

## Outline of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending December 2005

Name of Company Listed: Tokyo Tatemono Co., Ltd.

URL: <http://www.tatemono.com>

Code Number: 8804 (First Section of the Tokyo Stock Exchange)

Representative: Keisuke Minami, President and Chief Executive Officer

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### 1. Items Pertaining to the Preparation of Third-Quarter Results

- (1) Use of Simplified Accounting Procedures: No
- (2) Changes in Accounting Principles in the Most Recent Fiscal Year: Yes  
(Content) Tokyo Tatemono has applied its "Accounting Standards for Impairment of Fixed Assets" ahead of legal requirements. (See "Change in Accounting Method" on Page 9 of the Supplementary Information to the Consolidated Financial Statements for further details.)
- (3) Changes in Scope of Consolidation or Application of the Equity Method: Yes  
Consolidation: (New) 9 companies (Eliminated) none  
Equity method: (New) none (Eliminated) none

### 2. Consolidated Results of Operations for the Third Quarter of Fiscal 2005 (January 1, 2005 to September 30, 2005)

#### (1) Consolidated Business Results

Quarter ended September 30 (Amounts indicated are displayed with amounts less than one million yen rounded off.)

	Revenue from operations		Operating income		Recurring income		Quarterly net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2005 3Q	96,385	(2.7)	14,146	(8.8)	10,527	(5.9)	4,169	(42.6)
2004 3Q	99,044	(1.5)	15,517	(11.9)	11,186	(17.6)	7,267	4.8
2004 full year (ref.)	161,296		23,545		17,951		9,906	

	Quarterly net income per share	Quarterly net income per share after adjusting for dilution
	Yen	Yen
2005 3Q	16.02	15.38
2004 3Q	31.60	31.33
2004 full year (ref.)	41.64	41.38

Note: The percentage figures presented for revenue from operations, operating income, recurring income and quarterly net income indicate changes from the fourth quarter of the previous fiscal year.

#### (2) Consolidated Financial Status September 30

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2005 3Q	601,233	160,020	26.6	567.54
2004 3Q	545,805	126,095	23.1	505.76
2004 full year (ref.)	519,520	131,308	25.3	522.88

(3) Consolidated Cash Flows  
Quarter ended September 30

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2005 3Q	(41,153)	(31,396)	74,889	9,806
2004 3Q	(1,494)	(26,917)	31,741	10,082
2004 full year (ref.)	24,918	(27,613)	2,574	6,619

3. Projection of Consolidated Results of Operations for Fiscal 2005, Ending December 2005  
(January 1, 2005 to December 31, 2005)

	Revenue from operations	Recurring income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full fiscal year	177,000	22,000	11,500

(Reference) Projected net income per share (full fiscal year): ¥40.79

Note: Performance during the third quarter was in line with the business plan, so there will be no revision of projections.

**Forward-Looking Statements**

This document contains certain statements based on Tokyo Tatemono's current plans, estimates, and strategies; all statements that are not of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management based on currently available information. It is possible that the Company's future performance will differ significantly from the contents of these forward-looking statements. Accordingly, there is no assurance that the forward-looking statements in this document will prove to be accurate.

*All financial information has been prepared in accordance with accounting principles generally accepted in Japan. This document is an English-language translation of the Japanese-language original.*

### Third-Quarter Consolidated Balance Sheets

(Millions of yen)

