

February 10, 2015

Company name: Kenedix, Inc.
Representative: Taisuke Miyajima, CEO & President
Stock code: 4321
Listing: First Section, Tokyo Stock Exchange
Contact: Masahiko Tajima, Director,
Head 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 Introduction of Performance-linked Stock Compensation Plan

The Board of Directors of Kenedix, Inc. (the "Company") approved a resolution at a meeting held today (February 10, 2015) to review the director's compensation plan and introduce a new performance-linked stock compensation plan (hereafter the "Compensation Plan") for directors. The proposal for the Compensation Plan shall be submitted for approval at the Company's 20th Ordinary General Meeting of Shareholders (the "Shareholders' Meeting") to be held on March 25, 2015. Following the introduction of the Compensation Plan, the Company will also propose at the Shareholders' Meeting to change the variable compensation limit for its directors from 3% to 2% of prior year net income.

In addition, the Company plans to introduce a new incentive plan for its employees called "Employee Stock Ownership Plans (J-ESOP)" along with the introduction of the Compensation Plan. Further details on the J-ESOP, such as the timing of implementation, shall be announced when they are determined.

1. Background and Objective of Introducing the Compensation Plan

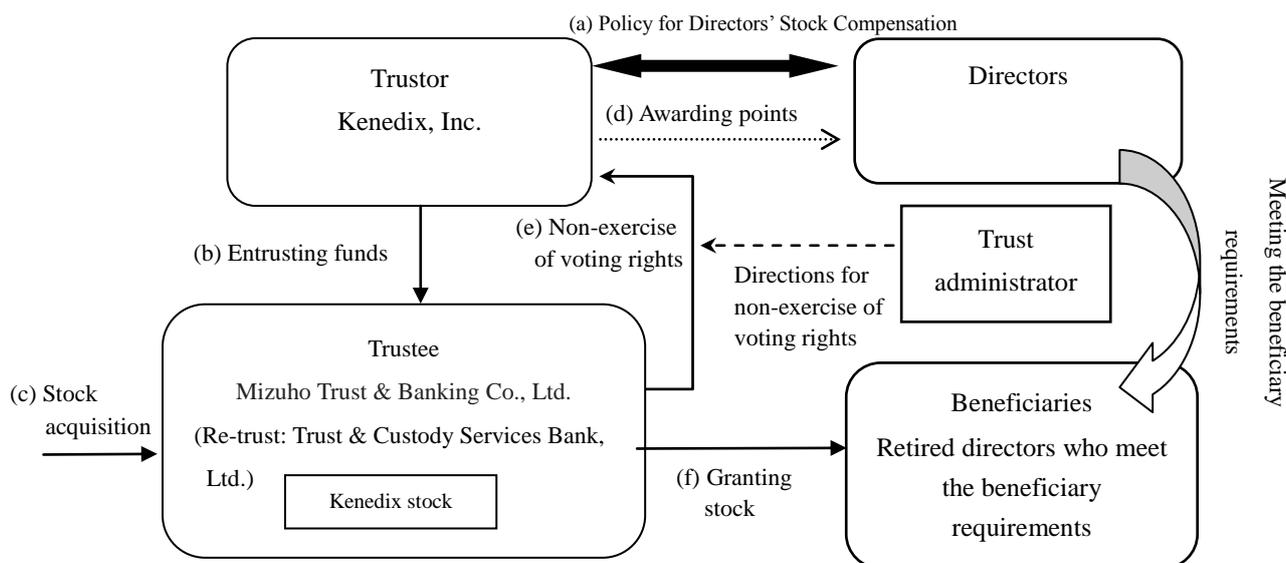
The Compensation Plan is a plan which clearly links the directors' compensation to the Company's results of operations and its share value. Under the Compensation Plan, directors experience both the benefit of high share prices and the risk of low share prices with the Company's shareholders. Such plan thus would lead directors to continuously aim for better performances over a medium- to long-term period and more contributions to increasing corporate value. The Compensation Plan will be submitted for approval at the Shareholders' Meeting and introduced only with the endorsement of the shareholders.

2. Overview of the Compensation Plan

(1) Outline

The Board Benefit Trust (hereafter the "BBT Plan") will be adopted as the Company's performance-linked stock compensation plan. The BBT Plan enables the Company's stock to be granted through a trust to directors based on performance targets achieved in accordance with the Policy on Directors' Stock Compensation (the "Policy") established by the Company's Board of Directors. The trust uses funds contributed by the Company to acquire the Company's stock, which will be, in principle, received by the Company's directors upon their retirement from the Company.

Structure of the Compensation Plan



- (a) The Company obtains approval for the Compensation Plan at the Shareholders' Meeting. The Policy on Directors' Stock Compensation shall be established within the framework of the approval at the Shareholders' Meeting.
- (b) The Company entrusts funds in accordance with the approval at the Shareholders' Meeting as outlined at (a) above. (The trust established under the monetary trust is hereinafter referred to as the "Trust.")
- (c) The Trust uses the funded amount as outlined at (b) above to acquire the Company's stock through the stock markets or disposals of the Company's treasury stock.
- (d) The Company awards points to directors based on the Policy.
- (e) Voting rights for the Company's stock held by the Trust account will not be exercised based on the direction from the trust administrator, who is independent from the Company.
- (f) The Trust grants the Company's stock to retired directors who also meet the beneficiary requirements set under the Policy (the "Beneficiary") based on the number of points they have accrued.

(2) Individuals subjects of the Compensation Plan

Directors of the Company (excluding external directors and corporate auditors).

