

Translation Purpose Only

January 31, 2007

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

Inquiries:

Masahiko Tajima
 General Manager, Financial Planning Division
 TEL.: +81-3-5288-7629

Notice Concerning the Acquisition of Property (KDX Okachimachi Building)

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

1. Outline of the Acquisition

- | | | |
|-----------------------------------|---|--|
| (1) Type of Acquisition | : | Real estate (Office Building) |
| (2) Property Name | : | KDX Okachimachi Building (Note) |
| (3) Acquisition Price | : | ¥2,000,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract | : | January 31, 2007 |
| (5) Scheduled Date of Acquisition | : | March 1, 2007 |
| (6) Seller | : | Yugengaisha Kairaku Building (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 Okachimachi Building is the “Kairaku Building.” Plans are in place to change the name of the “Kairaku Building” to the “KDX Okachimachi Building” on June 1, 2007.

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

2. Reason for Acquisition

The acquisition is 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 1 minute on foot from Naka-Okachimachi Station on the Tokyo Metro Hibiya Line, 2 minutes on foot from Ueno Okachimachi Station on the Toei Oedo Line, 2 minutes on foot from Okachimachi Station on the JR Yamanote Line and Keihin Tohoku Line, and 4 minutes on foot from Ueno Hiro-Kouji Station on the Tokyo Metro Ginza Line.

The property is located in Okachimachi, an area that flourished as a jewelry center from the Edo Period and today has more than 2,000 jewelry and precious metal wholesalers. Furthermore, it is a highly prosperous commercial district with many small, medium, and large size shops, especially concentrated on Ameya Yokocho, which is visited by buyers from all over Japan. The property faces Showa Street, an area with strong office demand. Four stations servicing five JR train and subway lines are in close proximity, offering excellent transportation access to major central urban centers, and providing an excellent environment for an office location.

(2) Building

The Property's building exterior is composed of a stainless steel curtain wall and a spacious entrance area, creating a high-profile and standout appearance. The entrance hall floor and the exterior wall incorporate granite and marble. The office space, having no central columns or pillars, is wide open, providing a user-friendly office workspace. In addition, air-conditioning systems are installed on each floor.

(3) Tenants

Nine of the Property's ten floors are currently occupied, with packaging material manufacture company, jewelry goods• precious metal wholesale company, and offices on the first to second floors (approximately 326 square meters, 99 tsubo) are planned to vacate. The Investment Corporation conducts leasing activities with the aim of increasing revenues with this Property by fully exploiting the benefits of the Property's located area.

3. Property Details

Property Name		K D X Okachimachi Building
Type of Specified Asset		Real Estate
Current Owner / Acquisition Date		Yugengaisha Kairaku Building / February 10, 1992 (Note 1)
Previous Owner / Acquisition Date		Machida Goumei-Gaisha / April 4, 1986 (Note 2)
Location (Address)		5-24-16 Ueno, Taito-ku, Tokyo
Usage		Offices
Type of Structure		Steel-frame structure; 10 above-ground floors
Site Area	Land	239.72 m ² (Note 3)
	Building	1,882.00 m ²
Type of Ownership	Land	Proprietary ownership / a portion subject to leasehold rights (Note 3)
	Building	Proprietary ownership
Completion Date		June 2, 1988
Architect		Kabushikigaisha Nakamura Kenchikujimusho
Construction Company		Inoue Kougyo Kabushikigaisha
Construction Confirmation Authority		Taito-ku, Tokyo
Probable Maximum Loss		3.72% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥2,000,000,000

Appraisal	Appraisal Value	¥2,000,000,000
	Base Date for Appraisal	December 31, 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 January 31, 2007. The same applies below.)
Total Leasable Floor Area		1,792.54 m ²
Total Leased Floor Area		1,607.10 m ² (Note 4)
Occupancy Ratio		89.6% (Note 4)
Monthly Rental Income (Excluding Consumption Tax)		¥8,819,540 (Note 5)
Security and Guarantee Deposit		¥112,941,118 (Note 5)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	None	
Other	<p>Notes:</p> <ol style="list-style-type: none"> The company name of the current owner was Kairaku Building Kabushikigaisha when acquired. The oldest property land acquisition date is shown. Areas of land applicable to leasehold are as follows: Area applicable to leasehold: 47.96 m² Owner of land with leasehold: One individual Leasehold term: February 19, 1986 to February 18, 2017 <p>In the event of Property transfer, approval must be obtained from the limited proprietary right of the land holder relating to the leasehold portion.</p> <ol style="list-style-type: none"> The offices on the first to second floors (approximately 326 square meters, 99 tsubo) are planned to vacate. In addition, a new rental agreement has been concluded for the currently vacant seventh floor (approximately 185 square meters, 56 tsubo), with occupancy expected to begin from February 1, 2007. Monthly rental income and guarantee deposit information is exclusive of advertising amounts. 	

