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(Securities Code: 4321)
March 4, 2019

To Those Shareholders with Voting Rights

Taisuke Miyajima
CEO & President
Kenedix, Inc.
2-1-6 Uchisaiwaicho,
Chiyoda-ku, Tokyo

NOTICE OF THE 24th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 24th 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., Monday, March 25, 2019.

1. **Date and Time** 10:00 a.m., Tuesday, March 26, 2019
   (Attendance registration begins at 9:00 a.m.)
2. **Place** Hall B7, Tokyo International Forum
   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 24th Fiscal Term (from January 1, 2018 to December 31, 2018)
2. Non-Consolidated Financial Statements for the 24th Fiscal Term (from January 1, 2018 to December 31, 2018)

Proposals to be resolved:

Proposal No. 1: Dividends from Surplus
Proposal No. 2: Election of Nine (9) Directors
Proposal No. 3: Election of One (1) Corporate Auditor

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 24th Fiscal Term) and 2) Notes to the Non-Consolidated Financial Statements (for the 24th 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

*Any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements will be posted on the Internet website (URL: http://www.kenedix.com/) of the Company.

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 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
Seven (7) yen per share of the Company's common stock Total amount: 1,576,559,600 yen

(3) Effective Date of Dividends from Surplus
March 27, 2019

(Reference) Results of shareholder returns

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018 (schedule)
Dividend per share	4 yen	4 yen	6 yen	7 yen
Total amount of dividends	1,046 million yen	1,003 million yen	1,438 million yen	1,576 million yen
Payout ratio	10.8%	10.1%	13.7%	12.9%
Total amount of stock buybacks	1,999 million yen	4,999 million yen	4,999 million yen	9,999 million yen
Total payout ratio	31.0%	59.1%	61.2%	93.8%

Note: 1. The total payout ratio is the ratio of the combined value of total amounts of dividends and stock buybacks divided by profit attributable to owners of parent.
2. The total amount of stock buybacks for the fiscal year ended December 31, 2018 is the total of amount of stocks already acquired.

Proposal No. 2: Election of Nine (9) Directors

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

The candidates for Directors are as follows:

No.	Name	Current status and assignment in the Company	Percentage of attendance at Board of Directors' meetings
1	Reappointment Taisuke Miyajima	CEO & President	100% (25/25 times)
2	Reappointment Soushi Ikeda	Managing Director, Head of Strategic Investment Department	100% (25/25 times)
3	Reappointment Akira Tanaka	Managing Director (Responsible for General Administration & Human Resources Department and Finance & Accounting Department)	100% (25/25 times)
4	Reappointment Koju Komatsu	Director, Head of Equity Investment Department (Responsible for Corporate Planning Department)	100% (25/25 times)
5	Reappointment Marie Kitsuda	Director, Head of Corporate Communications Office	100% (18/18 times)
6	Reappointment Shuhei Shiozawa Independent Director Candidate for Outside Director	Outside Director	92% (23/25 times)
7	Reappointment Hiroki Yaze Independent Director Candidate for Outside Director	Outside Director	100% (19/19 times)
8	Reappointment Koji Kotaka Independent Director Candidate for Outside Director	Outside Director	100% (19/19 times)
9	New appointment Shinzo Hara Independent Director Candidate for Outside Director		-

Notes: 1. Mr. Shuhei Shiozawa, Mr. Hiroki Yaze, Mr. Koji Kotaka and Mr. Shinzo Hara are candidates for Outside Directors.

2. The Company has executed liability limitation agreements with Mr. Shuhei Shiozawa, Mr. Hiroki Yaze and Mr. Koji Kotaka 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. Upon the election of Mr. Shinzo Hara as originally proposed, the Company plans to execute similar liability limitation agreements with him.

1 Taisuke Miyajima Date of Birth: April 17, 1962
Age: 56

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)	7 years
Conflict of interest in the Company	None
Number of the Company's shares held	114,100 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	Representative Director, 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	President & CEO, Kenedix, Inc. (present post)
April 2013	Representative Director, Kenedix Asset Management, Inc.
March 2017	Director, Space Design, Inc. (present post)
June 2017	Director, Bit Realty, Inc. (present post)

Important concurrent positions
Director, Space Design, Inc. Director, Bit Realty, Inc.

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 President & CEO 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.

Notes:
1. The years of appointment for each candidate in this proposal is from their election until the end of this General Meeting of Shareholders.
2. The 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 his or her election at this shareholder meeting or soon after his or her assumption of the position, such positions are omitted in this material.

