

Summary of Consolidated Financial Results for the Third Quarter of 2008 (January 1, 2008 – September 30, 2008)

Described below is an abstract in English of the financial result for the Third quarter of 2008 ended September 30, 2008 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.	Listing: First Section, Tokyo Stock Exchange
Stock code: 4321	URL: http://www.kenedix.com
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(Amounts rounded off to million yen)

1. Consolidated Financial Results (Jan. 1, 2008 – Sep. 30, 2008)

(1) Consolidated results of operations

(Percentage figures represent year-on-year changes)

	Revenue		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Third Quarter of 2008	124,651	0.2	19,553	(29.4)	13,348	(44.1)
Third Quarter of 2007	124,358	549.4	27,693	94.3	23,890	89.0
Year ended December 2007	138,025	-	30,863	-	26,120	-

	Net income		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	%	Yen	Yen
Third Quarter of 2008	5,653	(56.7)	8,892.53	8,174.64
Third Quarter of 2007	13,049	81.4	22,590.91	20,380.99
Year ended December 2007	14,662	-	24,833.95	22,375.29

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2008	390,712	91,404	16.1	98,750.83
As of September 30, 2007	296,289	77,750	19.5	92,530.88
As of December 31, 2007	338,509	80,488	18.0	95,872.59

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Third Quarter ended March 2008	(60,179)	(10,939)	48,561	21,608
Third Quarter ended March 2007	(17,821)	(28,596)	54,414	45,777
Year ended December 2007	(48,778)	(35,962)	91,886	44,962

2. Dividends

(Record date)	Dividend per share (Yen)		
	Interim	Year-end	Annual
Year ended December 2007	-	2,350.00	2,350.00
Year ending December 2008 (results)	-	-	-
Year ending December 2008 (forecast)	-	2,350.00	2,350.00

3. Forecast of Consolidated Income for the Year Ending December 31, 2008 (Jan. 1, 2008 – Dec 31, 2008)

(Percentage figures represent year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	188,100	36.3	31,800	3.0	24,300	(7.0)	12,500	(14.7)	19,636.18

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes

(2) Adoption of simple method of accounting: No

(3) Changes of accounting from the latest consolidated fiscal year: Yes

(Reference) Summary Non-consolidated Financial Results

1. Non-consolidated Financial Results (Jan. 1, 2008 – Sep. 30, 2008)

(1) Non-consolidated results of operations

(Percentage figures represent year-on-year changes)

	Revenue		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Third Quarter of 2008	15,215	(35.7)	12,038	(42.3)	12,924	(36.0)
Third Quarter of 2007	23,645	74.1	20,869	84.6	20,207	89.8
Year ended December 2007	26,674	-	23,106	-	21,686	-

	Net income		Net income per share, (basic)
	Million yen	%	Yen
Third Quarter of 2008	8,617	(30.8)	13,542.94
Third Quarter of 2007	12,444	89.7	21,540.90
Year ended December 2007	13,352	-	22,606.96

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2008	222,081	63,210	28.5	99,234.86
As of September 30, 2007	169,213	55,284	32.7	88,541.10
As of December 31, 2007	179,431	57,680	32.1	90,814.88

2. Forecast of Non-consolidated Income for the Year Ending December 31, 2008 (Jan. 1, 2008 – Dec. 31, 2008)

(Percentage figures represent year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	28,900	8.3	24,000	3.9	23,000	6.1	14,200	6.4	22,307.00

