

Greetings

We would like to express our sincere appreciation to all investors for their continued support. We are pleased to report on the performance results for the 19th fiscal year (January 1 to December 31, 2013).

There was a big improvement in Japan's economy in 2013 as monetary easing and economic stimulus measures fueled a strong stock market rally and other positive developments. In the real estate industry, signs of a broad-based recovery finally began to emerge. In particular, land prices and leasing rates started to rebound against a backdrop of a large volume of real estate transactions.

In this business climate, revenue and earnings at Kenedix were well above the initial plan. During 2013, we raised our forecast twice because of our strong performance. Furthermore, we have significantly increased the targets of our medium-term management plan that ends in 2015. We may be able to reach our assets under management (AUM) target of 1,400 billion yen in 2014. The entire Kenedix Group is also determined to improve performance to the point where we can resume dividend payments, which has been a major goal of ours for the past several years. We ask for your continued support and encouragement going forward.



Taisuke Miyajima
CEO & President

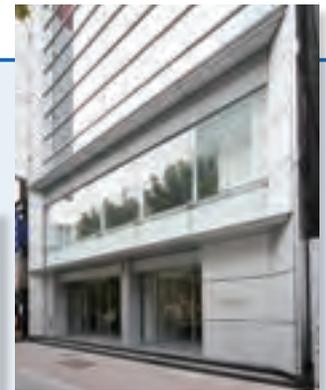
February 2014

KENEDIX TOPICS

KDO acquired "DNI Mita Building," an office building located in Minato-ku, Tokyo

In May 2013, Kenedix acquired DNI Mita Building, an office building in Minato-ku, Tokyo, jointly with Kenedix Office Investment Corporation (KDO). And in November, Kenedix sold its equity interest in this building to KDO with aimed at supporting the growth of Kenedix-affiliated J-REITs, which is one of the major initiatives of the medium-term management plan.

The DNI Mita Building is an 11-story structure with three underground levels that was completed in 1993. This is a medium-scale office building with a floor area of about 5,000 square meters. The building is in the business district that includes Shiba Koen, Shiba and Mita. Many high-rise office buildings are located in the same area, mainly along the district's main street. Furthermore, the building is near



train lines and tenants have easy access to major highways and the airport. Despite these benefits, leasing rates in this area are somewhat lower than in other major office building districts of Minato-ku. As a result, demand for office space is anticipated from a broad range of companies. We plan to continue making co-investments with REITs to acquire more attractive properties.

Major Track Records Since 2013

Date	Property Category	Investor Category	Location	Asset Size*1	Kenedix Investment (Pct.)
Mar. 2013	Office Building	Opportunistic	Sendai, Miyagi	Medium-scale	Approx. ¥0.2bn (7%)
Mar. 2013	Logistics Facility	Bridge Fund	Yokohama, Kanagawa	Medium-scale	Approx. ¥0.2bn (4%)
Mar. 2013	CMBS	CMBS	-	-	Approx. ¥40mn (-)
Apr. 2013	Logistics Facility	Development Project	Sagamihara, Kanagawa	Medium-scale	Approx. ¥0.3bn (5%)
Apr. 2013	Office Building	Opportunistic	Minato-ku, Tokyo	Large-scale	Approx. ¥0.5bn (6%)
May 2013	Office Building	Bridge Fund	Minato-ku, Tokyo	Small-scale	Approx. ¥0.2bn (52%)
May 2013	Hotel, etc.	Development Project	Minato-ku, Tokyo	Medium-scale	Approx. ¥2.1bn (100%)
May 2013	CMBS	CMBS	-	-	Approx. ¥0.1bn (-)
Jul. 2013	Residential	Bridge Fund	Tokyo (four properties)	Large-scale	Approx. ¥0.6bn (41%) *2
Jul. 2013	Office Building	Opportunistic	Kawasaki, Kanagawa	Medium-scale	Approx. ¥0.6bn (58%) *2
Sep. 2013	Residential	Opportunistic	Chiba, Osaka(three properties)	Small-scale	Approx. ¥60mn (5%)
Sep. 2013	Logistics Facility	Development Project	Koto-ku, Tokyo	Large-scale	Approx. ¥0.2bn (3%)
Nov. 2013	Retail Facility	Loans	Tokyo	-	Approx. ¥0.3bn (100%)
Jan. 2014	Office Building	Loans	Tokyo	-	Approx. ¥7.1bn (100%)
Feb. 2014	Residential & Office Building	Bonds/Loans	-	-	Approx. ¥0.3bn (100%)
Feb. 2014	Office Building, etc.	Opportunistic	Tokyo	-	Approx. ¥1.6bn (80%)

