February 13, 2009

To whom it may concern:

Company name	Kenedix Inc.
Representative	Atsushi Kawashima, President
Stock code	4321
Listing	First Section, Tokyo Stock Exchange
Contact	Taiji Yoshikawa, Director Corporate Planning & Strategy

Notice Concerning Precaution about the Going Concern Assumption

Described below is an abstract in English of the company announcement that was released in Tokyo. The translation is prepared and provided for the purpose of the readers' convenience only. All of readers are strongly recommended to refer to the original version in Japanese of the news release for complete and accurate information.

Kenedix, Inc. (the "Company") announces a resolution, which was passed at its Board of Directors meeting held on February 13, 2009, to present the following precautionary notes regarding the going concern assumption in its earnings report and annual financial statement report for the year ended December 31, 2008.

Details

1. Consolidated Financial Statement for year ended December 2008

In the consolidated fiscal year under review, the Company and its Group companies recorded a net loss of 10,797 million yen and a negative operating cash flow of 56,785 million yen. The cash flow continues to be negative.

This situation is in conflict with the financial covenants governing some loan agreements (the loan balance was 31,280 million yen as of December 31, 2008). Because of this situation, there are significant doubts concerning going concern assumption.

With respect to the conflict with the financial covenants, the Company requested an agreement with the syndicated loan financial institutions in order not to lose the benefit of term. As a result, the Company received a sufficient number of formal written agreements from the syndicate group approving what is necessary in order not to lose the benefit of term by February 6, 2009.

Recognizing the need to rectify the current situation and rebuild the current business model that can respond flexibly to sudden changes in the markets, the Company and its Group companies have formulated a Medium-term Management Plan covering the next five years centered on the following three items.

(1) Growth of the assets under management (AUM)

The most important corporate strategy in this Medium-term Management Plan is to strengthen and expand the asset management business.

More specifically, the Company will adhere to the following strategy to grow its AUM.

① During the market recovery phase, the Company will vigorously grow the private fund area, which has high risk tolerance.

② The Company will provide diversified investment opportunities by flexibly assessing real estate market conditions and addressing investor funding needs in terms of private fund composition.

③ Besides seeking to broaden the fund investor segment and existing investors, the Company will powerfully step up its marketing approach to foreign investors.

(２) Balance sheet downsizing

The Company's goals are to control its balance sheet risk and to improve its credit and establish a stable business platform.

(３) Stable profit structure

Recognizing the need to maintain stable revenue stream under the unstable a business environment, the Company will focus on stable earnings such as asset management fees and rent income. At the same time, it continues to establish profit foundations that can cover fixed expenses without depending on unstable revenues such as capital gains which is easily affected by market conditions.

In the area of financial affairs, the Company's goals are to review funds procurement centered on short-term loans while rebuilding a more stable financial structure. As a part of this financial strategy, in December 2008 the Company had refinanced short-term bank loans for senior health care properties, converting them into long-term debt amounting to 2.9 billion yen with a term of three years from Sumitomo Mitsui Banking Corporation. Also in December 2008, the Company established two-year bridge fund arranged by the Development Bank of Japan and others consisting of short-term bank loans amounting to 28 billion yen for a large office building. In addition to this progress, the Company secured the understanding of its main banks regarding future support for the Company and its Group companies. This support will include concrete consideration between the Company and Sumitomo Mitsui Banking Corporation of the refinancing of short-term bank loans maturing within the next year into long-term debt.

The consolidated financial statements were prepared on the assumption that the Company is a going concern. Effects of these significant doubts are not incorporated in these financial statements.

2. Non-Consolidated Financial Statements for year ended December 2008

During the fiscal year under review, the Company recorded a net loss of 12,654 million yen and a conflict with the financial covenants governing some loan (the loan balance was 31,280 million yen as of December 31, 2008). Because of this situation, there are significant doubts concerning going concern assumption.

With respect to the conflict with the financial covenants, the Company requested an agreement with the syndicated loan financial institutions in order not to lose the benefit of term. As a result, the Company received a sufficient number of formal written agreements from the syndicate group approving what is necessary in order not to lose the benefit of term by February 6, 2009.

Recognizing the need to rectify the current situation and rebuild the currenet business model that can respond flexibly to sudden changes in the markets, the Company and its Group companies have formulated a Medium-term Management Plan covering the next five years. The Plan centers on the following three items.

(1) Growth of the assets under management (AUM)

The most important corporate strategy in this Medium-term Management Plan is to strengthen and expand the asset management business.

More specifically, the Company will adhere to the following strategy to grow its AUM.

① During the market recovery phase, the Company will vigorously grow the private fund area, which has high risk tolerance.

② The Company will provide diversified investment opportunities by flexibly assessing real estate market conditions and addressing investor funding needs in terms of private fund composition.

③ Besides seeking to broaden the fund investor segment and existing investors, the Company will powerfully step up its marketing approach to foreign investors.

(2) Balance sheet downsizing

The Company's goals are to control its balance sheet risk and to improve its credit and establish a stable business platform.

(3) Stable profit structure

Recognizing the need to maintain stable revenue stream under the unstable business environment, the Company will focus on stable earnings such as asset management fees and rent income. At the same time, it continues to establish profit foundations that can cover fixed expenses without depending on unstable revenues such as capital gains which is easily affected by market conditions.

In the area of financial affairs, the Company's goals are to review funds procurement centered on short-term loans while rebuilding a more stable financial structure. As a part of this financial strategy, in December 2008 the Company had refinanced short-term bank loans for senior health care properties, converting them into long-term debt amounting to 2.9 billion yen with a term of three years from Sumitomo Mitsui Banking Corporation. Also in December 2008, the Company establishe a two-year bridge fund arranged by the Development Bank of Japan and others consisting of short-term bank loans amounting to 28 billion yen for a large office building. In addition to this progress, the Company secured the understanding of its main banks regarding future support for the Company and its Group companies. This support will include concrete consideration between the Company and Sumitomo Mitsui Banking Corporation of the refinancing of short-term bank loans maturing within the next year into long-term debt.

The non-consolidated financial statements were prepared on the assumption that the Company is a going concern. Effects of these significant doubts are not incorporated in these financial statements.

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