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### **Announcement of New Medium-term Management Plan**

The Kenedix Group has developed a new medium-term management plan that covers the three-year period from FY2013 to FY2015. The primary elements of the plan are as follows.

#### 1. Basic Policy of the New Plan

The Kenedix Group began a real estate asset management business just as Japan's real estate securitization market was emerging. Since then, the Group has become one of Japan's leading real estate asset managers by responding with flexibility to numerous events, notably the sudden downturn in market conditions caused by the global financial crisis. The Kenedix Group remains committed to providing high-quality real estate asset management services that can contribute to the advancement of the real estate investment market as well as raise the value of real estate.

The new plan has the following key principle in order to make the Kenedix Group one of the leaders in the real estate investment market.

- Strengthen the stable base for earnings by increasing assets under management (AUM)
- Raise investment returns by making extensive use of co-investments
- Strengthen the asset management business and rebuild an operating framework that may include M&A and other new activities in the future
- Resume dividend payments by no later than FY2015, the new plan's final year

#### 2. Quantitative Plan

##### (1) Numerical plan

(Billions of Yen)	FY2012 Results	FY2015 Plan	Change
AUM	1,117.7	1,400.0	+282.3
From REIT AUM	482.4	710.0	+227.6
Ordinary Income	2.3	4.1	+1.8
From Asset Management Fees (Gross Operating Income)	3.1	3.6	+0.5
From Principal Investments (New Acquisitions)	-	1.0	+1.0

##### (2) Investments, etc.

- Make about 13-15 billion yen of principal investments (mainly co-investments) during the new plan.

- Sales of about 50 billion yen (book value) of real estate will help us to make progress in replacements of assets with other holdings, although it may lead to extraordinary losses of about 3-4 billion yen.

### 3. Major Initiatives

#### (1) Strengthen the stable base for earnings by increasing AUM

- Support the growth of Kenedix-affiliated J-REITs: Kenedix Realty Investment Corporation, Kenedix Residential Investment Corporation and Japan Logistics Fund, Inc.
- Strengthen capabilities for private funds, primarily development funds, bridge funds for REITs, and opportunity funds
- Reinforce investment activities involving operational assets (senior healthcare facilities, retail facilities, hotels and other properties)

#### (2) Raise investment returns by making extensive use of co-investments

- Use the Equity Investment Department, which was established in October 2012, to actively increase principal investment (mainly co-investment) and upgrade monitoring of these investments
- Use co-investments with client investors to invest in development projects (built-to-suit logistics facilities, residential properties, senior healthcare facilities and other properties)
- Use co-investments with client investors to invest in bridge funds for REITs
- Use co-investments with client investors to invest in opportunity funds
- Make investments by Kenedix alone while maintaining the proper balance with co-investments

#### (3) Enhancement of other operating frameworks

- Established the Fund Raising Team in January 2013 to increase the ability to form relationships with new investors
- Build a framework for using capital in Japan for overseas real estate investments
- Seek opportunities for strategic M&A and other activities that can increase Kenedix shareholder value

### 4. Reason for Developing the New Plan

The previous medium-term management plan was announced in February 2009 (revised in February 2010) and covered the five-year period from FY2009 to FY2013. This plan had three main goals: (1) increasing AUM, (2) downsizing the balance sheet and (3) building a stable profit structure. The Group has taken various actions aimed at “returning to a focus on the asset management business.” For the reasons listed below, the decision was made to end the previous plan at the end of 2012, one year before the original end, and formulate a new plan that begins in 2013.

- (1) Downsizing of the balance sheet has been achieved.<sup>\*1</sup>
- (2) The financial position has been greatly strengthened by significantly reducing interest-bearing debt, which improved the equity ratio and debt-equity ratio.<sup>\*2</sup>
- (3) Kenedix Residential Investment Corporation conducted its initial public offering in April 2012.
- (4) The start of a full-scale recovery in the J-REIT and other sectors of the real estate market has significantly altered the business climate.

	End-Jun 2008	End-Dec 2012	Change
<sup>*1</sup> Total Assets	433.8 billion yen	126.2 billion yen	-307.6 billion yen
<sup>*2</sup> Interest-bearing Debt	312.6 billion yen	63.6 billion yen	-249.0 billion yen
<sup>*2</sup> Equity Ratio	14.7 %	40.2 %	+25.5
<sup>*2</sup> Debt-equity Ratio	4.89 x	1.25 x	-3.64