

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2014 (Six Months Ended June 30, 2014)

[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, 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: http://www.kenedix.com |
| 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: August 8, 2014 | |
| Preparation of supplementary materials for financial results: Yes | |
| Holding of financial results meeting: Yes(for institutional investors and securities analysts) | |

(Amounts rounded off to million yen)

1. Consolidated Financial Results (Jan. 1, 2014 – Jun. 30, 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 | % |
| Six months ended Jun.30, 2014 | 14,488 | 79.1 | 4,765 | 42.0 | 3,871 | 47.1 | 4,904 | 134.3 |
| Six months ended Jun.30, 2013 | 8,089 | (18.2) | 3,356 | (8.2) | 2,633 | 57.5 | 2,093 | - |

Note: Comprehensive income (million yen) Jun.30, 2014: 5,201 (105.8%) Jun. 30, 2013: 2,527 (-%)

| | Net income per share, (basic) | Net income per share, (diluted) |
|--------------------------------|----------------------------------|------------------------------------|
| | Yen | Yen |
| Six months ended Jun. 30, 2014 | 18.46 | 18.44 |
| Six months ended Jun. 30, 2013 | 9.14 | - |

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 Jun. 30, 2014 | 193,072 | 84,611 | 40.0 |
| As of Dec. 31, 2013 | 148,398 | 74,341 | 48.0 |

Reference: Shareholders' equity (million yen) As of Jun. 30, 2014: 77,145 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 | - | 0.00 | | | |
| Year ending Dec. 31, 2014 (forecast) | | | - | 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 | 25,000 | 11.3 | 7,400 | 7.0 | 5,500 | 12.8 | 4,000 | 101.5 | 15.06 |

Note: Revision of earnings forecast most recently announced: Yes

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 Jun. 30, 2014: | 265,658,200 shares | As of Dec. 31, 2013: | 265,658,200 shares |
|----------------------|--------------------|----------------------|--------------------|

2) Number of shares of treasury stock at end of period

| | | | |
|----------------------|----------|----------------------|----------|
| As of Jun. 30, 2014: | - shares | As of Dec. 31, 2013: | - shares |
|----------------------|----------|----------------------|----------|

3) Average number of shares outstanding during the period

| | | | |
|---------------------------------|--------------------|---------------------------------|--------------------|
| Six months ended Jun. 30, 2014: | 265,658,200 shares | Six months ended Jun. 31, 2013: | 229,118,600 shares |
|---------------------------------|--------------------|---------------------------------|--------------------|

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 7 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) | Second quarter of 2014 (As of Jun. 30, 2014) |
|--|---------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 25,795 | 21,781 |
| Deposits held in trust | 1,103 | 2,797 |
| Accounts receivable-trade | 1,079 | 1,240 |
| Real estate for sale | 14,950 | 18,337 |
| Investment in real estate for sale | - | 2,887 |
| Acquired non-performing loans | 353 | 338 |
| Securities | 5,000 | - |
| Income taxes refundable | 169 | 431 |
| Deferred tax assets | 156 | 157 |
| Other | 1,243 | 2,424 |
| Allowance for doubtful accounts | (87) | (60) |
| Total current assets | 49,763 | 50,335 |
| Fixed assets | | |
| Property and equipment | | |
| Buildings and structures | 31,089 | 37,353 |
| Accumulated depreciation | (2,680) | (2,710) |
| Buildings and structures, net | 28,408 | 34,642 |
| Land | 49,941 | 77,751 |
| Other | 309 | 1,126 |
| Accumulated depreciation | (74) | (67) |
| Other, net | 235 | 1,059 |
| Total property and equipment | 78,586 | 113,453 |
| Intangible assets | | |
| Leasehold right | 2,861 | 2,862 |
| Goodwill | 412 | 926 |
| Other | 63 | 66 |
| Total intangible assets | 3,338 | 3,855 |
| Investment and other assets | | |
| Investment securities | 11,889 | 17,828 |
| Investment in capital | 461 | 494 |
| Long-term loans receivable | 548 | 1,298 |
| Deferred tax assets | 63 | 49 |
| Other | 3,984 | 5,849 |
| Allowance for doubtful accounts | (236) | (93) |
| Total investment and other assets | 16,710 | 25,427 |
| Total fixed assets | 98,635 | 142,737 |
| Total assets | 148,398 | 193,072 |

