

## Outline of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending December 2006

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

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

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

Representative: Makoto Hatanaka, President, Representative Director

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

E-mail: [motoyoshik@tatemono.com](mailto:motoyoshik@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: No
- (3) Changes in Scope of Consolidation or Application of the Equity Method: Yes
 

Consolidation:	(New) 3 companies	(Eliminated) none
Equity method:	(New) none	(Eliminated) none

### 2. Consolidated Results of Operations for the Third Quarter of Fiscal 2006 (January 1, 2006 to September 30, 2006)

#### (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	%
2006 3Q	189,262	96.4	28,674	102.7	25,696	144.1	18,463	342.8
2005 3Q	96,385	(2.7)	14,146	(8.8)	10,527	(5.9)	4,169	(42.6)
2005 full year (ref.)	176,468		29,470		24,444		11,684	

	Quarterly net income per share	Quarterly net income per share after adjusting for dilution
	Yen	Yen
2006 3Q	58.44	–
2005 3Q	16.02	15.38
2005 full year (ref.)	42.31	40.74

Note: The percentage figures presented for revenue from operations, operating income, recurring income and quarterly net income indicate the percentage increase/decrease compared with the corresponding quarter of the previous fiscal year.

#### (2) Consolidated Financial Status

Quarter ended September 30

	Total assets	Total net assets	Equity ratio	Owners' equity per share
	Millions of yen	Millions of yen	%	Yen
2006 3Q	645,658	215,296	32.9	672.41
2005 3Q	601,233	160,020	26.6	567.54
2005 full year (ref.)	614,307	201,638	32.8	637.34

(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
2006 3Q	118	(19,407)	21,357	11,257
2005 3Q	(41,153)	(31,080)	74,889	9,806
2005 full year (ref.)	(941)	(42,141)	44,170	8,241

3. Projection of Consolidated Results of Operations for Fiscal 2006, Ending December 2006  
(January 1, 2006 to December 31, 2006)

	Revenue from operations	Recurring income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full fiscal year	240,000	29,000	16,000

(Reference) Projected net income per share (full fiscal year): ¥50.65

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 2006 3Q		End of FY 2005		Increase/ Decrease	End of FY 2005 3Q	
	As of September 30, 2006		As of December 31, 2005			As of September 30, 2005	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(ASSETS)		%		%			%
<b>I Current assets</b>	151,176	23.4	152,120	24.8	(943)	148,393	24.7
Cash	11,291		8,274		3,016	9,838	
Notes and accounts receivable, trade	8,331		9,991		(1,659)	5,338	
Marketable securities	1,782		1,782		-	2,971	
Inventories	109,308		113,680		(4,371)	107,071	
Deferred income taxes	1,548		1,143		405	1,068	
Other current assets	18,936		17,262		1,673	22,121	
Allowance for doubtful accounts	(21)		(14)		(7)	(16)	
<b>II Fixed assets</b>	494,481	76.6	462,185	75.2	32,296	452,837	75.3
<b>1. Property and equipment</b>	328,148	50.8	312,689	50.9	15,458	322,904	53.7
Buildings and structures	73,959		70,620		3,339	70,026	
Land	250,554		239,109		11,445	249,593	
Construction in progress	348		23		325	453	
Other fixed assets	3,284		2,935		349	2,831	
<b>2. Intangible and other     assets</b>	10,571	1.7	7,284	1.2	3,286	7,394	1.2
<b>3. Investments</b>	155,762	24.1	142,211	23.1	13,550	122,538	20.4
Investment securities	92,388		82,931		9,456	70,521	
Investment in consortia	48,117		44,206		3,911	37,507	
Long-term loans	980		1,047		(66)	1,573	
Deferred income taxes	903		812		90	770	
Other investments	15,060		15,011		49	14,366	
Allowance for doubtful accounts	(804)		(875)		70	(1,268)	
Investment loss reserve	(883)		(922)		38	(932)	
<b>III Deferred assets</b>	-	-	1	0.0	(1)	1	0.0
<b>Total assets</b>	645,658	100.0	614,307	100.0	31,351	601,233	100.0

