

March 27, 2014

Company name: Kenedix, Inc.  
Representative: Taisuke Miyajima, CEO & President  
Stock code: 4321  
Listing: First Section, Tokyo Stock Exchange  
Contact: Masahiko Tajima, Director,  
General Manager of Corporate  
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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**

Kenedix, Inc. expects to make Godo Kaisha KRF43, a special-purpose company (SPC), a consolidated subsidiary on March 27, 2014.

#### 1. Overview

Kenedix had already decided to make a silent partnership (tokumei kumiai) investment of 1,148 million yen in KRF43. In addition, Kenedix Office Investment Corporation (KDO), which is managed by Kenedix subsidiary Kenedix Real Estate Fund Management, Inc., decided to make an additional silent partnership investment of 1,107 million yen on March 27, 2014. Due to these two investments, Kenedix and KDO will have a combined equity interest of 55% in KRF43, which will make this company a consolidated subsidiary of Kenedix.

#### 2. Reason for the change

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. KRF43 plans to purchase real estate trust beneficiary rights backed by an office building in Tokyo. Consequently, Kenedix believes that its investment in this company will contribute to the growth of AUM.

#### 3. Overview of KRF43

|  |   |   |
|--|---|---|
| (1) Name   | Tokumei Kumiai KRF43<br>Operator: Godo Kaisha KRF43   |   |
| (2) Location   | 6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo  |   |
| (3) Representative   | Representative Partner: Ippan Shadan Hojin Trench<br>Executor: Tadatsugu Ishimoto                   |   |
| (4) Business   | Purchasing, holding, disposing, etc. of real estate or real estate trust beneficiary rights         |   |
| (5) Established  | June 3, 2013  |   |
| (6) Capital  | 1 million yen   |   |
| (7) Relationships between Kenedix and KRF43                                | Capital, personnel and business   | Kenedix has made an investment in Ippan Shadan Hojin Trench. There are no significant personnel and business relationships between the two companies, and there are no significant personnel and business relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with KRF43. |
| (8) Results of operations and financial condition for the last three years | No figures are shown because KRF43 was established on June 3, 2013 and its fiscal year ends in May. |   |

#### 4. Amount and ratio of investment in silent partnership

|   |   |
|---|---|
| (1) Kenedix investment before change        | -   |
| (2) Kenedix investment after change (ratio) | Kenedix, Inc. 1,148 million yen (28%)<br>Kenedix Office Investment Corporation 1,107 million yen (27%)<br>Two other companies 1,845 million yen (45%) |

#### 5. Property to be acquired

An office building in Tokyo's Shinjyuku-ku.

#### 6. Schedule

|  |                |
|--|----------------|
| KDO investment decision                    | March 27, 2014 |
| Signing of partnership investment contract | March 27, 2014 |
| Date of investment                         | March 28, 2014 |

#### 7. Outlook

Kenedix expects an increase of approximately 0.2 billion yen in ordinary income in 2014. There is no change in the 2014 consolidated forecast announced on February 14, 2014. 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.