



**Summary of Consolidated Financial Results  
For the First Quarter of 2007  
(January 1, 2007 – March 31, 2007)**

May 10, 2007

Described below is the English abstract of the financial results (Tanshin Report) that was released today in Japan. The translation is prepared and provided for readers' convenience only. Therefore, all readers are strongly advised to refer to the original version in Japanese for complete and accurate information. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

Listed company name :	Secured Capital Japan Co.,Ltd.
URL :	<a href="http://www.securedcapital.co.jp/">http://www.securedcapital.co.jp/</a>
Stock code :	2392
Listed stock market :	Tokyo Stock Exchange, Mothers Market
Company domicile :	Tokyo
President :	Katsuya Takanashi
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Telephone :	+81-3-5776-1300
Application of U.S.GAAP :	N/A

**1. Summary of consolidated financial results for the first quarter of 2007 (January 1, 2007 – March 31, 2007)**

(1) Consolidated financial results

	Revenue		Operating income		Ordinary income		Net income	
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%
Three months ended March 2007	1,717	-23.5	731	-54.4	724	-55.0	346	-63.9
Three months ended March 2006	2,245	237.8	1,604	740.8	1,608	732.6	959	810.6
Year ended December 2006	6,247		3,370		3,379		2,003	

	Earnings per share	Diluted earnings per share
	¥	¥
Three months ended March 2007	2,853.10	2,477.83
Three months ended March 2006	8,065.88	6,787.21
Year ended December 2006	16,628.27	14,248.98

(Note) Percentage figures shown in the above represent changes from the corresponding period of the previous year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions ¥	Millions ¥	%	¥
As of March 31, 2007	15,758	9,213	42.9	55,610.80
As of March 31, 2006	6,984	5,483	78.5	46,029.92
As of December 31, 2006	13,724	8,581	48.0	54,291.48

(3) Consolidated cash flows 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 the end of period
	Millions ¥	Millions ¥	Millions ¥	Millions ¥
Three months ended March 2007	-565	-990	1,630	965
Three months ended March 2006	-527	50	-110	1,246
Year ended December 2006	1,534	-7,055	4,515	889

**2. Forecast for the fiscal year ending December 2007 (January 1, 2007 – December 31, 2007)**

	Revenue	Ordinary income	Net income
	Millions ¥	Millions ¥	Millions ¥
Full Year	8,300	4,600	2,550

(Reference) Estimated net income per share for the full year is 20,995,95 yen  
The above estimation is based on the number of shares issued (121,452) as of March 31, 2007.

The above forecast was made by our company based on currently available information.  
The actual results may differ from those forecasts since our business is affected by various uncertain factors.

### 3. Consolidated Financial Statements

#### [1] Consolidated balance sheets

(Thousands of Yen)

	As of March 31, 2007		As of March 31, 2006		As of December 31, 2006	
	Amount	%	Amount	%	Amount	%
(Assets)						
I Current assets						
1 Cash and cash equivalents	965,367		1,246,117		889,139	
2 Accounts receivable	1,465,564		2,196,403		974,367	
3 Short-term loan receivable(*2)	1,086,140		3,000		—	
4 Operating loan	295,490		—		293,071	
5 Other receivable	184,007		258,668		129,454	
6 Deferred tax assets	209,182		197,800		96,284	
7 Other assets	680,036		273,295		389,332	
Total current assets	4,885,790	31.0	4,175,285	59.8	2,771,649	20.2
II Non-current assets						
1 Property and equipment						
(1) Building(*1)	125,679		45,060		40,633	
(2) Furniture and equipment(*1)	32,616		37,920		28,967	
Total property and equipment	158,296	1.0	82,981	1.2	69,600	0.5
2 Intangible assets	8,479	0.1	10,015	0.1	9,060	0.1
3 Investments						
(1) Securities(*2)	6,129,335		1,010,337		5,534,674	
(2) Other securities of affiliates	896,347		1,178,692		963,510	
(3) Long-term loan receivable(*2)	3,239,277		—		3,812,394	
(4) Security deposits	326,034		255,107		458,123	
(5) Others	115,085		271,782		105,231	
Total investments	10,706,080	67.9	2,715,919	38.9	10,873,935	79.2
Total non-current assets	10,872,856	69.0	2,808,916	40.2	10,952,596	79.8
Total assets	15,758,646	100.0	6,984,201	100.0	13,724,246	100.0

(Thousands of Yen)

	As of March 31, 2007		As of March 31, 2006		As of December 31, 2006	
	Amount	%	Amount	%	Amount	%
(Liabilities)						
I Current liabilities						
1 Short-term borrowing (*2 and 3)	4,923,250		—		3,561,480	
2 Accrued expense	423,338		159,631		366,151	
3 Income tax payable	312,987		648,900		802,564	
4 Deposits payable	625,599		399,258		212,330	
5 Bonus reserve	168,000		100,000		42,000	
6 Other liabilities	82,804		188,785		149,100	
Total current liabilities	6,535,981	41.5	1,496,576	21.4	5,133,626	37.4
II Non-current liabilities						
1 Deferred tax liabilities	8,776		4,080		8,689	
Total non-current liabilities	8,776	0.0	4,080	0.1	8,689	0.1
Total liabilities	6,544,757	41.5	1,500,656	21.5	5,142,315	37.5
(Shareholders' equity)						
I Common stock	—	—	1,177,665	16.9	—	—
II Additional paid-in capital	—	—	1,146,069	16.4	—	—
III Retained earnings	—	—	3,158,909	45.2	—	—
IV Unrealized gains on securities	—	—	6,362	0.1	—	—
V Treasury stock	—	—	-5,461	-0.1	—	—
Total shareholders' equity	—	—	5,483,544	78.5	—	—
Total liabilities and shareholders' equity	—	—	6,984,201	100.0	—	—

(Thousands of Yen)

	As of March 31, 2007		As of March 31, 2006		As of December 31, 2006	
	Amount	%	Amount	%	Amount	%
(Net assets)						
I Shareholders' equity						
1 Common stock	1,200,253	7.6	—	—	1,199,465	8.7
2 Additional paid-in capital	1,168,214	7.4	—	—	1,167,441	8.5
3 Retained earnings	4,361,492	27.7	—	—	4,197,111	30.6
Total shareholders' equity	6,729,960	42.7	—	—	6,564,019	47.8
II Unrealized valuations and re-measurement						
1 Unrealized gains on available for sale securities	12,734	0.1	—	—	12,852	0.1
2 Foreign currency translation adjustments	11,347	0.1	—	—	12,540	0.1
Total unrealized valuations and re-measurement	24,082	0.2	—	—	25,392	0.2
III Stock option	2,317	0.0	—	—	2,332	0.0
IV Minority interests	2,457,528	15.6	—	—	1,990,186	14.5
Total net assets	9,213,888	58.5	—	—	8,581,930	62.5
Total liabilities and net assets	15,758,646	100.0	—	—	13,724,246	100.0

[2] Consolidated statements of income

(Thousands of Yen)

	Three months ended March 31, 2007		Three months ended March 31, 2006		Year ended December 31, 2006				
	Amount	%	Amount	%	Amount	%			
I Revenues		1,717,760	100.0		2,245,380	100.0		6,247,793	100.0
II Selling, general and administrative expenses (*1)		986,161	57.4		641,325	28.6		2,877,598	46.1
Operating income		731,599	42.6		1,604,055	71.4		3,370,195	53.9
III Non-operating income									
1 Interest income	1,335			91			470		
2 Dividend income	2,000			5,000			5,000		
3 Currency exchange gain	613			—			13,350		
4 Equity in earnings of affiliated companies	7,250			—			—		
5 Others	386	11,585	0.7	—	5,092	0.2	1,622	20,444	0.4
IV Non-operating expenses									
1 Interest expenses	17,646			—			10,638		
2 Stock issuance expenses	—			143			—		
3 Currency exchange loss	—			405			—		
4 Equity in losses of affiliated companies	—			548			384		
5 Others	1,131	18,778	1.1	—	1,097	0.0	193	11,216	0.2
Ordinary income		724,406	42.2		1,608,050	71.6		3,379,423	54.1
V Extraordinary loss									
1 Loss on disposition of fixed assets (*2)	—			11			482		
2 Loss on dissolution of investment in subsidiaries	—			—			1,142		
3 Loss on office relocation (*3)	90,701	90,701	5.3	—	11	0.0	—	1,625	0.0
Income Before Income Taxes		633,704	36.9		1,608,038	71.6		3,377,798	54.1
Income Taxes-Current	374,956			680,249			1,346,229		
Deferred Income Taxes	-112,635	262,320	15.3	-31,580	648,669	28.9	70,013	1,416,243	22.7
Gain/Loss from minority interest		24,946	1.4		—	—		-41,478	-0.7
Net Income		346,437	20.2		959,369	42.7		2,003,033	32.1

[3] Consolidated statements of shareholders' equity

(Thousands of yen)

	Three months ended March 31, 2006	
	Amount	
(Additional paid-in capital)		
I Beginning balance		1,141,691
II Increase		
Additional issuance of common stock	4,377	4,377
III Ending balance		1,146,069
(Retained earnings)		
I Beginning balance		2,321,549
II Increase		
Net income	959,369	959,369
III Decrease		
1. Dividend	118,671	
2. Exclusion from the consolidation	3,338	122,009
IV Ending balance		3,158,909

[4] Consolidated statements of changes in shareholders' equity

Three months ended March 31, 2007

(Thousands of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance as of December 31, 2006	1,199,465	1,167,441	4,197,111	6,564,019
Amount of change				
New shares issued	787	772	—	1,560
Dividend paid	—	—	-182,056	-182,056
Net income	—	—	346,437	346,437
Amount of change other than shareholders' equity	—	—	—	—
Total amount of change	787	772	164,380	165,941
Balance as of March 31, 2007	1,200,253	1,168,214	4,361,492	6,729,960

	Unrealized valuations and re-measurement			Stock option	Minority Interest	Total net assets
	Unrealized gains on available for sale securities	Foreign currency translation adjustments	Total unrealized valuations and re-measurement			
Balance as of December 31, 2006	12,852	12,540	25,392	2,332	1,990,186	8,581,930
Amount of change						
New shares issued	—	—	—	—	—	1,560
Dividend paid	—	—	—	—	—	-182,056
Net income	—	—	—	—	—	346,437
Amount of change other than shareholders' equity	-117	-1,192	-1,309	-15	467,342	466,016
Total amount of change	-117	-1,192	-1,309	-15	467,342	631,958
Balance as of March 31, 2007	12,734	11,347	24,082	2,317	2,457,528	9,213,888

Year ended December 31, 2006

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2005	1,173,200	1,141,691	2,321,549	-5,461	4,630,979
Amount of change					
New shares issued	26,265	25,749	—	—	52,015
Dividend paid	—	—	-118,671	—	-118,671
Decrease from consolidation exclusion	—	—	-3,338	—	-3,338
Net income	—	—	2,003,033	—	2,003,033
Retirement of treasury stock	—	—	-5,461	5,461	—
Amount of change other than shareholders' equity	—	—	—	—	—
Total amount of change	26,265	25,749	1,875,562	5,461	1,933,039
Balance as of December 31, 2006	1,199,465	1,167,441	4,197,111	—	6,564,019

	Unrealized valuations and re-measurement			Stock option	Minority Interest	Total net assets
	Unrealized gains on available for sale securities	Foreign currency translation adjustments	Total unrealized valuations and re-measurement			
Balance as of December 31, 2005	6,363	—	6,363	2,850	—	4,640,194
Amount of change						
New shares issued	—	—	—	—	—	52,015
Dividend paid	—	—	—	—	—	-118,671
Decrease from consolidation exclusion	—	—	—	—	—	-3,338
Net income	—	—	—	—	—	2,003,033
Retirement of treasury stock	—	—	—	—	—	—
Amount of change other than shareholders' equity	6,488	12,540	19,028	-518	1,990,186	2,008,696
Total amount of change	6,488	12,540	19,028	-518	1,990,186	3,941,736
Balance as of December 31, 2006	12,852	12,540	25,392	2,332	1,990,186	8,581,930

[5] Consolidated statement of cash flows

(Thousands of Yen)

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
	Amount	Amount	Amount
<b>I Cash flows from operating activities</b>			
Income before taxes	633,704	1,608,038	3,377,798
Depreciation	7,796	6,009	25,158
Increase in bonus accrual	126,000	75,000	17,000
Interest and dividend income	-3,335	-5,092	-5,470
Interest expense	17,646	—	10,638
Equity in earnings of affiliated companies	-7,250	—	—
Equity in losses of affiliated companies	—	548	—
Stock Issuance Expense	—	143	—
Loss on disposition of fixed assets	39,797	11	482
Decrease (increase) in accounts receivable	-491,197	-1,332,722	-111,726
Decrease (increase) in operating loan	-2,419	—	-293,071
Decrease (increase) in other receivable	-66,453	-86,111	52,110
Increase (decrease) in accounts payable	56,659	36,168	243,981
Increase (decrease) in deposit payable	-8,731	219,574	34,081
Increase (decrease) in deferred revenue	-517	-140,598	-224,781
Income (loss) allocated to silent partnership	-13,514	-3,144	-37,292
Others	-13,993	16,551	-223,924
Sub total	274,190	394,377	2,864,984
Interest and dividend received	1,183	80	4,597
Interest paid	-17,419	—	-6,944
Income taxes received	—	—	61,853
Income taxes paid	-823,674	-921,931	-1,389,638
Net cash flows from operating activities	-565,720	-527,474	1,534,852
<b>II Cash flows from investing activities</b>			
Acquisition of fixed assets	-135,432	-4,174	-8,404
Acquisition of software	-106	-1,080	-2,136
Purchase of securities	—	-18,278	-2,375,417
Proceeds from sales and redemption of securities	3,000	1,547,852	1,712,629
Purchase of securities of affiliates	-50,420	-1,188,514	-2,008,390
Proceeds from sales and redemption of affiliates' securities	376,623	—	180,661
Investment in silent partnership	-142,073	-112,176	-313,789
Proceeds from redemption of investment in silent partnership	8,545	1,322	67,003
Acquisition of subsidiaries and affiliates	-13,000	-100,110	-157,314
Proceeds from sales and transfer of affiliates	13,100	45,635	53,324
Investment in money trust	-701,825	-113,080	-416,735
Proceeds from redemption from money trust	25,896	2,199	180,847
Entrustment of security deposits	-1,023	-10,590	-217,095
Proceeds from repayment of security deposits	133,111	—	—

