

January 1, 2014 – June 30, 2014

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 first half of the 20th fiscal year (January 1 to June 30, 2014).

Our performance in the first half was much better than one year earlier because of the ongoing recovery of Japan's real estate market. Asset management fees were higher in the core asset management business and earnings in the real estate investment business and the real estate leasing business increased. As a result, we raised our 2014 revenue and earnings forecast.

After the start of the global financial crisis, we suspended the dividend in order to concentrate on rebuilding our operations and establishing a sound base for long-term growth. We believe that we can finally resume dividend payments based on the results of operations for 2014. Our plan is to maintain a stable dividend by using earnings from the core asset management business to fund dividend payments.

Regarding the Kenedix medium-term management plan, we are now focusing all our resources on reaching the plan's targets at the end of 2014, one year ahead of initial plan. We then plan to start a new medium-term plan in 2015 that will have even higher goals for growth. We are determined to continue expanding earnings as well as the scale of operations of the Kenedix Group.

We ask for your continued support and encouragement going forward.

August 2014



Taisuke Miyajima

CEO & President

KENEDIX TOPICS

1. Kenedix Private Investment Corporation Starts Operations

Kenedix Private Investment Corporation (KPI) started asset management operations on March 28, 2014 with assets of about 30 billion yen. KPI is the Kenedix Group's first private REIT.

As an unlisted, open-end real estate fund, KPI is able to aim for stable, long-term earnings that are not directly vulnerable to changes in financial and capital markets. With the goal of maintaining a stable long-term return, KPI manages a portfolio that consists primarily of large-scale office buildings and hotels with long-term leases*.

One goal of the Kenedix medium-term management plan is to raise assets under management (AUM) to 1.4 trillion yen by the end of 2014. As one way to reach this goal, Kenedix is taking steps to add AUM chiefly at REITs. The Kenedix Group will continue to provide support for the further growth of KPI.

*This refers to own properties that have a lease with a core tenant that has at least five years remaining to expiration, as a rule.



2. Kenedix Major Track Records in 2014

Date	Property Category	Investment Category	Location	Asset Size*1	Kenedix Investment
Feb. 2014	Office, Land, etc.	Opportunistic	Tokyo, etc.	Small-scale	Approx. ¥1.66bn
Feb. and Mar. 2014	Residential, Office	Bonds/Loans	Nationwide	-	Approx. ¥0.3bn
Feb. and Mar. 2014	Residential	Bridge Fund	Tokyo, Kanagawa, Fukuoka, Shiga	Medium-scale	Approx. ¥1.5bn*2
Mar. 2014	Office	Opportunistic	Shibuya-ku, Tokyo	Small-scale	Approx. ¥0.64bn
Mar. 2014	Office (65% of trust beneficial interests) *3	Bridge Fund	Koto-ku, Tokyo	Large-scale	Approx. ¥6.62bn*4
Mar. 2014	Office (50% of trust beneficial interests)	Bridge Fund	Minato-ku, Tokyo	Large-scale	Approx. ¥2.77bn*5
Mar. 2014	Retail Facility	Bridge Fund	Shibuya-ku, Tokyo	Medium-scale	Approx. ¥1.2bn
Mar. 2014	Retail Facility	Bridge Fund	Chiba	Medium-scale	Approx. ¥1.35bn
Mar. 2014	Office	Loans	Tokyo, Kanagawa	Large-scale	Approx. ¥0.75bn
Mar. 2014	Office (59% of trust beneficial interests)	Opportunistic	Shinjuku-ku, Tokyo	Large-scale	Approx. ¥1.14bn
Mar. 2014	Residential	Opportunistic	Tokyo, Saitama	Small-scale	Approx. ¥0.48bn

*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: Kenedix Investment amount and its share before the partial sale of interests (¥0.8bn).

*3: Sold 25% of the 65% interest held by Kenedix to Kenedix Office Investment Corporation (KDO) in May 2014. After the sale, the share of investment was as follows: Kenedix subsidiary 40%, KDO 25%, KPI 35%.

*4: After the sales of 25% interest in investment, the balance of Kenedix investment was about ¥5.8bn.

*5: Acquired loans in January 2014; Thereafter the loans were recovered in full along with the transfer of the property to a fund, transfer to a fund investment account already completed.

