

Summary of Consolidated Financial Results for the Year Ended December 2005 (January 1, 2005 – December 31, 2005)

Described below is an abstract in English of the financial result for the fiscal year ended December 2005 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.
 Stock code: 4321
 URL: <http://www.kenedix.com>
 Stock Exchange listing: First Section, Tokyo Stock Exchange
 Company Domicile: Tokyo
 President: Ryosuke Homma
 Contact: Taiji Yoshikawa, Director, Executive Officer & Chief Financial Officer
 Tel: +81-3-3519-2530
 Date of board meeting for approving consolidated financial results: February 14, 2006
 U.S. GAAP standards: The company does not apply U.S. GAAP standards for accounting.

1. Consolidated Financial Results (Jan. 1, 2005 – Dec. 31, 2005)

(1) Consolidated Results of Operations

(Amounts rounded off to million yen)

	Revenue		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Year ended December 2005	13,958	130.6	9,140	186.5	8,113	196.8
Year ended December 2004	6,052	19.3	3,190	63.5	2,733	87.0

	Net income (after taxes)		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended December 2005	4,757	191.2	18,326.81	17,734.92
Year ended December 2004	1,633	87.4	21,739.21	20,729.14

	Return on equity	Ordinary income/ Total assets	Ordinary income/ Revenue
	%	%	%
Year ended December 2005	25.1	11.9	58.1
Year ended December 2004	22.0	10.6	45.2

Notes: 1. Equity in earnings of non-consolidated subsidiaries and affiliates

Year ended December 2005: 182 million yen Year ended December 2004: 179 million yen

2. Average number of shares outstanding (consolidated)

Year ended December 2005: 254,328 shares Year ended December 2004: 73,635 shares

3. Changes in accounting method: None

4. Percentage figures shown in the above represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2005	95,593	28,561	29.9	100,815.44
As of December 31, 2004	40,283	9,360	23.2	118,758.66

Note: Number of shares outstanding at the end of the period (consolidated)

As of December 31, 2005: 282,357 shares As of December 31, 2004: 78,817 shares

(3) Consolidated Cash Flow Position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended December 2005	(25,247)	(5,962)	45,912	19,178
Year ended December 2004	(25,466)	(204)	24,304	4,365

(4) Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries: 37

Non-consolidated subsidiaries accounted for under the equity method: 4

Affiliates accounted for under the equity method: 48

(5) Changes in Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries:

New: 17

Excluded: 2

Affiliates accounted for under the equity method:

New: 15

Excluded: 5

2. Forecast of Consolidated Income for the Year Ending December 2006 (Jan. 1, 2006 – Dec. 31, 2006)

	Revenue	Ordinary income	Net income (after taxes)
	Million yen	Million yen	Million yen
Interim	7,900	5,400	3,100
Full year	16,200	10,000	5,900

Reference: Estimated consolidated net income per common share for the full year: 20,822.37yen

Note: The above forecast is based on information available to us as of February 14, 2006.

