

Translation of Japanese Original

March 8, 2013

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 Office Partners, Inc.  
Naokatsu Uchida, CEO and President

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**Notice Concerning Acquisition of Property (Conclusion of Agreement)**  
**(Nomura Fudosan Omiya Kyodo Building)**

On March 8, 2013, Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision to acquire the following property. Details are as follows.

**1. Outline of the Acquisition**

- (1) Type of Planned Acquisition: Real estate
- (2) Property Name: Nomura Fudosan Omiya Kyodo Building
- (3) Planned Acquisition Price: ¥2,020,000,000  
(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 8, 2013
- (6) Scheduled Date of Acquisition: March 26, 2013
- (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

Note: For details concerning new debt, please refer to the press release “Notice Concerning Debt Financing (Series 83),” dated March 8, 2013.

The aforementioned Nomura Fudosan Omiya Kyodo 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 an office building located very close to the station in a central area (Omiya-ward) of the Saitama City. This is a meaningful transaction for the Investment Corporation, which is building a portfolio focused on mid-sized office buildings. In addition, the Property will be the first office building in Saitama prefecture that the Investment Corporation will acquire. Therefore, this is also a beneficial transaction from the standpoint of diversifying properties across a particular area.

### (1) Area

The Property is an office building with convenient access located approximately four minutes on foot from Omiya Station where number of train routes such as the JR Tohoku and Joetsu bullet train lines, Keihin Tohoku Line, Tohoku Main Line, Takasaki Line, Saikyo Line and other railway lines can be used.

Omiya-ward in the Saitama City is the primary center of commerce and business in Saitama prefecture. Omiya is the site of offices of local companies as well as the sales offices and other business sites of other companies for serving Saitama prefecture as well as the northern Kanto, Tohoku and Shinetsu regions. Omiya has grown steadily as a business district as the concentration of business operations increased, and stands firm in the entire Tokyo Metropolitan Area in terms of the soundness of demand for leasing office space.

### (2) Building

The Property will meet the needs of a diverse range of tenants as its standard floor has leasable floor area of approximately 422 m<sup>2</sup> (about 128 tsubo), a ceiling height of 2.58m, and is equipped with individual air-conditioning systems, OA floors, automated security, a mechanical parking lot for 30 vehicles, and can be divided for leasing into a variety of sizes. A three-story residential building is on the east side of the office portion and its structure and facilities are separate from the office portion.

### (3) Tenants

Currently, the Property is occupied with tenants from a variety of industries including automobile parts manufacturing, construction, manufacturing and sales of cosmetics, and many other sectors. 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		Nomura Fudosan Omiya Kyodo Building
Type of Specified Asset		Real estate
Current Owner/Acquisition Date		① Nomura Real Estate Development Co., Ltd. / April 3, 1991 (Note 1) (Note 2) ② Japanese general business corporation / June 2, 2003 (Note 1) (Note 3) ③ Individual A / December 8, 1989 (Note 1) (Note 2)
Previous Owner/Acquisition Date		① Individual A / March 2, 1988 (Note 2) ② Individual A / May 17, 1993 (Note 3) ③ Individual B / February 25, 1926 (Note 2)
Location (Address)		1-38-1 and 1-39-5 Miyacho, Omiya-ku, Saitama, Saitama
Usage		(Office) Offices, Retail shops, Parking (Residential) Residential
Type of Structure		(Office) Flat-roofed, steel-frame concrete · steel-frame reinforced concrete structure; one underground and eight above-ground floors (Residential) Flat-roofed, steel-frame concrete structure; three above-ground floors
Site Area	Land	775.67 m <sup>2</sup>
	Building	(Office) 4,965.80 m <sup>2</sup> (Residential) 89.70 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership (Note 1)
	Building	Proprietary ownership (Note 1)
Completion Date		April 26, 1993