4. Seller`s Profile

Company Name	Yugengaisha Kairaku Building
Head Office Address	2-9-4 Higashi-Ueno, Taito-ku, Tokyo
Representative	Sumiyo Machida, Representative Officer
Capital	¥100,000,000
Principal Shareholder	Three individuals
Business Activities	Land and building leaseing, management, trading and leasing mediation
Relationship with the Investment Corporation or the Asset Management Company	None

Special Considerations	None
------------------------	------

*As of January 31, 2007

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	¥60,060,000 (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 March 1, 2007. Other parties to the agreement include 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 March 1, 2007. 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 January 31, 2007. 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	2,000,000,000
Base Date for Appraisal	December 31, 2006
Appraiser	Daiwa Real Estate Appraisal Corporation
Value Calculated Using the Direct Capitalization Method	2,060,000,000
Gross Operating Revenue	134,467,642
Maximum Gross Operating Revenue	140,619,976
Shortfall Attributed to Vacancies	6,152,334
Operating Expenses	27,675,504
Administrative and Maintenance Expense	17,892,324
Taxes and Dues	6,469,200
Other Expenses	3,313,980
Net Operating Income (NOI)	106,792,138
Capital Expenditure	5,370,000
Gain on Guarantee Deposit Investment (Note)	1,382,496
Net Cash Flow (NCF)	102,804,634
Overall Capitalization Rate (NCF)	5.0%
Value Calculated Using the Discounted Cash Flow Method	1,930,000,000
Discount Rate	5.0%
Terminal Capitalization Rate	5.2%
Value Calculated Using the Cost Method	1,060,000,000
Land	82.0%
Building	18.0%

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	127
B. Projected Operating Expenses (excluding depreciation)	27
C. Projected NOI (A-B)	100

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 land rent (tenancy rate), property management fees, taxes and dues, repairs and maintenance expenses, and insurance.

Reference Material 3

Building Condition Investigation Report

Unit: Yen	
Investigation Company	HI International Consultant Co., LTD.
Date of Investigation	November 2006
Repairs, maintenance and renovation expenses required over the next year	3,690,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	60,710,000
Unit-in-Place	425,000,000

- * 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
 - 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	3.8%	November 1, 2005
		A-1	Nihonbashi 313 Building	5,940	3.8%	August 1, 2005
		A-16	Toshin 24 Building	5,300	3.4%	May 1, 2006
		A-2	Sogo Hirakawacho Building	5,180	3.3%	August 1, 2005
		A-17	Ebisu East 438 Building	4,640	3.0%	May 1, 2006
		A-3	Higashi-Kayabacho Yuraku Building	4,450	2.8%	August 1, 2005
		A-30	KDX Nishi-Gotanda Building (Note2)	4,200	2.7%	December 1, 2006
		A-4	Noir Hatchobori	3,680	2.3%	August 1, 2005
		A-18	KDX Omori Building	3,500	2.2%	May 1, 2006
		A-19	KDX Hamamatsucho Building	3,460	2.2%	May 1, 2006
		A-29	KDX Higashi-Shinjuku Building	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	1.5%	August 1, 2005
		A-27	KDX Kajicho Building	2,350	1.5%	June 3, 2006
		A-15	KDX Hamacho Building	2,300	1.4%	March 16, 2006
		A-7	FIK Minami Aoyama	2,270	1.4%	August 1, 2005
		A-14	KDX Funabashi Building	2,252	1.4%	March 1, 2006
		Not Yet Determined	KDX Okachimachi Building (Note 3)	2,000	1.2%	March 1, 2007
		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-31	KDX Monzen-Nakacho Building (Note 4)	1,400	0.9%	January 19, 2007
		A-28	KDX Nogizaka Building	1,065	0.6%	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%	September 21, 2005
		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 32 Office Buildings				93,824	60.7%	-
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	5,353	3.4%	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	1.5%	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	0.7%	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	0.5%	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	0.4%	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	28.8%	-	
	Retail Properties	Tokyo	C-1	Jinnan-zaka Frame	9,900	6.4%	August 1, 2005
		Metropolitan Area	C-2	Yoyogi M Building	2,479	1.6%	September 30, 2005
Other Regional Areas		C-3	ZARA Tenjin Nishi-dori	3,680	2.3%	May 1, 2006	
Total of 3 Retail Properties			16,059	10.4%	-		
Total of 67 Properties			154,342	100.0%	Portfolio PML 7.16%		

Notes:

1. Figures of less than one million yen are rounded off from acquisition prices, and ratios are rounded off to the first decimal place.
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.
3. The current name of the property is the "Kairaku Building." Plans are in place to change the name of the property to the "KDX Okachimachi Building" on June 1, 2007.
4. The current name of the KDX Monzen-Nakacho Building is the "Tokyu Monzen-Nakacho Building." Plans are in place to change the name of the Tokyu Monzen-Nakacho Building to the "KDX Monzen-Nakacho Building" on April 1, 2007.