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To whom it may concern:

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Status of Progress under Medium Term Management Plan and Strengthening of Asset Management Business

The Kenedix Group (the "Group") has steadily pursued various measures to (1) increase its assets under management, (2) accelerate the downsizing of its balance sheet, and (3) build and develop a stable profit structure based on the Medium Term Management Plan (Five-Year Plan covering January 1, 2009 to December 31, 2013) announced in February 2009; and these initiatives are already producing visible results. The Group intends to further strengthen its asset management business in order to develop the management base and accelerate earnings growth going forward. The following is an overview of the steps to be taken in this regard.

1. Status of Progress under Medium Term Management Plan

(1) Increasing Assets under Management

As per the press release issued on June 30, 2009, the Group sold a large office building developed by the Group (KDX Toyosu Grandsquare) to a fund managed by the Carlyle Group and at the same time has undertaken the management of that property asset. In addition, as per the press release issued on August 24, 2009, the Group has newly undertaken the asset management business for a fund managed by the Carlyle Group that holds approximately ¥24 billion worth of Japanese real estate. With this steady growth in assets under management, the outstanding amount of assets under management totaled more than ¥900 billion as of August 31, 2009.

(2) Accelerate the Downsizing of its Balance Sheet

Despite the turmoil in global financial markets and the major decline in liquidity in the real estate investment market, the Group is making steady progress in asset reduction. During the past year, until June 30, 2009, the Group's efforts, such as external sales of property holdings, have contributed to a reduction of consolidated total assets by roughly half—to ¥212.8 billion as of June 30, 2009 from ¥433.8 billion as of June 30, 2008. Inventories as of June 30, 2009 had also been reduced to less than ¥100 billion. In addition, as per the press release captioned "Notice Regarding Filings of Shelf Registration Statement for Future Issuances of Shares and Bonds with Stock Acquisition Rights" issued on September 16, 2009, as part of implementing the measures for the enhancement of its financial strength and stability, Kenedix, Inc. ("KDX") has filed shelf registration statements for common stock and bonds with stock acquisition rights that will permit KDX to maintain financial flexibility and to deal with the exercise of options by bondholders to redeem the Zero Coupon Convertible Bonds due 2011, which options will become exercisable in December 2009.

(3) Build and Develop a Stable Profit Structure

In addition to increased fee income from the growth in assets under management, approximately ¥70 billion worth of inventories that are intended to be long-term holdings have been reclassified as fixed assets in the Company's consolidated financials statements to clearly indicate their position and to secure a stable source of rental income.

2. Strengthening of Asset Management Business

The Group will further strengthen the functions of its asset management business to continuously expand assets under management by enhancing its ability to provide quality properties and investment opportunities to domestic and overseas investors interested in investing in Japanese real estate.

(1) Consolidation of asset management business

Within the Group, two subsidiaries, Kenedix REIT Management, Inc. (“KDRM”), the asset manager for Kenedix Realty Investment Corporation, and Kenedix Advisors, Inc. (“KDA”), which primarily manages private funds for pension funds, along with the Group’s core company KDX, have been undertaking certain asset management businesses, primarily for existing customers. Going forward, we intend to consolidate the asset management business of KDRM (for Kenedix Realty Investment Corporation) and KDA (for other private funds). In addition to deepening the Group’s specialization and gaining experience in operations management, this consolidation intended to create synergies and achieve the optimal allocation of management resources at both companies for any given operating environment thereby growing the asset management business. The Group also intends to proactively make organizational adjustments and reinforce human resources to further strengthen the management of the asset management business of both KDRM and KDA.

(2) Supervisory company for asset management business

As an additional measure to strengthen the asset management business, the Group intends to reorganize its operations by placing both KDRM and KDA under the management of a supervisory asset management business company (the “supervisory company”) to be established in 2009 as a wholly-owned subsidiary of KDX. The creation of a specialized organizational structure for the asset management business is intended to clearly differentiate operations management from the broad range of activities carried out by KDX, including real estate, warehousing, leasing, brokerage services, consulting, development and non-performing loan (NPL) investment management. The supervisory company will carry out support functions, including risk management and internal controls for KDRM and KDA, and will also be responsible for fund procurement. Currently, a workable structure for such fund procurement is under consideration, and the details will be announced as soon as they are fixed. In addition, both KDRM and KDA will remain consolidated subsidiaries of KDX.

With the gradual abatement of the turmoil in the real estate investment market triggered by the subprime loan problem and exacerbated by the “Lehman shock”, the Group’s specialized capabilities as a real estate asset manager are in increasing demand for the maintenance and enhancement of the value of real estate investment properties. In addition to the undertaking of asset management on behalf of the Carlyle Group noted above, the Group has, in fact, been receiving numerous inquiries from a variety of domestic and overseas investors regarding the undertaking of asset management.

The Group will continue to work toward downsizing its balance sheet by reducing interest-bearing debt through sales of inventories intended for sale. At the same time, the Group will pursue the measures outlined above to strengthen its asset management business through the steady implementation of the Medium Term Management Plan thereby leading to a stronger management base with an increased capacity to generate profits.