

May 28, 2013

Company name: Kenedix, Inc.
Representative: Taisuke Miyajima, CEO & President
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
Contact: Masahiko Tajima, Executive Officer,
General Manager of Corporate
Planning Department

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Notice of Signing of Memorandum Concerning Reorganization

The Kenedix Group (Kenedix, Inc. (hereinafter "KDX"); Kenedix Asset Management, Inc. (hereinafter "KDAM"); Kenedix Office Partners, Inc. (hereinafter "KOP"); Kenedix Residential Partners, Inc. (hereinafter "KRP"); and Kenedix Advisors, Inc. (hereinafter "KDA")) hereby announces that, to further strengthen its asset management business, it has decided to undertake the following initiative to address the challenge of reorganizing the structure within the Group.

Some items are omitted from information that is disclosed concerning the following organizational restructuring because short-form mergers or short-form company splits are to be used for consolidated subsidiaries.

1. Overview of organizational restructuring

This initiative consists of the conclusion of a memorandum ("Memorandum Relating to Organizational Restructuring and Information Provision, etc.") relating to the organizational restructuring of the Kenedix Group and will be signed by seven companies including KDX, KDAM, KOP, Kenedix Realty Investment Corporation (hereinafter "KRI"), KRP, and Kenedix Residential Investment Corporation (hereinafter "KDR"). The undertaking of this organizational restructuring is planned to be conducted with particular focus placed on the following three points. For information about how these seven companies are related to one another, please refer to item 5. (3), which provides information about the Kenedix Group prior to this reorganization.

A. Merger between KDA and KDAM (hereinafter the "Merger I")

Under the terms of this merger, KDAM is to be absorbed by KDA, which is to be the surviving corporate entity, and KDAM is to be dissolved.

B. Succession of the business by KDX as a result of the KDA corporate split (hereinafter the "Corporate Split")

On the occasion of the Corporate Split, operations other than the businesses relating to investment management operations and the accompanying operations within the asset management business in KDA (mainly operations based on investment advisory agreement) (KDA after the Merger I; same hereafter for the Corporate Split.) shall be separated off and be

succeeded by KDX.

- C. The merger of KOP, KRP, and KDA (hereinafter the “Merger II”) and the change of trade name to Kenedix Real Estate Fund Management, Inc. (hereinafter “KFM”)

In relation to KOP, KRP, and KDA (KDA after the Corporate Split; same hereafter for the Merger II.) which are engaged in asset management business, it is planned that KOP and KDA are to be absorbed by KRP, which is to be the surviving corporate entity, and that KOP and KDA are to be dissolved. Moreover, following the merger, KRP is to change its trade name to the Kenedix Real Estate Fund Management, Inc.

* Points A, B, and C above together constitute “the Reorganization”.The Reorganization is subject to the required transfer of stock to become a wholly owned subsidiary of KDX and completion of other formalities required for engaging in the investment management business.

2. Purpose of the Reorganization

The Kenedix Group began a real estate asset management business just as Japan’s real estate securitization market was emerging and has expanded the scale of this business by reacting flexibly to changes in the external situation including the sudden deterioration in the operating environment triggered by the global financial crisis. KRI primarily invests in and manages medium-sized office buildings, and KDR mainly targets investment in residential properties such as rental housing; KOP and KRP manage two listed real estate investment trusts (hereinafter “J-REIT”), one each for KRI and KDR, respectively. Moreover, the Kenedix Group has many institutional investors of many different types - both domestic institutional investors and foreign investors – as their clients and own KDA as their management company for private funds, with their investment targets extending far beyond office buildings, residential properties, and logistics facilities, to incorporate a wide range of property categories including senior healthcare facilities, hotels and other types of assets. As a result, assets under management* (hereinafter “AUM”) were, as of the end of March, 2013, 1,127 billion yen and the Group has now established itself in a prominent position as a leading and independent real estate asset management company.

The Group has set the following four aims for further raising its corporate value and to accomplish the goals of the Medium-term Management Plan that was announced on February 14, 2013.

