

July 10, 2013

Company name: Kenedix, Inc.
Representative: Taisuke Miyajima, CEO & President
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
Contact: Masahiko Tajima, Executive Officer,
General Manager of Corporate
Planning Department

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 Assumption and Forgiveness of Debt of a Consolidated Subsidiary

The Board of Directors of Kenedix, Inc. ("KDX") approved a resolution on July 10, 2013 to assume the debt of Kenedix Asset Management, Inc. ("KDAM") and to forgive the debt owed by KDAM to KDX.

1. Overview of this debt assumption and forgiveness

As was announced on July 10, 2013 in a news release titled "Notice Concerning Reorganization of the Kenedix Group," the Kenedix Group is taking a number of reorganization actions for the purpose of strengthening its asset management business. As part of these actions, (1) KDX will assume responsibility for debt totaling 11.7 billion yen that is owed to financial institutions by KDAM and (2) KDX will forgive the loan of 1.2 billion yen that it extended to KDAM.

2. Reason for this debt assumption and forgiveness

KDAM is a wholly owned subsidiary of KDX that was established in October 2009 for the purposes of overseeing the Kenedix Group's asset management operations, provide support for financial strategies and procure funds. KDAM procured funds from financial institutions during the real estate market downturn that followed the collapse of Lehman Brothers. After this period, the role of KDAM as the primary channel for procuring funds declined as the economy, including the real estate market, recovered and there was a significant improvement in the financial soundness of the Kenedix Group. Furthermore, by consolidating asset management operations, this reorganization will reduce the need for the oversight of the asset management business. Consequently, KDAM has accomplished the objectives of its establishment and this company is to be dissolved following its merger with Kenedix Advisors, Inc. ("KDA") as part of the Kenedix Group's reorganization. On the same day as this merger, KDA is to merge with Kenedix Residential Partners, Inc. As a result, KDX will assume the debt owed by KDAM to financial institutions and forgive the loans that KDX extended to KDAM.

3. Applicable debt (as of June 30, 2013)

(1) Assumption of debt

Debtor:	Kenedix Asset Management, Inc.
Creditor:	Sumitomo Mitsui Banking Corporation
Debt assumed by:	Kenedix, Inc.
Amount of debt:	11.7 billion yen

(2) Forgiveness of debt

Debtor:	Kenedix Asset Management, Inc.
Creditor:	Kenedix, Inc.
Amount of debt:	1.2 billion yen

(3) Total debt 12.9 billion yen

4. Schedule

Board of Directors' resolution:	July 10, 2013
Date of debt assumption and forgiveness:	July 30, 2013 (tentative)

5. Impact on business results

(1) Effect on consolidated forecast

There is no change in the forecast for consolidated results of operations in 2013 due to this debt assumption and forgiveness.

(2) Effect on results of operations

There will be a non-consolidated extraordinary loss of approximately 12.9 billion yen in 2013 for a loss on the assumption and forgiveness of debt. There will be no effect on consolidated results of operations because this loss will be eliminated by the consolidation process*.

*In December 2009, KDX sold its Kenedix Advisors, Inc. stock and Kenedix Office Partners, Inc. stock to KDAM and recorded non-consolidated extraordinary income of 13,621 million yen in 2009 on the sale of stock. However, just as for this debt assumption and forgiveness, there was no effect on consolidated results of operations because this income was eliminated by the consolidation process.

As described in Item 3. Applicable debt (as of June 30, 2013), the total debt of KDAM of 12.9 billion yen is the amount that was borrowed to purchase the stock of Kenedix Advisors and Kenedix Office Partners and subsequently refinanced in July 2012.

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.