

Translation Purpose Only

February 27, 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 Shiba-Daimon Building)

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

1. Outline of the Acquisition

- (1) Type of Acquisition : Trust beneficiary interest in real estate
- (2) Property Name : KDX Shiba-Daimon Building (Note)
- (3) Acquisition Price : ¥6,090,000,000 (excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.)
- (4) Date of Contract : March 1, 2007
- (5) Scheduled Date of Acquisition : March 1, 2007
- (6) Seller : Y.K. HKDX (Refer to Item 4. Seller’s Profile for details)
- (7) Acquisition Funds : Debt financing and cash on hand
- (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 Shiba-Daimon Building is the “Shuwa Dai-san Shiba Park Building.” Plans are in place to change the name of the “Shuwa Dai-san Shiba Park Building” to the “KDX Shiba-Daimon Building” on September 1, 2007.

The aforementioned KDX Shiba-Daimon 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 a business district extending across Hamamatsu-cho, Shiba and Mita, an area that offers a mix of medium- and large-scale office buildings, retail stores and condominiums. Situated approximately five minutes on foot either from Hamamatsucho Station on JR and Tokyo Monorail or from Daimon Station on Toei Asakusa and Toei Oedo Lines, and approximately four minutes on foot from Shiba-koen Station on Toei Mita Line, the Property is serviced by several railways with excellent traffic convenience. It is also in close proximity to Dai-ichi Keihin highway. Though situated in an area accessible to railways, main roads and airports, the area boasts relatively reasonable leasing rates among the districts of central Tokyo. Accordingly, the Investment Corporation expects the Property to continue to attract demand for tenants from various areas.

(2) Building

The Property's total floor area is approximately 2,300 tsubo comprising some 130-250 tsubo of leasable space, and is designed to meet needs of relatively large tenants among medium-size office buildings. The building offers 2.6m-high ceilings partly with office-automation floors, and easy-to-use rectangular office spaces, providing an excellent atmosphere for office use. Despite its advantages, some equipment including air conditioning systems are aging and show obsolescence, and the Investment Corporation plans to enhance the property value through the upgrading of equipment and other renovations.

(3) Tenants

Currently, eight of the nine floors are occupied with tenants including companies involved with the IT business, telecommunications and real estate businesses. Focusing on the potential of the building in terms of equipment renovation, the Investment Corporation will implement these refurbishments to improve tenant satisfaction while ensuring its internal growth both for new and ongoing leasing activities.

3. Property Details

Property Name		KDX Shiba-Daimon Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Resona Bank, Ltd.
Trust Term		September 29, 2003 to August 1, 2015 (Planned)
Current Owner / Acquisition Date		Y.K. HKDX / October 20, 2005
Previous Owner / Acquisition Date		Kagurazaka Holdings SPC / March 16, 2004
Location (Address)		2-10-8 Shiba-Daimon, Minato-ku, Tokyo
Usage		Offices
Type of Structure		Flat-roofed steel-reinforced concrete structure; one underground and nine above-ground floors
Site Area	Land	1,182.40 m ²
	Building	7,824.03 m ²
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		July 31, 1986
Architect		Shuwa Kabushikigaisha
Construction Company		Fujita Kougyo Kabushikigaisha (current Fujita Corporation)
Construction Confirmation Authority		Tokyo
Probable Maximum Loss		13.72%(SOMPO JAPAN RISK MANAGEMENT, INC.)

Anticipated Acquisition Price		¥6,090,000,000
Appraisal	Appraisal Value	¥6,270,000,000
	Base Date for Appraisal	February 1, 2007
	Appraiser	Nippon Tochi-Tatemono Co., Ltd.
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		None
Master Lease Company and Property Management Company after Acquisition		Kenedix Advisors Co., Ltd.
Number of End Tenants		8 (As of February 27, 2007. The same applies below.) (Note 1)
Total Leasable Floor Space		6,030.01 m ²
Total Leased Floor Space		5,319.70 m ² (Note 1)
Occupancy Ratio		88.2% (Note 1)
Monthly Rental Income (Excluding Consumption Tax)		¥26,071,595 (Note 2)
Security and Guarantee Deposit		¥192,271,870 (Note 2)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	A portion (an area of approximately 5 m) of the Property's boundaries with adjacent land has not been determined through joint surveys or on paper. However, there is currently no dispute with the owner of the aforementioned adjacent land.	
Other	<p>Notes:</p> <p>1. On February 28, 2007, the Investment Corporation intends to dissolve the leasing agreement with the tenant that occupies the ninth floor (an area of approximately 425 m², 128 tsubo) as of the date of this press release. The Investment Corporation has already reached a leasing agreement with a new tenant for the aforementioned area, which is scheduled to go into effect as of May 1, 2007.</p> <p>2. Monthly rental income and guarantee deposit information is exclusive of parking facility and advertising amounts.</p>	

4. Seller's Profile

Company Name	Y.K. HKDX
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Naoto Kasuya
Capital	¥3 million
Principal Shareholder	Yugen Sekinin Chukan Hojin HKDX
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 February 27, 2007

5. Acquirer's (Seller) Profile

The Investment Corporation	Current Owner• Trustee	Previous Owner• Trustee
<p><Background• Reasons for Acquisition> 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 Nippon Tochi-Tatemono Limited.</p>	<p><Company Name/Relationship to Specified Interested Party> Please refer to above 4. Seller's Profile.</p> <p><Background• Reasons for Acquisition> The Property was acquired for the aim of investment management.</p>	<p>Excluding the specified interested party</p>
<p><Acquisition Price> ¥6,090 millions (excluding tax)</p>	<p><Acquisition Price> Omitted owing to the fact that the current trust beneficiary has owned the Property for more than one year.</p>	-
<p><Date of Acquisition> March 1, 2007</p>	<p><Date of Acquisition> October 20, 2005</p>	-