*1: Asset size is based on acquisition cost; development cost for development projects. Small-scale: under ¥5bn Medium-scale: ¥5bn-¥10bn Large-scale: over ¥10bn

*2: After the partial sale of interests *3: Actual figures



Management Interview

Aiming to reach the medium-term plan goals ahead of schedule by benefiting from a long-awaited favorable operating environment

Revenue and earnings increased in 2013 as Japan's real estate market began to show signs of vitality for the first time in many years. In addition, the reorganization and stock offering completed measures to build a base for growth. Kenedix is now in a position to adopt a more aggressive stance and has moved up the target dates for its medium-term plan goals.

The first strong performance in several years as demand for real estate investments increased

— Please give us an overview of market conditions in 2013 and consolidated results of operations.

Japan's real estate market staged a strong recovery in 2013 because of the benefits of Abenomics. Investor sentiment improved dramatically as the economy improved, resulting in a sharp upturn in demand for real estate investments. Due to these developments, we raised our revenue and earnings forecast twice last year. As a result, we posted revenue of 22.4 billion yen (year-on-year increase of 7.2%), operating income of 6.9 billion yen (year-on-year increase of 18.5%), ordinary income of 4.8 billion yen (year-on-year increase of 109.5 %) and net income of 1.9 billion yen (net loss of 10.1 billion yen in 2012). This was our first strong performance after several years of weakness.

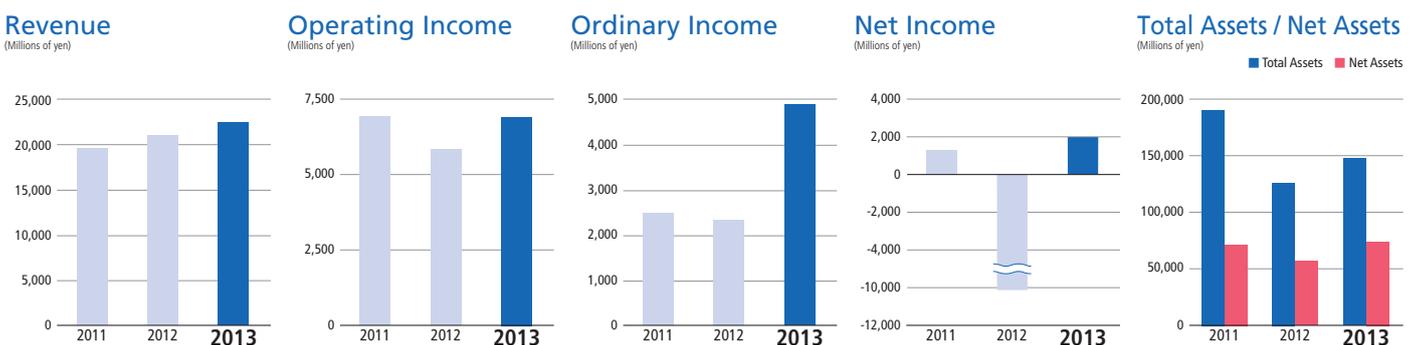
Competition for acquiring properties became more intense, but in general this competition did not become excessive. I believe that there has been very little speculation, unlike the situation immediately before the Lehman Brothers collapse. Information disclosure has improved significantly since that time. Furthermore,

REITs, non-recourse loans, private funds and other investment schemes have become more mature. We are also seeing more medium to long-term rather than short-term investments. So Japan's real estate market is much sounder today than it was before. This is why I think the current level of activity will continue for a while.

— What were the major accomplishments of 2013 at Kenedix?

