

Translation of Japanese Original  
 To All Concerned Parties

June 26, 2012

REIT Issuer:  
 Kenedix Realty Investment Corporation  
 2-2-9 Shimbashi, Minato-ku, Tokyo  
 Naokatsu Uchida, Executive Director  
 (Securities Code: 8972)

Asset Management Company:  
 Kenedix REIT Management, Inc.  
 Naokatsu Uchida, CEO and President

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### **Notice Concerning the Sale of Property (Gradito Kawaguchi)**

Kenedix Realty Investment Corporation (“the Investment Corporation”) announced its decision and completed settlement to sell Gradito Kawaguchi on June 26, 2012. Details are provided as follows.

#### **1. Outline**

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|------|---|---|---|
| (1)  | Type of Assets for Sale                               | : | Trust beneficiary interest in real estate   |
| (2)  | Property Name   | : | Gradito Kawaguchi (Residential Property)  |
| (3)  | Sales Price   | : | ¥860,000,000<br>(Excluding sales costs, adjusted amounts for property and city-planning tax, consumption tax, regional consumption tax, etc.)   |
| (4)  | Assumed Book Value                                    | : | ¥992,000,000 (As of the June 26, 2012. Rounded down to the nearest million yen)   |
| (5)  | Difference between Sales Price and Assumed Book Value | : | - ¥132,000,000 (Rounded down to the nearest million yen)<br>(Amount is a referential figure calculated as the difference between (3) and (4), and differs from the profit/loss of the sale of property) |
| (6)  | Purchase and Sales Agreement Execution Date           | : | June 26, 2012   |
| (7)  | Settlement Date                                       | : | June 26, 2012   |
| (8)  | Buyer   | : | Please refer to 5. “Buyer’s Profile” for details  |
| (9)  | Settlement Method                                     | : | The aforementioned trust beneficiary interest will be transferred to the buyer.   |
| (10) | Method of Buyer Selection                             | : | The buyer was selected after an interested buyer for the property was introduced by a domestic brokerage firm, and the prices and conditions of the sale, etc. were confirmed.                          |

The aforementioned asset for sale shall hereafter be referred to as “the Property.”

#### **2. Reasons for Sale**

The decision to sell the Property is part of the strategy of property replacement that is in line with the Investment Corporation’s management policy. It is the smallest property in the portfolio and almost six years have passed since it was completed. The sales price of this property falls below the assumed book value at the time of the sale and the most recent appraisal value. However, it was decided that it is an appropriate market price in the recent housing purchase and sales market when taking into account its leasing history with a master lease company as well as the leasing market trends in the vicinity.

### 3. Use of Funds

The Investment Corporation plans to utilize the payment from the sale of the Property for future property acquisition, and others.

### 4. Details of Property for Sale

Property Name		Gradito Kawaguchi
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust Term		June 30, 2006 to August 1, 2015
Location (Address)		3-3-7 Sakaecho, Kawaguchi-shi, Saitama
Usage		Residential complex, Retail Shops
Property Type		Single type
Type of Structure		Flat-roofed, steel reinforced concrete structure; twelve above-ground floors
Site Area	Land	423.94 m <sup>2</sup>
	Building	1,705.38 m <sup>2</sup>
Type of Ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Completion Date		February 13, 2006
Acquisition Date		June 30, 2006
Acquisition Price		¥1,038,000,000
Appraisal Value		¥948,000,000 Base date of appraisal: April 30, 2012 Appraiser: Japan Real Estate Institute
Rent Revenue-Real Estate		¥32,508 thousand (fiscal period ended April 2012)
Leasehold・Security Deposits		¥10,028 thousand (As of April 30, 2012)
Number of End Tenants		2 (As of May 31, 2012. The same applies below.)
Total Leasable Floor Area		1,619.34 m <sup>2</sup>
Total Leased Floor Area		1,619.34 m <sup>2</sup>
Occupancy Ratio (Total Leased Floor Area Basis)		100.0%
Total Number of Leasable Residential Units		67 units (One shop on the first floor included)
Total Number of Leased Residential Units		67 units (One shop on the first floor included)

