

Translation Purpose Only

September 11, 2013

To All Concerned Parties

REIT Issuer:

Kenedix Realty Investment Corporation
Naokatsu Uchida, Executive Director
(Securities Code: 8972)

Asset Management Company:

Kenedix Office Partners, Inc.
Naokatsu Uchida, CEO and President

Inquiries:

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Notice Concerning Acquisition of Property
(Welship Higashi-Shinjuku)

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision on September 11, 2013 to conclude an agreement to acquire the Property. Details are provided as follows.

1. Outline of the Acquisition

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|-----|-------------------------------|---|---|
| (1) | Type of Planned Acquisition | : | Trust beneficiary interest in real estate |
| (2) | Property Name | : | Welship Higashi-Shinjuku |
| (3) | Acquisition Price | : | ¥1,900 million
(excluding acquisition costs, property tax, adjusted city-planning tax amount, and consumption tax, etc.) |
| (4) | Seller | : | Please refer to Item 4. “Seller’s Profile” for details. |
| (5) | Date of Contract | : | September 11, 2013 |
| (6) | Scheduled Date of Acquisition | : | September 13, 2013 |
| (7) | Acquisition Funds | : | Debt financing (Note 1) and cash on hand |
| (8) | Settlement Method | : | Payment in full on settlement |
| (9) | Source of Acquisition | : | Acquisition based on Kenedix Group Support-line (Note 2) |

Note 1: For details concerning new debt, please refer to the press release “Notice Concerning Debt Financing (Series 88),” dated September 11, 2013.

Note 2: Please refer to Item 4. “Seller’s Profile” for details.

The aforementioned Welship Higashi-Shinjuku shall hereafter be referred to as “the Property.”

2. Reason for Acquisition

The acquisition is made to raise the investment ratio of office buildings in the Tokyo Metropolitan Area, 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 medium-sized office building located in the five central wards of Tokyo. Through the acquisition of the Property the Investment Corporation’s portfolio will expand to 85 properties (total acquisition price: 304.8

billion yen) and the ratio of investment (acquisition price basis) in office buildings in the portfolio will be 89.9% and the ratio of investment in the Tokyo Metropolitan Area in the portfolio will be 82.2%.

The Investment Corporation will continue to maintain its investment policy of mainly investing in mid-sized office buildings in the Tokyo Metropolitan Area and will aim to construct a stronger portfolio.

3. Property Details

Property Name		Welship Higashi-Shinjuku
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust Term		August 6, 2004 to June 10, 2020 (Note 1)
Current Owner (Current Beneficiary) / Acquisition Date		Y.K. KW Fifth / April 28, 2005
Previous Owner (Previous Beneficiary)/ Acquisition Date		Hunet Co., Ltd. / April 28, 2005
Location (Address)		6-24-20 Shinjuku, Shinjuku-ku, Tokyo
Usage		Offices, Retail, Parking
Type of Structure		Flat-roofed, steel-frame reinforced concrete·steel-frame concrete structure; two underground and ten above-ground floors
Site Area	Land	1,072.03 m ²
	Building (Total Floor Area)	5,907.00 m ²
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		March 31, 1990
Architect		Nikken Sekkei Ltd.
Construction Company		Haseko Corporation
Construction Confirmation Authority		Tokyo
Probable Maximum Loss		3.48%(Sompo Japan Nipponkoa Risk Management Inc.)
Acquisition Price		¥1,900,000,000
Appraisal	Appraisal Value	¥2,140,000,000
	Base Date for Appraisal	August 1, 2013
	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Details	Please refer to Reference Material 1.
Existence of Secured Interests after Acquisition		None
Masterlease Company after Acquisition		The Investment Corporation
Property Management Company after Acquisition		Kenedix Office Partners, Inc. (“the Asset Management Company”)
Number of End Tenants		6 (As of July31, 2013. The same applies below.)
Total Leasable Floor Area		4,037.44 m ²
Total Leased Floor Area		3,642.20 m ²
Occupancy Ratio		90.2%
Monthly Rental Income (Excluding Consumption Tax)		¥11,924 thousand (Note 2) (Note 3)
Security and Guarantee Deposit		¥65,479 thousand (Note 3)
Forecast Net Operating Income		Please refer to Reference Material 2.

