

**Translation Purpose Only**

January 8, 2008

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:

Masahiko Tajima

Director / General Manager, Financial Planning Division

**Notice Concerning the Acquisition of Property (KDX Roppongi 228 Building)**

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

**1. Outline of the Acquisition**

- |                                   |   |  |
|-----------------------------------|---|--|
| (1) Type of Acquisition           | : | Real estate (Office Building)  |
| (2) Property Name                 | : | KDX Roppongi 228 Building (Note)   |
| (3) Acquisition Price             | : | ¥3,300,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract              | : | January 10, 2008   |
| (5) Scheduled Date of Acquisition | : | January 10, 2008   |
| (6) Seller                        | : | Cherubim Co., Ltd. (Refer to Item 4. Seller’s Profile for details)                                       |
| (7) Acquisition Funds             | : | 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 Roppongi 228 Building” is the “Cherubim Building.” Following the acquisition, the Investment Corporation intends to carry out procedures to change the name of the building.

The aforementioned KDX Roppongi 228 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 a highly visibly office building facing Roppongi Dori located approximately two minutes on foot from Roppongi-itchohome Station on Tokyo Metro Nanboku Line, fives minute on foot from Tameike-Sanno Station on the Tokyo Metro Ginza and Nanboku Line.

Being within walking distance of each of Roppongi, Tameike-Sanno, Toranomom and Kasumigaseki, which are districts where offices are concentrated, the area exhibits the power of the brand specific to the region. Thus, the Investment Corporation deems stable occupancy and enhanced revenues can be anticipated.

(2) Building

The lease space of the Property is roughly symmetrical and astylar with a ceiling height of 2.6m. A typical floor has a leasable floor area of approximately 166m<sup>2</sup>, and features individual air-conditioning systems for each floor, OA floors (portion) and other facilities and specifications that accommodate to tenant needs.

(3) Tenants

Currently, the Property is occupied by IT-related business, computer equipment distributor and other tenants. In addition, the first floor is occupied by a convenience store and the underground floor is occupied by a restaurant. The Investment Corporation conducts leasing activities with the aim of increasing revenues with the Property by fully exploiting the benefits of the Property's located area.

### 3. Property Details

Property Name		KDX Roppongi 228 Building
Type of Specified Asset		Real estate
Current Owner / Acquisition Date		Cherubim Co., Ltd. / June 11, 1965 (Note 1)
Previous Owner / Acquisition Date		One individual (1950, date unknown) (Note 1)
Location (Address)		2-2-8 Roppongi, Minato-ku, Tokyo
Usage		Offices, Retail Shops
Type of Structure		Flat-roofed, steel-frame reinforced concrete structure; one underground and nine above-ground floors
Site Area	Land	408.86 m <sup>2</sup>
	Building	2,235.30 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		April 28, 1989
Architect		Kabushikigaisha Goto Toshi Kenchiku-keikaku Kenkyujo
Construction Company		Takenaka Corporation
Construction Confirmation Authority		Minato-ku, Tokyo
Probable Maximum Loss		8.95% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥3,300,000,000
Appraisal	Appraisal Value	¥3,330,000,000
	Base Date for Appraisal	December 1, 2007
	Appraiser	Japan Real Estate Institute
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after		None

Acquisition		
Masterlease Company and Property Management Company after Acquisition		Kenedix Advisors Co., Ltd.
Number of End Tenants		8 (As of December 1, 2007. The same applies below.)
Total Leasable Floor Area		1,918.57 m <sup>2</sup>
Total Leased Floor Area		1,752.54 m <sup>2</sup> (Note 2)
Occupancy Ratio		91.3% (Note 2)
Monthly Rental Income (Excluding Consumption Tax)		¥11,396,619 (Note 3)
Security and Guarantee Deposit		¥75,129,880 (Note 3)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	None	
Other	Notes: 1. The oldest property land acquisition date is shown. 2. The offices on the fourth floor (approximately 210.44 square meters, 63 tsubo) are planned to vacate on March 31, 2008. 3. Monthly rental income and guarantee deposit information is exclusive of parking facility amounts.	

