

## Summary of Consolidated Financial Results for the First Quarter of 2005 (January 1, 2005 – March 31, 2005)

Described below is an abstract in English of the financial result for the first quarter of 2005 ended March 31, 2005 that was released today in Tokyo. The translation is prepared and provided for the purpose of the readers convenience only. All of readers are strongly recommended to refer to the original version in Japanese of the news release for complete and accurate information

Company name: Kenedix, Inc.  
 Stock code: 4321  
 URL: <http://www.kenedix.com>  
 Stock Exchange listing: First Section, Tokyo Stock Exchange & Hercules (Osaka Securities Exchange)  
 Company Domicile: Tokyo  
 Contact: Taiji Yoshikawa, Member of the Board of Directors and Executive Officer, CFO  
 Tel: +81-3-3519-2530  
 Changes in Accounting Method: None  
 Changes in Consolidated Subsidiaries and Affiliates Accounted For Under the Equity Method:  
     Consolidated subsidiaries   New: 1   Excluded: 0  
     Affiliates                    New: 1   Excluded: 0

### 1. Consolidated Financial Results (Jan. 1, 2005 – March. 31, 2005)

#### (1) Consolidated Results of Operations

*(Amounts rounded off to million yen)*

	Revenue		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First Quarter of 2005	2,491	131.7	1,577	155.0	1,315	132.5
First Quarter of 2004	1,074	23.0	618	55.1	565	93.3
(ref.) Year ended Dec 2004	6,052	19.3	3,190	63.5	2,733	87.0

	Net income (after taxes)		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	YoY change (%)	Yen	Yen
First Quarter of 2005	777	131.3	3,283.56	3,258.22
First Quarter of 2004	335	128.5	4,694.11	4,633.75
(ref.) Year ended Dec. 2004	1,633	87.4	21,739.21	20,729.14

*Note: Percentage figures shown in the above represent year-on-year changes.*

*One common stock was split into 3 on February 21, 2005. "Per share" figures (in 2005) in the above are calculated on the assumption that the stock split was made on the first date of this fiscal year.*

## (2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
First Quarter ended March 2005	56,448	9,945	17.6	41,978.68
First Quarter ended March 2004	24,962	5,871	23.5	81,825.57
(ref.)Year ended Dec. 2004	40,283	9,360	23.2	118,758.66

## (3) Consolidated Cash Flow Position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First Quarter ended March 2005	(6,188)	(765)	14,858	12,270
First Quarter ended March 2004	(573)	(8,153)	12,780	9,784
(ref.)Year ended Dec. 2004	(25,466)	(204)	24,304	4,365

## 2. Forecast of Consolidated income for the Year Ending Dec. 2005 (Jan. 1, 2005 – Dec. 31, 2005)

	Revenue	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	3,700	1,990	1,160
Full year	7,400	3,850	2,220

Reference: Estimated consolidated net income per share for the full year: 9,352.75 yen

Note: The above forecast is based on information available to us as of May 10, 2005. The actual results are affected by various factors and may differ substantially.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Thousands of yen)

Account title	Year				(ref.)	
	March 31,2004		March 31,2005		December 31,2004	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
I Current assets						
1Cash and cash equivalents	9,784,768		11,700,427		4,089,466	
2Deposits held in trust	-		1,739,161		1,487,232	
3Accounts receivable - trade	377,326		527,117		409,604	
4Inventories	-		27,897,471		23,707,174	
5Note receivable (loan pool)	608,713		1,433,757		602,874	
6Others	926,990		1,525,358		1,655,000	
7Allowance for doubtful accounts	(34,231)		(82,812)		(82,761)	
Total current assets	11,663,566	46.7	44,740,480	79.3	31,868,592	79.1
II Fixed assets						
1Tangible assets						
(1)Buildings	-		71,309		72,624	
(2)Buildings held in trust	2,815,655		-		-	
(3)Lands held in trust	4,563,875		-		-	
(4)Others	83,997		52,568		52,252	
Total tangible assets	7,463,528	29.9	123,877	0.2	124,876	0.3
2Intangible assets	5,869	0.0	9,041	0.0	8,348	0.0
3Investment and other assets						
(1)Investment securities	459,969		9,464,504		6,924,553	
(2)Investment in capital	272,121		952,463		386,806	
(3)Investments in silent partnerships	3,422,817		-		-	
(4)Long-term loans	932,171		854,628		696,524	
(5)Deposits held in trust	565,195		-		-	
(6)Others	176,983		303,321		273,682	
Total investment and other assets	5,829,258	23.4	11,574,917	20.5	8,281,566	20.6
Total fixed assets	13,298,655	53.3	11,707,836	20.7	8,414,791	20.9
Total assets	24,962,222	100.0	56,448,316	100.0	40,283,383	100.0