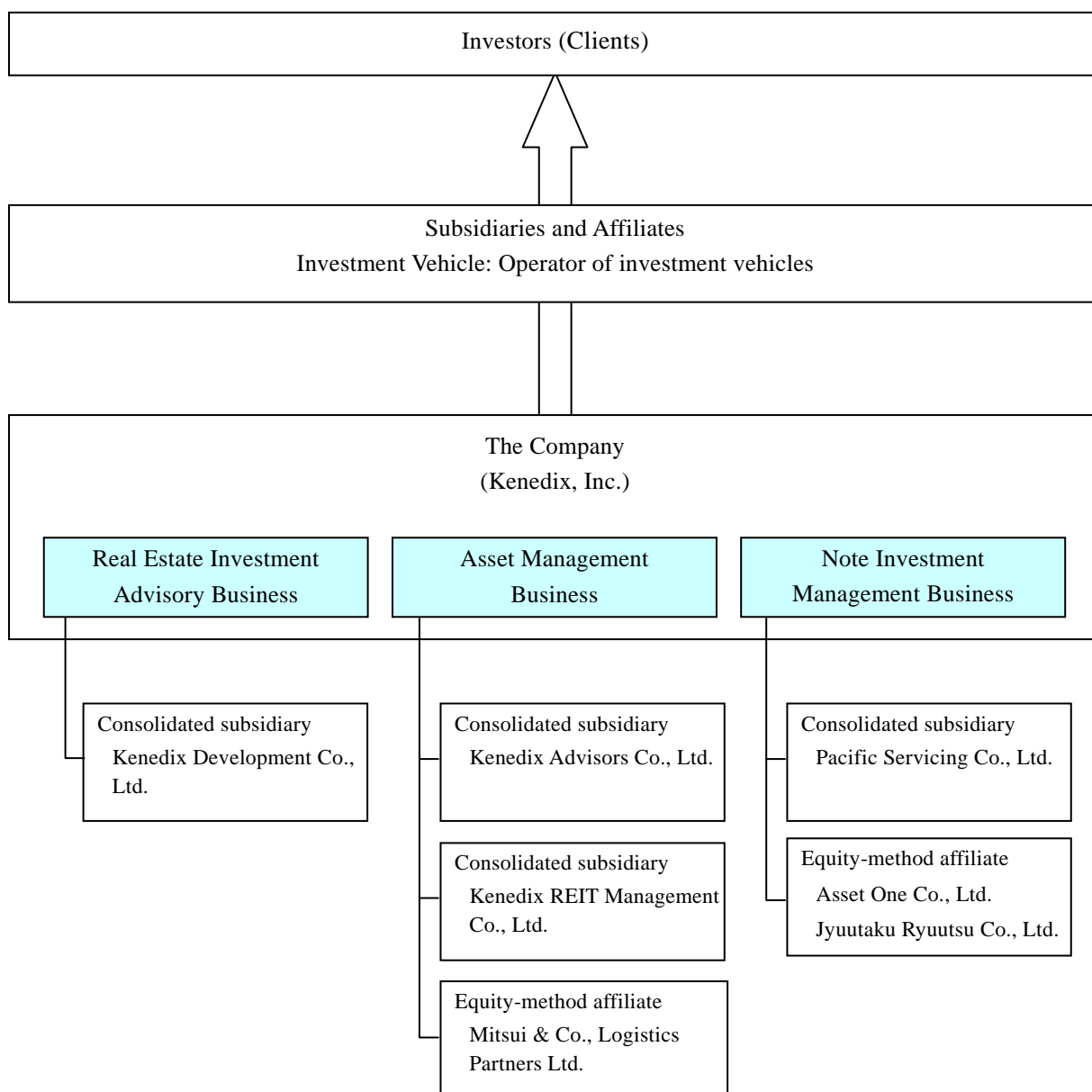
The actual results are affected by various factors and may differ substantially.

Please refer to page 10 of the attached documents regarding preconditions or other related matters for the forecast shown above.

1. The Kenedix Group

The Kenedix Group (the Group) is made up of Kenedix, Inc. (the Company), 52 consolidated subsidiaries and 48 affiliated companies. The Group is engaged in the real estate investment advisory business, asset management business and note investment management business.

A summary of the structure and activities of the Group is shown below.



(1) Real Estate Investment Advisory Business

The real estate investment advisory business is primarily engaged in services to assist in the real estate investments of client investors (“clients”) and real estate investments made by the Company itself.

Real estate investment assistance services involve the structuring of investment schemes, origination of suitable investment properties, analysis of profitability, procurement of funds through non-recourse loans and other means, and execution of such investments. All steps are conducted in line with the needs and investment strategies of each client. The Company receives an acquisition fee and consulting fee only at the time a transaction is closed. At the same time, the Company participates in some of the investment schemes it proposes to clients through the provision of minority co-investments and loans. This aligns the Company’s interests with those of its clients while also creating opportunities to generate larger profits.

Another objective is meeting the diverse needs of corporate pension funds and other Japanese institutional investors through the sale of entire real estate portfolios structured to deliver specific risk-return profiles. To assemble portfolios of quality properties, the Company uses investment vehicles (consolidated subsidiaries) to maintain an inventory of properties that are held in its own account. This makes it possible to acquire suitable properties before they are required for inclusion in a fund. The Company earns leasing income from the properties until their sale and generates capital gains when selling these properties by taking steps to increase their value.

(2) Asset Management Business

The asset management business formulates and executes plans to increase the asset value of real estate investments during the time they are held by funds. The Group earns asset management fees in return for the provision of a full line of services that include the operation and management of real estate, submission of reports to clients and financial institutions, and other related tasks.

The Company also receives a disposition fee when investment properties are sold as well as an incentive fee, which is linked to earnings from investments, in the event that earnings exceed a prescribed return attributable to the Company's management.

(3) Note Investment Management Business

The Group invests in real estate-backed notes that are sold by financial institutions. In line with an investment plan that matches each client's needs, a typical investment cycle includes: creation of an investment scheme; selection of notes and collateral and determination of their values; executing the acquisition; and selling the collateralized real estate to collect the outstanding loan amounts due. As with real estate investments, the Group earns acquisition, asset management, disposition, and incentive fees from the provision of these services.

In some of the investment schemes proposed to clients, the Group makes minority co-investments and loans to align its own interests with those of clients while also creating opportunities to generate larger profits.

