

Translation of Japanese Original

March 26, 2012

To All Concerned Parties

REIT Issuer:
Kenedix Realty Investment Corporation
2-2-9 Shimbashi, Minato-ku, Tokyo
Naokatsu Uchida, Executive Director
(Securities Code: 8972)

Asset Management Company:
Kenedix REIT Management, Inc.
Naokatsu Uchida, CEO and President

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Notice Concerning Acquisition of Property
(View Flex Umeda Building)

On March 26, 2012, Kenedix Realty Investment Corporation (the “Investment Corporation”) announced its decision to acquire the View Flex Umeda Building. Details are as follows.

1. Outline of the Acquisition

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|------------------------------------|---|
| (1) Type of Acquisition: | Trust beneficiary interest in real estate |
| (2) Property Name: | View Flex Umeda Building |
| (3) Acquisition Price: | ¥2,770,000,000
(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 26, 2012 |
| (6) Scheduled Date of Acquisition: | March 28, 2012 |
| (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 View Flex Umeda Building shall hereinafter be referred to as “the Property.”

2. Reason for Acquisition

The acquisition is made to raise the ratio of investment in 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 recently-constructed office building in the heart of Osaka (the Umeda area), completed in July 2009 and offering a total of approximately 2,000 *tsubo* in total floor area, and its acquisition represents a meaningful transaction for the composition of the Investment Corporation’s portfolio, which is centered around mid-size office buildings. This transaction also marks the first acquisition for the Investment Corporation of an office building in Osaka’s Umeda area, and should be beneficial from the viewpoint of management based on maintaining a certain degree of regional diversification.

(1) Area

The Property is located just a four-minute walk from Higashi-Umeda Station on the Tanimachi Line of the subway operated by the Osaka Metropolitan Transportation Bureau, and in close proximity to both Umeda Station on the subway's Midosuji Line and JR's Osaka Station, making it extremely competitive in terms of convenience for commuters. With progress in recent years in the redevelopment of the area around Osaka Station, the Umeda area in which the Property is located is expected to see renewed growth as a business district. Given that the property is one of the very few newly-constructed mid-size office buildings in the Umeda area, the Investment Corporation believes it will be possible to differentiate the Property from the large-scale buildings surrounding the neighborhood of Osaka Station, as well as from the relatively older mid-size office buildings found in the Sonezaki, Nishi-Tenma, and Dojima districts.

(2) Building

The Property is an office building completed in July 2009, notable for its newness among the buildings in the surrounding area. The leasable area of the standard floor is approximately 490m² (about 148 *tsubo*), with ceiling heights of 2.80m, and individual floors can be divided for leasing in portions. Facilities include individual air-conditioning systems, OA floors (raised floors), automated security, and parking spaces for 32 vehicles, giving the Property a level of competitiveness commensurate with other properties in the area.

(3) Tenants

Currently, the Property houses tenants from a variety of industries (10 tenants as of the end of February, 2012), including office equipment sales, music distribution services, temporary staffing, and telemarketing. Going forward, the Investment Corporation will work to manage the Property appropriately as a quality property in the area, with the goal of ensuring stable earnings.

3. Property Details

Property Name		View Flex Umeda Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		The Nomura Trust and Banking Co., Ltd. (Note 1)
Trust Term		March 27, 2008 to March 31, 2018 (Note 2)
Current Owner/Acquisition Date		ITOCHU Corporation / October 30, 2009
Previous Owner/Acquisition Date		G.K. Mycenae / March 27, 2008
Location (Address)		2-2-15 Sonezaki, Kita-ku, Osaka-shi, Osaka Prefecture
Usage		Offices, Retail, Parking
Type of Structure		Flat-roofed, steel-frame reinforced concrete structure; one underground and ten above-ground floors.
Site Area	Land	804.50 m ²
	Building	6,805.76 m ²
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		July 15, 2009
Architect		Yasui Architects & Engineers, Inc.
Construction Company		Nishimatsu Construction Co., Ltd.
Construction Confirmation Authority		Kenchiku Kensa Kikoh Kabushikigaisha
Probable Maximum Loss		8.78% (rated by NKSJ Risk Management, Inc.)
Acquisition Price		¥2,770,000,000