Note: In addition to the above, additional investments etc. have been made in currently owned properties and development projects.

Management Interview

Steady increase in assets under management, and sustained growth of the “three pillars” of Kenedix

We anticipate another strong performance in 2014. Our core asset management business is growing along with AUM and we are preparing for the IPO of new REITs planned for early 2015



Higher fee income in the asset management business

— What is your assessment of consolidated results of operations in the first half of 2014?

In the first half of 2014, Japan’s real estate market remained sound as the market continued to recover. More money flowed into real estate from individuals. In addition, institutional investors that aim for stable long-term returns increased their holdings of real estate. We also saw investments from wealthy individuals in Japan and other countries in some properties. Overall, the first half showed that the depth of Japan’s real estate investment market is increasing along with the recovery of the Japanese economy.

Based on the goals of the medium-term management plan we announced in February 2013, we have been increasing AUM, making more principal investments and taking many other actions. In the first half of 2014, we made a large volume of investments. We purchased a large office building in Tokyo’s Minato-ku, purchased prime retail properties in the Tokyo area to prepare for the launch of a retail facility REIT, and made other investments. Overall, first half real estate investments totaled 20.3 billion yen and there were 6.3 billion yen of investments in real estate businesses and investment units of REITs operated by the Kenedix Group. In addition, the annual budget for investments was increased from 30 billion yen to 40 billion yen. At the end of June 2014, AUM totaled 1,250 billion yen, a net increase of 46 billion yen during the first half of the year. In the core asset management business, first half

gross operating income was 3.3 billion yen, which was about 1 billion yen more than in the first half of 2013.

As a result, we posted revenue of 14.5 billion yen (year-on-year increase of 79.1%), operating income of 4.7 billion yen (year-on-year increase of 42.0%), ordinary income of 3.8 billion yen (year-on-year increase of 47.1%) and net income of 4.9 billion yen (year-on-year increase of 134.3%) for the first half.

The combination of three businesses is underpinning renewed growth at Kenedix

— Please explain the business structure of the Kenedix Group and your strategic objectives.

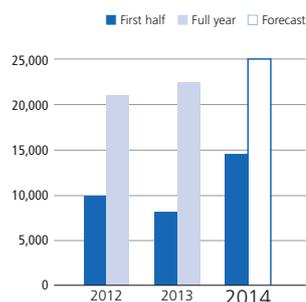
The Kenedix Group has three major business domains. The largest is the asset management business, which includes the management of REITs and private funds, the establishment of new REITs, and other operations. We receive asset management fees that are equivalent to about 0.5% of AUM. Growth of AUM contributes directly to the growth of stable earnings for the entire Kenedix Group. This is why quickly raising AUM to 1,400 billion yen is one of the goals of the medium-term management plan.

We are also increasing our equity investments, which involves making our own investments in real estate, REITs and other assets.

Consolidated Financial Highlights

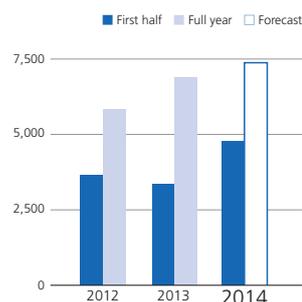
Revenue

(Millions of yen)



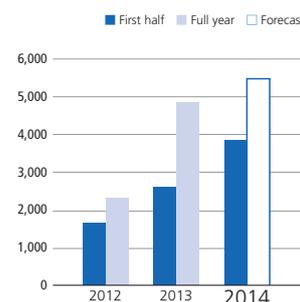
Operating Income

(Millions of yen)



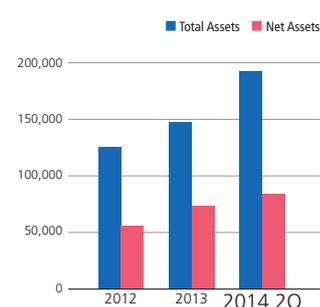
Ordinary Income

(Millions of yen)

