

## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2014 (Three Months Ended March 31, 2014)

[Japanese GAAP]

Described below is an abstract in English of the financial result for the first three months of the fiscal year ended December 31, 2014 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>
Representative: Taisuke Miyajima, CEO & President	
Contact: Taiji Yoshikawa, Director	Tel: +81-3-5623-8400
Scheduled date of payment of dividend: -	
Scheduled date of filing of Quarterly Report: May 13, 2014	
Preparation of supplementary materials for financial results: Yes	
Holding of financial results meeting: No	

(Amounts rounded off to million yen)

### 1. Consolidated Financial Results (Jan. 1, 2014 – Mar. 31, 2014)

(1) Consolidated results of operations (Percentage figures for revenue and incomes 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, 2014	5,141	10.7	2,240	21.6	1,989	42.2	3,310	188.3
Three months ended Mar.31, 2013	4,645	(1.6)	1,843	30.6	1,398	137.3	1,148	-

Note: Comprehensive income (million yen) Mar.31, 2014: 3,313 (115.4%) Mar. 31, 2013: 1,537 (-%)

	Net income per share, (basic)	Net income per share, (diluted)
	Yen	Yen
Three months ended Mar. 31, 2014	12.46	12.45
Three months ended Mar. 31, 2013	5.01	-

Note: Kenedix conducted a 100-for-1 common stock split on July 1, 2013. Net income per share (basic) has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Mar. 31, 2014	203,303	82,348	36.6
As of Dec. 31, 2013	148,398	74,341	48.0

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 74,482 As of Dec. 31, 2013: 71,268

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2013	-	0.00	-	0.00	0.00
Year ending Dec. 31, 2014	-				
Year ending Dec. 31, 2014 (forecast)		0.00	-	3.00	3.00

Note: Revision of dividend forecast most recently announced: None

### 3. Forecast of Consolidated Income for the Year Ending December 31, 2014 (Jan. 1, 2014 – Dec. 31, 2014)

(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	21,000	(6.5)	5,200	(24.8)	4,100	(15.9)	3,000	51.1	11.29

Note: Revision of earnings forecast most recently announced: None

#### 4. Others

(1) Changes in significant consolidated subsidiaries (*Tokutei Kogaisha*) during the period: Yes

Newly added: 2 (KRF43 Silent Partnership, KRF50 Silent Partnership) Excluded: -

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

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based 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 Mar. 31, 2014:	265,658,200 shares	As of Dec. 31, 2013:	265,658,200 shares
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2) Number of shares of treasury stock at end of period

As of Mar. 31, 2014:	- shares	As of Dec. 31, 2013:	- shares
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3) Average number of shares outstanding during the period

Three months ended Mar. 31, 2014:	265,658,200 shares	Three months ended Mar. 31, 2013:	229,118,600 shares
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Note: Kenedix conducted a 100-for-1 common stock split on July 1, 2013. Number of shares outstanding (common stock) has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Please refer to "Per Share Information" on page 5 for the number of shares used in calculating net income per share.

\* Information regarding the implementation of audit 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)*

	FY2013 (As of Dec. 31, 2013)	First quarter of 2014 (As of Mar. 31, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	25,795	18,081
Deposits held in trust	1,103	1,559
Accounts receivable-trade	1,079	1,735
Real estate for sale	14,950	24,079
Acquired non-performing loans	353	349
Securities	5,000	-
Income taxes refundable	169	752
Deferred tax assets	156	158
Other	1,243	1,811
Allowance for doubtful accounts	(87)	(75)
Total current assets	49,763	48,452
Fixed assets		
Property and equipment		
Buildings and structures	31,089	41,075
Accumulated depreciation	(2,680)	(2,647)
Buildings and structures, net	28,408	38,428
Land	49,941	84,717
Other	309	1,073
Accumulated depreciation	(74)	(76)
Other, net	235	996
Total property and equipment	78,586	124,142
Intangible assets		
Leasehold right	2,861	2,862
Goodwill	412	954
Other	63	64
Total intangible assets	3,338	3,881
Investment and other assets		
Investment securities	11,889	18,570
Investment in capital	461	478
Long-term loans receivable	548	1,298
Deferred tax assets	63	67
Other	3,984	6,505
Allowance for doubtful accounts	(236)	(93)
Total investment and other assets	16,710	26,827
Total fixed assets	98,635	154,850
Total assets	148,398	203,303

