



Results of Operations
for the Third Quarter of 2012
(Nine Months Ended September 30, 2012)



Table of Contents

BEST INVEST
KENEDIX

- 1. Third Quarter of 2012 Results Highlights**
- 2. Our Initiatives**

1. Third Quarter of 2012 Results Highlights

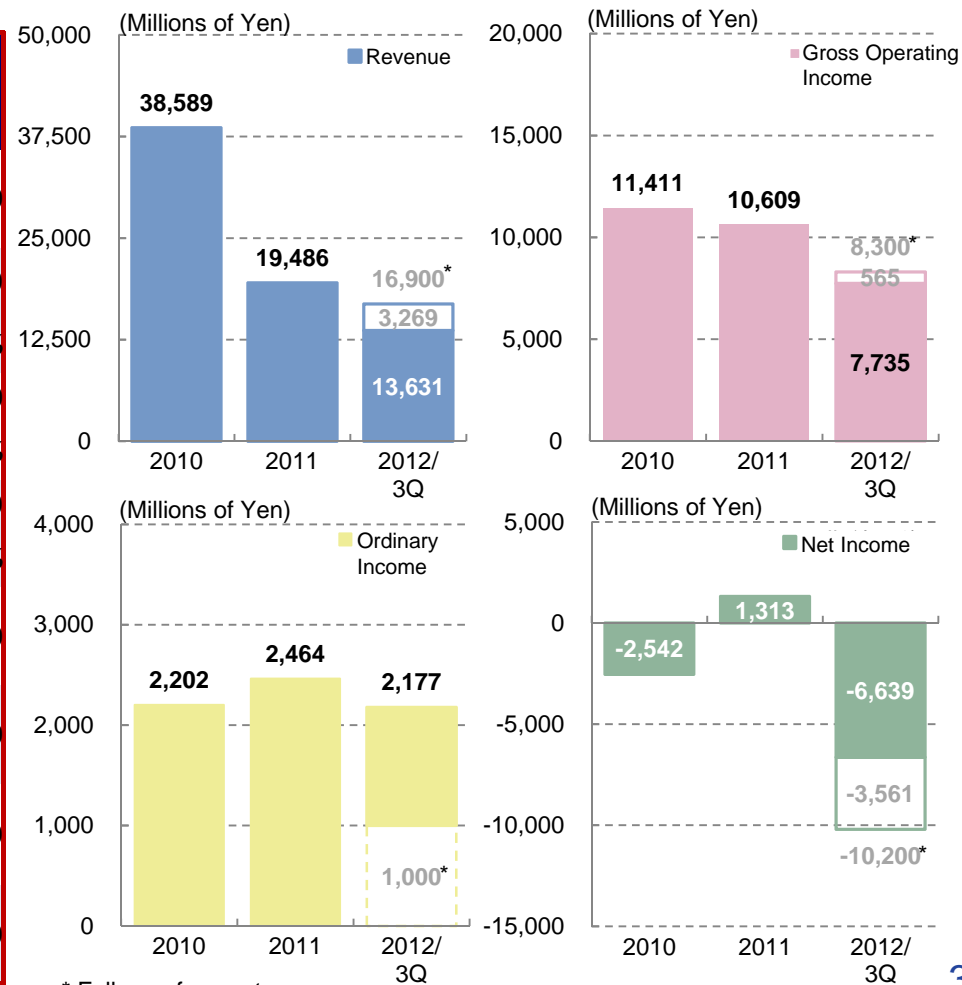


Summary of Consolidated Income Statements

BEST INVEST
KENEDIX

- For the first nine months of 2012, there was a net loss of ¥6.6 billion due to an extraordinary loss of ¥8.5 billion resulting from progress with sales of properties and other actions that were announced with the forecast revision on August 9, 2012.

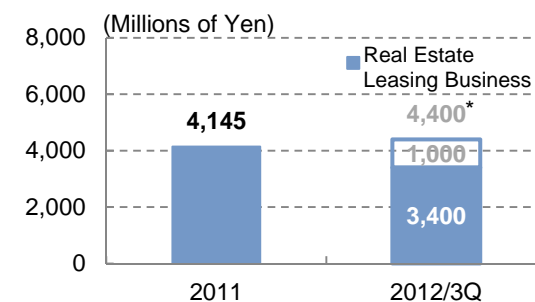
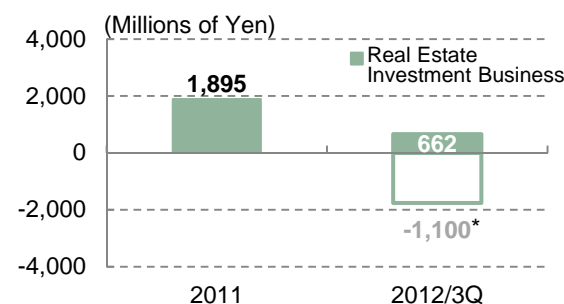
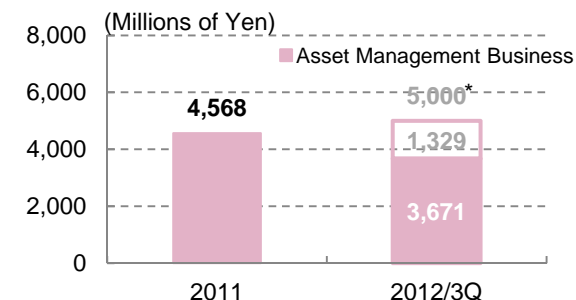
	FY2010		FY2011		FY2012		
	3Q	Full Year	3Q	Full Year	3Q	YoY Change	Full Year(f.)
Revenue	27,931	38,589	14,786	19,486	13,631	-7.8%	16,900
Gross Operating Income (Gross Operating Income Margin)	9,979	11,411	8,039	10,609	7,735	-3.8%	8,300
Operating Income (Operating Income Margin)	7,143	7,331	5,663	6,931	5,219	-7.8%	4,600
Ordinary Income (Ordinary Income Margin)	3,356	2,202	2,069	2,464	2,177	5.2%	1,000
Extraordinary Income	74	75	559	537	741	-	700
Extraordinary Loss	-2,160	-2,667	-625	-707	-8,553	-	-11,000
Income before Provision for Income Taxes	1,254	-406	2,003	2,294	-5,635	-	-9,300
Net Income	-522	-2,542	1,052	1,313	-6,639	-	-10,200



Business Segment Information

- The asset management business performed well mainly on account of increase in acquisition fees and steady growth in asset management fees.

	FY2011		FY2012		
	3Q	Full Year	3Q	YoY Change	Full Year (f.)
Gross Operating Income	8,039	10,609	7,735	-3.8%	8,300
Asset Management Business	3,313	4,568	3,671	10.8%	5,000
Acquisition Fee	184	405	689	274.5%	1,050
Asset Management Fee	2,291	3,130	2,339	2.1%	3,200
Disposition Fee	134	211	110	-18.3%	100
Incentive Fee	143	153	60	-57.6%	50
Other Fees	560	666	471	-15.8%	600
Real Estate Investment Business	1,687	1,895	662	-60.7%	-1,100
Rental Revenue*	1,128	1,608	322	-71.5%	400
Gain on Sales of Properties	279	378	154	-44.9%	200
Dividend Income from Investment in TK	-179	-518	-154	-	-550
Valuation Loss of Inventories	-5	-91	-56	-	-1,600
Gain on Sales/Collection Profits on NPL	208	217	130	-37.5%	150
Others	254	301	266	4.9%	300
Real Estate Leasing Business	3,038	4,145	3,400	11.9%	4,400
Rental Revenue*	3,060	4,174	3,596	17.5%	4,400
Others	-21	-28	-195	-	0



*The transfer in FY2011 of owned real estate from inventories to fixed assets reduced rental revenue in the real estate investment business and increased rental revenue in the real estate leasing business.