- Strengthen the stable base for earnings by increasing AUM
- Raise investment returns by making extensive use of co-investments
- Strengthen the asset management business and enhance an operating framework that may include M&A and other new activities in the future
- Resume dividend payments by no later than 2015, the new plan’s final year

It is the intention of the Group to accomplish these goals through the implementation of the Reorganization by: (i) consolidating together the real estate asset management know-how throughout the whole Group; (ii) greatly increasing the asset management capability and competitiveness of the Group by strategically strengthening the resources deployed in the acquisition and management of real estate investment targets; (iii) building up a structure that contributes to the benefit of our client

investors by reinforcing our internal management systems; (iv) aiming to improve the efficiency of the asset management operations within the Group with the intention of further expanding our asset management business.

* Includes assets of Japan Logistics Fund, Inc., a fund managed by Mitsui & Co., Logistics Partners Ltd., which is an affiliate of KDX.

3. Timetable for the Reorganization

| | |
|--|--|
| Board of Directors meeting to approve the Reorganization | Middle of July 2013 (tentative) |
| Signing of Memorandum of Understanding | Middle of July 2013 (tentative) |
| Planned implementation date (effective date) | On or after October 1, 2013 (tentative)* |

* Implementation planned for within six months following October 1, 2013.

The Reorganization is provisional upon the approval of the relevant authorities being forthcoming. The timetable for the Reorganization will be announced promptly once it has been officially determined.

4. Summary of the Reorganization

A. Merger between KDA and KDAM (the Merger I)

(1) Purpose of merger

Please refer to Item 2. Purpose of the Reorganization.

(2) Method of merger

KDAM is to be absorbed by KDA, which is to be the surviving corporate entity, and KDAM is to be dissolved.

(3) Allotment of stock associated with merger

Not yet determined at this time. An announcement will be made without delay when a decision has been reached.

(4) Overview of the companies involved

<Overview of KDA (as of May 28, 2013)>

| | |
|--|---|
| (1) Name | Kenedix Advisors, Inc. |
| (2) Address | 2-2-9 Shimbashi, Minato-ku, Tokyo |
| (3) Representative | Keizo Katayama, President and Representative Director |
| (4) Business | Investment advisory and agency operations, investment management and other businesses |
| (5) Established | November 28, 2003 |
| (6) Capital | 100 million yen |
| (7) Major shareholders and shareholding ratios | KDA is a wholly owned consolidated subsidiary of KDX. |

| (8) Results of operations and financial conditions for the last three years | (Million yen) | FY12/2010 | FY12/2011 | FY12/2012 |
|---|------------------|-----------|-----------|-----------|
| | Revenue | 3,018 | 2,581 | 2,672 |
| | Operating income | 1,399 | 970 | 1,019 |
| | Net income | 814 | 556 | 573 |
| | Total assets | 2,039 | 2,126 | 2,334 |
| | Net assets | 1,388 | 1,589 | 1,762 |

<Overview of KDAM (as of May 28, 2013)>

| (1) Name | Kenedix Asset Management, Inc. | | | |
|---|--|-----------|-----------|-----------|
| (2) Address | 2-2-9 Shimbashi, Minato-ku, Tokyo | | | |
| (3) Representative | Taisuke Miyajima, CEO & President | | | |
| (4) Business | Supervisory operations for corporate persons undertaking asset management business, etc. | | | |
| (5) Established | October 26, 2009 | | | |
| (6) Capital | 405 million yen | | | |
| (7) Major shareholders and shareholding ratios | KDAM is a wholly owned consolidated subsidiary of KDX. | | | |
| (8) Results of operations and financial conditions for the last three years | (Million yen) | FY12/2010 | FY12/2011 | FY12/2012 |
| | Revenue | 353 | 698 | 600 |
| | Operating income | 81 | 461 | 390 |
| | Net income | (445) | 596 | 400 |
| | Total assets | 14,235 | 14,396 | 14,893 |
| | Net assets | (89) | 507 | 907 |

B. Succession of the business by KDX as a result of the KDA corporate split (the Corporate Split)

(1) Purpose for the Corporate Split

Please refer to Item 2. Purpose of the Reorganization.

