

December 25, 2012

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Stock code: 4321
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.

**Notice of Forecast Revision, Sales of Inventories, Sales of Fixed Assets and Other Actions,
and Sales of Investment Securities**

Kenedix, Inc. has made the following revisions to its consolidated forecast for the fiscal year ending December 31, 2012 that was announced on August 9, 2012. In addition, Kenedix expects to record additional gains and losses on sales of inventories, fixed assets and investment securities, which are the reasons for the forecast revisions. There is no change in the net loss forecast.

1. Forecast Revision

(1) Summary of forecasts

Revisions to the consolidated forecast for the fiscal year ending December 31, 2012

(from January 1 to December 31, 2012)

(Millions of yen)	Revenue	Operating income	Ordinary income	Net income	Net income per share (Yen)
Previous forecast (A)	16,900	4,600	1,000	-10,200	-4,451.84
Revised forecast (B)	20,900	5,700	2,200	-10,200	-4,451.84
Change in amount (B – A)	4,000	1,100	1,200	-	
Percentage change (%)	23.7%	23.9%	120.0%	-	
Reference: Results for the previous fiscal year (January 1 – December 31, 2011)	19,486	6,931	2,464	1,313	573.18

(2) Reasons for revisions

The 2012 forecast has been revised mainly because of the following items.

Item	Effect on revenue/income (estimated amounts)	Difference from the previous forecasts (estimated amounts)	Reference item
Partial sale of inventories (gas stations)	Revenue: ¥2.8bn	Revenue: +¥2.8bn	2
Acquisition fees ^{*1} , incentive fees ^{*2} , etc. ^{*3}	1) Revenue: ¥1.3bn 2) Operating income: ¥1.2bn 3) Ordinary income: ¥1.2bn 4) Net income: ¥1.2bn	1) Revenue: +¥1.3bn 2) Operating income: +¥1.2bn 3) Ordinary income: +¥1.2bn 4) Net income: +¥1.2bn	-
Sales of fixed assets (six data centers)	Extraordinary loss: ¥0.8bn	Net income: +¥0.1bn	3-(1)
Sale of a fixed asset (Hokkai 2 Building)	Extraordinary loss: ¥0.5bn	Net income: +¥0.3bn	3-(2)
Internal transaction of a fixed asset (Sakurabashi Toyo Building) between consolidated subsidiaries and associated impairment loss	Extraordinary loss: ¥0.9bn	Net income: minus ¥0.9bn	3-(3)
Expected impairment loss for a fixed asset (one office building) due to asset impairment	Extraordinary loss: ¥0.7bn	Net income: minus ¥0.7bn	3-(4)
Sales of investment securities (unlisted stock)	Extraordinary income: ¥0.1bn	Net income: +¥0.1bn	4

*1. Acquisition fees: Fees received related to the establishment of new real estate funds and acquisition of properties.

*2. Incentive fees: Fees received when the earnings of a fund exceed a target.

*3. Recalculation of the previous forecast resulted in changes in several items, mainly acquisition, incentive fees etc. Some of the changes were disclosed in the December 7, 2012 release titled "Notice concerning Remuneration Involving Asset Management Services."

2. Partial Sales of Inventories (Gas Stations)

The Kenedix Equity Investment Committee approved a resolution on December 19, 2012 to sell 22 of the gas stations (inventories) held by a consolidated subsidiary.

(1) Reason for sale

This sale is part of measures by Kenedix to achieve its goal of increasing financial soundness by downsizing the balance sheet.

(2) Properties to be sold

Description	Location	Selling price	Book value	Gain or loss on sales
Gas stations (22)	(Nationwide)	-*	¥2,828mn	Gain of ¥33mn

* The selling price cannot be disclosed because of a confidentiality agreement with the purchaser. Kenedix considers the selling price to be reasonable on the basis of market prices in recent years.

(3) Schedule

Date of decision: December 19, 2012
Contract signing: December 21, 2012
Closing date (planned): December 25, 2012

(4) Summary of consolidated subsidiary

1) Name	Tokumei Kumiai Chateldon Investors One Operator: Chateldon Investors One Co., Ltd.
2) Address	2-9 Shinbashi 2-chome, Minato-ku, Tokyo
3) Representative of operator	Director: Tadatsugu Ishimoto
4) Business	Purchasing, holding, disposing of and lending real estate or real estate trust beneficiary interests
5) Capital of operator	¥3 million

(5) Summary of purchaser

Information about the purchaser cannot be disclosed due to a confidentiality agreement with the purchaser. There is no significant capital, personnel or business relationship between Kenedix and the purchaser.

