

March 23, 2011

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
(Kitananajo SIA Building)

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision on March 23, 2011 to acquire the Kitananajo SIA Building. Details are provided as follows.

1. Outline of the Acquisition

- | | | |
|-----------------------------------|---|---|
| (1) Type of Acquisition | : | Trust beneficiary interest in real estate |
| (2) Property Name | : | Kitananajo SIA Building |
| (3) Acquisition Price | : | ¥2,005,000,000
(excluding acquisition costs, property tax, city-planning tax, and consumption tax, etc.) |
| (4) Seller | : | Please refer to Item 4. Seller’s Profile for details |
| (5) Date of Contract | : | March 23, 2011 |
| (6) Scheduled Date of Acquisition | : | March 25, 2011 |
| (7) Acquisition Funds | : | Debt financing and cash on hand |
| (8) Settlement Method | : | Payment in full on delivery |
| (9) Source of Acquisition | : | Acquisition from a party that does not fall under the category of an interested party |

The aforementioned Kitananajo SIA 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, 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 highly-rare, mid-sized office building located in an excellent location right in front of Sapporo Station and this acquisition is a meaningful transaction in terms of the Investment Corporation’s portfolio composition. Furthermore, this acquisition marks the first acquisition of an office building in the Sapporo area for the Investment Corporation, and it will be a beneficial transaction from the viewpoint of management based on maintaining a certain degree of regional diversification.

(1) Area

The North Exit area of Sapporo Station where the Property is located, is recently gaining popularity as an office district because redevelopment in the station-front areas has progressed. It is also a zone where leasing demand trends are relatively stable among the central districts of Sapporo. Even within this zone, the Property has a scarcity value with highly excellent traffic convenience and visibility, as it is located about a one-minute walk from Sapporo Station and is positioned right in front of the station facing the plaza in the North Exit of Sapporo Station.

Road heating is installed in the sidewalks in front of the Property, and in addition, a subway entrance/exit leading directly to Sapporo Station's underground shopping arcade is established in front of the entrance to the Property, securing comfortable access to the Property year-round.

(2) Building

The entrance hall on the first floor to the Property underwent renovation in 2009, which combined with its dignified exterior, realizes a high-grade, mid-sized office building.

The leasable area of the standard floor is approximately 363m² (about 110 tsubos) with a ceiling height of 2.65m, making it possible to divide the leasing of floors into portions to match tenant needs in the Sapporo area. In terms of facilities, individual air-conditioning systems, (partial) OA floors, and 74 parking lots, while a resting space is provided on the first basement floor. As such, the Property possesses a certain level of competitiveness commensurate with other properties in the same area.

Furthermore, on March 15, 2011, the Asset Management Company conducted an additional on-site investigation to check the building structure, building fittings and facilities of the Property in cooperation with HI International Consultant Co., Ltd., a third-party investigation company. As a result, the Investment Corporation received an investigation report concerning the seismic impact, issued by HI International Consultant Co., Ltd. dated March 16, 2011, which stated that "the Property is judged to have received no notable impact from the Tohoku-Pacific Coast Earthquake."

(3) Tenants

Due to its locational attribute of being located right in front of Sapporo Station, office demand from local companies located in Hokkaido can be expected for the Property. In addition, demand for the Property from branch offices and sales agents of companies originating from outside of Hokkaido can also be expected.

Currently, the Property houses a diversified set of tenants from various industries, including the telecommunications-related business, education services, medical drugs, and tourism (Number of tenants as of the end of February 2011: 20).

Going forward, the Investment Corporation will strive to appropriately manage the Property as a superior property in the area with an aim to secure stable earnings.

3. Property Details

Property Name		Kitananajo SIA Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust Term		February 27 2004 to September 29, 2021 (Note 1)
Current Owner / Acquisition Date		Domestic Special Purpose Company (Note 2) / March 30, 2007
Previous Owner / Acquisition Date		Domestic Special Purpose Company(Note 2) / September 29, 2006
Location (Address)		4-1-2 Kitananajo, Kita-ku, Sapporo-shi, Hokkaido (Note 3)
Usage		Offices
Type of Structure		Flat-roofed, steel-frame reinforced concrete structure; one underground and nine above-ground floors
Site Area	Land	819.44 m ²
	Building	5,503.90 m ²
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership

