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(Securities Code: 4321)

March 3, 2015

**To Those Shareholders with Voting Rights**

Taisuke Miyajima  
CEO & President  
Kenedix, Inc.  
6-5 Nihombashi Kabutocho,  
Chuo-ku, Tokyo

**NOTICE OF THE 20<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 20<sup>th</sup> Ordinary General Meeting of Shareholders of Kenedix, Inc. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing or by electromagnetic means via the Internet, etc. Please review the “Reference Documents for General Meeting of Shareholders” mentioned below and exercise your voting rights by no later than 5:30 p.m., Tuesday, March 24, 2015.

- 1. Date and Time** 10:00 a.m., Wednesday, March 25, 2015  
(Attendance registration begins at 9:00 a.m.)
- 2. Place** Tokyo International Forum, Hall B7, 3-5-1 Marunouchi, Chiyoda-ku, Tokyo
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Details of the Business Report, the Consolidated Financial Statements and Audit Reports of the Accounting Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements for the 20<sup>th</sup> Fiscal Term (from January 1, 2014 to December 31, 2014)
  2. Non-Consolidated Financial Statements for the 20<sup>th</sup> Fiscal Term (from January 1, 2014 to December 31, 2014)

**Proposals to be resolved:**

- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Election of Eight (8) Directors
- Proposal No. 3:** Election of One (1) Substitute Corporate Auditor
- Proposal No. 4:** Revision of Compensation for Directors (Revision of Variable Compensation Limit and Introduction of Performance-linked Stock Compensation Plan)

- (1) If any circumstance occurs such that the attached documents and Reference Documents for General Meeting of Shareholders must be modified, the modifications will be posted on the Internet website of the Company (<http://www.kenedix.com/eng/>).
- (2) For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the Meeting.
- (3) To conserve natural resources, those attending are advised to bring this “NOTICE OF THE 20<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS” (or the “Notice”) with them.
- (4) Congestion between the entrance to the venue and the shareholder reception area is expected on the day of the General Meeting of Shareholders. Shareholders are asked to arrive ahead of time.
- (5) Among the documents to be provided at the time of giving this Notice, those concerning 1) and 2) as shown below are not disclosed in this Notice but instead presented on the Company’s Internet website (<http://www.kenedix.com/>) in compliance with the laws and ordinance as well as Article 15 of the Company’s Articles of Incorporation.
  - 1) Notes to the Consolidated Financial Statements (for the 20<sup>th</sup> Fiscal Term)
  - 2) Notes to the Non-Consolidated Financial Statements (for the 20<sup>th</sup> Fiscal Term)

The attached documents of this Notice are part of the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements that were audited by the Corporate Auditors and the Accounting Auditor in preparation of their Audit Reports.

## Reference Documents for General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Dividends from Surplus

The Company views the return of profits to its shareholders as an important management agenda and holds sustained dividend payments based on its business results as its fundamental principle. Dividend amounts are comprehensively determined considering the following: results of operations; sufficient internal reserves for future growth; dividend payout ratio; and other factors.

In accordance with the aforementioned dividend policy, dividend payments from surplus will be resumed in the current fiscal year as follows:

- (1) Type of Dividend Property  
Cash
- (2) Dividend Property Allocation and Total Amount  
Three (3) yen per share of the Company's common stock  
Total amount: 796,974,600 yen
- (3) Effective Date of Dividends from Surplus  
March 26, 2015

