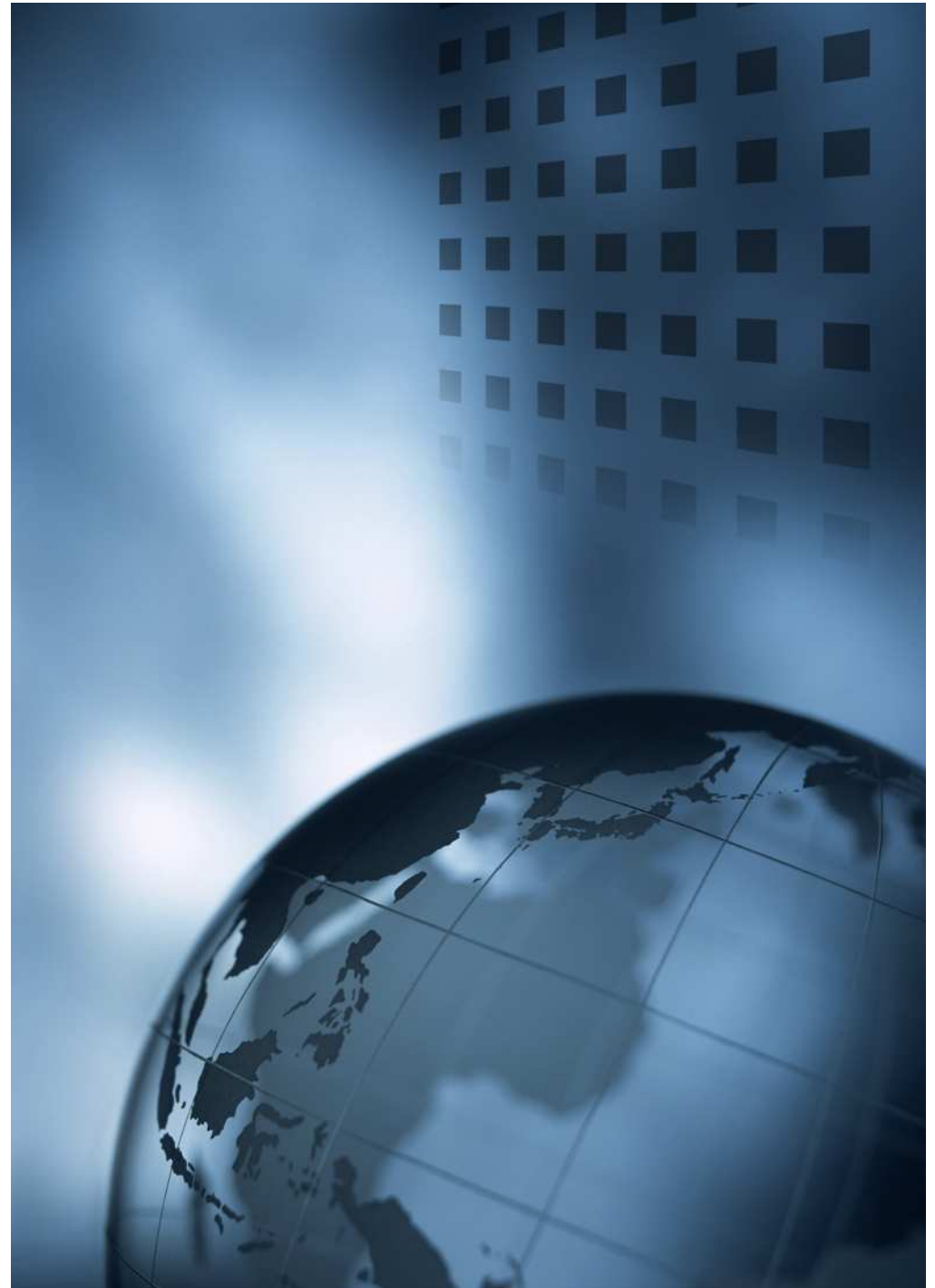


# KENEDIX

Results of Operations  
for the First Quarter of 2014  
Updated Version  
(Three Months Ended March 31, 2014)

June 2014  
Kenedix, Inc.





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KENEDIX

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KENEDIX

## 1. Our Business

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## 1 AM Business

Growth for managed J-REITs  
(3 public and 1 private REITs)

Private Fund

Establishment of new public  
REIT

➤ **Gain the stable  
earnings base by  
increasing AUM**

## 2 Equity Investment

Real estate investments

REIT investments and others

Business investments

➤ **Investments of  
¥30~40bn in 2014**  
➤ **10% target  
investment return**

## 3 Non-asset Property- related Services

M&A

Acquisition of serviced offices/  
apartments operating co.

Establishment of property  
management co. manages for  
office building

➤ **Further growth for the  
stable fee income**

# Business Outline

KENEDIX

## Office J-REIT



**KENEDIX**  
Office Investment Corporation

Kenedix Office  
Investment Corporation  
(Stock code: 8972)

## Residential J-REIT



**KENEDIX**  
Residential Investment Corporation

Kenedix Residential  
Investment Corporation  
(Stock code: 3278)

## Logistic J-REIT



Japan Logistics Fund, Inc.  
Japan Logistics  
Fund, Inc.  
(Stock code: 8967)

## Asset Management Business

- Assets under management of approx. ¥1.2 trillion
- Supporting the growth of REITs
- Establishment of real estate funds
- Fund procurement arrangements

Funds for professional investors

Private REIT



**KENEDIX**  
Private Investment Corporation

Kenedix Private  
Investment Corporation

Private funds

Real estate investors in Japan and overseas  
Foreign institutional investors / Pension funds /  
Domestic institutional investors / Individual investors, etc.

# Asset Management Business Fees

KENEDIX

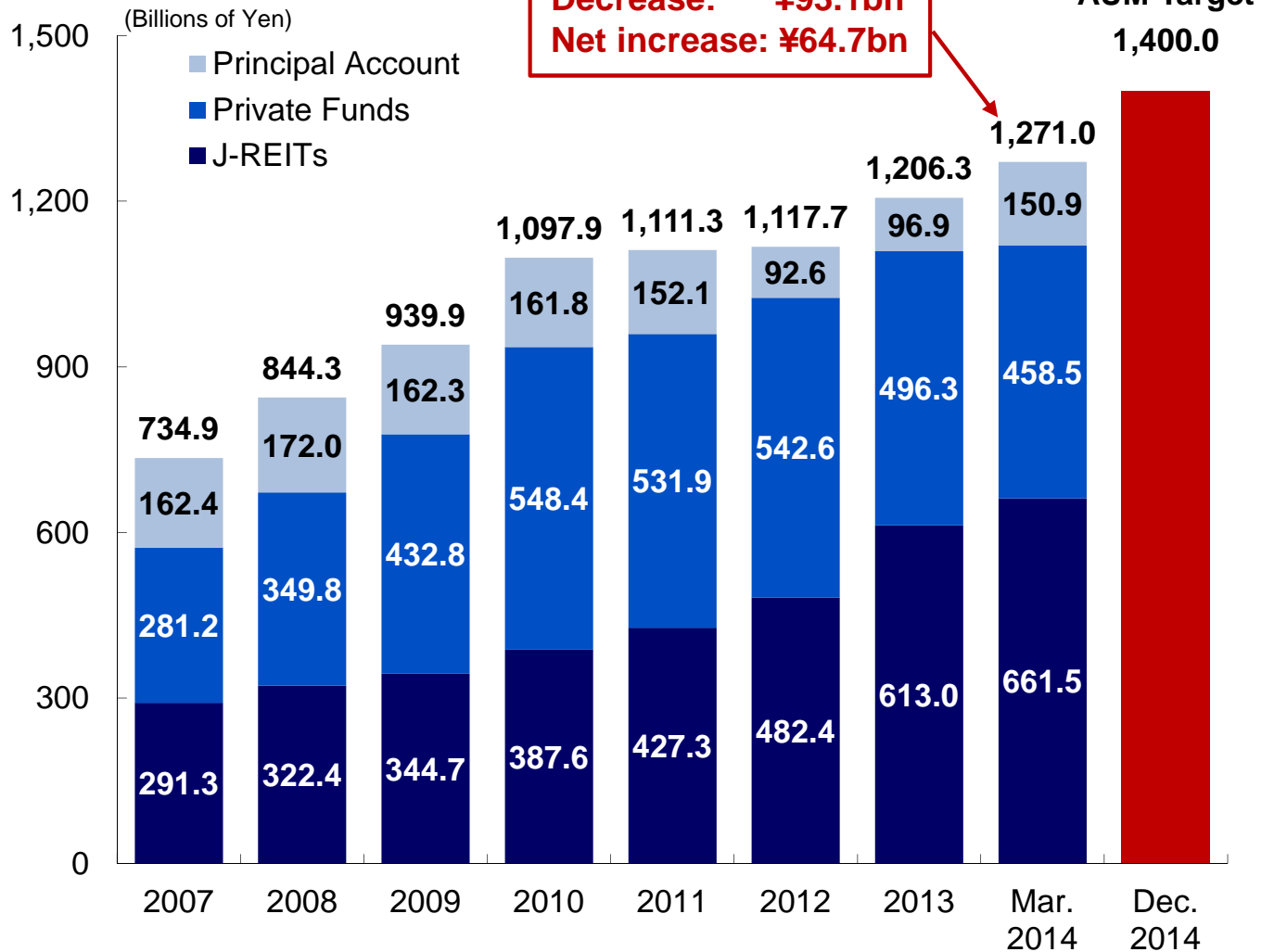
- Fee income from asset management is a medium- to long-term source of stable earnings
- A source of earnings from establishing funds and selling properties

Fee Structure	Fees
<b>Asset management</b> (Remuneration for managing assets)	Fixed percentage of <u>purchase cost of each fund's portfolio assets</u> for each period → Asset management fee
<b>Fund establishment</b> (Remuneration for providing investment opportunities)	Fixed percentage of <u>the purchase cost of portfolio assets</u> when a fund is established → Acquisition fee
<b>Sales of properties</b> (Remuneration for selling properties)	Fixed percentage of <u>the proceeds</u> when a portfolio asset is sold → Disposition fee
<b>Incentive fee</b>	Fixed percentage of <u>earnings above the target</u> when a portfolio asset is sold → Incentive fee
<b>Other fees</b>	Brokerage fee, consulting fee, etc.

