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### **Notice Concerning Announcement of Operating Forecasts for the Fiscal Period Ending October 31, 2012**

Kenedix Realty Investment Corporation (“the Investment Corporation”) today announced its operating forecasts for the fifteenth fiscal period (May 1, 2012 to October 31, 2012). Details are provided as follows.

#### **Forecasts for the Fifteenth Fiscal Period Ending October 31, 2012 (May 1, 2012 to October 31, 2012)**

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Fifteenth Fiscal Period (May 1, 2012 to October 31, 2012)	9,876	4,495	2,990	2,988	9,400	—

[Reference] Forecasted number of investment units issued and outstanding as of October 31, 2012: 286,550 units

Assumes that the distribution will be the amount remaining after deducting the reserve for reduction entry (¥291 million) from net income.

#### **[Explanatory Notes]**

- Forecast figures are calculated based on the “Preconditions and Assumptions for the Fiscal Period Ending October 31, 2012” (separate document attached) as of the date of this release. Readers are advised that actual operating revenues, ordinary income, net income and distributions per unit may differ significantly from forecasts due to a variety of reasons including the future acquisition or sale of real estate and changes in the Investment Corporation’s operating environment including the real estate market. Accordingly, the Investment Corporation does not guarantee payment of the forecasted distribution per unit.
- In the event that significant changes to the aforementioned forecasts are expected, the Investment Corporation may revise its forecasts.
- Figures are rounded down.

#### **(Reference) Forecasts for the Fourteenth Fiscal Period Ending April 30, 2012 (November 1, 2011 to April 30, 2012) previously announced on December 19, 2011**

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Fourteenth Fiscal Period (November 1, 2011 to April 30, 2012)	9,033	4,098	2,525	2,524	9,300	—

[Reference] Forecasted number of investment units issued and outstanding as of April 30, 2012: 286,550 units

Assumes that the distribution will be the amount after adding the reversal of reserve for reduction entry (¥143 million) to net income.

Disclaimer: This document is a public announcement regarding the forecasts for the fifteenth fiscal period ending October 31, 2012 (May 1, 2012 to October 31, 2012) 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]

**Preconditions and Assumptions for the Fiscal Period Ending October 31, 2012**

	Preconditions and Assumptions
Calculation Period	<ul style="list-style-type: none"> <li>The fifteenth fiscal period: May 1, 2012 to October 31, 2012 (184 days)</li> </ul>
Property Portfolio	<ul style="list-style-type: none"> <li>The number of real estate and trust beneficiary interests in real estate held by the Investment Corporation as of April 19, 2012 is 83 properties.</li> <li>Forecast are based on the assumption that the number of properties will remain unchanged up to and including the end of the fifteenth fiscal period other than the sale of KDX Omori Building as of May 11, 2012.</li> <li>The property portfolio may change, however, due to a variety of factors.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>Rental revenues are estimated based on valid leasing agreements as of April 19, 2012 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.</li> <li>Forecasts are based on the assumption that there will be no rent in arrear or non-payments from tenants.</li> <li>As announced in the press release “Notice Concerning the Conclusion of Agreement of the Sale of Property (KDX Omori Building)” dated February 23, 2012, KDX Omori Building will be transferred on May 11, 2012 and the capital gains from the sale is estimated to be ¥597 million.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>Property-related expenses other than depreciation are based on historic expenses, adjusted to reflect the expenses variables including seasonal factors.</li> <li>For the fifteenth fiscal period, an amount of ¥934 million has been estimated for property management fees and facility management fees (property management and building maintenance fees, etc.).</li> <li>For the fifteenth fiscal period, an amount of ¥837 million has been estimated for taxes and public dues (property tax and city-planning tax, etc.).</li> <li>For the fifteenth fiscal period, an amount of ¥1,578 million has been estimated for depreciation expense.</li> <li>For the fifteenth fiscal period, an amount of ¥158 million has been estimated for repairs and maintenance expense. 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.</li> <li>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.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>The Investment Corporation is amortizing unit issuance costs over a period of three years using the straight-line method.</li> <li>Interest payable (including financing related expenses etc.) of ¥1,458 million is forecasted for the fifteenth fiscal period.</li> </ul>
Borrowings and Investment Corporation Bonds	<ul style="list-style-type: none"> <li>The balance of the borrowings and the investment corporation bonds as of April 19, 2012 are ¥131,896.5 million and ¥6,000 million, respectively.</li> <li>Of the borrowings as of April 19, 2012, ¥18,651.5 million (short-term borrowings: ¥13,500 million and long-term borrowings: ¥5,151.5 million) in borrowings are due during the fifteenth fiscal period. However, all borrowings are presupposed to be refinanced excluding ¥271.5 million of the partial payment.</li> <li>Forecast is based on the assumption that ¥500 million of the Series 38-E loan repayment that is due on April 27, 2012 will be repaid using cash on hand.</li> </ul>

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	Preconditions and Assumptions
Investment Units Issued and Outstanding	<ul style="list-style-type: none"> <li>The number of investment units issued and outstanding as of April 19, 2012 is 286,550 units. Forecasts are based on the assumption that the number of investment units issued and outstanding will remain unchanged up to and including the end of the fifteenth fiscal period.</li> </ul>
Distributions per Unit	<ul style="list-style-type: none"> <li>Distributions per unit are calculated in accordance with the distribution policy outlined in the Investment Corporation's Articles of Incorporation.</li> <li>In relation to the sale of KDX Omori Building, it is assumed that the distribution amount will be the amount remaining after deducting the reserve for reduction entry (¥291 million) based on the application of the "Exceptional Handling of Taxation in the Event of In-Advance Acquisition of Land, etc. in 2009 and 2010" (Article 66-2 of the Special Taxation Measures Law).</li> <li>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.</li> </ul>
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.</li> </ul>
Other	<ul style="list-style-type: none"> <li>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 have no impact on forecasted figures.</li> <li>Forecasts are based on the assumption that there will be no major unforeseen changes in economic trends or in real estate and other markets</li> </ul>

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