

Translation Purpose Only

May 15, 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

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**Notice Concerning Acquisition of Property (Conclusion of Agreement)**  
**(KDX Harumi Building)**

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision on May 15, 2008 to conclude an agreement to acquire the KDX Harumi Building. Details are provided as follows.

**1. Outline of the Acquisition**

- |                                   |   |  |
|-----------------------------------|---|--|
| (1) Type of Acquisition           | : | Trust beneficiary interest in real estate  |
| (2) Property Name                 | : | KDX Harumi Building  |
| (3) Acquisition Price             | : | ¥10,250,000,000<br>(excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Date of Contract              | : | May 15, 2008   |
| (5) Scheduled Date of Acquisition | : | June 30, 2008  |
| (6) Seller                        | : | Y.K. KW Property 11<br>(Refer to Item 4. Seller’s Profile for details)                                       |
| (7) Acquisition Funds             | : | Debt financing and cash on hand (planned)  |
| (8) Settlement Method             | : | Payment in full on settlement  |
| (9) Source of Acquisition         | : | Support-line (Acquisition from Kenedix Group)  |

The aforementioned KDX Harumi 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.

The property is a newly-built office building developed by Kenedix, Inc. In April 2007, the Investment Corporation

and Kenedix REIT Management, Inc. (“the Asset Management Company”) revised the support line memorandum of understanding entered into with Kenedix, Inc. and other companies. This revision strengthened the property pipeline from the Kenedix Group to the Investment Corporation and also gave the Investment Corporation priority consideration for acquiring properties of which the Kenedix Group was involved in the development.

The Investment Corporation will continue to maintain its investment policy of mainly investing in mid-sized office buildings in the Tokyo Metropolitan Area and will aim to construct a stronger portfolio.

Prior to its decision, the Asset Management Company undertook due diligence, considering a number of factors including the following.

(1) Area

The Property is an office building with high visibility that is located approximately nine minutes on foot from Kachidoki Station on the Toei Oedo Subway Line. The Harumi area where the Property is situated is an area that is increasingly being recognized as a new office zone in the Tokyo Bay area in recent years and promising development area along with Toyosu and Tokyo Waterfront areas.

The area is under the Harumi Area District Plan, according to which it adopts the policy of utilizing the land mainly for the appropriate allocation of all sorts of business, commercial and residential functions, and complex urban area formation is underway.

In addition, the opening of Harumi Ohashi in March 2006 as a new arterial road connecting downtown Tokyo and the Odaiba and Ariake area is expected to contribute to the development of the concerned area in the future.

(2) Building

The Property is a newly-built office building, which the construction was completed in February 2008 under the design and supervision of Shimizu Corporation. The office portion has approximately 261 tsubo as the lease floor area of a standard floor, a ceiling height of approximately 2.8m, each floor equipped with OA floors (100mm), 600mm square grid system ceiling and individual air-conditioning systems (free of cooling and heating) on each floor and electric blinds, adopts an IC-card-type security system, and features other latest high-grade facilities and specifications.

Moreover, in the structural aspect, the Property has been designed with seismic hazards in mind by employing a damping structure whereby dampers are placed between the columns and beams on the second through ninth floors.

(3) Tenants

Currently, the Property is occupied by a financial company and western paper wholesaler for four floors of the total of eleven floors. The Investment Corporation is in agreement with Kenedix, Inc. to enter into a master lease agreement based on partially fixed rent for the one-year period starting from acquisition of the Property. During the agreement term, Kenedix, Inc. is to pay the pre-determined fixed rent for the portion that is unoccupied by end tenants.

While receiving stable rent for one year after acquisition, the Investment Corporation will conduct tenant solicitation activities led by the Asset Management Company and aim to secure excellent end tenants.