**Proposal No. 2: Election of Eight (8) Directors**

The term of office of all eight Directors will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes the election of eight Directors.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Career history, status, assignment and important concurrent positions	
1	<p><u>Reappointment</u></p> <p>Atsushi Kawashima (January 4, 1959)</p> <p>[Number of the Company's shares held] 172,800 shares</p> <p>[Conflict of interest in the Company] None</p> <p>[Percentage of attendance at Board of Directors' meetings: 97%] (Number of meetings during term of appointment: 31, number of attendance: 30)</p>	<p>June 1998</p> <p>March 2001</p> <p>January 2003</p> <p>March 2003</p> <p>October 2004</p> <p>March 2005</p> <p>March 2007</p> <p>December 2009</p> <p>May 2010</p> <p>March 2013</p> <p>October 2013</p> <p>October 2014</p>	<p>Joined the Company</p> <p>Director and Executive Vice President</p> <p>Director and Executive Officer</p> <p>Executive Officer, COO</p> <p>Director, KW REIT Management, Inc. (present Kenedix Real Estate Fund Management, Inc.)</p> <p>Director and Executive Officer, COO, Kenedix, Inc.</p> <p>CEO &amp; President</p> <p>President and Representative Director, Kenedix Advisors, Inc. (present Kenedix Real Estate Fund Management, Inc.)</p> <p>Representative Director, Kenedix Asset Management, Inc. (present Kenedix Real Estate Fund Management, Inc.)</p> <p>Director, MAX-REALTY INC.</p> <p>Chairman, Kenedix, Inc. (present post)</p> <p>Representative Director, Space Design, Inc. (present post)</p> <p>Outside Director, NIPPON PARKING DEVELOPMENT CO., LTD. (present post)</p> <p>[Important concurrent positions] Representative Director, Space Design, Inc. Outside Director, NIPPON PARKING DEVELOPMENT CO., LTD.</p>
2	<p><u>Reappointment</u></p> <p>Taisuke Miyajima (April 17, 1962)</p> <p>[Number of the Company's shares held] 85,800 shares</p> <p>[Conflict of interest in the Company] None</p> <p>[Percentage of attendance at Board of Directors' meetings: 100%] (Number of meetings during term of appointment: 31, number of attendance: 31)</p>	<p>April 1998</p> <p>October 2004</p> <p>April 2005</p> <p>May 2005</p> <p>February 2012</p> <p>March 2012</p> <p>March 2013</p> <p>April 2013</p>	<p>Joined the Company</p> <p>External assignment as CEO and President, KW REIT Management, Inc. (present Kenedix Real Estate Fund Management, Inc.)</p> <p>Transferred as CEO and President, KW REIT Management, Inc.</p> <p>Executive Director, Kenedix Realty Investment Corporation (present Kenedix Office Investment Corporation)</p> <p>Corporate Advisor, Kenedix, Inc.</p> <p>Director, Kenedix Asset Management, Inc. (present Kenedix Real Estate Fund Management, Inc.)</p> <p>Director, Kenedix, Inc.</p> <p>CEO &amp; President (present post)</p> <p>Representative Director, Kenedix Asset Management, Inc. (present Kenedix Real Estate Fund Management, Inc.)</p> <p>[Important concurrent positions] Not applicable</p>

Candidate No.	Name (Date of birth)	Career history, status, assignment and important concurrent positions	
3	<p><u>Reappointment</u></p> <p>Taiji Yoshikawa (November 2, 1952)</p> <p>[Number of the Company's shares held] 68,600 shares</p> <p>[Conflict of interest in the Company] None</p> <p>[Percentage of attendance at Board of Directors' meetings: 100%] (Number of meetings during term of appointment: 31, number of attendance: 31)</p>	<p>February 1998    Joined the Company</p> <p>October 2001    Head of Management Division</p> <p>January 2003    Executive Officer, CFO</p> <p>March 2003    Director, Executive Officer and CFO</p> <p>January 2007    Representative Director, C &amp; K Co., Ltd. (present post)</p> <p>March 2009    Director, Kenedix, Inc. (present post)</p> <p>[Important concurrent positions] Representative Director, C &amp; K Co., Ltd.</p>	
4	<p><u>Reappointment</u></p> <p>Soushi Ikeda (September 29, 1967)</p> <p>[Number of the Company's shares held] None</p> <p>[Conflict of interest in the Company] None</p> <p>[Percentage of attendance at Board of Directors' meetings: 100%] (Number of meetings during term of appointment: 22, number of attendance: 22)</p>	<p>June 2003    Joined the Company</p> <p>June 2004    External assignment to KW REIT Management, Inc. (present Kenedix Real Estate Fund Management, Inc.)</p> <p>October 2004    Director, General Manager, Investment Management Department, KW REIT Management, Inc.</p> <p>June 2007    Senior Manager, Investment Business Department, Kenedix, Inc.</p> <p>April 2008    Executive Officer, Head of Investment Business Department</p> <p>January 2010    Executive Officer, Head of Strategic Investment Department</p> <p>March 2014    Director, Head of Strategic Investment Department (present post)</p> <p>[Important concurrent positions] Not applicable</p>	