(Millions of yen)

| | FY2013 (As of Dec. 31, 2013) | Second quarter of 2014 (As of Jun. 30, 2014) |
|---|---------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 594 | 755 |
| Short-term borrowings | 3,541 | 5,946 |
| Short-term non-recourse borrowings | - | 100 |
| Long-term borrowings-due within one year | 6,589 | 8,478 |
| Long-term non-recourse borrowings-due within one year | 622 | 1,346 |
| Non-recourse bonds-due within one year | 19 | 19 |
| Accrued income taxes | 156 | 113 |
| Other | 1,729 | 2,927 |
| Total current liabilities | 13,253 | 19,686 |
| Long-term liabilities | | |
| Long-term borrowings | 27,547 | 20,813 |
| Long-term non-recourse borrowings | 24,796 | 51,031 |
| Non-recourse bonds payable | 2,909 | 9,371 |
| Deferred tax liabilities | 1,389 | 1,425 |
| Allowance for employees' retirement benefits | 107 | 116 |
| Long-term security deposits | 3,701 | 5,644 |
| Other | 351 | 372 |
| Total long-term liabilities | 60,803 | 88,775 |
| Total liabilities | 74,056 | 108,461 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 40,237 | 40,237 |
| Additional paid-in capital | 40,496 | 28,782 |
| Retained earnings | (9,605) | 7,954 |
| Total shareholders' equity | 71,128 | 76,973 |
| Accumulated other comprehensive income | | |
| Net unrealized holding gains/losses on other securities | 398 | 481 |
| Deferred gains or losses on hedges | - | (14) |
| Foreign currency translation adjustments | (257) | (295) |
| Total accumulated other comprehensive income | 140 | 171 |
| Subscription rights to shares | 44 | 77 |
| Minority interests | 3,028 | 7,388 |
| Total net assets | 74,341 | 84,611 |
| Total liabilities and net assets | 148,398 | 193,072 |

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

| | First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013) | First six months of 2014 (Jan. 1, 2014 – Jun. 30, 2014) |
|--|--|--|
| Revenue | 8,089 | 14,488 |
| Cost of revenue | 2,962 | 7,443 |
| Gross profit | 5,126 | 7,044 |
| Total selling, general and administrative expenses | 1,770 | 2,278 |
| Operating income | 3,356 | 4,765 |
| Non-operating income | | |
| Interest income | 14 | 30 |
| Equity in earnings of affiliates | 34 | 119 |
| Foreign currency transaction gain | 36 | - |
| Consumption taxes differential (after being offset by suspense payments and receipt) | 1 | 0 |
| Other | 45 | 99 |
| Total non-operating income | 132 | 249 |
| Non-operating expenses | | |
| Interest expenses | 746 | 743 |
| Commissions paid | 100 | 357 |
| Foreign currency transaction loss | - | 7 |
| Other | 9 | 34 |
| Total non-operating expenses | 855 | 1,142 |
| Ordinary income | 2,633 | 3,871 |
| Extraordinary income | | |
| Gain on sales of fixed assets | - | 2,855 |
| Other | - | 4 |
| Total extraordinary income | - | 2,859 |
| Extraordinary loss | | |
| Loss on sales of fixed assets | - | 293 |
| Impairment loss | 48 | 652 |
| Office transfer expenses | 57 | - |
| Other | - | 38 |
| Total extraordinary losses | 105 | 983 |
| Income before income taxes and profit distribution to silent partners | 2,527 | 5,747 |
| Profit distribution to silent partnerships | (0) | 0 |
| Income before income taxes | 2,527 | 5,747 |
| Income taxes | 357 | 577 |
| Income before minority interests | 2,169 | 5,170 |
| Minority interests | 75 | 265 |
| Net income | 2,093 | 4,904 |

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

| | First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013) | First six months of 2014 (Jan. 1, 2014 – Jun. 30, 2014) |
|---|--|--|
| Income before minority interests | 2,169 | 5,170 |
| Other comprehensive income | | |
| Net unrealized holding gains/losses on other securities | 250 | 83 |
| Deferred gains or losses on hedges | - | (14) |
| Foreign currency translation adjustments | 107 | (37) |
| Total other comprehensive income | 357 | 31 |
| Comprehensive income | 2,527 | 5,201 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 2,441 | 4,936 |
| Comprehensive income attributable to minority interests | 85 | 265 |