* Full year forecasts

Summary of Consolidated Balance Sheets

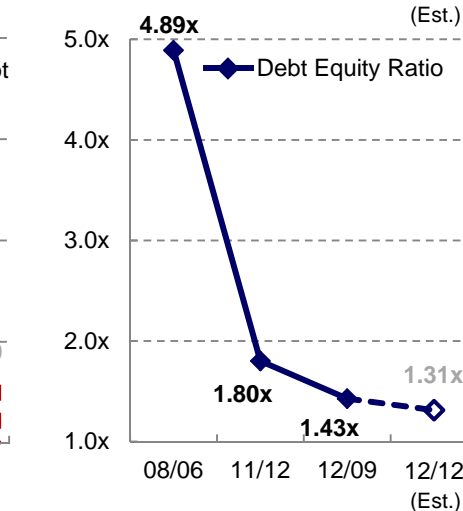
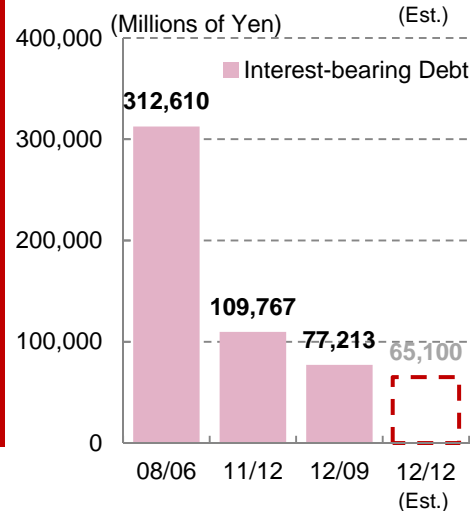
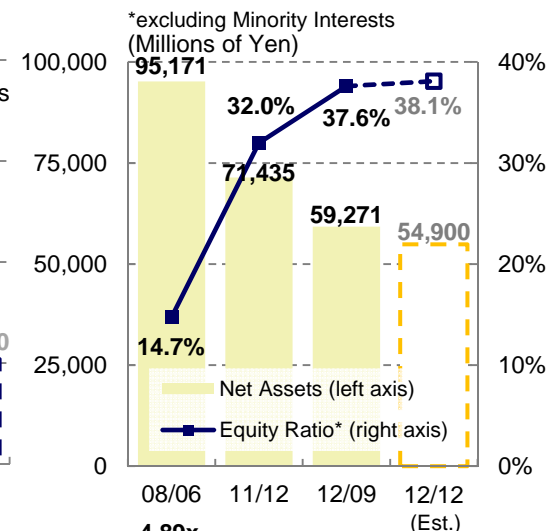
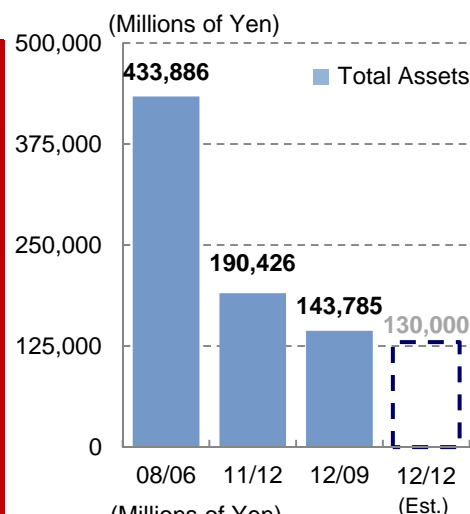
- The constant implementation of measures to downsize the balance sheet had reduced interest-bearing debt and decreased the debt-equity ratio.

(Millions of Yen)	Jun. 30, 2008	Dec. 31, 2011	Sep. 30, 2012	Dec. 31, 2012 (est.)
Total Assets	433,886	190,426	143,785	130,000
Net Assets	95,171	71,435	59,271	54,900
(of which Minority Interests)	(31,251)	(10,518)	(5,199)	(5,300)
Equity Ratio *1	21.9%	37.5%	41.2%	42.2%
Equity Ratio *1 (excluding Minority Interests)	14.7%	32.0%	37.6%	38.1%
Interest-bearing Debt	312,610	109,767	77,213	65,100
(of which Non-recourse Loans)	(134,959)	(60,444)	(34,077)	(25,100)
Cash and Deposits	26,769	7,706	11,077	11,000
Net Debt *2	150,881	41,617	32,058	29,000
Net Debt Equity Ratio *3	2.36x	0.68x	0.59x	0.58x
(including Minority Interests)	(1.59x)	(0.58x)	(0.54x)	(0.53x)
Debt Equity Ratio	4.89x	1.80x	1.43x	1.31x
(including Minority Interests)	(3.28x)	(1.54x)	(1.30x)	(1.19x)

*1 "Equity Ratio" = "Net Assets" / "Total Assets"

*2 "Net Debt" = "Interest-bearing Debt" - "Non-recourse Loans" - "Cash and Deposits"

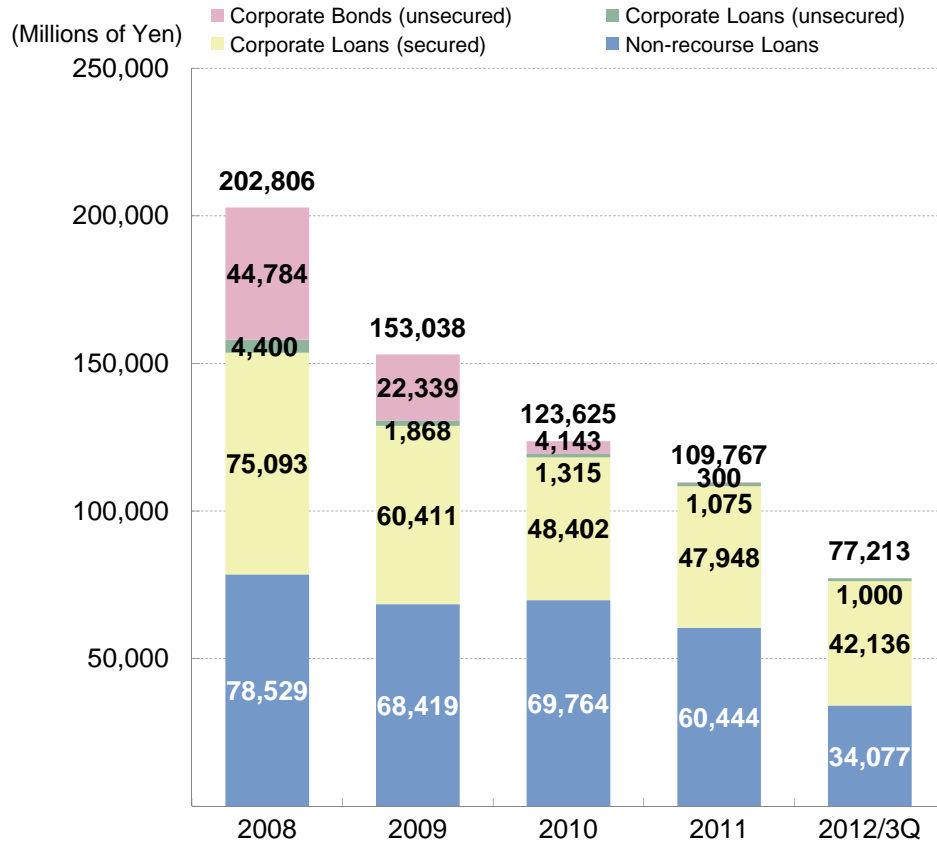
*3 "Net Debt Equity Ratio" = "Net Debt" / "Net Asset"



