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(Securities Code: 4321)
March 7, 2017

To Those Shareholders with Voting Rights

Taisuke Miyajima
CEO & President
Kenedix, Inc.
6-5 Nihombashi Kabutocho,
Chuo-ku, Tokyo

NOTICE OF THE 22nd ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 22nd Ordinary General Meeting of Shareholders of Kenedix, Inc. (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing or by electromagnetic means via the Internet, etc. Please review the "Reference Documents for General Meeting of Shareholders" mentioned below, and exercise your voting rights by no later than 5:30 p.m., Tuesday, March 28, 2017.

1. Date and Time 10:00 a.m., Wednesday, March 29, 2017
(Attendance registration begins at 9:00 a.m.)

2. Place Tokyo International Forum, Hall B7, 3-5-1 Marunouchi, Chiyoda-ku, Tokyo

3. Agenda of the Meeting:

Matters to be reported:

1. Details of the Business Report, the Consolidated Financial Statements and Audit Reports of the Accounting Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements for the 22nd Fiscal Term (from January 1, 2016 to December 31, 2016)
2. Non-Consolidated Financial Statements for the 22nd Fiscal Term (from January 1, 2016 to December 31, 2016)

Proposals to be resolved:

Proposal No. 1: Dividends from Surplus
Proposal No. 2: Reduction of Capital Reserve
Proposal No. 3: Election of Eight (8) Directors
Proposal No. 4: Election of Two (2) Corporate Auditor
Proposal No. 5: Election of One (1) Substitute Corporate Auditor
Proposal No. 6 Revision of the Amount of Remuneration for Directors

Disclosure via the Internet

*Among the documents to be provided at the time of giving this Notice, those concerning 1) Notes to the Consolidated Financial Statements (for the 22nd Fiscal Term) and 2) Notes to the Non-Consolidated Financial Statements (for the 22nd Fiscal Term) are not disclosed in this Notice but instead presented on the Company's Internet website in compliance with the laws and ordinances as well as Article 15 of the Company's Articles of Incorporation. Therefore, the attached documents of this Notice are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Corporate Auditors and the Accounting Auditor in preparation of their Audit Reports

*If any circumstance occurs such that the attached documents and Reference Documents for General Meeting of Shareholders must be modified, the modifications will be posted on the Internet website of the Company.

■The Internet website of the Company http://www.kenedix.com/

Reference Documents for General Meeting of Shareholders

Proposals and References

Proposal No. 1: Dividends from Surplus

The Company views the return of profits to its shareholders as an important management agenda, and holds sustained dividend payments based on its business results as its fundamental principle. Dividend amounts are comprehensively determined considering the following: results of operations; sufficient internal reserves for future growth; dividend payout ratio; and other factors.

In accordance with the aforementioned dividend policy, dividend payments from surplus for the current fiscal year will be as follows:

(1) Type of Dividend Property
Cash

(2) Dividend Property Allocation and Total Amount
Four (4) yen per share of the Company's common stock
Total amount: 1,003,700,000 yen

(3) Effective Date of Dividends from Surplus
March 30, 2017

Proposal No. 2: Reduction of Capital Reserve

The Company proposes to reduce capital reserve and transfer the full amount of reduction to other capital surplus, based on the provisions of Paragraph 1, Article 448 of the Companies Act, for the purpose of securing mobility of its capital policy going forward, including stock repurchase.

(1) Amount of Capital Reserve to be Reduced
Capital reserve: 10,000,000,000 yen (out of 18,798,413,834 yen as of December 31, 2016)

(2) Effective Date of Reduction in Capital Reserve
June 1, 2017

Proposal No. 3: Election of Eight (8) Directors

The term of office of all eight Directors will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes the election of eight Directors.

The candidates for Directors are as follows:

No.	Name		Status and assignment in the Company	Percentage of attendance at Board of Directors' meetings
1	Reappointment	Atsushi Kawashima	Chairman, Director	92% (23/25 times)
2	Reappointment	Taisuke Miyajima	CEO & President	100% (25/25 times)
3	Reappointment	Soushi Ikeda	Director, Head of Strategic Investment Department	100% (25/25 times)
4	New appointment	Akira Tanaka		-
5	New appointment	Koju Komatsu	Executive Officer, Head of Equity Investment Department	-
6	Reappointment	Shuhei Shiozawa Independent Director Candidate for Outside Director	Outside Director	96% (24/25 times)
7	Reappointment	Yasuo Ichikawa Independent Director Candidate for Outside Director	Outside Director	96% (24/25 times)
8	Reappointment	Ko Sekiguchi Independent Director Candidate for Outside Director	Outside Director	100% (25/25 times)

Notes: 1. Mr. Shuhei Shiozawa, Mr. Yasuo Ichikawa and Mr. Ko Sekiguchi are candidates for Outside Directors.

