in transactions with related parties that damage the interest of the Investment Corporation or in unnecessary transactions.

Transactions with a related party stipulated in the company regulations of the Asset Management Company may not be submitted to the Board of Directors unless it has been approved by the Compliance Committee. We believe that our check-and-balance system is working well, since approval by

the Compliance Committee involves strict procedures, as mentioned in the above “(3). Efforts surrounding Conflict of Interest Transactions, etc. ①Response Policy and Management Structure for Conflict of Interest Transactions, (iv) Procedures for Conducting Transactions with Related Parties.”

(iii) Details concerning External Commission Member of the Compliance Committee

The External Commission Member of the Compliance Committee is Akitoshi Ishimoto, a lawyer who is not a special related party to the sponsor company group. We receive his opinions as he is a professional in law who is endowed with abundant knowledge and experience. Furthermore, the Committee is structured so that decisions by the Committee are approved only by a unanimous vote by all who are present. As such, we believe that the check-and-balance system comprising an External Commission Member is working well over matters related to conflict of interest transactions. Details concerning brief personal history and status of concurrent position are as follows.

Name	Brief Personal History	
Akitoshi Ishimoto (Lawyer)	April 1990	Admitted to the Japanese bar (general practitioner of Japanese law) Joined Takao Ono Law Office
	April 2000	Established Akitoshi Ishimoto Law Office (current position)
	February 2005	Assigned as Compliance Commission External Member, Kenedix REIT Management, Inc. (current position)
	April 2007	Outside auditor, Ai Holdings Corporation (current position)
	September 2007	Outside director, HOUSECOM CORPORATION

(iv) Details concerning Compliance Officer

The Compliance Officer is expected to fulfill duties regarding conflict of interest transactions and compliance with laws and regulations, according to organizational rules and compliance regulations as mentioned in “1. Basic Information, (1) Basic Policy Concerning Compliance, ② The Asset Management Company’s basic policy concerning compliance, points of concern and characteristics of management structure, etc. as an asset management company” above. As a person responsible for compliance with laws and regulations according to the compliance manuals, the Compliance Officer functions as a “Leader responsible for promoting compliance with laws and regulations,” “Educational leader pertaining to compliance with laws and regulations,” “Establishing and promoting compliance programs,” “Appropriately hosting Compliance Committee meetings as head of the Committee,” and “Investigation and research of related laws and regulations.”

The personal history of the Compliance Officer who took office on September 16, 2008, is as follows. Moreover, he does not hold concurrent positions or duties within the company.

Name	Brief Personal History	
Yuuji Kamimura	April 1981	Joined Shinsei Bank, Ltd. (formerly The Long-Term Credit Bank of Japan, Ltd. )
	August 1992	External assignment to JNR Settlement Corporation
	August 1994	Transferred to Corporate Sales Division II
	June 1997	Transferred to Markets Division
	October 1999	Transferred to Trading and Securities Operations Division
	June 2000	Transferred to Compliance Officer of Compliance Division
	September 2008	Assigned as Compliance Officer, Kenedix REIT Management, Inc.

3. Transactions with those who are related to sponsors and other parties

(1) Transactions with interested parties and others

① Status of the Transaction

	Purchase and Sales Amounts	
	Amount of Purchase (Thousands of Yen)	Amount of Sales (Thousands of Yen)
Total	13,175,000	—
	Amount of Purchase from Related -Parties	Amount of Sale to Related -Parties
	2,870,000 (21.8%)	— (—%)
Details of related-party transactions		
Godo Kaisha KRF 15	2,870,000 (21.8%)	— (—%)

② Fees

There are no relevant items during the twelfth fiscal period.

In addition, the Investment Corporation has concluded the property management agreement for all the properties with the Asset Management Company. Furthermore, the fees paid to the Asset Management Company are as follows. (November 1, 2010 to April 30, 2011)

Leasing management fees: ¥283,263 thousand, Management transfer fees: ¥8,400 thousand, Construction supervision fees: ¥22,088 thousand

In addition, the details of the property management fees paid to the Asset Management Company are as follows.