In addition, the Group in some cases provides advice and other assistance for the creation of investment schemes for parties involved in the resolution of bad debt at financial institutions and corporate rehabilitation procedures. In this case, the Group earns consulting fees and other fees.

2. Management Policies

(1) Fundamental Management Policy

The Kenedix Group is an organization specializing in real estate services and finance. The Group's overall goal is to maximize returns on investments. This is accomplished by leveraging the Group's comprehensive research skills and extensive knowledge of the real estate business to accurately analyze and evaluate trends in a constantly changing market.

The Group will remain focused on meeting targets and offering value-added services, and placing priority on long-term relationships rooted in trust with clients, employees and investors. Through this stance, the Group intends to fulfill its obligations to society by maximizing its corporate value.

(2) Basic Policy for Allocation of Earnings

The Company regards the distribution of earnings to shareholders as one of its highest priorities. The basic policy regarding dividends is to make continuous dividend payments in line with operating results while retaining sufficient earnings to improve the Group's operating base and support future business expansion.

The Company had not paid a dividend, since the Company was in a growth phase; earnings were retained to provide funds for the acquisition of high-return properties held in principal investment and for other investments to generate growth.

At this point, the Company believes that it has reached a stage where a stable dividend can be paid. This decision is based on the steady growth in the volume of assets in the asset management business. The Company plans to pay a dividend of 1,250 yen per share of common stock applicable to 2005, which will result in a consolidated dividend payout ratio of 6.8%. Retained earnings will be used for the acquisition of properties held in principal investment that can contribute to further growth.

While adhering to the position that further improving operating results is the most effective way to return earnings to shareholders, the Company will also examine various other means of rewarding shareholders.

(3) Targeted Performance Indicators

Placing priority on further stabilizing its operations, the Company is concentrating on expanding the asset management business, which provides a steady source of revenues. In line with this policy, management regards the volume of real estate assets under management as a key performance indicator. At the end of the fiscal year, these assets totaled approximately 385.7 billion yen, 60% more than one year earlier.

Sustained growth in shareholder value is another company priority. Accordingly, the Company's management practices reflect on the return on equity and similar indicators. In 2005, the return on equity was 25.1%, 3.1 points higher than in 2004, even though the Company sold shares through a public offering to increase equity.

(4) Medium-term Management Strategy

The real estate services and finance fields, which are the core businesses of the Group, are expected to continue growing backed by progress in separation of real estate ownership and management. Another notable development is the growing recognition of real estate as a substitute investment vehicle amid Japan's extended period of low interest rates. This trend is evident in the growth of the J-REIT market and in the Company's sale of investment properties to pension funds. In this environment, demand for the kind of specialized knowledge and creativity offered by the Group is expected to continue to grow. In response, the Group's policy is to act aggressively to offer a comprehensive line of investment services that cover all client investment objectives.

The goal of the Company is to become one of Japan's most prominent real estate asset managers. This is to be accomplished by building a highly stable and profitable corporate group. One element will be growing of the assets under management, which is a source of consistent earnings. Activities will also include earning incentive fees, which have a high profit margin, and the highly profitable real estate and note investments.

In order to increase investments in highly profitable real estate, the Group's policy is to aggressively enlarge its business activities by targeting a broader range of properties.

The Group has expanded the scope of its real estate funds from office buildings and rental residential properties to include commercial and logistics facilities as well. At this time, the Group is further enlarging this scope to acquire attractive properties where investment income is dependent on the operation of facilities. Examples include nursing care facilities and other health care facilities and hotels. In addition, the Group views mergers and acquisitions and equity alliances as effective means of achieving growth. Such actions will be taken only when they will contribute to growth in assets under management or diversification of real estate investments, and generate synergies with existing businesses.

(5) Important Management Issues

Interest in real estate investments is rising along with the growth of the J-REIT market and advancements in the real estate securitization business. The resulting growth in the number of new entrants in this industry is leading to even more intense competition for the acquisition of quality properties. In this environment, ensuring the stable procurement of quality properties is the most important issue concerning the Group's business activities. For this purpose, the Company is stepping up efforts to identify and acquire quality properties. The Company is targeting a more diverse range of properties, taking steps such as participating in development projects and extending

geographic coverage to various regions of Japan as well as to other countries.

Regarding client investors, efforts will be increased to attract pension funds and other institutions with long-term investment policies that emphasize stability.

To serve an even more diverse range of client investors, the Group has aimed to conduct IPOs of J-REITs that it has formed. As a result, Japan Logistics Fund, Inc., which was formed jointly with Mitsui & Co., Ltd. and The Chuo Mitsui Trust & Banking Co., Ltd., conducted its IPO on May 2005, and the Kenedix Realty Investment Corp., which is managed by a wholly owned subsidiary of the Group, conducted its IPO on July 2005, both on the Tokyo Stock Exchange.