2. The Company has executed liability limitation agreements with Mr. Shuhei Shiozawa, Mr. Yasuo Ichikawa and Mr. Ko Sekiguchi as Outside Directors in accordance with Paragraph 1, Article 427 of the Companies Act. Pursuant to the agreements, the Outside Directors shall be liable for damages up to the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act, on the condition that they act in good faith and are not grossly negligent in performing their duties. Upon the election of the three Outside Directors in accordance with the proposal in its original form, the Company shall extend the current liability limitation agreements.

1 Atsushi Kawashima Date of Birth: January 4, 1959 Age: 58 Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)	12 years
Conflict of interest in the Company	None
Number of the Company's shares held	178,400 shares
Percentage of attendance at Board of Directors' meetings	92% (23/25 times)

Career history, status, and assignment

June 1998	Joined the Company
March 2001	Director and Executive Vice President
January 2003	Director and Executive Officer
March 2003	Executive Officer, COO
October 2004	Director, KW REIT Management, Inc.
March 2005	Director and Executive Officer, COO, Kenedix, Inc.
March 2007	CEO & President President and Representative Director, Kenedix Advisors, Inc.
December 2009	Representative Director, Kenedix Asset Management, Inc.
May 2010	Director, MAX-REALTY INC.
March 2013	Chairman, Kenedix, Inc.
October 2013	Representative Director, Space Design, Inc. (present post)
March 2016	Chairman, Director, Kenedix, Inc. (present post)

Important concurrent positions

Representative Director, Space Design, Inc.
Outside Director, NIPPON PARKING DEVELOPMENT CO., LTD.

Reasons for nominating Mr. Kawashima as a candidate for Director

Mr. Atsushi Kawashima has successively served as Representative Director of subsidiaries of the Company and CEO & President and Chairman of the Company and has abundant experience and achievements as a manager. The Company believes that Mr. Kawashima, with his experience and insight, would be well qualified to be a Director of the Company. Accordingly, the Company nominated Mr. Kawashima as a candidate for Director.

Notes: 1. Years of appointment of each candidate in this proposal is from their election until the end of this General Meeting of Shareholders.
2. Age of each candidate in this proposal is at the time of this General Meeting of Shareholders.
3. When it is determined that the candidate will retire from important concurrent positions by the time he or she takes office after election at this shareholder meeting or soon after his assumption of his position, such positions are omitted in this material.

2 Taisuke Miyajima Date of Birth: April 17, 1962 Age: 54 Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)	5 years
Conflict of interest in the Company	None
Number of the Company's shares held	95,100 shares
Percentage of attendance at Board of Directors' meetings	100% (25/25 times)

Career history, status, and assignment

April 1998	Joined the Company
October 2004	CEO & President, KW REIT Management, Inc.
May 2005	Executive Director, Kenedix Realty Investment Corporation (present Kenedix Office Investment Corporation)
February 2012	Corporate Advisor, Kenedix, Inc.
March 2012	Director, Kenedix Asset Management, Inc. Director, Kenedix, Inc.
March 2013	CEO & President (present post)
April 2013	Representative Director, Kenedix Asset Management, Inc.

Important concurrent positions

Not applicable

Reasons for nominating Mr. Miyajima as a candidate for Director

Mr. Taisuke Miyajima has successively served as Representative Director of a subsidiary of the Company, Executive Director of an investment corporation and CEO & President of the Company and has abundant experience and achievements as a manager. The Company believes that Mr. Miyajima, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Miyajima as a candidate for Director.

3 Soushi Ikeda Date of Birth: September 29, 1967 Age: 49 Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)	3 years
Conflict of interest in the Company	None
Number of the Company's shares held	2,700 shares
Percentage of attendance at Board of Directors' meetings	100% (25/25 times)

Career history, status, and assignment	
June 2003	Joined the Company
October 2004	Director, General Manager, Investment Management Department, KW REIT Management, Inc.
April 2008	Executive Officer, Head of Investment Business Department, Kenedix, Inc.
January 2010	Executive Officer, Head of Strategic Investment Department
March 2014	Director, Head of Strategic Investment Department (present post)

Important concurrent positions
Not applicable

Reasons for nominating Mr. Ikeda as a candidate for Director
Mr. Soushi Ikeda has abundant experience and achievements as a manager of investment division of a subsidiary of the Company and the Company. The Company believes that Mr. Ikeda, with his experience and insight, would be well qualified to be a Director of the Company to lead business division of the Company. Accordingly, the Company nominated Mr. Ikeda as a candidate for Director.