- i. Leasing Management Fees: Rental income x 2% + real estate operating income after management overhead expenses and before depreciation x 2%
- ii. Management Transfer Fees: Set based on the property purchase price or sale price, as shown in the table below.

Property (Trust Beneficiary Interest) Price	Management Transfer Fees (At the time of Purchase and Sale)
Less than ¥1.0 billion	¥1.8 million
¥1.0 billion and more, and less than ¥3.0 billion	¥2 million
¥3.0 billion and more, and less than ¥5.0 billion	¥2.2 million
¥5.0 billion and more, and less than ¥10.0 billion	¥2.4 million
¥10.0 billion or more	¥2.5 million

iii. Construction supervision fees: Set based on the construction price, as shown in the table below.

Construction price	Construction Supervision Fees
Less than ¥1 million	None
¥1 million and more, and less than ¥5 million	5% of construction price
¥5 million and more, and less than ¥10 million	¥250,000 + 4% of the amount of construction price that exceeds ¥5 million
¥10 million and more, and less than ¥100 million	¥450,000 + 3% of the amount of construction price that exceeds ¥10 million
¥100 million or more	Negotiated on a case by case basis

③ Lease Transactions

Classification	Total Income (A) (Thousands of Yen)	Incomes from related parties and main shareholders		Ratio
		Related Party	Income (B) (Thousands of Yen)	(B / A)%
Rent revenue-real estate (leasing income, common area charges)	7,208,235	Asset One Co., Ltd.	19,957	0.3%
		Kenedix Advisors	19,196	0.3%
		Kenedix, Inc.	15,882	0.2%
		CRES Co., Ltd.	7,964	0.1%
		Y.K. KRF 11	3,400	0.0%

\*The figures in the above table have not been audited by independent auditors.

(2) Status of the Acquisition of Properties

①Company name ②Relationship to specified interested party ③Background・reasons for acquisition

Property Name (Location)	The Investment Corporation	Current Owner・Trust beneficiary	Previous Owner・Trust beneficiary	Before Previous Owner・Trust beneficiary
A-69 KDX Kobayashi-Doshomachi Building  (Location) 4-4-10 Doshomachi, Chuo-ku, Osaka-shi, Osaka	③In accordance with its basic investment principles, the Investment Corporation shall obtain the property following its determination as a competitive property that will contribute to the Investment Corporation's medium- to long-term profitability. The acquisition price was determined to be appropriate, as it is below the appraisal price (¥2,970 millions) determined by Japan Real Estate Institute.	①Godo Kaisha KRF15 ②A special purpose company established to acquire, manage and dispose of real estate, etc. which is a wholly-owned subsidiary of a general incorporated association that was established to which Kenedix, Inc. makes capital contributions. (The seller is a related company as defined under the Investment Trust and Investment Corporation Law and the internal regulations of the Asset Management Company.) ③Godo Kaisha KRF 15 has leased the land for the purpose of developing an office building, and constructed and acquired the Building	—	—
	¥2,870 million (excluding tax)	Omitted since development property by Y.K.KRF 15.	—	—
	December 2010	August 2009	—	—

4. Others

(1) Policy to Select Appraisers and their Overview

① Policies for Selection of Appraisers

The Asset Management Company selects candidates for real estate appraisers (company giving comprehensive approval) upon condition that the following criteria are met: the fact that the company is not a special related party to the Investment Corporation, and that it is a major real estate appraiser who has an abundant track record and a good social reputation. Moreover, the following 8 companies are the companies giving comprehensive approval as of the date of this document.

- Japan Real Estate Institute
- Daiwa Real Estate Appraisal Corporation
- Tanizawa Sogo Appraisal
- Chuo Real Estate Appraisal Co., Ltd.
- Morii Appraisal & Investment Consulting, Inc.
- Nippon Tochi-Tatemono Limited
- Rich Appraisal Institute K.K.
- Japan Valuers Co., Ltd.