(Thousands of Yen)

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
	Amount	Amount	Amount
Loans made	-116,701	-83,700	-1,374,571
Collection of loans	610,089	83,700	186,026
Purchase of loan receivables	-1,000,000	—	-3,817,672
Proceeds from sales of loan receivables	—	—	1,251,392
Others	—	1,092	4,382
Net cash flows from investing activities	-990,216	50,098	-7,055,259
III Cash flows from financing activities			
Increase (decrease) in short-term loan payable	1,361,770	—	3,561,480
Proceeds from issuance of common shares	1,540	8,612	51,308
Proceeds from minority interests	737,544	—	1,035,377
Dividends paid	-182,056	-118,671	-118,671
Distribution to minority interests	-288,505	—	-13,780
Net cash flows from financing activities	1,630,293	-110,058	4,515,715
IV Foreign currency translation adjustments in cash and cash equivalents	-513	—	157
V Net increase(decrease) in cash and cash equivalents	73,842	-587,434	-1,004,534
VI Cash and cash equivalents at the beginning of period	889,139	1,854,397	1,854,397
VII Increase by inclusion of new consolidated subsidiaries	2,385	—	60,122
VIII Decrease by exclusion of non-consolidated subsidiary	—	-20,845	-20,845
IX Cash and cash equivalents at the end of period	965,367	1,246,117	889,139

## Basis of presenting the consolidated financial statements

### 1 Scope of consolidation

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Number of consolidated subsidiaries: 13 entities</p> <p>Names of the consolidated subsidiaries are as follows:            SCJ Servicing Co., Ltd.            SCJ Investment Management Co., Ltd.            SCJ VM Y.K.            SCJREP GP Investor Y.K.            SCJ-M-B Investment LPS            SCJ REP NK Partnership            SCJ REP II NK Partnership            SCJ REP Asia NK Partnership            SCJ Real Estate Mezzanine Partners I Investment LPS            Ashwood II Y.K.            SCJ-RMF-B Investment LPS            SRF Toranomom Chukan Hojin            Ashwood I Y.K.</p> <p>The company's influence on Ashwood I Y.K. is deemed no longer temporary. Thus, it is included in the consolidated financial statements since this period.</p>	<p>(1) Number of consolidated subsidiaries: 4 entities</p> <p>Names of the consolidated subsidiaries are as follows:            SCJ Servicing Co., Ltd.            SCJ Investment Management Co., Ltd.            SCJ VM Y.K.            SCJREP GP Investor Y.K.</p> <p>3A Investment Corporation Y.K. was consolidated in the previous years. In the current period, the entity is excluded from the consolidation due to its decreased impact to the consolidated financial statements.</p>	<p>(1) Number of consolidated subsidiaries: 12 entities</p> <p>Names of the consolidated subsidiaries are as follows:            SCJ Servicing Co., Ltd.            SCJ Investment Management Co., Ltd.            SCJ VM Y.K.            SCJREP GP Investor Y.K.            SCJ-M-B Investment LPS            SCJ REP NK Partnership            SCJ REP II NK Partnership            SCJ REP Asia NK Partnership            SCJ Real Estate Mezzanine Partners I Investment LPS            Ashwood II Y.K.            SCJ-RMF-B Investment LPS            SRF Toranomom Chukan Hojin</p> <p>The amount of total assets and the profit or loss from 3A Investment Corporation Y.K. became immaterial to the consolidated financial statements taken as a whole. Thus, it is excluded from the consolidated financial statements.</p> <p>The company's influence on SCJ-M-B Investment LPS, Ashwood II Y.K., SCJ-M-RMF-B Investment LPS and SRF Toranomom Chukan Hojin is deemed no longer temporary. Thus, it is included in the consolidated financial statements since this year.</p> <p>SCJ REP NK Partnership, SCJ REP II NK Partnership and SCJ REP Asia NK Partnership are included in the consolidated financial statements since this year. SCJ Real Estate Mezzanine Partners I Investment LPS is established in this year and included in the consolidated financial statements.</p>

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(2) Names of the main unconsolidated subsidiaries are as follows:  Mountain Recovery Fund I Y.K.  MRF 2 Y.K.  SCJREP I Management, L.P.  SCJREP II Management, L.P.  SCJREP Asia Management, L.P.  SGP Capital Y.K.  OTM Capital G.K.</p> <p>Mountain Recovery Fund I Y.K., MRF 2 Y.K., SGP Capital Y.K. and OTM Capital G.K. maintain loan portfolios for silent partners. SCJ REP I Management L.P., SCJ REP II Management L.P. and SCJ REP Asia Management L.P. maintain property portfolios for partners.</p> <p>Our substantial share of assets, net income or loss in the entity has no material effect on the consolidated statements taken as a whole. Therefore, they are not included in the consolidated financial statements in accordance with Japanese Accounting Standards for the consolidated financial statements No.5-1-2.</p> <p>The total assets, revenues, net income and retained earnings (based on ownership interest) of the other unconsolidated subsidiaries have no material effects on the consolidated statements. Therefore activities from other unconsolidated subsidiaries are not included in the consolidated financial statements.</p>	<p>(2) Names of the main unconsolidated subsidiaries are as follows:  Mountain Recovery Fund I Y.K.  SRFA Chukan Hojin  MRF 2 Y.K.  Ashwood I Y.K.  Ashwood II Y.K.</p> <p>Mountain Recovery Fund I Y.K. and MRF 2 Y.K. maintain loan portfolios for silent partners.</p> <p>Our substantial share of assets, net income or loss in the entity has no material effect on the consolidated statements taken as a whole. Therefore, the activities from Mountain Recovery Fund I Y.K. and MRF 2 Y.K. are not included in the consolidated financial statements in accordance with Japanese Accounting Standards for the consolidated financial statements No.5-1-2.</p> <p>Ashwood I Y.K. and Ashwood II Y.K. have interests in Limited Partnership as the general partner and the change in the company's share of the interests in the partnerships are adjusted based on the company's share accordingly.</p> <p>The total assets, revenues, net income and retained earnings (based on ownership interest) of the other unconsolidated subsidiaries have no material effects on the consolidated statements. Therefore activities from other unconsolidated subsidiaries are not included in the consolidated financial statements.</p>	<p>(2) Names of the main unconsolidated subsidiaries are as follows:  Mountain Recovery Fund I Y.K.  MRF 2 Y.K.  SCJREP I Management, L.P.  SCJREP II Management, L.P.  SCJREP Asia Management, L.P.</p> <p>Mountain Recovery Fund I Y.K. and MRF 2 Y.K. maintain loan portfolios for silent partners. SCJ REP I Management L.P., SCJ REP II Management L.P. and SCJ REP Asia Management L.P. maintain property portfolios for partners.</p> <p>Our substantial share of assets, net income or loss in the entity has no material effect on the consolidated statements taken as a whole. Therefore, they are not included in the consolidated financial statements in accordance with Japanese Accounting Standards for the consolidated financial statements No.5-1-2.</p> <p>The total assets, revenues, net income and retained earnings (based on ownership interest) of the other unconsolidated subsidiaries have no material effects on the consolidated statements. Therefore activities from other unconsolidated subsidiaries are not included in the consolidated financial statements.</p>

2 Use of equity method

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Affiliated companies accounted for using the equity method. J-Star K.K. J-STAR No.1 Investment LPS</p>	<p>(2) Affiliated companies accounted for using the equity method. J-Star K.K.</p> <p>J-Star K.K. was established during the current period and accounted for using the equity method.</p>	<p>(3) Affiliated companies accounted for using the equity method. J-Star K.K. J-STAR No.1 Investment LPS</p> <p>J-Star K.K. and J-Star No.1 Investment LPS are established this year and accounted for using the equity method. China Real Estate I Ltd. and China Real Estate V Ltd. were established this year and accounted for using the equity method. However, these companies were sold during the year and the equity method is no longer applied.</p>
<p>(2) Unconsolidated subsidiaries accounted for using the equity method. N/A</p>	<p>(2) Unconsolidated subsidiaries accounted for using the equity method. Same as on the left</p>	<p>(2) Unconsolidated subsidiaries accounted for using the equity method. Same as on the left</p>
<p>(3) The following unconsolidated subsidiaries are not accounted for using the equity method. Mountain Recovery Fund I Y.K. MRF 2 Y.K. SCJREP I Management, L.P. SCJREP II Management, L.P. SCJREP Asia Management, L.P. SGP Capital Y.K. OTM Capital G.K.</p> <p>Net income and retained earnings of the unconsolidated subsidiaries have no material effect on the consolidated statements. Therefore the above companies are not accounted for using equity method.</p>	<p>(3) The following unconsolidated subsidiaries are not accounted for using the equity method. Mountain Recovery Fund I Y.K. SRFA Chukan Hojin MRF 2 Y.K. Ashwood I Y.K. Ashwood II Y.K.</p> <p>Ashwood I Y.K. and Ashwood II Y.K. have interests in Limited Partnership as the general partner and the change in the company's share of the interests in the partnerships are adjusted based on the company's share accordingly.</p> <p>Net income and retained earnings of the unconsolidated subsidiaries have no material effect on the consolidated statements taken as a whole. Therefore the above companies are not accounted for using equity method.</p>	<p>(3) The following unconsolidated subsidiaries are not accounted for using the equity method. Mountain Recovery Fund I Y.K. MRF 2 Y.K. SCJREP I Management, L.P. SCJREP II Management, L.P. SCJREP Asia Management, L.P.</p> <p>Net income and retained earnings of the unconsolidated subsidiaries have no material effect on the consolidated statements. Therefore the above companies are not accounted for using equity method.</p>

3 Fiscal year of consolidated subsidiaries

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>The first period end for SCJ Real Estate Mezzanine Partners I Investment LPS and SRF Toranomom Chukan Hojin is the end of April. However, these subsidiaries are consolidated based on their financial statements as of the end of March. Other consolidated subsidiaries have the same quarter end as the parent company.</p>	<p>Each consolidated subsidiary has the same fiscal period end as the parent.</p>	<p>The fiscal year end for SCJ Real Estate Mezzanine Partners I Investment LPS and SRF Toranomom Chukan Hojin is the end of January of each year. However, these subsidiaries are consolidated based on their financial statements as of the end of December. Other consolidated subsidiaries have the same fiscal year end as the parent company.</p>

4 Summary of significant accounting policies

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Significant asset valuation method</p> <p>a) For securities with fair market value Valuation is based on the market value at each quarter end. (The unrealized gain/loss is recorded in the net assets section.)</p> <p>b) For securities without fair market value The purchase cost of the securities is used. (For the US dollar denominated securities, these securities are re-measured into the Japanese Yen using the prevailing market rate at the quarter end. The unrealized gain/loss is recorded in the net assets section.)</p> <p>(Refer 4-7-a for the treatment of the investment in silent partnership)</p> <p>(The capital contributions made to limited liability partnerships and similar partnerships are treated as "securities" on the balance sheet in the amount proportional to the contributions made to the partnerships. The changes in the company's share of the interests in the partnerships are adjusted based on the company's share accordingly.)</p>	<p>(1) Significant asset valuation method</p> <p>-----</p> <p>b) For securities without fair market value Same as on the left</p>	<p>(1) Significant asset valuation method</p> <p>a) For securities with fair market value Valuation is based on the market value at each year end. (The unrealized gain/loss is recorded in the net assets section.)</p> <p>b) For securities without fair market value The purchase cost of the securities is used. (For the US dollar denominated securities, these securities are re-measured into the Japanese Yen using the prevailing market rate at the year end. The unrealized gain/loss is recorded in the net assets section.)</p> <p>(Refer 4-7-a for the treatment of the investment in silent partnership)</p> <p>(The capital contributions made to limited liability partnerships and similar partnerships are treated as "securities" on the balance sheet in the amount proportional to the contributions made to the partnerships. The changes in the</p>