Item	End of FY 2005 3Q		End of FY 2004		Increase/ Decrease	End of FY 2004 3Q	
	As of September 30, 2005		As of December 31, 2004			As of September 30, 2004	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(ASSETS)		%		%			%
<b>I Current assets</b>	148,393	24.7	98,978	19.1	49,415	119,744	21.9
Cash	9,838		6,692		3,146	10,154	
Accounts receivable, trade	5,338		5,375		(36)	3,520	
Marketable securities	2,971		2,971		-	-	
Inventories	107,071		71,883		35,188	92,580	
Deferred income taxes	1,068		1,004		63	558	
Other current assets	22,121		11,063		11,057	12,948	
Allowance for doubtful accounts	(16)		(12)		(3)	(17)	
<b>II Fixed assets</b>	452,837	75.3	420,540	80.9	32,297	426,058	78.1
<b>1. Property and equipment</b>	322,904	53.7	307,550	59.2	15,354	311,431	57.1
Buildings and structures	70,026		59,584		10,441	60,455	
Land	249,593		247,084		2,508	250,017	
Construction in progress	453		184		269	279	
Other fixed assets	2,831		696		2,135	678	
<b>2. Intangible and other assets</b>	7,394	1.2	7,310	1.4	84	7,171	1.3
<b>3. Investments</b>	122,538	20.4	105,679	20.3	16,858	107,456	19.7
Investment securities	70,521		54,400		16,121	54,400	
Investment in consortia	37,507		33,730		3,776	35,500	
Long-term loans	1,573		1,560		13	1,543	
Deferred income taxes	770		835		(64)	996	
Other investments	14,366		17,385		(3,018)	17,227	
Allowance for doubtful accounts	(1,268)		(1,290)		21	(1,217)	
Investment loss reserve	(932)		(941)		9	(994)	
<b>III Deferred assets</b>	1	0.0	1	0.0	(0)	1	0.0
<b>Total assets</b>	601,233	100.0	519,520	100.0	81,712	545,805	100.0

Item	End of FY 2005 3Q		End of FY 2004		Increase/ Decrease	End of FY 2004 3Q	
	As of September 30, 2005		As of December 31, 2004			As of September 30, 2004	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(LIABILITIES)		%		%			%
<b>I Current liabilities</b>	170,098	28.3	145,265	27.9	24,832	164,640	30.2
Short-term borrowings	108,290		104,316		3,974	122,433	
Commercial paper	23,300		700		22,600	2,700	
Accounts payable, trade	4,286		10,900		(6,613)	7,082	
Accrued income taxes	2,953		4,241		(1,288)	1,172	
Deferred income taxes	10		2		7	3	
Reserve for bonuses	952		214		738	773	
Other current liabilities	30,304		24,889		5,414	30,476	
<b>II Long-term liabilities</b>	271,114	45.1	242,946	46.8	28,167	254,119	46.5
Long-term debt	202,872		174,173		28,698	183,630	
Guarantee deposits received	37,682		37,538		144	38,250	
Deferred income taxes	10,068		7,031		3,036	8,061	
Deferred income taxes on land revaluation	8,377		8,672		(295)	9,270	
Accrued severance indemnities	4,699		4,745		(45)	4,663	
Allowance for retirement benefits for directors	481		621		(139)	–	
Provision for loss on guarantees	77		82		(5)	95	
Other long-term liabilities	6,855		10,080		(3,225)	10,146	
<b>Total liabilities</b>	441,212	73.4	388,212	74.7	53,000	418,759	76.7
(MINORITY INTEREST)							
<b>Minority interest</b>	–	–	–	–	–	949	0.2
(SHAREHOLDERS' EQUITY)							
<b>I Common stock</b>	62,190	10.3	51,629	9.9	10,561	51,629	9.4
<b>II Capital surplus</b>	60,571	10.1	49,740	9.6	10,830	49,231	9.0
<b>III Retained earnings</b>	11,845	2.0	9,562	1.8	2,283	6,051	1.1
<b>IV Land revaluation excess</b>	12,205	2.0	12,635	2.4	(430)	13,507	2.5
<b>V Net unrealized gain on available-for-sale securities</b>	13,623	2.3	8,852	1.7	4,770	7,617	1.4
<b>VI Foreign currency translation adjustments</b>	(105)	(0.0)	(258)	(0.0)	153	(135)	(0.0)
<b>VII Less: Treasury stock, at cost</b>	(310)	(0.1)	(852)	(0.1)	541	(1,806)	(0.3)
<b>Total shareholders' equity</b>	160,020	26.6	131,308	25.3	28,711	126,095	23.1
<b>Total liabilities, minority interest and shareholders' equity</b>	601,233	100.0	519,520	100.0	81,712	545,805	100.0

### Third-Quarter Consolidated Statements of Income

(Millions of yen)