4 Akira Tanaka Date of Birth: July 30, 1964
Age: 52

New appointment



Conflict of interest in the Company None

Number of the Company's shares held 53,900 shares

Career history, status, and assignment	
September 2000	Joined the Company
January 2004	Executive Officer and COO, KW Pension Fund Advisors Co., Ltd.
September 2006	Executive Officer, Head of Strategic Investment Department, Kenedix, Inc.
December 2009	Director, Kenedix Asset Management, Inc.
February 2010	Representative Director, Kenedix Advisors, Inc.
March 2010	Director, Kenedix, Inc.
August 2011	President and Representative Director, Kenedix Residential Partners, Inc. (present Kenedix Real Estate Fund Management, Inc.)
November 2011	Executive Director, Kenedix Residential Investment Corporation (present post)
October 2013	Director and COO, Head of Residential REIT Division, Kenedix Real Estate Fund Management Inc. (present post)

Important concurrent positions
Not applicable

Reasons for nominating Mr. Yoshikawa as a candidate for Director
Mr. Akira Tanaka has successively served as Representative Director of a subsidiary of the Company, Director of the Company, and Executive Director of an investment corporation, and has abundant experience and achievements as a manager. The Company believes that Mr. Tanaka, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Tanaka as a candidate for Director.

5 Koju Komatsu Date of Birth: October 25, 1973
Age: 43

New appointment



Conflict of interest in the Company None

Number of the Company's shares held 1,800 shares

Career history, status, and assignment
April 2005 Joined the Company June 2007 Compliance Officer, Kenedix REIT Management, Inc. September 2009 General Manger, Investment Management Department February 2012 Director and General Manger, Investment Management Department October 2012 General Manager, Equity Investment Department, Kenedix, Inc. March 2014 Executive Officer, Head of Equity Investment Department (present post)
Important concurrent positions
Not applicable
Reasons for nominating Mr. Tajima as a candidate for Director
Mr. Koju Komatsu has successively served as Compliance Officer and Director of a subsidiary of the Company and has abundant experience and achievements as a manager of investment management division of the Company. The Company believes that Mr. Komatsu, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Komatsu as a candidate for Director.

6 Shuhei Shiozawa Date of Birth: September 19, 1955 Age: 61 | Reappointment | Outside Director | Independent Director



Years of appointment (at the close of this General Meeting of Shareholders)	5 years
Conflict of interest in the Company	None
Number of the Company's shares held	None
Percentage of attendance at Board of Directors' meetings	96% (24/25 times)

Career history, status, and assignment

November 1986	Ph.D. (Economics) in University of Minnesota
April 1987	Associate Professor, Economics, Keio University
April 1994	Professor, Economics, Keio University (present post)
January 2001	Cabinet Counselor (Global Economics)
October 2005	Dean, Faculty of Economics, Keio University
April 2008	Member of CPA Examination Committee
March 2012	Outside Director, Kenedix, Inc. (present post)

Important concurrent positions

Professor, Economics, Keio University
Outside Director, KYB Corporation

Reasons for nominating Mr. Shiozawa as a candidate for Outside Director

Based on ample knowledge and experience as a university professor in economics, Mr. Shuhei Shiozawa provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Directors' management operation. Although Mr. Shiozawa has not been involved in company management other than as Director of the Company, he has contributed to the Company by supervising the management with his extensive knowledge and experience. Accordingly, the Company nominated Mr. Shiozawa as a candidate for Outside Director.

Independency

The Company has made a submission to the Tokyo Stock Exchange designating Mr. Shuhei Shiozawa as an independent director as provided by the Tokyo Stock Exchange. There is no transaction relationship between Mr. Shiozawa and the Company.

7 Yasuo Ichikawa Date of Birth: July 15, 1948 Age: 68 | Reappointment | Outside Director | Independent Director



Years of appointment (at the close of this General Meeting of Shareholders)	4 years
Conflict of interest in the Company	None
Number of the Company's shares held	5,000 shares
Percentage of attendance at Board of Directors' meetings	96% (24/25 times)

