

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 and Sale of Properties

Kenedix, Inc. is announcing that Godo Kaisha Creek Investment II, which is a special-purpose company (SPC) invested jointly by Kenedix and Kenedix Residential Investment Corporation (KDR), will make additional purchases of properties.

In addition, Kenedix will sell a property included in fixed assets in its consolidated balance sheet to this SPC regarding to this transaction.

1. Additional purchase of properties

The SPC, which was invested jointly by Kenedix and KDR, will make additional purchases of properties.

(1) Overview

As was explained in the February 18, 2014 release titled "Notice of Acquisition of Properties," the SPC was established for the purpose of acquiring real estate trust beneficiary interests by Kenedix and KDR. By using an additional investment from Kenedix and KDR, the SPC will purchase two more properties, one of which is included in fixed assets in the Kenedix consolidated balance sheet.

<Amount and ratio of additional investment> (Millions of yen)

Investors	Initial investment	Additional investment	Total investment	Investment ratio
Kenedix	1,077	423	1,500	About 72.6%
KDR	400	165	565	About 27.4%

< Additional properties purchased >

	(1)	(2)
Property name	Crane Mansion Tsurumi (Residential)	Regalo Minami Kusatsu (Residential)
Location	Tsurumi-ku, Yokohama City, Kanagawa	Nojicho, Kusatsu City, Shiga
Completion	July 1990	March 2008
Site area	2,003.62 m ²	1,286.29 m ²
Floor area	3,573.86 m ²	6,956.20 m ²

Note: Regalo Minami Kusatsu is included in fixed assets of the Kenedix consolidated balance sheet because this property is owned by Y.K. KW R Fourth, which is wholly owned by Kenedix.

(2) Purpose

One goal of the Kenedix medium-term management plan is to raise assets under management (AUM) to 1.4 trillion yen by the end of 2014. As one way to reach this goal, Kenedix is taking steps to add AUM chiefly at REITs. The purchase of these two properties will contribute to the growth of KDR by providing a pipeline for purchases and earning returns on investments. In addition, Kenedix believes that these purchases will help increase sources of stable earnings by expanding the asset management business of the Kenedix Group. The entire Kenedix Group will continue to provide support for the growth of KDR and other J-REITs managed by the Kenedix Group.

(3) Schedule

The SPC (Purchase of the above two properties)

Contract signing	March 4, 2014
Asset purchase date	March 7, 2014

2. Sale of fixed assets

In connection with the above Item 1. Additional purchase of properties, Kenedix will sell Regalo Minami Kusatsu, which is owned by consolidated subsidiary Y.K. KW R Fourth and included in fixed assets of the Kenedix consolidated balance sheet, to the SPC.

(1) Overview and purpose

Please refer to the above Item 1. Additional purchase of properties, (1) Overview, and (2) Purpose.

(2) Schedule

Y.K. KW R Fourth (Sale of Regalo Minami Kusatsu, one of the two properties purchased)

Contract signing	March 4, 2014
Asset sales date	March 7, 2014

3. Outlook

Regarding the effect of the purchase of these two properties, both of the properties are expected to remain assets in the Kenedix consolidated balance sheet because Kenedix holds an interest of about 72.6% in silent partnership (tokumei kumiai) investment in the SPC and the SPC will remain a consolidated subsidiary of Kenedix

Regarding the effect of the sale of a property, Kenedix expects to record a loss due to this sale in association with the sale of a fixed asset (Regalo Minami Kusatsu, one of the two properties purchased), which is owned by a wholly owned consolidated subsidiary. Therefore, Kenedix expects to record an extraordinary loss of approximately 0.5 billion yen in 2014. There is no change in the 2014 consolidated forecast announced on February 14, 2014 because the forecast already incorporated this loss.

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.