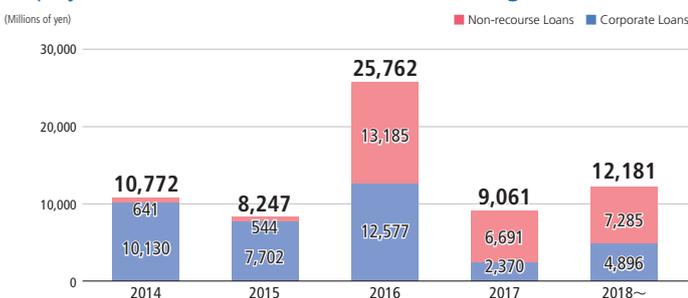
We took several big steps toward reaching the goals of the medium-term management plan, which I will explain later. One of the most significant events was the 17.8 billion yen public offering of stock. In addition, Kenedix Residential Investment Corporation's assets tripled to about 100 billion yen and we acquired Space Design, Inc., which operates serviced apartments and offices. In November 2013, we registered Kenedix Private Investment Corporation (KPI) and are now conducting activities with the aim of starting operations in March. In addition, there was a major reorganization for that combined REIT management companies and other companies to create Kenedix Real Estate Fund Management, Inc. (KFM) Forming this company centralizes the real estate asset management know-how of our entire group and gives us a stronger foundation for establishing new funds. This move completed our actions aimed at setting the stage for growth in the coming years.

Consolidated Financial Highlights

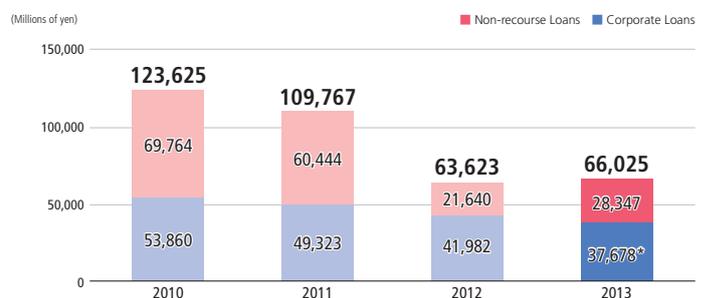


Interest-bearing Debt

Repayment Schedule for Interest-bearing Debt

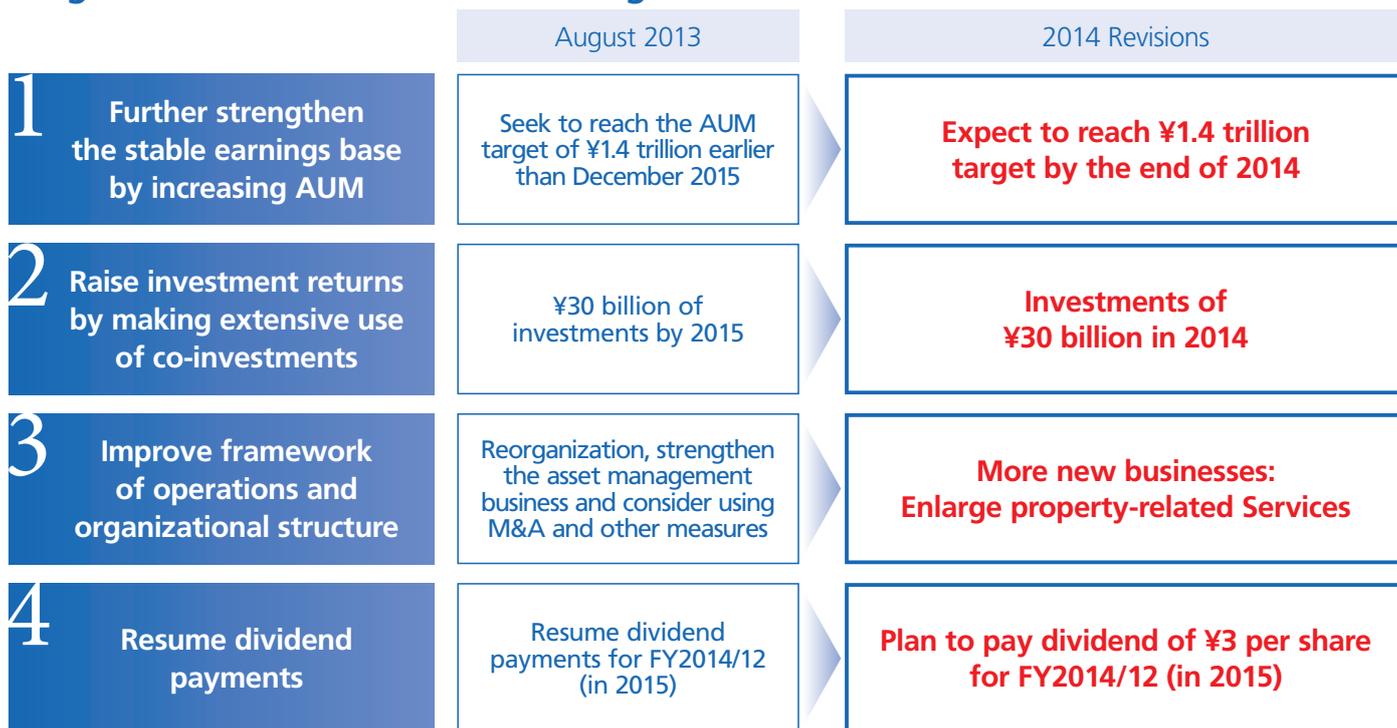


Loan Balance



*Includes a loan of Space Design (about ¥3.2bn)

