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(Securities Code: 4321)  
March 5, 2018

## To Those Shareholders with Voting Rights

Taisuke Miyajima  
CEO & President  
Kenedix, Inc.  
6-5 Nihombashi Kabutocho,  
Chuo-ku, Tokyo

### NOTICE OF THE 23<sup>rd</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 23<sup>rd</sup> Ordinary General Meeting of Shareholders of Kenedix, Inc. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing or by electromagnetic means via the Internet, etc. Please review the “Reference Documents for General Meeting of Shareholders” mentioned below, and exercise your voting rights by no later than 5:30 p.m., Monday, March 26, 2018.

- 1. Date and Time** 10:00 a.m., Tuesday, March 27, 2018  
(Attendance registration begins at 9:00 a.m.)
- 2. Place** Event Hall, B2, Belle Salle Tokyo Nihonbashi, Tokyo Nihombashi Tower,  
2-7-1 Nihombashi Chuo-ku, Tokyo
- 3. Agenda of the Meeting:**  
**Matters to be reported:**
  1. Details of the Business Report, the Consolidated Financial Statements and Audit Reports of the Accounting Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements for the 23rd Fiscal Term (from January 1, 2017 to December 31, 2017)
  2. Non-Consolidated Financial Statements for the 23rd Fiscal Term (from January 1, 2017 to December 31, 2017)

**Proposals to be resolved:**

- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Ten (10) Directors
- Proposal No. 4:** Election of One (1) Corporate Auditor
- Proposal No. 5:** Election of One (1) Substitute Corporate Auditor

#### Disclosure via the Internet

\*Among the documents to be provided at the time of giving this Notice, those concerning 1) Notes to the Consolidated Financial Statements (for the 23rd Fiscal Term) and 2) Notes to the Non-Consolidated Financial Statements (for the 23rd Fiscal Term) are not disclosed in this Notice but instead presented on the Company’s Internet website in compliance with the laws and ordinances as well as Article 15 of the Company’s Articles of Incorporation. Therefore, the attached documents of this Notice are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Corporate Auditors and the Accounting Auditor in preparation of their Audit Reports

\*Any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements will be posted on the Internet website (URL: <http://www.kenedix.com/>) of the Company.

## Reference Documents for General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Dividends from Surplus

The Company views the return of profits to its shareholders as an important management agenda, and holds sustained dividend payments based on its business results as its fundamental principle. Dividend amounts are comprehensively determined considering the following: results of operations; sufficient internal reserves for future growth; dividend payout ratio; and other factors.

In accordance with the aforementioned dividend policy, dividend payments from surplus for the current fiscal year will be as follows:

- (1) Type of Dividend Property  
Cash
- (2) Dividend Property Allocation and Total Amount  
Six (6) yen per share of the Company's common stock  
Total amount: 1,438,675,800 yen
- (3) Effective Date of Dividends from Surplus  
March 28, 2018

#### Proposal No. 2: Partial Amendments to the Articles of Incorporation

##### 1. Reasons for the proposal

With the objective to improve the office environment and working toward further streamlining of operations, the Company relocated its offices from Chuo-ku, Tokyo to Chiyoda-ku, Tokyo in November 2017, the Company proposes to amend the address of the head office stipulated in Article 3 (Address of Head Office) in the current Articles of Incorporation in line with the actual location of head office operations.

##### 2. Details of the amendment

(Underlined parts are amended.)

| Current Articles of Incorporation  | Proposed Amendment  |
|--|---|
| (Address of Head Office)<br>Article 3 The head office of the Company shall be in <u>Chuo-ku</u> , Tokyo. | (Address of Head Office)<br>Article 3 The head office of the Company shall be in <u>Chiyoda-ku</u> , Tokyo. |

**Proposal No. 3: Election of Ten (10) Directors**

The term of office of all eight Directors will expire at the close of this General Meeting of Shareholders. Accordingly, with the addition of two persons to strengthen the management structure, the Company proposes the election of ten Directors.

The candidates for Directors are as follows:

| No. | Name                                   | Current status and assignment in the Company   | Percentage of attendance at Board of Directors' meetings |
|-----|--|--|--|
| 1   | <u>Reappointment</u> Atsushi Kawashima | Chairman, Director   | 92% (23/25 times)  |
| 2   | <u>Reappointment</u> Taisuke Miyajima  | CEO & President  | 100% (25/25 times)                                       |
| 3   | <u>Reappointment</u> Soushi Ikeda      | Director, Head of Strategic Investment Department  | 100% (25/25 times)                                       |
| 4   | <u>Reappointment</u> Akira Tanaka      | Director (Responsible for General Administration & Human Resources Department and Finance & Accounting Department) | 94% (18/19 times)  |
| 5   | <u>Reappointment</u> Koju Komatsu      | Director and Head of Equity Investment Department (Responsible for Corporate Planning Department)                  | 100% (19/19 times)                                       |
| 6   | <u>New appointment</u> Marie Kitsuda   |  | -  |
| 7   | <u>Reappointment</u> Shuhei Shiozawa   | <u>Independent Director Candidate for Outside Director</u>   | 96% (24/25 times)  |
| 8   | <u>Reappointment</u> Ko Sekiguchi      | <u>Independent Director Candidate for Outside Director</u>   | 84% (21/25 times)  |
| 9   | <u>New appointment</u> Hiroki Yaze     | <u>Independent Director Candidate for Outside Director</u>   | -  |
| 10  | <u>New appointment</u> Koji Kotaka     | <u>Independent Director Candidate for Outside Director</u>   | -  |

Notes: 1. Mr. Shuhei Shiozawa, Mr. Ko Sekiguchi, Mr. Hiroki Yaze and Mr. Koji Kotaka are candidates for Outside Directors.

