

Translation Purpose Only

February 27, 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 (Shin-toshin Maruzen Building)

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision on February 27, 2008 to acquire the Shin-toshin Maruzen Building. Details are provided as follows.

1. Outline of the Acquisition

- | | | |
|-----------------------------------|---|--|
| (1) Type of Acquisition | : | Trust beneficiary interest in real estate |
| (2) Property Name | : | Shin-toshin Maruzen Building |
| (3) Acquisition Price | : | ¥2,110,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract | : | February 29, 2008 |
| (5) Scheduled Date of Acquisition | : | February 29, 2008 |
| (6) Seller | : | M·F·Kappa Yugengaisha (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) |

The aforementioned Shin-toshin Maruzen 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.

The Property is conveniently located within walking distance of Shinjuku Station, one of Tokyo’s largest transportation hubs, and more specifically, ten minutes on foot from Shinjuku Station on Toei Shinjuku Subway Line, nine minutes on foot from Tochomae Station on the Toei Oedo Subway Line and eight minutes on foot from Hatsudai Station on the Keio New Line. It also provides easy access to Tokyo Metropolitan Government and a variety of other public and governmental agencies. While conveniently located in the center of the Shinjuku Fukutoshin, the Property meets the needs of small- to mid-scale tenants owing to relatively low rental rates compared to other office buildings in the area.

(2) Building

The lease space on each floor of the Property is roughly square, with a ceiling height of 2.6 m, leasable floor area of over 100 tsubo, and equipped with individual air-conditioning systems. The Property also has its own parking lot, adding to its other facilities and specifications, to accommodate tenant needs.

(3) Tenants

Currently, the Property is fully occupied by IT-related business, consulting company, design·development company and convenience store. The Investment Corporation aims to maintain both revenue and the occupancy ratio by maintaining and improving property management levels.

3. Property Details

Property Name		Shin-toshin Maruzen Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust Term		June 20, 2006 to August 1, 2015 (Planned)
Current Owner / Acquisition Date		M·F·Kappa Yugengaiisha / December 19, 2006
Previous Owner / Acquisition Date		Nihon Reit Co., Ltd. / June 20, 2006
Location (Address)		3-8-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Usage		Office, Retail Shops, Parking (Note 1)
Type of Structure		Flat-roofed, steel-frame reinforced concrete structure; one underground and eight above-ground floors (Note 2)
Site Area	Land	457.64 m ² (Note 3)
	Building	3,439.37 m ² (Note 2)
Type of Ownership	Land	Proprietary ownership (portion of site right based on site area: 71.80%)
	Building (Note 4)	Compartmentalized ownership 1F: Retail shop portion 2F-5F: Office portion Shared compartmentalized ownership (Note 5) 6F: Office portion (portion of shared compartmentalized ownership: 89.43%) B1-1F: Parking portion (portion of shared compartmentalized ownership: 71.80%)
Completion Date		July 13, 1990
Architect		Shimizu Corporation

Construction Company		Shimizu Corporation
Construction Confirmation Authority		Shinjuku-ku, Tokyo
Probable Maximum Loss		4.87% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥2,110,000,000
Appraisal	Appraisal Value	¥2,130,000,000
	Base Date for Appraisal	February 1, 2008
	Appraiser	Japan Real Estate Institute
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		None
Masterlease Company after Acquisition		Kenedix Realty Investment Corporation (Note 6)
Property Management Company after Acquisition		Kenedix REIT Management, Inc. (Note 6)
Number of End Tenants		5 (As of January 31, 2008. The same applies below.)
Total Leasable Floor Area		1,973.78 m ²
Total Leased Floor Area		1,613.08 m ²
Occupancy Ratio		81.7%
Monthly Rental Income (Excluding Consumption Tax)		¥7,349,300 (Note 7)
Security and Guarantee Deposit		¥75,874,950 (Note 7)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	Although the dimensions of the public roads surrounding the Property are clearly defined, certain boundaries between the (private) Property and (public) roads have not been adequately confirmed yet. As the seller's responsibility, the process of confirming the proper aforementioned boundaries remains ongoing.	
Other	<p>Notes:</p> <ol style="list-style-type: none"> 1. The Property refers to seven of the nine total units that comprise this compartmentalized ownership building. Usage is recorded for each unit. 2. The type of structure and total floor area for the entire building. 3. The total site area (include co-ownership area) is for the entire building. 4. Two of the units (offices on the 7th and 8th floors) that comprise this compartmentalized ownership building are owned by a third party (one individual). Please refer to Reference Material 6. Of the total compartmentalized ownership portion of the entire building of 2,828.87 m², the Investment Corporation's exclusive compartmentalized ownership portion totals 2,025.97 m² (approximately 71.62%). The area of the co-owned 6th floor and parking lot units is proportional to each owner's share of floor area owned. 5. The Investment Corporation shares ownership of the units for offices on the 6th floor and parking lot on the 1st and one underground floor of the Property with a third party (one individual). Please refer to Reference Material 6. 6. Master lease company and property management company as of March 1, 2008 are noted. 7. Monthly rental income and guarantee deposit information is exclusive of parking facility amounts. 	

