September 26, 2019

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

# Notice of Change in Subsidiary

The Board of Directors of Kenedix, Inc. approved a resolution on September 26, 2019 to make a silent partnership investment in Godo Kaisha KRF86, which is expected to become a consolidated subsidiary.

1. Overview and reason for acquisition

KRF86, which will receive a silent partnership investment from Kenedix, will acquire real estate trust beneficiary rights backed by three residential properties in Tokyo. KRF86 will become our consolidated subsidiary.

Through this investment, Kenedix expects to earn a real estate investment return while at the same time the three properties will be included in the existing core fund. The investment will boost assets under management (AUM) and contribute to increasing stable earnings mainly through the growth of the Asset Management Business.

2. Summary of KRF86

| | | | |
|---|---|---|---|
| (1) | Name | Godo Kaisha KRF86 | |
| (2) | Address | 2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo | |
| (3) | Representative | Representative Partner: Ippan Shadan Hojin KRF86<br>Executor: Tadatsugu Ishimoto | |
| (4) | Business | Purchase, ownership, sale and other activities involving real estate or real estate trust beneficiary rights | |
| (5) | Established | September 2, 2019 | |
| (6) | Capital | 1 million yen | |
| (7) | Shareholder and shareholding ratio | Ippan Shadan Hojin KRF86: 100% | |
| (8) | Relationships between Kenedix and KRF86 | Capital | No significant items |
| | | Personnel | No significant items |
| | | Business | No significant items |
| (9) | Results of operations and financial position for the last three years | No figures are shown because KRF86 was established in September 2019. | |

3. Amount and ratio of Kenedix investment

| | |
|---|---|
| Investments (ratio) | 6,433 million yen (100%) |

※Loans from financial institutions are not planned.

4. Assets to be acquired by KRF86

| | |
|---|---|
| Description and location | Three residential properties (Ota-ku, Taito-ku, and Kita-ku, Tokyo) |

5. Schedule

| | | |
|---|---|---|
| Board of Directors resolution | | September 26, 2019 |
| Contract signing | | September 27, 2019 (tentative) |
| Asset purchase date | Ota-ku | September 30, 2019 (tentative) |
| | Taito-ku | October 31, 2019 (tentative) |
| | Kita-ku | March 31, 2020 (tentative) |

6. Outlook

There is no change in the 2019 consolidated forecast announced on February 8, 2019. An announcement will be made promptly if a forecast is revised 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 or phrases, statements regarding the intent, belief, strategy, plans or current expectations of Kenedix. These forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from the performance described in forward-looking statements because of various factors. Kenedix has no obligation to update forward-looking statements or to update the reasons actual results could differ from the forward-looking statements, except as required by law.