Item	FY 2005 3Q		FY 2004 3Q		Increase/ Decrease	FY 2004	
	January 1, 2005 through September 30, 2005		January 1, 2004 through September 30, 2004			January 1, 2004 through December 31, 2004	
	Amount	Percentage	Amount	Percentage	Amount	Amount	Percentage
<b>I Revenue from operations</b>	96,385	100.0	99,044	100.0	(2,658)	161,296	100.0
<b>II Cost of revenue</b>	68,279	70.8	72,582	73.3	(4,303)	121,211	75.1
Gross profit	28,106	29.2	26,461	26.7	1,644	40,085	24.9
<b>III Selling, general and administrative</b>	13,959	14.5	10,943	11.0	3,015	16,540	10.3
Operating income	14,146	14.7	15,517	15.7	(1,370)	23,545	14.6
<b>IV Non-operating income</b>							
Interest income	73		65		8	95	
Dividend income	384		335		49	444	
Equity in income of affiliated companies	134		164		(30)	245	
Other	310		237		72	344	
Total non-operating income	902	0.9	802	0.8	99	1,129	0.7
<b>V Non-operating expenses</b>							
Interest expense	4,220		4,950		(729)	6,481	
New share issue expenses	99		72		27	72	
Bond issuance expenses	22		–		22	–	
Other	180		111		68	169	
Total non-operating expenses	4,522	4.7	5,133	5.2	(611)	6,723	4.2
Recurring income	10,527	10.9	11,186	11.3	(659)	17,951	11.1
<b>VI Extraordinary income</b>							
Gain on sale of property and equipment	135		12		122	12	
Gain on sale of investment securities	317		1,433		(1,116)	1,447	
Reversal of provision for losses on doubtful accounts	31		37		(6)	0	
Gain on reversal of provision for investment losses	9		–		9	–	
Other	22		–		22	7	
Total extraordinary income	515	0.5	1,483	1.5	(968)	1,468	0.9
<b>VII Extraordinary loss</b>							
Loss on revaluation of real estate for sale	–		–		–	2,127	
Loss on sale of fixed assets	4		456		(452)	1,510	
Loss on retirement of property and equipment	51		57		(6)	115	
Loss on devaluation of investment securities	–		–		–	13	
Loss on sale of investment securities	–		2		(2)	2	
Provision for investment loss reserve	–		81		(81)	74	
Provision for allowance for retirement benefits for directors	–		–		–	503	
Provision for loss on guarantees	–		95		(95)	82	
Retirement and bonuses for special services for directors	60		26		33	26	
Impairment loss	2,239		–		2,239	–	
Other	26		–		26	7	
Total extraordinary loss	2,382	2.4	720	0.7	1,662	4,464	2.7
Income before income taxes and minority interest	8,660	9.0	11,950	12.1	(3,289)	14,954	9.3
Current income taxes	5,025	5.2	1,864	1.9	3,160	4,864	3.0
Deferred income taxes	(534)	(0.5)	2,626	2.7	(3,160)	(107)	(0.0)
Minority interest	–	–	191	0.2	(191)	291	0.2
Net income	4,169	4.3	7,267	7.3	(3,097)	9,906	6.1

Third-Quarter Consolidated Statements of Shareholders' Equity

(Millions of yen)

Item	End of FY 2005 3Q	End of FY 2004 3Q	End of FY 2004
	January 1, 2005 through September 30, 2005	January 1, 2004 through September 30, 2004	January 1, 2004 through December 31, 2004
	Amount	Amount	Amount
<b>CAPITAL SURPLUS</b>			
<b>I Capital surplus, at beginning of year</b>	49,740	38,229	38,229
<b>II Increase in capital surplus</b>	10,830	11,001	11,510
New stock issue due to capital increase	–	5,964	5,964
Surplus from retirement of treasury stock	314	5,036	5,545
Increased amount due to exercise of rights of bonds with stock acquisition rights	10,516	–	–
<b>III Capital surplus, at end of year</b>	60,571	49,231	49,740
<b>RETAINED EARNINGS</b>			
<b>I Retained earnings, at beginning of year</b>	9,562	4,845	4,845
<b>II Increase in retained earnings</b>	4,600	7,267	9,906
Net income	4,169	7,267	9,906
Transfer to land revaluation excess	430	–	–
<b>III Decrease in retained earnings</b>	2,316	6,061	5,189
Cash dividends	2,058	1,834	1,834
Bonuses to directors and corporate auditors	123	103	103
Decrease from addition to consolidated subsidiaries	134	–	–
Transfer to land revaluation excess	–	4,123	3,251
<b>IV Retained earnings, at end of year</b>	11,845	6,051	9,562

## Third-Quarter Consolidated Statements of Cash Flows

(Millions of yen)