### 3. Property Details

Property Name	KDX Harumi Building
Type of Specified Asset	Trust beneficiary interest in real estate
Trustee	Mizuho Trust & Banking Co., Ltd.
Trust Term	September 26, 2005 to March 31, 2018

Current Owner / Acquisition Date		Y.K. KW Property 11 / February 29, 2008 (Land), April 16, 2008 (Building)
Previous Owner / Acquisition Date		Shimizu Corporation / September 26, 2005 (Land)
Location (Address)		3-12-1 Harumi, Chuo-ku, Tokyo
Usage		Offices, Retail Shops
Type of Structure		Flat-roofed, steel reinforced • steel-frame reinforced concrete structure; one underground and eleven above-ground floors
Site Area	Land	2,230.69 m <sup>2</sup>
	Building	12,694.32 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		February 22, 2008
Architect		Shimizu Corporation
Construction Company		Shimizu Corporation
Construction Confirmation Authority		Tokyo Bldg Tech Center Co., Ltd.
Probable Maximum Loss		5.60% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥10,250,000,000
Appraisal	Appraisal Value	¥10,500,000,000
	Base Date for Appraisal	April 30, 2008
	Appraiser	Japan Real Estate Institute
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		None
Masterlease Company after Acquisition		Until June 30, 2009: Kenedix, Inc. (Note 1) From July 1, 2009: Kenedix Realty Investment Corporation (Note 1)
Property Management Company after Acquisition		Kenedix REIT Management, Inc.
Number of End Tenants		2 (As of May 1, 2008. The same applies below.)
Total Leasable Floor Area		9,294.00 m <sup>2</sup>
Total Leased Floor Area		3,446.08 m <sup>2</sup> (Note 2)
Occupancy Ratio		37.1% (Note 2)
Monthly Rental Income (Excluding Consumption Tax)		(Note 3) (Note 4)
Security and Guarantee Deposit		¥237,155,100 (Note 4)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	None	
Other	Notes: 1. During the period from June 30, 2008 to June 30, 2009, a master lease agreement will be signed between the trustee of the Property and Kenedix, Inc. After the concerned agreement term expires, a master lease agreement will be signed between the trustee and the Investment Corporation. An overview of each of the master lease agreements is provided in 7. (2) below. 2. The leasable floor area and occupancy ratio according to the agreement with end tenants are provided. It does not take into account the master lease agreement with Kenedix, Inc. mentioned in Note 1. 3. The total of the current rent according to lease agreements with end tenants and the fixed	

	<p>rent according to the master lease agreement with Kenedix, Inc. mentioned in Note 1 is as follows:</p> <p>July 1, 2008 ~ Monthly ¥32,055,030  September 1, 2008 ~ Monthly ¥42,479,430  January 1, 2009 ~ Monthly ¥51,861,390  February 1, 2009 ~ Monthly ¥54,941,190</p> <p>The rent according to the master lease agreement will generate in stages from July 1, 2008. In addition, the current total monthly rent according to the lease agreement with end tenants is ¥23,715,510.</p> <p>4. Monthly rental income and guarantee deposit information is exclusive of parking facility amounts.</p>
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#### 4. Seller's Profile

Company Name	Y.K. KW Property 11
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	Mitsutaka Nakamura, Executive Director
Capital	¥3 million
Principal Shareholder	Kenedix, Inc.
Business Activities	A special purpose company established to acquire, manage and dispose of trust beneficiary interests in real estate and real estate and a wholly owned subsidiary of Kenedix, Inc.
Relationship with the Investment Corporation or the Asset Management Company	A related company as defined under the Investment Trust Law and the internal regulations of the Asset Management Company.
Special Considerations	None

\*As of May 13, 2008

#### 5. Acquirer's (Seller) Profile

The Investment Corporation	Current Owner·Trust beneficiary	Previous Owner·Trust beneficiary
<p>&lt;Background·Reasons for Acquisition&gt;</p> <p>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.</p> <p>The acquisition price was determined to be appropriate, as it is below the appraisal price (¥10,500millions) determined by Japan Real Estate Institute.</p>	<p>&lt;Company Name/ Relationship to Specified Interested Party&gt;</p> <p>Y.K. KW Property 11 Please refer to above 4. Seller's Profile.</p> <p>&lt;Background·Reasons for Acquisition&gt;</p> <p>Acquired for the purpose of developing an office building. The company signed a contractor agreement with the previous owner in 2007, under which it is the party ordering the Property's building.</p>	<p>&lt;Company Name/ Relationship to Specified Interested Party&gt;</p> <p>Shimizu Corporation</p> <p>Party outside the specified interested party</p>