<p>c) Derivatives Evaluation is based on the market value.</p> <p>(2) Depreciation method of significant depreciable assets</p> <p>a) Tangible assets: Tangible assets are depreciated by declining balance method. However, buildings acquired on and after April 1, 1998 are depreciated by straight-line method, except for building attachments.</p> <p>The useful life of principal assets is as follows: Buildings: 15 years Furniture and equipment: 4-8 years</p> <p>b) Intangible assets: Intangible assets are depreciated by straight-line method.</p> <p>Software for internal use is depreciated by straight-line method over the expected available periods of five years.</p> <p>(3) Amortization method of significant deferred assets:</p> <p>a) Public offering related expenses: Public offering related costs are expensed as incurred.</p> <p>(4) Accounting for significant allowances and reserves:</p> <p>a) Allowance for doubtful accounts: For general receivables, general allowances are provided using a rate determined by our past bad debt history. Specific allowances are provided for estimated amounts considered to be uncollectible after the reviewing the individual collectibility of certain doubtful accounts.</p>	<p>c) _____</p> <p>(2) Depreciation method of significant depreciable assets</p> <p>a) Tangible assets: Same as on the left</p> <p>b) Intangible assets: Same as on the left</p> <p>(3) Amortization method of significant deferred assets:</p> <p>a) Stock issue expenses: Stock issuance costs are expensed as incurred.</p> <p>(4) Accounting for significant allowances and reserves:</p> <p>a) Allowance for doubtful accounts: Same as on the left</p>	<p>company's share of the interests in the partnerships are adjusted based on the company's share accordingly.)</p> <p>c) Derivatives Evaluation is based on the market value.</p> <p>(2) Depreciation method of significant depreciable assets</p> <p>a) Tangible assets: Same as on the left</p> <p>b) Intangible assets: Same as on the left</p> <p>(3) Amortization method of significant deferred assets:</p> <p>a) Public offering related expenses: Public offering related costs are expensed as incurred.</p> <p>(4) Accounting for significant allowances and reserves:</p> <p>a) Allowance for doubtful accounts: Same as on the left</p>
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<p>b) Allowance for bonus payments: The company properly accrues estimated incentive payments for employees that have been vested during the current period.</p> <p>(5) Translation of foreign currency:</p> <p>Foreign currency denominated payables and receivables are re-measured into the Japanese Yen using the prevailing market rate at the period end.</p> <p>(6) Accounting treatment for significant leases:</p> <p>All finance leases, except for those leases with a transfer of ownership, are treated as operating leases.</p> <p>(7) Other significant accounting policies:</p> <p>a) Accounting for investment in silent partnership: Investment in silent partnership is accounted as 'Securities' on the balance sheet in the amount proportional to the contribution of the assets to the silent partnership which is recorded at the time such investment is made. The change in company's share of equity interests in the silent partnership is accounted as 'Sales' and the equivalent amount of increases/decreases as 'Securities'. A distribution from the company's investee is accounted as a redemption of the investment which decreases the amount of investment in silent partnership. 'Securities' redemption of investment in capital from the operator.</p> <p>b) Accounting for operating loan: Collection of operating loan offsets the 'Operating loan' and difference from purchase price is recorded as 'Sales'.</p> <p>c) Accounting for the consumption taxes: The consumption tax and the local consumption tax are excluded from transaction amounts.</p>	<p>b) Allowance for bonus payments: Same as on the left</p> <p>(5) Translation of foreign currency:</p> <p>Same as on the left</p> <p>(6) Accounting treatment for significant leases:</p> <p>Same as on the left</p> <p>(7) Other significant accounting policies:</p> <p>a) Accounting for investment in silent partnership: Same as on the left</p> <p>b) -----</p> <p>c) Accounting for the consumption taxes: Same as on the left</p>	<p>b) Allowance for bonus payments: The company properly accrues estimated incentive payments for employees that have been vested during the current year.</p> <p>(5) Translation of foreign currency:</p> <p>Foreign currency denominated payables and receivables are re-measured into the Japanese Yen using the prevailing market rate at the year end.</p> <p>(6) Accounting treatment for significant leases:</p> <p>Same as on the left</p> <p>(7) Other significant accounting policies:</p> <p>a) Accounting for investment in silent partnership: Same as on the left</p> <p>b) Accounting for operating loan: Collection of operating loan offsets the 'Operating loan' and difference from purchase price is recorded as 'Sales'.</p> <p>c) Accounting for the consumption taxes: Same as on the left</p>
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5 Definition of cash and cash equivalents in consolidated statement of cash flows

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Cash and cash equivalents are comprised of short-term investments with original maturities of less than ninety days.	Same as on the left	Same as on the left

Change in accounting policy

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>-----</p> <p>Starting this period, certain changes were made to the net assets section to be compliant to the new accounting rules. The amount of the total shareholders' equity based on the old accounting rule is ¥6,754,043 thousand.</p> <p>Starting this period, certain changes were made to the scope of consolidation about regarding the limited liability partnerships. The application of the new rule has no material effect on the statements of income.</p>	<p>Starting this period, the impairment accounting has been applied to fixed assets. This application has no material effect on the statements of income.</p> <p>-----</p> <p>-----</p>	<p>Starting this year, the impairment accounting has been applied to fixed assets. This application has no material effect on the statements of income.</p> <p>Starting this year, certain changes were made to the net assets section to be compliant to the new accounting rules. The amount of the total shareholders' equity based on the old accounting rule is ¥6,589,411 thousand.</p> <p>Starting this year, certain changes were made to the scope of consolidation about regarding the limited liability partnerships. The application of the new rule has no material effect on the statements of income.</p>

Change in presentation

Three months ended March 31, 2007	Three months ended March 31, 2006
<p>Consolidated balance sheets:</p> <p>According to newly enacted company law announced in last year, the investment in Y.K., known as Yugen Kaisha, is accounted as securities.</p> <p>On the consolidated balance sheets as of March 31, 2006, the investment in Y.K. was included in 'Other assets' in the investments in other assets section.</p> <p>In the current period, it is included in 'Securities' in the investments in other assets section. As a result, the balance of 'Securities' increased by ¥53,700 thousand in comparison to the balance using the old account policy.</p> <p>Consolidated statements of cash flows:</p> <p>The investment in Y.K. on the consolidated statements of cash flows is reclassified from proceeds and payments of affiliates into securities.</p> <p>In this period there was no purchase of investment in Y.K. and the amount of proceeds is ¥3,000 thousand.</p>	<p>-----</p> <p>-----</p>

Notes

(Consolidated balance sheets)

As of March 31,2007	As of March 31,2006	As of December 31,2006
<p>(1) Accumulated depreciation of tangible assets</p> <p style="text-align: right;">¥44,743 thousand</p>	<p>(1) Accumulated depreciation of tangible assets</p> <p style="text-align: right;">¥60,251 thousand</p>	<p>(1) Accumulated depreciation of tangible assets</p> <p style="text-align: right;">¥73,906 thousand</p>
<p>(2) Short-term bank loans at March 31, 2007, consisted of a collateralized non-recourse loan from a bank of ¥3,823,250 thousand. The carrying amounts of assets pledged as collateral for the short-term bank loans at March 31, 2007 are as follows:</p> <p style="margin-left: 40px;">Investment securities ¥2,000,000 thousand Short-term loans receivable ¥1,000,000 thousand Long-term loans receivable ¥3,238,352 thousand</p> <hr style="width: 20%; margin-left: 0;"/> <p style="margin-left: 0;">Total ¥6,238,352 thousand</p>	<p>(2) -----</p>	<p>(2) Short-term bank loans at December 31, 2006, consisted of a collateralized non-recourse loan from a bank of ¥3,561,480 thousand. The carrying amounts of assets pledged as collateral for the short-term bank loans at December 31, 2006 are as follows:</p> <p style="margin-left: 40px;">Investment securities ¥2,000,000 thousand Long-term loans receivable ¥3,810,800 thousand</p> <hr style="width: 20%; margin-left: 0;"/> <p style="margin-left: 0;">Total ¥5,810,800 thousand</p>
<p>(3) The company and its subsidiaries have an overdraft agreement with a bank</p> <p style="margin-left: 40px;">The total amount of overdraft agreement ¥3,600,000 thousand Over-drafted balance as of March 31, 2007 ¥1,100,000 thousand</p>	<p>(3) The company and its subsidiaries have an overdraft agreement with a bank</p> <p style="margin-left: 40px;">The total amount of overdraft agreement ¥1,300,000 thousand Over-drafted balance as of March 31, 2006 N/A</p>	<p>(3) The company and its subsidiaries have an overdraft agreement with a bank</p> <p style="margin-left: 40px;">The total amount of overdraft agreement ¥3,600,000 thousand Over-drafted balance as of December 31, 2006 N/A</p>
<p>(4) -----</p>	<p>(4) Contingent liabilities</p> <p style="margin-left: 40px;">Penalty for not purchasing the property specified in a purchase agreement ¥255,000 thousand</p>	<p>(4) -----</p>

(Consolidated statements of income)

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Selling and General Administrative Expenses comprised as follows:</p> <p style="margin-left: 40px;">Directors' salaries ¥48,416 thousand</p>	<p>(1) Selling and General Administrative Expenses comprised as follows:</p> <p style="margin-left: 40px;">Directors' salaries ¥44,225 thousand</p>	<p>(1) Selling and General Administrative Expenses comprised as follows:</p> <p style="margin-left: 40px;">Directors' salaries ¥192,350 thousand</p>

Salaries ¥264,939 thousand Unpaid bonus accrual ¥126,000 thousand Professional fees ¥25,033 thousand Rent ¥87,426 thousand Commissions ¥247,782 thousand	Salaries ¥241,907 thousand Unpaid bonus accrual ¥75,000 thousand Professional fees ¥17,973 thousand Rent ¥43,236 thousand	Salaries ¥991,824 thousand Bonus paid ¥432,540 thousand Unpaid bonus accrual ¥42,000 thousand Professional fees ¥179,652 thousand Rent ¥189,975 thousand
(2) -----	(2) Detail of the loss on disposition of fixed assets  Equipment and Fixture ¥11 thousand	(2) Detail of the loss on disposition of fixed assets  Equipment and Fixture ¥482 thousand
(3) Detail of loss from office relocation  Office recovery expense ¥42,021 thousand Loss on disposition of fixed assets ¥39,797 thousand Moving expense ¥8,883 thousand <hr/> Total ¥90,701 thousand	(3) -----	(3) -----

(Statements of Changes in Shareholders' Equity)

Three months ended March 31, 2007

1. Type and number of treasury stock

	Beginning of the period	Number of increase	Number of decrease	End of the period	Description
Issued stock (common stock)	121,371 shares	81 shares	—	121,452 shares	*1

Notes: 1. The increase of issued stock (81 shares) was due to exercise of stock options.

2. Stock option

	Detail	Balance as of March 31, 2007
Secured Capital Japan Co., Ltd.	Stock option	¥2,317 thousand

### 3. Dividend paid

Resolution	Share type	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 28, 2007	Common stock	¥182,056 thousand	¥1,500	December 31, 2006	March 29, 2007

Year ended December 31, 2006

#### 1. Type and number of treasury stock

	Beginning of the period	Number of increase	Number of decrease	End of the period	Description
Issued stock (common stock)	118,679.85 shares	2,700 shares	8.85 shares	121,371 shares	*1
Treasury stock (common stock)	8.85 shares	—	8.85 shares	—	*2

Notes:

1. The increase of issued stock (2,700 shares) was due to exercise of stock options.
2. Decrease of treasury stock (8.85 shares) was due to retirement.

#### 2. Stock option

	Detail	Balance as of December 31, 2006
Secured Capital Japan Co., Ltd.	Stock option	¥2,332 thousand

### 3. Dividend paid

Resolution	Share type	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 30, 2006	Common stock	¥118,671 thousand	¥1,000	December 31, 2005	March 31, 2006

Dividend to be effective on and after next period

Resolution	Share type	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 28, 2007	Common stock	¥182,056 thousand	¥1,500	December 31, 2006	March 29, 2007

#### (Consolidated Statements of Cash Flows)

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Cash and cash equivalents at the end of the the period and their relevant items posted in the balance sheet and their amount.	Cash and cash equivalents at the end of the period and their relevant items posted in the balance sheet and their amount.	Cash and cash equivalents at the end of the year and their relevant items posted in the balance sheet and their amount.

