

**Translation Purpose Only**

March 16, 2007

To All Concerned Parties

REIT Issuer:  
Kenedix Realty Investment Corporation  
2-2-9 Shimbashi, Minato-ku, Tokyo  
Taisuke Miyajima, Executive Director  
(Securities Code: 8972)

Asset Management Company:  
Kenedix REIT Management, Inc.  
Taisuke Miyajima, CEO and President

Inquiries:  
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General Manager, Financial Planning Division  
TEL.: +81-3-3519-3491

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

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

**1. Outline of the Acquisition**

- |                                   |   |   |
|-----------------------------------|---|---|
| (1) Type of Acquisition           | : | Real estate (Office Building)   |
| (2) Property Name                 | : | KDX Nishi-Shinjuku Building (Note)  |
| (3) Acquisition Price             | : | ¥1,500,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.)                        |
| (4) Date of Contract              | : | March 16, 2007  |
| (5) Scheduled Date of Acquisition | : | April 2, 2007 or the date to be agreed upon by the seller and the Investment Corporation (settlement due date: April 20, 2007). |
| (6) Seller                        | : | Four Individuals (Refer to Item 4. Seller’s Profile for details)  |
| (7) Acquisition Funds             | : | Debt financing and cash on hand   |
| (8) Settlement Method             | : | • Deposit ¥10million at the time of conclusion of an agreement.<br>• Final payment at the time of settlement.                   |
| (9) Source of Acquisition         | : | Original network of the Asset Management Company<br>(Direct Acquisition)  |

Note: The current name of the KDX Nishi-Shinjuku Building is the “N.S. EXCEL Building.” Following the acquisition, the Investment Corporation intends to carry out procedures to change the name of the building.

The aforementioned KDX Nishi-Shinjuku 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 in the Nishi-Shinjuku area, otherwise known as “Shinjuku Fukutoshin”, which is recognized as a business district. This area is lined with a variety of office buildings ranging in scale from small to large, around the Tokyo Metropolitan Government and neighboring skyscrapers. Situated approximately five minutes on foot from Nishi-Shinjuku station on the Tokyo Metro Marunouchi Line, six minutes on foot from Shinjuku-Nishiguchi station on the Toei Subway Oedo Line, and nine minutes on foot from Shinjuku station on other JR and Shitetsu lines, the Property boasts excellent accessibility. The Property is nestled along the ward road that is directly linked to the main road, Ome Kaido, which also offers convenient access by car. Based on these features, the Property, as a medium-sized office building targeting small- to medium-scale tenants is deemed easily capable of maintaining occupant stability.

(2) Building

The building offers a highly attractive structure to meet various tenant demands for space, with a standard floor area of approximately 110 tsubo (an approximate double span of 50 tsubo + 60 tsubo). The lease space is roughly symmetrical with a ceiling height of 2.7m (after the installation of office automation equipment under OA floors), and offers excellent natural lighting provided by the vaulted ceiling in the center of each floor. Compared with other medium-sized office buildings, both its interior and exterior construction are of superior quality, offering such high-grade features as individual air conditioning systems and OA floors.

(3) Tenants

Currently, all 10 spaces comprising the building’s five floors are fully occupied with tenants engaged in activities including semiconductor wholesaling, software development, consulting and an internet advertising. Given the convenient access, high-grade building features, appropriate lease spaces, and reasonable rent levels in the central Tokyo, continued demand is expected for back office use by large corporations and from new enterprises in their initial stages. Upon its acquisition of the Property, the Investment Corporation will continue to implement leasing activities appropriate to the Property’s characteristics while keeping in mind the rate of tenant turnover with the aim of ensuring a stable future income.