* Cautionary statement with respect to forward-looking statements

The above forecast is based on information available as of the announcement date of the summary. Actual results are affected by various factors and differ substantially.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Account title	Third Quarter of 2007 (As of Sep. 30, 2007)		Third Quarter of 2008 (As of Sep. 30, 2008)		Year 2007 Summary (As of Dec. 31, 2007)	
	Amount	%	Amount	%	Amount	%
Assets						
I Current assets						
1. Cash and deposits	41,946		14,309		39,369	
2. Deposits held in trust	6,011		11,472		6,966	
3. Accounts receivable - trade	1,036		1,064		971	
4. Inventories	202,116		315,839		243,895	
5. Acquired non-performing loans	10,703		5,493		5,532	
6. Other	9,108		8,324		11,358	
7. Allowance for doubtful accounts	(327)		(53)		(327)	
Total current assets	270,593	91.3	356,449	91.2	307,766	90.9
II Fixed assets						
1. Property and equipment	175	0.1	198	0.1	203	0.1
2. Intangible assets						
(1) Good will	-		1,805		-	
(2) Other	444		22		973	
Total intangible assets	444	0.1	1,827	0.5	973	0.3
III Investments and other assets						
(1) Investment securities	18,714		27,327		25,131	
(2) Investments in capital	2,464		300		188	
(3) Long-term loans receivable	1,491		1,210		1,920	
(4) Other	2,403		3,856		2,326	
(5) Allowance for doubtful accounts	-		(458)		-	
Total investments and other assets	25,074	8.5	32,237	8.2	29,566	8.7
Total fixed assets	25,695	8.7	34,262	8.8	30,743	9.1
Total assets	296,289	100.0	390,712	100.0	338,509	100.0

(Millions of yen)

Account title	Third Quarter of 2007 (As of Sep. 30, 2007)		Third Quarter of 2008 (As of Sep. 30, 2008)		Year 2007 Summary (As of Dec. 31, 2007)	
	Amount	%	Amount	%	Amount	%
Liabilities						
I Current liabilities						
1. Accounts payable - trade	441		872		477	
2. Short-term borrowings	61,880		87,215		60,720	
3. Commercial paper	5,000		-		6,000	
4. Long-term borrowings - due within one year	6,435		83,506		17,312	
5. Corporate bonds – due within one year	3,385		5,834		3,435	
6. Accrued income taxes	8,617		816		8,409	
7. Security deposits	4,581		7,735		5,405	
8. Accrued employees' bonuses	571		508		-	
9. Accrued director's and corporate auditor's bonuses	250		293		430	
10. Other	3,392		5,245		4,205	
Total current liabilities	94,553	31.9	192,028	49.2	106,397	31.4
II Long-term liabilities						
1. Bonds payable	32,359		40,387		47,110	
2. Long-term borrowings	90,807		66,367		103,691	
3. Silent partnership contribution received	166		166		162	
4. Allowance for employees' retirement benefits	15		22		17	
5. Other	634		336		641	
Total long-term liabilities	123,984	41.9	107,279	27.4	151,623	44.8
Total liabilities	218,538	73.8	299,308	76.6	258,020	76.2
Net Assets						
I Shareholders' equity						
1. Common stock	13,851	4.7	14,591	3.7	14,546	4.3
2. Additional paid-in capital	14,110	4.8	14,850	3.8	14,805	4.3
3. Retained earnings	29,202	9.8	34,924	8.9	30,821	9.1
4. Treasury stock	(42)	(0.0)	(124)	(0.0)	(124)	(0.0)
Total shareholders' equity	57,122	19.3	64,242	16.4	60,047	17.7
II Valuation and translation adjustments						
1. Net unrealized holding gains/losses on investment securities	694	0.2	(1,197)	(0.3)	773	0.3
2. Deferred gains/losses on hedges	61	0.0	263	0.1	72	0.0
3. Foreign currency translation adjustments	(111)	(0.0)	(458)	(0.1)	(57)	(0.0)
Total valuation and translation adjustments	644	0.2	(1,392)	(0.3)	788	0.3
III Minority interests in consolidated subsidiaries	19,983	6.7	28,554	7.3	19,652	5.8
Total net assets	77,750	26.2	91,404	23.4	80,488	23.8
Total liabilities and net assets	296,289	100.0	390,712	100.0	338,509	100.0

(2) Consolidated Statements of Income

(Millions of yen)

