

September 12, 2019

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

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

Notice of Change in Subsidiary

Kenedix, Inc. has decided to make an additional silent partnership investment in Godo Kaisha KRF48, which is a special purpose company that owns land in Yokohama. This investment will be made at the time construction is completed. When this additional investment is made, Kenedix expects that KRF48 will become a consolidated subsidiary. Information about KRF48 was provided in a March 30, 2017 press release titled "Notices of Policy for Acquiring Office Building and Land for Development and Establishment of a Land Acquisition Subsidiary" and a November 24, 2017 press release titled "Notice of Change in Subsidiary Resulting from Involvements of Development Project Partners."

1. Overview

KRF48 acquired land at the the Central District (Block 37) of Minato Mirai 21 in the city of Yokohama. Following this purchase, Kenedix and its partners for the development of this site, Panasonic Homes Co., Ltd. and Kajima Corporation, began work on this project.

KRF48 has completed a basic plan for this project and work will advance to the full-scale development phase in October 2019. In conjunction with a loan that KRF48 will receive for the development work, Kenedix has decided to make an additional silent partnership investment in the future for this special purpose company. At the time of the additional investment when construction is completed, which is scheduled for January 2023, Kenedix expects that KRF48, which is not currently consolidated, will become a consolidated subsidiary.

2. Summary of KRF48

(1) Name	Godo Kaisha KRF48	
(2) Address	2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo	
(3) Representative	Representative Partner: Ippan Shadan Hojin Callisto Executor: Tadatsugu Ishimoto	
(4) Business	Purchase, ownership, sale and other activities involving real estate or real estate trust beneficiary rights	
(5) Established	March 10, 2014	
(6) Capital	1 million yen (Kenedix, Inc. 100%)	
(7) Relationships between Kenedix and KRF48	Capital	No significant items
	Personnel	No significant items
	Business	No significant items

(8) Results of operations and financial condition for the last three years	The acquisition price of the land acquired by KRF48 on March 30, 2017 was 16,100 million yen (net of taxes). There is no financial information prior to this acquisition because KRF48 had no assets until this transaction.		
	(Millions of Yen)	FY11/17	FY11/18
	Net assets	0	1
	Total assets	17,397	17,427
	Sales	192	300
	Operating income	69	90
	Ordinary income	(102)	8
	Profit	0	0

3. Amount and ratio of Kenedix investment

Investments before additional investment (As of September 12, 2019)	2,232 million yen (30.0%)
Investments after additional investment (As of January 31, 2023, tentative)	6,648 million yen (44.9%)

Note: In addition to these investments, Kenedix also plans to extend a mezzanine loan to KRF48.

4. Schedule

Board of Directors resolution	September 12, 2019
Completion of additional investment	January 31, 2023 (tentative)

5. Outlook

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