

October 29, 2009

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 Issue of New Investment Units and Secondary Offering**

Kenedix Realty Investment Corporation (“the Investment Corporation”) today announced that it resolved at the Board of Directors Meeting on October 29, 2009 to issue new investment units and to conduct a secondary offering. Details are provided as follows.

#### **1. Primary Offering of the Issue of New Investment Units**

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| (1) Total number of units to be issued | 33,550 units   |
| (2) Issue Price (Offer Price)          | To be determined<br>After taking into account demand conditions and other factors, the issue price (offer price) is determined by multiplying the closing price (if there was no closing price on said day, then the closing price of the day immediately preceding that day) of the Tokyo Stock Exchange on any of the days (“the Issue Price Determination Date”) from November 9, 2009 (Monday) to November 12, 2009 (Thursday) by between 0.90 to 1.00, and taking the resulting price (rounding all fractions down to the nearest yen) as a tentative figure. |
| (3) Paid-in Value (Issue Value)        | To be determined<br>(Determined by a resolution of the Board of Directors, scheduled on the Issue Price Determination Date).   |
| (4) Gross Proceeds                     | To be determined   |
| (5) Offering method                    | The method of offering shall be by public offering where all investment units are to be subscribed and purchased by Nomura Securities Co., Ltd. (“the Underwriter”).   |
| (6) Underwriting agreement details     | The Underwriter shall pay to the Investment Corporation the total amount of the issue price (offer price) on the payment date. Underwriting fees   |

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applicable to the issue shall be the difference between the total amount of the issue price (offer price) and the gross proceed. The Investment Corporation shall not pay an underwriting commission.

- (7) Application unit More than one unit in multiples of one unit
- (8) Offering application period Two business days starting the business day immediately following the Issue Price Determination Date
- (9) Payment Date Any day between November 16, 2009 (Monday) and November 19, 2009 (Thursday); however, that such day shall be the fifth business day immediately following the Issue Price Determination Date.
- (10) The issue price (offer price), paid-in value (issue value) and other matters relating to the issue of new investment units shall be determined at future meetings of the Board of Directors.
- (11) The above items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.

**2. Secondary Offering (Over-Allotment) (Refer to Reference 1 below)**

- (1) Seller and the total number of units to be sold Nomura Securities Co., Ltd. 1,450 units  
 The secondary offering (over-allotment) in connection with Nomura Securities Co., Ltd. is subject to demand related to the public offering. The total number of 1,450 units is the maximum and may differ depending on demand. Accordingly, the number of units to be sold may be zero or less than the maximum limit. The total number of units to be offered will be decided at a Board of Directors' meeting to be held on the Issue Price Determination Date.
- (2) Selling price To be determined  
 (To be decided on the Issue Price Determination Date. The offer price is to be the same as the public offering issue price (offer price).)
- (3) Gross Proceeds To be determined
- (4) Offering method In connection with the public offering and after considering demand conditions, Nomura Securities Co., Ltd. shall undertake a secondary offering of the Investment Corporation investment units with 1,450 units as the upper limit borrowed from the Specified Party (Defined under 5. "Designation of Distributees." Same applies below.).
- (5) Application unit More than one unit in multiples of one unit
- (6) Application period Same as the public offering application period.
- (7) Delivery and settlement date Next business day after the public offering payment date
- (8) The offer price and other matters relating to the secondary offering shall be determined at future meetings of the Board of Directors.
- (9) The aforementioned items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.

**3. Issue of New Investment Units by way of Third-Party Allotment (Refer to Reference 1 below)**

- (1) Total number of units to be offered 1,450 units
- (2) Paid-in-value (Issue Value) To be determined

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(To be decided at a Board of Directors' meeting to be held on the Issue Price Determination Date. The paid-in value (issue value) is to be the same as the primary offering paid-in value (issue value).)

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| (3) Gross proceeds                         | To be determined                            |
| (4) Allottee/Number of units to be offered | Nomura Securities Co., Ltd. / 1,450 units   |
| (5) Application unit                       | More than one unit in multiples of one unit |
| (6) Application period (Application Date)  | November 27, 2009 (Friday)                  |
| (7) Payment date                           | November 30, 2009 (Monday)                  |
- (8) If Investment Units are not applied for within the aforementioned (6) Application period (Application Date), the third-party allotment shall not be issued.
- (9) The paid-in value (issue value) and other necessary matters relating to the third-party allotment shall be determined at future meetings of the Board of Directors.
- (10) The aforementioned items shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act.