# Assets Under Management (AUM)

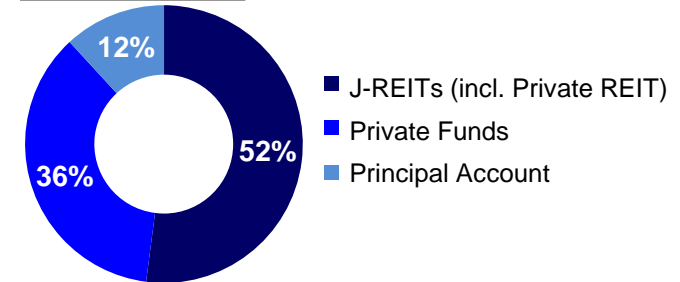
KENEDIX

## Growth of AUM

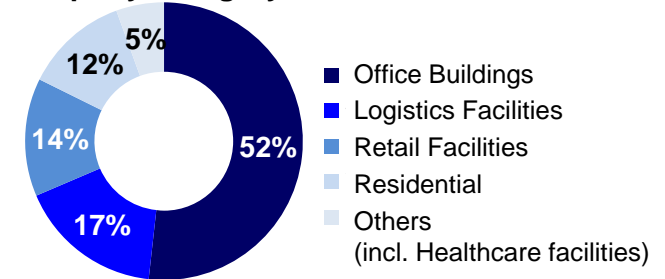


## Breakdown of AUM (as of Mar. 31, 2014)

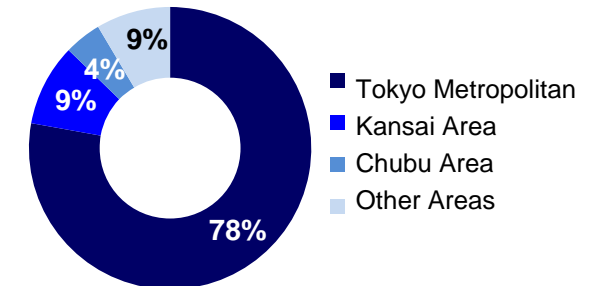
### Client Investors



### Property Category



### Geographic Coverage



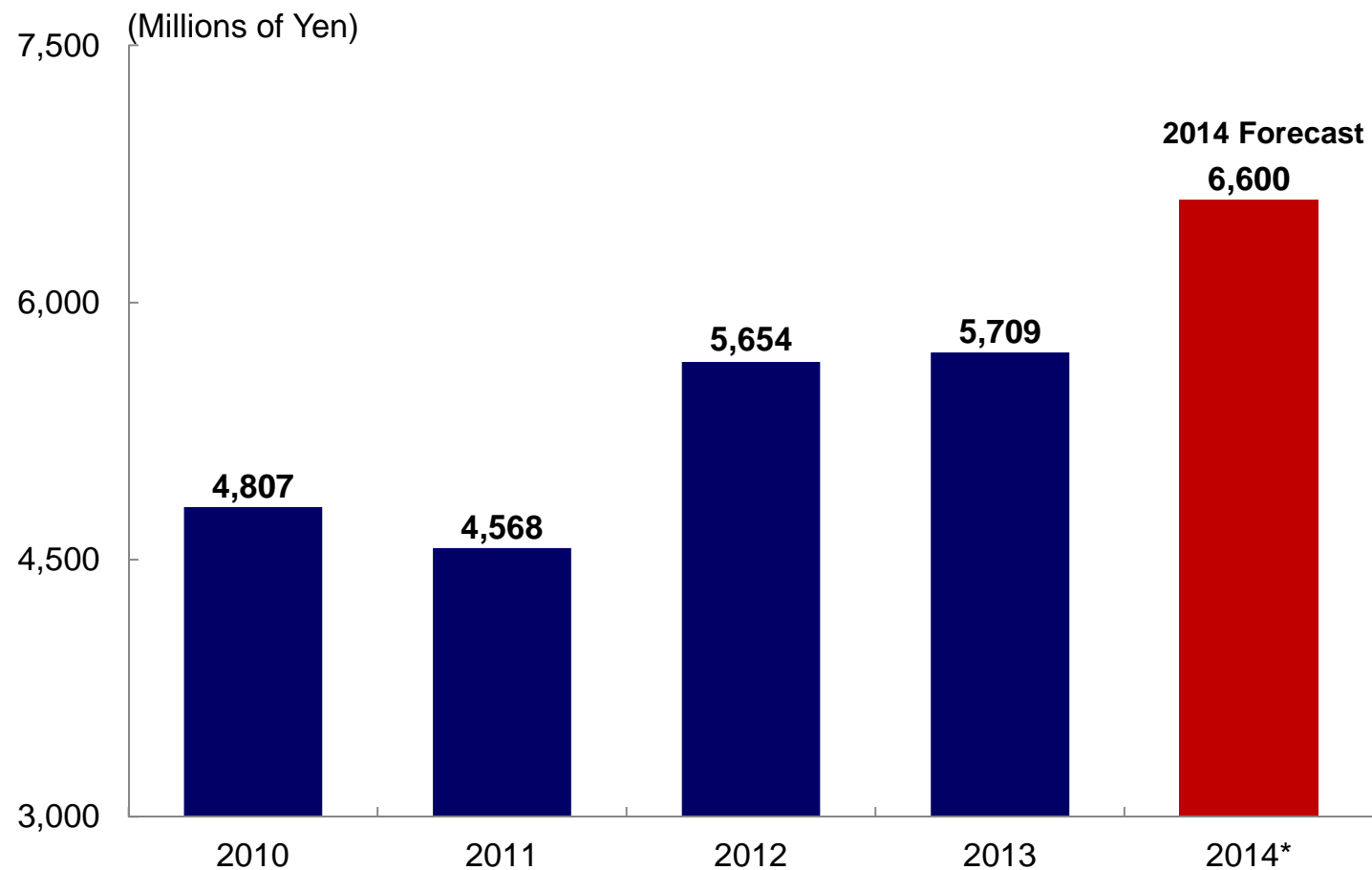


# Asset Management Business Earnings Growth

KENEDIX

■ Consistent growth in earnings from AUM

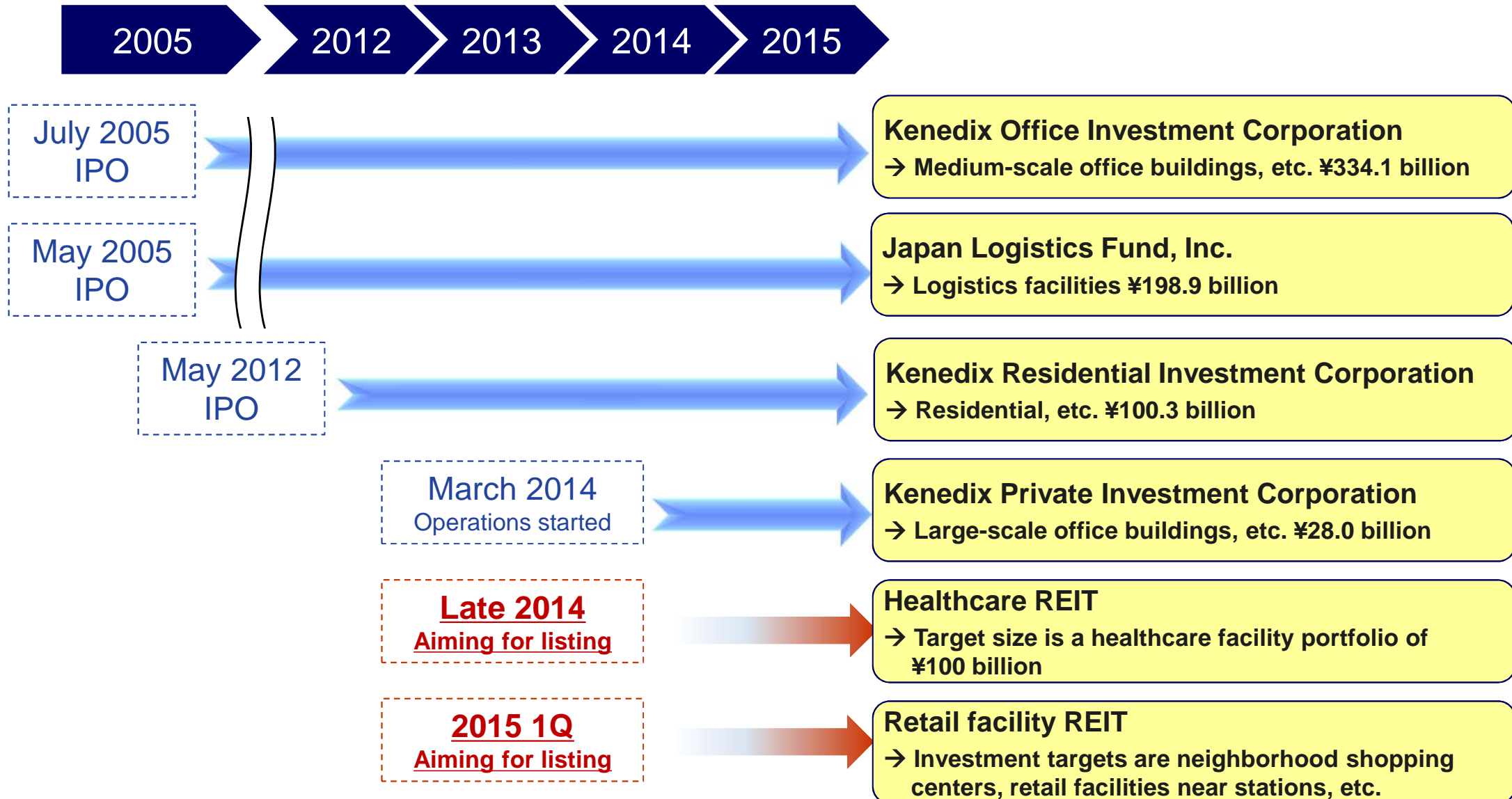
## Gross Operating Income in the Asset Management Business



\*Note: 2014 figure is a forecast

# Initiatives to Establish REITs and AUM

KENEDIX



## Healthcare REIT

- Japan Senior Living Partners Co., Ltd. was established on April 18, 2014 as an REIT asset management company in preparation for a listed healthcare REIT.
- Capital contribution ratios: Kenedix 60%, Haseko 20%, and Shinsei Bank, Mitsubishi UFJ Trust and Banking, the LIXIL Group, Sompo Japan 5% each.
- Target total assets size: About ¥100 billion
- Track record for Kenedix: 28 facilities with a total value of about ¥40 billion, including new development projects
- Kenedix will establish a pre-REIT fund for the purpose of supplying properties to the healthcare REIT.

