(Translation)

January 28, 2021

To whom it may concern:

Company:	Kenedix, Inc.
Representative:	Taisuke Miyajima, President & CEO (Code No. 4321 First Section, Tokyo Stock Exchange)
Contact Person:	Hikaru Teramoto, Executive Officer Head of Corporate Planning Department (03)5157-6100

Announcement of Extraordinary General Meeting of Shareholders for Consolidation of Shares as well as Abolishment of Provision Regarding Number of Shares Constituting One Unit of Stock and Partial Amendment of Articles of Incorporation

We hereby announce that on January 28, 2021, our Board of Directors has passed a resolution to the effect that we shall submit the proposal for consolidation of shares, abolishment of the provision regarding the number of shares constituting one unit of stock and partial amendment of the Articles of Incorporation to the Extraordinary General Meeting of Shareholders to be held on February 24, 2021 (the “Extraordinary General Meeting of Shareholders”) for deliberation as follows.

Our common stock (the “Kenedix Stock”) will meet the criteria for delisting as prescribed by the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) during the course of the above-mentioned procedures. Accordingly, the Kenedix Stock is expected to be delisted as of March 17, 2021, after being designated as the delisted issues during the period from February 24, 2021 to March 16, 2021. Please note that after the delisting, the Kenedix Stock becomes unavailable for trading on the First Section of the Tokyo Stock Exchange.

I. Consolidation of Shares

1. Purpose and Reasons of Consolidation of Shares

(1) Purpose and Reasons of Consolidation of Shares in light of the Results of the Tender Offer for Kenedix Stock

As announced in our press release “Statement of Opinion on the Tender Offer for Kenedix Stock by SMFL MIRAI Investment Partners 2 Co., Ltd. and Recommendation for Tender, and Announcement of Capital and Business Alliance with Sumitomo Mitsui Finance and Leasing Company, Limited” dated November 20, 2020 (the “Press Release on Statement of Opinion”), on November 20, 2020, SMFL MIRAI Investment Partners 2 Co., Ltd. (the “Tender Offeror”) decided, as part of a set of transactions (the “Transactions”) which are premised on the Kenedix Stock becoming delisted and our company becoming a subsidiary of the Tender Offeror by acquiring all of our common stock listed on the First Section of the Tokyo Stock Exchange (excluding the Kenedix Stock held by the Tender Offeror, the treasury shares held by our company, and the Kenedix Stock held by our major shareholder ARA REAL ESTATE INVESTORS XVIII PTE.LTD. (the “Major Shareholder”)) (the “Relevant Kenedix Stock”), and limiting the number of our shareholders to two companies, i.e., the Tender Offeror and the Major Shareholder, to implement the tender offer for Kenedix Stock (the “Tender Offer”).

In addition, as announced in our press release “Announcement of the Results of the Tender Offer for the Kenedix Stock by SMFL MIRAI Investment Partners 2 Co., Ltd. and the Change of Largest Shareholder, Which is Our Parent Company and Major Shareholder” dated January 9, 2021, the Tender Offeror implemented the tender offer during the period from November 24, 2020 to January 8, 2021, as a result of which 137,526,664 shares of the Kenedix Stock were tendered and the Tender Offeror came to hold 137,526,764 shares of the Kenedix Stock (Ownership Ratio (Note): 62.35%) as of January 15, 2021 (i.e. the commencement date of settlement of the Tender Offer).

(Note) "Ownership Ratio" means the ratio to the number of voting rights (i.e. 2,205,812) for the number of shares (i.e., 220,581,200 shares) calculated by subtracting the number of the treasury shares as of September 30, 2020 (i.e., 0 share) from the total number of issued shares of our company as of September 30, 2020 (i.e., 220,581,200 shares) set forth in "Third Quarterly Report for the 26th Fiscal Year" (the "Kenedix Third Quarterly Report"), as filed by us on November 10, 2020. The figures have been rounded off to the second decimal place.

As described in the Kenedix Third Quarterly Report, the stock owned by us as trust assets in accordance with the introduction of a stock ownership plan trust for officers and a stock ownership plan trust for employees (the number of shares owned by us as trust assets as of September 30, 2020 is 1,601,900 shares) are not included in "treasury shares." Therefore, the number of "treasury shares" is the number of shares (i.e., 0 shares) calculated by subtracting the number of shares held by us with respect to the stock ownership plan trust as of September 30, 2020 (i.e., 1,601,900 shares) from the number of treasury shares at the end of the quarter as of September 30, 2020 (i.e., 1,601,900 shares) set forth in "Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020 (Nine Months Ended September 30, 2020) [Japanese GAAP]", as announced by us on November 9, 2020.

As described above, the Tender Offer was completed. However, since the Tender Offeror failed to acquire all of the Relevant Kenedix Stock during the course of the Tender Offer, we have decided, upon request of the Tender Offeror, to implement the consolidation of the Kenedix Stock (the "Share Consolidation") as described in "2. Summary of Consolidation of Shares" below, in order to make the Kenedix Stock delisted by limiting the number of our shareholders to two companies, i.e., the Tender Offeror and the Major Shareholder, which is the plan announced in the Press Release on Statement of Opinion, subject to the approval of our shareholders obtained at this Extraordinary General Meeting of Shareholders.

Please note that the number of shares of the Kenedix Stock to be held by our shareholders (excluding the Tender Offeror and the Major Shareholder) is expected to be a fraction less than one share as a result of the Share Consolidation.

(2) Purpose and Background of the Transactions including the Tender Offer

While details of the purpose and background of the Transactions including the Tender Offer are as described in the Press Release on Statement of Opinion, the outline is as follows. Descriptions regarding the Tender Offeror, the Tender Offeror's wholly-owning parent company SMFL MIRAI Partners Company, Limited ("FLMP") and Sumitomo Mitsui Finance and Leasing Company, Limited ("SMFL"; together with FLMP and the Tender Offeror collectively, the "Tender Offerors") below are based on the information published by the Tender Offeror and the explanation which we have received from the Tender Offerors.

A.Overview of the Tender Offer

According to the Tender Offeror, on November 20, 2020, the Tender Offeror decided to implement the Tender Offer as part of the Transactions, which are premised on the Kenedix Stock becoming delisted and our company becoming a subsidiary of the Tender Offeror by acquiring the Relevant Kenedix Stock, and limiting the number of our shareholders to two companies, i.e., the Tender Offeror and the Major Shareholder. On November 20, 2020, SMFL entered into a capital and business alliance agreement with us (the "Capital and Business Alliance Agreement"), which stipulates a business alliance between the two companies in the event the Tender Offer has been consummated, and thereunder they have agreed on the purposes of the capital and business alliance, the implementation of the Tender Offer, and making our company a private company ("Going Private") as a means of realizing the capital and business alliance, the policy and structure relating to the organization and management of our company after the completion of Going Private, and the measures to enhance the enterprise value of the Kenedix Group (as defined in "B. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Transactions including the Tender Offer, and Management Policy After the Transactions" below).

According to SMFL, it also entered into a management entrustment agreement (the "Management Entrustment Agreement") with Mr. Taisuke Miyajima, Representative Director of our company, and Mr. Soushi Ikeda, Managing Director of our company, respectively, on November 20, 2020, with respect to the management of our company following the completion of Going Private.

In addition, according to SMFL, on November 20, 2020, in connection with the implementation of the Tender Offer, the Tender Offeror and SMFL entered into a shareholders agreement with the Major Shareholder and ARA Asset Management Limited ("ARA"), a wholly-owning parent company of the Major Shareholder, that stipulates to the effect that ARA shall cause the Major Shareholder not to tender any of 44,705,900 shares of the Kenedix Stock held by the Major Shareholder.

In the Transactions, the Tender Offerors and our company will establish a new capital and business alliance to enhance the enterprise value of both group companies, and as part of such alliance, the Tender Offerors will make us a private company. By such measures, the Transactions aim to enhance the enterprise value of the Kenedix Group, which is mainly engaged in real estate asset management, from a medium- to long-term perspective by promoting business based on our prompt and decisive decision-making and a close network with a wide range of stakeholders that we have cultivated since our foundation and to further expand the presence of SMFL's real estate-related businesses by evolving the business model through the utilization of the Kenedix Group's know-how in SMFL Group, expanding the investment assets through our asset management business, and realizing complementary relations through differences in the asset class between the Kenedix Group's listed J-REIT and private placement funds, while making the maximum use of synergies between SMFL Group (324 subsidiaries and 14 affiliates (as of September 30, 2020)) and the Kenedix Group after the Transactions. In the Capital and Business Alliance Agreement, our company and SMFL agreed to maintain the management structure consisting of our company's current executive directors and executive officers after the consummation of the Tender Offer. In addition, according to SMFL, in the Management Entrustment Agreement, SMFL agreed with Mr. Taisuke Miyajima, Representative Director of our company, and Mr. Soushi Ikeda, Managing Director of our company, respectively, that they continue to perform the duties as our management even after the completion of the Transactions. In light of each of these agreements, even after the completion of the Transactions, we will strive to enhance the enterprise value of both our company and SMFL by making steady progress in implementing the specific measures that our company and SMFL stipulated in the Capital and Business Alliance Agreement, while maintaining the mobility and innovativeness as an independent company (Note 1), which is the source of the competitiveness of our company, and an open corporate culture.

(Note 1) This refers to a company that does not belong to a capital relationship with major developers, etc.

B. Background, Purpose, and Decision-Making Process Leading to the Decision to Implement the Transactions including the Tender Offer, and Management Policy After the Transactions

(I) Business Environment Surrounding the Tender Offerors

According to SMFL, while the traditional business in the Japanese economy continues to shrink due to the maturation of the industry and an aging society with a low birthrate, SMFL has sought to foray into new business areas in order to aim sustainable growth while strengthening existing businesses. We hear that as part of these efforts, FLMP was incorporated in October 2018 with the purpose of providing new services in each field of real estate, environmental energy, regional revitalization, social infrastructure, and healthcare, etc., based on the experience, knowledge, know-how, and performance that SMFL has cultivated over the years, and the business began full-scale operations in April 2019. According to FLMP, the real estate business conducted by FLMP mainly consists of the real estate securitization business, REIT bridge business, and development-type real estate leasing business, etc. According to FLMP, subsequently, in July 2019, FLMP acquired shares in Max-Realty Inc., which provides consulting services, etc., related to management and operations of real estate, etc., and made it a consolidated subsidiary of FLMP to accelerate its expansion into new business areas.

In addition, according to SMFL, it upholds the strategic important themes of “enhancing financial solutions” and “expanding the business domain and building a new platform for growth” in “Medium-Term Management Plan (FY2020 to FY2022)” announced on May 14, 2020. According to SMFL, to realize these themes, SMFL is working to strengthen its joint development and leasing business of real estate, which is a business targeting developers, etc., and aims risk-sharing and risk part-outs as part of its purpose, real estate management business, and operating business while combining the strengths of the group as a whole, and to build a real estate portfolio that contributes to stable earnings growth.

As such, according to SMFL, it has positioned the real estate business as one of its core businesses for sustainable growth and enhancement of the enterprise value and strengthened it.

(II) Business Environment and Business Issues Surrounding Our Company, and Our Review of Capital Policy

As an independent real estate asset management company, we continue to grow by expanding our business in tandem with the expansion of the real estate securitization market, leveraging our strengths in flexible decision making, advanced initiatives to collaborate with the best partner, providing highly transparent services, and the organic combination of diverse and highly professional officers and employees attracted by them. As of November 20, 2020, our group consists of our company, 35 consolidated subsidiaries, and 16 equity-method affiliates (collectively, the “Kenedix Group”), leading the real estate fund market as Japan’s leading independent real estate asset management company with assets under management (“AUM”) of approximately 2,504.6 billion yen (as of the end of September 2020). We are engaged in (i) an asset management business that provides domestic and foreign real estate investors, who are clients of Kenedix Group, with investment opportunities and management services in real estate and other properties through REITs and private placement funds, (ii) a real estate management business that provides management services centered on real estate owned by funds for which Kenedix Group has undertaken asset management services,together with a real estate operation business through which Kenedix Group leases and operates buildings, and (iii) a real estate investment business that uses its own funds to make joint investments with client investors and temporary bridge investments for the formation of future funds by using our own funds.

Based on our mission statement, “Kenedix is dedicated to realizing the full potential of real estate,” we formulated our long-term vision, “Kenedix Vision 2025” in 2015, and have aimed at achieving AUM of 4 trillion yen, a group market capitalization of 2 trillion yen and an ROE of 15% through the implementation of the “Kenedix Model,” which aims to avoid owning real estate by ourselves, create attractive real estate investment opportunities for our client investors, and provide real estate asset management services that are consistent from acquisition and investment to sales. At present, we have achieved AUM of approximately 2,504.6 billion yen (as of the end of September 2020), a group market capitalization of approximately 754.6 billion yen (as of the end of September 2020), and an ROE of 11.2% (for the year ended December 2019), and will continue to work toward achieving our long-term vision. In addition, we formulated our medium-term management plan, “Partners in Growth, Next 2020” in 2018, and based on our basic policies of expanding our business domains centered on real estate asset management, promoting flexible and strategic investments, and developing new growth fields that reflect the changing times, we set a quantitative plan of an ROE of at least 10% on average over 3 years and a total return ratio of at least 50% on average over 3 years. To date, we have achieved ROEs of 13.4% (for the year ended December 2018) and 11.2% (for the year ended December 2019), respectively, and total return ratios of 93.8% (for the year ended December 2018) and 56.5% (for the year ended December 2019), respectively. We will continue to strive for sustainable growth and medium- to long-term enhancement of enterprise value.