(6) Outlook

The above-mentioned sale of gas stations will produce consolidated revenue of ¥2,828 million in 2012 but there will be only a minimal effect on consolidated net income.

3. Sales of Fixed Assets and Other Actions

(1) Sales of fixed assets (six data centers) (included in the forecasts announced on August 9, 2012)

The Kenedix Board of Directors approved a resolution on December 4, 2012 to sell fixed assets (six data centers) held by a consolidated subsidiary.

A) Reason for sale

This sale is part of measures by Kenedix to achieve its goal of increasing financial soundness by downsizing the balance sheet.

As of August 9, 2012, the date of previous release, Kenedix planned to sell these fixed assets by selling investments in silent partnerships. Since the decision was then made to sell the actual properties, information about the sale is being disclosed again.

B) Properties to be sold

Property name	Location	Selling price	Book value	Gain or loss on sales	Category
Shin-Tokyo Center	Toshima-ku, Tokyo	-*	¥9,904mn	Loss of ¥861mn	Data center, etc.
Shin-Tabata Center	Kita-ku, Tokyo				
Keihanna Center	Kizugawa-shi, Kyoto				
Atsuta Center	Nagoya-shi, Aichi				
Nagano Center	Nagano-shi, Nagano				
Shin-Hiroshima Center	Hiroshima-shi, Hiroshima				

* The selling price cannot be disclosed because of a confidentiality agreement with the purchaser. Kenedix considers the selling price to be reasonable on the basis of market prices in recent years.

C) Summary of consolidated subsidiary

1) Name	Tokumei Kumiai KRF17 Operator: Godo Kaisha KRF17
2) Address	2-9 Shinbashi 2-chome, Minato-ku, Tokyo
3) Representative of operator	Representative Partner: Ippan Shadan Hojin KRF Executor: Tadatsugu Ishimoto
4) Business	Purchasing, holding, disposing of and lending real estate or real estate trust beneficiary interests
5) Capital of operator	¥1 million

D) Summary of purchaser

Information about the purchaser cannot be disclosed due to a confidentiality agreement with the purchaser. There is no significant capital, personnel or business relationship between Kenedix and the purchaser.

E) Schedule

Board of Directors' resolution: December 4, 2012

Contract signing: December 7, 2012

Closing date: December 7, 2012

F) Outlook

In the August 9, 2012 release titled "Notice of Forecast Revision, Extraordinary Losses and Sale of Subsidiary", Kenedix announced that it will record an extraordinary loss and other charges of ¥1.3 billion related to this sale and sales of other owned real estate. The amount includes an estimated extraordinary loss of ¥982 million on six data centers. The actual amount of the extraordinary loss has now been determined to be ¥861 million. Kenedix will take a charge for this loss in 2012.

(2) Sale of a fixed asset (Hokkai 2 Building) (included in the forecasts announced on August 9, 2012)

The Kenedix Board of Directors approved a resolution on August 9, 2012 to sell a fixed asset (Hokkai 2 Building) held by a consolidated subsidiary. The sale was executed on October 18, 2012.

Since the original transaction terms, as reported in the release dated August 9, 2012, were subsequently changed, gain/loss on the sales is being revised as follows.

A) Reason for sale

This sale is part of measures by Kenedix to achieve its goal of increasing financial soundness by downsizing the balance sheet.

B) Property to be sold

Property name	Location	Selling price	Book value	Gain or loss on sales	Category
Hokkai 2 Building	Chuo-ku, Tokyo	-*1	¥1,787mn	Loss of ¥579mn *2,3	Office building (closed)

*1. The selling price cannot be disclosed because of a confidentiality agreement with the purchaser. Kenedix considers the selling price to be reasonable on the basis of market prices in recent years.

*2. Previous forecast (announced on August 9, 2012): Loss of ¥886 million

*3. In addition to the above loss on sales, reversal of provision for deferred tax liabilities of ¥442 million will be recorded.

