

This announcement is prepared for the purpose of public disclosure issuance of its new shares by way of public offering, the secondary offering of the shares, and the withdrawal of the Shelf Registration Statement in relation to the issuance of new shares and does not constitute a solicitation of an offer for the purchase of any securities within or outside of Japan. This announcement is not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). This announcement does not constitute or form a part of any offer of securities for sale in the United States. The securities of the Company referred to below have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States absent registration or an exception from registration under the Securities Act. No public offering of securities of the Company will be made in the United States.

July 15, 2010

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.

Notice Regarding Issuance of New Shares by way of Public Offering, Secondary Offering of Shares, and Withdrawal of Shelf Registration Statement for Issuance of New Shares

Kenedix, Inc. (the "Company") hereby announces that its board of directors has resolved on July 15, 2010 matters relating to the issuance of its new shares by way of public offering, the secondary offering of the shares, and the withdrawal of the Shelf Registration Statement (*hakkotorokusho*) ("Shelf Registration") in relation to the issuance of new shares, as set forth below.

Separately, its board of directors has also resolved on the matters described in "Announcement of Business Alliance with ITOCHU Corporation and Issuance of New Shares through Third Party Allotment" announced today (the "Third-Party Allotment to ITOCHU Corporation").

1. Issuance of New Shares by way of Offering

- (1) Class and Number of Shares to be Offered 1,019,204 shares of common stock of the Company which is the sum of (i) and (ii) below.
- (i) 904,000 shares of common stock of the Company to be purchased and underwritten by the underwriters in each of the offerings as mentioned in (4) (i) and (ii) below.
 - (ii) A maximum of 115,204 shares of common stock of the Company which shall be the subject of options to be granted to the International Managers as mentioned in (4) (ii) below for the purchase of the additionally issued common stock of the Company.
- (2) Method of Determination of The amount to be paid will be determined on the Pricing

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to be 343,464 shares for the Japanese Public Offering and 675,740 shares for the International Offering (560,536 shares out of the shares to be purchased and underwritten as mentioned in (1) (i) above and 115,204 additional shares to be purchased upon exercise of the option as mentioned in (1) (ii) above). However, the final breakdown shall be determined on the Pricing Date by taking into account market demand and other conditions.

(iv) The Joint Global Coordinators in each offering mentioned in (i) and (ii) above as well as the secondary offering by way of over-allotment mentioned in "2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)" below (the "Secondary Offering by way of Over-Allotment") shall be two of the Japanese Underwriters. The Joint Global Coordinators shall also act as Joint Lead Managers and Joint Bookrunners for the Japanese Public Offering and the Secondary Offering by way of Over-Allotment. The Joint Lead Manager and Bookrunner for the International Offering shall be one of the International Managers, and the Joint Lead Manager and Bookrunner, together with another one of the International Managers, shall act as the Joint Lead Managers. The International Offering Coordinator for the International Offering shall be one of the Japanese Underwriters.

(v) The issue price (the offer price) with regard to each offering mentioned in (i) and (ii) above shall be determined in accordance with the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. promulgated by the JSDA, on the Pricing Date based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.

(vi) The Company shall not pay any underwriting

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commissions to the Underwriters in each offering mentioned in (i) and (ii) above, although the aggregate amount of the difference between (a) the issue price (the offer price) in the Japanese Public Offering and the International Offering and (b) the amount to be paid to the Company by the Underwriters shall constitute the proceeds to the Underwriters.

- (5) Subscription Period (in Japanese Public Offering) The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date.
- (6) Payment Date The payment date shall be any day in the period from August 3, 2010 (Tuesday) to August 5, 2010 (Thursday), provided, however, that such day shall be the fifth business day following the Pricing Date.
- (7) Subscription Unit 1 share
- (8) The amount to be paid, the issue price (the offer price), and any other matters necessary for the issuance of new shares by way of offering, shall be determined at the discretion of the President of the Company.
- (9) The Japanese Public Offering shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act of Japan.

2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment) (See "Reference" item 1., below)

- (1) Class and Number of Shares to be Sold 20,396 shares of common stock of the Company.
- The number of shares mentioned above is the maximum number of shares to be sold. The above number may decrease, or the Secondary Offering by way of Over-Allotment itself may be cancelled, depending on market demand and other conditions for the Japanese Public Offering. Furthermore, the number of shares to be sold mentioned above shall be determined on the Pricing Date, taking into account market demand and other conditions for the Japanese Public Offering.
- (2) Seller One of the Japanese Underwriters.