Item	2005 3Q	2004 3Q	2004 FY
	January 1, 2005 through September 30, 2005	January 1, 2004 through September 30, 2004	January 1, 2004 through December 31, 2004
	Amount	Amount	Amount
<b>I Operating activities</b>			
Income before income taxes and minority interest	8,660	11,950	14,954
Depreciation	2,751	2,498	3,331
Impairment loss	2,239	–	–
Amortization	26	(7)	(9)
Equity in income of affiliated companies	(134)	(164)	(245)
Increase (decrease) in allowance for doubtful accounts	(17)	(52)	16
Increase (decrease) in investment loss reserve	(9)	81	28
(Reversal of) reserve for bonuses to employees	738	613	54
Reversal of severance indemnities, less payments	(45)	184	265
Increase (decrease) in allowance for retirement benefits for directors	(139)	–	621
Increase (decrease) in provision for loss on guarantees	(5)	95	82
Interest and dividend income	(458)	(401)	(539)
Interest expense	4,220	4,950	6,481
Loss on revaluation of real estate for sale	–	–	2,127
Write-down of marketable securities	–	–	13
Gain (loss) on sale of marketable and investment securities	(317)	(1,431)	(1,445)
Gain on sales of fixed assets	(135)	(12)	(12)
Loss on sales of fixed assets	55	514	1,626
(Increase) decrease in accounts receivable, trade	490	(528)	(2,384)
(Increase) decrease in inventories	(40,034)	(17,882)	3,081
Increase (decrease) in guarantee deposits received	78	6,017	5,320
Increase (decrease) in accounts payable, trade	(681)	(229)	445
(Increase) decrease in guarantee deposits paid	74	(2,873)	(2,301)
Other	(7,774)	1,884	1,329
Subtotal	(30,418)	5,207	32,845
Interest and dividends received	495	434	573
Interest paid	(4,635)	(5,180)	(6,449)
Income taxes paid	(6,594)	(1,955)	(2,050)
Net cash provided by (used in) operating activities	(41,153)	(1,494)	24,918
<b>II Investing activities</b>			
Proceeds from sale of marketable and investment securities	1,448	4,924	4,950
Payment for purchase of marketable and investment	(10,597)	(3,711)	(4,737)
Investments in consortia	(6,382)	(26,912)	(27,620)
Proceeds from sale of investments in consortia	2,869	120	2,569
Proceeds from sale of property and equipment	2,841	364	2,817
Payment for purchase of property and equipment	(11,309)	(2,188)	(2,753)
Decrease (increase) in short-term loans	(7,596)	58	(401)
Decrease (increase) in long-term loans	(13)	(398)	(414)
Payments for business transfer	(1,500)	–	–
Other	(1,155)	825	(2,023)
Net cash used in investing activities	(31,396)	(26,917)	(27,613)
<b>III Financing activities</b>			
Increase (decrease) in short-term borrowings	48,070	13,677	(2,150)
Increase (decrease) in long-term debt	7,003	6,891	(6,919)
Repayment of corporate bonds	–	(6,615)	(6,615)
Proceeds from issuance of bonds with stock acquisition rights	22,000	–	–
Proceeds from new stock issue	–	11,970	11,970
Proceeds from treasury stock	5	9,208	9,762
Acquisition of treasury stock	(71)	(1,275)	(1,299)
Dividends paid	(1,996)	(1,772)	(1,831)
Payments of dividends to minority shareholders	–	(270)	(270)
Other	(120)	(72)	(72)
Net cash provided by financing activities	74,889	31,741	2,574

Item	2005 3Q	2004 3Q	2004 FY
	January 1, 2005 through September 30, 2005	January 1, 2004 through September 30, 2004	January 1, 2004 through December 31, 2004
	Amount	Amount	Amount
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	7	6	(4)
<b>V Net increase (decrease) in cash and cash equivalents</b>	2,347	3,336	(126)
<b>VI Cash and cash equivalents at beginning of year</b>	6,619	6,745	6,745
<b>VII Increase in cash and cash equivalents accompanying newly consolidated subsidiary</b>	839	–	–
<b>VIII Cash and cash equivalents at end of year</b>	9,806	10,082	6,619

Note: The item “Decrease (increase) in short-term loans,” which was formerly included in the “Other” item of cash flows from investing activities, has become a separate item from the subject third-quarter fiscal period. Figures for the corresponding quarter and the full year for fiscal 2004 have been adjusted accordingly.