② Summary of Appraisers for the Property held as of the End of Twelfth Fiscal Period

as of April 30, 2011

Property Name	Details of the Appraiser			
	Name	Address	No. of Qualified Appraisers (excluding assistants)	Reasons for Selection
A-3 Higashi-Kayabacho Yuraku Building A-6 Harajuku F.F. Building A-7 FIK Minami Aoyama A-13 KDX Kojimachi Building A-14 KDX Funabashi Building A-15 KDX Hamacho Building A-16 Toshin 24 Building A-17 Ebisu East 438 Building A-18 KDX Omori Building A-20 KDX Kayabacho Building A-21 KDX Shinbashi Building A-22 KDX Shin-Yokohama Building A-23 KDX Yotsuya Building A-24 KDX Minami Semba Dai-1 Building A-25 KDX Minami Semba Dai-2 Building A-26 KDX Kiba Building A-28 KDX Nogizaka Building A-30 KDX Nishi-Gotanda Building A-32 KDX Shiba Daimon Building A-36 KDX Niigata Building A-37 KDX Ochanomizu Building A-38 KDX Nishi-Shinjuku Building A-39 KDX Toranomom Building A-40 Toranomom Toyo Building A-41 KDX Shinjuku 286 Building A-45 KDX Roppongi 228 Building A-47 KDX Shin-Yokohama 381 Building A-48 KDX Kawasaki-Ekimae Hon-cho Building A-49 Nissou Dai-17 Building A-50 Ikejiri Oohashi Building A-51 KDX Hamacho Nakanohashi Building A-52 KDX Kanda Misaki-cho Building A-53 KDX Hakata-Minami Building A-54 KDX Kitahama Building A-55 Shin-toshin Maruzen Building	Japan Real Estate Institute	1-3-2 Toranomom, Minato-ku, Tokyo, 105-8485	279 appraisers	The company on the left is a major appraiser with an abundant track record. They also all have a high degree of awareness of real estate market trends of major cities in Japan and have a good social reputation. We selected them for these reasons.  We select appraisers for each individual property based on the assessment of their amount of concentration of operations and business reliability, etc. at the time of making a request.

A-56 KDX Jimbocho Building A-57 KDX Gobancho Building A-59 KDX Iwamoto-cho Building A-60 KDX Harumi Building A-62 Koishikawa TG Building A-63 Gotanda TG Building A-64 KDX Nihonbashi 216 Building A-66 KDX Shinjuku Building A-69 KDX Kobayashi-Doshomachi Building B-3 Court Mejiro B-18 Venus Hibarigaoka B-19 Residence Charmante Tsukishima B-34 Gradito Kawaguchi C-1 Frame Jinnan-zaka C-2 KDX Yoyogi Building	Japan Real Estate Institute	1-3-2 Toranomom, Minato-ku, Tokyo, 105-8485	279 appraisers	<p>The company on the left is a major appraiser with an abundant track record. They also all have a high degree of awareness of real estate market trends of major cities in Japan and have a good social reputation. We selected them for these reasons.</p>
A-1 KDX Nihonbashi 313 Building A-2 KDX Hirakawacho Building A-4 KDX Hatchobori Building A-5 KDX Nakano-Sakae Building A-8 Kanda Kihara Building A-12 Portus Center Building A-19 KDX Hamamatsucho Building A-27 KDX Kajicho Building A-29 KDX Higashi-Shinjuku Building A-31 KDX Monzen-Nakacho Building A-33 KDX Okachimachi Building A-34 KDX Hon-Atsugi Building A-35 KDX Hachioji Building A-42 Karasuma Building A-44 KDX Sendai Building A-46 Hiei Kudan-Kita Building A-58 KDX Nagoya Sakae Building A-61 KDX Hamamatsucho Dai-2 Building A-67 Kyodo Building (Ginza No.8) A-68 Kyodo Building (Honcho 1chome) A-70 Kitananajo SIA Building	Daiwa Real Estate Appraisal Corporation	3-13-7 Kanda Nishikicho, Chiyoda-ku, Tokyo, 101-0054	87 appraisers	<p>We select appraisers for each individual property based on the assessment of their amount of concentration of operations and business reliability, etc. at the time of making a request.</p>

(2) Policy to Select a Company to Prepare an Engineering Report and their Overview

① Policies for Selection of Company to Prepare Engineering Reports

The Asset Management Company selects candidates for companies to prepare engineering reports (company giving comprehensive approval) upon condition that the following criteria are met: the fact that the company is not a special related party to the Investment Corporation, and that it has an abundant track record and history. Moreover, the following 12 companies are the companies giving comprehensive approval as of the date of this document.