2. The Company has executed liability limitation agreements with Mr. Shuhei Shiozawa and Mr. Ko Sekiguchi as Outside Directors in accordance with Paragraph 1, Article 427 of the Companies Act. Pursuant to the agreements, the Outside Directors shall be liable for damages up to the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act, on the condition that they act in good faith and are not grossly negligent in performing their duties. Upon the election of the two Outside Directors in accordance with the proposal in its original form, the Company shall extend the current liability limitation agreements. Upon the elections of Mr. Hiroki Yaze and Mr. Koji Kotaka as originally proposed, the Company plans to execute similar liability limitation agreements with them.

**1 Atsushi Kawashima** Date of Birth: January 4, 1959  
Age: 59

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders) 13 years  
Conflict of interest in the Company None  
Number of the Company's shares held 184,000 shares  
Percentage of attendance at Board of Directors' meetings 92% (23/25 times)

|   |   |
|---|---|
| <b>Career history, status, and assignment</b>   |   |
| June 1998   | Joined the Company  |
| March 2001  | Director, Executive Vice President  |
| January 2003  | Director, Executive Officer   |
| March 2003  | Executive Officer, COO  |
| October 2004  | Director, KW REIT Management, Inc.  |
| March 2005  | Director & COO, Executive Officer, Kenedix, Inc.                              |
| March 2007  | President & CEO<br>President, Representative Director, Kenedix Advisors, Inc. |
| December 2009   | Representative Director, Kenedix Asset Management, Inc.                       |
| May 2010  | Director, MAX-REALTY INC.   |
| March 2013  | Chairman, Representative Director, Kenedix, Inc.                              |
| October 2013  | Representative Director, Space Design, Inc. (present post)                    |
| March 2016  | Chairman, Director, Kenedix, Inc. (present post)                              |
| <b>Important concurrent positions</b>   |   |
| Representative Director, Space Design, Inc.<br>Outside Director, NIPPON PARKING DEVELOPMENT CO., LTD.   |   |
| <b>Reasons for nominating Mr. Kawashima as a candidate for Director</b>   |   |
| Mr. Atsushi Kawashima has successively served as Representative Director of subsidiaries of the Company and President & CEO and Chairman of the Company and has abundant experience and achievements as a manager. The Company believes that Mr. Kawashima, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Kawashima as a candidate for Director. |   |

- Notes: 1. Years of appointment of each candidate in this proposal is from their election until the end of this General Meeting of Shareholders.  
2. Age of each candidate in this proposal is at the time of this General Meeting of Shareholders.  
3. When it is determined that the candidate will retire from important concurrent positions by the time he or she takes office after election at this shareholder meeting or soon after his assumption of his position, such positions are omitted in this material.

**2 Taisuke Miyajima** Date of Birth: April 17, 1962  
Age: 55

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders) 6 years  
 Conflict of interest in the Company None  
 Number of the Company's shares held 104,600 shares  
 Percentage of attendance at Board of Directors' meetings 100% (25/25 times)

|  |   |
|--|---|
| Career history, status, and assignment   |   |
| April 1998   | Joined the Company  |
| October 2004   | Representative Director, KW REIT Management, Inc.   |
| May 2005   | Executive Director, Kenedix Realty Investment Corporation (present Kenedix Office Investment Corporation) |
| February 2012  | Corporate Advisor, Kenedix, Inc.  |
| March 2012   | Director, Kenedix Asset Management, Inc.<br>Director, Kenedix, Inc.                                       |
| March 2013   | President & CEO, Kenedix, Inc. (present post)   |
| April 2013   | Representative Director, Kenedix Asset Management, Inc.   |
| March 2017   | Director, Space Design, Inc. (present post)   |
| June 2017  | Director, Bit Realty, Inc. (present post)   |
| Important concurrent positions   |   |
| Director, Space Design, Inc.<br>Director, Bit Realty, Inc.   |   |
| Reasons for nominating Mr. Miyajima as a candidate for Director  |   |
| Mr. Taisuke Miyajima has successively served as Representative Director of a subsidiary of the Company, Executive Director of an investment corporation and President & CEO of the Company and has abundant experience and achievements as a manager. The Company believes that Mr. Miyajima, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Miyajima as a candidate for Director. |   |

