

March 29, 2007

To All Concerned Parties

REIT Issuer:  
Kenedix Realty Investment Corporation  
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Taisuke Miyajima, Executive Director  
(Securities Code: 8972)

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### **Notice Concerning Debt Financing and Interest-Rate Swap Agreement**

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision on March 29, 2007, to undertake debt financing. At the same time, the Investment Corporation decided to execute interest-rate swap agreements. Details of the aforementioned are provided as follows.

#### **1. Rationale**

The Investment Corporation has decided to execute debt financing agreements to support the acquisition of trust beneficiary interest in real estate (1 property), and real estate (1 property) and payment of associated costs.

Note: For details regarding the acquisition of real estate (1 property), please refer to the press release, “Notice Concerning the Acquisition of Property (KDX Nishi-Shinjuku Building),” dated March 16, 2007.

#### **2. Details of Debt Financing**

##### **(1) Short-term Debt (Series 16-A)**

- |                           |   |   |
|---------------------------|---|---|
| (1) Lender                | : | Aozora Bank, Ltd.   |
| (2) Amount                | : | ¥2,000 million  |
| (3) Interest Rate         | : | 0.94545% floating rate of interest (Note)   |
| (4) Drawdown Date         | : | April 2, 2007   |
| (5) Debt Financing Method | : | The Investment Corporation executed the individual debt financing agreement with the aforementioned lender on March 29, 2007. |
| (6) Interest Payment Date | : | July 2, 2007 and October 2, 2007  |
| (7) Repayment Date        | : | October 2, 2007   |
| (8) Repayment Method      | : | Principal repayment in full on maturity   |
| (9) Collateral            | : | Unsecured, unguaranteed   |

Note: The interest rate covers the period commencing April 2, 2007 through July 2, 2007. Thereafter, the interest rate shall be calculated based on the three-month yen TIBOR +0.28%. The interest rate after July 2, 2007, shall be disclosed as and when determined.

**(2) Short-term Debt (Series 16-B)**

- (1) Lender : Mitsubishi UFJ Trust and Banking Corporation
- (2) Amount : ¥1,500 million
- (3) Interest Rate : 0.96545% floating rate of interest (Note)
- (4) Drawdown Date : April 2, 2007
- (5) Debt Financing Method : The Investment Corporation executed the individual debt financing agreement with the aforementioned lender on March 29, 2007.
- (6) Interest Payment Date : First interest payment on July 2, 2007, and on October 2, 2007, January 2, 2008 and April 2, 2008.
- (7) Repayment Date : April 2, 2008
- (8) Repayment Method : Principal repayment in full on maturity
- (9) Collateral : Unsecured, unguaranteed

Note: The interest rate covers the period commencing April 2, 2007 through July 2, 2007. Thereafter, the interest rate shall be calculated based on the three-month yen TIBOR +0.30%. The interest rate after July 2, 2007, shall be disclosed as and when determined.

**(3) Short-term Debt (Series 16-L) (Note 1)**

- (1) Lender : The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- (2) Amount : ¥1,000 million
- (3) Interest Rate : 1.01545% floating rate of interest (Note 2)
- (4) Drawdown Date : April 2, 2007
- (5) Debt Financing Method : The Investment Corporation executed the individual debt financing agreement with the aforementioned lender on March 29, 2007.
- (6) Interest Payment Date : First interest payment on July 2, 2007, and on October 2, 2007, January 2, 2008 and April 2, 2008.
- (7) Repayment Date : April 2, 2008
- (8) Repayment Method : Principal repayment in full on maturity
- (9) Collateral : Unsecured, unguaranteed

Notes:

1. Debt financing is based on the commitment line agreement which was press released dated March 23, 2007, "Notice Concerning the Commitment Line Agreement".

2. The interest rate covers the period commencing April 2, 2007 through July 2, 2007. Thereafter, the interest rate shall be calculated based on the three-month yen TIBOR +0.35%. The interest rate after July 2, 2007, shall be disclosed as and when determined.