Item	End of FY 2006 3Q		End of FY 2005		Increase/ Decrease	End of FY 2005 3Q	
	As of September 30, 2006		As of December 31, 2005			As of September 30, 2005	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(LIABILITIES)		%		%			%
<b>I Current liabilities</b>	157,485	24.4	140,578	22.9	16,906	170,098	28.3
Short-term borrowings	100,781		77,647		23,133	108,290	
Commercial paper	12,300		1,100		11,200	23,300	
Accounts payable, trade	6,696		7,977		(1,281)	4,286	
Accrued income taxes	5,008		6,613		(1,605)	2,953	
Deferred income taxes	16		–		16	10	
Reserve for compensation for completed work	3		5		(1)	–	
Reserve for bonuses	1,114		253		860	952	
Reserve for bonuses to directors and corporate auditors	141		–		141	–	
Other current liabilities	31,423		46,979		(15,555)	30,304	
<b>II Long-term liabilities</b>	272,877	42.3	272,008	44.3	868	271,114	45.1
Long-term debt	182,214		195,235		(13,020)	202,872	
Deferred income taxes	13,195		13,549		(353)	10,068	
Deferred income taxes on land revaluation	13,778		8,933		4,844	8,377	
Accrued severance indemnities	4,743		4,743		0	4,699	
Allowance for retirement benefits for directors	548		511		36	481	
Provision for loss on guarantees	63		69		(6)	77	
Reserve for scrapping of buildings	224		181		42	–	
Guarantee deposits received	40,163		37,380		2,783	37,682	
Other long-term liabilities	17,944		11,404		6,540	6,855	
<b>Total liabilities</b>	430,362	66.7	412,587	67.2	17,775	441,212	73.4
(MINORITY INTEREST)							
<b>Minority interest</b>	–	–	81	0.0	(81)	–	–
(SHAREHOLDERS' EQUITY)							
<b>I Common stock</b>	–	–	77,181	12.5	(77,181)	62,190	10.3
<b>II Capital surplus</b>	–	–	75,522	12.3	(75,522)	60,571	10.1
<b>III Retained earnings</b>	–	–	18,549	3.0	(18,549)	11,845	2.0
<b>IV Land revaluation excess</b>	–	–	13,016	2.1	(13,016)	12,205	2.0
<b>V Net unrealized gain on available-for-sale securities</b>	–	–	17,690	2.9	(17,690)	13,623	2.3
<b>VI Foreign currency translation adjustments</b>	–	–	(32)	(0.0)	32	(105)	(0.0)
<b>VII Less: Treasury stock, at cost</b>	–	–	(290)	(0.0)	290	(310)	(0.1)
<b>Total shareholders' equity</b>	–	–	201,638	32.8	(201,638)	160,020	26.6
<b>Total liabilities, minority interest and shareholders' equity</b>	–	–	614,307	100.0	(614,307)	601,233	100.0

(Millions of yen)

Item	End of FY 2006 3Q		End of FY 2005		Increase/ Decrease	End of FY 2005 3Q	
	As of September 30, 2006		As of December 31, 2005			As of September 30, 2005	
	Amount	Weight	Amount	Weight		Amount	Weight
(NET ASSETS)		%		%			%
<b>I Owners' equity</b>	181,821	28.2	–	–	181,821	–	–
<b>1 Paid-in capital</b>	77,181	12.0	–	–	77,181	–	–
<b>2 Capital surplus</b>	75,523	11.7	–	–	75,523	–	–
<b>3 Retained earnings</b>	29,524	4.6	–	–	29,524	–	–
<b>4 Treasury stock</b>	(407)	(0.1)	–	–	(407)	–	–
<b>II Valuation and translation adjustments</b>	30,573	4.7	–	–	30,573	–	–
<b>1 Valuation difference on available-for-sale</b>	16,014	2.5	–	–	16,014	–	–
<b>2 Revaluation difference on land</b>	14,582	2.2	–	–	14,582	–	–
<b>3 Translation adjustments</b>	(23)	(0.0)	–	–	(23)	–	–
<b>III Minority interests</b>	2,900	0.4	–	–	2,900	–	–
<b>Total net assets</b>	215,296	33.3	–	–	215,296	–	–
<b>Total liabilities, minority interest and net assets</b>	645,658	100.0	–	–	645,658	–	–

### Third-Quarter Consolidated Statements of Income

(Millions of yen)