4. Seller`s Profile

Company Name	M·F·Kappa Yugengaisha
Head Office Address	3-1-20 Nihombashi-Muromachi, Chuo-ku, Tokyo
Representative	Akira Sugai
Capital	¥3 million
Principal Shareholder	M·F·Kappa Yugesnsekininchuukanhojin
Business Activities	1. Leasing, management, holding and operation of real esate 2. Acquire, holding and dispose of trust beneficiary interests in real estate 3. Aforementioned associated business
Relationship with the Investment Corporation or the Asset Management Company	None
Special Considerations	None

*As of February 18, 2008

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	MS Building Support Co., Ltd.
Brokerage fee	Brokerage firm has not granted approval to disclose the brokerage fee.
Relationship with the Investment Corporation or the Asset Management Company	None

* The brokerage firm is not a special related party of the Asset Management Company.

7. Interested-Party Transactions

Related to the acquisition of the Property, transaction between the Investment Corporation and the Asset Management Company are as follows.

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 aforementioned transactions.

Appointment of a Property Management Company

The Investment Corporation plans to execute a property management agreement with the Asset Management Company on March 1, 2008. Other parties to the agreement include the trustee.

Fees relating to property management remain at the same level as current properties.

Outline of Property Managements Fees:

- Leasing management fees
 $\text{Rental income} \times 2\% + \text{Real estate operating income after management overhead expenses and before depreciation} \times 2\%$
- 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

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 February 27, 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

Unit : Yen	
Appraisal Value	2,130,000,000
Base Date for Appraisal	February 1, 2008
Appraiser	Japan Real Estate Institute
Value Calculated Using the Direct Capitalization Method	2,160,000,000
Gross Operating Revenue	136,388,000
Maximum Gross Operating Revenue	145,849,000
Shortfall Attributed to Vacancies	9,461,000
Operating Expenses	30,870,000
Administrative and Maintenance Expense	20,189,000
Taxes and Dues	9,911,000
Other Expenses	770,000
Net Operating Income (NOI)	105,518,000
Capital Expenditure	4,137,000
Gain on Guarantee Deposit Investment (Note)	2,266,000
Net Cash Flow (NCF)	103,647,000
Overall Capitalization Rate (NCF)	4.8%
Value Calculated Using the Discounted Cash Flow Method	2,100,000,000
Discount Rate	4.4%
Terminal Capitalization Rate	5.0%
Value Calculated Using the Cost Method	1,850,000,000
Land	80.2%
Building	19.8%

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

Unit : Millions of Yen	
A. Projected Operating Revenues	125
B. Projected Operating Expenses (excluding depreciation)	32
C. Projected NOI (A-B)	92

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	HI International Consultant Co., LTD.
Date of Investigation	December 2007
Repairs, maintenance and renovation expenses required over the next year (Note 1)	8,820,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years (Note 1)	89,890,000
Unit-in-Place (Note 1)	875,900,000

Note: The repairs, maintenance and renovation expenses and unit-in place for the entire building.

- * 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	Property Name	Acquisition Price (Millions of yen)(Note 1)	Ratio (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	2.9%	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	2.5%	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	2.1%	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	1.6%	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
		Shin-toshin Maruzen Building	2,110	1.0%	February 29, 2008
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	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 55 Office Buildings			175,369	85.9%	—
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	4.8%	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	7.8%
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	2.6%	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
		Gradito Kawaguchi	1,038	0.5%	June 30, 2006
	Court Shin-Okachimachi	878	0.4%	May 1, 2006	
	Other Regional Areas	Venus Hibarigaoka	1,800	0.8%	December 8, 2005
Total of 7 Residential Properties			12,709	6.2%	—
Total of 65 Properties			204,137	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”