2 Soushi Ikeda Date of Birth: September 29, 1967
Age: 51 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	8,100 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, Head of 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
March 2018	Managing 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 successively served as Director of a subsidiary of the Company and the Company and has abundant experience and achievements as a manager of the investment division. The Company believes that Mr. Ikeda, 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. Ikeda as a candidate for Director.

3 Akira Tanaka Date of Birth: July 30, 1964
Age: 54

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)	2 years
Conflict of interest in the Company	None
Number of the Company's shares held	71,300 shares
Percentage of attendance at Board of Directors' meetings	100% (25/25 times)

Career history, status, and assignment	
September 2000	Joined the Company
January 2004	Executive Officer & 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	President, Representative Director, Kenedix Advisors, Inc.
March 2010	Director, Kenedix, Inc.
August 2011	President & CEO, Kenedix Residential Partners, Inc. (present Kenedix Real Estate Fund Management, Inc.)
November 2011	Executive Director, Kenedix Residential Investment Corporation (present Kenedix Residential Next Investment Corporation (KDR))
October 2013	Director & COO, Head of Residential REIT Department, Kenedix Real Estate Fund Management Inc.
March 2017	Director (Responsible for General Administration & Human Resources Department and Finance & Accounting Department), Kenedix, Inc.
March 2018	Managing Director (Responsible for General Administration & Human Resources Department and Finance & Accounting Department), Kenedix, Inc. (present post)

Important concurrent positions
Not applicable

Reasons for nominating Mr. Tanaka as a candidate for Director
Mr. Akira Tanaka has successively served as Representative Director of a subsidiary of the Company, Executive Director of an investment corporation and Director of the Company, 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.

4 Koju Komatsu Date of Birth: October 25, 1973
Age: 45

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)	2 years
Conflict of interest in the Company	None
Number of the Company's shares held	10,600 shares
Percentage of attendance at Board of Directors' meetings	100% (25/25 times)

Career history, status, and assignment	
April 2005	Joined the Company
June 2007	Compliance Officer, Kenedix REIT Management, Inc.
September 2009	Head of Investment Management Department
February 2012	Director, Head of Investment Management Department
October 2012	Head of Equity Investment Department, Kenedix, Inc.
March 2014	Executive Officer, Head of Equity Investment Department
March 2017	Director (Responsible for Corporate Planning Department), Head of Equity Investment Department (present post)

Important concurrent positions

Not applicable

Reasons for nominating Mr. Komatsu as a candidate for Director

Mr. Koju Komatsu has successively served as Director of a subsidiary of the Company and Director of the Company, and has abundant experience and achievements as a manager of investment management department. 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.

5 Marie Kitsuda Date of Birth: April 14, 1962
Age: 56

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)	1 year
Conflict of interest in the Company	None
Number of the Company's shares held	None
Percentage of attendance at Board of Directors' meetings	100% (18/18 times)

Career history, status, and assignment

April 1985	Joined The Mitsubishi Trust and Banking Corporation (present Mitsubishi UFJ Trust and Banking Corporation)
July 1993	Singapore Branch
July 1995	Corporate Finance Department
April 2002	Real Estate Consulting Department
May 2012	General Manager, Real Estate Consulting Department
April 2018	Director, Head of Corporate Communications Office, Kenedix, Inc. (present post)

Important concurrent positions

Expert Advisor of Land Appraisal Committee, Ministry of Land, Infrastructure, Transport and Tourism
Member of Fixed Assets Valuation Review Committee, Tokyo Metropolitan Government

Reasons for nominating Ms. Kitsuda as a candidate for Director

Ms. Marie Kitsuda has abundant experience and insight in the real estate field and has contributed to improving the Company's corporate value as a manager in charge of ESG initiatives. The Company believes that Ms. Kitsuda, with her 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 Ms. Kitsuda as a candidate for Director.

6 Shuhei Shiozawa Date of Birth: September 19, 1955 Age: 63

Reappointment | Outside Director | Independent Director



Years of appointment (at the close of this General Meeting of Shareholders)	7 years
Conflict of interest in the Company	None
Number of the Company's shares held	None
Percentage of attendance at Board of Directors' meetings	92% (23/25 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 Outside Director, Ahresty 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 Responsible for 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.

