August 11, 2009

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2009 (Six Months Ended June 30, 2009)

Described below is an abstract in English of the financial result for the six months ended June 30, 2009 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.

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Scheduled date of filing of Quarterly Report: August 14, 2009

(Amounts rounded off to million yen)

1. Consolidated Financial Results (Jan. 1, 2009 – Jun. 30, 2009)

(1) Consolidated results of operations *(Percentage figures represent year-on-year changes)*

	Revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 30, 2009	60,334	-	10,761	-	6,552	-	(8,840)	-
Six months ended Jun. 30, 2008	80,217	(19.5)	15,443	(23.1)	12,034	(31.1)	5,517	(44.6)

	Net income per share, (basic)	Net income per share, (diluted)
	Yen	Yen
Six months ended Jun. 30, 2009	(13,887.30)	-
Six months ended Jun. 30, 2008	8,681.88	7,982.01

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2009	212,869	42,427	17.8	59,575.70
As of Dec. 31, 2008	273,149	57,558	17.1	73,438.21

(Reference) Shareholders' equity (million yen) As of Jun. 30, 2009: 37,926 As of Dec. 31, 2008: 46,739

2. Dividends

	Dividend per share				
(Record date)	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2008	-	0.00	-	0.00	0.00
Year ending Dec. 31, 2009	-	0.00	-	-	-
Year ending Dec. 31, 2009 (forecast)	-	0.00	-	0.00	0.00

(Note) Revision of dividend forecast during the period: None

3. Forecast of Consolidated Income for the Year Ending December 31, 2009 (Jan. 1, 2009 – Dec. 31, 2009)

(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	105,700	(23.1)	14,900	(8.4)	8,800	65.5	(8,000)	-	(12,559.22)

(Note) Revision of consolidated forecast during the period: None

4. Other

(1) Changes in significant consolidated subsidiaries (*Tokutei Kogaisha*) during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to "Qualitative Information and Financial Statements, 4. Other" on page 5 for further information.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Please refer to "Qualitative Information and Financial Statements, 4. Other" on pages 5 and 6 for further information.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at end of period (including treasury stock)

As of Jun. 30, 2009:	636,982 shares	As of Dec. 31, 2008:	636,982 shares

2) Number of treasury stock at end of period

As of Jun. 30, 2009:	365 shares	As of Dec. 31, 2008:	539 shares

3) Average number of shares outstanding

Six months ended Jun. 30, 2009:	636,567 shares	Six months ended Jun. 30, 2008:	635,461 shares

<u>* Cautionary statement with respect to forward-looking statements</u>

1. Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results are affected by various factors and may differ substantially. Please refer to "Qualitative Information and Financial Statements, 3. Qualitative Information Regarding Forecast of Consolidated Income" on page 5 for further information concerning above projections.

2. Effective from the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

In the first half of 2009, Japan’s economy continued to feel the effects of global financial instability and the accompanying global economic downturn. The Japanese economy continued to contract due to declining corporate earnings, rising unemployment and falling personal incomes.

In the real estate services and finance sectors, where the Kenedix Group (the Group) is active, procuring funds is still difficult due to the effects of turmoil in financial markets. Liquidity in the real estate investment market has dropped sharply as a result, making the outlook for the operating environment uncertain.

The Group is responding with speed and flexibility to the rapid changes in market conditions. In particular, the Group has started taking numerous actions aimed at achieving the central goals of the current medium-term management plan: increase assets under management, downsize the balance sheet, and build a stable profit structure.

Achieving consistent growth in the volume of assets under management is one goal of the Group. To accomplish this, the Group is locating quality properties and providing investment opportunities to investors in Japan and other countries who are interested in purchasing Japanese real estate. The Group is also further enhancing its capabilities in the asset management business.

In June 2009, the Group sold KDX Toyosu Grandsquare to a fund managed by The Carlyle Group. This property is a large office building that was developed by the Company in Shinonome, Koto-ku, Tokyo. At the same time, the Company began performing asset management for this building for The Carlyle Group. In the first half of 2009, the Group sold a total of about 39 billion yen of properties that it owned, including KDX Toyosu Grandsquare, to buyers outside the Group. This was accomplished despite the consistently poor liquidity of Japan’s real estate market. Through these activities, the Group has been able to steadily increase the volume of assets under management, which totaled approximately 880 billion yen at the end of June 2009. The Group has thus succeeded in simultaneously downsizing the balance sheet and raising assets under management, two central goals of the medium-term management plan.

