

Translation Purpose Only

February 16, 2010

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 (Pacific Marks Nishi-Shinjuku)

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision on February 16, 2010 to acquire the Pacific Marks Nishi-Shinjuku. Details are provided as follows.

1. Outline of the Acquisition

- | | | |
|-----------------------------------|---|---|
| (1) Type of Acquisition | : | Trust beneficiary interest in real estate |
| (2) Property Name | : | Pacific Marks Nishi-Shinjuku |
| (3) Acquisition Price | : | ¥6,800,000,000
(excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Seller | : | Nippon Commercial Investment Corporation
(Refer to Item 4. Seller’s Profile for details) |
| (5) Date of Contract | : | February 18, 2010 |
| (6) Scheduled Date of Acquisition | : | February 18, 2010 |
| (7) Acquisition Funds | : | Debt financing |
| (8) Settlement Method | : | Payment in full on settlement |
| (9) Source of Acquisition | : | Original network of Kenedix REIT Management, Inc. (“the Asset Management Company”) (Direct Acquisition) |

The aforementioned Pacific Marks Nishi-Shinjuku 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.

Upon acquiring the Property, the Investment Corporation will procure funds for the acquisition by borrowing new loans (with loan periods of mainly five years) from multiple financial institutions (Note). The Investment Corporation believes that it is highly significant to realize property acquisitions through new borrowings, following its successful

acquisition of four properties through an issuance of new investment units in November 2009, in facilitating its stable growth in the future.

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.

Note: For details concerning the new loans, please refer to the press release “Notice Concerning Debt Financing (Term Loan 44) and Conclusion of Agreements for Posting Additional Collateral,” dated February 16, 2010.

(1) Area

The Property is located in the Nishi-Shinjuku, which is a representative office area in the central part of Tokyo with a concentration of medium- to high-rise office buildings and shops around the ultra-high-rise building district that was constructed according to the “Tokyo Fukutoshin Project”. The Property is approximately eight minutes on foot from Shinjuku Station, a major terminal station in the metropolitan Tokyo, and enjoys high visibility as it faces Kosshu Kaido, a major street in the area.

(2) Building

The Property is an office building that is virtually square-shaped (excluding the lower floors) and was completed in 1993. The leased floor area on the typical floor is about 489m² (about 147 tsubo) and rectangular shaped with a nearly astylar floor that can be rented either as a whole or in parts. In terms of facilities, the property features a mechanical security system, OA floors and three elevators, as well as a parking lot for 50 vehicles – a capacity suitable for a building located along a major street – and a refreshment space on the roof of the lower section. These and other features provide the Property with competitiveness comparable in the area. In addition, the exterior walls and the entrance boast a high-quality, granite finish.

(3) Tenants

Currently, the Property is occupied by diversified tenants of a variety of business types, including IT-related services, staffing services and real estate sales (totaling 21 tenants as of the end of December 2009). With the aim of securing stable earnings, the Investment Corporation will continuously endeavor to conduct management of the Property in a way that is appropriate for a superior building in the area.

3. Property Details

Property Name		Pacific Marks Nishi-Shinjuku
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Resona Bank, Ltd.
Trust Term		September 5, 2003 to September 30, 2016 (Note 1)
Current Owner / Acquisition Date		Nippon Commercial Investment Corporation / September 28, 2006
Previous Owner / Acquisition Date		Fine View Corporation Inc. / November 27, 2003
Location (Address)		3-2-7 Nishi-shinjuku, Shinjuku-ku, Tokyo
Usage		Offices, Retail Shops, Parking
Type of Structure		Flat-roofed, steel reinforced · steel-frame reinforced concrete structure; four underground and eleven above-ground floors
Site Area	Land	1,118.12 m ²
	Building	10,348.02 m ²
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		May 25, 1993
Architect		Matsuda Hirata Sakamoto/Architects/Planners/Engineers (Current: MHS Planners, Architects & Engineers)

Construction Company		TAISEI Corporation others
Construction Confirmation Authority		Tokyo
Probable Maximum Loss		1.78% (SOMPO JAPAN RISK MANAGEMENT, INC.)
Acquisition Price		¥6,800,000,000
Appraisal	Appraisal Value	¥7,420,000,000
	Base Date for Appraisal	February 1, 2010
	Appraiser	Japan Real Estate Institute
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		Yes
Master Lease Company after Acquisition		The Investment Corporation
Property Management Company after Acquisition		Kenedix REIT Management, Inc.
Number of End Tenants		21 (As of December 31, 2009. The same applies below.)
Total Leasable Floor Area		5,924.13 m ²
Total Leased Floor Area		5,554.05 m ²
Occupancy Ratio		93.8%
Monthly Rental Income (Excluding Consumption Tax)		¥40,434,708 (Note 2)
Security and Guarantee Deposit		¥375,792,294 (Note 2)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	None	
Other	Notes: 1. The Investment Corporation will change the trust term to until August 1, 2020 at the time of acquisition. 2. Monthly rental income and guarantee deposit information is exclusive of parking amounts and other revenues.	

