

**Summary of Consolidated Financial Results for the First Quarter  
of the Fiscal Year Ending December 31, 2011  
(Three Months Ended March 31, 2011)**

[Japanese GAAP]

Described below is an abstract in English of the financial result for the three months ended March 31, 2011 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

President: Atsushi Kawashima

Contact: Taiji Yoshikawa, Director, Member of the Board

Scheduled date of filing of Quarterly Report: May 13, 2011

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: No

Listing: First Section, Tokyo Stock Exchange

URL: <http://www.kenedix.com>

Tel: +81-3-3519-2530

(Amounts rounded off to million yen)

**1. Consolidated Financial Results (Jan. 1, 2011 – Mar. 31, 2011)**

(1) Consolidated results of operations

(Percentage represent year-on-year changes)

	Revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Mar. 31, 2011	4,980	(4.1)	1,552	8.2	640	-	(105)	-
Three months ended Mar. 31, 2010	5,193	(59.3)	1,434	16.9	53	-	(652)	-

	Net income per share, (basic)	Net income per share, (diluted)
	Yen	Yen
Three months ended Mar. 31, 2011	(45.87)	-
Three months ended Mar. 31, 2010	(538.25)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2011	198,875	71,113	30.2	26,170.99
As of Dec. 31, 2010	206,228	71,147	29.1	26,216.42

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2011:59,962

As of Dec. 31, 2010:60,066

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2010	-	0.00	-	0.00	0.00
Year ending Dec. 31, 2011	-	-	-	-	-
Year ending Dec. 31, 2011 (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, 2011 (Jan. 1, 2011 – Dec. 31, 2011)**

(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	21,900	(43.2)	7,600	3.7	3,700	68.0	2,000	-	872.79

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

#### 4. Others

(1) Changes in significant consolidated subsidiaries during the period: None

Newly added: -

Excluded: -

Note: Changes in specified subsidiaries (*Tokutei Kogaisha*) affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentation methods, etc.

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures, presentation methods, etc. for preparation of quarterly consolidated financial statements described in "Changes in Basis of Preparation of Quarterly Consolidated Financial Statements"

(4) Number of shares outstanding (common shares)

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

As of Mar. 31, 2011:	2,291,186 shares	As of Dec. 31, 2010:	2,291,186 shares
----------------------	------------------	----------------------	------------------

2) Number of treasury stock at end of period

As of Mar. 31, 2011:	- shares	As of Dec. 31, 2010:	- shares
----------------------	----------	----------------------	----------

3) Average number of shares outstanding

Three months ended Mar. 31, 2011:	2,291,186 shares	Three months ended Mar. 31, 2010:	1,211,617 shares
-----------------------------------	------------------	-----------------------------------	------------------

#### \* Information regarding the implementation of quarterly review procedures

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have completed the review process for these consolidated statements.

#### \* Proper use of the earnings forecasts and other notes

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.

## 5. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	First quarter of 2011 (As of Mar. 31, 2011)	Year 2010 Summary (As of Dec. 31, 2010)
Assets		
Current assets		
Cash and deposits	9,922	10,913
Deposits held in trust	2,901	3,327
Accounts receivable-trade	1,964	1,642
Real estate for sale	42,286	43,006
Acquired non-performing loans	1,609	1,618
Income taxes refundable	345	319
Deferred tax assets	99	99
Other	1,231	2,200
Allowance for doubtful accounts	(425)	(414)
Total current assets	59,935	62,712
Fixed assets		
Property and equipment		
Buildings and structures	46,067	48,716
Accumulated depreciation	(1,866)	(1,828)
Buildings and structures, net	44,201	46,887
Land	70,584	71,511
Other	578	534
Accumulated depreciation	(108)	(103)
Other, net	470	430
Total property and equipment	115,256	118,830
Intangible assets		
Other	58	59
Total intangible assets	58	59
Investments and other assets		
Investment securities	18,572	19,442
Investment in capital	433	429
Long-term loans receivable	670	672
Deferred tax assets	333	343
Other	3,887	3,991
Allowance for doubtful accounts	(271)	(252)
Total investment and other assets	23,624	24,626
Total fixed assets	138,939	143,515
Total assets	198,875	206,228

*(Millions of yen)*

	First quarter of 2011 (As of Mar. 31, 2011)	Year 2010 Summary (As of Dec. 31, 2010)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	475	348
Short-term borrowings	7,354	7,577
Long-term borrowings-due within one year	24,545	21,216
Corporate bonds-due within one year	1,300	1,750
Accrued income taxes	616	1,031
Security deposits	1,206	1,449
Accrued employees' bonuses	63	-
Provision for loss on disaster	309	-
Other	1,750	3,135
Total current liabilities	37,621	36,508
Long-term liabilities		
Bonds payable	3,193	6,793
Long-term borrowings	81,509	86,288
Deferred tax liabilities	1,849	1,880
Allowance for employees' retirement benefits	52	48
Long-term lease deposited	3,103	3,207
Other	433	354
Total long-term liabilities	90,140	98,571
Total liabilities	127,762	135,080
<b>Net assets</b>		
Shareholders' equity		
Common stock	31,322	31,322
Additional paid-in capital	31,581	31,581
Retained earnings	(2,691)	(2,594)
Total shareholders' equity	60,211	60,308
Valuation and translation adjustments		
Net unrealized holding gains/losses on other securities	(96)	(84)
Foreign currency translation adjustments	(152)	(157)
Total valuation and translation adjustments	(248)	(242)
Minority interests in consolidated subsidiaries	11,150	11,080
Total net assets	71,113	71,147
Total liabilities and net assets	198,875	206,228