The Group has reclassified some properties that were included in inventories as real estate for sale as long-term holdings in order to generate a consistent stream of leasing income. By shifting some properties from inventories to property and equipment along with the longer time frames of funds procured, the Group is building a profit structure that is stable and more transparent. This is one more way in which the Group is making steady progress toward the goals of the medium-term management plan.

Regarding fund procurement, the Company in March 2009 entered into syndicated loan contracts amounting to 15.8 billion yen with Sumitomo Mitsui Banking Corporation and Bank of Tokyo-Mitsubishi UFJ acting as joint arrangers. This loan provides for the stable procurement of funds and eliminates the need to sell properties at unfavorable terms in order to repay loans. In addition, this loan provides a base for earning stable leasing income from properties while they are owned by the Group.

However, following the adoption of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006), the Company recorded a loss on valuation of inventories of 12.8 billion yen as an extra-ordinary loss for inventories at the beginning of the period.

Due to these factors, consolidated revenue decreased 24.8% year-on-year to 60,334 million yen. In addition, operating income declined 30.3% to 10,761 million yen and ordinary income fell 45.6% to 6,552 million yen. There was a net loss of 8,840 million yen compared with net income of 5,517 million yen in the same period of previous fiscal year.

The following section explains performance by business segments.

1) Real Estate Investment Advisory Business

In the real estate investment advisory business, profit distributions from silent partnerships were higher than one year earlier but there was a decrease in acquisition fees and other fees. The result was a 49.4% decline in revenue to 862 million yen and a 58.0% drop in operating income to 492 million yen.

2) Real Estate Investment Business

In the real estate investment business, there was a decline in revenue from real estate sales and, as the balance sheet was downsized, a decline in leasing income as well. Revenue was down 27.3% to 55,986 million yen and operating income decreased 22.6% to 10,343 million yen.

3) Asset Management Business

In the asset management business, asset management fees continued to increase but lower real estate prices brought down revenue from incentive fees and disposition fees. Revenue decreased 28.9% to 2,429 million yen and operating income was down 18.2% to 1,560 million yen.

4) NPL Investment Management Business

In the NPL investment management business, there was a decrease in disposition fees as well as losses on sales of purchased loans. Revenue was up 638.7% to 1,796 million yen but there was an operating loss of 1,038 million yen.

2. Qualitative Information Regarding Consolidated Financial Position

Balance Sheet Position

Total assets decreased 60,280 million yen from December 31, 2008 to 212,869 million yen as of June 30, 2009. The primary reason was a decrease of 52,644 million yen in property owned by the Group. One cause was inventory valuation losses resulting from the adoption of Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006). Sales of properties also contributed to this decrease. In the first quarter of 2009, property with a collective value of 69,563 million yen was transferred from inventories to property and equipment due to a change in the purpose of holding these assets.

Total liabilities decreased 45,149 million yen to 170,441 million yen. This was mainly the result of lower debt due to sale of inventories.

Net assets decreased 15,131 million yen to 42,427 million yen. One reason was an 8,843 million yen decrease in retained earnings because of net loss in the first quarter. There was also a 6,318 million yen decrease in minority interests in consolidated subsidiaries, which represent primarily the investments of external parties in funds consolidated by the Group and a large volume of these investments was returned to investors due to the sale of inventories.

In some cases, consolidated subsidiaries use non-recourse loans to procure funds to acquire properties. Such loans are solely the responsibility of the subsidiary holding the properties, and loan repayments can be no greater than cash flows from assets held by the subsidiary. Consequently, non-recourse loans should be excluded from consideration when analyzing the Group's debt-equity ratio.

