

February 5, 2013

Company name: Kenedix, Inc.
Representative: Atsushi Kawashima, President
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
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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.

Announcement Concerning the Position of Kenedix Regarding Shareholder Proposals

Kenedix, Inc. received notification on January 22, 2013 that a shareholder will exercise the right to submit proposals at the Company's 18th ordinary general meeting of shareholders that is scheduled for March 27, 2013. On February 5, 2013, the Kenedix Board of Directors approved a resolution to oppose these proposals.

1. Shareholder

- (1) Name: Not disclosed because the shareholder is an individual
- (2) Shares held: 300 (0.01% of all shares issued)

2. Summary of shareholder's proposals and opposition of Kenedix Board of Directors

The proposals have been submitted by one shareholder.

The details and reasons for each proposal are translations of the original text with no revisions and in the order the proposals were submitted.

Shareholder's Proposal 1: Amendment to the Articles of Incorporation

(Prohibition of MBO to be made at a low price)

(1) Details of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"When all shares of the Company are acquired by using an MBO, etc., the price per share must not be less than 300,000 yen."

(2) Reasons for Proposal

The prices of real estate stocks in Japan are increasing because of the so-called "Abenomics" monetary easing. Kenedix stock rose to 400,000 yen in 2006 and then remained at about 300,000 yen before the Lehman shock. Consequently, although upcoming progress with monetary easing is very likely to cause the stock to recover to about 300,000 yen, the price is still at about 20,000 yen. Due to this situation, the management can earn an unjust profit by forcibly acquiring stock from shareholders at a small premium to the market price. However, this type of profit must not be permitted because it would create losses for shareholders.

◇ **Opinion of the Kenedix Board of Directors**

The Kenedix Board of Directors **opposes this proposal.**

The price of Kenedix stock is the result of the economic environment, social conditions and industry trends affecting the Company as well as how investors evaluate the distinctive characteristics and other aspects of

the Company's operations. The Board of Directors opposes this proposal based on the belief that restricting the stock price in the Articles of Incorporation would be detrimental to increasing both corporate value and the common interests of shareholders.

In compliance with the standards for independent directors prescribed by the Tokyo Stock Exchange (TSE), Kenedix has notified TSE that it has appointed to the Board four individuals, two external directors and two external corporate auditors, who are unlikely to have any conflict of interest with general shareholders

Kenedix has a nine-member Board of Directors, which has included four independent directors, to carefully examine issues that have a significant impact on shareholder value. This makes the Company's Board of Directors one of the foremost in Japan from the standpoint of corporate governance and allows it to earnestly deliberate on issues and arrive at decisions that are in the best interests of shareholders.

Furthermore, Kenedix has established a business model as an asset management company in order to aim for further growth in shareholder value. Specific initiatives are the growth of J-REITs including the establishment of residential REITs, the establishment of private funds, and joint investments with client investors. By taking actions like these, the Company has raised assets under management (AUM), which the foundation for generating revenue, to more than 1 trillion yen. Kenedix is committed to building an even stronger base of operations for more growth as an independent asset management company. To accomplish this, the goal is to achieve more AUM growth and other progress in order to continue growing, thereby meeting the expectations of shareholders.

Consequently, Kenedix believes that adding a provision of such proposal to the Articles of Incorporation is unnecessary.

Shareholder's Proposal 2: Amendment to the Articles of Incorporation **(Measures regarding Japan's low birth rate)**

(1) Details of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

"A birth incentive payment of 1 million yen shall be paid to female employees of the Company when they give birth."

(2) Reasons for Proposal

Japan's aging population and declining number of children are lowering demand for real estate and, from a long-term perspective, a cause for a decline in the performance of Kenedix, which operates a real estate business. Due to the entry of women in the workforce, a large number of women of childbearing age are working. Among the companies that employ women, there is a tendency to dislike births among female employees because of the difficulty of having these women work overtime and for other reasons. This is one cause of the decline in the number of children in Japan. By paying an incentive to female workers who give birth, Kenedix should show that it welcome births, thereby helping to stop the decline in the number of children and preventing a decline in performance in the future.