(2) Method of the Corporate Split

An absorption-type company split will be executed with KDA, which is to be a wholly owned by KDX, as the splitting company and KDX as the successor company.

(3) Allotment of stock associated with the Corporate Split

Deliver shares or any other consideration to KDA is not planned.

(4) Treatment of subscription rights to shares and bonds with subscription rights to shares in association with the Corporate Split

Not applicable.

(5) Change of capital in association with the Corporate Split

There is no capital increase or decrease at KDA or KDX due to the Corporate Split.

(6) Rights and obligations succeeded by the successor company

It is planned that the rights and obligations relating to operations other than the businesses relating to investment management operations and the accompanying operations (mainly operations based on investment advisory agreement) will be succeeded by the successor company.

(7) Prospect for the performance of debt obligations

KDX's opinion is that there will be no problem with the prospect for the performance of debt obligations that are to be borne by KDX.

(8) Overview of the companies involved

<Overview of KDX (as of May 28, 2013)>

| | | | | |
|--|---|-----------|-----------|-----------|
| (1) Name | Kenedix, Inc. | | | |
| (2) Address | 2-2-9 Shimbashi, Minato-ku, Tokyo | | | |
| (3) Representative | Taisuke Miyajima, CEO & President | | | |
| (4) Business | Consulting business related to real estate transactions and usage as well as asset management Transaction, leasing, brokerage and appraisal for real estate, management of real estate, type II financial instruments business operations, investment advisory and agency operations | | | |
| (5) Established | April 17, 1995 | | | |
| (6) Capital | 31,322 million yen | | | |
| (7) Results of operations and financial conditions for the last three years (non-consolidated) | (Million yen) | FY12/2010 | FY12/2011 | FY12/2012 |
| | Revenue | 5,875 | 5,321 | 4,868 |
| | Operating income | (589) | 1,135 | (629) |
| | Net income | (3,678) | 149 | (9,411) |
| | Total assets | 116,497 | 112,881 | 97,523 |
| Net assets | 75,910 | 76,050 | 66,718 | |

<Overview of KDA (as of May 28, 2013)>

Please refer to Item 4.A.(4).

(9) Overview of business to be split

I. Details of business to be split

Businesses relating to investment management operations and the accompanying operations (mainly operations based on investment advisory agreement.)

II. Results of operations of business segment to be split

Not yet determined at this time.

III. Asset items and amounts to be split

Not yet determined at this time.

C. The merger of KOP, KRP, and KDA (the Merger II) and the change of trade name to Kenedix Real Estate Fund Management, Inc.

(1) Purpose of merger

Please refer to Item 2. Purpose of the Reorganization.

(2) Method of merger

KDA and KOP are to be absorbed by KRP, which is to be the surviving corporate entity, and KDA and KOP are to be dissolved.

(3) Allotment of stock associated with merger

Not yet determined at this time. An announcement will be made without delay when a decision has been reached.

(4) Overview of the companies involved

<Overview of KRP (as of May 28, 2013)>

| | | | | |
|---|---|--|-----------|-----------|
| (1) Name | Kenedix Residential Partners, Inc.* | | | |
| (2) Address | 2-2-9 Shimbashi, Minato-ku, Tokyo | | | |
| (3) Representative | Akira Tanaka, CEO and President | | | |
| (4) Business | Investment management business, administration of the operation of the Investment Corporation, etc. | | | |
| (5) Established | March 17, 2011 | | | |
| (6) Capital | 100 million yen | | | |
| (7) Major shareholders and shareholding ratios | KRP is a wholly owned consolidated subsidiary of KDX. | | | |
| (8) Results of operations and financial conditions for the last two years** | (Million yen) | | FY12/2011 | FY12/2012 |
| | Revenue | | 50 | 359 |
| | Operating income | | (26) | 90 |
| | Net income | | (26) | 36 |
| | Total assets | | 194 | 277 |
| | Net assets | | 173 | 210 |

* It is planned to change the trade name to Kenedix Real Estate Fund Management, Inc.