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- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the said amount of stated capital to be increased from the said maximum amount of stated capital increase.
- (4) Subscription Date The subscription period shall be any day in the period from August 31, 2010 (Tuesday) to September 3, 2010 (Friday), provided, however, that such day shall be the second business day following the date on the thirtieth day (if the thirtieth day is not a business day, such date shall be the preceding business day.) following the last day of the subscription period specified in “1. Issuance of New Shares by way of Offering – (5) Subscription Period (in Japanese Public Offering)” above.
- (5) Payment Date The payment date shall be any day in the period from September 1, 2010 (Wednesday) to September 6, 2010 (Monday), provided, however, that such day shall be the business day following the last day of the subscription period mentioned in (4) above.
- (6) Allottee The Seller referred to in (2) under “2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)”
- (7) Subscription Unit 1 share
- (8) If there are any shares which are not subscribed on the subscription date mentioned in (4) above, the issuance of such shares shall be cancelled.
- (9) The amount to be paid and any other matters necessary for the issuance of new shares by way of third party allotment (the “Greenshoe Third-Party Allotment”) shall be determined at the discretion of the President of the Company.
- (10) The Greenshoe Third-Party Allotment shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act of Japan.

If “1. Issuance of New Shares by way of Offering” above is cancelled, the Greenshoe

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Third-Party Allotment shall also be cancelled.

4. Withdrawal of Shelf Registration for Issuance of New Shares

(1) Outline of the Withdrawn Shelf Registration

- | | |
|---------------------------------|--|
| (i) Date of Filing | June 25, 2010 (Friday) |
| (ii) Type of Security | Common stock of the Company |
| (iii) Planned Effective Period | Within one year from the effective date of the shelf registration statement (from July 3, 2010 until July 2, 2011) |
| (iv) Planned Amount of Issuance | Up to JPY 15 billion |

(2) New Shares Already Issued under the Shelf Registration

None

(3) Reason for the Withdrawal of the Shelf Registration

The Company decided to cancel any equity offering by way of the Shelf Registration and to file a securities registration statement.

Reference

1. Secondary Offering by way of Over-Allotment

The Offering by way of Over-Allotment in "2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)" above is a secondary offering in Japan to be made in conjunction with the Japanese Public Offering in "1. Issuance of New Shares by way of Offering" in an amount not to exceed 20,396 shares, that will be borrowed by one of the Japanese Underwriters for the Japanese Public Offering (Offering by way of Over-Allotment) from certain shareholder(s) of the Company (the "Borrowed Shares"), taking into account market demand for the offerings and other conditions. The number of shares in the Secondary Offering by way of Over-Allotment indicates the maximum number of shares to be sold, and depending on market demand and other conditions

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such number may decrease, or the Secondary Offering by way of Over-Allotment may be cancelled.

In connection with the Secondary Offering by way of Over-Allotment, the Board of Directors of the Company has resolved at the meeting held on July 15, 2010 (Thursday), that the Company will issue 20,396 shares of its common stock through capital increase by way of third-party allotment (the "Greenshoe Third-Party Allotment") to the Japanese Underwriter referred to in the paragraph above (the "Allottee").

The Allottee may conduct stabilising transactions during the subscription period for the Japanese Public Offering or Secondary Offering by way of Over-Allotment (the "Subscription Period"). The shares of common stock of the Company purchased through such stabilising transactions may be used, in whole or in part, to return the Borrowed Shares.

In addition, shares of common stock purchased through stabilisation transaction, may, in whole or in part, be transferred to the International Managers for the purpose or partially settling the International Offering.

Furthermore, the Allottee may also purchase shares of common stock of the Company on the Tokyo Stock Exchange, up to the number of shares to be offered in the Secondary Offering by way of Over-Allotment (the "Syndicate Cover Transactions"). Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the Subscription Period and using the same date as the calculation date, ending on the thirtieth day (if the thirtieth day is not a business day, then the business day immediately prior to that date) (the "Syndicate Cover Transaction Period"). Shares of the Company common stock purchased through Syndicate Cover Transactions shall be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, the Allottee may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of shares purchased reaches the number of shares offering the Secondary Offering by way of Over-Allotment.