Progress in the Medium-term Management Plan



To resume dividend payments sooner, the necessary amount of funds available for distribution will have to be secured. This will require a shareholders' meeting resolutions and other procedures, such as for a reduction in the capital surplus and a transfer from other additional paid-in capital to retained earnings in order to offset the deficit.

Higher medium-term plan goals to reflect the favorable operating environment

— Please explain the medium-term management plan and your progress toward reaching the plan's goals.

The current medium-term management plan originally covered the three-year period starting in 2013 to 2015. Based on this plan, Kenedix is aiming at: (i) reach the AUM target of 1,4 trillion yen; (ii) make 30 billion yen of principal investments over three years; (iii) strengthen the asset management business and rebuild an operating framework that may include M&A and other new activities in the future; and (iv) resume dividend payments. We announced the initial plan in February 2013. To reflect the strong business climate in 2013, we announced revisions to the plan in August that included reaching the plan's goals faster and making the goals even higher. By the end of 2013, we had finished measures to establish a solid foundation for growth, as I noted earlier. AUM were 1,2 trillion yen, principal investments totaled about 10 billion yen. We now aim to resume our dividend starting with a payment applicable to the fiscal year 2014.

— What are the major subjects now and how do you plan to accomplish them?

Success will require making investments as quickly as possible because the real estate market is currently overheated. One goal is to reach the medium-term plan target of 30 billion yen of principal investments quickly. I plan to make co-investments of 20 billion yen during 2014 by effectively utilizing funds from last year's public offering. For AUM, we have raised the goal for the end of 2014 by 200 billion yen and are now working on reaching this target.

Aiming to resume dividend payments soon as market conditions remain positive

— Please outline your primary initiatives of 2014 and your outlook for revenue and earnings.

I anticipate growth in revenue and earnings based on the outlook for the operating environment to remain favorable in 2014. I expect

revenue of 21 billion yen, down 6.5%, operating income of 5.2 billion yen, down 24.8%, ordinary income of 4.1 billion yen, down 15.9%, and net income of 3 billion yen, up 51.1%.

Our highest priority for 2014 is to accomplish as many of the medium-term goals as possible as soon as possible. One important step is the planned start of operations in March of private REITs at KPI (Kenedix Private Investment Corporation). KPI (This company) plans to start with AUM of about 30 billion yen and then rapidly raise this figure to about 100 billion yen

to increase the stability of asset management. We also plan to expand operations at companies like Space Design with real estate businesses that do not require the ownership of assets. These operations will enable us to further increase fee income, which is a consistent source of earnings.

— Any closing remarks for the shareholders?

Market conditions were good in 2013, which was my first year as president of Kenedix, and our performance was acceptable for the first time in several years. Unfortunately, Kenedix has been unable to pay a dividend for a number of years. Today, the Kenedix Group is poised to benefit from the biggest opportunities that have emerged since the collapse of Lehman Brothers in 2008. We will take advantage of this environment in every possible way. I am determined to reach the goals of the medium-term management plan ahead of schedule in 2014 and to restore the dividend. I ask for the support of shareholders as we continue to take the actions needed to accomplish our goals.





Strategic Investment Department

A sales team that plays a pivotal role in raising AUM to 1.4 trillion yen

Increasing AUM to 1.4 trillion yen is the central goal of the medium-term management plan. Activities of the Strategic Investment Department will be vital to reaching this target. By handling everything from creating investment schemes to forming ties with investors, this department is at the forefront of business transactions that are critical to sustaining the growth of Kenedix.

Executive Officer, General Manager of Strategic Investment Department

Soushi Ikeda

— Please explain the activities of the Strategic Investment Department.