In the rapidly changing real estate market, success requires acquisition of the latest information and skill in new business schemes, as well as the development of a talented workforce. With this in mind, the Company conducts an incentive plan and other programs to motivate employees while conducting an aggressive program to recruit talented individuals.

In accordance with a resolution approved by its board of directors on August 11, 2005, the Company conducted a public offering of stock that generated gross proceeds of approximately 13.6 billion yen. These funds will enable the Company to purchase more quality properties, participate in large projects, participate in development projects and conduct mergers and acquisitions as means of acquiring properties at favorable prices, and take other aggressive actions. The Company plans make effective use of the proceeds from the stock offering and additional borrowing capabilities made possible by the higher equity in order to acquire quality properties and take the other actions listed above. The objective is to further enlarge its operations.

(6) Measures to Improve Corporate Governance

Due to the increasing need for shareholder-oriented management and demands posed by the globalization of business activities, the Company is working to further enhance its corporate governance by creating a framework conducive to rapid decision-making and providing a system of checks and balances.

The Company is managed by a board of directors with five members and three corporate auditors. There is one external director, Mr. Noboru Kashiwagi, who is a professor in the Faculty of Law at Chuo University (Tokyo). As a rule, the directors meet once each month. All meetings are attended by the external director, who uses his knowledge as a legal professional to provide valuable counseling regarding the execution of business activities.

Mr. Shintaro Kanno, who is an external corporate auditor and has extensive knowledge and experience in the field of corporate finance and accounting as a CPA, conducts auditing rigorously in the manner our business activities are conducted. Mr. Haruo Funabashi, who has elected as another external corporate auditor in the shareholders' meeting (March 2005) provides with us effective guidance base upon his long career in the Ministry of Finance and the Ministry of Land Infrastructure and Transport.

To cope with the dramatic changes taking place in real estate markets, the Company introduced the post of corporate executive officer. By dividing the roles of management supervision and decision-making for business activities, this system aims to make the board of directors even more effective and increase the speed of management activities.

To increase the effectiveness of the corporate executive officer system, an Investment and Loan Committee has been established. This committee examines the risks associated with proposed investments, exceeding a pre-determined acquisition price, and discusses these proposals from various perspectives before the investments are submitted for approval to the directors.

3. Results of Operations and Financial Position

(1) Summary of the Current Fiscal Year Under Review

During 2005, Japan's economic recovery continued as corporate earnings improved, capital expenditures increased and stock prices rose.

In the real estate services and finance industries, where the Group is active, growth of the real estate investment market is continuing, as is evident in the rising number of publicly owned real estate investment trusts (J-REIT) and their aggregate market capitalization. Even as real estate prices continue to rise, vacancy rates at office buildings, primarily in central Tokyo, are falling and leasing rates have started to climb. These trends are producing an encouraging outlook for the real estate leasing market. In addition, there is a large volume of real estate securitizations as companies continue to conduct financial restructuring programs and deal with the adoption of asset impairment accounting. All these trends are producing a favorable operating environment for the Group.

In response, the Group concentrated on locating quality properties and providing investment opportunities to client investors in the fields of both real estate and bad debt. Efforts also targeted enhancing capabilities in the asset management business.

In 2005, the Company structured three real estate funds for corporate pension funds and took other steps to develop relationships with client investors with investment policies that emphasize stable, long-term returns. Through these actions, the Company created an even more stable base of operations. To create a more diverse client base, one goal of the Group was to take public J-REITs that the Group had structured. This goal was fulfilled with the May 2005 Tokyo Stock Exchange listing of the Japan Logistics Fund, Inc., a fund formed jointly with Mitsui & Co., Ltd. and The Chuo Mitsui Trust & Banking Co., Ltd., and the July 2005 listing on this exchange of Kenedix Realty Investment Corp., which is managed by a wholly owned subsidiary of the Group.

The Group took actions to further increase fund procurement capabilities and financial soundness. A public offering of stock generated proceeds of 13.6 billion yen and, due to the higher equity, the 20.0 billion yen credit facility with financial institutions established in 2004 was increased to 31.9 billion yen.

Due to these factors, consolidated revenue increased 130.6% to 13,958 million yen, ordinary income rose 196.8% to 8,113 million yen and net income was up 191.2% to 4,757 million yen.

Results by business segment were as follows.