C) Summary of consolidated subsidiary

1) Name	Kenedix Property Inc.
2) Address	2-9 Shinbashi 2-chome, Minato-ku, Tokyo
3) Representative	President: Shinichi Tominaga
4) Business	Purchasing, holding, disposing of and lending real estate or real estate trust beneficiary interests, insurance agent, holding of marketable securities
5) Capital	¥10 million

D) Summary of purchaser

Information about the purchaser cannot be disclosed due to a confidentiality agreement with the purchaser. There is no significant capital, personnel or business relationship between Kenedix and the purchaser.

E) Schedule

Board of Directors' resolution:	August 9, 2012
Revision of terms:	October 4, 2012
Contract signing:	October 4, 2012
Closing date:	October 18, 2012

F) Outlook

This sale (under the revised terms) will result in consolidated extraordinary loss of ¥579 million in 2012, which is ¥307 million less than the previous forecast for the extraordinary loss.

(3) Internal transaction of a fixed asset (Sakurabashi Toyo Building) between consolidated subsidiaries and associated impairment loss

The Kenedix Board of Directors approved a resolution on December 25, 2012 to conduct internal transaction of a fixed asset (Sakurabashi Toyo Building) held by a consolidated subsidiary between consolidated subsidiaries (special-purpose companies). As a result, Kenedix expects to record an impairment loss associated with this transaction.

A) Reason for internal transaction

The property will be transferred between consolidated subsidiaries and a part of the loan retired in order to reduce the interest expense related to the loan secured by the Sakurabashi Toyo Building.

B) Property to be transferred (planned)

Property name	Location	Selling price	Book value	Gain or loss on sales	Category
Sakurabashi Toyo Building	Osaka-shi, Osaka	¥8,360mn (planned)	¥9,237mn (planned)	Loss of ¥877mn (planned)	Office building

C) Summary of seller/purchaser

Seller

1) Name	Tokumei Kumiai KRF38 Operator: Godo Kaisha KRF38	
2) Address	2-9 Shinbashi 2-chome, Minato-ku, Tokyo	
3) Representative of operator	Representative Partner: Ippan Shadan Hojin KRF38 Executor: Tadatsugu Ishimoto	
4) Business	Purchasing, holding, disposing of and lending real estate or real estate trust beneficiary interests	
5) Established	December 1, 2010	
6) Capital of operator	¥1 million	
7) Relationships between KRF38 and Kenedix	Capital	KRF38 is a consolidated subsidiary of Kenedix.
	Personnel	Not applicable.
	Business	Not applicable.
	Related parties	KRF38 is a consolidated subsidiary of Kenedix.

Purchaser (planned) The formalities for the establishment of the following purchaser are underway.

1) Name	Godo Kaisha Swift (tentative)
2) Address	(Not yet determined)
3) Representative	(Not yet determined)
4) Business	To be established for the purposes of purchasing, holding, disposing of and lending real estate or real estate trust beneficiary interests
5) Established	(Not yet determined)
6) Capital	(Not yet determined)
7) Relationships between Swift and Kenedix	Swift will be a consolidated subsidiary of Kenedix.

D) Schedule

Board of Directors' resolution: December 25, 2012
 Contract signing: February 1, 2013 (planned)
 Closing date: February 1, 2013 (planned)

E) Outlook

This transaction is expected to result in an extraordinary loss of ¥877 million as an impairment loss. Kenedix expects to continue to hold this property through the purchaser, which is a special-purpose company to be newly established.

(4) Expected impairment loss for a fixed asset (one office building) due to asset impairment

For a fixed asset (one office building, book value of ¥1.4 billion) held by a consolidated subsidiary, in accordance with Accounting Standard for Impairment of Fixed Assets, the expected extraordinary loss of ¥0.7 billion for an impairment loss has been incorporated in the consolidated 2012 forecast based on a resolution approved by the Board of Directors on December 25, 2012.

4. Sales of Investment Securities

Due to the sale on December 14, 2012 of investment securities (unlisted stock) held by Kenedix, extraordinary income of ¥100 million was recorded for a gain on sales of investment securities.

5. Policies and Objectives

Expanding the asset management business is the most important strategic objective of the Kenedix Group. To accomplish this growth, the Group is working on a number of goals.

One goal is to increase financial soundness by downsizing the balance sheet. Kenedix is dedicated to building a framework capable of consistently providing real estate investors with services as an independent asset management company in any economic environment. This is the bridge to opportunities for increasing assets under management.

These sales of assets by the Group are in accordance with this basic policy. Kenedix is committed to continue to work toward assuring continued growth.

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.