In addition, in the business environment surrounding Kenedix Group, amid ongoing accommodative monetary policies and a low interest rate environment, attention has increased in recent years to Japanese real estate as an investment product that can expect a certain level of yield. This trend has been increased in the wake of the global rapid recession due to the impact of spread of the new coronavirus infection (COVID-19), and competition to acquire real estate in the real estate market has been intensifying. Furthermore, the spread of COVID-19 has had a major impact on people's behavior, resulting in a major change in the traditional way real estate is being handled, and at the same time, uncertainty in the real estate market has been increasing. On the other hand, the expansion of use of digital technology for real estate, so-called ReTech, has been progressing in recent years, and combined with the above-mentioned changes in the way real estate is handled, there is a possibility that the structural reform of real estate-related businesses will accelerate rapidly.

We believe that such a drastically changing business environment can increase business risks for Kenedix Group, but by proactively responding to such risks, it will provide a significant opportunity for growth for us. Under these circumstances, we believe that maximizing Kenedix Group's enterprise values requires business decisions from a medium- to long-term perspective and, as a result, there may be a discrepancy between the timing of profit generation resulting from our future optimal business cycle and the return cycle expected by many of our shareholders.

Although we are proud that the Kenedix Group has established a position as a leading company in the Japanese domestic real estate fund industry, we believe that the following five initiatives are necessary in order to resolve the above-mentioned business issues, to maintain Kenedix Group's position as mentioned above, and to further enhance our enterprise value:

(i) To evolve and develop the "Kenedix Model" that aims for sustainable growth by avoiding owning real estate by ourselves and providing real estate asset management services to client investors;

(ii) To expand the project pipelines (Note 2) to continue to provide client investors with attractive investment opportunities amid intensifying competition in the real estate market;

(iii) To enhance our creditworthiness, build stronger relationships with a wider range of investors and lenders to further increase our ability to raise investment funds, and lower our funding costs and the funding costs of REITs and funds managed by us to improve our competitiveness of property acquisitions;

(iv) To make strategic investments from a medium- to long-term perspective in light of the development of advancedness through the expansion of ReTech in the real estate industry; and

(v) To establish a stable shareholder composition and create a management environment that enables business reform from a medium- to long-term perspective in order to build new businesses, while keeping in mind the possibility that the spread of COVID-19 may change the way real estate is handled and real estate-related business.

(Note 2) This refers to the real estate acquisition opportunities and search information networks that form the basis of the origination of the investment projects.

We took the opportunity of significant changes in the global social and economic situations and the outlook for the business environment becoming unclear as mentioned above to review our business strategies beginning in early March 2020 in order to promote each of the above initiatives with a view to achieving AUM of 4 trillion yen as set forth in our long-term vision, "Kenedix Vision 2025." At the same time, we have begun exploring business partners that would contribute to our growth in the future and are considering the establishment of a capital relationship that intends to maximize synergies with such strategic partners.

In searching for a strategic partner, we considered Kenedix Group's current situation and business environment and emphasized the following five conditions from the perspective of contributing to the further enhancement of Kenedix Group's enterprise value:

(i) Respect for the "Kenedix Model"

Based on the recognition that the source of our competitiveness lies in the "Kenedix Model" that enables provision of attractive investment opportunities to client investors, flexible decision making, advanced initiatives in collaboration with the best partner and the provision of highly transparent services that are essential to implement the "Kenedix Model," and in the organic combination of diverse and highly professional officers and employees attracted by our open-minded corporate culture, to respect our governance structure and management discretion that maintains the "Kenedix Model" and our independence and autonomy to the maximum extent possible.

(ii) Expansion of Project Pipelines Contributing to AUM Expansion

Amid intensifying competition for the acquisition of real estate in the current real estate and financial environment, to have their own project pipelines that contribute to the expansion of AUM, which is the business base of our main business, the real estate asset management business.

(iii) Improvement of Creditworthiness

In the event of the current financial environment being continued and competition in the business environment being expected to continue to intensify, to contribute to the further improvement of funding conditions, including the enhancement of funding capacity, which will enable us to engage in longer-term and larger-scale development projects and large-scale M&As that will differentiate us from other companies.

(iv) Collaboration in ReTech fields

With the aim of expanding the retail investor base in the real estate securitization market and considering the commercialization of the real estate investment platform business using security tokens, to be able to expect medium- to long-term collaboration and support for the promotion of new businesses.

(v) Realization of Stable Capital Policy

Based on the fact that a stable shareholder composition is required for the implementation of management strategies from a medium- to long-term perspective, to be able to build a medium- to long-term collaborative relationship and establish a collaboration structure for expanding the business of the Kenedix Group through a strong capital relationship.

(III) Approach for Establishment of Strategic Partnership System from us to SMFL

Against this background, according to SMFL, it was approached by our company in early April 2020 regarding the possibility of the establishment of a strategic partnership structure that would take various capital policies as options, including the establishment of capital relationships which are premised on going private or maintaining listing. Since the establishment of our company, our company and SMFL have collaborated on various matters; for example, SMFL supported the managed funds of our company through financing, and SMFL provided bridge functions and contributed real estate properties based on a support agreement with the managed REIT of the Kenedix Group. Our company made the approach on the basis of the belief that SMFL could become a beneficial partner that could draw up a vision for the future in which the Kenedix Group would be able to build a collaborative structure to expand its business by building closer relations than before, in light of the fact that SMFL satisfied the five aforementioned requirements for our company as well as the trusting relationship they had cultivated through the past collaborations. According to SMFL, in early April 2020, SMFL came to believe that promoting business collaboration with our company would further solidify the business foundations of both companies in the real estate market, and, at the same time, it would lead to integration of the strengths that SMFL Group and the Kenedix Group owned respectively, such as integration of the former's strength in the provision of leases of real estates and financing, etc., with the latter's strengths in real estate asset management and fund structuring, etc., and then, it would be possible to build a new growth foundation and fields that capture the changes of the environment targeted by both companies as medium-to long-term targets. Accordingly, according to SMFL, it began discussions with our company in early April 2020 in order to explore the possibility of the establishment of a strategic partnership structure through the capital relationship, including going private.

Subsequently, according to SMFL, from early April 2020 to late May 2020, SMFL had multiple interviews with the management of our company, and, in order to deepen its understanding of our company's business, conducted simple due diligence on our company with the cooperation of our company. As a result, according to SMFL, in late May 2020, SMFL came to believe that by making maximum and mutual use of the management resources and know-how, etc., of both companies, it will be possible not only to expand existing businesses, but also to expect business synergies, including the creation of new businesses, and, at the same time, that, for the purpose of maximizing the enterprise value with further synergy effects, it is essential for SMFL to make our company a wholly-owned subsidiary.

Based on this decision, according to SMFL, on June 2, 2020, SMFL conducted an initial declaration of intent against our company with respect to making our company a wholly-owned subsidiary by SMFL Group (the "Initial Declaration of Intent").

On the other hand, as mentioned above, we received the Initial Declaration of Intent for the acquisition of our company as a wholly-owned subsidiary by the SMFL Group from SMFL on June 2, 2020. SMFL explained to us to the effect that SMFL believes that the acquisition of our company as a wholly-owned subsidiary by the SMFL Group will strengthen the capital relationship with SMFL, and will enable us to secure a stable source of funds, as well as that it will be possible to further expand business opportunities of the Kenedix Group by leveraging the SMFL Group's client base, information capabilities and portfolio in the real estate-related business. In addition, SMFL also explained to us that it believes it can further expand its presence in the real estate-related business by advancing its business model through the use of Kenedix Group's know-how, expanding its assets under management through our asset management business, and realizing complementary relationships based on the asset class differences between Kenedix Group's listed J-REITs, private placement funds and SMFL. SMFL further explained to us that it believes that the organic combination of Kenedix Group's mobility and advancement as an independent enterprise and the diverse and highly professional officers and employees attracted by our open-minded corporate culture are essential for the Kenedix Group to maintain its leading position in the real estate asset management industry in the medium- to long-term, and that SMFL will retain as much discretion as possible in the management of our company so that we can maintain this source of value even after becoming a wholly-owned subsidiary.

On that basis, we have discussed with SMFL repeatedly, and have come to the conclusion that SMFL not only fulfills the above-mentioned conditions for us, but also is a useful partner, with whom we have cultivated a trust relationship through collaboration in the areas of funding support for our funds, the provision of a bridge function for REITs managed by the Kenedix Group based on a support agreement and contribution of real estate properties, and we can draw up a future vision for building a collaboration system between the Kenedix Group and the SMFL Group for the business expansion of the Kenedix Group by further deepening our relationship.

(IV) Details of Full-scale Discussions and Considerations between Our Company and SMFL

Subsequently, according to SMFL, it began full-scale discussions and consideration with our company regarding the acquisition of our company as a wholly-owned subsidiary by SMFL Group, and, from early June 2020, started full-scale due diligence on our company's business, finance, tax, and legal affairs, while holding the interviews with the management and employees engaged in operation of our company to further discuss and consider the significance of acquisition of our company as a wholly-owned subsidiary by SMFL Group, governance and management policies after the acquisition, the synergies between both companies, and the future growth strategy for the Kenedix Group.

After such discussions and consideration, we hear that SMFL and the Kenedix Group has come to believe anew that, while there are existing business relationships between them in late July 2020, there was no capital relationship at present, and accordingly there are limitations in the management resources and knowledge that can be provided, and smooth mutual use of such management resources and knowledge could be hindered, and in order to maximize business synergies, both companies need to participate in the same group and build a strong cooperative relationship under a stable capital relationship. With respect to the capital relationship between the Tender Offerors and the

Kenedix Group, taking into consideration the facts including (i) through (iii) below, in late July 2020, we hear that the Tender Offerors have decided that it would contribute to the enhancement of the enterprise value of both companies to not only make our company a consolidated subsidiary, but also to make it a wholly-owned subsidiary and build a stronger relationship therewith as a member of SMFL Group, and steadily conduct various measures after establishing a structure that can promptly and flexibly implement the necessary measures: (i) while it is considered important to balance the pursuit of short-term business results with the formulation and implementation of strategies from a medium-to long-term perspective in order to deepen the cooperative relationship between both companies, the companies can, with maintaining the above stated balance, strengthen their cooperative relationship under a stable management environment by eliminating the impact on the management execution caused by a temporary slump in our company's stock price caused by external factors etc., or unintended changes to the major shareholders of our company, etc.; (ii) if our company becomes a wholly-owned subsidiary, it would become possible to actively and flexibly invest management resources, and it can be expected that, through integrating the Kenedix Group with SMFL Group, the creditworthiness and financial base thereof will be supplemented; (iii) the possibility cannot be denied that the costs required to maintain the listing of shares (costs related to the operation of the general meeting of shareholders and the consignment of administrative work to the share registrar, as well as the costs related to the continued disclosure of annual securities reports under the Financial Instruments and Exchange Act, etc.) would be a burden on the management of our company.

We believe that it is important for us to grow rapidly by expanding business opportunities and improving our creditworthiness through our collaboration while maintaining the independence and autonomy of our management, and we have determined that it is necessary to enter into the Capital and Business Alliance Agreement with SMFL based on the judgment that it is essential to further strengthen such medium- to long-term commitments and made an offer to SMFL in the middle of July 2020. We hear that in response to this proposal, SMFL has started full-scale discussions on business management policies based on the capital and business alliance. Even after the submission of the final declaration of intent regarding the terms and conditions, including the tender offer price per share of the Kenedix Stock in case of implementation of the Tender Offer from the Tender Offerors to our company on July 30, 2020 (the "Proposal Dated July 30"), the Tender Offerors and our company have continued to discuss and consider ways to create synergies, not only by implementing specific measures to strengthen the real estate businesses of both companies, but also by establishing systems and frameworks to ensure the implementation of such measures. Furthermore, SMFL agreed to respect, to the maximum extent possible, the independence and autonomy of our management structure and management execution, and we have reached the conclusion that, as mentioned above, the entering into of a capital and business alliance between SMFL, which has an advantage in financing backed by its high creditworthiness, and our company, which has an advantage in the real estate asset management business with the aim of increasing the probability of synergies expected to be generated by mutually utilizing the management resources of both companies' groups, such as presence and know-how that have been accumulated in their respective fields, would contribute to the enhancement of the enterprise value of both companies; therefore, SMFL and our company entered into the Capital and Business Alliance Agreement on November 20, 2020.

