



Translation Purpose Only

April 3, 2006

To All Concerned Parties

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

Inquiries:
Kenedix REIT Management, Inc.
Masahiko Tajima
General Manager, Financial Planning Division
TEL.: +81-3-5288-7629

Notice Concerning Related-Party Transaction

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision to undertake transactions with related parties as defined under the Law Concerning Investment Trusts and Investment Corporations (“the Investment Trust Law”) and the internal regulations of Kenedix REIT Management Co., Ltd. (“the Asset Manager”).

1. Asset Acquisition

(1) Type of Asset

Trust beneficiary interests in real estate . For additional information, please refer to the separate press release “Notice Concerning the Acquisition of Properties (Conclusion of Agreements) (Office, Residential and Retail Properties Total: 25 properties),” issued on April 3, 2006.

(2) Reason the Engaging in Related-Party Transactions

The selection of each property scheduled for acquisition was in accordance with the Investment Corporation’s fundamental investment policies and investment stance as outlined in its Articles of Incorporation. Accordingly, each scheduled acquisition is expected to further enhance asset management and ensure prudent diversification of the Investment Corporation’s portfolio. Furthermore, the acquisition price for each related-party transaction was equal to or lower than appraisal values.

(3) Sellers’ Profiles

Sellers’ profiles are provided in the tables that follow. Each company was established for the specific purpose of acquiring, managing and disposing of trust beneficiary interests in real estate.

Company Name	Hexa Properties Y.K.
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Koyo Kojima
Capital	¥3 million

Principal Shareholders	Hexa Properties Cayman Inc.
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of a company incorporated in the Cayman Islands for the purpose of establishing a pension fund.
Relationship with the Investment Corporation	A related company as defined under the internal regulations of the Asset Manager (a company that outsources its asset management activities to a related party under the Investment Trust Law).
Remarks	None

Company Name	Y.K. KDX 2
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Mitsutaka Nakamura
Capital	¥3 million
Principal Shareholders	Kenedix, Inc.
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of Kenedix, Inc.
Relationship with the Investment Corporation	A related company as defined under the Investment Trust Law and the internal regulations of the Asset Manager (a company that outsources its asset management activities to a related party under the Investment Trust Law).
Remarks	None

Company Name	Y.K. Lump Sum Investment
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Mitsutaka Nakamura
Capital	¥3 million
Principal Shareholders	Kenedix, Inc.
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of Kenedix, Inc.
Relationship with the Investment Corporation	A related company as defined under the Investment Trust Law and the internal regulations of the Asset Management Company (a company that outsources asset management activities to a related party under the Investment Trust Law).
Remarks	None

Company Name	Y.K. Residence Charmante Tsukishima
Head Office Address	3-2-3 Marunouchi, Chiyoda-ku, Tokyo
Representative	Ryutaro Uchiyama
Capital	¥3 million
Principal Shareholders	Residence Charmante Tsukishima Limited Liability Intermediary
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of a limited liability intermediary that manages a fund to which a domestic business company contributes.
Relationship with the Investment Corporation	A related company as defined under the internal regulations of the Asset Manager (a company that outsources its asset management activities to a related party under the Investment Trust Law).
Remarks	None

Company Name	Y.K. KW Property 10
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo

Representative	Mitsutaka Nakamura
Capital	¥3 million
Principal Shareholders	Kenedix, Inc.
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of Kenedix, Inc.
Relationship with the Investment Corporation	A related company as defined under the Investment Trust Law and the internal regulations of the Asset Manager (a company that outsources its asset management activities to a related party under the Investment Trust Law).
Remarks	None

Company Name	Y.K. KW Property 5
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Mitsutaka Nakamura
Capital	¥3 million
Principal Shareholders	Kenedix, Inc.
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of Kenedix, Inc.
Relationship with the Investment Corporation	A related company as defined under the Investment Trust Law and the internal regulations of the Asset Manager (a company that outsources its asset management activities to a related party under the Investment Trust Law).
Remarks	None

Company Name	Y.K. KDX 3
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Mitsutaka Nakamura
Capital	¥3 million
Principal Shareholders	Kenedix, Inc.
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of Kenedix, Inc.
Relationship with the Investment Corporation	A related company as defined under the Investment Trust Law and the internal regulations of the Asset Manager (a company that outsources its asset management activities to a related party under the Investment Trust Law).
Remarks	None

Note: Kenedix, Inc. holds voting rights in the Asset Manager totaling 100% and is a related party as defined under the Investment Trust Law.