A) Real Estate Investment Advisory Business

Performance mainly reflected an increase in acquisition fees due to the large volume of property acquisitions and growth in gains on sales from properties held in principal investment following the completion and sale of development projects in which the Company has been participating. Furthermore, the Group made its first investment in overseas properties during 2005. The result was a 137.3% increase in revenue to 8,189 million yen and a 145.1% increase in operating income to 5,808 million yen.

B) Asset Management Business

There was a large increase in asset management fees because of substantial growth in the volume of assets under management, and a large increase in incentive fees associated with the sale of properties under management. As a result, revenue increased 226.4% to 4,512 million yen and operating income rose 358.9% to 3,369 million yen.

C) Note Investment Management Business

Although gains on sales of notes declined because 2004 results include gains on the sale of notes associated with a large project, asset management fees increased along with growth in the volume of notes handled. There was also an increase in incentive fees. The result was a small increase in revenue, but operating income was largely unchanged due to higher project investigation expenses and other expenses. As a result, revenue increased 3.1% to 1,255 million yen and operating income was down 0.6% to 581 million yen.

(2) Changes in Financial Position

Cash and cash equivalents at the end of December 2005 totaled 19,178 million yen, 14,812 million yen more than at the end of December 2004. Net cash used in operating activities was 25,247 million yen, mainly for the acquisition of real estate held for sale, but fund procurement activities provided cash of 45,912 million yen, mainly from loans, bonds and a public offering.

A) Operating Activities

Net cash used in operating activities was down 0.9% year-on-year to 25,247 million yen. This was mainly because payments for the purchase of real estate for sale exceeded proceeds from the sale of this real estate by 28,412 million yen.

B) Investing Activities

Net cash used in investing activities was 6,010 million yen (204 million yen was used one year earlier). This was mainly due to 3,828 million yen in payment for purchase of investment securities, and 1,985 million yen in payment for capital investment in affiliates and other factors.

C) Financing Activities

Net cash provided by financing activities was up 88.9% to 45,912 million yen. This increase was mainly attributable to proceeds of 13,720 million yen from the issuance of stock, mainly for the public offering, and to net proceeds of 27,443 million yen from long-term and short-term loans.

(3) Business Risk

The following is a list of items concerning the Group's business activities that may have a significant effect on investment decisions. The Group is aware of these risks and is taking actions to prevent the occurrence of these problems and respond as necessary should a problem arise.

1) Economic downturn

The Group is engaged in the provision of real estate investment services and of real estate asset management and property management services. An economic downturn could impact real estate market conditions, such as by raising vacancy rates and bringing down leasing rates. These events could negatively affect the Group's operating results.

2) Competition

In recent years, there has been a growing number of companies in Japan that are active in the real estate investment advisory business and the asset management business, the Company's two core businesses. This situation may negatively affect the Group's operating results by heightening competition to acquire properties, increasing price-based competition involving various fees, and creating other challenges.

Furthermore, real estate funds are expected to become subject to competition based on the relative performances of various financial products and investments. In the event that real estate funds become less attractive than other types of investments, the Group's operating results may be negatively affected.

3) Interest rates

In the event that interest rates rise in the future, the Group would see an increase in its cost of fund procurement as well as in the returns that client investors expect. Higher interest rates could also cause real estate prices to decline. These events may negatively affect the Group's operating results.

4) Recruiting activities

The Group is dedicated to offering competitive services based on the knowledge and experience of its workforce concerning real estate investments. Offering these services requires a team of talented employees. Accordingly, the Company works hard on recruiting individuals with outstanding skills. However, the Group may not be able to hire a sufficient number of these individuals or may have to deal with a large defection of talented employees. These events could have an effect on business operations and may also negatively affect the Group's operating results.

5) Changes in laws and regulations

The Group is conducting its business activities in conformity with all currently applicable laws and regulations and based on the risks associated with these laws and regulations. However, any future changes in these laws and regulations could have a negative impact on the Group's business activities. The Group is primarily subject to the following laws and regulations: Building Lots and Buildings Transaction Business Law, registrations based on the Real Estate Investment Advisory Business Registration Code, the Law for Regulating Securities Investment Advisory Business, the Law Concerning Investment Trusts and Investment Corporations, registration as a seller of trust beneficiary rights as prescribed by the Trust Business Law, the Law for Architects and Building Engineers, and the Special Measures Law Concerning the Claims Servicing Business.

6) Risk of impact of fires and other disasters on value of investment properties

Properties that the Group owns and invests in are located in regions that are subject to earthquakes, wars, terrorism, fires and other disasters. Such events could reduce the value of these properties, negatively affecting the Group's operating results and financial condition.

