

August 11, 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

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.

Notice of Deletion of “Notice Concerning Precaution about the Going Concern Assumption”

As per the following, Kenedix, Inc. (the “Company”) deleted the item “Notice Concerning Precaution about the Going Concern Assumption” in the Summary of Consolidated Financial Results for the Second Quarter of 2009 released on August 11, 2009.

The Kenedix Group (the “Group”) recorded a significant net loss and continued negative operating cash flow on a consolidated basis in the previous fiscal year, which violated financial covenants in certain loan contracts. With the additional recording of a significant consolidated net loss in the first quarter of the current fiscal year, a “Notice Concerning Precaution about the Going Concern Assumption” was released.

In order to eliminate this situation, the Group established a Medium-Term Management Plan and implemented measures to create a business structure that is capable of flexibly responding to drastic market changes. A gain was recorded from the sale in June 2009 of KDX Toyosu Grandsquare, a large office building developed by the Company in Shinonome, Koto-ku, Tokyo, and at the same time the Group undertook asset management operations related to the property. This was consistent with the core components of the Medium-Term Management Plan—pursuing a smaller balance sheet along with growth in assets under management—and we will maintain this policy going forward. In addition, certain real estate holdings recorded as inventories for sale have been designated as assets for long-term holding that will earn stable rental income, and with this reclassification as tangible fixed assets in line with the shift to long-term fund procurement, we are building an increasingly clear, stable earnings structure.

As a result, for the second quarter of the current fiscal year, the Group recorded consolidated net income of ¥6,650 million and achieved a positive consolidated operating cash flow of ¥47,692 million. Quarterly net income and operating cash flow are expected to remain positive going forward, and although a net loss is forecast on a full-year basis as a result of the first quarter's extraordinary loss associated with the application of the ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories” (July 5, 2006), we are forecasting consolidated operating income of ¥14,900 million for the full year.

The Group is also adding stability to its fund procurement structure with the conclusion in March 2009 of a syndicated loan agreement in the amount of ¥15.8 billion with borrowing period in excess of one year, co-arranged by Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. Although still in violation of financial covenants in certain loan agreements as of June 30, 2009, the Company requested agreements from the financial institutions participating in the syndicated loan facility in order to not forfeit the benefit of time, and expects to receive a sufficient number of written agreements from the syndicate so as not to forfeit the benefit of time. In addition, the Company will endeavor to stabilize the management base with a solid financial position going forward through initiatives including obtaining more concrete support from correspondent financial institutions with regard to near-term fundraising.

As a result of the foregoing, it has been determined that significant uncertainty is not deemed to exist, and the item “Notice Concerning Precaution about the Going Concern Assumption” has therefore been deleted.

The Company and the Group will endeavor to increase earnings going forward, and we ask for your continued support.