Candidate No.	Name (Date of birth)	Career history, status, assignment and important concurrent positions
5	<u>Reappointment</u> Masahiko Tajima (July 18, 1965)	May 2005      Joined the Company External assignment as General Manager, Financial Planning Division, Kenedix REIT Management, Inc. (present Kenedix Real Estate Fund Management, Inc.) June 2007      Director, General Manager, Financial Planning Division, Kenedix REIT Management, Inc. February 2012    Executive Officer, Head of Corporate Planning Department, Kenedix, Inc. October 2013    Director, Kenedix Real Estate Fund Management, Inc. (present post) March 2014      Outside Director, Space Design, Inc. (present post) Director, Head of Corporate Planning Department, Kenedix, Inc. May 2014        Director, Japan Senior Living Partners Co., Ltd. (present post) January 2015    Director, Head of Corporate Planning Department, Kenedix, Inc. (Responsible for Corporate Planning Department, General Administration and Human Resources Department, Finance & Accounting Department, and Business Control Department), (present post)
	[Number of the Company's shares held] None [Conflict of interest in the Company] None [Percentage of attendance at Board of Directors' meetings: 100%] (Number of meetings during term of appointment: 22, number of attendance: 22)	[Important concurrent positions] Director, Kenedix Real Estate Fund Management, Inc. Outside Director, Space Design, Inc. Director, Japan Senior Living Partners Co., Ltd.
6	<u>Reappointment</u> <u>Candidate for Outside Director</u> <u>Independent Director</u> Shuhei Shiozawa (September 19, 1955)	November 1986    Ph.D. (Economics) in University of Minnesota April 1987        Associate Professor, Economics, Keio University April 1994        Professor, Economics, Keio University (present post) January 2001     Cabinet Counselor (Global Economics) October 2005    Dean, Faculty of Economics, Keio University April 2008        Member of CPA Examination Committee March 2012      Outside Director, Kenedix, Inc. (present post)
	[Number of the Company's shares held] None [Conflict of interest in the Company] None [Percentage of attendance at Board of Directors' meetings: 90%] (Number of meetings during term of appointment: 31, number of attendance: 28) [Term of appointment] 3 years	[Important concurrent positions] Professor, Economics, Keio University [Reasons for nominating Mr. Shiozawa as a candidate for Outside Director] Based on ample knowledge and experience as a university professor in economics, Mr. Shuhei Shiozawa provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Directors' management operation. Although Mr. Shiozawa has not been involved in company management other than at the Company, he has contributed to the Company by supervising the management with his extensive knowledge and experience. Accordingly, the Company nominated Mr. Shiozawa to be reelected as an Outside Director. [Independency] The Company has made a submission to the Tokyo Stock Exchange designating Mr. Shuhei Shiozawa as an independent director as provided by the Tokyo Stock Exchange.

Candidate No.	Name (Date of birth)	Career history, status, assignment and important concurrent positions
7		April 1971      Joined The Sumitomo Bank, Limited (present Sumitomo Mitsui Banking Corporation)
		May 2000      Executive Officer, Head of Tokyo First Corporate Banking Division and Head of Kanagawa Corporate Banking Division, The Sumitomo Bank, Limited
	[Reappointment]	
	[Candidate for Outside Director]	March 2001      Resigned from The Sumitomo Bank, Limited
		April 2001      Corporate Advisor, Sumitomo Real Estate Sales Co., Ltd.
		June 2001      Managing Director, Sumitomo Real Estate Sales Co., Ltd.
		June 2004      Senior Managing Director, Sumitomo Real Estate Sales Co., Ltd.
		June 2005      Executive Managing Director, Kumagai Gumi Co., Ltd.
		April 2011      Executive Officer, Executive Vice President, Kumagai Gumi Co., Ltd.
		June 2011      Director, Executive Vice President, Kumagai Gumi Co., Ltd. March 2013      Outside Director, Kenedix, Inc. (present post)
	[Important concurrent positions] Not applicable	
	[Reasons for nominating Mr. Ichikawa as a candidate for Outside Director] Based on extensive work experience and profound managerial insight in the financial, construction and real estate industries, Mr. Yasuo Ichikawa provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Directors' management operation. Accordingly, the Company nominated Mr. Ichikawa to be reelected as an Outside Director.	
	[Independency] As Mr. Yasuo Ichikawa fulfills requirements for an independent director as provided by the Tokyo Stock Exchange, the Company plans to make a submission to the Tokyo Stock Exchange. Although Mr. Ichikawa held a position at The Sumitomo Bank, Limited (present Sumitomo Mitsui Banking Corporation), which is one of the primary banks of the Company, a due amount of time has passed since his departure in March 2001. Accordingly, there is no conflict of interest with general shareholders.	
	Yasuo Ichikawa (July 15, 1948)	
	[Number of the Company's shares held] 5,000 shares	
	[Conflict of interest in the Company] None	
	[Percentage of attendance at Board of Directors' meetings: 94%] (Number of meetings during term of appointment: 31, number of attendance: 29)	
	[Term of appointment] 2 years	