7) Changes in financial condition and operating results

The Group has posted consistently rapid growth since it became a publicly owned company. Management believes that the Group is still in a phase of rapid growth. The Group plans to continue to purchase properties to be held in principal investment, make small investments in the funds the Group structures, and take other actions of this nature. These actions will cause increases in inventories and investment securities that raise total assets and the need for debt to fund these assets. There may be changes in the Group's financial condition and operating results as a result of these actions. The Group will place priority on expanding scale of operations while increasing equity and reinforcing its financial soundness. Management plans to achieve steady growth and limit risk exposure by maintaining the proper balance between growth and financial soundness.

8) Mergers and acquisitions, equity alliances, and other actions

The Group is following a policy of aggressively expanding business activities by diversifying the types of properties in which it invests. This policy is adopted from the standpoints of increasing assets under management and increasing investments in real estate that can generate high returns.

The Group has expanded the scope of its real estate funds from office buildings and rental residential properties to include commercial and logistics facilities as well. At this time, the Group is further enlarging this scope to acquire attractive properties where investment income is dependent on the operation of facilities. Examples include nursing care facilities and other health care facilities and hotels. In addition, the Group views mergers and acquisitions and equity alliances as effective means of achieving growth. Such actions will be taken only when they will contribute to growth in assets under management or diversification of real estate investments, and generate synergies with existing businesses.

The Group will conduct thorough examinations and take steps to reduce all risks prior to executing a merger, acquisition or equity alliance. However, it is possible that, after the transaction is finalized, contingent liabilities or other problems arise or that the counterparty of the Group may not perform as expected. These events may have a negative effect on the Group's financial condition and operating results.

(4) Outlook for the 2006

In 2006, the Company expects that assets under management will increase as in 2005 due to the inflow of assets from client investors, mainly corporate pension funds, with investment policies that emphasize stable, long-term returns. The structuring of these funds is expected to generate growth in acquisition fees that are received when properties are acquired and in asset management fees that are received following purchases. The Company also expects to generate earnings upon the completion of real estate development projects, a business sector where the Company has been active for some time. Consequently, the Company is forecasting growth in revenue and earnings in 2006.

Due to the above items, the Company is forecasting a 16.1% increase in revenue to 16,200 million yen, a 23.3% increase in ordinary income to 10,000 million yen and a 24.0% increase in net income to 5,900 million yen.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

Account title	Notes	Year 2004 (As of Dec. 31, 2004)		Year 2005 (As of Dec. 31, 2005)		
		Amount	%	Amount	%	
Assets						
I Current assets						
1. Cash and cash equivalents		4,089,466		18,658,721		
2. Deposits held in trust		1,487,232		1,632,013		
3. Accounts receivable - trade		409,604		616,399		
4. Inventories		23,707,174		54,790,419		
5. Note receivable (loan pool)		602,874		1,254,598		
6. Deferred tax assets - current		218,620		381,658		
7. Others		1,436,380		1,339,272		
8. Allowance for doubtful accounts		(82,761)		(42,783)		
Total current assets		31,868,592	79.1	78,630,299	82.3	
II Fixed assets						
1. Tangible assets						
(1) Buildings		82,008		91,831		
Accumulated depreciation		9,383	72,624	16,504	75,326	
(2) Others		73,964		91,739		
Accumulated depreciation		21,712	52,252	32,252	59,486	
Total tangible assets			124,876		134,812	0.1
2. Intangible assets			8,348		8,242	0.0
3. Investment and other assets						
(1) Investment securities			6,924,553		13,190,976	
(2) Investment in capital			386,806		2,418,095	
(3) Long-term loans			696,524		800,920	
(4) Deferred tax assets - fixed			54,626		30,453	
(5) Others			219,055		379,883	
Total investment and other assets			8,281,566	20.6	16,820,330	17.6
Total fixed assets			8,414,791	20.9	16,963,385	17.7
Total assets			40,283,383	100.0	95,593,684	100.0

(Thousands of yen)

