

Translation Purpose Only

August 26, 2010

To All Concerned Parties

REIT Issuer:
Kenedix Realty Investment Corporation
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Taisuke Miyajima, Executive Director
(Securities Code: 8972)

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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 of the Investment Corporation (“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 concluded on April 9, 2007 (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 August 26, 2010.

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

Kenedix Group (the Kenedix Group refers to Kenedix, Inc., Kenedix Advisors Co., Ltd. and other related companies) has provided property information and other support 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 has grown steadily since its listing in July 2005 and has realized an asset scale of 235.7 billion yen (total of 70 properties, as of July 31, 2010).

As of July 2010, five years have passed since the listing of the Investment Corporation. By establishing a track record in management activities, the Asset Management Company has accumulated ample management experience and expertise, and its management structure and human resources have been further reinforced. Furthermore, in terms of collection of real estate information, it has shown to the market a track record of its many acquisitions. As a result, the Asset Management Company can now by itself expect to collect a significant volume of real estate information.

Furthermore, as a new measure for flexibly obtaining opportunities to acquire investment properties, the Asset Management Company is currently holding discussions concerning the origination of a warehousing

function fund (pre-acquisition fund) for the Investment Corporation with Kenedix Group companies.

In view of such circumstances, the Investment Corporation carried out discussions with Kenedix, Inc. and Kenedix Advisors Co., Ltd. and as a result, reached agreement to adjust the real estate information flow in the Kenedix Group and to newly introduce a provision concerning a warehousing function fund for the Investment Corporation.

The Investment Corporation and the Asset Management Company will take advantage of the management expertise and information network that the Asset Management Company has nurtured over the past and in future, will continue to vigorously move forward with management activities to achieve the growth of the Investment Corporation while continuing to receive support from the Kenedix Group.

3. Details of the Changes

- (1) In the event that Kenedix, Inc. obtains sales information on property, etc. from a party other than the Contracting Parties of the Memorandum of Understanding, it shall provide said sales information to the Asset Management Company without falling behind provision of said sales information to parties other than the Asset Management Company.

(In the Previous Memorandum of Understanding: The Asset Management Company has first preferential rights to such information)

- (2) In the event that Kenedix, Inc. considers disposing of properties it owns, it shall provide said sales information to the Asset Management Company without falling behind provision of said sales information to parties other than the Asset Management Company.

(In the Previous Memorandum of Understanding: The Asset Management Company has first preferential negotiating rights with respect to such properties.)

- (3) In the event that Kenedix Advisors Co., Ltd. disposes properties, etc. owned by a real estate investment fund for which it serves as the asset management company, it shall provide said sales information to the Asset Management Company without falling behind provision of said sales information to parties other than the Asset Management Company.

(In the Previous Memorandum of Understanding: The Asset Management Company has first preferential negotiating rights with respect to such properties.)

- (4) As for properties, etc. owned or managed by parties other than Contracting Parties of the Memorandum of Understanding, the Asset Management Company may request Kenedix, Inc. or Kenedix Advisors Co., Ltd. to originate a real estate investment fund for the purpose of securing future opportunities for the Investment Corporation to acquire such properties.

In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. accepts such a request, Kenedix, Inc. or Kenedix Advisors Co., Ltd. shall acquire properties, etc. pertaining to said request at a real estate investment fund (warehousing function fund) for which it serves as the asset management company. In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. disposes properties owned by the warehousing function fund, it shall first offer it for sale to the Asset Management Company.

(Details of the Previous Memorandum of Understanding: None. Newly established in the Revised Memorandum of Understanding)

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 August 26, 2010. However, no assurance or warranties are given for the completeness or accuracy of this English translation.</p>

Attachment

Revised Memorandum of Understanding (excerpted)

1. Items to be Confirmed

Contracting Parties of the Memorandum of Understanding shall mutually confirm the following items upon concluding the Memorandum of Understanding.

As of the date of conclusion of the Memorandum of Understanding, the Investment Corporation and the Asset Management Company shall have taken up the policy of mainly investing in office buildings.

As long as the Investment Corporation and the Asset Management Company do not revise the policy set forth the previous item, the provisions in the following articles shall apply to office buildings for leasing purposes as their principal use, among properties, etc.