**Only the prior two years are shown because this company was established in March 2011.

<Overview of KOP (as of May 28, 2013)>

| | | | |
|---|---|------|--|
| (1) Name | Kenedix Office Partners, Inc. | | |
| (2) Address | 2-2-9 Shimbashi, Minato-ku, Tokyo | | |
| (3) Representative | Naokatsu Uchida, CEO and President | | |
| (4) Business | Investment management business, administration of the operation of the Investment Corporation, etc. | | |
| (5) Established | November 28, 2003 | | |
| (6) Capital | 200 million yen | | |
| (7) Major shareholders and shareholding | Kenedix Asset Management, Inc.: | 90% | |
| | ITOCHU Corporation: | 10%* | |

| ratios | | | | |
|---|------------------|----------|----------|-----------|
| (8) Results of operations and financial conditions for the last three years | (Million yen) | FY3/2010 | FY3/2011 | FY12/2012 |
| | Revenue | 1,570 | 1,616 | 1,511 |
| | Operating income | 781 | 807 | 841 |
| | Net income | 458 | 486 | 528 |
| | Total assets | 1,074 | 1,509 | 1,466 |
| | Net assets | 794 | 1,204 | 1,263 |

* It is planned that some of the shares held by ITOCHU Corporation are, in advance of the Reorganization, to be acquired by KDX on June 5, 2013 in accordance with the “Notice of Acquisition of Shares of Kenedix Office Partners, Inc. (Conversion into a wholly owned subsidiary)” of May 28, 2013.

<Overview of KDA (as of May 28, 2013)>

Please refer to above Item 4.A.(4).

5. Status after the Reorganization

(1) Status of KDX after the Reorganization

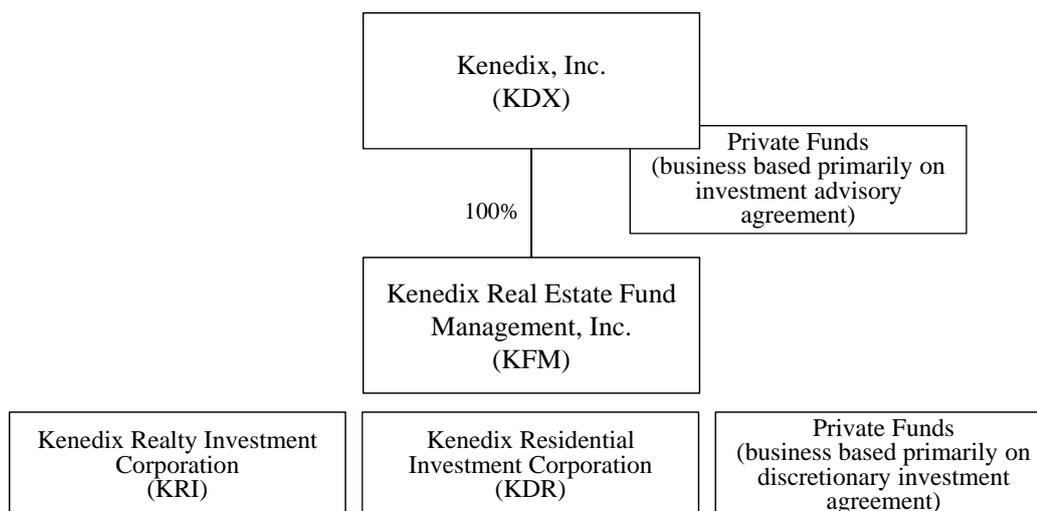
| | |
|----------------|---|
| Name | Kenedix, Inc. |
| Address | 2-2-9 Shimbashi, Minato-ku, Tokyo |
| Representative | Taisuke Miyajima, CEO & President |
| Business | Consulting business related to real estate transactions and usage as well as asset management Transaction, leasing, brokerage and appraisal for real estate, management of real estate, group control administration, type II financial instruments business operations, investment advisory and agency operations, etc. |
| Capital | 31,322 million yen (non-consolidated) |
| Fiscal year | December |