Special Considerations	None
Other	<p>Notes:</p> <ol style="list-style-type: none"> 1. The Investment Corporation plans to change the trust term to until August 1, 2020 at the time of acquisition. 2. The indicated figure includes the total amount of monthly rents from one end tenant to which the lease period already started as of July 31, 2013. The entire amount of monthly rents accordance with the lease agreement. 3. Monthly rental income and guarantee deposit information is exclusive of parking amounts, utilities and other revenues. Also, figures of less than one thousand yen are rounded off.
Characteristics of the Property	<p>(1) Area The Property faces the arterial road Nukebenten-Dori and stands in a commercial district where there is a mix of mid to high-rise buildings and apartments. In addition, the Property offers proximity to the nearest station as it is approximately four-minutes walk from Higashi-Shinjuku Station on the Toei Subway Oedo Line and the Tokyo Metro Fukutoshin Line.</p> <p>(2) Buildings The Property's standard floor has leasable floor area of about 395m² (about 120 tsubo) and the ceiling height is 2.6m, and is equipped with individual air-conditioning systems as well as mechanical parking lots (60 vehicles in total).</p> <p>(3) Tenants Currently, the Property is occupied with tenants from a variety of industries including retailing, manufacturing and information-communication, in addition to many other sectors.</p>

4. Seller's Profile

Company Name	Y.K. KW Fifth
Location	2-2-9, Shinbashi, Minato-ku, Tokyo
Title and Name of Representative	Director Naoto Kasuya
Description of Business	<ol style="list-style-type: none"> 1. Acquire, hold, dispose, lease and manage of real estate 2. Acquire, hold and dispose of trust beneficiary interests 3. Aforementioned associated business
Amount of Capital	¥3,000,000
Date of Incorporation	February 2, 2005
Net Assets	Not to disclosed due to seller's request
Total Assets	Not to disclosed due to seller's request
Relationship with the Investment Corporation/the Asset Management Company	
Capital Relationship	<p>A general incorporated association to which Kenedix, Inc., the parent company, etc. of the Asset Management Company under the Financial Instruments and Exchange Act, contributes funds holds all shares in the company.</p> <p>In addition, concerning the silent partnership equity interest that places the company as the operator, Kenedix, Inc. and its subsidiary own about 37.9% in total</p>
Personnel Relationship	There is no special personnel relationship between the Investment Corporation or the Asset Management Company.
Business Relationship	Kenedix Advisors Co., Ltd., is entrusted asset management business. The company is a wholly owned subsidiary company of Kenedix Inc., which is a parent company of the Asset Management Company..

Applicability of Related Party Relationships	The seller is 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.
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*As of August 31, 2013.

5. Acquirer’s (Seller) Profile

The Investment Corporation	Current Owner・Trust beneficiary	Previous Owner・Trust beneficiary
<p><Background・Reasons for Acquisition> In accordance with its basic investment principles, the Investment Corporation shall obtain the Property following its determination as a competitive property that will contribute to the Investment Corporation’s medium- to long-term profitability. The acquisition price was determined to be appropriate, as it is below the appraisal price (¥2,140 million) determined by Daiwa Real Estate Appraisal Co., Ltd.</p>	<p><Company Name/ Relationship to Specified Interested Party> Y.K. KW Fifth Please refer to above 4. Seller’s Profile.</p> <p><Background・Reasons for Acquisition> Acquired for the purpose of investment management</p>	<p><Company Name/ Relationship to Specified Interested Party> Hunet Co., Ltd. Party outside the specified interested party</p>
<p><Planned Acquisition Price> ¥1,900 millions (excluding tax)</p>	<p><Acquisition Price> Omit the details due to current trust beneficiary owns the property for more than one year.</p>	—
<p><Planned Date of Acquisition> September 13, 2013</p>	<p><Date of Acquisition> April 28, 2005</p>	—

6. Details of Brokerage

No relevant information regarding this transaction.

7. Interested-Party Transactions

Related to the acquisition of the Property, transactions between the Investment Corporation, the Asset Management Company and interested parties shall fall under the two categories of transactions (1) through (2) below.

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.

(1) Acquisition of Property

The seller of the Property falls under the category of an interested party defined under the internal regulations of the Asset Management Company.

Detail of the seller and the acquisition of Property are provided in 4. and 5. above.

(2) 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. Other parties to the agreement include the trustee.

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	September 11, 2013
Date of Execution of Purchase Agreement	
Scheduled Payment Date	September 13, 2013 (planned)
Scheduled Delivery Date	

9. Outlook

For details concerning operating forecasts for the fiscal period ending October 31, 2013, please refer to the press release “Notice Concerning Revisions of Operating Forecasts for the Fiscal Period Ending October 31, 2013,” dated September 11, 2013.

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		
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Base Date for Appraisal	August 1, 2013	
Appraisal Value	2,140,000,000	
Value Calculated Using the Direct Capitalization Method	2,200,000,000	
	Gross Operating Revenue	186,485,071
	Maximum Gross Operating Revenue	197,794,864
	Shortfall Attributed to Vacancies	11,309,793
	Operating Expenses	66,715,371
	Administrative and Maintenance Expense	44,398,171
	Taxes and Dues	21,043,200
	Other Expenses	1,274,000
	Net Operating Income (NOI)	119,769,700
	Capital Expenditure	13,189,017
	Gain on Guarantee Deposit Investment (Note)	1,441,989
	Net Cash Flow (NCF)	108,022,672
	Overall Capitalization Rate (NCF)	4.9%
Value Calculated Using the Discounted Cash Flow Method	2,120,000,000	
	Discount Rate	4.7%
	Terminal Capitalization Rate	5.1%
Value Calculated Using the Cost Method	2,390,000,000	
	Land	71.5%
	Building	28.5%

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

* Reference (Appraised NOI Yield)

Approximately 6.3% (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 (¥1,900,000,000).