## Retail facility REIT

- This REIT will invest primarily in retail facilities in commercial districts with easy access to large number of consumers who make up the bulk of traffic as well as in retail facilities that are adjacent to railway stations.
- As of the end of March 2014, AUM for retail facilities was ¥175.2 billion.
- Using the know-how gained in managing retail facilities, a REIT specializing in retail facilities is to be listed in the first quarter of 2015.

# New Investments in 2014



■ New investments of up to **¥40 billion** in 2014

<u>2014 Investment Target</u>	<u>Concept</u>	<u>Expected Return</u>	<u>1Q 2014 Investments</u>
<b>1</b> <u>Real estate investments</u>	<ul style="list-style-type: none"> <li>❑ Co-investments that are expected to generate a relatively high return (Opportunistic Investment)</li> <li>❑ Investments in real estate development projects</li> </ul>	Average of about 10%	About ¥19.1 billion
<b>2</b> <u>REIT investments and others</u>	<ul style="list-style-type: none"> <li>❑ Investments in REIT investment units</li> </ul>	About 5%	About ¥6.8 billion
<b>3</b> <u>Business investments</u>	<ul style="list-style-type: none"> <li>❑ Strategic investments for expanding operations involving property-related services</li> <li>❑ Investments that strengthen, expand or capture synergies for Kenedix businesses</li> </ul>		About ¥6.8 billion

# Investment Schemes

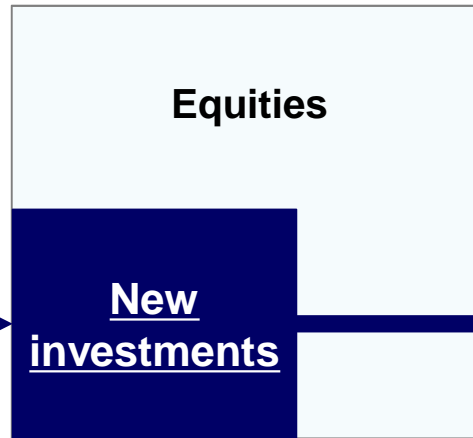
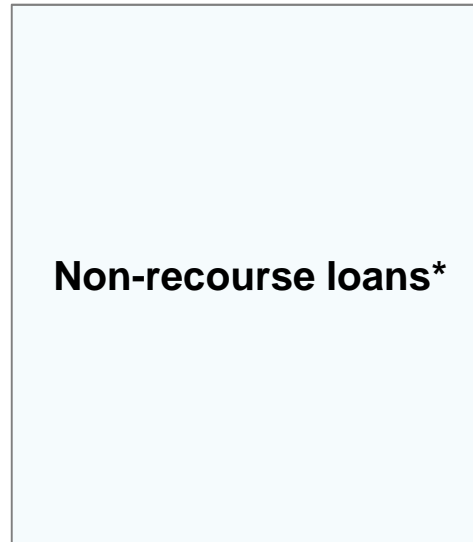
- Co-investments, etc. with other real estate investors
- Maximize investment returns and build up a track record



2013 Fund procurement by public offering  
Approx. ¥17.8bn

**Own funds**

**Several new funds**



**10% target investment return**

\*Note: Non-recourse loan This loan is a financing method that restricts sources of funds available for repayments. Usually, cash flows from the asset being financed are used for repayments and there is no obligation to make repayments that exceed these cash flows.

# Major New Investments in 1Q 2014



## Real Estate Investments in Japan Total: Approx. ¥19.1 billion\*<sup>1</sup> (End-Mar 2014)

	Date	Property Category	Investment Category	Location	Asset Size* <sup>2</sup>	KDX Investment (Investment Ratio)	Expected IRR	Expected Multiple
(1)	Jan. 2014	Office, Land, etc.	Opportunistic	Tokyo, etc.	Small-scale	Approx. ¥1.6bn (80%)	30%	1.14
(2)	Feb. 2014	Residential, Office	Bonds/Loans	Nationwide	-	Approx. ¥0.3bn (99%)	27%	1.67
(3)	Feb. 2014	Residential	Bridge Fund	Tokyo, Fukuoka, Shiga	Medium-scale	Approx. ¥0.7bn (34%)* <sup>3</sup>	13%	1.07
(4)	Feb. 2014	Office	Opportunistic	Shibuya-ku, Tokyo	Small-scale	Approx. ¥0.6bn (35%)	14%	1.31
(5)	Mar. 2014	Office (65% of trust beneficial interests)* <sup>4</sup>	Bridge Fund	Koto-ku, Tokyo	Large-scale	Approx. ¥6.6bn* <sup>5</sup> (100%)	8%	1.21
(6)	Mar. 2014	Office (50% of trust beneficial interests)	Bridge Fund	Minato-ku, Tokyo	Large-scale	Approx. ¥2.7bn* <sup>6</sup> (100%)	9%	1.29
(7)	Mar. 2014	Retail Facility	Bridge Fund	Shibuya-ku, Tokyo	Medium-scale	Approx. ¥1.2bn (100%)	9%	1.24
(8)	Mar. 2014	Retail Facility	Bridge Fund	Chiba	Medium-scale	Approx. ¥1.3bn (100%)	16%	1.43
(9)	Mar. 2014	Office	Loans	Tokyo, Kanagawa	Large-scale	Approx. ¥0.7bn (-)	10%	1.08
(10)	Mar. 2014	Office (59% of trust beneficial interests)	Opportunistic	Shinjuku-ku, Tokyo	Large-scale	Approx. ¥1.1bn (28%)	13%	1.70
(11)	Mar. 2014	Residential	Opportunistic	Tokyo, Saitama	Small-scale	Approx. ¥0.4bn (100%)	11%	1.12

## REIT Investments, Business Investments and Others Total: Approx. ¥6.8 billion (End-Mar 2014)

### □ Investments in Kenedix Private Investment Corporation and others

\*1: In addition to the above (1) to (11), additional investments, etc. to other development projects were included.

\*2: Asset size is based on acquisition cost. Small-scale: under ¥5bn Medium-scale: ¥5bn-¥10bn Large-scale: over ¥10bn

\*3: Amount of initial Kenedix investment was ¥1.5bn. Some of the equity interests were redeemed afterward.

\*4: An agreement has already been signed with Kenedix Office Investment Corporation (KDO) for the sale on May 30, 2014 of a part of the 65% interest held by Kenedix. After the sale, the share of investment will be as follows: Kenedix 40%, KDO 25%, KPI 35%.

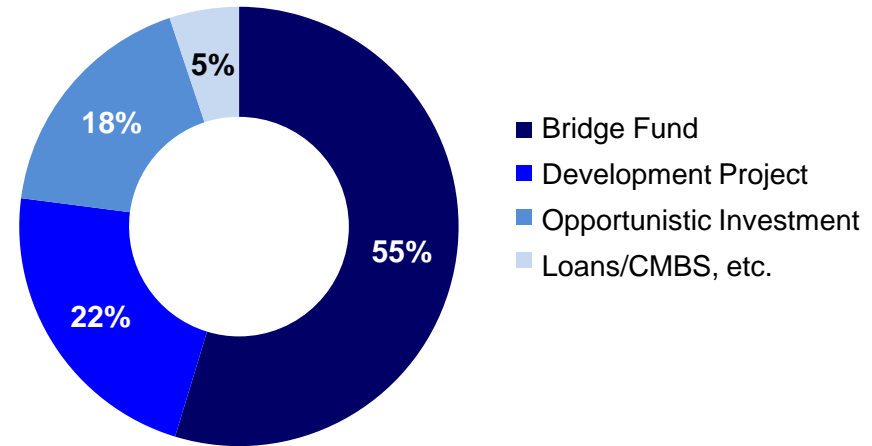
\*5: After the sales of certain equity interest in investment (see note 4 above), the balance of Kenedix investment will be an estimated ¥5.8bn.

\*6: Original investment was a loan of approx. ¥7.1bn in January 2014.

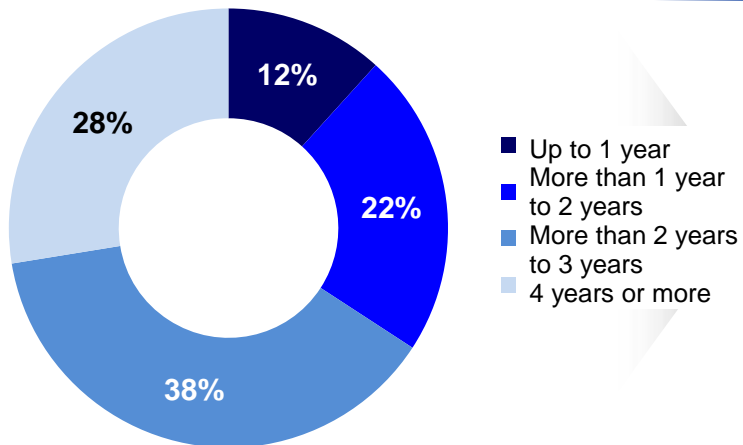
# Breakdown of Real Estate Investments

- Investments are made while aiming for diversification in terms of property categories, investment schemes, investment periods, and risk-return profiles.
- Total real estate investments from July 2012 to End-March 2014 was approximately ¥26.6 billion (excluding KDX investments already sold)

## Investment Scheme



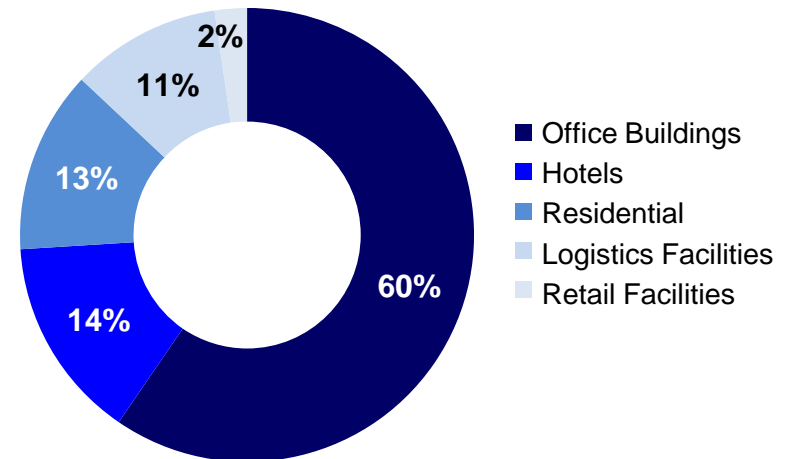
## Expected Investment Period (Initial investment timing)