Architect		Raymond Architectural Design Office
Construction Company		Obayashi Corporation
Construction Confirmation Authority		Saitama-shi, Saitama
Probable Maximum Loss		6.97% (rated by NKSJ Risk Management, Inc.)
Acquisition Price		¥2,020,000,000
Appraisal	Appraisal Value	¥2,200,000,000
	Base Date for Appraisal	February 1, 2013
	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		None
Property Management Company after Acquisition		Kenedix Office Partners, Inc. ("the Asset Management Company")
Number of End Tenants		16 (As of February 28, 2013. The same applies below.)
Total Leasable Floor Area		3,819.09 m <sup>2</sup>
Total Leased Floor Area		3,371.67 m <sup>2</sup>
Occupancy Ratio		88.3%
Monthly Rental Income (Excluding Consumption Tax)		¥14,629,825 (Note 4)
Security and Guarantee Deposit		¥168,067,423 (Note 4)
Forecast Net Operating Income		Refer to Reference Material 2
Special Considerations	None	
Other	Notes: 1. The land of the Property is owned in separate sections by the sellers (Nomura Real Estate Development Co., Ltd. and individual A) and the building of the Property is collectively owned by the sellers. The Investment Corporation plans to receive the ownership portions of the land and building from all sellers on the scheduled date of acquisition. 2. The property land acquisition date (the oldest acquisition date for land) is shown. 3. The building acquisition date is shown. 4. Monthly rental income and guarantee deposit information is exclusive of parking fees, cost of utilities, and other revenues.	

#### 4. Seller's Profile

##### (1) Nomura Real Estate Development Co., Ltd.

Company Name	Nomura Real Estate Development Co., Ltd.
Location	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Title and Name of Representative	President Kamezo Nakai
Description of Business	Real estate business, etc.
Amount of Capital	¥2 billion
Date of Incorporation	April 15, 1957
Net Assets	Not disclosed due to the sellers request.
Total Assets	¥892.7 billion (as of March 31, 2012)
Relationship with the Investment Corporation/the Asset Management Company	
Capital Relationship	There is no special capital relationship between the Investment Corporation or the Asset Management Company.

Personnel Relationship	There is no special personnel relationship between the Investment Corporation or the Asset Management Company.
Business Relationship	There is no special business relationship between the Investment Corporation or the Asset Management Company.
Applicability of Related Party Relationships	The seller is not a related company as defined under the Investment Trust and Investment Corporation Law (“the Investment Trust Law”) or the internal regulations of the Asset Management Company.

\*As of February 28, 2013

## (2) Japanese General Business Corporation and Individual A

Names, etc. of the Japanese general business corporation and individual A are not disclosed because the sellers have not given their consent. There are no significant capitals, personnel or business relationships of note between the Investment Corporation / Asset Management Company and these sellers. In addition, no seller meets the definition of an interested party under the Investment Trust Law and the internal regulations of the Asset Management Company.

## 5. Acquirer’s (Seller) Profile

Not disclosed due to the sellers (the current owners) of the Property is not a special related party of the Asset Management Company.

## 6. Details of Brokerage

The details of the brokerage firm and the brokerage fee involved in the acquisition of the Property are as follows.

Name of brokerage firm	Not disclosed due to the brokerage firms’ request.
Brokerage Fee	¥37,000,000 (excluding consumption tax and regional consumption tax)
Relationship with the Investment Corporation or the Asset Management Company	The brokerage firm is not an interested party as defined under the Investment Trust Law and the internal regulations of the Asset Management Company.

## 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, 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 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 shall provide a report to the Investment Corporation relating to the interested-party transactions.

### Appointment of a Property Management Company

The Investment Corporation plans to execute a property management agreement with Kenedix Office Partners, Inc. on the acquisition date for the Property.

Fees relating to property management remain at the same level as the current properties.

**Outline of Property Management Fees:**

- Leasing management fees  
Rental income  $\times$  2% + Real estate operating income after management overhead expenses and before depreciation  $\times$  2%
- Management transfer fees  
Management transfer fee is set based on the property sale price, as shown in the table below.

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 8, 2013
Date of Execution of Purchase Agreement	March 8, 2013
Scheduled Payment Date	March 26, 2013 (planned)
Scheduled Delivery Date	March 26, 2013 (planned)

\*Applies for the Three Properties.

**9. Outlook**

The impact of the acquisition of the Property on the financial results for the period ending April 30, 2013 (November 1, 2012 to April 30, 2013) is minimal. Therefore, the forecast of financial results for the period remain unchanged.