**3 Soushi Ikeda**      Date of Birth: September 29, 1967  
 Age: 50

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders)    4 years  
 Conflict of interest in the Company      None  
 Number of the Company's shares held    5,400 shares  
 Percentage of attendance at Board of Directors' meetings    100% (25/25 times)

|   |  |
|---|--|
| Career history, status, and assignment  |  |
| June 2003   | Joined the Company   |
| October 2004  | Director, Head of Investment Management Department, KW REIT Management, Inc. |
| April 2008  | Executive Officer, Head of Investment Business Department, Kenedix, Inc.     |
| January 2010  | Executive Officer, Head of Strategic Investment Department                   |
| March 2014  | Director, Head of Strategic Investment Department (present post)             |
| Important concurrent positions  |  |
| Not applicable  |  |
| Reasons for nominating Mr. Ikeda as a candidate for Director  |  |
| Mr. Soshi Ikeda has abundant experience and achievements as a manager of investment division of a subsidiary of the Company and the Company. The Company believes that Mr. Ikeda, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Ikeda as a candidate for Director. |  |

4 **Akira Tanaka** Date of Birth: July 30, 1964  
Age: 53

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders) 1 year  
 Conflict of interest in the Company None  
 Number of the Company's shares held 67,600 shares  
 Percentage of attendance at Board of Directors' meetings 94% (18/19 times)

|   |   |
|---|---|
| <b>Career history, status, and assignment</b>   |   |
| September 2000  | Joined the Company  |
| January 2004  | Executive Officer & COO, KW Pension Fund Advisors Co., Ltd.   |
| September 2006  | Executive Officer, Head of Strategic Investment Department, Kenedix, Inc.   |
| December 2009   | Director, Kenedix Asset Management, Inc.  |
| February 2010   | President, Representative Director, Kenedix Advisors, Inc.  |
| March 2010  | Director, Kenedix, Inc.   |
| August 2011   | President & CEO, Kenedix Residential Partners, Inc. (present Kenedix Real Estate Fund Management, Inc.)   |
| November 2011   | Executive Director, Kenedix Residential Investment Corporation  |
| October 2013  | Director & COO, Head of Residential REIT Department, Kenedix Real Estate Fund Management Inc.   |
| March 2017  | Director (Responsible for General Administration & Human Resources Department and Finance & Accounting Department) , Kenedix, Inc. (present post) |
| <b>Important concurrent positions</b>   |   |
| Not applicable  |   |
| <b>Reasons for nominating Mr. Tanaka as a candidate for Director</b>  |   |
| Mr. Akira Tanaka has successively served as Representative Director of a subsidiary of the Company, Director of the Company, and Executive Director of an investment corporation, and has abundant experience and achievements as a manager. The Company believes that Mr. Tanaka, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Tanaka as a candidate for Director. |   |

5 **Koju Komatsu** Date of Birth: October 25, 1973  
 Age: 44

Reappointment



Years of appointment (at the close of this General Meeting of Shareholders) 1 year  
 Conflict of interest in the Company None  
 Number of the Company's shares held 9,800 shares  
 Percentage of attendance at Board of Directors' meetings 100% (19/19 times)

|   |   |
|---|---|
| <b>Career history, status, and assignment</b>   |   |
| April 2005  | Joined the Company  |
| June 2007   | Compliance Officer, Kenedix REIT Management, Inc.   |
| September 2009  | Head of Investment Management Department  |
| February 2012   | Director, Head of Investment Management Department  |
| October 2012  | Head of Equity Investment Department, Kenedix, Inc.   |
| March 2014  | Executive Officer, Head of Equity Investment Department   |
| March 2017  | Director (Responsible for Corporate Planning Department), Head of Equity Investment Department (present post) |
| <b>Important concurrent positions</b>   |   |
| Not applicable  |   |
| <b>Reasons for nominating Mr. Komatsu as a candidate for Director</b>   |   |
| Mr. Koju Komatsu has successively served as Compliance Officer and Director of a subsidiary of the Company and has abundant experience and achievements as a manager of investment management department of the Company. The Company believes that Mr. Komatsu, with his experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Mr. Komatsu as a candidate for Director. |   |



**6 Marie Kitsuda**Date of Birth: April 14, 1962  
Age: 55

New appointment



Conflict of interest in the Company None

Number of the Company's shares held None

|  |  |
|--|--|
| <b>Career history, status, and assignment</b>  |  |
| April 1985   | Joined The Mitsubishi Trust and Banking Corporation (present Mitsubishi UFJ Trust and Banking Corporation) |
| July 1993  | Singapore Branch   |
| July 1995  | Corporate Finance Department   |
| April 2002   | Real Estate Consulting Department  |
| May 2012   | General Manager, Real Estate Consulting Department (to retire on March 31, 2018)                           |
| <b>Important concurrent positions</b>  |  |
| Expert Advisor of Land Appraisal Committee, Ministry of Land, Infrastructure, Transport and Tourism  |  |
| Member of Fixed Assets Valuation Review Committee, Tokyo Metropolitan Government   |  |
| <b>Reasons for nominating Ms. Kitsuda as a candidate for Director</b>  |  |
| Ms. Marie Kitsuda has abundant experience and achievements in real estate consulting and corporate finance at a trust bank. The Company believes that Ms. Kitsuda, with her experience and insight, would be well qualified to be a Director of the Company to lead sustainable growth of the Company. Accordingly, the Company nominated Ms. Kitsuda as a candidate for Director. |  |

Note: If the election of Ms. Marie Kitsuda is approved, she is to assume office on April 1, 2018.