Account title	Third Quarter of 2007 (As of Sep. 30, 2007)		Third Quarter of 2008 (As of Sep. 30, 2008)		Year 2007 Summary (As of Dec. 31, 2007)				
	Amount	%	Amount	%	Amount	%			
I Revenue		124,358	100.0		124,651	100.0		138,025	100.0
II Cost of revenue		92,429	74.3		99,723	80.0		101,476	73.5
Gross profit		31,928	25.7		24,927	20.0		36,549	26.5
III Selling, general and administrative expenses									
1. Amount of doubtful debt account	-			21			5		
2. Directors' and corporate auditors' salaries	199			227			275		
3. Salaries and bonuses	815			910			1,747		
4. Provision for accrued employees' bonuses	571			508			-		
5. Provision for accrued directors' and corporate auditors' bonuses	250			293			430		
6. Provision for employees' retirement benefits	5			7			8		
7. Provision for directors' and corporate auditors' retirement benefits	103			-			103		
8. Commissions paid	713			938			1,038		
9. Amortization of goodwill	-			1,104			372		
10. Other	1,575	4,235	3.4	1,362	5,374	4.3	1,705	5,686	4.1
Operating income		27,693	22.3		19,553	15.7		30,863	22.4
IV Non-operating income									
1. Interest income	96			245			150		
2. Equity in earnings of non-consolidated subsidiaries and affiliates	223			-			813		
3. Consumption taxes differential (after being offset by suspense payments and receipt)	236			-			393		
4. Other	82	638	0.5	131	376	0.3	162	1,519	1.1
V Non-operating expenses									
1. Interest expense	2,298			4,301			3,319		
2. Equity in losses of non-consolidated subsidiaries and affiliates	-			457			-		
3. Stock issue expenses	49			1			56		
4. Bond issue expenses	119			-			179		
5. Commissions paid	1,351			1,244			1,903		
6. Other	623	4,441	3.6	574	6,581	5.3	802	6,261	4.6
Ordinary income		23,890	19.2		13,348	10.7		26,120	18.9

(Millions of yen)

Account title	Third Quarter of 2007 (As of Sep. 30, 2007)			Third Quarter of 2008 (As of Sep. 30, 2008)			Year 2007 Summary (As of Dec. 31, 2007)		
	Amount		%	Amount		%	Amount		%
VI Extra-ordinary income									
1. Gain on sale of affiliate stock	-			17			141		
2. Gain on cancellation of derivative contracts	-			87			-		
3. Gain on sale of investment securities	-	-	-	21	126	0.1	-	141	0.1
VII Extra-ordinary losses									
1. Loss on sale of investment securities	-			22			-		
2. Loss on valuation of investment securities	-			313			-		
3. Provision for doubtful accounts	-			413			-		
4. Dilution losses from changes in equity interest	-	-	-	275	1,024	0.8	-	-	-
Income before provision for income taxes and profit distribution to silent partners		23,890	19.2		12,450	10.0		26,262	19.0
Profit distribution to silent partners		4	0.0		(12)	(0.0)		90	0.0
Income before provision for income taxes		23,886	19.2		12,463	10.0		26,172	19.0
Current income taxes	12,746			5,168			12,605		
Deferred income taxes	(3,289)	9,457	7.6	351	5,519	4.4	(2,797)	9,807	7.2
Minority interests		1,379	1.1		1,290	1.1		1,702	1.2
Net income		13,049	10.5		5,653	4.5		14,662	10.6

(3) Consolidated Statement of Changes in Net Assets

Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	9,648	9,907	16,996	(42)	36,510
Changes in the period					
New stock issue	4,202	4,202	-	-	8,405
Cash dividends	-	-	(856)	-	(856)
Changes in the scope of equity method application	-	-	12	-	12
Net income	-	-	13,049	-	13,049
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes in the period	4,202	4,202	12,205	-	20,611
Balance as of September 30, 2007	13,851	14,110	29,202	(42)	57,122

(Millions of yen)

	Valuation and translation adjustments				Minority interest in consolidated subsidiaries	Total net assets
	Net unrealized holding gains /losses on investment securities	Deferred gains/ losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2006	674	(111)	137	700	2,583	39,794
Changes in the period						
New stock issue	-	-	-	-	-	8,405
Cash dividends	-	-	-	-	-	(856)
Changes in the scope of equity method application	-	-	-	-	-	12
Net income	-	-	-	-	-	13,049
Net changes of items other than shareholders' equity	20	173	(249)	(55)	17,400	17,345
Total changes in the period	20	173	(249)	(55)	17,400	37,956
Balance as of September 30, 2007	694	61	(111)	644	19,983	77,750

Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2007	14,546	14,805	30,821	(124)	60,047
Changes in the period					
New stock issue	45	45	-	-	90
Cash dividends	-	-	(1,492)	-	(1,492)
Increase(decrease) in retained earnings involving change in scope of consolidation	-	-	(57)	-	(57)
Net income	-	-	5,653	-	5,653
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes in the period	45	45	4,103	-	4,194
Balance as of September 30, 2008	14,591	14,850	34,924	(124)	64,242

