

Translation Purpose Only

November 29, 2006

To All Concerned Parties

REIT Issuer:

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

Asset Management Company:

Kenedix REIT Management, Inc.
Taisuke Miyajima, CEO and President

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Notice Concerning the Acquisition of Property (KDX Nishi-Gotanda Building)

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

1. Outline of the Acquisition

- | | | |
|-----------------------------------|---|--|
| (1) Type of Acquisition | : | Real estate (Office Building) |
| (2) Property Name | : | KDX Nishi-Gotanda Building (Note) |
| (3) Acquisition Price | : | ¥4,200,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract | : | December 1, 2006 |
| (5) Scheduled Date of Acquisition | : | December 1, 2006 |
| (6) Seller | : | Fujiseimitsudenki Kabushikigaisha and one individual (Refer to Item 4. Seller’s Profile for details) |
| (7) Acquisition Funds | : | Debt financing and cash on hand |
| (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 Nishi-Gotanda Building is the “FSD Building.” Plans are in place to change the name of the “FSD Building” to the “KDX Nishi-Gotanda Building” on April 1, 2007.

The aforementioned KDX Nishi-Gotanda 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 is located approximately 10 minutes on foot from Gotanda Station on the JR Yamanote Line and Toei Asakusa Subway Line, and 8 minutes from Osaki-Hirokoji Station on the Tokyu Ikegami Line and Fudo-Mae Station on the Tokyu Meguro Line. With medium- and high-rise office buildings and residential complexes interspersed along Yamate Dori, National Highway Route 1 and Nakahara Kaido, the area is characterized by a combination of commercial and residential functions. Given this convenient access by several railways to central Tokyo, considerable demand for the Property's use as an office building is expected. In addition to the proximity to the abovementioned main highways, this area is within easy reach to the Ebara and Togoshi Interchanges on the Metropolitan Expressway. Therefore, expectations are high for sales offices that frequently use automobiles to occupy the building as tenants.

(2) Building

A luxurious finish has been applied to the building, using granite and marble for the entrance hall and facade. The leased office area boasts a ceiling height of 2.50m after the installation of office automation equipment under OA floors, individual air conditioning systems and an integrated ceiling system, all of which contribute to the fulfillment of tenant needs as congenial work areas. With these features, the Property possesses competitive, excellent design quality among the buildings in surrounding areas.

(3) Tenants

Currently, all offices on the first and second floors in the building are fully occupied by apparel and IT companies, and offices from the third to eighth floors (approximately 3,061 square meter) are vacant due to the collective withdrawal of tenants at the end of October 2006. The Investment Corporation conducts leasing activities with the aim of increasing revenues with this Property, which has high accessibility to several railways and main highways, and sizable floor area in an increasingly shortened supply of office space in Central Tokyo.

3. Property Details

Property Name		KDX Nishi-Gotanda Building
Type of Specified Asset		Real estate
Current Owner / Acquisition Date		Fujiseimitsudenki Kabushikigaisha / July 2, 1991 (Note 1) One individual / September 9, 2002 (Note 1)
Previous Owner / Acquisition Date		• One individual / July 16, 1952 (Note 1) • One individual / March 27, 1987 (Note 1)
Location (Address)		7-20-9 Nishi-gotanda Shinagawa-ku, Tokyo
Usage		Office, Parking
Type of Structure		Flat-roofed steel-reinforced concrete structure; one underground and eight above-ground floors
Site Area	Land	684.41 m ²
	Building	5,192.87 m ²
Type of Ownership	Land	Proprietary ownership (Note 2)
	Building	Proprietary ownership (Note 2)
Completion Date		November 20, 1992
Architect		Kabushikigaisha Fujiko
Construction Company		Kabushikigaisha Fujiko
Construction Confirmation Authority		Tokyo

Probable Maximum Loss		8.23% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥4,200,000,000
Appraisal	Appraisal Value	¥4,210,000,000
	Base Date for Appraisal	October 18, 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		2 (As of November 20, 2006. The same applies below.)
Total Leasable Floor Area		3,875.43 m ²
Total Leased Floor Area		814.11 m ²
Occupancy Ratio		21.0%
Monthly Rental Income (Excluding Consumption Tax)		¥4,297,391 (Note 3)
Security and Guarantee Deposit		¥51,450,546 (Note 3)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	None	
Other	<p>Notes:</p> <ol style="list-style-type: none"> 1. The oldest property land acquisition date is shown. 2. The following sellers share the rights to the land and building of the Property. The Investment Corporation will acquire all of the rights to the land and building owned by both parties on the scheduled date of acquisition. 3. Monthly rental income and guarantee deposit information is exclusive of parking facility amounts. 	