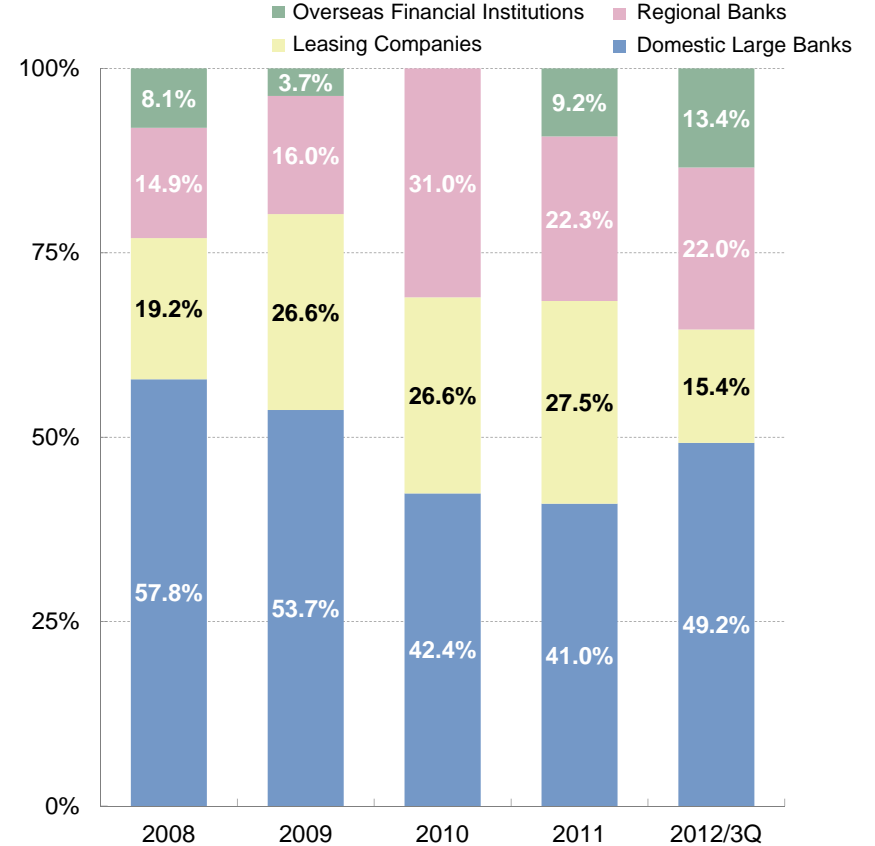
Summary of Interest-bearing Debt

■ Initiatives to downsize the balance sheet brought down interest-bearing debt to ¥77.2 billion.

Loan Balance



Composition of Loans by Lender Category



Summary of Inventories and Fixed Asset

BEST INVEST
KENEDIX

Breakdown of Inventories and Fixed Assets (as of Sep. 30, 2012)

(Millions of Yen, number of properties in parentheses)	Inventories		Fixed Assets							Total
	Gas Stations	Others	Office	Residential	Retail Facilities* ¹	Senior Healthcare	Redevelopment Projects (Ginza/ Roppongi)	Data Center	Others* ¹	
Assets (as of Sep. 30, 2012)	12,951 (99)	1,170 (1)	40,065 (15)	11,606 (12)	19,434 (7)	3,851 (4)	9,461 (2)	9,925 (6)	476 (2)	108,942 (148)
	Total Inventories 14,121		Total Fixed Assets 94,821							
Actual NOI Yield * ²	-	-	4.7%	6.4%	6.3%	6.4%	4.6%	5.3%	-	5.3%
Average Occupancy Rate* ³	-	-	84.7%	94.8%	75.4%	100.0%	97.8%	100.0%	-	90.9%
Estimated Assets (as of Dec. 31, 2012)	11,831	780	38,674	11,135	19,434	3,828	9,436	-	476	95,565

*1 Classifications of some properties were changed (Sendai Ichibancho bldg, Sendai Natori Autobacs, Daily Qanat Kohfudai)

*2 Book Value weighted average

*3 Net Rentable Area weighted average

Summary of Investment Securities

Investment Securities (as of Sep. 30, 2012)

(Millions of Yen)