2. Activities Relating to the Management and Leasing of Real Estate

(1) Execution of a Property Management Agreement

The Investment Corporation intends to execute a property management agreement with Kenedix Advisors Co., Ltd. (parties to the Property Management Agreement include each trustee and the Asset Manager) on May 1, 2006 in connection with the acquisition of 25 properties (agreement concluded today) and the acquisition of Collection Higashisakura (B-31) (agreement concluded December 9, 2005).

Kenedix Advisors Co., Ltd. is a wholly owned subsidiary of Kenedix, Inc., a company that holds voting rights totaling 100% in the Asset Manager. Kenedix Advisors Co., Ltd. is a related party as defined under the Investment Trust Law.

Outline of Property Management Fees:

1) Leasing Management Fees

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

2) Management Transfer Fees

A set management transfer fee is paid applicable to the real estate acquisition or sales price. Fee schedule is as follows:

Property (Trust Beneficiary Interest) Price	Management Transfer Fee (As of the Acquisition or Sales Date)
Less than ¥1,000 million	¥1.8 million
¥1,000 million and above, less than ¥3,000 million	¥2.0 million
¥3,000 million and above, less than ¥5,000 million	¥2.2 million
¥5,000 million and above, less than ¥10,000 million	¥2.4 million
¥10,000 million and above	¥2.5 million

3) Construction Supervision Fee

A set construction supervision fee is paid applicable to the construction amount.

Construction Amount	Supervision of Construction Fee
Less than ¥1 million	Nil
¥1 million and above, less than ¥5 million	5% of the construction amount
¥5 million and above, less than ¥10 million	¥250,000 plus 4% of the amount exceeding ¥5 million
¥10 million and above, less than ¥100 million	¥450,000 plus 3% of the amount exceeding ¥10 million
¥100 million and above	Subject to individual negotiation

(2) Execution of a Master Lease Agreement

The Investment Corporation intends to execute a master lease agreement with Kenedix Advisors Co., Ltd. (parties to the Master Lease Agreement include each trustee and the Asset Manager) on May 1, 2006 in connection with the acquisition of 25 properties (agreement concluded on April 3, 2006) excluding ZARA Tenjin Nishi-dori (C-3), and the acquisition of Collection Higashisakura (B-31) (agreement concluded December 9, 2005).

Master Lease Terms and Conditions:

Agreement Term: Date of execution through August 1, 2015

Type of Lease: Pass-through

(Reference) Lease terms and conditions for related parties defined as end-tenants as of December 31,

2005 are as follows:

Tenant Name	Kenedix, Inc.
Property Name	NTB • M Building
Contract Rental Rate (Monthly)	¥2,534,750
Leased Floor Space	371.13 m ²
Security Deposit	¥19,734,500

Tenant Name	Kenedix Advisors Co., Ltd.
Property Name	NTB • M Building
Contract Rental Rate (Monthly)	¥1,022,400
Leased Floor Space	140.83 m ²
Security Deposit	¥8,094,000

(3) Execution of Concurrent Liability Assumption Memorandum

The Investment Corporation intends to execute a concurrent liability assumption memorandum with Kenedix Advisors Co., Ltd. on May 1, 2006 in connection with the acquisition of 25 properties (agreement concluded on April 3, 2006) excluding ZARA Tenjin Nishi-dori (C-3), and the acquisition of Collection Higashi-sakura (B-31) (agreement concluded December 9, 2005). Under the Concurrent Liability Assumption Memorandum, the Investment Corporation agrees to assume a concurrent commitment together with Kenedix Advisors Co., Ltd. to refund security and guarantee deposits that Kenedix Advisors Co., Ltd. as Master Lessee had received from subtenants in connection with the Master Lease agreement. As compensation for this liability assumption, Kenedix Advisors Co., Ltd, will provide to the Investment Corporation an amount equivalent to the total security and guarantee deposits received.