<Planned Acquisition Price> ¥10,250 millions (excluding tax)	<Acquisition Price> — (Development property by said company)	—
<Planned Date of Acquisition> June 30, 2008	<Date of Acquisition> Land: February 29, 2008 Building: April 16, 2008	—

## 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, the Asset Management Company and interested parties shall fall under the three categories of transactions (1) through (3) below.

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 between the Investment Corporation, the Asset Management Company and interested parties.

### (1) Acquisition of Property

The seller of the Property falls under the category of an interested party defined under the Investment Trust Law and the internal regulations of the Asset Management Company.

Detail of the seller and the acquisition of Property are provided in 4. and 5. above.

### (2) Master Lease of the Property

The Investment Corporation plans to execute a master lease agreement with Kenedix, Inc. on June 30, 2008. Other parties to the agreement include the Asset Management Company and the trustee.

Kenedix, Inc. is a parent company of the Asset Management Company and qualifies as an interested-party as defined under the Investment Trust Law and the internal rules and regulations of the Asset Management Company.

#### 【Principal agreement terms and conditions】

- Agreement term: From June 30, 2008 through June 30, 2009 (Term lease agreement)

- Type of master lease: ①End tenants occupied portion      Pass-through

②End tenants vacant portion      Fixed rent (\*)

\*Currently, the vacant portion unoccupied by end tenants is the office portion on the sixth through eleventh floors and the retail shop portion on the first floor, sum of seven floors of the total eleven floors of leasable area for the Property.

\*In the event that an end tenant occupies a vacant portion during the term of the concerned

master lease agreement, the type of master lease for the concerned portion shall change to pass-through.

- Fix rent mentioned in ② above: Office portion Monthly ¥18,000 per tsubo (6F-11F)
- Retail shop portion Monthly ¥15,000 per tsubo (1F)
- Start of payment July 1, 2008~ 2 floors of office portion
- September 1, 2008~ 4 floors of office portion
- January 1, 2009~ 6 floors of office portion
- February 1, 2009~ 6 floors of office portion / retail shop portion

After the term of the abovementioned master lease agreement expires, the trustee and the Investment Corporation shall enter into a master lease agreement (all pass-through type) and the Investment Corporation shall sublease to end tenants.

**(3) Appointment of a Property Management Company**

The Investment Corporation plans to execute a property management agreement with Kenedix REIT Management, Inc. on June 30, 2008. Other parties to the agreement include the trustee.

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**

Management transfer fee is set based on the property sale price, as shown in the table below.

Property (Trust Beneficiary Interest) Price	Management Transfer Fee (At the Time of Purchase and Sale)
¥10.0 billion or more	¥2.5 million

**8. Outlook**

There are no revisions to the forecast for the fiscal period ending October 31, 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 May 15, 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	10,500,000,000
Base Date for Appraisal	April 30, 2008
Appraiser	Japan Real Estate Institute
Value Calculated Using the Direct Capitalization Method (Note 1)	10,700,000,000
Gross Operating Revenue	658,800,000
Maximum Gross Operating Revenue	719,186,000
Shortfall Attributed to Vacancies	60,386,000
Operating Expenses	178,186,000
Administrative and Maintenance Expense	134,177,000
Taxes and Dues	42,234,000
Other Expenses	1,775,000
Net Operating Income (NOI)	480,614,000
Capital Expenditure	9,940,000
Gain on Guarantee Deposit Investment (Note 2)	9,851,000
Net Cash Flow (NCF)	480,525,000
Overall Capitalization Rate (NCF)	4.5%
Value Calculated Using the Discounted Cash Flow Method (Note 1)	10,200,000,000
Discount Rate	4.3%
Terminal Capitalization Rate	4.7%
Value Calculated Using the Cost Method	10,300,000,000
Land	58.8%
Building	41.2%

Notes:

1. The value on the premise that there is no Kenedix, Inc.'s master lease based on partially fixed rent.
2. Gain on guarantee deposit investment is calculated, based on a property guarantee deposit operating yield of 2.0%.

