

**Summary of Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending December 31, 2011
(Six Months Ended June 30, 2011)**

[Japanese GAAP]

Described below is an abstract in English of the financial result for the first six months of the fiscal year ended December 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.	Listing: First Section, Tokyo Stock Exchange
Stock code: 4321	URL: http://www.kenedix.com
President: Atsushi Kawashima	
Contact: Taiji Yoshikawa, Director	Tel: +81-3-3519-2530
Scheduled date of filing of Quarterly Report: August 12, 2011	
Scheduled date of payment of dividend: -	
Preparation of supplementary materials for quarterly financial results: Yes	
Holding of quarterly financial results meeting: Yes (for institutional investors and securities analysts)	

(Amounts rounded off to million yen)

1. Consolidated Financial Results (Jan. 1, 2011 – Jun. 30, 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	%
Six months ended Jun. 30, 2011	9,724	(58.0)	3,527	(35.0)	1,593	(45.4)	662	-
Six months ended Jun. 30, 2010	23,177	(61.6)	5,425	(49.6)	2,918	(55.5)	(535)	-

	Net income per share, (basic)	Net income per share, (diluted)
	Yen	Yen
Six months ended Jun. 30, 2011	289.06	288.23
Six months ended Jun. 30, 2010	(442.00)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2011	195,795	71,512	30.8	26,359.74
As of Dec. 31, 2010	206,228	71,147	29.1	26,216.42

Reference: Shareholders' equity (million yen) As of Jun. 30, 2011: 60,395 As of Dec. 31, 2010: 60,066

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2010	-	0.00	-	0.00	0.00
Year ending Dec. 31, 2011	-	0.00			
Year ending Dec. 31, 2011 (forecast)			-	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 earnings forecast during the period: None

4. Others (Please refer to “Other Information” on page 4 of the attachments for further information)

(1) Changes in significant consolidated subsidiaries (*Tokutei Kogaisha*) 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 stock)

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

As of Jun. 30, 2011:	2,291,186 shares	As of Dec. 31, 2010:	2,291,186 shares
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2) Number of shares of treasury stock at end of period

As of Jun. 30, 2011:	- shares	As of Dec. 31, 2010:	- shares
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3) Average number of shares outstanding

Six months ended Jun. 30, 2011:	2,291,186 shares	Six months ended Jun. 30, 2010:	1,211,773 shares
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* 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.

* Cautionary statement with respect to forward-looking statements

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. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments “Qualitative Information Regarding Forecast of Consolidated Income.”

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1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first half of the fiscal year, the outlook for the Japanese economy remained uncertain. One reason is the downturn in manufacturing and exports due to the Great East Japan Earthquake of March 11, 2011 and the subsequent shortage of electricity. The yen's strength and price instability for many types of goods are further heightening this uncertainty.

In the real estate services and real estate finance sectors, where the Kenedix Group ("the Group") is active, the Bank of Japan established funds in 2010 for the purchase of assets that include J-REITs as part of comprehensive monetary easing measures. As of the June 30, 2011, J-REIT purchases by the Bank of Japan totaled 19.7 billion yen. Support from government policies like this produced an improvement in the environment for procuring funds. Furthermore, there is a recovery in liquidity in the real estate market due to increasing public stock offerings and property purchases by J-REITs and other signs of strength.

Since 2009, the Group has positioned the asset management business as the nucleus of the Group's business activities and taken many steps aimed at building a profit structure that is stable and resilient. The Group continued to make steady progress toward this goal in the first half of the current fiscal year.

The Group concentrated on 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 working on maintaining consistent growth in the volume of AUM, such as by upgrading asset management capabilities. However, the decline in AUM caused by sales of real estate to external buyers, the completion of asset management contracts and other factors briefly exceeded the amount of new AUM. As a result, the Group's AUM as of June 30, 2011 totaled 1,051.9 billion yen, down 46.0 billion yen, or 4.2%, from the end of 2010.

Regarding fund procurement, funds were procured as a consolidated subsidiary obtained a non-recourse loan to refinance existing debt. This is one example of the many actions the Group is taking to reduce interest expenses and make long-term debt a higher share of funds procured.

Although there was no significant direct damage at the Group from the Great East Japan Earthquake, there was damage at some buildings and equipment that are owned by the Group. Most of the damage was at commercial properties in Mito City, Ibaraki Prefecture, and leased condominiums in Sendai City, Miyagi Prefecture. An extraordinary loss of 600 million yen has been recorded for the anticipated cost for the renovation of these properties, losses on sales of investments in silent partnerships, and other items.