Career history, status, and assignment

April 1971	Joined The Sumitomo Bank, Limited
May 2000	Executive Officer, Head of Tokyo First Corporate Banking Division and Head of Kanagawa Corporate Banking Division, The Sumitomo Bank, Limited
March 2001	Resigned from The Sumitomo Bank, Limited
April 2001	Corporate Advisor, Sumitomo Real Estate Sales Co., Ltd.
June 2001	Managing Director, Sumitomo Real Estate Sales Co., Ltd.
June 2004	Senior Managing Director, Sumitomo Real Estate Sales Co., Ltd.
June 2005	Executive Managing Director, Kumagai Gumi Co., Ltd.
April 2011	Executive Officer, Executive Vice President, Kumagai Gumi Co., Ltd.
June 2011	Director, Executive Vice President, Kumagai Gumi Co., Ltd.
March 2013	Outside Director, Kenedix, Inc. (present post)

Important concurrent positions

Not applicable

Reasons for nominating Mr. Ichikawa as a candidate for Outside Director

Based on extensive work experience and profound managerial insight in the financial, construction and real estate industries, Mr. Yasuo Ichikawa provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Board of Directors' management operation. Accordingly, the Company nominated Mr. Ichikawa as a candidate for Outside Director.

Independency

The Company has made a submission to the Tokyo Stock Exchange designating Mr. Yasuo Ichikawa as an independent director as provided by the Tokyo Stock Exchange. Although Mr. Ichikawa held a position at The Sumitomo Bank, Limited (present Sumitomo Mitsui Banking Corporation), which is one of the primary banks of the Company, a due amount of time has passed since his departure in March 2001. Accordingly, there is no conflict of interest with general shareholders. There is no transaction relationship between Mr. Ichikawa and the Company.

8 Ko Sekiguchi Date of Birth: May 4, 1948 Age: 68 | Reappointment | Outside Director | Independent Director



Years of appointment (at the close of this General Meeting of Shareholders)	3 years
Conflict of interest in the Company	None
Number of the Company's shares held	None
Percentage of attendance at Board of Directors' meetings	100% (25/25 times)

Career history, status, and assignment

April 1973	Joined Mitsubishi Corporation
May 1990	Joined The Boston Consulting Group, Inc.
January 1996	General Manager, Sterrad Business Division, Johnson & Johnson Medical K.K. (present Johnson & Johnson K.K. Medical Company)
November 1998	Representative Director and President, Janssen-Kyowa Co., Ltd. (present Janssen Pharmaceutical K.K.)
July 2009	Director and Chairman, Janssen-Kyowa Co., Ltd.
October 2009	Senior Advisor, Janssen-Kyowa Co., Ltd.
August 2010	Professor, Kenichi Ohmae Graduate School of Business (present post)
January 2012	Director, General Incorporated Association DIA Japan (present post)
March 2014	Outside Director, Kenedix, Inc. (present post)

Important concurrent positions

Professor, Kenichi Ohmae Graduate School of Business
Director, General Incorporated Association DIA Japan
Outside Director, Solasto Corporation

Reasons for nominating Mr. Sekiguchi as a candidate for Outside Director

Based on Mr. Ko Sekiguchi's ample management experience at multi-national companies and extensive knowledge as a graduate school professor, Mr. Sekiguchi provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Directors' management operation. Accordingly, the Company nominated Mr. Sekiguchi as a candidate for Outside Director.

Independency

The Company has made a submission to the Tokyo Stock Exchange designating Mr. Ko Sekiguchi as an independent director as provided by the Tokyo Stock Exchange. There is no transaction relationship between Mr. Sekiguchi and the Company.

Proposal No. 4: Election of Two (2) Corporate Auditors

The term of office of Corporate Auditors, Mr. Harutaka Hamaguchi and Mr. Haruo Funabashi will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes the election of two Corporate Auditors.

The Board of Corporate Auditors consents to this submitted proposal.

The candidates for Corporate Auditor are as follows:

1 Masayuki Kobayashi Date of Birth: August 13, 1959
Age: 57

New appointment



Conflict of interest in the Company	None
Number of the Company's shares held	1,400 shares

Career history and status	
April 1984	Joined Tokyu Construction Co., Ltd.
August 2001	Joined Lumenis Japan Co. Ltd.
June 2002	Joined Pacific Management Corporation.
September 2003	Representative Director, Business and Asset Solution Corporation
June 2005	Executive Officer, Pacific Management Corporation.
March 2008	Director and General Manager of Administration Division
June 2010	Joined the Company General Manager, Compliance Department, Kenedix, Inc.
December 2013	Head of General Administration and Human Resources Department (present post)

Important concurrent positions
Not applicable

Reasons for nominating Mr. Kobayashi as a candidate for Corporate Auditor
Mr. Masayuki Kobayashi has successively served as General Manager, Compliance Department, and Head of General Administration and Human Resources Department of the Company, and has abundant experience and achievements in the administrative division. The Company believes that Mr. Kobayashi would be able to appropriately fulfill the duties of a Full-time Corporate Auditor of the Company. Accordingly, the Company nominated Mr. Kobayashi as a candidate for Corporate Auditor.