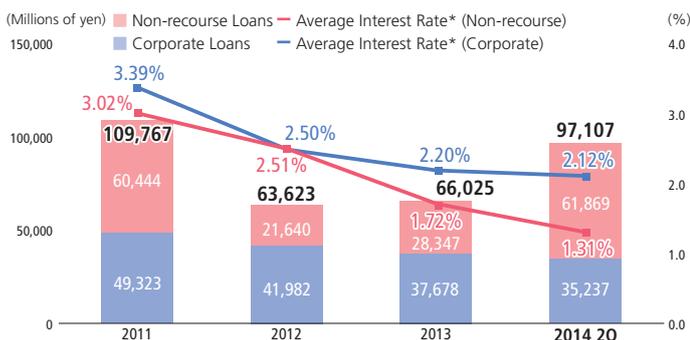


Total Assets / Net Assets

(Millions of yen)

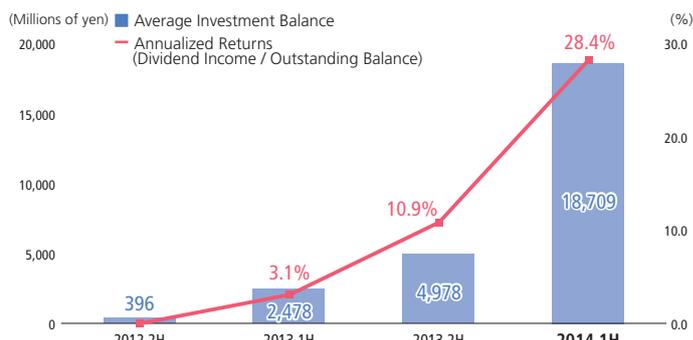


Loan Balance and Average Interest Rate



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

Actual Results of Real Estate Investments

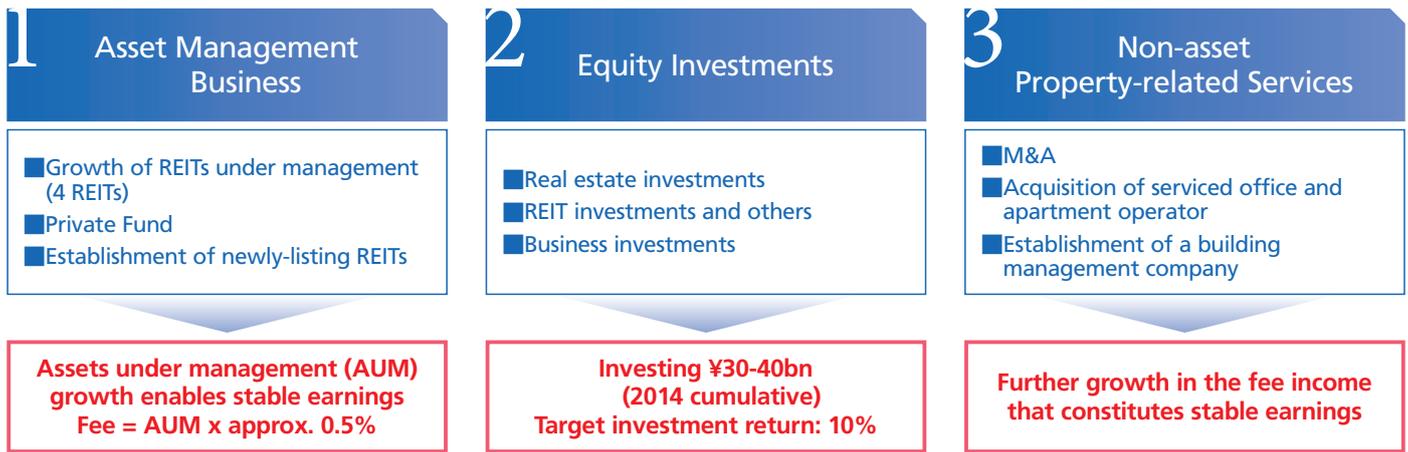


* Breakdown of new investments (excl. additional investments etc. in currently owned properties and development projects) by accounting period

* The average investment balance derives from a simple average of month-end balances

* Annualized return = (semiannual total dividend income / average investment balance) x 2

The Kenedix Business Structure



As I stated earlier, we plan to make equity investments of 40 billion yen in 2014. Furthermore, we expect to earn a return of about 10% on these investments.