(Thousands of yen)

Account title	Year				(ref.)	
	March 31,2004		March 31,2005		December 31,2004	
	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
I Current liabilities						
1 Accounts payable - trade	191,169		476,602		140,415	
2 Short-term borrowings	9,829,369		22,407,150		17,155,026	
3 Long-term borrowings - due within one year	697,300		665,000		680,000	
4 Corporate bonds - due within one year	-		720,000		120,000	
5 Accrued income taxes	251,361		391,855		1,037,476	
6 Allowance for accrued bonuses payable	-		73,183		-	
7 Security deposits	-		1,574,264		1,188,139	
8 Others	173,028		553,149		522,118	
Total current liabilities	11,142,228	44.6	26,861,206	47.6	20,843,177	51.7
II Long-term liabilities						
1 Bonds payable	2,700,000		4,380,000		3,040,000	
2 Long-term borrowings	4,455,413		13,907,118		6,027,136	
3 Silent partnership contribution received	336,339		1,198,714		875,966	
4 Allowance for employee retirement benefits	4,182		6,954		6,240	
5 Allowance for directors' retirement benefits	99,930		116,677		112,460	
6 Security deposits	339,515		-		-	
Total long-term liabilities	7,935,382	31.8	19,609,465	34.7	10,061,803	25.0
Total liabilities	19,077,610	76.4	46,470,671	82.3	30,904,980	76.7
<b>Minority interest</b>						
Minority interest	12,644	0.1	32,347	0.1	18,200	0.1
<b>Shareholders' equity</b>						
I Capital	1,500,005	6.0	2,615,132	4.6	2,610,382	6.5
II Capital surplus	1,802,539	7.2	2,876,172	5.1	2,871,512	7.1
III Consolidated retained earnings	2,530,315	10.1	4,453,992	7.9	3,828,187	9.5
IV Net unrealized holding gains/losses on other securities	39,106	0.2	-	-	50,118	0.1
Total shareholders' equity	5,871,966	23.5	9,945,296	17.6	9,360,202	23.2
Total liabilities, shareholders' equity, and minority interest	24,962,222	100.0	56,448,316	100.0	40,283,383	100.0

## (2) Consolidated Statements of Income

(Thousands of yen)

Account title	Year		First Quarter of 2004 (Jan. 1, 2004 – Mar. 31, 2004)		First Quarter of 2005 (Jan. 1, 2005 – Mar. 31, 2005)		Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)		
			Amount	%	Amount	%	Amount		%
I Revenue		1,074,977	100.0		2,491,120	100.0		6,052,274	100.0
II Cost of revenue		146,046	13.6		417,386	16.8		1,016,706	16.8
Gross profit		928,930	86.4		2,073,733	83.2		5,035,568	83.2
III Selling, general and administrative expenses									
1 Provision for doubtful accounts		1,258			51			52,053	
2 Directors' salaries		41,180			43,527			169,673	
3 Salaries and bonuses		124,557			141,671			875,232	
4 Provision for accrued bonus		-			73,183			-	
5 Provision for employee retirement benefits		915			2,120			3,123	
6 Provision for directors' retirement benefits		4,640			4,217			17,170	
7 Secondment fees		12,189			1,840			35,335	
8 Other fees and commissions		36,018			67,725			180,643	
9 Others		89,514	28.8	161,630	495,968	19.9	512,226	1,845,457	30.5
Operating income		618,654	57.6		1,577,765	63.3		3,190,110	52.7
IV Non-operating income									
1 Interest income		7,596			5,952			28,093	
2 Equity in earnings of non-consolidated affiliates, etc.		16,957			26,538			179,412	
3 Others		835	2.3	3,458	35,949	1.5	15,982	223,488	3.7
V Non-operating expenses									
1 Interest expense		24,370			106,013			287,434	
2 New stock issue expenses		169			6,999			21,602	
3 Bond issue expenses		35,852			82,476			47,900	
4 Other fees and commissions		14,163			81,938			271,638	
5 Others		3,763	7.3	20,907	298,335	12.0	51,234	679,809	11.2
Ordinary income		565,724	52.6		1,315,378	52.8		2,733,788	45.2
VI Extra-ordinary income									
1 Gain on sale of investment securities		52,270	4.9	90,156	90,156	3.6	84,335	84,335	1.4
Income before provision for income taxes and profit distribution to silent partners		617,994	57.5		1,405,535	56.4		2,818,124	46.6
Profit distribution to silent partners		17,946	1.7		64,231	2.6		33,578	0.6
Income before provision for income taxes		600,048	55.8		1,341,303	53.8		2,784,546	46.0
Current income taxes		254,941			532,939			1,333,693	
Deferred income taxes		7,522	24.4	19,150	552,089	22.1	(196,100)	1,137,593	18.8
Minority interest		(1,690)	(0.2)		(12,183)	(0.5)		(13,185)	(0.2)
Net income		335,894	31.2		777,030	31.2		1,633,766	27.0