**Weighted average investment period using amount at risk:**  
**3.15 years\***  
**(Excl. development deals: 1.95 years\*)**

\* Investments with no specified period not included

## Investment Target / Asset in the Fund



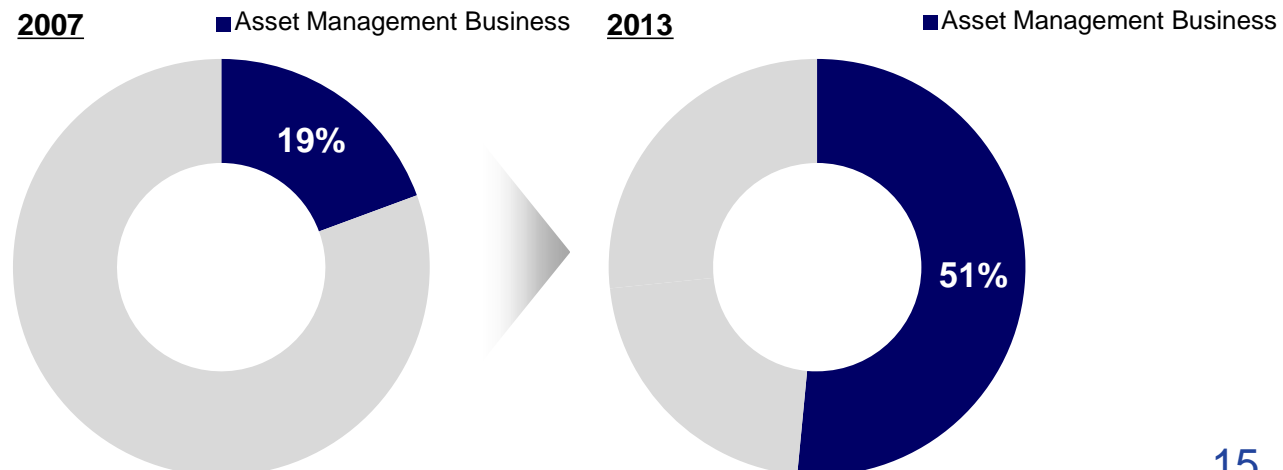
# Differences between Past and Present Business Activities -1 KENEDIX

2007 vs. 2014

Item	2007	2014
Real estate investment environment	<ul style="list-style-type: none"> <li>Increasingly heated competition with many companies to acquire properties</li> </ul>	<ul style="list-style-type: none"> <li>A reasonable competitive environment for purchasing properties due to the elimination of many competitors after the Lehman shock</li> </ul>
Kenedix investment schemes	<ul style="list-style-type: none"> <li>100% ownership by Kenedix</li> <li>Properties developed by Kenedix alone</li> </ul>	<ul style="list-style-type: none"> <li>Mainly co-investments with other investors</li> </ul>
Kenedix's composition of loans	<ul style="list-style-type: none"> <li>Funds procured mainly by using corporate loans</li> </ul>	<ul style="list-style-type: none"> <li>Funds procured mainly by using non-recourse loans</li> </ul>

## Change in Gross Operating Income

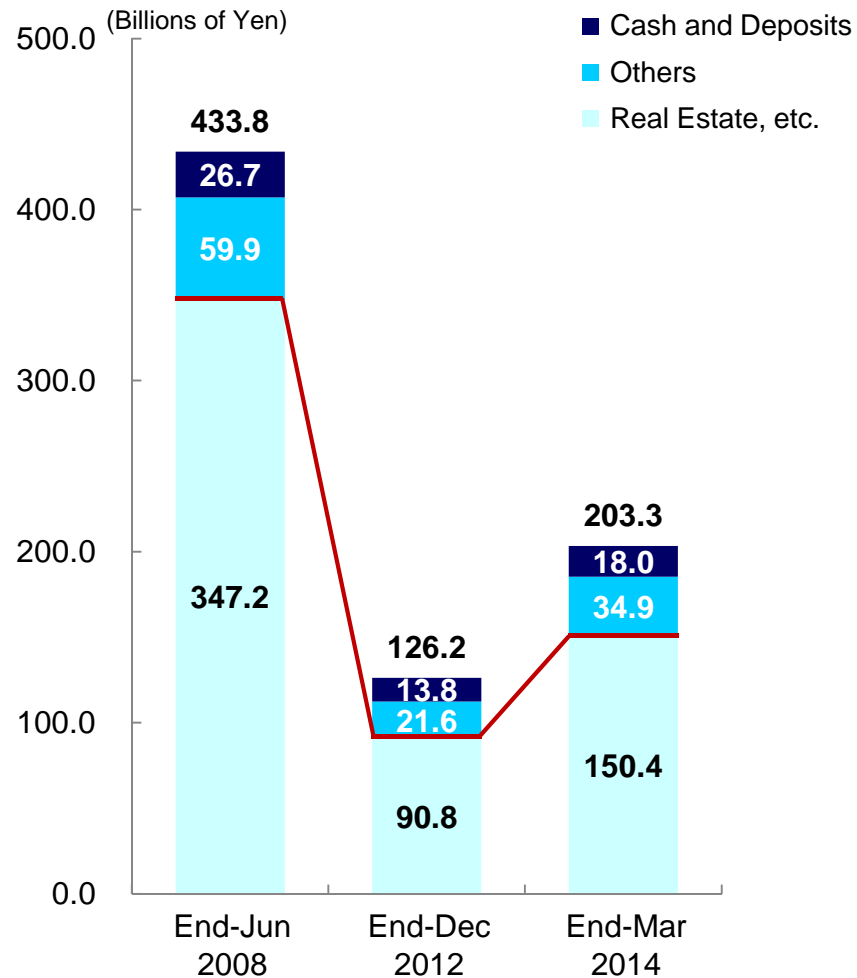
- In 2007, capital gains from sales of properties were the primary source of earnings
- In 2013, half of earnings came from the asset management business, which is a consistent source of earnings