**Change in Accounting Method**

(Accounting standard for impairment of fixed assets)

From the subject interim fiscal period, Tokyo Tatemono has applied its “Accounting Standards for Impairment of Fixed Assets” (“Statement Regarding Setting of Accounting Standards for Impairment of Fixed Assets” (Corporate Accounting Council, August 9, 2002)), and its “Guidelines for the Application of Accounting Standards for Impairment of Fixed Assets” (Corporate Accounting Standards Committee, October 31, 2003, Corporate Accounting Standards Application Guideline No. 6).

As a result of this change, income before income taxes and minority interest declined by ¥2,239 million.

**Issuance of Bonds with Stock Acquisition Rights**

Tokyo Tatemono issued its second series of unsecured convertible bonds with stock acquisition rights on October 6, 2005 (total issue value ¥30,000 million, announced on September 20, 2005), approved at a meeting of its Board of Directors held on September 20, 2005.

## (Segment Information)

### 1. Industry Segments

Fiscal 2005 3Q (January 1, 2005 through September 30, 2005)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Portion not classified to segments, less elimination	Consolidated
<b>I. Revenue from operations</b>						
(1) Customers	30,956	45,174	20,253	96,385	–	96,385
(2) Intersegment	461	103	2,173	2,738	(2,738)	–
Total	31,418	45,278	22,427	99,124	(2,738)	96,385
Costs and operating expenses	18,321	44,142	18,607	81,071	1,167	82,238
Operating income	13,096	1,135	3,820	18,053	(3,906)	14,146

Fiscal 2004 3Q (January 1, 2004 through September 30, 2004)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Portion not classified to segments, less elimination	Consolidated
<b>I. Revenue from operations</b>						
(1) Customers	30,318	51,788	16,936	99,044	–	99,044
(2) Intersegment	421	77	1,654	2,154	(2,154)	–
Total	30,740	51,866	18,591	101,198	(2,154)	99,044
Costs and operating expenses	18,550	47,568	15,661	81,781	1,745	83,526
Operating income	12,190	4,297	2,929	19,417	(3,900)	15,517

#### (Notes)

##### 1. Method of determination of industry segments

Business segments have been determined in consideration of the business activities of the corporate group.

##### 2. Principal content of each industry segment

Leasing: Leasing and management of land, buildings and housing

Real estate sales: Sales of residential land, houses and high-rise condominiums

Other: Real estate agency and evaluation, consulting, civil engineering and construction contracting, resort, leisure facilities and hotel business

3. Operating expenses for the third quarter of fiscal 2005 include ¥3,702 million in operating expenses that cannot be included in “portion not classified to segments, less elimination,” consisting primarily of expenses related to the general administration of the Company. Operating expenses for the third quarter of fiscal 2004 include ¥3,423 million in operating expenses that cannot be included in “portion not classified to segments, less elimination,” consisting primarily of expenses related to the general administration of the Company.

##### 2. Geographical Segments

Fiscal 2005 3Q (January 1, 2005 through September 30, 2005), and Fiscal 2004 3Q (January 1, 2004 through September 30, 2004)

This information is not presented, as more than 90% of total operating revenues and assets originates in Japan.

##### 3. Overseas Operating Revenues

Fiscal 2005 3Q (January 1, 2005 through September 30, 2005), and Fiscal 2004 3Q (January 1, 2004 through September 30, 2004)

This information is not presented, as less than 10% of consolidated operating revenues is from overseas.

## Outline of Non-Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending December 2005

Name of Company Listed: Tokyo Tatemono Co., Ltd.

URL: <http://www.tatemono.com>

Code Number: 8804 (First Section of the Tokyo Stock Exchange)

Representative: Keisuke Minami, President and Chief Executive Officer

Contact: Kuniyuki Motoyoshi, Manager, Corporate Communications and Investor Relations Department

E-mail: [info@tatemono.com](mailto:info@tatemono.com)

### 1. Items Pertaining to the Preparation of Third-Quarter Results:

(1) Use of Simplified Accounting Procedures: No

(2) Changes in Accounting Principles in the Most Recent Fiscal Year: Yes

(Content) Tokyo Tatemono has applied its "Accounting Standards for Impairment of Fixed Assets" ahead of legal requirements. (See "Change in Accounting Method" on Page 16 of the Supplementary Information to the Non-Consolidated Financial Statements for further details.)

