

June 29, 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.

Notice of Change in Subsidiary

Kenedix, Inc. has decided today to cancel part of the silent partnership contract with Aoyama North Side Godo Kaisha (the SPC) concerning Kenedix's investment in the SPC. The SPC owns trust beneficiary rights for an office building in Tokyo. Kenedix expects that the SPC will no longer be a consolidated subsidiary following the partial termination of this contract.

1. Overview

Kenedix and a co-investor made investments in the SPC, which was a consolidated subsidiary of Kenedix. This SPC held real estate trust beneficiary rights for an office building in Tokyo. Due to the desire of the co-investor to make an additional investment in the SPC, Kenedix agreed to cancel part of the silent partnership contract for the SPC. Since this change results in the redemption of a part of its original investment, Kenedix expects that the SPC will no longer be a consolidated subsidiary.

2. Reason for redemption of investment

Kenedix has decided to accept the request of the co-investor in the SPC to make an additional investment. In addition, recovering part of its investment in the SPC will provide Kenedix with funds that can be used for other investments. Kenedix believes this will contribute to the further diversification of its investment portfolio and the more efficient use of invested capital.

3. Summary of the SPC

(1) Name	Aoyama North Side Godo Kaisha			
(2) Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo			
(3) Representative	Representative Partner: Aoyama North Side Ippan Shadan Hojin Executor: Tadatsugu Ishimoto			
(4) Business	Purchasing, holding, disposing, etc. of real estate or real estate trust beneficiary rights			
(5) Established	July 1, 2015			
(6) Capital	1 million yen (Kenedix, Inc. 100%)			
(7) Relationships between Kenedix and the SPC	Capital	No significant items.		
	Personnel	No significant items.		
	Business	No significant items.		
(8) Results of operations and financial condition for the last three years	(Millions of Yen)	-	FY4/16	FY4/17
	Net assets	-	0	0
	Total assets	-	14,396	14,408
	Net sales	-	55	465
	Operating income	-	47	311
	Ordinary income	-	45	267
	Profit	-	0	0

4. Amount and ratio of Kenedix investment in silent partnership

(Millions of Yen)

Before partial redemption of investment	4,247 (62.0%)
After partial redemption of investment	500 (7.3%)

5. Schedule

Signing of agreement for the partial contract cancelation	June 30, 2017 (tentative)
Partial redemption of investment	July 3, 2017 (tentative)

6. Outlook

The impact on the 2017 results of operations is negligible. 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.