Item	End of FY 2006 3Q		End of FY 2005 3Q		Increase/ Decrease	End of FY 2005	
	January 1, 2006 through September 30, 2006		January 1, 2005 through September 30, 2005			January 1, 2005 through December 31, 2005	
	Amount	Percentage	Amount	Percentage	Amount	Amount	Percentage
<b>I Revenue from operations</b>	189,262	100.0	96,385	100.0	92,877	176,468	100.0
<b>II Cost of revenue</b>	138,703	73.3	68,279	70.8	70,424	124,257	70.4
Gross profit	50,559	26.7	28,106	29.2	22,453	52,210	29.6
<b>III Selling, general and administrative expenses</b>	21,884	11.5	13,959	14.5	7,925	22,740	12.9
Operating income	28,674	15.2	14,146	14.7	14,528	29,470	16.7
<b>IV Non-operating income</b>							
Interest income	62		73		(11)	126	
Dividend income	449		384		64	461	
Equity in income of affiliated companies	158		134		24	74	
Other	295		310		(14)	299	
Total non-operating income	965	0.5	902	0.9	63	962	0.5
<b>V Non-operating expenses</b>							
Interest expense	3,480		4,220		(740)	5,464	
New share issue expenses	36		99		(63)	257	
Bond issuance expenses	–		22		(22)	26	
Other	427		180		246	240	
Total non-operating expenses	3,943	2.1	4,522	4.7	(578)	5,988	3.3
Recurring income	25,696	13.6	10,527	10.9	15,169	24,444	13.9
<b>VI Extraordinary income</b>							
Gain on sale of property and equipment	260		135		124	932	
Gain on sale of investment securities	–		317		(317)	317	
Gain on sale of investments in subsidiaries	2,695		–		2,695	–	
Gain on change in shareholding in subsidiaries	1,966		–		1,966	–	
Reversal of provision for losses on doubtful accounts	7		31		(23)	28	
Gain on reversal of provision for investment losses	38		9		29	19	
Other	–		22		(22)	72	
Total extraordinary income	4,968	2.6	515	0.5	4,453	1,371	0.8
<b>VII Extraordinary loss</b>							
Loss on revaluation of real estate for sale	–		–		–	2,296	
Loss on sale of fixed assets	0		4		(3)	102	
Loss on retirement of property and equipment	99		51		47	84	
Loss on devaluation of investment securities	22		–		22	–	
Retirement and bonuses for special services for directors	16		60		(43)	60	
Impairment loss	–		2,239		(2,239)	2,258	
Other	–		26		(26)	54	
Total extraordinary loss	138	0.1	2,382	2.4	(2,244)	4,857	2.8
Income before income taxes and minority interest	30,527	16.1	8,660	9.0	21,867	20,958	11.9
Current income taxes	9,224	4.9	5,025	5.2	4,199	8,689	4.9
Deferred income taxes	2,957	1.5	(534)	(0.5)	3,491	583	0.4
Gain (loss) on minority interest	118	(0.1)	–	–	118	–	–
Net income	18,463	9.8	4,169	4.3	14,293	11,684	6.6

Third-Quarter Consolidated Statements of Shareholders' Equity

(Millions of yen)

Item	End of FY 2006 3Q	End of FY 2005 3Q	End of FY 2005
	January 1, 2006 through September 30, 2006	January 1, 2005 through September 30, 2005	January 1, 2005 through December 31, 2005
	Amount	Amount	Amount
<b>CAPITAL SURPLUS</b>			
<b>I Capital surplus, at beginning of year</b>	—	49,740	49,740
<b>II Increase in capital surplus</b>	—	10,830	25,782
Surplus from retirement of treasury stock	—	314	335
Increased amount due to exercise of rights of bonds with stock acquisition rights	—	10,516	25,446
<b>III Capital surplus, at end of year</b>	—	60,571	75,522
<b>RETAINED EARNINGS</b>			
<b>I Retained earnings, at beginning of year</b>	—	9,562	9,562
<b>II Increase in retained earnings</b>	—	4,600	11,684
Net income	—	4,169	11,684
Transfer to land revaluation excess	—	430	—
<b>III Decrease in retained earnings</b>	—	—	—
Cash dividends	—	2,316	2,697
Bonuses to directors and corporate auditors	—	2,058	2,058
Decrease from addition to consolidated subsidiaries	—	123	123
Transfer to land revaluation excess	—	134	134
	—	—	381
<b>IV Retained earnings, at end of year</b>	—	11,845	18,549