**【Reference】**

1. Over-Allotment

- (1) The secondary offering is an offering of the Investment Corporation's investment units which Nomura Securities Co., Ltd. shall lease from the Specified Party an amount not exceed to 1,450 units, in conjunction with the public offering but separately the public offering (however, this leasing is on condition that the Investment Corporation's investment units of the public offering are to be sold to the Specified Party) Although 1,450 units are planned to be offered by over-allotment, this is the maximum number of units to be offered and, depending on the degree of demand and other conditions, this number may decrease, or the secondary offering by over-allotment itself may be canceled.

In connection with the secondary offering by over-allotment, the Investment Corporation's Board of Directors resolved at the meeting held on October 29, 2009 (Thursday) that the Investment Corporation will issue by third-party allotment the 1,450 Investment Corporation investment units necessary to return the units borrowed ("Borrowed Investment Units") from the Specified Party by Nomura Securities Co., Ltd., where the payment date ("Payment Date for Third-Party Allotment") is November 30, 2009 (Monday) and the allottee is Nomura Securities Co., Ltd. ("Third-Party Allotment").

Furthermore, Nomura Securities Co., Ltd. may also purchase Investment Corporation investment units on the Tokyo Stock Exchange up to the number of investment units to be offered by overallotment ("Syndicate Cover Transactions") to return the Borrowed Investment Units. All Investment Corporation investment units purchased through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the application period(application date) of the public offering and secondary offering by overallotment and ending on November 20, 2009 (Friday) ("the Syndicate Cover Transaction Period"). At its discretion during the Syndicate Cover Transaction Period, Nomura Securities Co., Ltd. may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units of the secondary offering by overallotment.

In addition, Nomura Securities Co., Ltd. may conduct stabilizing operations as it conducts the public offering and secondary offering by overallotment. The investment units of the Investment Corporation purchased through such stabilizing operations may be used, in whole or in part, to return the Borrowed Investment Units.

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Nomura Securities Co., Ltd. plans to underwrite the allocation under this issuance of new investment units by Third-Party Allotment of a number of investment units of the Investment Corporation obtained by deducting the number of investment units purchased through stabilizing operations and Syndicate Cover Transactions that are to be used to return the Borrowed Investment Units, from the number of investment units to be offered in the over-allotment. Accordingly, all or a part of the investment units to be issued under this issuance by Third-Party Allotment may not be subscribed for, which may result in a decrease in the maximum number of investment units planned to be issued under this issuance by Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture.

## 2. Change in the Number of Issued Investment Units after the Issue of New Investment Units

Total number of outstanding investment units:	200,000 units
Number of new investment units to be issued (primary offering):	33,550 units
Subtotal:	233,550 units
Number of new investment units (third-party allotment) to be issued:	1,450 units (Note)
Total number of new investment units following third-party allotment:	235,000 units (Note)

Note: These figures are based on the assumption that the new investment units to be issued by the third-party allotment are all applied by Nomura Securities Co., Ltd.

## 3. Purpose and Reasons for Issuance

The issuance of the new investment units for the acquisition of properties with procured funds is to expand the portfolio and at the same time to maintain financial stability.

## 4. Total Amount to be Procured, Use of Funds and Scheduled Outlay Period

### (1) Total Amount to be Procured (approximate net balance)

¥9,851,274,000 (maximum)

Notes:

- Sum of ¥9,443,150,000 in net proceeds from the public offering and the ¥408,124,000 maximum net proceeds from the issuance of new investment units by third-party allotment.
- The above-mentioned amounts are estimated amounts calculated on the basis of closing price of the Tokyo Stock Exchange as of October 22, 2009.

### (2) Specific Use of Funds and Scheduled Outlay Period

The fund shall be allocated for the acquisition of the properties to be acquired, and also allocated for capital outlays, repair expenses, etc. if there is any residuals.

Please refer to the press release “Notice Concerning Acquisition of Domestic Trust Beneficiary Interests in Real Estate (Conclusion of Agreements) (Total of 4 Office Buildings),” dated October 29, 2009.

Property No.	Properties Planned to be Acquired	Planned Acquisition Price (Millions of Yen)	Planned Acquisition Date
A-62	Koishikawa TG Building	3,080	November 2009
A-63	Gotanda TG Building	2,620	November 2009
A-64	KDX Nihonbashi 216 Building	2,010	December 2009
A-65	KDX Shin-Yokohama 381 Building Annex Tower	1,100	November 2009

## 5. Designation of Distributees

The Underwriter plans to sell 1,200 units of the Investment Corporation’s investment units in connection with the public offering to Kenedix REIT Management, Inc. (“the Asset Management Company”), which in the context

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concerning the specified party appointed by the Investment Corporation is defined as “the Specified Party.” For further details, please refer to the press release “Notice Concerning Acquisition of Investment Units by Asset Management Company,” dated October 29, 2009.