Candidate No.	Name (Date of birth)	Career history, status, assignment and important concurrent positions
8		April 1973 May 1990 January 1996
		Joined Mitsubishi Corporation Joined The Boston Consulting Group, Inc. General Manager, Sterrad Business Division, Johnson & Johnson Medical K.K. (present Johnson & Johnson K.K. Medical Company)
	[Reappointment Candidate for Outside Director Independent Director]	November 1998
		Representative Director and President, Janssen-Kyowa Co., Ltd. (present Janssen Pharmaceutical K.K.)
		July 2009
		Representative Director and Chairman, Janssen-Kyowa Co., Ltd.
		October 2009
		Senior Advisor, Janssen-Kyowa Co., Ltd.
		August 2010
		Professor, Kenichi Ohmae Graduate School of Business (present post)
	January 2012	
	Director, General Incorporated Association DIA Japan (present post)	
	April 2012	
	Outside Director, N.I.C. Corporation (present Solasto Corporation) (present post)	
	March 2014	
	Outside Director, Kenedix, Inc. (present post)	
	[Number of the Company's shares held] None	[Important concurrent positions] Professor, Kenichi Ohmae Graduate School of Business Director, General Incorporated Association DIA Japan Outside Director, Solasto Corporation
	[Conflict of interest in the Company] None	[Reasons for nominating Mr. Sekiguchi as a candidate for Outside Director] Based on Mr. Ko Sekiguchi's ample management experience at multi-national companies and extensive knowledge as a graduate school professor, Mr. Sekiguchi provides the Company with advice and suggestions on business management with a focus on shareholder value as one of the supervisors monitoring the Directors' management operation. Accordingly, the Company nominated Mr. Sekiguchi to be reelected as an Outside Director.
	[Percentage of attendance at Board of Directors' meetings: 77%] (Number of meetings during term of appointment: 22, number of attendance: 17)	[Independency] The Company has made a submission to the Tokyo Stock Exchange designating Mr. Ko Sekiguchi as an independent director as provided by the Tokyo Stock Exchange.
	[Term of appointment] 1 year	

Note: 1. Tenure of Outside Directors is from their election until the end of this General Meeting of Shareholders.

2. Mr. Soushi Ikeda, Mr. Masahiko Tajima, and Mr. Ko Sekiguchi assumed their posts at the 19<sup>th</sup> Ordinary General Meeting of Shareholders held on March 26, 2014. Therefore, the number of Board of Directors' meetings held during their terms of appointment differs from other Directors.

3. The Company has executed liability limitation agreements with Mr. Shuhei Shiozawa, Mr. Yasuo Ichikawa, and Mr. Ko Sekiguchi as Outside Directors in accordance with Article 427-1 of the Companies Act and Article 28 of the Articles of Incorporation of the Company to prescribe that liability for damages to the Company due to negligence of his/her duties can be limited to a certain scope. Upon the election of the three Outside Directors in accordance with the proposal in its original form, the current liability limitation agreements shall be extended.

Summary of the relevant agreement is as follows:

- 1) A liability amount borne by an Outside Director to the Company due to negligence of his/her duties shall be limited to the amount as set forth in the laws and ordinance.
- 2) The above liability limit shall be admitted only when there is no willful misconduct or gross negligence by the Outside Director in the execution of duties that create the liability.



**Proposal No. 3: Election of One (1) Substitute Corporate Auditor**

In order to prepare for the case where the number of Corporate Auditors specified by laws and regulations may lack, the Company elects one Substitute Corporate Auditor. As the tenure of the current Substitute Corporate Auditor ceases effective at the end of this General Meeting of Shareholders, the Company proposes that a Substitute Corporate Auditor be elected.

As prescribed in Article 31 of the Articles of Incorporation of the Company, the appointment of a Substitute Corporate Auditor shall be effective until the beginning of the first Ordinary General Meeting of Shareholders to be convened following his/her election.

The Board of Corporate Auditors consents to this submitted proposal.

The Substitute Corporate Auditor is nominated as follows:

Name (Date of birth)	Career history, status, assignment and important concurrent positions
Yoko Sanuki (April 3, 1949)	April 1981 Registered as an attorney at law Yonezu Godo Law Office November 2001 Established NS Law Office June 2003 Outside Corporate Auditor, KURAYA SANSEIDO Inc. (present MEDIPAL HOLDINGS CORPORATION) June 2007 Outside Corporate Auditor, Meiji Dairies Corporation April 2009 Outside Director, MEIJI Holdings Co., Ltd. (present post) June 2011 Outside Director, Resona Bank, Limited June 2012 Outside Director, Resona Holdings, Inc. (present post)
[Number of the Company's shares held] None	[Important concurrent positions] Representative of NS Law Office Outside Director, MEIJI Holdings Co., Ltd. Outside Director, Resona Holdings, Inc.
[Conflict of interest in the Company] None	[Reasons for nominating Ms. Sanuki as a candidate for Substitute Outside Corporate Auditor] The Company believes that Ms. Sanuki, as an attorney at law, would be a quite competent auditor, utilizing her thorough knowledge of legal matters and diverse practical experience acquired through business management, and would be able to appropriately fulfill the duties of an Outside Corporate Auditor. Accordingly, the Company proposes that Ms. Sanuki should be elected as a Substitute Outside Corporate Auditor. Although Ms. Sanuki has not been involved with company management other than duties as an outside director or an outside corporate auditor, the Company determines that she is capable of appropriately fulfilling duties as an Outside Corporate Auditor.