### 2. Non-Consolidated Results of Operations for the Third Quarter of Fiscal 2005 (January 1, 2005 to September 30, 2005)

#### (1) Non-Consolidated Business Results

Quarter ended September 30

(Amounts indicated are displayed with amounts less than one million yen rounded off.)

	Revenue from operations		Operating income		Recurring income		Quarterly net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2005 3Q	71,885	(9.2)	11,686	(10.6)	8,352	(13.7)	4,098	(37.2)
2004 3Q	79,137	(3.1)	13,074	(13.4)	9,679	(14.9)	6,530	19.0
2004 full year (ref.)	132,716		20,391		15,746		8,447	

	Quarterly net income per share
	Yen
2005 3Q	15.62
2004 3Q	28.22
2004 full year (ref.)	35.30

Note: The percentage figures presented for revenue from operations, operating income, recurring income and quarterly net income indicate changes from the fourth quarter of the previous fiscal year.

#### (2) Non-Consolidated Financial Status

September 30

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2005 3Q	573,818	154,220	26.9	543.21
2004 3Q	499,805	122,568	24.5	488.79
2004 full year (ref.)	477,564	126,616	26.5	500.37

**3. Projection of Non-Consolidated Results of Operations for Fiscal 2005, Ending December 2005  
(January 1, 2005 to December 31, 2005)**

	Revenue from operations	Recurring income	Net income	Annual dividends per share	
				Year-end	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Full fiscal year	145,000	18,500	11,500	5.00	9.00

(Reference) Projected net income per share (full fiscal year): ¥40.51

Note: Performance during the third quarter was in line with the business plan, so there will be no revision of projections.

### Third-Quarter Non-Consolidated Balance Sheets

(Millions of yen)

Item	End of FY 2005 3Q		End of FY 2004		Increase/ Decrease	End of FY 2004 3Q	
	As of September 30, 2005		As of December 31, 2004			As of September 30, 2004	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(ASSETS)		%		%			%
<b>I Current assets</b>	154,880	27.0	92,714	19.4	62,165	109,972	22.0
Cash	4,391		5,082		(691)	4,860	
Accounts receivable, trade	3,974		4,124		(150)	2,688	
Marketable securities	2,971		2,971		-	-	
Real estate for sale	94,442		58,586		35,856	78,973	
Beneficial interests in real estate for sale in trust	364		2,606		(2,241)	3,860	
Advances	703		809		(106)	164	
Advance expenses	1,992		1,662		330	1,353	
Deferred income taxes	205		407		(201)	127	
Short-term loans receivable	37,239		16,438		20,801	8,206	
Other current assets	16,132		7,462		8,669	9,753	
Allowance for doubtful accounts	(7,536)		(7,437)		(99)	(15)	
<b>II Fixed assets</b>	418,938	73.0	384,849	80.6	34,088	389,833	78.0
<b>1. Property and equipment</b>	273,831	47.7	268,283	56.2	5,548	272,188	54.4
Buildings	54,880		48,480		6,400	49,342	
Structures	677		548		128	560	
Machinery and equipment	350		246		104	252	
Vehicles	2		2		(0)	3	
Tools and equipment	301		147		153	145	
Land	217,618		218,857		(1,238)	221,790	
Construction in progress	-		-		-	94	
<b>2. Intangible and other assets</b>	6,814	1.2	6,868	1.4	(54)	6,886	1.4
Lease rights	6,656		6,656		-	6,656	
Other intangible assets	158		212		(54)	230	
<b>3. Investments</b>	138,291	24.1	109,696	23.0	28,594	110,758	22.2
Investment securities	62,195		46,812		15,383	47,386	
Shares in affiliated companies	15,929		15,811		117	13,857	
Investment in consortia	36,285		33,456		2,829	35,282	
Investment in affiliated companies	6		3		3	6	
Long-term loans	148		142		5	127	
Long-term loans to affiliated companies	12,048		548		11,500	8,648	
Guarantee deposits paid	11,712		11,327		384	11,897	
Other investments	2,154		3,824		(1,669)	3,148	
Allowance for doubtful accounts	(1,061)		(1,092)		31	(8,440)	
Investment loss reserve	(1,127)		(1,136)		9	(1,154)	
<b>Total assets</b>	573,818	100.0	477,564	100.0	96,254	499,805	100.0

