

Translation Purpose Only

September 30, 2005

To All Concerned Parties

Kenedix Realty Investment Corporation
2-6-2 Marunouchi, Chiyoda-ku, Tokyo
Taisuke Miyajima, Executive Director
(Securities Code: 8972)

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Notice Concerning the Acquisition of Property (Yoyogi M Building)

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced today its decision to acquire the Yoyogi M Building. Details are provided as follows.

1. Outline of the Acquisition

- | | | |
|-----------------------------------|---|--|
| (1) Type of Acquisition | : | Trust beneficiary interest in real estate |
| (2) Property Name | : | Yoyogi M Building |
| (3) Acquisition Price | : | ¥2,479,650,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract | : | September 30, 2005 |
| (5) Scheduled Date of Acquisition | : | September 30, 2005 |
| (6) Seller | : | Jyutsu Realty Center Kabushikigaisha (current name)
(Refer Item 4. Seller’s Profile for details) |
| (7) Acquisition Funds | : | Debt financing and own funds |
| (8) Settlement Method | : | Payment in full on settlement |

The aforementioned Yoyogi M Building shall hereafter be referred to as “the Property.”

2. Reason for Acquisition

The acquisition was made to raise the investment ratio of retail properties and to further enhance and stabilize the Investment Corporation’s overall investment portfolio, in accordance with its Articles of Incorporation and fundamental investment policies.

Prior to its decision, the Investment Corporation undertook due diligence, considering a number of factors including the following:

(1) Area

The Property is located in the Yoyogi area, which forms one part of a highly user-friendly zone along the Shinjuku, Harajuku and Shibuya axis that extends along a railroad line in Tokyo. Bristling with a wide range of education-related facilities, such as vocational technical schools, adult education centers and language schools, the area enjoys high prosperity and is made up largely of young people. As the Property is situated a minute’s walk across a plaza from Yoyogi Station on the JR Yamanote and Sobu Lines as well as the Toei Subway Line, it enjoys high visibility and convenient transportation accessibility, and is expected to benefit from the area’s stability.

(2) Building

The building utilizes aluminum panel lining, aluminum curtain wall finishing and exposed concrete, and has a modern, high-visibility appearance. The room interiors have no central pillars, thereby preserving the versatility of the space to meet tenants' specific needs.

(3) Tenants

Of the Property's eight floors, seven are currently in operation by a diverse range of tenants, including a convenience store, clinic and an Internet café, that exploit the Property's prime location near the station.

3. Property Details

Property Name		Yoyogi M Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust Term		September 30, 2005 to August 1, 2015
Current Owner / Acquisition Date		Jyutsu Realty Center Kabushikigaisha, Kabushikigaisya Matsuman / June 27, 2005
Previous Owner / Acquisition Date		Yugengaisha Mihoshino./ September 20, 1991
Location (Address)		1-38-5 Yoyogi, Shibuya-ku, Tokyo
Usage		Retail Shops, Office
Type of Structure		Steel-reinforced concrete structure; 8 above-ground floors
Site Area	Land	228.74 m ² (Note 1)
	Building	1,269.06 m ²
Type of Ownership	Land	Proprietary ownership / a portion subject to leasehold rights (Note 2)
	Building	Proprietary ownership
Completion Date		August 12, 1991
Construction Company		NISHIMATSU CONSTRUCTION CO., LTD.
Probable Maximum Loss		9.59% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥2,479,650,000
Appraisal	Appraisal Value	¥2,480,000,000
	Base Date for Appraisal	September 16, 2005
	Appraiser	Nippon Tochi-Tatemono Co., Ltd.
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		None
Masterlease Company and Property Management Company after Acquisition		Kenedix Advisors Co., Ltd.
Number of End Tenants		9 (As of August 31, 2005. The same applies below.)
Total Leasable Floor Space		1,189.30 m ²
Total Leased Floor Space		1,035.60 m ²
Occupancy Ratio		87.0%
Monthly Rental Income (Excluding Consumption Tax) (Note 3)		¥9,184,835 (Note 3)

Security and Guarantee Deposit (Note 3)	¥123,336,000 (Note 3)
Forecast Net Operating Income	Please refer to Reference Material 2.
Special Considerations	None
Other	Notes: 1. Includes an area of approximately 15 m ² set back from the roadway in accordance with Article 42.2 of the Building Standards Law. 2. Areas of land applicable to leasehold are as follows: Area applicable to leasehold: 21.94 m ² Limited proprietary right of land holder: Individual Leasehold term: 30 years commencing September 30, 2005 Land rent: ¥60,480 per month Authorization fee for transfer of land rights: Included in the Property's acquisition price 3. Monthly rental income and security and guarantee deposit information is exclusive of advertising amounts

