

**Summary of Consolidated Financial Results for the Second Quarter  
of the Fiscal Year Ending December 31, 2013  
(Six Months Ended June 30, 2013)**

[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, 2013 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: <a href="http://www.kenedix.com">http://www.kenedix.com</a>
President: Taisuke Miyajima	
Contact: Taiji Yoshikawa, Director	Tel: +81-3-3519-2530
Scheduled date of filing of Quarterly Report: August 12, 2013	
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, 2013 – Jun. 30, 2013)**

(1) Consolidated results of operations

*(Percentage figures for revenue, operating income, ordinary income and net income 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, 2013	8,089	(18.2)	3,356	(8.2)	2,633	57.5	2,093	-
Six months ended Jun. 30, 2012	9,886	1.7	3,656	3.7	1,671	4.9	(1,161)	-

Note: Comprehensive income (million yen) Jun. 2013: 2,527 (-%) Jun. 2012: (1,010) (-%)

	Net income per share, (basic)	Net income per share, (diluted)
	Yen	Yen
Six months ended Jun. 30, 2013	9.14	-
Six months ended Jun. 30, 2012	(5.07)	-

Note: Kenedix, Inc. made a 100-for-1 stock split for shares of its common stock on July 1, 2013. Basic Earnings per Share was calculated under the assumption that the stock split took effect at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2013	128,174	58,621	41.6
As of Dec. 31, 2012	126,270	56,071	40.2

Reference: Shareholders' equity (million yen) As of Jun. 30, 2013: 53,266 As of Dec. 31, 2012: 50,823

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2012	-	0.00	-	0.00	0.00
Year ending Dec. 31, 2013	-	0.00	-	-	-
Year ending Dec. 31, 2013 (forecast)	-	-	-	0.00	0.00

Note: Revision of dividend forecast most recently announced: Yes

Kenedix, Inc. has revised its forecast for year-end dividends for the fiscal year ending December 31, 2013 from undetermined to none.

**3. Forecast of Consolidated Income for the Year Ending December 31, 2013 (Jan. 1, 2013 – Dec. 31, 2013)**

*(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	18,200	(13.2)	5,800	(0.6)	3,700	58.9	1,500	-	6.55

Note: Revision of earnings forecast most recently announced: None

#### 4. Others

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

Newly added: -

Excluded: -

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

(3) Changes in accounting principles, accounting estimates, and restatements

1) Changes in accounting principles caused by revision of accounting standards: None

2) Changes in accounting principles other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

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

As of Jun. 30, 2013:	2,291,186 shares	As of Dec. 31, 2012:	2,291,186 shares
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2) Number of shares of treasury stock at end of period

As of Jun. 30, 2013:	- shares	As of Dec. 31, 2012:	- shares
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3) Average number of shares outstanding during the period

Six months ended Jun. 30, 2013:	2,291,186 shares	Six months ended Jun. 30, 2012:	2,291,186 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.

**5. Quarterly Consolidated Financial Statements****(1) Consolidated Balance Sheets***(Millions of yen)*

	Year 2012 (As of Dec. 31, 2012)	Second quarter of 2013 (As of Jun. 30, 2013)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,813	12,294
Deposits held in trust	827	967
Accounts receivable-trade	1,505	1,279
Real estate for sale	9,953	12,182
Acquired non-performing loans	1,628	418
Income taxes refundable	733	172
Deferred tax assets	41	41
Other	319	529
Allowance for doubtful accounts	(286)	(129)
<b>Total current assets</b>	<b>28,536</b>	<b>27,757</b>
<b>Fixed assets</b>		
<b>Property and equipment</b>		
Buildings and structures	29,842	29,316
Accumulated depreciation	(2,686)	(2,865)
<b>Buildings and structures, net</b>	<b>27,156</b>	<b>26,451</b>
Land	53,721	53,657
Other	157	114
Accumulated depreciation	(98)	(66)
<b>Other, net</b>	<b>59</b>	<b>48</b>
<b>Total property and equipment</b>	<b>80,937</b>	<b>80,157</b>
<b>Intangible assets</b>		
Leasehold right	-	2,588
Goodwill	105	433
Other	65	56
<b>Total intangible assets</b>	<b>170</b>	<b>3,078</b>
<b>Investments and other assets</b>		
Investment securities	12,316	12,681
Investment in capital	360	403
Long-term loans receivable	548	548
Deferred tax assets	256	255
Other	3,480	3,574
Allowance for doubtful accounts	(337)	(281)
<b>Total investment and other assets</b>	<b>16,625</b>	<b>17,181</b>
<b>Total fixed assets</b>	<b>97,733</b>	<b>100,416</b>
<b>Total assets</b>	<b>126,270</b>	<b>128,174</b>