**7 Shuhei Shiozawa** Date of Birth: September 19, 1955  
 Age: 62 Reappointment Independent Director Outside Director



Years of appointment (at the close of this General Meeting of Shareholders) 6 years  
 Conflict of interest in the Company None  
 Number of the Company's shares held None  
 Percentage of attendance at Board of Directors' meetings 96% (24/25 times)

|  |  |
|--|--|
| <b>Career history, status, and assignment</b>  |  |
| November 1986  | Ph.D. (Economics) in University of Minnesota         |
| April 1987   | Associate Professor, Economics, Keio University      |
| April 1994   | Professor, Economics, Keio University (present post) |
| January 2001   | Cabinet Counselor (Global Economics)                 |
| October 2005   | Dean, Faculty of Economics, Keio University          |
| April 2008   | Member of CPA Examination Committee                  |
| March 2012   | Outside Director, Kenedix, Inc. (present post)       |
| <b>Important concurrent positions</b>  |  |
| Professor, Economics, Keio University  |  |
| Outside Director, KYB Corporation  |  |
| Outside Director, Ahresty Corporation  |  |
| <b>Reasons for nominating Mr. Shiozawa as a candidate for Outside Director</b>   |  |
| Based on ample knowledge and experience as a university professor in economics, Mr. Shuhei Shiozawa provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Directors' management operation. Although Mr. Shiozawa has not been involved in company management other than as Director of the Company, he has contributed to the Company by Responsible for the management with his extensive knowledge and experience. Accordingly, the Company nominated Mr. Shiozawa as a candidate for Outside Director. |  |
| <b>Independency</b>  |  |
| The Company has made a submission to the Tokyo Stock Exchange designating Mr. Shuhei Shiozawa as an independent director as provided by the Tokyo Stock Exchange. There is no transaction relationship between Mr. Shiozawa and the Company.   |  |

**8 Ko Sekiguchi**

Date of Birth:

May 4, 1948

Age: 69

Reappointment

Outside Director

Independent Director



Years of appointment (at the close of this General Meeting of Shareholders) 4 years

Conflict of interest in the Company None

Number of the Company's shares held None

Percentage of attendance at Board of Directors' meetings 84% (21/25 times)

|   |   |
|---|---|
| <b>Career history, status, and assignment</b>   |   |
| April 1973  | Joined Mitsubishi Corporation   |
| May 1990  | Joined The Boston Consulting Group, Inc.  |
| January 1996  | General Manager, Sterrad Business Division, Johnson & Johnson Medical K.K. (present Johnson & Johnson K.K. Medical Company) |
| November 1998   | Representative Director and President, Janssen-Kyowa Co., Ltd. (present Janssen Pharmaceutical K.K.)                        |
| July 2009   | Director and Chairman, Janssen Pharmaceutical K.K.  |
| October 2009  | Senior Advisor, Janssen Pharmaceutical K.K.   |
| August 2010   | Professor, Kenichi Ohmae Graduate School of Business (present post)   |
| January 2011  | Representative, DIA Japan (present General Incorporated Association DIA Japan)  |
| April 2012  | Representative Director, General Incorporated Association DIA Japan (present post)  |
| March 2014  | Outside Director, Kenedix, Inc. (present post)  |
| <b>Important concurrent positions</b>   |   |
| Professor, Kenichi Ohmae Graduate School of Business<br>Representative Director, General Incorporated Association DIA Japan<br>Outside Director, Solasto Corporation  |   |
| <b>Reasons for nominating Mr. Sekiguchi as a candidate for Outside Director</b>   |   |
| Based on Mr. Ko Sekiguchi's ample management experience at multi-national companies and extensive knowledge as a graduate school professor, Mr. Sekiguchi provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Directors' management operation. Accordingly, the Company nominated Mr. Sekiguchi as a candidate for Outside Director. |   |
| <b>Independency</b>   |   |
| The Company has made a submission to the Tokyo Stock Exchange designating Mr. Ko Sekiguchi as an independent director as provided by the Tokyo Stock Exchange. There is no transaction relationship between Mr. Sekiguchi and the Company.  |   |

9 **Hiroki Yaze** Date of Birth: August 8, 1954  
 Age: 63 New appointment Outside Director  
Independent Director



Conflict of interest in the Company None  
 Number of the Company's shares held None

|  |   |
|--|---|
| <b>Career history, status, and assignment</b>  |   |
| April 1978   | Joined The Sumitomo Bank, Limited (present Sumitomo Mitsui Banking Corporation)                                       |
| January 1996   | General Manager, Kurume Branch  |
| October 1997   | General Manager, Credit Business Office   |
| April 2001   | General Manager, Dotonbori Corporate Business Office  |
| April 2005   | General Manager, Credit Dept. III, Wholesale Banking Unit   |
| April 2006   | General Manager, Marunouchi Corporate Business Office   |
| June 2008  | Resigned from Sumitomo Mitsui Banking Corporation<br>Full-time Corporate Auditor, Sumitomo Mitsui Banking Corporation |
| June 2015  | Retired from Sumitomo Mitsui Banking Corporation  |
| June 2015  | Representative Director and Senior Managing Executive Officer, GINSEN CO., LTD. (present post)                        |
| <b>Important concurrent positions</b>  |   |
| Representative Director and Senior Managing Executive Officer, GINSEN CO., LTD.  |   |
| <b>Reasons for nominating Mr. Yaze as a candidate for Outside Director</b>   |   |
| Based on Mr. Hiroki Yaze's ample management experience in the financial industry and insight as a manager, the Company expects Mr. Yaze to provide advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the management operation of the Board of Directors. Accordingly, the Company nominated Mr. Yaze as a candidate for Outside Director.   |   |
| <b>Independency</b>  |   |
| Mr. Hiroki Yaze fulfills the requirements of an independent director as provided by the Tokyo Stock Exchange. The Company intends to make a submission to the Tokyo Stock Exchange designating Mr. Yaze as an independent director if his election is approved in this proposal. Although Mr. Yaze was a business executive until June 2008 at The Sumitomo Mitsui Banking Corporation, which is one of the primary banks of the Company, a due amount of time of approximately 10 years has passed since he retired as a business executive, and he is not in a position to be influenced by the said Bank. |   |