2. Provision of Property Sales Information Acquired by Kenedix, Inc.

In the event that Kenedix, Inc. obtains sales information on properties, etc. owned or managed by parties other than Contracting Parties of the Memorandum of Understanding (hereinafter, "Property Sales Information"), and in its reasonable opinion, meets the Investment Corporation's investment criteria, Kenedix, Inc. has agreed to provide information regarding such properties, etc. 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.

3. Information regarding Property Sales Owned by Kenedix, Inc.

In the event that Kenedix, Inc. considers disposing of a property, etc. that is owned or planned to be acquired 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 (excluding properties, etc. held in response to warehousing holding requests made by the Asset Management Company, as defined in 7.), and in its reasonable opinion, meets the Investment Corporation's investment criteria, Kenedix, Inc. has agreed to provide information regarding such properties, etc. to the Asset Management Company no later than the time it provides such information to parties other than the Asset Management Company, unless the sale to the Investment Corporation is prohibited by law or regulations or contracts to which it is a party.

4. Property Sales 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 (excluding warehousing function funds defined in 6.) for which it serves as the asset management company 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.

5. Property Sales Owned by Kenedix Advisors Private Placement Funds

In the event that Kenedix Advisors Co., Ltd. disposes of a property that is owned by a real estate investment fund (excluding warehousing function funds defined in 6.) for which it serves as the asset management company and, in its reasonable opinion, meets the Investment Corporation's investment criteria, Kenedix Advisors Co., Ltd. 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.

6. Disposition of Property by a Warehousing Function Fund of Kenedix, Inc. or Kenedix Advisors Co., Ltd.

(1) As for properties, etc. owned or managed by parties other than Contracting Parties of the Memorandum of Understanding, the Asset Management Company may request Kenedix, Inc. or Kenedix Advisors Co., Ltd. to originate a real estate investment fund for the purpose of securing future opportunities for the Investment Corporation to acquire properties. In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. receives such a request from the Asset Management Company, it shall consider said request in good faith.

(2) In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. accepts a request set forth under (1), it shall



originate a real estate investment fund for which it will serve as the asset management company (hereinafter, "Warehousing Function Fund" (pre-acquisition function fund)) and acquire properties, etc. relating to said request set forth under (1) at said fund.

- (3) In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. disposes properties owned by the Warehousing Function Fund (hereinafter, "Warehousing Function Fund Properties"), it shall observe the following provisions.

When selling Warehousing Function Fund Properties, Kenedix, Inc. or Kenedix Advisors Co., Ltd. shall first offer them to the Asset Management Company for sale to the Investment Corporation.

After Kenedix, Inc. or Kenedix Advisors Co., Ltd. extends the offer of sale to the Asset Management Company set forth under , it shall discuss sales and purchase terms for the Warehousing Function Fund Properties with the Asset Management Company in good faith.

In the event that Kenedix, Inc. or Kenedix Advisors Co., Ltd. do not reach an agreement concerning the sales and purchase of the Warehousing Function Fund Properties after holding discussions as set forth under or falls under certain conditions (hereinafter, "Reasons for Selling to a Third-Party"), Kenedix, Inc. or Kenedix Advisors Co., Ltd. may offer such Warehousing Function Fund Properties to a third-party after giving the Asset Management Company notice it will extend such offer of the Pre-Acquisition Services Fund Properties to a party other than the Asset Management Company.

Agreements on details of disposition procedures or Reasons for Selling to a Third-Party set forth under (3) shall separately be concluded between the Contracting Parties of the Memorandum of Understanding and the Warehousing Function Fund, after such details have been determined for each Warehousing Function Fund that will be originated.

7. Warehousing function provided by Kenedix, Inc.

- (1) The Asset Management Company may request Kenedix, Inc. to purchase and hold a property owned or managed by parties other than the Contracting Parties of the Memorandum of Understanding with a view to reselling it to the Investment Corporation. In the event that Kenedix, Inc. receives such a request from the Asset Management Company, it shall consider said request in good faith.
- (2) In the event that Kenedix, Inc. has accepted such a request, Kenedix, Inc. will purchase the property directly or indirectly through its subsidiaries.
- (3) In the event of Kenedix, Inc. purchasing the property, the Asset Management Company is granted a 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. In addition, in the event when the Asset Management Company makes an offer for the Investment Corporation to purchase the property during such period, Kenedix, Inc. must comply with the offer.