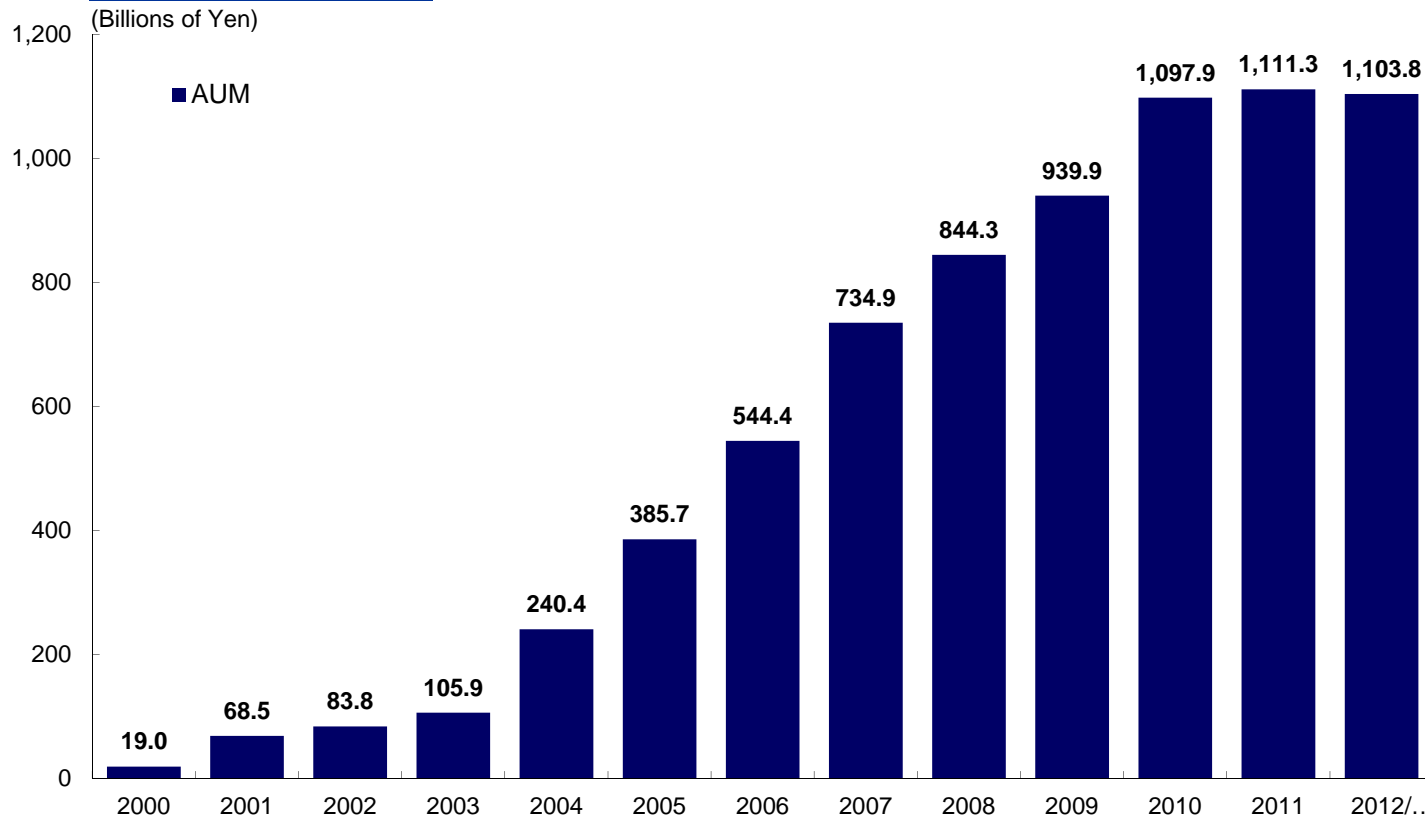
Year		Dec. 31, 2011	Sep. 30, 2012	Sep. 30, 2012 Remarks	Dec. 31, 2012 (Est.)	(Estimated investments as of Dec. 31, 2012)	Dec. 31, 2012 Remarks
Same Boat Investments	2005	3,140	3,116	TK investments in SPC, TMK investments, etc. (Years when investments were made are based on the signing date for associated contracts; when additional investments were made, this investment date was used instead)	2,799	2	Total 26 properties (Office: 12, Residential: 10, Retail: 4)
	2006	1,757	1,059		992	1	Total 11 properties (Office: 2, Residential: 4, Retail: 5)
	2007	1,842	872		0	0	
	2008	1,127	624		624	1	Total 9 properties (Retail: 9)
	2009	800	850		300	1	
	2010	1,148	1,127		1,127	5	Total 37 properties (Office: 10, Residential: 7, Retail: 20)
	2011	0	0		0	0	
	2012	0	12		1,600	1	Total 2 properties (Office: 1, Logistics: 1)
Subtotal		9,817	7,663		7,442	11	
Overseas Investments		1,614	1,499	Investments in U.S. multi-family residential properties, Chinese real estate funds and other investments	1,499		
Mezzanine Loans		2,000	0	Mezzanine loans to SPC that invests in Tokyo office building (launched in 2007, and maturity is in 2013)	0		
Equity Ownership in Affiliated Companies		2,479	1,312	Mitsui & Co. Logistics Partners, and others	1,312		
Others		613	2,609	REIT investment units, cash in trust beneficial rights (CMBS), share of MAX-REALTY, and others	2,112		
		16,524	13,084		12,365		

Growth in Assets Under Management*(AUM)

■ The total AUM balance was ¥1,103.8 billion as of September 30, 2012, decreasing by ¥7.5 billion from 2011.

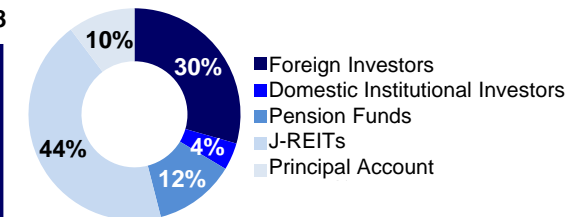
□ Gross AUM increased by ¥87.3 billion, and declined by ¥94.8 billion.

Growth of AUM

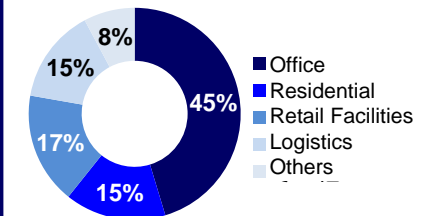


Breakdown of AUM(as of Sep. 30, 2012)

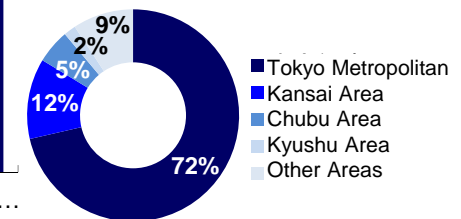
Client Investors



Property Category



Geographic Coverage

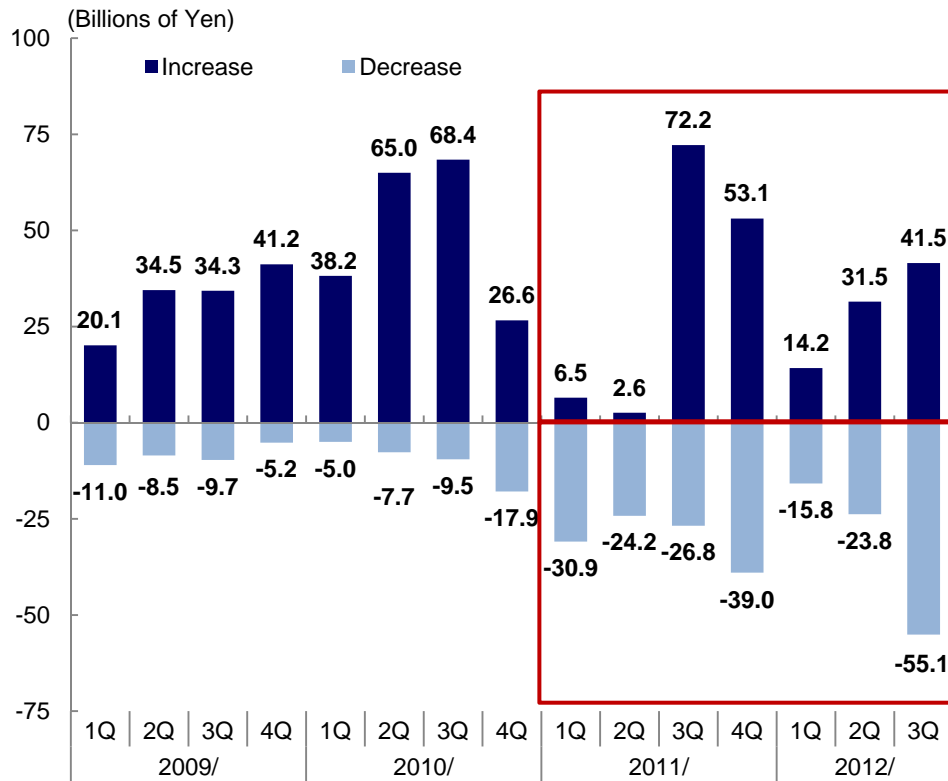


* The Kenedix Group uses the following standards for calculating the balance of AUM