- Takenaka Corporation
- SHIMIZU CORPORATION
- Engineering & Risk Services
- TOKIO MARINE & NICHIDO RISK CONSULTING CO., LTD.
- HI International Consultant Co., LTD.
- Nikken Sekkei Construction Management, Inc.
- PROPERTY RISK SOLUTION Corporation
- Tokyo Bldg-Tech Center Co., Ltd
- NIPPON KANZAI Co., Ltd.
- Obayashi Corporation
- Kajima Corporation
- Earth-Appraisal Co., Ltd.

② Summary of the Company to Prepare an Engineering Reports

Property Name	Summary of Engineering Report Creation Agency			
	Name	Address	Business Content	Reasons for Selection
A-67 Kyodo Building (Ginza No.8) A-68 Kyodo Building (Honcho 1chome) A-69 KDX Kobayashi-Doshomachi Building A-70 Kitananajo SIA Building	HI International Consultant Co., LTD.	2-19-17 Takanawa, Minato-ku, Tokyo, 108-0074	Planning, design, construction, supervision and consulting services concerning civil engineering and construction of buildings and building facilities in and outside Japan. Survey and consulting services on the construction markets in and outside Japan, and other services.	The company has been selected because of its achievements and experience in providing property due diligence services it has specialized in since the dawn of the real estate securitization industry in Japan, the credibility of its reports, as well as its ability to prepare reports in foreign languages.

(3) Other Transactions that may have Potential Perceived Conflicts of Interests

There are no relevant items during the twelfth fiscal period.

#### (4) Details of the IR activities

We promote on disclosure of information and IR activities based on the following basic policy.

##### ① Basic Policy with respect to IR activities

- Proactive IR activities to provide information to wide range of investors
- Disclose information promptly as much as possible and accurately

##### ② Disclosure of Information

- Registration with TDnet at Tokyo Stock Exchange and timely disclosure of information through press release
- Disclose "Information concerning resolved fact" and "Information concerning occurred fact" adequately.

##### ③ IR activities

###### (i) Disclosure of Information through the Investment Corporations' website

- Disclose promptly in the Investment Corporations' website concerning information registered with TDnet and through press release
- In principle, presentation materials for the analyst meetings are to be disclosed in the Investment Corporations' website.

###### (ii) Various Meetings (Presentation of financial results, etc.) - June, December

e.g.: Analysts Meeting; Meetings for the institutional investors

###### (iii) Presentation of financial results for investors

e.g.: Financial IR for domestic and foreign institutional investors

###### (iv) Various Medias (Magazines, Newspaper, etc.)

##### ④ Outline of the IR Procedures

We establish IR methods that match the IR target (domestic institutional investors, individual unitholders and foreigner investors) in view of the composition of unitholders (ratio of units owned by foreigners, ratio of units owned by institutional investors, number of individual unitholders and trading volume, etc.).

##### ⑤ Structure

Duties concerning disclosure of information are handled by the Financial Planning Division and the general manager of the Financial Planning Division is the head.

#### (5) Establishment of a Structure for Eliminating Antisocial Forces

The Asset Management Company has established rules for eliminating antisocial forces in the code of conduct part of the compliance manuals, which says "we will turn down any requests made, whether in private or public, from antisocial forces that pose a threat to the order and safety of the life of citizens. This refers to provisions of donations or contributions, subscription to an information magazine, or any other requests, as well as the granting of money and articles." Furthermore, the company will establish in the company personnel who are responsible for preventing unreasonable requests and will hold company seminars for all executives and employees in order to strive towards disseminating knowledge and promoting thorough compliance of response methods towards racketeers.