Note: 1. Ms. Yoko Sanuki is a candidate for Substitute Outside Corporate Auditor.

2. The Company has executed liability limitation agreements with Outside Corporate Auditors to prescribe that liability for damages to the Company due to negligence of his/her duties can be limited to a certain scope. The Company intends to conclude a liability limitation agreement with Ms. Yoko Sanuki when she assumes the position as an Outside Corporate Auditor, provided that Ms. Sanuki is elected as a Substitute Outside Corporate Auditor in accordance with the proposal in its original form and the number of Corporate Auditors falls short of the number specified by laws and regulations.

Summary of the relevant agreement is as follows:

- 1) A liability amount borne by an Outside Corporate Auditor to the Company due to negligence of his/her duties shall be limited to the amount as set forth in the laws and ordinances.
- 2) The above liability limit shall be admitted only when there is no willful misconduct or gross negligence by the Outside Corporate Auditor in the execution of duties that create the liability.

**Proposal No. 4: Revision of Compensation for Directors (Revision of Variable Compensation Limit and Introduction of Performance-linked Stock Compensation Plan)**

(1) Basis for the Proposal and Appropriateness of the Proposed Compensation

Shareholders resolved to limit Directors' compensation at the 12<sup>th</sup> Ordinary General Meeting of Shareholders held on March 27, 2007, the 16<sup>th</sup> Ordinary General Meeting of Shareholders held on March 29, 2011, and the 18<sup>th</sup> Ordinary General Meeting of Shareholders held on March 27, 2013 as a sum of the following: a fixed compensation with a limit of not more than 200 million yen (including 20 million yen for Outside Directors, but excluding employee salaries for Directors who serve concurrently as employees); and a variable compensation(Outside Directors excluded) with a limit of not more than 3% of consolidated net income for the preceding fiscal year.

The Company seeks shareholders' approval under this proposal to change the variable compensation limit from 3% to 2% of consolidated net income for the preceding fiscal year and to implement a new compensation plan for Directors (Outside Directors excluded, the same follows for the remainder of this proposal) on top of the fixed and variable compensation in the form of a performance-linked stock compensation plan (hereinafter the "Compensation Plan"). The Company requests that details of the Compensation Plan to be determined by the Board of Directors as outlined in (3) below.

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. This proposal also takes into account the appropriateness of compensation plans for Directors as a whole. Along with the implementation of the Compensation Plan, the original variable compensation limit will be reduced. Thus, the Company believes that this proposal is appropriate.

Currently, five Directors are subject to the Compensation Plan and the variable compensation. Should Proposal No. 2 be approved, the Compensation Plan and the variable compensation will apply to five Directors.

(2) Revision of Variable Compensation Limit

Shareholders originally resolved to set the variable compensation limit at not more than 3% of consolidated net income for the preceding fiscal year at the 12<sup>th</sup> Ordinary General Meeting of Shareholders held on March 27, 2007, the 16<sup>th</sup> Ordinary General Meeting of Shareholders held on March 29, 2011, and the 18<sup>th</sup> Ordinary General Meeting of Shareholders held on March 27, 2013. This proposal requests that the variable compensation limit be revised to not more than 2%, instead of 3%, of consolidated net income for the preceding fiscal year. Outside Directors are excluded from entitlement to variable compensation, which is the same as before.

(3) Compensation Amount and Details of the Compensation Plan

1) Overview of the Compensation Plan

The Compensation Plan enables the Company's stock to be granted through a trust (hereinafter the "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.

See details of the Compensation Plan at [Reference] "Notice Regarding the Introduction of Performance-linked Stock Compensation Plan" on page 15, disclosed by the Company on February 10, 2015.

2) Individuals subject to the Compensation Plan

Directors of the Company (excluding Outside Directors and Corporate Auditors).

3) Amount of Trust Money and Number of Shares to be Acquired

Upon approval of this proposal, 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 5) and 6) below. The Trust, as described at 4) below, will acquire the Company's stock using funds contributed by the Company.