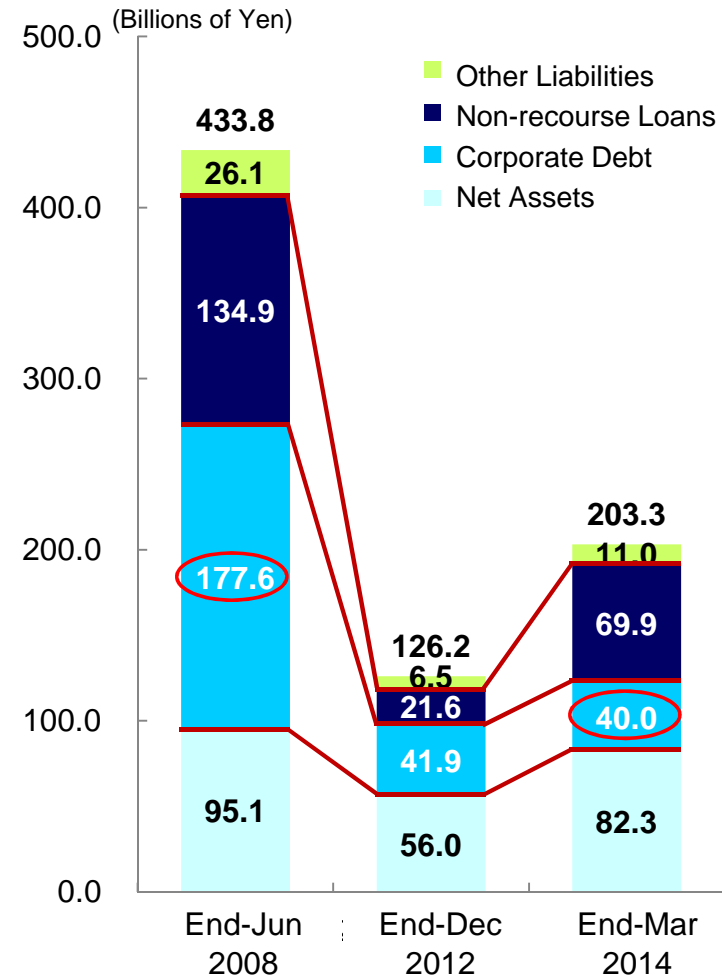


# Differences between Past and Present Business Activities -2 KENEDIX

## KDX Assets

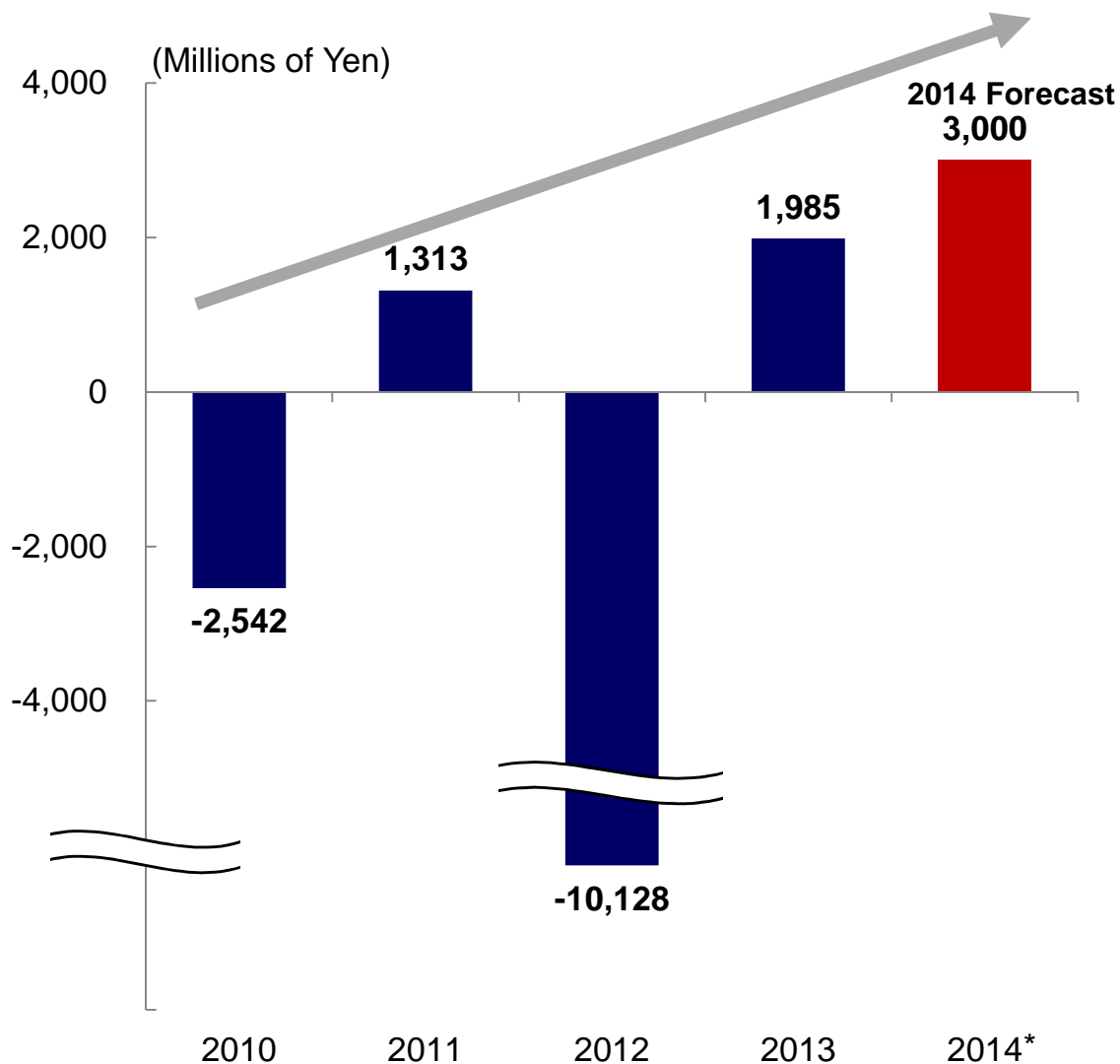


## KDX Liabilities and Net Assets



# Results of Operations and Forecast

## Net Income



\*Note: 2014 figure is a forecast

## Background of 2014 Forecast

- Growth of the asset management business
- Gains on sales of owned properties
- Nearing completion of selling previous assets
- Consolidated taxation

## Results of Operations and Forecast

(Millions of Yen)	2012	2013	2014 (Forecast)
Revenue	20,957	22,456	21,000
Ordinary Income	2,328	4,878	4,100
Income Before Income Taxes	-9,132	2,734	4,300
Net Income	<u>-10,128</u>	<u>1,985</u>	<u>3,000</u>
EPS*	<u>-44.2</u>	<u>8.2</u>	<u>11.2</u>

\*Note: The average number of shares issued during the period is used for EPS (earnings/loss per share) in 2012 and 2013 and the number of shares issued at the end of December 2013 is used for the 2014 forecast.

## 2. 2014 1Q Results Highlights



# Summary of 1Q Consolidated Income Statement



## Results for 1Q 2014 (Millions of Yen)

### Summary of Consolidated Income Statement

	2013		2014	
	1Q	Full year	1Q	Full Year (f.)
<b>Revenue</b>	<b>4,645</b>	<b>22,456</b>	<b>5,141</b>	<b>21,000</b>
<b>Gross Operating Income</b>	<b>2,732</b>	<b>11,077</b>	<b>3,315</b>	<b>10,200</b>
<b>Operating Income</b>	<b>1,843</b>	<b>6,914</b>	<b>2,240</b>	<b>5,200</b>
Non-operating Income	50	275	93	250
Non-operating Expenses	-495	-2,312	-345	-1,350
<b>Ordinary Income</b>	<b>1,398</b>	<b>4,878</b>	<b>1,989</b>	<b>4,100</b>
Extraordinary Income	-	146	2,761	3,000
Extraordinary Loss	-	-2,291	-945	-2,800
<b>Income before Income taxes</b>	<b>1,398</b>	<b>2,734</b>	<b>3,804</b>	<b>4,300</b>
Income Taxes	-233	-718	-448	-450
Minority Interests	-16	-29	-45	-850
<b>Net Income</b>	<b>1,148</b>	<b>1,985</b>	<b>3,310</b>	<b>3,000</b>

### Segment Information

	2013		2014	
	1Q	Full year	1Q	Full Year (f.)
<b>Gross Operating Income</b>	<b>2,732</b>	<b>11,077</b>	<b>3,315</b>	<b>10,200</b>
<b>Asset Management Business</b>	<b>948</b>	<b>5,708</b>	<b>2,228</b>	<b>6,600</b>
Acquisition Fee	168	1,638	423	2,200
Asset Management Fee	686	2,952	804	3,450
Incentive Fee	0	61	640	550
Disposition Fee	13	223	301	100
Other Fees	81	832	58	300
<b>Real Estate Investment Business</b>	<b>1,085</b>	<b>2,418</b>	<b>464</b>	<b>1,200</b>
Rental Revenue	75	490	106	350
Gain on Sales of Properties	-8	946	-1	0
Dividend Income from Investment in TK	167	-41	136	-50
Others	852	1,023	223	900
<b>Real Estate Leasing Business</b>	<b>697</b>	<b>2,949</b>	<b>622</b>	<b>2,400</b>
Rental Revenue	696	2,841	590	1,950
Others	1	108	31	450

### Plan to pay a dividend of ¥3 per share\*

Resuming dividend payments based on the results of operations for 2014 is a priority of the medium-term management plan  
Dividend will be backed by stable earnings

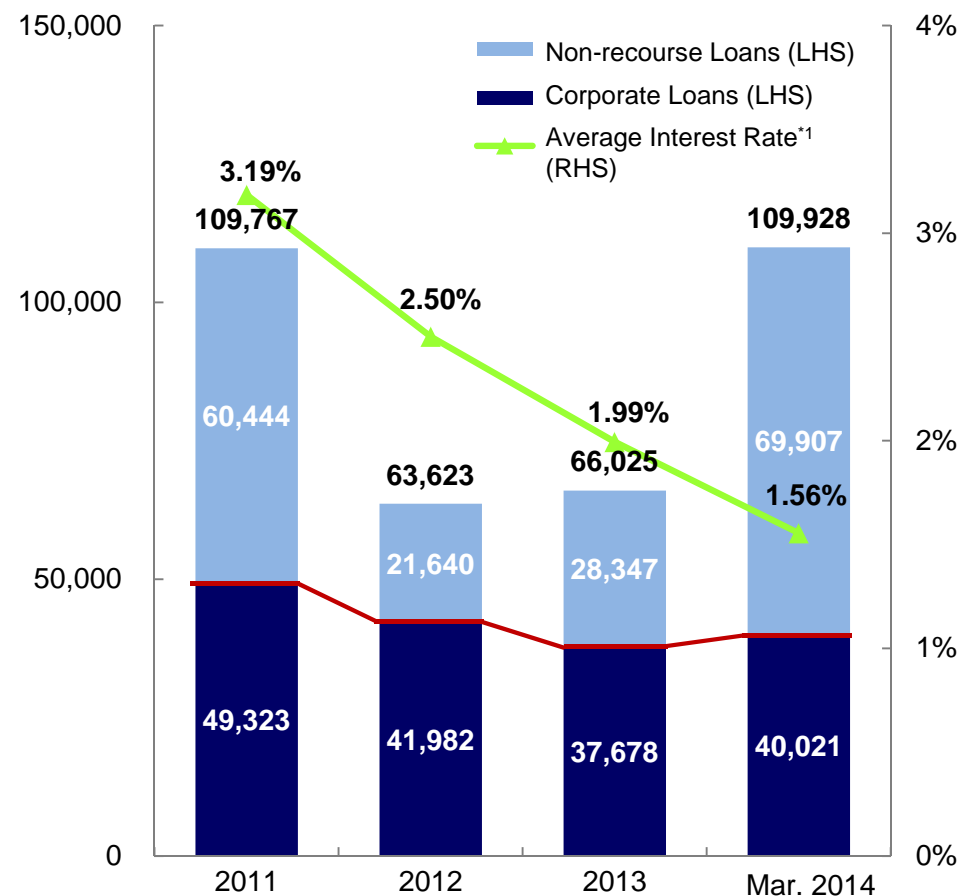
\* Kenedix does not plan to pay an interim dividend.

# Summary of Consolidated Balance Sheet

KENEDIX

(Millions of Yen, unless otherwise stated)	End-Dec 2012	End-Dec 2013	End-Mar 2014
<b>Total Assets</b>	<b>126,270</b>	<b>148,398</b>	<b>203,303</b>
<b>Net Assets</b> (of which Minority Interests)	<b>56,071</b> <b>(5,247)</b>	<b>74,341</b> <b>(3,028)</b>	<b>82,348</b> <b>(7,805)</b>
<b>Equity Ratio</b>	<b>40.2%</b>	<b>48.1%</b>	<b>36.6%</b>
<b>Interest-bearing Debt</b> (of which Non-recourse Loans)	<b>63,623</b> <b>(21,640)</b>	<b>66,025</b> <b>(28,347)</b>	<b>109,928</b> <b>(69,907)</b>
<b>Cash and Deposits</b>	<b>13,813</b>	<b>25,795</b>	<b>18,081</b>
<b>Debt Equity Ratio</b>	<b>1.25x</b>	<b>0.93x</b>	<b>1.48x</b>

## Loan Balance and Average Interest Rate



\*1: Average interest rate is the principal-weighted average for loans remaining at the end of each period.