The following table presents changes in the debt-equity ratio. *(Millions of yen)*

	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Jun. 2009
Interest-bearing debt (1)	59,562	106,630	238,269	202,806	160,441
(Non-recourse loans included) (2)	(11,049)	(29,640)	(120,366)	(78,528)	(57,767)
Net assets (3)	28,561	39,794	80,488	57,558	42,427
Cash and deposits (4)	18,658	34,390	39,369	11,872	10,818
Net debt (5) (1-2-4)	29,853	42,599	78,533	112,404	91,854
Net debt-equity ratio net of non-recourse loans (5)/(3) *(%)*	104.5	107.0	97.6	195.3	216.5

Note: Includes 20 billion yen of zero coupon convertible bonds with stock acquisition rights issued in December 2006.

Cash Flows

Operating activities provided net cash of 47,692 million yen, investing activities provided net cash of 29 million yen and financing activities used net cash of 49,708 million yen. The result was a net decrease of 2,322 million yen in cash and cash equivalents during the first half of 2009 to 13,959 million yen as of June 30, 2009.

1) Operating Activities

Net cash provided by operating activities was 47,692 million yen, compared to the net cash used of 66,408 million yen in the same period a year earlier. This was mainly the result of loss before provision for income taxes of 7,360 million yen, a decrease in inventories of 45,826 million yen, and income taxes refund of 4,583 million yen.

2) Investing Activities

Net cash provided by investing activities was 29 million yen, compared to the net cash used of 11,879 million yen in the same period a year earlier. This was mainly attributable to the proceeds of 1,803 million yen from sales of investment securities and payments of 869 million yen for investments in capital of subsidiaries and affiliates.

3) Financing Activities

Net cash used in financing activities was 49,708 million yen, compared to the net cash provided of 67,433 million yen in the same period a year earlier. This was mainly due to the decrease in loans associated with the sale of inventories.

3. Qualitative Information Regarding Forecast of Consolidated Income

The Company has revised the 2009 forecast that was announced on February 13, 2009. This revision was announced on August 10, 2009 in a press release titled "Notice of Revision to the Forecast for the Year Ending December 31, 2009."

4. Other

(1) Changes in significant consolidated subsidiaries (*Tokutei Kogaisha*) during the period (changes in scope of consolidation)

Not applicable.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

(Simplified accounting methods)

Inventory write-down is based on the current net sales value of items on which profit margins have declined significantly.

(Special accounting methods in the preparation of quarterly consolidated financial statements)

The tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before provision for income taxes during the fiscal year, and multiplying that rate by the quarterly income before provision for income taxes.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

(Changes in accounting policies)

1) Effective from the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

2) In prior years, inventories for regular sales purposes were computed primarily by the specific-identification cost method. With the adoption of "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) from the first quarter of the current fiscal year, inventories are valued primarily by the specific-identification cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

The effect of this change was to decrease operating income and ordinary income by 452 million yen, and increase loss before provision for income taxes by 13,279 million yen in the six months ended June 30, 2009.

The impact on the segment information is described in the relevant sections.

(Supplementary information)

Assets totaling 69,563 million yen were transferred from inventories to property and equipment in the first quarter of 2009 due to a change in the purpose of holding these inventories.

Due to this transfer, deposits held in trust of 382 million yen and deferred tax assets of 89 million yen were transferred from current assets to other and deferred tax assets, respectively, in investments and other assets and security deposits of 1,805 million yen were transferred from current liabilities to other in long-term liabilities.

(4) Important information about going concern assumption

In 2008, the Group recorded a significant net loss and its operating cash flows have been consistently negative. In addition, the Group is in violation of financial covenants governing some loan agreements. The Group again reported a significant net loss in the first quarter of 2009. As a result, past earnings reports have included a Note Concerning Precaution about the Going Concern Assumption that explains events and situations that cause significant doubt about the ability to continue business operations as well as the existence of other items that may have a significant effect on the Group's business operations.

To eliminate this doubt, the Group has established a medium-term management plan and is making steady progress regarding measures to build a business structure that can adapt with flexibility to rapid changes in market conditions. In June 2009, the Group sold KDX Toyosu Grandsquare, which is a large office building that was developed by the Company in Shinonome, Koto-ku, Tokyo. The Group recorded a gain on this sale and immediately signed an asset management contract for this property. This action simultaneously contributed to achieving two central goals of the medium-term management plan: downsizing the balance sheet and increasing assets under management. The Group will continue to take similar actions. In addition, the Group has reclassified some properties that were included in inventories as real estate for sale as long-term holdings in order to generate a consistent stream of leasing income. By shifting some properties from inventories to property and equipment along with the longer time frames of funds procured, the Group is building a profit structure that is stable and more transparent.

