

This announcement is prepared for the purpose of public disclosure regarding issuance of its new shares by way of public offering and the secondary offering of the shares and does not constitute a solicitation of an offer for the purchase of any securities within or outside of Japan. This announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of any offer of securities for sale in the United States. The securities of the Company referred to below have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States absent registration or an exception from registration under the Securities Act. No public offering of securities of the Company will be made in the United States.

August 30, 2013

To whom it may concern:

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

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 regarding the Issuance of New Shares
by way of Public Offering and Secondary Offering

Kenedix, Inc. (the "Company") hereby announces that its board of directors has resolved, on August 30, 2013, the issuance of new shares by way of public offering and secondary offering of shares.

Background for the Offering

Kenedix Group (the "Group") has been engaged in real-estate asset management since the dawn of the real estate securitization market and has built a position as one of the leading real estate asset managers by persevering through even the difficult times following the global financial crisis.

The Company developed its medium-term management plan in February 2013 and has continued to work on a number of initiatives to become a leader in the real estate investment market. Given the recent recovery trend of the real estate investment market, underpinned by a turnaround in economic conditions, and the expected progress of the medium-term management plan, the Company revised its medium-term management plan to reflect the following objectives and announced the revised plan dated August 9, 2013:

- Reach an assets under management (the "AUM") target of 1.4 trillion yen earlier than the initial plan.
- Increase the amount of principal investments (mainly co-investments) to 30 billion yen.
- Preparations have been completed for building an operating framework for the purpose of strengthening the asset management business.
- Establish the goal of resuming dividend payments in 2015 for the fiscal year ending December 31,

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2014 which is the last fiscal year in the medium-term management plan.

For details of the revisions to the medium-term management plan, please refer to the “*Announcement of Revisions to the Medium-term Management Plan*” released on August 9, 2013.

The public and secondary offerings of shares resolved today are aimed at raising funds to finance strategic investments for business expansion, including the increase in principal investments, primarily co-investments, and the expansion in AUM. The Company will make efforts to further accelerate its principal investments and diversify its business by using the proceeds.

1. Issuance of New Shares by way of Public Offering of Shares

- | | |
|---|---|
| (1) Class and Number of Shares to be Issued | 35,300,000 shares of common stock of the Company, which is the sum of (i) through (iii) below. <ul style="list-style-type: none">(i) 17,030,000 shares of common stock of the Company to be purchased and underwritten by Japanese underwriters for the Japanese Public Offering described in (4)(i) below(ii) 14,770,000 shares of common stock of the Company to be purchased and underwritten by international underwriters for the International Offering described in (4)(ii) below(iii) A maximum of 3,500,000 shares of common stock of the Company subject to the option to purchase additionally issued shares granted to the international underwriters for the International Offering described in (4)(ii) below |
| (2) Method of Determination of the Amount to be Paid | The amount to be paid will be determined on the Pricing Date (any day during the period from September 11, 2013 (Wednesday) to September 17 (Tuesday)) in accordance with the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association (“JSDA”). |
| (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased | The amount of stated capital to be increased shall be half of the maximum amount of stated capital increase, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Ordinance on Company Accounting with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the said amount of stated capital to be increased from the said maximum amount of |

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stated capital increase.

(4) Method of Offering

(i) Japanese Public Offering:

The offering to be made in Japan shall be a public offering (the "Japanese Public Offering"), and SMBC Nikko Securities Inc., UBS Securities Japan Co., Ltd., Nomura Securities Co., Ltd. and Daiwa Securities Co. Ltd. (the "Japanese Underwriters") shall underwrite and purchase all of the shares offered in the Japanese Public Offering. SMBC Nikko Securities Inc. and UBS Securities Japan Co., Ltd also act as Joint Lead Managers and Bookrunners for the offering.

(ii) International Offering:

In the offering to be made overseas (including, in the United States, restricted to sales to qualified institutional buyers under Rule 144A of the U.S. Securities Act of 1933 and, in Canada, through non-public sales compliance with applicable Canadian securities laws) (the "International Offering"), UBS Limited and SMBC Nikko Capital Markets Limited (the "International Underwriters"), acting as Joint Lead Managers and Bookrunners, shall severally and not jointly underwrite and purchase the aggregate number of shares. The Company shall also grant the International Underwriters the option to purchase additionally issued common shares of the Company as mentioned in (1) (iii) above.