- AUM includes real estate properties where the Kenedix Group performs asset management services, but does not include to-be-completed development projects using our own account
- The balance of AUM is calculated based on the acquisition cost of properties (net of taxes). Costs associated with acquisitions, capital expenditures to enhance property's value and other related items, which are typically included in the book value of properties for accounting purposes, but are not included in the calculation of AUM
- AUM includes properties that the Kenedix Group holds itself for a short period of time and provides asset management services to.
- AUM includes properties held by J-REITs (Kenedix Realty Investment Corporation, Kenedix Residential Investment Corporation, and Japan Logistics Fund, Inc.) who are managed by Kenedix affiliates

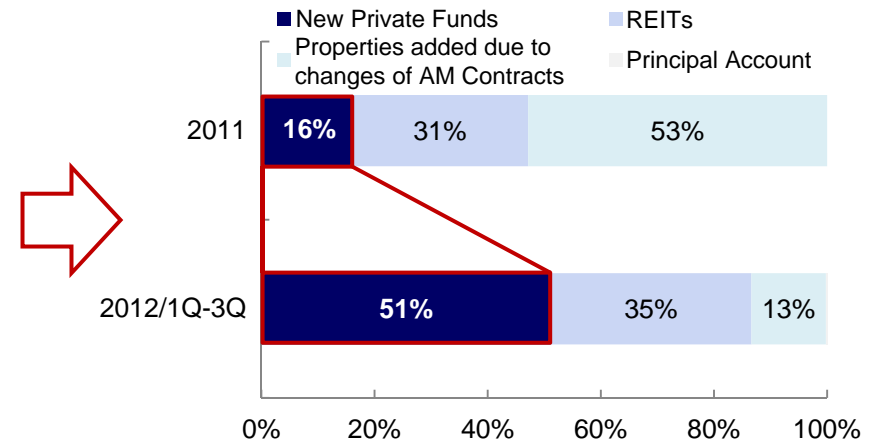
Historical Cycle of Changes in AUM

AUM Historical Cycle

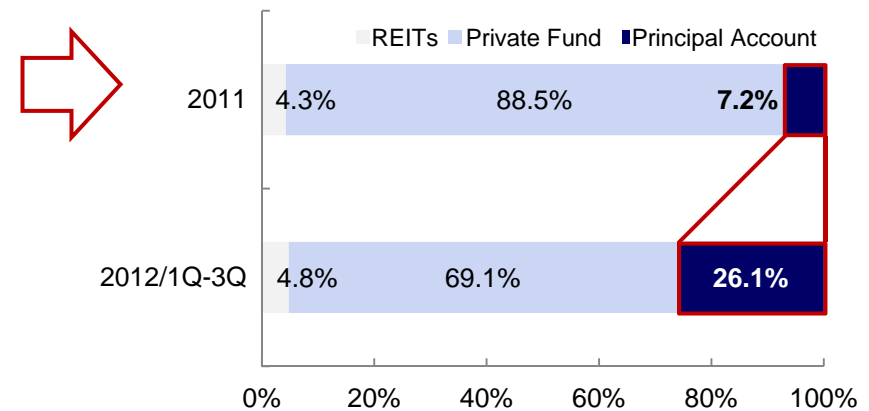


Net increase in AUM (¥bn)	9.0	25.9	24.5	35.9	33.1	57.3	58.8	8.6	-24.4	-21.5	45.4	14.0	-1.5	7.6	-13.6
---------------------------	-----	------	------	------	------	------	------	-----	-------	-------	------	------	------	-----	-------

Composition of AUM Increases

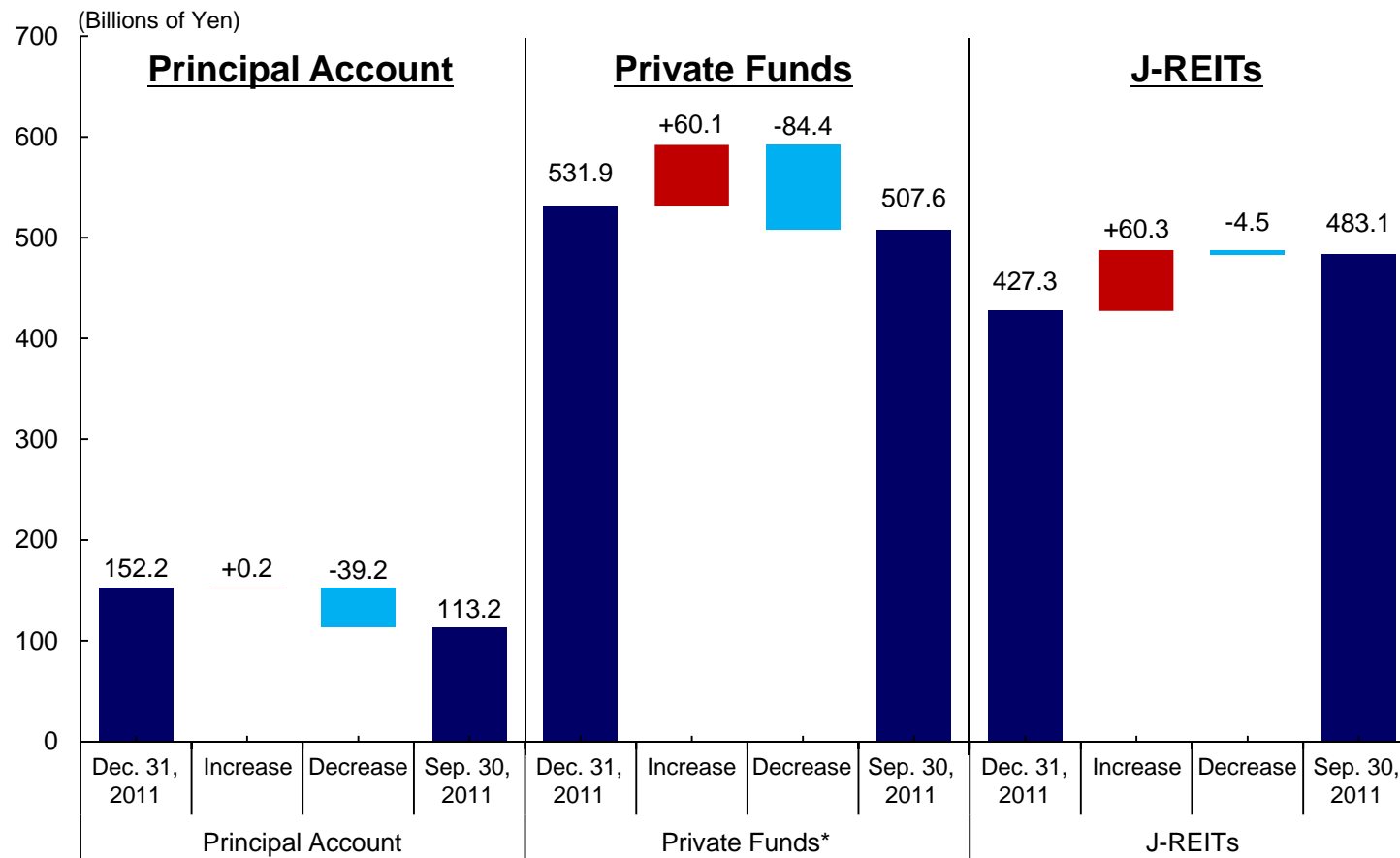


Composition of AUM Decreases (only sales to external buyers)



AUM Changes for Fund Categories

AUM for Fund Categories (including internal transactions between funds)



*AUM for private funds is Kenedix Group total AUM after deducting AUM associated with the principal account and J-REITs.