4. Seller's Profile

Company Name	Jyutsu Realty Center Kabushikigaisha
Head Office Address	14-15, Kodenmachi, Nihonbashi, Chuo-ku, Tokyo
Representative	Susumu Ando
Capital	¥1 million
Main Shareholder	ERA Japan, Corp.
Business Activities	Acquisition, management and divestment of real estate
Relationship with the Investment Corporation	None
Special Considerations	None

Company Name	Kabushikigaisha Matsuman
Head Office Address	3-2-5 Hongokucho, Nihonbashi, Chuo-ku, Tokyo
Representative	Masanori Matsuo
Capital	¥1 million
Main Shareholder	Masanori Matsuo
Business Activities	Acquisition, management and divestment of real estate
Relationship with the Investment Corporation	None
Special Considerations	None

* As of September 1, 2005

5. Interested-Party Transactions

Related to the acquisition of the Property, transactions between the Investment Corporation and interested parties, or between the Investment Corporation and interested parties as defined under the Asset Management Company's internal rules and regulations, shall fall under the three categories of transactions (1) through (3) below.

Kenedix REIT Management, Inc. ("the Asset Management Company"), bound by its rules as they relate to interested-party transactions, worked to ensure strict compliance with statutory and other regulatory requirements. Furthermore, in order to ensure that the transactions were conducted in an open and fair manner and that the Investment Corporation was not disadvantaged, the Asset Management Company submitted all transactions for

deliberation and approval by the Compliance Committee and the Asset Management Committee. Subject to approval, each transaction was then submitted to the Board of Directors for ratification.

In accordance with the Investment Trust and Investment Corporation Law (“the Investment Trust Law”), the Asset Management Company shall provide a report to the Investment Corporation relating to the interested-party transactions.

(1) Appointment of a Property Management Company

The Investment Corporation concluded a property management agreement with Kenedix Advisors Co., Ltd. (“KDA”) on September 30, 2005. Other parties to the agreement include the property trust trustee and the Asset Management Company.

KDA qualifies as an interested party as defined under the Investment Trust Law and the internal rules and regulations of the Asset Management Company. Fees relating to property management remain at the same level.

Outline of Property Management Fees:

[1] Leasing management fees

Rental income x 2% + Real estate operating income after management overhead expenses and before depreciation x 2%

[2] Management transfer fees

Property (Trust Beneficiary Interest) Price	Management Transfer Fee (At the time of Purchase and Sale)
¥1.0 billion or more, less than ¥3.0 billion	¥2.0 million

(2) Master Lease of the Property

The Investment Corporation plans to execute the master lease agreement with KDA on September 30, 2005. Other parties to the agreement include the property trust trustee and the Asset Management Company.

[Principal agreement terms and conditions]

- Agreement term: 27 years, 8 months, 1 day from the date of agreement execution
- Type of master lease: Pass-through

(3) Concurrent Liability Assumption Memorandum

The Investment Corporation plans to execute a concurrent liability assumption memorandum with KDA on September 30, 2005. Under the memorandum, the Investment Corporation agrees to assume a concurrent commitment together with KDA to refund security and guarantee deposits that KDA as master lessee had received from subtenants in connection with the master lease agreement. As compensation for this liability assumption, KDA shall provide to the Investment Corporation an amount equivalent to the total of security and guarantee deposits received.

6. Outlook

For forecasts for the fiscal periods ending October 31, 2005 and April 30, 2006, please refer to the “Notice Concerning Revisions to Operating Forecasts for the Fiscal Periods Ending October 31, 2005 and April 30, 2006,” dated September 30, 2005.