◇Opinion of the Kenedix Board of Directors

The Kenedix Board of Directors **opposes this proposal.**

As the Kenedix Group's operating environment diversifies and rapidly changes, the Company regards diversity as an important source of energy for growth. The Company can become more competitive by recruiting and training individuals from a broad range of backgrounds. Currently, women account for about 30% of all employees and are making a big contribution to the growth of business activities. As a result, establishing an environment in which women can work for many years is one of the most important management issues at Kenedix. The Company has numerous measures to achieve this goal. Due to these measures, many female employees return to their jobs after giving birth and continue to contribute to business

activities. The Company will continue to take actions for establishing an environment that allows women to remain for many years, including by studying the birth incentive payment in this proposal.

However, congratulatory, condolence and other payments to employees are prescribed in the Rules of Employment. Adding to the Articles of Incorporation the birth incentive payment in this proposal would lead to the inflexibility of terms of employment. Consequently, Kenedix believes this proposal would not be beneficial for employees or shareholders and would not contribute to increasing corporate value.

Consequently, Kenedix believes that adding a provision of such proposal to the Articles of Incorporation is unnecessary.

Shareholder's Proposal 3: Amendment to the Articles of Incorporation

(Disclosure of compensation paid to each director and auditor)

(1) Details of Proposal

It is proposed that the following provision be added to the Articles of Incorporation:

“The amount of compensation and/or bonus to be paid to directors and corporate auditors during each fiscal year shall be described and disclosed — on an individual basis for such directors and corporate auditors, irrespective of whether or not the respective amounts exceed 100 million yen — in reference materials attached to the convocation notice of the general meeting of shareholders held with respect to such fiscal year.”

(2) Reasons for Proposal

It is the responsibility of directors and corporate auditors, who are entrusted with the management of a company by its shareholders, to disclose the amount of compensation for such directors and corporate auditors to such shareholders. Taking the initiative in the disclosure of the compensation paid to the directors and corporate auditors to the shareholders will enable the Company to be regarded as a corporation that ensures transparent management and is eager to disclose information, will contribute to the improvement of the Company's international credibility, and will consequently result in greater fulfillment of the interests of shareholders in the form of increased corporate value. Disclosure of compensation for individual directors and corporate auditors is a matter of course and has never presented any inconvenience in the U.S. and Britain capital markets, which have brought high return to shareholders for the past twenty years, and this can be a basis for the introduction of the SAY ON PAY (scheme under which shareholders have the right to vote on compensation payments in general meetings). The shareholders making this proposal do not oppose paying high compensation in order to retain higher quality executives who will thereby increase the shareholder value. A similar proposal to this one made to Sony Corporation in 2007 was agreed to by its shareholders holding 44.3% of the voting shares and another similar proposal made to the general meeting of Mizuho Financial Group, Inc. in 2011 was agreed to by its shareholders holding at least 32% of the voting shares.

◇Opinion of the Kenedix Board of Directors

The Kenedix Board of Directors **opposes this proposal.**

We will begin by explaining how Kenedix executives are compensated. Continual recruiting of talented individuals and having them contribute to growth is extremely important in order to sustain growth as a competitive asset management company and increase shareholder value. From this standpoint, the policy for executive compensation is based on the following three elements: (1) consistency with the interests of shareholders; (2) reflect the performance of the company and the individual; and (3) contribution to the company's preservation and advancement as a going concern.

In accordance with this policy, shareholders approved a resolution at the 16th ordinary general meeting held on March 29, 2011 to make compensation for directors the sum of a fixed annual amount of not more than 200 million yen (20 million yen for external directors) and a variable amount that is not more than 3% of

consolidated net income in the previous fiscal year (not more than 0.3% for external directors). However, this compensation does not include salaries as employees for directors who also serve as employees. This system is still in effect. Kenedix will continue to use this policy with the aim of establishing a compensation system that contributes to further growth in shareholder value.

Compensation for corporate auditors is determined by discussions with each auditor based on their activities and other factors.

In addition, for the disclosure of compensation for directors and corporate auditors, Kenedix provides in its business report the total amount of compensation, etc. separately for all directors and all corporate auditors and the numbers of directors and auditors.

Kenedix believes that handling of compensation is sufficient with regard to laws, regulations and business practices in Japan as well as from the standpoint of corporate governance.

Kenedix remains committed to taking actions regarding the disclosure of information about compensation for directors and corporate auditors as well as other subjects that are useful for shareholders and investors in Japan and other countries. Based on the contents of this proposal, the Company will once again examine the compensation system for directors and corporate auditors. But Kenedix believes that there is no need to add a provision of such proposal to the Articles of Incorporation that requires the disclosure of compensation for individuals.

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 the Company. 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. The Company 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.