# Summary of Inventories and Fixed Assets



## Inventories (Millions of Yen, number of properties in parentheses)

Asset Balance (Total Book Value)	Office Building	Residential				Others	Total
End-Dec 2012	-	-				9,953 (76)	9,953 (76)
End-Dec 2013	-	11,181 (4)				3,769 (29)	14,950 (33)
<b>End-Mar 2014</b>	<b>2,250 (1)</b>	<b>18,115 (7)</b>				<b>3,714 (27)</b>	<b>24,079 (35)</b>

## Fixed Assets (Millions of Yen, number of properties in parentheses)

Asset Balance (Total Book Value)	Office Building	Residential	Retail Facility	Senior Healthcare	Redevelopment Project	Others	Total	Latent Gains	Latent Losses	Total Latent Gains/Losses
End-Dec 2012	37,132 (14)	10,605 (10)	19,308 (7)	3,827 (4)	9,435 (2)	451 (2)	80,760 (39)	2,138	-9,903	-7,764
End-Dec 2013	35,950 (11)	5,002 (5)	18,480 (5)	1,945 (2)	11,932 (2)	7,802 (12)	81,114 (37)	4,156	-7,164	-3,008
<b>End-Mar 2014</b>	<b>72,159 (13)</b>	<b>6,129 (7)</b>	<b>25,042 (5)</b>	<b>1,953 (2)</b>	<b>12,765 (2)</b>	<b>8,321 (24)</b>	<b>126,372 (53)</b>	-	-	-

Acquisition of KDX Toyosu Grandsquare, Kamiyacho Prime Place, an office building in Shinjyuku, etc.

Acquisition of retail facilities in Daikanyama and Shinurayasu  
Sales of XEBIO Matsumoto

# Summary of Investment Securities



## Investment Securities

(Millions of Yen)	(Year)	End-Dec 2013	End-Mar 2014	Note
Same Boat Investments (co-investments)	Until 2011	2,941	2,786	TK investments in non-consolidated SPC, TMK investments, etc. Years when investments were made are based on the signing date for associated contracts
	Since 2012	2,773	3,242	
	Subtotal	5,714	6,029	
Overseas Investments		1,733	1,783	Investments in U.S. multi-family residential properties, a Chinese real estate fund and other investments
REIT Investment Units		2,778	8,822	REIT investment units (Kenedix Office Investment Corporation, Kenedix Residential Investment Corporation, Kenedix Private Investment Corporation, and others)
Strategic Investments		1,466	1,247	Equity ownership in affiliated companies (Mitsui & Co. Logistics Partners, and others)
Other Investments		196	687	Cash in trust beneficial rights (CMBS) and other equities, etc.
		11,889	18,570	

KENEDIX

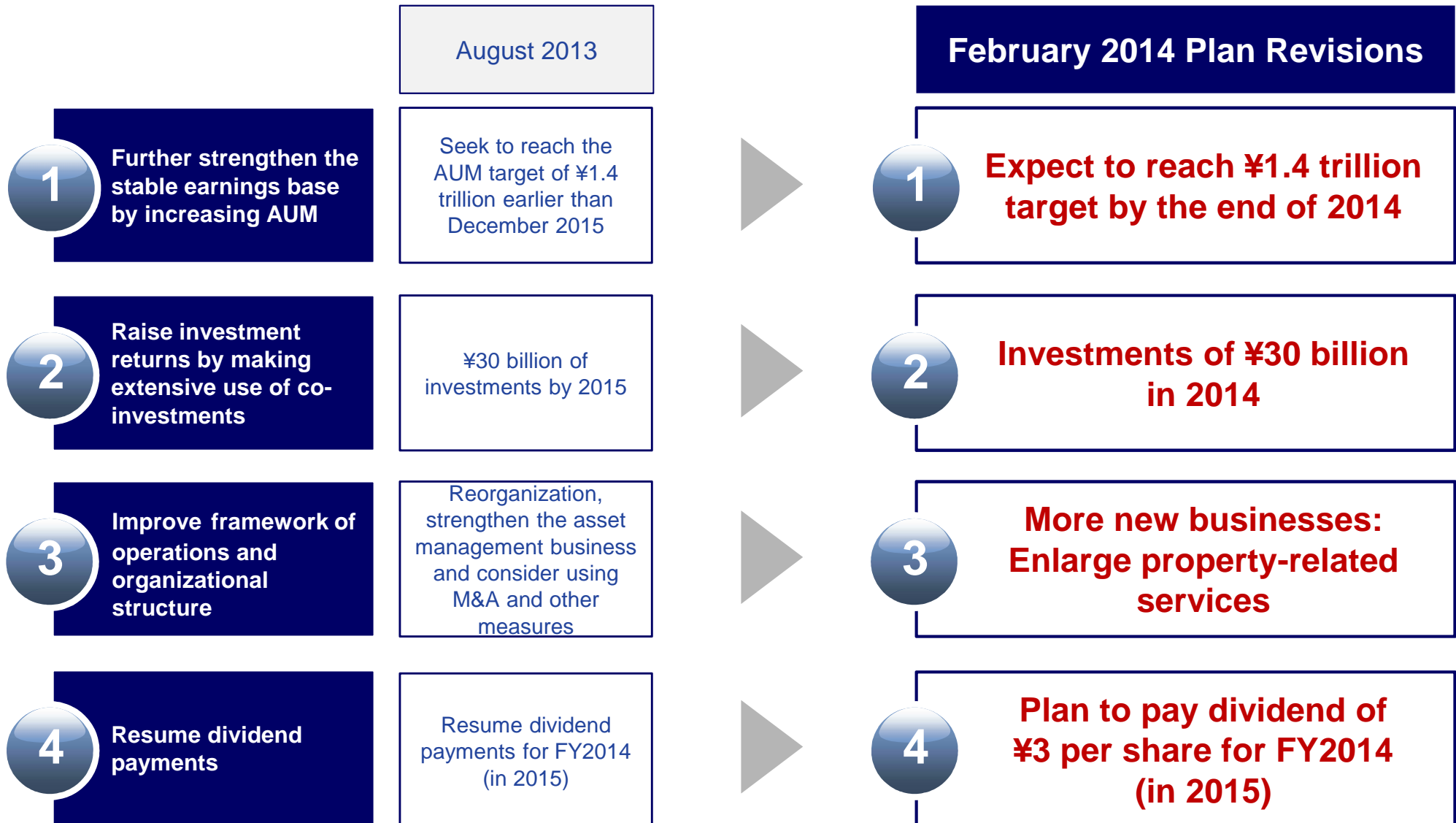
## Appendix

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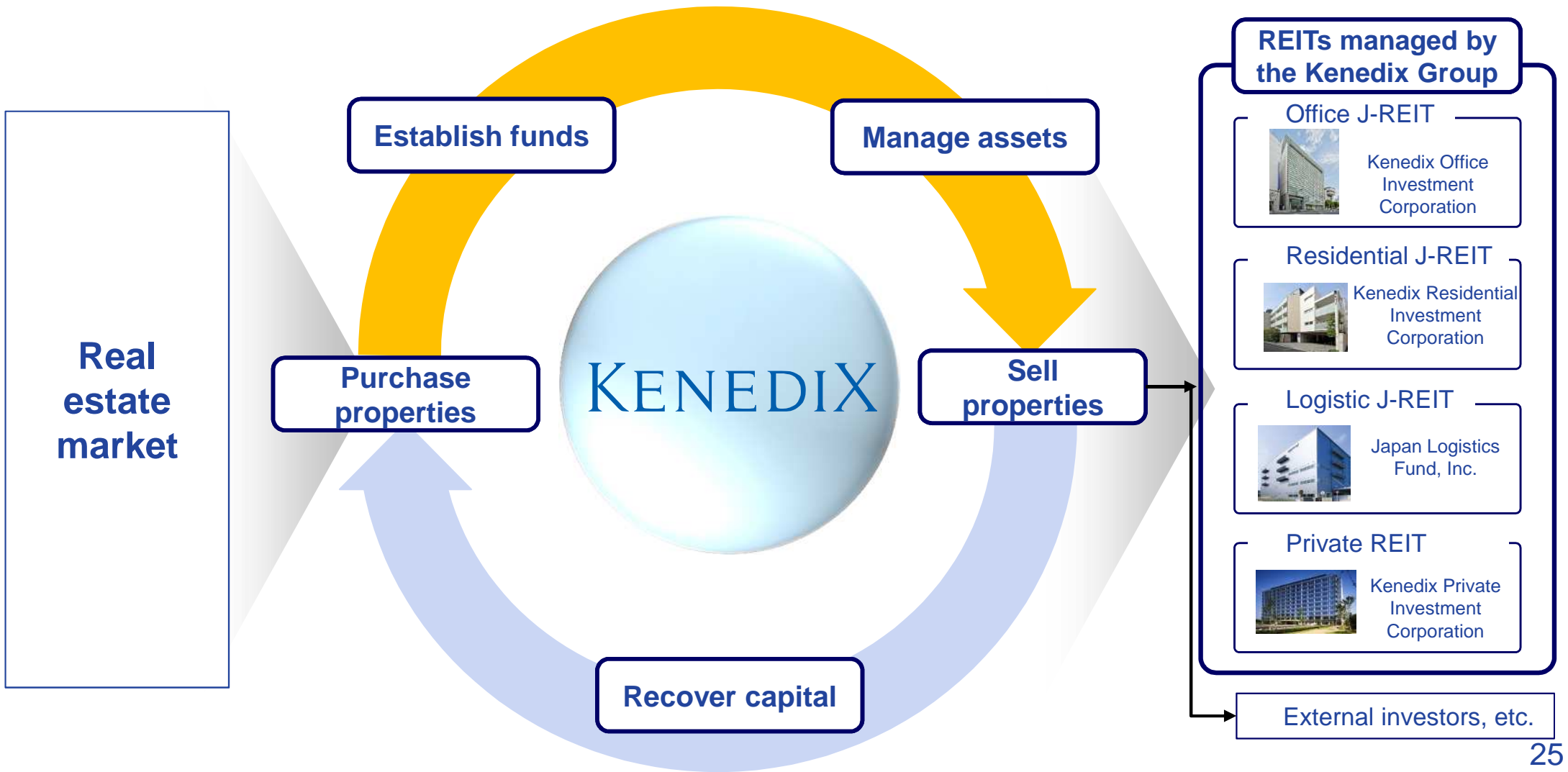
# Speeding Up Medium-term Management Plan Progress **KENEDIX**



# Growth Model for Asset Management Business

KENEDIX

Target average investment returns: 10%  
REIT growth → AUM growth → Higher asset management fees