#### 4. Seller's Profile

Company Name	Cherubim Co., Ltd.
Head Office Address	2-2-8 Roppongi, Minato-ku, Tokyo
Representative	Junpei Fujimori
Capital	¥46 million
Principal Shareholder	Four individuals (Total of 100% holdings)
Business Activities	<ol style="list-style-type: none"> <li>1. Manufacturing and selling building and civil engineering materials</li> <li>2. Building waterproofing</li> <li>3. Building and condominium renovations</li> <li>4. Seismic strengthening</li> <li>5. Building leasing</li> </ol>
Relationship with the Investment Corporation or the Asset Management Company	None
Special Considerations	None

\*As of December 11, 2007

#### 5. Acquirer's (Seller) Profile

The seller (the current owner) of this property is not a special related party of Kenedix REIT Management, Inc. ("the Asset Management Company").

## 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	¥99,060,000 (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 or the Asset Management Company.

## 7. Interested-Party Transactions

Related to the acquisition of the Property, transactions between the Investment Corporation and interested parties shall fall under the two categories of transactions (1) and (2) below.

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 January 10, 2008. 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)
¥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 January 10, 2008. 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, 2008, 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 8, 2008. 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 Building Condition Investigation Report
- ④ Property Photographs
- ⑤ Property Portfolio after Acquisition of the Property

**Reference Material 1**

**Outline of Property Appraisal**

<b>Unit : Yen</b>	
Appraisal Value	3,330,000,000
Base Date for Appraisal	December 1, 2007
Appraiser	Japan Real Estate Institute
Value Calculated Using the Direct Capitalization Method	3,400,000,000
Gross Operating Revenue	180,959,000
Maximum Gross Operating Revenue	188,615,000
Shortfall Attributed to Vacancies	7,656,000
Operating Expenses	40,390,000
Administrative and Maintenance Expense	26,472,000
Taxes and Dues	13,434,000
Other Expenses	484,000
Net Operating Income (NOI)	140,569,000
Capital Expenditure	3,190,000
Gain on Guarantee Deposit Investment (Note)	1,877,000
Net Cash Flow (NCF)	139,256,000
Overall Capitalization Rate (NCF)	4.1%
Value Calculated Using the Discounted Cash Flow Method	3,260,000,000
Discount Rate	3.9%
Terminal Capitalization Rate	4.3%
Value Calculated Using the Cost Method	3,280,000,000
Land	90.8%
Building	9.2%

Note: Gain on guarantee deposit investment is calculated, based on a property guarantee deposit operating yield of 2.0%

**Reference Material 2**

**Projected Cash Flow**

<b>Unit : Millions of Yen</b>	
A. Projected Operating Revenues	173
B. Projected Operating Expenses (excluding depreciation)	41
C. Projected NOI (A-B)	132

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**

Unit: Yen	
Investigation Company	HI International Consultant Co., LTD.
Date of Investigation	August 2007 December 2007
Repairs, maintenance and renovation expenses required over the next year	1,260,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	53,420,000
Unit-in-Place	527,700,000

- \* 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

\*Property Portfolio includes 9 office buildings disclosed in the press releases "Notice Concerning the Acquisition of Properties (Conclusion of Agreements) (Total of 9 Office Buildings)" disclosed on December 11, 2007. In addition, the property portfolio excludes 23 residential properties disclosed in the press released "Notice Concerning the Sales of Properties (Conclusion of Agreements) (Total of 23 Residential Properties)" on December 11, 2007.