2. Our Initiatives



Our Initiatives

BEST INVEST
KENEDIX

Balance sheet downsizing

- Total assets reduced to ¥143.7 billion as of Sep. 30, 2012, down ¥46.6 billion compared with Dec. 31, 2011
- Expect total assets of ¥130 billion and owned real estate assets of ¥95.5 billion as of Dec. 31, 2012

Reductions in interest-bearing debt and interest expenses

- Sales of owned assets and other actions have reduced interest-bearing debt to ¥77.2 billion as of Sep. 30, 2012, down ¥32.5 billion compared to Dec. 31, 2011
- Expect equity ratio of 38.1% as of Dec. 31, 2012
- Expect the average interest rate on debt to fall from 3.3% as of Dec. 31, 2011 to 2.5% as of Dec. 31, 2013

More joint investments and a new business model

- Established the Equity Investment Department and Equity Investment Committee to strengthen risk management
- Increasing joint (same boat) investments for growth of the asset management business and higher earnings

Balance Sheet Downsizing and Recognition of Losses

BEST INVEST
KENEDIX

Progress in divestiture of assets scheduled to be disposed by 2012 (schedule announced on Aug 9, 2012)

Owned Real Estate to be Sold *1

Hokkai 2 Building
Regalo Fuse
Regalo Asahimachi
Regalo Keyakidori
Shin-Tokyo Center
Shin-Tabata Center
Keihanna Center
Nagano Center
Shin-Hiroshima Center
Atsuta Center

Owned Real Estate Expected to be Sold *1

Gas stations
Kitakyuhouji Project (Land)
Human Heim Sendaihoncho
Regalo Sendai East Park
Human Heim Yatsuka
Human Heim Ichikawa Myoden
Human Heim Machiya
Primo Regalo Noma
Human Heim Chibahoncho
Human Heim Sagamihara

Sale of Owned Assets Associated with Sale of Subsidiary *1

Blan-espá Ginza

Plan to sell some of these properties by the end of 2012

- Sale completed (Total ¥24,491mn)
- Property to be sold (Total ¥11,628mn)

Loss on Investment Securities *2

Total estimated loss (announced Aug. 9) ¥3.8bn

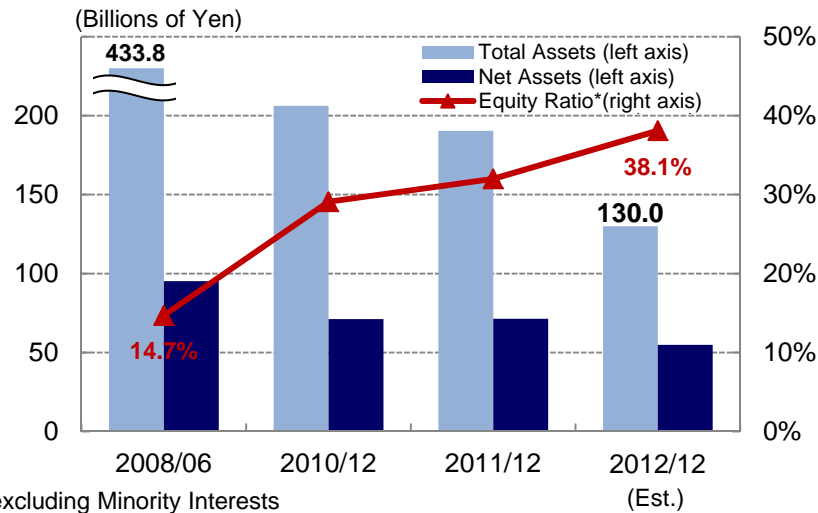
Total actual loss ¥2.4bn

*1: Sales of owned real estate: As of October 31, 2012

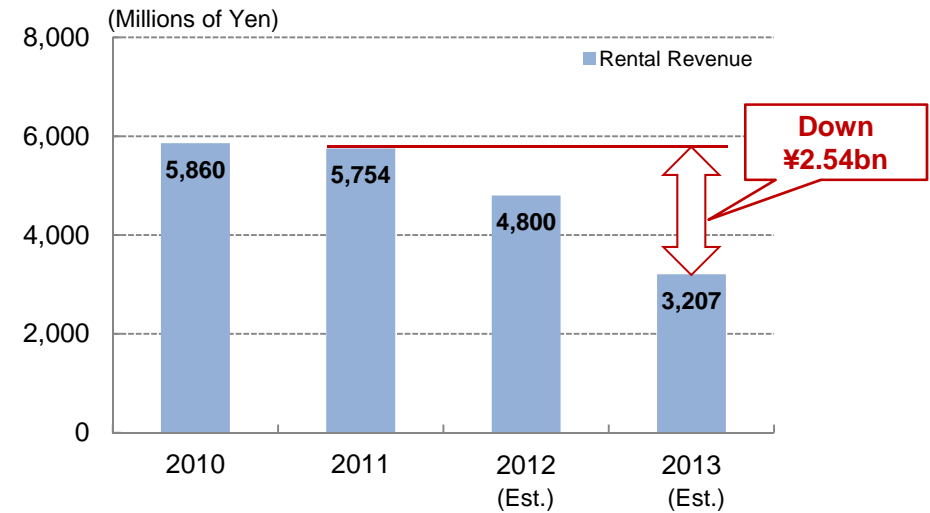
*2: Loss on investment securities : As of September 30, 2012

Financial Indicators (including estimates)