**(3) Consolidated Statements of Retained Earnings**

(Thousands of yen)

Account title	Year	Year 2004 (Jan. 1, 2004– Mar. 31, 2004)		Year 2005 (Jan. 1, 2005– Mar. 31, 2005)		Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)	
		Amount		Amount		Amount	
<b>Capital reserve</b>							
I Capital surplus at beginning of year			1,796,368		2,871,512		1,796,368
II Increase in capital surplus							
1 New stock issuance for capital increase		-		-		1,051,817	
2 New stock issuance for stock acquisition rights		6,050		4,567		22,869	
3 Transfer from stock acquisition rights		121	6171	91	4,659	457	1,075,143
III Capital surplus at end of year			1,802,539		2,876,172		2,871,512
<b>Retained earnings</b>							
I Retained earnings at beginning of year							
Balance of retained earnings at beginning of year			2,194,421		3,828,187		2,194,421
II Increase in retained earnings							
Net income		335,894	335,894	777,030	777,030	1,633,766	1,633,766
Decrease in retained earnings							
1 Cash dividends paid		-		118,225		-	
2 Bonuses to directors		-	-	33,000	151,225	-	-
Retained earnings at end of year			2,530,315		4,453,992		3,828,187

**(4) Consolidated Statements of Cash Flow***(Thousands of yen)*

Account title	Period	First Quarter of 2004	First Quarter of 2005	Year 2004
		(Jan.1, 2004 - Mar.31, 2004)	(Jan.1, 2005 - Mar.31, 2005)	(Jan.1, 2004 - Dec.31, 2004)
		Amount	Amount	Amount
I Operating activities				
1. Income before provision for income taxes		600,048	1,341,303	2,784,546
2. Gain on sale and collection of notes purchased		(167,430)	(200,498)	(753,397)
3. Profit distribution on principal investment in silent partnerships		(21,334)	(247,761)	(639,564)
4. Increase (decrease) in provision for doubtful accounts		1,258	51	49,788
5. Increase (decrease) in reserve for accrued bonuses		-	73,183	-
6. Increase (decrease) in provision for employee retirement benefits		915	714	2,973
7. Increase (decrease) in provision for directors' retirement benefits		4,640	4,217	17,170
8. Interest income		(7,596)	(5,952)	(28,093)
9. Interest expense		24,370	106,013	287,434
10. Profit distribution to silent partners		17,946	64,231	33,578
11. Equity in earnings of non-consolidated affiliates, etc.		(16,957)	(26,538)	(179,412)
12. Gains on sale of real estate held sale		-	(771,042)	(528,083)
13. Loss on sale of fixed assets		9,860	-	-
14. Gain on sale of investment securities		(52,270)	(90,156)	(84,335)
15. Increase (decrease) in accounts receivable - trade		(109,968)	(117,513)	(142,246)
16. Payment for acquisition of real estate held for sale		-	(11,455,064)	(51,632,172)
17. Proceed from sale of real estate held for sale		-	8,013,921	28,453,080
18. Increase (decrease) in accounts payable - trade		166,219	336,186	115,466
19. Purchase of notes		(1,092,482)	(978,687)	(3,817,224)
20. Proceeds from sale and collection of notes purchased		1,575,577	348,302	4,892,124
21. Distributions from silent partnerships		79,872	175,707	1,710,113
22. Contribution paid in silent partnerships		(1,142,000)	(2,430,000)	(5,117,495)
23. Proceeds from sale of silent partnerships		-	-	157,000
24. Proceeds from receipt of deposits for contribution to silent partnerships		315,000	276,915	876,300
25. Redemption of contribution received from silent partners		(126,539)	(18,400)	(163,844)
26. Others		(273,049)	719,295	(878,143)
Subtotal		(213,921)	(4,881,569)	(24,584,437)
27. Interest received		3,036	1,126	36,911
28. Interest paid		(41,649)	(129,373)	(305,556)
29. Income taxes paid		(320,903)	(1,178,559)	(613,488)
Net cash used in operating activities		(573,437)	(6,188,375)	(25,466,570)