4. Seller's Profile

Company Name	Fujiseimitsudenki Kabushikigaisha
Head Office Address	2-15-14 Meguro, Meguro-ku, Tokyo
Representative	Susuko Takasuka, Representative Officer
Capital	¥12 million
Principal Shareholder	Individual (Holding approximately 65% of stock)
Business Activities	Real estate leasing business, precision mechanical equipment production
Relationship with the Investment Corporation or the Asset Management Company	None
Special Considerations	None

*As of November 20, 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 or the Asset Management Company.

5. Acquirer's (Seller) Profile

The seller (the current owner) of this property is not a special related party of the Investment Corporation.

6. Details of Brokerage

The details of the brokerage firm and the brokerage fee are as follows.

Name of brokerage firm	(A major real estate broker)
Brokerage fee	¥126,000,000 (excluding consumption tax)
Relationship with the Investment Corporation or the Asset Management Company	None

* The brokerage firm is not a special related party of the Investment Corporation.

7. 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 two categories of transactions (1) and (2) below.

Kenedix REIT Management, Inc., 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 December 1, 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)
¥3.0 billion and more, and less than ¥5.0 billion	¥2.2 million

(2) Master Lease of the Property



The Investment Corporation plans to execute a master lease agreement with KDA on December 1, 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

8. Outlook

There are no revisions to the forecast for the fiscal period ending April 30, 2007, 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 November 29, 2006. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Attached Materials

- Outline of Property Appraisal
- Projected Cash Flow
- Building Condition Investigation Report
- Property Photographs
- Property Portfolio after Acquisition of the Property

Reference Material 1

Outline of Property Appraisal

Unit : Yen	
Appraisal Value	4,210,000,000
Base Date for Appraisal	October 18, 2006
Appraiser	Nippon Tochi-Tatemono Co., Ltd.
Value Calculated Using the Direct Capitalization Method	4,290,000,000
Gross Operating Revenue	287,432,000
Maximum Gross Operating Revenue	298,948,000
Shortfall Attributed to Vacancies	11,516,000
Operating Expenses	61,840,000
Administrative and Maintenance Expense	43,655,000
Taxes and Dues	17,504,000
Other Expenses	681,000
Net Operating Income (NOI)	225,592,000
Capital Expenditure	11,353,000
Gain on Guarantee Deposit Investment (Note)	4,759,000
Net Cash Flow (NCF)	218,998,000
Overall Capitalization Rate (NCF)	5.1%
Value Calculated Using the Discounted Cash Flow Method	4,180,000,000
Discount Rate	4.9%
Terminal Capitalization Rate	5.3%
Value Calculated Using the Cost Method	1,782,000,000
Land	57.63%
Building	42.37%

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

Reference Material 2

Projected Cash Flow

Unit : Millions of Yen	
A. Projected Operating Revenues	250
B. Projected Operating Expenses (excluding depreciation)	48
C. Projected NOI (A-B)	202

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 96%, 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

Building Condition Investigation Report

Unit: Yen	
Investigation Company	Kabushikigaisha Hikokusai Consultant
Date of Investigation	October 2006
Repairs, maintenance and renovation expenses required over the next year	16,560,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	119,670,000
Unit-in-Place	1,318,900,000

* The abovementioned investigation company undertakes building assessments for this property such as a diagnosis of building deterioration, formulation of a short- and long-term repair and maintenance plan, assessment of legal compliance with the Building Standards Law, and analyses of the existence of hazardous substances and the soil environment, and submits a building assessment report to the Investment Corporation.