(2) Status of KFM after the Reorganization

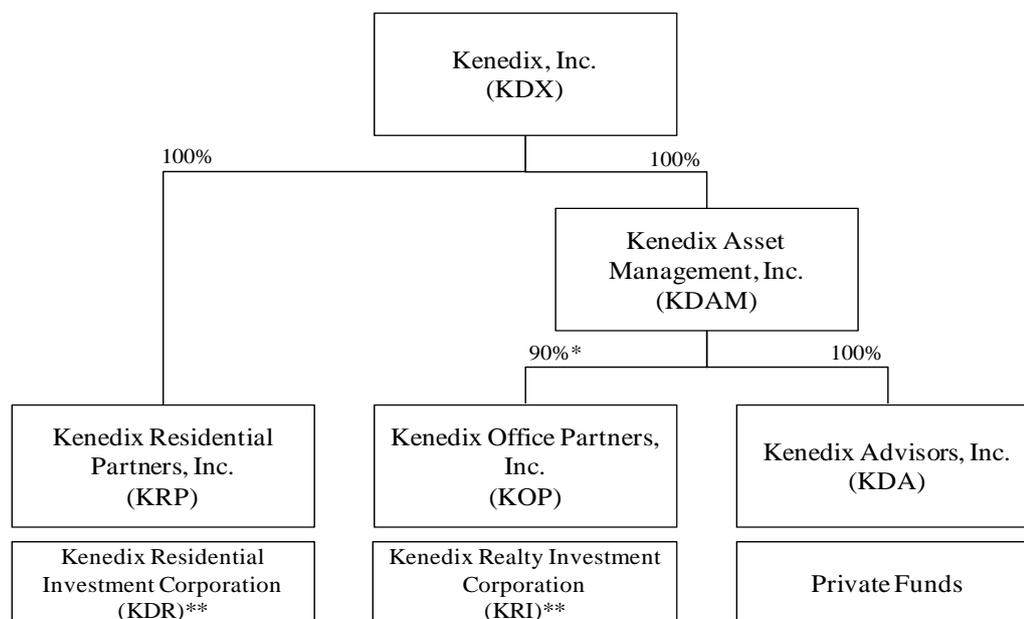
| | |
|----------------|--|
| Name | Kenedix Real Estate Fund Management, Inc. |
| Address | 2-2-9 Shimbashi, Minato-ku, Tokyo |
| Representative | Ryosuke Homma, President and Representative Director |
| Business | Investment management business, administration of the operation of the Investment Corporation, instrument advisory and agency operations, investment management operations, etc. |
| Capital | 100 million yen (non-consolidated) |
| Total assets | (Not yet determined) |
| Net assets | (Not yet determined) |
| Fiscal year | December |

(3) Status of Kenedix Group after the Reorganization

<After the Reorganization>



<Before the Reorganization>



*The remaining 10% (the portion owned by ITOCHU Corporation) is to be acquired by KDX on June 5, 2013 prior to the Reorganization.

**KRP is the asset management company for KDR and KOP is the asset management company for KRI.

(4) KFM personnel and management structure for J-REITs and private funds (planned)

<KFM executives>

| Name | New position | Current position (As of May 28, 2013) |
|---------------|---|---------------------------------------|
| Ryosuke Homma | CEO and President | KDX Senior Advisor |
| Akira Tanaka | Director and COO, KDR General Manager of Fund Div. | KRP CEO and President |

| | | |
|-----------------|--|--|
| Naokatsu Uchida | Director and COO, KRI General Manager of Fund Div. | KOP CEO and President |
| Masahiko Tajima | Director (part-time, concurrently serves as the current position) | KDX Executive Officer, General Manager of Corporate Planning Dept. |