(Millions of yen)

	Valuation and translation adjustments				Minority interest in consolidated subsidiaries	Total net assets
	Net unrealized holding gains /losses on investment securities	Deferred gains/ losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2007	773	72	(57)	788	19,652	80,488
Changes in the period						
New stock issue	-	-	-	-	-	90
Cash dividends	-	-	-	-	-	(1,492)
Increase(decrease) in retained earnings involving change in scope of consolidation	-	-	-	-	-	(57)
Net income	-	-	-	-	-	5,653
Net changes of items other than shareholders' equity	(1,971)	190	(400)	(2,181)	8,902	6,721
Total changes in the period	(1,971)	190	(400)	(2,181)	8,902	10,915
Balance as of September 30, 2008	(1,197)	263	(458)	(1,392)	28,554	91,404

Year 2007 (Jan. 1, 2007 – Dec. 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	9,648	9,907	16,996	(42)	36,510
Changes in the fiscal year					
New stock issue	4,897	4,897	-	-	9,795
Cash dividends	-	-	(856)	-	(856)
Net income	-	-	14,662	-	14,662
Changes in the scope of equity method application	-	-	18	(82)	(64)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes in the fiscal year	4,897	4,897	13,824	(82)	23,537
Balance as of December 31, 2007	14,546	14,805	30,821	(124)	60,047

(Millions of yen)

	Valuation and translation adjustments				Minority interest in consolidated subsidiaries	Total net assets
	Net unrealized holding gains /losses on investment securities	Deferred gains/ losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2006	674	(111)	137	700	2,583	39,794
Changes in the fiscal year						
New stock issue	-	-	-	-	-	9,795
Cash dividends	-	-	-	-	-	(856)
Net income	-	-	-	-	-	14,662
Changes in the scope of equity method application	-	-	-	-	-	(64)
Net changes of items other than shareholders' equity	99	184	(195)	88	17,069	17,157
Total changes in the fiscal year	99	184	(195)	88	17,069	40,694
Balance as of December 31, 2007	773	72	(57)	788	19,652	80,488

(4) Consolidated Statement of Cash Flows*(Millions of yen)*

	Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007)	Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008)	Year 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007)
Account title	Amount	Amount	Amount
I Operating activities			
1. Income before provision for income taxes	23,886	12,463	26,172
2. Gain on sales and collection of acquired non-performing loans	(750)	(262)	(1,010)
3. Profit distribution from silent partnerships	(1,522)	272	(1,393)
4. Increase (decrease) in allowance for doubtful accounts	5	184	5
5. Increase (decrease) in accrued employees' bonuses	571	508	-
6. Increase (decrease) in accrued directors' and corporate auditors' bonuses	(20)	(136)	160
7. Increase (decrease) in allowance for employees' retirement benefits	2	5	4
8. Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits	(164)	-	(164)
9. Interest income	(96)	(245)	(150)
10. Interest expense	2,298	4,301	3,319
11. Profit distribution to silent partners	4	(12)	90
12. Equity in earnings of non-consolidated subsidiaries and affiliates	(223)	457	(813)
13. Dilution losses from changes in equity interest	-	275	-
14. Decrease (increase) in accounts receivable - trade	(138)	(89)	(73)
15. Decrease (increase) in inventories	(24,849)	(60,805)	(63,679)
16. Increase (decrease) in accounts payable - trade	77	392	113
17. Purchase of acquired non-performing loans	(10,502)	(208)	(10,722)
18. Proceeds from sale and collection of acquired non-performing loans	4,152	509	9,643
19. Distributions from silent partnerships	3,555	223	3,645
20. Contribution paid in silent partnerships	(3,513)	(1,018)	(3,722)
21. Proceeds from receipt of deposits for contribution to silent partnerships	-	34	-
22. Redemption of silent partners contribution received	(114)	19	(17)
23. Amortization of goodwill	-	1,104	-
24. Other, net	595	(386)	1,644
Subtotal	(6,747)	(42,415)	(36,948)
25. Interests and dividends received	104	276	132
26. Interests paid	(1,982)	(4,209)	(2,713)
27. Income taxes paid	(9,195)	(13,830)	(9,248)
Net cash provided by (used in) operating activities	(17,821)	(60,179)	(48,778)