(3) Period of the Trust

The period is from May 21, 2015 (tentative) until the end of the Trust. (The Trust shall continue without determining a specific timeline as long as the Compensation Plan exists. The Compensation Plan shall be terminated when the Company's stock is delisted or the Policy is ended.)

(4) Amount of Trust Money and Number of Shares to be Acquired

After the Compensation Plan is approved at the Shareholders' Meeting, the Company will establish the Trust by contributing funds required to acquire shares for a specified preliminarily period that are reasonably estimated for the stock compensation in accordance with the guidelines at (6) and (7) below. The Trust, as described at (5) below, will acquire the Company's stock using funds contributed by the Company.

In detail, the Company will contribute required amount of funds for the three fiscal years, from the fiscal year ending December 31, 2015 to that ending December 31, 2017 (the “Initial Applicable Period”), at the beginning of the Trust period outlined at (3). As outlined at (6), the upper limit of points awarded to directors based on the Compensation Plan is 250,000 points for each fiscal year. Accordingly, when establishing the Trust, the Company will contribute an amount reasonably estimated to acquire 750,000 shares, taking into accounts the closing price of the Company’s common stock under regular transactions on the Tokyo Stock Exchange on the day immediately prior to the establishment of the Trust. For information purposes, the contribution amount will be about 386 million yen, assuming the closing price of 515 yen as of February 9, 2015 is applied. Once the Trust is established, no additional contribution will be made to the Trust during the Initial Applicable Period.

After the Initial Applicable Period, the Company will make additional contribution to the Trust for the next three fiscal years (the “Next Applicable Period”), which is required for the preliminary acquisition of stock for the directors’ stock compensation reasonably determined under the Compensation Plan. Additional contributions will be made every three fiscal years, in principle, in the same way as initially establishing the Trust. Should any Company’s stock (excluding stock equivalent to the number of points awarded to directors and not yet granted) or cash remains with the Trust (the “Remaining Shares”) immediately before the Next Applicable Period when additional contribution is to be made, such Remaining Shares will be used for granting or acquisition of stock under the Compensation Plan in the Next Applicable Period. Thus, additional contributions for the Next Applicable Period shall be determined, considering such Remaining Shares. When the Company resolves to make any additional contributions, it shall disclose the event in an appropriate, timely manner.

(5) Acquisition Method of the Company’s Stock

The Trust uses the funded amount as outlined at (4) above to acquire the Company’s stock through the stock markets or disposals of the Company’s treasury stock.

Up to 750,000 shares will be acquired as soon as the Trust is established for the Initial Applicable Period.

(6) The Number of Shares Granted to Directors and Their Upper Limit

Directors are entitled to points every year in accordance with performance targets under the Policy. The number of points awarded to directors ranges from zero to an upper limit. The upper limit totals 250,000 points for each fiscal year. The Company believes the number of points is reasonable, as it is comprehensively determined considering the current payment level of directors’ compensation, a historical trend in number of directors, and its future outlook.

One point awarded to directors, as described at (7), equates to one share of the Company’s common stock. (Note that when the number of shares changes after approval from its shareholders at the Shareholders’ Meeting due to share splitting, gratis allotment, or reverse share splitting, the Company shall reasonably adjust the exchange ratio, reflecting the change.)

The number of points to which a director is entitled in determining the number of granting shares is calculated as follows: the number of points accumulated by the director at the time of retirement, which is multiplied by a certain factor (less than one) set for each reason of retirement. (The number of points determined in the aforementioned manner is referred to as “fixed points.”)

(7) Timing of Stock Grants

Directors may receive the Company's stock from the Trust upon their retirement only when they meet the beneficiary requirements set under the Policy. Directors shall follow certain processes to be designated as the Beneficiary and may receive the Company's stock determined according to fixed points derived under the method as described at (6).

(8) Exercise of Voting Rights

The trust administrator will instruct that voting rights related to the Company's stock held by the Trust shall not be exercised. In this way, the Trust will be able to ensure its neutrality in the Company's management.

(9) Dividends

Dividends related to the Company's stock held by the Trust shall be received by the Trust to acquire the Company's stock or pay for the trustee's compensation. Any remaining dividends upon termination of the Trust will be paid to the then current directors (excluding external directors).

(10) Termination of the Trust

The Trust shall be terminated in certain circumstances, such as when the Company's stock is delisted or when the Policy is ended.

Any Remaining Shares in the Trust upon its termination shall be processed as follows: the Company will acquire the Company's stock, if any, with no charge and cancel the said stock after being resolved at the Board of Directors meeting; and the Company will receive remaining cash, if any, excluding amounts paid to directors as described at (9).

Overview of Trust Agreement

- | | |
|------------------------------|---|
| (a) Name of trust: | Board Benefit Trust (BBT) |
| (b) Trustor: | Kenedix, Inc. |
| (c) Trustee: | Mizuho Trust & Banking Co., Ltd. |
| (d) Beneficiary: | Retired directors who meet the beneficiary requirements based on the Policy |
| (e) Trust administrator: | A third party having no conflicts of interest with the Company (either lawyers or certified public accountants) |
| (f) Type of trust: | Money trust other than cash in trust (i.e. third party beneficiary trust) |
| (g) Date of trust agreement: | May 21, 2015 (tentative) |
| (h) Date of money trust: | May 21, 2015 (tentative) |
| (i) Period of trust: | From May 21, 2015 (tentative) until the end of a trust. (Trust shall continue without determining a specific timeline as long as the Compensation Plan exists.) |