

Translation Purposes Only

July 3, 2006

To All Concerned Parties

Kenedix Realty Investment Corporation
1-8-2 Marunouchi, Chiyoda-ku, Tokyo
Taisuke Miyajima, Executive Director
(Securities Code: 8972)

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Notice Concerning the Acquisition of Property (KDX Kajicho Building)

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

1. Outline of the Acquisition

- | | | |
|-----------------------------------|---|--|
| (1) Type of Acquisition | : | Trust beneficiary interest in real estate |
| (2) Property Name | : | KDX Kajicho Building (Note) |
| (3) Acquisition Price | : | ¥2,350,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract | : | July 3, 2006 |
| (5) Scheduled Date of Acquisition | : | July 3, 2006 |
| (6) Seller | : | KOWA REAL ESTATE CO., LTD. (Refer to Item 4. Seller’s Profile for details) |
| (7) Acquisition Funds | : | The proceeds from an additional public offering of new investment units; cash on hand |
| (8) Settlement Method | : | Payment in full on settlement |

Note : The current name of the KDX Kajicho Building is the "JP Kajicho Building". Plans are in place to change the name of the JP Kajicho Building to the "KDX Kajicho Building" on April 1, 2007.

The aforementioned KDX Kajicho Building shall hereafter be referred to as “the Property.”

1. Reason for Acquisition

The acquisition was made to raise the investment ratio of office buildings in the Tokyo Metropolitan area, 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 approximately two minutes on foot from both Kanda Station on the Tokyo Metro Ginza Line and JR Kanda Station (Keihin-Tohoku, Chuo and Yamanote Lines). The Kanda neighborhood, which has bustling business, shopping and entertainment spots in an area characterized by a diversity of medium- and large-scale offices and stores in medium-rise buildings, offers an exceptional environment as an office site with highly convenient transportation links.

(2) Building

The Property's first floor main entrance has finished-granite floors and walls, its ceilings feature aluminum spandrel to a high standard of finish, and its offices have 2.70m-high ceilings above OA floors with individually controlled air conditioning. Compared with other buildings of the same type and scale, the Property's design quality matches high specifications.

(3) Tenants

Eight of the Property's nine floors are currently occupied, with a publisher and manufacturing companies among the tenants. The Investment Corporation aims to improve the occupancy ratio after acquiring the Property by focusing on increasing the number of leases on the unoccupied floor.

3. Property Details

Property Name		KDX Kajicho Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust Term		March 29, 2006 to August 1, 2015
Source of Acquisition		Original network of the Asset Management Company (Direct Acquisition)
Current Owner / Acquisition Date		KOWA REAL ESTATE CO., LTD. / March 29, 2006
Previous Owner / Acquisition Date		Sohgo Jyutaku Co., Ltd. / July 31, 2002
Location (Address)		3-5-2 · 5-7 Kanda Kajicho, Chiyoda-ku, Tokyo
Usage		Office, Retail Shops
Type of Structure		Flat-roofed steel-reinforced concrete structure; one underground and eight above-ground floors
Site Area	Land	526.43 m ²
	Building	3,147.70 m ²
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		March 20, 1990
Architect		NIHON SEKKEI, INC.
Construction Company		SUMITOMO MITSUI CONSTRUCTION CO., LTD.
Construction Confirmation Authority		Chiyoda-ku, Tokyo
Probable Maximum Loss		8.81% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥2,350,000,000
Appraisal	Appraisal Value	¥2,350,000,000
	Base Date for Appraisal	June 1, 2006
	Appraiser	Daiwa Real Estate Appraisal Corporation
	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	5 (As of June 30, 2006. The same applies below.)
Total Leasable Floor Space	2,562.32 m ²
Total Leased Floor Space	2,329.38 m ²
Occupancy Ratio	90.90%
Monthly Rental Income (Excluding Consumption Tax) (Note)	¥10,402,576
Security and Guarantee Deposit (Note)	¥109,627,500
Forecast Net Operating Income	Please refer to Reference Material 2.
Special Considerations	Relevant parties have undertaken an onsite inspection to confirm boundaries with adjoining properties. Written confirmation for a portion of the Property's boundaries is yet to be executed.
Other	Note: Monthly rental income and guarantee deposit information is exclusive of parking facility amounts.

4. Seller's Profile

Company Name	KOWA REAL ESTATE CO., LTD.
Head Office Address	4-12-24 Nishiazabu, Minato-ku, Tokyo
Representative	Mikio Nagura, Representative Officer
Capital	¥16.8 billion
Principal Shareholder	Tosoh Corporation, Nippon Life Insurance Company, Hitachi, Ltd., and others
Business Activities	Real estate trade; leasing mediation and agency
Relationship with the Investment Corporation	None
Special Considerations	None

*As of June 26, 2006

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 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 plans to execute a property management agreement with Kenedix Advisors Co., Ltd. (“KDA”) on July 3, 2006. 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 as a current property.

Outline of Property Managements Fees:

- Leasing management fees
Rental income × 2% + Real estate operating income after management overhead expenses and before depreciation × 2%
- Management transfer fees

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

(2) Master Lease of the Property

The Investment Corporation plans to execute a master lease agreement with KDA on July 3, 2006. Other parties to the agreement include the property trust trustee and the Asset Management Company.