Note: Mr. Shiozawa has been an Outside Director of KYB Corporation since June 2016. In October 2018, it was found out that nonconforming acts were committed during the inspection process, etc. for seismic isolation/mitigation oil dampers for buildings manufactured by KYB Corporation and its subsidiary. While Mr. Shiozawa was not aware of these facts until the problem was revealed, he had always proposed the ideal state for a company from the perspective of compliance at the Board of Directors' meetings of KYB Corporation and other occasions, bringing attention to the compliance issue.
After the above facts were revealed, Mr. Shiozawa has been fulfilling his duties by grasping the situation by receiving successive reports on the progress of the investigation of the facts and other matters, expressing various opinions on the appropriateness and validity of the investigation method as well as the investigation of the causes and verification of safety at the Board of Directors' meetings of KYB Corporation, as well as requesting that the company take appropriate measures to prevent the reoccurrence of similar cases.

7 Hiroki Yaze

Date of Birth: August 8, 1954
Age: 64

Reappointment | Outside Director | Independent Director



Years of appointment (at the close of this General Meeting of Shareholders)	1 year
Conflict of interest in the Company	None
Number of the Company's shares held	2,000 shares
Percentage of attendance at Board of Directors' meetings	100% (19/19 times)

Career history, status, and assignment

April 1978	Joined The Sumitomo Bank, Limited (present Sumitomo Mitsui Banking Corporation)
January 1996	General Manager, Kurume Branch
October 1997	General Manager, Credit Business Office
April 2001	General Manager, Dotonbori Corporate Business Office
April 2005	General Manager, Credit Dept. III, Wholesale Banking Unit
April 2006	General Manager, Marunouchi Corporate Business Office
June 2008	Resigned from Sumitomo Mitsui Banking Corporation
	Full-time Corporate Auditor, Sumitomo Mitsui Banking Corporation
June 2015	Retired from Sumitomo Mitsui Banking Corporation
	Representative Director and Senior Managing Executive Officer, GINSEN CO., LTD.
March 2018	Outside Director, Kenedix, Inc. (present post)
June 2018	Resigned from GINSEN CO., LTD.

Important concurrent positions

Not applicable

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

Based on his ample management experience in the financial industry and insight as a manager, Mr. Hiroki Yaze provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the management operation of the Board of Directors. Accordingly, the Company nominated Mr. Yaze as a candidate for Outside Director.

Independency

The Company has made a submission to the Tokyo Stock Exchange designating Mr. Hiroki Yaze as an independent director as provided by the Tokyo Stock Exchange. Although Mr. Yaze was a business executive until June 2008 at The Sumitomo Mitsui Banking Corporation, which is one of the primary banks of the Company, a due amount of time of more than ten years has passed since he retired as a business executive, and he is not in a position to be influenced by the said Bank.

8 Koji Kotaka

Date of Birth: May 14, 1958
Age: 60

Reappointment | Outside Director | Independent Director



Years of appointment (at the close of this General Meeting of Shareholders)	1 year
Conflict of interest in the Company	None
Number of the Company's shares held	10,000 shares
Percentage of attendance at Board of Directors' meetings	100% (19/19times)

Career history, status, and assignment

April 1987	Registered as attorney at law Joined Sato and Tsuda Law Office
August 1990	Joined Goldman Sachs Japan (present Goldman Sachs Japan Co., Ltd.)
November 1998	Managing Director
November 2006	Partner
December 2009	Joined Nishimura & Asahi
January 2011	Established Koji Kotaka Law Office, Representative (present post)
May 2015	Supervisory Director, Japan Senior Living Investment Corporation
March 2018	Outside Director, Kenedix, Inc. (present post)

Important concurrent positions

Representative, Koji Kotaka Law Office
External Board Member, LINE Corporation

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

Based on his legal knowledge as an attorney at law and ample management experience in the investment bank industry, Mr. Koji Kotaka provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the management operation of the Board of Directors. Accordingly, the Company nominated Mr. Kotaka as a candidate for Outside Director.

Independency

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

9 **Shinzo Hara** Date of Birth: February 13, 1958
Age: 61 New appointment Outside Director Independent Director



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

Career history, status, and assignment	
April 1981	Joined the former Ministry of Finance
July 2007	Director-General, Tohoku Local Finance Bureau
July 2009	Director-General, Nagoya Customs
October 2010	Regional Commissioner, Kantoshinetsu Regional Taxation Bureau
July 2011	Chief of the Okayama Prefectural Police Headquarters
April 2014	Resigned from the Ministry of Finance
	Representative Director, Hara Jisho, Co., Ltd. (present post)
February 2016	Director (Audit and Supervisory Committee Member), HOTEL NEWGRAND CO., LTD.
February 2018	Outside Director, Kenedix, Inc. (present post)

Important concurrent positions
Representative Director, HOTEL NEWGRAND CO., LTD.