<Management structure relating Kenedix Realty Investment Corporation (KRI)>

| Name | New position | Current position (As of May 28, 2013) |
|-----------------------|--|--|
| Naokatsu Uchida | KRI General Manager of Fund Div. | KOP CEO and President |
| Keisuke Sato | KRI General Manger of Investment Management Dept. | KOP Director, General Manager of Investment Management Div. |
| Fumihiko Shimodoma | KRI General Manger of Property Management Dept. | KOP Director, General Manger of Property Management Div. |
| Hikaru Teramoto | KRI General Manager of Planning Dept. | KOP Director, General Manger of Financial Planning Div. |

<Management structure for Kenedix Residential Investment Corporation (KDR)>

| Name | New position | Current position (As of May 28, 2013) |
|---------------|--|--|
| Akira Tanaka | KDR General Manager of Fund Div. | KRP CEO and President |
| Naoto Kojima | KDR General Manger of Investment Management Dept. | KRP Director, General Manager of Investment Management Div. |
| Akihiro Nakao | KDR General Manager of Planning Dept. | KRP Director, General Manger of Financial Planning Div. |

<Management structure for Private Funds>

| Name | New position | Current position (As of May 28, 2013) |
|--------------|---|--|
| Hiroshi Sato | General Manager of Private Fund Div. | KDA General Manager of Fund Management Div. 3 |

<KFM Administration Division>

| Name | New position | Current position (As of May 28, 2013) |
|-------------------|--|--|
| Yuuji Kamimura | Compliance Officer, General Manager of Compliance Dept. | KOP Compliance Officer |
| Tetsushi Ichikawa | General Manager of Finance & Accounting Dept. | KRP General Manager of Finance Group |
| Yoshihiro Sogou | General Manager of Business Administration Dept. | KOP General Manager of Business Administration Group and KRP General Manager of Business Administration Group |

6. Status of contract and other agreements with the sponsor concerning the supply of properties and provision of information

KOP signed a Memorandum of Understanding with KDX, KDA and KRI on August 26, 2010 concerning the provision of real estate information and other items. KRP signed a Memorandum of Understanding with KDX, KDA and KDR on December 13, 2011 concerning the provision of real

estate information and other items (these two memorandums are collectively called the “Support-Line Memorandums of Understanding” hereinafter).

In association with the Reorganization, a new Support-Line Memorandum of Understanding (hereinafter “New Support-Line Memorandum of Understanding”) is to be signed and the Support-Line Memorandum of Understanding is to be terminated. However, KFM is to continue receiving the same support as KOP and KRP currently do from KDX.

If the Reorganization is postponed or canceled, the New Support-Line Memorandum of Understanding will not be signed and the Support-Line Memorandum of Understanding is to remain in force with no changes.

The major contents that are planned for the New Support-Line Memorandum of Understanding are as follows.

- (1) Support from KDX concerning the supply of real estate, etc.
 - i. Provision of information received by KDX about the sale of real estate, etc.

When KDX obtains on its own information about the sale of real estate, etc. that is owned or managed by an entity other than an entity in the New Support-Line Memorandum of Understanding (hereinafter “information about the sale of real estate, etc.”) and when KDX reaches the reasonable decision that the real estate, etc. complies with the investment standards of KRI and KDR, the information about the sale of real estate, etc. will be provided to KFM no later than this information is provided to entities other than KFM. However, this requirement does not apply in cases where the provision of information to KFM is prohibited by a contract or agreement signed by KDX or by laws and regulations, etc.
 - ii. Sales of real estate, etc. owned by KDX

For the consideration of sales of real estate, etc. (except real estate, etc. owned based on a warehousing request from KFM as prescribed in Item (3) below) that is owned or to be acquired by KDX, a company wholly owned by KDX, a fund in which KDX is the sole investor (including but not limited to silent partnerships) or a fund in which a company wholly owned by KDX is the sole investor (including but not limited to silent partnerships), and when KDX reaches the reasonable decision that the real estate, etc. complies with the investment standards of KRI and KDR, the information about the sale of real estate, etc. will be provided to KFM no later than this information is provided to entities other than KFM. However, this requirement does not apply in cases where the provision of information to KFM is prohibited by a contract or agreement signed by KDX or by laws and regulations, etc.
 - iii. Sales of real estate, etc. from KDX private funds

