

July 17, 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 Extraordinary Loss on Sale of Fixed Assets and Partnership Distribution Loss

Kenedix, Inc. hereby announces an extraordinary loss of approximately 0.2 billion yen resulting from the sale of fixed assets and the addition of approximately 0.2 billion yen to the cost of revenue due to a loss on a partnership distribution. Details are as follows.

1. Sale of fixed assets

(1) Background

On July 17, 2013, the Kenedix Board of Directors approved a resolution to sell a residential property owned by a consolidated subsidiary to Kenedix Residential Investment Corporation.

(2) Reason for the sale

Kenedix is selling this residential property to contribute to the growth of J-REITs managed by the Kenedix Group and to obtain funds that can be used for new investments.

(3) Assets to be sold

Description and location	Selling price	Book value*	Gain or loss on sales
Regalo Higashizakura (Higashi-ku, Nagoya, Aichi)	2,350 million yen	2,563 million yen	-213 million yen

*As of June 30, 2013

(4) Overview of consolidated subsidiary

(1) Name	Y.K. KW Property 7
(2) Address	2-2-9 Shinbashi, Minato-ku, Tokyo
(3) Representative	Director: Tadatsugu Ishimoto
(4) Business	Purchase of receivables, finance business, securities transactions, holding, management and investments, real estate transactions, rentals and brokerage services, investment and management consulting, etc.
(5) Established	June 17, 2002
(6) Capital	3 million yen

(5) Summary of purchaser

(1) Name	Kenedix Residential Investment Corporation
(2) Address	2-2-9 Shinbashi, Minato-ku, Tokyo
(3) Jurisdiction	Investment Trust and Investment Corporation Act

(4) Activities	Management of assets in accordance with the Investment Trust and Investment Corporation Act	
(5) Established	November 15, 2011	
(6) Total capitalization	13,773 million yen	
(7) Unitholders, percentage of investment units held and profiles	Japan Trustee Services Bank, Ltd. (Trust Acct.)	9.25%
	JP Morgan Chase BANK 380180	3.77%
	The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	3.37%
	Kenedix, Inc.	3.06%
	Individual	2.04%
(*as of January 31, 2013)		
(8) Profile of the asset management company	Name	Kenedix Residential Partners, Inc.
	Address	2-2-9 Shinbashi, Minato-ku, Tokyo
	Representative	Akira Tanaka, President
	Business	Operation of investment corporations, etc.
(9) Relationships with Kenedix, Inc.	Kenedix Residential Investment Corporation	Kenedix, Inc. holds 3.06% of investment units issued by Kenedix Residential Investment Corporation.
	Kenedix Residential Partners, Inc.	Kenedix Residential Partners, Inc. is a consolidated subsidiary of Kenedix, Inc. (100% owned)

(6) Schedule

Board of Directors' resolution: July 17, 2013
Contract signing (planned): July 17, 2013
Closing date (planned): August 7, 2013

(7) Outlook

This sale will result in extraordinary loss of approximately 0.2 billion yen in the third quarter of 2013.

2. Loss on partnership distribution

(1) Description

A fund in which Kenedix is a joint investor (2005 investment, 38.0% Kenedix Group interest) has recorded a loss due to the sale of property. Kenedix will record this loss in proportion to its ownership of this fund.

(2) Outlook

Due to this loss, Kenedix plans to add approximately 0.2 billion yen to the cost of revenue as a loss on partnership distribution.

3. Impact on operating results

Kenedix has incorporated these matters in the revised forecast that was announced on July 17, 2013. For more details, please refer to a news release titled "Notice of Revenue from New Asset Management and Other Businesses, and Revision to Full-year Forecast" disclosed on the same day.

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.