Type of Use	Area	No.	Property Name	Acquisition Price (Millions of yen) (Note 1)	Acquisition Date	
Office Buildings	Tokyo Metropolitan Area		Toranomon Toyo Building	9,850	4.8%	June 1, 2007
			Hiei Kudan-Kita Building	7,600	3.7%	February 1, 2008
			KDX Ochanomizu Building	6,400	3.1%	April 2, 2007
			KDX Shiba-Daimon Building	6,090	3.0%	March 1, 2007
			KDX Kojimachi Building	5,950	2.9%	November 1, 2005
			KDX Nihonbashi 313 Building	5,940	2.9%	August 1, 2005
			Toshin 24 Building	5,300	2.6%	May 1, 2006
			KDX Hirakawacho Building	5,180	2.5%	August 1, 2005
			KDX Shin-Yokohama 381 Building	4,700	2.3%	February 1, 2008
			Ebisu East 438 Building	4,640	2.2%	May 1, 2006
			Higashi-Kayabacho Yuraku Building	4,450	2.2%	August 1, 2005
			KDX Toranomon Building	4,400	2.1%	April 17, 2007
			KDX Nishi-Gotanda Building	4,200	2.0%	December 1, 2006
			KDX Kawasaki-Ekimae Hon-cho Building (Note 2)	3,760	1.8%	February 1, 2008
			KDX Hatchobori Building	3,680	1.8%	August 1, 2005
			KDX Omori Building	3,500	1.7%	May 1, 2006
			KDX Hamamatsucho Building	3,460	1.7%	May 1, 2006
			KDX Roppongi 228 Building (Note 2)	3,300	1.6%	January 10, 2008
			KDX Higashi-Shinjuku Building	2,950	1.4%	September 1, 2006
			KDX Kayabacho Building	2,780	1.3%	May 1, 2006
			Nissou Dai-17 Building	2,710	1.3%	February 1, 2008
			KDX Shinbashi Building	2,690	1.3%	May 1, 2006
			KDX Nakano-Sakaue Building	2,533	1.2%	August 1, 2005
			KDX Shin-Yokohama Building	2,520	1.2%	May 1, 2006
			Harajuku F.F. Building	2,450	1.2%	August 1, 2005
			Ikejiri-Oohashi Building	2,400	1.1%	February 1, 2008
			KDX Kajicho Building	2,350	1.1%	July 3, 2006
			KDX Hamacho Nakanohashi Building (Note 2)	2,310	1.1%	February 1, 2008
			KDX Hamacho Building	2,300	1.1%	March 16, 2006
			KDX Shinjuku 286 Building	2,300	1.1%	June 1, 2007
			FIK Minami Aoyama	2,270	1.1%	August 1, 2005
			KDX Funabashi Building	2,252	1.1%	March 1, 2006
	KDX Okachimachi Building	2,000	0.9%	March 1, 2007		