In addition, in order to maintain and ensure the independence and autonomy of our management even after Going Private, we have determined that since the continued engagement in the management of our company by Mr. Taisuke Miyajima, the representative director of our company and Mr. Soushi Ikeda, the managing director of our company even after the completion of the acquisition of our company as a wholly-owned subsidiary by the SMFL Group will contribute to the enhancement of our enterprise value, it is important for Mr. Taisuke Miyajima and Mr. Soushi Ikeda, respectively, to enter into the Management Entrustment Agreement with SMFL in addition to the Capital and Business Alliance Agreement, and made an offer to SMFL in early August 2020. We have heared that in response to this proposal, SMFL has started to consider the advisability of concluding the Management Entrustment Agreement, as well as the details thereof, in the same manner as the Capital and Business Alliance

Agreement. Subsequently, SMFL has consulted and reviewed the Management Entrustment Agreement with Mr. Taisuke Miyajima and Mr. Soushi Ikeda and, on November 20, 2020, SMFL entered into the Management Entrustment Agreement with Mr. Taisuke Miyajima and Mr. Soushi Ikeda, respectively.

According to the Tender Offerors, the followings are the business synergies that the Tender Offerors have come to believe will be accomplished by making our company a wholly-owned subsidiary:

(i) Strengthening REIT and Private Placement Fund Businesses

Our company is one of the largest domestic independent real estate asset management companies and, through management of three (3) J-REIT, the main investment targets of which are offices, housing, and commercial facilities, private REIT, and several private placement funds, realizes the stable incomes. We hear that by utilizing the experience, knowledge, know-how, presence, and track record of the real estate asset management business of our company, it will become possible for the Kenedix Group and SMFL Group to jointly establish the REIT targeting new asset class, and it will also become possible to securitize the investments in the real estate assets owned by the Kenedix Group and SMFL Group. In addition, according to SMFL, by utilizing the REIT bridge function provided by SMFL, strengthening the above-mentioned businesses, including enabling the establishment of an exit platform per asset class, will contribute to the expansion of AUM of the Kenedix Group and will also lead to an increase in the income of the asset management business of the Kenedix Group.

(ii) Supplementation of Creditworthiness and Enhancement of Fund Raising Capacity

According to the Tender Offerors, they believe that consolidating the Kenedix Group as a member of SMFL Group will further supplement the creditworthiness and fund raising capacity, in addition to the current fund raising capacity of the Kenedix Group. According to the Tender Offerors, they believe that this will not only contribute significantly to the stable expansion of AUM and the improvement of the performance of the Kenedix Group under its independent management, but also enable SMFL Group and the Kenedix Group to work together to expand their real estate business initiatives further in the future, even in the current severe business environment.

(iii) Expansion of New Business Domains

The Kenedix Group anticipates the future image of the real estate investment market, and is actively working on the expansion of new business domains in order to aim for further development. For the purpose of expansion of the private investor class, the Kenedix Group is adding liquidity and simplicity to the real estate investment market and building a real estate platform business that utilizes security tokens. According to SMFL Group, it also intends to collaborate therewith toward materialization and realization of such business model by utilizing its management resources.

(iv) Strengthening Competitiveness by Sharing Experience, Knowledge, and Know-how through Mutual Exchange of Human Resources

According to the Tender Offerors, they intend, after the Kenedix Group joins SMFL Group, by promoting further exchange of human resources by and between both companies, to promote the sharing and mutual use of the experience, knowledge, and know-how that are the source of the competitiveness that both companies have built up to now. According to the Tender Offerors, by deepening the above measures, the Tender Offerors expect to further develop the real estate business, which SMFL is focusing on as a new business domain, by retaining and training the professional human resources of the real estate business, in addition to responding to the wide-range of needs of customers of both companies and creating new business domains.

(v) Sharing Know-how on SDGs Management

According to the Tender Offerors, with the SDGs (Note 3) at the heart of their management, the Tender Offerors are working to resolve social issues in various regions all over the world. According to the Tender Offerors, they believe that, by effectively utilizing the management resources of both companies, such as human resources and management systems, it will become possible to drastically strengthen the management functions to fulfill their social responsibilities, which will lead to the realization of new growth.

(Note 3) "SDGs" means the abbreviation for the Sustainable Development Goals.

According to the Tender Offerors, in light of the analysis and consideration based on the above due diligence, and the discussions between both companies, in addition to the valuation results indicated in the share valuation report concerning the share value of the Kenedix Stock provided to the Tender Offerors by SMBC Nikko Securities Inc. ("SMBC Nikko Securities") (the "Share Valuation Report (SMBC Nikko Securities)"), the Tender Offerors comprehensively reviewed several factors, such as the likelihood that our board of directors would support the Tender Offer, the examples of premiums added in determining the prices for purchase, etc., in other tender offers conducted in the past for the purpose of making a target company a private company, the trend of the market price of the Kenedix Stock, the results of the due diligence on our company conducted by SMFL from early June to late July 2020, and the prospect of shares being tendered in the Tender Offer; and took into consideration the results of the discussions and negotiations with our company. As a result, according to the Tender Offerors, on November 20, 2020, the Tender Offerors decided to implement the Tender Offer through the Tender Offeror with the Tender Offer Price at 750 yen, as part of the Transactions.

(V) Management Policy after Implementation of the Tender Offer

While under the "Medium-Term Management Plan (FY2020 to FY2022)," according to SMFL, it is promoting the enhancement of existing business and management foundations, entering into new business domains and taking various measures to strengthen further profitability and build a foundation for growth, SMFL positions the business of our company as one of the core businesses of SMFL Group.

SMFL, as mentioned above, recognizes that the source of the enterprise value of the Kenedix Group lies in the flexible decision making as an independent enterprise, advanced initiatives in collaboration with the best partner and the provision of highly transparent services, and in the organic combination of diverse and highly professional officers and employees attracted by our open-minded corporate culture, as well as in the independence and autonomy of the management to realize them, and that it is important to maintain and secure such management policy after Going Private. Based on such recognition, and pursuant to the Capital and Business Alliance Agreement, SMFL agrees to support the management policy and business strategy of the management of our company and respect the independence and autonomy of the management system and management execution of the Kenedix Group to the maximum extent. SMFL and our company are steadily implementing the specific measures set forth in the Capital and Business Alliance Agreement, and will strive to increase the enterprise value of both companies. In addition, though SMFL plans to nominate the director candidates, so that the persons to be dispatched by SMFL will constitute a majority of the board of directors of our company after the completion of the Transactions, SMFL and our company have agreed, under the Capital and Business Alliance Agreement, to maintain the current management structure in relation to the executive directors and executive officers of our company after the consummation of the Tender Offer. Moreover, the Major Shareholder plans to dispatch a non-executive director of our company.

In addition, according to SMFL, SMFL has entered into the Management Entrustment Agreement with Mr. Taisuke Miyajima, Representative Director of our company, and Mr. Soushi Ikeda, Managing Director of our company respectively and agreed to continuously engage them in the management of our company after the completion of the Transactions.

In addition, according to SMFL, it plans to maintain the terms and conditions of the employment of employees of the Kenedix Group at the level equivalent to the current terms and conditions thereof. Also, according to SMFL, for the purpose of retention and improvement of the motivation of officers and employees of the Kenedix Group, SMFL is considering the introduction of stock options and other incentive plans that are linked to the enterprise value or performance of the Kenedix Group, and is going to establish a system to enhance enterprise value.

C. Decision-Making Process and Reasons Leading to Our Decision to Agree to the Tender Offer

As described above, we have started reviewing our business strategy from early March 2020 and, at the same time, started exploring business partners that would contribute to our growth in the future and would consider the establishment of a capital relationship intended to maximize synergies with such strategic partner. In early April 2020, we sounded out SMFL about the possibility of establishment of a strategic partnership framework through various capital policies, including Going Private, and we have started consultations with SMFL on the possibility of capital and business alliance between our company and SMFL. Then, in late April 2020, Nomura Securities Co., Ltd. (“Nomura Securities”) was appointed as a financial advisor and a third-party valuation institution independent of our company, SMFL and ARA and Anderson Mōri & Tomotsune as a legal advisor, and in late May 2020, Greenhill & Co. Japan Ltd. (“Greenhill”) was appointed as a financial advisor independent of our company, SMFL and ARA. After receiving the Initial Declaration of Intent for the acquisition of our company as a wholly-owned subsidiary by the SMFL Group from SMFL on June 2, 2020, based on the recognition that the source of competitiveness of Kenedix Group lies in the “Kenedix Model” that enables the provision of attractive investment opportunities to client investors, flexible decision making as an independent enterprise, advanced initiatives in collaboration with the best partner and the provision of highly transparent services that are essential to implement the “Kenedix Model,” and in the organic combination of diverse and highly professional officers and employees attracted by Kenedix Group’s open-minded corporate culture, as well as in the independence and autonomy of the management to realize them and the importantce to maintain and ensure its management policy even after Going Private, we have determined to enter into the Capital and Business Alliance Agreement with SMFL on August 4, 2020 with respect to the management structure after consummation of the Tender Offer, and we have determined that it is also necessary to enter into the Management Entrustment Agreement between Mr. Taisuke Miyajima, the representative director of our company and SMFL and between Mr. Soushi Ikeda, the managing director of our company and SMFL, respectively. Accordingly, we have established a special committee (the “Special Committee”) on June 11, 2020, as an advisory body to our company to consider proposals relating to the acquisition of our company as a wholly-owned subsidiary by the SMFL Group, in order to take into consideration the impact on our minority shareholders while ensuring the fairness of the Tender Offer Price, to eliminate the possibility of arbitrariness and conflicts of interest in the decision making process leading to the decision to implement the Tender Offer, and to ensure the fairness of the Tender Offer Price and the fairness of the acquisition of our company as a wholly-owned subsidiary by the SMFL Group, including the Tender Offer, taking into account that the Tender Offeror intends to make our company its subsidiary, and that Mr. Taisuke Miyajima, the representative director of our company and Mr. Soushi Ikeda, the managing director of our company will respectively enter into the Management Entrustment Agreement with SMFL with respect to our management structure after consummation of the Tender Offer.

The Special Committee appointed BofA Securities K.K. (“BofA Securities”) as a financial advisor independent from the Tender Offerors, ARA, and our company, and Mori Hamada & Matsumoto as the legal advisor.

Under the above-mentioned system, based on the contents of the share valuation report on the valuation results of Kenedix Stock obtained from Nomura Securities as a third-party valuation institution and financial advisor (the “Share Valuation Report (Nomura Securities)”) and the legal advice received from our legal advisor Anderson Mōri & Tomotsune on the points to be noted in in relation to the decision making regarding the Transactions, including the Tender Offer, and while respecting the contents of the report submitted by the Special Committee to the maximum extent, we made careful discussions and considerations from the perspective of whether the Transactions contribute to the enhancement of our enterprise value and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate.

Subsequently, we continued to make consultations and negotiations with SMFL through our financial advisor and, as a result, on October 28, 2020, the Special Committee received a proposal from SMFL, including setting the Tender Offer Price of 750 yen.

On November 20, 2020, we received a report from the Special Committee (the "Report") to the effect that (1) our Board of Directors should state its opinion to approve of the Tender Offer and adopt a resolution to recommend our shareholders to tender their shares in the Tender Offer; and (2) (a) the Special Committee believes it will not be disadvantageous to our minority shareholder that our Board of Directors states its opinion to approve of the Tender Offer and resolves to recommend our shareholders to tender their shares in the Tender Offer, and (b) the implementation of the share consolidation, which is scheduled to be implemented after the consummation of the Tender Offer and expected to be accompanied by delisting, and in which our shareholders will be limited exclusively to the Tender Offeror and the Major Shareholder, is not disadvantageous to our minority shareholders.

In addition, SMFL and our company have engaged in consultations and negotiations for the implementation of the Transactions on the assumption that our fair enterprise value, which is not affected by the market share price situation, will be valued by taking into account the recent trend of share prices of Kenedix Stock, although the stock market's volatility has increased since late February 2020 following the global spread of COVID-19.

As a result, we have concluded that the Tender Offeror will respect our corporate culture and management style and manage our company without impairing our management's independence and, while it is essential for us to continue to grow sustainably in a business environment where competition is expected to be more severe as stated above to continue to obtain AUM in a stable manner, by implementing the Transactions and becoming a subsidiary of the Tender Offeror, we will be able to anticipate the benefits described below, strengthen our profit base and business competitiveness, and contribute to the sustainable improvement of our enterprise value in the medium- to long term.

Furthermore, we also believe that the best way to maximize the enterprise value within the Kenedix Group is to build strong relationships with the SMFL and ARA while maintaining the "Kenedix Model," which is the source of Kenedix Group's competitiveness, and the independence of its management. We have determined that upon agreement under the Capital and Business Alliance Agreement between SMFL and our company to maintain our company's management structure of the current executive directors and executive officers even after the consummation of the Tender Offer and upon agreement under the management service agreement between SMFL and Mr. Taisuke Miyajima and Mr. Soushi Ikeda that Mr. Taisuke Miyajima and Mr. Soushi Ikeda will continue to be in the management of our company even after the completion of the Transactions, it will be possible to enhance the enterprise value of both our company and SMFL by steadily implementing the specific measures set forth in the Capital and Business Alliance Agreement, while maintaining, even after the completion of the Transactions, flexibility and advancedness as an independent enterprise and an open-minded corporate culture that are our source of competitiveness.