3. Consignment of Trust Beneficiary Interest Agency Activities

Not applicable.

4. Procedures Concerning Related-Party Transactions

The Asset Manager will ensure that all related-party transactions remain consistent with transactions conducted in the normal course of business and do not in any way disadvantage the Investment Corporation in accordance with internal, statutory and all other regulations as they relate to related-party transactions. In connection with the aforementioned, the Asset Manager has discussed and obtained approvals of the Compliance Committee and the Investment Management Committee at meetings held on April 3, 2006 and received the ratification of the Board of Directors at a meeting held on April 3, 2006 to transactions outlined in 1. and 2. preceding.

In addition, the Asset Manager will provide a written report in connection with related-party transactions to the Investment Corporation pursuant to the Investment Trust Law.

(Millions of yen)

No.	Property Name	Seller	Acquisition Price	Appraisal Value
A-16	Toshin 24 Building	Hexa Properties Y.K.	5,300	5,300
A-17	Ebisu East 438 Building	Hexa Properties Y.K.	4,640	4,640
A-18	KDX Omori Building	Hexa Properties Y.K.	3,500	3,500
A-19	KDX Hamamatsucho Building	Y.K. KDX 2	3,460	3,460
A-20	Dai-ichi Kayabacho Building	Y.K. KDX 2	2,780	2,800
A-21	NTB・M Building	Hexa Properties Y.K.	2,690	2,690
A-22	KDX Shin-Yokohama Building	Hexa Properties Y.K.	2,520	2,520
A-23	KDX Yotsuya Building	Hexa Properties Y.K.	1,950	1,950
A-24	KDX Minami Semba Dai-1 Building	Y.K. Lump Sum Investment	1,610	1,640
A-25	KDX Minami Semba Dai-2 Building	Y.K. Lump Sum Investment	1,560	1,560
B-19	Residence Charmante Tsukishima	Y.K. Residence Charmante Tsukishima	5,353	5,420(Note 1)
B-20	Regalo Ochanomizu I&II	Y.K. KW Property 10	3,600	3,660 (Note 2)
B-21	Regalo Shiba-Kouen	Y.K. KW Property 5	2,260	2,260
B-22	Chigasaki Socie Ni-bankan	Y.K. KDX 2	1,160	1,160
B-23	Court Nishi-Shinjuku	Y.K. KW Property 5	1,130	1,150
B-24	Regalo Komazawa-Kouen	Y.K. KW Property 5	912	943
B-25	Court Shin-Okachimachi	Y.K. KW Property 5	878	878
B-26	Primo Regalo Kagurazaka	Y.K. KW Property 5	762	762
B-27	Primo Regalo Youga	Y.K. KW Property 5	730	730
B-28	Court Shimouma	Y.K. KW Property 5	638	638
B-29	Ashiya Royal Homes	Y.K. Lump Sum Investment	2,330	2,390
B-30	Regalo Ibaraki I&II	Y.K. Lump Sum Investment	1,600	1,650
B-32	Renaissance 21 Hirao Jousui-machi	Y.K. KDX 2	900	903
B-33	Montore Nishikouen Bay Court	Y.K. KW Property 10	826	826
C-3	ZARA Tenjin Nishi-dori	Y.K. KDX 3	3,680	3,740
Total			56,769	57,170

Notes:

1. Obtained from a real estate value survey report prepared by a research agency.
2. Obtained from a survey report prepared by a research agency.

This notice is the English translation of the Japanese announcement on our Web site released on April 3, 2006. However, no assurance or warranties are given for the completeness or accuracy of this English translation.