Notes: 1. Years of appointment of each candidate in this proposal is from their election until the end of this General Meeting of Shareholders.
2. Age of each candidate in this proposal is at the time of this General Meeting of Shareholders.
3. When it is determined that the candidate will retire from important concurrent positions by the time he or she takes office after election at this shareholder meeting or soon after his assumption of his position, such positions are omitted in this material.

2 Haruo Funabashi Date of Birth: September 19, 1946 Age: 70

Reappointment

Outside Corporate Auditor
Independent Auditor



Years of appointment (at the close of this General Meeting of Shareholders)	12 years
Conflict of interest in the Company	None
Number of the Company's shares held	None
Percentage of attendance at Board of Directors' meetings	88% (22/25 times)
Percentage of attendance at Board of Corporate Auditors' meetings	100% (7/7 times)

Career history and status

July 1969	Joined Ministry of Finance
July 2000	Deputy Vice-Minister, National Land Agency
July 2001	Vice-Minister, Ministry of Land, Infrastructure and Transport
February 2003	Chief Executive Officer, Sirius Institute Inc. (present post)
May 2004	Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
October 2004	Corporate Auditor, KW REIT Management, Inc.
October 2004	Corporate Auditor, KW Pension Fund Advisors Co, Ltd.
March 2005	Outside Corporate Auditor, Kenedix, Inc. (present post)
October 2013	Corporate Auditor, Kenedix Real Estate Fund Management, Inc. (present post)

Important concurrent positions

Chief Executive Officer, Sirius Institute Inc.
Outside Director, The Dai-ichi Life Holdings, Inc.
Outside Director, Hitachi Capital Corporation
Corporate Auditor, Kenedix Real Estate Fund Management, Inc.
Outside Corporate Auditor, Konoike Transport Co., Ltd.
Outside Corporate Auditor, Pasona Group Inc.
Outside Corporate Auditor, EPS Holdings, Inc.

Reasons for nominating Mr. Funabashi as a candidate for Outside Corporate Auditor

Mr. Haruo Funabashi has made good use of his many years of experience at administrative agencies as well as his expertise on corporate ethics and economic morality in auditing the Company. Accordingly, the Company nominated Mr. Funabashi as a candidate for Outside Corporate Auditor

Independency

The Company has made a submission to the Tokyo Stock Exchange designating Mr. Haruo Funabashi as an independent auditor as provided by the Tokyo Stock Exchange. Although the Company conducts transactions such as payment of membership fees for the Corporate Ethics Study Group hosted and operated by Sirius Institute Inc. where he serves as an Executive Officer, the total amount of transactions was less than 2% of the annual sales of the entity. Therefore, the Company judges there to be no concern regarding his independence.

Note: 1. Mr. Haruo Funabashi is a candidate for Outside Corporate Auditor.
2. Mr. Haruo Funabashi is a Corporate Auditor of Kenedix Real Estate Fund Management, Inc., a subsidiary of the Company.
3. The Company has executed liability limitation agreements with Haruo Funabashi as Outside Corporate Auditor in accordance with Paragraph 1, Article 427 of the Companies Act. Pursuant to the agreements, the Outside Corporate Auditor shall be liable for damages up to the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act, on the condition that they act in good faith and are not grossly negligent in performing their duties. Provided that Mr. Funabashi is elected as an Outside Corporate Auditor in accordance with the proposal in its original form, the Company shall extend the current liability limitation agreements.

Proposal No. 5: Election of One (1) Substitute Corporate Auditor

As the tenure of the current Substitute Corporate Auditor ceases effective at the beginning of this General Meeting of Shareholders, in order to prepare for the case where the number of Corporate Auditors specified by laws and regulations may lack, the Company proposes the election of one Substitute Corporate Auditor.

As prescribed in Article 31 of the Articles of Incorporation of the Company, the appointment of Substitute Corporate Auditor shall be effective until the beginning of the first Ordinary General Meeting of Shareholders to be convened following her election.

The Board of Corporate Auditors consents to this submitted proposal.