## 6. Future Outlook

Please refer to the press releases “Notice Concerning Revisions to Operating Forecasts for the Ninth Fiscal Period Ending October 31, 2009,” dated August 27, 2009 and “Notice Concerning Announcement of Operating Forecasts for the Tenth Fiscal Period Ending April 30, 2010,” dated October 29, 2009.

(Reference) Forecasts for the Ninth Fiscal Period (announced on August 27, 2009) and Results for the Eighth Fiscal Period

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit (excluding distributions in excess of earnings)	Distributions in Excess of Earnings per Unit
Ninth Fiscal Period Forecast (May 1, 2009 to October 31, 2009)	7,838	2,963	1,841	1,840	¥9,200	(—)
Eighth Fiscal Period Results (November 1, 2008 to April 30, 2009)	8,204	3,463	2,435	2,434	¥12,172	(—)

## 7. Management Conditions during the Three Most Recent Fiscal Periods and Status of Equity Finance

### (1) Management Conditions during the Three Most Recent Fiscal Periods

	Sixth Fiscal Period (November 1, 2007 to April 30, 2008)	Seventh Fiscal Period (May 1, 2008 to October 31, 2008)	Eighth Fiscal Period (November 1, 2008 to April 30, 2009)
Net Income per Unit (Yen) (Note)	16,711	15,618	12,171
Distribution per Unit (Yen)	16,711	15,618	12,172
Payout Ratio Results	99.9%	99.9%	100.0%
Unitholders' Equity per Unit (Yen)	641,570	640,437	636,990

Note: Net income per unit is calculated using the fiscal period average number of investment units (200,000 units for the sixth fiscal period, seventh fiscal period and eighth fiscal period).

### (2) Status of Current Investment Unit Prices

#### ① Status for the most recent three fiscal periods

	Sixth Fiscal Period (November 1, 2007 to April 30, 2008)	Seventh Fiscal Period (May 1, 2008 to October 31, 2008)	Eighth Fiscal Period (November 1, 2008 to April 30, 2009)
Opening price	¥805,000	¥619,000	¥153,000
Highest price	¥835,000	¥690,000	¥291,900
Lowest price	¥460,000	¥100,300	¥125,200
Closing price	¥615,000	¥140,000	¥233,600

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② Status for the most recent six months

	May 2009	June	July	August	September	October (Note)
Opening price	233,000	257,800	339,000	324,000	345,000	335,000
Highest price	288,000	345,000	352,000	352,000	356,000	345,000
Lowest price	226,000	248,100	283,800	295,300	321,000	265,100
Closing price	253,800	334,000	317,000	349,000	337,000	270,000

Note: The investment unit price for October 2009 is the price as of October 28, 2009.

③ Investment unit prices on the business day immediately prior to the resolution date of the issuance

	As of October 28, 2009
Opening price	¥284,000
Highest price	¥284,000
Lowest price	¥265,100
Closing price	¥270,000

(3) Status of Equity Finance during the Three Most Recent Fiscal Periods

None

8. Others

(1) Restrictions on Sale and Additional Issue of Investment Units

- ① The Asset Management Company, which holds 250 units of Investment Corporation as of October 29, 2009, and intends to acquire 1,200 units through the primary offering, has agreed with Nomura Securities Co., Ltd., without the prior written consent of Nomura Securities Co., Ltd., that it shall not sell, collateralize or loan the investment units of the Investment Corporation etc. during the period from the Issue Price Determination Date to the corresponding date six months from the business day immediately following the payment date of the public offering (however, excluding where investment units are lent to Nomura Securities Co., Ltd. for the purpose of secondary offering by over-allotment.)
- ② In connection with the public offering, the Investment Corporation has agreed with Nomura Securities Co., Ltd., without the prior written consent of Nomura Securities Co., Ltd., that it shall not issue the investment units of the Investment Corporation etc. during the period from the Issue Price Determination Date to the corresponding date three months from the business day immediately following the payment date of the public offering (however, excluding where new investment units are issued by Third-Party Allotment).

At its discretion, Nomura Securities Co., Ltd. has the right to cancel all or part of aforementioned restrictions ① and ②.

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