

July 2, 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 Change in Subsidiary and Acquisition of Properties

The Board of Directors of Kenedix, Inc. approved a resolution on July 2, 2013 to make a silent partnership (tokumei kumiai) investment in Godo Kaisha Creek Investment, which is a special-purpose company (SPC) established for the purpose of acquiring real estate trust beneficiary interests. Effective from the current fiscal year Creek Investment will be a consolidated subsidiary.

Separately, Kenedix is announcing an increase in the limit on principal investments.

1. Background

Creek Investment plans to acquire four residential properties in Tokyo (aggregate acquisition price of about 11.0 billion yen, including tax) using the co-funding provided by Kenedix and Kenedix Residential Investment Corporation.

2. Overview of Creek Investment

(1) Name	Tokumei Kumiai Creek Investment Operator: Godo Kaisha Creek Investment	
(2) Location	2-9 Shinbashi 2-chome, Minato-ku, Tokyo (address of operator)	
(3) Representative	Representative Partner: Ippan Shadan Hojin Creek Investment	
(4) Business	Purchasing, holding, disposing, etc. of real estate or real estate trust beneficiary interests	
(5) Established	September 18, 2012	
(6) Total investments in silent partnership	1,525 million yen	
(7) Relationships between Creek Investment and Kenedix	Capital	Creek Investment will become a consolidated subsidiary of Kenedix.
	Personnel	Not applicable.
	Business	Not applicable.
(8) Results of operations and financial condition for the last three years	No figures are shown because Creek Investment was established in September 2012.	

3. Investment ratio in silent partnership

Kenedix, Inc.:	About 73.8% (1,125 million yen)
Kenedix Residential Investment Corporation:	About 26.2% (400 million yen)

4. Schedule

Board of Directors' resolution:	July 2, 2013
Asset purchase date:	July 5, 2013 (tentative)

5. Outlook

In association with this matter, Kenedix expects increases of about 0.3 billion yen in revenue and about 0.1 billion yen in ordinary income in 2013 because of higher rental revenue. There is no change in the 2013 forecast announced on February 14, 2013. Regarding the consolidated balance sheet, Kenedix expects that this matter will increase inventories by about 11.0 billion yen and long-term liabilities (mainly non-recourse loans) by about 9.9 billion yen.

An announcement will be made promptly if a forecast is revised due to changes in the operating environment, real estate market or results of operations.

6. Increase in limit on principal investments

As was announced on February 14, 2013 in the press release titled "Announcement of New Medium-term Management Plan," Kenedix plans to make principal investments totaling approximately 13 billion yen to 15 billion yen during the three-year period starting in 2013. One goal is to build an even stronger base for stable earnings by increasing assets under management. Another goal is to raise investment returns by making extensive use of co-investments.

In 2013, the first year of this three-year plan, Kenedix's target is to make cumulative investments of about 5 billion yen. Thus far in 2013, there have been many investments due in part to an improvement in the real estate investment environment in Japan. Investments include the joint development of a logistics facility, a joint investment in a large office building in Tokyo and the purchase of additional real estate in the Roppongi district of Minato-ku, Tokyo. Furthermore, the number of prospective investments is likely to continue to increase.

To even better position the Kenedix Group for growth, the limit on cumulative investments in 2013 has been increased from about 5 billion yen to 6 billion yen. Kenedix plans to continue to increase the amount of investments in its own account.

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.