Due to these activities, the Group recorded consolidated net income of 6,650 million yen in the second quarter of 2009 and had a positive operating cash flow of 47,692 million yen in the first half of 2009. The Group expects to continue reporting quarterly net income and positive operating cash flows. For 2009, the Group expects to report another net loss because of extra-ordinary losses resulting from the adoption of Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006) but forecasts operating income of 14,900 million yen for the year.

With regard to the fund procurement, the Company in March 2009 entered into syndicated loan contracts with a term of more than one year amounting to 15.8 billion yen with Sumitomo Mitsui Banking Corporation and Bank of Tokyo-Mitsubishi UFJ acting as joint arrangers. This syndicated loan and other measures have transformed and stabilized the structure of funds procured by the Group. As of June 30, 2009, the Group was in violation of the financial covenants of certain loan contracts. The Company asked the lenders participating in this syndicated loan not to use the acceleration clause. It is expected that the Company will receive a sufficient number of agreements to this request in writing not to activate the acceleration clause. Concerning the funding of operations for the time being, the Company will work on building a stable base of operations by establishing a sound financial position through measures that include seeking even more assistance from the Company's lending banks.

Due to the measures explained above, the Company believes there are no longer any significant sources of uncertainty about its operations and is thus no longer including a Note Concerning Precaution about the Going Concern Assumption with its earnings reports.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Second quarter of 2009 (As of Jun. 30, 2009)	Year 2008 Summary (As of Dec. 31, 2008)
Assets		
Current assets		
Cash and deposits	10,818	11,872
Deposits held in trust	4,774	8,958
Accounts receivable-trade	1,060	979
Real estate for sale	83,639	178,115
Real estate for sale in process	10,226	31,139
Acquired non-performing loans	2,984	5,259
Income taxes refundable	719	5,304
Deferred tax assets	382	499
Other	4,787	3,037
Allowance for doubtful accounts	(147)	(125)
Total current assets	119,246	245,041
Fixed assets		
Property and equipment		
Buildings and structures	35,446	147
Accumulated depreciation	(546)	(49)
Buildings and structures, net	34,900	97
Land	34,190	-
Other	975	166
Accumulated depreciation	(89)	(79)
Other, net	885	86
Total property and equipment	69,976	184
Intangible assets		
Goodwill	863	1,490
Other	39	20
Total intangible assets	903	1,510
Investments and other assets		
Investment securities	20,205	23,646
Investment in capital	311	320
Long-term loans receivable	1,110	1,153
Deferred tax assets	114	0
Other	1,032	1,323
Allowance for doubtful accounts	(32)	(32)
Total investment and other assets	22,742	26,412
Total fixed assets	93,622	28,108
Total assets	212,869	273,149

(Millions of yen)

	Second quarter of 2009 (As of Jun. 30, 2009)	Year 2008 Summary (As of Dec. 31, 2008)
Liabilities		
Current liabilities		
Accounts payable-trade	484	554
Short-term borrowings	32,975	63,712
Long-term borrowings-due within one year	47,226	20,117
Corporate bonds-due within one year	4,767	5,558
Accrued income taxes	433	558
Security deposits	3,155	7,252
Deferred tax liabilities	1,723	1,725
Other	2,154	2,103
Total current liabilities	92,920	101,582
Long-term liabilities		
Bonds payable	37,900	40,236
Long-term borrowings	37,571	73,181
Deferred tax liabilities	15	1
Allowance for employees' retirement benefits	30	25
Other	2,003	564
Total long-term liabilities	77,521	114,009
Total liabilities	170,441	215,591
Net Assets		
Shareholders' equity		
Common stock	14,591	14,591
Additional paid-in capital	14,850	14,850
Retained earnings	9,596	18,439
Treasury stock	(88)	(130)
Total shareholders' equity	38,950	47,751
Valuation and translation adjustments		
Net unrealized holding gains/losses on other securities	24	(24)
Foreign currency translation adjustments	(1,048)	(988)
Total valuation and translation adjustments	(1,023)	(1,012)
Minority interests in consolidated subsidiaries	4,500	10,819
Total net assets	42,427	57,558
Total liabilities and net assets	212,869	273,149

