

October 8, 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 Preparations to Form an Open-end Unlisted Private Real Estate Investment Corporation**

Kenedix Real Estate Fund Management, Inc. (KFM), a wholly owned subsidiary of Kenedix, Inc., has decided to become the founder of a new investment corporation (“the “investment corporation”) in order to form an open-end unlisted private real estate investment corporation (the “private REIT”). Kenedix, and KFM have decided to begin preparations toward the establishment of the private REIT.

#### 1. Purpose of the new company

Strengthening the stable base for earnings by increasing assets under management (AUM) is one of the priorities of the medium-term management plan that Kenedix announced on February 14, 2013 (and subsequently partially revised on August 9). In April 2012, Kenedix Residential Investment Corporation, which is managed by KFM (formerly, Kenedix Residential Partners, Inc.), became the first REIT to be newly listed on the real estate investment trust securities market of the Tokyo Stock Exchange in about four and a half years. In this and other ways, KFM has provided support for the growth of listed real estate investment corporations (the “listed REITs”) associated with Kenedix.

Private REITs have characteristics that differ from those of listed REITs. Since the first private REIT began operations in Japan in 2011, assets in these REITs have grown to more than 400 billion yen (as of July 31, 2013). This growth demonstrates that private REITs have helped respond to the diversifying needs of investors.

To meet these needs, Kenedix and KFM has decided to start preparations for the establishment of the investment corporation\* for the formation of a private REIT. Forming this REIT is expected to create a stable source of medium to long-term earnings that is not directly vulnerable to changes in financial and capital markets. This will give the Group another type of REIT along with its current listed REITs.

KFM will use clearly different investment criteria for the investment corporation from those for its listed REITs. In addition, the investment corporation and listed REITs will, in principle, receive the first right to consider prospective investments in their respective categories, over the private funds (defined as funds using vehicles other than the listed REITs and private REITs) managed by KFM. Giving these funds priority will create a framework for providing broad-based support for locating suitable properties for investments by the Kenedix Group and for the management of these funds. The goal is to create real estate investment products that are able to generate stable and sustainable income.

\*Establishment of the investment corporation will require regulatory approval and the completion of other procedures.

## 2. Timetable for the establishment and operation of the investment corporation\*

Notice of establishment	Mid-October 2013 (planned)
Establishment of the investment corporation	Mid-October 2013 (planned)
Registration application	Mid-October 2013 (planned)
Registration completion	Mid-November 2013 (planned)
Start of operations	Mid-March 2014 (planned)

\* This timetable is KFM's current plan for these steps. The actual schedule for the establishment and other events concerning the investment corporation may change due to the status of progress concerning KFM's internal procedures, regulatory approval and other matters.

## 3. Outlook

The goal for the investment corporation is to start operations in March 2014 with asset size of tens of billions of yen. The Kenedix Group will then provide a broad range of support for the investment corporation just as it does for Kenedix listed REITs. The objective is to earn stable earnings and achieve long-term and sustained growth in AUM.

There is no change in the 2013 forecast announced on July 17, 2013. 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.

### **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.