Cash ¥965,367 thousand Cash and cash equivalents ¥965,367 thousand	Cash ¥1,246,117 thousand Cash and cash equivalents ¥1,246,117 thousand	Cash ¥889,139 thousand Cash and cash equivalents ¥889,139 thousand
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(Accounting for Leases)

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006												
<p>(1) Finance lease transactions other than those, which are deemed to be an ownership transfer of the leased asset to lessees</p> <p>Information is omitted due to its immateriality.</p> <p>(2) Non-cancelable operating lease transactions:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Commitment within 1 year</td> <td style="text-align: right;">¥237,928 thousand</td> </tr> <tr> <td>Commitment over 1 year</td> <td style="text-align: right;">¥821,730 thousand</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥1,059,658 thousand</td> </tr> </table>	Commitment within 1 year	¥237,928 thousand	Commitment over 1 year	¥821,730 thousand	Total	¥1,059,658 thousand	<p>(1) Finance lease transactions other than those, which are deemed to be an ownership transfer of the leased asset to lessees</p> <p>Same as on the left</p> <p>(2) _____</p>	<p>(1) Finance lease transactions other than those, which are deemed to be an ownership transfer of the leased asset to lessees</p> <p>Same as on the left</p> <p>(2) Non-cancelable operating lease transactions:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Commitment within 1 year</td> <td style="text-align: right;">¥266,347 thousand</td> </tr> <tr> <td>Commitment over 1 year</td> <td style="text-align: right;">¥879,060 thousand</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥1,145,407 thousand</td> </tr> </table>	Commitment within 1 year	¥266,347 thousand	Commitment over 1 year	¥879,060 thousand	Total	¥1,145,407 thousand
Commitment within 1 year	¥237,928 thousand													
Commitment over 1 year	¥821,730 thousand													
Total	¥1,059,658 thousand													
Commitment within 1 year	¥266,347 thousand													
Commitment over 1 year	¥879,060 thousand													
Total	¥1,145,407 thousand													

(Securities)

1. Those securities which are valued based on the fair market value

(Thousands of yen)

	Three months ended March 31, 2007			Three months ended March 31, 2006			Year ended December 31, 2006		
	Purchase price	Balance on consolidated financial statement	Difference	Purchase price	Appropriated on consolidated financial statement	Difference	Purchase price	Balance on consolidated financial statement	Difference
Other securities									
Bond	2,493,664	2,496,860	3,195	—	—	—	2,493,664	2,496,680	3,015
Total	2,493,664	2,496,860	3,195	—	—	—	2,493,664	2,496,680	3,015

2. Those securities which are not valued based on the fair market value

(Thousands of yen)

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
	Appropriated on consolidated financial statement	Appropriated on consolidated financial statement	Appropriated on consolidated financial statement
Securities			
Stock without readily available fair market value	84,000	—	84,000
Foreign securities without readily available fair market value	243,990	164,211	466,262
Money trust	2,727,510	643,160	2,051,580
Investment in silent partnership	490,408	202,965	350,836
Total	3,545,909	1,010,337	2,952,678

Investment in affiliated companies			
Investment in subsidiaries	260,240	1,354,706	164,876
Investment in affiliated companies	722,673	28,451	883,950
Total	982,913	1,383,158	1,048,826

(Derivatives)

This derivative is transacted as follows:

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Transaction Interest rate swap transaction	No derivative transactions are made during the three months ended March 31, 2006.	Transaction Interest rate swap transaction
Contract price ¥380,000 thousand		Contract price ¥380,000 thousand
Fair market value ¥4,785 thousand		Fair market value ¥5,860 thousand
Valuation gain (loss) ¥-1,075 thousand		Valuation gain (loss) ¥582 thousand

<p>The market price of the interest rate swap is based on the price obtained from the financial institution (counterparty).</p> <p>Above principal amount doesn't indicate the amount of the market risk for the derivative transaction.</p>		<p>The market price of the interest rate swap is based on the price obtained from the financial institution (counterparty).</p> <p>Above principal amount doesn't indicate the amount of the market risk for the derivative transaction.</p>
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(Stock Option)

Three months ended March 31, 2007

There is no stock option granted in three months ended March 31, 2007.

Year ended December 31, 2006

1. Details and scale of stock option

	8 <sup>th</sup> Stock Option	9 <sup>th</sup> Stock Option	Description
Classification and number of allottees	6 employees	4 employees	
Number and class of shares under subscription rights	Common Stock 1,290 shares	Common Stock 1,100 shares	*1
Issue date of subscription rights	March 1, 2006	April 28, 2006	
Terms and conditions of exercise	Must continually be an employee, advisor, or a director of the company until the day that subscription rights are given.	Must continually be an employee, advisor, or a director of the company until the day that subscription rights are given.	*2
Exercise period for subscription rights	March 30, 2007 - September 30, 2011	March 31, 2008 - September 30, 2012	
Exercise price	¥485,205 per share	¥459,948 per share	
Fair value	—	—	*3

- Notes
1. It is converted into the number of shares to be exercised.
  2. Subscription rights are not exercisable by heirs to subscription rights holders. Other terms and conditions are as set forth in the Subscription Rights Allocation Agreement for execution by and between the Company and subscription rights holders.
  3. This stock option was issued before the enactment of the new company law. Therefore it has no material effect on the consolidated financial results.

2. Amount of effect on the consolidated financial results

This stock option was granted before the enactment of the new company law.

Therefore it has no material effect on the consolidated financial results.

(Segment Information)

1. Business segment information

Three months ended March 31, 2007

(Thousands of yen)

	Property Acquisition and Asset Management	Loan Acquisition and Management	Total	Eliminations or corporate	Consolidated total
Revenue and operating income					
Revenue					
(1) Revenue to external customers	1,404,363	313,396	1,717,760	—	1,717,760
(2) Inter-segment revenue and transfers	—	—	—	—	—
Total	1,404,363	313,396	1,717,760	—	1,717,760
Operating expenses	687,641	203,631	891,272	94,888	986,161
Operating income (loss)	716,722	109,765	826,487	-94,888	731,599

Notes

1. Description of the Segment Information:  
The segment information is presented on the basis of the two principal business segments which are defined internally by the management.
2. Primary operations of the respective business segments are as follows:  
Property Acquisition and Asset Management: Consists of the acquisition and asset management of real estate properties.  
Loan Acquisition and Management: Consists of the acquisition and servicing of secured and unsecured loans.
3. Unallocated operating expenses included in the eliminations and corporate components of operating expenses amounted to ¥94,888 thousand. These expenses primarily represent administrative expenses of the company.

Three months ended March 31, 2006

(Thousands of yen)

	Property Acquisition and Asset Management	Loan Acquisition and Management	Total	Eliminations or corporate	Consolidated total
Revenue and operating income					
Revenue					
(1) Revenue to external customers	448,687	1,796,692	2,245,380	—	2,245,380
(2) Inter-segment revenue and transfers	—	—	—	—	—
Total	448,687	1,796,692	2,245,380	—	2,245,380
Operating expenses	354,598	201,589	556,188	85,136	641,325
Operating income (loss)	94,089	1,595,102	1,689,191	-85,136	1,604,055

Notes

1. Description of the Segment Information:  
The segment information is presented on the basis of the two principal business segments which are defined internally by the management.
2. Primary operations of the respective business segments are as follows:  
Property Acquisition and Asset Management: Consists of the acquisition and asset management of real estate properties.  
Loan Acquisition and Management: Consists of the acquisition and servicing of secured and

unsecured loans.

3. Unallocated operating expenses included in the eliminations and corporate components of operating expenses amounted to ¥85,136 thousand. These expenses primarily represent administrative expenses of the company.

Year ended December 31, 2006

(Thousands of yen)

	Property Acquisition and Asset Management	Loan Acquisition and Management	Total	Eliminations or corporate	Consolidated total
Revenue and operating income					
Revenue					
(1) Revenue to external customers	2,891,443	3,356,350	6,247,793	—	6,247,793
(2) Inter-segment revenue and transfers	—	—	—	—	—
Total	2,891,443	3,356,350	6,247,793	—	6,247,793
Operating expenses	1,668,355	865,856	2,534,212	343,385	2,877,598
Operating income (loss)	1,223,087	2,490,494	3,713,581	-343,385	3,370,195

Notes

1. Description of the Segment Information:  
The segment information is presented on the basis of the two principal business segments which are defined internally by the management.
2. Primary operations of the respective business segments are as follows:  
Property Acquisition and Asset Management: Consists of the acquisition and asset management of real estate properties.  
Loan Acquisition and Management: Consists of the acquisition and servicing of secured and unsecured loans.
3. Unallocated operating expenses included in the eliminations and corporate components of operating expenses amounted to ¥343,385 thousand. These expenses primarily represent administrative expenses of the company.

## 2. Geographical segment information

Three months ended March 31, 2007	N/A
Three months ended March 31, 2006	N/A
Year ended December 31, 2006	N/A

## 3. Overseas sales

Three months ended March 31, 2007	N/A
Three months ended March 31, 2006	N/A
Year ended December 31, 2006	N/A

(Earnings per share data)

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Net assets per share	¥55,610.80	¥46,029.92	¥54,291.48
Net income per share after taxes	¥2,853.10	¥8,065.88	¥16,628.27
Diluted net income per share after taxes	¥2,477.83	¥6,787.21	¥14,248.98

(Notes) 1. Items used to calculate the amount of net assets per share:

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Amount of net assets	¥9,213,888 thousand	—	¥8,581,930 thousand
Amount of deductions	¥2,459,845 thousand	—	¥1,992,518 thousand
Stock options	¥2,317 thousand	—	¥2,332 thousand
Minority interests	¥2,457,528 thousand	—	¥1,990,186 thousand
Amount of net assets relevant to common stock	¥6,754,043 thousand	—	¥6,589,411 thousand
Number of common stock at the end of periods	121,452 shares	—	121,371 shares

(Notes) 2. Items used to calculate earnings per share and diluted earnings per share:

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Net income	¥346,437 thousand	¥959,369 thousand	¥2,003,033 thousand
Amount not allocable to common shareholders	—	—	—
Net income available for common stock shareholders	¥346,437 thousand	¥959,369 thousand	¥2,003,033 thousand
Number of average shares outstanding during the three months	121,425 shares	118,942 shares	120,460 shares
Details of net income adjustments included in the calculation of diluted earnings per share	—	—	—
Details of increased number of shares included in the calculation of diluted earnings per share	Stock option 18,390 shares	Stock option 22,408 shares	Stock option 20,114 shares
Details of items not included in the calculation of diluted earnings per share	Stock option (Authorized on March 30, 2005) 1,890 shares  Stock option (Authorized on March 30, 2006) 1,100 shares	Stock option (Authorized on March 30, 2005) 1,290 shares	Stock option (Authorized on March 30, 2005) 1,290 shares  Stock option (Authorized on March 30, 2006) 1,100 shares

## (Subsequent events)

Three months ended March 31, 2007

### Zero coupon Japanese Yen Convertible Notes – notes with stock acquisition rights

The board of directors of the Company approved the issuance of Zero coupon Japanese Yen Convertible Notes – Notes with stock acquisition rights – Due 2012 (subject to increase pursuant to the option granted to the Manager).

#### 1. Terms of the notes

- |                                    |  |
|------------------------------------|--|
| 1) Issue price                     | 100% of the principal amount of the Notes<br>Denomination of each of the Notes is ¥1,000 thousand. |
| 2) Aggregate amount of issue price | ¥6,000,000 thousand  |
| 3) Aggregate amount of parvalue    | ¥6,000,000 thousand  |
| 4) Interest rate                   | The Notes bear no interest.  |
- 5) Method of redemption and time frame of the Notes
- i) Redemption of the Notes at maturity
- The Notes will be redeemed at their principal amount on May 2, 2012.
- ii) Early redemption at the option of the Company
- (a) Early redemption pursuant to the provision of 130% call option:
- The Company may, at its option, on or after April 30, 2010, not less than 30 nor more than 60 days' prior notice to the Noteholders, redeem all, but not some only, of the Notes then outstanding at the principal amount, if the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc., (hereinafter referred to as the "Tokyo Stock Exchange") (hereinafter referred to as the "Closing Price") for each of the 30 consecutive Trading Days is at least 130% of the Conversion Price defined in 2(3) below in effect on each such Trading Day; provided, however, that such notice shall be published within 30 days from the last day of such 30 consecutive Trading Days. "Trading Day" means a day when the Tokyo Stock Exchange is open for business, but does not include a day when no such Closing Price is reported.
- (b) Early redemption for tax reasons:
- The Company may, on or after May 2, 2007, having given not less than 30 nor more than 60 days' prior notice to the Noteholders, redeem all, but not some only, of the Notes then outstanding at the principal amount of the Notes if the Company satisfies Nomura Bank (Switzerland) Ltd. that it has or will, on the occasion of the next payment due relating to the Notes, become obliged to pay additional amounts pursuant to 6(1) below.
- (c) Early redemption in case of corporate event of the Company:
- Upon or following the occurrence of a Corporate Event (as defined below), (i) if it is not possible to effect a scheme provided for in 2(7), or (ii) if the Company has delivered to Nomura Bank (Switzerland) Ltd., a certificate stating that the Company does not anticipate that the New Obligor (as defined in 2(7)) being a listed company on the relevant Corporate Event Effective Date, the Company shall give not less than 14 Tokyo Business Days' prior notice to the Noteholders to redeem all, but not some only, of the Notes on the date specified for redemption in such notice (which shall be a date falling on or prior to the relevant Corporate Event Effective Date) then outstanding at a redemption price described below.
- A redemption price to be applied to the above-mentioned redemption shall be calculated by a certain method corresponding to the relevant date for redemption and parity for the Notes with Stock Acquisition Rights, in order that such redemption price shall reflect the value of the Notes with Stock Acquisition Rights, taking into consideration the interest rate, price of the Shares of common stock of the Company, volatility and other market trends as of the time when the Conversion Price set forth in 2(3)(ii) will be determined. The minimum amount of the Redemption Price determined in accordance with such method shall be 100% of the principal amount of the Notes, and the maximum amount shall be 150% of the principal amount of the Notes, provided, however, if the Redemption Date falls on or after April 19, 2012, the Redemption Price shall be 100% of the principal amount of the Notes. Details of such method shall be determined simultaneously with the determination of the Conversion Price set forth in 2(3)(ii) by the Representative Director of the Company under the authorisation set forth in 14 below.

"Corporate Event" collectively means (i) the passing of a resolution at a general meeting of shareholders of the Company (or, where a resolution of a general meeting of shareholders is not necessary, at a meeting of the Board of Directors) for i) any consolidation of the Company with any other corporation (including an amalgamation (shinsetsu gappei) and a merger (kyushu gappei) other than cases in which the Company is the continuing corporation. Hereinafter the same), ii) any corporate split (limited to a corporate split (shinsetsu bunkatsu or kyushu bunkatsu) in which the Company's obligations under the Notes with Stock Acquisition Rights are to be transferred to or assumed by the corporation which is the counterparty to such corporate split), iii) any share exchange (kabushiki-kokan) or share transfer (kabushiki-iten) (limited to a share exchange (kabushiki-kokan) or a share transfer (kabushiki-iten) resulting in the Company becoming a wholly-owned subsidiary of another corporation. Hereinafter the same), or iv) any asset transfer (limited to the sale or transfer of all or substantially all of the assets of the Company to another corporation, pursuant to the terms of which the Company's obligations under the Notes with Stock Acquisition Rights are to be transferred to or assumed by such other corporation), and (ii) any other corporate reorganisation procedure provided for under Japanese law pursuant to which the obligations under the Notes and/or the Stock Acquisition Rights are proposed to be transferred to or assumed by another corporation.