Therefore, we have concluded that by implementing the Transactions and limiting our shareholders to the Tender Offeror and the Major Shareholder, it is expected that our company will be able to enjoy the following benefits, which will strengthen our earnings base and business competitiveness and contribute to the sustainable enhancement of our enterprise value over the medium- to long term.

(i) Support for Growth toward AUM of 4 Trillion Yen (in 2025) as Set Forth in Our Long-term Vision "Kenedix Vision 2025"

We formulated our long-term vision, "Kenedix Vision 2025" in 2015, and our business goal is to achieve AUM of 4 trillion yen through the implementation of the "Kenedix Model," which aims to avoid owning real estate by ourselves and to own real estate through funds organized and operated by our group. However, attention has increased to Japanese real estate as an investment product that can expect a certain level of yield due to impacts including those from a globally continued low interest rate policy in recent years, and competition to acquire real estate has been intensifying. We believe that the execution of the Transactions and expansion of project pipelines through the securitization of properties owned and developed by the SMFL Group and utilization of the SMFL Group's information network will contribute to achieve the AUM of 4 trillion yen as set forth in the "Kenedix Vision 2025."

(ii) Improvement of Creditworthiness and Fund-Raising Ability
Amid intensifying competition to acquire real estate, Kenedix Group needs to improve its creditworthiness and fund-raising ability in order to achieve sustainable growth. In addition, we believe that by implementing the Transactions, Kenedix Group will strengthen its fund-raising ability through enhancing the capital relationship with the SMFL Group and supplementing our creditworthiness. Furthermore, we believe that through improving Kenedix Group's creditworthiness and fund-raising ability, the funds and REITs operated by Kenedix Group will improve the creditworthiness and fund-raising ability.

(iii) Support for Implementation of New Business
The expansion of ReTech has forced real estate-related businesses to change, and there is a growing need to build new businesses. While we are engaged in the real estate transaction platform business using security tokens, we believe that we will be able to strengthen such efforts by coordinating with the SMFL Group.

(iv) Acceleration of Overseas Business Development and Expansion of Foreign Client Investors
By collaborating with ARA, which operates an asset management business in 28 countries around the world and has a global business platform, we believe that we will be able to accelerate the organization of outbound funds for domestic client investors using overseas real estate and expand the base of foreign client investors in the fund organization using domestic real estate. Furthermore, we believe that the utilization of ARA's investor network as well as its capabilities to develop (originate) real estate investment projects and its management capabilities and structure on a global basis will further strengthen our real estate fund business in overseas countries.

(v) Strengthening of SDGs Management
There is a need for SDGs management, which aims to enhance enterprise value by contributing to the resolution of social issues necessary to build a sustainable society. We believe that it is possible to radically strengthen our business management functions to fulfill our social responsibilities by utilizing the SDGs management's know-hows of the SMFL Group, which is working to resolve social issues in each region of the world, placing SDGs at the center of its management.

In addition to the above benefits, we believe that the realization of going private of our company through the Transactions will eliminate the management burden required of a listed company, such as expenses for maintaining its administrative division, and will allow us to concentrate our management resources on business growth, thereby contributing to the enhancement of our enterprise value.

Based on these points, we believe that making the best use of the SMFL Group's solid customer base and other platforms and strengthening cooperation with ARA at the same time will improve our competitiveness and further enhance transaction opportunities, etc., and that the Transactions will make a significant contribution to achieving AUM 4 trillion yen (in 2025) as set forth in our long-term vision, "Kenedix Vision 2025." In order to realize the above advantages to the maximum extent, we believe that it is important to develop a decision-making system that can swiftly implement various measures to solve our business issues and promptly make the maximum use of the management resources and know-how of the SMFL Group. In this regard, if we do not consider that the shareholders of our company consist exclusively of the Tender Offeror and the Major Shareholder, the speed and scope of implementation of various measures will naturally be limited compared to the case where our company goes private and the shareholders of our company consist exclusively of the Tender Offeror and the Major Shareholder. In addition, in order to implement discontinuous measures to achieve business growth of our company, there is a possibility of a short-term decline in business performance, etc., and we believe that implementing these measures while our company remains listed will increase the risks borne by our shareholders. Based on these considerations, we have decided that eliminating the above-mentioned risks through Going Private and promptly realizing and maximizing mutual utilization of management resources and know-hows, etc. with the SMFL Group and ARA pursuant to the capital and business alliance is the best option from the viewpoint of enhancement of our enterprise value, and that it can be expected that the feasibility of our growth strategy will be further enhanced.

In addition, (a) based on the calculation results of the value of the Kenedix Stock by Nomura Securities, the Tender Offer Price is higher than the upper limit of the calculation results based on the market price method and the comparable peer company method and within the range of value based on the discounted cash flow method (the “DCF method”); (b) the Tender Offer Price represents a premium of 26.48 % (rounded off to two decimal places; the same applies hereinafter to the value of premium (%) on share price) to 593 yen, the closing price of the Kenedix Stock on the First Section of the Tokyo Stock Exchange on November 19, 2020, which is the business day immediately preceding the date of announcement of the implementation of the Tender Offer, a premium of 32.04 % to 568 yen, which is the simple average of the closing prices for the preceding one month (rounded off to the nearest whole number; the same applies hereinafter to the simple average closing prices), a premium of 36.61% to 549 yen, which is the simple average of the closing prices for the preceding three months and a premium of 39.93 % to 536 yen, which is the simple average of the closing prices for the preceding six months, and the expected level of premium based on the average for each of the preceding one month, three months and six months is between the middle and upper half of the 30% range, and so it is considered that the premium on the Tender Offer Price is comparable to the level of premium in other tender offer cases aimed at going private; (c) it is deemed that, in determining the Tender Offer Price, measures have been taken to ensure fairness and to avoid conflict of interest, and consideration has been given to the interests of minority shareholders; and (d) the price was determined after taking the above-mentioned measures to ensure fairness and to avoid conflict of interest followed by the holding of discussions and negotiations between the Tender Offeror and our company equivalent to those at arm’s length. In view of these and other facts, we determined that the Tender Offer would provide our shareholders with a reasonable opportunity to sell their shares.

In consideration of the foregoing, our company resolved at the Board of Directors’ meeting held on November 20, 2020 to state our opinion to agree to the Tender Offer and to recommend that our shareholders tender their shares in the Tender Offer.

2. Summary of Consolidation of Shares

(1) Schedule of Consolidation of Shares

A. Date of public notice of record date for the Extraordinary General Meeting of Shareholders	Monday, December 28, 2020
B. Record date for the Extraordinary General Meeting of Shareholders	Friday, January 15, 2021
C. Date of resolution of the Board of Directors	Thursday, January 28, 2021
D. Date on which the Extraordinary General Meeting of Shareholders is held	Wednesday, February 24, 2021 (scheduled)
E. Date for designation of delisted issues	Wednesday, February 24, 2021 (scheduled)
F. Final trading date of the Kenedix Stock	Tuesday, March 16, 2021 (scheduled)

G.Delisting date of the Kenedix Stock	Wednesday, March 17, 2021 (scheduled)
H.Effective Date of the Share Consolidation	Friday, March 19, 2021 (scheduled)

(2) Content of Consolidation of Shares

A. Class of Shares to be Consolidated

Common stock

B. Ratio of Consolidation

44,116,240 shares of the Kenedix Stock will be consolidated into one share.

C. Total Number of Shares to Be Decreased

220,581,195 shares

D. Total Number of Issued Shares before the Effectuation

220,581,200 shares

E. Total Number of Issued Shares after the Effectuation

5 shares

F. Total Number of Authorized Shares as of the Effective Date

20 shares

G. Method of Treatment of the Case Where Fractional Share Less Than One Share Arises and the Amount of Money Expected to be Delivered to Shareholders Through Such Treatment

As a result of the Share Consolidation, the number of the shares of the Kenedix Stock held by the shareholders of our company other than the Tender Offeror and the Major Shareholder is expected to be a fraction less than one share.

In the case where any fractional share less than one share arises as a result of the Share Consolidation, the amount of cash to be obtained by selling the Kenedix Stock in the amount equivalent to the aggregate of such fractional shares (any fractional shares less than one share in the aggregate will be rounded off; hereinafter the same) to our company or the Tender Offeror, will be delivered to the shareholders of our company pursuant to the procedures provided in Article 235 of the Companies Act and other relevant laws or regulations. With respect to the sale price of the Kenedix Stock in the amount equivalent to the aggregate of such fractional shares, we plan to determine such price so that the amount of money to be delivered to our company's shareholders who did not tender their shares in the Tender Offer as a result of such sale will be equal to the amount obtained by multiplying (a) the Tender Offer Price by (b) the number of the Kenedix Stock held by such shareholder, and file a petition with a court for permission for such voluntary sale.

3. Grounds for the Amount of Money Expected to be Delivered to Shareholders Through Treatment of Fractional Shares Related to Consolidation of Shares

(1) Grounds and Reasons for the Amount of Money Expected to be Delivered to Shareholders Through Treatment of Fractional Shares

A. Matters to be Given Due Consideration so as not to Harm the Interests of Our Shareholders Excluding the Parent Company, etc. (If Any)

While the Share Consolidation is implemented as a part of the Transactions as the second step of the so-called two-step acquisition after the Tender Offer by setting the per share amount of the money to be delivered to our shareholders at the same price as the Tender Offer Price, the Tender Offerors intend to convert our company into a subsidiary and to make the shares of our company private, and even though the Transactions does not fall under the so-called management buyout (MBO) as described above, Mr. Taisuke Miyajima, Representative Director of our company, and Mr. Soushi Ikeda, Managing Director of our company, will each agree to the Management Entrustment Agreement with SMFL to continue to manage our company after the completion of the Tender Offer.

In view of these and other facts, the Tender Offerors and our company have taken the measures described in "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflict of Interest" below to ensure the fairness of the Tender Offer Price and to eliminate the possibility of arbitrariness and conflict of interest in the decision-making process leading to the decision to implement the Tender Offer and to ensure the fairness thereof, taking into account the impact on the minority shareholders of our company.

B. Method of Treatment of the Case Where Fractional Share Less Than One Share Arises and Matters Concerning the Amount of Money Expected to be Delivered to Shareholders Through Treatment of Fractional Shares and the Appropriateness of Such Amount

As described in "G. Method of Treatment of the Case Where Fractional Share Less Than One Share Arises and the Amount of Money Expected to be Delivered to Shareholders Through Such Treatment" of "(2) Content of Consolidation of Shares" of "2. Summary of Consolidation of Shares"above, the amount of money obtained by multiplying the number of the Kenedix Stock held by our shareholders by 750 yen, i.e. the same amout as the Tender Offer Price, is expected to be delivered to our company's shareholders during the course of the Share Consolidation.

(a) As described in the Press Release on Statement of Opinion, based on the calculation results of the value of the Kenedix Stock by Nomura Securities, the Tender Offer Price is higher than the upper limit of the calculation results based on the market price method and the comparable peer company method and within the range of value based on the DCF method; (b) the Tender Offer Price represents a premium of 26.48 % to 593 yen, the closing price of the Kenedix Stock on the First Section of the Tokyo Stock Exchange on November 19, 2020, which is the business day immediately preceding the date of announcement of the implementation of the Tender Offer, a premium of 32.04 % to 568 yen, which is the simple average of the closing prices for the preceding one month, a premium of 36.61% to 549 yen, which is the simple average of the closing prices for the preceding three months and a premium of 39.93 % to 536 yen, which is the simple average of the closing prices for the preceding six months, and the expected level of premium based on the average for each of the preceding one month, three months and six months is between the middle and upper half of the 30% range, and so it is considered that the premium on the Tender Offer Price is comparable to the level of premium in other tender offer cases aimed at going private; (c) it is deemed that, in determining the Tender Offer Price, measures have been taken to ensure fairness and to avoid conflict of interest, and consideration has been given to the interests of minority shareholders; and (d) the Tender Offer Price was determined after taking the above-mentioned measures to ensure fairness and to avoid conflict of interest followed by the holding of discussions and negotiations between the Tender Offeror and our company equivalent to those at arm's length. In view of these and other facts, we determined that the Tender Offer would provide our shareholders with a reasonable opportunity to sell their shares.

In addition, our company has confirmed that, as at the time of the Board of Directors' meeting held on January 28, 2021, there has been no material change in the terms and conditions on which the Tender Offer Price is calculated since we stated our opinion to agree to the Tender Offer and to recommend that our shareholders tender their shares in the Tender Offer.

Based on the above, we have determined that the amount of cash expected to be delivered to shareholders as a result of the treatment of fractional shares is appropriate.

C. Occurrence of Disposal of Important Property, Burden of Major Obligations, or Other Event Having a Material Impact on the Status of Company Property at Our Company After the Last Day of the Most Recent Fiscal Year

(i) Change in Subsidiaries

Our Board of Directors passed a resolution at a meeting held on September 24, 2020 to the effect that we shall make silent partnership investments in Godo Kaisha KRF92, Godo Kaisha KRF93, Godo Kaisha Riverside Investment and Godo Kaisha Riverside Investment II (collectively, "Each SPC"), and Each SPC has become our consolidated subsidiary.