## Statements of Changes in Consolidated Owners' Equity

Fiscal 2006 3Q (January 1, 2006 through September 30, 2006)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land	Translation adjustments	Total valuation and translation adjustments		
<b>Balance at the end of previous period</b>	77,181	75,522	18,549	(290)	170,963	17,690	13,016	(32)	30,675	81	201,720
<b>Changes of items during the 3Q period</b>											
Dividends from surplus	–	–	(3,498)	–	(3,498)	–	–	–	–	–	(3,498)
Quarterly net income	–	–	18,463	–	18,463	–	–	–	–	–	18,463
Transfer to land revaluation excess	–	–	(3,800)	–	(3,800)	–	–	–	–	–	(3,800)
Bonuses to directors and corporate auditors	–	–	(189)	–	(189)	–	–	–	–	–	(189)
Disposal of treasury stock	–	0	–	4	5	–	–	–	–	–	5
Acquisition of treasury stock	–	–	–	(121)	(121)	–	–	–	–	–	(121)
Net changes of items other than owners' equity	–	–	–	–	–	(1,676)	1,565	9	(101)	2,818	2,717
<b>Total changes of items during the 3Q period</b>	–	0	10,975	(117)	10,858	(1,676)	1,565	9	(101)	2,818	13,575
<b>Balance at the end of the current period (September 30, 2006)</b>	77,181	75,523	29,524	(407)	181,821	16,014	14,582	(23)	30,573	2,900	215,296

### Third-Quarter Consolidated Statements of Cash Flows

(Millions of yen)

Item	2006 3Q	2005 3Q	2005 FY
	Amount	Amount	Amount
<b>I Cash flows from operating activities</b>			
Income before income taxes and minority interest	30,527	8,660	20,958
Depreciation	3,059	2,751	3,719
Impairment loss	–	2,239	2,258
Amortization	23	26	19
Equity in income of affiliated companies	(158)	(134)	(74)
Increase (decrease) in allowance for doubtful accounts	(63)	(17)	(413)
Increase (decrease) in investment loss reserve	(38)	(9)	(19)
(Reversal of) reserve for bonuses to employees	860	738	39
(Reversal of) reserve for bonuses to directors and corporate auditors	141	–	–
Reversal of severance indemnities, less payments	0	(45)	(2)
Increase (decrease) in allowance for retirement benefits for directors	36	(139)	(110)
Increase (decrease) in provision for loss on guarantees	(6)	(5)	(13)
Interest and dividend income	(512)	(458)	(587)
Interest expense	3,480	4,220	5,464
Loss on revaluation of real estate for sale	–	–	2,296
Write-down of marketable securities	22	–	–
(Gain) loss on sale of marketable and investment securities	–	(317)	(317)
Gain on sale of investments in subsidiaries	(2,695)	–	–
Gain on change in shareholding in subsidiaries	(1,966)	–	–
Gain on sales of fixed assets	(260)	(135)	(932)
Loss on sales of fixed assets	99	55	187
(Increase) decrease in accounts receivable, trade	1,781	490	(4,162)
(Increase) decrease in marketable securities	–	–	1,188
(Increase) decrease in inventories	(3,043)	(40,034)	(34,529)
Increase (decrease) in guarantee deposits received	1,567	78	(172)
Increase (decrease) in accounts payable, trade	(1,490)	(681)	500
(Increase) decrease in guarantee deposits paid	292	74	170
Increase (decrease) in deposits	(13,813)	1,324	20,477
Other	(3,895)	(9,098)	(5,105)
Subtotal	13,950	(30,418)	10,838
Interest and dividends received	554	495	624
Interest paid	(3,769)	(4,635)	(5,656)
Income taxes paid	(10,616)	(6,594)	(6,748)
Net cash provided by (used in) operating activities	118	(41,153)	(941)
<b>II Cash flows from investing activities</b>			
Proceeds from sale of marketable and investment securities	17,141	1,448	1,486
Payment for purchase of marketable and investment securities	(29,395)	(10,480)	(16,029)
Proceeds from sale of investments in subsidiaries	3,767	–	–
Acquisition of shares in subsidiaries following change in scope of consolidation	–	(7,479)	(7,479)
Proceeds from acquisition of shares in subsidiaries following change in scope of consolidation	182	–	–
Investments in consortia	(4,669)	(6,382)	(13,679)
Proceeds from sale of investments in consortia	750	2,869	3,056
Proceeds from sale of property and equipment	3,739	2,841	4,948
Payment for purchase of property and equipment	(18,084)	(11,309)	(14,982)
(Increase) decrease in loans	31	76	(758)
Payments for business transfer	–	(1,500)	(1,500)
Increase (decrease) in receipt from investment in specific joint real estate ventures	6,694	(356)	4,427
Other	435	(809)	(1,632)
Net cash used in investing activities	(19,407)	(31,080)	(42,141)