Appraisal	Appraisal Value	¥3,240,000,000
	Base Date for Appraisal	March 1, 2012
	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Details	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		Kenedix REIT Management, Inc. (the “Asset Management Company”)
Number of End Tenants		10 (As of February 29, 2012. The same applies below.)
Total Leasable Floor Area		4,986.24 m ²
Total Leased Floor Area		4,762.89 m ²
Occupancy Ratio		95.5%
Monthly Rental Income (Excluding Consumption Tax)		¥19,046,170 (Note 3) (Note 4)
Security and Guarantee Deposit		¥98,587,860 (Note 4)
Forecast Net Operating Income		Refer to Reference Material 2
Special Considerations	None apply.	
Other	Notes: 1. The Investment Corporation will change the trustee to the Mitsubishi UFJ Trust and Banking Corporation at the time of acquisition. 2. The Investment Corporation will change the trust term to until August 1, 2020 at the time of acquisition. 3. For all end tenants with leases having commenced as of February 29, 2012, monthly rental income shown is the total amount (as of December 12, 2012) of full monthly lease rents in accordance with the provisions of the lease agreement. Six end tenants are paying full monthly lease rents as of February 29, 2012. 4. Monthly rental income and guarantee deposit information is exclusive of parking fees, cost of utilities, and other revenues.	

4. Seller's Profile

Company Name	ITOCHU Corporation
Location	3-1-3 Umeda, Kita-ku, Osaka-shi, Osaka Prefecture
Title and Name of Representative	Masahiro Okafuji, President and Chief Executive Officer
Description of Business	Trading, sales, brokerage, and agency businesses, as well as manufacturing and processing, etc.
Amount of Capital	¥202.2 billion
Date of Incorporation	December 1, 1949
Net Assets	¥1,525.8 billion
Total Assets	¥6,262.9 billion
Relationship with the Investment Corporation/the Asset Management Company	
Capital Relationship	<ul style="list-style-type: none"> • There is no capital relationship of note between the Investment Corporation and the Seller • Seller owns 10% of the total outstanding shares of the Asset Management Company
Personnel Relationship	There are no personnel relationships of note between the Investment Corporation / Asset Management Company and the Seller.
Business Relationship	There are no business relationships of note between the Investment Corporation / Asset Management Company and the Seller.

Applicability of Related Party Relationships	<ul style="list-style-type: none"> • The seller does not fall under the definition of a related party of the Investment Corporation (Refers to related parties as defined under the Regulations Concerning Financial Statements. The same applies below.). • The seller owns 10% of the total outstanding shares of the Asset Management Company, and thus falls under the definition of a related party of the Asset Management Company. • The seller is not a related party as defined under the Investment Trust and Investment Corporation Law (the “Investment Trust Law”), or a special interest party as set forth in the Rules Regarding Special Interest Transactions of the Asset Management Company.
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*As of December 31, 2011

5. Acquirer’s (Seller’s) Profile

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

6. Details of Brokerage

The broker and brokerage fees involved in the acquisition of the Property are as shown below.