【Principal agreement terms and conditions】

- Agreement term: From the date of agreement execution through August 1, 2015
- 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 July 3, 2006. Under the memorandum, the Investment Corporation agrees to assume a concurrent commitment together with KDA to refund security and guarantee deposits which 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

There are no revisions to the forecasts for the fiscal periods ending October 31, 2006 and April 30, 2007, respectively, as a result of the acquisition of the Property.

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

Attached 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		2,350,000,000															
Base Date for Appraisal		June 1, 2006															
Appraiser		Daiwa Real Estate Appraisal Corporation															
Value Calculated Using the Direct Capitalization Method		2,420,000,000															
<table border="1" style="width: 100%;"> <tr> <td colspan="2">Gross Operating Revenue</td> <td style="text-align: right;">157,481,293</td> </tr> <tr> <td>Maximum</td> <td>Gross</td> <td></td> </tr> <tr> <td colspan="2">Operating Revenue</td> <td style="text-align: right;">164,100,545</td> </tr> <tr> <td>Shortfall</td> <td>Attributed to</td> <td></td> </tr> <tr> <td colspan="2">Vacancies</td> <td style="text-align: right;">6,619,252</td> </tr> </table>		Gross Operating Revenue		157,481,293	Maximum	Gross		Operating Revenue		164,100,545	Shortfall	Attributed to		Vacancies		6,619,252	
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Maximum	Gross																
Operating Revenue		164,100,545															
Shortfall	Attributed to																
Vacancies		6,619,252															
Operating Expenses		33,407,625															
<table border="1" style="width: 100%;"> <tr> <td colspan="2">Administrative and Maintenance Expense</td> <td style="text-align: right;">21,807,325</td> </tr> <tr> <td colspan="2">Taxes and Dues</td> <td style="text-align: right;">11,265,400</td> </tr> <tr> <td colspan="2">Other Expenses</td> <td style="text-align: right;">334,900</td> </tr> </table>		Administrative and Maintenance Expense		21,807,325	Taxes and Dues		11,265,400	Other Expenses		334,900							
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Taxes and Dues		11,265,400															
Other Expenses		334,900															
Net Operating Income (NOI)		124,073,668															
Capital Expenditure		8,037,500															
Gain on Guarantee Deposit Investment (Note)		2,318,051															
Net Cash Flow (NCF)		118,354,219															
Overall Capitalization Rate (NCF)		4.9%															
Value Calculated Using the Discounted Cash Flow Method		2,270,000,000															
Discount Rate		4.8%															
Terminal Capitalization Rate		5.1%															
Value Calculated Using the Cost Method		1,390,000,000															
Land		71.0%															
Building		29.0%															

Note: Gain on guarantee deposit investment is calculated, based on a property guarantee deposit operating yield of 2%

Reference Material 2

Projected Cash Flow

Unit: Millions of Yen	
A. Projected Operating Revenues	149
B. Projected Operating Expenses (excluding depreciation)	39
C. Projected NOI (A-B)	110

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 occupancy ratio of approximately 97%, based on the current occupancy ratio and future changes of occupancy.
3. Expenses include 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)(Note 1)	Ratio (Note 1)	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	A-13	Belles Modes Building	5,950	4.1%	November 1, 2005
		A-1	Nihonbashi 313 Building	5,940	4.1%	August 1, 2005
		A-16	Toshin 24 Building	5,300	3.7%	May 1, 2006
		A-2	Sogo Hirakawacho Building	5,180	3.6%	August 1, 2005
		A-17	Ebisu East 438 Building	4,640	3.2%	May 1, 2006
		A-3	Higashi-Kayabacho Yuraku Building	4,450	3.1%	August 1, 2005
		A-4	Noir Hatchobori	3,680	2.5%	August 1, 2005
		A-18	KDX Omori Building	3,500	2.4%	May 1, 2006
		A-19	KDX Hamamatsucho Building (Note 2)	3,460	2.4%	May 1, 2006
		A-20	Dai-ichi Kayabacho Building	2,780	1.9%	May 1, 2006
		A-21	NTB・M Building	2,690	1.8%	May 1, 2006
		A-5	K&Y Building (Southern Plaza)	2,533	1.7%	August 1, 2005
		A-22	KDX Shin-Yokohama Building	2,520	1.7%	May 1, 2006
		A-6	Harajuku F.F. Building	2,450	1.7%	August 1, 2005
		A-27	KDX Kajicho Building (Note 3)	2,350	1.6%	July 3, 2006
		A-15	KDX Hamacho Building (Note 4)	2,300	1.6%	March 16, 2006
		A-7	FIK Minami Aoyama	2,270	1.5%	August 1, 2005
		A-14	KDX Funabashi Building (Note 5)	2,252	1.5%	March 1, 2006
		A-8	Kanda Kihara Building	1,950	1.3%	August 1, 2005
		A-23	KDX Yotsuya Building	1,950	1.3%	May 1, 2006
	A-9	NNK Building	1,610	1.1%	August 1, 2005	
	A-26	Kiba Ocean Building	1,580	1.1%	June 20, 2006	
	A-10	Koishikawa Yoshida Building	704	0.4%	August 1, 2005	
	Other Regional Areas	A-12	Portus Center Building	5,570	3.9%	September 21, 2005
		A-24	KDX Minami Semba Dai-1 Building (Note 6)	1,610	1.1%	May 1, 2006
		A-25	KDX Minami Semba Dai-2 Building (Note 7)	1,560	1.0%	May 1, 2006
		A-11	Hakata Ekimae-Dai2 Building	1,430	1.0%	August 1, 2005
Total of 27 Office Buildings				82,209	57.5%	-
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	5,353	3.7%	May 1, 2006
		B-20	Regalo Ochanomizu &	3,600	2.5%	May 1, 2006
		B-1	Storia Sirokane	3,150	2.2%	August 1, 2005
		B-2	Tre di Casa Minami Aoyama	2,460	1.7%	August 1, 2005
		B-21	Regalo Shiba-Kouen	2,260	1.5%	May 1, 2006
		B-3	Court Mejiro	1,250	0.8%	August 1, 2005
		B-4	Apartments Motoazabu	1,210	0.8%	August 1, 2005
		B-5	Apartments Wakamatsu-Kawada	1,180	0.8%	August 1, 2005
		B-22	Chigasaki Socie Ni-bankan	1,160	0.8%	May 1, 2006
		B-6	Court Nihonbashi Hakozaki	1,130	0.7%	August 1, 2005
		B-23	Court Nishi-Shinjuku	1,130	0.7%	May 1, 2006
		B-7	Side Denenchofu	1,110	0.7%	August 1, 2005
		B-34	Gradito Kawaguchi	1,038	0.7%	June 30, 2006