In the first half of 2011, consolidated revenue was down 58.0% from one year earlier to 9,724 million yen, operating income decreased 35.0% to 3,527 million yen, ordinary income decreased 45.4% to 1,593 million yen and net income was 662 million yen compared with a 535 million yen loss one year earlier.

The following section explains performance by business segments.

1) Asset Management Business

In the asset management business, fee income, chiefly asset management fees, was lower than one year earlier. The primary causes were the receipt of a performance fee in the first half of 2010 associated with the transformation of a listed property trust in Australia into a privately held fund and the temporary decline in AUM in the first half of 2011. As a result, revenue was 2,557 million yen and operating income was 1,565 million yen.

2) Real Estate Investment Business

In the real estate investment business, there were loss distributions from silent partnerships but this business recorded leasing revenue at properties owned by the Group during the holding period as inventory and revenue from bulk sales of properties. The result was revenue of 3,747 million yen and operating income of 905 million yen.

3) Real Estate Leasing Business

In the real estate leasing business, there was consistent leasing revenue from properties owned by the Group that are classified as fixed assets because the properties are long-term holdings. The result was revenue of 3,885 million yen and operating income of 1,418 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Balance Sheet Position

Total assets were 195,795 million yen as of June 30, 2011, 10,433 million yen less than at the end of 2010. The primary reasons were a decline in cash and deposits resulting from the repayment of interest-bearing debt, a 4,362 million yen decrease in property owned by the Group because of sale of these properties, and a 1,676 million yen decrease in investment securities due mainly to sales of investments in silent partnerships.

Total liabilities decreased 10,797 million yen to 124,282 million yen. This was mainly due to the decrease in interest-bearing debt.

Net assets increased 364 million yen to 71,512 million yen. The main factors affecting net assets were: despite a decrease of 301 million yen in foreign currency translation adjustments; an increase of 654 million yen in retained earnings, mainly because of the net income incurred; an increase of 36 million yen in minority interests in consolidated subsidiaries, which represent primarily the investments of external parties in funds consolidated by the Group.

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. 2007	Dec. 2008	Dec. 2009	Dec. 2010	Jun. 2011
Interest-bearing debt (1)	238,269	202,806	153,038	123,625	115,020
(Non-recourse loans included) (2)	(120,366)	(78,528)	(68,419)	(69,764)	(59,295)
Net assets (3)	80,488	57,558	54,525	71,147	71,512
Cash and deposits (4)	39,369	11,872	18,291	10,913	8,075
Net debt (5) ((1)-(2)-(4))	78,533	112,404	66,327	42,947	47,650
Net debt-equity ratio net of non-recourse loans (5)/(3) (%)	97.6	195.3	121.6	60.4	66.6

Cash Flows

Operating activities provided net cash of 2,922 million yen, investing activities provided net cash of 3,487 million yen and financing activities used net cash of 8,769 million yen. The result was a net decrease of 2,758 million yen in cash and cash equivalents during the first half to 9,857 million yen as of June 30, 2011.

1) Operating Activities

Net cash provided by operating activities decreased 81.4% year on year to 2,922 million yen. This was mainly attributable to the booking of income before provision for income taxes of 1,233 million yen and the decrease in inventories of 1,248 million yen.

2) Investing Activities

Net cash provided by investing activities was 3,487 million yen compared to the net cash used of 5,293 million yen a year earlier. This was mainly attributable to the proceeds of 3,371 million yen from sales of property and equipment.

3) Financing Activities

Net cash used in financing activities decreased 52.2% year on year to 8,769 million yen. This was mainly attributable to loan repayments and bond redemptions.

(3) Qualitative Information Regarding Forecast of Consolidated Income

We maintain the forecasts for the fiscal year ending December 31, 2011, announced on February 14, 2011 in “Summary of Financial Results for the Year Ended December 31, 2010.”

2. Other Information

(1) Overview of Changes in Significant Consolidated Subsidiaries

Not applicable.

(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods

(Simplified accounting methods)

1) Method for estimating the uncollectible amount of general reserve

The uncollectible amount of general reserve was estimated using the historical default rates at the end of the previous fiscal year as the ratio at the end of the second quarter of the current fiscal year was found not to be significantly different from the ratio at the end of the previous fiscal year.