The Allottee plans to accept the allotment under the Greenshoe Third-Party Allotment of an equivalent number of shares of common stock of the Company obtained by deducting (a) the number of shares purchased through stabilisation transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares, from (b) the number of shares to be offered by the Secondary Offering by way of Over-Allotment.

Accordingly, all or a part of the shares to be issued under the Greenshoe Third-Party Allotment may not be subscribed for, which may result in a decrease in the maximum number of shares planned to be issued under the Greenshoe Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture of the right to subscribe.

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In the case where the Allottee will accept the allotment under the Greenshoe Third-Party Allotment, it will use the funds obtained from the Secondary Offering by way of Over-Allotment as payment to acquire the planned number of shares.

Whether or not the Secondary Offering by way of Over-Allotment is to be conducted, as well as the number of shares to be sold in the event of the Secondary Offering by way of Over-Allotment is to be conducted, will be determined on the Pricing Date. If the Secondary Offering by way of Over-Allotment is cancelled entirely, the Allottee will not conduct the borrowing of shares of common stock of the Company mentioned above. Accordingly, no new shares will be used under the Greenshoe Third-Party Allotment due to forfeiture of the right to subscribe, since the Allottee will not accept the allotment and will not subscribe for any shares under the Greenshoe Third-Party Allotment. Further, no Syndicate Cover Transaction on the Tokyo Stock Exchange will be made.

The stabilising transactions, Syndicate Cover Transactions and the Capital Increase by way of Greenshoe Third-Party Allotment will be conducted by the Allottee after consultation with one of the Joint Global Coordinators.

2. Change in the number of outstanding shares as a result of capital increase by public offering and capital increase by way of third-party allotment.

Total number of outstanding shares at present (as of June 30, 2010):	1,211,982 Shares
Increase in number of shares as a result of the capital increase by public offering:	1,019,204 Shares (Note 1)
Total number of outstanding shares after the capital increase by public offering:	2,231,186 Shares (Note 1)
Increase in the number of shares as a result of third-party allotment to ITOCHU Corporation:	60,000 Shares (Note 2)
Total number of outstanding shares after the third-party allotment to ITOCHU Corporation:	2,291,186 Shares (Note 2)
Increase in the number of shares as a result of the capital increase by way of third-party allotment (Greenshoe Third-Party Allotment) to the Allottee:	20,396 Shares (Note 3)
Total number of outstanding shares after the capital increase by way of third-party allotment to the Allottee:	2,311,582 Shares (Note 3)

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Notes:

- 1 These figures are based on the assumption that the International Managers exercise the right to acquire the shares of the Company set forth in "1. Issuance of New Shares by way of Public Offering, 2)" in full.
- 2 These figures are based on the assumption that ITOCHU Corporation plans to subscribe for the maximum number of shares whereby the total purchase price will not exceed ¥1 billion and new shares are issued as a result of ITOCHU Corporation subscribing for the maximum number of new shares to be issued (60,000 shares) by way of third-party allotment to ITOCHU Corporation. Payment by ITOCHU Corporation shall be subject to the completion of payment for the total number of new issued shares (904,000 shares) expected to be purchased and underwritten in the domestic offering and international offering as referred to in "1. Issuance of New Shares by Way of Offering" (1) above as well as other customary conditions generally attached to similar transactions.
- 3 These figures are based on the assumption that the Allottee accepted to subscribe all the shares as set forth in "3. Issuance of New Shares by way of third-party allotment to the Allottee (Greenshoe Third-Party Allotment) (1) Class and Number of Shares to be Offered" and new shares were issued as a result.

3. Use of Proceeds

(1) Of the maximum total net amount of ¥16,315,578,640, which is the sum of the approximate total net amount of ¥5,066,504,895 from the Japanese Public Offering, ¥9,998,095,695 from the International Offering, ¥300,867,406 from the Greenshoe Third-Party Allotment and ¥950,110,644 from the capital increase by way of third-party allotment to ITOCHU Corporation, the Company plans to use approximately 7.5 billion yen in connection with the repayment of an aggregate principal amount of 14.9 billion yen of bonds of the Company scheduled to mature on November 9, 2010. The remaining amount is expected to be used to further the Company's strategies, including acquiring minority interests in funds and newly acquiring real estate assets with the goal of reselling to funds. Until the proceeds are actually used, they will be held at a deposit account. The above amounts are calculated using the closing price of the Company's common stock at the Tokyo Stock Exchange as of July 9, 2010 (Friday).