(2) Consolidated Statements of Income
(For the Six-month Period)

(Millions of yen)

	First six months of 2009 (Jan. 1, 2009 – Jun. 30, 2009)
Revenue	60,334
Cost of revenue	47,038
Gross profit	13,295
Selling, general and administrative expenses	
Directors' and corporate auditors' salaries	101
Salaries and bonuses	614
Commissions paid	548
Amortization of goodwill	614
Other	655
Total selling, general and administrative expenses	2,534
Operating income	10,761
Non-operating income	
Interest income	28
Foreign currency transaction gain	185
Interest on refund	51
Other	88
Total non-operating income	354
Non-operating expenses	
Interest expense	2,245
Equity in losses of non-consolidated subsidiaries and affiliates	1,518
Commissions paid	698
Other	101
Total non-operating expenses	4,564
Ordinary income	6,552
Extra-ordinary income	
Gain on liquidation of affiliate stock	70
Gain on sale of investment securities	106
Other	2
Total extra-ordinary income	180
Extra-ordinary losses	
Loss on sale of investment securities	1,041
Loss on valuation of investment securities	103
Loss on valuation of inventories	12,827
Other	127
Total extra-ordinary losses	14,099
Loss before income taxes and profit distribution to silent partners	(7,367)
Profit distribution to silent partners	(6)
Loss before provision for income taxes	(7,360)
Income taxes	525
Minority interests in income	954
Net Loss	(8,840)

(For the Three-month Period)

(Millions of yen)

	Second quarter of 2009 (Apr. 1, 2009 – Jun. 30, 2009)
Revenue	47,571
Cost of revenue	36,837
Gross profit	10,734
Selling, general and administrative expenses	
Directors' and corporate auditors' salaries	48
Salaries and bonuses	345
Commissions paid	238
Amortization of goodwill	307
Other	260
Total selling, general and administrative expenses	1,200
Operating income	9,533
Non-operating income	
Interest income	6
Foreign currency transaction gain	127
Interest on refund	51
Other	56
Total non-operating income	241
Non-operating expenses	
Interest expense	1,192
Equity in losses of non-consolidated subsidiaries and affiliates	383
Commissions paid	243
Other	70
Total non-operating expenses	1,889
Ordinary income	7,885
Extra-ordinary income	
Gain on liquidation of affiliate stock	0
Gain on sale of investment securities	106
Other	0
Total extra-ordinary income	107
Extra-ordinary losses	
Loss on valuation of investment securities	56
Other	35
Total extra-ordinary losses	91
Loss before income taxes and profit distribution to silent partners	7,901
Profit distribution to silent partners	31
Income before provision for income taxes	7,869
Income taxes	296
Minority interests in income	923
Net income	6,650

(3) Consolidated Statement of Cash Flows

	(Millions of yen)
	First six months of 2009 (Jan. 1, 2009 – Jun. 30, 2009)
Operating activities	
Loss before provision for income taxes	(7,360)
Depreciation and amortization	496
Amortization of goodwill	614
Loss(gain) on sales and collection of acquired non-performing loans	795
Purchase of acquired non-performing loans	(400)
Loss (gain) on investments in silent partnership	(24)
Increase (decrease) in allowance for doubtful accounts	22
Increase in allowance for employees' retirement benefits	5
Interest income	(28)
Interest expense	2,245
Equity in (earnings) losses of non-consolidated subsidiaries and affiliates	1,518
Loss (gain) on sales of investment securities	934
Loss (gain) on valuation of investment securities	103
Decrease (increase) in notes and accounts receivable-trade	(80)
Increase (decrease) in notes and accounts payable-trade	(54)
Decrease (increase) in inventories	45,826
Proceeds from sale and collection of acquired non-performing loans	1,378
Distributions from silent partnerships	437
Other, net	(342)
Subtotal	46,086
Interests and dividends received	70
Interests paid	(2,401)
Income taxes paid	(646)
Income taxes refund	4,583
Net cash provided by (used in) operating activities	47,692
Investing activities	
Payment for purchase of property and equipment	(731)
Proceeds from sale of property and equipment	2
Payment for purchase of intangible assets	(23)
Payment for loans receivable	(240)
Proceeds from repayment of loans receivable	30
Proceeds from sales of investment securities	1,803
Payments for investments in capital of subsidiaries and affiliates	(869)
Proceeds from sales of stocks of subsidiaries and affiliates	367
Other, net	(308)
Net cash provided by (used in) investing activities	29