2) Valuation of inventories

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.

However, the Company uses legally stipulated effective tax rates to calculate tax expenses for cases in which using estimated tax rates gives a noticeably irrational result.

(3) Overview of Changes in Accounting Principles, Procedures, Presentation Methods, etc.

1. Changes in accounting policies

Accounting standards for asset retirement obligations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Asset Retirement Obligations” (Accounting Standard Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.

The effect of this change was to decrease operating income and ordinary income by 3 million yen each and income before provision for income taxes by 17 million yen.

2. Reclassifications

(Consolidated Statements of Income)

Following the application of “Cabinet Office Ordinance Partially Revising Regulation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008,) an item “Income before minority interests” is presented in the first six months and second quarter of 2011.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Second quarter of 2011 (As of Jun. 30, 2011)	Year 2010 Summary (As of Dec. 31, 2010)
Assets		
Current assets		
Cash and deposits	8,075	10,913
Deposits held in trust	2,930	3,327
Accounts receivable-trade	1,905	1,642
Real estate for sale	41,758	43,006
Acquired non-performing loans	1,605	1,618
Income taxes refundable	233	319
Deferred tax assets	108	99
Other	1,127	2,200
Allowance for doubtful accounts	(387)	(414)
Total current assets	57,357	62,712
Fixed assets		
Property and equipment		
Buildings and structures	46,907	48,716
Accumulated depreciation	(2,183)	(1,828)
Buildings and structures, net	44,723	46,887
Land	70,584	71,511
Other	162	534
Accumulated depreciation	(105)	(103)
Other, net	57	430
Total property and equipment	115,365	118,830
Intangible assets		
Other	54	59
Total intangible assets	54	59
Investments and other assets		
Investment securities	17,765	19,442
Investment in capital	435	429
Long-term loans receivable	635	672
Deferred tax assets	330	343
Other	3,896	3,991
Allowance for doubtful accounts	(44)	(252)
Total investment and other assets	23,017	24,626
Total fixed assets	138,438	143,515
Total assets	195,795	206,228

(Millions of yen)

	Second quarter of 2011 (As of Jun. 30, 2011)	Year 2010 Summary (As of Dec. 31, 2010)
Liabilities		
Current liabilities		
Accounts payable-trade	423	348
Short-term borrowings	5,046	7,577
Long-term borrowings-due within one year	24,745	21,216
Corporate bonds-due within one year	900	1,750
Accrued income taxes	420	1,031
Security deposits	1,194	1,449
Provision for loss on disaster	286	-
Other	1,371	3,135
Total current liabilities	34,388	36,508
Long-term liabilities		
Bonds payable	3,193	6,793
Long-term borrowings	81,135	86,288
Deferred tax liabilities	1,825	1,880
Allowance for employees' retirement benefits	56	48
Long-term lease deposited	3,293	3,207
Other	390	354
Total long-term liabilities	89,894	98,571
Total liabilities	124,282	135,080
Net assets		
Shareholders' equity		
Common stock	31,322	31,322
Additional paid-in capital	31,581	31,581
Retained earnings	(1,940)	(2,594)
Total shareholders' equity	60,962	60,308
Valuation and translation adjustments		
Net unrealized holding gains/losses on other securities	(108)	(84)
Foreign currency translation adjustments	(459)	(157)
Total valuation and translation adjustments	(567)	(242)
Minority interests in consolidated subsidiaries	11,117	11,080
Total net assets	71,512	71,147
Total liabilities and net assets	195,795	206,228

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

(Millions of yen)