*(Millions of yen)*

	Year 2012 (As of Dec. 31, 2012)	Second quarter of 2013 (As of Jun. 30, 2013)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	134	608
Short-term borrowings	2,192	1,189
Long-term borrowings-due within one year	16,552	9,048
Corporate bonds-due within one year	19	19
Accrued income taxes	412	421
Other	1,543	1,496
Total current liabilities	20,855	12,785
Long-term liabilities		
Bonds payable	3,428	3,419
Long-term borrowings	41,429	48,847
Deferred tax liabilities	1,156	1,225
Allowance for employees' retirement benefits	83	95
Long-term lease deposited	3,012	2,968
Other	233	209
Total long-term liabilities	49,343	56,766
Total liabilities	70,199	69,552
<b>Net assets</b>		
Shareholders' equity		
Common stock	31,322	31,322
Additional paid-in capital	31,581	31,581
Retained earnings	(11,593)	(9,497)
Total shareholders' equity	51,310	53,405
Accumulated other comprehensive income		
Net unrealized holding gains/losses on other securities	(57)	182
Foreign currency translation adjustments	(429)	(321)
Total accumulated other comprehensive income	(486)	(138)
Subscription rights to shares	-	11
Minority interests in consolidated subsidiaries	5,247	5,344
Total net assets	56,071	58,621
Total liabilities and net assets	126,270	128,174

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

	First six months of 2012 (Jan. 1, 2012 – Jun. 30, 2012)	First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013)
Revenue	9,886	8,089
Cost of revenue	4,522	2,962
Gross profit	5,364	5,126
Selling, general and administrative expenses	1,707	1,770
Operating income	3,656	3,356
Non-operating income		
Interest income	12	14
Equity in earnings of non-consolidated subsidiaries and affiliates	-	34
Foreign currency transaction gain	0	36
Consumption taxes differential (after being offset by suspense payments and receipt)	39	1
Other	58	45
Total non-operating income	111	132
Non-operating expenses		
Interest expense	1,682	746
Equity in losses of non-consolidated subsidiaries and affiliates	142	-
Commissions paid	266	100
Other	3	9
Total non-operating expenses	2,096	855
Ordinary income	1,671	2,633
Extra-ordinary income		
Gain on sale of fixed assets	516	-
Other	29	-
Total extra-ordinary income	545	-
Extra-ordinary losses		
Impairment loss	897	48
Loss on sale of investment securities	382	-
Office transfer expenses	-	57
Loss on liquidation of subsidiaries and affiliates	1,172	-
Other	174	-
Total extra-ordinary losses	2,627	105
Income (loss) before income taxes and profit distribution to silent partners	(410)	2,527
Profit distribution to silent partners	0	(0)
Income (loss) before provision for income taxes	(410)	2,527
Income taxes	593	357
Income (loss) before minority interests	(1,004)	2,169
Minority interests in income	157	75
Net income (loss)	(1,161)	2,093

