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To whom it may concern:

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Listing: First Section, Tokyo Stock Exchange
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Please note that this document is a translation of the official announcement that was released in Tokyo. The translation is prepared and provided for the purpose of the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version of the news release for complete and accurate information.

Acquisition of Preferential Negotiating Rights for Sponsorship of Pacific Holdings, Inc., etc., Currently in Need of Reorganization

Kenedix, Inc. (the "Company") has today entered into an agreement with the trustee for corporate reorganization of the three companies – Pacific Holdings, Inc. ("PHI"), Pacific Realty Corporation ("PRL"), and Pacific Properties Investment, Ltd. ("PPI," collectively with PHI and PRL, the "three companies in need of reorganization") – regarding the sponsorship of the three companies in need of reorganization (the "Agreement") following its business tie-up with a foreign investment company.

The Company considers that the Agreement represents the excellent reputation high evaluation in its asset management business, and that it will also contribute to a further increase in assets under management and the building of a stable profit structure as mentioned in the medium-term management plan of the Company.

1. Overview of the Agreement

This confirms that preferential negotiating rights have been granted to the foreign investment company and the Company as a candidate for sponsor of the three companies in need of reorganization with their trustee for corporate reorganization, for one month following the date of the Agreement. The final designation of a sponsor is subject to the submission of the proposed reorganization plan nominating the foreign investment company and the Company as the sponsor, the approval of the plan by the court and the agreement of other legally stipulated parties.

The following is a summary of the roles envisioned for the foreign investment company and the Company as a candidate for sponsor of the three companies in need of reorganization.

Role of the foreign investment company: Provide majority funding and support in reorganization and business restructuring.

Role of the Company: In addition to providing minority funding, provide support as a real estate asset manager by leading enhancement of the value of and sales of real estate held by the three companies in need of reorganization, to maximize repayments to creditors and increase their future corporate value.

2. Overview of the three companies in need of reorganization

PHI, PRL and PPI have respective total liabilities of ¥163,646 million, ¥99,429 million, and ¥63,447 million, and became companies in need of reorganization as per the Tokyo District Court's decision of March 31, 2009, to commence corporate reorganization proceedings. PHI is a holding company with real estate investment funds as its core business, and makes real estate-related investments on its own account and through investment vehicles (e.g. investments in silent partnerships). PRL and PPI are PHI's wholly owned subsidiaries, and are engaged in the real estate investment business through the interim holding of properties intended for inclusion in real estate investment funds created and managed by the PHI Group, and the development of properties for inclusion in funds.

3. Effect on business results

The effect of this matter on the business results of the Kenedix Group has not been determined at this time.