In detail, assuming this proposal is approved, 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”). As outlined at 5), 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 approximates 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.

4) Acquisition Method of the Company’s Stock

The Trust uses the funded amount as outlined at 3) 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.

5) 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 6), 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.”)

6) Stock Grants and Calculation Method for Compensation, etc.

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 a beneficiary and may receive the Company’s stock determined according to fixed points derived under the method as described at 5).

Compensation for Directors shall be based on the total amount of points awarded to each Director multiplied by the book value per share of stock held by the Trust at the time that points are awarded (when number of shares changes due to share splitting, gratis allotment, or reverse share splitting, the Company shall make reasonable adjustments reflecting the change). Trust costs and trustee’s compensation shall be added to the base amount. Further, under exceptional circumstances where cash is paid as compensation, such amount shall be added as well if deemed appropriate in accordance with the Policy.

[Reference] Disclosed by the Company on February 10, 2015

## 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

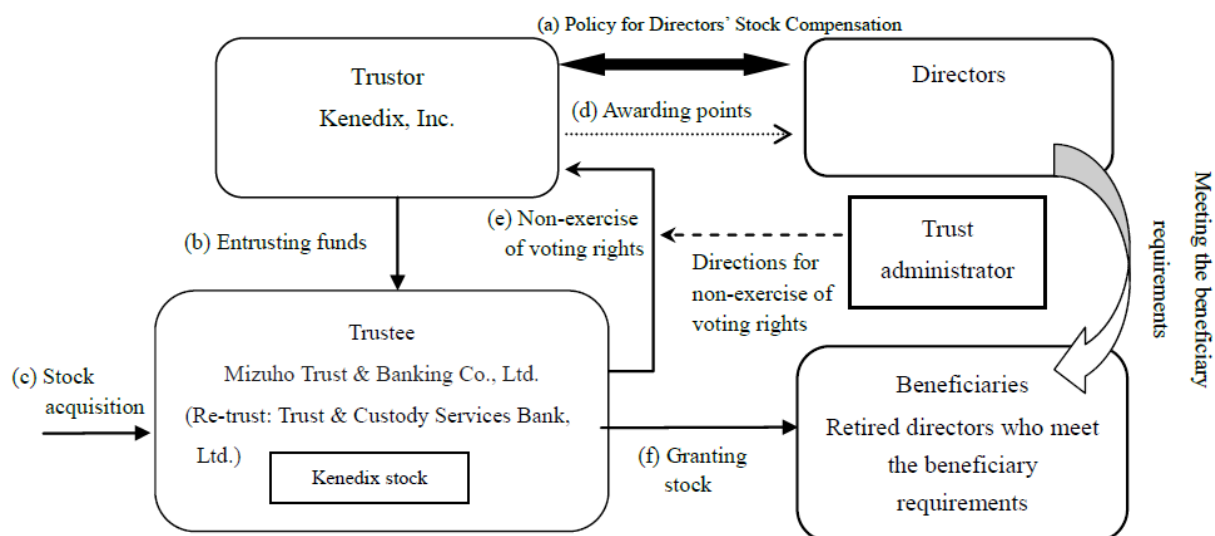
The Compensation Plan is a plan which clearly links the directors’ compensation to the Company’s results of operations and its share value. Under the Compensation Plan, directors experience both the benefit of high share prices and the risk of low share prices with the Company’s shareholders. Such plan 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.) |

**Consolidated Balance Sheet**  
(As of December 31, 2014)

(Millions of yen)