The department is at the center of all business transactions at the Kenedix Group. The 16 members of the department are divided into five teams: Retail and Logistics, Residential and Healthcare, Office and Hotel, Investor Development, and Real Estate Solutions. Each team is responsible for creating projects and forming relationships with potential investors in its respective business sector.

We had many significant accomplishments in 2013. One was activities involving logistics projects. Most were for build-to-suit (BTS) facilities, where a long-term lease is signed with tenants prior to the start of development and construction. We also invested in class A office buildings using commercial mortgage-backed securities (CMBS) and other methods, established a private fund that owns a large hotel, and made opportunistic investments to purchase the TKS Musashikosugi Building and other properties. Another highlight was the acquisition of Space Design, which operates serviced apartments and offices. This investment is significant because it illustrates the new direction in which Kenedix is headed. Currently, we are engaged in activities to prepare for the March start of operations of Kenedix Private Investment Corporation, which was registered in November 2013.

— What is the role of the Strategic Investment Department regarding the goals of the medium-term management plan?

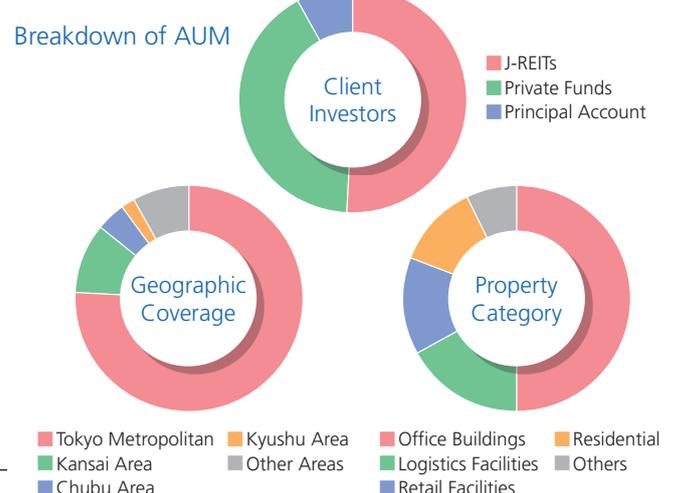
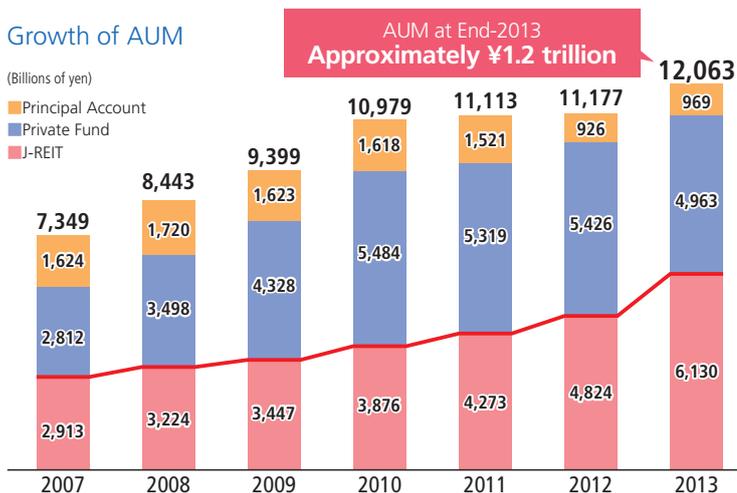
Raising AUM to 1.4 trillion yen is the most important goal of the medium-term management plan. Since AUM was about 1.2 trillion yen at the end of 2013, we need to add 200 billion yen to reach the goal ahead of schedule in 2014. We will also be selling assets, so that means we will have to make purchases that total about 400

billion yen. This is equivalent to one medium-size asset management company. Competition to purchase properties is heating up as Japan's real estate market recovers, so finding this volume of new investments will not be easy. We cannot simply do what our competitors are doing. Kenedix must always be ahead of other companies. To accomplish our AUM target, we are using a variety of methods for purchasing properties. One is BTS logistics facilities and other development projects, which have made a big contribution to our performance in recent years. We are also using bridge funds, private funds, CMBS investments to acquire properties, and other schemes.

— What are your priorities?