(Millions of yen)

	First six months of 2009 (Jan. 1, 2009 – Jun. 30, 2009)
Financing activities	
Proceeds from short-term borrowings	26,748
Repayment of short-term borrowings	(57,485)
Proceeds from long-term borrowings	20,692
Repayment of long-term borrowings	(29,464)
Payment for redemption of bonds	(3,127)
Dividends to minority interest	(77)
Distributions to minority interest	(7,119)
Dividends paid	(2)
Other, net	127
Net cash provided by (used in) financing activities	(49,708)
Effect of exchange rate changes on cash and cash equivalents	(60)
Increase (decrease) in cash and cash equivalents	(2,046)
Cash and cash equivalents at beginning of period	16,281
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	(275)
Cash and cash equivalents at end of period	13,959

Effective from the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

(4) Going Concern Assumption

Second quarter of 2009 (Apr. 1, 2009 – Jun. 30, 2009)

Not applicable.

(5) Segment Information

First six months of 2009 (Jan. 1, 2009 – Jun. 30, 2009)

(Millions of yen)

	Real Estate Investment Advisory Business	Real Estate Investment Business	Asset Management Business	NPL Investment Management Business	Total	Adjusts and Elimination	Consolidated
Revenue							
(1) External sales	853	55,986	1,697	1,796	60,334	-	60,334
(2) Inter-segment sales and transfers	8	-	732	-	740	(740)	-
Subtotal	862	55,986	2,429	1,796	61,074	(740)	60,334
Operating income (loss)	492	10,343	1,560	(1,038)	11,357	(595)	10,761

Notes: 1. Method of business classification

The segment information is presented on the basis of the four principal business segments in which the Group operates.

2. Main businesses belonging to each category

(1) Real Estate Investment Advisory Business: Real estate brokerage services, location of suitable real estate investments, investment consulting services, and joint investment to the real estate funds

(2) Real Estate Investment Business: Principal investments in real estate

(3) Asset Management Business: Real estate management and consulting for the purpose of increasing the value of real estate investments

(4) NPL Investment Management Business: NPL brokerage services, location of suitable NPL investments, investment consulting services, principal investments in NPL

3. Changes in accounting policies

(Accounting Standards for Measurement of Inventories)

In prior years, inventories for regular sales purposes were computed primarily by the specific-identification cost method. With the adoption of "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) from the first quarter of the current fiscal year, inventories are valued primarily by the specific-identification cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

As a result of this change, operating income in the Real Estate Investment Business for the first half of the fiscal year ending December 31, 2009 decreased by 452 million compared with that calculated by the previous method.

(6) Significant Changes in Shareholders' Equity

Due to the consolidated net loss of 8,840 million yen in the first six months of 2009, retained earnings decreased 8,843 million yen to 9,596 million yen at the end of the second quarter.

Reference Material

Financial Statements, etc of the Previous Quarter

(1) Summary Consolidated Statements of Income

(Millions of yen)

	First six months of 2008 (Jan. 1, 2008 – Jun. 30, 2008)	
Account title	Amount	%
I Revenue	80,217	100.0
II Cost of revenue	61,112	
Gross profit	19,105	
III Selling, general and administrative expenses	3,661	
Operating income	15,443	19.3
IV Non-operating income	358	
1. Interest income	176	
2. Equity in earnings of non-consolidated subsidiaries and affiliates	30	
3. Gain on valuation of derivative contracts	33	
4. Other	118	
V Non-operating expenses	3,767	
1. Interest expense	2,772	
2. Stock issue expenses	1	
3. Commissions paid	808	
4. Other	184	
Ordinary income	12,034	15.0
VI Extra-ordinary income	126	
1. Gain on sale of affiliate stock	17	
2. Gain on cancellation of derivative contracts	87	
3. Gain on sale of investment securities	21	
VII Extra-ordinary losses	748	
1. Loss on sale of investment securities	20	
2. Loss on valuation of investment securities	313	
3. Provision for doubtful accounts	413	
Income before provision for income taxes and profit distribution to silent partners	11,413	
Profit distribution to silent partners	(11)	
Income before provision for income taxes	11,425	14.2
Current income taxes	4,709	
Deferred income taxes	242	
Minority interests in income	956	
Net income	5,517	6.9

