

April 26, 2007

To All Concerned Parties

REIT Issuer:  
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**Notice Concerning Revisions to Operating Forecast for the Fiscal Period Ending April 30, 2007 and  
 Announcement of Operating Forecasts for the Fiscal Period Ending October 31, 2007**

Kenedix Realty Investment Corporation (“the Investment Corporation”) today announced a revised operating forecast for the fourth fiscal period (November 1, 2006 to April 30, 2007) which was previously announced on December 11, 2006. In addition, the Investment Corporation announced its operating forecast for the fifth fiscal period (May 1, 2007 to October 31, 2007). Details are provided as follows.

**1. Reasons for Revisions and Announcement**

The Investment Corporation resolved to conduct an additional issue of new investment units and to acquire assets at a Board of Directors’ meeting held on April 26, 2007. Accordingly, the Investment Corporation decided to review the preconditions and assumptions that support forecasts for the fifth fiscal period ending October 31, 2007, relating to rental business revenues, operating expenses and non-operating expenses, and to announce a new forecast. At the same time, the Investment Corporation undertook a re-evaluation of the operating conditions for the fourth fiscal period ending April 30, 2007, and revised forecasts as considered appropriate.

**2. Revised Forecasts for the Fourth Fiscal Period Ending April 30, 2007 (November 1, 2006 to April 30, 2007)**

(Millions of yen unless otherwise stated)

|                       | Operating Revenues | Ordinary Income | Net Income | Distributions per Unit (Yen) | Distributions in Excess of Earnings per Unit (Yen) |
|-----------------------|--------------------|-----------------|------------|------------------------------|--|
| Previous Forecast (A) | 5,542              | 2,075           | 2,074      | 13,200                       | -  |
| Revised Forecast (B)  | 5,767              | 2,141           | 2,140      | 13,600                       | -  |
| Net Change (B - A)    | 225                | 66              | 66         | 400                          | -  |
| Change (%)            | 4.0                | 3.1             | 3.1        | 3.0                          | -  |

[Reference]

Forecasted number of investment units issued and outstanding as of April 30, 2007: 157,000 units (unchanged from the previous fiscal period)

**3. Forecasts for the Fifth Fiscal Period Ending October 31, 2007 (May 1, 2007 to October 31, 2007)**

(Millions of yen unless otherwise stated)

|   | Operating Revenues | Ordinary Income | Net Income | Distributions per Unit (Yen) | Distributions in Excess of Earnings per Unit (Yen) |
|---|--------------------|-----------------|------------|------------------------------|--|
| Fifth Fiscal Period (May 1, 2007 to October 31, 2007) | 7,080              | 2,692           | 2,691      | 13,400                       | -  |

[Reference]

Forecasted number of investment units issued and outstanding as of October 31, 2007: 200,000 units

[Explanatory Notes]

1. Forecast figures are calculated based on the “Preconditions and Assumptions for the Fiscal Periods Ending October 31, 2007” (separate document attached) as of the date of this release. Readers are advised that actual operating revenues, ordinary income, net income and distributions per unit may differ significantly from forecasts due to a variety of reasons including the future acquisition or sale of real estate and changes in the Investment Corporation’s operating environment including the real estate market. Accordingly, the Investment Corporation does not guarantee payment of the forecasted distribution per unit.
2. In the event that significant changes to the aforementioned forecasts are expected, the Investment Corporation may revise its forecasts.
3. Figures are rounded down.