4. Seller's Profile

Company Name	Nippon Commercial Investment Corporation
Head Office Address	1-14-1 Kanda Jinbo-cho, Chiyoda-ku, Tokyo
Representative	Executive Director Tomohiro Makino
Total Capitalization	¥116,753,060,000
Principal Shareholder	NikkoCiti Trust and Banking Co., Ltd. (Investment Trust Acct.), others
Business Activities	Investment in specific assets
Relationship with the Investment Corporation or the Asset Management Company	The seller is not a related company as defined under the Investment Trust and Investment Corporation Law ("the Investment Trust Law") and the internal regulations of the Asset Management Company.
Special Considerations	None

*As of August 31, 2009

Pacific Commercial Corporation (PCC), to which the seller of the Property entrusts its asset management, is a subsidiary of Pacific Holdings, Inc. (PHI), which is currently in need of reorganization. Neither the seller of the Property nor PCC falls under the category of a related company as defined under the Investment Trust and Investment

Corporation Law and the internal regulations of the Asset Management Company.

In addition, although Kenedix, Inc., the parent company of the Asset Management Company, disclosed its decision on December 15, 2009 to conclude a basic contract with the trustee of PHI to support the corporate reorganization, said contract covers neither the seller nor PCC and there is no connection to the transaction deal of Pacific Marks Nishi-Shinjuku.

5. Acquirer's (Seller) Profile

The seller (the current owner) of the aforementioned property is not a special related party of the Asset Management Company.

6. Details of Brokerage

Not applicable.

7. Interested-Party Transactions

Related to the acquisition of the Property, transaction between the Investment Corporation and the Asset Management Company are as follows.

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, the Asset Management Company submitted all transactions for deliberation and approval by the Asset Management Committee and the Compliance 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 aforementioned transactions.

Appointment of a Property Management Company

The Investment Corporation plans to execute a property management agreement with the Asset Management Company on February 18, 2010.

Fees relating to property management remain at the same level as current properties.

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

8. Outlook

There are no revisions to the forecast for the fiscal period ending April 30, 2010, 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 16, 2010. 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	7,420,000,000
Base Date for Appraisal	February 1, 2010
Appraiser	Japan Real Estate Institute
Value Calculated Using the Direct Capitalization Method	7,560,000,000
Gross Operating Revenue	516,428,000
Maximum Gross Operating Revenue	542,541,000
Shortfall Attributed to Vacancies	26,113,000
Operating Expenses	153,357,000
Administrative and Maintenance Expense	91,422,000
Taxes and Dues	60,671,000
Other Expenses	1,264,000
Net Operating Income (NOI)	363,071,000
Capital Expenditure	21,560,000
Gain on Guarantee Deposit Investment (Note)	6,203,000
Net Cash Flow (NCF)	347,714,000
Overall Capitalization Rate (NCF)	4.6%
Value Calculated Using the Discounted Cash Flow Method	7,280,000,000
Discount Rate	4.5%
Terminal Capitalization Rate	4.9%
Value Calculated Using the Cost Method	7,160,000,000
Land	84.8%
Building	15.2%

Note: Gain on guarantee deposit investment is calculated, based on a property guarantee deposit operating yield of 2.0%.

Reference Material 2

Projected Cash Flow

Unit : Millions of Yen	
A. Projected Operating Revenues	547
B. Projected Operating Expenses (excluding depreciation)	163
C. Projected NOI (A-B)	384

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 95%, 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 2010
Repairs, maintenance and renovation expenses required over the next year	7,950,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	354,280,000
Unit-in-Place	2,804,600,000

* 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
- 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