When real estate, etc. owned by a real estate investment fund for which KDX performs asset management operations (except warehousing funds as defined in Item (2) below), and when KDX reaches the reasonable decision that the real estate, etc. complies with the investment standards of KRI and KDR, this information about the sale of real estate, etc. will be provided to KFM no later than the information is provided to entities other than KFM. However, this

requirement does not apply in cases where the provision of information to KFM is prohibited by a contract or agreement signed by KDX or by laws and regulations, etc.

(2) Sales of real estate, etc. by warehousing funds

For real estate, etc. that is owned or managed by entities other than entities that signed the New Support-Line Memorandum of Understanding, KFM can ask KDX to establish a real estate fund for the purpose of securing an opportunity for KRI and KDR to acquire this property in the future. If KDX receives this request from KFM, it must sincerely consider taking the requested action.

If KDX accepts the request from KFM, it will establish a real estate fund for which KDX performs asset management services (hereinafter “warehousing fund”) and this warehousing fund will acquire the real estate, etc. associated with the request.

If KDX sells the real estate, etc. held by the warehousing fund (hereinafter “warehousing fund real estate”), the following procedure will be followed.

- (a) KDX will first give KFM the opportunity to request that the warehousing fund real estate be sold to KRI and KDR.
- (b) After giving KFM the opportunity described in item (a), KDX will hold sincere discussions with KFM concerning the terms for selling the warehousing fund real estate.
- (c) If the discussions in item (b) do not lead to an agreement for the sale of the warehousing fund real estate or if there are any designated events (hereinafter “third-party sales events”), KDX can offer the warehousing fund real estate to a third party after notifying KFM of the intent to sell this real estate to a buyer other than KFM.

Additional items concerning the sales procedure and reasons for the third-party sales events will be prescribed for each warehousing fund that is established and agreed upon separately between each party involved and warehousing fund in the New Support-Line Memorandum of Understanding.

(3) Warehousing by KDX

For real estate, etc. owned or managed by an entity other than the entities that signed the New Support-Line Memorandum of Understanding, KFM can ask KDX to acquire and temporarily hold this real estate, etc. for the purpose of securing an opportunity for KRI and KDR to acquire this real estate, etc. in the future. If KDX receives this request from KFM, it must sincerely consider taking the requested action.

If KDX accepts the request from KFM, KDX or a company wholly owned by KDX will purchase the real estate, etc. associated with the request.

If KDX purchases the real estate, etc. in accordance with the request from KFM, it may not sell or otherwise dispose of this real estate, etc. to an entity other than KFM for one year after the purchase date. Furthermore, if KFM asks during this one-year period for the sale of the real estate, etc. to KRI and KDR, KDX must perform this sale.

(4) Other items

The New Support-Line Memorandum of Understanding is to be valid for one year after this

memorandum is signed. The New Support-Line Memorandum of Understanding will be extended automatically for one year under the same terms after each year unless any entity that signed this memorandum notifies all other entities that signed this memorandum no later than 30 days prior to the expiration date of the intent not to renew the memorandum.

In addition, if KRI or KDR acquire real estate, etc. as a result of information provided, etc. based on the New Support-Line Memorandum of Understanding, whether or not to pay brokerage fees and the amount of these fees will be determined by separate discussions for each transaction based on laws and regulations, customary business practices and the nature of services provided.

7. Impact on operating results

The impact on FY12/2013 operating results is unclear at present. We shall without delay disclose our opinion of the impact on operating results as soon as we are able to determine what it is likely to be.

The Group plans to perform the procedures required for the adoption of a consolidated tax payment system in the year following the completion of the Reorganization.