

Translation of Japanese Original

October 24, 2013

To All Concerned Parties

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Notice Concerning the Announcement of Operating Forecasts for the Fiscal Period Ending April 30, 2014 and Operating Forecasts for the Fiscal Period Ending October 31, 2014

Kenedix Realty Investment Corporation (the “Investment Corporation”) today announced its operating forecasts for the fiscal period ending April 30, 2014, our eighteenth fiscal period (November 1, 2013 to April 30, 2014), and the operating forecasts for the fiscal period ending October 31, 2014, our nineteenth fiscal period (May 1, 2014 to October 31, 2014). See below for additional details.

1. Reasons for Announcement

At the Investment Corporation’s meeting held on October 24, 2013, the board of directors of the Investment Corporation resolved to issue new investment units (the “Offering”) and to acquire certain new properties. Accordingly, the Investment Corporation decided to announce its operating forecasts for the fiscal period ending April 30, 2014 and the fiscal period ending October 31, 2014.

2. Forecasts for the fiscal period ending April 30, 2014 and fiscal period ending October 31, 2014.

(Millions of yen unless otherwise stated)

Fiscal Period Ending	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Yen)	Distributions in Excess of Earnings per Unit (Yen)
April 30, 2014	10,177	4,515	3,114	3,112	9,360	—
October 31, 2014	10,433	4,543	3,207	3,206	9,640	—

[Reference]

Forecasted number of investment units issued and outstanding as of April 30, 2014: 332,540 units

Forecasted number of investment units issued and outstanding as of October 31, 2014: 332,540 units

[Notes]

1. Forecasted figures are calculated based on the “Preconditions and Assumptions for the Fiscal Period Ending April 30, 2014 and October 31, 2014” (attached) as of the date of this press release. Readers are advised that actual operating revenues, ordinary income, net income, distributions and distributions in excess of earnings per unit may differ significantly from the forecasts due to a variety of reasons, including future acquisitions or sales of properties, trends in

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the real estate market in Japan or changes in other circumstances surrounding the Investment Corporation. In addition, forecasts set forth herein should not be construed as a guarantee of the amount of future cash distributions.

2. If the Investment Corporation expects significant changes to the aforementioned forecasts, it may further revise its forecasts in accordance with the rules of the Tokyo Stock Exchange.
3. Figures are rounded down to millions of Japanese yen.

[Reference] Forecasts for the fiscal period ending October 31, 2013, our seventeenth fiscal period (May 1, 2013 to October 31, 2013), as provided in the press release “Notice Concerning Revisions of Operating Forecasts for the Fiscal Period Ending October 31, 2013” dated September 11, 2013.

(Millions of yen unless otherwise stated)

Fiscal Period Ending	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Yen) (Note)	Distributions in Excess of Earnings per Unit (Yen)
October 31, 2013	9,753	4,236	2,833	2,832	9,300	—

Note: Forecasts are based on the assumption that distributions will be the amount remaining after deducting the provision of reserve for reduction entry of ¥165 million (planned) from net income.

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[Attachment]

**Preconditions and Assumptions for the Fiscal Period Ending April 30, 2014
and for the Fiscal Period Ending October 31, 2014**

	Preconditions and Assumptions
Calculation Period	<ul style="list-style-type: none"> The eighteenth fiscal period: November 1, 2013 to April 30, 2014 (181 days) The nineteenth fiscal period: May 1, 2014 to October 31, 2014 (184 days)
Property Portfolio	<ul style="list-style-type: none"> Although the number of real estate and trust beneficiary interests in real estate held by the Investment Corporation as of October 24, 2013 is 85 properties, the forecasts are based on the assumption that the Investment Corporation will acquire the following five properties through issuance of new investment units as stated in the press release “Notice Concerning Acquisition of Property (Conclusion of Agreement) (total of 4 Office buildings) and Change of acquisition funds (KDX Shinbashi Building: Additional Acquisition)” dated October 24, 2013 and “Notice Concerning Acquisition of Property (Conclusion of Agreement) (KDX Shinbashi Building: Additional Acquisition)” dated October 8, 2013. Furthermore, the silent partnership equity interest for GK KRF31, as provided in the press release “Notice Concerning Acquisition of Investment Asset (Silent Partnership Equity Interest)” dated May 23, 2013, will be refunded based on the acquisition of DNI Mita Building as stated below. <ul style="list-style-type: none"> SIA Takanawadai Building (office building) (*2) Ikebukuro 261 Building (office building) (*1) DNI Mita Building (office building) (*1) Akihabara SF Building (office building) (*2) KDX Shinbashi Building (additional acquisition) (office building) (*3) (*1) Planned acquisition date is November 18, 2013 (*2) Planned acquisition date is November 19, 2013 (*3) Planned acquisition date is December 2, 2013 Forecasts are based on the assumption that the number of properties will remain unchanged (sales of assets held and acquisition of new properties, etc.) until the end of the eighteenth fiscal period and nineteenth fiscal period, respectively, other than the above mentioned anticipated acquisitions. The Investment Corporation also holds TMK preferred securities. It assumes the refund of its TMK preferred securities will not occur by the end of the eighteenth fiscal period and nineteenth fiscal period. The actual results may fluctuate due to changes in the property portfolio.
Operating Revenues	<ul style="list-style-type: none"> Rental revenues are calculated based on lease agreements in effect as of October 24, 2013 and other factors, including expectations based on the historical performance of properties, seasonal effects and the recent trends in real estate market conditions. Forecasts are based on the assumption that there will be no rent in arrears or non-payments by the tenants.
Operating Expenses	<ul style="list-style-type: none"> Property-related expenses other than depreciation are calculated based on historic data and other factors, including seasonal effects that may cause fluctuations in expenses. For the eighteenth fiscal period, ¥1,003 million, and for the nineteenth fiscal period, ¥1,024 million, has been assumed for property management fees and facility management fees (property management and building maintenance fees, etc.). For the eighteenth fiscal period, ¥853 million, and for the nineteenth fiscal period, ¥922 million, has been assumed for taxes and public dues (property taxes and city-planning taxes, etc.). For the eighteenth fiscal period, ¥1,781 million, and for the nineteenth fiscal period, ¥1,786 million, has been assumed for depreciation expenses. For the eighteenth fiscal period, ¥164 million, and for the nineteenth fiscal period, ¥165 million, for repairs and maintenance expenses has been assumed based on the amounts of