Expanding non-asset property-related services is one more goal because this will increase fee income, which is a source of stable earnings. This is not direct investments in real estate. Examples of this business sector include the operation of serviced offices and apartments and the provision of building management services.

These three businesses do not operate as separate units. For example, an equity investment property acquired by Kenedix may be sold to an REIT managed by a group company, with the agreement of both sides, in order to support the growth of our REIT operations. Also, our non-asset property-related services may provide building management services for office buildings owned by our asset management business. As you can see, these "three pillars" function in a manner that enables them to support each other. This mutually beneficial interaction is making the Kenedix Group even more competitive.

The global financial crisis dealt a severe blow to the Kenedix Group and all other real estate companies in Japan. We responded by concentrating on enlarging our asset management business, which is a source of stable earnings. At the same time, we implemented a difficult but necessary restructuring program that included selling assets at below the acquisition prices. We have now largely completed the process of assembling an operating framework consisting of the asset management, equity investments and non-asset property-related services businesses during 2014. Consequently, this year marks the end of the period of responding to the challenges created by the financial crisis and the end of the period of building a sound foundation for our operations. In 2015,

we will advance to a new period of renewed and vigorous growth. There are still many property categories of the real estate market in Japan that have excellent growth prospects. Senior healthcare facilities and the logistics infrastructure are two examples. We plan to continue increasing AUM by targeting opportunities in growing market sectors. Our objective is to achieve new growth that is stable and emphasizes the return on equity.

— Please explain your outlook for market conditions in the second half and your forecast for the Kenedix Group's performance in 2014.

I expect that market conditions will remain favorable. We have raised our revenue and earnings forecast for 2014, increasing the revenue forecast 19.0% to 25.0 billion yen, the operating income forecast 42.3% to 7.4 billion yen, the ordinary income forecast 34.1% to 5.5 billion yen, and the net income forecast 33.3% to 4.0 billion yen. The asset management business is growing steadily. Furthermore, in the real estate investment business, we expect gains on sales of properties that are more than initially planned because of the recovery in the real estate market. We will take advantage of the current favorable market conditions to speed up sales of properties with market values below our cost. Although these sales will increase extraordinary losses, I believe that earnings from business operations will be sufficient to offset these losses.

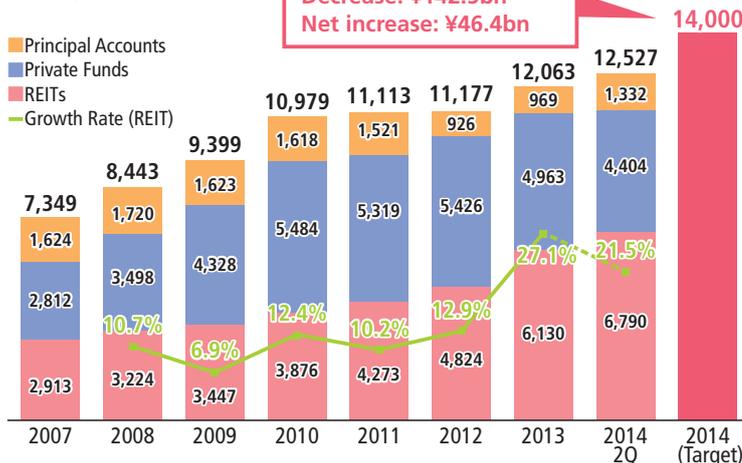
One major activity of the second half is acquiring properties and making other preparations for the establishment of a retail facility REIT and healthcare REIT. We plan to conduct initial public offerings for both REITs in the first half of 2015. In addition, we will continue to sell owned real estate. I also want to begin looking at properties outside Japan and taking other actions to lay the groundwork for starting operations in North America, Asia and other overseas locations.

