

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2014 (Nine Months Ended September 30, 2014)

[Japanese GAAP]

Described below is an abstract in English of the financial result for the first nine 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: November 11, 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 – Sep. 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	%
Nine months ended Sep.30, 2014	19,741	63.4	6,281	26.3	5,262	53.6	5,945	161.5
Nine months ended Sep.30, 2013	12,081	(11.4)	4,975	(4.7)	3,426	57.4	2,273	-

Note: Comprehensive income (million yen) Sep.30, 2014: 6,817 (136.6%) Sep. 30, 2013: 2,881 (-%)

	Net income per share, (basic)	Net income per share, (diluted)
	Yen	Yen
Nine months ended Sep. 30, 2014	22.38	22.36
Nine months ended Sep. 30, 2013	9.85	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2014	209,898	86,553	37.4
As of Dec. 31, 2013	148,398	74,341	48.0

Reference: Shareholders' equity (million yen) As of Sep. 30, 2014: 78,555 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: 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 Sep. 30, 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 Sep. 30, 2014:	- shares	As of Dec. 31, 2013:	- shares
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3) Average number of shares outstanding during the period

Nine months ended Sep. 30, 2014:	265,658,200 shares	Nine months ended Sep. 30, 2013:	230,674,789 shares
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* 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 of Japan. 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)	Third quarter of 2014 (As of Sep. 30, 2014)
Assets		
Current assets		
Cash and deposits	25,795	18,879
Deposits held in trust	1,103	3,632
Accounts receivable-trade	1,079	1,298
Real estate for sale	14,950	12,279
Investment in real estate for sale	-	2,887
Acquired non-performing loans	353	301
Securities	5,000	-
Income taxes refundable	169	949
Deferred tax assets	156	159
Other	1,243	2,060
Allowance for doubtful accounts	(87)	(61)
Total current assets	49,763	42,387
Fixed assets		
Property and equipment		
Buildings and structures	31,089	43,284
Accumulated depreciation	(2,680)	(2,699)
Buildings and structures, net	28,408	40,584
Land	49,941	93,208
Other	309	1,102
Accumulated depreciation	(74)	(72)
Other, net	235	1,029
Total property and equipment	78,586	134,822
Intangible assets		
Leasehold right	2,861	2,828
Goodwill	412	898
Other	63	74
Total intangible assets	3,338	3,801
Investment and other assets		
Investment securities	11,889	21,236
Investment in capital	461	498
Long-term loans receivable	548	1,059
Deferred tax assets	63	66
Other	3,984	6,143
Allowance for doubtful accounts	(236)	(117)
Total investment and other assets	16,710	28,886
Total fixed assets	98,635	167,510
Total assets	148,398	209,898

(Millions of yen)

	FY2013 (As of Dec. 31, 2013)	Third quarter of 2014 (As of Sep. 30, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	594	590
Short-term borrowings	3,541	4,633
Short-term non-recourse borrowings	-	837
Long-term borrowings-due within one year	6,589	8,650
Long-term non-recourse borrowings-due within one year	622	1,501
Non-recourse bonds-due within one year	19	146
Accrued employees' bonuses	-	78
Accrued income taxes	156	467
Other	1,729	27,11
Total current liabilities	13,253	19,618
Long-term liabilities		
Long-term borrowings	27,547	18,022
Long-term non-recourse borrowings	24,796	69,281
Non-recourse bonds payable	2,909	8,339
Deferred tax liabilities	1,389	1,585
Allowance for employees' retirement benefits	107	117
Long-term security deposits	3,701	6,033
Other	351	346
Total long-term liabilities	60,803	103,726
Total liabilities	74,056	123,344
Net assets		
Shareholders' equity		
Common stock	40,237	40,237
Additional paid-in capital	40,496	28,782
Retained earnings	(9,605)	8,986
Total shareholders' equity	71,128	78,006
Accumulated other comprehensive income		
Net unrealized holding gains/losses on other securities	398	782
Deferred gains or losses on hedges	-	(12)
Foreign currency translation adjustments	(257)	(221)
Total accumulated other comprehensive income	140	549
Subscription rights to shares	44	93
Minority interests	3,028	7,903
Total net assets	74,341	86,553
Total liabilities and net assets	148,398	209,898

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

	First nine months of 2013 (Jan. 1, 2013 – Sep. 30, 2013)	First nine months of 2014 (Jan. 1, 2014 – Sep. 30, 2014)
Revenue	12,081	19,741
Cost of revenue	4,374	10,001
Gross profit	7,706	9,739
Total selling, general and administrative expenses	2,731	3,457
Operating income	4,975	6,281
Non-operating income		
Interest income	21	56
Equity in earnings of affiliates	51	299
Foreign currency transaction gain	29	34
Other	80	107
Total non-operating income	183	497
Non-operating expenses		
Interest expenses	1,152	1,116
Commissions paid	435	360
Other	144	39
Total non-operating expenses	1,732	1,516
Ordinary income	3,426	5,262
Extraordinary income		
Gain on sales of fixed assets	134	3,276
Other	1	10
Total extraordinary income	136	3,287
Extraordinary loss		
Loss on sales of fixed assets	215	747
Impairment loss	48	652
Office transfer expenses	95	-
Other	0	50
Total extraordinary losses	360	1,450
Income before income taxes and profit distribution to silent partners	3,202	7,099
Profit distribution to silent partnerships	(0)	0
Income before income taxes	3,202	7,099
Income taxes	744	690
Income before minority interests	2,457	6,409
Minority interests	184	464
Net income	2,273	5,945

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

	First nine months of 2013 (Jan. 1, 2013 – Sep. 30, 2013)	First nine months of 2014 (Jan. 1, 2014 – Sep. 30, 2014)
Income before minority interests	2,457	6,409
Other comprehensive income		
Net unrealized holding gains/losses on other securities	324	384
Deferred gains or losses on hedges	-	(12)
Foreign currency translation adjustments	98	36
Total other comprehensive income	423	408
Comprehensive income	2,881	6,817
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,687	6,353
Comprehensive income attributable to minority interests	194	463

(3) Segment Information

FY2013 (Jan. 1, 2013 – Sep. 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	5,424	2,881	4,259	(485)	12,081
Segment operating income	3,047	1,114	1,438	(625)	4,975

FY2014 (Jan. 1, 2014 – Sep. 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	6,614	6,362	7,598	(834)	19,741
Segment operating income	3,840	1,904	1,750	(1,213)	6,281