March 30, 2017

Company name: Kenedix, Inc.
Representative: Taisuke Miyajima, CEO & President
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
Contact: Hikaru Teramoto,
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.

Notices of Policy for Acquiring Office Building and Land for Development and Establishment of a Land Acquisition Subsidiary

Kenedix, Inc. has decided on the policy of acquiring an office building and land for development in Yokohama by the Kenedix Group.

As part of this policy, the land for development portion was purchased today by a newly established Japanese limited liability company (godo kaisha) that is wholly owned by Kenedix. Kenedix plans to make this company a consolidated subsidiary.

1. Overview and reason for acquisition

For some time, Kenedix has been holding discussions with Mitsubishi Heavy Industries, Ltd. regarding the purchase of this company's Mitsubishi Heavy Industries (Mitsubishi Jyuko) Yokohama Building and adjacent land. The building and adjacent land are located in the Minato Mirai district of Yokohama. Kenedix has now reached the point where an official decision has been made to proceed with the policy of acquiring these two properties.

In accordance with a warehousing agreement between Kenedix and Hulic Co., Ltd., the Mitsubishi Heavy Industries Yokohama Building was purchased today by Hulic. Kenedix plans to purchase the building from Hulic once preparations have been completed for incorporating this property in a fund created by the Kenedix Group. By establishing a new core fund to own this building, which has many rare and valuable characteristics, Kenedix intends to work even harder on growth of its asset management business.

Godo Kaisha KRF48, a special-purpose company (SPC) established by Kenedix, purchased today the land adjacent to the Mitsubishi Heavy Industries Yokohama Building. The purchase was funded by loans from financial institutions and the investment in this SPC from Kenedix. Once one or more business partners are selected, Kenedix plans to start work on determining a development plan for this land that reflects the overall characteristics of the Minato Mirai district and upcoming events involving a proposal in Japan for legislation involving integrated resorts. Kenedix is dedicated to creating and executing a plan for a highly appealing project for this site.

2. Summary of the land acquired today by the SPC

(1)	Name	Northern section of the site of the Mitsubishi Heavy Industries Yokohama Building (about 10,076.09 square meters)
(2)	Location	3-1 Minatomirai 3-chome, Nishi-ku, Yokohama-shi, Kanagawa
(3)	Purchase price	16,100 million yen (net of taxes)
(4)	Category	Land (model house site)
(5)	Buyer	Godo Kaisha KRF48 (SPC established by Kenedix)
(6)	Amount and ratio of investment	7,440 million yen (Kenedix's ratio of investment: 100%)

3. Summary of the SPC acquiring the land

(1)	Name	Godo Kaisha KRF48	
(2)	Location	6-5 Nihombashi Kabutocho, Chuo-ku, Tokyo	
(3)	Representative	Representative Partner: Ippan Shadan Hojin Callisto Executor: Tadatsugu Ishimoto	
(4)	Business	Purchasing, holding, disposing, etc. of real estate or real estate trust beneficiary rights	
(5)	Established	March 10, 2014	
(6)	Capital	1 million yen (Kenedix, Inc. 100%)	
(7)	Relationships between Kenedix and the SPC	Capital	No significant items.
		Personnel	No significant items.
		Business	No significant items.
(8)	Results of operations and financial condition for the last three years	No significant items because KRF48 had no assets or other financial activity prior to the acquisition of the Yokohama land.	

4. Summary of the seller of the land

(1)	Name	Mitsubishi Heavy Industries, Ltd.
(2)	Location	16-5 Konan 2-chome, Minato-ku, Tokyo
(3)	Representative	Shunichi Miyanaga, President & CEO
(4)	Business domains	Energy & environment; machinery, equipment & infrastructure; commercial aviation & transportation systems; integrated defense & space systems
(5)	Capital	265.6 billion yen (as of March 31, 2016)
(6)	Established	January 1950
(7)	Major shareholders and shareholding ratios	

Name of shareholders	Shareholding ratios (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	5.66%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.16%
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for the Bank of Tokyo-Mitsubishi UFJ, Ltd.)	3.72%
Meiji Yasuda Life Insurance Company	2.37%
THE BANK OF NEW YORK MELLON SA/NV 10	1.78%

(As of September 30, 2016)

(8) Relationships between Kenedix and the seller	Capital	There is no significant capital relationship between the two companies, and there are no significant capital relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with Mitsubishi Heavy Industries.
	Personnel	There is no significant personnel relationship between the two companies, and there are no significant personnel relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with Mitsubishi Heavy Industries.
	Business	There is no significant business relationship between the two companies, and there are no significant business relationships between persons or companies affiliated with Kenedix, and persons or companies affiliated with Mitsubishi Heavy Industries.
	Related parties	Mitsubishi Heavy Industries is not related to Kenedix, and no persons or companies affiliated with Mitsubishi Heavy Industries are related to Kenedix.

5. Schedule

Contract signing for land purchase	March 30, 2017
Transaction closing date for land purchase	March 30, 2017

6. Outlook

The impact on the 2017 results of operations is expected to be negligible. There is no change in the 2017 consolidated forecast announced on February 13, 2017. An announcement will be made promptly if a forecast revision is required due to changes in the operating environment, real estate markets 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 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.