Assets Under Management (AUM)

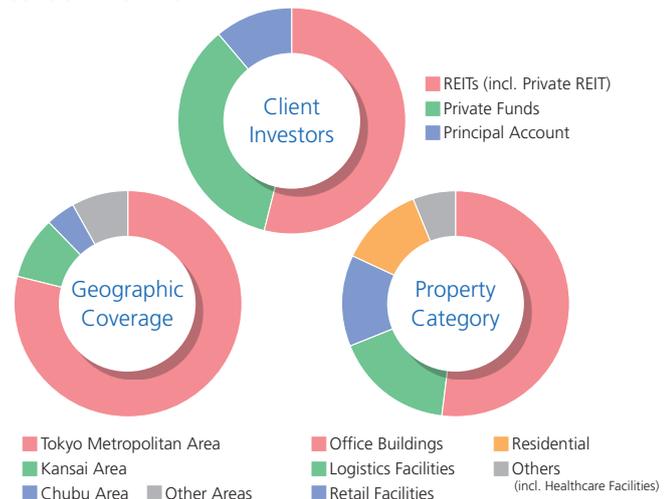
(As of June 2014)

Growth of AUM

(Billions of yen)



Breakdown of AUM



* The REIT growth rate at end-December 2014 is calculated based on the annualized results up to end-June 2014.

* AUM includes properties held by REITs (Kenedix Office Investment Corporation, Kenedix Residential Investment Corporation, Japan Logistics Fund, Inc. and Kenedix Private Investment Corporation) who are managed by Kenedix affiliates.

REIT Business

The Kenedix REIT business continues to grow with preparations under way for new retail and healthcare REITs

REITs use funds received from investors to purchase and operate properties. With three publicly owned REITs as well as one private REIT, the Kenedix Group is one of Japan's largest REIT organizations. To further enlarge the scale and breadth of our REIT operations, we are now making preparations for the establishment of two REITs. One is for retail facilities and the other is for healthcare facilities.

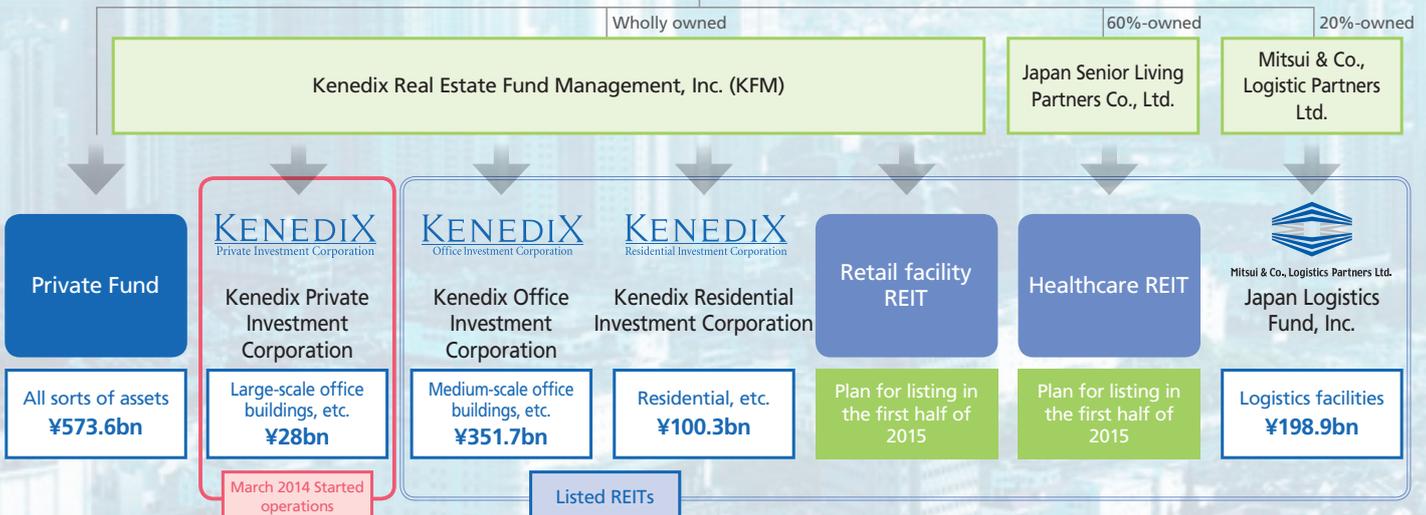
— Please describe REITs operations at the Kenedix Group.
 An REIT is a type of fund that collects capital from investors and then distributes income that is derived from the operation of real estate, leasing income, sales of properties and other sources. Kenedix made a full-scale entry into the REIT business in 2005 and now has four REITs. Three are so-called J-REITs, which are publicly owned REITs. The fourth is a privately owned REIT that was established for a few specific investors. These four REITs account for approximately half of the Kenedix Group's AUM of 1,250 billion yen. Moreover, they are an important source of consistent asset management fees for the Group. We plan to add two more publicly owned REITs within the next year. Listing these REITs will raise the number of listed REITs to five, making the Kenedix Group one of the world's preeminent REIT management organizations.