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	Preconditions and Assumptions
	<p>repairs and maintenance that the Asset Management Company considers to be necessary for each property. The actual amount of repairs and maintenance expenses may, however, differ significantly from the forecasted amounts due to unforeseen circumstances.</p> <ul style="list-style-type: none"> • In general, property taxes and city planning taxes are allocated to the previous owners and purchasers on a pro rata basis at the time of acquisition settlement. In the case of the Investment Corporation, an amount equivalent to the portion allocated to the purchasers is included in the acquisition prices of the properties.
Non-Operating Expenses	<ul style="list-style-type: none"> • A one-time expense of approximately ¥180 million is assumed for the Investment Corporation's issuance of new investment units and secondary offering of investment units. The Investment Corporation will amortize these costs over a period of three years using the straight-line method. • Interest payable (including financing-related expenses, etc.) in the amount of ¥1,337 million and ¥1,291 million is assumed for the eighteenth and the nineteenth fiscal period, respectively.
Extraordinary gain or loss	<ul style="list-style-type: none"> • Not calculated on extraordinary gain or loss.
Borrowings and Investment Corporation Bonds	<ul style="list-style-type: none"> • The balance of borrowings and corporate bonds as of October 24, 2013 are ¥144,282 million and ¥6,300 million, respectively. • Of the total amount of borrowings as of October 24, 2013, ¥3,524 million is due during the seventeenth fiscal period. However, the Investment Corporation assumes all borrowings will be refinanced after excluding ¥24 million of scheduled repayment. The total borrowing amount due during the eighteenth fiscal period is ¥23,611.5 million, which assumes all remaining borrowings will be refinanced after excluding ¥211.5 million of scheduled repayments and credit ¥2,084 million to repay part of the existing borrowings from funds raised through the issuance of new investment units. The total borrowing amount due during the nineteenth fiscal period is ¥20,611.5 million, which assumes all borrowings will be refinanced after excluding ¥211.5 million of scheduled repayments. • It is assumed that the funds raised through the issuance of new investments units will be credited to part of the acquisition fund for the five properties provided in the Property Portfolio section above, and remaining funds will be credited to repay part of the existing borrowings. However, this depends on the investment unit issuance price. • The forecasts are based on the assumption that there is no corporate bond refund during the eighteenth and nineteenth fiscal period.
Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • The Investment Corporation assumes the aggregate number of its investment units issued and outstanding to be 332,540 units, consisting of 286,550 units issued and outstanding as of October 24, 2013, 43,800 new investment units to be issued and up to 45,990 units that may be issued through a third-party allotment in connection with a secondary offering of units by way of over-allotment in the Japanese offering. • It is assumed that the maximum number of additional units will be issued in connection with the third-party allotment in which up to 2,190 units may be issued. • The forecasts are based on the assumption that there will be no additional changes to the issued and outstanding investment units for the eighteenth and the nineteenth fiscal periods other than the abovementioned issuance of 45,990 investment units.
Distributions per Unit	<ul style="list-style-type: none"> • Distributions per unit are calculated in accordance with the distribution policy outlined in the Investment Corporation's Articles of Incorporation. • Actual cash distributions per unit may fluctuate due to various factors including movements in investment assets, fluctuation in rental revenues caused by tenant replacements or unexpected repairs.
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> • The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.

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Other	<ul style="list-style-type: none"> • Forecasts are based on the assumption that there will be no amendments to the law, taxation system, accounting standards, public listing regulations or requirements of the Investment Trusts Association, Japan, which may affect aforementioned forecasted figures. • Forecasts are based on the assumption that there will be no unexpected significant changes in general economic trends and real estate market trends and other conditions.

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