(d) Early redemption on delisting of the shares of common stock of the Company:

If (i) any offer is made by a party or parties (the "Offeror") other than the Company in accordance with the Securities and Exchange Law, (ii) the Company expresses its opinion to support such offer in accordance with the Securities and Exchange Law, (iii) the Company or the Offeror states in the relevant tender offer registration statement otherwise publicly announces or admits, that the shares of common stock of the Company may cease to be listed, as a result of an acquisition of the shares of common stock of the Company pursuant to such offer (unless the Company or the Offeror publicly expresses its intention to use its best endeavours to continue such listing after such acquisition), and (iv) the Offeror acquires any shares of common stock of the Company pursuant to such offer, then the Company shall give notice to the Noteholders within 14 days after the date of acquisition of those shares of common stock of the Company pursuant to such offer to redeem all, but not some only, of the Notes then outstanding at the redemption price calculated in accordance with the method for redemption set forth in (c) above (the minimum amount shall be 100% of the principal amount of the Notes, and the maximum amount shall be 150% of the principal amount of the Notes, provided, however, if the Redemption Date falls on or after April 19, 2012, the Redemption Price shall be 100% of the principal amount of the Notes.) on the date specified for redemption in such notice (which shall be a date falling not earlier than 14 Tokyo Business Days, nor later than 30 Tokyo Business Days, from the date of such notice).

Notwithstanding the above provisions, if the Company or the Offeror states in the relevant tender offer registration statement or otherwise, that it intends to effect a Corporate Event after the date of acquisition of any shares of common stock of the Company pursuant to the offer, then the Company's obligation to redeem the Notes under this (d) shall not apply, unless such Corporate Event does not occur within 60 days after the date of such acquisition, in which case the Company shall give notice to the Noteholders within 14 days after the last day of such 60-day period, to redeem all, but not some only, of the Notes then outstanding at the redemption price set out above, on the date specified for redemption in such notice (which shall be a date falling not earlier than 14 Tokyo Business Days, nor later than 30 Tokyo Business Days, from the date of such notice).

If the Company becomes obliged to redeem the Notes pursuant to both (c) above and this (d), the procedure pursuant to (c) above shall apply.

iii) Purchase and cancellation      The Company or any of its subsidiaries may at any time purchase any Notes with Stock Acquisition Rights at any price through the intermediary of the Manager, subject to the regulations of the Swiss National Bank. If the Company or any of its subsidiaries purchases the Notes with Stock Acquisition Rights, the Company or the subsidiaries of the Company may deliver such purchased Notes with Stock Acquisition Rights to Nomura Bank (Switzerland) Ltd. for cancellation, and Nomura Bank (Switzerland) Ltd. shall cancel the Notes in respect of the Notes with Stock Acquisition Rights so delivered forthwith.

iv) Early redemption at the option of the Noteholder      Any Noteholder shall have the option to require the Company to redeem any Note or Notes held by such shareholder on April 30, 2010 at their principal amount. In order to exercise such option, such holder of the Notes with Stock Acquisition Rights must submit the Note Certificates together with a written request therefor to Nomura Bank (Switzerland) Ltd. during the period from March 31, 2010 to April 16, 2010.

v) Compulsory redemption in the event of default, etc

If there occurs any of the events of default on payment obligation relating to the Notes or any other events set forth in the terms and conditions of the Notes with Stock Acquisition Rights and upon notice by Nomura Bank (Switzerland) Ltd. to the Company that the Notes then outstanding are due and repayable, the Company shall redeem all of the Notes then outstanding at the principal amount of the Notes unless the event in question shall have been remedied or any other steps set forth in the terms and conditions of the Notes with Stock Acquisition Rights shall have been taken, not later than 15 days after the receipt of such notice.

## 2. Terms of the stock acquisition rights

### 1) Class and quantity of the shares to be acquired upon the exercise of the Stock Acquisition Right

- i) Class Shares of common stock of the Company
- ii) Quantity The number of shares of common stock of the Company to be acquired by the holders of the Notes exercising Stock Acquisition Rights will be determined by dividing the aggregate principal amount of the Notes deposited at the same time upon exercise of the Stock Acquisition Rights by the Conversion Price (as defined in 3(ii) below); provided, however, that fractions less than one (1) share resulting from such exercise shall be rounded down and no adjustment or cash payment will be made in respect thereof. If the Company adopts a unit share system and shares constituting less than one unit accrue as a result of the exercise of the Stock Acquisition Rights, the request for purchase of such shares under the Company Law shall be deemed to have been exercised to the Company, and adjustments shall be made by cash.

2) Aggregate number of stock acquisition rights 6,000

- 3) Description of the asset to be contributed upon exercise of the stock acquisition right and the price thereof:
- (i) Each of the Notes shall be contributed upon exercise of each Stock Acquisition Right, and the price of the relevant Notes shall be equal to the principal amount of the Notes.
- (ii) Initially ¥387,400
- (iii) The Conversion Price shall be adjusted in accordance with the following formula, if the Company issues new shares of common stock of the Company or disposes of the shares of common stock of the Company held by it, after the issuance of the Notes with Stock Acquisition Rights, at the issue price below the current market price of its shares of common stock. In the following formula, the "Number of issued shares" means the total number of shares of common stock of the Company already issued (but excluding those held by the Company).

$$\text{Conversion Price after adjustment} = \frac{\text{Conversion Price before adjustment} \times \left( \frac{\text{Number of issued shares} + \text{Number of issued or disposed shares}}{\text{Number of issued shares}} \right) \times \text{Issue price per share}}{\text{Market price per share}}$$

The Conversion Price will also be appropriately adjusted in case of a stock split or consolidation of the shares of common stock of the Company, an issue of stock acquisition rights (including stock acquisition rights incorporated in notes with stock acquisition rights) to acquire the shares of common stock of the Company at the price below the current market price of the shares of common stock of the Company or in certain other cases.

The Conversion Price shall be adjusted in respect of any dividend paid by the Company in respect of any fiscal year which, when aggregated with the amount of all other cash dividends for such year, exceeds the relevant percentage set out below of the Base Dividend;

Annual Fiscal Period ending on December 31,	Percentage
2007	120%
2008	144%
2009	173%
2010	207%
2011	249%
2012	299%

"Base Dividend" means ¥1,500. If the Conversion Price is adjusted, the Base Dividend will be adjusted by the same percentage as percentage by which the Conversion Price is adjusted.

4) Period in which the Stock Acquisition Right is exercisable From May 16, 2007 to the close of banking business on April 18, 2012 (Zurich time), or (i) if the Note shall have been called for redemption pursuant to 1(5)(ii) and (5)(iv) above, then up to the close of banking business on the three business day (Zurich time) preceding the date fixed for redemption thereof, (ii) if the Note shall have been cancelled pursuant to 1(5)(iii) above, then up to the time when such Note is delivered to Nomura Bank (Switzerland) Ltd. for cancellation of the Notes, or (iii) if the Note shall become due and repayable pursuant to 1(5)(v) above, then up to the time when such Note becomes so due and repayable; provided that in no event shall the Stock Acquisition Right be exercised after April 18, 2012.

Notwithstanding the foregoing, the Stock Acquisition Rights may not be exercised for such period as may be designated by the Company, which period may not exceed 30 days, before a date which falls prior to the 14th day after the Corporate Event Effective Date if the Company reasonably determines that such suspension is necessary in order to consummate the Corporate Event of the Company.

5) Other conditions precedent to the exercise of the Stock Acquisition Right No Stock Acquisition Right may be exercised in part only.

6) The amount of stated capital and additional paid-in capital increased by the issuance of shares upon the exercise of the Stock Acquisition Rights The amount of stated capital increased by the issuance of shares upon exercise of the Stock Acquisition Right shall be the amount obtained by multiplying the maximum increased amount of stated capital calculated pursuant to Article 40 of the Rules of Account Settlement of Corporations by 0.5, with any fraction of less than one yen being rounded up in case such fraction accrues as a result of such calculation. The amount of additional paid-in capital increased shall be the amount obtained by subtracting the amount of stated capital increased from the maximum increased amount of stated capital.

7) Grant of stock acquisition rights by the New Obligor in the event of Corporate Event of the Company If a Corporate Event occurs, the Company shall use its best endeavours to cause the New Obligor (as defined below) to succeed the position as the main obligor for the Notes with Stock Acquisition Rights provided for in the terms and conditions of the Notes with Stock Acquisition Rights and grant new stock acquisition rights in place of the Stock Acquisition Rights. Provided, however, preconditions shall be set for such succession and grant that, (i) it is legally possible under the then applicable laws, (ii) a practical structure has been or can be established and (iii) such assumption or grant can be consummated without the Company or the New Obligor incurring costs or expenses (including taxes) which are in the opinion of the Company unreasonable in the context of the entire transaction. In such case, the Company shall also use its best endeavours to ensure that the shares of common stock of the New Obligor will be listed in Japan on the relevant Corporate Event Effective Date. The obligations of the Company pursuant to this (a) shall not apply if the Company delivers a certificate to Nomura Bank (Switzerland) Ltd. pursuant to 1(5)(ii)(c) above. "New Obligor" means any other corporation which assumes the obligations of the Company under the Notes and/or the Stock Acquisition Rights, all of which are the counterparty in Corporate Event.

3. Date of issuance May 2, 2007

4. Security or guarantee for the Notes N/A

5. Use of proceeds The net proceeds from the issuance of the Notes will be used mainly for the Company's co-investments in its real estate funds and certain other investment requirements.

## 6. Supplementary conditions

- 1) Gross up  
If the Company is required to deduct any present or future taxes imposed or levied by the Japanese Government or other tax authority in Japan in respect of any payment in respect of the Notes, excluding certain cases set forth in the terms and conditions of the Notes with Stock Acquisition Rights, it shall pay additional amounts as may be necessary in order to make the net amounts received by the Noteholders who are non-Japanese residents or foreign corporations after such deduction to be equal to the amounts which would have been receivable in respect of the Notes in the absence of such deduction.
  
- 2) Negative pledge  
So long as any of the Notes remain outstanding, the Company shall not secure, by creating any pledge, mortgage or other charge upon assets or revenues present or future, with respect to any present or future International Issue or any guarantee, indemnity or other like obligation in respect of an International Issue for the benefit of the holders thereof, unless the benefit of the security is at the same time extended rateably to the Notes with Stock Acquisition Rights or unless there is provided such other security or guarantee to the Notes with Stock Acquisition Rights as Nomura Bank (Switzerland) Ltd. shall deem to be not less favourable than such security or as shall be approved by an Extraordinary Resolution of the holders of the Notes with Stock Acquisition Rights. "International Issue" above means any indebtedness in the form of or represented by notes, classified as shasai under Japanese law and having a stated maturity of more than one year from the creation thereof of the Company or any other person which (a) are denominated in any currency other than Japanese Yen or denominated in Japanese Yen and more than 50% of the total principal amount of which is initially offered or sold by or with the consent of the Company or such other person outside Japan, and (b) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan.

(Subsequent events)

Three months ended March 31, 2007

Significant amount of borrowings

The Company took out short-term loans to fund the on-going operations from banks as follows:

Lender	Sumitomo Mitsui Banking Corporation	Lender	Mizuho Bank, Ltd.
Amount of loan	¥200,000 thousand	Amount of loan	¥200,000 thousand
Interest rate	1.875% per annum	Interest rate	1.350% per annum
Conditions of repayment	Repayment collectively on the due date	Conditions of repayment	Repayment collectively on the due date
Date of loan	April 23, 2007	Date of loan	April 23, 2007
Due date	May 8, 2007	Due date	May 8, 2007
Use of proceeds	Operating capital	Use of proceeds	Operating capital

The Company reimbursed the above short-term loans on May 8, 2007.

Three months ended March 31, 2006

N/A

Year ended December 31, 2006

Significant investment, borrowing and collateralization

On March 6, 2007, SCJ Real Estate Mezzanine Partners I Investment LPS acquired a loan receivable of ¥1,000,000 thousand for an investment purpose. The subsidiary financed the purchase by a newly acquired short-term bank loan of ¥600,000 thousand rated 1.9725% per annum, which is due on October 30, 2007. The above bank loan of ¥600,000 thousand is a non-recourse loan which is collateralized by the above newly purchased loan receivable of ¥1,000,000 thousand.