Item	End of FY 2005 3Q		End of FY 2004		Increase/ Decrease	End of FY 2004 3Q	
	As of September 30, 2005		As of December 31, 2004			As of September 30, 2004	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(LIABILITIES)		%		%			%
<b>I Current liabilities</b>	154,414	26.9	123,095	25.8	31,319	140,120	28.0
Short-term borrowings	40,926		18,291		22,635	29,978	
Current portion of long-term debt	62,105		71,672		(9,566)	78,375	
Commercial paper	23,300		700		22,600	2,700	
Accounts payable, trade	2,495		8,981		(6,486)	5,741	
Accrued expenses	2,486		3,638		(1,152)	3,128	
Accrued income taxes	2,166		3,808		(1,642)	767	
Advances received	16,186		13,276		2,910	12,936	
Deposits received	3,457		1,788		1,669	5,258	
Reserve for bonuses	531		124		406	470	
Other current liabilities	760		814		(53)	763	
<b>II Long-term liabilities</b>	265,184	46.2	227,852	47.7	37,331	237,116	47.5
Long-term debt	194,797		165,323		29,473	172,482	
Guarantee deposits received	35,456		36,263		(806)	37,097	
Accounts payable	3,445		3,644		(198)	3,710	
Long-term deposits payable	12,848		5,911		6,937	5,911	
Deferred income taxes	5,632		3,249		2,383	4,408	
Deferred income taxes on land revaluation	8,377		8,672		(295)	9,270	
Accrued severance indemnities	3,661		3,750		(88)	3,736	
Allowance for retirement benefits for directors	435		565		(129)	–	
Provision for loss on guarantees	77		82		(5)	95	
Other long-term liabilities	451		389		62	403	
<b>Total liabilities</b>	419,598	73.1	350,947	73.5	68,651	377,237	75.5
(SHAREHOLDERS' EQUITY)							
<b>I Common stock</b>	62,190	10.8	51,629	10.8	10,561	51,629	10.3
<b>II Capital surplus</b>	60,260	10.5	49,429	10.4	10,830	49,231	9.9
<b>Additional paid-in capital</b>	46,909		36,392		10,516	36,194	
<b>Other capital surplus</b>	13,350		13,036		314	13,036	
<b>III Retained earnings</b>	7,696	1.4	5,326	1.1	2,370	2,538	0.5
<b>Unappropriated retained earnings</b>	7,696		5,326		2,370	2,538	
<b>IV Land revaluation excess</b>	12,205	2.1	12,635	2.6	(430)	13,507	2.7
<b>V Net unrealized gain on available-for-sale securities</b>	11,916	2.1	8,186	1.7	3,729	7,192	1.4
<b>VI Less: Treasury stock at cost</b>	(49)	(0.0)	(590)	(0.1)	541	(1,530)	(0.3)
<b>Total shareholders' equity</b>	154,220	26.9	126,616	26.5	27,603	122,568	24.5
<b>Total liabilities and shareholders' equity</b>	573,818	100.0	477,564	100.0	96,254	499,805	100.0

## Third-Quarter Non-Consolidated Statements of Income

(Millions of yen)