The five teams of our department are constantly looking for new investments in their respective sectors. Healthcare and hotels are two categories of particular interest at this time. Japan has one of the oldest populations in the world. That means higher demand for private nursing homes and other types of senior care facilities. Targeting growing markets like this is obviously a key element of our investment strategy. At the same time, these investments are vital to adapting to social changes in Japan. Our hotel investments reflect two themes. One is the outlook for extensive activities by the Japanese government to increase the number of foreign tourists. The other is Tokyo's selection to host the 2020 Summer Olympics. Office buildings will remain the largest share of investments at Kenedix. Additionally, we are seeking ways to enter more business domains by enlarging the breadth of our investments. I believe that this diversity will be essential to the future growth of the Kenedix Group as well as to building a stable base of operations for the group.

Growth in Assets Under Management (AUM)





Equity Investment Department

Asset Management with the Ideal Balance between Offensive and Defensive Postures

Increasing principal investments is one more major goal of the medium-term management plan. The Equity Investment Department makes these investments by using a stance that is clearly different from the approach used by sales and asset management operations. Success demands the proper balance between offense and defense. Activities of the department make it a behind-the-scenes source of power for the Kenedix Group.

General Manager, Equity Investment Department

Koju Komatsu

— What are the responsibilities of the Equity Investment Department?

Our department was established in October 2012 and now has a small team of only four people, including me. All of us have a strong commitment to increasing principal investments to 30 billion yen, which is a central goal of the medium-term management plan. We have two primary responsibilities. One is to oversee the management of property owned by the Kenedix Group. The other is to oversee co-investments of our group and client investors.

Co-investments are our main focus now, which actually means principal investments that are chiefly co-investments. In 2013, we used co-investments with a many types of client investors to make investments totaling 10 billion yen. Real estate accounted for 7 billion yen and the remainder was used to acquire companies. We plan to raise principal investments to 30 billion yen by the end of 2014. As we make these investments, our goal is to earn a return of approximately 10%.

— Why was this department formed to make investments separately from asset management and other departments?

We can earn a significant amount of trust among client investors by making investments with them when a fund is established. These so-called “same-boat investments” are an extremely effective way to help launch a new fund. Of course, these are also investments, so

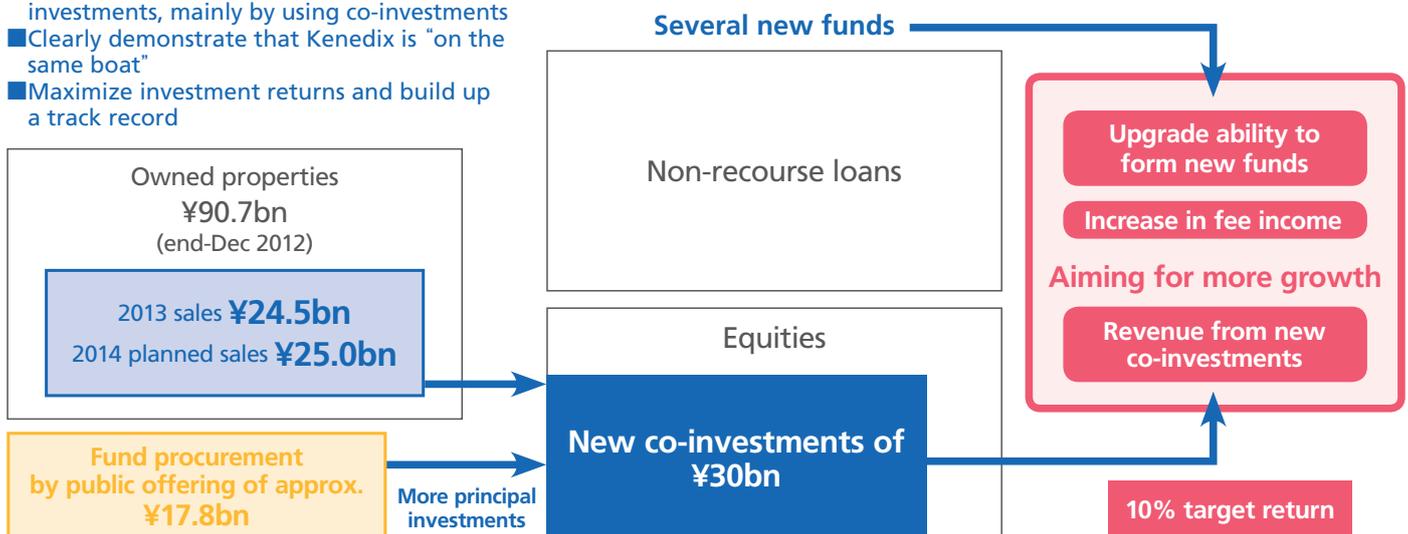
we need to examine each one carefully in order to earn a good return. Establishment of a fund or preserving AUM would inevitably be a priority if a sales or asset management department made principal investments. Simply pursuing a solid investment return would be difficult, as a result. The Equity Investment Department is capable of focusing entirely on investment returns because we are not associated with sales and asset management operations.