# Major Track Records since Jul 2014 to Dec 2013



## Real Estate Investments

Date	Property Category	Investment Category	Location	Asset Size*1	KDX Investment*1	KDX Investment Ratio	Fund Exit	Exp./Act. IRR	Exp./Act. Multiple
(1) Aug. 2012 ~	Logistics Facility	Development Project	Saitama	Small-scale	¥0.16bn	5%	Done	<u>22%</u> <sup>*3</sup>	<u>x1.18</u> <sup>*3</sup>
(2) Dec. 2012	Office Building (Shinsei Bank's Former Headquarters Building)	Development Project	Minato-ku, Tokyo	Large-scale	Undisclosed	-		6%	x1.75
(3) Dec. 2012 ~	Hotel, etc.	Development Project	Minato-ku, Tokyo	Medium-scale	¥3.84bn	100%		(Re-development)	
(4) Mar. 2013	Logistics Facility	Bridge Fund	Yokohama, Kanagawa	Medium-scale	¥0.2bn	4%	Done	<u>29%</u> <sup>*3</sup>	<u>x1.14</u> <sup>*3</sup>
(5) Mar. 2013	Office Building	Opportunistic	Sendai, Miyagi	Medium-scale	¥0.2bn	7%		25%	x1.75
(6) Mar. 2013	Office Building	CMBS	Tokyo	Large-scale	¥0.04bn	-	Done	<u>2,130%</u> <sup>*3</sup>	<u>x1.81</u> <sup>*3</sup>
(7) Apr. 2013 ~	Logistics Facility	Development Project	Sagamihara, Kanagawa	Medium-scale	¥0.32bn	5%		14%	x1.19
(8) Apr. 2013	Office Building	Opportunistic	Minato-ku, Tokyo	Large-scale	¥0.56bn	6%		15%	x1.98
(9) May. 2013	Office Building	Bridge Fund	Minato-ku, Tokyo	Small-scale	¥0.21bn	52%	Done	<u>15%</u> <sup>*3</sup>	<u>x1.10</u> <sup>*3</sup>
(10) May. 2013	Office Building	CMBS	Tokyo	Large-scale	¥0.18bn	-	Done	<u>66%</u> <sup>*3</sup>	<u>x1.46</u> <sup>*3</sup>
(11) Jul. 2013	Residential	Bridge Fund	Tokyo (four properties)	Large-scale	¥0.62bn <sup>*2</sup>	41% <sup>*2</sup>		10%	x1.11
(12) Jul. 2013	Office Building	Opportunistic	Kawasaki, Kanagawa	Medium-scale	¥0.69bn <sup>*2</sup>	58% <sup>*2</sup>	Done	<u>750%</u> <sup>*3</sup>	<u>x2.96</u> <sup>*3</sup>
(13) Sep. 2013	Residential	Opportunistic	Chiba, Osaka (three properties)	Small-scale	¥0.06bn	5%		17%	x1.32
(14) Sep. 2013 ~	Logistics Facility	Development Project	Koto-ku, Tokyo	Large-scale	¥0.21bn	3%		7%	x1.20
(15) Nov. 2013	Retail Facility	Loans	Tokyo	Small-scale	¥0.3bn	-		8%	x1.40

\*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

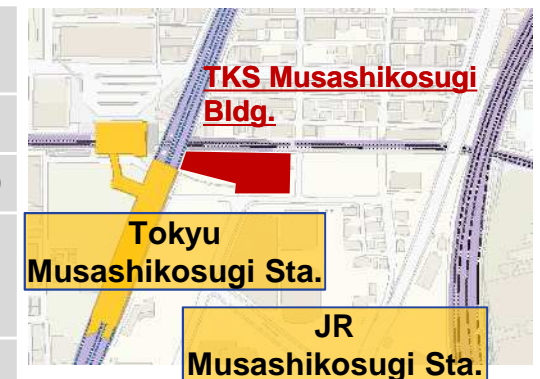
# Case 1: TKS Musashikosugi Building

- Purchased this low-occupancy building in July 2013 (¥8.8 billion)
- By focusing on leasing activities, **occupancy rate rose from 17% to 86%**
- Sold to J-REIT in March 2014 (¥12 billion)



- Contributed to the growth of a J-REIT (Kenedix Office Investment Corporation)
- Providing asset management services for this building gives Kenedix a medium- to long-term source of stable asset management fees from this J-REIT

Address	Nakahara-ku, Kawasaki-shi, Kanagawa
Completion	May 2013
Usage	Offices (partially retail spaces)
Structure and scale	Steel frame structure; one underground floor and eleven above-ground floors
Site area	3,210.09m <sup>2</sup>
Floor area	16,094.14m <sup>2</sup>



# Case 2: Misato Logistics Center

- Development of BTS (Build-to-Suit) facilities, where a long-term lease is signed with tenants prior to the start of development and construction
  - ❑ Joint project with a major domestic trading company
  - ❑ Signed a 25-year leasing agreement with a tenant in July 2012
  - ❑ Purchased the land in August 2012, started development and completed construction in October 2013
  - ❑ Sold to J-REIT in March 2014

■ Contributed to the growth of a J-REIT (Japan Logistics Fund)

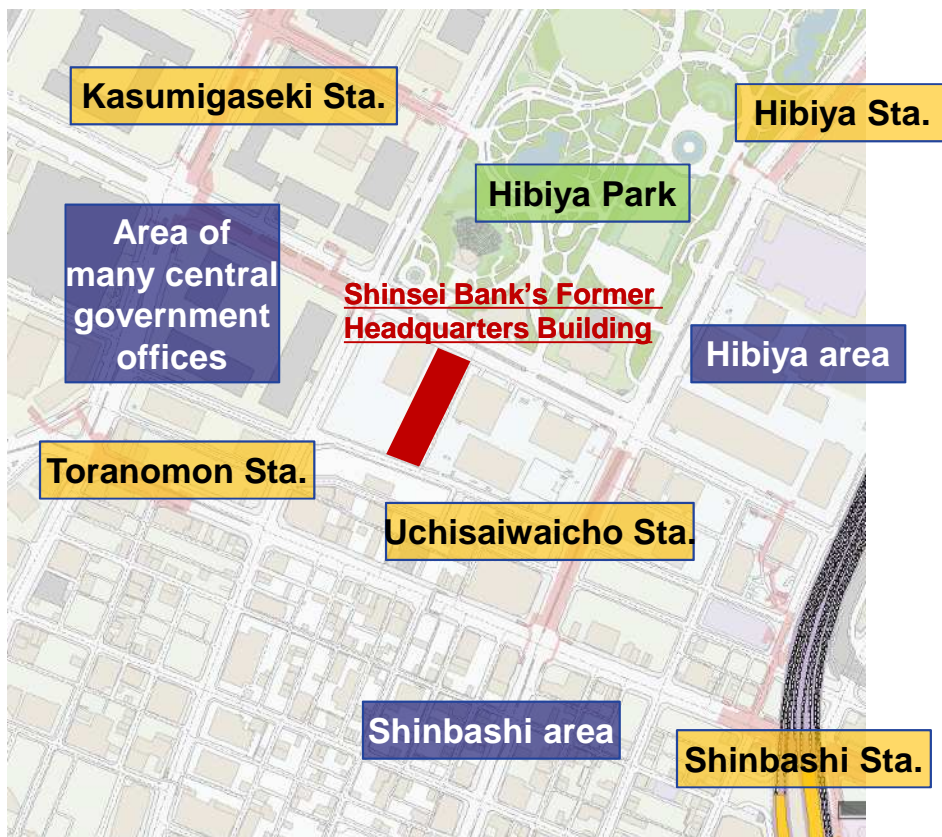


Address	Misato-shi, Saitama
Completion	October 2013
Structure and scale	Four-story RC/S structure
Site area	10,688.42m <sup>2</sup>
Floor area	19,546.58m <sup>2</sup>

# Case 3: Redevelopment Project of Shinsei Bank's Former Headquarters Building

KENEDIX

- This property was purchased through a SPC in December 2012 as a joint project of Kenedix, Tokyu Land Corporation and Development Bank of Japan Inc.
- The property occupies one of the few sites adjacent to Hibiya Park and is also near the Kasumigaseki area
- Aim to help revitalize this district of central Tokyo as well as increase the value of the property through rebuilding



## Profile of Redevelopment (including plans)

Address	Uchisaiwaicho, Chiyoda-ku, Tokyo
Usage (planned)	Offices (partially retail spaces)
Structure and scale (planned)	S/SRC structure with two underground floors and twenty above-ground floors
Site area	5,998.50m <sup>2</sup>
Floor area (planned)	Approx. 57,500m <sup>2</sup>
Completion (planned)	2017



\*Demolition has started

# Expand Property-related Services

KENEDIX

- The goal is to increase fee income, which is a stable source of earnings, by expanding non-asset property-related services and the asset management business

## Acquisition of Space Design Inc. (SD) in October 2013



- Manage serviced offices and apartments
- Provide value-added services for tenants

## Establishment of Kenedix Property Management (KPM)



- Operations have started at KPM, a new company specializing in the management of office buildings
- KPM plans to expand operations by targeting mainly the management of buildings owned by REITs
- KPM intends to manage mainly office buildings

