

May 25, 2017

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

Please note that this document is a translation of the official announcement that was released in Tokyo. The translation is prepared and provided for the purpose of the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version of the news release for complete and accurate information.

### **Notices of Acquisition of Equity Interests in KW James Street, LLC and Change in Subsidiary**

The Board of Directors of Kenedix, Inc. approved a resolution on May 25, 2017 to acquire equity interests in KW James Street, LLC (the SPC), which invests in residential property in the United States, through its consolidated subsidiary Kenedix Westwood, LLC.

#### 1. Overview and reason for acquisition

Kenedix has invested in this SPC that is backed by residential property located in the state of Washington, USA, through Kenedix Westwood. Kenedix now expects to additionally acquire the equity interests held by co-investors. Moreover, Kenedix's interest in this SPC will be 100% after additional acquisition.

Through this investment, Kenedix expects to earn a real estate investment return while at the same time making preparations for the establishment of a fund that will own this property for Japanese investors.

#### 2. Summary of the SPC

(1) Name	KW James Street, LLC			
(2) Address	1901 Avenue of the Stars, Suite 200, Los Angeles, CA 90067			
(3) Representative	Hiroshi Matsumoto			
(4) Business	Real estate investments			
(5) Established	December 21, 2007			
(6) Relationships between Kenedix and the SPC	Capital	No significant items.		
	Personnel	No significant items.		
	Business	No significant items.		
(7) Results of operations and financial condition for the last three years	(Thousands of US\$)	2016	2015	2014
	Net assets	22,277	7,805	8,296
	Total assets	47,169	34,029	34,516
	Net sales	4,909	4,361	4,088
	Operating income	1,683	1,234	1,014
	Ordinary income	648	303	83
	Profit	648	303	83

### 3. Details of the seller

Although the seller of the equity interest is an SPC funded by U.S.-based Kennedy Wilson, and others, no further detail can be disclosed due to the request of the seller.

### 4. Equity method investment ratio

Before additional acquisition: Investment amount (investment ratio)	US\$ 19 million (86.9%)
After additional acquisition: Investment amount (investment ratio)	US\$ 49 million (100%)

Note: The investment amount at the time of additional acquisition includes amounts for repayment of existing loans, etc.

### 5. Schedule

Resolution date	May 25, 2017
Contract signing	May 31, 2017 (tentative)
Asset purchase date	June 28, 2017 (tentative)

### 6. Outlook

In association with the abovementioned additional acquisition, Kenedix expects to record non-operating expenses of approximately 300 million yen due to costs related to prepayment of loans. There is no change in the 2017 consolidated forecast announced on February 13, 2017. An announcement will be made promptly if a forecast revision is needed due to changes in the operating environment, real estate market or results of operations.

#### **Cautionary Statement Concerning Forward-Looking Information**

This press release contains forward-looking statements that include “intends,” “will” and other similar words and phrases, statements regarding the intent, belief, strategy, plans or current expectations of Kenedix. Such forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. Kenedix does not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law.