— What are the characteristics that most distinguish the REITs of Kenedix?
 Each REIT targets a specific asset category and uses investment and asset management strategies that match its respective category in order to maximize returns. Kenedix Office Investment Corporation, which held its IPO in 2005, specializes in midsize office buildings. Japan Logistics Fund, Inc., which also had a 2005 IPO, invests in logistics facilities. Kenedix Residential Investment Corporation, which had a 2012 IPO, has a portfolio of residential rental properties. In March 2014, we started operating a private REIT called Kenedix Private Investment Corporation that holds primarily large office buildings. For publicly owned REITs in particular, we place priority on transparency, clear explanations of operations and liquidity in order to attract funds from many individual investors. Another key characteristic of our funds is the policy of owning many midsize properties, which spreads out exposure to vacancies and other risk factors.

— Are there any asset categories that you target more than others?

Asset Management Business of the Kenedix Group

KENEDIX Kenedix, Inc.



Masahiko Tajima

Director, Head of Corporate Planning Department

In April 2014, we established an asset management company to prepare for the establishment of a REIT specializing in healthcare facilities. We own 60% of this company and the other shareholders are Haseko Corporation, which has a large condominium business, LIXIL Group Corporation, a supplier of equipment for houses, and from the financial sector, Mitsubishi UFJ Trust and Banking Corporation, Sompo Japan Insurance Inc., and Shinsei Bank, Limited. All are leading companies in their respective industries. This new REIT will purchase private nursing homes, serviced residential facilities for seniors, hospitals and other assets associated with healthcare. An IPO is planned for the first half of 2015. Demand for healthcare facilities will undoubtedly be very strong because of Japan's rapidly aging population. We believe the new REIT can meet the needs of investors who want a stable, long-term return. Raising the assets of this healthcare REIT to about 100 billion yen quickly is our goal.

In addition, we plan to list the shares of a new retail facility REIT in the first half of 2015. The main feature of this REIT is a focus on retail facilities that people visit frequently. A prime example is small shopping centers located near railway stations or major highways. Kenedix has many years of experience in the operation of shopping centers and other retail facilities. At the end of March 2014, the Group's AUM included 170 billion yen of retail properties. We will use the expertise gained from owning and operating these facilities to create a retail facility REIT that is extremely appealing to investors.

*AUM as of June 30, 2014

Fund Management Department

Kenedix's largest department manages private funds for institutional investors with assets of more than 500 billion yen

The Fund Management Department is responsible for private funds, which are created for institutional investors. Collectively, these funds account for almost half of AUM at the Kenedix Group. To establish these funds, we give investors advice so that we can plan and create funds that precisely match their requirements. For fund operations, we perform a full range of activities that extend from preserving the value of portfolio assets to devising and executing a strategy for selling assets. Achieving the highest possible return is our goal.

— What are the responsibilities of the Fund Management Department?

The department, which has a staff of 46, performs all tasks from the establishment of funds to the management and administration of these funds. Private funds for institutional investors are the primary activity of this department. The department is responsible for about 540 billion yen of assets, which is almost half of the Kenedix Group's total AUM of 1,250 billion yen. There are two fund management divisions, which provide investment advice, oversee cash flows and plan dividends. The Asset Management Dept. maintains investment-grade real estate and increases the value of these properties. The Fund Administration Dept. handles finance, accounting and cash management tasks for funds. The Development Fund Management Dept. creates attractive investment properties by handling every step of development projects from planning to the completion of construction. The Fund Management Dept. also has an Engineering Team that gives clients technical assistance concerning building designs, construction and equipment. The Disposition Team handles matters involving real estate sales, which is how funds are ended.

— What is the asset management policy at Kenedix and how does this policy set Kenedix apart from other companies?