(2) Change in the use of proceeds raised last time

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None

(3) Expected impact on business results

It is expected that the Company's financial conditions will be improved and strengthened and the Company will be able to secure stability as a real estate asset manager. In addition, by using the remainder of the proceeds as investment funds to strengthen the real estate asset management business, it is expected that it will contribute to the improvement of business results.

4. Distribution to Shareholders and other matters

(1) Basic policy on distribution of profit

The Company has placed the distribution of profit to shareholders as an important subject in the management of business, and it is the basic policy to continuously distribute profit according to the consolidated results of operations.

(2) Determination of dividends and use of retained earnings

In relation to dividends, the Company determines the amount to be distributed by taking into account the business environment, reinforcement of retained earnings for future growth and the payout ratio. In accordance to the mid term management plan, the Company plans to restore the distribution of dividends and improve the trend of dividends by establishing a revenue structure which will record stable profits.

(3) Dividends for the past three fiscal years

	Fiscal year ended December 2007	Fiscal year ended December 2008	Fiscal year ended December 2009
Net income/loss per share (consolidated basis)	¥24,833.95	¥(17,062.66)	¥(23,968.93)
Annual dividends per shares	¥2,350	—	—
Payout ratio (consolidated basis)	9.5%	—	—
Return on equity (consolidated basis)	29.9%	(20.2)%	(39.4)%
Ratio of dividends/net	3.0%	—	—

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assets (consolidated basis)			
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Notes:

- 1 Net income/loss per share (consolidated basis) for each fiscal year has been calculated based on the average number of issued shares for each fiscal year.
- 2 The payout ratio (consolidated basis) for each fiscal year is the annual dividend per share divided by consolidated net income/loss per share. There is no payout ratio for fiscal years ended December 2008 and 2009 as the Company recorded a net loss in those periods.
- 3 The return on equity (consolidated basis) for each fiscal year is the consolidated net income/loss for the relevant fiscal year divided by the consolidated net assets (net of minority interests) (the average of the start and end of the fiscal year).
- 4 The ratio of dividends/net assets (consolidated basis) for each fiscal year is the aggregate amount of the annual dividend divided by the consolidated net assets (net of minority interests) (the average of the start and end of the fiscal year). There is no ratio of dividends/net assets for the fiscal years ended December 2008 and 2009 as there were no dividends.

5. Other matters

(1) Designation of party to receive allocation

Not applicable. However, alongside “1. Issuance of New Shares by way of Public Offering” above, there will be an increase in capital by way of third-party allotment to ITOCHU Corporation. Because this third-party allotment will be conducted without underwriting by any underwriter but alongside the Japanese Public Offering of new shares underwritten by the Japanese Underwriters, the Company is in compliance with the request from the domestic underwriters of the Japanese Public Offering in accordance with Article 32 of the Regulations concerning Underwriting of Securities, etc. promulgated by JSDA. This third-party allotment to ITOCHU Corporation will be conducted in relation to matters announced today in the “Announcement of Business Alliance with ITOCHU Corporation and Issuance of New Shares through Third Party Allotment”, and falls under the exception to Article 31(3)(iii) of the Regulations concerning Underwriting of Securities, etc. promulgated by JSDA even in the case that the offer is underwritten by the financial instruments firms.

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(2) Information on dilutive shares

The Company has issued the below convertible bonds with stock acquisition rights (*tenkanshasaigata shinkabu yoyakukentuki shasai*) in accordance with the Company Act of Japan.

The outstanding amount of the convertible bonds with stock acquisition rights as of June 30, 2010 is as below.

Type of Issuance	Issue date	Outstanding amount	Maturity Date	Conversion price (Note)	Amount of capital incorporation (Note)
Euro yen Convertible Bonds due 2011	December 15, 2006	¥110 million	December 15, 2011	¥314,934.1	¥157,467
Euro yen Convertible Bonds due 2012	November 9, 2009	¥2,093 million	November 9, 2012	¥40,020	¥20,010

Note:

The conversion price and the amount of capital incorporation is the payment amount and capital incorporation per share. The conversion price is the price as of June 30, 2010.

By conducting this fund procurement, the ratio of dilutive shares in relation to the number of outstanding shares after the issuance of new shares is 2.28%.