**3. Property Details**

Property Name		KDX Nishi-Shinjuku Building
Type of Specified Asset		Real Estate
Current Owner / Acquisition Date		Four individuals / July 14, 1972 (Note 1)
Previous Owner / Acquisition Date		Individual / November 4, 1952 (Note 1)
Location (Address)		7-22-45 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Usage		Office, Parking
Type of Structure		Flat-roofed, steel reinforced concrete structure; five above-ground floors
Site Area	Land	626.06 m <sup>2</sup>
	Building	2,017.63 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		October 5, 1992
Architect		Kabushikigaisha DAM• DAN Kenchikukikaku• Sekkei Jimusho
Construction Company		Tokai Kogyo Corporation

Construction Confirmation Authority		Shinjuku-ku, Tokyo
Probable Maximum Loss		7.03% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥1,500,000,000
Appraisal	Appraisal Value	¥1,510,000,000
	Base Date for Appraisal	February 1, 2007
	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		9 (As of March 16, 2007. The same applies below.)
Total Leasable Floor Area		1,605.72 m <sup>2</sup>
Total Leased Floor Area		1,605.72 m <sup>2</sup>
Occupancy Ratio		100.0%
Monthly Rental Income (Excluding Consumption Tax)		¥8,114,356 (Note 2)
Security and Guarantee Deposit		¥67,588,819 (Note 2)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	<p>(1) The boundaries of the Property are in conflict with the publicly recorded map. In specific terms, the recorded land location differs from actual conditions. As a result, lot number of a portion of the Property is publicly recorded for land that does not exist. The seller is currently proceeding to have the aforementioned lot number amended in the publicly recorded map as appropriate.</p> <p>(2) Although boundaries between the Property and adjacent properties have been agreed upon, a portion of the written statement that defines such boundaries is in the process of being drafted.</p>	
Other	<p>Notes:</p> <p>1. The oldest property land acquisition date is shown.</p> <p>2. Monthly rental income and guarantee deposit information is exclusive of parking facility amounts.</p>	

#### 4. Seller's Profile

Name	Four Individuals
Address	-
Relationship with the Investment Corporation or the Asset Management Company	None
Special Considerations	None

\*As of March 16, 2007

\*The seller has not granted approval to disclose their names and addresses.

#### 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	¥45,060,000 (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 the acquisition date. 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 the acquisition date. 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 March 16, 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	1,510,000,000																												
Base Date for Appraisal	February 1, 2007																												
Appraiser	Nippon Tochi-Tatemono Co., Ltd.																												
Value Calculated Using the Direct Capitalization Method	1,530,000,000																												
<table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Gross Operating Revenue</td> <td style="width: 40%;">106,123,000</td> </tr> <tr> <td> <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Maximum Gross Operating Revenue</td> <td style="width: 40%;">110,865,000</td> </tr> <tr> <td>Shortfall Attributed to Vacancies</td> <td>4,742,000</td> </tr> </table> </td> <td></td> </tr> <tr> <td>Operating Expenses</td> <td>25,715,000</td> </tr> <tr> <td> <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Administrative and Maintenance Expense</td> <td style="width: 40%;">16,904,000</td> </tr> <tr> <td>Taxes and Dues</td> <td>8,620,000</td> </tr> <tr> <td>Other Expenses</td> <td>191,000</td> </tr> </table> </td> <td></td> </tr> <tr> <td>Net Operating Income (NOI)</td> <td>80,408,000</td> </tr> <tr> <td>Capital Expenditure</td> <td>5,829,000</td> </tr> <tr> <td>Gain on Guarantee Deposit Investment (Note)</td> <td>1,814,000</td> </tr> <tr> <td>Net Cash Flow (NCF)</td> <td>76,393,000</td> </tr> <tr> <td>Overall Capitalization Rate (NCF)</td> <td>5.0%</td> </tr> </table>	Gross Operating Revenue	106,123,000	<table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Maximum Gross Operating Revenue</td> <td style="width: 40%;">110,865,000</td> </tr> <tr> <td>Shortfall Attributed to Vacancies</td> <td>4,742,000</td> </tr> </table>	Maximum Gross Operating Revenue	110,865,000	Shortfall Attributed to Vacancies	4,742,000		Operating Expenses	25,715,000	<table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Administrative and Maintenance Expense</td> <td style="width: 40%;">16,904,000</td> </tr> <tr> <td>Taxes and Dues</td> <td>8,620,000</td> </tr> <tr> <td>Other Expenses</td> <td>191,000</td> </tr> </table>	Administrative and Maintenance Expense	16,904,000	Taxes and Dues	8,620,000	Other Expenses	191,000		Net Operating Income (NOI)	80,408,000	Capital Expenditure	5,829,000	Gain on Guarantee Deposit Investment (Note)	1,814,000	Net Cash Flow (NCF)	76,393,000	Overall Capitalization Rate (NCF)	5.0%	
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Overall Capitalization Rate (NCF)	5.0%																												
Value Calculated Using the Discounted Cash Flow Method	1,500,000,000																												
<table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Discount Rate</td> <td style="width: 40%;">4.8%</td> </tr> <tr> <td>Terminal Capitalization Rate</td> <td>5.2%</td> </tr> </table>	Discount Rate	4.8%	Terminal Capitalization Rate	5.2%																									
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Value Calculated Using the Cost Method	1,170,000,000																												
<table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Land</td> <td style="width: 40%;">74.74%</td> </tr> <tr> <td>Building</td> <td>25.26%</td> </tr> </table>	Land	74.74%	Building	25.26%																									
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Note: Gain on guarantee deposit investment is calculated, based on a property guarantee deposit operating yield of 3.0%