Item	2006 3Q	2005 3Q	2005 FY
	Amount	Amount	Amount
<b>III Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	9,500	25,470	(11,030)
Increase (decrease) in commercial paper	11,200	22,600	400
Increase (decrease) in long-term debt	612	7,202	5,422
Repayment of long-term accounts payable	(198)	(198)	(265)
Proceeds from issuance of bonds with stock acquisition rights	–	22,000	52,000
Proceeds from treasury stock	5	5	6
Acquisition of treasury stock	(104)	(71)	(109)
Dividends paid	(3,389)	(1,996)	(2,054)
Payments of dividends to minority shareholders	(0)	–	–
Proceeds from issue of shares to minority shareholders	3,835	–	55
Other	(102)	(120)	(255)
Net cash provided by financing activities	21,357	74,889	44,170
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	2	7	10
<b>V Net increase (decrease) in cash and cash equivalents</b>	2,070	2,662	1,097
<b>VI Cash and cash equivalents at beginning of year</b>	8,241	6,619	6,619
<b>VII Increase in cash and cash equivalents accompanying newly consolidated subsidiary</b>	945	524	524
<b>VIII Cash and cash equivalents at end of year</b>	11,257	9,806	8,241

(Segment Information)

1. Industry Segments

Fiscal 2006 3Q (January 1, 2006 through September 30, 2006)

(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	31,648	131,694	25,919	189,262	–	189,262
(2) Intersegment	486	122	1,674	2,282	(2,282)	–
Total	32,134	131,816	27,593	191,545	(2,282)	189,262
Costs and operating expenses	18,349	114,708	24,637	157,696	2,891	160,587
Operating income	13,785	17,108	2,956	33,849	(5,174)	28,674

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

(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 2006 include ¥5,201 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 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.

2. Geographical Segments

Fiscal 2006 3Q (January 1, 2006 through September 30, 2006), and Fiscal 2005 3Q (January 1, 2005 through September 30, 2005)

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

3. Overseas Operating Revenues

Fiscal 2006 3Q (January 1, 2006 through September 30, 2006), and Fiscal 2005 3Q (January 1, 2005 through September 30, 2005)

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 2006

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

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

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

Representative: Makoto Hatanaka, President, Representative Director

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

E-mail: [motoyoshik@tatemono.com](mailto:motoyoshik@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: No

### 2. Non-Consolidated Results of Operations for the Third Quarter of Fiscal 2006 (January 1, 2006 to September 30, 2006)

#### (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	%
2006 3Q	156,681	118.0	24,596	110.5	21,987	163.2	15,787	285.2
2005 3Q	71,885	(9.2)	11,686	(10.6)	8,352	(13.7)	4,098	(37.2)
2005 full year (ref.)	140,989		25,040		20,407		11,189	

	Quarterly net income per share
	Yen
2006 3Q	49.65
2005 3Q	15.62
2005 full year (ref.)	40.35

Note: The percentage figures presented for revenue from operations, operating income, recurring income and quarterly net income indicate the percentage increase/decrease compared with the corresponding quarter of the previous fiscal year.

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

Quarter ended September 30

	Total assets	Total net assets	Equity ratio	Owners' equity per share
	Millions of yen	Millions of yen	%	Yen
2006 3Q	613,966	203,305	33.1	639.43
2005 3Q	573,818	154,220	26.9	543.21
2005 full year (ref.)	584,353	194,870	33.3	612.27

**3. Projection of Non-Consolidated Results of Operations for Fiscal 2006, Ending December 2006  
(January 1, 2006 to December 31, 2006)**

	Revenue from operations	Recurring income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full fiscal year	200,000	26,000	15,000

(Reference) Projected net income per share (full fiscal year): ¥47.18

**4. Non-Consolidated Cash Dividends**

As of June 30, 2006

	Dividends per share		
	Interim	Year-end	Full-year
	Yen	Yen	Yen
2005 full year (ref.)	4.00	5.00	9.00
2006 full year (actual)	6.00	–	12.00
2006 full year (projection)	–	6.00	