Broker	ITOCHU Housing Co., Ltd.
Location	2-9-11 Akasaka, Minato-ku, Tokyo
Title and Name of Representative	Shigeru Kusaka, Representative Director and President
Description of Business	Real estate consignment sales, brokerage, leasing Trust beneficiary sales agent/brokerage
Amount of Capital	¥400,000,000
Date of Incorporation	June 4, 1970
Brokerage Fees	¥83,100,000 (excluding consumption tax and regional consumption tax)
Relationship with the Investment Corporation / the Asset Management Company	
Capital Relationship	<p>There is no capital relationship of note between the Investment Corporation/the Asset Management Company and the broker.</p> <ul style="list-style-type: none"> - ITOCHU Corporation, which owns 10% of the total outstanding shares of the Asset Management Company, also owns 100% of the total outstanding shares of the Broker (including indirect holdings).
Personnel Relationship	There are no personnel relationships of note between the Investment Corporation / the Asset Management Company and the broker.
Business Relationship	There are no business relationships of note between the Investment Corporation/the Asset Management Company and the broker.
Applicability of Related Party Relationships	<ul style="list-style-type: none"> - The broker does not fall under the definition of a related party of the Investment Corporation. - Because the broker is a subsidiary of ITOCHU Corporation, which owns 10% of the total outstanding shares of the Asset Management Company, it falls under the definition of a related party of the Asset Management Company. - The broker does not fall under the definition of a special interest party as defined in the Investment Trust and Investment Corporation Law or as set forth in the Rules Regarding Special Interest Transactions of the Asset Management Company.

*As of December 31, 2011

7. Interested-Party Transactions

The following transactions will take place between the Investment Corporation and the Asset Management Company in relation to the acquisition of the Property.

Based on its rules as they relate to interested-party transactions, the Asset Management Company worked to ensure strict compliance with statutory and other regulatory requirements. In addition, the Asset Management Company has submitted all transactions for deliberation and approval by the Asset Management Committee and the Compliance Committee, upon which each transaction was then submitted to the Board of Directors for ratification.

Note that, in accordance with the provisions of the Investment Trust Law, the Asset Management Company will provide a report to the Investment Corporation regarding the transaction noted below.

Appointment of Property Management Company

On March 28, 2012, the Investment Corporation will enter into a property management agreement for the Property with the Asset Management Company (with the trustee of the trust included as a party to the contract).

Note that fees related to property management will be at the same level as those for currently-owned properties.

Outline of Property Management Fees:

(1) Leasing management fees

Rental income x 2% + real estate operating income after management overhead expenses and before depreciation x 2%

(2) Management transfer fees

Property (Trust Beneficiary Interest) Price	Management Transfer Fee (at Time of Purchase and Sale)
¥1.0 billion or more, but less than ¥3.0 billion	¥2.0 million

8. Acquisition Schedule

Date of Determination of Acquisition	March 26, 2012
Date of Execution of Purchase Agreement	March 26, 2012
Scheduled Payment Date	March 28, 2012 (planned)
Scheduled Delivery Date	March 28, 2012 (planned)

9. Outlook

The impact of the acquisition of the Property on the financial results for the period ending April 30, 2012 (November 1, 2011 to April 30, 2012) is minimal. Therefore, the forecast of financial results for the period remain unchanged.

Attached Materials:

Reference Material 1:	Outline of Property Appraisal
Reference Material 2:	Projected Cash Flow for the Property
Reference Material 3:	Summary of Building Condition Investigation Report
Reference Material 4:	Property Photographs
Reference Material 5:	Property Portfolio Following Acquisition of the Property

This notice is the English translation of the Japanese announcement on our Web site released on March 26, 2012. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference Material 1

Outline of Property Appraisal

Unit: Yen	
Appraisal Value	3,240,000,000
Base Date for Appraisal	March 1, 2012
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Value Calculated Using the Direct Capitalization Method	3,280,000,000
Gross Operating Revenue	243,676,121
Maximum Gross Operating Revenue	264,829,884
Shortfall Attributed to Vacancies	21,153,763
Operating Expenses	71,396,803
Administrative and Maintenance Expense	44,431,511
Taxes and Dues	25,268,600
Other Expenses	1,696,692
Net Operating Income (NOI)	172,279,318
Capital Expenditure	6,686,320
Gain on Guarantee Deposit Investment (Note)	1,542,723
Net Cash Flow (NCF)	167,135,721
Overall Capitalization Rate (NCF)	5.1%
Value Calculated Using the Discounted Cash Flow Method	3,220,000,000
Discount Rate	4.9%
Terminal Capitalization Rate	5.3%
Value Calculated Using the Cost Method	2,580,000,000
Land	40.3%
Building	59.7%

Note: Gain on guarantee deposit investment calculated based on an operating yield of 2.0%

*Reference (Appraised NOI Yield)

Approximately 6.2% (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 (¥2,770,000,000).