1 Yoko Sanuki Date of Birth: April 3, 1949 Age: 67

Outside Corporate Auditor
Independent Auditor



Conflict of interest in the Company None

Number of the Company's shares held None

Career history and status	
April 1981	Registered as an attorney at law Joined Yonezu Godo Law Office
November 2001	Established NS Law Office, Representative (present post)
June 2003	Outside Corporate Auditor, KURAYA SANSEIDO Inc. (present MEDIPAL HOLDINGS CORPORATION)
June 2007	Outside Corporate Auditor, Meiji Dairies Corporation
June 2011	Outside Director, Resona Bank, Limited

Important concurrent positions

Representative, NS Law Office
Outside Director, MEIJI Holdings Co., Ltd.
Outside Director, Resona Holdings, Inc.

Reasons for nominating Ms. Sanuki as a candidate for Substitute Corporate Auditor

Ms. Yoko Sanuki has expertise as an attorney at law and abundant experience in business management. The Company believes that Ms. Sanuki would be able to appropriately fulfill the duties of an Outside Corporate Auditor of the Company. Accordingly, the Company nominated Ms. Sanuki as a candidate for Substitute Corporate Auditor. Although Ms. Sanuki has not been involved with company management other than duties as an outside director or an outside corporate auditor, due to the above reasons, the Company determines that she is capable of appropriately fulfilling the duties as an Outside Corporate Auditor.

Independency

When the election of Ms. Yoko Sanuki is approved in this proposal, and she assumes the position as an Outside Corporate Auditor, the Company intends to make a submission to the Tokyo Stock Exchange designating Ms. Yoko Sanuki as an independent auditor as provided by the Tokyo Stock Exchange. There is no transaction relationship between Ms. Sanuki and the Company.

Notes: 1. Age of each candidate in this proposal is at the time of this General Meeting of Shareholders.
2. Ms. Yoko Sanuki is a candidate for Substitute Outside Corporate Auditor.
3. The Company has executed liability limitation agreements with Outside Corporate Auditors in accordance with Paragraph 1, Article 427 of the Companies Act. Pursuant to the agreements, the Outside Corporate Auditors shall be liable for damages up to the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act, on the condition that they act in good faith and are not grossly negligent in performing their duties. The Company intends to conclude a liability limitation agreement with Ms. Yoko Sanuki when she assumes the position as an Outside Corporate Auditor, provided that Ms. Sanuki is elected as a Substitute Outside Corporate Auditor in accordance with the proposal in its original form and the number of Corporate Auditors falls short of the number specified by laws and regulations.

Proposal No. 6: Revision of Compensation for Directors

As per the resolutions passed in the 12th Ordinary General Meeting of Shareholders held on March 27, 2007, the 16th Ordinary General Meeting of Shareholders held on March 29, 2011, the 18th Ordinary General Meeting of Shareholders held on March 27, 2013 and the 20th Ordinary General Meeting of Shareholders held on March 25, 2015, compensation for Directors of the Company consists of three types: (1) a fixed compensation with a limit of not more than 200 million yen (including 20 million yen for Outside Directors, but excluding employee salaries for Directors who serve concurrently as employees), (2) a variable compensation (Outside Directors excluded) with a limit of not more than 2% of consolidated profit for the preceding fiscal year, and (3) performance-linked stock compensation plan whereby the Company grants shares of the Company up to a limit of 250,000 points for each fiscal year.

6 years have passed since the compensation amount for Outside Directors was approved in the 16th Ordinary General Meeting of Shareholders. Since then, the number of Outside Directors has been increased by one, and the responsibilities of Outside Directors have increased along with the development of the Corporate Governance Guidelines. And there is a possibility of increasing the number of Outside Directors in the future. Based on the current situation, the Company proposes an adjustment to the maximum amount of annual remuneration for Outside Directors to 50 million yen from 20 million yen, and consequently an adjustment to the maximum amount of annual fixed compensation to 230 million from 200 million yen.

This adjustment is applied to (1) a fixed remuneration only, for the purpose of adjusting the remuneration amount for Outside Directors, resulting in an adjustment to the total amount of fixed remuneration to reflect an increase by the same amount. (2) a variable compensation scheme and (3) a performance-linked stock compensation plan will remain unchanged.

The number of eligible directors will be eight (8) (including three (3) Outside Directors) if Proposal No. 3 is approved as originally proposed.

* "Consolidated profit" indicates "Profit attributable to shareholders of the parent company" in accordance with "Revised Accounting Standards for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and other standards.