Completion Date		October 30, 1989
Architect		Kabushikigaisha Hayashibara Kenchiku Sekkei Jimusho
Construction Company		TODA CORPORATION
Construction Confirmation Authority		Sapporo City
Probable Maximum Loss		0.51% (rated by NKSJ Risk Management, Inc.)
Acquisition Price		¥2,005,000,000
Appraisal	Appraisal Value	¥2,050,000,000
	Base Date for Appraisal	March 1, 2011
	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		None
Master Lease Company after Acquisition		The Investment Corporation
Property Management Company after Acquisition		The Asset Management Company
Number of End Tenants		20 (As of February 28, 2011. The same applies below.)
Total Leasable Floor Area		3,788.73 m ²
Total Leased Floor Area		3,788.73 m ²
Occupancy Ratio		100.0%
Monthly Rental Income (Excluding Consumption Tax)		¥14,077,149 (Note 4)
Security and Guarantee Deposit		¥108,095,750 (Note 4)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations	The boundary with the neighboring land on the south side of the Property has not been concluded in a written confirmation with owners of the said land. However, no conflicts, etc. have arisen to date with the said owners.	
Other	Notes: 1. The Investment Corporation will change the trust term to until August 1, 2020 at the time of acquisition. 2. Since the Investment Corporation has a duty of confidentiality to the current owner (current trustee), the current owner (current trustee) and the former owner (former trustee) will not be disclosed. 3. The Property's residential address is yet to be determined. 4. Monthly rental income and guarantee deposit information is exclusive of parking amounts, cost of utilities and other revenues.	

4. Seller's Profile

Company Name	Not disclosed due to the seller's request.
Location	
Title and Name of Representative	
Description of Business	
Amount of Capital	
Date of Incorporation	
Net Assets	
Total Assets	
Relationship with the Investment Corporation • the Asset Management Company	
Capital Relationship	There is no special capital relationship between the Investment Corporation • the Asset Management Company.

Personnel Relationship	There is no special personnel relationship between the Investment Corporation and the Asset Management Company.
Business Relationship	There is no special business relationship between the Investment Corporation and the Asset Management Company.
Whether or not to be the Related Parties	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.

5. Acquirer’s (Seller) Profile

Description is omitted as the seller (the current owner) of the Property is not a special related party of the Asset Management Company.

6. Details of Brokerage

None

7. Interested-Party Transactions

The Investment Corporation and the Asset Management Company are to conduct the following transactions with each other in relation to the acquisition of the Property.

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 will provide a report to the Investment Corporation relating to the following transactions.

Appointment of a Property Management Company

The Investment Corporation plans to execute a property management agreement with the Asset Management Company on March 25, 2011 for the Property (with the trustee of the trust included as a contract party).

Fees relating to property management remain at the same level as those for the currently owned 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)
¥1.0 billion and more, and less than ¥3.0 billion	¥2.0 million

8. Acquisition Schedule

Date of Determination of Acquisition	March 23, 2011
Date of Execution of Purchase Agreement	March 23, 2011
Scheduled Payment Date	March 25, 2011 (planned)
Scheduled Delivery Date	March 25, 2011 (planned)

9. Outlook

There are no revisions to the forecast for the fiscal period ending April 30, 2011, 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 March 23, 2011. 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 for the Property
- 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	2,050,000,000
Base Date for Appraisal	March 1, 2011
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Value Calculated Using the Direct Capitalization Method	2,100,000,000
Gross Operating Revenue	194,776,250
Maximum Gross Operating Revenue	205,799,000
Shortfall Attributed to Vacancies	11,022,750
Operating Expenses	63,288,419
Administrative and Maintenance Expense	44,572,039
Taxes and Dues	18,257,070
Other Expenses	459,310
Net Operating Income (NOI)	131,487,831
Capital Expenditure	11,829,400
Gain on Guarantee Deposit Investment (Note)	1,889,727
Net Cash Flow (NCF)	121,548,158
Overall Capitalization Rate (NCF)	5.8%
Value Calculated Using the Discounted Cash Flow Method	2,030,000,000
Discount Rate	5.6%
Terminal Capitalization Rate	6.0%
Value Calculated Using the Cost Method	1,430,000,000
Land	53.6%
Building	46.4%

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

*Reference (Appraised NOI Yield)

Approximately 6.5% (rounded down to the first decimal place), calculated by dividing the aforementioned Net Operating Income (NOI) under the Direct Capitalization Method by the acquisition price of the Property

Reference Material 2

Projected Cash Flow for the two Properties

Unit : Millions of Yen	
A. Projected Operating Revenues	184
B. Projected Operating Expenses (excluding depreciation)	66
C. Projected NOI (A-B)	118

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 93%, 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 2011
Repairs, maintenance and renovation expenses required over the next year	20,450,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	182,340,000
Unit-in-Place	1,501,700,000

- * 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.

