

Translation of Japanese Original

April 18, 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

Inquiries:

Hikaru Teramoto  
Director / General Manager, Financial Planning Division  
TEL.: +81-3-3519-3491

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

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

**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)	Distributions in Excess of Earnings per Unit (Yen)
Seventeenth Fiscal Period (May 1, 2013 to October 31, 2013)	9,534	4,069	2,676	2,674	8,750	-

[Reference]

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

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

In addition, the reserve for reduction entry for the sixteenth fiscal period and seventeenth fiscal period are planned to be ¥298 million (planned) and ¥165 million (planned), respectively. The total amount of reserve for reduction entry after the reserve plans to be ¥960 million (¥3,353 per unit)(planned).

[Explanatory Notes]

- Forecasted figures are calculated based on the “Preconditions and Assumptions for the Fiscal Period Ending October 31, 2013” (separate document attached) as of the date of this release. Readers are advised that actual operating revenues, operating income, 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 distributions 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.

Disclaimer: This document is a public announcement regarding the forecasts for the seventeenth fiscal period ending 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.

**(Reference) Forecasts for the Sixteenth Fiscal Period Ending April 30, 2013 (November 1, 2012 to April 30, 2013) previously announced on April 8, 2013**

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Sixteenth Fiscal Period (November 1, 2012 to April 30, 2013)	9,799	4,380	2,983	2,982	9,360	-

[Reference]

Forecasted number of investment units issued and outstanding as of April 30, 2013: 286,550 units

Operating revenues include the estimated amount of capital gain of ¥80 million from the sale of Kanazawa Nikko Building and ¥380 million from the sale of KDX Yotsuya Building, respectively.

Assumes that the distributions will be the amount remaining after deducting the reserve for reduction entry of ¥298 million (planned) from net income.

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[Attachment]

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

	Preconditions and Assumptions
Calculation Period	<ul style="list-style-type: none"> <li>The seventeenth fiscal period: May 1, 2013 to October 31, 2013 (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 18, 2013 is 84 properties. However, the sale of KDX Yotsuya Building is expected on April 24, 2013, and Ikebukuro Nikko Building on May 10, 2013, so the forecasts are based on 82 properties and that the number of properties will remain unchanged up to and including the end of the seventeenth fiscal period.</li> <li>The Investment Corporation owns TMK preferred equity securities other than the abovementioned properties.</li> <li>The property portfolio may change due to a variety of factors in the future.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>Rental revenues are estimated based on valid leasing agreements as of April 18, 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 real estate market conditions, in addition to the difference in number of operating days due to movements in existing investment assets. In addition, the occupancy ratio for KDX Nihonbashi Kabutocho Building as of May 1, 2013 is assumed to be 13.4%.</li> <li>The Investment Corporation will complete settlement of the sale of Ikebukuro Nikko Building on May 10, 2013, and capital gains from the sale are estimated to be ¥234 million.</li> <li>Forecasts are based on the assumption that there will be no rent in arrears or non-payments from tenants.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>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.</li> <li>An amount of ¥946 million has been assumed for property management fees and facility management fees (property management and building maintenance fees, etc.).</li> <li>An amount of ¥833 million has been assumed for taxes and public dues (property tax and city-planning tax, etc.).</li> <li>An amount of ¥1,677 million has been assumed for depreciation expense.</li> <li>An amount of ¥162 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.</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 ¥1,359 million is assumed for the seventeenth fiscal period.</li> </ul>
Extraordinary Profit/Loss	<ul style="list-style-type: none"> <li>Extraordinary profit/loss is not assumed.</li> </ul>

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	Preconditions and Assumptions
Debt Financing and Investment Corporation Bonds	<ul style="list-style-type: none"> <li>• The balance of the borrowings and the investment corporation bonds as of April 18, 2013 are ¥136,393.5 million and ¥6,000 million, respectively.</li> <li>• Of the borrowings as of April 18, 2013, ¥12,735.5 million in borrowings are due by the end of seventeenth fiscal period. However, all borrowings are presupposed to be refinanced excluding ¥235.5 million of the partial payment.</li> <li>• Of the investment corporation bonds as of April 18, 2013, ¥1,500 million in investment corporation bonds are due by the end of seventeenth fiscal period. However, the Investment Corporation plans to repay the investment corporation bonds with funds procured through the issuance of investment corporation bonds or debt financing.</li> </ul>
Investment Units Issued and Outstanding	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding as of April 18, 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.</li> </ul>
Distributions per Unit	<ul style="list-style-type: none"> <li>• Distributions per unit are calculated in accordance with the distributions policy outlined in the Investment Corporation's Articles of Incorporation.</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 not impact the forecasted figures.</li> <li>• Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.</li> </ul>

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