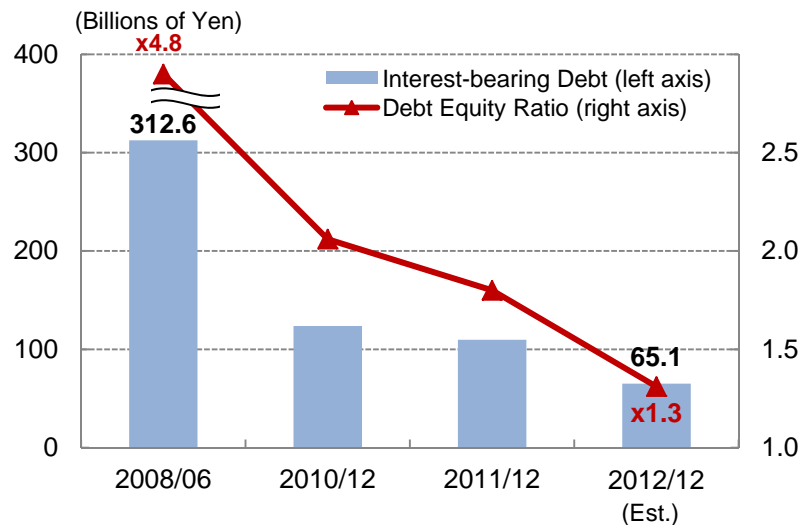
Total Assets/Net Assets/Equity Ratio*



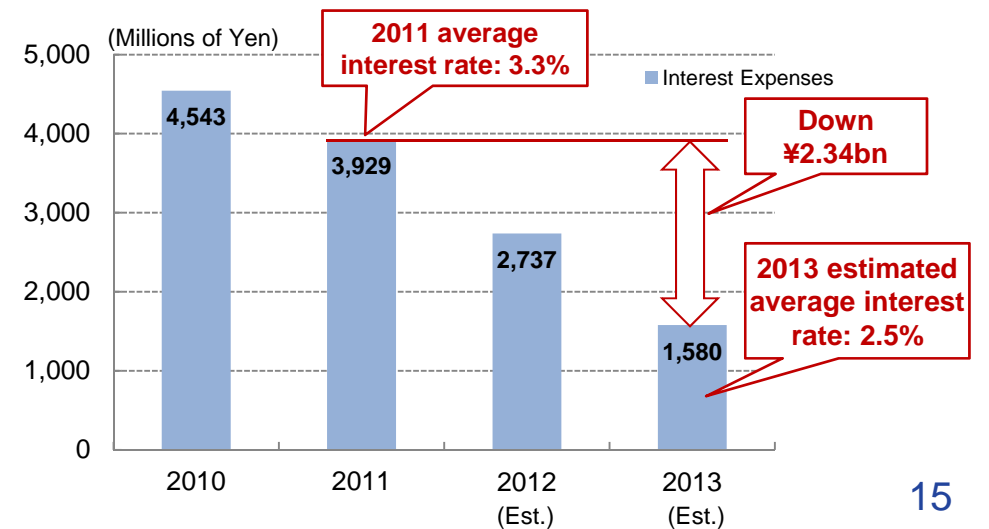
Rental Revenue (Inventories + Fixed Assets)



