

February 14, 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.

Notice of Introduction of Stock Compensation-Type Stock Option Plan

Kenedix, Inc. hereby announces that its Board of Directors approved a resolution today to introduce a stock compensation-type stock option (stock acquisition right) plan (the "Plan" hereafter) for directors (except external directors) and employees ("eligible individuals").

1. Reason and Other Items Concerning the Introduction of the Plan

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.
- (3) Contribution to the company's preservation and advancement as a going concern.

Kenedix has decided to introduce the Plan for eligible individuals in accordance with these three elements.

The conditions for exercising the stock options are the achievement of certain items (goals for dividend payments and assets under management) in the medium-term management plan that was announced on February 14, 2013 and covers the three-year period beginning in FY2013. The purpose of these conditions is to link even more closely the compensation of eligible individuals with their performance and the interests of shareholders.

Kenedix plans to allocate the stock options under the Plan in 2013.

The date of allocation and other solicitation terms for issuing these stock acquisition rights as stock options have not been determined. These items will be announced once they have been determined by a separate resolution of the Board of Directors.

2. Number of Eligible Individuals and Expected Amounts

	Eligible individuals	Expected amounts
Directors (except external directors)	3	Directors (except external directors) may collectively receive up to 180 million yen, which is the aggregate compensation for directors and corporate auditors. However, the limit (Note 2) will be stock options equivalent to 60 million yen. (Note 1)
Employees	46	The limit will be stock options equivalent to 160 million yen. (Note 2)

Notes: 1. Kenedix will submit a proposal at the ordinary general meeting of shareholders scheduled for March 27, 2013 titled “Revision of Compensation for Directors (Inner Limit on Compensation for Directors)” (the “Proposal”) that concerns the use of stock acquisition rights as stock compensation-type stock options for directors.

2. Based on the closing price of Kenedix stock on the day before the approval by the Board of Directors of the resolution to issue stock acquisition rights.

3. Summary of the Plan

Eligible individuals will receive stock acquisition rights (stock options) that can each be exercised for the purchase of one share of Kenedix stock at a price of one yen.

Specific terms of the stock acquisition rights to be allocated to eligible individuals are as follows.

	Stock options for directors	Stock options for employees
(1) Class and number of shares to be issued upon exercise of the stock acquisition rights	Class of shares to be issued upon exercise of the stock acquisition rights shall be common stock of Kenedix.	(Same as on the left.)
	The maximum number of shares to be issued upon the exercise of the stock acquisition rights shall be 6,000.	The maximum number of shares to be issued upon the exercise of the stock acquisition rights shall be 16,000.
	<p>The number of shares to be issued upon the exercise of each stock acquisition right (“number of shares granted”) shall be one share. If the number of shares granted is adjusted, the maximum number of shares to be issued for directors (except external directors) is the adjusted number of shares granted multiplied by the maximum number of stock acquisition rights to be issued in item (2) below.</p> <p>The number of shares granted shall be adjusted by using the following formula in the event that, after the date the Proposal was approved (the “resolution date”), there is a split of Kenedix common stock (including gratis issue of common stock, hereafter same shall apply to the description of stock split) or consolidation of this stock. Fractions less than one share resulting from the adjustment shall be discarded.</p> <p>Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of stock split or consolidation</p> <p>In addition, if there is a need to adjust the number of shares granted due to a merger, divestiture or similar event after the resolution date, Kenedix may adjust the number of shares granted in an appropriate manner.</p>	(Same as on the left.)

	Stock options for directors	Stock options for employees
(2) Aggregate number of stock acquisition rights	The aggregate number of stock acquisition rights to be allocated shall be up to 6,000.	Aggregate number of stock acquisition rights to be allocated shall be up to 16,000.
(3) Amount to be paid for stock acquisition rights (Note)	The amount to be paid for each stock acquisition right shall be determined by the Board of Directors based on the fair value of the rights that is calculated using the Black Sholes model or other fair calculation method when the rights are allocated.	(Same as on the left.)
(4) Value of assets to be contributed upon the exercise of the stock acquisition rights	The value of the assets to be contributed upon the exercise of each stock acquisition right shall be the amount calculated by multiplying the number of shares granted by one yen, the exercise price per share granted upon the exercise of each stock acquisition right.	(Same as on the left.)
(5) Exercise period for the stock acquisition rights	A period within the period starting three years after the date of allotment and ending three years after that date to be determined by the Board of Directors.	(Same as on the left.)
(6) Restriction on transfer of the stock acquisition rights to be offered	Transfer of the stock acquisition rights to be offered shall be subject to an approval of the Board of Directors.	(Same as on the left.)
(7) Conditions of exercise for the stock acquisition rights	The Board of Directors will determine the conditions of exercise for the stock acquisition rights, such as a requirement to fulfill certain conditions concerning the performance.	(Same as on the left.)

Note: In the Plan, when the stock acquisition rights are allocated, a deduction of compensation payable to eligible individuals is to be used in lieu of a cash payment of the amount to be paid for each right that was determined in accordance with the fair value of these rights.

4. Other Information Concerning the Plan

The introduction of the Plan for directors will require approval by shareholders of the Proposal. Meanwhile, Kenedix plans to introduce the Plan for employees regardless of whether or not shareholders approve the Proposal.

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.