

September 27, 2018

Company name: Kenedix, Inc.
Representative: Taisuke Miyajima, President & CEO
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
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All readers are strongly recommended to refer to the original Japanese version of the news release for complete and accurate information.

**Notice of Corporate Divestiture (Simplified Absorption-type Split) with
Consolidated Subsidiary Kenedix Investment Partners**

The Board of Directors of Kenedix, Inc. (KDX) approved a resolution at a meeting held today to sign an absorption-type company split agreement with its wholly owned consolidated subsidiary Kenedix Investment Partners, Inc. (KIP). The corporate divestiture will be executed with KDX as the divesting company and KIP as the company receiving the divested business.

Some items are omitted from the information that is disclosed concerning this divestiture because it is a simplified absorption-type split between KDX and a wholly owned subsidiary.

1. Purpose of the corporate divestiture

Substantial demand is anticipated among many types of investors for private funds. To meet this demand, KDX will conduct this divestiture for the purpose of establishing a framework for the private fund business with greater expertise and outstanding flexibility and creativity.

As was announced on April 26, 2018 in a press release titled "Notice of Establishment of Subsidiary," KDX established KIP as a company to specialize in the real estate private fund business, which KDX planned to transfer to this new company. This divestiture will transfer the investment advisory and other activities involving private funds to KIP. In addition, KIP will receive contractual rights from Kenedix Real Estate Fund Management, Inc. (KFM), which is a wholly owned subsidiary of KDX, with regard to the discretionary investment management contracts with private funds. Taking these actions will make the Kenedix Group a one-stop source of services for investment requirements concerning private funds.

2. Summary of the corporate divestiture

(1) Schedule

Board of Directors' resolution	September 27, 2018
Contract signing	September 27, 2018
Divestiture date	November 1, 2018 (tentative)

Note: No shareholders meeting will be held to approve the corporate divestiture because KDX can use a simplified absorption-type company split as prescribed in Article 784, Paragraph 2 of the Companies Act.

(2) Divestiture method

This corporate divestiture is an absorption-type split with KDX as the divesting company and KIP as the company receiving the divested business.

(3) Allotment of stock associated with the corporate divestiture

In this corporate divestiture, allotment of stock or any other consideration is not planned because this will be executed between KDX and a wholly owned subsidiary.

(4) Treatment of subscription rights to shares and bonds with subscription rights to shares in association with the corporate divestiture

There will be no changes in the treatment of subscription rights to shares issued by KDX after the divestiture. KDX has not issued any bonds with subscription rights to shares.

(5) Change of capital in association with the corporate divestiture

There is no capital increase or decrease due to the corporate divestiture.

(6) Rights and obligations received by KIP

KIP will receive the assets, liabilities, rights and other rights and obligations required to operate the divested business as prescribed in the absorption-type company split agreement.

(7) Prospect for the performance of debt obligations

KDX believes there will be no problem concerning the ability of KIP to fulfill its debt obligations following the divestiture.

3. Overview of the companies involved

(1) Divesting company (As of June 30, 2018)

Name	Kenedix, Inc.	
Address	Hibiya Parkfront, 2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo	
Representative	Taisuke Miyajima, President & CEO	
Business	Consulting business related to real estate transactions and usage as well as asset management Purchase and sale, leasing, brokerage and appraisal of real estate Real estate management Group control administration Type II financial instruments business Specified joint real estate venture , etc.	
Capital	40,284 million yen (non-consolidated)	
Established	April 17, 1995	
Number of shares outstanding	239,816,500 shares	
Fiscal year	December	
Major shareholders and shareholding ratios	UBS AG SINGAPORE	20.81%
	MSIP CLIENT SECURITIES	5.44%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.95%
	Chase Manhattan Bank GTS Clients Account Escrow	3.65%
	Japan Trustee Services Bank, Ltd. (Trust Account)	2.90%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	2.03%
	Japan Securities Finance Co., Ltd.	1.59%
	State Street Bank and Trust Company	1.58%
	Japan Trustee Services Bank, Ltd. (Trust Account 1)	1.55%

Note: KDX holds 10,614,200 shares (4.43%) of treasury stock, which are excluded from this table of major shareholders.

(2) Company receiving divested business (As of September 27, 2018)

Name	Kenedix Investment Partners, Inc
Address	Hibiya Parkfront, 2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Naokatsu Uchida, President & CEO
Business	Investment management business, investment advisory and agency operations, etc. Building lots and buildings transaction business Real estate investment advisory business Type 2 financial instruments dealer business Management of an organization of a special purpose company Transactions of real estate and asset-backed securities mainly involving real estate, real estate leasing and brokerage, and real estate management and appraisals Consulting business regarding management and usage of real estate and other assets All business incidental to the preceding activities
Capital	90 million yen
Established	April 27, 2018
Number of shares outstanding	9,000 shares
Fiscal year	December
Major shareholders and shareholding ratios	Kenedix, Inc. 100%

4. Financial highlights of KDX and KIP in year prior to the divestiture

	KDX	KIP
Fiscal year	2017 (consolidated)	(Note)
Net assets	101,523 million yen	
Total assets	190,761 million yen	
Book-value per share	384.94 yen	
Revenue	26,349 million yen	
Operating income	12,285 million yen	
Profit attributable to owners of parent	10,516 million yen	
Net income per share	43.70 yen	

Note: There are no balance sheet or income statement figures for KIP because the company was established on April 27, 2018 and the company's first fiscal year ends on December 31, 2018.

5. Overview of business to be divested

(1) Details of business to be divested

In the KDX real estate asset management business, all of the investment advisory and agency operations businesses under the Financial Instruments and Exchange Act, part of the Type 2 financial instruments business under the Financial Instruments and Exchange Act, and part of other parts of the real estate asset management business.

(2) Results of operations of business to be divested (2017)

Revenue: 3,477 million yen

(3) Assets and liabilities items and book value to be divested

Assets		Liabilities	
Current assets	895 thousand yen	Current liabilities	895 thousand yen
Fixed assets	-	Long-term liabilities	-
Total	895 thousand yen	Total	895 thousand yen

Note: These figures are estimates based on the balance sheet as of June 30, 2018. The actual amounts that will be divested will be different because of changes in assets and liabilities between now and November 1, 2018, the date of the divestiture.

6. Status after the corporate divestiture

There will be no change in the names, head offices, titles and names of representatives, business activities, capital or fiscal years of KDX and KIP because of this divestiture.

7. Outlook

This divestiture is a transaction between KDX and a wholly owned subsidiary. As a result, the effect on consolidated results of operations will be negligible.

Cautionary Statement Concerning Forward-Looking Information

This press release contains forward-looking statements that may include “intends,” “will” and other similar words and phrases, statements regarding the intent, belief, strategy, plans or current expectations of Kenedix. Such forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. Kenedix has no obligation to update forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law.