October 26, 2017

Company name: Kenedix, Inc.
Representative: Taisuke Miyajima, CEO & President
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
Contact: Hikaru Teramoto,
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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. has decided today to sell its position as a partner in Godo Kaisha KRF43 (the SPC), a silent partnership that owns the trust beneficiary rights for an office building in Tokyo. Due to this sale, Kenedix expects that the SPC will no longer be a consolidated subsidiary.

1. Overview

Kenedix and a co-investor made an investment in the SPC in 2014 to hold real estate trust beneficiary rights for which an office building in Tokyo is the trust asset. This investment made the SPC a consolidated subsidiary of Kenedix.

In response to the desire of the co-investor to make an additional investment in the SPC, Kenedix decided to sell its position as a partner in the SPC. Kenedix expects that the SPC will no longer be a consolidated subsidiary following this sale.

2. Reason for sale

Kenedix decided to sell its investment in the SPC because of the desire of the co-investor to make an additional investment. In addition, the proceeds will provide Kenedix with funds for new investments and other purposes. Kenedix believes this will contribute to the further diversification of its investment portfolio and the more efficient use of invested capital.

3. Summary of the SPC

(1)	Name	Godo Kaisha KRF43	
(2)	Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo	
(3)	Representative	Representative Partner: Ippan Shadan Hojin Trench 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 (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	(Millions of Yen)	FY5/15	FY5/16	FY5/17
	Net assets	0	1	1
	Total assets	13,523	13,486	13,431
	Net sales	874	892	938
	Operating income	569	444	507
	Ordinary income	461	341	412
	Profit	0	0	0

4. Outline of purchaser

(1)	Name	Yamatane Real Estate Co., Ltd.
(2)	Address	8-1 Nihonbashi Hakozaki-cho, Chuo-ku, Tokyo
(3)	Representative	Norio Kinoshita
(4)	Business	1. Real estate ownership, transactions, brokerage and lease management 2. Contract property management and leasing 3. Acquisition and use of stocks and bonds 4. Agent for monetary loans receivable and payable 5. Buying and selling, brokerage, and investments concerning commodity (agricultural commodities, sugar, natural rubber, cotton yarn, wool yarn, gold) futures and actual commodities 6. Non-life insurance agency business 7. Non-life insurance agency business under the Automobile Liability Security Act 8. Activities involving life insurance solicitation 9. Sale of tobacco products, alcoholic beverages and food products 10. Operation of parking facilities 11. Operation of sports facilities (bowling, athletics, tennis, swimming) 12. Production and buying and selling of vegetation and other landscaping materials 13. Warehousing 14. Construction and sale of houses 15. Buying and selling works of art 16. Investments and guarantees or the establishment of companies as needed to conduct the above activities 17. All activities associated with the above items
(5)	Capital	400 million yen (as of the end of September 2017)
(6)	Established	April 1948
(7)	Major shareholders and shareholding ratios	Name of shareholder: Yamatane Corporation — Shareholding ratio (%): 61.6% (As of June 28, 2017)
(8)	Relationships between Kenedix and Yamatane Real Estate	Capital: No significant items. Personnel: No significant items. Business: No significant items. Related parties: No significant items.

5. Amount and ratio of Kenedix investment in silent partnership

Prior to becoming a subsidiary (holding ratio)	1,113 million yen (28.0%)
Subsequent to becoming a subsidiary (holding ratio)	0 million yen (0.0%)

6. Schedule

Contract signing date	October 26, 2017
Transaction closing date	A date between December 2017 and January 2018 that will be determined later by Kenedix and Yamatane Real Estate

7. Outlook

In association with this transaction, 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 needed 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 may 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 has no obligation to update forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law.