

May 9, 2011

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.

Recording of Extraordinary Loss

Kenedix, Inc. (the "Company") hereby announces that it will record extraordinary losses in the first quarter (January 1 – March 31, 2011) of the fiscal year ending December 31, 2011 (the "First Quarter"), as outlined below.

Details

1. Details of the extraordinary losses

(1) Loss on disaster

The Great East Japan Earthquake, which struck on March 11, 2011, partially damaged buildings and equipment at several properties owned by the Company, primarily commercial properties in Mito City, Ibaraki Prefecture, and leased condominiums in Sendai City, Miyagi Prefecture. The anticipated costs for the renovation of these properties will be recorded as a ¥309 million loss on disaster under extraordinary losses.

(2) Loss on sale of investment securities

As a result of a sale of the Company's equity position, during the First Quarter, of an investment in a silent partnership acquired under a contract for the transfer of position to a third party concluded during the fiscal year ended December 31, 2009. The resulting ¥190 million loss on the sale of this investment will be recorded as a loss on sales of investment securities.

(3) Other extraordinary losses

To reduce the Company's financing costs, and to diversify and extend the Company's fund procurement, a silent partnership, the Company's consolidated subsidiary, recorded an impairment loss in the process of refinancing of its non-recourse loan. In addition, with the application of the Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18; March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21; March 31, 2008) from the first quarter, an amount reflecting the effect of expenses related to the restoration of assets to their original conditions, was recorded at the beginning of the fiscal year. Primarily as a result of the preceding, an extraordinary loss of ¥104 million will be recorded.

2. Impact on operating results

The above “(2) Loss on sale of investment securities” was previously included in roughly the same amount, although under a different presentation item, and the above “(3) Other extraordinary losses” was included under the same presentation item, in the full-year consolidated results forecast contained in the “Summary of Financial Results for the Year Ended December 31, 2010,” announced on February 14, 2011. Accordingly, only the above “(1) Loss on disaster” constitutes a new item impacting the Group’s operating results. However, since its amount being recorded is a current estimate, which is subject to change, and considering the existence of other factors that could impact operating results, including potential progress on creating private funds and potential changes in the balance of assets under management in the second quarter and beyond, the Company is leaving its full-year consolidated results forecast unchanged at this time.

In the event future revisions to the forecast become necessary to reflect changes in operating performance reflecting developments in the business environment and / or real estate market status, those revisions will be announced on a timely basis.

Cautionary Statement Concerning Forward-Looking Information

This press release contains forward-looking statements that include “intends,” “will” and other similar words and phrases, statements regarding the intent, belief, strategy, plans or current expectations of the Group. Such forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. The Group does not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law.