December 11, 2008

To whom it may concern:

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Representative	President and Representative Director: Atsushi Kawashima
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Notice of the Revision on Full-Year Earnings Forecast for the Year Ending December 31, 2008, Recognition of Extraordinary Losses, Revision of the Dividend Forecast, and the Reduction of Executive Compensation

In view of the most recent trend in the business, Kenedix, Inc (the "Company") announces the revision of its forecast of full-year earnings for the period ending December 31, 2008 (January 1, 2008 to December 31, 2008), which was announced on August 11, 2008, and recognizes extraordinary losses. Given the revision of the earnings forecast, the Company also announces a revision of the dividend forecast, which was announced in the "Summary of Financial Results for the Year Ended December 31, 2007" dated 15 February, 2008, as well as reductions of executive compensation.

Details

１. Revision on Full-Year Earnings Forecast for the Year Ending December 31, 2008 (January 1, 2008 to December 31, 2008)

(1) Consolidated

(Units: Millions of yen, excluding per share data)

	Revenue	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	188,100	31,800	24,300	12,500	19,636.18
Revised Forecast (B)	135,500	21,300	10,700	-7,500	-11,783.81
Changes in Amount (B-A)	-52,600	-10,500	-13,600	-20,000	—
Percentage of change (%)	-28.0%	-33.0%	-56.0%	—	—

Reference:

Results for the Full- Year Ended Dec. 31, 2007	138,025	30,863	26,120	14,662	24,833.95

(2) Non-consolidated

(Units: Millions of yen, excluding per share data)

	Revenue	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	28,900	24,000	23,000	14,200	22,307.00
Revised Forecast (B)	15,800	12,400	12,300	-6,000	-9,427.05
Changes in Amount (B-A)	-13,100	-11,600	-10,700	-20,200	—
Percentage of change (%)	-45.3%	-48.3%	-46.5%	—	—

Reference:

Results for the Full- Year Ended Dec. 31, 2007	26,674	23,106	21,686	13,352	22,606.96

２. Reasons for revisions and recognition of extraordinary losses

(1) Consolidated

The disruption of money markets caused by the sub-prime loan problem developed into global financial turmoil triggered by the bankruptcy of Lehman Brothers in September of this year. This financial turmoil had major effects on the real estate investment market and financing environment surrounding the Company and its Group companies.

Amidst this challenging business environment, the Company and its Group companies are reducing its inventories. At the same time, the Company and its Group companies are reducing interest-bearing debt and lengthening its maturities. More specifically, the following initiatives are undertaken:

- The Company forecasts a net reduction of about 100.0 billion yen in inventories as well as a net reduction of about 70.0 billion yen in interest-bearing debt.
- With respect to interest-bearing debt, the Company made progress in switching short-term loans into long-term loans with the cooperation of Sumitomo Mitsui Banking Corporation, which is the Company's main bank. The first step is scheduled to take place in December with the conversion of short-term loans for senior health care properties into long-term loans.

By taking steps to trim down the size of its balance sheet and improving its quality, the Company intends to reorganize its profit structure that is dependent on profits from the sale of real estate properties, which can be greatly affected by market conditions. Instead, the Company seeks to switch as soon as possible to a profit profile that can ensure stable profits such as asset management fees or rental income.

The Company and its Group companies expect to secure ordinary income over 10.0 billion yen in the current term despite the current deteriorating market conditions. In the process of improving the balance sheet, however, it became necessary to recognize extraordinary losses in connection with the sale of properties and subordinated TK investments. In addition, due to the slump in the stock market, the Company anticipated impairment loss in securities held at year-end. Altogether, the Company recognized totaling 21.5 billion yen extraordinary losses. Moreover, property sales incorporated in the previous forecast were also negatively affected by the disruption of the real estate investment markets, with more time than originally expected needed for negotiations with the intended buyer, leading to expectations of the closure of the sale being delayed into the following term. Previously, fund procurements for the large property deal were conducted by short-term borrowings with the deadlines as of the end of December. The Company keeps on negotiating a sale of this property, in view of the current instability of the environment, at the same time the Company decided to organize 2-year bridge fund for this building in December with investment and financing by Sumitomo Mitsui Banking Corporation and others.

(Units: Millions of yen)

	Previous Forecast (A)	Revised Forecast (B)	Changes in Amount (B-A)	Main factors causing changes
Revenue	188,100	135,500	-52,600	Non-realization of some of expected property sales due to delays in the date of sales
Operating income	31,800	21,300	-10,500	Non-realization of gains from some of expected property sales due to delays in the date of sales
Ordinary income	24,300	10,700	-13,600	Equity method investment losses due to the poor business results of affiliated companies
Net income	12,500	-7,500	-20,000	Taking into consideration the tax effects and extraordinary losses

As a result, the Company decided to revise the forecast of full-year earnings in order to incorporate estimates of lower-than-expected results in terms of full-year revenue, operating income, ordinary income, and net income.

Moreover, the lower of cost or market valuation method for inventory will be applied from the next fiscal year (January 1, 2009 to December 31, 2009), it will therefore have no effect on the business results of the current term. If the lower of cost or market valuation method is applied, as expected, to its inventory consisting of approximately 120 properties (bulk items counted as one property), which are expected to become owned at the beginning of next fiscal year, the Company anticipates booking an extraordinary loss amounting to around 7 billion yen in the 1st quarter of next fiscal year, according to a valuation reports by appraisal companies, which is an external third-party organizations. Despite the anticipation of a loss due to the application of the lower of cost or market valuation method, the valuation reports of the said appraisal company sees some properties with potential profit even under current market conditions. It estimates the total amount of potential profits at around 22.0 billion yen.

(2) Non-consolidated

The main factors for revising the non-consolidated earnings forecast are the same as for the revision of the consolidated earnings forecast. That is, the reasons are the recognizing of extraordinary losses (about 24.7 billion yen in total), including the losses on the disposal of assets, and losses on anticipated impairment loss in securities held at year-end. As a result, the Company decided to revise the forecast of full-year earnings in order to incorporate estimates of lower-than-expected results in terms of full-year revenue, operating income, ordinary income, and net income.

３．Revision of the dividend forecast for the fiscal year ended December 31, 2008

(1) Content of revision

	Interim dividend	Year-end dividend	Annual dividend
Previous forecast (February 15, 2008)	- yen	2,350 yen	2,350 yen
This revision	- yen	0 yen	0 yen
Revised forecast	- yen	2,350 yen	2,350 yen

(2) Reasons for the revision

The Company recognizes the return of profits to stockholders as an important management issue. As such, the Company's basic policy is to realize stable dividend payments linked to its consolidated financial results. As indicated in this notice, however, the Company regrets that in view of the business results of this fiscal year, the forecast for the year-end dividend has been revised.

４．Reduction of executive compensation

The Company has decided to reduce executive compensation as follows to clarify management's responsibilities in view of the revision of this fiscal yera earnings forecast and the revision of the dividend forecast in today's announcement.

At the same time, you are hereby informed that the regular corporate auditors have voluntarily offered to return their corporate auditors compensation.

(1) Content of the reduction of directors' compensation

Regular (standing) directors: 50％ reduction of monthly compensation

(2) Content of reduction of corporate auditors' compensation:

Regular (standing) corporate auditors: voluntary 20% return of monthly compensation

(3) Subject period:

The 7-month period from December 2008 to June 2009

End