February 6, 2017

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.

Establishment of Alliance with CRE and Acquisition of Stock

Kenedix, Inc. and CRE, Inc. signed an agreement on February 6, 2017 to establish an equity and business alliance. On the same day, Kenedix signed an agreement to purchase CRE stock through a third-party allotment as well as by purchasing stock held by Kyobashi Kousan, Inc., CRE's largest shareholder, by using a negotiated transaction.

1. Reason for equity and business alliance, and stock acquisition

One of the major initiatives of Kenedix's medium-term management plan, "Partners in Growth 2017," which was established and announced on February 10, 2015, is to expand the Real Estate Investment Business primarily by using co-investments. CRE is one of only a few companies in Japan with expertise involving logistics facilities. Kenedix believes that establishing this alliance and acquiring the shares of this company will result in new investment opportunities and more opportunities for growth.

2. Summary of equity and business alliance

(1) Details of business alliance

At this time, Kenedix and CRE have reached an agreement concerning the following points for the business alliance.

a. Cooperation in the real estate fund business

b. Quickly list investment units issued by CRE Logistics Fund Investment Corporation on the Tokyo Stock Exchange REIT Market and use the fund management expertise of Kenedix to contribute to the sustained growth of this Investment Corporation

c. Perform joint development projects to increase the number and size of logistics properties for CRE's logistics investment business.

As part of this alliance, Kenedix plans to send a part-time director to CRE and to Strategic Partners Co., Ltd., a wholly owned subsidiary of CRE that manages CRE Logistics Fund Investment Corporation.

(2) Details of equity alliance

Planned acquisition of CRE stock as follows:

	Sellers	Method	Number of shares	Ratio to total number of outstanding shares after the capital increase through a third-party allotment
(1)	CRE	Third-party allotment	600,000	4.77%
(2)	Kyobashi Kousan	Negotiated transaction	1,241,000	9.86%
(3)	-	CRE stock already owned	48,200	0.38%
		Total	1,889,200	15.01%

CRE will become an equity-method affiliate of Kenedix.

The average closing price of CRE stock during the six-month period ended February 3, 2017 was 1,503 yen.

3. Profile of CRE

Name	CRE, Inc.
Location	2-10-1, Toranomon, Minato-ku, Tokyo
Representative	Shuhei Yamashita, President
Business	Leasing, management, development and brokerage of logistics facilities; and providing investment advisory services
Established	December 22, 2009
Fiscal year-end	July 31
Employees	160 (consolidated) (as of October 31, 2016)
Listing	Tokyo Stock Exchange, First Section (Securities Code: 3458)
Major shareholders and shareholding ratios (as of July 31, 2016)	1. Kyobashi Kousan, Inc. 62.64% 2. Goldman Sachs and Company Regular Account 5.12% 3. Goldman Sachs International 3.80% 4. Kokyo Tatemono Co., Ltd. 2.36% 5. Japan Trustee Services Bank, Ltd. (trust account) 1.11%

Reference:

■ About the CRE Group

CRE operates and manages about 1,490 properties, chiefly logistics facilities, with an aggregate floor area of about 4 million square meters (as of October 31, 2016). CRE is Japan's largest property manager specializing in the logistics sector. The company's operations encompass every aspect of this field, extending from the development and leasing of logistics facilities to asset and property management. CRE started operations in 2009 and in 2010 acquired the master leasing and leasing management business of Commercial RE Co., Ltd. In 2011, CRE acquired Tenko Souken Co., Ltd. to further enlarge its operations. In addition, CRE uses its leasing and property management expertise to develop logistics facilities. In 2014, CRE added an asset management business. The CRE Group is able to perform every step internally, from the development of properties to the location of tenants, asset and property management, and the sale of properties. This established a framework that produced consistent revenue from property sales, asset management fees and property management fees. CRE entered into an equity and business alliance agreement with EnBio Holdings, Inc. in 2015 and established CRE Logistics Fund Investment Corporation in 2016. Preparations are now under way to list this Investment Corporation's investment units as soon as possible. In the long-term management policy announced on September 12, 2016, CRE stated that its goal is to use the growth of assets under management to expand the asset management business into the second core component of business activities that are sources of consistent revenue.

4. Schedule

(1) Contract signing	February 6, 2017
(2) Stock acquisition date	March 1, 2017 (planned)

5. Outlook

There is no change in the 2016 consolidated forecast announced on February 10, 2016. The 2016 results of operations are scheduled to be announced on February 13, 2017.

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 Kenedix. 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. Kenedix 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.