### 5. Buyer's Profile

Company Name		Diamond Asset Finance Company Limited
Location		1-8-1 Marunouchi, Chiyoda-ku, Tokyo
Title and Name of Representative		President Rirou Yoshida
Description of Business		Real estate leasing business
Amount of Capital		¥8,575 million
Date of Incorporation		June 1, 1987
Net Assets		Not disclosed due to the seller's request.
Total Assets		Not disclosed due to the seller's request.
Relationship with the Investment Corporation・the Asset Management Company		
Capital Relationship		There is no special capital relationship between the Investment Corporation・the Asset Management Company.
Personnel Relationship		There is no special personnel relationship between the Investment Corporation・the Asset Management Company.
Business Relationship		There is no special business relationship between the Investment Corporation・the Asset Management Company.
Whether or not to be the Related Parties		The seller is not 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.

\*As of May 31, 2012

## 6. Sale Schedule

June 26, 2012	Decision to sell the Property Execution of trust beneficiary interest purchase and sale agreements Settlement Sale of trust beneficiary interest
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## 7. Asset Management Fees

The Investment Corporation shall pay the sales commission to the Asset Management Company in connection with the sale of the Property in accordance with the Asset Management Agreement.

Sales fee: An amount equivalent to 0.5% of the planned sales price identified in 1 (3) above. (4.3 million yen)

Date of payment: Within one month after the settlement date.

## 8. Details of Brokerage

The details of the brokerage firm and the brokerage fee are as follows.

Name of brokerage firm	Haseko Livenet, Inc.
Location	2-31-19 Shiba, Minato-ku, Tokyo
Title and Name of Representative	President Hiroshi Kinoshita
Description of Business	1. Entrusted with management of and consulting on real estate leases 2. Transaction and leasing of real estate, and brokerage and agency of real estate 3. Operations related to provision of information on real estate
Amount of Capital	¥1,000 million
Date of Incorporation	October 13, 1986
Relationship with the Investment Corporation or the Asset Management Company	The brokerage firm is not a related company as defined under the Investment Trust Law and the internal regulations of the Asset Management Company.
Brokerage Fee	Disclosure of the fee was not approved by the brokerage firm.

\*As of May 31, 2012

## 9. Interested-Party Transactions

The subject sale of the Property does not constitute an interested-party transaction.

The Investment Corporation shall pay a fee to Kenedix REIT Management, Inc. pursuant to the Property Management Agreements executed between the parties in connection with the sale of the Property and the subsequent transfer in management control. (¥1.8 million). This fee relates to the transfer of management control and serves as a notice to the lessee regarding the transfer of leasing and management responsibilities and also relates to the handover of property management duties. Fees shall be paid promptly after settlement date.

## 10. Outlook

Due to the loss on sale of the Property and other factors, net income and other figures in the forecasts for the fiscal period ending October 31, 2012 will decrease from the forecasts announced on June 12, 2012. However, there will be no revision to the distribution per unit for the fiscal period ending October 31, 2012, as the Investment Corporation will change the scheduled reserve for reduction entry concerning capital gains from the sale of KDX Omori Building it sold on May 11, 2012.

## Attached Material

Property Portfolio after Sale of the Property

This notice is the English translation of the Japanese announcement on our Web site released on June 26, 2012. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference Material