**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

This notice is the English translation of the Japanese announcement on our Web site released on March 8, 2013. 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	2,200,000,000
Base Date for Appraisal	February 1, 2013
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Value Calculated Using the Direct Capitalization Method	2,210,000,000
Gross Operating Revenue	208,803,485
Maximum Gross Operating Revenue	220,514,664
Shortfall Attributed to Vacancies	11,711,179
Operating Expenses	70,272,359
Administrative and Maintenance Expense	55,872,789
Taxes and Dues	13,491,500
Other Expenses	908,070
Net Operating Income (NOI)	138,531,126
Capital Expenditure	12,943,250
Gain on Guarantee Deposit Investment (Note)	2,511,518
Net Cash Flow (NCF)	128,099,394
Overall Capitalization Rate (NCF)	5.8%
Value Calculated Using the Discounted Cash Flow Method	2,200,000,000
Discount Rate	5.6%
Terminal Capitalization Rate	6.0%
Value Calculated Using the Cost Method	1,950,000,000
Land	67.3%
Building	32.7%

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

\*Reference (Appraised NOI Yield)

Approximately 6.9% (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 (¥2,020,000,000).

## Reference Material 2

### Projected Cash Flow for the Property

Unit : Millions of Yen	
A. Projected Operating Revenues	211
B. Projected Operating Expenses (excluding depreciation)	68
C. Projected NOI (A-B)	142

#### 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 96%, 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

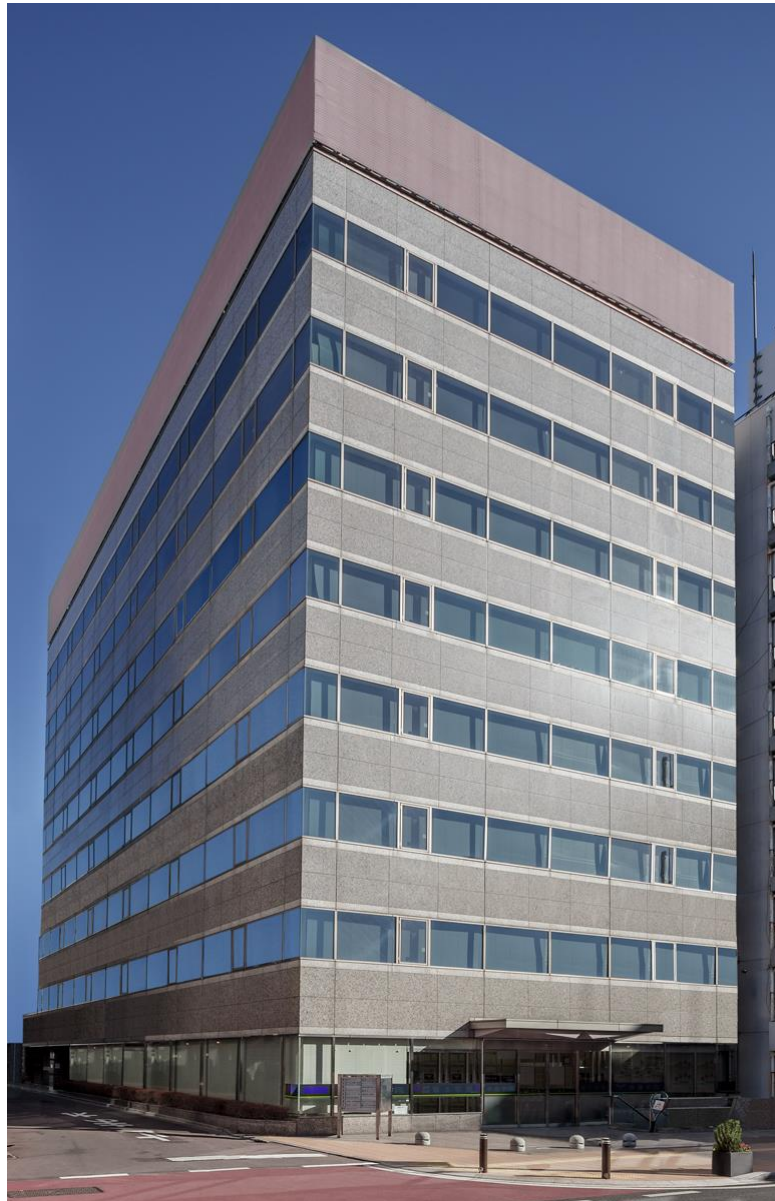
Unit : Yen	
Investigation Company	HI International Consultant Co., LTD.
Date of Investigation	January 2013
Repairs, maintenance and renovation expenses required over the next year	510,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	209,790,000
Unit-in-Place	1,405,100,000