Account title	Period	First Quarter of 2004 (Jan.1, 2004 - Mar.31, 2004)	First Quarter of 2005 (Jan.1, 2005 - Mar.31, 2005)	Year 2004 (Jan.1, 2004 - Dec.31, 2004)
		Amount	Amount	Amount
<b>II Investing activities</b>				
1. Payment for purchase of fixed assets		(9,287,875)	(3,631)	(61,220)
2. Proceeds from sale of fixed assets		1,475,980	-	-
3. Drawdown of loans		(164,510)	(194,510)	(320,578)
4. Repayment of loans		62,935	36,406	452,625
5. Payment for acquisition of investment securities		(7,500)	(130,500)	(116,300)
6. Proceeds from sale of investment securities		68,270	108,085	109,472
7. Payment for capital investment in affiliates		(26,750)	(10,500)	(129,162)
8. Proceeds from capital investments in affiliates		2,400	2,033	5,683
9. Proceeds from capital redemption of affiliates		-	-	33,500
10. Decrease in funds owing to sale of investment in subsidiaries due to change in scope of consolidation		(3,739)	-	(3,514)
11. Payment for capital investment		-	(540,400)	-
12. Others		(273,197)	(32,295)	(174,860)
Net cash provided by (used in) investing activities		(8,153,987)	(765,311)	(204,357)
<b>III Financing activities</b>				
1. Proceeds from short-term borrowings		9,470,000	12,529,000	40,136,000
2. Repayment of short-term borrowings		(1,185,000)	(7,276,876)	(24,525,343)
3. Proceeds from long-term borrowings		3,300,350	8,464,230	21,559,636
4. Repayment of long-term borrowings		(226,000)	(599,247)	(16,925,513)
5. Proceeds from issuance of stock		21,204	2,317	2,200,218
6. Proceeds from issuance of bonds		1,400,000	2,917,523	1,900,000
7. Payment for redemption of bonds		-	(1,060,000)	(40,000)
8. Payment for dividend		-	(118,225)	-
Net cash provided by (used in) financing activities		12,780,554	14,858,722	24,304,997
<b>IV Net increase in cash and cash equivalents</b>		4,053,129	7,905,034	(1,365,931)
<b>V Cash and cash equivalents at beginning of period</b>		5,731,638	4,635,707	5,731,638
<b>VI Cash and cash equivalents at end of period</b>		9,784,768	12,270,742	4,365,707

**(5) Segment Information on Revenues (Consolidated Basis)***(Thousands of yen)*

	First Quarter of 2004 (Jan.1,2004-Mar.31,2004)	First Quarter of 2005 (Jan.1,2004-Mar.31,2005)	(Reference) Year 2004 (Jan.1,2004-Dec.31,2004)
Real Estate Investment Advisory Business	424,211	1,746,210	3,451,302
Asset Management Business	385,813	458,860	1,382,577
Note Investment Management Business	264,952	286,048	1,218,395
Total Revenue	1,074,977	2,491,120	6,052,274