

December 17, 2014

Company name: Kenedix, Inc.
Representative: Taisuke Miyajima, CEO & President
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
Contact: Masahiko Tajima, Director,
Head 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 Sale of Fixed Assets and Associated Extraordinary Income and Loss

On December 17, 2014, Kenedix, Inc. decided to sell the following assets held by its consolidated subsidiaries.

1. Reason for sale

Supporting the growth of Kenedix-related J-REITs and altering the composition of assets held by selling real estate are 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, 2013).

2. Assets to be sold

	Description and location	Selling price (Million yen, net of taxes)	Book value ^{*1} (Million yen)	Gain or loss on sales ^{*2} (Million yen)	Effect on consolidated results	Category
(1)	ROSEO Mito (Mito-shi, Ibaraki)	9,675	10,169	-638	Extraordinary loss ^{*3}	Retail facility
(2)	Daikanyama Address (Shibuya-ku, Tokyo)	5,390	5,075	+309	Extraordinary income ^{*3}	Retail facility
(3)	MONA Shinurayasu (Urayasu-shi, Chiba)	8,063	14,417 ^{*4}	+2,020 ^{*4}	Extraordinary income ^{*3}	Retail facility
(4)	Blumer Maitamon (Kobe-shi, Hyogo)	8,389			Extraordinary income ^{*3}	Retail facility
	Total	31,517	29,661	+1,691	-	-

*1: Estimates as of January 31, 2015

*2: Estimated gain or loss on sales (net of expenses)

The above figures are estimates and may be revised.

*3: Extraordinary loss of approximately 0.6 billion yen is expected to be written off as impairment loss in 2014. Furthermore, extraordinary income of approximately 2.3 billion yen is expected to be recorded in and after 2015.

*4: Only the total amount is shown as the agreement with the previous owner and trust beneficiary right holders mandates that transaction values of individual properties not be disclosed.

3. Outline of subsidiaries selling assets

(1) ROSEO Mito

Name	Godo Kaisha Roseo
Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo
Representative	Representative Partner: Ippan Shadan Hojin Roseo Executor: Tadatsugu Ishimoto
Business	Purchasing, holding, disposing, etc. of real estate or real estate trust beneficiary rights
Established	July 11, 2008
Capital	1 million yen

(2) Daikanyama Address

Name	JRP2 Tokutei Mokuteki Kaisha
Address	1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo
Representative	Director: Masakazu Hongo
Business	Receipt of specified assets in accordance with an asset securitization plan based on the Act on Securitization of Assets, administrative and disposal operations involving these assets
Established	February 25, 2014
Specified capital	100,000 yen

(3) MONA Shinurayasu

Name	JRP1 Tokutei Mokuteki Kaisha
Address	1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo
Representative	Director: Masakazu Hongo
Business	Receipt of specified assets in accordance with an asset securitization plan based on the Act on Securitization of Assets, administrative and disposal operations involving these assets
Established	February 25, 2014
Specified capital	100,000 yen

(4) Blumer Maitamon

Name	JRP3 Godo Kaisha
Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo
Representative	Representative Partner: Ippan Shadan Hojin JRP3 Executor: Tadatsugu Ishimoto
Business	Purchasing, holding, disposing, etc. of real estate or real estate trust beneficiary rights
Established	August 1, 2014
Capital	1 million yen

4. Outline of purchaser

Name	Kenedix Retail REIT Corporation (KRR)	
Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo	
Jurisdiction	Investment Corporation established based on the Investment Trust and Investment Corporation Act	
Activities	Management of assets in accordance with the Investment Trust and Investment Corporation Act	
Established	October 3, 2014	
Profile of the asset management company	Name	Kenedix Real Estate Fund Management, Inc. (KFM)
	Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo
	Representative	President and Representative Director: Ryosuke Homma
	Business	Investment management business, administration of the operation of the Investment Corporation, etc.
	Capital	100 million yen
Relationships between Kenedix and KRR	Significant items	Asset management company (KFM) of KRR is a wholly owned consolidated subsidiary of Kenedix.
Relationships between Kenedix and KFM	Capital	KFM is a wholly owned consolidated subsidiary of Kenedix.
	Personnel	A director of Kenedix is a part-time director of KFM. In addition, three corporate auditors of Kenedix are part-time corporate auditors of KFM.
	Business	No significant items.

5. Schedule

Not yet determined at this time. An announcement will be made without delay when a decision has been reached.

6. Outlook

There is no change in the 2014 consolidated forecast announced on August 7, 2014. An announcement will be made promptly if a forecast revision is needed due to changes in the operating environment, real estate market or results of operations.

Kenedix Retail REIT Corporation is scheduled to promptly acquire the aforementioned four properties as well as other real estate. As a result of this transaction, Kenedix will earn an acquisition fee through its wholly owned consolidated subsidiary Kenedix Real Estate Fund Management, Inc. and expects to record a revenue of approximately 0.8 billion yen in and after 2015.

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.