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

	First six months of 2012 (Jan. 1, 2012 – Jun. 30, 2012)	First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013)
Income (loss) before minority interests	(1,004)	2,169
Other comprehensive income		
Net unrealized holding gains/losses on other securities	8	250
Foreign currency translation adjustments	(15)	107
Share of other comprehensive income of associates accounted for using equity method	0	-
Total other comprehensive income	(6)	357
Comprehensive income	(1,010)	2,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,175)	2,441
Comprehensive income attributable to minority interests	165	85

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

	First six months of 2012 (Jan. 1, 2012 – Jun. 30, 2012)	First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013)
<b>Operating activities</b>		
Income (loss) before provision for income taxes	(410)	2,527
Depreciation and amortization	793	485
Impairment loss	897	48
Increase (decrease) in allowance for doubtful accounts	(123)	(212)
Loss on liquidation of subsidiaries and affiliates	1,172	-
Interest income	(12)	(14)
Interest expense	1,682	746
Equity in (earnings) losses of non-consolidated subsidiaries and affiliates	142	(34)
Loss (gain) on sales of fixed assets	(446)	-
Loss (gain) on sales of investment securities	357	-
Decrease (increase) in notes and accounts receivable-trade	132	226
Increase (decrease) in notes and accounts payable-trade	(218)	145
Decrease (increase) in inventories	933	906
Decrease (increase) in acquired non-performing loans	(34)	1,210
Decrease (increase) in silent partnership	767	(406)
Other, net	(29)	(428)
Subtotal	5,606	5,200
Interests and dividends received	18	22
Interests paid	(1,754)	(759)
Payments for loss on disaster	(90)	-
Income taxes paid	(797)	(523)
Income taxes refund	378	733
Net cash provided by operating activities	3,360	4,673
<b>Investing activities</b>		
Payment for purchase of property and equipment	(453)	(92)
Proceeds from sale of property and equipment	15,246	290
Payment for purchase of intangible assets	(14)	(2,269)
Payment for purchase of investment securities	(1,316)	(753)
Proceeds from repayment of investment securities	-	1,016
Payment for purchase of stocks of subsidiaries and affiliates	-	(452)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	76
Other, net	(104)	127
Net cash provided by (used in) investing activities	13,356	(2,057)

	First six months of 2012 (Jan. 1, 2012 – Jun. 30, 2012)	First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013)
<b>Financing activities</b>		
Increase (decrease) in short-term borrowings	(1,829)	(1,002)
Proceeds from long-term borrowings	8,700	5,954
Repayment of long-term borrowings	(21,709)	(8,879)
Proceeds from issuance of bonds	1,960	-
Payment for redemption of bonds	(400)	(9)
Proceeds from minority interest	13	1
Dividends to minority interest	(58)	(52)
Distributions to minority interest	(1,522)	(27)
Other, net	(767)	7
Net cash used in financing activities	(15,613)	(4,008)
Effect of exchange rate changes on cash and cash equivalents	(1)	84
Increase (decrease) in cash and cash equivalents	1,103	(1,308)
Cash and cash equivalents at beginning of period	9,595	14,452
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	174	(33)
Cash and cash equivalents at end of period	10,872	13,110



**(4) Segment Information**

Year 2012 (Jan. 1, 2012 – Jun. 30, 2012)

*(Millions of yen)*

	Reportable segment			Adjustment	Amount recorded in consolidated statements of income
	Asset Management Business	Real Estate Investment Business	Real Estate Leasing Business		
Revenue	3,250	1,827	5,205	(397)	9,886
Segment operating income	1,873	380	1,724	(322)	3,656

Year 2013 (Jan. 1, 2013 – Jun. 30, 2013)

*(Millions of yen)*

	Reportable segment			Adjustment	Amount recorded in consolidated statements of income
	Asset Management Business	Real Estate Investment Business	Real Estate Leasing Business		
Revenue	3,077	2,440	2,861	(290)	8,089
Segment operating income	1,550	1,199	978	(373)	3,356