With regard to each offering mentioned in (i) and (ii) above, the number of shares to be offered is planned to be 17,030,000 shares for the Japanese Public Offering and 18,270,000 shares for the International Offering (14,770,000 shares to be purchased and underwritten as mentioned in (1) (ii) above and 3,500,000 additional shares to be purchased upon exercise of the option as mentioned in (1) (iii) above).

However, the final breakdown shall be determined on the Pricing Date by taking into account the market demand and other conditions.

The issue (offer) price with regard to each offering mentioned in (i) and (ii) above shall be determined in accordance with the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. promulgated by the JSDA, on the Pricing Date, based on the price range calculated by multiplying the closing price in regular trading of the shares on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted, the closing price of

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the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), taking into account the market demand and other conditions.

SMBC Nikko Securities Inc. and UBS Securities Japan Co., Ltd. act as Joint Global Coordinators for the Japanese Public Offering, the International Offering and the Secondary Offering to cover Over-Allotted shares.

- (5) Underwriting Commissions The Company shall not pay any underwriting commissions to the Underwriters in each offering mentioned above, although the aggregate amount of the difference between (a) the issue price (the offer price) in the Japanese Public Offering and the International Offering and (b) the amount to be paid to the Company by the Underwriters shall constitute the proceeds to the Underwriters.
- (6) Subscription Period (in Japanese Public Offering) The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date.
- (7) Payment Date The payment date shall be any day during the period from September 19 (Thursday) to September 25 (Wednesday), provided, however, that such day shall be the fifth business day following the Pricing Date.
- (8) Subscription Unit 100 shares
- (9) The amount to be paid, the issue price (the offer price), and any other matters necessary for the issuance of new shares for the primary offering, shall be determined at the discretion of the President of the Company.
2. Secondary Public Offering of Shares (Secondary Offering to cover Over-Allotment) (See "Reference" item 1 below)
- (1) Class and Number of Shares to be Sold 1,239,600 shares of common stock of the Company.
- The number of shares mentioned above is the maximum number of shares to be sold. The above number may decrease, or the Secondary Offering to cover Over-Allotment itself may be cancelled, depending on market demand for and due to other factors in relation to the Japanese Public Offering. Furthermore, the number of shares to be sold mentioned above shall be determined on the Pricing Date, taking into account market demand and other factors.

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- (2) Seller SMBC Nikko Securities Inc.
- (3) Selling Price To be determined (on the Pricing Date; provided, however, that such selling price shall be the same as the issue price (the offer price) for the Japanese Public Offering and the International Offering)
- (4) Method of Secondary Offering Taking into account market demand for and other factors in relation to the Japanese Public Offering, SMBC Nikko Securities Inc. will make a secondary offering of shares which it will borrow from certain shareholder(s) of the Company.
- (5) Subscription Period The subscription period shall be the same as the subscription period for the Japanese Public Offering.
- (6) Delivery Date The delivery date shall be the business day immediately following the payment date for the Japanese Public Offering.
- (7) Subscription Unit 100 shares
- (8) The selling price and any other matters necessary for the Secondary Offering to cover Over-Allotment shall be determined at the discretion of the President of the Company.
- (9) If the Japanese Public Offering is cancelled, the Secondary Offering to cover Over-Allotment shall also be cancelled.
3. Issuance of New Shares by way of Third-Party Allotment (Green Shoe Third-Party Allotment)
(See "Reference" item 1 below)
- (1) Class and Number of Shares to be Offered 1,239,600 shares of common stock of the Company
- (2) Method of Determination of the Amount to be Paid The amount to be paid shall be the same as the amount to be paid in "1. Issuance of New Shares by way of Public Offering of Shares.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased An increase in the amount of stated capital shall be half of the maximum amount of capital increase, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Ordinance on Company Accounting, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. An increase in the additional paid-in capital shall be the amount obtainable by subtracting the said increase in stated capital from the said maximum amount of capital increase.