Note: Fiscal 2006 Interim dividend: Ordinary dividend ¥5.00

Year-end dividend: Ordinary dividend ¥5.00

110th anniversary commemorative dividend ¥1.00

110th anniversary commemorative dividend ¥1.00

### Third-Quarter Non-Consolidated Balance Sheets

(Millions of yen)

Item	End of FY 2006 3Q		End of FY 2005		Increase/ Decrease	End of FY 2005 3Q	
	As of September 30, 2006		As of December 31, 2005			As of September 30, 2005	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(ASSETS)		%		%			%
<b>I Current assets</b>	151,738	24.7	156,479	26.8	(4,741)	154,880	27.0
Cash	2,696		4,744		(2,048)	4,391	
Accounts receivable, trade	7,016		7,163		(147)	3,974	
Marketable securities	1,782		1,782		-	2,971	
Inventories	100,289		103,960		(3,671)	94,807	
Advances	1,510		298		1,212	703	
Advance expenses	1,792		1,577		214	1,992	
Deferred income taxes	713		549		163	205	
Short-term loans receivable	22,753		23,732		(978)	37,239	
Other current assets	13,254		12,782		471	16,132	
Allowance for doubtful accounts	(70)		(112)		42	(7,536)	
<b>II Fixed assets</b>	462,228	75.3	427,873	73.2	34,354	418,938	73.0
<b>1. Property and equipment</b>	279,833	45.6	262,955	45.0	16,878	273,831	47.7
Buildings	58,138		54,367		3,771	54,880	
Structures	700		667		32	677	
Machinery and equipment	355		342		12	350	
Vehicles	3		2		0	2	
Tools and equipment	442		291		150	301	
Land	220,192		207,284		12,907	217,618	
Construction in progress	1		-		1	-	
<b>2. Intangible and other assets</b>	9,936	1.6	6,798	1.2	3,137	6,814	1.2
Lease rights	9,836		6,656		3,180	6,656	
Other intangible assets	99		142		(42)	158	
<b>3. Investments</b>	172,458	28.1	158,119	27.0	14,338	138,291	24.1
Investment securities	83,219		73,782		9,437	62,195	
Shares in affiliated companies	16,193		15,995		197	15,929	
Investment in consortia	46,169		42,840		3,329	36,285	
Investment in affiliated companies	474		477		(3)	6	
Long-term loans	164		156		7	148	
Long-term loans to affiliated companies	21,038		20,150		888	12,048	
Guarantee deposits paid	11,344		11,583		(238)	11,712	
Other investments	2,970		2,428		541	2,154	
Allowance for doubtful accounts	(8,009)		(8,020)		11	(1,061)	
Investment loss reserve	(1,106)		(1,275)		168	(1,127)	
<b>Total assets</b>	613,966	100.0	584,353	100.0	29,613	573,818	100.0