Reference Materials

1. Outline of Property Appraisal
2. Projected Cash Flow
3. Property Photographs
4. Property Portfolio after Acquisition of the Property

Reference Material 1

Outline of Property Appraisal

Unit: Yen	
Appraisal Value	2,480,000,000
Base Date for Appraisal	September 16, 2005
Appraiser	Nippon Tochi-Tatemono Co., Ltd.
Value Calculated Using the Direct Capitalization Method	2,520,000,000
Gross Operating Revenue	146,507,000
Maximum Gross Operating Revenue	151,764,000
Shortfall Attributed to Vacancies	5,257,000
Operating Expenses	16,289,000
Administrative and Maintenance Expense	9,295,000
Taxes and Dues	6,865,000
Other Expenses	129,000
Net Operating Income (NOI)	130,218,000
Capital Expenditure	3,621,000
Gain on Guarantee Deposit Investment	4,285,000
Net Cash Flow (NCF)	130,882,000
Overall Capitalization Rate (NCF)	5.2%
Value Calculated Using the Discounted Cash Flow Method	2,450,000,000
Discount Rate	5.0%
Terminal Capitalization Rate	5.4%
Value Calculated Using the Cost Method	1,150,000,000
Land	83.6%
Building	16.4%

Reference Material 2

Projected Cash Flow

Unit: Millions of Yen	
A . Projected Operating Revenues	137
B. Projected Operating Expenses (excluding depreciation)	18
C. Projected NOI (A-B)	119

Underlying assumptions:

- 1 . The above projected cash flow is an estimate for one year and is exclusive of extraordinary factors of the year of acquisition.
- 2 . Revenues are based on an estimated occupancy ratio of 95%.
- 3 . Expenses include rent (leasehold rent), property management fees, taxes and dues, repairs and maintenance expenses, and insurance.

Reference Material 3

Property Photographs



Reference Material 4

Property Portfolio after Acquisition of the Property

Type of Use	Area	No.	Property Name	Acquisition Price (Millions of yen)	Ratio	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	A-1	Nihonbashi 313 Building	5,940	8.5%	August 1, 2005
		A-2	Sogo Hirakawacho Building	5,180	7.4%	August 1, 2005
		A-3	Higashi-Kayabacho Yuraku Building	4,450	6.4%	August 1, 2005
		A-4	Noir Hatchobori	3,680	5.3%	August 1, 2005
		A-5	K&Y Building (Southern Plaza)	2,533	3.6%	August 1, 2005
		A-6	Harajuku F.F. Building	2,450	3.5%	August 1, 2005
		A-7	FIK Minami Aoyama	2,270	3.2%	August 1, 2005
		A-8	Kanda Kihara Building	1,950	2.8%	August 1, 2005
		A-9	NNK Building	1,610	2.3%	August 1, 2005
		A-10	Koishikawa Yoshida Building	704	1.0%	August 1, 2005
	Other Regional Areas	A-12	Portus Center Building	5,570	8.0%	September 21, 2005
		A-11	Hakata-Ekimae Dai-2 Building	1,430	2.0%	August 1, 2005
Total of 12 Office Buildings				37,767	54.6%	
Residential Properties	Tokyo Metropolitan Area	B-1	Storia Sirokane	3,150	4.5%	August 1, 2005
		B-2	Tre di Casa Minami Aoyama	2,460	3.5%	August 1, 2005
		B-3	Court Mejiro	1,250	1.8%	August 1, 2005
		B-4	Apartments Motoazabu	1,210	1.7%	August 1, 2005
		B-5	Apartments Wakamatsu-Kawada	1,180	1.7%	August 1, 2005
		B-6	Court Nihonbashi-Hakozaki	1,130	1.6%	August 1, 2005
		B-7	Side Denenchofu	1,110	1.6%	August 1, 2005
		B-8	S-court Yokohama-Kannai II	945	1.3%	August 1, 2005
		B-9	Court Motoasakusa	880	1.2%	August 1, 2005
		B-10	Storia Todoroki	877	1.2%	August 1, 2005
		B-11	Bloom Omotesando	875	1.2%	August 1, 2005
		B-12	Clair Court Rokakouen	831	1.2%	August 1, 2005
		B-13	Human Heim Okachimachi	830	1.2%	August 1, 2005
		B-14	Court Shinbashi	748	1.0%	August 1, 2005
		B-15	Court Suitengu	659	0.9%	August 1, 2005
	Other	B-16	Abreast Hara	444	0.6%	August 1, 2005

	Regional Areas	B-17	Abreast Hirabari	407	0.5%	August 1, 2005
	Total of 17 Residential Properties			18,986	27.4%	
Retail Properties	Tokyo Metropolitan Area	C-1	Jinnan-zaka Frame	9,900	14.3%	August 1, 2005
		C-2	Yoyogi M Building	2,479	3.5%	September 30, 2005
	Total of 2 Retail Properties			12,379	17.9%	
Total				69,132	100.0%	Portfolio PML 6.50%

*Figures of less than one million yen are rounded down from the acquisition price.