Note: Although Mr. Hiroki Yaze is the Representative Director of GINSEN CO., LTD., with which the Company has periodic transactions as an insurance agent, the amount of transactions with the said company during the fiscal year ended December 31, 2017 was less than 0.01% of the Company's revenue. In addition, the said company and the Company are in a competitive relationship in the real estate industry.

**10 Koji Kotaka** Date of Birth: May 14, 1958  
 Age: 59 New appointment Outside Director  
Independent Director

Conflict of interest in the Company None  
 Number of the Company's shares held None



|   |  |
|---|--|
| <b>Career history, status, and assignment</b>   |  |
| April 1987  | Registered as attorney at law<br>Joined Sato and Tsuda Law Office  |
| August 1990   | Joined Goldman Sachs Japan (present Goldman Sachs Japan Co., Ltd.) |
| November 1998   | Managing Director  |
| November 2006   | Partner  |
| December 2009   | Joined Nishimura & Asahi   |
| January 2011  | Established Koji Kotaka Law Office, Representative (present post)  |
| May 2015  | Supervisory Director, Japan Senior Living Investment Corporation   |
| <b>Important concurrent positions</b>   |  |
| Representative, Koji Kotaka Law Office<br>Outside Director, Monex Group, Inc.<br>External Board Member, LINE Corporation  |  |
| <b>Reasons for nominating Mr. Kotaka as a candidate for Outside Director</b>  |  |
| Based on Mr. Koji Kotaka's legal knowledge as an attorney at law and ample management experience in the investment bank industry, the Company expects Mr. Kotaka to provide advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the management operation of the Board of Directors. Accordingly, the Company nominated Mr. Kotaka as a candidate for Outside Director. |  |
| <b>Independency</b>   |  |
| Mr. Koji Kotaka meets the requirement as an independent director as provided by the Tokyo Stock Exchange. The Company intends to make a submission to the Tokyo Stock Exchange designating Mr. Kotaka as an independent director when the election of Mr. Kotaka is approved in this proposal. There is no transaction relationship between Mr. Kotaka and the Company.   |  |

**Proposal No. 4: Election of One (1) Corporate Auditor**

The term of office of Corporate Auditor Mr. Tetsuo Ueda will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one Corporate Auditor.

The Board of Corporate Auditors consents to this submitted proposal.

The candidate for Corporate Auditor is as follows:

**Keizo Katayama**

Date of Birth:  
January 8, 1958  
Age: 60

**New appointment**



Conflict of interest in the Company      None  
Number of the Company's shares held      34,800 shares

|  |  |
|--|--|
| <b>Career history and status</b>   |  |
| February 2002  | Joined the Company   |
| January 2007   | Executive Officer, Head of Osaka Office                                      |
| February 2010  | Director, Kenedix Advisors, Inc.   |
| August 2011  | President & CEO, Kenedix Advisors, Inc.                                      |
| October 2013   | Executive Officer, Head of Fund Management Department, Kenedix, Inc.         |
| January 2014   | President & CEO, Kenedix Property Management, Inc. (to retire in March 2018) |
| August 2015  | President & CEO, Kenedix Engineering, Inc. (to retire in March 2018)         |
| <b>Important concurrent positions</b>  |  |
| Not applicable   |  |
| <b>Reasons for nominating Mr. Katayama as a candidate for Corporate Auditor</b>  |  |
| Mr. Keizo Katayama has successively served as Executive Officer of the Company and Director and Representative Director of subsidiaries of the Company, and has extensive experience and achievements in the real estate industry. The Company believes that Mr. Katayama would be able to appropriately fulfill the duties of a Full-time Corporate Auditor of the Company. Accordingly, the Company nominated Mr. Katayama as a candidate for Corporate Auditor. |  |

Notes: Age of each candidate in this proposal is at the time of this General Meeting of Shareholders.