- \* 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) (Note 1)	Ratio (Note 1)	Acquisition Date
Office Buildings	Tokyo Metropolitan Area	KDX Nihonbashi Kabutocho Building	11,270	3.8%	December 26, 2011
		KDX Harumi Building	10,250	3.4%	June 30, 2008
		Toranomon Toyo Building	9,850	3.3%	June 1, 2007
		Hiei Kudan-Kita Building	7,600	2.5%	February 1, 2008
		KDX Shinjuku Building	6,800	2.3%	February 18, 2010
		KDX Ochanomizu Building	6,400	2.1%	April 2, 2007
		Fuchu South Building	6,120	2.0%	September 21, 2012
		KDX Shiba-Daimon Building	6,090	2.0%	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	1.9%	Existing Tower: February 1, 2008 Annex Tower: November 18, 2009
		Toshin 24 Building	5,300	1.7%	May 1, 2006
		KDX Idabashi Building	4,670	1.5%	July 22, 2011
		KDX Ebisu Building	4,640	1.5%	May 1, 2006
		KDX Higashi Shinagawa Building	4,590	1.5%	July 22, 2011
		Higashi-Kayabacho Yuraku Building	4,450	1.5%	August 1, 2005
		KDX Toranomon Building	4,400	1.4%	April 17, 2007
		KDX Ginza 1chome Building	4,300	1.4%	November 12, 2010
		KDX Nishi-Gotanda Building	4,200	1.4%	December 1, 2006
		KDX Nihonbashi Honcho Building	4,000	1.3%	November 12, 2010
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	1.2%	February 1, 2008
		KDX Hatchobori Building	3,680	1.2%	August 1, 2005
		KDX Hamamatsucho Building	3,460	1.1%	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
		Kasuga Business Center Building	2,800	0.9%	September 21, 2012
		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	0.8%	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	0.7%	July 3, 2006
		KDX Hamacho Nakanohashi Building	2,310	0.7%	February 1, 2008

Office Buildings	Tokyo Metropolitan Area	KDX Hamacho Building	2,300	0.7%	March 16, 2006
		KDX Shinjuku 286 Building	2,300	0.7%	June 1, 2007
		KDX Shin-Nihonbashi Building	2,300	0.7%	July 22, 2011
		FIK Minami Aoyama	2,270	0.7%	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
		Nomura Fudosan Omiya Kyodo Building	2,020	0.6%	March 26, 2013 planned
		KDX Nihonbashi 216 Building	2,010	0.6%	December 1, 2009
		KDX Okachimachi Building	2,000	0.6%	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
		Nakameguro Business Center Building	1,880	0.6%	September 21, 2012
		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	0.3%	March 1, 2007
		KDX Nogizaka Building	1,065	0.3%	July 14, 2006
	Other Regional Areas	KDX Nagoya Sakae Building	7,550	2.5%	Land: April 25, 2008 Building: July 1, 2009
		Nagoya Ekimae Sakura-dori Building	7,327	2.4%	December 26, 2011
		Portus Center Building	5,570	1.8%	September 21, 2005
		Karasuma Building	5,400	1.8%	June 1, 2007
		KDX Hakata-Minami Building	4,900	1.6%	February 1, 2008
		Nagoya Nikko Shoken Building	4,158	1.4%	December 26, 2011
		KDX Kobayashi-Doshomachi Building	2,870	0.9%	December 1, 2010
		View Flex Umeda Building	2,770	0.9%	March 28, 2012
		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	0.6%	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 79 Office Buildings		273,721	92.9%	-
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	3.3%	August 1, 2005
		KDX Yoyogi Building	2,479	0.8%	September 30, 2005
	Total of 2 Central Urban Retail Properties		12,379	4.2%	-

Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	1.8%	May 1, 2006
		Court Mejiro	1,250	0.4%	August 1, 2005
	Other Regional Areas	Venus Hibarigaoka	1,800	0.6%	December 8, 2005
	Total of 3 Residential Properties		8,403	2.8%	-
Total of 84 Properties			294,503	100.0%	Portfolio PML 4.89 %
Investment Securities		Senri Property TMK Preferred Securities	891	-	April 26, 2012
		Total of 1 Investment Security	891	-	-

Notes:

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