Assets		Liabilities	
Account title	Amount	Account title	Amount
<b>Current assets</b>	<b>50,588</b>	<b>Current liabilities</b>	<b>18,267</b>
Cash and deposits	28,546	Accounts payable — trade	625
Deposits held in trust	3,290	Short-term borrowings	4,630
Accounts receivable — trade	1,213	Short-term non-recourse borrowings	837
Real estate for sale	12,114	Non-recourse bonds — due within one year	146
Acquired non-performing loans	95	Long-term borrowings — due within one year	6,542
Income taxes refundable	2,017	Long-term non-recourse borrowings — due within one year	1,210
Deferred tax assets	932	Accrued income taxes	427
Other	2,418	Provision for contingent loss	189
Allowance for doubtful accounts	(40)	Other	3,657
<b>Fixed assets</b>	<b>152,679</b>	<b>Long-term liabilities</b>	<b>99,649</b>
<b>Property and equipment</b>	<b>119,071</b>	Non-recourse bonds payable	8,334
Buildings and structures	35,129	Long-term borrowings	12,554
Land	83,050	Long-term non-recourse borrowings	72,359
Other	891	Deferred tax liabilities	556
<b>Intangible assets</b>	<b>3,832</b>	Net defined benefit liability	123
Leasehold right	2,856	Long-term security deposits	5,218
Goodwill	870	Other	503
Other	105		
<b>Investment and other assets</b>	<b>29,775</b>	<b>Total liabilities</b>	<b>117,916</b>
Investment securities	22,387	<b>Net Assets</b>	
Investment in capital	485	<b>Shareholders' equity</b>	<b>75,986</b>
Long-term loans receivable	803	<b>Common stock</b>	<b>40,237</b>
Deferred tax assets	146	<b>Additional paid-in capital</b>	<b>28,782</b>
Other	5,994	<b>Retained earnings</b>	<b>6,967</b>
Allowance for doubtful accounts	(42)	<b>Accumulated other comprehensive income</b>	<b>1,219</b>
		Net unrealized holding gains/losses on other securities	1,334
		Deferred gains or losses on hedges	(10)
		Foreign currency translation adjustments	(104)
		<b>Subscription rights to shares</b>	<b>110</b>
		<b>Minority interests</b>	<b>8,035</b>
		<b>Total net assets</b>	<b>85,351</b>
<b>Total assets</b>	<b>203,268</b>	<b>Total liabilities and net assets</b>	<b>203,268</b>

(Note) Amounts less than the stated units are rounded down.



**Consolidated Statement of Income**  
(From January 1, 2014 to December 31, 2014)

(Millions of yen)

Account title	Amount	
<b>Revenue</b>		<b>26,212</b>
<b>Cost of revenue</b>		<b>12,693</b>
<b>Gross profit</b>		<b>13,519</b>
Selling, general and administrative expenses		5,371
<b>Operating income</b>		<b>8,147</b>
Non-operating income		
Interest income	68	
Foreign exchange gains	98	
Equity in earnings of affiliates	400	
Other	130	697
Non-operating expenses		
Interest expenses	1,541	
Commissions paid	526	
Provision for contingent loss	189	
Other	181	2,438
<b>Ordinary income</b>		<b>6,406</b>
Extraordinary income		
Gain on sales of fixed assets	3,375	
Other	293	3,669
Extraordinary loss		
Loss on sales of investment securities	29	
Loss on sales of fixed assets	3,866	
Impairment loss	2,206	
Other	43	6,146
<b>Income before income taxes and profit distribution to silent partners</b>		<b>3,930</b>
Profit distribution to silent partnerships	0	0
<b>Income before income taxes</b>		<b>3,930</b>
Current income taxes	645	
Deferred income taxes	(2,218)	(1,572)
<b>Income before minority interests</b>		<b>5,503</b>
Minority interests		658
<b>Net income</b>		<b>4,844</b>

(Note) Amounts less than the stated units are rounded down.

**Consolidated Statement of Changes in Net Assets**

(From January 1, 2014 to December 31, 2014)

(Millions of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance as of January 1, 2014	40,237	40,496	(9,605)	71,128
Changes in the fiscal year				
Net income	—	—	4,844	4,844
Transfer to other capital surplus from legal capital surplus	—	(11,714)	11,714	—
Change of scope of consolidation	—	—	13	13
Net changes of items other than shareholders' equity	—	—	—	—
Total changes in the fiscal year	—	(11,714)	16,572	4,858
Balance as of December 31, 2014	40,237	28,782	6,967	75,986

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Net unrealized holding gains/losses on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance as of January 1, 2014	398	—	(257)	140	44	3,028	74,341
Changes in the fiscal year							
Net income	—	—	—	—	—	—	4,844
Transfer to other capital surplus from legal capital surplus	—	—	—	—	—	—	—
Change of scope of consolidation	—	—	—	—	—	—	13
Net changes of items other than shareholders' equity	936	(10)	153	1,079	66	5,006	6,151
Total changes in the fiscal year	936	(10)	153	1,079	66	5,006	11,009
Balance as of December 31, 2014	1,334	(10)	(104)	1,219	110	8,035	85,351

(Note) Amounts less than the stated units are rounded down.