**(2) Consolidated Statements of Income***(Millions of yen)*

	First three months of 2010 (Jan. 1, 2010 – Mar. 31, 2010)	First three months of 2011 (Jan. 1, 2011 – Mar. 31, 2011)
Revenue	5,193	4,980
Cost of revenue	2,641	2,574
Gross profit	2,552	2,405
Selling, general and administrative expenses		
Provision for doubtful accounts	86	26
Directors' and corporate auditors' salaries	50	73
Salaries and bonuses	230	224
Provision for accrued employees' bonuses	60	63
Commissions paid	193	147
Amortization of goodwill	222	-
Other	274	317
Total selling, general and administrative expenses	1,117	853
Operating income	1,434	1,552
Non-operating income		
Interest income	9	20
Equity in earnings of non-consolidated subsidiaries and affiliates	-	65
Consumption taxes differential (after being offset by suspense payments and receipt)	147	87
Refunded consumption taxes	-	238
Other	19	32
Total non-operating income	176	444
Non-operating expenses		
Interest expense	1,127	1,165
Equity in losses of non-consolidated subsidiaries and affiliates	175	-
Commissions paid	173	162
Other	81	28
Total non-operating expenses	1,558	1,357
Ordinary income	53	640
Extra-ordinary income		
Gain on sale of fixed assets	43	78
Other	0	6
Total extra-ordinary income	43	85
Extra-ordinary losses		
Impairment loss	278	83
Loss on sale of investment securities	-	190
Loss on disaster	-	309
Other	10	20
Total extra-ordinary losses	289	604
Income (loss) before income taxes and profit distribution to silent partners	(193)	120
Profit distribution to silent partners	13	0
Income (loss) before provision for income taxes	(206)	120
Income taxes	275	59
Income before minority interests	-	60
Minority interests in income	170	165
Net loss	(652)	(105)

**(3) Consolidated Statements of Cash Flows***(Millions of yen)*

	First three months of 2010 (Jan. 1, 2010 – Mar. 31, 2010)	First three months of 2011 (Jan. 1, 2011 – Mar. 31, 2011)
<b>Operating activities</b>		
Income (loss) before provision for income taxes	(206)	120
Depreciation and amortization	321	342
Impairment loss	278	83
Amortization of goodwill	222	-
Loss (gain) on sales and collection of acquired non-performing loans	(43)	-
Loss (gain) on investments in silent partnership	29	-
Increase (decrease) in allowance for doubtful accounts	82	29
Increase (decrease) in accrued employees' bonuses	60	63
Interest income	(9)	(20)
Interest expense	1,127	1,165
Equity in (earnings) losses of non-consolidated subsidiaries and affiliates	175	(65)
Loss (gain) on sales of investment securities	-	190
Loss on disaster	-	309
Loss (gain) on sales of fixed assets	-	(78)
Decrease (increase) in notes and accounts receivable-trade	(275)	(322)
Increase (decrease) in notes and accounts payable-trade	22	127
Decrease (increase) in inventories	792	720
Decrease (increase) in acquired non-performing loans	-	8
Purchase of acquired non-performing loans	87	-
Decrease (increase) in silent partnership	-	126
Distributions from silent partnerships	247	-
Other, net	(1,886)	440
Subtotal	1,028	3,241
Interests and dividends received	7	30
Interests paid	(614)	(1,654)
Income taxes paid	(225)	(380)
Net cash provided by operating activities	195	1,237
<b>Investing activities</b>		
Payment for purchase of property and equipment	(4,335)	(67)
Proceeds from sale of property and equipment	922	3,372
Payment for purchase of intangible assets	(3)	(3)
Proceeds from repayment of loans receivable	-	208
Payment for purchase of investment securities	(796)	(7)
Other, net	(858)	(6)
Net cash used in investing activities	(5,071)	(3,495)

*(Millions of yen)*

	First three months of 2010 (Jan. 1, 2010 – Mar. 31, 2010)	First three months of 2011 (Jan. 1, 2011 – Mar. 31, 2011)
<b>Financing activities</b>		
Proceeds from short-term borrowings	2,036	-
Repayment of short-term borrowings	(5,237)	-
Increase (decrease) in short-term borrowings	-	(223)
Proceeds from long-term borrowings	3,800	12,100
Repayment of long-term borrowings	(2,727)	(13,559)
Proceeds from issuance of bonds	-	1,000
Payment for redemption of bonds	(1,150)	(5,050)
Proceeds from minority interest	1,102	2
Distributions to minority interest	(130)	(81)
Other, net	(31)	197
Net cash used in financing activities	(2,338)	(5,614)
Effect of exchange rate changes on cash and cash equivalents	70	(2)
Increase (decrease) in cash and cash equivalents	(7,143)	(883)
Cash and cash equivalents at beginning of period	21,665	12,616
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	(72)	(99)
Cash and cash equivalents at end of period	14,449	11,632

**(4) Segment Information**

First three months of 2010 (Jan. 1, 2010 – Mar. 31, 2010)

*(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	278	3,936	878	100	5,193	-	5,193
(2) Inter-segment sales and transfers	17	-	338	-	356	(356)	-
Total	295	3,936	1,217	100	5,549	(356)	5,193
Operating income (loss)	92	936	684	(70)	1,642	(207)	1,434

First three months of 2011 (Jan. 1, 2011 – Mar. 31, 2011)

*(Millions of yen)*

	Asset Management Business	Real Estate Investment Business	Real Estate Leasing Business	Total	Adjustment	Amount recorded in consolidated statements of income
Revenue						
(1) External sales	1,010	1,971	1,998	4,980	-	4,980
(2) Inter-segment sales and transfers	231	-	-	231	(231)	-
Total	1,241	1,971	1,998	5,212	(231)	4,980
Segment operating income(loss)	754	383	622	1,761	(209)	1,552