

**Translation Purposes Only**

July 12, 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 Nogizaka Building )**

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

**1. Outline of the Acquisition**

- |                                   |   |  |
|-----------------------------------|---|--|
| (1) Type of Acquisition           | : | Real estate (Office Building)  |
| (2) Property Name                 | : | KDX Nogizaka Building (Note)   |
| (3) Acquisition Price             | : | ¥1,065,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract              | : | July 14, 2006  |
| (5) Scheduled Date of Acquisition | : | July 14, 2006  |
| (6) Seller                        | : | Nishikawa Sougyo Kabushikigaisha and one individual (Refer to Item 4. Seller’s Profile for details)      |
| (7) Acquisition Funds             | : | Cash on hand and debt financing  |
| (8) Settlement Method             | : | Payment in full on settlement  |
| (9) Source of Acquisition         | : | Original network of the Asset Management Company (Direct Acquisition)                                    |

Note: The current name of the KDX Nogizaka Building is the “PRISMA • N Building.” Plans are in place to change the name of the PRISMA • N Building to the “KDX Nogizaka Building” on October 1, 2006.

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

**2. 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, which is an office building with an attached residential section, is located approximately two minutes on foot from Nogizaka Station on the Tokyo Metro Chiyoda Line. The surrounding neighborhood forms part of a commercial, residential and retail area that extends from Roppongi to Aoyama, in which there are a variety of small- and medium-sized business premises, apartment buildings. As Nogizaka Station affords excellent access to Akasaka, Hibiya and Otemachi, as well as Omotesando and Shibuya, it can be said to be in a highly desirable location for a combined office/residential property.

(2) Building

With granite frontage exterior walls and entrance hall floor as well as marble entrance hall walls, the Property's finish is to an imposingly high standard. With 2.5m-high office ceilings (2.4m in the residential portion) and individually controlled air conditioning, the leased floor space displays a high quality design comparing with other buildings of the same type and scale.

(3) Tenants

Currently, one underground and floors one through four by office and retail stores and fifth floor by residential section are fully occupied, with tenants including a publisher and a rehabilitation facility. The Investment Corporation aims to maintain and improve both revenue and the occupancy ratio by fully exploiting the benefits of the Property's convenient location.

### 3. Property Details

Property Name		KDX Nogizaka Building
Type of Specified Asset		Real estate
Current Owner / Acquisition Date		Nishikawa Sogyo Kabushikigaisha / February 27, 2004 (Note 1)
Previous Owner / Acquisition Date		Mitsubishi Trust and Banking Corporation /February 29, 2000 (Note 1)
Location (Address)		7-2-29 Roppongi, Minato-ku, Tokyo
Usage		Office, Retail Shops, Residential
Type of Structure		Flat-roofed, steel reinforced concrete structure; one underground and five above-ground floors
Site Area	Land	409.36 m <sup>2</sup> With east side private thoroughfare 713.78 m <sup>2</sup> (Joint interest portion 1/14 )
	Building	1,695.07 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		May 27, 1991
Architect		Takenaka Corporation
Construction Company		Takenaka Corporation
Construction Confirmation Authority		Minato-ku, Tokyo
Probable Maximum Loss		7.08% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥1,065,000,000
Appraisal	Appraisal Value	¥1,070,000,000
	Base Date for Appraisal	June 30, 2006