Item	FY 2005 3Q		FY 2004 3Q		Increase/ Decrease	FY 2004	
	January 1, 2005 through September 30, 2005		January 1, 2004 through September 30, 2004			January 1, 2004 through December 31, 2004	
	Amount	Percentage	Amount	Percentage	Amount	Amount	Percentage
<b>I Revenue from operations</b>		%		%			%
Leasing	26,948	37.5	26,875	33.9	73	36,973	27.9
Real estate sales	40,911	56.9	49,120	62.1	(8,208)	91,175	68.7
Other	4,024	5.6	3,142	4.0	882	4,568	3.4
Total revenue from operations	71,885	100.0	79,137	100.0	(7,252)	132,716	100.0
<b>II Cost of revenue</b>							
Leasing	16,117		16,705		(587)	22,540	
Real estate sales	34,114		40,754		(6,639)	76,315	
Other	1,724		1,251		473	1,767	
Total cost of revenue	51,957	72.3	58,711	74.2	(6,753)	100,623	75.8
Gross profit	19,927	27.7	20,426	25.8	(498)	32,093	24.2
<b>III Selling, general and administrative expenses</b>	8,241	11.4	7,352	9.3	889	11,702	8.8
Operating income	11,686	16.3	13,074	16.5	(1,387)	20,391	15.4
<b>IV Non-operating income</b>							
Interest income	19		42		(23)	60	
Dividend income	482		958		(476)	1,005	
Other	222		165		57	285	
Total non-operating income	724	1.0	1,166	1.5	(442)	1,352	1.0
<b>V Non-operating expenses</b>							
Interest expense	3,802		4,453		(650)	5,826	
New share issue expenses	99		72		27	72	
Bond issuance expenses	22		–		22	–	
Others	133		36		97	97	
Total non-operating expenses	4,057	5.7	4,561	5.8	(503)	5,996	4.5
Recurring income	8,352	11.6	9,679	12.2	(1,326)	15,746	11.9
<b>VI Extraordinary gain</b>							
Gain on sale of property and equipment	53		–		53	–	
Gain on sale of investment securities	313		1,389		(1,075)	1,403	
Reversal of provision for losses on doubtful accounts	1		39		(37)	1	
Gain on reversal of provision for investment losses	9		–		9	–	
Total extraordinary gain	377	0.6	1,428	1.8	(1,051)	1,404	1.0
<b>VII Extraordinary loss</b>							
Loss on revaluation of real estate for sale	–		–		–	2,127	
Loss on sale of fixed assets	9		457		(447)	1,511	
Loss on retirement of property and equipment	38		49		(11)	80	
Loss on devaluation of investment securities	–		–		–	13	
Loss on sale of investment securities	–		–		–	0	
Provision for investment loss reserve	–		107		(107)	134	
Provision for allowance for retirement benefits for directors	–		–		–	463	
Provision for loss on guarantees	–		95		(95)	82	
Retirement and bonuses for special services for directors	–		12		(12)	12	
Impairment loss	876		–		876	–	
Other	1		–		1	7	
Total extraordinary loss	925	1.3	721	0.9	203	4,433	3.3
Income before income taxes	7,804	10.9	10,385	13.1	(2,581)	12,717	9.6
Current income taxes	3,976		1,047		2,929	4,183	
Deferred income taxes	(270)		2,807		(3,077)	87	
Net income	4,098	5.7	6,530	8.3	(2,432)	8,447	6.4
Retained earnings carried forward	4,215		1,142		3,072	1,142	
Interim cash dividends	1,047		1,011		35	1,011	
Transfer to land revaluation excess	430		(4,123)		4,553	(3,251)	
Unappropriated retained earnings	7,696		2,538		5,158	5,326	

## Change in Accounting Method

(Accounting standard for impairment of fixed assets)

From the subject interim fiscal period, Tokyo Tatemono has applied its “Accounting Standards for Impairment of Fixed Assets” (“Statement Regarding Setting of Accounting Standards for Impairment of Fixed Assets” (Corporate Accounting Council, August 9, 2002)), and its “Guidelines for Application of Accounting Standards for Impairment of Fixed Assets” (Corporate Accounting Standards Committee, October 31, 2003, Corporate Accounting Standards Application Guideline No. 6).

As a result of this change, income before income taxes declined by ¥876 million.

## Issuance of Bonds with Stock Acquisition Rights

Tokyo Tatemono issued its second series of unsecured convertible bonds with stock acquisition rights on October 6, 2005 (total issue value ¥30,000 million, announced on September 20, 2005), approved at a meeting of its Board of Directors held on September 20, 2005.

## Increase in Number of Shares Issued Due to Exercise of Rights for Bonds with Stock Acquisition Rights

The number of shares issued increased as a result of Tokyo Tatemono exercising its rights with regard to new stock acquisition rights for the First Series of Unsecured Convertible Bonds with Stock Acquisition Rights (total issue value ¥22,000 million) issued on April 25, 2005. Details are provided below. Conversion of the full amount was completed on August 18, 2005.

1. Number of new shares issued (common stock)	29,846,756 shares
2. Total amount of issue price	¥21,078 million
3. Capitalization amount	¥10,561 million

(For Reference)

In addition to the issue of new stock detailed above, the Company also issued treasury stock.

1. Number of treasury stock issued (common stock)	1,300,000 shares
2. Total amount of issue price	¥921 million
3. Recorded value of additional capital surplus (gain from disposal of treasury stock)	¥312 million

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