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- (4) Allottee SMBC Nikko Securities Inc.
- (5) Subscription Deadline Friday, September 27, 2013
- (6) Payment Date Monday, September 30, 2013
- (7) Subscription Unit 100 shares
- (8) If there are any shares which are not subscribed on the subscription date mentioned in (5) above, the issuance of such shares shall be cancelled.
- (9) The amount to be paid and any other matters necessary for the "Third-Party Allotment" shall be determined at the discretion of the President of the Company.
- (10) If the Japanese Public Offering is cancelled, the Third-Party Allotment shall also be cancelled.

Reference

1. Secondary Offering to cover Over-Allotment

The Secondary Offering to cover Over-Allotment may be conducted in conjunction with the Japanese Public Offering as set forth in "1. Issuance of New Shares by way of Public Offering of Shares" in a number not exceeding 1,239,600 shares, which SMBC Nikko Securities Inc. will borrow from certain shareholder(s) of the Company (the "Borrowed Shares"), taking into account market demand for the offering and other conditions. The number of shares in the Secondary Offering to cover Over-Allotment represents the maximum number of shares to be sold, and depending on market demand and other conditions such number may decrease, or the Secondary Offering to cover Over-Allotment may be cancelled.

In connection with the Secondary Offering to cover Over-Allotment, the Company grants SMBC Nikko Securities Inc. with the option to subscribe for additional shares (the "Green Shoe Option") in a number not exceeding the maximum number of shares to be sold in the Secondary Offering to cover Over-Allotment (the "Maximum Number of Shares"), so SMBC Nikko Securities Inc. can exercise the Green Shoe Option up to Wednesday, September 25, 2013.

SMBC Nikko Securities Inc. may also purchase the shares of common stock of the Company on the Tokyo Stock Exchange, up to the Maximum Number of Shares for the Secondary Offering to cover Over-Allotment (the "Syndicate Cover Transactions"). Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the Subscription Period through Wednesday, September 25, 2013 (the "Syndicate Cover Transaction Period").^{Note} The shares of the Company's common stock purchased through the Syndicate Cover Transactions shall be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, SMBC Nikko Securities Inc. may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of shares purchased reaches the Maximum Number of Shares.

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SMBC Nikko Securities Inc. may also conduct stabilizing transactions during the Subscription Period for the Japanese Public Offering or Secondary Offering to cover Over-Allotment. The shares of common stock of the Company purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

In addition, the shares of common stock purchased through stabilization transaction, may, in whole or in part, be transferred to the International Underwriters for the purpose or partially settling the International Offering.

SMBC Nikko Securities Inc. plans to accept the allotment under the Green Shoe Third-Party Allotment of an equivalent number of shares of common stock of the Company obtained by deducting (a) the number of shares purchased through stabilization transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares, from (b) the number of shares to be offered by the Secondary Offering to cover Over-Allotment. Accordingly, all or a part of the shares to be issued under the Green Shoe Third-Party Allotment may not be subscribed for, which may result in a decrease in the maximum number of shares planned to be issued under the Green Shoe Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture of the right to subscribe.

In the case where the SMBC Nikko Securities Inc. will accept the allotment under the Green Shoe Third-Party Allotment, it will use the proceeds from the Secondary Offering to cover Over-Allotment as payment to acquire the planned number of shares.

Whether or not to conduct the Secondary Offering to cover Over-Allotment, as well as the number of shares to be sold in the event of the Secondary Offering to cover Over-Allotment is conducted, will be determined on the Pricing Date. If the Secondary Offering to cover Over-Allotment is cancelled entirely, SMBC Nikko Securities Inc. will not conduct the borrowing of shares of common stock of the Company mentioned above. Accordingly, no new shares will be used under the Green Shoe Third-Party Allotment due to forfeiture of the right to subscribe, since the SMBC Nikko Securities Inc. will not accept the allotment and will not subscribe for any shares under the Green Shoe Third-Party Allotment.

The stabilizing transactions, Syndicate Cover Transactions and any subscriptions in relation to the Green Shoe Third-Party Allotment will be conducted by SMBC Nikko Securities Inc. after consultation with UBS Securities Japan Co., Ltd.