(Millions of yen)

	Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007)	Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008)	Year 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007)
Account title	Amount	Amount	Amount
II Investing activities			
1. Payment for purchase of property and equipment	(56)	(28)	(96)
2. Proceeds from sale of property and equipment	0	6	1
3. Payment for purchase of intangible assets	(19)	(2)	(20)
4. Proceeds from sales of intangible assets	-	-	0
5. Payment for loans receivable	(4,703)	(2,499)	(7,589)
6. Proceeds from repayment of loans receivable	2,756	4,956	2,799
7. Payment for acquisition of investment securities	(2,002)	(3,188)	(1,217)
8. Proceeds from sales of investment securities	3	53	4
9. Proceeds from capital reduction with compensation of investment securities	51	-	130
10. Payment for capital investments in affiliates	(1,380)	(1,457)	(7,389)
11. Proceeds from capital investments in affiliates	-	26	104
12. Proceeds from capital reduction of affiliates	683	-	2,347
13. Purchase of investments in subsidiaries involving change in scope of consolidation	(23,677)	(8,972)	(24,935)
14. Sale of contribution in subsidiaries involving change in scope of consolidation	-	(373)	-
15. Other, net	(249)	539	(101)
Net cash used in investing activities	(28,596)	(10,939)	(35,962)
III Financing activities			
1. Proceeds from short-term borrowings	133,908	161,499	172,198
2. Repayment of short-term borrowings	(106,928)	(135,812)	(147,379)
3. Proceeds from issuance of commercial papers	10,000	10,000	28,000
4. Payment for redemption of commercial papers	(6,000)	(16,000)	(22,000)
5. Proceeds from long-term borrowings	63,806	42,734	88,392
6. Repayment of long-term borrowings	(59,323)	(15,760)	(61,734)
7. Proceeds from issuance of stock	8,356	89	9,739
8. Proceeds from issuance of bonds	2,880	-	17,820
9. Payment for redemption of bonds	(3,762)	(4,324)	(3,962)
10. Proceeds from minority interest	14,929	9,170	14,567
11. Dividends to minority interest	(108)	(209)	(108)
12. Distributions to minority interest	(2,445)	(1,337)	(2,895)
13. Dividends paid	(856)	(1,487)	(856)
14. Other, net	(41)	-	105
Net cash provided by (used in) financing activities	54,414	48,561	91,886
IV Effect of exchange rate changes on cash and cash equivalents	(246)	(798)	(209)
V Decrease in cash and cash equivalents	7,750	(23,355)	6,935
VI Cash and cash equivalents at beginning of period	37,074	44,962	37,074
VII Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	952	0	952
VIII Cash and cash equivalents at end of period	45,777	21,608	44,962

(5) Segment Information*(Millions of yen)*

	Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007)					
	Real Estate Investment Advisory Business	Real Estate Investment Business	Asset Management Business	NPL Investment Management Business	Adjusts and Elimination	Consolidated
Revenue	4,819	115,071	6,722	1,399	(3,655)	124,358
Costs and expenses	1,194	95,169	1,783	496	(1,979)	96,664
Operating income	3,625	19,902	4,938	903	(1,675)	27,693

(Millions of yen)

	Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008)					
	Real Estate Investment Advisory Business	Real Estate Investment Business	Asset Management Business	NPL Investment Management Business	Adjusts and Elimination	Consolidated
Revenue	2,421	120,043	4,716	282	(2,811)	124,651
Costs and expenses	1,003	102,872	2,231	408	(1,417)	105,098
Operating income	1,418	17,170	2,485	(125)	(1,394)	19,553

(Millions of yen)

	Year 2007 (Jan. 1, 2007 – Dec. 31, 2007)					
	Real Estate Investment Advisory Business	Real Estate Investment Business	Asset Management Business	NPL Investment Management Business	Adjusts and Elimination	Consolidated
Revenue	5,838	127,034	7,891	1,768	(4,507)	138,025
Costs and expenses	1,577	104,756	2,465	662	(2,300)	107,162
Operating income	4,260	22,277	5,425	1,105	(2,206)	30,863