Reference Material 4

Property Photographs



Reference Material 5

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	3.9%	November 1, 2005
		A-1	Nihonbashi 313 Building	5,940	3.9%	August 1, 2005
		A-16	Toshin 24 Building	5,300	3.5%	May 1, 2006
		A-2	Sogo Hirakawacho Building	5,180	3.4%	August 1, 2005
		A-17	Ebisu East 438 Building	4,640	3.0%	May 1, 2006
		A-3	Higashi-Kayabacho Yuraku Building	4,450	2.9%	August 1, 2005
		A-30	KDX Nishi-Gontanda Building (Note 2)	4,200	2.7%	December 1, 2006
		A-4	Noir Hatchobori	3,680	2.4%	August 1, 2005
		A-18	KDX Omori Building	3,500	2.3%	May 1, 2006
		A-19	KDX Hamamatsucho Building	3,460	2.2%	May 1, 2006
		A-29	KDX Higashi-Shinjuku Building (Note 3)	2,950	1.9%	September 1, 2006
		A-20	Dai-ichi Kayabacho Building	2,780	1.8%	May 1, 2006
		A-21	NTB·M Building	2,690	1.7%	May 1, 2006
		A-5	K&Y Building (Southern Plaza)	2,533	1.6%	August 1, 2005
		A-22	KDX Shin-Yokohama Building	2,520	1.6%	May 1, 2006
		A-6	Harajuku F.F. Building	2,450	1.6%	August 1, 2005
		A-27	KDX Kajicho Building (Note 4)	2,350	1.5%	June 3, 2006
		A-15	KDX Hamacho Building	2,300	1.5%	March 16, 2006
		A-7	FIK Minami Aoyama	2,270	1.5%	August 1, 2005
		A-14	KDX Funabashi Building	2,252	1.4%	March 1, 2006
		A-8	Kanda Kihara Building	1,950	1.2%	August 1, 2005
		A-23	KDX Yotsuya Building	1,950	1.2%	May 1, 2006
		A-9	NNK Building	1,610	1.0%	August 1, 2005
		A-26	Kiba Ocean Building	1,580	1.0%	June 20, 2006
		A-28	KDX Nogizaka Building	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	3.6%
	A-24		KDX Minami Semba Dai-1 Building	1,610	1.0%	May 1, 2006
	A-25		KDX Minami Semba Dai-2 Building	1,560	1.0%	May 1, 2006
	A-11		Hakata Ekimae-Dai2 Building	1,430	0.9%	August 1, 2005
Total of 30 Office Buildings				90,424	59.9%	-
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	5,353	3.5%	May 1, 2006
		B-20	Regalo Ochanomizu I&II	3,600	2.3%	May 1, 2006
		B-1	Storia Sirokane	3,150	2.0%	August 1, 2005
		B-2	Tre di Casa Minami Aoyama	2,460	1.6%	August 1, 2005
		B-21	Regalo Shiba-Kouen	2,260	1.4%	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	0.7%	August 1, 2005

		B-22	Chigasaki Socie Ni-bankan	1,160	0.7%	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	0.6%	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	0.5%	August 1, 2005		
		B-25	Court Shin-Okachimachi	878	0.5%	May 1, 2006		
		B-11	Bloom Omotesando	875	0.5%	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	0.4%	August 1, 2005		
		B-27	Primo Regalo Youga	730	0.4%	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	1.5%	May 1, 2006	
			B-18	Venus Hibarigaoka	1,800	1.1%	December 8, 2005	
			B-30	Regalo Ibaraki I& II	1,600	1.0%	May 1, 2006	
			B-31	Collection Higashi-Sakura	1,264	0.8%	May 1, 2006	
			B-32	Renaissance 21 Hirao Jousui-machi	900	0.5%	May 1, 2006	
			B-33	Montore Nishikouen Bay Court	826	0.5%	May 1, 2006	
			B-16	Abreast Hara	444	0.2%	August 1, 2005	
			B-17	Abreast Hirabari	407	0.2%	August 1, 2005	
		Total of 32 Residential Properties				44,459	29.4%	-
		Retail Properties	Tokyo Metropolitan Area	C-1	Jinnan-zaka Frame	9,900	6.5%	August 1, 2005
				C-2	Yoyogi M Building	2,479	1.6%	September 30, 2005
			Other Regional Areas	C-3	ZARA Tenjin Nishi-dori	3,680	2.4%	May 1, 2006
			Total of 3 Retail Properties				16,059	10.6%
		Total of 65 Properties				150,942	100.0%	Portfolio PML 7.19%

(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 "FSD Building." Plans are in place to change the name of the property to the "KDX Nishi-Gotanda Building" on April 1, 2007.

(Note 3) The current name of the KDX Higashi-Shinjuku Building is the "Nisseki • Sumisei Shinjuku Building." Plans are in place to change the name of the Nisseki • Sumisei Shinjuku Building to the "KDX Higashi-Shinjuku Building" on January 1, 2007.

(Note 4) 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 January 1, 2007.