Reference Material 2

Projected Cash Flow for the Properties

Unit : Millions of Yen	
A. Projected Operating Revenues	247
B. Projected Operating Expenses (excluding depreciation)	79
C. Projected NOI (A-B)	168

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 92%, 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

Summary of Building Condition Investigation Report

Unit : Yen	
Investigation Company	HI International Consultant Co., LTD.
Date of Investigation	February 2012
Repairs, maintenance and renovation expenses required over the next year	430,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	107,180,000
Unit-in-Place	1,691,000,000

- * 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) (Note1)	Ratio (Note1)	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	Kabutocho Nikko Building	11,270	3.9%	December 26, 2011
		KDX Harumi Building	10,250	3.6%	June 30, 2008
		Toranomon Toyo Building	9,850	3.4%	June 1, 2007
		Hiei Kudan-Kita Building	7,600	2.6%	February 1, 2008
		KDX Shinjuku Building	6,800	2.3%	February 18, 2010
		KDX Ochanomizu Building	6,400	2.2%	April 2, 2007
		KDX Shiba-Daimon Building	6,090	2.1%	March 1, 2007
		KDX Kojimachi Building	5,950	2.0%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	2.0%	August 1, 2005
		KDX Shin-Yokohama 381 Building (Note 2)	5,800	2.0%	Existing Tower: February 1, 2008 Annex Tower: November 18, 2009
		Toshin 24 Building	5,300	1.8%	May 1, 2006
		KDX Iidabashi Building	4,670	1.6%	July 22, 2011
		KDX Ebisu Building	4,640	1.6%	May 1, 2006
		KDX Higashi Shinagawa Building	4,590	1.6%	July 22, 2011
		Higashi-Kayabacho Yuraku Building	4,450	1.5%	August 1, 2005
		KDX Toranomon Building	4,400	1.5%	April 17, 2007
		KDX Ginza 1chome Building	4,300	1.5%	November 12, 2010
		KDX Nishi-Gotanda Building	4,200	1.4%	December 1, 2006
		KDX Nihonbashi Honcho Building	4,000	1.4%	November 12, 2010
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	1.3%	February 1, 2008
		KDX Hatchobori Building	3,680	1.2%	August 1, 2005
		KDX Omori Building (Note 3)	-	-	May 1, 2006
		KDX Hamamatsucho Building	3,460	1.2%	May 1, 2006
		KDX Roppongi 228 Building	3,300	1.1%	January 10, 2008
		Koishikawa TG Building	3,080	1.0%	November 18, 2009
		KDX Higashi-Shinjuku Building	2,950	1.0%	September 1, 2006
		KDX Kayabacho Building	2,780	0.9%	May 1, 2006
		KDX Jimbocho Building	2,760	0.9%	March 31, 2008
		Nissou Dai-17 Building	2,710	0.9%	February 1, 2008
		KDX Hakozaki Building	2,710	0.9%	July 22, 2011
		KDX Shinbashi Building	2,690	0.9%	May 1, 2006
		Gotanda TG Building	2,620	0.9%	November 18, 2009
		KDX Nakano-Sakaue Building	2,533	0.8%	August 1, 2005
		KDX Shin-Yokohama Building	2,520	0.8%	May 1, 2006
		Harajuku F.F. Building	2,450	0.8%	August 1, 2005
		Ikejiri-Oohashi Building	2,400	0.8%	February 1, 2008
KDX Kajicho Building	2,350	0.8%	July 3, 2006		
KDX Hamacho Nakanohashi Building	2,310	0.8%	February 1, 2008		
KDX Hamacho Building	2,300	0.8%	March 16, 2006		