— How do the activities of the Equity Investment Department support the other operations of the Kenedix Group?

We are not a core business of the Kenedix Group. In a sense, we are a behind-the-scenes source of strength. You could even call us a gatekeeper. At times, we need to make other departments angry, such as by stopping a particular investment, in order to protect the funds that Kenedix receives from shareholders and other investors. Selling owned real estate and reducing interest-bearing debt are some other important responsibilities. This is a defensive strategy in comparison with principal investments, which are an offensive strategy. Executing offensive and defensive strategies while maintaining the right balance is an extremely complex job. I think our mission is to perform this gatekeeper role. Everyone at this department is determined to do whatever is needed to contribute to the sound growth of the Kenedix Group.

Use Co-investments to Strengthen the Private Fund Business

- Increased the target for principal investments, mainly by using co-investments
- Clearly demonstrate that Kenedix is “on the same boat”
- Maximize investment returns and build up a track record



Company Profile (As of December 31, 2013)

Company Information

Company name	Kenedix, Inc.
Founded	April 17, 1995
Head office	KDX Nihonbashi Kabutocho Building, 6-5 Nihombashi Kabutocho, Chuo-ku, Tokyo, 103-0026
Capital	¥40,237,365,809
Employees	108 (229 on a consolidated basis)
Major banking relationships	Sumitomo-Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Development Bank of Japan Inc. Sumitomo Mitsui Trust Bank, Ltd. Resona Bank, Ltd. Mizuho Bank, Ltd. Aozora Bank, Ltd.
Our business	Investment and management of diversified real estate assets

Management Team

Chairman	Atsushi Kawashima	Corporate Auditor	Harutaka Hamaguchi
President	Taisuke Miyajima	Corporate Auditor	Ninji Hayashi
Director	Taiji Yoshikawa	Corporate Auditor	Shintaro Kanno
Director	Takashi Uematsu	Corporate Auditor	Haruo Funabashi
Director	Shuhei Shiozawa		
Director	Yasuo Ichikawa		

Kenedix Group Companies

Kenedix Real Estate Fund Management, Inc.
Mitsui & Co., Logistics Partners Ltd.
KW Multi-Family Management Group, LLC

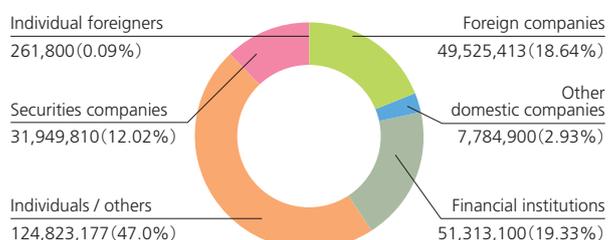
Shares Issued and Shareholders

Total number of authorized shares	350,000,000
Total number of shares outstanding	265,658,200
Number of shareholders	59,564

Major Shareholders (Top 5)

Name of Shareholders	Shares held	Shareholding (%)
State Street Bank And Trust Company	12,136,150	4.56
Japan Securities Finance Co., Ltd.	9,779,000	3.68
Central Tanshi Co., Ltd.	9,400,000	3.53
Rakuten Securities, Inc.	7,210,800	2.71
Japan Trustee Services Bank, Ltd. (Trust Account)	6,230,200	2.34

Distribution of Shares in Terms of Category of Holders



Note: The category "Individuals/others" includes shares in the name of Japan Securities Depository Center, Inc.

IR Calendar



Website



Recent operating performance updates, IR materials and press releases are available.

Memorandum for Shareholders

Business year	January 1 to December 31
Ordinary General Meeting of Shareholders	To be held in March every year
Record date	December 31 every year
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Mailing address	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Division 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063
Telephone inquiries	0120-782-031 (Toll free in Japan)
Public announcements	Notices will be posted in electronic format on our internet web page (http://www.kenedix.com). However, notices will be published in the Nihon Keizai Shimbun when it is impossible to make electronic notification for unavoidable reasons.

KENEDIX

KENEDIX, INC.

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<http://www.kenedix.com/eng>

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