(ii) Capital and Business Alliance Agreement

We entered into the Capital and Business Alliance Agreement with SMFL as of November 20, 2020.

(iii) Consummation of the Tender Offer

As described in "1. Purpose and Reasons of Consolidation of Shares" above, the Tender Offeror implemented the tender offer during the period from November 24, 2020 to January 8, 2021, as a result of which 137,526,664 shares of the Kenedix Stock were tendered and the Tender Offeror came to hold 137,526,764 shares of the Kenedix Stock (Ownership Ratio (Note): 62.35%) as of January 15, 2021 (i.e. the commencement date of settlement of the Tender Offer).

(Note) "Ownership Ratio" means the ratio to the number of shares calculated by subtracting the number of the treasury shares as of September 30, 2020 (i.e., 0 share) from the total number of issued shares of our company as of September 30, 2020 (i.e., 220,581,200 shares) set forth in the Kenedix Third Quarterly Report (rounded off to the second decimal place; hereinafter the same shall apply to the calculation of the Ownership Ratio).

(2) Possibility of Delisting

A. Delisting

As described in "1. Purpose and Reasons of Consolidation of Shares" above, subject to the approval of our shareholders at the Extraordinary Shareholders' Meeting, we will implement the Share Consolidation and limit our shareholders to the Tender Offeror and the Major Shareholder. As a result, the Kenedix Stock is scheduled be delisted pursuant to the procedures prescribed by the Tokyo Stock Exchange in accordance with the Tokyo Stock Exchange's criteria for delisting.

As for the schedule, after being designated as the delisted issues during the period from February 24, 2021 to March 16, 2021, the Kenedix Stock is expected to be delisted as of March 17, 2021. After delisting, the Kenedix Stock will no longer be traded on the First Section of the Tokyo Stock Exchange.

B. Reasons for Aiming at Delisting

As described in "1. Purpose and Reasons of Consolidation of Shares" above, we believe that it is important to develop a decision-making system that can swiftly implement various measures to solve our business issues and promptly make the maximum use of the management resources and know-how of the SMFL Group. In this regard, if we do not consider that the shareholders of our company consist exclusively of the Tender Offeror and the Major Shareholder, the speed and scope of implementation of various measures will naturally be limited compared to the case where our company goes private and the shareholders of our company consist exclusively of the Tender Offeror and the Major Shareholder. In addition, in order to implement discontinuous measures to achieve business growth of our company, there is a possibility of a short-term decline in business performance, etc., and we believe that implementing these measures while our company remains listed will increase the risks borne by our shareholders. Based on these considerations, we have decided that eliminating the above-mentioned risks through Going Private and promptly realizing and maximizing mutual utilization of management resources and know-hows, etc. with the SMFL Group and ARA pursuant to the capital and business alliance is the best option from the viewpoint of enhancement of our enterprise value, and that it can be expected that the feasibility of our growth strategy will be further enhanced.

C. Impact on Minority Shareholders and Opinion Thereon

As described in " D. Establishment of an Independent Special Committee and Obtaining of the Report by Our Company" of "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflict of Interest" below, on November 20,2020, we received the Report from the Special Committee to the effect that the Special Committee believes it will not be disadvantageous to our minority shareholder that our Board of Directors states its opinion to approve of the Tender Offer and resolves to recommend our shareholders to tender their shares in the Tender Offer.

(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflict of Interest

The Share Consolidation will be implemented as part of the Transactions, as the second step of the so-called two-step acquisition after the Tender Offer. In this regard, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflict of Interest" of "3. Details, Grounds and Reasons of Opinion on the Tender Offer" of the Press Release on Statement of Opinion, the Tender Offerors and our company have taken the following measures to ensure the fairness of the Tender Offer Price and to eliminate the possibility of arbitrariness and conflict of interest in the decision-making process leading to the decision to implement the Tender Offer and to ensure the fairness thereof. In the following sections, the descriptions of the measures taken by the Tender Offeror are based on the explanation received from the Tender Offeror.

A. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by Tender Offerors

In order to ensure the fairness of the Tender Offer Price, in determining the Tender Offer Price, the Tender Offerors allegedly requested SMBC Nikko Securities, acting as a third-party valuation institution that is independent from the Tender Offeror, ARA, and our company, to evaluate the share value of the Kenedix Stock, and obtained such evaluation.

After considering which valuation methods should be applied to evaluate the share value of the Kenedix Stock among various stock valuation methods, SMBC Nikko Securities evaluated the share value of the Kenedix Stock using each method of (i) the market price method since our company is listed on the first section of the Tokyo Stock Exchange and a market price exists, and (ii) the DCF method in order to reflect the future business activities in the valuation. The Tender Offerors allegedly obtained the Share Valuation Report (SMBC Nikko Securities) relating to the share value of the Kenedix Stock from SMBC Nikko Securities on November 19, 2020. It should be noted that SMBC Nikko Securities is not a related party of our company, and allegedly has no material interest in the Tender Offer. Also, the Tender Offerors allegedly have not received any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities.

According to the Share Valuation Report (SMBC Nikko Securities), the ranges of share value per share of the Kenedix Stock evaluated in the adopted analyses above are as follows:

Market price method:	536 yen to 568 yen
DCF method:	678 yen to 866 yen

Under the market price method, the range of share value per share was allegedly analyzed to be from 536 yen to 568 yen as of November 19, 2020 as the record date for calculation. This range was allegedly based on the simple average closing price of the Kenedix Stock on the first section of the Tokyo Stock Exchange for the past one (1) month up to the record date for calculation (from October 20, 2020 to November 19, 2020) which was 568 yen, the past three (3) months up to such date (from August 20, 2020 to November 19, 2020) which was 549 yen and the past six (6) months up to such date (from May 20, 2020 to November 19, 2020) which was 536 yen.

Under the DCF method, the share value per share was allegedly analyzed to be in the range of 678 yen to 866 yen as a result of analyzing the share value of the Kenedix Stock by discounting the cash flow that is expected to be generated by our company in and after the fiscal year ending December 2020 to the present value at a specific discount rate, on the basis of the business plan prepared by our company for the period from the fiscal year ending December 2020 through the fiscal year ending December 2025 (the "Business Plan") provided by our company in accordance with revenue forecast of our company under various factors, such as the preceding performance trend, the results of the due diligence on our company conducted by the Tender Offerors and publicly disclosed information. The Business Plan that underlay the DCF method above includes a fiscal year in which a significant increase in profit is expected. Specifically, from the fiscal year ending December 2021 to the fiscal year ending December 2022, the operating income is expected to increase significantly from 11,470 million yen to 15,182 million yen, due to an increase in fee income in the asset management business resulting from an increase in the AUM balance. The synergy effects that can be expected to be realized through the Transactions are not included in the financial forecasts because it was difficult to estimate this specifically as of the date of the Share Valuation Report (SMBC Nikko Securities).

In addition to the valuation results indicated in the Share Valuation Report (SMBC Nikko Securities) provided by SMBC Nikko Securities, the Tender Offerors allegedly comprehensively reviewed several factors, such as the likelihood that our Board of Directors would support the Tender Offer, the examples of premiums added in determining the prices for purchase, etc., in other tender offers conducted in the past for the purpose of making a target company a private company, the trend of the market price of the Kenedix Stock, the results of the due diligence on our company conducted by SMFL from early June to late July 2020 (after such due diligence, an additional financial due diligence was conducted from September 2020 and finished at early October 2020.), and the prospect of shares being tendered in the Tender Offer; and took into consideration the results of the discussions and negotiations with our company. As a result, allegedly, the Tender Offerors ultimately set the Tender Offer Price at 750 yen per share on November 20, 2020.

The Tender Offer Price of 750 yen is allegedly the price including (a) a premium of 26.48 % (rounded off to two decimal places; the same applies hereinafter to the calculation of premium) added to 593 yen, which is the closing price of the Kenedix Stock on the first section of the Tokyo Stock Exchange on November 19, 2020, the business day immediately preceding the announcement date of implementation of the Tender Offer; (b) a premium of 32.04 % added to 568 yen, which is the simple average closing price of the Kenedix Stock for the past one (1) month up to such date; (c) a premium of 36.61 % added to 549 yen, which is the simple average closing price for the past three (3) months up to such date; and (d) a premium of 39.93 % added to 536 yen, which is the simple average closing price for the past six (6) months up to such date.

B. Obtaining of the Share Valuation Report from an Independent Third-party Valuation Institution by Our Company

We have requested Nomura Securities, the third-party valuation institution independent from our company, the Tender Offerors and ARA, to calculate the value of the Kenedix Stock as a measure to ensure fairness in considering the Tender Offer Price proposed by the Tender Offeror and in stating its opinion to agree to the Tender Offer and recommending our shareholders to tender their shares, and obtained the Share Valuation Report (Nomura Securities) from Nomura Securities as of November 19, 2020. Nomura Securities is not a related party of our company, the Tender Offerors or ARA and does not have any material interest in relation to the Transactions including the Tender Offer.

After considering the calculation methods in the Tender Offer, Nomura Securities calculated the value of the Kenedix Stock using the average market price method since the Kenedix Stock is listed on the First Section of the Tokyo Stock Exchange, the comparable peer company method since there are listed companies comparable to our company and it is possible to infer the share value of the Kenedix Stock by comparison with similar companies, and the DCF method in order to reflect the future status of business activities in the calculation, and we have obtained the Share Valuation Calculation Report (Nomura Securities) from Nomura Securities as of November 19, 2020. We have not obtained an opinion on the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

According to Nomura Securities, the methods adopted for calculating the value of the Kenedix Stock and the ranges of values per share of the Kenedix Stock calculated based on such methods are as follows.

Average market price method:	536 yen to 593 yen
Comparable peer company method:	326 yen to 609 yen
DCF method:	699 yen to 840 yen

In the average market price method, the range of the value per share of the Kenedix Stock was calculated to be 536 yen to 593 yen based on 593 yen, which is the closing price of the Kenedix Stock on the First Section of the

Tokyo Stock Exchange on the base date, 574 yen, which is the simple average of the closing prices for the preceding five business days, 568 yen, which is the simple average of the closing prices for the preceding one month, 549 yen, which is the simple average of the closing prices for the preceding three months and 536 yen, which is the simple average of the closing prices for the preceding six months, with the base date being November 19, 2020.

In the comparable peer company method, the range of the value per share of the Kenedix Stock was calculated to be 326 yen to 609 yen through comparison with financial indicators indicating market prices, profitability and other factors of listed companies that are engaged in businesses that are relatively similar to that of our company.

In the DCF method, the range of the value per share was calculated to be 699 yen to 840 yen by evaluating the enterprise value by discounting our company's free cash flows to be generated in the future from the fourth quarter of the fiscal year ending December 2020 to the present value at a certain discount rate according to business risk, taking into consideration reasonable assumptions such as revenue forecasts and investment plans based on the Business Plan. The Business Plan of our company that was used for the DCF method includes a fiscal year in which a significant increase in profits is expected. Specifically, from the fiscal year ending December 2021 to the fiscal year ending December 2022, the operating profit is expected to increase significantly from 13,046 million yen to 17,637 million yen, due to an increase in fee income in the asset management business resulting from an increase in the AUM balance. The synergy effects that can be expected to be realized through the Transactions are not included in the financial forecasts because it was difficult to estimate this specifically as of the date of the Share Valuation Report (Nomura Securities).

C. Advice from an Independent Law Firm Received by Our Company

In order to ensure the transparency and reasonableness of the decision-making process of our Board of Directors in relation to the Transactions, including the Tender Offer, in late April 2020, we appointed Anderson Mori & Tomotsune as our legal advisor independent from our company, ARA and the Tender Offerors, and received the necessary legal advice on the method and process of decision-making by our Board of Directors and other points to be noted in relation to the Transactions, including the Tender Offer. Anderson Mori & Tomotsune is not a related party of the Tender Offerors, ARA or our company and does not have any material interest that should be disclosed in relation to the Tender Offer.

