

Translation of Japanese Original

September 11, 2013

To All Concerned Parties

REIT Issuer:

Kenedix Realty Investment Corporation
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(Securities Code: 8972)

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Notice Concerning Revisions of Operating Forecasts for the Fiscal Period Ending October 31, 2013

Kenedix Realty Investment Corporation (“the Investment Corporation”) today announced revisions of its operating forecasts for the seventeenth fiscal period (May 1, 2013 to October 31, 2013) previously announced on June 19, 2013. Details are as follows:

1. Revised Forecasts for the Seventeenth Fiscal Period Ending October 31, 2013 (May 1, 2013 to October 31, 2013)

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Yen) (excluding excess of earnings per unit)	Distributions in Excess of Earnings per Unit (Yen)
Previous Forecasts (A)	9,561	4,093	2,699	2,697	(Note) 8,830	0
Revised Forecasts (B)	9,753	4,236	2,833	2,832	(Note) 9,300	0
Net Change (B - A)	192	143	134	134	470	-
Change (%)	2.0%	3.5%	5.0%	5.0%	5.3%	-

[Reference]

Forecasted number of investment units issued and outstanding as of October 31, 2013: 286,550 units

Note: Assumes that the distributions will be the amount remaining after deducting the reserve for reduction entry of ¥165 million (planned) from net income.

2. Reasons for Revision

On September 11, 2013, the Investment Corporation decided to acquire Welship Higashi-Shinjuku as of September 13, 2013. After reflecting acquisition of Welship Higashi-Shinjuku from above mentioned, status of rental revenues, reviews on various expenses and other factors, a difference of 5% or more is expected between the forecasted cash distributions for the seventeenth fiscal period ending October 2013 and the forecasted cash distributions announced on June 19, 2013. Accordingly, the Investment Corporation has made revision as in the table above and revision to the operating forecasts as well.

[Explanatory Notes]

Figures above are forecasts for the fiscal period ending October 2013 as of the date of this release. Readers are advised that actual distributions per unit may differ significantly depending on changes in circumstances and audit results performed by auditors, etc. Accordingly, the Investment Corporation does not guarantee payment of the forecasted distributions per unit.

Disclaimer: This document is a public announcement regarding the forecasts for the seventeenth fiscal period ended October 31, 2013 (May 1, 2013 to October 31, 2013) and is not intended to constitute a document for an offer to sell, or seeking an offer to buy, any securities of Kenedix Realty Investment Corporation. We caution readers to undertake any investment decision at their own judgment and responsibility.

[Attachment 1]

“Preconditions and Assumptions for the Fiscal Period Ending October 31, 2013”

	Preconditions and Assumptions
Calculation Period	<ul style="list-style-type: none"> The seventeenth fiscal period: May 1, 2013 to October 31, 2013 (184 days)
Property Portfolio	<ul style="list-style-type: none"> The number of real estate and trust beneficiary interests in real estate held by the Investment Corporation as of September 11, 2013 is 84 properties including acquisition of Itopia Nihonbashi SA Building and Ginza 4chome Tower dated August 19, 2013. Additionally, the acquisition of Welship Higashi-Shinjuku is expected on September 13, 2013 so the forecasts are based on 85 properties and that the number of properties will remain unchanged up to and including the end of the seventeenth fiscal period. The Investment Corporation owns TMK preferred equity securities and TK equity other than the abovementioned properties. The property portfolio may change due to a variety of factors in the future.
Operating Revenues	<ul style="list-style-type: none"> Rental revenues are estimated based on valid leasing agreements as of September 11, 2013 and by considering variable factors, such as seasonal factors against the backdrop of historical performance, as well as leasing conditions, such as the recent deterioration of real estate market conditions, in addition to the difference in number of operating days due to movements in existing investment assets. The Investment Corporation completed settlement of the sale of Ikebukuro Nikko Building on May 10, 2013, and capital gains from the sale are estimated to be ¥234 million. Forecasts are based on the assumption that there will be no rent in arrears or non-payments from tenants.
Operating Expenses	<ul style="list-style-type: none"> Property-related expenses other than depreciation are based on the difference in number of operating days due to movements in existing investment assets and historic expenses, adjusted to reflect expense variables including seasonal factors. An amount of ¥951 million has been assumed for property management fees and facility management fees (property management and building maintenance fees, etc.). An amount of ¥846 million has been assumed for taxes and public dues (property tax and city-planning tax, etc.). An amount of ¥1,688 million has been assumed for depreciation expense. An amount of ¥161 million has been assumed for repairs, maintenance and renovation expenses. Repairs, maintenance and renovation expenses are estimated based on the amounts budgeted by the asset management company for each property and amounts considered essential for each period. Actual repairs, maintenance and renovation expenses for each fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies. In general, property tax and city planning tax are allocated to the seller and purchaser 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 purchaser is included in the acquisition price of the property.
Non-Operating Expenses	<ul style="list-style-type: none"> The Investment Corporation is amortizing unit issuance costs over a period of three years using the straight-line method. Interest payable (including financing related expenses etc.) of ¥1,368 million is assumed for the seventeenth fiscal period.
Extraordinary Profit/Loss	<ul style="list-style-type: none"> Extraordinary profit/loss is not assumed.
Debt Financing and Investment Corporation Bonds	<ul style="list-style-type: none"> The balance of the borrowings and the investment corporation bonds as of September 11, 2013 are ¥142,682 million and ¥6,000 million, respectively. In the balance of the investment corporation bonds as of September 11, 2013, ¥1,500 million of the investment corporation bonds will mature by end of October 2013. Forecasts are based on the assumption that the proceeds from the bond issuance of ¥1,800 million on September 12, 2013, to be used as a fund to repay the ¥1.5 billion investment corporation bonds on September 13, 2013 and remaining balance of ¥300 million will be repay part of existing borrowings which will be mature after the issuance. Of the borrowings as of September 11, 2013, a total of ¥6,500 million in borrowings are due during the seventeenth fiscal period. However, all borrowings are presupposed to be refinanced excluding ¥24 million of the partial payment and repayment of a part of borrowings from issuance of the investment corporation bonds mentioned above.