Reasons for nominating Mr. Hara as a candidate for Outside Director
Based on his long-term experience at administrative organizations and management experience at a hotel management company, the Company expects Mr. Shinzo Hara to provide advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the management operation of the Board of Directors. Accordingly, the Company nominated Mr. Hara as a candidate for Outside Director.

Independency
Mr. Shinzo Hara meets the requirement as an independent director as provided by the Tokyo Stock Exchange. The Company intends to make a submission to the Tokyo Stock Exchange designating Mr. Hara as an independent director when the election of Mr. Hara is approved in this proposal. There is no transaction relationship between Mr. Hara and the Company.

Proposal No. 3: Election of One (1) Corporate Auditor

In order to strengthen the auditing structure, the Company would like to increase the number of Corporate Auditors by one. Accordingly, the Company proposes the election of one Corporate Auditor.

The Board of Corporate Auditors consents to this submitted proposal. The candidate for Corporate Auditor is as follows:

Kazuo Matsumoto Date of Birth: November 29, 1955 Age: 63

Outside Corporate Auditor | New appointment | Independent Auditor



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

Career history and status	
April 1978	Joined The Sumitomo Bank, Limited (present Sumitomo Mitsui Banking Corporation)
April 1998	General Manager, Tanashi Branch
October 1999	General Manager, Corporate Electronic Commerce Banking Department
April 2001	General Manager, Electronic Commerce Banking Department
December 2002	General Manager, Ikebukuro Corporate Business Office
November 2006	Resigned from Sumitomo Mitsui Banking Corporation.
June 2005	General Manager, Credit Department I, SMBC Leasing Co., Ltd. (present Sumitomo Mitsui Finance and Leasing Co., Ltd.)
April 2006	Executive Officer
April 2013	Managing Executive Officer
June 2016	Resigned from Sumitomo Mitsui Finance and Leasing Co., Ltd. Standing Corporate Auditor, Sumitomo Mitsui Finance and Leasing Co., Ltd.
June 2018	Resigned as Standing Corporate Auditor Advisor, Sumitomo Mitsui Finance and Leasing Co., Ltd. (present post)

Important concurrent positions
Advisor, Sumitomo Mitsui Finance and Leasing Co., Ltd.

Reasons for nominating Mr. Matsumoto as a candidate for Outside Corporate Auditor
Based on his ample business experience in the financial industry and his management experience, the Company believes that Mr. Kazuo Matsumoto would be able to appropriately fulfill the duties of an Outside Corporate Auditor of the Company. Accordingly, the Company nominated Mr. Matsumoto as a candidate for Outside Corporate Auditor.

Independency
Mr. Kazuo Matsumoto meets the requirement as an independent auditor as provided by the Tokyo Stock Exchange. The Company intends to make a submission to the Tokyo Stock Exchange designating Mr. Matsumoto as an independent auditor when the election of Mr. Matsumoto is approved in this proposal. Although Mr. Matsumoto was a business executive until November 2006 at the Sumitomo Mitsui Banking Corporation, which is one of the primary banks of the Company, a due amount of time of more than ten years has passed since he retired as a business executive, and he is not in a position to be influenced by the said Bank. Furthermore, while Sumitomo Mitsui Finance and Leasing Co., Ltd, at which Mr. Matsumoto is an Advisor, is one of the Company's borrowing institutions, the borrowing balance as of the end of the most recent fiscal year is less than 0.9% of the consolidated total assets and therefore his position will not exert an influence on Mr. Matsumoto's independence as Outside Corporate Auditor.

Notes:
1. The age of each candidate in this proposal is at the time of this General Meeting of Shareholders.
2. Mr. Kazuo Matsumoto is a candidate for 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 Mr. Kazuo Matsumoto if he is elected as an Outside Corporate Auditor in accordance with the proposal in its original form.

