

December 17, 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

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.

### **Announcement of Reorganization of Asset Management Business and Resulting Extra-ordinary Profit (Parent Basis)**

Further to the press releases issued by Kenedix, Inc. regarding the status of the reorganization of the Kenedix Group's (the "Group's") asset management business titled "Status of Progress under Medium Term Management Plan and Strengthening of Asset Management Business," of September 17, 2009, and "Progress of Measures for Strengthening of Asset Management Business," of December 14, 2009, Kenedix, Inc.'s Board of Directors passed a resolution at its meeting held on December 17, 2009, to reorganize the asset management business around Kenedix Asset Management, Inc. This reorganization will result in an extra-ordinary profit to be recorded in the parent results for the fiscal year ending December 2009.

#### 1. Overview of reorganization of asset management business

As part of the reorganization of the Group's asset management business (the "Reorganization"), Kenedix Asset Management, Inc. ("KDAM"), has been established as the supervisory company for asset management business, and both 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, will be made subsidiaries of KDAM. This is intended to create a structure that specializes in asset management business, clearly differentiated from the wide range of operations including real estate ownership, leasing, brokerage, consulting, development and non-performing loan (NPL) investment management carried out by Kenedix, Inc. ("KDX"). KDAM will be responsible for supporting risk management, internal controls and financial strategies, as well as the fund procurement function, of both KDRM and KDA operations. Upon the transfer of the shares of KDRM and KDA to KDAM from KDX, KDAM will receive financing from the main financing bank and other financial institution. KDAM will pay the consideration to KDX in exchange for the transfer of the shares of KDRM and KDA, thereby improving KDX's cash position.

KDAM was established as a wholly-owned subsidiary of KDX, but in order to further strengthen the competitiveness of the Group's asset management business and enhance its creditworthiness, KDX will retain 85% ownership of KDAM following the Reorganization, while the remaining 15% will be owned by KDX's operational tie-up partner, MAX-REALTY INC.

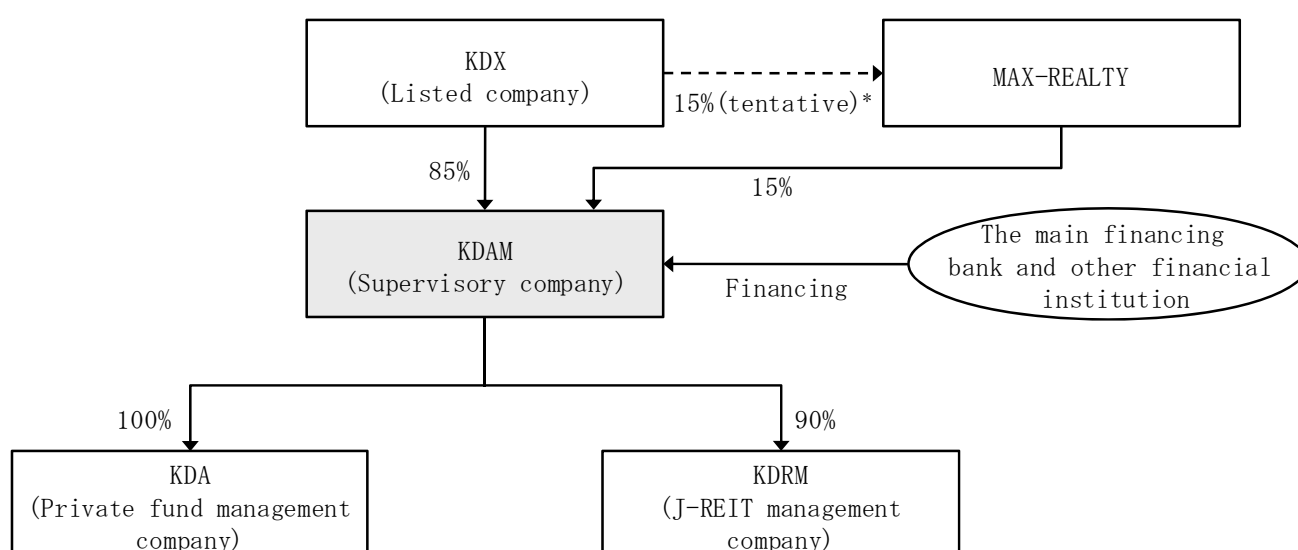
“MAX-REALTY”). In addition, KDX and MAX-REALTY are currently studying the further strengthening of their relationship by KDX’s making an equity investment (envisioned as roughly 15%) in MAX-REALTY, and additional details in this regard will be announced when they are finalized. Through this Reorganization, we believe it will be possible for the Group to quickly establish a predominant position within the increasingly competitive and selective real estate asset management industry by further strengthening the Group’s relationship with MAX-REALTY and its specialist expertise in real estate management and fund procurement, and information networks. KDAM will nevertheless remain a consolidated subsidiary of KDX, and therefore both KDRM and KDA will continue to be included in the scope of consolidation. KDX will also continue to have decision making authority for important matters related to KDAM.

Please refer to the November 27, 2009, press release titled “Announcement of Operational Tie-Up with MAX-REALTY INC.” for an overview of MAX-REALTY and the operational tie-up.

#### Overview of Kenedix Asset Management, Inc.

(1) Company name	Kenedix Asset Management, Inc.
(2) Address	2-2-9, Shinbashi, Minato-ku, Tokyo
(3) Representative	Atsushi Kawashima, President
(4) Business	Supervisory operations for asset management
(5) Paid-in capital	¥400 million- (as of December 17, 2009)
(6) Established	October, 2009
(7) Fiscal year end	December 31
(8) Net assets	¥800 million- (as of December 17, 2009)
(9) Total assets	¥800 million- (as of December 17, 2009. This is expected to increase to around ¥15 billion, however, following the transfer of the shares of KDRM and KDA by the end of December 2009.)
(10) Ownership	Kenedix, Inc. - 85%; MAX-REALTY INC. – 15% (as of December 17, 2009)

#### Structure of asset management business reorganization



\* The partial equity investment in MAX-REALTY by KDX shown above is as currently envisioned, and is subject to change.

2. Overview of financing to KDAM (tentative)

(1) Amount	Around ¥14 billion
(2) Tenor	Around 5 years
(3) Lending financial institutions	Sumitomo Mitsui Banking Corporation, etc.

3. Schedule

(1) Board of Directors' resolution to sell shares of KDA and KDRM to KDAM	December 17, 2009
(2) Sale of KDA and KDRM shares to KDAM	December, 2009 (tentative)

4. Resulting extra-ordinary profit

The sale of the shares of KDA and KDRM to KDAM associated with the Reorganization will generate a ¥13,621 million extra-ordinary profit (amount subject to final confirmation) to be recorded in the Company's parent results. However, this gain from the sale of equity shares will be eliminated in consolidation, and there will be no effect on a consolidated basis.

5. Impact on results

The impact on the currently announced forecasts for parent results for the fiscal year ending December 2009 from the resulting extra-ordinary profit and other factors is currently being investigated, and will be announced when the details are finalized.