**Preconditions and Assumptions for the Fiscal Period Ending October 31, 2007**

|  | Preconditions and Assumptions  |
|--|--|
| Calculation Period                         | <ul style="list-style-type: none"> <li>The fifth fiscal period: May 1, 2007 to October 31, 2007 (184 days)</li> </ul>  |
| Property Portfolio                         | <ul style="list-style-type: none"> <li>Following a resolution by the Board of Directors at a meeting held on April 26, 2007 in connection with issue of additional new investment units, the Investment Corporation intends to use the portion of net proceeds from a public offering of additional new investment units to acquire trust beneficiary interests in 5 properties (“the anticipated property acquisitions”) on June 1, 2007.</li> <li>Forecasts are based on the 72 properties held as of April 26, 2007 and the anticipated property acquisitions (for a total of 77 properties), and will remain unchanged (no new properties will be acquired and no existing properties will be sold) up to and including the end of the fifth fiscal period.</li> <li>The property portfolio may change, however, due to a variety of factors.</li> </ul>   |
| Operating Revenues                         | <ul style="list-style-type: none"> <li>Rental revenues from the current properties held as of April 26, 2007 are estimated based on historical performance and a variety of factors including leasing market conditions. Rental revenues from the anticipated property acquisitions are estimated based on valid lease agreements as of the day nearest to the present day, information from existing property owners regarding leasing conditions etc., and a variety of factors including each property’s competitive standing and market conditions.</li> </ul>   |
| Operating Expenses                         | <ul style="list-style-type: none"> <li>Property-related expenses other than depreciation are estimated for the current properties held as of April 26, 2007 based on historic expenses, adjusted to reflect the expenses variables. Property-related expenses other than depreciation are estimated for the properties anticipated property acquisitions based on documentation for each property received from existing owners, adjusted to reflect expense variables.</li> <li>In general, property tax and city planning tax are allocated to the seller and purchaser on a pro rata basis at the time of acquisition settlement. In the case of the Investment Corporation, an amount equivalent to the portion allocated to the purchaser is included in the acquisition price of the property. Repairs, maintenance and renovation expenses are estimated based on the amounts budgeted by the asset management company for each property and amounts considered essential for each period. Actual repairs, maintenance and renovation expenses for each fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies.</li> <li>For the fifth fiscal period, an amount of ¥1,442 million has been estimated for depreciation expense.</li> </ul> |
| Non-Operating Expenses                     | <ul style="list-style-type: none"> <li>Following a resolution by the Board of Directors at a meeting held on April 26, 2007 in connection with the issue of additional new investment units, the Investment Corporation plans to amortized unit issuance costs over a period of three years using the straight-line method.</li> <li>Interest payable of ¥586 million is forecasted for the fifth fiscal period.</li> </ul>  |
| Borrowing and Investment Corporation Bonds | <ul style="list-style-type: none"> <li>The Investment Corporation maintained borrowing of ¥78,500 million and investment corporation bonds of ¥12,000 million as of April 26, 2007, but plans to repay ¥2,000 million short-term debt on April 30, 2007. In addition, the forecast is based on the assumption that ¥12,000 million short-term debt will be repaid with funds procured from the issue of additional new investment units.</li> </ul>  |

|  |   |
|--|---|
| Investment Units Issued and Outstanding      | <ul style="list-style-type: none"> <li>• Following a resolution by the Board of Directors at a meeting held on April 26, 2007, the Investment Corporation has decided to issue an additional 43,000 investment units, comprising a primary offering of 40,900 units and a secondary offering of 2,100 units. Forecasts are based on the assumption that the primary offering will be fully subscribed and an over-allotment option will be fully exercised at an offer issue price (underwritten price) of ¥800,000 per investment unit. Furthermore, forecasts are based on the assumption that the number of investment units issued and outstanding thereafter will remain unchanged.</li> </ul> |
| Distributions per Unit                       | <ul style="list-style-type: none"> <li>• Distributions per unit are calculated in accordance with the distribution policy outlined in the Investment Corporation's Articles of Incorporation.</li> <li>• Actual distributions per unit may differ significantly from forecasted figures due to a variety of reasons including movements in investment assets, rental revenues impacted by tenant movements or the incidence of major unforeseen renovation expense.</li> </ul>  |
| Distributions in Excess of Earnings per Unit | <ul style="list-style-type: none"> <li>• The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.</li> </ul>  |
| Other  | <ul style="list-style-type: none"> <li>• Forecasts are based on the assumption that any revisions to regulatory requirements, taxation, accounting standards, public listing regulations or requirements of the Investment Trusts Association, Japan will have no impact on forecasted figures.</li> <li>• Forecasts are based on the assumption that there will be no major unforeseen changes in economic trends or in real estate and other markets.</li> </ul>  |