D. Establishment of an Independent Special Committee and Obtaining of the Report by Our Company

Given that the Transactions will be conducted on the premise that the Kenedix Stock will go private, in order to be careful in making decisions and to eliminate arbitrariness and ensure fairness, transparency and objectivity of the decision-making process of our Board of Directors, our Board of Directors established the Special Committee consisting of three members, namely Mr. Koji Kotaka (Independent Outside Director of our company, Representative of Koji Kotaka Law Office), Mr. Shuhei Shiozawa (Independent Outside Director of our company, Professor Emeritus of Keio University) and Mr. Shinzo Hara (Independent Outside Director of our company, Representative Director of Hotel New Grand Co., Ltd.), who are our outside directors notified to the Tokyo Stock Exchange as independent officers and are independent from our company, ARA and the Tender Offerors, on June 11, 2020 (The members of the Special Committee have not been changed since its establishment. Mr. Koji Kotaka has been appointed as the Chairman of the Special Committee based on the mutual election by its members, taking into consideration that he is in a position to be directly involved in the business judgment as a member of our Board of Directors and has considerable knowledge of the business of our company and that he also has the expertise and qualifications to consider the Transactions including the Tender Offer. The remuneration of the members of the Special Committee is fixed, and contingency fees are not adopted.), and inquiries have been made to the Special Committee and they were commissioned to submit a report to our company on the following matters: (a) whether the purpose of the Transactions, including the Tender Offer, is considered reasonable (including whether the Transactions will contribute to improving our company's enterprise value); (b) whether due consideration has been given to the interests of our shareholders through fair procedures in the Transactions, including the Tender Offer; (c) whether the reasonableness of the terms of the Transactions (including the tender offer price in the Tender Offer) has been ensured; (d) whether, in view of (a) to (c) above, it is probable that the Transactions will not be disadvantageous to our minority shareholders; and (e) whether it is appropriate for our Board of Directors to adopt a resolution to state its opinion to agree to the Tender Offer and recommend that our shareholders tender their shares in the Tender Offer (collectively, the "Matters of Inquiry"). In addition, our company also resolved at the above Board of Directors' meeting held on June 11, 2020 that the decision-making of our Board of Directors concerning the Transactions shall be conducted with the utmost respect for the decisions of the Special Committee based on the above commission, and in particular, if the Special Committee determines that the terms of the Transactions are not appropriate, the Board of Directors shall not state its opinion to agree to the Transactions under such terms. Furthermore, in response to the receipt of SMFL's proposal dated July 30, our company, by the resolution of the Board of Directors dated August 13, 2020, authorized the Special Committee to negotiate with SMFL and the Tender Offeror on the tender offer price and other terms of the Transactions.

Between June 11, 2020 and November 20, 2020, the Special Committee held a total of 35 meetings for a total of approximately 38 hours, and carefully discussed and considered the Matters of Inquiry. Specifically, in mid-June 2020, the Special Committee has appointed BofA Securities as the financial advisor and third-party valuation institution independent of the Tender Offerors, ARA, our company, and Mori Hamada & Matsumoto as its own legal advisor independent of the Tender Offerors, ARA and our company, respectively. In addition, it approved Nomura Securities and Greenhill, the financial advisors, and Anderson Mori & Tomotsune, the legal advisor, as the financial advisors and legal advisor of our company, respectively, as there were no issues related to their independence and expertise.

As for the specific discussions thereafter, the Special Committee (1) presented questions to us, and we had a question-and-answer session in an interview format with respect to the purpose and background of the Transactions, management policy after the Transactions and other matters, and (2) presented questions to SMFL at another meeting, and SMFL had a question-and-answer session in an interview format with respect to the purpose and background of the Transactions, management policy after the Transactions and other matters.

In addition, with respect to the Business Plan prepared by us, the Special Committee received from us an explanation with respect to the content and the process of preparation of the Business Plan, and confirmed the reasonableness of these matters. Further, taking into account the explanations from Nomura Securities and BofA Securities with respect to important premises including the details of the share value valuation based on the Business Plan, the basis of calculation of the discount rate in the DCF method and the DCF analysis, and the reasons for selecting the peer companies in the comparable peer company method and the comparable peer company analysis, it held a question-and-answer session and discussed and considered such matters, and confirmed the reasonableness of such matters.

Furthermore, the Special Committee received explanations from our company, Nomura Securities, Greenhill and Anderson Mori & Tomotsune on the measures to ensure the fairness of the procedures for the Transactions and the method and process of our Board of Directors' decision-making and other measures to avoid conflict of interest in relation to the Transactions and, based on the legal advice from Mori Hamada & Matsumoto, discussed and considered the measures to be taken to ensure the fairness of procedures in the Transactions.

In addition, based on the financial advice received from BofA Securities, the Special Committee discussed and considered the negotiation policy, including the policy to conduct sufficient negotiations in line with the general negotiation process conducted in M&As between mutually independent third parties in order to obtain a higher price from the Tender Offeror. After receiving SMFL's proposal on July 30, 2020 to set the tender offer price at 645 yen per share, each time the Special Committee received SMFL's proposal on the tender offer price, the Special Committee discussed and considered the policy on negotiation with SMFL based on the financial advice received from BofA Securities and the opinion received from Nomura Securities and then held discussions and negotiations with SMFL with respect to the tender offer price, including by direct exchange of documents. As a result, on October 28 of the same year, SMFL finally proposed a tender offer price of 750 yen per share.

Based on the background described above, and after careful discussion and consideration of the Matters of Inquiry in consideration of the Share Valuation Report (BofA) and the Fairness Opinion (both as defined in "E. Obtaining of the Share Valuation Report and Fairness Opinion from an Independent Third-party Valuation Institution by the Special Committee" below), the Special Committee submitted a report to our Board of Directors on November 20, 2020 based on the unanimous consent of all committee members, the content of which is substantially as follows.

(I) Contents of the Report

(i) The Transactions contribute to the enhancement of our enterprise value and the purpose of the Transactions, including the Tender Offer, is reasonable.

(ii) Due consideration has been given to the interests of our shareholders through fair procedures in the

Transactions, including the Tender Offer.

(iii) The reasonableness of the terms of the Transactions (including the tender offer price in the Tender Offer) has been ensured.

(iv) It would not be disadvantageous to our minority shareholders (excluding the Tender Offeror and the Major Shareholder) for our Board of Directors to resolve to state its opinion to agree to the Tender Offer and recommend that our shareholders tender their shares in the Tender Offer. In addition, implementing the Share Consolidation, which is scheduled after the Tender Offer and in which the Tender Offeror and the Major Shareholder will be the only two shareholders of our company and our shares are expected to be delisted, would not be disadvantageous to our minority shareholders.

(v) Our Board of Directors should resolve to state its opinion to agree to the Tender Offer and to recommend that our shareholders (excluding the Tender Offeror and the Major Shareholder) tender their shares in the Tender Offer.

(II) Grounds of the Report

(i) In consideration of the following points, the Special Committee has determined that the Transactions contributes to the enhancement of our enterprise value and the purpose of the Transactions, including the Tender Offer, is reasonable.

- The purpose of the Transactions is to build a strong cooperative relationship under a stable capital relationship and improve the enterprise value of both groups by our company and SMFL becoming members of the same group while maintaining the independence and autonomy of the management of our company. The Special Committee has no objection to the business environment and management issues surrounding our company as recognized by our company, and considers the above purpose to be reasonable. The Business and Capital Alliance Agreement and the Management Entrustment Agreement serve as a basis for maintaining the independence and autonomy of the management of our company, consistent with the above purpose. Furthermore, the synergies which our company and Tender Offerors envisage as a result of discussions between both companies are considered reasonable and expected to have such effects on our company as an increase in sales and an improvement in the profitability rate. The contents of the synergies to be created for our company as a result of the Transactions with ARA are also reasonable and no unreasonable point is found in particular about such synergies.
- In addition, no material dis-synergy is expected to occur with the Transactions in the first place, and even if such material dis-synergy does occur, it is deemed that reasonable measures to mitigate or reduce such dis-synergy are being considered to be taken.

(ii) In consideration of the following points, the Special Committee has determined that due consideration has been given to the interests of our shareholders through fair procedures in the Transactions, including the Tender Offer.

- The Special Committee, which is independent from our company, ARA and the Tender Offerors, has been established from the initial stage of consideration of the Transactions.
- In the course of the consideration of the Transactions, the Special Committee received legal advice, including advice on the procedures of the Transactions and the method and process of the Special Committee's discussions on the Transactions, from Mori Hamada & Matsumoto who was appointed as a legal advisor independent of the Tender Offerors, ARA and our company. It also received advice from a financial point of view on the Transactions from BofA Securities who was appointed as a financial advisor and third-party valuation institution independent of the Tender Offerors, ARA and our company, in order to obtain professional advice and assistance concerning valuation of enterprise value, price negotiation and other matters.
- Our company received the necessary legal advice on the method and process of decision-making by our Board of Directors and other points to be noted in relation to the Transactions, including the Tender Offer, from Anderson Mori & Tomotsune who was appointed as the legal advisor independent from our company, ARA and the Tender Offerors. We also received financial advice from Nomura Securities who is the third-party valuation institution and financial advisor independent from our company, ARA and the Tender Offerors, and Greenhill who is the financial advisor independent from our company, ARA and the Tender Offerors, in order to ensure the fairness of our decision-making processes concerning the Tender Offer Price proposed by the Tender Offerors in stating our opinion on the Tender

Offer.

- The Special Committee has obtained, subject to the assumptions and conditions described below and in the Exhibit and certain other assumptions and conditions, the Share Valuation Report (BofA) and the Share Valuation Report (Nomura Securities) from BofA Securities and Nomura Securities, respectively, both of whom are financial advisors and third-party valuation institutions independent from the Tender Offerors, ARA and our company, and also obtained the Fairness Opinion from BofA Securities.
- Among our directors, Mr. Taisuke Miyajima, Representative Director, and Mr. Soushi Ikeda, Managing Director, have not participated in the discussions and negotiations with the Tender Offerors on behalf of our company since August 7, 2020, in order to avoid any suspicion of conflict of interest with our company. However, Mr. Taisuke Miyajima, Representative Director, participated in the discussions and negotiations with ARA in relation to the Transactions as necessary as a person on the SMFL side, not as our representative, but to communicate to ARA the intentions and proposals from SMFL to ARA or matters agreed between SMFL and our company, so as not to be disadvantageous to our general shareholders. In addition, the discussions and negotiations on the Management Entrustment Agreement with SMFL were conducted by Nakamura, Tsunoda & Matsumoto, who were independently appointed by Mr. Taisuke Miyajima and Mr. Soushi Ikeda, and Anderson Mori & Tomotsune, who is our legal advisor, was notified of the negotiation status of the Management Entrustment Agreement from Nakamura, Tsunoda & Matsumoto as appropriate and reported it to the Special Committee for its consideration.
- In order to avoid any suspicion of conflict of interest, since August 7, 2020, Mr. Taisuke Miyajima and Mr. Soushi Ikeda have not participated at all in the discussions and resolutions at the meetings of the Board of Directors, nor have they participated at all in the discussions and negotiations with the Tender Offerors on behalf of our company. In addition, Mr. Hiroki Yaze, our director, and Mr. Kazuo Matsumoto, our auditor, both of whom are from the SMFL Group, have not participated at all in the discussions at the above-mentioned meetings of the Board of Directors, and have refrained from stating their opinion, in order to avoid any suspicion of conflict of interest.
- The tender offer period is set to be longer (30 business days) than the minimum period (20 business days) prescribed by law. In addition, under the Capital and Business Alliance Agreement, our company has agreed not to withdraw or change its resolution on the statement of opinion during the Tender Offer Period and not to adopt any board resolution that would be inconsistent with its resolution on the statement of opinion. However, this is not an agreement that prohibits any person proposing a counter acquisition from contacting our company. It is a provision that allows our company to agree to the proposal that will better contribute to the improvement of our enterprise value if a person proposing a counter acquisition appears. Moreover, this is not an agreement that prohibits the Special Committee from changing its opinion on the Tender Offer in light of the content of the counter tender offer and thus, it is considered that this provision does not prevent an opportunity to conduct a counter tender offer. Therefore, it is recognized that there is an environment in which other potential acquirers can make a counter proposal after the announcement, and that a so-called indirect market check is conducted.
- It is recognized that, in relation to the Transactions, substantial disclosure is planned to be made and general shareholders are planned to be provided with an opportunity to make informed and appropriate decisions.
- It can be said that, in relation to the Transactions, consideration has been given to preventing any problem of coerciveness, and the legality of the Squeeze-Out Procedures has been ensured.
- The Tender Offeror will not conduct the Transactions, including the Tender Offer, unless the majority of our shareholders without interest in the Tender Offerors agrees, and the minimum number of shares to be purchased has been set by respecting the intentions of our minority shareholders.
- There are no other facts that would lead the Special Committee to assume that our company was unduly influenced by the Tender Offeror in the course of the discussion, consideration and negotiation concerning the Transactions.

(iii) In consideration of the following points, the Special Committee has determined that the reasonableness of the terms of the Transactions (including the tender offer price in the Tender Offer) has been ensured.

- The average market price analysis and the average market price method, the comparable peer company analysis and the comparable peer company method and the DCF analysis and the DCF method, which are the calculation methods used in the share valuation reports prepared by BofA Securities and Nomura Securities, are considered to be common and reasonable methods in light of current valuation practices, and the explanations regarding the reasons for selecting the peer companies under the comparable peer company analysis and the comparable peer company method and the basis for the discount rate and other factors under the DCF analysis and the DCF method are also reasonable and the calculations are considered to be reasonable in light of current practices. In addition, with respect to the Business Plan, the Special Committee received from us an explanation regarding the content and the process of preparation of the Business Plan, and confirmed the reasonableness of these matters. In light of the valuation of the Kenedix Stock made in such share valuation reports, the Tender Offer Price exceeds the upper limit of the calculation results based on the average market price analysis and the average market price method and the upper limit of the calculation results based on the comparable peer company analysis and the comparable peer company method, and is within the range of the calculation results based on the DCF analysis and the DCF method.