Interest-bearing Debt/Debt Equity Ratio

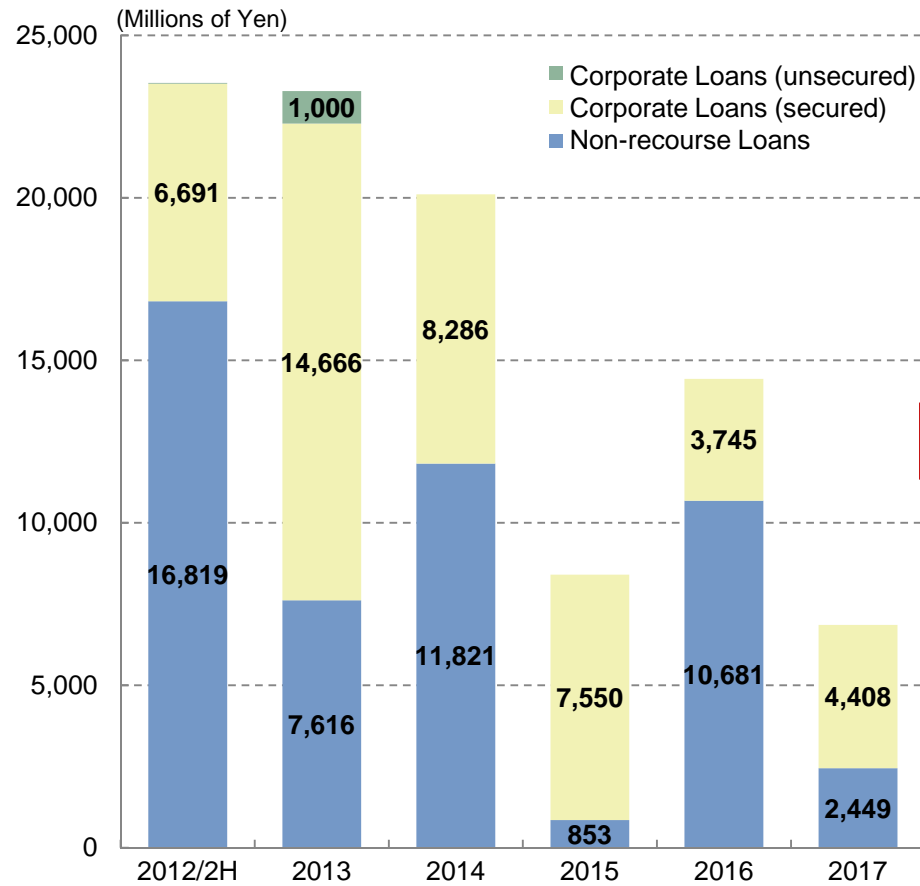


Interest Expenses/Average Interest Rates

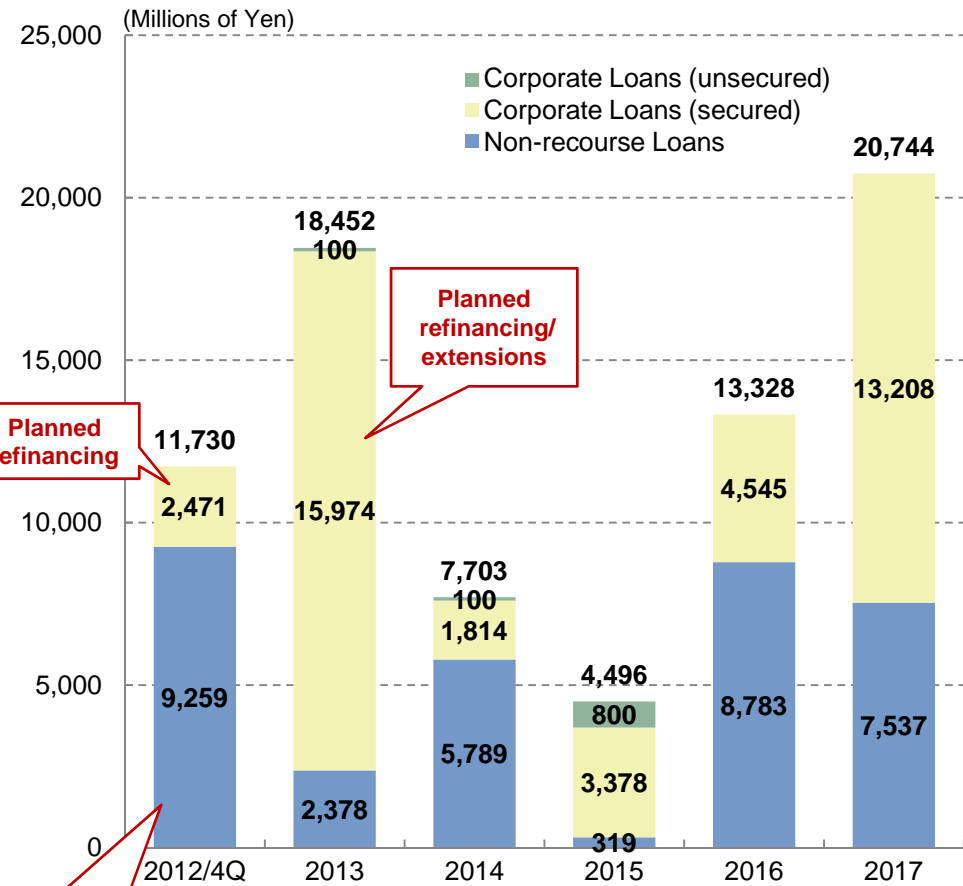


Repayment Schedule for Interest-bearing Debt

Repayment Schedule as of June 30, 2012



Repayment Schedule as of October 31, 2012



To be funded by proceeds from property sales at the end of Nov. 2012

New Asset Management Operations

BEST INVEST
KENEDIX

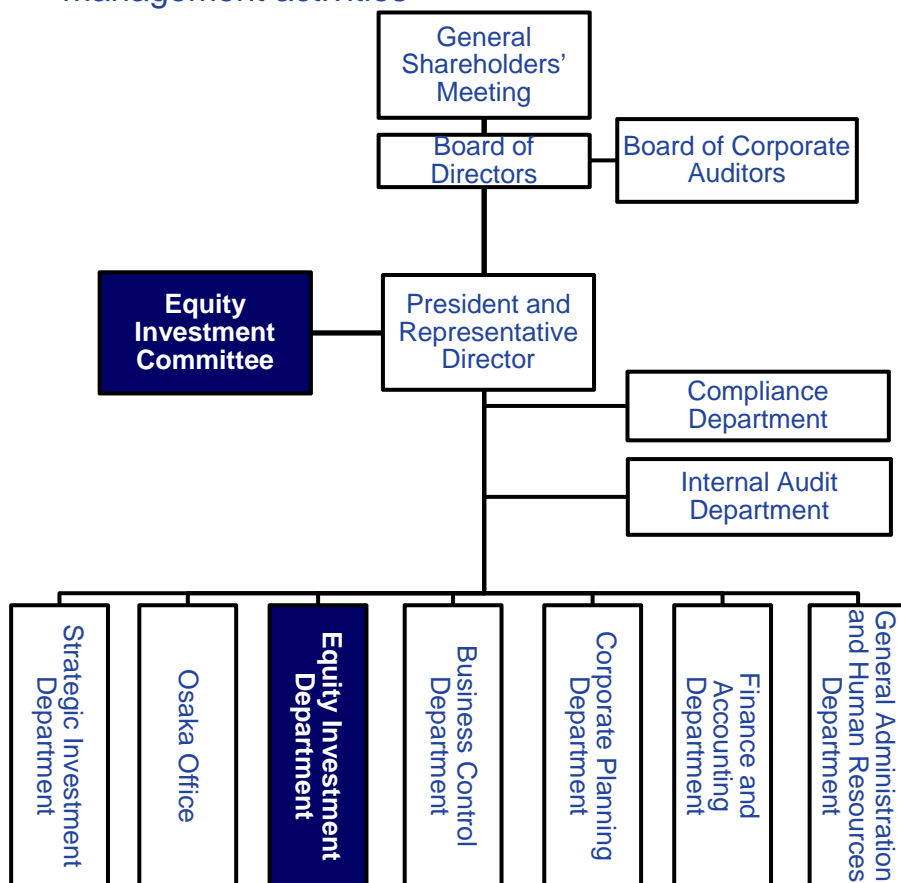
New Properties of 2012 (contracts closed)

Date	Property Category	Investor Category	Location	Kenedix Investment
Mar. 2012	Retail Facilities	Foreign Institutional Investor	Tokyo	×
Apr. 2012	Retail Facilities	Japanese Investor	Tokyo	×
May 2012	Office	Foreign Institutional Investor	Central Tokyo/ Other areas of Japan	×
May 2012	Residential Assets	Kenedix Residential Investment Corporation (newly listed)	Nationwide	○
Jul. 2012	Office	Foreign Institutional Investor	Osaka	×
Jul. 2012	Logistics (Development)	ITOCHU Corporation	Saitama	○
Aug. 2012	Office	Foreign Institutional Investor	Tokyo/Kanagawa	×
Sep. 2012	CMBS	Foreign Institutional Investor	-	○
Oct. 2012	Logistics (Development)	ITOCHU Corporation	Kanagawa	○
Oct. 2012	Office/Residential Assets	Foreign Institutional Investor	Tokyo	×

Topics

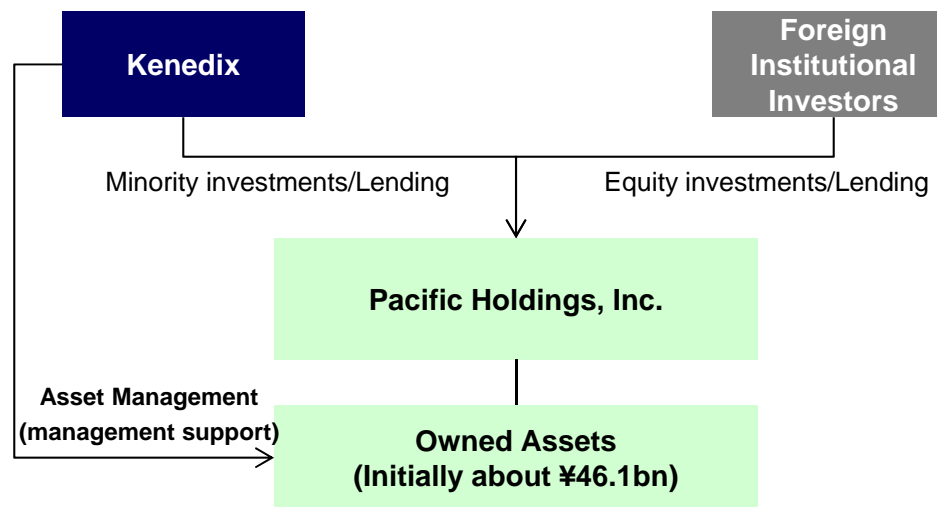
Establishment of Equity Investment Committee and Equity Investment Department

- These two units were established for the purposes of overseeing the profitability of same boat investments and other principal account investments as well as risk management activities



Complete of Kenedix Sponsorship for Pacific Holdings, Inc.

- Kenedix ended its support upon completion of the corporate rehabilitation procedure
- Rehabilitation required much less time than the initially expected five years



About Shinsei Bank's Former Headquarters Building

- Continue to hold preferential negotiating rights
- Activities are continuing with the goal of completing this purchase by the end of 2012

Disclaimer and Precautions

- The contents of this document, including summary notes, quotes, data and other information, are provided solely for informational purpose and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products.
- Please be aware that matters described herein may change or cease to exist without prior notice of any kind. This document contains forward-looking statements, including anticipations of future results, based on current assumptions and beliefs in the light of currently available information and resources. Risks and uncertainties, both known and unknown, including those relating to interest rate fluctuations, competitive scenarios, and changing regulations or taxations, may cause Kenedix, Inc. actual results, performance, achievements and financial performance to be materially different from those as explicitly or implicitly expressed in this document.
- With respect to any and all terms in this document, the information provided is intended to be thorough. However, no absolute assurance or warranties are given with respect to the accuracy or completeness thereof.
- Kenedix, Inc. shall not be liable for any errors, inaccuracies, losses or damages, or for any actions taken in reliance thereon, or undertake any obligation to publicly update the information contained in this document after the date of this document.