**Reference Material 2**

**Projected Cash Flow**

<b>Unit : Millions of Yen</b>	
A. Projected Operating Revenues	720
B. Projected Operating Expenses (excluding depreciation)	191
C. Projected NOI (A-B)	528

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%. In addition, the revenues for the 4 floors out of 11 floors, which are currently occupied by end tenants, are based on the current rent level.
3. Expenses include property management fees, taxes and dues, repairs and maintenance expenses, and insurance.
4. The above projected cash flow is an estimate after the term of the master lease agreement mentioned in 7. (2) expired.

**Reference Material 3**

**Building Condition Investigation Report**

<b>Unit: Yen</b>	
Investigation Company	HI International Consultant Co., LTD.
Date of Investigation	April 2008
Repairs, maintenance and renovation expenses required over the next year (Note 1)	0
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	110,320,000
Unit-in-Place	3,374,600,000

\* 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 and submits a building assessment report to the Investment Corporation.

\* The analyses of the existence of hazardous substances and the soil environment is investigated by Land Solution 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	KDX Harumi Building	10,250	4.4%	June 30, 2008
		Toranomon Toyo Building	9,850	4.2%	June 1, 2007
		Hiei Kudan-Kita Building	7,600	3.3%	February 1, 2008
		KDX Ochanomizu Building	6,400	2.7%	April 2, 2007
		KDX Shiba-Daimon Building	6,090	2.6%	March 1, 2007
		KDX Kojimachi Building	5,950	2.5%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	2.5%	August 1, 2005
		Toshin 24 Building	5,300	2.3%	May 1, 2006
		KDX Hirakawacho Building	5,180	2.2%	August 1, 2005
		KDX Shin-Yokohama 381 Building	4,700	2.0%	February 1, 2008
		Ebisu East 438 Building	4,640	2.0%	May 1, 2006
		Higashi-Kayabacho Yuraku Building	4,450	1.9%	August 1, 2005
		KDX Toranomon Building	4,400	1.9%	April 17, 2007
		KDX Nishi-Gotanda Building	4,200	1.8%	December 1, 2006
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	1.6%	February 1, 2008
		KDX Hatchobori Building	3,680	1.6%	August 1, 2005
		KDX Omori Building	3,500	1.5%	May 1, 2006
		KDX Hamamatsucho Building	3,460	1.5%	May 1, 2006
		KDX Roppongi 228 Building	3,300	1.4%	January 10, 2008
		KDX Higashi-Shinjuku Building	2,950	1.2%	September 1, 2006
		KDX Kayabacho Building	2,780	1.2%	May 1, 2006
		KDX Jimbocho Building	2,760	1.2%	March 31, 2008
		Nissou Dai-17 Building	2,710	1.1%	February 1, 2008
		KDX Shinbashi Building	2,690	1.1%	May 1, 2006
		KDX Nakano-Sakaue Building	2,533	1.1%	August 1, 2005
		KDX Shin-Yokohama Building	2,520	1.0%	May 1, 2006
		Harajuku F.F. Building	2,450	1.0%	August 1, 2005
		Ikejiri-Oohashi Building	2,400	1.0%	February 1, 2008
		KDX Kajicho Building	2,350	1.0%	July 3, 2006
		KDX Hamacho Nakanohashi Building (Note 2)	2,310	1.0%	February 1, 2008
		KDX Hamacho Building	2,300	1.0%	March 16, 2006
		KDX Shinjuku 286 Building	2,300	1.0%	June 1, 2007
		FIK Minami Aoyama	2,270	0.9%	August 1, 2005
KDX Funabashi Building	2,252	0.9%	March 1, 2006		
Shin-toshin Maruzen Building	2,110	0.9%	February 29, 2008		
KDX Okachimachi Building	2,000	0.8%	March 1, 2007		
KDX Gobancho Building (Note 2)	1,951	0.8%	March 31, 2008		
Kanda Kihara Building	1,950	0.8%	August 1, 2005		
KDX Yotsuya Building	1,950	0.8%	May 1, 2006		