Consolidated Balance Sheet (As of December 31, 2016)

(Millions of yen)

Account title	Amount	Account title	Amount
Assets		**Liabilities**	
Current assets	62,215	Current liabilities	13,094
Cash and deposits	42,532	Accounts payable — trade	451
Deposits held in trust	971	Long-term borrowings — due within one year	4,814
Accounts receivable — trade	1,625	Long-term non-recourse borrowings — due within one year	5,538
Operating loans	3,088	Accrued income taxes	638
Real estate for sale	10,237	Other	1,651
Income taxes refundable	601	Long-term liabilities	70,540
Deferred tax assets	1,170	Long-term borrowings	16,775
Other	1,988	Long-term non-recourse borrowings	48,893
Allowance for doubtful accounts	(1)	Deferred tax liabilities	996
		Net defined benefit liability	185
		Provision for management board incentive plan trust	241
Fixed assets	118,196	Provision for stock payment	85
Property and equipment	80,748	Long-term security deposits	3,115
Buildings and structures	21,142	Other	247
Land	54,113	Total liabilities	83,635
Construction in progress	4,552	**Net Assets**	
Other	939	Shareholders' equity	86,654
Intangible assets	4,095	Common stock	40,253
Leasehold right	3,277	Additional paid-in capital	21,798
Goodwill	673	Retained earnings	25,107
Other	145	Treasury stock	(504)
Investment and other assets	33,352	Accumulated other comprehensive income	970
Investment securities	28,058	Net unrealized holding gains/losses on other securities	1,189
Investment in capital	431	Deferred gains or losses on hedges	(0)
Deferred tax assets	281	Foreign currency translation adjustments	(219)
Other	4,586	Subscription rights to shares	136
Allowance for doubtful accounts	(5)	Non-controlling interests	9,015
		Total net assets	96,776
Total assets	180,412	Total liabilities and net assets	180,412

(Note) Amounts less than the stated units are rounded down.

Consolidated Statement of Income (From January 1, 2016 to December 31, 2016)

(Millions of yen)

Account title	Amount	
Revenue		22,745
Cost of revenue		6,507
Gross profit		16,237
Selling, general and administrative expenses		6,706
Operating income		9,530
Non-operating income		
Interest income	7	
Equity in earnings of affiliates	1,689	
Foreign exchange gains	232	
Gain on bad debts recovered	168	
Other	197	2,296
Non-operating expenses		
Interest expenses	899	
Commissions paid	277	
Other	16	1,192
Ordinary income		10,634
Extraordinary income		
Gain on sales of fixed assets	4,770	
Gain on bargain purchase	315	
Other	47	5,133
Extraordinary loss		
Loss on sales of fixed assets	0	
Impairment loss	148	
Loss on liquidation of subsidiaries and affiliates	182	
Loss on valuation of investment securities	170	
Other	41	543
Income before income taxes and profit distribution to silent partners		15,224
Profit distribution to silent partnerships	0	0
Income before income taxes		15,224
Current income taxes	1,971	
Deferred income taxes	555	2,526
Profit		12,697
Profit attributable to non-controlling interests		2,546
Profit attributable to owners of parent		10,151

(Note) Amounts less than the stated units are rounded down.

Consolidated Statement of Changes in Net Assets (From January 1, 2016 to December 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2016	40,237	28,782	16,009	(2,504)	82,524
Changes in the fiscal year					
Purchase of treasury stock	—	—	—	(4,999)	(4,999)
Exercise of subscription rights to shares	16	16	—	—	32
Dividends of surplus	—	—	(1,046)	—	(1,046)
Profit attributable to owners of parent	—	—	10,151	—	10,151
Change of scope of consolidation	—	—	(7)	—	(7)
Retirement of treasury shares	—	(6,999)	—	6,999	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	16	(6,983)	9,097	1,999	4,129
Balance as of December 31, 2016	40,253	21,798	25,107	(504)	86,654

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains/losses on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance as of January 1, 2016	911	(3)	(116)	792	168	8,867	92,353
Changes in the fiscal year							
Purchase of treasury stock	—	—	—	—	—	—	(4,999)
Exercise of subscription rights to shares	—	—	—	—	—	—	32
Dividends of surplus	—	—	—	—	—	—	(1,046)
Profit attributable to owners of parent	—	—	—	—	—	—	10,151
Change of scope of consolidation	—	—	—	—	—	—	(7)
Retirement of treasury shares	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	277	3	(102)	177	(32)	148	293
Total changes in the fiscal year	277	3	(102)	177	(32)	148	4,423
Balance as of December 31, 2016	1,189	(0)	(219)	970	136	9,015	96,776

(Note) Amounts less than the stated units are rounded down.