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Investment Units Issued and Outstanding	<ul style="list-style-type: none"> The number of investment units issued and outstanding as of September 11, 2013 is 286,550 units. Forecasts are based on the assumption that the number of investment units issued and outstanding shall remain unchanged for the seventeenth fiscal period.
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. Calculation is based on assumption that the amount remaining after the reserve for reduction entry of ¥165 million (planned) from net income is distributed. Actual distributions per unit may differ significantly from forecasted figures due to a variety of reasons including movements in investment assets, rental revenues impacted by tenant movements or the incidence of major unforeseen renovation expense.
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.
Other	<ul style="list-style-type: none"> Forecasts are based on the assumption that any revisions to regulatory requirements, taxation, accounting standards, public listing regulations or requirements of the Investment Trusts Association, Japan will not impact the forecasted figures. Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.

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[Attachment 2]

“Forecasts Comparison of the Seventeenth Fiscal Period (Oct-2013)”

(Millions of Yen)

Account		A 17th period Oct-2013 Forecasts announced Jun-19-2013	B 17th period Oct-2013 Forecasts announced Sep-11-2013	17th period (Oct-2013) forecasts comparison (B-A)		
				Change	Major factors	
Ordinary income / losses	Operating income / losses	Operatating revenues	9,561	9,753	192	・ Revenues from new properties +167 (Ginza 4chome Tower +107, Itopia Nihonbashi SA Building +39, Welship Higashi-Shinjuku +20)
		Of which gain on sales of real estate properties	234	234	-	・ Revenues from existing properties +10
		Operatating expenses	5,468	5,516	48	・ Dividends received +15
		Expenses related to rent business (excluding Depreciation)	3,056	3,077	20	・ Expenses from new properties +31 (Ginza 4chome Tower +17, Itopia Nihonbashi SA Building +7, Welship Higashi-Shinjuku +6)
		Depreciation	1,664	1,688	23	・ Expenses from existing properties -11 Ginza 4chome Tower +17, Itopia SA Nihonbashi Building +3, Welship Higashi-Shinjuku +2
		Others	747	751	4	
		Operating income	4,093	4,236	143	
	Non-operating income / losses	Non-operating income	4	4	-	
		Non-operating expenses	1,397	1,406	9	
		Interest expenses, etc.	1,359	1,368	9	・ Decrease of interest rate and financing costs -4, ・ Increase in borrowings +13
		Others	38	38	0	
		Ordinary income	2,699	2,833	134	
Net income		2,697	2,832	134		
Leasing NOI(Net Operating Income) *		6,201	6,357			
Number of unis issued		286,550units	286,550units			
Distributions per unit		8,830yen	9,300yen			

Provision for reserve for reduction entry	Forecasts announced Jun-19-2013	Forecasts announced Apr-8-2013
Amount carried over from the previous period	795	795
Transfer	165	165
Balance	961	961
Provision for reserve for reduction entry per unit	3,355yen	3,355yen

* Leasing NOI = Operating revenues - Gain on sales of real estate properties - Expense related to rent business - Dividends from Senri Property TMK

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