

Translation Purpose Only

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To All Concerned Parties

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(Securities Code: 8972)

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**Notice Concerning the Change in the Related-Party Transaction Rules of the Company Regulations
of the Asset Management Company**

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced that on August 26, 2010, the Board of Directors of Kenedix REIT Management, Inc. (“the Asset Management Company”), the asset management company for the Investment Corporation, resolved to change the related-party transaction rules contained in its company regulations. Details are as follows.

1. Main Changes

(1) Additional provision concerning investment in equity in *tokumei-kumiai* (Japanese silent partnership), etc.

- below will be added to the definition of “transaction” referred to in the related-party transaction rules.

Investment in equity in *tokumei-kumiai* pertaining to real estate or securities backed by real estate

- A provision concerning “Investment in equity in *tokumei-kumiai*, etc.” will be added. Below is an outline.

If the Investment Corporation wishes to invest in equity in *tokumei-kumiai* pertaining to real estate or securities backed by real estate and any of the following conditions apply, it may not make such investment unless the acquisition price of real estate-related assets to be acquired by the operator of the *tokumei-kumiai* or issuer of securities backed by real estate (hereinafter collectively referred to as “Invested Entity”) is below the appraisal value determined by a third party.

If the Invested Entity is a related party

If the Invested Entity is to acquire real estate-related assets from a related party

Only, the acquisition price or the appraisal value are the price of the actual property and do not include tax, acquisition costs, costs for issuing trust, reserves within trust accounts, trust income, pro-rated settlement amount of property tax, etc. and other costs.

Moreover, if the Invested Entity is to acquire several real estate-related assets, the above judgment must be made through use of the total acquisition price and total appraisal value determined by a third-party appraiser.

(Note) Appraisal value determined by a third-party appraiser: An appraisal value sought through appraisal by a real estate appraiser who is not a related party

(2) Changes in the provision concerning acquisition of property

- Some words will be added to the provision concerning “acquisition of property.” Below is an outline. (Additions are underlined.)

With respect to acquisition of real estate, real estate leasehold rights, land rights or easements, or trust beneficiary interests in real estate, real estate leasehold rights, land rights or easements being acquired from a related party as defined in the rules or the Asset Management Company, the Investment Corporation shall not acquire such property interest or right for more than the appraisal value determined by a third-party appraiser.

In the event that the acquisition of property is made through the warehousing function (pre-acquisition function) provided by Kenedix, Inc., the sponsor company, pursuant to the “Memorandum of Understanding with Kenedix, Inc. and Kenedix Advisors Co., Ltd.,” and the Investment Corporation accordingly acquires assets from (i) Kenedix, Inc. or a wholly-owned entity of Kenedix, Inc., or (ii) a warehousing function fund for which Kenedix, Inc., or Kenedix Advisors, Co., Ltd. serves as the asset management company, the above restriction in does not apply.

2. Reasons of the Changes

(1) Additional provision concerning investment in equity in *tokumei-kumiai*, etc.

Due to changes being made separate to the “Management Guidelines” as of today, standards concerning investment in equity in *tokumei-kumiai* pertaining to real estate or securities backed by real estate will be newly established in said Guidelines. In line with this change, a provision concerning this type of investment will be newly established in the related-party transaction rules from the standpoint of related-party transactions.

(2) Changes in the provision concerning acquisition of property

Due to a review being made separate to the “Memorandum of Understanding with Kenedix, Inc. and Kenedix Advisors Co., Ltd.” as of today, a provision on the “warehousing function from funds (warehousing function funds) originated by Kenedix, Inc. or Kenedix Advisors, Co., Ltd.” will be newly established in addition to the prior provision, “warehousing function provided by Kenedix, Inc.” In line with this change, some words concerning acquisition from said warehousing function fund will be added to the provision concerning “acquisition of property” in the related-party transaction rules.

<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>