We manage private funds that differ from publicly owned REITs, which are designed to appeal to a broad spectrum of investors. Private funds are created primarily for institutional investors. We formulate a variety of schemes and asset management plans to meet the demands of each investor. For instance, we can create a fund that aims for a relatively high return or a fund that is structured to earn a consistent, long-term return. Our activities encompass many asset categories. Funds own office buildings, residential properties, retail facilities, hotels, healthcare facilities and other types of properties throughout Japan. We have specialists in various fields that form a team for each fund that we manage. Using these teams enables us to reach the best decisions concerning

Case example: TKS Musashikosugi Building

Purchased this low-occupancy building in July 2013

By focusing on leasing activities,
occupancy rate rose from 17% to 86%

Sold to J-REIT in March 2014

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



Masashi Ohwa

Executive Officer,
Head of Fund Management Department,
and General Manager of Asset Management Team

fund management.

— What types of actions do you use to increase the value of portfolio assets?

Real estate prices continue to climb and activity in the real estate investment market is high as

Japan's economy recovers. One of our most important jobs is to identify shifts in the market quickly and reach decisions that anticipate upcoming events. For example, we purchased the TKS Musashikosugi Building in July 2013 and sold this property in March 2014. This was a newly constructed office building near Musashikosugi Station in the suburbs of Tokyo. Before our purchase, the building owners were unable to attract tenants and the occupancy rate was less than 20%. Analyzing the office leasing market allowed us to determine the true potential of this property. By using the best methods for attracting tenants at this location, we raised the occupancy rate to approximately 90% only six months after our purchase. This increased the building's value and we then sold it to Kenedix Office Investment Corporation, which is a publicly owned REIT.

At all properties, we perform extremely thorough building management activities. This approach is not limited to properties where we increase profitability. We manage every building in the best possible manner for its unique characteristics. Conserving energy is one goal, for instance. In some cases, we thoroughly study ways to improve services. We have a strong commitment to protecting the assets that investors have entrusted to us. We want to meet their expectations by doing everything possible to increase asset value even in small amounts. I believe that performing this role will be vital to sustaining the growth of Kenedix.



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

Company Profile (As of June 30, 2014)

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	101 (238 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
President	Taisuke Miyajima
Director&CFO	Taiji Yoshikawa
Director, Head of Strategic Investment Department	Soushi Ikeda
Director, Head of Corporate Planning Department	Masahiko Tajima
Director	Shuhei Shiozawa
Director	Yasuo Ichikawa
Director	Ko Sekiguchi
Corporate Auditor	Harutaka Hamaguchi
Corporate Auditor	Tetsuo Ueda
Corporate Auditor	Shintaro Kanno
Corporate Auditor	Haruo Funabashi

Kenedix Group Companies

Kenedix Real Estate Fund Management, Inc.
KW Multi-Family Management Group, LLC
Kenedix Property Management Inc.
Space Design, Inc.

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.

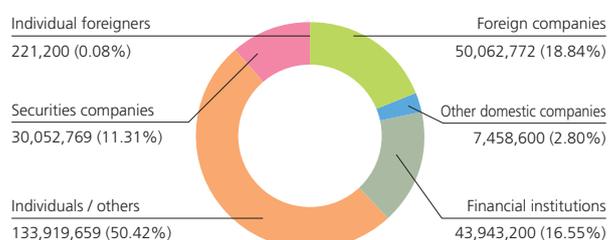
Shares Issued and Shareholders

Total number of authorized shares	350,000,000
Total number of shares outstanding	265,658,200
Number of shareholders	59,537

Major Shareholders (Top 5)

Name of Shareholders	Shares held	Shareholding (%)
State Street Bank And Trust Company	12,721,954	4.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,268,000	3.48
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	7,004,100	2.63
Japan Trustee Services Bank, Ltd. (Trust Account)	6,210,200	2.33
Rakuten Securities, Inc.	5,889,100	2.21

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

February	Announcement of full year results
March	General meeting of Shareholders
May	Announcement of 1Q results
August	Announcement of 2Q results
November	Announcement of 3Q results

Website



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

KENEDIX

KENEDIX, INC.

KDX Nihonbashi Kabutocho Building, 6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo, 103-0026 Japan

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

Kenedix

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