## Kenedix Group Business Portfolio

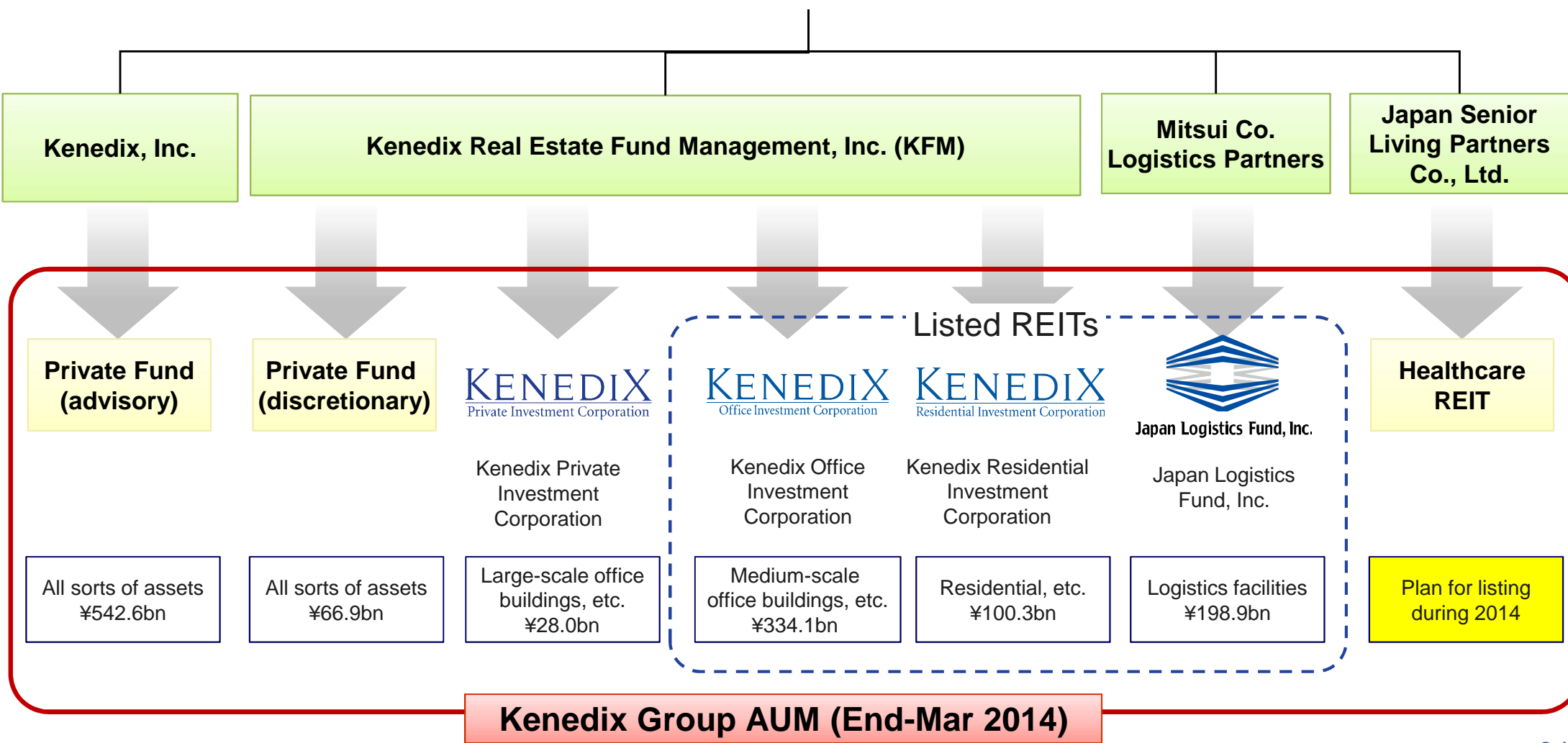
	Asset management	Office building management	Brokerage	Leasing brokerage	Operator
Private Fund (advisory)	KDX	KPM			SD
Private Fund (discretionary)	KFM				
KDO					
KPI					
KDR	MLP				
JLF					
Senior Healthcare REIT					JSLP
Retail Facility REIT					

**Expanding businesses involving property-related services**

# Asset Management Business of the Kenedix Group KENEDIX

## KENEDIX

Kenedix, Inc.

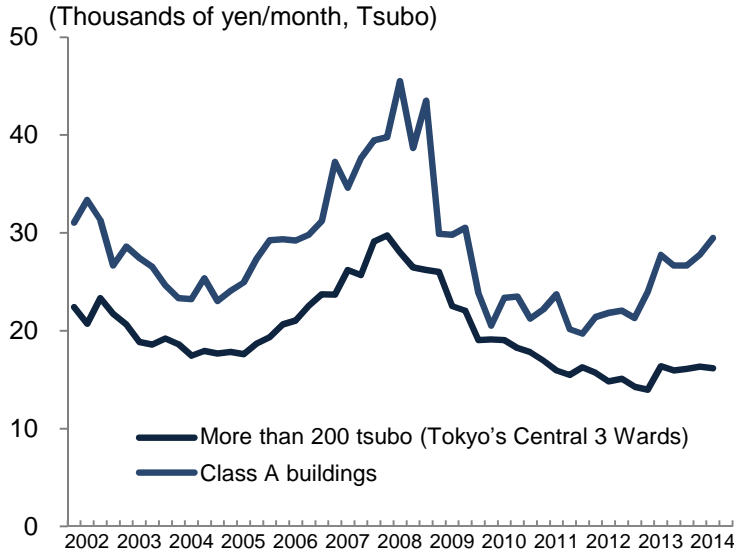




# The Office Building Market

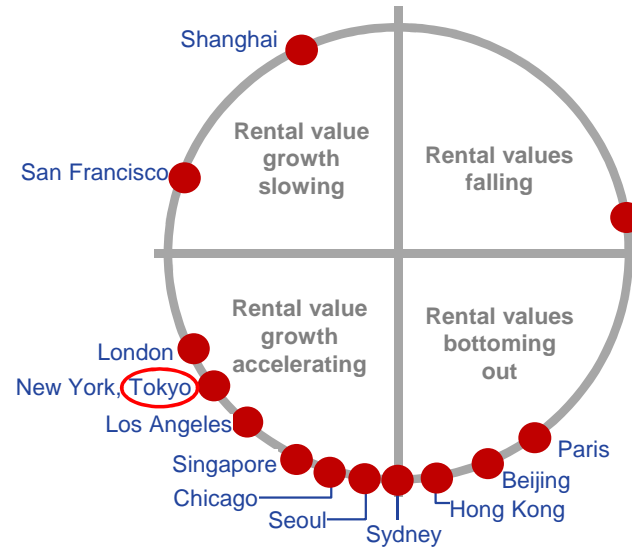
KENEDIX

## Average Leasing Rate (Tokyo)

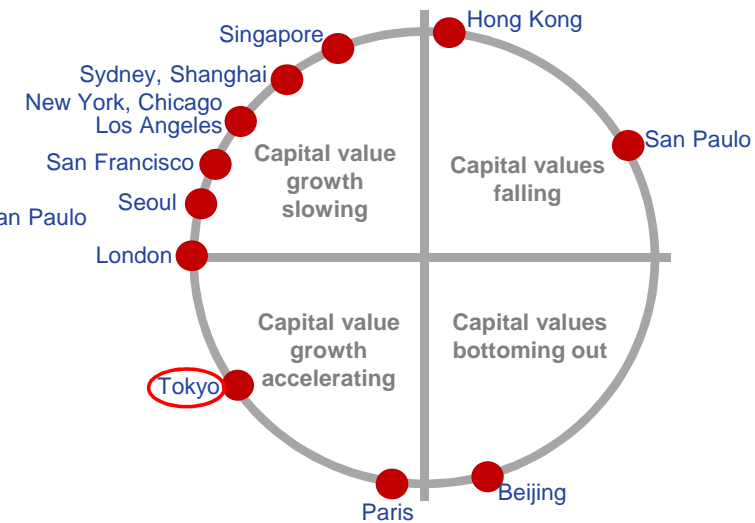


Source: Prepared by Kenedix based on data of Sanko Estate Co., Ltd.

## Prime Offices –Rental Clock (2014 Q1)



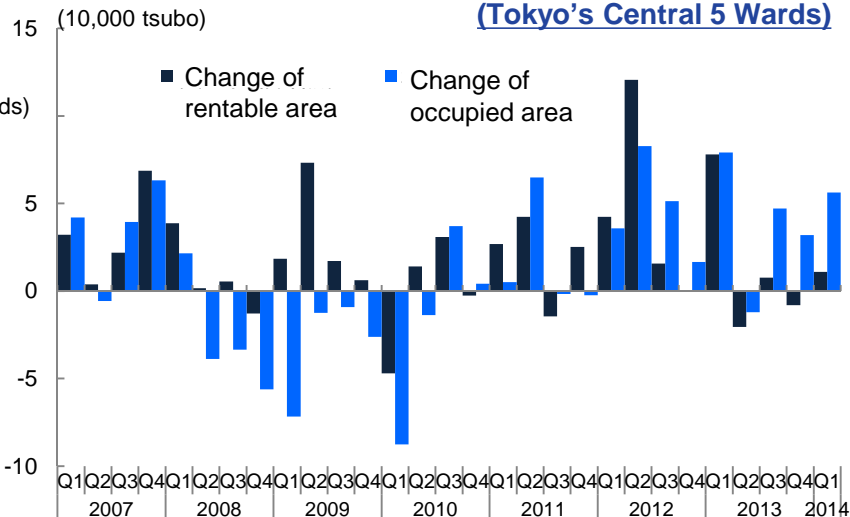
## Prime Offices –Capital Value Clock (2014 Q1)



Note: Based on rents and notional capital values for Grade A office buildings

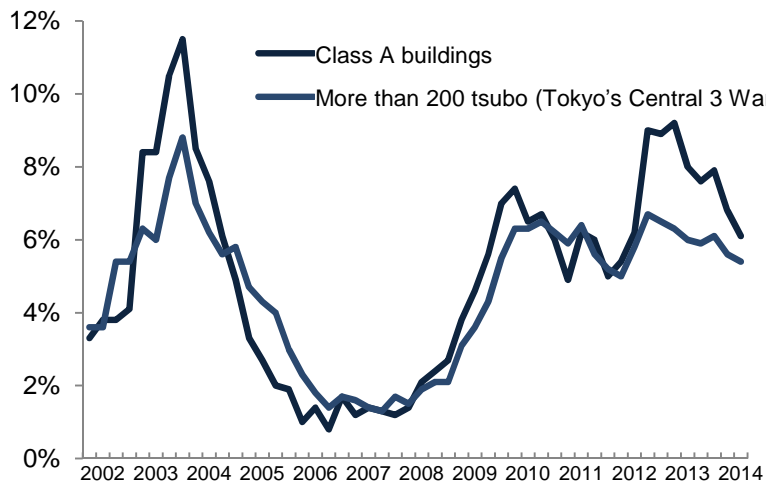
Source: Jones Lang LaSalle

## Changes of Occupied Area and Rentable Area



Source: Prepared by Kenedix based on data of Miki Shoji co., Ltd.

## Average Vacancy Rate (Tokyo)



Source: Prepared by Kenedix based on data of Sanko Estate Co., Ltd.

## The Office Building Stock as of January 2013

	Total office bldg. space (10,000 m <sup>2</sup> )	Pct. of space completed before 1981
Tokyo 23-ward	5,640	27%
Osaka	1,378	37%
Nagoya	515	34%
Fukuoka	355	43%

Note: Based on the floor area  
Source: Japan Real Estate Institute

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