

November 14, 2018

Company name: Kenedix, Inc.  
Representative: Taisuke Miyajima, President & CEO  
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.

### **Notice of Change in Subsidiary Due to Silent Partnership Investment in Retail Facility**

Kenedix, Inc. has decided to make a silent partnership (tokumei kumiai) investment in KRF74 Godo Kaisha, a special purpose company (SPC) that will purchase trust beneficiary rights backed by a retail facility from Kenedix Retail REIT Corporation.

#### **1. Summary of the investment and reason for change in subsidiary**

KRF74, which will receive a silent partnership investment from Kenedix, will purchase beneficiary rights backed by a retail facility from Kenedix Retail REIT Corporation.

KRF74 plans to purchase 49% of the quasi co-ownership of the trust beneficiary rights in December 2018 and the remaining 51% in April 2019. KRF74 is expected to become a consolidated subsidiary of Kenedix.

Kenedix believes that this investment will contribute to the development and growth of the investment portfolio of Kenedix Group J-REITs.

#### **2. Summary of the underlying asset**

Description and location	Purchase price (net of taxes)	Category
Solala Plaza (Sendai, Miyagi)	5,980 million yen	Retail facility

\* Kenedix will acquire one section of Solala Plaza consisting primarily of a medium-rise building.

#### **3. Summary of KRF74**

(1) Name	Godo Kaisha KRF74	
(2) Address	2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo	
(3) Representative	Representative Partner: Ippan Shadan Hojin Berinda Executor: Tadatsugu Ishimoto	
(4) Business	Purchasing, holding, disposing, etc. of real estate or real estate trust beneficiary rights	
(5) Established	October 12, 2018	
(6) Capital	1 million yen	
(7) Shareholder and Shareholding ratio	Ippan Shadan Hojin Berinda: 100%	
(8) Relationships between Kenedix and KRF74	Capital	No significant items.
	Personnel	No significant items.
	Business	No significant items.
(9) Results of operations and financial condition for the last three years	No figures are shown because KRF74 was established in October 2018.	

#### 4. Summary of Kenedix Retail REIT Corporation (KRR)

(1)	Name	Kenedix Retail REIT Corporation
(2)	Address	2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo
(3)	Jurisdiction	Investment Corporation established based on the Investment Trust and Investment Corporation Act
(4)	Activities	Management of assets in accordance with the Investment Trust and Investment Corporation Act
(5)	Established	October 3, 2014
(6)	Total capitalization	113,399 million yen
(7)	Profile of the asset management company	Name
		Kenedix Real Estate Fund Management, Inc. (KFM)
		Address
		2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo
		Representative
(8)	Relationships between Kenedix and KRR	Masahiko Tajima, President & CEO
		Business
		Investment management business, Type II financial instruments business
(9)	Relationships between Kenedix and KFM	Capital
		200 million yen
		Investments
(8)	Relationships between Kenedix and KRR	The Kenedix Group holds 5,750 units (approximately 1.1%) of all investment units issued by KRR.
		Significant items
		Asset management company (KFM) of KRR is a wholly owned consolidated subsidiary of Kenedix.
(9)	Relationships between Kenedix and KFM	Capital
		KFM is a wholly owned consolidated subsidiary of Kenedix.
		Personnel
(9)	Relationships between Kenedix and KFM	Four corporate auditors of Kenedix are part-time corporate auditors of KFM.
		Business
		No significant items.

#### 5. Schedule

Contract signing	November 14, 2018
Asset purchase date (1)	December 21, 2018 (tentative)
Asset purchase date (2)	April 5, 2019 (tentative)

\* Asset purchase date (1): 49% interest of the quasi co-ownership

Asset purchase date (2): 51% interest of the quasi co-ownership

#### 6. Outlook

In association with this investment, there is no change in the 2018 consolidated forecast announced on August 10, 2018. An announcement will be made promptly if a forecast is revised due to changes in the operating environment, real estate market or results of operations.

#### Cautionary Statement Concerning Forward-Looking Information

This press release contains forward-looking statements that may include “intends,” “will” and other similar words 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.