(2) Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of 2008 (Jan. 1, 2008 – Jun. 30, 2008)
Account title	Amount
I Operating activities	
1. Income before provision for income taxes	11,425
2. Gain on sales and collection of acquired non-performing loans	(196)
3. Profit distribution from silent partnerships	131
4. Increase (decrease) in allowance for doubtful accounts	(274)
5. Increase (decrease) in accrued employees' bonuses	292
6. Increase (decrease) in accrued directors' and corporate auditors' bonuses	(191)
7. Increase (decrease) in allowance for employees' retirement benefits	3
8. Interest income	(176)
9. Interest expense	2,772
10. Profit distribution to silent partners	(11)
11. Equity in earnings of non-consolidated subsidiaries and affiliates	(30)
12. Decrease (increase) in accounts receivable-trade	(150)
13. Decrease (increase) in inventories	(76,015)
14. Increase (decrease) in accounts payable-trade	7,152
15. Purchase of acquired non-performing loans	(208)
16. Proceeds from sale and collection of acquired non-performing loans	341
17. Distributions from silent partnerships	206
18. Contribution paid in silent partnerships	(301)
19. Proceeds from receipt of deposits for contribution to silent partnerships	34
20. Redemption of silent partners contribution received	(18)
21. Amortization of goodwill	604
22. Other, net	1,213
Subtotal	(53,399)
23. Interests and dividends received	218
24. Interests paid	(2,715)
25. Income taxes paid	(10,511)
Net cash used in operating activities	(66,408)

(Millions of yen)

	First six months of 2008 (Jan. 1, 2008 – Jun. 30, 2008)
Account title	Amount
II Investing activities	
1. Payment for purchase of property and equipment	(22)
2. Proceeds from sale of property and equipment	6
3. Payment for purchase of intangible assets	61
4. Payment for loans receivable	(1,664)
5. Proceeds from repayment of loans receivable	3,488
6. Payment for acquisition of investment securities	(3,070)
7. Proceeds from sales of investment securities	48
8. Payment for capital investment in affiliates	(1,082)
9. Proceeds from capital investments in affiliates	26
10. Payment for purchase of investment in subsidiaries involving change in scope of consolidation	(8,957)
11. Other, net	(713)
Net cash used in investing activities	(11,879)
III Financing activities	
1. Proceeds from short-term borrowings	149,579
2. Repayment of short-term borrowings	(105,376)
3. Proceeds from issuance of commercial papers	10,000
4. Payment for redemption of commercial papers	(15,000)
5. Proceeds from long-term borrowings	38,416
6. Repayment of long-term borrowings	(13,022)
7. Proceeds from issuance of stock	77
8. Payment for redemption of bonds	(3,214)
9. Proceeds from minority interest	8,283
10. Dividends to minority interest	(209)
11. Distributions to silent partners	(619)
12. Dividends paid	(1,481)
Net cash provided by financing activities	67,433
IV Effect of exchange rate changes on cash and cash equivalents	(516)
V Increase (decrease) in cash and cash equivalents	(11,371)
VI Cash and cash equivalents at beginning of period	44,962
VII Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	4
VIII Cash and cash equivalents at end of period	33,595

(3) Segment Information

First six months of 2008 (Jan. 1, 2008 – Jun. 30, 2008)

(Millions of yen)

	Real Estate Investment Advisory Business	Real Estate Investment Business	Asset Management Business	NPL Investment Management Business	Total	Adjusts and Elimination	Consolidated
Revenue							
(1) External sales	1,280	76,973	1,719	243	80,217	-	80,217
(2) Inter-segment sales and transfers	421	-	1,697	-	2,119	(2,119)	-
Subtotal	1,702	76,973	3,417	243	82,337	(2,119)	80,217
Costs and expenses	528	63,602	1,509	287	65,927	(1,153)	64,773
Operating income	1,173	13,371	1,908	(44)	16,409	(965)	15,443