Property Portfolio after Sale of the Property

\* Total number of properties, total acquisition price, ratio and total PML does not include the sale 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	Kabutocho Nikko Building	11,270	3.9%	December 26, 2011
		KDX Harumi Building	10,250	3.6%	June 30, 2008
		Toranomon Toyo Building	9,850	3.4%	June 1, 2007
		Hiei Kudan-Kita Building	7,600	2.6%	February 1, 2008
		KDX Shinjuku Building	6,800	2.4%	February 18, 2010
		KDX Ochanomizu Building	6,400	2.2%	April 2, 2007
		KDX Shiba-Daimon Building	6,090	2.1%	March 1, 2007
		KDX Kojimachi Building	5,950	2.1%	November 1, 2005
		KDX Nihonbashi 313 Building	5,940	2.1%	August 1, 2005
		KDX Shin-Yokohama 381 Building (Note 2)	5,800	2.0%	Existing Tower: February 1, 2008 Annex Tower: November 18, 2009
		Toshin 24 Building	5,300	1.8%	May 1, 2006
		KDX Iidabashi Building	4,670	1.6%	July 22, 2011
		KDX Ebisu Building	4,640	1.6%	May 1, 2006
		KDX Higashi Shinagawa Building	4,590	1.6%	July 22, 2011
		Higashi-Kayabacho Yuraku Building	4,450	1.5%	August 1, 2005
		KDX Toranomon Building	4,400	1.5%	April 17, 2007
		KDX Ginza 1chome Building	4,300	1.5%	November 12, 2010
		KDX Nishi-Gotanda Building	4,200	1.4%	December 1, 2006
		KDX Nihonbashi Honcho Building	4,000	1.4%	November 12, 2010
		KDX Kawasaki-Ekimae Hon-cho Building	3,760	1.3%	February 1, 2008
		KDX Hatchobori Building	3,680	1.3%	August 1, 2005
		KDX Hamamatsucho Building	3,460	1.2%	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
		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 Hakozaeki Building	2,710	0.9%	July 22, 2011
		KDX Shinbashi Building	2,690	0.9%	May 1, 2006
		Gotanda TG Building	2,620	0.9%	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	0.8%	July 3, 2006
		KDX Hamacho Nakanohashi Building	2,310	0.8%	February 1, 2008
		KDX Hamacho Building	2,300	0.8%	March 16, 2006
		KDX Shinjuku 286 Building	2,300	0.8%	June 1, 2007
		KDX Shin-Nihonbashi Building	2,300	0.8%	July 22, 2011
		FIK Minami Aoyama	2,270	0.8%	August 1, 2005

Office Buildings	Tokyo Metropolitan Area	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
		KDX Nihonbashi 216 Building	2,010	0.7%	December 1, 2009
		KDX Okachimachi Building	2,000	0.7%	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
		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	0.4%	March 1, 2007
		KDX Nogizaka Building	1,065	0.3%	July 14, 2006
		Other Regional Areas	KDX Nagoya Sakae Building	7,550	2.6%
	Nagoya Ekimae Sakura-dori Building		7,327	2.5%	December 26, 2011
	Portus Center Building		5,570	1.9%	September 21, 2005
	Karasuma Building		5,400	1.9%	June 1, 2007
	KDX Hakata-Minami Building		4,900	1.7%	February 1, 2008
	Nagoya Nikko Shoken Building		4,158	1.4%	December 26, 2011
	KDX Kobayashi-Doshomachi Building		2,870	1.0%	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	0.7%	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 75 Office Buildings			260,901	92.4%
Central Urban Retail Properties	Tokyo Metropolitan Area	Frame Jinnan-zaka	9,900	3.5%	August 1, 2005
		KDX Yoyogi Building	2,479	0.8%	September 30, 2005
	Total of 2 Central Urban Retail Properties			12,379	4.3%
Residential Properties	Tokyo Metropolitan Area	Residence Charmante Tsukishima	5,353	1.8%	May 1, 2006
		Court Mejiro	1,250	0.4%	August 1, 2005
		Gradito Kawaguchi	-	-	June 30, 2006
	Other Regional Areas	Venus Hibarigaoka	1,800	0.6%	December 8, 2005
Total of 3 Residential Properties			8,403	2.9%	-
Other	Other Regional Areas	Kanazawa Nikko Building	645	0.2%	December 26, 2011
	Total of 1 Other			645	0.2%
Total of 81 Properties			282,328	100.0%	Portfolio PML 4.98 %

Investment Securities	Senri Property TMK Preferred Securities	891	-	April 26, 2012
	Total of 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.