

Translation Purpose Only

April 9, 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 Revisions to the Memorandum of Understanding
with Kenedix, Inc. and Kenedix Advisors Co., Ltd.**

Kenedix Realty Investment Corporation (“the Investment Corporation”) and Kenedix REIT Management, Inc. (“the Asset Management Company”) have revised the Memorandum of Understanding with Kenedix, Inc. and Kenedix Advisors Co., Ltd. Details are as follows.

1. Overview of Revisions

The Memorandum of Understanding was first concluded on May 31, 2005 (hereafter “the Previous Memorandum of Understanding”), between the Investment Corporation, the Asset Management Company, Kenedix, Inc. and Kenedix Advisors Co., Ltd. (hereafter “the contracting parties”). The Memorandum of Understanding was revised (hereafter “the Revised Memorandum of Understanding”) by the contracting parties on April 9, 2007.

The Revised Memorandum of Understanding is in effect as of today, and accordingly, the Previous Memorandum of Understanding will become invalid.

2. Reasons for Revision

As the sponsor company, Kenedix, Inc. has provided property information and support staff to the Investment Corporation and the Asset Management Company. With this support as well as the independent activities of its Asset Management Company, the Investment Corporation was publicly listed in July 2005 and has grown steadily since then, raising its standing within the Kenedix Group.

As a result of negotiations with Kenedix, Inc. and Kenedix Advisors Co., Ltd., the Investment Corporation received increased preferential rights to property information, giving it strengthened asset acquisition capability and restructuring the Group’s flow of real estate information. The parties agreed to revise the Previous Memorandum of Understanding in order to reflect these changes.

3. Details of the Changes

- (1) When Kenedix, Inc. receives information regarding any available property that in its reasonable opinion meets our investment criteria, including properties under development, from parties other than the contracting parties, the Asset Management Company has first preferential rights to such information.

(Details of the Previous Memorandum of Understanding: The Investment Corporation had second preferential rights after certain pension funds to such property information acquired by Kenedix, Inc.)

- (2) In the event that Kenedix, Inc. disposes of a property that in its reasonable opinion meets our investment criteria, including properties under development or properties that it owns, the Asset Management Company has first preferential negotiating rights with respect to such properties. (Details of the Previous Memorandum of Understanding: The Investment Corporation had second preferential negotiating rights with respect to such properties after certain pension funds)
- (3) As long as the Investment Corporation and the Asset Management Company continue to not invest in new residential properties, the Revised Memorandum of Understanding will not apply with respect to residential properties.

The Revised Memorandum of Understanding reflects the strengthening relationship between the Investment Corporation and the Kenedix Group.

Please refer to the attachment for further details of the Revised Memorandum of Understanding (excerpted).

<p>This notice is the English translation of the Japanese announcement on our Web site released on April 9, 2007. However, no assurance or warranties are given for the completeness or accuracy of this English translation.</p>

Attachment

Revised Memorandum of Understanding (excerpted)

1. First Preference to Property Information Acquired by Kenedix, Inc.

When Kenedix, Inc. receives information regarding any available property, including properties under development (hereafter “property information”) from parties other than the contracting parties, Kenedix, Inc. will undergo the following unless otherwise prohibited by law or regulations or contracts to which it is a party.

(a) In the event the property information meets the Investment Corporation’s investment criteria, Kenedix, Inc. has agreed to preferentially provide information on such property to the Asset Management Company.

(b) When providing property information pursuant to the previous paragraph, until Kenedix, Inc. becomes capable of reasonably determining that it is difficult to sell such property to the Investment Corporation, Kenedix, Inc. has agreed not to provide such information to parties other than the Asset Management Company or to acquire the property for itself, excluding the circumstances of utilizing the acquisition of property through the pre-acquisition services described in 5., below.

2. First Preference Negotiating Rights for Properties Owned by Kenedix, Inc.

In the event that Kenedix, Inc. disposes of a property that is owned by (a) Kenedix, Inc., (b) its wholly owned entity, (c) a fund fully financed by Kenedix, Inc., or (d) a fund fully financed by a wholly owned entity such as a *tokumei-kumiai* fund, or of a property that is planned for acquisition (excluding properties held by Kenedix, Inc. in response to pre-acquisition holding requests made by the Asset Management Company, as defined in 5. Property Pre-Acquisition Support below, hereafter collectively a “Kenedix Property”), Kenedix, Inc. shall observe the following procedures, provided that the resale of a Kenedix Property to the Investment Corporation is not prohibited by agreements, pacts, laws and regulations with which Kenedix, Inc. must comply.

(a) When such Kenedix Property information meets the Investment Corporation’s investment criteria, Kenedix, Inc. has agreed to grant the Asset Management Company preferential negotiating rights for such property.

(b) Kenedix, Inc. has agreed not to offer to sell such property to parties other than the Asset Management Company during the negotiation period.

(c) In the event that Kenedix, Inc. and the Asset Management Company do not reach an agreement for the sale and purchase of such property during the negotiation period, Kenedix, Inc. may offer such property to a party other than the Asset Management Company after giving it notice.

3. Information regarding Properties Owned by Kenedix Private Placement Funds

In the event that Kenedix, Inc. disposes of a property that is owned by a real estate investment fund for which it serves as the asset management company (excluding any funds referred to in 2. First Preference Negotiating Rights for Properties Owned by Kenedix, Inc.) and, in its reasonable opinion, meets the Investment Corporation’s investment criteria, Kenedix, Inc. has agreed to provide information regarding such property to the Asset Management Company no later than the time it provides such information to parties other than the Asset Management Company, unless otherwise prohibited by law or regulations or contracts to which it is a party.

4. First Preference to Properties Owned by Kenedix Advisors’ Pension Funds

In the event that Kenedix Advisors Co., Ltd. disposes of a property that is owned by a pension fund (hereafter “real estate pension funds”), Kenedix Advisors Co., Ltd. will undergo the following unless otherwise prohibited by law or regulations or contracts to which it is a party.

(a) In the event that Kenedix Advisors Co., Ltd. reasonably determines that such property meets the Investment Corporation's investment criteria, Kenedix Advisors Co., Ltd. has agreed to preferentially offer to sell such property to the Asset Management Company.

(b) Kenedix Advisors Co., Ltd. has agreed not to offer to sell such property to parties other than the Asset Management Company during the negotiation period. In negotiations during such period, the Asset Management Company may make proposals to Kenedix, Inc., with regard to investment planning and asset management.

(c) In the event that Kenedix Advisors Co., Ltd. and the Asset Management Company do not reach an agreement for the sale and purchase of the property during the negotiation period, Kenedix Advisors Co., Ltd. may offer such property to a third party after giving notice to the Asset Management Company.

5. Property Pre-Acquisition Support

The Asset Management Company may request Kenedix, Inc. to purchase and hold a property owned or managed by a third party with a view to reselling it to the Investment Corporation. In the event that Kenedix, Inc. accepts such a request and purchases the property directly or indirectly through a wholly owned entity, the Investment Corporation is granted the first option to purchase such property for one year following the acquisition, and Kenedix, Inc. may not offer such property to any party other than the Asset Management Company during such period.