

Translation Purpose Only

February 27, 2006

To All Concerned Parties

Kenedix Realty Investment Corporation  
2-6-2 Marunouchi, Chiyoda-ku, Tokyo  
Taisuke Miyajima, Executive Director  
(Securities Code: 8972)

Inquiries:  
Kenedix REIT Management, Inc.  
Masahiko Tajima  
General Manager, Financial Planning Division  
TEL.: +81-3-5288-7629

### **Notice Concerning the Acquisition of Property (Reland Center Building)**

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision on February 27, 2006, to acquire the Reland Center Building. Details are provided as follows.

#### **1. Outline of the Acquisition**

- (1) Type of Acquisition : Real estate
- (2) Property Name : Reland Center Building
- (3) Acquisition Price : ¥2,252,300,000 (excluding acquisition costs, property tax, city-planning tax, consumption tax, etc.)
- (4) Date of Acquisition : March 1, 2006  
Contract
- (5) Scheduled Date of Acquisition : March 1, 2006
- (6) Seller : Manni Tochi K.K. (Refer to Item 4. Seller’s Profile for details)
- (7) Acquisition Funds : Debt financing and own funds
- (8) Settlement Method : Payment in full on settlement

The aforementioned Reland Center Building shall hereafter be referred to as “the Property.”

#### **2. Reason for Acquisition**

The acquisition was made to raise the investment ratio of office buildings in Tokyo metropolitan areas and to further enhance and stabilize the Investment Corporation’s overall investment portfolio, in accordance with its Articles of Incorporation and fundamental investment policies.

Prior to its decision, the Investment Corporation undertook due diligence, considering a number of factors including the following.

(1) Area

Funabashi City, within Chiba Prefecture and second only to Chiba City in terms of numbers of offices and office workers (according to the 2004 Establishment and Enterprise Census carried out by the Statistics Bureau, Ministry of Internal Affairs and Communications), is building up its own distinct office market. Office supply and demand is commensurate with a major urban area located between metropolitan Tokyo and Chiba City. K.K. Ikoma Data Service System's White Paper on Real Estate 2005 indicates that advertised rents and occupancy ratios exceed even the high levels of those in the area around Chiba Station in recent years.

The Property is located in the vicinity of Funabashi Station, which as Funabashi's terminal hub is served by the JR Sobu Line, Tobu Noda Line, Keisei Line, and the Keiyo high-speed rail link, and acts as a focus for all means of transportation. Of particular importance, Funabashi Station is 25 minutes from Tokyo Station by JR Sobu Line express train, 14 minutes from Chiba Station, and affords superb transportation access to both the metropolis and central Chiba Prefecture alike.

The Property, three minutes via the bus and taxi terminal and a pedestrian deck from Funabashi Station's north exit, is in a prime, even by Funabashi standards, highly competitive location in the heart of the city.

(2) Building

The Property, which has an inner garden in its communal area, is of an open-plan structure. Office space is of the type that has no central pillars, a typical floor layout comprising partitioned compartments each equipped with dedicated air conditioning for a specification that will easily meet tenant needs.

Furthermore, the Property's south-facing entrance and exit concourse on the second floor is directly linked to Funabashi Station's north exit by a pedestrian deck, enabling people to gain access from the station without the need to cross a street.

(3) Tenants

Funabashi is also the second most populous city in Chiba Prefecture (numbering approximately 570,000 people in January 2006) and, as passenger numbers at JR Funabashi Station are among the largest in JR's Chiba region, many businesses are setting up offices in the Funabashi area to target individual customers.

The tenants currently occupying the Property, which is located in a highly competitive location near the station, even by Funabashi standards, include branch offices and sales offices of several representative life insurance companies of Japan, a major real estate company that is listed on the Tokyo Stock Exchange's First Section and a consumer credit company. The diversification of tenants that have taken advantage of the unique characteristics of the location is being fulfilled.

