August 10, 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

Notice of Forecast Revision

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.

In light of its recent performance, Kenedix, Inc. (the "Company") today announced the following revisions of its forecasts announced on February 13, 2009, for the first-half and full-year earnings for the fiscal year ending December 31, 2009.

(Unit: Millions of yen)

Revision of Consolidated Results Forecast for the First Half of the Fiscal Year Ending December 31, 2009
(January 1 to June 30, 2009)

	Revenue	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	69,300	13,900	10,900	−1,200	−1,883.88
Revised Forecast (B)	60,300	10,700	6,500	−8,800	−13,887.30
Change in Amount (B-A)	−9,000	−3,200	−4,400	−7,600	
Percentage Change	−13.0%	−23.0%	−40.4%	—	
Reference: Results for January 1 – June 30, 2008	80,217	15,443	12,034	5,517	8,681.88

Revision of Consolidated Results Forecast for the Fiscal Year Ending December 31, 2009
(January 1 to December 31, 2009)

	Revenue	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	108,400	18,000	13,200	200	313.98
Revised Forecast (B)	105,700	14,900	8,800	−8,000	−12,559.22
Change in Amount (B-A)	−2,700	−3,100	−4,400	−8,200	
Percentage Change	−2.5%	−17.2%	−33.3%	—	
Reference: Results for January 1 – December 31, 2008	137,431	16,267	5,316	−10,850	−17,062.66

Revision of Non-Consolidated Results Forecast for the First Half of the Fiscal Year Ending December 31, 2009
(January 1 to June 30, 2009)

	Revenue	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	11,400	10,000	8,600	1,000	1,569.90
Revised Forecast (B)	9,200	7,400	6,700	−4,800	−7,540.05
Change in Amount (B-A)	−2,200	−2,600	−1,900	−5,800	
Percentage Change	−19.3%	−26.0%	−22.1%	—	
Reference: Results for January 1 – June 30, 2008	13,320	11,307	12,066	7,965	12,523.75

Revision of Non-Consolidated Results Forecast for the Fiscal Year Ending December 31, 2009
(January 1 to December 31, 2009)

	Revenue	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	14,900	11,900	9,600	2,000	3,139.80
Revised Forecast (B)	12,500	9,000	7,400	−4,300	−6,750.58
Change in Amount (B-A)	−2,400	−2,900	−2,200	−6,300	
Percentage Change	−16.1%	−24.4%	−22.9%	—	
Reference: Results for January 1 – December 31, 2008	15,826	5,504	4,994	−12,569	−19,748.61

Reasons for the revisions

Second-quarter forecast

(Consolidated)

Although there have recently been signs of a return to stability in the unstable environment for fund procurement that the real estate and real estate financing industries, in which the Kenedix Group (the “Group”) operates, have faced, the real estate investment market has experienced weak liquidity during the first two quarters of the fiscal year because of the turmoil seen in financial markets since last year. Despite this difficult environment, the Group has successfully completed the sale to third parties of certain real estate held for its own account, including the sale in June 2009 of KDX Toyosu Grandsquare, a large office building developed by the Company in Shinonome, Koto-ku, Tokyo. Net growth was also maintained in assets under management at the asset management business.

Nevertheless, revenue and profit from the certain proprietary sales were below initial estimates, and as a result revenue and operating income fell short of the initial plan. In addition, weak results at Commercial RE Co., Ltd. (JASDAQ: 8866) and other affiliated companies resulted in the recording of an equity-method loss, and with the application of ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories” (July 5, 2006), an extraordinary loss of ¥12.8 billion was recorded regarding the initial inventory amount. As a result, both ordinary income and net income fell short of the initial plan.

Given these developments, the forecasts for consolidated first-half revenue, operating income, ordinary income and net income have been revised accordingly.

(Non-consolidated)

As noted in the reasons for the revision of the consolidated results forecast, the amount of certain proprietary sales fell short of initial estimates, and this resulted in a decline in profit from distributions from silent partnerships. In addition, extraordinary losses were recorded from valuation declines in the equity portion of silent partnerships, representing valuation losses on real estate in which those silent partnerships have invested.

As a result, the forecasts for non-consolidated first-half revenue, operating income, ordinary income and net income have been revised accordingly.

Reasons for revisions to full-year forecasts

The Group established a Medium-Term Management Plan in February 2009. From the third quarter, we intend to continue to sell property holdings in its own account to third parties while at the same time pursuing a smaller balance sheet and growth in assets under management—the core components of the medium-term management plan—by creating new private funds and acquiring new assets under management. In addition, certain real estate holdings recorded as inventories for sale were designated as assets for long-term holding at the beginning of the current fiscal year, reclassifying these as tangible fixed assets in line with the shift to long-term fund procurement. Along with asset management fees, the rental income from assets held, which consist primarily of these tangible fixed assets, will contribute to the establishment of a stable earnings base.

Underpinned by these stable earnings, we expect to record continuous ordinary income and quarterly net income from the third quarter. Given the major impact from the extraordinary losses recorded in the first quarter, however, results for the full year are seen falling short of initial estimates, and the full-year forecasts for both consolidated and non-consolidated revenue, operating income, ordinary income and net income have been revised accordingly.

Note: The preceding forecasts are based on the information available and certain assumptions deemed reasonable by the Company at the time of this announcement, and various factors may lead to significant differences in actual results.