Significant amount of borrowings

The Company took out short-term loans to fund the on-going operations from banks as follows:

Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Lender	Mizuho Bank, Ltd.
Amount of loan	¥1,000,000 thousand	Amount of loan	¥100,000 thousand
Interest rate	1.230%, 1.240% and 1.240% per annum	Interest rate	1.390% per annum
Conditions of repayment	Repayment collectively on the due date	Conditions of repayment	Repayment collectively on the due date
Date of loan	March 12, 2007, March 23, 2007 and March 27, 2007	Date of loan	March 23, 2007
Due date	April 12, 2007, April 23, 2007 and April 27, 2007	Due date	April 23, 2007
Use of proceeds	Operating capital	Use of proceeds	Operating capital

## Summary of Financial Results For the First Quarter of 2007 (January 1, 2007 – March 31, 2007)

May 10, 2007

Described below is the English abstract of the financial results (Tanshin Report) that was released today in Japan. The translation is prepared and provided for readers' convenience only. Therefore, all readers are strongly advised to refer to the original version in Japanese for complete and accurate information. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

Listed company name :	Secured Capital Japan Co.,Ltd.
URL :	<a href="http://www.securedcapital.co.jp/">http://www.securedcapital.co.jp/</a>
Stock code :	2392
Listed stock market :	Tokyo Stock Exchange, Mothers Market
Company domicile :	Tokyo
President :	Katsuya Takanashi
Contact :	Takeshi Sugai, CFO&CAO
Telephone :	+81-3-5776-1300
Application of U.S.GAAP :	N/A

### 1. Summary of financial results for the first quarter of 2007 (January 1, 2007 – March 31, 2007)

#### (1) Financial results

	Revenue		Operating income		Ordinary income		Net income	
	Millions¥	%	Millions¥	%	Millions¥	%	Millions¥	%
Three months ended March 2007	812	28.1	103	99.2	2,211	98.0	2,113	93.6
Three months ended March 2006	634	24.4	52	13.6	1,117	112.5	1,091	117.2
Year ended December 2006	2,838		258		1,329		1,204	

	Earnings per share	Diluted earnings per share
	¥	¥
Three months ended March 2007	17,408.54	15,118.76
Three months ended March 2006	9,177.76	7,722.81
Year ended December 2006	10,000.38	8,569.46

(Note) Percentage figures shown in the above represent changes from the corresponding period of the previous year.

#### (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions¥	Millions¥	%	¥
As of March 31, 2007	9,204	6,200	67.3	51,035.05
As of March 31, 2006	4,884	4,103	84.0	34,443.10
As of December 31, 2006	6,526	4,268	65.4	35,148.21

(3) Forecast for the fiscal year ending December 2007 (January 1, 2007 – December 31, 2007)

	Revenue	Ordinary income	Net income
Full Year	Millions ¥ 3,760	Millions ¥ 2,360	Millions ¥ 2,080

(Reference)

Estimated net income per share for the full year is 17,126.11 yen  
The above estimation is based on the number of shares issued (121,452) as of March 31, 2007.

(4) Dividend position

	Dividend per share					
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Others	Annual total
Year ended December 2006	—	—	—	¥1,500	—	¥1,500
Year ending December 2007 (Actual)	—	—	—	—	—	¥1,500
Year ending December 2007 (Forecast)	—	—	—	¥1,500	—	

The above forecast was made by our company based on currently available information.  
The actual results may differ from those forecasts since our business is affected by various uncertain factors.

### 3. Financial Statements

#### [1] Balance sheets

(Thousands of Yen)

	As of March 31,2007		As of March 31,2006		As of December 31,2006	
	Amount	%	Amount	%	Amount	%
(Assets)						
I Current assets						
1 Cash and cash equivalents	231,724		666,490		521,942	
2 Accounts receivable	149,163		353,192		23,953	
3 Short-term loan receivable	783,140		—		—	
4 Other receivable	170,003		250,848		100,762	
5 Dividend receivable	1,689,600		244,000		—	
6 Tax receivable	504,108		—		120,927	
7 Deferred tax assets	87,012		52,262		32,799	
8 Other assets	40,429		260,466		59,059	
Total current assets	3,655,182	39.7	1,827,260	37.4	859,443	13.2
II Non-current assets						
1 Property and equipment						
(1) Building (*1)	125,679		45,060		40,633	
(2) Furniture and equipment (*1)	32,616		37,920		28,967	
Total property and equipment	158,296	1.7	82,981	1.7	69,600	1.1
2 Intangible assets	8,479	0.1	10,015	0.2	9,060	0.1
3 Investments						
(1) Securities	1,504,402		905,928		1,379,728	
(2) Investment in affiliates	569,897		510,197		572,897	
(3) Other securities of affiliates	2,914,717		1,171,955		3,121,341	
(4) Security deposits	286,034		214,897		418,123	
(5) Others	107,316		161,516		95,866	
Total investments	5,382,368	58.5	2,964,495	60.7	5,587,957	85.6
Total non-current assets	5,549,144	60.3	3,057,492	62.6	5,666,619	86.8
Total assets	9,204,326	100.0	4,884,753	100.0	6,526,063	100.0

(Thousands of Yen)

	As of March 31,2007		As of March 31,2006		As of December 31,2006	
	Amount	%	Amount	%	Amount	%
(Liabilities)						
I Current liabilities						
1 Short-term borrowing (*2)	2,137,000		—		1,037,000	
2 Accrued expense	120,042		205,219		179,559	
3 Income tax payable	9,479		20,902		33,366	
4 Deferred revenue	499,611		416,607		809,611	
5 Bonus reserve	168,000		100,000		42,000	
6 Other liabilities	61,429		34,737		147,564	
Total current liabilities	2,995,563	32.5	777,466	15.9	2,249,102	34.5
II Non-current liabilities						
1 Deferred tax liabilities	8,137		4,080		8,655	
Total non-current liabilities	8,137	0.1	4,080	0.1	8,655	0.1
Total liabilities	3,003,700	32.6	781,546	16.0	2,257,757	34.6
(Shareholders' equity)						
I Common stock	—	—	1,177,665	24.1	—	—
II Additional paid-in capital						
1 Additional paid-in capital	—		1,146,069		—	
Total additional paid-in capital	—	—	1,146,069	23.5	—	—
III Retained earnings						
1 Retained earnings	—		1,778,570		—	
Total retained earnings	—	—	1,778,570	36.4	—	—
IV Unrealized gains on securities	—	—	6,362	0.1	—	—
V Treasury stock	—	—	-5,461	-0.1	—	—
Total shareholders' equity	—	—	4,103,206	84.0	—	—
Total liabilities and shareholders' equity	—	—	4,884,753	100.0	—	—

(Thousands of Yen)

	As of March 31,2007		As of March 31,2006		As of December 31,2006	
	Amount	%	Amount	%	Amount	%
(Net assets)						
I Shareholders' equity						
1 Common stock	1,200,253	13.0	—	—	1,199,465	18.4
2 Additional paid-in capital						
(1) Additional paid-in capital	1,168,214		—		1,167,441	
Total additional paid-in capital	1,168,214	12.7	—	—	1,167,441	17.9
3 Retained earnings						
(1) Retained earnings carried forward	3,817,908		—		1,886,133	
Total retained earnings	3,817,908	41.6	—	—	1,886,133	28.9
Total shareholders' equity	6,186,376	67.3	—	—	4,253,040	65.2
II Unrealized valuations and re-measurement						
1 Unrealized gains on available for sale securities	11,933	0.1	—	—	12,932	0.2
Total unrealized valuations and re-measurement	11,933	0.1	—	—	12,932	0.2
III Stock option	2,317	0.0	—	—	2,332	0.0
Total net assets	6,200,626	67.4	—	—	4,268,305	65.4
Total liabilities and net assets	9,204,326	100.0	—	—	6,526,063	100.0

[2] Statements of income

(Thousands of Yen)

	Three months ended March 31, 2007		Three months ended March 31, 2006		Year ended December 31, 2006	
	Amount	%	Amount	%	Amount	%
I Revenues	812,619	100.0	634,269	100.0	2,838,260	100.0
II Selling, General and Administrative Expenses (*1)	708,798	87.2	582,157	91.8	2,579,736	90.9
Operating Income	103,820	12.8	52,111	8.2	258,524	9.1
III Non-operating Income (*2)	2,112,663	260.0	1,065,075	167.9	1,078,963	38.0
IV Non-operating Expenses (*3)	4,744	0.6	172	0.0	7,663	0.3
Ordinary income	2,211,739	272.2	1,117,015	176.1	1,329,824	46.9
V Extraordinary loss (*4)	90,701	11.2	11	0.0	1,625	0.1
Income before income taxes	2,121,038	261.0	1,117,003	176.1	1,328,198	46.8
Income taxes-current	61,252		54,912		133,554	
Deferred income taxes	-54,045	7,206 0.9	-29,526	25,386 4.0	-9,996	123,557 4.4
Net income	2,113,831	260.1	1,091,616	172.1	1,204,641	42.4
Beginning retained earnings	—		686,953		—	
Ending retained earnings	—		1,778,570		—	

[3] Statements of changes in shareholders' equity

Three months ended March 31, 2007

(Thousands of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance as of December 31, 2006	1,199,465	1,167,441	1,886,133	4,253,040
Amount of change				
New shares issued	787	772	—	1,560
Dividend paid	—	—	-182,056	-182,056
Net income	—	—	2,113,831	2,113,831
Amount of change other than shareholders' equity	—	—	—	—
Total amount of change	787	772	1,931,775	1,933,335
Balance as of March 31, 2007	1,200,253	1,168,214	3,817,908	6,186,376

	Unrealized gains on available for sale securities	Stock option	Total net assets
Balance as of December 31, 2006	12,932	2,332	4,268,305
Amount of change			
New shares issued	—	—	1,560
Dividend paid	—	—	-182,056
Net income	—	—	2,113,831
Amount of change other than shareholders' equity	-999	-15	-1,014
Total amount of change	-999	-15	1,932,320
Balance as of March 31, 2007	11,933	2,317	6,200,626

Year ended December 31, 2006

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2005	1,173,200	1,141,691	805,624	-5,461	3,115,054
Amount of change					
New shares issued	26,265	25,749	—	—	52,015
Dividend paid	—	—	-118,671	—	-118,671
Net income	—	—	1,204,641	—	1,204,641
Retirement of treasury stock	—	—	-5,461	5,461	—
Amount of change other than shareholders' equity	—	—	—	—	—
Total amount of change	26,265	25,749	1,080,508	5,461	1,137,985
Balance as of December 31, 2006	1,199,465	1,167,441	1,886,133	—	4,253,040

	Unrealized gains on available for sale securities	Stock option	Total net assets
Balance as of December 31, 2005	6,363	2,850	3,124,269
Amount of change			
New shares issued	—	—	52,015
Dividend paid	—	—	-118,671
Net income	—	—	1,204,641
Retirement of treasury stock	—	—	—
Amount of change other than shareholders' equity	6,568	-518	6,050
Total amount of change	6,568	-518	1,144,036
Balance as of December 31, 2006	12,932	2,332	4,268,305

## Basis of presenting the financial statements

### 1 Valuation policy and method for securities

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Investment in subsidiaries</p> <p>The purchase cost of the investment is used.</p> <p>(2) For securities without fair market value</p> <p>The purchase cost of the securities is used. (For the US dollar denominated securities, these securities are re-measured into the Japanese Yen using the prevailing market rate at each quarterly end. The unrealized difference is recorded in the net assets section.)</p> <p>(Refer (7) a) for the treatment of the investment in silent partnership)</p> <p>(The capital contributions made to limited liability partnership and similar partnerships are treated as "securities" on the balance sheets in the amount proportional to the contribution made to the partnerships. The change in the company's share of the interests in the partnerships are adjusted based on the company's share accordingly.)</p>	<p>(1) Investment in subsidiaries</p> <p>Same as on the left</p> <p>(2) For securities without fair market value</p> <p>Same as on the left</p>	<p>(1) Investment in subsidiaries</p> <p>Same as on the left</p> <p>(2) For securities without fair market value</p> <p>The purchase cost of the securities is used. (For the US dollar denominated securities, these securities are re-measured into the Japanese Yen using the prevailing market rate at year end. The unrealized difference is recorded in the net assets section.)</p> <p>(Refer (7) a) for the treatment of the investment in silent partnership)</p> <p>(The capital contributions made to limited liability partnership and similar partnerships are treated as "securities" on the balance sheets in the amount proportional to the contribution made to the partnerships. The change in the company's share of the interests in the partnerships are adjusted based on the company's share accordingly.)</p>

### 2 Depreciation method of significant depreciable assets

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Tangible assets:</p> <p>Tangible assets are depreciated by declining balance method. However, buildings acquired on and after April 1, 1998 are depreciated by straight-line method, except for building attachments. The useful life of principal assets is as follows: Buildings: 15 years Furniture and equipment: 4-8</p>	<p>(1) Tangible assets:</p> <p>Same as on the left</p>	<p>(1) Tangible assets:</p> <p>Same as on the left</p>

years		
(2) Intangible assets:	(2) Intangible assets:	(2) Intangible assets:
Intangible assets are depreciated by straight-line method.	Same as on the left	Same as on the left
Software for internal use is depreciated by straight-line method over the expected available periods of five years.		

### 3 Depreciation method of significant deferred assets

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Public offering related expenses:	Stock Issuance Expenses:	Public offering related expenses:
Public offering related expenses are expensed as incurred.	Stock issuance costs are expensed as incurred.	Public offering related expenses are expensed as incurred.

### 4 Accounting for significant allowances and reserves

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
(1) Allowance for doubtful accounts:	(1) Allowance for doubtful accounts:	(1) Allowance for doubtful accounts:
For general receivables, general allowances are provided using a rate determined by our past bad debt history.	Same as on the left	Same as on the left
Specific allowances are provided for estimated amounts considered to be uncollectible after the reviewing the individual collectibility of certain doubtful accounts.		
(2) Allowance for bonus payments:	(2) Allowance for bonus payments:	(2) Allowance for bonus payments:
The company properly accrues estimated incentive payments for employees that have been vested during the current period.	Same as on the left	The company properly accrues estimated incentive payments for employees that have been vested during the current year.