**Non-consolidated Balance Sheet**

(As of December 31, 2014)

(Millions of yen)

<b>Assets</b>		<b>Liabilities</b>	
Account title	Amount	Account title	Amount
<b>Current assets</b>	<b>20,482</b>	<b>Current liabilities</b>	<b>12,547</b>
Cash and deposits	15,596	Accounts payable — trade	129
Accounts receivable — trade	376	Short-term borrowings	4,630
Money invested in real estate for sale	639	Long-term borrowings — due within one year	6,463
Prepaid expenses	120	Accounts payable — other	292
Income taxes refundable	1,900	Accrued expenses	105
Deferred tax assets	845	Accrued income taxes	119
Other	1,008	Deposits received	151
Allowance for doubtful accounts	(4)	Provision for contingent loss	189
		Other	464
<b>Fixed assets</b>	<b>82,404</b>	<b>Long-term liabilities</b>	<b>12,138</b>
<b>Property and equipment</b>	<b>148</b>	Long-term borrowings	11,411
Buildings	83	Allowance for employees' retirement benefits	122
Tools, furniture and fixtures	57	Other	604
Lease assets	7		
<b>Intangible assets</b>	<b>49</b>	<b>Total liabilities</b>	<b>24,686</b>
Software	39		
Lease assets	9	<b>Net Assets</b>	
Other	0	<b>Shareholders' equity</b>	<b>77,193</b>
<b>Investment and other assets</b>	<b>82,206</b>	<b>Common stock</b>	<b>40,237</b>
Investment securities	8,838	<b>Additional paid-in capital</b>	<b>28,782</b>
Stocks of subsidiaries and affiliates	12,612	Capital reserve	28,782
Other securities of subsidiaries and affiliates	57,452	<b>Retained earnings</b>	<b>8,173</b>
Investment in capital	442	Other retained earnings	8,173
Long-term loans to subsidiaries and affiliates	1,443	Retained earnings carried forward	8,173
Other	1,432	<b>Valuation and translation adjustments</b>	<b>896</b>
Allowance for doubtful accounts	(14)	<b>Net unrealized holding gains/losses on other securities</b>	<b>896</b>
		<b>Subscription rights to shares</b>	<b>110</b>
		<b>Total net assets</b>	<b>78,200</b>
<b>Total assets</b>	<b>102,886</b>	<b>Total liabilities and net assets</b>	<b>102,886</b>

(Note) Amounts less than the stated units are rounded down.

**Non-consolidated Statement of Income**  
(From January 1, 2014 to December 31, 2014)

(Millions of yen)

Account title	Amount	
<b>Revenue</b>		
Revenue on Asset Management Business	3,800	
Revenue on Real Estate Investment Business	2,092	
Revenue on Real Estate Lease Business	3,951	<b>9,845</b>
<b>Cost of revenue</b>		
Cost of revenue on Asset Management Business	232	
Cost of revenue on Real Estate Investment Business	284	
Cost of revenue on Real Estate Lease Business	3,561	<b>4,078</b>
<b>Gross income</b>		<b>5,767</b>
Selling, general and administrative expenses		2,607
<b>Operating income</b>		<b>3,159</b>
Non-operating income		
Interest income	439	
Dividends income	1,789	
Reversal of allowance for doubtful accounts	1,941	
Other	152	4,323
Non-operating expenses		
Interest expenses	694	
Provision for contingent loss	189	
Compensation fees	139	
Commissions paid	2	
Other	5	1,031
<b>Ordinary income</b>		<b>6,451</b>
Extraordinary income		
Gain on sales of other securities of subsidiaries and affiliates	273	
Other	5	279
Extraordinary loss		
Loss on valuation of investment in capital	16	
Loss on sales of stocks of subsidiaries and affiliates	3	
Impairment loss	10	
Other	4	34
<b>Income before income taxes</b>		<b>6,695</b>
Current income taxes	(162)	
Deferred income taxes	(1,315)	(1,478)
<b>Net income</b>		<b>8,173</b>

(Note) Amounts less than the stated units are rounded down.

**Non-consolidated Statement of Changes in Net Assets**

(From January 1, 2014 to December 31, 2014)

(Millions of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
		Capital reserve	Other retained earnings	
Retained earnings carried forward				
Balance as of January 1, 2014	40,237	40,496	(11,714)	69,019
Changes in the fiscal year				
Net income	—	—	8,173	8,173
Transfer to other capital surplus from legal capital surplus	—	(11,714)	11,714	—
Net changes of items other than shareholders' equity	—	—	—	—
Total changes in the fiscal year	—	(11,714)	19,888	8,173
Balance as of December 31, 2014	40,237	28,782	8,173	77,193

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Net unrealized holding gains/losses on other securities	Total valuation and translation adjustments		
Balance as of January 1, 2014	143	143	44	69,207
Changes in the fiscal year				
Net income	—	—	—	8,173
Transfer to other capital surplus from legal capital surplus	—	—	—	—
Net changes of items other than shareholders' equity	753	753	66	819
Total changes in the fiscal year	753	753	66	8,993
Balance as of December 31, 2014	896	896	110	78,200

(Note) Amounts less than the stated units are rounded down.