### 3. Property Details

Property Name		Reland Center Building
Type of Specified Asset		Real estate
Current Owner / Acquisition Date		Manni Tochi K.K. / December 14, 1999
Previous Owner / Acquisition Date		K.K.OCT / June 13, 1994
Location (Address)		7-11-5 Honcho, Funabashi, Chiba
Usage		Offices, Shops
Structure		Flat-roofed steel-reinforced concrete structure; one underground floor, eight stories
Site Area	Land	1,180.41m <sup>2</sup>
	Building	5,970.12 m <sup>2</sup>

Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		April 13, 1989
Construction Company		Taisei Corporation
Probable Maximum Loss		4.11% (Sompo Japan Risk Management, Inc.)
Acquisition Price		¥2,252,300,000
Appraisal	Appraisal Value	¥2,260,000,000
	Base Date for Appraisal	March 1, 2006
	Appraiser	Nippon Tochi-Tatemono Co., Ltd.
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		None
Master Lease Company and Property Management Company after Acquisition		Kenedix Advisors Co., Ltd.
Number of End Tenants		16 (as of December 31, 2005. The same applies below. )
Total Leasable Floor Space		3,875.45 m <sup>2</sup>
Total Leased Floor Space		3,444.85 m <sup>2</sup>
Occupancy Ratio		88.88% (Note 1)
Monthly Rental Income (Excluding Consumption Tax)		¥13,712,180 (Note 2)
Security and Guarantee Deposit		¥122,706,075 (Note 2)
Forecast Net Operating Income		Please refer to Reference Material 2.
Special Considerations		None
Other	Notes: 1. Occupancy ratio as of February 27, 2006 is 96.71%. 2. Monthly rental income and security and guarantee deposit information is exclusive of advertising and parking facility amounts.	

#### 4. Sellers' Profile

Company Name	Manni Tochi K.K.
Head Office Address	2-4-4 Kajicho, Chiyoda-ku, Tokyo
Representative	Hideaki Sekine, Director
Capital	¥100 million
Principal Shareholder	Hideaki Sekine
Business Activities	Real estate trade, leasing, management and brokerage
Relationship with the Investment Corporation	None
Special Items	None

\*As of February 27, 2006

#### 5. Interested-Party Transactions

Related to the acquisition of the Property, transactions between the Investment Corporation and interested parties, or between the Investment Corporation and interested-parties as defined under the Asset Management Company's



internal rules and regulations, shall fall under the transaction categories (1) and (2) below.

Kenedix REIT Management, Inc. (“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, in order to ensure that the transactions were conducted in an open and fair manner and that the Investment Corporation was not disadvantaged, the Asset Management Company submitted all transactions for deliberation and approval by the Compliance Committee and the Asset Management 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 shall provide a report to the Investment Corporation relating to the interested-party transactions.

(1) Appointment of a Property Management Company

The Investment Corporation plans to execute a property management agreement with Kenedix Advisors Co., Ltd. (“KDA”) on March 1, 2006. Other parties to the agreement include the Asset Management Company.

KDA qualifies as an interested-party as defined under the Investment Trust Law and the internal rules and regulations of the Asset Management Company. Fees relating to property management remain at the same level.

Outline of Property Managements Fees:

- Leasing management fees  
Rental income x 2% + real estate operating income after management overhead expenses and before depreciation x 2%
- Management transfer fees

Property Price	Management Transfer Fee (At the time of purchase and sale)
More than ¥1.0 billion and less than ¥3.0 billion	¥2.0 million

(2) Master Lease of the Property

The Investment Corporation plans to execute a master lease agreement with KDA on March 1, 2006. Other parties to the agreement include the Asset Management Company.

[Principal agreement terms and conditions]

- Agreement term: From the date of agreement execution through August 1, 2015
- Type of master lease: Pass-through

**6. Outlook**

There are no revisions to the forecasts for the fiscal periods ending April 30, 2006, and October 31, 2006, 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 February 27, 2006. 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
3. Property Photographs
4. Property Portfolio after Acquisition of the Property

**Reference Material 1**

**Outline of Property Appraisal**

		<b>Unit: Yen</b>
Appraisal Value		2,260,000,000
Base Date for Appraisal		March 1, 2006
Appraiser		Nippon Tochi-Tatemono Co., Ltd.
Value Calculated Using the Direct Capitalization Method		2,370,000,000
Gross Operating Revenue		205,658,000
Maximum Gross Operating Revenue		213,385,000
Shortfall Attributed to Vacancies		7,727,000
Operating Expenses		57,592,000
Administrative and Maintenance Expense		40,173,000
Taxes and Dues		16,807,000
Other Expenses		612,000
Net Operating Income (NOI)		148,066,000
Capital Expenditure		14,362,000
Gain on Guarantee Deposit Investment		3,958,000
Net Cash Flow (NCF)		137,662,000
Overall Capitalization Rate (NCF)		5.8%
Value Calculated Using the Discounted Cash Flow Method		2,210,000,000
Discount Rate		5.5%
Terminal Capitalization Rate		6.0%
Value Calculated Using the Cost Method		1,750,000,000
Land		57.64%
Building		42.36%