- The Special Committee also received the Fairness Opinion from BofA Securities, subject to the assumptions and conditions described below and in the Exhibit and certain other assumptions and conditions. Since the method and content of the share value valuation by BofA Securities, which was used as a reference in the submission of the Fairness Opinion, are not found to be unreasonable, the procedure and content of the issue of the Fairness Opinion are not found to be unreasonable.
- The Special Committee was established promptly after the initial proposal of the SMFL Group's acquisition of our company as a wholly-owned subsidiary from SMFL, and, taking into account the benefits of the Transactions to our company, discussed on several occasions whether the Tender Offer Price was a reasonable price that ensured the benefits to be enjoyed by our general shareholders, and reflected the results of such discussions in the policy of negotiation with the Tender Offerors. The negotiation with the Tender Offerors was conducted under such policy of negotiation determined by the Special Committee and in accordance with the instructions of the Special Committee. As a result of such negotiation, the Special Committee has achieved a price increase of approximately 16.3% (105 yen) from the initial proposal.
- There are no other specific circumstances that would cast doubt on the fairness of the process of determining the Tender Offer Price.
- The method of conducting a tender offer as the first step and a share consolidation as the second step is a method generally adopted for this type of going private transaction, and the method of the Transactions is not found to be unreasonable.

(iv) In view of the foregoing, it is considered that this transaction would not be disadvantageous to our minority shareholders excluding the Tender Offeror and the Major Shareholder.

(v) In addition, our Board of Directors should resolve to state its opinion to agree to the Tender Offer and to recommend that our shareholders (excluding the Tender Offeror and the Major Shareholder) tender their shares in the Tender Offer.

E. Obtaining of the Share Valuation Report and Fairness Opinion from an Independent Third-party Valuation Institution by the Special Committee

In order to obtain professional advice and assistance concerning the valuation of the corporate value, price negotiation and other matters, the Special Committee requested that BofA Securities, which is a financial advisor and third-party calculation agent independent of the Tender Offerors, ARA and our company, to calculate the value of the Kenedix Stock and to submit a written opinion regarding whether or not the Tender Offer Price of the Kenedix Stock to be received by holders of the Kenedix Stock (other than the Tender Offeror and the Major Shareholder and their respective affiliates) in the Tender Offer is fair, from a financial point of view, to such holders (a fairness opinion) , and received a share valuation report as of November 20, 2020 with respect to the results of the calculation of the value of the Kenedix Stock (the "Share Valuation Report (BofA)"), subject to the assumptions and conditions described below and in the Exhibit and certain other assumptions and conditions, and also obtained a fairness opinion to the effect that, subject to the assumptions and conditions described below and in the Exhibit and certain other assumptions and conditions, the Tender Offer Price of the Kenedix Stock to be received in the Tender Offer by holders of Kenedix Stock (other than the Tender Offeror and the Major Shareholder and their respective affiliates) is fair, from a financial point of view, to such holders (the "Fairness Opinion").

BofA Securities has acted as financial advisor to the Special Committee in connection with the Transaction and will receive a fee for its services, a portion of which is payable upon the rendering of the Fairness Opinion and a significant portion of which is contingent upon consummation of the Tender Offer. BofA Securities may also receive a discretionary fee payable at the sole discretion of the Special Committee upon consummation of the Tender Offer. In addition, Kenedix has agreed to reimburse expenses incurred in connection with, and indemnify BofA Securities against certain liabilities arising out of the engagement. The following descriptions are summaries of the material financial analyses presented by BofA Securities to the Special Committee in connection with the Share Valuation Report (BofA) prepared as of November 20, 2020. The Share Valuation Report (BofA) is based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Securities as of, the date of the Share Valuation Report (BofA). It should be understood that subsequent developments may affect the Share Valuation Report (BofA), and BofA Securities does not have any obligation to update, revise, or reaffirm the Share Valuation Report (BofA).

BofA Securities has reviewed the Business Plan prepared by our company and various valuation methods for the share value of our company and determined that the following three valuation methods were appropriate.

a. The average market price analysis, since the Kenedix Stock are listed on the First Section of the Tokyo Stock Exchange
b. The comparable peer company analysis, since there are listed companies relatively similar to our company and it is possible to infer the value of the Kenedix Stock by comparison with similar companies
c. The DCF analysis under the preconditions described below and certain other conditions in order to reflect the future status of business activities in the calculation, on the assumption that our company is a going concern

BofA Securities is not a related party of the Tender Offerors, ARA or our company and does not have any material interest that should be disclosed in relation to the Transactions, including the Tender Offer. According to BofA Securities, the ranges of values per share of the Kenedix Stock calculated based on these methods are as follows.

Average market price analysis:	536 yen to 593 yen
Comparable peer company analysis:	332 yen to 519 yen
DCF analysis:	608 yen to 983 yen

In the average market price analysis, the range of the value per share of the Kenedix Stock was calculated to be 536 yen to 593 yen based on 593 yen, which is the closing price of the Kenedix Stock on the First Section of the Tokyo Stock Exchange on the base date, 568 yen, the simple average of the closing prices for the preceding one month, 549 yen, which is the simple average of the closing prices for the preceding three months, and 536 yen, which is the simple average of the closing prices for the preceding six months, with the base date being November 19, 2020.

In the comparable peer company analysis, the range of the value per share of the Kenedix Stock was calculated to be 332 yen to 519 yen through comparison with financial indicators indicating market prices, profitability and other factors of listed companies that are engaged in businesses that are relatively similar to that of our company.

The DCF analysis was conducted based on factors such as the Business Plan and the financial forecasts prepared and provided to BofA Securities by our company, the revenue and investment plan based on the business plan prepared by our company and other publicly available information (provided that, as described below, BofA Securities has not independently verified the accuracy and completeness of such materials and has no responsibility or obligation to conduct such independent verification). The range of the value per share was calculated to be 608 yen to 983 yen by evaluating the enterprise value by discounting our company's free cash flows to be generated in the future from the fourth quarter of the fiscal year ending December 2020, to present value at a certain discount rate according to business risk. Our Business Plan that was used for the DCF analysis includes a fiscal year in which a significant increase in profit is expected. Specifically, between the fiscal year ending December 2021 and the fiscal year ending December 2022, operating profit is expected to increase significantly from 13,046 million yen to 17,637 million yen due to an increase in fee income in the asset management business resulting from an increase in the AUM balance. The synergy effects that can be expected to be realized through the Transactions are not included in the financial forecasts because they were difficult to estimate specifically as of the date of the Share Valuation Report (BofA).

F. Advice from an Independent Law Firm Received by the Special Committee

In order to obtain professional advice on the fairness of the procedures, as described in "D. Establishment of an Independent Special Committee and Obtaining of the Report by Our Company" above, the Special Committee has appointed Mori Hamada & Matsumoto as its legal advisor independent from the Tender Offerors and our company, and has received legal advice including advice on the procedures of the Transactions and the method and process of the Special Committee's discussions on the Transactions.

Mori Hamada & Matsumoto is not a related party of the Tender Offerors, ARA or our company and does not have any material interest that should be disclosed in relation to the Transactions, including the Tender Offer.

G.Unanimous Approval by All Non-interested Directors and No Dissenting Opinion of All Non-interested Statutory Auditors at Our Company

Our company carefully discussed and considered the terms of the Transactions, including the Tender Offer, based on the Share Valuation Report (Nomura Securities) obtained from Nomura Securities, the Report submitted by the Special Committee, the legal advice provided by Anderson Mori & Tomotsune and other related materials.

As a result, as described in "1. Purpose and Reasons of Consolidation of Shares," our company determined that (a) the Transactions is the best choice from the viewpoint of enhancing our enterprise value and is expected to further increase the feasibility of our growth strategy, and (b) the terms of the Transactions, including the Tender Offer Price, will provide our shareholders with a reasonable opportunity to sell their shares, and at our Board of Directors' meeting held on November 20, 2020, the 6 directors without interest who were present at the meeting unanimously adopted a resolution to state an opinion to agree to the Tender Offer and to recommend that the shareholders of our company tender their shares in the Tender Offer. In addition, at the above Board of Directors' meeting, all of our auditors except for Mr. Kazuo Matsumoto stated that they had no dissenting opinion on the above resolution.

In response to the receipt of the Proposal Dated July 30 from SMFL, our company officially commenced consideration regarding the SMFL Group's acquisition of our company as a wholly-owned subsidiary. As it was proposed that, among our directors, Mr. Taisuke Miyajima, Representative Director, and Mr. Soushi Ikeda, Managing Director, enter into the Management Entrustment Agreement with SMFL respectively and agree to continue to manage our company after the completion of the SMFL Group's acquisition of our company as a wholly-owned subsidiary, in order to avoid any suspicion of conflict of interest, since August 7, 2020, Mr. Taisuke Miyajima and Mr. Soushi Ikeda have not participated in the discussions and resolutions at the above-mentioned meetings of the Board of Directors, nor have they participated in the discussions and negotiations with the Tender Offeror and SMFL on behalf of our company. In addition, among our directors, Mr. Hiroki Yaze, who is from the SMFL Group, has not participated in the discussions and resolutions at the above-mentioned meetings of the Board of Directors, nor has he participated in the discussions and negotiations with the Tender Offeror and SMFL on behalf of our company, in order to avoid any suspicion of conflict of interest. In addition, among our auditors, Mr. Kazuo Matsumoto, who is from the SMFL Group, has not participated in the discussions at the above-mentioned meetings of the Board of Directors, and has refrained from stating his opinion, in order to avoid any suspicion of conflict of interest.

H.Measures to Secure Opportunities for Others to Make Competing Offers

The Tender Offeror has set the Tender Offer Period at thirty (30) business days, while the statutory minimum period is twenty (20) business days. By setting the Tender Offer Period at a relatively long period of time, the Tender Offeror allegedly intends to secure an appropriate opportunity for the shareholders of our company to make a decision as to whether to tender their shares in the Tender Offer and an opportunity for persons other than the Tender Offeror to make offers with respect to the Kenedix Stock, and thereby ensure the fairness of the Tender Offer Price.

I. Setting the Minimum Number of Shares to be Purchased to Accomplish the Majority of Minority

In the Tender Offer, the Tender Offeror has set 102,348,200 shares (Ownership Ratio: 46.40%) as the minimum number of the shares to be purchased, and, if the total number of the share certificates, etc., tendered in response to the Tender Offer ("Tendered Share Certificates, Etc.") is less than such minimum number (i.e., 102,348,200 shares), the Tender Offeror will allegedly not purchase any of Tendered Share Certificates, Etc. However, the Tender Offer intends to limit the number of the shareholders of our company to only two companies of the Tender Offeror and the Major Shareholder, and, therefore, the maximum number of the shares to be purchased has not been set, and, if the total number of the Tendered Share Certificates, Etc., is equal to or greater than the minimum number, the Tender Offeror will allegedly purchase all of Tendered Share Certificates, Etc.

Allegedly, the minimum number of shares to be purchased is the number of the Kenedix Stock (i.e., 102,348,200 shares) that is equivalent to the number of shares representing the number of voting rights (i.e., 1,023,482 units) obtained by (i) multiplying the number of voting rights (i.e., 2,205,812 units) pertaining to the total number of issued shares of our company as of September 30, 2020 (i.e., 220,581,200 shares) set forth in our company's Third Quarterly Financial Results by two-thirds and (ii) subtracting from the result thereof (i.e., 1,470,542 units; rounded up to the nearest whole number) the number of voting rights (i.e., 1 unit) pertaining to the Kenedix Stock held by the Tender Offeror as of November 20, 2020 (i.e., 100 shares) and the number of voting rights (i.e., 447,059 units) pertaining to the Kenedix Stock held by the Major Shareholder as of the same date (i.e., 44,705,900 shares). Such number of shares will allegedly exceed the number of shares (i.e., 87,937,601 shares) equivalent to a majority of the number of the shares (i.e., 175,875,200 shares) (so-called, "majority of minority"), which is the total number of issued shares above (i.e., 220,581,200 shares), less the Kenedix Stock held by the Tender Offeror as of November 20, 2020 (i.e., 100 shares) and the Kenedix Stock held by the Major Shareholder as of the same date (i.e., 44,705,900 shares). In this way, the Tender Offeror has allegedly decided that, if the Tender Offeror cannot obtain the approval of the majority of shareholders of our company who do not have an interest in the Tender Offeror, the Tender Offeror shall not conduct the Transactions, including the Tender Offer, and has set the minimum number of shares to be purchased, with respecting the intention of shareholders of our company.

4. Future Prospects

As described in "A. Delisting" of "(2) Possibility of Delisting" of "3. Grounds for the Amount of Money Expected to be Delivered to Shareholders Through Treatment of Fractional Shares Related to Consolidation of Shares" above, as a result of the implementation of the Share Consolidation, the Kenedix Stock is expected to be delisted.