**Consolidated Balance Sheet** (As of December 31, 2017)

(Millions of yen)

| Account title                    | Amount         | Account title   | Amount         |
|----------------------------------|----------------|---|----------------|
| <b>Assets</b>                    |                | <b>Liabilities</b>                                      |                |
| Current assets                   | 96,258         | Current liabilities                                     | 13,778         |
| Cash and deposits                | 48,342         | Accounts payable — trade                                | 351            |
| Deposits held in trust           | 1,081          | Long-term borrowings — due within one year              | 4,843          |
| Accounts receivable — trade      | 1,838          | Long-term non-recourse borrowings — due within one year | 5,158          |
| Operating loans                  | 5,319          | Accrued income taxes                                    | 452            |
| Real estate for sale             | 25,674         | Other   | 2,972          |
| Real estate for sale in progress | 10,538         | Long-term liabilities                                   | 75,460         |
| Purchased receivables            | 2,247          | Long-term borrowings                                    | 13,112         |
| Income taxes refundable          | 59             | Long-term non-recourse borrowings                       | 57,386         |
| Deferred tax assets              | 305            | Deferred tax liabilities                                | 338            |
| Other                            | 853            | Net defined benefit liability                           | 211            |
| Allowance for doubtful accounts  | (2)            | Provision for management board incentive plan trust     | 301            |
| Fixed assets                     | 94,503         | Provision for stock payment                             | 106            |
| Property and equipment           | 54,056         | Long-term security deposits                             | 3,194          |
| Buildings and structures         | 25,302         | Other   | 808            |
| Land                             | 27,683         | <b>Total liabilities</b>                                | <b>89,238</b>  |
| Construction in progress         | 891            | <b>Net Assets</b>                                       |                |
| Other                            | 179            | Shareholders' equity                                    | 91,064         |
| Intangible assets                | 3,971          | Common stock  | 40,271         |
| Leasehold right                  | 3,277          | Additional paid-in capital                              | 16,676         |
| Goodwill                         | 574            | Retained earnings                                       | 34,555         |
| Other                            | 119            | Treasury stock  | (437)          |
| Investment and other assets      | 36,474         | Accumulated other comprehensive income                  | 884            |
| Investment securities            | 32,280         | Net unrealized holding gains/losses on other securities | 1,002          |
| Investment in capital            | 335            | Foreign currency translation adjustments                | (117)          |
| Deferred tax assets              | 414            | Subscription rights to shares                           | 99             |
| Other                            | 3,446          | Non-controlling interests                               | 9,474          |
| Allowance for doubtful accounts  | (1)            | <b>Total net assets</b>                                 | <b>101,523</b> |
| <b>Total assets</b>              | <b>190,761</b> | <b>Total liabilities and net assets</b>                 | <b>190,761</b> |

(Note) Amounts less than the stated units are rounded down.



**Consolidated Statement of Income** (From January 1, 2017 to December 31, 2017)

(Millions of yen)

| Account title                                    | Amount |        |
|--|--------|--------|
| Revenue  |        | 26,349 |
| Cost of revenue                                  |        | 7,156  |
| Gross profit                                     |        | 19,193 |
| Selling, general and administrative expenses     |        | 6,907  |
| Operating income                                 |        | 12,285 |
| Non-operating income                             |        |        |
| Interest income                                  | 5      |        |
| Equity in earnings of affiliates                 | 948    |        |
| Other  | 126    | 1,080  |
| Non-operating expenses                           |        |        |
| Interest expenses                                | 911    |        |
| Commissions paid                                 | 542    |        |
| Foreign exchange losses                          | 222    |        |
| Other  | 234    | 1,911  |
| Ordinary income                                  |        | 11,455 |
| Extraordinary income                             |        |        |
| Gain on sales of fixed assets                    | 1,405  |        |
| Other  | 355    | 1,760  |
| Extraordinary loss                               |        |        |
| Loss on sales of fixed assets                    | 13     |        |
| Impairment loss                                  | 13     |        |
| Loss on valuation of investment securities       | 247    |        |
| Office transfer expenses                         | 144    |        |
| Loss on liquidation of investment in capital     | 60     |        |
| Other  | 96     | 575    |
| Income before income taxes                       |        | 12,640 |
| Current income taxes                             | 1,635  |        |
| Deferred income taxes                            | 82     | 1,718  |
| Profit   |        | 10,921 |
| Profit attributable to non-controlling interests |        | 404    |
| Profit attributable to owners of parent          |        | 10,516 |

(Note) Amounts less than the stated units are rounded down.

**Consolidated Statement of Changes in Net Assets** (From January 1, 2017 to December 31, 2017)

(Millions of yen)

|  | Shareholders' equity |                            |                   |  |         | Treasury stock | Total shareholders' equity |
|--|----------------------|----------------------------|-------------------|--|---------|----------------|----------------------------|
|  | Common stock         | Additional paid-in capital | Retained earnings |  |         |                |                            |
| Balance as of January 1, 2017  | 40,253               | 21,798                     | 25,107            |  | (504)   |                | 86,654                     |
| Changes in the fiscal year   |                      |                            |                   |  |         |                |                            |
| Exercise of subscription rights to shares  | 17                   | 17                         | —                 |  | —       |                | 35                         |
| Dividends of surplus   | —                    | —                          | (1,003)           |  | —       |                | (1,003)                    |
| Purchase of treasury stock   | —                    | —                          | —                 |  | (4,999) |                | (4,999)                    |
| Disposal of treasury stock   | —                    | —                          | —                 |  | 66      |                | 66                         |
| Retirement of treasury stock   | —                    | (4,999)                    | —                 |  | 4,999   |                | —                          |
| Profit attributable to owners of parent  | —                    | —                          | 10,516            |  | —       |                | 10,516                     |
| Change of scope of consolidation   | —                    | —                          | (65)              |  | —       |                | (65)                       |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders | —                    | (140)                      | —                 |  | —       |                | (140)                      |
| Net changes of items other than shareholders' equity   | —                    | —                          | —                 |  | —       |                | —                          |
| Total changes in the fiscal year   | 17                   | (5,122)                    | 9,447             |  | 66      |                | 4,410                      |
| Balance as of December 31, 2017  | 40,271               | 16,676                     | 34,555            |  | (437)   |                | 91,064                     |

