

Translation Purpose Only

March 29, 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

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### **Notice Concerning the Acquisition of Property (KDX Ochanomizu 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 : Trust beneficiary interest in real estate
- (2) Property Name : KDX Ochanomizu Building (Note)
- (3) Acquisition Price : ¥6,400,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.)
- (4) Date of Contract : April 2, 2007
- (5) Scheduled Date of Acquisition : April 2, 2007
- (6) Seller : Yugengaisha Torino (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 : Support-line (Acquisition from Kenedix Group)

Note: The current name of the KDX Ochanomizu Building is the “Kenkyusha Building.” Plans are in place to change the name of the “Kenkyusha Building” to the “KDX Ochanomizu Building” on October 1, 2007.

The aforementioned KDX Ochanomizu 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 office building located about five minutes on foot from Ochanomizu Station on the JR Chuo Line and Soubu Lines and Tokyo Metro Marunouchi Line, and six minutes on foot from Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line. The Property is immediately off of Meidai-Dori, a flourishing commercial avenue that extends from in front of Ochanomizu Station to the Jimbocho area. The surrounding area creates a tranquil office environment with many offices flanking quiet, maple tree-lined streets.

The Ochanomizu area where the Property is located contains many universities, various professional schools, hospitals and other facilities. Long known as the Bunkyo district, the area provides excellent access to Tokyo's major business districts. Tokyo Station and Otemachi Station are only one to three stations away from Ochanomizu Station, from which it takes just two to five minutes on any train or subway line. Similarly, Shinjuku Station is only two stations away from Ochanomizu Station, and it takes about 10 minutes on the JR Chuo Line. Due to these locational advantages, demand for office space in the area is expected to remain stable.

### (2) Building

The Property is situated on a spacious corner where 8m- and 11m-wide roads intersect each other. The Property is relatively large for a medium-sized office building, having a total floor area of approximately 2,300 tsubo and a grandiose appearance. The office spaces in the Property are roughly symmetrical and astylar. The standard floor boasts a leasable floor area of approximately 250 tsubo. These features exemplify the Property's specifications, which help to accommodate tenants who wish to secure large-scale office spaces.

### (3) Tenants

Currently, all seven above-ground floors as well as the underground storage room are fully occupied with tenants including companies engaged in printing machinery, office and medical machinery, semiconductor wholesaling and pharmaceuticals. The Investment Corporation aims to maintain and improve both revenue and the occupancy ratio by fully exploiting the benefits of the Property's convenient location and size.

## 3. Property Details

Property Name		KDX Ochanomizu Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		The Chuo Mitsui Trust and Banking Co., Limited
Trust Term		March 27, 2006 to August 1, 2015 (Planned)
Current Owner / Acquisition Date		Yugengaisha Torino / March 27, 2006
Previous Owner / Acquisition Date		Kenkyusha Co. / November 21, 1958 (Note 1)
Location (Address)		2-9 Kanda Surugadai, Chiyoda-ku, Tokyo (Note 2)
Usage		Office, Storage, Retail Shops, Parking, Storage
Type of Structure		Flat-roofed steel-reinforced concrete structure; one underground and seven above-ground floors
Site Area	Land	1,515.28 m <sup>2</sup>
	Building	7,720.08 m <sup>2</sup> (Note 3)
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		August 20, 1982
Architect		Kabushikigaisha Nikken Sekkei
Construction Company		Konoike Construction Co., Ltd., others
Construction Confirmation Authority		Tokyo

Probable Maximum Loss		5.35% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Anticipated Acquisition Price		¥6,400,000,000
Appraisal	Appraisal Value	¥6,640,000,000
	Base Date for Appraisal	March 1, 2007
	Appraiser	Japan Real Estate Institute
	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		7 (As of March 29, 2007. The same applies below.) (Note 1)
Total Leasable Floor Area		5,863.96 m <sup>2</sup>
Total Leased Floor Area		5,863.96 m <sup>2</sup>
Occupancy Ratio		100.0%
Monthly Rental Income (Excluding Consumption Tax)		¥32,410,931 (Note 4)
Security and Guarantee Deposit		¥272,264,882 (Note 4)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	None	
Other	<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The oldest property land acquisition date is shown.</li> <li>2. The residential address of the Property is yet to be determined.</li> <li>3. The Property has the following attached structures. These attached structures are not included in the total floor area. (Usage: Storage; Type of Structure: Flat-roofed, reinforced concrete structure one-story building; Floor Area: 13.81 m<sup>2</sup>)</li> <li>4. Monthly rental income and guarantee deposit information is exclusive of parking facility amounts.</li> </ol>	