Note:

Syndicate Cover Transactions period varies depending on the pricing date as follows:

- (1) If the pricing date is Wednesday, September 11, 2013: Saturday, September 14 through Wednesday, September 25.
- (2) If the pricing date is Thursday, September 12: Wednesday, September 18 through Wednesday, September 25.
- (3) If the pricing date is Friday, September 13: Thursday, September 19 through Wednesday, September 25.
- (4) If the pricing date is Tuesday, September 17: Friday, September 20 through Wednesday, September 25.

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2. Changes in the Number of Outstanding Shares as the Result of Public Offerings and Third-party Allotment

Total number of outstanding shares at present (as of August 30, 2013)	229,118,600 shares (Note 1)
Increase in number of shares as the result of the public offerings	35,300,000 shares (Note 2)
Total number of outstanding shares after the public offerings	264,418,600 shares (Note 2)
Increase in the number of shares as the result of the third-party allotment	1,239,600 shares (Note 3)
Total number of outstanding shares after the third-party allotment	265,658,200 shares (Note 3)

Notes:

- 1 The Company conducted a stock split effective on June 30, 2013, whereby 1 share of common stock was split into 100 shares.
- 2 Represents the numbers of shares when the international underwriters have fully exercised the right to underwrite and purchase the additionally issued shares as set forth in "1. Issuance of New Shares by way of Public Offering of Shares Public Offering (1)(iii)".
- 3 Represents the numbers of shares when SMBC Nikko Securities Inc. has accepted to subscribe all the shares as set forth in "3. Issuance of New Shares by way of Third-Party Allotment (Green Shoe Third-Party Allotment) (1) Class and Number of Shares to be Offered" and new shares have been issued as a result.

3. Use of Proceeds

- (1) Of the maximum total net amount of 15,324,000,000 yen which is the sum of the approximate total net amount from the Japanese Public Offering, the International Offering, and issuance of new shares through third-party allotment, the Company plans to use approximately 5 billion yen before the end of December, 2013, and the remaining amount before the end of December, 2014, for part of its planned principal investments (including sole investments as well as co-investments with client investors) and its strategic investments aimed at business expansion including the increase of AUM. Until the proceeds are actually used for principal or strategic investments, they will be invested in low-risk investment instruments such as negotiable certificates of deposit and commercial paper.

With respect to the principal investments, the Company plans to invest primarily in development projects (including BTS (Build-to-Suit) logistics facilities, residential facilities and healthcare facilities), and bridge and opportunistic funds in the REIT market, jointly with client investors. In addition, the Company also plans to invest in domestic and foreign real estate asset management companies and companies providing real estate related service, with the goal of increasing its AUM and enhancing the ability of securing new projects.

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Notes:

- 1 BTS logistic facilities are the type of logistics facilities developed to satisfy the location, building specifications and equipment requirements of a specific tenant
- 2 Opportunistic funds are the type of funds that seek relatively higher returns by acquiring properties at a discount and improving the profitability of such properties through value enhancement and strengthened leasing activities

(2) Changes in the use of proceeds previously raised

None

(3) Expected impact on business results

The Company believes that the principal investments (including sole investments as well as co-investments with client investors) and the strategic investments for business expansion, using the proceeds from the offerings and third-party allotment, will contribute to the improvement of its business performance over the medium- to long-term.

4. Distribution to Shareholders and other matters

(1) Basic policy on distribution of profit

The Company has placed the distribution of profit to shareholders as an important subject in the management of business, and it is the basic policy to continuously distribute profit according to the consolidated results of operations.

(2) Determination of dividends and use of retained earnings

With respect to dividends, the Company determines the amount to be distributed by taking into account factors including the business environment, reinforcement of retained earnings for future growth and the payout ratio. In accordance with the medium-term management plan, the Company expects to resume the distribution of dividends and improve the payout ratio by building a revenue structure whereby the Company can produce stable earnings.