### 5 Exchange policy of foreign currency

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Foreign currency denominated payables and receivables are re-measured into the Japanese Yen using the prevailing market rate at	Same as on the left	Foreign currency denominated payables and receivables are re-measured into the Japanese Yen using the prevailing market rate at

this period end.		the year end.
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#### 6 Accounting treatment for significant leases

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
All finance leases, except for those leases with a transfer of ownership, are treated as operating leases.	Same as on the left	Same as on the left

#### 7 Other significant accounting policies

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Accounting for investment in silent partnership:</p> <p>Investment in silent partnership is accounted as 'Securities' on the balance sheet in the amount proportional to the contribution of the assets to the silent partnership which is recorded at the time such investment is made.</p> <p>The change in company's share of equity interests in the silent partnership is accounted as 'Sales' and the equivalent amount of increases/decreases as 'Securities'. A distribution from the company's investee is accounted as a redemption of the investment which decreases the amount of 'Securities'. 'Securities' redemption of investment in capital from the operator.</p>	<p>(1) Accounting for investment in silent partnership:</p> <p style="text-align: center;">Same as on the left</p>	<p>(1) Accounting for investment in silent partnership:</p> <p style="text-align: center;">Same as on the left</p>
<p>(2) Accounting for the consumption taxes:</p> <p>The consumption tax and the local consumption tax are excluded from transaction amounts.</p> <p>Also consumption tax receivables and payables are netted against each other, then included in the other payable on the face of the financial statements.</p>	<p>(2) Accounting for the consumption taxes:</p> <p style="text-align: center;">Same as on the left</p>	<p>(2) Accounting for the consumption taxes:</p> <p>The consumption tax and the local consumption tax are excluded from transaction amounts.</p>

Change in accounting policy

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p style="text-align: center;">-----</p> <p>Starting this period, certain changes were made to the net assets section to be compliant to the new accounting rules.</p> <p>The amount of the shareholders' equity based on the old accounting rule is ¥6,198,309 thousand.</p>	<p>Starting this period, the impairment accounting has been applied.</p> <p>This application has no material effect on the statements of income.</p> <p style="text-align: center;">-----</p>	<p>Starting this year, the impairment accounting has been applied.</p> <p>This application has no material effect on the statements of income.</p> <p>Starting this year, certain changes were made to the net assets section to be compliant to the new accounting rules.</p> <p>The amount of the shareholders' equity based on the old accounting rule is ¥4,265,973 thousand.</p>

Change in presentation

Three months ended March 31, 2007	Three months ended March 31, 2006
<p>Balance sheets:</p> <p>According to the new company law, the investment in Y.K. is accounted as securities.</p> <p>On the balance sheets as of March 31, 2006, the investment in Y.K. included in 'Other assets' in the investments in other assets section and the balance was ¥94,200 thousand.</p> <p>In the current period, it is included in 'Investments in subsidiaries' in the investments in other assets section. As a result, the balance of 'Investments in subsidiaries' increased by ¥53,700 thousand in comparison to the balance using the old account policy.</p> <p>The balance of taxes receivable become over 5% of the total assets, thus it is accounted separately on the balance sheets since this period. It was included in 'Other assets' in the current assets section on the balance sheets as of March 31, 2006 and the balance was ¥230,533 thousand.</p>	<p style="text-align: center;">-----</p>

Notes

(Consolidated balance sheets)

As of March 31,2007	As of March 31,2006	As of December 31,2006
<p>*1 Accumulated depreciation of tangible assets</p> <p style="text-align: right;">¥44,743 thousand</p> <p>*2 The company and its subsidiaries have an overdraft agreement with a bank</p> <p style="text-align: right;">The total amount of overdraft agreement ¥3,600,000 thousand Over-drafted balance as of March 31, 2007 ¥1,100,000 thousand</p> <p>*3 -----</p>	<p>*1 Accumulated depreciation of tangible assets</p> <p style="text-align: right;">¥60,251 thousand</p> <p>*2 The company and its subsidiaries have an overdraft agreement with a bank</p> <p style="text-align: right;">The total amount of overdraft agreement ¥1,300,000 thousand Over-drafted balance as of March 31, 2006 N/A</p> <p>*3 Contingent liabilities</p> <p style="text-align: right;">Penalty for not purchasing the property specified in a purchase agreement ¥255,000 thousand</p>	<p>*1 Accumulated depreciation of tangible assets</p> <p style="text-align: right;">¥73,906 thousand</p> <p>*2 The company and its subsidiaries have an overdraft agreement with a bank</p> <p style="text-align: right;">The total amount of overdraft agreement ¥3,600,000 thousand Over-drafted balance as of December 31, 2006 N/A</p> <p>*3 -----</p>

(Consolidated statements of income)

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>*1 Depreciation amount:</p> <p style="text-align: right;">Tangible assets ¥7,108 thousand Intangible assets ¥687 thousand</p> <p>*2 Major breakdown of non-operating income:</p> <p style="text-align: right;">Interest income ¥661 thousand Dividend income ¥2,112,000 thousand</p> <p>*3 Major breakdown of non-operating expenses</p> <p style="text-align: right;">Interest expenses ¥4,735 thousand</p>	<p>*1 Depreciation amount:</p> <p style="text-align: right;">Tangible assets ¥5,392 thousand Intangible assets ¥617 thousand</p> <p>*2 Major breakdown of non-operating income:</p> <p style="text-align: right;">Interest income ¥74 thousand Dividend income ¥1,065,000 thousand</p> <p>*3 Major breakdown of non-operating expenses</p> <p style="text-align: right;">Exchange loss ¥29 thousand Stock issuance expenses ¥143 thousand</p>	<p>*1 Depreciation amount:</p> <p style="text-align: right;">Tangible assets ¥22,532 thousand Intangible assets ¥2,626 thousand</p> <p>*2 Major breakdown of non-operating income:</p> <p style="text-align: right;">Interest income ¥240 thousand Dividend income ¥1,065,000 thousand Exchange gain ¥12,805 thousand</p> <p>*3 Major breakdown of non-operating expenses</p> <p style="text-align: right;">Interest expenses ¥7,469 thousand</p>

<p>*4 Major breakdown of extraordinary loss</p> <p>The details of loss on office relocation are as follows;</p> <p>Office recovery expense ¥42,021 thousand</p> <p>Loss on disposition of fixed assets ¥39,797 thousand</p> <p>Moving expense ¥8,883 thousand</p> <hr/> <p>Total ¥90,701 thousand</p>	<p>*4 Major breakdown of extraordinary loss</p> <p>Loss on disposition of fixed assets ¥11 thousand</p>	<p>*4 Major breakdown of extraordinary loss</p> <p>Loss on disposition of fixed assets ¥482 thousand</p> <p>Loss on dissolution of investment in subsidiaries ¥1,142 thousand</p>
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(Statements of changes in shareholders' equity)

Three months ended March 31, 2007

There is no change in shareholders' equity in three months ended March 31, 2007.

Year ended December 31, 2006.

Type and number of treasury stock

	Beginning of the period	Number of increase	Number of decrease	End of the period	Description
Treasury stock (common stock)	8.85 shares	—	8.85 shares	—	*1

Notes: 1. Decrease of treasury stock (8.85 shares) was due to retirement.

(Accounting for leases)

Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
<p>(1) Finance lease transactions other than those, which are deemed to be an ownership transfer of the leased asset to lessees</p> <p>Information is omitted due to its immateriality.</p>	<p>(1) Finance lease transactions other than those, which are deemed to be an ownership transfer of the leased asset to lessees</p> <p>Same as on the left</p>	<p>(1) Finance lease transactions other than those, which are deemed to be an ownership transfer of the leased asset to lessees</p> <p>Same as on the left</p>
<p>(2) Non-cancelable operating lease transactions:</p> <p>Commitment within 1 year ¥237,928 thousand</p> <p>Commitment over 1 year ¥821,730 thousand</p> <hr/> <p>Total ¥1,059,658 thousand</p>	<p>(2) _____</p>	<p>(2) Non-cancelable operating lease transactions:</p> <p>Commitment within 1 year ¥266,347 thousand</p> <p>Commitment over 1 year ¥879,060 thousand</p> <hr/> <p>Total ¥1,145,407 thousand</p>

(Accounting for securities)

Three months ended March 31, 2007	There is no investment for subsidiaries with fair market value.
Three months ended March 31, 2006	There is no investment for subsidiaries with fair market value.
Year ended December 31, 2006	There is no investment for subsidiaries with fair market value.

(Earnings per share data)

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Net assets per share	¥51,035.05	¥34,443.10	¥35,148.21
Net income per share after taxes	¥17,408.54	¥9,177.76	¥10,000.38
Diluted net income per share after taxes	¥15,118.76	¥7,722.81	¥8,569.46

(Notes) 1. Items used to calculate the amount of net assets per share:

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Amount of net assets	¥6,200,626 thousand	—	¥4,268,305 thousand
Amount of deductions	¥2,317 thousand	—	¥2,332 thousand
Stock options	¥2,317 thousand	—	¥2,332 thousand
Amount of net assets relevant to common stock	¥6,198,309 thousand	—	¥4,265,973 thousand
Number of common stock at the end of periods	121,452 shares	—	121,371 shares

(Notes) 2. Items used to calculate earnings per share and diluted earnings per share:

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
Net income	¥2,113,831 thousand	¥1,091,616 thousand	¥1,204,641 thousand
Amount not allocable to common shareholders	—	—	—
Net income available for common stock shareholders	¥2,113,831 thousand	¥1,091,616 thousand	¥1,204,641 thousand
Number of average shares outstanding during the three months	121,425 shares	118,942 shares	120,460 shares
Details of net income adjustments included in the calculation of diluted earnings per share	—	—	—
Details of increased number of shares included in the calculation of diluted earnings per share	Stock option 18,390 shares	Stock option 22,408 shares	Stock option 20,114 shares
Details of items not included in the calculation of diluted earnings per share	Stock option (Authorized on March 30, 2005) 1,890 shares  Stock option (Authorized on March 30, 2006) 1,100 shares	Stock option (Authorized on March 30, 2005) 1,290 shares	Stock option (Authorized on March 30, 2005) 1,290 shares  Stock option (Authorized on March 30, 2006) 1,100 shares

## (Subsequent events)

Three months ended March 31, 2007

### Zero coupon Japanese Yen Convertible Notes – notes with stock acquisition rights

The board of directors of the Company approved the issuance of Zero coupon Japanese Yen Convertible Notes – Notes with stock acquisition rights – Due 2012 (subject to increase pursuant to the option granted to the Manager).

#### 1. Terms of the notes

1) Issue price 100% of the principal amount of the Notes  
Denomination of each of the Notes is ¥1,000 thousand.

2) Aggregate amount of issue price ¥6,000,000 thousand

3) Aggregate amount of parvalue ¥6,000,000 thousand

4) Interest rate The Notes bear no interest.

5) Method of redemption and time frame of the Notes

i) Redemption of the Notes at maturity The Notes will be redeemed at their principal amount on May 2, 2012.

ii) Early redemption at the option of the Company (a) Early redemption pursuant to the provision of 130% call option:

The Company may, at its option, on or after April 30, 2010, not less than 30 nor more than 60 days' prior notice to the Noteholders, redeem all, but not some only, of the Notes then outstanding at the principal amount, if the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc., (hereinafter referred to as the "Tokyo Stock Exchange") (hereinafter referred to as the "Closing Price") for each of the 30 consecutive Trading Days is at least 130% of the Conversion Price defined in 2(3) below in effect on each such Trading Day; provided, however, that such notice shall be published within 30 days from the last day of such 30 consecutive Trading Days. "Trading Day" means a day when the Tokyo Stock Exchange is open for business, but does not include a day when no such Closing Price is reported.

(b) Early redemption for tax reasons:

The Company may, on or after May 2, 2007, having given not less than 30 nor more than 60 days' prior notice to the Noteholders, redeem all, but not some only, of the Notes then outstanding at the principal amount of the Notes if the Company satisfies Nomura Bank (Switzerland) Ltd. that it has or will, on the occasion of the next payment due relating to the Notes, become obliged to pay additional amounts pursuant to 6(1) below.

(c) Early redemption in case of corporate event of the Company:

Upon or following the occurrence of a Corporate Event (as defined below), (i) if it is not possible to effect a scheme provided for in 2(7), or (ii) if the Company has delivered to Nomura Bank (Switzerland) Ltd., a certificate stating that the Company does not anticipate that the New Obligor (as defined in 2(7)) being a listed company on the relevant Corporate Event Effective Date, the Company shall give not less than 14 Tokyo Business Days' prior notice to the Noteholders to redeem all, but not some only, of the Notes on the date specified for redemption in such notice (which shall be a date falling on or prior to the relevant Corporate Event Effective Date) then outstanding at a redemption price described below.

A redemption price to be applied to the above-mentioned redemption shall be calculated by a certain method corresponding to the relevant date for redemption and parity for the Notes with Stock Acquisition Rights, in order that such redemption price shall reflect the value of the Notes with Stock Acquisition Rights, taking into consideration the interest rate, price of the Shares of common stock of the Company, volatility and other market trends as of the time when the Conversion Price set forth in 2(3)(ii) will be determined. The minimum amount of the Redemption Price determined in accordance with such method shall be 100% of the principal amount of the Notes, and the maximum amount shall be 150% of the principal amount of the Notes, provided, however, if the Redemption Date falls on or after April 19, 2012, the Redemption Price shall be 100% of the principal amount of the Notes. Details of such method shall be determined simultaneously with the determination of the Conversion Price set forth in 2(3)(ii) by the Representative Director of the Company under the authorisation set forth in 14 below.