Consolidated Balance Sheet (As of December 31, 2018)

(Millions of yen)

Account title	Amount	Account title	Amount
Assets		**Liabilities**	
Current assets	108,283	Current liabilities	18,754
Cash and deposits	52,959	Accounts payable — trade	499
Deposits held in trust	2,769	Long-term borrowings — due within one year	5,202
Accounts receivable — trade	1,716	Short-term non-recourse borrowings	344
Operating loans	597	Long-term non-recourse borrowings — due within one year	3,741
Real estate for sale	40,683	Accrued income taxes	2,607
Real estate for sale in progress	6,470	Other	6,359
Purchased receivables	89	Long-term liabilities	73,609
Deferred tax assets	503	Non-recourse bonds payable	1,500
Other	2,496	Long-term borrowings	13,562
Allowance for doubtful accounts	(1)	Long-term non-recourse borrowings	53,976
Fixed assets	80,699	Deferred tax liabilities	583
Property and equipment	34,323	Net defined benefit liability	207
Buildings and structures	16,892	Provision for management board incentive plan trust	530
Land	16,117	Provision for stock payment	134
Construction in progress	1,191	Long-term security deposits	2,217
Other	121	Other	895
Intangible assets	4,145	Total liabilities	92,363
Leasehold right	3,567	**Net Assets**	
Goodwill	476	Shareholders' equity	91,197
Other	101	Common stock	40,305
Investment and other assets	42,230	Additional paid-in capital	8,710
Investment securities	37,571	Retained earnings	43,271
Investment in capital	359	Treasury stock	(1,090)
Deferred tax assets	1,101	Accumulated other comprehensive income	838
Other	3,198	Net unrealized holding gains/losses on other securities	1,032
		Foreign currency translation adjustments	(193)
		Subscription rights to shares	30
		Non-controlling interests	4,553
		Total net assets	96,619
Total assets	188,983	Total liabilities and net assets	188,983

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

Consolidated Statement of Income (From January 1, 2018 to December 31, 2018)

(Millions of yen)

Account title	Amount	
Revenue		63,372
Cost of revenue		41,357
Gross profit		22,014
Selling, general and administrative expenses		7,498
Operating income		14,516
Non-operating income		
Interest income	18	
Dividends income	101	
Equity in earnings of affiliates	314	
Other	115	548
Non-operating expenses		
Interest expenses	826	
Commissions paid	507	
Foreign exchange losses	46	
Other	20	1,401
Ordinary income		13,663
Extraordinary income		
Gain on sales of fixed assets	1,836	
Gain on sales of shares of subsidiaries and affiliates	1,116	
Gain on sales of investment in capital of subsidiaries and affiliates	1,106	
Other	235	4,295
Extraordinary loss		
Impairment loss	1,377	
Loss on valuation of investment securities	2	
Other	183	1,563
Profit before income taxes		16,395
Current income taxes	4,319	
Deferred income taxes	(325)	3,993
Profit		12,402
Profit attributable to non-controlling interests		67
Profit attributable to owners of parent		12,335

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

Consolidated Statement of Changes in Net Assets (From January 1, 2018 to December 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2018	40,271	16,676	34,555	(437)	91,064
Changes in the fiscal year					
Exercise of subscription rights to shares	34	34	—	—	68
Dividends of surplus	—	—	(1,438)	—	(1,438)
Purchase of treasury stock	—	—	—	(10,690)	(10,690)
Disposal of treasury stock	—	—	—	37	37
Retirement of treasury stock	—	(8,000)	(1,999)	9,999	—
Profit attributable to owners of parent	—	—	12,335	—	12,335
Change of scope of consolidation	—	—	(180)	—	(180)
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	0	—	—	0
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes in the fiscal year	34	(7,965)	8,715	(652)	132
Balance as of December 31, 2018	40,305	8,710	43,271	(1,090)	91,197

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains/ losses on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance as of January 1, 2018	1,002	(117)	884	99	9,474	101,523
Changes in the fiscal year						
Exercise of subscription rights to shares	—	—	—	—	—	68
Dividends of surplus	—	—	—	—	—	(1,438)
Purchase of treasury stock	—	—	—	—	—	(10,690)
Disposal of treasury stock	—	—	—	—	—	37
Retirement of treasury stock	—	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	—	—	12,335
Change of scope of consolidation	—	—	—	—	—	(180)
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	0
Net changes of items other than shareholders' equity	29	(75)	(46)	(69)	(4,920)	(5,035)
Total changes in the fiscal year	29	(75)	(46)	(69)	(4,920)	(4,903)
Balance as of December 31, 2018	1,032	(193)	838	30	4,553	96,619

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

Non-consolidated Balance Sheet (As of December 31, 2018)

(Millions of yen)