(3) Consolidated Statements of Cash Flows

| | First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013) | First six months of 2014 (Jan. 1, 2014 – Jun. 30, 2014) |
|---|--|--|
| Operating activities | | |
| Income before provision for income taxes | 2,527 | 5,747 |
| Depreciation and amortization | 485 | 615 |
| Impairment loss | 48 | 652 |
| Increase (decrease) in allowance for doubtful accounts | (212) | (170) |
| Interest income | (14) | (30) |
| Interest expense | 746 | 743 |
| Equity in (earnings) losses of non-consolidated subsidiaries and affiliates | (34) | (119) |
| Loss (gain) on sales of fixed assets | - | (2,562) |
| Loss (gain) on sales of investment securities | - | 4 |
| Decrease (increase) in notes and accounts receivable-trade | 226 | (160) |
| Increase (decrease) in notes and accounts payable-trade | 145 | 160 |
| Decrease (increase) in inventories | 906 | (1,137) |
| Decrease (increase) in acquired non-performing loans | 1,210 | 14 |
| Decrease (increase) in silent partnership | (406) | (675) |
| Other, net | (428) | 185 |
| Subtotal | 5,200 | 3,267 |
| Interests and dividends received | 22 | 47 |
| Interests paid | (759) | (692) |
| Income taxes paid | (523) | (1,121) |
| Income taxes refund | 733 | 294 |
| Net cash provided by operating activities | 4,673 | 1,795 |
| Investing activities | | |
| Payments into time deposits | - | (6) |
| Proceeds from withdrawal of time deposits | - | 2,099 |
| Payment for purchase of property and equipment | (92) | (59,795) |
| Proceeds from sale of property and equipment | 290 | 26,336 |
| Payment for purchase of intangible assets | (2,269) | (14) |
| Payment for purchase of investment securities | (753) | (0) |
| Proceeds from repayment of investment securities | 1,016 | 120 |
| Payments for transfer of business | - | (649) |
| Payment for purchase of stocks of subsidiaries and affiliates | (452) | (6,548) |
| Proceeds from sales of stocks of subsidiaries and affiliates | - | 1,096 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | - | (1,632) |
| Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation | 76 | - |
| Payments of loans receivable | - | (1,077) |
| Other, net | 127 | 569 |
| Net cash provided by (used in) investing activities | (2,057) | (39,502) |

| | First six months of 2013 (Jan. 1, 2013 – Jun. 30, 2013) | First six months of 2014 (Jan. 1, 2014 – Jun. 30, 2014) |
|---|--|--|
| Financing activities | | |
| Increase (decrease) in short-term borrowings | (1,002) | 1,094 |
| Increase (decrease) in short-term non-recourse borrowings | - | 100 |
| Proceeds from long-term borrowings | 5,954 | 550 |
| Repayment of long-term borrowings | (8,344) | (6,256) |
| Proceeds from long-term non-recourse borrowings | - | 44,745 |
| Repayment of long-term non-recourse borrowings | (535) | (17,785) |
| Proceeds from issuance of non-recourse bonds | - | 6,438 |
| Payment for redemption of non-recourse bonds | (9) | (9) |
| Proceeds from minority interest | 1 | 5,459 |
| Dividends to minority interest | (52) | - |
| Distributions to minority interest | (27) | (576) |
| Other, net | 7 | (4) |
| Net cash used in financing activities | (4,008) | 33,754 |
| Effect of exchange rate changes on cash and cash equivalents | 84 | (28) |
| Increase (decrease) in cash and cash equivalents | (1,308) | (3,980) |
| Cash and cash equivalents at beginning of period | 14,452 | 29,622 |
| Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation | (33) | (1,305) |
| Cash and cash equivalents at end of period | 13,110 | 24,336 |

(4) Segment Information

FY2013 (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 |

FY2014 (Jan. 1, 2014 – Jun. 30, 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 | 4,313 | 5,796 | 4,829 | (451) | 14,488 |
| Segment operating income | 2,594 | 1,853 | 1,036 | (718) | 4,765 |