*(Millions of yen)*

	FY2013 (As of Dec. 31, 2013)	First quarter of 2014 (As of Mar. 31, 2014)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	594	995
Short-term borrowings	3,541	8,138
Short-term non-recourse borrowings	-	100
Long-term borrowings-due within one year	6,589	8,666
Long-term non-recourse borrowings-due within one year	622	1,302
Non-recourse bonds-due within one year	19	19
Accrued employees' bonuses	-	79
Accrued income taxes	156	3
Other	1,729	2,212
Total current liabilities	13,253	21,517
Long-term liabilities		
Long-term borrowings	27,547	23,216
Long-term non-recourse borrowings	24,796	59,109
Non-recourse bonds payable	2,909	9,376
Deferred tax liabilities	1,389	1,375
Allowance for employees' retirement benefits	107	119
Long-term security deposits	3,701	5,787
Other	351	454
Total long-term liabilities	60,803	99,437
Total liabilities	74,056	120,955
<b>Net assets</b>		
Shareholders' equity		
Common stock	40,237	40,237
Additional paid-in capital	40,496	28,782
Retained earnings	(9,605)	5,365
Total shareholders' equity	71,128	74,384
Accumulated other comprehensive income		
Net unrealized holding gains/losses on other securities	398	377
Foreign currency translation adjustments	(257)	(280)
Total accumulated other comprehensive income	140	97
Subscription rights to shares	44	60
Minority interests	3,028	7,805
Total net assets	74,341	82,348
Total liabilities and net assets	148,398	203,303

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

	First three months of 2013 (Jan. 1, 2013 – Mar. 31, 2013)	First three months of 2014 (Jan. 1, 2014 – Mar. 31, 2014)
Revenue	4,645	5,141
Cost of revenue	1,913	1,825
Gross profit	2,732	3,315
Total selling, general and administrative expenses	889	1,075
Operating income	1,843	2,240
Non-operating income		
Interest income	9	9
Equity in earnings of affiliates	4	38
Foreign currency transaction gain	20	-
Consumption taxes differential (after being offset by suspense payments and receipt)	1	0
Other	15	45
Total non-operating income	50	93
Non-operating expenses		
Interest expenses	386	326
Commissions paid	99	8
Foreign currency transaction loss	-	10
Other	9	-
Total non-operating expenses	495	345
Ordinary income	1,398	1,989
Extraordinary income		
Gain on sales of fixed assets	-	2,755
Other	-	5
Total extraordinary income	-	2,761
Extraordinary loss		
Loss on sales of fixed assets	-	284
Impairment loss	-	660
Other	-	1
Total extraordinary losses	-	945
Income (loss) before income taxes and profit distribution to silent partners	1,398	3,804
Profit distribution to silent partnerships	(0)	0
Income (loss) before income taxes	1,398	3,804
Income taxes	233	448
Income (loss) before minority interests	1,165	3,356
Minority interests	16	45
Net income (loss)	1,148	3,310

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

	First three months of 2013 (Jan. 1, 2013 – Mar. 31, 2013)	First three months of 2014 (Jan. 1, 2014 – Mar. 31, 2014)
Income (loss) before minority interests	1,165	3,356
Other comprehensive income		
Net unrealized holding gains/losses on other securities	306	(20)
Foreign currency translation adjustments	66	(22)
Total other comprehensive income	372	(42)
Comprehensive income	1,537	3,313
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,504	3,267
Comprehensive income attributable to minority interests	33	45

**(3) Segment Information**

FY2013 (Jan. 1, 2013 – Mar. 31, 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	1,273	2,088	1,427	(144)	4,645
Segment operating income	561	1,005	478	(201)	1,843

FY2014 (Jan. 1, 2014 – Mar. 31, 2014)

*(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	2,815	649	2,035	(359)	5,141
Segment operating income	2,045	400	320	(525)	2,240

**(4) Per Share Information**

Net income per share and its basis for calculation, and net income per share (diluted) and its basis for calculation are as follows.

Item	First three months of 2013 (Jan. 1, 2013 – Mar. 31, 2013)	First three months of 2014 (Jan. 1, 2014 – Mar. 31, 2014)
1) Net income per share	5.01 yen	12.46 yen
(Basis for calculation)		
Net income (Millions of yen)	1,148	3,310
Amount not attributable to common stock shareholders (Millions of yen)	-	-
Net income available to common stock (Millions of yen)	1,148	3,310
Average number of shares outstanding during the period (Shares)	229,118,600	265,658,200
2) Net income per share (diluted)	-	12.45 yen
(Basis for calculation)		
Adjusted to net income (Millions of yen)	-	-
Increase in common stock (Shares)	-	257,257
Potential stock not included in the calculation of diluted net income per share since it did not have dilutive effect.	-	-

Note: Net income per share (diluted) for the first three months of 2013 is not presented since there was no outstanding potential stock.

Kenedix conducted a 100-for-1 common stock split on July 1, 2013. Number of shares outstanding (common stock) has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.