**(4) Long-term Debt (Series 16-C)**

- (1) Lender : Sumitomo Mitsui Banking Corporation
- (2) Amount : ¥2,000 million
- (3) Interest Rate : 1.06545% floating rate of interest (Note)
- (4) Drawdown Date : April 2, 2007
- (5) Debt Financing Method : The Investment Corporation executed the individual debt financing agreement with the aforementioned lender on March 29, 2007.
- (6) Interest Payment Date : First interest payment on July 2, 2007, and on January 2, April 2, July 2, and October 2 every year thereafter.
- (7) Repayment Date : April 2, 2010
- (8) Repayment Method : Principal repayment in full on maturity
- (9) Collateral : Unsecured, unguaranteed

Note: The interest rate covers the period commencing April 2, 2007 through July 2, 2007. Thereafter, the interest rate shall be calculated based on the three-month yen TIBOR +0.40%. The interest rate after July 2, 2007, shall be disclosed as and when determined.

### (5) Long-term Debt (Series 16-D)

- |                           |   |   |
|---------------------------|---|---|
| (1) Lender                | : | The Chuo Mitsui Trust and Banking Co., Limited  |
| (2) Amount                | : | ¥2,000 million  |
| (3) Interest Rate         | : | 1.11545% floating rate of interest (Note)   |
| (4) Drawdown Date         | : | April 2, 2007   |
| (5) Debt Financing Method | : | The Investment Corporation executed the individual debt financing agreement with the aforementioned lender on March 29, 2007. |
| (6) Interest Payment Date | : | First interest payment on July 2, 2007, and on January 2, April 2, July 2, and October 2 every year thereafter.               |
| (7) Repayment Date        | : | April 2, 2012   |
| (8) Repayment Method      | : | Principal repayment in full on maturity   |
| (9) Collateral            | : | Unsecured, unguaranteed   |

Note: The interest rate covers the period commencing April 2, 2007 through July 2, 2007. Thereafter, the interest rate shall be calculated based on the three-month yen TIBOR +0.45%. The interest rate after July 2, 2007, shall be disclosed as and when determined.

### 3. Use of Funds

Debt financing shall be used to support the acquisition of trust beneficiary interest in real estate (KDX Ochanomizu Building), and real estate (KDX Nishi-Shinjuku Building) and payment of associated costs.

### 4. Interest-Rate Swap Agreements

#### (1) Purpose

The debt financing (Series 16-C and Series 16-D) identified in 2. above shall be undertaken on a floating rate of interest basis. Accordingly, the Investment Corporation has decided to execute interest-rate swap agreements as a hedge against possible increases in future interest rates.

#### (2) Summary of Interest-Rate Swap Agreement

- |                   |   |  |
|-------------------|---|--|
| Counterparty      | : | Sumitomo Mitsui Banking Corporation  |
| Notional Amount   | : | ¥2,000 million   |
| Interest Rate     | : | Pay a fixed rate of interest of 1.57375%<br>Receive a floating rate of interest: three-month yen TIBOR + 0.40%   |
| Commencement Date | : | April 2, 2007  |
| Termination Date  | : | April 2, 2010  |
| Payment Date      | : | First interest payment on July 2, 2007, and on January 2, April 2, July 2, and October 2 every year thereafter, and the last payment on April 2, 2010. |
| Counterparty      | : | The Chuo Mitsui Trust and Banking Co., Limited   |
| Notional Amount   | : | ¥2,000 million   |
| Interest Rate     | : | Pay a fixed rate of interest of 1.875%<br>Receive a floating rate of interest: three-month yen TIBOR + 0.45%   |
| Commencement Date | : | April 2, 2007  |
| Termination Date  | : | April 2, 2012  |
| Payment Date      | : | First interest payment on July 2, 2007, and on January 2, April 2, July 2, and October 2 every year thereafter, and the last payment on April 2, 2012. |

**【Reference Material】**

Total Debt Financing Balance after Additional Debt Financing  
and Status of Investment Corporation Bonds

(Billions of yen)

		Balance Prior to Additional Debt Financing	Balance After Additional Debt Financing	Change
	Short-Term Debt Financing (Note1)	16.0	20.5	+ 45.0
	Long-Term Debt Financing (Note2)	51.0	55.0	+ 40.0
	Total Debt Financing Balance	67.0	75.5	+ 85.0
	Investment Corporation Bonds	12.0	12.0	+ 0
	Total of Debt Financing and Investment Corporation Bonds	79.0	87.5	+ 85.0

Notes:

1. Short-term debt refers to debt financing with a period of less than or equal to one year from the drawdown date to the repayment date.
2. Long-term debt refers to debt financing with a period of more than one year from the drawdown date to the repayment date.

This notice is the English translation of the Japanese announcement on our Web site released on March 29, 2007. However, no assurance or warranties are given for the completeness or accuracy of this English translation.