	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		5 (As of June 30, 2006. The same applies below.)
Total Leasable Floor Space		1,236.39 m <sup>2</sup> (Including one residential of 151.84 m <sup>2</sup> )
Total Leased Floor Space		1,236.39 m <sup>2</sup> (Including one residential of 151.84 m <sup>2</sup> )
Occupancy Ratio		100.0%
Monthly Rental Income (Excluding Consumption Tax)		¥5,598,369 (Note 2)
Security and Guarantee Deposit		¥49,415,428 (Note 2)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations		(1) As part of the Property's land (Lot No. 206-19) is intended for subway construction, the surface rights are set at less than 23.91 meters above Tokyo Bay sea level. (2) In accordance with the Minato Ward District Ordinance for Mid- to High-Rise Housing, enacted after the completion date of the building, the Property's intended use will revert to the existing status of "nonapproval." (The building limit in the No. 2-Type Mid- to High-Rise Housing District is stated as follows: "In the case of constructing a building, the portion above the fourth floor must be prescribed as a structure intended for residential, residential complex or dormitory use.")
Other		1. The owner and date of the right acquisition of a portion that excludes the private thoroughfare portion on the Property site are registered. 2. Monthly rental income and guarantee deposit information is exclusive of parking facility amounts.

#### 4. Seller's Profile

Company Name	Nishikawa Sougyo Kabushikigaisha
Head Office Address	7-2-29, Roppongi, Minato-ku, Tokyo
Representative	Jingoro Nishikawa, Representative Officer
Capital	¥10 million
Principal Shareholder	Jingoro Nishikawa and other
Business Activities	1. Real estate and other investment management 2. Business entirely related to that above
Relationship with the Investment Corporation	None
Special Considerations	None

\*As of July 5, 2006

\*As one individual at the seller has not granted approval to disclose an interest, this is not disclosed.  
The individual has no connection with the Investment Corporation.

#### 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 (2) 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 14, 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 14, 2006. Other parties to the agreement include 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

**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 12, 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**

<b>Unit : Yen</b>	
Appraisal Value	1,070,000,000
Base Date for Appraisal	June 30, 2006
Appraiser	Nippon Tochi-Tatemono Co., Ltd.
Value Calculated Using the Direct Capitalization Method	1,150,000,000
Gross Operating Revenue	72,814,000
Maximum Gross Operating Revenue	75,922,000
Shortfall Attributed to Vacancies	3,108,000
Operating Expenses	13,819,000
Administrative and Maintenance Expense	7,343,000
Taxes and Dues	6,320,000
Other Expenses	156,000
Net Operating Income (NOI)	58,995,000
Capital Expenditure	4,239,000
Gain on Guarantee Deposit Investment (Note)	1,385,000
Net Cash Flow (NCF)	56,141,000
Overall Capitalization Rate (NCF)	4.9%
Value Calculated Using the Discounted Cash Flow Method	1,010,000,000
Discount Rate	4.7%
Terminal Capitalization Rate	5.1%
Value Calculated Using the Cost Method	758,000,000
Land	72.96%
Building	27.04%

Note: Assumed yield rate on lump-sum investment: 3%

**Reference Material 2**

**Projected Cash Flow**

Unit : Millions of Yen	
A. Projected Operating Revenues	68
B. Projected Operating Expenses (excluding depreciation)	17
C. Projected NOI (A-B)	51

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	3.6%	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	3.0%	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	1.5%	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	1.0%	June 20, 2006
	A-28	KDX Nogizaka Building (Note 6)	1,065	0.7%	July 14, 2006	
	A-10	Koishikawa Yoshida Building	704	0.4%	August 1, 2005	
	Other Regional Areas	A-12	Portus Center Building	5,570	3.8%	September 21, 2005
		A-24	KDX Minami Semba Dai-1 Building (Note 7)	1,610	1.1%	May 1, 2006
		A-25	KDX Minami Semba Dai-2 Building (Note 8)	1,560	1.0%	May 1, 2006
		A-11	Hakata Ekimae-Dai2 Building	1,430	0.9%	August 1, 2005
Total of 28 Office Buildings				83,274	57.9%	-
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	2.1%	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	30.9%	-
	Retail Properties	Tokyo Metropolitan Area	C-1	Jinnan-zaka Frame	9,900	6.8%	August 1, 2005
			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	11.1%
	Total of 63 Properties				143,792	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 “PRISMA • N Building.” Plans are in place to change the name of the property to the “KDX Nogizaka Building” on October 1, 2006.

(Note 7) 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 8) 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.