	First six months of 2010 (Jan. 1, 2010 – Jun. 30, 2010)	First six months of 2011 (Jan. 1, 2011 – Jun. 30, 2011)
Revenue	23,177	9,724
Cost of revenue	15,740	4,558
Gross profit	7,436	5,166
Selling, general and administrative expenses		
Provision for doubtful accounts	112	40
Directors' and corporate auditors' salaries	113	149
Salaries and bonuses	569	573
Commissions paid	379	261
Amortization of goodwill	221	-
Other	614	613
Total selling, general and administrative expenses	2,010	1,638
Operating income	5,425	3,527
Non-operating income		
Interest income	16	31
Consumption taxes differential (after being offset by suspense payments and receipt)	258	121
Refunded consumption taxes	-	238
Other	79	78
Total non-operating income	354	470
Non-operating expenses		
Interest expense	2,308	2,124
Equity in losses of non-consolidated subsidiaries and affiliates	5	35
Commissions paid	394	180
Other	153	63
Total non-operating expenses	2,861	2,404
Ordinary income	2,918	1,593
Extra-ordinary income		
Gain on sale of fixed assets	43	79
Gain on sale of investment securities	0	-
Gain on negative goodwill	30	-
Reversal of allowance for doubtful accounts	-	141
Other	0	31
Total extra-ordinary income	73	252
Extra-ordinary losses		
Loss on sale of investment securities	-	190
Loss on valuation of investment securities	9	-
Loss on sale of fixed assets	435	-
Impairment loss	1,068	83
Provision for loss on liquidation of subsidiaries and affiliates	571	-
Loss on disaster	-	311
Other	49	25
Total extra-ordinary losses	2,135	611
Income before income taxes and profit distribution to silent partners	856	1,234
Profit distribution to silent partners	14	0
Income before provision for income taxes	842	1,233
Income taxes	1,118	258
Income before minority interests	-	975
Minority interests in income	259	312
Net income (loss)	(535)	662

(For the Three-month Period)*(Millions of yen)*

	Second quarter of 2010 (Apr. 1, 2010 – Jun. 30, 2010)	Second quarter of 2011 (Apr. 1, 2011 – Jun. 30, 2011)
Revenue	17,984	4,744
Cost of revenue	13,099	1,983
Gross profit	4,884	2,760
Selling, general and administrative expenses		
Directors' and corporate auditors' salaries	63	76
Salaries and bonuses	338	348
Commissions paid	185	113
Other	306	246
Total selling, general and administrative expenses	894	785
Operating income	3,989	1,975
Non-operating income		
Interest income	6	10
Consumption taxes differential (after being offset by suspense payments and receipt)	110	34
Equity in earnings of non-consolidated subsidiaries and affiliates	170	-
Other	61	47
Total non-operating income	348	92
Non-operating expenses		
Interest expense	1,181	959
Equity in losses of non-consolidated subsidiaries and affiliates	-	101
Commissions paid	220	17
Other	71	36
Total non-operating expenses	1,473	1,114
Ordinary income	2,864	953
Extra-ordinary income		
Reversal of allowance for doubtful accounts	-	134
Gain on sale of investment securities	0	-
Gain on negative goodwill	30	-
Other	0	32
Total extra-ordinary income	30	167
Extra-ordinary losses		
Loss on sale of fixed assets	435	-
Impairment loss	789	-
Provision for loss on liquidation of subsidiaries and affiliates	571	-
Loss on disposal of fixed assets	-	4
Loss on disaster	-	2
Other	48	0
Total extra-ordinary losses	1,845	7
Income before income taxes and profit distribution to silent partners	1,049	1,113
Profit distribution to silent partners	1	0
Income before provision for income taxes	1,048	1,113
Income taxes	842	198
Income before minority interests	-	914
Minority interests in income	88	147
Net income	116	767

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

	First six months of 2010 (Jan. 1, 2010 – Jun. 30, 2010)	First six months of 2011 (Jan. 1, 2011 – Jun. 30, 2011)
Operating activities		
Income before provision for income taxes	842	1,233
Depreciation and amortization	633	674
Impairment loss	1,068	83
Amortization of goodwill	221	-
Gain on sales and collection of acquired non-performing loans	(58)	-
Loss (gain) on investments in silent partnership	(174)	-
Increase (decrease) in allowance for doubtful accounts	61	(33)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	571	-
Loss on disaster	-	311
Interest income	(16)	(31)
Interest expense	2,308	2,124
Equity in (earnings) losses of non-consolidated subsidiaries and affiliates	5	35
Loss (gain) on sales of fixed assets	-	(79)
Loss (gain) on sales of investment securities	-	190
Decrease (increase) in notes and accounts receivable-trade	(368)	(263)
Increase (decrease) in notes and accounts payable-trade	4	(14)
Decrease (increase) in inventories	11,591	1,248
Decrease (increase) in acquired non-performing loans	-	13
Proceeds from sale and collection of acquired non-performing loans	1,248	-
Decrease (increase) in silent partnership	-	316
Distributions from silent partnerships	351	-
Other, net	(1,425)	549
Subtotal	16,866	6,361
Interests and dividends received	67	56
Interests paid	(1,759)	(2,793)
Payments for loss on disaster	-	(0)
Income taxes paid	(550)	(1,020)
Income taxes refund	1,060	318
Net cash provided by operating activities	15,684	2,922
Investing activities		
Payment for purchase of property and equipment	(6,169)	(442)
Proceeds from sale of property and equipment	3,856	3,371
Payment for purchase of intangible assets	(8)	(4)
Payment for loans receivable	(46)	-
Proceeds from repayment of loans receivable	-	257
Payment for purchase of investment securities	(644)	(7)
Payment for purchase of stocks of subsidiaries and affiliates	(496)	(196)
Other, net	(1,786)	508
Net cash provided by (used in) investing activities	(5,293)	3,487