6. Details of Brokerage

There are no brokerage firms nor brokerage fee 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 March 1, 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 March 1, 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 March 1, 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 February 27, 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	6,270,000,000
Base Date for Appraisal	February 1, 2007
Appraiser	Nippon Tochi-Tatemono Co., Ltd.
Value Calculated Using the Direct Capitalization Method	6,560,000,000
Gross Operating Revenue	445,051,000
Maximum Gross Operating Revenue	462,076,000
Shortfall Attributed to Vacancies	17,025,000
Operating Expenses	89,342,000
Administrative and Maintenance Expense	66,242,000
Taxes and Dues	22,476,000
Other Expenses	624,000
Net Operating Income (NOI)	355,709,000
Capital Expenditure	22,216,000
Gain on Guarantee Deposit Investment (Note)	7,687,000
Net Cash Flow (NCF)	341,180,000
Overall Capitalization Rate (NCF)	5.2%
Value Calculated Using the Discounted Cash Flow Method	6,140,000,000
Discount Rate	4.9%
Terminal Capitalization Rate	5.3%
Value Calculated Using the Cost Method	3,420,000,000
Land	77.46%
Building	22.54%

Note: Gain on guarantee deposit investment is calculated, based on a property guarantee deposit operating yield of 3%

Reference Material 2

Projected Cash Flow

Unit : Millions of Yen	
A. Projected Operating Revenues	418
B. Projected Operating Expenses (excluding depreciation)	101
C. Projected NOI (A-B)	317

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	January 2007
Repairs, maintenance and renovation expenses required over the next year	16,910,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	225,680,000
Unit-in-Place	1,770,100,000

- * 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 4 other properties other than the Property, which were disclosed in the press releases "Notice Concerning the Acquisition of Property (KDX Hon-Atsugi Building · KDX Hachioji Building · KDX Niigata Building)" disclosed today and "Notice Concerning Acquisition of Property (KDX Okachimachi Building)" disclosed on January 31, 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-32	KDX Shiba-Daimon Building (Note2)	6,090	3.7%	March 1, 2007	
		A-13	Belles Modes Building	5,950	3.6%	November 1, 2005	
		A-1	Nihonbashi 313 Building	5,940	3.6%	August 1, 2005	
		A-16	Toshin 24 Building	5,300	3.2%	May 1, 2006	
		A-2	Sogo Hirakawacho Building	5,180	3.1%	August 1, 2005	
		A-17	Ebisu East 438 Building	4,640	2.8%	May 1, 2006	
		A-3	Higashi-Kayabacho Yuraku Building	4,450	2.7%	August 1, 2005	
		A-30	KDX Nishi-Gotanda Building (Note3)	4,200	2.5%	December 1, 2006	
		A-4	Noir Hatchobori	3,680	2.2%	August 1, 2005	
		A-18	KDX Omori Building	3,500	2.1%	May 1, 2006	
		A-19	KDX Hamamatsucho Building	3,460	2.1%	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	1.6%	May 1, 2006	
		A-5	K&Y Building (Southern Plaza)	2,533	1.5%	August 1, 2005	
		A-22	KDX Shin-Yokohama Building	2,520	1.5%	May 1, 2006	
		A-6	Harajuku F.F. Building	2,450	1.4%	August 1, 2005	
		A-27	KDX Kajicho Building	2,350	1.4%	June 3, 2006	
		A-15	KDX Hamacho Building	2,300	1.4%	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 4)	2,000	1.2%	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-31	KDX Monzen-Nakacho Building (Note 5)	1,400	0.8%	January 19, 2007	
		A-34	KDX Hon-Atsugi Building (Note 6)	1,305	0.7%	March 1, 2007	
		A-35	KDX Hachioji Building (Note 7)	1,155	0.7%	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		
	Other Regional Areas		A-12	Portus Center Building	5,570	3.3%	September 21, 2005
			A-24	KDX Minami Semba Dai-1 Building	1,610	0.9%	May 1, 2006
A-25			KDX Minami Semba Dai-2	1,560	0.9%	May 1, 2006	

		Building				
		A-11	Hakata Ekimae-Dai2 Building	1,430	0.8%	August 1, 2005
		A-36	KDX Niigata Building (Note8)	1,305	0.7%	March 1, 2007
Total of 36 Office Buildings			103,679	63.1%	-	
Residential Properties	Tokyo Metropolitan Area	B-19	Residence Charmante Tsukishima	5,353	3.2%	May 1, 2006
		B-20	Regalo Ochanomizu I&II	3,600	2.1%	May 1, 2006
		B-1	Storia Sirokane	3,150	1.9%	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	0.7%	August 1, 2005
		B-22	Chigasaki Socie Ni-bankan	1,160	0.7%	May 1, 2006
		B-6	Court Nihonbashi Hakozaki	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	0.5%	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	0.4%	August 1, 2005	
	B-28	Court Shimouma	638	0.3%	May 1, 2006	
	Other Regional Areas	B-29	Ashiya Royal Homes	2,330	1.4%	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	0.5%	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	27.0%	-	
Central Urban-Type Retail Properties	Tokyo Metropolitan Area	C-1	Jinnan-zaka Frame	9,900	6.0%	August 1, 2005
		C-2	Yoyogi M Building	2,479	1.5%	September 30, 2005
	Other Regional Areas	C-3	ZARA Tenjin Nishi-dori	3,680	2.2%	May 1, 2006
	Total of 3 Central Urban-Type Retail Properties			16,059	9.7%	-
Total of 71 Properties			164,197	100.0%	Portfolio PML 7.21%	

Notes:

1. 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 "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.

3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.