Type of Use	Area	Property Name	Acquisition Price (Millions of Yen) (Note)	Ratio (Note)	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	KDX Harumi Building	10,250	4.3%	June 30, 2008
		Toranomon Toyo Building	9,850	4.1%	June 1, 2007
		Hiei Kudan-Kita Building	7,600	3.2%	February 1, 2008
		Pacific Marks Nishi-Shinjuku	6,800	2.8%	February 18, 2010
		KDX Ochanomizu Building	6,400	2.7%	April 2, 2007
		KDX Shiba-Daimon Building	6,090	2.5%	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	2.2%	May 1, 2006
		KDX Hirakawacho Building	5,180	2.1%	August 1, 2005
		KDX Shin-Yokohama 381 Building	4,700	1.9%	February 1, 2008
		Ebisu East 438 Building	4,640	1.9%	May 1, 2006
		Higashi-Kayabacho Yuraku Building	4,450	1.8%	August 1, 2005
		KDX Toranomon Building	4,400	1.8%	April 17, 2007
		KDX Nishi-Gotanda Building	4,200	1.7%	December 1, 2006
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	1.5%	February 1, 2008
		KDX Hatchobori Building	3,680	1.5%	August 1, 2005
		KDX Omori Building	3,500	1.4%	May 1, 2006
		KDX Hamamatsucho Building	3,460	1.4%	May 1, 2006
		KDX Roppongi 228 Building	3,300	1.3%	January 10, 2008
		Koishikawa TG Building	3,080	1.3%	November 18, 2009
		KDX Higashi-Shinjuku Building	2,950	1.2%	September 1, 2006
		KDX Kayabacho Building	2,780	1.1%	May 1, 2006
		KDX Jimbocho Building	2,760	1.1%	March 31, 2008
		Nissou Dai-17 Building	2,710	1.1%	February 1, 2008
		KDX Shinbashi Building	2,690	1.1%	May 1, 2006
		Gotanda TG Building	2,620	1.1%	November 18, 2009
		KDX Nakano-Sakaue Building	2,533	1.0%	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	0.9%	July 3, 2006
		KDX Hamacho Nakanohashi Building	2,310	0.9%	February 1, 2008
KDX Hamacho Building	2,300	0.9%	March 16, 2006		
KDX Shinjuku 286 Building	2,300	0.9%	June 1, 2007		
FIK Minami Aoyama	2,270	0.9%	August 1, 2005		
KDX Funabashi Building	2,252	0.9%	March 1, 2006		
KDX Hamamatsucho Dai-2 Building	2,200	0.9%	September 1, 2008		

Office Buildings	Tokyo Metropolitan Area	Shin-toshin Maruzen Building	2,110	0.8%	February 29, 2008
		KDX Nihonbashi 216 Building	2,010	0.8%	December 1, 2009
		KDX Okachimachi Building	2,000	0.8%	March 1, 2007
		KDX Gobancho Building	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	0.7%	May 1, 2008
		KDX Shinjuku-Gyoen Building	1,610	0.6%	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	0.5%	January 19, 2007
		KDX Kanda Misaki-cho Building	1,380	0.5%	February 1, 2008
		KDX Hon-Atsugi Building	1,305	0.5%	March 1, 2007
		KDX Hachioji Building	1,155	0.4%	March 1, 2007
		KDX Shin-Yokohama 381 Building Annex Tower	1,100	0.4%	November 18, 2009
		KDX Nogizaka Building	1,065	0.4%	July 14, 2006
	Other Regional Areas	KDX Nagoya Sakae Building	7,550	3.2%	Land: April 25, 2008 Building: July 1, 2009
		Portus Center Building	5,570	2.3%	September 21, 2005
		Karasuma Building	5,400	2.2%	June 1, 2007
		KDX Hakata-Minami Building	4,900	2.0%	February 1, 2008
KDX Kitahama Building		2,220	0.9%	February 1, 2008	
KDX Sendai Building		2,100	0.8%	June 1, 2007	
KDX Minami Semba Dai-1 Building		1,610	0.6%	May 1, 2006	
KDX Minami Semba Dai-2 Building		1,560	0.6%	May 1, 2006	
KDX Niigata Building	1,305	0.5%	March 1, 2007		
Total of 63 Office Buildings		213,071	90.3%	-	
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	4.1%	August 1, 2005
		KDX Yoyogi Building	2,479	1.0%	September 30, 2005
	Total of 2 Central Urban Retail Properties		12,379	5.2%	-
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	2.2%	May 1, 2006
		Court Mejiro	1,250	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 5 Residential Properties		10,319	4.3%	-	
Total of 70 Properties		235,769	100.0%	Portfolio PML 5.24%	

Note: Figures of less than one million yen are rounded off from acquisition prices, and ratios are rounded off to the first decimal place.