		KDX Iwamoto-cho Building	1,864	0.8%	May 1, 2008	
		KDX Shinjuku-Gyoen Building	1,610	0.7%	August 1, 2005	
		KDX Kiba Building	1,580	0.6%	June 20, 2006	
		KDX Nishi-Shinjuku Building	1,500	0.6%	April 2, 2007	
		KDX Monzen-Nakacho Building	1,400	0.6%	January 19, 2007	
		KDX Kanda Misaki-cho Building	1,380	0.6%	February 1, 2008	
		KDX Hon-Atsugi Building	1,305	0.5%	March 1, 2007	
		KDX Hachioji Building	1,155	0.5%	March 1, 2007	
		KDX Nogizaka Building	1,065	0.4%	July 14, 2006	
		KDX Koishikawa Building	704	0.3%	August 1, 2005	
	Other Regional Areas		Sakae 4-chome Office Building (Tentative Name)(Note 3)	8,325 (Note 4)	3.6%	Land: April 25, 2008 Building: July 1, 2009 (planned)
			Portus Center Building	5,570	2.4%	September 21, 2005
			Karasuma Building	5,400	2.3%	June 1, 2007
			KDX Hakata-Minami Building	4,900	2.1%	February 1, 2008
			KDX Hakata Building	2,350	1.0%	June 1, 2007
			KDX Kitahama Building	2,220	0.9%	February 1, 2008
			KDX Sendai Building	2,100	0.9%	June 1, 2007
			KDX Minami Semba Dai-1 Building	1,610	0.7%	May 1, 2006
			KDX Minami Semba Dai-2 Building	1,560	0.6%	May 1, 2006
	Hakata Ekimae-Dai2 Building	1,430	0.6%	August 1, 2005		
	KDX Niigata Building	1,305	0.5%	March 1, 2007		
Total of 60 Office Buildings			200,520	87.4%	—	
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	4.3%	August 1, 2005	
		KDX Yoyogi Building	2,479	1.0%	September 30, 2005	
	Other Regional Areas	ZARA Tenjin Nishi-dori	3,680	1.6%	May 1, 2006	
Total of 3 Central Urban Retail Properties			16,059	7.0%	-	
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	2.3%	May 1, 2006	
		Court Mejiro	1,250	0.5%	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	0.4%	June 30, 2006	
		Court Shin-Okachimachi	878	0.3%	May 1, 2006	
	Other Regional Areas	Venus Hibarigaoka	1,800	0.7%	December 8, 2005	
Total of 7 Residential Properties			12,709	5.5%	-	
Total of 70 Properties			229,288	100.0%	Portfolio PML 5.26% (Note 5)	

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 names of the respective buildings are as follows. Following the acquisition, the Investment Corporation intends to

carry out procedures to change the name of the buildings.

“KDX Hamacho Nakanohashi Building” is the “Hamacho Nakanohashi Building”

“KDX Gobancho Building” is the “ORIKEN Gobancho Building”

3. The property name has not yet been decided as of today, as the building is still under construction. The property name will be decided by the date the Investment Corporation acquires the building
4. Acquisition Price of ¥8,325 million is the total of the Land acquired on April 25, 2008 (¥4,000 million) and the Building planned to be acquired on July 1, 2009 (¥4,325 million).
5. Sakae 4-chome Office Building (Tentative Name) is not included in the Portfolio PML.