"Corporate Event" collectively means (i) the passing of a resolution at a general meeting of shareholders of the Company (or, where a resolution of a general meeting of shareholders is not necessary, at a meeting of the Board of Directors) for i) any consolidation of the Company with any other corporation (including an amalgamation (shinsetsu gappei) and a merger (kyushu gappei) other than cases in which the Company is the continuing corporation. Hereinafter the same), ii) any corporate split (limited to a corporate split (shinsetsu bunkatsu or kyushu bunkatsu) in which the Company's obligations under the Notes with Stock Acquisition Rights are to be transferred to or assumed by the corporation which is the counterparty to such corporate split), iii) any share exchange (kabushiki-kokan) or share transfer (kabushiki-iten) (limited to a share exchange (kabushiki-kokan) or a share transfer (kabushiki-iten) resulting in the Company becoming a wholly-owned subsidiary of another corporation. Hereinafter the same), or iv) any asset transfer (limited to the sale or transfer of all or substantially all of the assets of the Company to another corporation, pursuant to the terms of which the Company's obligations under the Notes with Stock Acquisition Rights are to be transferred to or assumed by such other corporation), and (ii) any other corporate reorganisation procedure provided for under Japanese law pursuant to which the obligations under the Notes and/or the Stock Acquisition Rights are proposed to be transferred to or assumed by another corporation.

(d) Early redemption on delisting of the shares of common stock of the Company:

If (i) any offer is made by a party or parties (the "Offeror") other than the Company in accordance with the Securities and Exchange Law, (ii) the Company expresses its opinion to support such offer in accordance with the Securities and Exchange Law, (iii) the Company or the Offeror states in the relevant tender offer registration statement otherwise publicly announces or admits, that the shares of common stock of the Company may cease to be listed, as a result of an acquisition of the shares of common stock of the Company pursuant to such offer (unless the Company or the Offeror publicly expresses its intention to use its best endeavours to continue such listing after such acquisition), and (iv) the Offeror acquires any shares of common stock of the Company pursuant to such offer, then the Company shall give notice to the Noteholders within 14 days after the date of acquisition of those shares of common stock of the Company pursuant to such offer to redeem all, but not some only, of the Notes then outstanding at the redemption price calculated in accordance with the method for redemption set forth in (c) above (the minimum amount shall be 100% of the principal amount of the Notes, and the maximum amount shall be 150% of the principal amount of the Notes, provided, however, if the Redemption Date falls on or after April 19, 2012, the Redemption Price shall be 100% of the principal amount of the Notes.) on the date specified for redemption in such notice (which shall be a date falling not earlier than 14 Tokyo Business Days, nor later than 30 Tokyo Business Days, from the date of such notice).

Notwithstanding the above provisions, if the Company or the Offeror states in the relevant tender offer registration statement or otherwise, that it intends to effect a Corporate Event after the date of acquisition of any shares of common stock of the Company pursuant to the offer, then the Company's obligation to redeem the Notes under this (d) shall not apply, unless such Corporate Event does not occur within 60 days after the date of such acquisition, in which case the Company shall give notice to the Noteholders within 14 days after the last day of such 60-day period, to redeem all, but not some only, of the Notes then outstanding at the redemption price set out above, on the date specified for redemption in such notice (which shall be a date falling not earlier than 14 Tokyo Business Days, nor later than 30 Tokyo Business Days, from the date of such notice).

If the Company becomes obliged to redeem the Notes pursuant to both (c) above and this (d), the procedure pursuant to (c) above shall apply.

iii) Purchase and cancellation      The Company or any of its subsidiaries may at any time purchase any Notes with Stock Acquisition Rights at any price through the intermediary of the Manager, subject to the regulations of the Swiss National Bank. If the Company or any of its subsidiaries purchases the Notes with Stock Acquisition Rights, the Company or the subsidiaries of the Company may deliver such purchased Notes with Stock Acquisition Rights to Nomura Bank (Switzerland) Ltd. for cancellation, and Nomura Bank (Switzerland) Ltd. shall cancel the Notes in respect of the Notes with Stock Acquisition Rights so delivered forthwith.

iv) Early redemption at the option of the Noteholder      Any Noteholder shall have the option to require the Company to redeem any Note or Notes held by such shareholder on April 30, 2010 at their principal amount. In order to exercise such option, such holder of the Notes with Stock Acquisition Rights must submit the Note Certificates together with a written request therefor to Nomura Bank (Switzerland) Ltd. during the period from March 31, 2010 to April 16, 2010.

v) Compulsory redemption in the event of default, etc

If there occurs any of the events of default on payment obligation relating to the Notes or any other events set forth in the terms and conditions of the Notes with Stock Acquisition Rights and upon notice by Nomura Bank (Switzerland) Ltd. to the Company that the Notes then outstanding are due and repayable, the Company shall redeem all of the Notes then outstanding at the principal amount of the Notes unless the event in question shall have been remedied or any other steps set forth in the terms and conditions of the Notes with Stock Acquisition Rights shall have been taken, not later than 15 days after the receipt of such notice.

## 2. Terms of the stock acquisition rights

### 1) Class and quantity of the shares to be acquired upon the exercise of the Stock Acquisition Right

- i) Class Shares of common stock of the Company
- ii) Quantity The number of shares of common stock of the Company to be acquired by the holders of the Notes exercising Stock Acquisition Rights will be determined by dividing the aggregate principal amount of the Notes deposited at the same time upon exercise of the Stock Acquisition Rights by the Conversion Price (as defined in 3(ii) below); provided, however, that fractions less than one (1) share resulting from such exercise shall be rounded down and no adjustment or cash payment will be made in respect thereof. If the Company adopts a unit share system and shares constituting less than one unit accrue as a result of the exercise of the Stock Acquisition Rights, the request for purchase of such shares under the Company Law shall be deemed to have been exercised to the Company, and adjustments shall be made by cash.

2) Aggregate number of stock acquisition rights 6,000

3) Description of the asset to be contributed upon exercise of the stock acquisition right and the price thereof: (i) Each of the Notes shall be contributed upon exercise of each Stock Acquisition Right, and the price of the relevant Notes shall be equal to the principal amount of the Notes.

(ii) Initially ¥387,400

(iii) The Conversion Price shall be adjusted in accordance with the following formula, if the Company issues new shares of common stock of the Company or disposes of the shares of common stock of the Company held by it, after the issuance of the Notes with Stock Acquisition Rights, at the issue price below the current market price of its shares of common stock. In the following formula, the "Number of issued shares" means the total number of shares of common stock of the Company already issued (but excluding those held by the Company).

$$\text{Conversion Price after adjustment} = \frac{\text{Conversion Price before adjustment} \times \left( \frac{\text{Number of issued shares} + \text{Number of issued or disposed shares} \times \text{Issue price per share}}{\text{Market price per share}} \right)}{\text{Number of issued shares} + \text{Number of issued or disposed shares}}$$

The Conversion Price will also be appropriately adjusted in case of a stock split or consolidation of the shares of common stock of the Company, an issue of stock acquisition rights (including stock acquisition rights incorporated in notes with stock acquisition rights) to acquire the shares of common stock of the Company at the price below the current market price of the shares of common stock of the Company or in certain other cases.

The Conversion Price shall be adjusted in respect of any dividend paid by the Company in respect of any fiscal year which, when aggregated with the amount of all other cash dividends for such year, exceeds the relevant percentage set out below of the Base Dividend;

Annual Fiscal Period ending on December 31,	Percentage
2007	120%
2008	144%
2009	173%
2010	207%
2011	249%
2012	299%

"Base Dividend" means ¥1,500. If the Conversion Price is adjusted, the Base Dividend will be adjusted by the same percentage as percentage by which the Conversion Price is adjusted.

4) Period in which the Stock Acquisition Right is exercisable From May 16, 2007 to the close of banking business on April 18, 2012 (Zurich time), or (i) if the Note shall have been called for redemption pursuant to 1(5)(ii) and (5)(iv) above, then up to the close of banking business on the three business day (Zurich time) preceding the date fixed for redemption thereof, (ii) if the Note shall have been cancelled pursuant to 1(5)(iii) above, then up to the time when such Note is delivered to Nomura Bank (Switzerland) Ltd. for cancellation of the Notes, or (iii) if the Note shall become due and repayable pursuant to 1(5)(v) above, then up to the time when such Note becomes so due and repayable; provided that in no event shall the Stock Acquisition Right be exercised after April 18, 2012.

Notwithstanding the foregoing, the Stock Acquisition Rights may not be exercised for such period as may be designated by the Company, which period may not exceed 30 days, before a date which falls prior to the 14th day after the Corporate Event Effective Date if the Company reasonably determines that such suspension is necessary in order to consummate the Corporate Event of the Company.

5) Other conditions precedent to the exercise of the Stock Acquisition Right

No Stock Acquisition Right may be exercised in part only.

6) The amount of stated capital and additional paid-in capital increased by the issuance of shares upon the exercise of the Stock Acquisition Rights

The amount of stated capital increased by the issuance of shares upon exercise of the Stock Acquisition Right shall be the amount obtained by multiplying the maximum increased amount of stated capital calculated pursuant to Article 40 of the Rules of Account Settlement of Corporations by 0.5, with any fraction of less than one yen being rounded up in case such fraction accrues as a result of such calculation. The amount of additional paid-in capital increased shall be the amount obtained by subtracting the amount of stated capital increased from the maximum increased amount of stated capital.

7) Grant of stock acquisition rights by the New Obligor in the event of Corporate Event of the Company

If a Corporate Event occurs, the Company shall use its best endeavours to cause the New Obligor (as defined below) to succeed the position as the main obligor for the Notes with Stock Acquisition Rights provided for in the terms and conditions of the Notes with Stock Acquisition Rights and grant new stock acquisition rights in place of the Stock Acquisition Rights. Provided, however, preconditions shall be set for such succession and grant that, (i) it is legally possible under the then applicable laws, (ii) a practical structure has been or can be established and (iii) such assumption or grant can be consummated without the Company or the New Obligor incurring costs or expenses (including taxes) which are in the opinion of the Company unreasonable in the context of the entire transaction. In such case, the Company shall also use its best endeavours to ensure that the shares of common stock of the New Obligor will be listed in Japan on the relevant Corporate Event Effective Date. The obligations of the Company pursuant to this (a) shall not apply if the Company delivers a certificate to Nomura Bank (Switzerland) Ltd. pursuant to 1(5)(ii)(c) above. "New Obligor" means any other corporation which assumes the obligations of the Company under the Notes and/or the Stock Acquisition Rights, all of which are the counterparty in Corporate Event.

### 3. Date of issuance

May 2, 2007

### 4. Security or guarantee for the Notes

N/A

### 5. Use of proceeds

The net proceeds from the issuance of the Notes will be used mainly for the Company's co-investments in its real estate funds and certain other investment requirements.

## 6. Supplementary conditions

- 1) Gross up

If the Company is required to deduct any present or future taxes imposed or levied by the Japanese Government or other tax authority in Japan in respect of any payment in respect of the Notes, excluding certain cases set forth in the terms and conditions of the Notes with Stock Acquisition Rights, it shall pay additional amounts as may be necessary in order to make the net amounts received by the Noteholders who are non-Japanese residents or foreign corporations after such deduction to be equal to the amounts which would have been receivable in respect of the Notes in the absence of such deduction.
  
- 2) Negative pledge

So long as any of the Notes remain outstanding, the Company shall not secure, by creating any pledge, mortgage or other charge upon assets or revenues present or future, with respect to any present or future International Issue or any guarantee, indemnity or other like obligation in respect of an International Issue for the benefit of the holders thereof, unless the benefit of the security is at the same time extended rateably to the Notes with Stock Acquisition Rights or unless there is provided such other security or guarantee to the Notes with Stock Acquisition Rights as Nomura Bank (Switzerland) Ltd. shall deem to be not less favourable than such security or as shall be approved by an Extraordinary Resolution of the holders of the Notes with Stock Acquisition Rights. "International Issue" above means any indebtedness in the form of or represented by notes, classified as shasai under Japanese law and having a stated maturity of more than one year from the creation thereof of the Company or any other person which (a) are denominated in any currency other than Japanese Yen or denominated in Japanese Yen and more than 50% of the total principal amount of which is initially offered or sold by or with the consent of the Company or such other person outside Japan, and (b) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan.

(Subsequent events)

Three months ended March 31, 2007

Significant amount of borrowings

The Company took out short-term loans to fund the on-going operations from banks as follows:

Lender	Sumitomo Mitsui Banking Corporation	Lender	Mizuho Bank, Ltd.
Amount of loan	¥200,000 thousand	Amount of loan	¥200,000 thousand
Interest rate	1.875% per annum	Interest rate	1.350% per annum
Conditions of repayment	Repayment collectively on the due date	Conditions of repayment	Repayment collectively on the due date
Date of loan	April 23, 2007	Date of loan	April 23, 2007
Due date	May 8, 2007	Due date	May 8, 2007
Use of proceeds	Operating capital	Use of proceeds	Operating capital

The Company reimbursed the above short-term loans on May 8, 2007.

Three months ended March 31, 2006

N/A

Year ended December 31, 2006

Significant amount of borrowings

The Company took out short-term loans to fund the on-going operations from banks as follows:

Lender	The Bank of Tokyo-Mitsubishi i UFJ,Ltd.	Lender	Mizuho Bank, Ltd.
Amount of loan	¥1,000,000 thousand	Amount of loan	¥100,000 thousand
Interest rate	1.230%, 1.240% and 1.240% per annum	Interest rate	1.390% per annum
Conditions of repayment	Repayment collectively on the due date	Conditions of repayment	Repayment collectively on the due date
Date of loan	March 12, 2007, March 23, 2007 and March 27, 2007	Date of loan	March 23, 2007
Due date	April 12, 2007, April 23, 2007 and April 27, 2007	Due date	April 23, 2007
Use of proceeds	Operating capital	Use of proceeds	Operating capital