	B-8	S-court Yokohama Kannai II	945	0.6%	August 1, 2005	
	B-24	Regalo Komazawa-Kouen	912	0.6%	May 1, 2006	
	B-9	Court Motoasakusa	880	0.6%	August 1, 2005	
	B-25	Court Shin-Okachimachi	878	0.6%	May 1, 2006	
	B-11	Bloom Omotesando	875	0.6%	August 1, 2005	
	B-13	Human Heim Okachimachi	830	0.5%	August 1, 2005	
	B-26	Primo Regalo Kagurazaka	762	0.5%	May 1, 2006	
	B-14	Court Shinbashi	748	0.5%	August 1, 2005	
	B-27	Primo Regalo Youga	730	0.5%	May 1, 2006	
	B-15	Court Suitengu	659	0.4%	August 1, 2005	
	B-28	Court Shimouma	638	0.4%	May 1, 2006	
	Other Regional Areas	B-29	Ashiya Royal Homes	2,330	1.6%	May 1, 2006
		B-18	Venus Hibarigaoka	1,800	1.2%	December 8, 2005
		B-30	Regalo Ibaraki I& II	1,600	1.1%	May 1, 2006
		B-31	Collection Higashi-Sakura	1,264	0.8%	May 1, 2006
		B-32	Renaissance 21 Hirao Jousui-machi	900	0.6%	May 1, 2006
		B-33	Montore Nishikouen Bay Court	826	0.5%	May 1, 2006
		B-16	Abreast Hara	444	0.3%	August 1, 2005
		B-17	Abreast Hirabari	407	0.2%	August 1, 2005
	Total of 32 Residential Properties			44,459	31.1%	-
Retail Properties	Tokyo	C-1	Jinnan-zaka Frame	9,900	6.9%	August 1, 2005
	Metropolitan Area	C-2	Yoyogi M Building	2,479	1.7%	September 30, 2005
	Other Regional Areas	C-3	ZARA Tenjin Nishi-dori	3,680	2.5%	May 1, 2006
	Total of 3 Retail Properties			16,059	11.2%	-
Total of 62 Properties			142,727	100.0%	Portfolio PML 7.22%	

(Note 1) Figures of less than one million yen are rounded off from acquisition prices, and ratios are rounded off to the first decimal place.

(Note 2) The current name of the property is the “Shuwa Daini Hamamatsucho Building.” Plans are in place to change the name of the property to the “KDX Hamamatsucho Building” on January 1, 2007.

(Note 3) The current name of the property is the “JP Kajicho Building.” Plans are in place to change the name of the property to the “KDX Kajicho Building” on April 1, 2007.

(Note 4) The current name of the property is the “Hamacho Hanacho Building.” Plans are in place to change the name of the property to the “KDX Hamacho Building” on October 1, 2007.

(Note 5) The current name of the property is the “Reland Center Building.” Plans are in place to change the name of the property to the “KDX Funabashi Building” on October 1, 2007.

(Note 6) The current name of the property is the “Semba Monblanc Building.” Plans are in place to change the name of the property to the “KDX Minami Semba Dai-1 Building” on October 1, 2006.

(Note 7) The current name of the property is the “Nashiki Building.” Plans are in place to change the name of the property to the “KDX Minami Semba Dai-2 Building” on October 1, 2006.