Non-consolidated Balance Sheet (As of December 31, 2016)

(Millions of yen)

Account title	Amount	Account title	Amount
Assets		**Liabilities**	
Current assets	42,448	Current liabilities	5,962
Cash and deposits	32,951	Accounts payable — trade	16
Accounts receivable — trade	419	Long-term borrowings — due within one year	4,770
Money invested in real estate for sale	2,769	Accounts payable — other	73
Advance payments — trade	704	Accrued expenses	137
Prepaid expenses	34	Accrued income taxes	521
Operating loans	3,088	Deposits received	233
Income taxes refundable	576	Other	210
Deferred tax assets	1,094	Long-term liabilities	17,287
Other	809	Long-term borrowings	16,150
		Provision for management board incentive plan trust	240
Fixed assets	70,854	Provision for stock payment	85
Property and equipment	127	Allowance for employees' retirement benefits	177
Buildings	73	Other	634
Tools, furniture and fixtures	51	Total liabilities	23,249
Lease assets	1	**Net Assets**	
Intangible assets	69	Shareholders' equity	88,694
Software	31	Common stock	40,253
Software in progress	35	Additional paid-in capital	21,798
Lease assets	1	Capital reserve	18,798
Other	0	Other capital surplus	3,000
Investment and other assets	70,657	Retained earnings	27,146
Investment securities	11,862	Other retained earnings	27,146
Stocks of subsidiaries and affiliates	14,816	Retained earnings carried forward	27,146
Other securities of subsidiaries and affiliates	41,264	Treasury stock	(504)
Investment in capital	431	Valuation and translation adjustments	1,222
Long-term loans to subsidiaries and affiliates	2,108	Net unrealized holding gains/losses on other securities	1,222
Other	179	Subscription rights to shares	136
Allowance for doubtful accounts	(5)	Total net assets	90,053
Total assets	113,302	Total liabilities and net assets	113,302

(Note) Amounts less than the stated units are rounded down.

Non-consolidated Statement of Income (From January 1, 2016 to December 31, 2016)

(Millions of yen)

Account title	Amount	
Revenue		
Revenue on Asset Management Business	3,652	
Revenue on Real Estate Investment Business	14,340	17,993
Cost of revenue		
Cost of revenue on Asset Management Business	170	
Cost of revenue on Real Estate Investment Business	1,312	1,482
Gross income		16,510
Selling, general and administrative expenses		3,152
Operating income		13,357
Non-operating income		
Interest income	55	
Dividends income	2,503	
Other	13	2,572
Non-operating expenses		
Interest expenses	307	
Commissions paid	16	
Foreign exchange losses	92	
Bad debts expenses	140	
Other	5	562
Ordinary income		15,367
Extraordinary income		
Gain on sales of stocks of subsidiaries and affiliates	138	
Gain on sales of other securities of subsidiaries and affiliates	28	
Other	8	175
Extraordinary loss		
Loss on sales of stocks of subsidiaries and affiliates	76	
Loss on valuation of investment securities	170	
Loss on valuation of investment in capital	2	
Other	41	290
Income before income taxes		15,252
Current income taxes	953	
Deferred income taxes	290	1,243
Profit		14,008

(Note) Amounts less than the stated units are rounded down.

Non-consolidated Statement of Changes in Net Assets (From January 1, 2016 to December 31, 2016)

(Millions of yen)

	Shareholders' equity					
	Common stock	Additional paid-in capital		Retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Other retained earnings Retained earnings carried forward		
Balance as of January 1, 2016	40,237	28,782	—	14,184	(2,504)	80,699
Changes in the fiscal year						
Purchase of treasury stock	—	—	—	—	(4,999)	(4,999)
Exercise of subscription rights to shares	16	16	—	—	—	32
Dividends of surplus	—	—	—	(1,046)	—	(1,046)
Transfer to other capital surplus from legal capital surplus	—	(10,000)	10,000	—	—	—
Profit	—	—	—	14,008	—	14,008
Retirement of treasury shares	—	—	(6,999)	—	6,999	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Total changes in the fiscal year	16	(9,983)	3,000	12,962	1,999	7,994
Balance as of December 31, 2016	40,253	18,798	3,000	27,146	(504)	88,694

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Net unrealized holding gains/losses on other securities	Total valuation and translation adjustments		
Balance as of January 1, 2016	933	933	168	81,802
Changes in the fiscal year				
Purchase of treasury stock	—	—	—	(4,999)
Exercise of subscription rights to shares	—	—	—	32
Dividends of surplus	—	—	—	(1,046)
Transfer to other capital surplus from capital reserve	—	—	—	—
Profit	—	—	—	14,008
Retirement of treasury shares	—	—	—	—
Net changes of items other than shareholders' equity	288	288	(32)	256
Total changes in the fiscal year	288	288	(32)	8,250
Balance as of December 31, 2016	1,222	1,222	136	90,053

(Note) Amounts less than the stated units are rounded down.