**Reference Material 2**

**Projected Cash Flow**

<b>Unit: Millions of yen</b>	
A . Projected Operating Revenues	205
B . Projected Operating Expenses (excluding depreciation)	71
C . Projected NOI (A – B)	134

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 95%, 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**

**Property Photographs**





## Reference Material 4

### Property Portfolio after Acquisition of the Property

Type of use	Area	No.	Property Name	Acquisition Price (Millions of yen)	Ratio	Acquisition Date
Office Buildings	Tokyo Metropolitan area	A-13	Belles Modes Building	5,950	7.5%	November 1, 2005
		A-1	Nihonbashi 313 Building	5,940	7.5%	August 1, 2005
		A-2	Sogo Hirakawacho Building	5,180	6.5%	August 1, 2005
		A-3	Higashi-Kayabacho Yuraku Building	4,450	5.6%	August 1, 2005
		A-4	Noir Hatchobori	3,680	4.6%	August 1, 2005
		A-5	K&Y Building (Southern Plaza)	2,533	3.2%	August 1, 2005
		A-6	Harajuku F.F. Building	2,450	3.0%	August 1, 2005
		A-7	FIK Minami Aoyama	2,270	2.8%	August 1, 2005
		A-14	Reland Center Building	2,252	2.8%	March 1, 2006
		A-8	Kanda Kihara Building	1,950	2.4%	August 1, 2005
		A-9	NNK Building	1,610	2.0%	August 1, 2005
	A-10	Koishikawa Yoshida Building	704	0.8%	August 1, 2005	
	Other Regional areas	A-12	Portus Center Building	5,570	7.0%	September 21, 2005
		A-11	Hakata-Ekimae Dai-2 Building	1,430	1.8%	August 1, 2005
Total of 14 Office Buildings				45,969	58.0%	
Residential Properties	Tokyo Metropolitan area	B-1	Storia Sirokane	3,150	3.9%	August 1, 2005
		B-2	Tre di Casa Minami Aoyama	2,460	3.1%	August 1, 2005
		B-3	Court Mejiro	1,250	1.5%	August 1, 2005
		B-4	Apartments Motoazabu	1,210	1.5%	August 1, 2005
		B-5	Apartments Wakamatsu-Kawada	1,180	1.4%	August 1, 2005
		B-6	Court Nihonbashi-Hakozaki	1,130	1.4%	August 1, 2005
		B-7	Side Denenchofu	1,110	1.4%	August 1, 2005
		B-8	S-court Yokohama-Kannai	945	1.1%	August 1, 2005
		B-9	Court Motoasakusa	880	1.1%	August 1, 2005
		B-10	Storia Todoroki	877	1.1%	August 1, 2005
		B-11	Bloom Omotesando	875	1.1%	August 1, 2005
		B-12	Clair Court Rokakouen	831	1.0%	August 1, 2005
		B-13	Human Heim Okachimachi	830	1.0%	August 1, 2005
		B-14	Court Shinbashi	748	0.9%	August 1, 2005
		B-15	Court Suitengu	659	0.8%	August 1, 2005
	Other Regional areas	B-18	Venus Hibarigaoka	1,800	2.2%	December 8, 2005
		B-16	Abreast Hara	444	0.5%	August 1, 2005
		B-17	Abreast Hirabari	407	0.5%	August 1, 2005
Total of 18 Residential Properties				20,786	26.2%	
Retail Facilities	Tokyo Metropolitan area	C-1	Jinnan-zaka Frame	9,900	12.5%	August 1, 2005
		C-2	Yoyogi M Building	2,479	3.1%	September 30, 2005
Total of 2 Retail Facilities				12,379	15.6%	
Total of 34 properties					100.0%	Portfolio PML : 5.71%

\*Figures of less than one million yen are rounded off from acquisition prices, and ratios are rounded off to the second decimal place.



\* Collection Higashisakura, which was announced in the Notice Concerning the Acquisition of Property (Conclusion of an Agreement) (Collection Higashisakura) on December 9, 2005, is not included in this portfolio because Collection Higashisakura is not yet acquired as of February 27, 2006.