After the completion of the Squeeze-Out Procedures, the Tender Offeror, SMFL, the Major Shareholder, and ARA will allegedly, in accordance with the Shareholders Agreement executed among these four companies, implement the transfer of a portion of the Kenedix Stock from the Tender Offeror to the Major Shareholder (the "Off-Market Trading") in order to bring the shareholding ratio of the Tender Offeror and the Major Shareholder to 70% and 30%, respectively, or implement other necessary measures in order to realize the respective shareholding ratio stated above. Since the Off-Market Trading is scheduled to be implemented after the total number of issued shares of our company decreased by the Share Consolidation in the Squeeze-Out Procedures, the price of the Off-Market Trading will be different from the Tender Offer Price when compared on a per share basis. However, the price of the Off-Market Trading will allegedly be determined in proportion to the ratio of the Share Consolidation based on the Tender Offer Price, which will be substantially the same price as the Tender Offer Price.

5. Matters Concerning Transactions, etc. with Controlling Shareholders

Since the Tender Offeror is our parent company as of today, the transactions relating to the Share Consolidation constitute transactions with controlling shareholders.

(1) Status of Compliance with Guidelines on Measures for Protection of Minority Shareholders in Transactions, etc. with Controlling Shareholders

Although our corporate governance report does not include "guidelines on measures for protection of minority shareholders in transactions, etc. with controlling shareholders," we have a policy of taking appropriate measures when conducting transactions, etc. with controlling shareholders to ensure the fairness of the contents and terms of such transactions by, for example, obtaining advice from attorneys or third party institutions as necessary, and making decisions after careful deliberation by the Board of Directors, so as not to harm the interests of minority shareholders.

In addition, in implementing the Share Consolidation, as described in "(3) Matters Concerning Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflict of Interest" of " 3. Grounds for the Amount of Money Expected to be Delivered to Shareholders Through Treatment of Fractional Shares Related to Consolidation of Shares" above, our company carefully discussed and considered the terms of the Transactions, including the Tender

Offer, based on the Share Valuation Report (Nomura Securities) obtained from Nomura Securities, the Report submitted by the Special Committee, the legal advice provided by Anderson Mori & Tomotsune and other related materials, and has taken appropriate measures so as not to harm the interests of minority shareholders. As such, we have determined that the above guidelines are met.

(2) Matters Concerning Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflict of Interest

Please refer to "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflict of Interest" of "3. Grounds for the Amount of Money Expected to be Delivered to Shareholders Through Treatment of Fractional Shares Related to Consolidation of Shares" above.

(3) Summary of the Opinion Obtained from Persons without Interest in Controlling Shareholders on the Fact that the Transactions will not be Disadvantageous to Minority Shareholders

As of November 20, 2020, we received the Report from the Special Committee, which consists of persons without interest in the controlling shareholders, to the effect that the Special Committee believes it will not be disadvantageous to our minority shareholder that our Board of Directors states its opinion to approve of the Tender Offer and resolves to recommend our shareholders to tender their shares in the Tender Offer. For details, please refer to "D. Establishment of an Independent Special Committee and Obtaining of the Report by Our Company" of "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflict of Interest" of "3. Grounds for the Amount of Money Expected to be Delivered to Shareholders Through Treatment of Fractional Shares Related to Consolidation of Shares" above.

II. Abolition of Provision Regarding the Number of Shares Constituting One Unit of Stock

1. Reasons for Abolition

The reason is that, if the Share Consolidation takes effect, the total number of issued shares of our company 5 shares, and there will be no need to prescribe the number of shares constituting one unit of stock.

2. Scheduled Date of Abolition

March 19, 2021

3. Conditions for Abolition

Subject to the proposal regarding the Share Consolidation and the proposal regarding partial amendment of the Articles of Incorporation for the purpose of abolishing the provision regarding the number of shares constituting one unit of stock (please refer to III below) being approved and adopted as originally proposed at the Extraordinary Shareholders' Meeting and to the Share Consolidation becoming effective.

III. Partial Amendment of Articles of Incorporation

1. Purpose of Amendment of Articles of Incorporation

(1) If the proposal on the Share Consolidation is approved and adopted as originally proposed at the Extraordinary Shareholders' Meeting and the Share Consolidation takes effect, the total number of authorized shares of the Kenedix Stock will be 20 in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. Therefore, in order to clarify this point, we would like to amend Article 6, Paragraph 1 of the current Articles of Incorporation relating to this matter subject to the effectiveness of the Share Consolidation.

(2) If Proposal No. 1 on the Share Consolidation is approved and adopted as originally proposed at the Extraordinary Shareholders' Meeting and the Share Consolidation takes effect, the total number of authorized shares of our company will be 5 shares, and there will be no need to prescribe the share unit. Therefore, we would like to delete Article 6, Paragraph 2 of the current Articles of Incorporation relating to this matter.

(3) If Proposal No. 1 on the Share Consolidation is approved and adopted as originally proposed at the

Extraordinary Shareholders' Meeting and the Share Consolidation takes effect, the Tender Offeror and the Major Shareholder will be the only two shareholders of our company, and the provision on the record date for the ordinary shareholders' meeting will cease to be necessary. Therefore, subject to the effectiveness of the Share Consolidation, we would like to delete Article 8 of the current Articles of Incorporation relating to this matter and adjust the number of Articles accordingly.

2. Content of the Amendment of Articles of Incorporation

The content will be amended as follows. This amendment of the Articles of Incorporation will become effective on March 19, 2021, the proposed effective date of the Share Consolidation, on the condition that the proposal on the Share Consolidation is approved and adopted as originally proposed at the Extraordinary Shareholders' Meeting and that the Share Consolidation takes effect.

(The underlines indicate the changes.)

Current Articles of Incorporation	Proposed Amendment
Article 6 (Total Number of Authorized Shares) 1. The total number of authorized shares of the Company shall be 350,000,000 shares. 2. The number of shares constituting one share unit of the Company shall be 100 shares.	Article 6 (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be 20 shares. (Deleted)
Article 8 (Record Date) 1. The record date for the ordinary shareholders' meeting of the Company shall be December 31 of each year. 2. Notwithstanding the preceding paragraph, the Company may specify that all or some of the persons who acquired its shares during the period from the day immediately following the record date to the date of the ordinary shareholders' meeting may exercise their voting rights at the shareholders' meeting. 3. In addition to what is provided for in these Articles of Incorporation, the Company may, if necessary, temporarily prescribe a record date by giving public notice in advance with a resolution of the Board of Directors.	(Deleted)
Article 9 to Article 45 (Provisions omitted.)	Article 8 to Article 44 (The same as the current provisions.)

3. Date of Amendment

March 19, 2021 (tentative)

4. Conditions of Amendment

Subject to the proposal regarding the Share Consolidation being approved and adopted as originally proposed at the Extraordinary Shareholders' Meeting and to the Share Consolidation becoming effective.

End

Exhibit

Assumptions, Disclaimer and Other Matters Concerning the Analyses in the Share Valuation Report (BofA) and the Fairness Opinion by BofA Securities

The Share Valuation Report (BofA Securities) and the Fairness Opinion of BofA Securities described above have been delivered solely for the use and benefit of the Special Committee (in its capacity as such) in connection with and for purposes of its evaluation of the Tender Offer Price from a financial point of view and have not been delivered for any other purpose including the Transactions or the evaluation of the Tender Offer Price by SMFL and the Tender Offeror. BofA Securities expresses no view or opinion as to any terms or other aspects of the Transactions (other than the Tender Offer Price to the extent expressly specified in the Fairness Opinion and based on the assumptions and conditions specified in the Fairness Opinion), including, without limitation, the form or structure of the Transactions, or any terms or other aspects of any other agreement or arrangement entered into in connection with the Transactions. BofA Securities was not requested to, and it did not, solicit indications of interest or proposals from third parties regarding a possible acquisition of all or any part of Kenedix or any alternative transaction. The Fairness Opinion is limited to the fairness, from a financial point of view, of the Tender Offer Price to be received by holders of the Kenedix Stock (other than the Tender Offerors and the Major Shareholder and their respective affiliates) in the Tender Offer and does not express any opinion or view with respect to any consideration received in connection with the Transactions by the holders of any class of securities, creditors or other constituencies of any party. In addition, BofA Securities does not express any opinion or view with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transactions, or class of such persons, relative to the consideration or otherwise. Furthermore, BofA Securities does not express any opinion or view as to the relative merits of the Transactions in comparison to other strategies or transactions that might be available to Kenedix or in which Kenedix might engage or as to the underlying business decision of Kenedix to proceed with or effect the Transactions. In addition, BofA Securities does not express any opinion or recommendation as to whether any shareholder should tender their shares of the Kenedix Stock in the Tender Offer or how any shareholder should act in connection with the Transactions or any related matter. BofA Securities is also not expressing any view or opinion with respect to, and has relied, at the direction of the Special Committee, upon the assessments of the Special Committee regarding, legal, regulatory, accounting, tax and similar matters relating to Kenedix, SMFL, Tender Offeror, the Major Shareholder or any other entity and the Transactions as to which BofA Securities understands that the Special Committee obtained such advice as it deemed necessary from qualified professionals.

In conducting the analysis as stated in the Share Valuation Report (BofA Securities) (the "Analysis") and in arriving at its opinion, BofA Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with BofA Securities and has relied upon the assurances of the management of Kenedix that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to certain internal financial and operating information with respect to the business, operations and prospects of Kenedix furnished to or discussed with BofA Securities by the management of Kenedix, including certain financial forecasts relating to Kenedix prepared by the management of Kenedix, BofA Securities has been advised by Kenedix, and has assumed, at the direction of the Special Committee, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Kenedix as to the future financial performance of Kenedix as of the date of the Share Valuation Report (BofA) and the Fairness Opinion. Except as otherwise stated, the Analysis and the Fairness Opinion are necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Securities as of, the date thereof. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and BofA Securities expresses no opinion or view as to any potential effects of such volatility on Kenedix, the Tender Offerors, the Major Shareholder or the

Transactions. It should be understood that subsequent developments may affect the Analysis and the Fairness Opinion, and BofA Securities does not have any obligation to update, revise, or reaffirm the Analysis or the Fairness Opinion.

The descriptions of the analyses conducted by BofA Securities set forth above are summaries of the material financial analyses presented by BofA Securities to the Special Committee in connection with the Share Valuation Report (BofA Securities) and are not comprehensive descriptions of all analyses undertaken by BofA Securities in connection with such report. The preparation of the Share Valuation Report (BofA Securities) and its underlying analysis is a complex analytical process involving various judgments about the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances; therefore, it is not necessarily advisable to describe only a part of the results or summary of the analysis. BofA Securities believes that its analyses must be considered holistically. BofA Securities further believes that selecting portions of its analyses and the factors considered or focusing on any information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying the Analysis and the Fairness Opinion. The fact that any specific analysis has been referred to in the summary set out above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in such summary.

In conducting the Analysis, BofA Securities considered industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Tender Offerors and Kenedix. The estimates of the future performance of Kenedix based on which BofA Securities' analyses were made are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than such estimates. BofA Securities' analyses were performed solely as part of its analysis contained in the Share Valuation Report (BofA Securities) and were provided to the Special Committee in connection with the delivery of such report. BofA Securities' analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have been traded or may be traded at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Securities' view of the actual values of Kenedix.

The Tender Offer Price was determined through negotiations between the Tender Offerors and Kenedix (or the Special Committee), rather than by any financial advisor, and was approved by the Board of Directors of Kenedix. The determination to express its opinion to support the Tender Offer was made solely by the Board of Directors of Kenedix in accordance with the recommendation of the Special Committee. As described above, the Share Valuation Report (BofA Securities) and the Fairness Opinion were only one of many factors considered by the Special Committee in its evaluation of the Transactions and should not be viewed as determinative of the views of the Special Committee with respect to the Transactions or the Tender Offer Price.

BofA Securities has not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Kenedix or any other entity, nor has it made any physical inspection of the properties or assets of Kenedix or any other entity. BofA Securities has not evaluated the solvency or fair value of Kenedix or any other entity under any local, national or other laws relating to bankruptcy, insolvency or similar matters. BofA Securities has assumed, at the direction of the Special Committee, that the Transactions will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Transactions, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on Kenedix or the contemplated benefits of the Transactions. The Analysis is based upon financial information prepared in accordance with generally accepted accounting principles in Japan. BofA Securities also has assumed, at the direction of the Special Committee, that the final executed version of the Capital and Business Alliance Agreement will not differ in any material respect from the draft of the Capital and Business Alliance Agreement reviewed by BofA Securities.

BofA Securities and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of its businesses, BofA Securities and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of Kenedix, SMFL, the Major Shareholder and certain of their respective affiliates.

BofA Securities and its affiliates are providing as of the date of the Share Valuation Report (BofA) and the Fairness Opinion, and may provide after the said date, investment banking, commercial banking and other financial services to Kenedix and its affiliates and may receive compensation for the rendering of these services.

In addition, BofA Securities and its affiliates in the past (including the date of the Share Valuation Report (BofA) and the Fairness Opinion) have provided, and may provide after the said date, investment banking, commercial banking and other financial services to SMFL and the Major Shareholder and/or their respective affiliates and have received, or may receive after the date of the Share Valuation Report (BofA) and the Fairness Opinion, compensation for the rendering of these services, including having acted as lead manager and bookrunner for various debt offerings of SMFL and its affiliates SMFG and Sumitomo Corporation.