Item	End of FY 2006 3Q		End of FY 2005		Increase/ Decrease	End of FY 2005 3Q	
	As of September 30, 2006		As of December 31, 2005			As of September 30, 2005	
	Amount	Weight	Amount	Weight	Amount	Amount	Weight
(LIABILITIES)		%		%			%
<b>I Current liabilities</b>	144,209	23.5	127,309	21.8	16,900	154,414	26.9
Short-term borrowings	18,104		25,013		(6,908)	40,926	
Current portion of long-term debt	81,000		69,294		11,706	62,105	
Commercial paper	12,300		1,100		11,200	23,300	
Accounts payable, trade	5,100		4,692		407	2,495	
Accrued expenses	3,074		3,927		(852)	2,486	
Accrued income taxes	3,917		5,697		(1,780)	2,166	
Advances received	12,104		14,348		(2,243)	16,186	
Deposits received	7,137		2,311		4,825	3,457	
Reserve for bonuses	614		128		485	531	
Reserve for bonuses to directors and corporate auditors	112		–		112	–	
Other current liabilities	742		795		(52)	760	
<b>II Long-term liabilities</b>	266,452	43.4	262,173	44.9	4,278	265,184	46.2
Long-term debt	180,596		188,434		(7,837)	194,797	
Accounts payable	3,180		3,379		(198)	3,445	
Deferred income taxes	7,801		8,788		(986)	5,632	
Deferred income taxes on land revaluation	13,778		8,933		4,844	8,377	
Accrued severance indemnities	3,637		3,665		(28)	3,661	
Allowance for retirement benefits for directors	482		458		23	435	
Provision for loss on guarantees	63		69		(6)	77	
Guarantee deposits received	36,605		35,153		1,452	35,456	
Long-term deposits payable	19,856		12,848		7,008	12,848	
Other long-term liabilities	448		441		7	451	
<b>Total liabilities</b>	410,661	66.9	389,483	66.7	21,178	419,598	73.1
(SHAREHOLDERS' EQUITY)							
<b>I Common stock</b>	–	–	77,181	13.2	(77,181)	62,190	10.8
<b>II Capital surplus</b>	–	–	75,211	12.9	(75,211)	60,260	10.5
<b>Additional paid-in capital</b>	–	–	61,839		(61,839)	46,909	
<b>Other capital surplus</b>	–	–	13,372		(13,372)	13,350	
<b>III Retained earnings</b>	–	–	13,976	2.4	(13,976)	7,696	1.4
<b>Unappropriated retained earnings</b>	–	–	13,976		(13,976)	7,696	
<b>IV Land revaluation excess</b>	–	–	13,016	2.2	(13,016)	12,205	2.1
<b>V Net unrealized gain on available-for-sale securities</b>	–	–	15,512	2.6	(15,512)	11,916	2.1
<b>VI Less: Treasury stock at cost</b>	–	–	(28)	(0.0)	28	(49)	(0.0)
<b>Total shareholders' equity</b>	–	–	194,870	33.3	(194,870)	154,220	26.9
<b>Total liabilities and shareholders' equity</b>	–	–	584,353	100.0	(584,353)	573,818	100.0

(Millions of yen)

Item	End of FY 2006 3Q		End of FY 2005		Increase/ Decrease	End of FY 2005 3Q	
	As of September 30, 2006		As of December 31, 2005			As of September 30, 2005	
	Amount	Weight	Amount	Weight		Amount	Weight
(NET ASSETS)		%		%			%
<b>I Owners' equity</b>	174,581	28.4	–	–	174,581	–	–
<b>1 Paid-in capital</b>	77,181	12.6	–	–	77,181	–	–
<b>2 Capital surplus</b>	75,212	12.2	–	–	75,212	–	–
<b>(1) Capital legal reserve</b>	61,839		–		61,839	–	
<b>(2) Other capital surplus</b>	13,373		–		13,373	–	
<b>3 Earned surplus</b>	22,315	3.6	–	–	22,315	–	–
<b>(1) Other earned surplus</b>	22,315		–		22,315	–	
<b>Reserve for asset replacement</b>	669		–		669	–	
<b>Earned surplus brought forward</b>	21,646		–		21,646	–	
<b>4 Treasury stock</b>	(128)	(0.0)	–	–	(128)	–	–
<b>II Valuation and translation adjustments</b>	28,724	4.7	–	–	28,724	–	–
<b>1 Valuation difference on available-for-sale securities</b>	14,141	2.3	–	–	14,141	–	–
<b>2 Revaluation difference on land</b>	14,582	2.4	–	–	14,582	–	–
<b>Total net assets</b>	203,305	33.1	–	–	203,305	–	–
<b>Total liabilities and net assets</b>	613,966	100.0	–	–	613,966	–	–

### Third-Quarter Non-Consolidated Statements of Income

(Millions of yen)