* Furthermore, on March 15, 2011, the Asset Management Company conducted an additional on-site investigation to check the building structure, building fittings and facilities of the Property in cooperation with the above-mentioned investigation company.

As a result, the Investment Corporation received an investigation report concerning the seismic impact, issued by said company dated March 16, 2011, which stated that “the Property is judged to have received no notable impact from the Tohoku-Pacific Coast Earthquake” based on this additional investigation as well as the results of the usual due diligence procedures for the Property.

Reference Material 4

Property Photographs



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	4.1%	June 30, 2008
		Toranomon Toyo Building	9,850	3.9%	June 1, 2007
		Hiei Kudan-Kita Building	7,600	3.0%	February 1, 2008
		KDX Shinjuku Building	6,800	2.7%	February 18, 2010
		KDX Ochanomizu Building	6,400	2.5%	April 2, 2007
		KDX Shiba-Daimon Building	6,090	2.4%	March 1, 2007
		KDX Kojimachi Building	5,950	2.4%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	2.4%	August 1, 2005
		KDX Shin-Yokohama 381 Building (Note 2)	5,800	2.3%	Existing Tower: February 1, 2008 Annex Tower: November 18, 2009
		Toshin 24 Building	5,300	2.1%	May 1, 2006
		KDX Hirakawacho Building	5,180	2.1%	August 1, 2005
		Ebisu East 438 Building	4,640	1.8%	May 1, 2006
		Higashi-Kayabacho Yuraku Building	4,450	1.8%	August 1, 2005
		KDX Toranomon Building	4,400	1.7%	April 17, 2007
		Kyodo Building (Ginza No.8)	4,300	1.7%	November 12, 2010
		KDX Nishi-Gotanda Building	4,200	1.7%	December 1, 2006
		Kyodo Building (Honcho 1chome)	4,000	1.6%	November 12, 2010
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	1.5%	February 1, 2008
		KDX Hatchobori Building	3,680	1.4%	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	1.2%	November 18, 2009
		KDX Higashi-Shinjuku Building	2,950	1.1%	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	1.0%	February 1, 2008
		KDX Shinbashi Building	2,690	1.0%	May 1, 2006
		Gotanda TG Building	2,620	1.0%	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	0.9%	August 1, 2005
		Ikejiri-Oohashi Building	2,400	0.9%	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		

Office Buildings	Tokyo Metropolitan Area	KDX Hamamatsucho Dai-2 Building	2,200	0.8%	September 1, 2008	
		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	0.7%	March 31, 2008	
		Kanda Kihara Building	1,950	0.7%	August 1, 2005	
		KDX Yotsuya Building	1,950	0.7%	May 1, 2006	
		KDX Iwamoto-cho Building	1,864	0.7%	May 1, 2008	
		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 Nogizaka Building	1,065	0.4%	July 14, 2006	
	Other Regional Areas	KDX Nagoya Sakae Building	7,550	3.0%	Land: April 25, 2008 Building: July 1, 2009	
		Portus Center Building	5,570	2.2%	September 21, 2005	
		Karasuma Building	5,400	2.1%	June 1, 2007	
		KDX Hakata-Minami Building	4,900	1.9%	February 1, 2008	
		KDX Kobayashi-Doshomachi Building	2,870	1.1%	December 1, 2010	
		KDX Kitahama Building	2,220	0.9%	February 1, 2008	
		KDX Sendai Building	2,100	0.8%	June 1, 2007	
		Kitananajo SIA Building	2,005	0.8%	March 25, 2011	
		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 65 Office Buildings		224,636	91.1%	-		
Properties	Central Urban Retail	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	4.0%	August 1, 2005
		KDX Yoyogi Building	2,479	1.0%	September 30, 2005	
	Total of 2 Central Urban Retail Properties		12,379	5.0%	-	
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	2.1%	May 1, 2006	
		Court Mejiro	1,250	0.5%	August 1, 2005	
		Gradito Kawaguchi	1,038	0.4%	June 30, 2006	
	Other Regional Areas	Venus Hibarigaoka	1,800	0.7%	December 8, 2005	
Total of 4 Residential Properties		9,441	3.8%	-		
Total of 71 Properties		246,456	100.0%	Portfolio PML 5.15 %		

Notes:

1. Figures of less than one million yen are rounded off from acquisition prices, and ratios are rounded off to the first decimal place.
2. The acquisition price of the existing tower acquired on February 1, 2008 was 4,700 million yen, and the acquisition price of the annex tower acquired on November 18, 2009 was 1,100 million yen.