Note: As described in "Notice of Assumption and Forgiveness of Debt of a Consolidated Subsidiary" dated July 10, 2013, and released along with the forecasted non-consolidated financial results for the period ending December 31, 2013, the Company is expected to recognize a loss of approximately 12.9 billion yen due to the assumption of debt from a consolidated subsidiary. In order to pay a dividend in 2015 for the fiscal year ending December 31, 2014, the Company needs to (a) reverse its expected non-consolidated deficit in other retained earnings by transferring part of additional paid-in capital to other capital surplus and then transferring part of other capital surplus to other retained earnings, with the resolution at general meeting of shareholders following the announcement of our results for the year ending December 31, 2013, and (b) record distributable surplus by generating income on a non-consolidated basis for the fiscal year ending December 31, 2014.

(3) Dividends for the past three fiscal years

	Fiscal year ended December 2010	Fiscal year ended December 2011	Fiscal year ended December 2012

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Net income/loss per share (consolidated basis)	¥(1,563.02)	¥573.18	¥(4,420.43)
Annual dividend per share	—	—	—
Payout ratio (consolidated basis)	—	—	—
Return on equity (consolidated basis)	(4.8)%	2.2%	(18.1)%
Ratio of dividends/net assets (consolidated basis)	—	—	—

Notes:

- 1 Net income/loss per share (consolidated basis) for each fiscal year has been calculated based on the average number of issued shares for each fiscal year.
- 2 The payout ratio (consolidated basis) for each fiscal year is the annual dividend per share divided by consolidated net income/loss per share. There is no payout ratio for fiscal years ended December 2010, 2011 and 2012 as the Company recorded a net loss in those periods.
- 3 The return on equity (consolidated basis) for each fiscal year is the consolidated net income/loss for the relevant fiscal year divided by the consolidated net assets (net of minority interests) (the average of the beginning and ending amounts).
- 4 The ratio of dividends/net assets (consolidated basis) for each fiscal year is the aggregate amount of the annual dividend divided by the consolidated net assets (net of minority interests) (the average of the beginning and ending amounts). There is no ratio of dividends/net assets for the fiscal years ended December 2010, 2011 and 2012 as there were no dividends.
- 5 The Company conducted a stock split effective on June 30, 2013, whereby 1 share of common stock was split into 100 shares. The stock split is not reflected in any of the per-share figures above.

5. Other matters

(1) Equity financing for the past three years

- (i) Equity financing for the past three years

None

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(ii) Changes in share price for the past three fiscal years and immediately before the date hereof

	Fiscal year ended December 2010	Fiscal year ended December 2011	Fiscal year ended December 2012	Fiscal year ending December 2013
Opening price	¥29,500	¥25,130	¥10,010	¥21,100 □¥433
Highest price	¥36,300	¥26,540	¥21,800	¥84,900 □¥619
Lowest price	¥12,210	¥7,890	¥7,330	¥18,520 □¥311
Closing price	¥24,720	¥10,010	¥20,420	¥41,700 □¥436
Price earnings ratio (consolidated basis)	— (x)	17.5 (x)	— (x)	— (x)

Notes:

- 1 The share price for fiscal year ending December 2013 is as of August 29, 2013.
- 2 Price earnings ratio (consolidated basis) for each fiscal year is the closing price of the shares at the fiscal year end by the consolidated net income per share at the fiscal year end. There is no price earnings ratio for the fiscal years ended December 2010 and 2012 because the Company recorded a net loss. In addition, there is no price earnings ratio for the fiscal year ending December 2013 as it is not yet determined.
- 3 The Company conducted a stock split effective on June 30, 2013, whereby 1 share of common stock was split into 100 shares. The figures preceded by □ represent ex-dividend prices.

(2) Lock-up

The Company has agreed, for a period beginning on the Pricing Date of the Japanese Public Offering, Secondary Offering to cover Over-Allotment and the International Offering and ending 180 days after the Payment Date of these offerings, not to, without a prior written consent of the Joint Global Coordinators, issue, offer or sell any of its common stock or any securities convertible into its common stock or conduct a series of equivalent transactions (excluding the issuance of shares in connection with the Japanese Public Offering, International Offering and Green Shoe Third-Party Allotment, stock split, the issuance of stock acquisition rights to officers or employees of the Company or the Company's affiliates as part of an incentive plan and the issuance of shares or delivery of treasury stock of the Company upon the exercise of such stock acquisition rights).