  

|  | Accumulated other comprehensive income                  |                                    |  |  | Subscription rights to shares | Non-controlling interests | Total net assets |
|--|---|------------------------------------|--|--|-------------------------------|---------------------------|------------------|
|  | Net unrealized holding gains/losses on other securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Total accumulated other comprehensive income |                               |                           |                  |
| Balance as of January 1, 2017  | 1,189   | (0)                                | (219)                                    | 970  | 136                           | 9,015                     | 96,776           |
| Changes in the fiscal year   |   |                                    |  |  |                               |                           |                  |
| Exercise of subscription rights to shares  | —   | —                                  | —  | —  | —                             | —                         | 35               |
| Dividends of surplus   | —   | —                                  | —  | —  | —                             | —                         | (1,003)          |
| Purchase of treasury stock   | —   | —                                  | —  | —  | —                             | —                         | (4,999)          |
| Disposal of treasury stock   | —   | —                                  | —  | —  | —                             | —                         | 66               |
| Retirement of treasury stock   | —   | —                                  | —  | —  | —                             | —                         | —                |
| Profit attributable to owners of parent  | —   | —                                  | —  | —  | —                             | —                         | 10,516           |
| Change of scope of consolidation   | —   | —                                  | —  | —  | —                             | —                         | (65)             |
| Change in treasury stock of parent arising from transactions with non-controlling shareholders | —   | —                                  | —  | —  | —                             | —                         | (140)            |
| Net changes of items other than shareholders' equity   | (186)   | 0                                  | 101                                      | (85)   | (36)                          | 458                       | 335              |
| Total changes in the fiscal year   | (186)   | 0                                  | 101                                      | (85)   | (36)                          | 458                       | 4,746            |
| Balance as of December 31, 2017  | 1,002   | —                                  | (117)                                    | 884  | 99                            | 9,474                     | 101,523          |

(Note) Amounts less than the stated units are rounded down.

**Non-consolidated Balance Sheet** (As of December 31, 2017)

(Millions of yen)

| Account title                                   | Amount         | Account title   | Amount         |
|---|----------------|---|----------------|
| <b>Assets</b>                                   |                | <b>Liabilities</b>                                      |                |
| Current assets                                  | 52,487         | Current liabilities                                     | 6,100          |
| Cash and deposits                               | 35,177         | Accounts payable — trade                                | 55             |
| Accounts receivable — trade                     | 439            | Long-term borrowings — due within one year              | 4,775          |
| Money invested in real estate for sale          | 6,940          | Accounts payable — other                                | 228            |
| Advance payments — trade                        | 40             | Accrued expenses  | 136            |
| Prepaid expenses                                | 33             | Accrued income taxes                                    | 76             |
| Operating loans                                 | 2,734          | Deposits received                                       | 232            |
| Income taxes refundable                         | 59             | Other   | 596            |
| Deferred tax assets                             | 156            | Long-term liabilities                                   | 12,071         |
| Other   | 6,908          | Long-term borrowings                                    | 11,375         |
| Allowance for doubtful accounts                 | (2)            | Provision for management board incentive plan trust     | 296            |
| Fixed assets                                    | 55,498         | Provision for stock payment                             | 106            |
| Property and equipment                          | 258            | Allowance for employees' retirement benefits            | 197            |
| Buildings                                       | 187            | Other   | 96             |
| Tools, furniture and fixtures                   | 70             | <b>Total liabilities</b>                                | <b>18,171</b>  |
| Intangible assets                               | 58             | <b>Net Assets</b>                                       |                |
| Software  | 57             | Shareholders' equity                                    | 88,486         |
| Other   | 0              | Common stock  | 40,271         |
| Investment and other assets                     | 55,181         | Additional paid-in capital                              | 16,816         |
| Investment securities                           | 14,527         | Capital reserve   | 8,816          |
| Stocks of subsidiaries and affiliates           | 10,910         | Other capital surplus                                   | 8,000          |
| Other securities of subsidiaries and affiliates | 22,879         | Retained earnings                                       | 31,836         |
| Investment in capital                           | 335            | Other retained earnings                                 | 31,836         |
| Long-term loans to subsidiaries and affiliates  | 5,694          | Retained earnings carried forward                       | 31,836         |
| Deferred tax assets                             | 227            | Treasury stock  | (437)          |
| Other   | 609            | Valuation and translation adjustments                   | 1,228          |
| Allowance for doubtful accounts                 | (1)            | Net unrealized holding gains/losses on other securities | 1,228          |
|   |                | Subscription rights to shares                           | 99             |
|   |                | <b>Total net assets</b>                                 | <b>89,814</b>  |
| <b>Total assets</b>                             | <b>107,986</b> | <b>Total liabilities and net assets</b>                 | <b>107,986</b> |

(Note) Amounts less than the stated units are rounded down.

