

October 15, 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 Acquisition of Shares of Space Design, Inc. (Conversion into a subsidiary)

The Board of Directors of Kenedix, Inc. approved a resolution on October 15, 2013 to acquire shares of Space Design, Inc. and make this company a subsidiary.

1. Reason for the acquisition

Strengthening the stable base for earnings, primarily with fee income, 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). To accomplish this goal, Kenedix is taking steps aimed at increasing assets under management (AUM). The reorganization of the Kenedix Group was completed on October 1, 2013. One result is the establishment of a new framework for strengthening the asset management business, including the use of mergers and acquisitions. In addition, Kenedix Real Estate Fund Management, Inc. has started fund management operations.

Space Design is engaged primarily in the operation of serviced apartments and offices. Acquiring this company will enable the Kenedix Group to offer tenants of leased residential and office building services with even greater added value. Furthermore, in addition to increasing AUM in the asset management business, Space Design will help diversify sources of fee income by giving the Kenedix Group a new line of real estate services.

Taking steps to make Tokyo even more competitive as an international metropolis has become an extremely important subject. Numerous events in recent years have underscored this need. For example, Tokyo was designated a Special Zone for Asian Headquarters on December 22, 2011 and was selected on September 9, 2013 to host the 2020 Olympics and Paralympics. Tokyo must become a place where foreigners can work and live with ease. Consequently, Kenedix believes that the serviced apartment and office expertise of Space Design has much social significance and will contribute to the growth of the Kenedix Group.

The Kenedix Group will continue to seek more ways to offer high-quality services and added value in the real estate market.

2. Method of acquisition

TORANOMON KAIHATSU K.K. plans to acquire all the outstanding shares of Space Design on October 16, 2013, and Kenedix to acquire 99% of these shares from TORANOMON KAIHATSU on the same day.

3. Overview of Space Design

(1) Name	Space Design, Inc.			
(2) Location	18-2 Shinbashi 1-chome, Minato-ku, Tokyo			
(3) Representative	Saburo Takeda, President			
(4) Business	Transaction, leasing, brokerage and arrangement for real estate; providing real estate management operation including office building and rental apartment			
(5) Capital	6 billion yen			
(6) Established	May 1, 1978			
(7) Major shareholders and shareholding ratios	TORANOMON KAIHATSU K.K.: 100% (*planned as of October 16, 2013)			
(8) Relationships between Kenedix and Space Design	Capital	There are no significant capital relationships between the two companies, and there are no significant capital relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with Space Design.		
	Personnel	There are no significant personnel relationships between the two companies, and there are no significant personnel relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with Space Design.		
	Business	There are no significant business relationships between the two companies, and there are no significant business relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with Space Design.		
(9) Results of operations and financial condition for the last three years	(Million yen)	FY7/2011	FY7/2012	FY7/2013
	Net assets	6,049	5,769	5,540
	Total assets	13,843	14,905	12,943
	Net sales	4,343	4,385	4,022
	Operating income	(297)	77	183
	Ordinary income	(388)	(133)	(325)
	Net income	(487)	(307)	(241)

4. Overview of TORANOMON KAIHATSU

(1) Name	TORANOMON KAIHATSU K.K.			
(2) Location	14-10 Sendagaya 5-chome, Shibuya-ku, Tokyo			
(3) Representative	Ikuo Hayashida, President			
(4) Business	Transaction, leasing, management and holding of real estate			
(5) Capital	1 million yen			
(6) Established	June 6, 2006			
(7) Major shareholders and shareholding ratios	(*Not disclosed due to the request from TORANOMON KAIHATSU)			

(8) Relationships between Kenedix and TORANOMON KAIHATSU	Capital	There are no significant capital relationships between the two companies, and there are no significant capital relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with TORANOMON KAIHATSU.
	Personnel	There are no significant personnel relationships between the two companies, and there are no significant personnel relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with TORANOMON KAIHATSU.
	Business	There are no significant business relationships between the two companies, and there are no significant business relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with TORANOMON KAIHATSU.
	Related parties	TORANOMON KAIHATSU is not related to Kenedix, and no persons or companies affiliated with TORANOMON KAIHATSU are related to Kenedix.

5. Number of shares to be acquired, total acquisition amount and status of ownership before and after acquisition

(1) Number of shares held before acquisition	-
(2) Number of shares to be acquired	11,674,080 shares (percentage of voting rights: 99.0%)
(3) Total acquisition amount	Purchase of stock 2,335 million yen
	Costs associated with acquisition 183 million yen
	Total (estimated) 2,518 million yen
(4) No. of shares held after acquisition	11,674,080 shares (percentage of voting rights: 99.0%)

6. Schedule

(1) Board of Directors' resolution	October 15, 2013
(2) Contract signing	October 16, 2013
(3) Stock acquisition date	October 16, 2013 (planned)

7. Outlook

In association with this matter, Kenedix expects to record revenue of about 1 billion yen in 2013. 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.