#### 4. Seller's Profile

Company Name	Yugengaisha Torino
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Naoto Kasuya
Capital	¥3 million
Principal Shareholder	Yugen Sekinin Chukan Hojin Torino
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and a wholly owned subsidiary of a limited intermediary for the purpose of establishing a pension fund.
Relationship with the Investment Corporation or the Asset Management Company	A related company as defined under the internal regulations of the Asset Management Company (a company that outsources its asset management activities to a related party under the Investment Trust Law).
Special Considerations	None

\*As of March 29, 2007

## 5. Acquirer's (Seller) Profile

The Investment Corporation	Current Owner• Trustee	Previous Owner• Trustee
<p>&lt;Background• Reasons for Acquisition&gt;            In accordance with its basic investment principles, the Investment Corporation shall obtain the Property following its determination as a competitive property that will contribute to the Investment Corporation's medium- to long-term profitability.            The acquisition price was determined to be appropriate, as it is below the appraisal price determined by Japan Real Estate Institute.</p>	<p>&lt;Company Name/Relationship to Specified Interested Party&gt;            Please refer to above 4. Seller's Profile.</p> <p>&lt;Background• Reasons for Acquisition&gt;            The Property was acquired for the aim of investment management.</p>	<p>Excluding the specified interested party</p>
<p>&lt;Acquisition Price&gt;            ¥6,400 millions (excluding tax)</p>	<p>&lt;Acquisition Price&gt;            Omitted owing to the fact that the current trust beneficiary has owned the Property for more than one year.</p>	-
<p>&lt;Date of Acquisition&gt;            April 2, 2007</p>	<p>&lt;Date of Acquisition&gt;            March 27, 2006</p>	-

## 6. Details of Brokerage

There are no brokerage firms nor brokerage fees for the Property.

## 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 three categories of transactions (1) through (4) below.

Kenedix REIT Management, Inc. ("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) Acquisition of Property

The seller of the Property falls under the category of an interested party according to the regulations of the Asset

Management Company concerning interested parties. The seller and the overview of the acquisition are as entered above.

(2) Appointment of a Property Management Company

The Investment Corporation plans to execute a property management agreement with Kenedix Advisors Co., Ltd. (“KDA”) on April 2, 2007. Other parties to the agreement include the property trust trustee and 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)
¥5.0 billion and more, and less than ¥10.0 billion	¥2.4 million

(3) Master Lease of the Property

The Investment Corporation plans to execute a master lease agreement with KDA on April 2, 2007. Other parties to the agreement include the property trust trustee and 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

(4) Concurrent Liability Assumption Memorandum

The Investment Corporation plans to execute a concurrent liability assumption memorandum with KDA on April 2, 2007. Under the memorandum, the Investment Corporation agrees to assume a concurrent commitment together with KDA to refund security and guarantee deposits which KDA as Master lessee had received from subtenants in connection with the master lease agreement. As compensation for this liability assumption, KDA shall provide to the Investment Corporation an amount equivalent to the total of security and guarantee deposits received.

**8. Outlook**

There are no revisions to the forecasts for the fiscal periods 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 29, 2007. 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	6,640,000,000
Base Date for Appraisal	March 1, 2007
Appraiser	Japan Real Estate Institute
Value Calculated Using the Direct Capitalization Method	6,730,000,000
Gross Operating Revenue	432,376,000
Maximum Gross Operating Revenue	455,429,000
Shortfall Attributed to Vacancies	23,053,000
Operating Expenses	85,834,000
Administrative and Maintenance Expense	53,988,000
Taxes and Dues	30,024,000
Other Expenses	1,822,000
Net Operating Income (NOI)	346,542,000
Capital Expenditure	28,950,000
Gain on Guarantee Deposit Investment (Note)	5,386,000
Net Cash Flow (NCF)	322,978,000
Overall Capitalization Rate (NCF)	4.8%
Value Calculated Using the Discounted Cash Flow Method	6,540,000,000
Discount Rate	4.6%
Terminal Capitalization Rate	5.0%
Value Calculated Using the Cost Method	6,040,000,000
Land	84.7%
Building	15.3%

Note: Gain on guarantee deposit investment is calculated, based on a property guarantee deposit operating yield of 2%

**Reference Material 2**

**Projected Cash Flow**

<b>Unit : Millions of Yen</b>	
A. Projected Operating Revenues	432
B. Projected Operating Expenses (excluding depreciation)	94
C. Projected NOI (A-B)	338

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**

<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	55,710,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	267,760,000
Unit-in-Place	1,972,000,000

\* 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 one other property other than the Property, which were disclosed in the press release "Notice Concerning the Acquisition of Property (KDX Nishi-Shinjuku Building)" disclosed on March 16, 2007.