Note:

The ratio of dilutive shares is calculated on the assumption that a total of 52,655 shares are issued (as of June 30, 2010) due to all the stock acquisition rights in relation to the Euro yen Convertible Bonds due 2011 and the Euro yen Convertible Bonds due 2012 being exercised and divided by the maximum number of issued shares (2,311,582 shares) after the issuance of new shares under the

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Japanese Public Offering, International Offering and Greenshoe Third-Party Allotment, Third-Party Allotment to ITOCHU Corporation.

(3) Information on Equity Financings within past three years, etc.

(i) Equity financing within past three years

Issue type	Issue date	Number of issued shares	Issue price	Issue amount	Total payment amount
Capital increase by way of public offering	September 3, 2007	50,000 shares	¥170,720	¥163,680	¥8,184,000 thousand
Capital increase by way of third-party allotment (Note)	October 3, 2007	7,500 shares	¥163,680	¥163,680	¥1,227,600 thousand
Capital increase by way of third-party allotment	October 26, 2009	575,000 shares	¥33,350	¥31,527	¥18,128,025 thousand

Note:

The allotment is a result of the exercise of a greenshoe option in connection with the public offering of shares issued on September 3, 2007.

Issue type	Issue date	Total issued amount	Conversion price	Conversion rate
Euro yen Convertible Bond	November 9,	¥2,093 million	¥40,020	0.0%

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due 2012	2009			
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Note:

The conversion price and conversion rate is as of June 30, 2010.

(2) Change in share price for the past three fiscal years and immediately before the date hereof

	Fiscal year ended December 2007	Fiscal year ended December 2008	Fiscal year ended December 2009	Fiscal year ending December 2010
Opening price	¥540,000 (¥233,000)	¥174,000	¥26,980	¥29,500
Highest price	¥676,000 (¥261,000)	¥189,000	¥59,900	¥36,300
Lowest price	¥466,000 (¥148,000)	¥10,500	¥5,030	¥13,650
Closing price	¥466,000 (¥181,000)	¥25,180	¥29,750	¥15,710
Share price earning ratio (consolidated basis)	7.3	—	—	—

Notes:

- 1 The share price for fiscal year ending December 2010 is as of July 14, 2010.
- 2 The share price earning ratio (consolidated basis) for each fiscal year is the closing price of the shares at the end of the fiscal period divided by the consolidated net income per share for the fiscal period. There is no share price earning ratio for the fiscal years ended December 2008 and 2009 because there was a recording of net loss. In addition, there is no share price earning ratio for the fiscal year ending December 2010 as it is not yet determined.

This announcement is prepared for the purpose of public disclosure issuance of its new shares by way of public offering, the secondary offering of the shares, and the withdrawal of the Shelf Registration Statement in relation to the issuance of new shares and does not constitute a solicitation of an offer for the purchase of any securities within or outside of Japan. This announcement is not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). This announcement does not constitute or form a part of any offer of securities for sale in the United States. The securities of the Company referred to below have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States absent registration or an exception from registration under the Securities Act. No public offering of securities of the Company will be made in the United States.

3 The amount in parenthesis is the share price after the 1 for 2 share split for which the record date was June 30, 2007.

(4) Lock-up

(i) The Company has agreed, for a period beginning the Pricing Date of the Japanese Public Offering, Secondary Offering by way of Third-party Allotment and the International Offering and ending 180 days after the Payment Date of these offerings, not to, without the prior consent of the Joint Global Coordinators, issue, offer or sell any of its common stock, or any other class of its capital stock or any securities convertible into its common stock or any other class of its capital stock or enter into certain other transactions (subject to the following exceptions: issuance of shares in connection with the Japanese Public Offering, International Offering and Greenshoe Third-Party Allotment, Third-Party Allotment to ITOCHU Corporation, share splits, exercise of stock acquisition rights attached to convertible bonds already issued and issuance of treasury shares, as well as issuance of stock acquisition rights in accordance to incentive plans to the officer or employees of the Company or the Company's affiliates and the exercise of such rights or the issuance of treasury stock).

(ii) ITOCHU Corporation has agreed, not to, without the prior written consent of the Company, transfer to third parties or otherwise dispose of all or part of the Company's shares for a period of six months after the acquisition of the Company's shares in accordance with the business alliance agreement. The Company will not give such prior written consent without obtaining prior written consent from the Joint Global Coordinators.