Item	End of FY 2006 3Q		End of FY 2005 3Q		Increase/ Decrease	FY 2005	
	January 1, 2006 through September 30, 2006		January 1, 2005 through September 30, 2005			January 1, 2005 through December 31, 2005	
	Amount	Percentage	Amount	Percentage	Amount	Amount	Percentage
<b>I Revenue from operations</b>		%		%			%
Leasing	26,525	16.9	26,948	37.5	(423)	36,896	26.2
Real estate sales	126,832	81.0	40,911	56.9	85,921	94,998	67.4
Other	3,323	2.1	4,024	5.6	(701)	9,094	6.4
Total revenue from operations	156,681	100.0	71,885	100.0	84,796	140,989	100.0
<b>II Cost of revenue</b>							
Leasing	14,870		16,117		(1,246)	21,784	
Real estate sales	101,579		34,114		67,464	77,100	
Other	2,507		1,724		782	2,508	
Total cost of revenue	118,958	75.9	51,957	72.3	67,000	101,393	71.9
Gross profit	37,723	24.1	19,927	27.7	17,795	39,595	28.1
<b>III Selling, general and administrative expenses</b>							
Operating income	24,596	15.7	11,686	16.3	12,910	25,040	17.8
<b>IV Non-operating income</b>							
Interest income	341		19		322	28	
Dividend income	545		482		63	541	
Other	96		222		(126)	259	
Total non-operating income	984	0.6	724	1.0	259	829	0.6
<b>V Non-operating expenses</b>							
Interest expense	3,322		3,802		(480)	5,006	
New share issue expenses	-		99		(99)	257	
Bond issuance expenses	-		22		(22)	26	
Others	271		133		137	172	
Total non-operating expenses	3,593	2.3	4,057	5.7	(464)	5,462	3.9
Recurring income	21,987	14.0	8,352	11.6	13,635	20,407	14.5
<b>VI Extraordinary income</b>							
Gain on sale of property and equipment	130		53		76	53	
Gain on sale of investment securities	-		313		(313)	313	
Gain on sale of stock in affiliates	3,674		-		3,674	-	
Reversal of provision for losses on doubtful accounts	69		1		68	-	
Gain on reversal of provision for investment losses	16		9		7	-	
Total extraordinary income	3,891	2.5	377	0.6	3,514	366	0.2
<b>VII Extraordinary loss</b>							
Loss on revaluation of real estate for sale	-		-		-	345	
Loss on sale of fixed assets	0		9		(9)	121	
Loss on retirement of property and equipment	46		38		8	44	
Loss on devaluation of investment securities	22		-		22	-	
Valuation loss on investments in affiliates	58		-		58	-	
Provision for investment loss reserve	-		-		-	139	
Impairment loss	-		876		(876)	876	
Other	-		1		(1)	6	
Total extraordinary loss	126	0.1	925	1.3	(798)	1,533	1.1
Income before income taxes	25,752	16.4	7,804	10.9	17,948	19,240	13.6
Current income taxes	7,565		3,976		3,589	7,420	
Deferred income taxes	2,399		(270)		2,669	630	
Net income	15,787	10.1	4,098	5.7	11,689	11,189	7.9
Retained earnings carried forward	-		4,215		(4,215)	4,215	
Interim cash dividends	-		1,047		(1,047)	1,047	
Transfer to land revaluation excess	-		430		(430)	(381)	
Unappropriated retained earnings	-		7,696		(7,696)	13,976	

## Statements of Changes in Non-Consolidated Owners' Equity

Fiscal 2006 3Q (January 1, 2006 through September 30, 2006)

(Millions of yen)

	Owners' equity								Valuation and translation adjustments			Total net assets	
	Paid-in capital	Capital surplus			Earned surplus			Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land		Total valuation and translation adjustments
		Capital surplus	Other capital surplus	Total capital surplus	Other earned surplus		Total earned surplus						
					Reserve for asset replacement	Earned surplus brought forward							
<b>Balance at the end of previous period</b>	77,181	61,839	13,372	75,211	–	13,976	13,976	(28)	166,341	15,512	13,016	28,528	194,870
<b>Changes of items during the 3Q period</b>													
Dividends from surplus	–	–	–	–	–	(3,498)	(3,498)	–	(3,498)	–	–	–	(3,498)
Quarterly net income	–	–	–	–	–	15,787	15,787	–	15,787	–	–	–	15,787
Transfer to land revaluation excess	–	–	–	–	–	(3,800)	(3,800)	–	(3,800)	–	–	–	(3,800)
Bonuses to directors and corporate auditors	–	–	–	–	–	(150)	(150)	–	(150)	–	–	–	(150)
Disposal of treasury stock	–	–	0	0	–	–	–	4	5	–	–	–	5
Acquisition of treasury stock	–	–	–	–	–	–	–	(104)	(104)	–	–	–	(104)
Reserve for asset replacement	–	–	–	–	669	(669)	–	–	–	–	–	–	–
Net changes of items other than owners' equity	–	–	–	–	–	–	–	–	–	(1,370)	1,565	195	195
<b>Total changes of items during the 3Q period</b>	–	–	0	0	669	7,669	8,338	(99)	8,239	(1,370)	1,565	195	8,434
<b>Balance at the end of the current period (September 30, 2006)</b>	77,181	61,839	13,373	75,212	669	21,646	22,315	(128)	174,581	14,141	14,582	28,724	203,305

—End of document—