Type of Use	Area	No.	Property Name	Acquisition Price (Millions of yen)(Note 1)	Ratio (Note1)	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	A-37	KDX Ochanomizu Building (Note 2)	6,400	3.7%	April 2, 2007
		A-32	KDX Shiba-Daimon Building (Note 3))	6,090	3.5%	March 1, 2007
		A-13	Belles Modes Building	5,950	3.4%	November 1, 2005
		A-1	Nihonbashi 313 Building	5,940	3.4%	August 1, 2005
		A-16	Toshin 24 Building	5,300	3.0%	May 1, 2006
		A-2	Sogo Hirakawacho Building	5,180	3.0%	August 1, 2005
		A-17	Ebisu East 438 Building	4,640	2.6%	May 1, 2006
		A-3	Higashi-Kayabacho Yuraku Building	4,450	2.5%	August 1, 2005
		A-30	KDX Nishi-Gotanda Building (Note4)	4,200	2.4%	December 1, 2006
		A-4	Noir Hatchobori	3,680	2.1%	August 1, 2005
		A-18	KDX Omori Building	3,500	2.0%	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	1.5%	May 1, 2006
		A-5	K&Y Building (Southern Plaza)	2,533	1.4%	August 1, 2005
		A-22	KDX Shin-Yokohama Building	2,520	1.4%	May 1, 2006
		A-6	Harajuku F.F. Building	2,450	1.4%	August 1, 2005
		A-27	KDX Kajicho Building	2,350	1.3%	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 5)	2,000	1.1%	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
		A-38	KDX Nishi-Shinjuku Building (Note 6)	1,500	0.8%	April 2, 2007
		A-31	KDX Monzen-Nakacho Building (Note 7)	1,400	0.8%	January 19, 2007
		A-34	KDX Hon-Atsugi Building (Note 8)	1,305	0.7%	March 1, 2007
		A-35	KDX Hachioji Building (Note9)	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
A-12	Portus Center Building	5,570	3.2%	September 21, 2005		

	Areas	A-24	KDX Minami Semba Dai-1 Building	1,610	0.9%	May 1, 2006
		A-25	KDX Minami Semba Dai-2 Building	1,560	0.9%	May 1, 2006
		A-11	Hakata Ekimae-Dai2 Building	1,430	0.8%	August 1, 2005
		A-36	KDX Niigata Building (Note 10)	1,305	0.7%	March 1, 2007
Total of 38 Office Buildings				111,579	64.8%	-
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	5,353	3.1%	May 1, 2006
		B-20	Regalo Ochanomizu I&II	3,600	2.0%	May 1, 2006
		B-1	Storia Sirokane	3,150	1.8%	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	0.6%	August 1, 2005
		B-22	Chigasaki Socie Ni-bankan	1,160	0.6%	May 1, 2006
		B-6	Court Nihonbashi Hakozaiki	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	0.4%	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	1.3%	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	25.8%	-
Central Urban-Type Retail Properties	Tokyo Metropolitan Area	C-1	Jinnan-zaka Frame	9,900	5.7%	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	2.1%	May 1, 2006
Total of 3 Central Urban-Type Retail Properties				16,059	9.3%	-
Total of 73 Properties				172,097	100.0%	Portfolio PML 7.16%

Notes:

- 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 “Kenkyusha Building.” Plans are in place to change the name of the property to the “KDX Ochanomizu Building” on October 1, 2007.
3. 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.
4. 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.
5. 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.
6. 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.
7. The current name of the “KDX Monzen-Nakacho Building” is the “Tokyu Monzen-Nakacho Building.” Plans are in place to change the name of the Tokyu Monzen-Nakacho Building to the “KDX Monzen-Nakacho Building” on April 1, 2007.
8. 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.
9. 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.
10. 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.