**Reference Material 2**

**Projected Cash Flow**

Unit : Millions of Yen	
A. Projected Operating Revenues	105
B. Projected Operating Expenses (excluding depreciation)	30
C. Projected NOI (A-B)	75

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**

**Building Condition Investigation Report**

<b>Unit: Yen</b>	
Investigation Company	HI International Consultant Co., LTD.
Date of Investigation	January 2007
Repairs, maintenance and renovation expenses required over the next year	11,840,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	58,110,000
Unit-in-Place	529,900,000

- \* 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
  - 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-32	KDX Shiba-Daimon Building (Note 2)	6,090	3.6%	March 1, 2007
		A-13	Belles Modes Building	5,950	3.5%	November 1, 2005
		A-1	Nihonbashi 313 Building	5,940	3.5%	August 1, 2005
		A-16	Toshin 24 Building	5,300	3.1%	May 1, 2006
		A-2	Sogo Hirakawacho Building	5,180	3.1%	August 1, 2005
		A-17	Ebisu East 438 Building	4,640	2.8%	May 1, 2006
		A-3	Higashi-Kayabacho Yuraku Building	4,450	2.6%	August 1, 2005
		A-30	KDX Nishi-Gotanda Building (Note3)	4,200	2.5%	December 1, 2006
		A-4	Noir Hatchobori	3,680	2.2%	August 1, 2005
		A-18	KDX Omori Building	3,500	2.1%	May 1, 2006
		A-19	KDX Hamamatsucho Building	3,460	2.0%	May 1, 2006
		A-29	KDX Higashi-Shinjuku Building	2,950	1.7%	September 1, 2006
		A-20	Dai-ichi Kayabacho Building	2,780	1.6%	May 1, 2006
		A-21	NTB・M Building	2,690	1.6%	May 1, 2006
		A-5	K&Y Building (Southern Plaza)	2,533	1.5%	August 1, 2005
		A-22	KDX Shin-Yokohama Building	2,520	1.5%	May 1, 2006
		A-6	Harajuku F.F. Building	2,450	1.4%	August 1, 2005
		A-27	KDX Kajicho Building	2,350	1.4%	June 3, 2006
		A-15	KDX Hamacho Building	2,300	1.3%	March 16, 2006
		A-7	FIK Minami Aoyama	2,270	1.3%	August 1, 2005
		A-14	KDX Funabashi Building	2,252	1.3%	March 1, 2006
		A-33	KDX Okachimachi Building (Note 4)	2,000	1.2%	March 1, 2007
		A-8	Kanda Kihara Building	1,950	1.1%	August 1, 2005
		A-23	KDX Yotsuya Building	1,950	1.1%	May 1, 2006
		A-9	NNK Building	1,610	0.9%	August 1, 2005
		A-26	Kiba Ocean Building	1,580	0.9%	June 20, 2006
		Not Yet Determined	KDX Nishi-Shinjuku Building (Note 5)	1,500	0.9%	April 2, 2007(planned)
	A-31	KDX Monzen-Nakacho Building (Note 6)	1,400	0.8%	January 19, 2007	
	A-34	KDX Hon-Atsugi Building (Note 7)	1,305	0.7%	March 1, 2007	
	A-35	KDX Hachioji Building ( Note8)	1,155	0.6%	March 1, 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	3.3%	September 21, 2005
		A-24	KDX Minami Semba Dai-1 Building	1,610	0.9%	May 1, 2006
		A-25	KDX Minami Semba Dai-2	1,560	0.9%	May 1, 2006