Account title	Notes	Year 2004 (As of Dec. 31, 2004)		Year 2005 (As of Dec. 31, 2005)	
		Amount	%	Amount	%
Liabilities					
I Current liabilities					
1. Accounts payable - trade		140,415		264,482	
2. Short-term borrowings		17,155,026		29,014,200	
3. Long-term borrowings - due within one year		680,000		2,485,000	
4. Corporate bonds – due within one year		120,000		1,636,000	
5. Accrued income taxes		1,037,476		2,763,130	
6. Security deposits		1,188,139		1,497,520	
7. Others		522,118		1,010,182	
Total current liabilities		20,843,177	51.7	38,670,516	40.4
II Long-term liabilities					
1. Bonds payable		3,040,000		6,554,000	
2. Long-term borrowings		6,027,136		19,872,858	
3. Silent partnership contribution received		875,966		1,275,013	
4. Allowance for employee retirement benefits		6,240		10,791	
5. Allowance for directors' retirement benefits		112,460		140,050	
6. Deferred tax liabilities		-		444,517	
7. Others		-		47,630	
Total long-term liabilities		10,061,803	25.0	28,344,861	29.7
Total liabilities		30,904,980	76.7	67,015,378	70.1
Minority interests					
Minority interests		18,200	0.1	16,359	0.0
Shareholders' equity					
I Capital					
II Capital surplus		2,610,382	6.5	9,507,752	10.0
III Consolidated retained earnings					
IV Net unrealized holding gains/losses on other securities		2,871,512	7.1	9,766,887	10.2
V Foreign currency translation adjustments		3,828,187	9.5	8,433,984	8.8
		50,118	0.1	739,893	0.8
		-		113,428	0.1
Total shareholders' equity		9,360,202	23.2	28,561,946	29.9
Total liabilities, shareholders' equity and minority interests		40,283,383	100.0	95,593,684	100.0

(2) Consolidated Statements of Income

(Thousands of yen)

Account title	Notes	Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)		Year 2005 (Jan. 1, 2005 – Dec. 31, 2005)			
		Amount	%	Amount	%		
I Revenue			6,052,274	100.0	13,958,522	100.0	
II Cost of revenue			1,016,706	16.8	2,208,840	15.8	
Gross profit			5,035,568	83.2	11,749,682	84.2	
III Selling, general and administrative expenses							
1. Provision for doubtful accounts		52,053			210		
2. Directors' salaries		169,673			218,277		
3. Salaries and bonuses		875,232			1,220,324		
4. Provision for employee retirement benefits		3,123			5,480		
5. Provision for directors' retirement benefits		17,170			27,589		
6. Secondment fees		35,335			-		
7. Other fees and commissions		180,643			254,756		
8. Others		512,226	1,845,457	30.5	882,532	2,609,170	18.7
Operating income			3,190,110	52.7	9,140,511	65.5	
IV Non-operating income							
1. Interest income		28,093			31,549		
2. Equity in earnings of non-consolidated affiliates, etc.		179,412			182,164		
3. Consumption taxes differential (after being offset by suspense payments and receipt)		-			65,753		
4. Others		15,982	223,488	3.7	65,388	344,855	2.4
V Non-operating expenses							
1. Interest expense		287,434			607,094		
2. New stock issue expenses		21,602			71,649		
3. Bond issue expenses		47,900			172,126		
4. Commissions paid		271,638			437,423		
5. Others		51,234	679,809	11.2	83,927	1,372,220	9.8
Ordinary income			2,733,788	45.2	8,113,146	58.1	
VI Extra-ordinary income							
1. Gain on sale of investment securities		84,335	84,335	1.4	90,156	90,156	0.7
Income before provision for income taxes and profit distribution to silent partners			2,818,124	46.6	8,203,302	58.8	
Profit distribution to silent partners			33,578	0.6	175,257	1.3	
Income before provision for income taxes			2,784,546	46.0	8,028,044	57.5	
Current income taxes		1,333,693			3,429,183		
Deferred income taxes		(196,100)	1,137,593	18.8	(167,571)	3,261,612	23.3
Minority interests			13,185	0.2	9,410	0.1	
Net income (after taxes)			1,633,766	27.0	4,757,022	34.1	

(3) Consolidated Statements of Retained Earnings

(Thousands of yen)

Account title	Notes	Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)		Year 2005 (Jan. 1, 2005 – Dec. 31, 2005)	
		Amount		Amount	
Capital reserve					
I Capital surplus at beginning of period			1,796,368		2,871,512
II Increase in capital surplus					
1. New stock issuance		1,051,817		6,889,676	
2. New stock issuance for stock acquisition rights		22,869		5,586	
3. Transfer from stock acquisition rights		457	1,075,143	112	6,895,374
III Capital surplus at end of period			2,871,512		9,766,887
Retained earnings					
I Retained earnings at beginning of period			2,194,421		3,828,187
II Increase in retained earnings					
Net income		1,633,766	1,633,766	4,757,022	4,757,022
III Decrease in retained earnings					
1. Dividends paid		-		118,225	
2. Bonuses to directors and corporate auditors		-	-	33,000	151,225
IV Retained earnings at end of period			3,828,187		8,433,984