Office Buildings	Tokyo Metropolitan Area	KDX Shinjuku 286 Building	2,300	0.8%	June 1, 2007
		KDX Shin-Nihonbashi Building	2,300	0.8%	July 22, 2011
		FIK Minami Aoyama	2,270	0.8%	August 1, 2005
		KDX Funabashi Building	2,252	0.7%	March 1, 2006
		KDX Hamamatsucho Dai-2 Building	2,200	0.7%	September 1, 2008
		Shin-toshin Maruzen Building	2,110	0.7%	February 29, 2008
		KDX Nihonbashi 216 Building	2,010	0.7%	December 1, 2009
		KDX Okachimachi Building	2,000	0.7%	March 1, 2007
		KDX Gobancho Building	1,951	0.6%	March 31, 2008
		Kanda Kihara Building	1,950	0.6%	August 1, 2005
		KDX Yotsuya Building	1,950	0.6%	May 1, 2006
		KDX Iwamoto-cho Building	1,864	0.6%	May 1, 2008
		Ikebukuro Nikko Building	1,653	0.5%	December 26, 2011
		KDX Kiba Building	1,580	0.5%	June 20, 2006
		KDX Nishi-Shinjuku Building	1,500	0.5%	April 2, 2007
		KDX Monzen-Nakacho Building	1,400	0.4%	January 19, 2007
		KDX Kanda Misaki-cho Building	1,380	0.4%	February 1, 2008
		KDX Hon-Atsugi Building	1,305	0.4%	March 1, 2007
		Kabutocho Nikko Building II	1,280	0.4%	December 26, 2011
		Tachikawa Ekimae Building	1,267	0.4%	December 26, 2011
	KDX Hachioji Building	1,155	0.4%	March 1, 2007	
	KDX Nogizaka Building	1,065	0.3%	July 14, 2006	
	Other Regional Areas	KDX Nagoya Sakae Building	7,550	2.6%	Land: April 25, 2008 Building: July 1, 2009
		Nagoya Ekimae Sakura-dori Building	7,327	2.5%	December 26, 2011
		Portus Center Building	5,570	1.9%	September 21, 2005
		Karasuma Building	5,400	1.9%	June 1, 2007
KDX Hakata-Minami Building		4,900	1.7%	February 1, 2008	
Nagoya Nikko Shoken Building		4,158	1.4%	December 26, 2011	
KDX Kobayashi-Doshomachi Building		2,870	1.0%	December 1, 2010	
View Flex Umeda Building		2,770	0.9%	March 28, 2012 planned	
KDX Kitahama Building		2,220	0.7%	February 1, 2008	
KDX Sendai Building		2,100	0.7%	June 1, 2007	
Kitananajo SIA Building		2,005	0.7%	March 25, 2011	
KDX Minami Semba Dai-1 Building		1,610	0.5%	May 1, 2006	
KDX Minami Semba Dai-2 Building		1,560	0.5%	May 1, 2006	
KDX Niigata Building		1,305	0.4%	March 1, 2007	
Sendai Nikko Building	950	0.3%	December 26, 2011		
Total of 75 Office Buildings		260,901	92.0%	-	
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	3.4%	August 1, 2005
		KDX Yoyogi Building	2,479	0.8%	September 30, 2005
	Total of 2 Central Urban Retail Properties		12,379	4.3%	-
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	1.8%	May 1, 2006
		Court Mejiro	1,250	0.4%	August 1, 2005
		Gradito Kawaguchi	1,038	0.3%	June 30, 2006
	Other Regional Areas	Venus Hibarigaoka	1,800	0.6%	December 8, 2005
Total of 4 Residential Properties		9,441	3.3%	-	

Other	Other Regional Areas	Kanazawa Nikko Building	645	0.2%	December 26, 2011
	Total of 1 Other		645	0.2%	-
Total of 82 Properties			283,366	100.0%	Portfolio PML 4.98 %

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.
3. KDX Omori Building is scheduled to be sold on May 11, 2012. Please see our press release dated February 23, 2012, "Notice Concerning the Conclusion of Agreement of the Sale of Property (KDX Omori Building)" for details.