**Non-consolidated Statement of Income** (From January 1, 2017 to December 31, 2017)

(Millions of yen)

| Account title  | Amount |        |
|--|--------|--------|
| Revenue  |        |        |
| Revenue on Asset Management Business                   | 6,683  |        |
| Revenue on Real Estate Investment Business             | 5,763  |        |
| Revenue on Leasing Operations Business                 | 103    | 12,550 |
| Cost of revenue  |        |        |
| Cost of revenue on Asset Management Business           | 338    |        |
| Cost of revenue on Real Estate Investment Business     | 5,278  |        |
| Cost of revenue on Leasing Operations Business         | 47     | 5,665  |
| Gross income   |        | 6,884  |
| Selling, general and administrative expenses           |        | 3,089  |
| Operating income                                       |        | 3,795  |
| Non-operating income                                   |        |        |
| Interest income  | 203    |        |
| Dividends income                                       | 2,753  |        |
| Other  | 37     | 2,994  |
| Non-operating expenses                                 |        |        |
| Interest expenses                                      | 261    |        |
| Commissions paid                                       | 27     |        |
| Foreign exchange losses                                | 107    |        |
| Other  | 4      | 400    |
| Ordinary income  |        | 6,389  |
| Extraordinary income                                   |        |        |
| Gain on sales of investment securities                 | 116    |        |
| Gain on sales of stocks of subsidiaries and affiliates | 0      |        |
| Other  | 1      | 117    |
| Extraordinary loss                                     |        |        |
| Loss on valuation of investment securities             | 247    |        |
| Loss on valuation of investment in capital             | 5      |        |
| Office transfer expenses                               | 78     |        |
| Loss on liquidation of investment in capital           | 60     |        |
| Other  | 19     | 411    |
| Income before income taxes                             |        | 6,095  |
| Current income taxes                                   | 240    |        |
| Deferred income taxes                                  | 161    | 402    |
| Profit   |        | 5,693  |

(Note) Amounts less than the stated units are rounded down.

**Non-consolidated Statement of Changes in Net Assets** (From January 1, 2017 to December 31, 2017)

(Millions of yen)

|  | Shareholders' equity |                            |                       |  |                |                            |
|--|----------------------|----------------------------|-----------------------|--|----------------|----------------------------|
|  | Common stock         | Additional paid-in capital |                       | Retained earnings  | Treasury stock | Total shareholders' equity |
|  |                      | Capital reserve            | Other capital surplus | Other retained earnings<br>Retained earnings carried forward |                |                            |
| Balance as of January 1, 2017                          | 40,253               | 18,798                     | 3,000                 | 27,146   | (504)          | 88,694                     |
| Changes in the fiscal year                             |                      |                            |                       |  |                |                            |
| Exercise of subscription rights to shares              | 17                   | 17                         | —                     | —  | —              | 35                         |
| Dividends of surplus                                   | —                    | —                          | —                     | (1,003)  | —              | (1,003)                    |
| Purchase of treasury stock                             | —                    | —                          | —                     | —  | (4,999)        | (4,999)                    |
| Disposal of treasury stock                             | —                    | —                          | —                     | —  | 66             | 66                         |
| Retirement of treasury stock                           | —                    | —                          | (4,999)               | —  | 4,999          | —                          |
| Transfer to other capital surplus from capital reserve | —                    | (10,000)                   | 10,000                | —  | —              | —                          |
| Profit   | —                    | —                          | —                     | 5,693  | —              | 5,693                      |
| Net changes of items other than shareholders' equity   | —                    | —                          | —                     | —  | —              | —                          |
| Total changes in the fiscal year                       | 17                   | (9,982)                    | 5,000                 | 4,689  | 66             | (207)                      |
| Balance as of December 31, 2017                        | 40,271               | 8,816                      | 8,000                 | 31,836   | (437)          | 88,486                     |

|  | Valuation and translation adjustments                   |   | Subscription rights to shares | Total net assets |
|--|---|---|-------------------------------|------------------|
|  | Net unrealized holding gains/losses on other securities | Total valuation and translation adjustments |                               |                  |
| Balance as of January 1, 2017                          | 1,222   | 1,222                                       | 136                           | 90,053           |
| Changes in the fiscal year                             |   |   |                               |                  |
| Exercise of subscription rights to shares              | —   | —   | —                             | 35               |
| Dividends of surplus                                   | —   | —   | —                             | (1,003)          |
| Purchase of treasury stock                             | —   | —   | —                             | (4,999)          |
| Disposal of treasury stock                             | —   | —   | —                             | 66               |
| Retirement of treasury stock                           | —   | —   | —                             | —                |
| Transfer to other capital surplus from capital reserve | —   | —   | —                             | —                |
| Profit   | —   | —   | —                             | 5,693            |
| Net changes of items other than shareholders' equity   | 6   | 6   | (36)                          | (30)             |
| Total changes in the fiscal year                       | 6   | 6   | (36)                          | (238)            |
| Balance as of December 31, 2017                        | 1,228   | 1,228                                       | 99                            | 89,814           |

(Note) Amounts less than the stated units are rounded down.