

Company name: Kenedix, Inc.  
 Representative: Taisuke Miyajima, CEO & President  
 Stock code: 4321  
 Listing: First Section, Tokyo Stock Exchange  
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 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 Sales of Inventories and Fixed Assets, and Forecast Revision**

The Kenedix Group has decided to sell inventories and fixed assets as follows. In addition, the Group has made the following revisions to its 2013 forecast.

#### 1. Sales of gas stations (inventories)

Kenedix has decided on October 24, 2013 to sell gas stations held by a consolidated subsidiary as follows.

##### (1) Reason for sale

Altering the composition of assets held by selling real estate is one of the major initiatives of the medium-term management plan that Kenedix announced on February 14, 2013 (and subsequently partially revised on August 9).

##### (2) Assets to be sold

Description and location	Initial acquisition price <sup>*1</sup> (Million yen)	Selling price (Million yen)	Gain or loss on sales <sup>*2</sup> (Million yen)	Category
38 gas stations (nationwide)	6,105	5,810	706	Gas station

\*1: Affected by valuation losses, depreciation and other factors, book value as of the end of September 2013 was about 4,999 million yen.

\*2: Gain on sales (net of expenses)

##### (3) Summary of consolidated subsidiary

(1) Name	Tokumei Kumiai Chateldon Investors One Operator: Chateldon Investors One Co., Ltd.
(2) Address	2-9 Shinbashi 2-chome, Minato-ku, Tokyo
(3) Representative of operator	Director: Tadatsugu Ishimoto
(4) Business	Purchasing, holding, disposing of and lending real estate or real estate trust beneficiary interests All businesses related to the above items
(5) Capital	3 million yen

(4) Summary of purchaser

Information about the purchaser cannot be disclosed due to the request of the purchaser. There are no financial, personnel or business relationships between Kenedix, persons or companies affiliated with Kenedix, and the purchaser. The purchaser is not related to Kenedix.

(5) Schedule

(1) Resolution date	October 24, 2013
(2) Contract signing	October 24, 2013
(3) Date of sale	October 31, 2013 (planned)

(6) Outlook

Kenedix expects to record revenue of about 5.8 billion yen and operating income of about 0.7 billion yen in 2013 because of the sales of gas stations.

2. Sale of DNI Mita Building (inventory)

Kenedix has decided on October 24, 2013 to sell an office building held by a consolidated subsidiary as follows.

(1) Reason for sale

Supporting the growth of Kenedix-affiliated J-REITs is one of the major initiatives of the medium-term management plan that Kenedix announced on February 14, 2013 (and subsequently partially revised on August 9). The DNI Mita Building was purchased in May 2013 with a bridge fund structure that used a joint investment by Kenedix and Kenedix Realty Investment Corporation and managed by this fund.

(2) Assets to be sold

Description and location	Selling price (Million yen)	Book value <sup>*1</sup> (Million yen)	Gain or loss on sales <sup>*2</sup> (Million yen)	Category
DNI Mita Building (Shiba 3-chome Minato-ku, Tokyo)	3,180	3,128	45	Office building

\*1: As of the end of September 2013

\*2: Gain on sales (net of expenses). Kenedix will record a gain of approximately 23 million yen on the sale of this building, which is equivalent to its 51.8% interest in the building.

(3) Summary of consolidated subsidiary

(1) Name	Tokumei Kumiai KRF31 Operator: Godo Kaisha KRF31
(2) Address	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo
(3) Representative of operator	Representative Partner: Ippan Shadan Hojin West Gate Executor: Keiichi Omura
(4) Business	Purchasing, holding, disposing of, lending and managing real estate; purchasing, holding, disposing of real estate trust beneficiary interests All businesses related to the above items
(5) Capital	10 million yen

## (4) Summary of purchaser

(1)	Name	Kenedix Realty Investment Corporation	
(2)	Address	2-9 Shinbashi 2-chome, Minato-ku, Tokyo	
(3)	Jurisdiction	Investment Corporation established based on the Investment Trust and Investment Corporation Act	
(4)	Activities	Management of assets in accordance with the Investment Trust and Investment Corporation Act	
(5)	Established	May 6, 2005	
(6)	Total capitalization	147,153 million yen (as of April 30, 2013)	
(7)	Profile of the asset management company	Name	Kenedix Real Estate Fund Management, Inc.
		Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo
		Representative	Ryosuke Homma, President and Representative Director
		Business	Investment management business, administration of the operation of the Investment Corporation, instrument advisory and agency operations, etc.
		Capital	100 million yen
(8)	Relationships between Kenedix and Kenedix Realty Investment Corporation	Investments	Kenedix Real Estate Fund Management, a wholly owned consolidated subsidiary of Kenedix, holds 0.56% of investment units issued by Kenedix Realty Investment Corporation.
		Other significant item	Asset management company (Kenedix Real Estate Fund Management) of Kenedix Realty Investment Corporation is a wholly owned consolidated subsidiary of Kenedix.
(9)	Relationships between Kenedix and Kenedix Real Estate Fund Management	Capital	Asset management company (Kenedix Real Estate Fund Management) is a wholly owned consolidated subsidiary of Kenedix.
		Personnel	An executive officer of Kenedix is a part-time director of Kenedix Real Estate Fund Management. In addition, three corporate auditors of Kenedix are part-time corporate auditors of Kenedix Real Estate Fund Management.
		Business	No significant items