(4) Consolidated Statements of Cash Flows*(Thousands of yen)*

Account title	Notes	Year 2004	Year 2005
		(Jan. 1, 2004 – Dec. 31, 2004)	(Jan. 1, 2005 – Dec. 31, 2005)
		Amount	Amount
I Operating activities			
1. Income before provision for income taxes		2,784,546	8,028,044
2. Gain on sale and collection of notes purchased		(753,397)	(289,236)
3. Profit distribution on principal investment in silent partnerships		(639,564)	(1,488,431)
4. Increase (decrease) in provision for doubtful accounts		49,788	(39,977)
5. Increase (decrease) in provision for employee retirement benefits		2,973	4,551
6. Increase (decrease) in provision for directors' retirement benefits		17,170	27,589
7. Interest income		(28,093)	(31,549)
8. Interest expense		287,434	607,094
9. Profit distribution to silent partners		33,578	175,257
10. Equity in earnings of non-consolidated affiliates, etc.		(179,412)	(182,164)
11. Gains on sale of real estate held for sale		(528,083)	(2,301,653)
12. Gain on sale of investment securities		(84,335)	(90,156)
13. Increase (decrease) in accounts receivable - trade		(142,246)	(206,795)
14. Payment for acquisition of real estate held for sale		(51,632,172)	(68,811,402)
15. Proceeds from sale of real estate held for sale		28,453,080	40,398,814
16. Increase (decrease) in accounts payable - trade		115,466	129,088
17. Purchase of notes		(3,817,224)	(1,154,951)
18. Proceeds from sale and collection of notes purchased		4,892,124	771,465
19. Distributions from silent partnerships		1,710,113	12,756,307
20. Contribution paid in silent partnerships		(5,117,495)	(12,484,400)
21. Proceeds from sale of silent partnerships		157,000	-
22. Proceeds from receipt of deposits for contribution to silent partnerships		876,300	494,785
23. Redemption of contribution received from silent partners		(163,844)	(588,731)
24. Directors' bonuses		-	(33,000)
25. Others		(878,143)	1,334,529
Subtotal		(24,584,437)	(22,974,920)
26. Interest and dividend received		36,911	26,170
27. Interest paid		(305,556)	(595,509)
28. Income taxes paid		(613,488)	(1,703,407)
Net cash used in operating activities		(25,466,570)	(25,247,666)

(Thousands of yen)

Account title	Notes	Year 2004	Year 2005
		(Jan. 1, 2004 – Dec. 31, 2004)	(Jan. 1, 2005 – Dec. 31, 2005)
		Amount	Amount
II Investing activities			
1. Payment for purchase of fixed assets		(61,220)	(35,373)
2. Payment for loans		(320,578)	(603,827)
3. Proceeds from repayment of loans		452,625	499,431
4. Payment for acquisition of investment securities		(116,300)	(3,828,925)
5. Proceeds from sale of investment securities		109,472	108,085
6. Proceeds from capital reduction with compensation of investment securities		-	83,500
7. Payment for capital investment in affiliates		(129,162)	(1,985,620)
8. Proceeds from capital investments in affiliates		5,683	93,944
9. Proceeds from capital reduction of affiliates		33,500	7,000
10. Increase(Decrease) in funds owing to acquisition of investment in subsidiaries due to change in scope of consolidation		-	4,762
11. Decrease(Increase) in funds owing to sale of investment in subsidiaries due to change in scope of consolidation		(3,514)	2,295
12. Others		(174,860)	(308,169)
Net cash used in investing activities		(204,357)	(5,962,897)
III Financing activities			
1. Proceeds from short-term borrowings		40,136,000	65,358,400
2. Repayment of short-term borrowings		(24,525,343)	(53,499,226)
3. Proceeds from long-term borrowings		21,559,636	18,718,080
4. Repayment of long-term borrowings		(16,925,513)	(3,133,307)
5. Proceeds from issuance of stock		2,200,218	13,720,982
6. Proceeds from issuance of bonds		1,900,000	6,277,873
7. Payment for redemption of bonds		(40,000)	(1,420,000)
8. Proceeds from minority interests		-	8,000
9. Dividends paid		-	(118,225)
Net cash provided by financing activities		24,304,997	45,912,577
IV Effect of exchange rate changes on cash and cash equivalents		-	113,428
V Net increase (decrease) in cash and cash equivalents		(1,365,931)	14,760,408
VI Cash and cash equivalents at beginning of period		5,731,638	4,365,707
VII Increase in cash and cash equivalents resulting from changes in scope of consolidation		-	(2,806)
VIII Cash and cash equivalents at end of period		4,365,707	19,178,342

(5) Segment Information on Revenues (Consolidated Basis)*(Thousands of yen)*

	Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)	Year 2005 (Jan. 1, 2005 – Dec. 31, 2005)
Real Estate Investment Advisory Business	3,451,302	8,189,702
Asset Management Business	1,382,577	4,512,973
Note Investment Management Business	1,218,395	1,255,846
Total Revenue	6,052,274	13,958,522