Account title	Amount	Account title	Amount
Assets		**Liabilities**	
Current assets	58,749	Current liabilities	10,664
Cash and deposits	41,215	Accounts payable — trade	33
Accounts receivable — trade	258	Long-term borrowings — due within one year	5,157
Money invested in real estate for sale	10,385	Accounts payable — other	2,362
Advance payments — trade	444	Accrued expenses	141
Prepaid expenses	67	Accrued income taxes	2,176
Operating loans	3,537	Deposits received	324
Deferred tax assets	338	Other	468
Other	2,504	Long-term liabilities	11,789
Allowance for doubtful accounts	(1)	Long-term borrowings	10,492
Fixed assets	53,306	Provision for management board incentive plan trust	514
Property and equipment	455	Provision for stock payment	134
Buildings	355	Allowance for employees' retirement benefits	187
Tools, furniture and fixtures	99	Deferred tax liabilities	295
Intangible assets	64	Other	164
Software	63	Total liabilities	22,453
Other	0	**Net Assets**	
Investment and other assets	52,787	Shareholders' equity	88,133
Investment securities	16,278	Common stock	40,305
Stocks of subsidiaries and affiliates	10,475	Additional paid-in capital	8,850
Other securities of subsidiaries and affiliates	19,813	Capital reserve	8,850
Investment in capital	353	Retained earnings	40,067
Long-term loans to subsidiaries and affiliates	5,371	Legal retained earnings	143
Other	495	Other retained earnings	39,923
		Retained earnings carried forward	39,923
		Treasury stock	(1,090)
		Valuation and translation adjustments	1,438
		Net unrealized holding gains/losses on other securities	1,438
		Subscription rights to shares	30
		Total net assets	89,602
Total assets	112,055	Total liabilities and net assets	112,055

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

Non-consolidated Statement of Income (From January 1, 2018 to December 31, 2018)

(Millions of yen)

Account title	Amount	
Revenue		
Revenue on Asset Management Business	7,949	
Revenue on Real Estate Investment Business	6,952	
Revenue on Leasing Operations Business	377	15,279
Cost of revenue		
Cost of revenue on Asset Management Business	422	
Cost of revenue on Real Estate Investment Business	1,693	
Cost of revenue on Leasing Operations Business	183	2,298
Gross income		12,981
Selling, general and administrative expenses		3,394
Operating income		9,586
Non-operating income		
Interest income	211	
Dividends income	2,894	
Other	6	3,113
Non-operating expenses		
Interest expenses	224	
Commissions paid	72	
Foreign exchange losses	26	
Other	1	324
Ordinary income		12,374
Extraordinary income		
Gain on sales of stocks of subsidiaries and affiliates	1,213	
Gain on sales of other securities of subsidiaries and affiliates	1,106	
Other	32	2,352
Extraordinary loss		
Loss on sales of stocks of subsidiaries and affiliates	163	
Loss on liquidation of investment in capital	38	
Other	13	216
Profit before income taxes		14,511
Current income taxes	2,593	
Deferred income taxes	248	2,842
Profit		11,669

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

Non-consolidated Statement of Changes in Net Assets (From January 1, 2018 to December 31, 2018)

(Millions of yen)

	Shareholders' equity						
		Additional paid-in capital		Retained earnings			
	Common stock	Capital reserve	Other capital surplus	Legal retained earnings	Other retained earnings	Treasury stock	Total shareholders' equity
					Retained earnings carried forward		
Balance as of January 1, 2018	40,271	8,816	8,000	—	31,836	(437)	88,486
Changes in the fiscal year							
Exercise of subscription rights to shares	34	34	—	—	—	—	68
Provision of legal retained earnings	—	—	—	143	(143)	—	—
Dividends of surplus	—	—	—	—	(1,438)	—	(1,438)
Purchase of treasury stock	—	—	—	—	—	(10,690)	(10,690)
Disposal of treasury stock	—	—	—	—	—	37	37
Retirement of treasury stock	—	—	(8,000)	—	(1,999)	9,999	—
Profit	—	—	—	—	11,669	—	11,669
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes in the fiscal year	34	34	(8,000)	143	8,086	(652)	(353)
Balance as of December 31, 2018	40,305	8,850	—	143	39,923	(1,090)	88,133

	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, 2018	1,228	1,228	99	89,814
Changes in the fiscal year				
Exercise of subscription rights to shares	—	—	—	68
Provision of legal retained earnings	—	—	—	—
Dividends of surplus	—	—	—	(1,438)
Purchase of treasury stock	—	—	—	(10,690)
Disposal of treasury stock	—	—	—	37
Retirement of treasury stock	—	—	—	—
Profit	—	—	—	11,669
Net changes of items other than shareholders' equity	210	210	(69)	140
Total changes in the fiscal year	210	210	(69)	(212)
Balance as of December 31, 2018	1,438	1,438	30	89,602

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