(Millions of yen)

	First six months of 2010 (Jan. 1, 2010 – Jun. 30, 2010)	First six months of 2011 (Jan. 1, 2011 – Jun. 30, 2011)
Financing activities		
Proceeds from short-term borrowings	3,575	-
Repayment of short-term borrowings	(14,535)	-
Increase (decrease) in short-term borrowings	-	(2,531)
Proceeds from long-term borrowings	19,695	13,731
Repayment of long-term borrowings	(25,467)	(15,510)
Proceeds from issuance of bonds	-	998
Payment for redemption of bonds	(2,327)	(5,450)
Proceeds from minority interest	1,208	2
Dividends to minority interest	(15)	(48)
Distributions to minority interest	(439)	(208)
Other, net	(31)	247
Net cash used in financing activities	(18,338)	(8,769)
Effect of exchange rate changes on cash and cash equivalents	112	(298)
Increase (decrease) in cash and cash equivalents	(7,834)	(2,658)
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	(84)	(99)
Cash and cash equivalents at end of period	13,746	9,857

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

1. Operating segment information

First six months of 2010 (Jan. 1, 2010 – Jun. 30, 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	942	19,859	1,923	451	23,177	-	23,177
(2) Inter-segment sales and transfers	71	-	688	-	759	(759)	-
Subtotal	1,014	19,859	2,611	451	23,937	(759)	23,177
Operating income	521	3,609	1,679	113	5,924	(498)	5,425

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, and principal investments in NPL

2. Geographical segment information

First six months of 2010 (Jan. 1, 2010 – Jun. 30, 2010)

The geographical segment information is not presented since the combined segment sales in Japan represented more than 90% of total consolidated sales.

3. Overseas sales

First six months of 2010 (Jan. 1, 2010 – Jun. 30, 2010)

Information on overseas sales is not presented since overseas sales accounted for less than 10% of total consolidated sales.

Segment information

1. Overview of reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group establishes comprehensive strategies for each product and service of business divisions, consolidated subsidiaries and other organizational units and conducts associated business activities.

Consequently, the Group is divided into the three following reportable segments for individual products and services based on business divisions, consolidated subsidiaries and other organizational units: Asset Management Business, Real Estate Investment Business and Real Estate Leasing Business.

The Asset Management Business establishes investment strategies and provides investment advice concerning real estate, loans backed by real estate, and other assets. This business also operates and manages portfolio properties. The Real Estate Investment Business invests in real estate, loans backed by real estate and other assets that are owned by the Group primarily for warehousing. These assets will be sold to funds established by the Group and to other buyers. The Real Estate Leasing Business invests in real estate for the Group's own long-term holdings.

2. Information related to revenue, profit and losses for each reportable segment

First six months of 2011 (Jan. 1, 2011 – Jun. 30, 2011)

(Millions of yen)

	Reportable segment			Total	Adjustment (Note 1)	Amount recorded in consolidated statements of income (Note 2)
	Asset Management Business	Real Estate Investment Business	Real Estate Leasing Business			
Revenue						
(1) External sales	2,091	3,747	3,885	9,724	-	9,724
(2) Inter-segment sales and transfers	465	-	-	465	(465)	-
Total	2,557	3,747	3,885	10,190	(465)	9,724
Segment operating income	1,565	905	1,418	3,889	(362)	3,527

Notes: 1. The (362 million yen) adjustment to segment operating income includes corporate costs that cannot be allocated to reportable segments. Corporate costs mainly include general and administrative expenses that cannot be attributed to reportable segments.

2. Segment operating income is adjusted to be consistent with operating income shown on the consolidated statements of income.

Supplementary information

Beginning with the first quarter, the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(6) Significant Changes in Shareholders' Equity

Not applicable.