## (5) Schedule

(1)	Resolution date	October 24, 2013
(2)	Contract signing	October 24, 2013
(3)	Date of sale	November 18, 2013 (planned)

## (6) Outlook

Kenedix expects to record revenue of 3.1 billion yen in 2013 because of the sale of DNI Mita Building.

### 3. Sale of Ikebukuro 261 Building (fixed asset)

The Board of Directors of Kenedix decided on October 24, 2013 to sell an office building held by a consolidated subsidiary as follows.

#### (1) Reason for sale

Altering the composition of assets held by selling real estate is one of the major initiatives of the medium-term management plan that Kenedix announced on February 14, 2013 (and subsequently partially revised on August 9). Kenedix performed a thorough evaluation of the future asset value of this building that included the effect of the property on earnings. This examination led to the decision to sell the building in 2013 at the following terms.

The sale of this building will also contribute to supporting the growth of Kenedix-affiliated J-REITs as well as play a part in the external growth of Kenedix Realty Investment Corporation.

#### (2) Assets to be sold

Description and location	Selling price (Million yen)	Book value <sup>*1</sup> (Million yen)	Gain or loss on sales <sup>*2</sup> (Million yen)	Category
Ikebukuro 261 Building (Ikebukuro 2-chome, Toshima-ku, Tokyo)	3,900	5,295	(1,480)	Office building

\*1: As of the end of September 2013

\*2: Loss on sales (net of expenses)

#### (3) Summary of consolidated subsidiary

(1) Name	Tokumei Kumiai KRF35 Operator: Godo Kaisha KRF35
(2) Address	2-9 Shinbashi 2-chome, Minato-ku, Tokyo
(3) Representative of operator	Representative Partner: Ippan Shadan Hojin Hiranochō Executor: Tadatsugu Ishimoto
(4) Business	Purchasing, holding, disposing of, lending and managing real estate; purchasing, holding, disposing of real estate trust beneficiary interests All businesses related to the above items
(5) Capital	1 million yen

#### (4) Summary of purchaser

Kenedix Realty Investment Corporation

\* Please refer to above item "2. Sale of DNI Mita Building (inventory), (4) Summary of purchaser."

#### (5) Schedule

(1) Resolution date	October 24, 2013
(2) Contract signing	October 24, 2013
(3) Date of sale	November 18, 2013 (planned)

#### (6) Outlook

Kenedix expects to record an extraordinary loss of about 1.4 billion yen in 2013 because of the sale of Ikebukuro 261 Building.

#### 4. Forecast revision

On October 24, 2013, Kenedix approved a resolution to revise as follows the forecast for 2013 (from January 1 to December 31, 2013) that was announced on July 17, 2013 in a news release titled “Notice of Revenue from New Asset Management and Other Businesses, and Revision to Full-year Forecast.” The revisions were made primarily to include the transactions in the above items 1, 2 and 3 and the better-than-expected recent trends in business results.

##### (1) Revision to the consolidated forecast for 2013 (from January 1 to December 31, 2013)

(Million yen)	Revenue	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	18,200	5,800	3,700	1,500	6.55 yen
Revised forecast (B)	25,400	7,000	4,900	1,500	6.26 yen*
Change in amount (B – A)	7,200	1,200	1,200	0	
Percentage change (%)	39.6%	20.7%	32.4%	-	
Reference: Results for the previous fiscal year (January 1 – December 31, 2012)	20,957	5,837	2,328	(10,128)	(44.20) yen

\*Revised net income per share forecast is calculated based on estimated average number of shares outstanding, taking into consideration the September 2013 new share issuance and other factors.

##### (2) Reason for revisions

The revisions were made because of another reexamination of the forecast announced on July 17, 2013 due to differences that are anticipated between the forecast and currently expected performance. These differences concern revenue, net income and other items and are due to the real estate sales explained in the above items 1, 2 and 3.

#### 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.