		Kanda Kihara Building	1,950	0.9%	August 1, 2005	
		KDX Yotsuya Building	1,950	0.9%	May 1, 2006	
		KDX Shinjuku-Gyoen Building	1,610	0.7%	August 1, 2005	
		KDX Kiba Building	1,580	0.7%	June 20, 2006	
		KDX Nishi-Shinjuku Building	1,500	0.7%	April 2, 2007	
		KDX Monzen-Nakacho Building	1,400	0.6%	January 19, 2007	
		KDX Kanda Misaki-cho Building (Note 2)	1,380	0.6%	February 1, 2008	
		KDX Hon-Atsugi Building	1,305	0.6%	March 1, 2007	
		KDX Hachioji Building	1,155	0.5%	March 1, 2007	
		KDX Nogizaka Building	1,065	0.5%	July 14, 2006	
		KDX Koishikawa Building	704	0.3%	August 1, 2005	
		Other Regional Areas	Portus Center Building	5,570	2.7%	September 21, 2005
			Karasuma Building (Note 2)	5,400	2.6%	June 1, 2007
			KDX Hakata-Minami Building	4,900	2.4%	February 1, 2008
			KDX Hakata Building	2,350	1.1%	June 1, 2007
			KDX Kitahama Building (Note 2)	2,220	1.0%	February 1, 2008
			KDX Sendai Building	2,100	1.0%	June 1, 2007
			KDX Minami Semba Dai-1 Building	1,610	0.7%	May 1, 2006
			KDX Minami Semba Dai-2 Building	1,560	0.7%	May 1, 2006
Hakata Ekimae-Dai2 Building	1,430		0.7%	August 1, 2005		
KDX Niigata Building	1,305	0.6%	March 1, 2007			
Total of 53 Office Buildings		173,259	85.7%	—		
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	4.9%	August 1, 2005	
		KDX Yoyogi Building	2,479	1.2%	September 30, 2005	
	Other Regional Areas	ZARA Tenjin Nishi-dori	3,680	1.8%	May 1, 2006	
Total of 3 Central Urban Retail Properties		16,059	7.9%	—		
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	2.6%	May 1, 2006	
		Regalo Ochanomizu I&II	—	—	May 1, 2006	
		Storia Sirokane	—	—	August 1, 2005	
		Tre di Casa Minami Aoyama	—	—	August 1, 2005	
		Regalo Shiba-Kouen	—	—	May 1, 2006	
		Court Mejiro	1,250	0.6%	August 1, 2005	
		Apartments Motoazabu	1,210	0.5%	August 1, 2005	
		Apartments Wakamatsu-Kawada	1,180	0.5%	August 1, 2005	
		Chigasaki Socie Ni-bankan	—	—	May 1, 2006	
		Court Nihonbashi Hakozaki	—	—	August 1, 2005	
		Court Nishi-Shinjuku	—	—	May 1, 2006	
		Side Denenchofu	—	—	August 1, 2005	
		Gradito Kawaguchi	1,038	0.5%	June 30, 2006	
		S-court Yokohama Kannai II	—	—	August 1, 2005	
		Regalo Komazawa-Kouen	—	—	May 1, 2006	
		Court Motoasakusa	—	—	August 1, 2005	
		Court Shin-Okachimachi	878	0.4%	May 1, 2006	
		Bloom Omotesando	—	—	August 1, 2005	
		Human Heim Okachimachi	—	—	August 1, 2005	
		Primo Regalo Kagurazaka	—	—	May 1, 2006	

		Primo Regalo Youga	—	—	May 1, 2006	
		Court Shimouma	—	—	May 1, 2006	
	Other Regional Areas		Ashiya Royal Homes	—	—	May 1, 2006
			Venus Hibarigaoka	1,800	0.8%	December 8, 2005
			Regalo Ibaraki I& II	—	—	May 1, 2006
			Collection Higashi-Sakura	—	—	May 1, 2006
			Renaissance 21 Hirao	—	—	May 1, 2006
			Jousui-machi	—	—	May 1, 2006
			Montore Nishikouen Bay Court	—	—	May 1, 2006
			Abreast Hara	—	—	August 1, 2005
			Abreast Hirabari	—	—	August 1, 2005
Total of 7 Residential Properties		12,709	6.2%	—		
Total of 64 Properties		202,027	100.0%	Portfolio PML 5.24%		

Notes:

- Figures of less than one million yen are rounded off from acquisition prices, and ratios are rounded off to the first decimal place.
- The current name of the buildings are as follows, respectively. Following the acquisition, the Investment Corporation intends to carry out procedures to change the name of the buildings.
  - “KDX Kawasaki-Ekimae Hon-cho Building” is the “Dai-46 Kowa Building”
  - “KDX Roppongi 228 Building” is the “Cherubim Building”
  - “KDX Hamacho Nakanohashi Building” is the “Hamacho Nakanohashi Building”
  - “KDX Kanda Misaki-cho Building” is the “Misaki-cho MMK Building”
  - “KDX Kitahama Building” is the “Doshou Building”