		Building				
	A-11	Hakata Ekimae-Dai2 Building	1,430	0.8%	August 1, 2005	
	A-36	KDX Niigata Building ( Note 9)	1,305	0.7%	March 1, 2007	
Total of 37 Office Buildings			105,179	63.4%	-	
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	5,353	3.2%	May 1, 2006
		B-20	Regalo Ochanomizu I&II	3,600	2.1%	May 1, 2006
		B-1	Storia Sirokane	3,150	1.9%	August 1, 2005
		B-2	Tre di Casa Minami Aoyama	2,460	1.4%	August 1, 2005
		B-21	Regalo Shiba-Kouen	2,260	1.3%	May 1, 2006
		B-3	Court Mejiro	1,250	0.7%	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	0.6%	August 1, 2005
		B-23	Court Nishi-Shinjuku	1,130	0.6%	May 1, 2006
		B-7	Side Denenchofu	1,110	0.6%	August 1, 2005
		B-34	Gradito Kawaguchi	1,038	0.6%	June 30, 2006
		B-8	S-court Yokohama Kannai II	945	0.5%	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	0.3%	August 1, 2005
		B-28	Court Shimouma	638	0.3%	May 1, 2006
	Other Regional Areas	B-29	Ashiya Royal Homes	2,330	1.4%	May 1, 2006
		B-18	Venus Hibarigaoka	1,800	1.0%	December 8, 2005
		B-30	Regalo Ibaraki I& II	1,600	0.9%	May 1, 2006
		B-31	Collection Higashi-Sakura	1,264	0.7%	May 1, 2006
		B-32	Renaissance 21 Hirao Jousui-machi	900	0.5%	May 1, 2006
		B-33	Montore Nishikouen Bay Court	826	0.4%	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	26.8%	-	
Central Urban-Type Retail Properties	Tokyo Metropolitan Area	C-1	Jinnan-zaka Frame	9,900	5.9%	August 1, 2005
		C-2	Yoyogi M Building	2,479	1.4%	September 30, 2005
	Other Regional Areas	C-3	ZARA Tenjin Nishi-dori	3,680	2.2%	May 1, 2006
Total of 3 Central Urban-Type Retail Properties			16,059	9.6%	-	
Total of 72 Properties			165,697	100.0%	Portfolio PML 7.20%	

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 "Shuwa Dai-san Shiba Park Building." Plans are in place to change the name of

the property to the “KDX Shiba-Daimon Building” on September 1, 2007.

3. 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.
4. 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.
5. The current name of the “KDX Nishi-Shinjuku Building” is the “N.S. EXCEL Building.” Following the acquisition, the Investment Corporation intends to carry out procedures to change the name of the building.
6. The current name of property is the “Tokyu Monzen-Nakacho Building.” Plans are in place to change of the property to the “KDX Monzen-Nakacho Building” on April 1, 2007.
7. The current name of the “KDX Hon-Atsugi Building” is the “Sumisei Atsugi Dai-2 Building.” Following the acquisition, the Investment Corporation intends to carry out procedures to change the name of the building.
8. The current name of the “KDX Hachioji Building” is the “Sumisei Hachioji Building.” Following the acquisition, the Investment Corporation intends to carry out procedures to change the name of the building.
9. The current name of the “KDX Niigata Building” is the “Sumisei Niigata Higashi Odori Building.” Following the acquisition, the Investment Corporation intends to carry out procedures to change the name of the building.