Reference Material 2

Projected Cash Flow for the Property

Unit : Millions of Yen	
A. Projected Operating Revenues	178
B. Projected Operating Expenses (excluding depreciation)	64
C. Projected NOI (A-B)	113

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 95.8%, 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.
4. Figures of less than one million yen are rounded off.

Reference Material 3

Building Condition Investigation Report

Unit: Yen	
Investigation Company	HI International Consultant Co., LTD.
Date of Investigation	April 2013
Repairs, maintenance and renovation expenses required over the next year	46,900,000
Repairs, maintenance and renovation expenses expected to be required within 2-12 years	167,440,000
Unit-in-Place	1,636,100,000

- * The abovementioned investigation company undertakes building assessments for the 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

A-88 Welship Higashi-Shinjuku



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 Kabutocho Building	11,270	3.6%	December 26, 2011
		KDX Harumi Building	10,250	3.3%	June 30, 2008
		Toranomon Toyo Building	9,850	3.2%	June 1, 2007
		Hiei Kudan-Kita Building	7,600	2.4%	February 1, 2008
		KDX Shinjuku Building	6,800	2.2%	February 18, 2010
		KDX Ochanomizu Building	6,400	2.0%	April 2, 2007
		Fuchu South Building	6,120	2.0%	September 21, 2012
		KDX Shiba-Daimon Building	6,090	1.9%	March 1, 2007
		KDX Kojimachi Building	5,950	1.9%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	1.9%	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	1.4%	August 1, 2005
		KDX Toranomon Building	4,400	1.4%	April 17, 2007
		KDX Ginza Ichome Building	4,300	1.4%	November 12, 2010
		KDX Nishi-Gotanda Building	4,200	1.3%	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	1.0%	January 10, 2008
		Koishikawa TG Building	3,080	1.0%	November 18, 2009
		KDX Higashi-Shinjuku Building	2,950	0.9%	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	0.8%	February 1, 2008
		KDX Hakozaki Building	2,710	0.8%	July 22, 2011
		KDX Shinbashi Building	2,690	0.8%	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	0.7%	February 1, 2008

Office Buildings	Tokyo Metropolitan Area	KDX Kajicho Building	2,350	0.7%	July 3, 2006
		KDX Hamacho Nakanohashi Building	2,310	0.7%	February 1, 2008
		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
		Itopia Nihonbashi SA Building	2,200	0.7%	August 19, 2013
		Shin-toshin Maruzen Building	2,110	0.6%	February 29, 2008
		Nomura Fudosan Omiya Kyodo Building	2,020	0.6%	March 26, 2013
		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
		Welship Higashi-Shinjuku	1,900	0.6%	September 13, 2013 Planned
		Nakameguro Business Center Building	1,880	0.6%	September 21, 2012
		KDX Iwamoto-cho Building	1,864	0.6%	May 1, 2008
		KDX Kiba Building	1,580	0.5%	June 20, 2006
		KDX Nishi-Shinjuku Building	1,500	0.4%	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	2.4%	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	1.7%	June 1, 2007
		KDX Hakata-Minami Building	4,900	1.6%	February 1, 2008
		Nagoya Nikko Shoken Building	4,158	1.3%	December 26, 2011
		KDX Kobayashi-Doshomachi Building	2,870	0.9%	December 1, 2010
		KDX Higashi Umeda Building	2,770	0.9%	March 28, 2012
		KDX Kitahama Building	2,220	0.7%	February 1, 2008
		KDX Sendai Building	2,100	0.6%	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		274,218	89.9%	-

Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	3.2%	August 1, 2005
		Ginza 4-chome Tower	9,800	3.2%	August 19, 2013
		KDX Yoyogi Building	2,479	0.8%	September 30, 2005
	Total of 3 Central Urban Retail Properties		22,179	7.2%	-
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	1.7%	May 1, 2006
		Court Mejiro	1,250	0.4%	August 1, 2005
	Other Regional Areas	Venus Hibarigaoka	1,800	0.5%	December 8, 2005
	Total of 3 Residential Properties		8,403	2.7%	-
Total of 85 Properties			304,800	100.0%	Portfolio PML 4.79 %

Investment Securities	Senri Property TMK Preferred Securities	891	-	April 26, 2012
	Godo Kaisha KRF31 Silent Partnership Equity Investment	200	-	May 23, 2013
	Total of 2 Investment Securities	1,091	-	-

Notes:

- Figures of less than one million yen are rounded off from acquisition (Planned) 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.