

March 23, 2012

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 of Sale of Fixed Assets to Kenedix Residential Investment Corporation**  
**and Associated Extraordinary Income and Loss**

The Kenedix Group today signed a sales contract with a condition precedent (“the Contract”) regarding the sale of trust beneficiary interests (fixed assets) held by a real estate fund that is a consolidated subsidiary of Kenedix, Inc. (“Kenedix”) to Kenedix Residential Investment Corporation (“KDR”), which is managed by Kenedix Residential Partners, Inc., a consolidated subsidiary of Kenedix. The Kenedix Group is also announcing the following extraordinary income and extraordinary loss associated with the signing of the Contract.

1. Summary of transaction and reasons

This transaction involves the sale of 11 trust beneficiary interests for residential assets that have a total value of 14.5 billion yen to KDR. The execution of this Contract is a condition precedent to the consummation of the listing of KDR investment units on the Tokyo Stock Exchange Real Estate Investment Trust Section and procurement of the funds required to make the contractual payment by no later than the transaction closing date.

Kenedix expects the signing of the Contract to result in extraordinary income of 300 million yen and an extraordinary loss of 800 million yen. There is no need to revise the 2012 forecast that was announced on February 14, 2012 because the forecast already incorporates this income and loss.

The Kenedix Group currently manages two publicly listed real estate investment corporations (J-REITs): Kenedix Realty Investment Corporation, which owns primarily mid-sized office buildings, and Japan Logistics Fund, Inc., which specializes in logistics facilities. Assets under management (“AUM”) at these two J-REITs are 427.3 billion yen, which is more than 38% of total AUM of 1,100 billion yen at the Kenedix Group. Operation of J-REITs is one of the group’s most stable sources of asset management fees. Consequently, the two J-REITs will play a key role in achieving the Kenedix Group’s main strategic objectives of maintaining consistent growth of AUM and expanding the asset management business.

Adding KDR, a J-REIT that owns primarily residential rental properties, means that the Kenedix Group will manage J-REITs that cover three asset classes: mid-sized office buildings, residential properties and logistics facilities. Management believes that this coverage will contribute to a continuation in the growth of AUM and create new opportunities to earn stable income, mainly in the form of asset management fees. The Contract will result in a one-time loss. However, management believes that this sale of trust beneficiary interests will contribute to the stabilization and

growth of the asset management business from a medium and long-term perspective, thereby supporting the growth of the Kenedix Group's corporate value.

Furthermore, by downsizing Kenedix's balance sheet, the sale of residential assets worth 14.5 billion yen to KDR will help improve the financial soundness of Kenedix. This is one of the highest priorities of Kenedix. At the same time, this transaction will provide part of the funds that Kenedix will need to grow. With these funds, Kenedix will be able to operate with greater speed by responding with more flexibility to shifts in the real estate market.

The Kenedix Group remains dedicated to adapting with speed and flexibility to changes in market conditions. At the same time, the Group will provide as much support as possible for the listing of KDR investment units and use this transaction to play a part in the further growth and vitality of the J-REIT sector and Japan's real estate investment market.

## 2. Assets to be sold

Description and location	Selling price (before taxes)	Category
KDX Sakaisuji Honmachi Residence 1-7-15, Kawara-cho, Chuo-ku, Osaka	2,910 million yen	Residential
KDX Shimizu Residence 1-21-27, Shimizu, Minami-ku, Fukuoka-shi, Fukuoka	1,680 million yen	Residential
KDX Takarazuka Residence 3-2-43, Sakaemachi, Takarazuka-shi, Hyogo	1,510 million yen	Residential
KDX Chibachuo Residence 2-17, Shindencho, Chuo-ku, Chiba	1,480 million yen	Residential
KDX Izumi Residence 2-24-28, Izumi, Higashi-ku, Nagoya-shi, Aichi	1,120 million yen	Residential
KDX Chihaya Residence 1-49-6, Shinsakae, Naka-ku, Nagoya-shi, Aichi	1,080 million yen	Residential
KDX Shinmachi Residence 4-9-23, Shinmachi, Nishi-ku, Osaka	1,015 million yen	Residential
KDX Jozenji Residence 3-25, Kasugamachi, Aoba-ku, Sendai-shi, Miyagi	1,015 million yen	Residential
Nichii Home Tamaplaza (limited proprietary right of land) 2-23-36, Inukura, Miyamae-ku, Kawasaki-shi, Kanagawa	960 million yen	Assisted-living nursing homes
KDX Azumabashi Residence 1-9-8, Asumabashi, Sumida-ku, Tokyo	650 million yen	Residential
KDX Toyohira Sanjo Residence 2-3-1, Toyohira Sanjo, Toyohira-ku, Sapporo-shi, Hokkaido	582 million yen	Residential

The book value of the assets to be sold in accordance with the Contract was 14,554 million yen as of December 31, 2011.

### 3. Overview of KDR

(1) Name	Kenedix Residential Investment Corporation	
(2) Address	2-2-9, Shimbashi, Minato-ku, Tokyo	
(3) Business	Management of assets in accordance with the Law on Investment Trusts and Investment Corporations	
(4) Established	November 15, 2011	
(5) Amount of Investment	150 million yen	
(6) Asset Management Company	Name	Kenedix Residential Partners, Inc.
	Address	2-2-9, Shimbashi, Minato-ku, Tokyo
	Representative	Akira Tanaka, President
	Business	Operation of investment corporations
(7) Relationships with Kenedix, Inc.	Kenedix Residential Investment Corporation	Kenedix Residential Investment Corporation is a subsidiary of Kenedix, Inc. (holds 100% of investment units issued)
	Kenedix Residential Partners, Inc	Kenedix Residential Partners, Inc. is a consolidated subsidiary of Kenedix, Inc. (100% owned)

### 4. Schedule

Contract signing: March 23, 2012

Closing date (planned): April 26, and May 1, 2012 (subject to the above condition precedent)

### 5. Earnings outlook

As was explained in “1. Summary of transaction and reasons,” extraordinary income of 300 million yen and an extraordinary loss of 800 million yen are expected to be posted in association with this transaction. Since this income and loss have already been incorporated in the forecast for 2012, no forecast revisions are required because of the Contract.

Reference: Outlook for FY2012

(Percentage figures represent year-on-year changes)

	Revenues		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	17,300	(11.2)	6,700	(3.3)	3,400	37.9	1,700	29.4	741.97

#### 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 Company. 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 Company 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.